

Abstract of advisory report:

### **Labour Mobility between the Public and Private Sectors**

(Arbeidsmobiliteit tussen de publieke en private sector, 2011/05)

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This advisory report is the response by the Social and Economic Council (SER) to questions put by the previous Dutch Government in its request for advice (3 December 2009) regarding *Labour Mobility between the Public and Private Sectors* [*Arbeidsmobiliteit tussen de publieke en private sector*]. The central question is how the social partners and government can encourage and support job-to-job mobility between and within the market, government, and the care sector (in both directions). The Council focuses on voluntary job-to-job mobility because that is the most common type of such mobility.

The advisory report assumes the necessity or increasing importance of simplifying transitions on the labour market. In this advisory report, the Council makes recommendations to government and other parties at central and local level regarding how to encourage labour mobility. The Council places mobility in the context of career policy and the prevention of unemployment: a worker must be able to go to where there is work – or be assisted in doing so – and must be enabled to avail himself of the opportunity. Mobility also makes it possible for people to work where the best use is made of their talents and where they can make a productive contribution to the organisation where they work.

#### *Job-to-job mobility in the Netherlands*

Since the mid-1990s, the Dutch labour market has become more dynamic. Changing one's job has become more normal and there has been a systematic increase in the number of people doing so. The available figures show that the Netherlands is positioned in the mid-range internationally as regards job-to-job mobility. The extent of this type of mobility differs according to age, level of education, sector, size of the company, and type of employment contract. As in other countries, there is above all a clear relationship between job-to-job mobility and age: the older a worker, the less likely he is to change his job. Mobility between the public (and semi-public) sector and the private sector is limited; in fact it is still in its infancy.

#### *Extent of job mobility important for effects*

The Council considers that more mobility is not always better mobility. For the optimum allocation of supply and demand on the labour market, it is not the maximum level of mobility but the optimum level that is needed. In this context, "optimum" means an "unhindered" process of allocation. In the view of the Council, employers and employees benefit neither from too few nor too many changes in the workforce or the working environment. In the case of *too few* changes of job, employees run the risk of becoming stuck in their current job and restricting their external options. Employers risk missing out on knowledge and experience from outside, with reduced dynamism within their organisation and less sharing of knowledge with the outside world. On the other hand, *too much* mobility makes expenditure on adaptation necessary for both the employer (for example because of loss of expertise, continuity problems, and the cost of recruitment and selection) and for the employee (for example insufficient time to acquire specialised know-how and greater uncertainty).

Whether the level of job-to-job mobility in the Netherlands is sufficient is difficult to say; deciding requires assessment of the level actually desired. The optimum level of mobility can differ from one sector, company, or individual to another. The value and necessity of mobility are in the first instance matters to be considered by the employer and the employee.

*The challenge: prevent a mismatch on the labour market*

The main challenge for the future labour market in the Netherlands is to ensure a good quantitative and qualitative match between the supply and demand for labour. At present, there is increasing dynamism as a result of globalisation and technological developments.

In addition, a large number of older people will be leaving the labour market over the course of the coming decade. The influx of workers is insufficient to cope with this outflow and also the increase in employment. As a result, potential employment threatens to be lost.

In order to meet the potential employment demand, it is necessary to enable as many people as possible to participate in the labour market. Despite expected staff shortages, people will not always be able to find work automatically. There will still be qualitative mismatches, so that in some sectors there will be shortages and in others surpluses: the extent of the staff shortages will differ from one sector and from one occupational group to another. What is important is therefore not merely the participation of workers but also *allocation*. In addition to policies aimed at increasing participation and labour productivity, policy measures are needed to promote job mobility so as to improve allocation. However, labour mobility will not provide a solution to the shortage of workers automatically. The Council therefore believes that general socio-economic policy measures are necessary to minimise problems on the labour market. This should be assisted by better coordination between the education sector and labour market demand, training, and innovation.

