

Work to work policy in the Netherlands



Raad voor
Werk en
Inkomen

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Introduction

An economy is in constant movement, and this dynamism means that companies and organisations – and sometimes even whole sectors – appear, grow, contract and, in some cases, disappear. Partly because of this movement, the labour market is also in constant flux. The result is that workers are looking for new jobs all the time; either of their own free will, because they want to take on a new challenge, or because they are compelled by circumstances to do so.

This takes care of itself – most of the time

This process leads to considerable mobility in the labour market, without requiring the organisation of any sort of support. This is fine, of course, but it's not the whole story.

Particularly in cases of enforced worker mobility, in connection with the threat or the consequences of redundancy, it is extremely desirable to have a set of tools ready to deliver the help that these people will need to find new jobs.

VWVW policy and rapid reinstatement

The principal policy instrument employed for this purpose in the Netherlands is what we call the *VWVW*, or 'work to work' policy. This aims to help workers move straight from one job to another, with no intervening period of unemployment and consequent dependency on unemployment benefits, if their existing job comes under threat.

If this policy has insufficient effect and the worker actually becomes unemployed, then it is vital that they get back into work as quickly as possible; this is because we now know that if this work is not found within the first six months, there is a greatly heightened risk of long-term unemployment.

Employers and workers are primarily responsible for VWVW policy

In the Netherlands we hold that responsibility for the implementation of *VWVW* measures for workers threatened with redundancy lies primarily with employers and workers in companies and organisations themselves, with national, sectoral and regional employers' and employees' associations playing a supporting and facilitating role.

To an increasing degree, employers and employees in the Netherlands are giving material form to these responsibilities through agreements called 'social plans'. In essence, a social plan is an agreement between an employer and an employee representative on how the effects of restructuring on employees are to be dealt with.

The overwhelming majority of such social plans – over 90% – comprise not just agreements on passive, financial arrangements (redundancy pay, severance bonuses and so on) but also agreements on *VWVW* measures which include such matters as guidance and intermediation in moving to another job (internal and external outplacement), training, support in setting up own companies, and allowing employees to apply for other jobs during their working hours.

The actions agreed in a social plan are either implemented by the parties themselves or contracted out, the latter generally through private intermediaries. Right up until the current economic crisis broke out, the role of the public intermediating organisation in the implementation of social plans was a comparatively limited one.

The implementation of social plans is sometimes also supported by O&O funds; these are funds managed and financed by employers and employees in a given sector, and whose aim is the optimal functioning of the labour market within that sector.

Small and medium-sized businesses need attention

So, the good news is that social plans are giving increasing attention to *VWVW* measures. The less good news, however, is that social plans are largely confined to larger companies and organisations, those with more than 100 employees. Small and medium-sized companies and organisations are making little or no use of this policy instrument, and very limited use of other *VWVW* measures.

So an area of interest in the Netherlands is how increased attention is to be given to *VWNW* activities within small and medium-sized businesses undergoing restructuring. Sectoral employers' and employees' associations can play a supporting and facilitating role. Also the support provided by the public intermediation organisation will have to play a more important role in this process than it does in the current implementation of social plans within larger businesses and organisations. This supporting role will also need to include closer collaboration with private intermediaries, such as outplacement bureaux and temporary employment organisations.

Effectiveness

With regard to the Netherlands it is difficult to make general statements on the effectiveness of the *VWNW* measures. In a social plan, after all, employers and employees of a specific company or organisation deal with staffing problems in specific ways, and measures that work well in one situation may be much less effective in another. For instance, it is quite conceivable that the measures agreed in a social plan and employed when a company or organisation is wound up are different from those employed when it is taken over or involved in a merger. The general economic climate also plays an influential role.

None of this alters the fact that the situation in the Netherlands does allow something to be said about the factors affecting success and failure when setting up and implementing social plans, and about the instruments that can best be used in given situations. You can read more about this in the appendix.

The economic crisis: mobility centres and shorter working hours

The economic crisis in the Netherlands has heightened the importance of the role played by the public intermediation organisation in the implementation of *VWNW* activities.

