



**Intergenerational Bargaining:
towards integrated bargaining for younger and older workers in EU countries**

The Netherlands – Abstract and Policy brief

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The Dutch context

1. New generational initiatives in the Netherlands

The social partners in the Netherlands are confronted with a need for new strategies in both combatting youth unemployment and promoting higher and longer employment participation of older workers, at the same time. The conditions in enabling an generational ‘trade-off’ strategy between early retirement for the older workers at the one hand, and generating employment for the new workers’ generation at the other hand, are limited. The widespread public and fiscal support in regulating collective early retirement arrangements in the Netherlands started around 1980, but ended just some years before the emergence of the crisis in 2008. The investigations in the iNGenBar country report in the Netherlands make clear that the collective bargaining parties in the Netherlands have not – or just in a very exceptional case - re-introduced this form of ‘zero-sum’ approach in redistributing jobs or working hours from the older workers towards the new generations in the labour market. Nevertheless, the social partners have taken – rather late in this crisis period - initiatives in new intergenerational perspectives.

The case studies in this country report on the Netherlands show evidence on the following explicit intergenerational practices:

- (1) Synchronized bargaining for both younger and older workers through negotiating and agreeing targeted measures for both the younger workers (till 27 years) and the older workers (above 55 years). These measures have been agreed at the same time, by the same contractual partners, in the same agreement (case study I, II, III).
- (2) Interlinked bargaining between the younger and the older generations at the labour market, workplaces, in schools/apprenticeship systems that aim to generate synergetic employability and productivity effects of both the youth and the older workers (case study I, II).
- (3) Interlinked bargaining in agreeing an intergenerational redistribution of workers’ rights from the older towards the younger workers (case study III) and/or follow the intergenerational replacement logic in the labour market and companies’ workforces (case study II).

Section 2 will describe shortly the main characteristics and developments of younger and older workers in the Dutch labour market, as well as the main age and generational related debates in the industrial relations’ context of the Netherlands.

2. Generations at the Dutch labour market

Growing employment insecurity for both younger and older workers

During the European wide employment crisis, the unemployment statistics for the Netherlands have doubled for the young workers (aged 15-24 years), as well as for the workers that are aged 55-64 years. The employment rates in both groups of workers in both ends of the working careers stayed more than 20 percent points under the middle-aged workers' group (60 percent versus 80 percent).

Many young citizens in the Netherlands decide to stay longer in education, waiting for better times. Furthermore, the 'stepping stone' mechanism of flexible work contracts - as a step for young people to enter into regular employment contracts - has performed less well in the recent years.

Another weak phenomenon in the Dutch labour market, are the very low employers' hiring rates regarding people who are aged 55-64 years; these rates stay far below the European average in this age-group. The steady growth of the employment participation among older people since the 1990s in the Netherlands can be explained by (activating) austerity measures in social security provisions, together with the longer stays of the senior employees in their last jobs. Losing your job when you are older than 55 years, is a high risk factor in the Netherlands because of very low re-employment chances, compared to the middle-aged and younger workers.

Age and generational related debates

During the last 10 years, the main age related debates among the social partners in the Netherlands have focused to:

- i) reforms and austerity measures in early retirement and pension options, as well as the former 'relieve' arrangements for older workers at the workplace;
- ii) recognizing the challenge of 'age aware' HR-policies and sustainable employability approaches in a life course perspective, without regulating direct age discriminating provisions;
- iii) the indirect age and generations related divide in job protection between flexible and regular employment contracts and the inequality in the building up of welfare arrangements.

Trade unions in the Netherlands represent both interests of younger and older workers. They are challenged by (very) low trade union memberships among the new generations of workers.

These above mentioned debates take place in a workers' age perspective, as well as in a generational perspective. In a classical definition of the sociologist Karl Mannheim, a 'generation' is characterized by a cohort of citizens – raising up and living in a similar societal context - that share joint experiences, perspectives and values. Although the current cohorts of older and younger workers are both post-war generations, they seem to differ in their work related contexts and values that go beyond the fact that they have a different age or that they are in another working-life phase. The present youth – born in the years 1987-1999 (now 15-27 years) – enter in the labour market in a period of economic crisis with high youth unemployment and

very insecure employment and income perspectives. The present older workers – say, those who are born in the period 1949-1959 (now 55-65 years) – have jointly experienced periods of economic growth and social security during their life course. Nevertheless, they seem now confronted with a loss in social status and at least with a change in their psychological contract by the new challenges (and also necessity) to work longer than most of them expected in their earlier working lives. Awareness of different work and welfare related positions, perspectives and orientations between younger and older generations, does not mean that there should be a ‘generational conflict’. The ‘old’ replacement logic in employment opportunities was (partly) based on the false ‘lump of labour’ assumption and has had mixed results in the 1980s and 1990s. Age related labour market policies and terms and conditions of employment can be efficient and fair, without BENADELEN a specific workers age group.

