

# ***Future of work 2030***

*A wake-up call for organisations, people and government*

*May 2018  
The Netherlands*



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## Foreword

*We experience fundamental changes in the way we work and will work in the near future. Automation and ‘learning machines’ are replacing human tasks and jobs and changing the skills that organisations are looking for in their people. These momentous changes raise huge organisational, talent and HR challenges – at a time when business leaders are already wrestling with unprecedented risks, disruption and political and societal upheaval.*

The pace of change is accelerating. Competition for the right talent is fierce. And ‘talent’ no longer means the same as ten years ago; many of the roles, skills and job titles of tomorrow are unknown to us today. How can organisations prepare for a future that few of us can define? How can people shape their own careers and take ownership for their learning needs? How can the Dutch government develop a robust vision on the future of work in the Netherlands and take the lead in creating an international level playing field with respect to a common approach to the big future of work themes?

This isn’t a time to sit back and wait for events to unfold. To be prepared for the future, organisations, people and the government of the Netherlands should now jump over their own shadows and work in close cooperation to improve the prospects for all, i.e. not only the highly educated tech-savvy knowledge workers but also those who cannot manage, the ‘have-nots’. In this report we look in detail at the forces shaping the future of work, the key themes in the Dutch labour market – flexibility, technology and inequality – and the opportunities and threats for all stakeholders:

- companies and other organisations
- employees, other workers (such as the 1.5 million+ self-employed ZZP) and the unemployed
- employer representative organisations and trade unions
- politicians, policy-makers and the government
- educational institutions and relevant social organisations.

We would like to use the possible solutions and calls to action as well as our roadmap to 2030 in this report to engage in a dialogue with clients, workers, social partners, politicians, policy-makers and other stakeholders.

Our report draws on the global PwC report ‘Workforce of the future. The competing forces shaping 2030’ published in 2017. This global report develops ‘Four Worlds of Work’ for 2030 which kick-started the thinking about the many possible scenarios that could develop, and how to best prepare for the future. Our report focuses on the specific situation in the Netherlands and is addressed to organisations, people and government.

No exploration of the future of work will ever be conclusive. Indeed, one of the defining characteristics of our age is its ability to surprise and confound. Remember that your starting point matters as much as your destination. The best response may mean radical change, or perhaps just a few steps from where you are today. Sitting back and waiting for events to unfold is no option.

For us, this report is the start of a joint search, a shared pursuit of the huge challenges ahead of us, an invitation to co-create our future of work the upcoming decade.

Henk van Cappelle

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*Leader PwC Europe for People and Organisation*

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## Key messages

### **Act now**

The Future of Work 2030 is not a remote spectacle. Change is already happening and accelerating. This is a call for action to organisations, individuals, trade unions and employer organisations, politicians and government: don't play 'wait-and-see', act now!

### **No regrets or guessing games**

No one knows what the world is going to look like in 2030. Organisations need to recognise multiple and evolving scenarios. Use the greatest common denominator of any scenario as your starting point. Make 'no regrets' moves that work ... regardless of what the future will bring. But you will have to make a few guesses too.

### **Own the technology debate**

Robotisation, automation and artificial intelligence will affect every level of an organisation's business and its people. It's too important an issue to leave to IT or HR alone. Both organisations and people must develop in-depth understanding and keen insight into the changing technology landscape.

### **People not jobs**

Organisations cannot protect job redundancies which are lost through new technology, but they do have a responsibility to their people. They can optimise the chances of success for their people by nurturing agility, flexibility and adaptability. And by promoting lifelong learning, multi-stage careers and ownership of customised work and development arrangements.

### **People: Stay relevant, keep on investing in your market value**

Facing a life-span of 90-100 years with 50-60 of those years spent working, individuals must take ownership of their own career and life and assume responsibility for continuously investing in learning and development and in various social networks. The message? Remain agile, flexible, and adaptive – stay relevant. Be prepared for a multi-stage career in different positions: employee, independent entrepreneur (ZZP), student and worker



with a customised contract. In future, the key distinction is between the haves – those who find their way in the new world of work – and the have-nots, those who cannot manage.