Since 2009, in reaction to the economic crisis, this organisation has been active within a country-wide, national network of 33 'mobility centres'. These centres, which are funded by the Dutch Ministry of Social Affairs and Employment, were set up to help workers threatened with redundancy to find new jobs as quickly as possible.

The mobility centres are not the exclusive domain of the public intermediation organisation; for instance, they work in close collaboration with private intermediaries and training organisations. In 2009 and in the first five months of 2010, the mobility centres helped 18.000 workers to move straight from one job to another, with no intervening period of unemployment and consequent dependency on unemployment benefits, when their existing job came under threat. Employers value their activities with 7.4 out of 10.

Another economic crisis response instigated by the Dutch government is intended to obviate the need for *VWNW* measures altogether. In essence, it enables employers to shorten their employees' working hours, compensation for which is provided from unemployment funds. This means that during a period of economic crisis employers are no longer compelled to fire skilled but underemployed employees; the valuable experience possessed by these workers, and the investments made by their employers in their training, then stay with the company after the crisis has passed.

In order to improve the employability of these workers after the crisis has passed, employers are then obliged to provide training opportunities during the period of reduced working hours. The mobility centres just mentioned can advise employers on the various forms this training obligation can take.

Preventative VWNW policy and reintegrating the unemployed

Work to work measures for employees threatened with redundancy have a better chance of success if the employer has invested in preventative work to work measures in previous years. Preventative *VWNW* policy is directed towards stimulating the broad, long-term employability of employees, even when no concrete threat of redundancy exists. Training is an important component of this policy, but it is a two-way process: employers have to be prepared to invest in the employment quality of their em-

ployees, while employees have to be open to 'lifelong learning' and be ready to work in order to keep their qualifications and competences up to scratch.

Finally, as mentioned at the beginning of this paper, it is important to get people back to work as quickly as possible if, *VWVW* efforts notwithstanding, they are actually made redundant. The public intermediation organisation does not bear this responsibility alone. Experience in the Netherlands has taught that the best results in this area are obtained when (a) the public intermediation organisation, the municipalities and the private intermediaries work together in public/private partnerships, and (b) funds that are earmarked for the reintegration of unemployed workers (e.g. through training) are employed in a demand-driven manner – that is, in cooperation with employers and sectors.

APPENDIX

VWNW POLICY: PRECONDITIONS FOR SUCCESS

The Dutch Council for Work and Income (*Raad voor Werk en Inkomen*¹) commissioned research into the factors affecting success and failure when setting up and implementing 'social plans' in the Netherlands. This research also examined which VWNW instruments could best be used in given situations. This appendix describes the most important results of this research.

The success and failure factors of social plans

The success of agreements made in social plans on VWNW activities depend *in general* on the following factors:

- the willingness of employers to actually invest in VWNW activities;
- employees who are motivated to take part in VWNW activities. This applies particularly to less well qualified employees who may have already worked at a company for many years;
- employee involvement can be improved if employees see the social plan and the measures it contains not as a threat but as an opportunity. Trust and openness are crucial aspects. It has to be clear who is covered by the social plan and under what circumstances. The consequences of participation in a given activity or arrangement must be completely transparent. Those implementing the plan must do their work to a high standard, and a complaints committee must be in place;
- the union and the works council must be closely involved not just in the creation of the social plan but also in its implementation (for instance, by being included as members of the committee supervising its execution);
- employees threatened with redundancy must be given the time needed to accept the new situation (the grieving process) and to independently draw up an inventory of their new options.

The success factors affecting *the creation of a social plan* are:

- custom-made provisions. No single VWNW measure has, by definition, to be included in a social plan; the (scale of the) efforts and activities chosen must be determined on a per-organisation and per-restructure basis, depending on:
 - the size and composition of the group of employees threatened with redundancy;
 - the financial means of the organisation involved;
 - the job prospects of the employees threatened with redundancy;
 - the situation in the sectoral and regional job market;
- agreeing on clear, unambiguous, and objective criteria by which to determine whether a given employee is superfluous;
- specific measures for each of the different categories of employee covered by the social plan. Employees with poor job prospects have different needs for guidance and support than those with better prospects;
- clear agreements on targets (for instance, the number of reappointments to be achieved);
- (excessively) high voluntary severance bonuses or redundancy schemes can influence the degree of participation in VWNW activities.