Case studies

3. Case I: Cross-sector initiatives in intergenerational labour market policies

As a follow-up of the *Social Pact* (2013) of the joint peak organisations of the social partners in the Labour Foundation, a ‘National taskforce in combatting the crisis’ has been installed in 2013. The main tasks of this tripartite taskforce are to promote and to support the making of labour market policies by the social partners at the sector and local levels. The national government has launched a fund of 600 Million Euro in 2013-2015 for co-financing bipartite agreements on sector plans. The social partners have to finance their own sector plans for at least 50% by themselves. Especially measures in training and employment for the youth and continuing employment participation of older workers are eligible for these subsidies.

In August 2014, it can be concluded that thirteen of the in total twenty-three approved sector plans deal with synchronized bargaining through agreeing on targeted measures for both the younger and the older workers. The social partners in thirteen sectors have agreed on a combination of i) measures to guarantee the creation of a certain number of work-training contracts for young people (mostly till 27 years), together with ii) measures on investments in the employability of older workers (mostly aged 55 years or more) through training, further education and job-to-job policies.

The collective bargaining parties in seven sectors have agreed on interlinked measures between the younger/new workers and the older workers. Mostly aiming to generate synergetic effects in knowledge and skills transfers between the newer and the older generations of workers. This is the case in the sectors of the metal industry (SME), light engineering industry (i.c. 55+ mentors/coaches in work-training contracts for the youth), furniture industry, carpet and textile industry (i.c. coaching by seniors at the workplace), construction industry, painting industry (training of 800 older workers for the apprenticeship system), and primary education sector (i.c. 200 teachers’ couples of one new and one older teacher with additional formal education for both).

Remarkably, the measures in the sector plans are *not* dealing with subsidizing part-time retirement, working hours reduction or collective early retirement arrangements for older workers. Also the idea of shared jobs between one older and one younger worker without an element of education for both is finally not implemented by the social partners. In following a straightforward policy on increasing the full-time employment participation of older workers, the Ministry of Social Affairs and Employment did not follow the recommendations in The FNV's *Generation Pact* (2013) and Labour Foundation's *Social Pact* (2013) to re-introduce these kind of provisions.

Besides the explicit regulations on age groups, the sector plans contain many indirect age related measures on sustainable employability, prevention in health related issues, and job-to-job policies. Nevertheless, the sector plans in the Netherlands seem to be an 'age and generations aware' *temporary* phenomenon in times of crisis. Therefore can these initiatives *not* been interpreted as 'integral approaches' in age of life course related regulations,

Important conditions in the emergence of intergenerational initiatives and agreements in this case study are:

- i) initiating role of the *Generation Pact* (2013) of the joint trade unions in the FNV (horizontal, bottom-up emergence).
- ii) co-operative bi-partite and tripartite negotiations at the cross-sector level (following the moderate corporatist traditions in the Dutch 'poldermodel') and
- iii) public subsidies, especially regarding the creation of employment and work-training contracts for the youth (at least 1/3 of the total public fund of 600 Million Euro will be invested for this group).

4. Case II: Intergenerational training and employment measures in the construction industry

In the context of the current crisis, demographical ageing and economic prospects, the social partners in the construction industry agreed from 2008 on 'anti cyclical' training and education investments for new young workers in the sector, as well as for 55+ workers. In their assumption of economic recovery in the years 2015-2018, the social partners in the sector fear for a lack of skilled labour in the sector. Together with many measures on sustainable employability that are not specifically targeted to age groups, the social partners in the construction industry agreed in 2013 on the targets of creating 2,500 extra apprenticeships for the youth and maintaining 2,500 master/instructors who are aged 55 years or older for the apprenticeship system in the sector. The same sector plan includes 250 wage subsidies in case of re-employment of 55+ workers and arrangements for 250 seniors who can choose for voluntary early retirement in the condition of a direct 1-on-1 job replacement by an unemployed worker of maximum 27 years. At the same time, agreements have been made for 14,000 workers who will be trained 'for the future' and preventive measures will be taken for 19,600 workers with health problems.

This case study shows evidence on the following favorable conditions for intergenerational bargaining and preventive measures during the life course:

- i) co-financing from the government (50% of 120 Million Euro);
- ii) pro-active approach of the bipartite labour market organization in the sector regards to skill preservation of older workers and sufficient inflow of young construction workers in the apprenticeship system in the construction sector;
- iii) cooperative social dialogue in the field of training and employment in the sector and ‘isolation’ of this policy dossier from more conflictual subjects in collective bargaining.

5. Case III: Conversion of older teachers’ provisions into a new life course scheme in the sector of secondary education

This case study has a less ‘win-win’ character. Nevertheless, the social partners in the sector of secondary education have followed an intergenerational approach in discussing and bargaining on austerity measures for the older teachers and agreeing on some improvements in employment and working conditions for the younger teachers in 2014. Further, the government invests at the same time in the creation of 1200 young teachers in the sector. After the emergence of a ‘reshuffle’ of workers’ rights in the distinguished age groups in 2014, the social partners agreed to keep some targeted provisions for the workers who are aged 57 years or older, partly because of ‘smoothing’ the running down of old seniors’ rights in extra leave facilities and partly to respect the older teachers’ need for more recuperation time in stress creating work environments in the classrooms.