### **Relax the legal and regulatory framework, allow more flexibility in work conditions**

This is a call for action to the Dutch legislators, social partners, thought leaders and other stakeholders to increase the freedom of movement to agree customised working conditions packages, e.g. pay and pay structures, different types of contracts, job mobility deals and pensions and other deferred income solutions.

### **The Netherlands to lead by example**

Given this country's unique selling points – its international character and knowledge work – the Netherlands needs to set an example and take the lead in creating an international level playing field. Find a common approach to the big future of work themes, (co-)create a clear set of rules to protect people and promote the uniform application and interpretation of such rules. When reforming local laws and regulations, the Dutch legislators should not act in isolation, but should cooperate with other jurisdictions and learn about their best practices and solutions.



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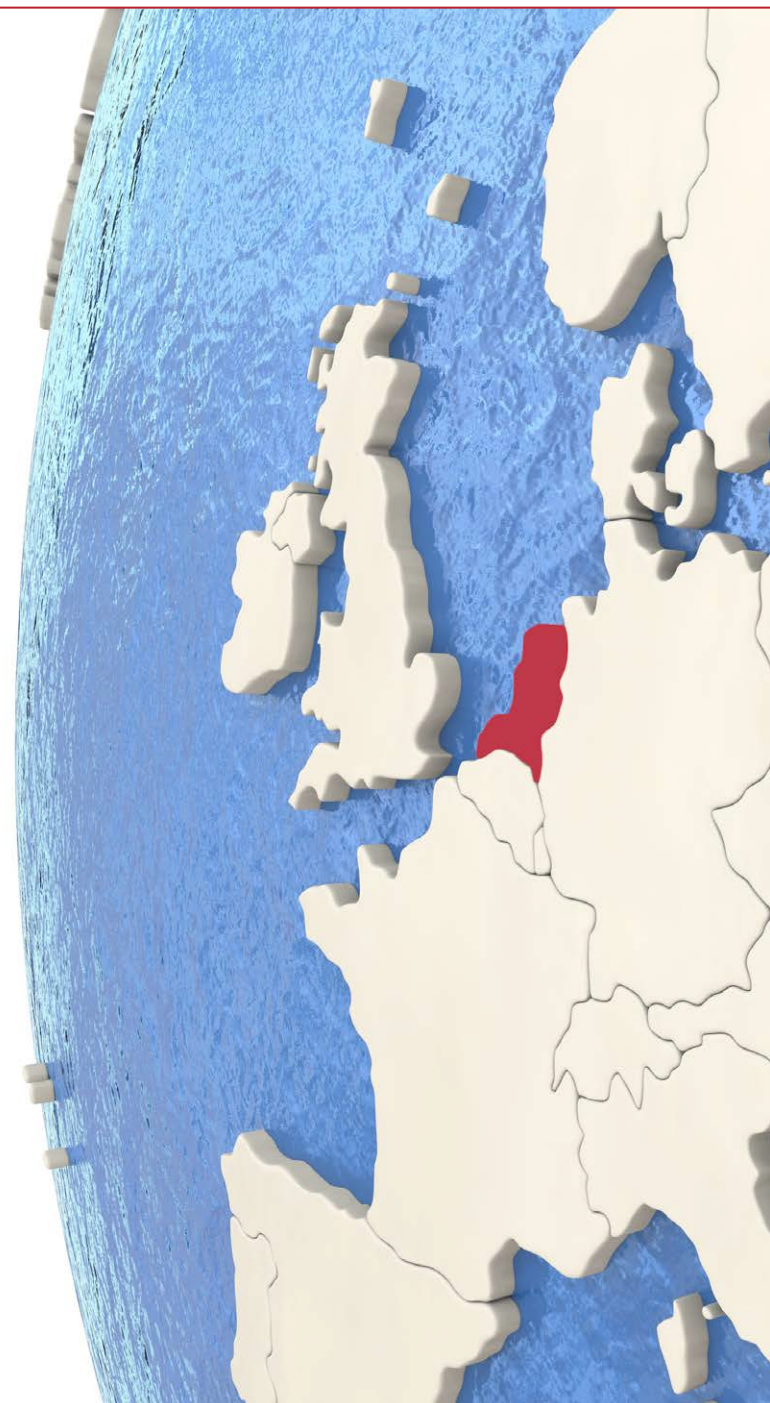
## The forces shaping the future of work