¹ The *Raad voor Werk en Inkomen* (Council for Work and Income) is the Netherlands' consultative body and expertise centre for employers, employees and municipalities in the area of work and income. It provides proposals in the work and income domain for government and other parties, whose aim is the optimal function of the labour market. Other RWI tasks include making the reintegration market more transparent and improving the quality of its services. More information: www.rwi.nl.

With regard to *the implementation of social plans* success factors include the following:

- *VWVW* measures for employees threatened with redundancy have a better chance of success if the employer has invested in preventive *VWVW* measures in previous years;
- timely information to employees on the 'how and what' of a social plan; after this is given, the measures themselves must promptly be begun, otherwise a breeding-ground for confusion and insecurity can arise;
- the employees involved must be given individual attention and tailor-made help. 'Individual attention' can take the form of individual guidance by a single contact person; 'tailor-made help' can mean providing the specific measures and instruments needed by each individual employee to find a new job;
- recruiting a number of outplacement bureaus, whose efforts are directed towards different segments of the job market (this makes tailor-made solutions possible);
- the provision of adequate training options;
- close cooperation with other relevant parties in the regional job market, such as the public intermediation organisation, municipalities, private intermediaries, and training institutes.

The principal *failure factors* are the mirror images of the success factors described above, to which the following points can be added:

- sometimes it transpires during the implementation of a social plan that the number of employees who actually need to find new jobs is actually smaller than had originally been feared. In that case an elaborate and costly implementation and guidance programme is only partially used in practice;
- a lack of coherence between an organisation's social plan and its human resources management in a more general sense;
- failure to motivate low-skilled workers in particular to take part in a *VWVW* programme rather than opt for severance pay;
- a social plan which has set too long an intermediation period – this can have the effect of 'taking the pressure off' employees looking for new jobs;
- social plans are sometimes created under excessive time pressure, or have to be carried out under excessive time pressure;
- employers may fail to enlist the support of external advisors in carrying out their social plans;
- in cases where an organisation is being wound up, the employer may try to keep employees on as long as possible in order to bring existing work commitments to a satisfactory conclusion; this can be at odds with the commitment to offer a *VWVW* programme to employees facing redundancy.

Effective measures

There exists a reasonable degree of consensus between employers and employees on the effectiveness of the various measures that may be included in social plans.

The most effective of these measures are seen to be:

- mobility centres;
- training;
- a voluntary redundancy programme for older employees.

There is also agreement on the positive effects of:

- internal support / coaching;
- support for employees looking to set up their own companies;
- job-hunting during working hours;
- secondment;

- voluntary severance bonus scheme;
- an outplacement bureau;
- redundancy pay;
- income replacement.

There is moderate agreement on the positive value of:

- compensation of removal and travel expenses;
- the stimulation of part-time work;
- voluntary severance which allows another employee to stay on (the *plaatsmakersregeling*).

There is general agreement on the ineffectiveness of internal and external 'employee pools'.

Actual use and effectiveness

The actual use of the agreed measures varies in practice. Many of the measures widely deemed to be effective have been used by many employers; others have been used much less. For instance, internal support and mobility centres have both been deemed effective and both are frequently used.

Not all employees want to start up their own companies, but for those who do, support in this area is a very effective instrument.

Job-hunting during working hours is widely used and very effective. Special transition arrangements for older employees are used less frequently, but are nonetheless very effective.

Which activities and instruments for which situations?

Introduction

To answer the question of which *VWNW* measures should be employed in a given practical situation, it is important to distinguish between four basic situations, each of which demands a different approach and a specific mix of instruments:

1. A gradual change situation in which reinstatement is possible;
2. A gradual change situation in which reinstatement is impossible;
3. An acute, drastic change situation in which some reinstatement is possible;
4. An acute, drastic change situation in which reinstatement is impossible.

A company or organisation should start by examining whether internal reinstatement is an option before considering external outplacement. In practice, the internal route is followed by the external route. Cost-effectiveness and the retention of professional skills play a role here. A 'job market scan' or 'capacity test' can show whether internal reinstatement is an option.