A part of the former extra leave facilities for those who are aged more than 52 years has been converted into a life course scheme in which workers of all ages have some optional (saving) choices in working hours, leave facilities and remuneration. The case study shows also the social partners’ challenges in promoting the quality of employment, further professionalization of teachers and workplace innovations. Negotiations on stress-full workloads are however narrowed by numbers of lessons in classical settings. Therefore, other solutions in enhancing sustainable employability and health in the teachers’ careers are limited in their scope. Innovating teaching methods regarding the pupils (not limited to classes) or reciprocal supports between younger and older colleagues are not (yet) explicitly integrated in collective bargaining, despite the existence of a subsidized program of teachers’ couples of a new young and a senior teacher - both part-time working and part-time participating in formal education - in the sector of primary education.

Lessons learned and recommendations

6. Enabling conditions in intergenerational bargaining in the Netherlands

Besides some case-specific factors that are mentioned in the section above, the country report gives evidence on the following enabling conditions for integrated bargaining for both younger and older workers in the Netherlands:

1. Sense of urgency among the social partners and the government about the labour market vulnerability of many workers in both end of the workings careers and the social impacts of the crisis on growing employment insecurity for the youngest, as well as the oldest workers. Also the awareness on the negative effects of austerity measures in the quality of school-to-work and work-to-pension transitions in the short and longer terms, contribute to collective bargaining for both groups (and sometimes even interlinked measures for both age groups).

2. Sector labour market analyses on the impacts of demographical developments and economic prospects on the age structure and skills provision in the sectors have promoted more awareness on the need for preventive and targeted policies for both younger and older workers.

3. Support of public money to invest in apprenticeship systems, new jobs for the youth and the employability for the older workers in business and public sectors appeared to be an indispensable condition. Tailor made measures for labour market integration of the youth and for the older workers at the sector and company levels need co-financing of the government to have substantive powers.

4. The potentials in interlinked intergenerational bargaining can be found in creating synergetic effects of co-operations and knowledge and skills transfers between the younger and the older workers at the workplace and in apprenticeship systems; in investing in training and education in both groups, job sharing, and internal functional flexibility in the end of the older workers' careers (including more supervising, coordinating, mentoring and coaching tasks).

7. Barriers and limitations in intergenerational bargaining in the Netherlands

This report has also showed some hindering conditions, barriers and limitations in integrated bargaining for both younger and older workers:

1. The crisis and austerity policies have limited the employment growth, as well as the investments in employment, training and workplace innovations. These effects are narrowing the scope of policies and negotiations targeted to the youth and to the older workers, as well as limiting the possibilities on interlinked intergenerational measures. Furthermore, it seems that many implemented intergenerational measures risk lower returns on investments in periods of low economic activity. Job-to-job support for older workers can be good in itself, but the effectiveness is hindered by a lack of jobs. The same can be said for organizing structures to involve older workers in training the youth in a context that many young people cannot find a job afterwards.

2. It is evident that the governmental blockade on subsidizing (part-time) early retirement has resulted in a narrowing of the negotiation scope for intergenerational bargaining by the social partners. Part-time work however, can promote the companies' internal flexibility opportunities in the end of the workers' careers and can enable at least a part of the older workers to work longer (through prevention of involuntary inactivity because of sickness).

3. Since the implementation of equal treatment legislation in the Netherlands (2005), age related regulations in regular collective agreements are seen as contradictory to - or at least interpreted to be at odds with - age discrimination law. Nevertheless, there can be efficiency and equity reasons for the social partners to make age related regulations in specific work related contexts to address effectively the needs of younger and the older workers. Direct positive age-discrimination in the sector plans is however legitimized – and even promoted – because its foundation in legally founded labour market policies to enhance employment participation of younger and older workers.

4. Ageing membership files of trade unions in the Netherlands can risk an effective voice of young people in collective bargaining, although no evidence is found on prioritization of older workers' interests in the final results of negotiation processes. More democratic access and mobilization of the youth and reciprocal understanding between younger and older generations of trade union members can be recommended for better and long term trade union activities.

5. The focus in this country report on the two age groups, do not mean that middle-aged workers are less important in collective bargaining. Pro-active and preventive policies for all workers are needed to enhance sustainable employability, workers' health and work-life balance through the whole life-course. A more integral age and life course approach can also promote better performances in the active and healthy ageing agenda for the future.

This Abstract and Policy brief is based on: 'The Netherlands – Country Report – iNGenBar-project (Intergenerational Bargaining: towards integrated bargaining for younger and older workers in EU-countries). Frank Tros, UvA-AIAS. See this report for sources and references.