*Thinking about the future of work, we are forced to ask ourselves the biggest questions facing our age. What influence will the continuing march of technology, automation and artificial intelligence (AI) have on where we work and how we work? Will we need to work at all? Where do we fit in an automated world?*

Many commentators focus on technology and the role that automation is predicted to have on jobs and the workplace. We believe the real story is far more complicated. That it is less about technological innovation and more about the way in which humans decide to use that technology.

The shape that the future of work takes will be the result of many complex, changing and competing forces. Some of these forces are certain, but the speed at which they unfold can be hard to predict. Laws and regulations, the flexibilisation of labour, the push and pull between human and machine and broad trends in consumer, citizen and worker sentiment will all influence the workplace of the future. In this report we will focus on the specific features of the Dutch labour market and the key stakeholders in the Dutch work arena. The outcome of this battle will determine the future of work in 2030.

When so many complex forces are at play, linear predictions are too simplistic. Organisations, individuals and governments need to be prepared for a number of possible, even seemingly unlikely, outcomes.



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## The forces shaping the future of work

### Megatrends

The megatrends are the tremendous forces reshaping society and with it, the world of work:

#### Demographic and social change

The changing size, distribution and age profile of the world's population

#### Shifts in global economic power

Power shifting between developed and developing countries

#### Rapid urbanisation

Significant increase in the world's population moving to live in cities

#### Technological breakthroughs

Rapid advances in technological innovation

#### Resource scarcity and climate change

Depleted fossil fuels, extreme weather, rising sea levels and water shortages

#### The overarching developments

*Political uncertainty  
Increase in political instability*

*Increasing inequality  
Division of society between the 'haves' and 'have-nots' in job and income security and quality of working conditions*



The economic shifts occurring are redistributing power, wealth, competition and opportunity around the globe. Rapid technological developments, radical thinking, disruptive innovations, new business models and environmental changes are impacting every sector. Businesses need a clear and meaningful purpose and a mandate to attract and retain employees, customers and partners in the decade ahead. These megatrends, together with Uncertainty and Inequality, form the foundation for our scenarios. How humans respond to the challenges and opportunities which the trends bring will determine the future of work.

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## The forces shaping the future of work

### Assisted Intelligence

#### Today

- Automating repetitive, standardised or time-consuming tasks and providing assisted intelligence.
- Increased demand for STEM (Science, Technology, Engineering and Mathematics) skills to build new tech ecosystem.

### Augmented Intelligence

#### Emerging

- Fundamental change in the nature of work. Humans and machines collaborate to make decisions.
- Uniquely human traits – emotional intelligence, creativity, persuasion, innovation – become more valuable.

### Automated Intelligence

#### Future

- Adaptive continuous intelligent systems take over decision-making.
- The future of humans at work is questioned.



## Artificial intelligence

Block chain

Machine learning

Virtual reality

3D-printing

Predictive analytics

Internet of Things

Voice-enabled assistants

Connectivity

Smart houses

Cloud computing

Quantum computing

Crypto currencies

Energy storage

Data mining

Drones

Health wearables

Nano bots

Fluid data

Robotics

Self-driving cars



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## The forces shaping the future of work

### Demographics: a closer look

- **Ageing world population:** With a few regional exceptions the world's population is ageing, putting pressure on business, social institutions and economies. In the next 10 years, western-European countries will have an unusually older workforce than the broader – global – labour market.
- **Longer working life:** The younger generations are likely to live to 100 and work to 80. This longer life span will affect business models of organisations, ambitions of individual workers and pension costs. The classic three-stage life is replaced by a multi-stage life with multiple jobs, projects and roles. What will your 100-year life look like? *(See textbox below)*
- **Multi-generational workforce:** By 2030, more than 50% of the workforce will be millennials but, in the next ten years, the active working population will consist of five generations *(See textbox top right)*.
- **Emerging markets breed diversity.**