Secondly, the package or instruments and activities provided should be differentiated with regard to the employee's job prospects. For instance, finding new jobs for superfluous young employees with good job prospects requires only a modest effort and in many cases retraining will not be needed. Older employees, however, who have been in the job for many years and who do not have such good prospects elsewhere, need a more intensive package of measures and instruments in order to successfully find a new job; this may well include a longer retraining period, group sessions to assist in the grieving process, and more intensive, prolonged coaching).

Gradual change; reinstatement is possible

This is generally a gradual and / or small-scale reinstatement operation, needed because a given function expires or the job description changes to such a degree that its current occupant could not fulfil its requirements even after retraining.

In a situation like this, in-service training or retraining can allow the employee to be reinstated in another job within the organisation. Most organisations also agree procedural protocols on job vacancy

announcements, application priorities, applicant / vacancy fit, and so on, and in practice many organisations elect to facilitate this procedure by means of internal secondment. In such cases, income replacement (to bridge differences between the 'old' and the 'new' job income) represents a useful ancillary tool.

If a change situation gradually starts to affect numerous jobs within the organisation, for instance because certain functions are being gradually phased out, then it is more appropriate to use a small-scale mobility programme (an internal job centre or mobility centre, for example) to deploy a wider range of instruments with which to help employees facilitate this change. If the focus is on internal reinstatement, the appointment of an external mobility bureau is probably inadvisable.

Gradual change, reinstatement is not possible

This also concerns small-scale redundancy situations, but here no internal reinstatement (within the organisation) or external outplacement (with another branch or subsidiary) is possible. This can occur in cases in which:

- a unique position is being discontinued or phased out;
- a position is not unique but is also being phased out in linked or subsidiary organisations;
- an employee no longer wishes to work under their own employer;
- employees are strongly attached to their position, or who, for personal reasons, are unwilling to move to another location or region.

In this situation, an external outplacement programme is indicated. The choice of a good outplacement bureau then becomes crucial.

To facilitate external outplacement many organisations work with 'look-around' work placements or external secondment. In practice secondment occurs both with and without a 'guarantee of return'. A return guarantee removes much initial uncertainty amongst employees, but makes little long-term difference; in practice employees seldom make use of this right.

In a gradual change scenario with an external focus, severance bonus and redundancy pay schemes are appropriate instruments. In an increasing number of situations, companies and organisations are opting to allow employees to choose between financial compensation and an outplacement programme.

Acute, drastic change; reinstatement is possible

An example of this situation would be the discontinuation of a certain department. If it contains a mix of positions, some of which are to remain within the organisation, then at least part of the staff may be reinstatable.

If internal reinstatement seems possible, the 'potential redundancy' instrument can be employed. In practice people show more readiness to move in the absence of a real threat of redundancy. It is then important that those with the greatest redundancy potential are given facilitation and that the potential redundancy period is of a specified length, for example 12 months, over which period employees can be guided towards another internal or external job.

In this situation, an internal mobility bureau and agreements on the filling of internal vacancies are also appropriate. Good use can also be made of internal secondment, for example if another branch or a subsidiary is in a position to offer appropriate positions to outplacement candidates. Finally, severance bonuses and redundancy pay may also be usefully deployed.

Acute, drastic change; reinstatement is impossible

In an acute, drastic situation in which it is clear that the internal reinstatement of large groups of employees is impossible, the focus must be on the appointment of an outplacement bureau that meets the following criteria:

- full service (including mediation and job hunting). Since this situation means that the aim is to find new jobs for redundant employees as quickly as possible, it makes sense to choose a bureau that specialises in mediation;
- quality;
- adequate scale of activities and knowledge of the regional job market; some bureaus operate at regional level and can offer a full service package for group outplacements.

It is important that a job market scan is used in providing a differentiated outplacement programme to different (groups of) employees. This may include a rather longer training programme, perhaps in order to help employees start up their own companies, or to help retrain redundant workers in another professional area. It may also include a 'pool' of employees with poorer job prospects. These employees will need a prolonged and more intensive (training) programme, after which they can obtain new work experience via secondment with an external employer.