*Expected labour market shortages: a problem for both private and public sectors*

To guarantee the country's earning capacity and retain the necessary delivery of collective services – for example healthcare, education, and safety/justice – and to make sure that these are affordable, there must be sufficient qualified personnel. A shortage of qualified personnel in the public/semi-public sectors may mean that this service delivery cannot be guaranteed and that its quality cannot be ensured. Therefore, the aim must be to create an efficient and effective public sector with a focus on high-quality service delivery. The declining potential labour supply demands that clear choices be made regarding the tasks of government. The Council notes that large public sector (market sector) demand for highly trained personnel may lead to a greater labour market problem in the market sector (public sector). In a labour market that is becoming tighter, the struggle for highly qualified personnel can lead to pressure on the affordability – and thus accessibility – of public facilities, the country's competitive position, and the growth capacity of the Dutch economy.

*Existing obstacles mean that job-to-job mobility is not a matter of course...*

A large number of factors affect an individual worker's choice of job, for example the actual work involved, the relationship with colleagues, primary and secondary conditions of employment, career prospects, work pressure, working conditions, and family situation. The reasons for changing one's job often involve improving these factors, but the existing labour market institutions, economic trends, and government policy also influence the choices made by individual employees and employers.

Important conditions for job-to-job mobility also include the availability of proper information about the present and future job opportunities but also the presence of good career policy, the possibility of acquiring the necessary knowledge and competencies, and sufficient certainty in making the switch. There remain obstacles regarding these points such that job-to-job mobility fails to operate even though it is or may be

desirable. Career policy still devotes insufficient attention to the positive aspects of changing one's job. Insufficient attention is also paid to the dynamism on the future labour market and the future staff shortages resulting from the ageing of the population. Financial access to the necessary job and/or supra-sectoral training – and the use made of that training – is still too restricted and the external job possibilities are often still unclear.

*...but it is important because of the advantages.*

The Council believes that job-to-job mobility is of great importance for the proper operation of the labour market. This need not only be a matter of career improvement, i.e. upward mobility; it can also involve moving to a different job where one feels more at home. The point is that an employee can then do work that is more suited to him in a different job or by means of changes to his current job.

In the view of the Council, job-to-job mobility can be advantageous for employees, employers, and society in general. The Council is thinking here of such factors as improving employees' knowledge and development so that they can work longer, more productively, and more healthily; transition to a more suitable job; preventing people becoming stuck in their current job; increasing the dynamism within the organisation; and greater knowledge-sharing as a result of cross-fertilisation. In this way, job-to-job mobility also contributes to innovation (including social innovation). It also helps prevent impending labour market problems: the variable scarcity and surplus relationships between sectors can be dealt with more easily with workers who can be mobile – and wish to be – and employers who facilitate and support this where necessary.

#### *Recommendations*

In promoting labour mobility, priority should be given to a tailor-made approach. There are major differences between sectors, companies, and individuals. Deciding to move to a different job requires an individual assessment of the costs and the benefits, both by the employee and the new employer. The Council considers that it is employers and employees who are primarily responsible for promoting, facilitating, and ensuring mobility, with government playing a facilitatory role in certain respects. The Council has therefore drawn up recommendations based on the following proposed solutions, which are inextricably linked with one another:

1. creation of a "mobility culture" (a change in mentality);
2. investment in the deployability and employability of employees;
3. improvements in the facilities to assist workers to voluntarily change to a different job.

The box below gives a point-by-point summary of the main recommendations as explained in detail in Chapter 5 and based on the analysis in the preceding sections. The summary given in the box must be viewed in that context. The Council realises that numerous policy measures have already been set in motion within collective agreements and within individual work organisations with a view to supporting people and encouraging them to take responsibility for their own career (and enabling them to do so).

### **Component 1: A change in mentality aimed at a mobility culture**

- Provide information to all parties concerned (employers, employees, sector organisations, etc.) so as to raise their awareness of the possibilities and advantages of job-to-job mobility.
- Intensify policy aimed at employability and the mobility options for employees. One element of this is to offer hiring and promotion options within a company or sector and to develop career paths for employees. This requires funding to be available at the level of the sector or company.
- Encourage job mobility by means, for example, of job broadening and enrichment, improving productive deployability, and task rotation.
- Make options for work placements and secondment as accessible as possible.
- Increase labour mobility among older employees, thus improving their chance of job-to-job mobility and their readiness to undertake it. This can be done, for example, by combating non-realistic ideas. It can also involve adjusting policy at organisation and or sector level, with greater support for job mobility and job-to-job mobility.