#### The 100-Year Life

What will your 100-year life look like? Does the thought of working for 60 or 70 years fill you with dread? Or can you see the potential for a more stimulating future as a result of having so much extra time? *Many of us have been raised with the traditional notion of a three-stage approach to our working lives: education, work, retirement. But this well-established pathway is already beginning to collapse – life expectancy is rising, guaranteed defined-benefit pension plans are vanishing, and increasing numbers of people are juggling multiple careers. Whether you are 18, 45 or 60, you will need to do things very differently from previous generations and learn to structure your life in completely new ways* *(Gratton and Scott, 2016)*.

#### The Millennials' Mindset

When zooming in on the mindset of Millennials (1985-2000), or 'Generation Y', five key themes can be identified:

- Millennials want autonomy and freedom at work
- Millennials want instant, direct, real-time feedback
- Millennials search for meaning and purpose in their work
- Millennials see 'crisply and clearly' through outdated structures
- Millennials are digital natives and know social media like the back of their hand

### Inequality: a closer look

Unemployment, social exclusion, inequality and poverty lie at the heart of people's concerns for the future.

The concurrence of the megatrends, especially technology, demographics and social change, and urbanisation, gives rise to new work and business opportunities for many but also poses a threat to others. This development may widen the gap in society between those who can manage and those who cannot, between first movers with entrepreneurial spirit and late movers with risk-averse minds who hold on to their certainties, between winners and losers, between haves and have-nots. Inequality in the labour market takes many forms.

In the context of the Future of Work 2030, inequality can be identified along the following lines:

- Permanent versus temporary
- Employed versus independent
- High-educated versus low-educated (or theoretical versus practical)
- Full-time versus part time availability
- Other factors determining job opportunities: age, gender, ethnic and cultural background

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## The forces shaping the future of work

### Possible wind directions

Megatrends provide the context for future worlds, but they don't predict what the world will look like in 2030. We have to cope with many uncertainties. How will humans respond to the challenges and opportunities that the megatrends bring? What impact will public sentiment have? That is difficult to predict. It will be affected by culture, history and many other local factors. Public sentiment can radically affect the approach of a nation in the space of a single election or referendum. We've seen that recently in the US and the UK. There's no doubt that governments and public sentiment will influence the forces underpinning the future 'wind direction'.

PwC's global report 'Workforce of the future' provides an outline of four possible worlds of work, built upon a scenario analysis of competing forces shaping 2030: the 'push and pull' effect of *collectivism versus individualism, and integration versus fragmentation*.

