

THE NETHERLANDS: COMPETITION, COLLECTIVE BARGAINING AND WAGES IN COMMERCE



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(Commerce)*

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NL - Background: economy, labour market, wages, inequality



- **Economy and labour market:**

- Small open economy (imports+exports = 85% of GDP), 17 million inhabitants
- Strong integration in global networks and chains: in 2010 foreign MNEs controlled 17% of private employment (2001: 12%) and 32% of total sales (2001: 24%) -- yet capital stock of Dutch-based MNEs abroad even larger than capital stock of foreign MNEs in the Netherlands
- Labour participation high but strongly in part-time: ‘Dutch employment miracle’ – in 1982-2010 2.5 mln new jobs of which 2.1 mln part-time; 77% of women works part-time and 25% of men
- Flexibilisation trend very strong: in 2014 flexjobs + self-employed made up 38% of employed; for youngsters getting permanent contracts nearly impossible

- **Wages and inequality:**

- Income inequality rather low (Gini 2012 = 0.29), but incidence of low pay (< 2/3 median hourly) is increasing: 1979 : 10.9%; 2000: 17.4%; 2010: 18.1%; 2013 > 19%
- In retail industry incidence of low pay highest of all industries: in 2010 **50%** for workers \geq 23 yr
- Government austerity programs running in 2011-2016 → high export surpluses but negative effects on purchasing power, income equality and recovery capacity of the economy

NL - Industrial Relations and Collective Bargaining



- **Features of Dutch industrial relations:**
 - Consensual labour relations ('Polder model'), low strike activity
 - Top bodies: Social and Economic Council (SER, 1950, tripartite), influence decreasing; Labour Foundation (STAR, 1945): national-level employers – trade unions prominent
 - Collective bargaining coverage remains high (ca. 85%), based on high *employer* density (85%) and Mandatory Extension of CLAs by Minister of Social Affairs; non-coverage in sectors without CLAs covering small companies (wholesale)
 - Dual system at company level: 1. union groups, but no legal status; 2. Works Councils (1950 Act) with majorities of unionised workers but growing problems with functioning
- **Trade unions and collective bargaining:**
 - Three major union confederations : FNV (64% of all union members), CNV (18%), MHP (7%); others many but small (11%)
 - Long-term fall in union density: 1980 34%; 1990: 24%; 2000: 25%; 2009: 22%, 2014: 18%
 - Patterns of collective bargaining show resilience in crisis: no opening clauses etc., however: strong wage moderation; from 2008-14 slight decrease of average real wages
 - Austerity + wage moderation → decreasing productivity and propensity to invest
 - Even president of Dutch Central Bank: room for real wage increases

Commerce comparative 1: NL, DE, UK, FR – state of affairs



Issues: employ., CBC, TUD	year	NL	DE	UK	FR
% FDI-empl. in wholesale	2013	30	20	28	27
% FDI-empl. in retail	2013	18	8	21	14
% <i>part-timers in retail</i>	2010	70	55	51	28
% <i>females in retail</i>	2010	62	71	61	64
% <i>youngsters (<25) in retail</i>	2010	45	16	35	19
% <i>low-waged in retail (>=23)</i>	2008	50	38	56	20
CBC in wholesale	2011-14	31 (ME: 2)	30	16*	90*
CBC in retail	2011-14	95 (ME: 7)	40	16*	90*
MEB in wholesale (% of CBC)	2011-14	94	81	0	?
MEB in retail (% of CBC)	2011-14	93	93	0	?
TUD in commerce (w& r)	2011-14	11	8	13	1

Commerce comparative 2: NL, DE, UK, FR – developments



Issue: employment	year	NL	DE	UK	FR
% growth empl. wholesale	2008-14	-4%	+9*)	-21%	+16%
% growth FDI-empl. wholesale	2008-13	+26%	-8%	+4%	+5%
% growth empl. retail	2008-14	+2%	+11%*)	+2%	+8%
% growth FDI-empl. retail	2008-13	+53%	+63%	+5%	+15%
% growth empl. supermarkets and dept. stores (NACE 47.1)	2008-14	+19%	+20%	+5%	+10%
% growth empl. special grocery retail (NACE 47.2)	2008-14	-12%	+9%*)	+8%	+11%

- **Retail in the 1990s/2000s:**

- 1996 Opening Hours Act → evening opening hours → restructuring of retail logistics: young shelf-stackers replace adult workers, employers 'learn' to profit fully from youth minimum wages (YMW) with long 'tail' (30% of adult MW at age 15 <...> 100% at age 23)
- 2000-on: enter Aldi and Lidl, growth of hard discounting → 'low road' product market strategies of supermarket chains combined with 'optimal staffing' and 'high performance' strategies: idle hours also avoided through functional flexibility of workers
- 2003-06: supermarket price wars, initiated by Ahold to regain market share → general wage pressure, suppliers and employment older women under pressure
- Work in retail attractive for students, supported by official tax facility to combine work and study → crowding out those who want to build career and earn living wage in retail + high labour turnover = labour supply problems in Dutch retail

- **Retail in the 2010s:**

- Major trends continue → organizing of mainly youth retail workers remains difficult
- Labour supply problems growingly severe if economy recovers
- Collective bargaining 'building' largely still in existence in retail: all major supermarket chains under one industry CBA
- YMW system mitigated in supermarket CBA (for 18-19 yr at least 8% above legal MW)