### **Component 2: Investment in deployability and employability of workers**

- Ensure energetic implementation of the agreement on a structural approach to lower-level literacy skills [*Convenant Laaggelettertheid*] and the arrangements it contains.
- Make possible certification for know-how and skills gained during working practice by means of "APL" procedures (Accreditation of Prior Learning). It is recommended that the social partners should stipulate in collective agreements that employees can require that they be enabled to follow an APL procedure.
- Ensure effective/more effective deployment and utilisation of training funds and instruments, including to encourage:
  - attention for the use of training arrangements by groups that still only participate to a limited extent (for example older people, people with only a low level of education);
  - arrangements at collective agreement level to make employment conditions regarding job-oriented training also applicable to groups of employees with a temporary or part-time contract, whether or not on a stand-by or on-call basis (on conditions to be set at collective agreement level).
- Improve the learning climate, for example by:
  - career advice and guidance within companies and institutions, with support being possible from SMEs through greater use of the "Learning-Working Desks" [*Jeerwerkloketten*];
  - arrangements to encourage and support initiatives aimed at providing information and advice for employees regarding training and development and the financing for these.
- Encourage non-job-specific training within the sector so as to ensure further development of a personal education budget.
  - The budget is intended for general non-job-specific training, courses, advice, etc.
  - The further details, financing/division of costs, organisation, and applicability within a sector will be worked out at sector level.
  - The parties will be requested to continue the existing trend towards more personally tailored financing and to arrange for combination and/or streamlining of the range of training options.
- Maintain public financing for senior secondary vocational education ("MBO") for people aged over 30.
- Increase personal income tax relief on education/training costs.
- Training and development funds (these are funds administered by the social partners and intended to optimise the operation of the sector labour market, including via employee training and development) will be called upon to cooperate more (voluntarily) to finance supra-sectoral training by making funds available and also by making arrangements to set off the costs incurred against other training and development funds.
- Sectors that do not have training funds or training and development funds will be called upon to consider whether and how funding for training can be combined, partly with a view to financing supra-sectoral training programmes.
- Make it simpler for individual employees (supported by the employer and or sector) to finance supra-sectoral training by means of co-financing (including a government contribution).
  - The basic principle should be the individual's wishes as regards mobility or retraining.
  - The ultimate introduction of such a facility demands detailed planning of organisation, access, and financing.
- An obvious way of financing supra-sectoral training for employees threatened by unemployment would be to link it to existing reintegration funds.
  - This assumes, amongst other things, the retention of a central public reintegration budget and implementing organisations that operate on a demand-driven basis.
  - It is important for the parties to collective agreements or companies to be able to call upon that central budget - via countrywide agreements and on certain conditions (including more co-financing) - when filling their vacancies.

**Component 3: A proper structure to support mobility**

- Optimise the accessibility and distribution of labour market information, including by continuing the arrangements made in March 2009 between the Labour Foundation (StvdA) and the Government and improving them where necessary.
- Increase the transparency of the supply of vacancies and jobseekers with a view to ensuring a good match and faster placement.
  - It is important for the Social Security Agency [*UWV Werkbedrijf*] and private intermediary organisations to cooperate to enable vacancies to be filled more quickly.
  - Employers are called upon to continue to report vacancies to the Social Security Agency and private intermediary organisations as much as possible; they should be required to also notify one another of these vacancies.
  - The Social Security Agency must take account of and make use of the available, frequently utilised search and recruitment channels (including social media).
- Promote the use of the existing network structure so that optimum use is made of the knowledge and possibilities of consultants, Learning-Working Desks, sector service points, and the Social Security Agency.
  - It is important for funds to continue to be available in the coming years for the mobility centres so as to embed them in the existing structure.
  - Mobility centres and "Werkplein" job centres should also tailor their services more to people with a higher level of education.
- Encourage the setting up of public-private partnerships to promote job-to-job mobility; this will also increase awareness of what work in various different sectors actually involves.