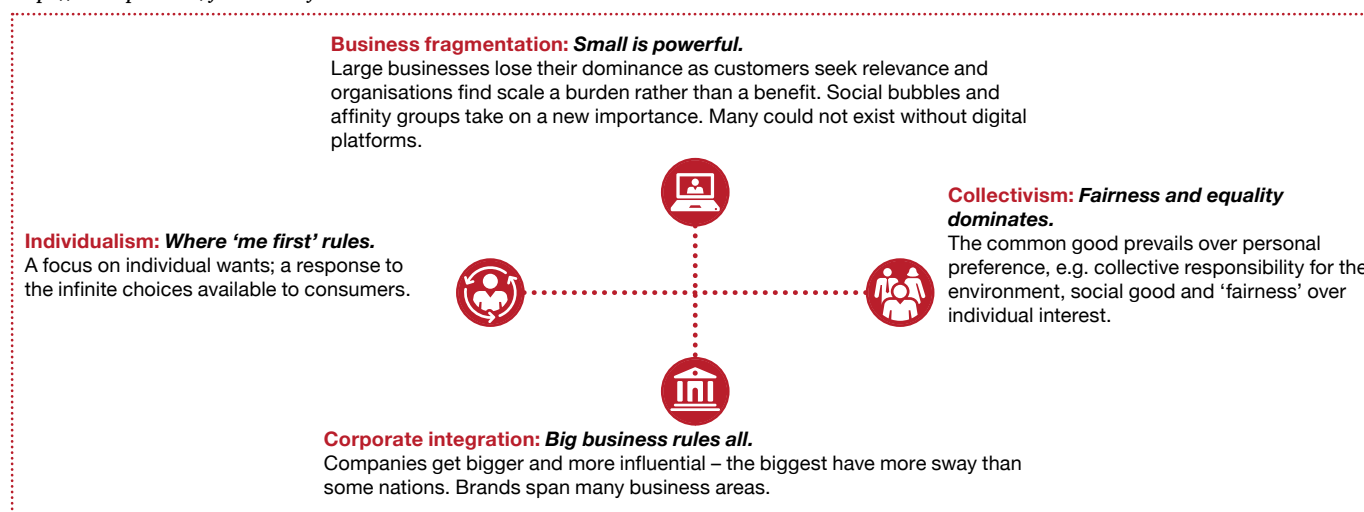
### Collectivism versus individualism

Will 'me first' prevail, or will societies work together through a sense of collective responsibility? What is the role of government in balancing a strong economy with the interests of its people?

### Integration versus fragmentation

Will digital technology inevitably mark the end for large companies? Technology has allowed tiny businesses to tap into a vast reservoir of information, skills and financing that used to be available only to large organisations. Through the use of technology, small has become powerful. It's also allowed large companies to drastically reduce their internal and external costs. Organisations can be more productive with fewer staff and can expand their operations (through contingent workers, for example) without having to invest significant amounts of capital.

Read more about the four worlds of work scenarios based on the push and pull effects in PwC's global report 'Workforce of the future. The competing forces shaping 2030': <https://www.pwc.com/futureworkforce>





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## Key themes in the Dutch labour market



*In this section, we focus on three specific themes that play a crucial role in the field of people, work and society in the Netherlands: flexibility, technology and inequality.*

### Flexibility

#### Flexibilisation of labour

The Dutch labour market's flexibility is increasing rapidly. The share of employers using temporary contracts has doubled in the last twenty years. In the nineties, about 30% of organisations used temporary contracts; in recent years it has fluctuated at around 60%. Small organisations, in particular, have switched to temporary contracts in recent decades. The trend differs between sectors. In the nineties, temporary contracts were already popular in healthcare and welfare, government and education. That is why the increase in the use of temporary contracts in these sectors is less than in other sectors. In the trade and hospitality industries, the increase is largest: from 15% (1995) to 55% (2015). The rapid growth is now slowing down; the top may have been reached, especially in the technology and health industries where there is a huge shortage of qualified staff.

In addition to temporary contracts, employers also use other forms of flexible work: self-employed workers (ZZP), temporary agency staff, on-call workers and payrollers. Organisations in the construction sector (44%) and business services industry (37%) use self-employed workers most frequently. On-call workers are relatively common in the healthcare and welfare sector (45%). Payrolling is the least common among the forms of flexible work (SCP, 2017). In about half of the current EU Member States, the proportion of self-employed workers in the active labour force has increased over the past ten years. The Netherlands is one of the largest growth countries in Europe, with growth twice as large as, for example, Germany. Currently, there are about 1.5 million self-employed workers (ZZP) in the Netherlands in a total working age population of  $\pm$  11 million.

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## Key themes in the Dutch labour market

### Rigid regulatory framework

In the Netherlands, working conditions are heavily regulated by employment law, collective labour agreements (CLAs), rigid pay structures and pension systems. Employment law rules and regulations protect employees, historically the weaker party to an employment contract. Most sector-specific CLAs include highly detailed mandatory provisions that do not offer sufficient flexibility. Pay structures and pay scales are often based on rigid job rating systems. And the Dutch pension system, although one of the best pension systems in the world, is cracking on all fronts.

Fundamental changes in employment conditions are severely hampered by the inflexible 'old-school' attitude of most trade unions. According to a recent survey, the Netherlands' score on flexibility is poor, i.e. rated 123 out of 137 countries (*World Economic Forum, 2017*). This means that the amount of flexibility to freely negotiate pay and pay structures is low. For example: seniority still determines the size of a person's base salary and, accordingly, the demotion of older workers is still a huge taboo. Opting out of this rigid regulatory framework is quite a challenge.

### Technology

The Netherlands has an open, export-driven economy and expert knowledge, technology and services are our dominant industries. The Dutch labour market is characterised by its strong international character which is supported by a very good physical and technological infrastructure (i.e. internet connectivity and technological facilities). Although our current position in the field of technology is good, a future leading position is by no means self-evident. There is awareness of the need for lifelong learning and development, but a lack of urgency and action.

### Participation in training

Within the OECD, Iceland is the top performer on participation in training due to its strong focus on lifelong learning. In the Netherlands, the concept of lifelong learning is far

from commonplace, especially in regard to the continuous development of skills. Lifelong learning and development is the right combination of skills for success, innovation, productivity and social inclusion of vulnerable groups in the labour market. Training at the workplace is a crucial dimension of lifelong learning. The focus on this type of training is increasing. According to a recent survey among employers in the Netherlands, most organisations (85%) opt for training to increase the level of knowledge and skills of their staff. In addition, 52% apply task rotation, regularly assigning other tasks to staff within the scope of their function. More than a third increase the knowledge and skills within the organisation by attracting new staff. Employers also use job rotation with staff rotating between jobs or departments (*SCP, 2017*).

The funding of learning and development is not an issue. Both the European Social Fund and the sector-specific education and training funds in the Netherlands are readily available. Nor is it a matter of awareness. It is the sense of urgency and the time available and willingness to invest in lifelong learning that are the real bottlenecks (*Telegraaf, 2017*).

### Growing need for skills development

It is estimated that between 21% and 35% of all jobs in the Netherlands are currently or potentially vulnerable to automation in whole or in part. At the same time, there are great rewards for those with the skills to take advantage of the opportunities that a global and technologically advanced world offers. Skills are central to the capacity of the organisations, people and government of the Netherlands to thrive in an increasingly interconnected and rapidly changing world. Rising investments in intangible assets such as research and development (R&D), data and software mean that those with the skills to perform abstract tasks are in increasing demand. In the future, however, even higher skilled work may be vulnerable to technological displacement (*OECD, 2017*).

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## Key themes in the Dutch labour market

### *Inequality*

#### **High degree of inequality between different groups**

Age, gender, ethnic and cultural background create inequality in the Dutch labour market. Among the most vulnerable groups are older workers, migrants from non-western countries, females and part-time workers. Some key data on inequality between different groups in the Netherlands in terms of job opportunities, participation and employment rates are:

#### *Age: older versus younger workers*

Only 26% of the unemployed 45-75 olds succeed in finding a job whereas this is 51% for young job seekers (age 15-25). The labour market position of older workers is relatively weak. They suffer higher unemployment and experience difficulties in finding (re-)employment. Employers often perceive older workers as expensive, less productive, less flexible and not innovative.

The employment rate of 55-64 year olds in the Netherlands (63.5%) is lower than that of Germany (68.6%) and Sweden (75.5%). As life expectancy increases, more people are working later in life. People in the 65-74 age group indicate that they are willing to continue working until the age of 69 (on average) and 100,000 of the currently unemployed 55-64 olds in the Netherlands state that they “are willing and would like to work” (CBS 2017).

#### *Ethnic and cultural background: non-western versus western migrants and native Dutch workers*

Graduates with a non-western migrant background – especially MBO graduates – have more difficulty finding a job than native or western migrant graduates. Research has shown that 20% of non-western graduates of the school-based vocational track (BOL) are still unemployed one year after graduating, compared to 6% of native Dutch graduates. Inequality of job opportunities affects graduates with non-western backgrounds most (Social Mobility Commission, 2016; SCP 2013; Inspectie Onderwijs 2017).

#### *Gender: female versus male workers*

The labour market experience of older women is often characterised by lower pay, more part-time work and higher barriers to development and promotion than males of the same age. These working characteristics are driven by two factors: first, differences in work-life patterns (e.g. caring duties) and second, occupational segregation. This means that women are more likely to work in sectors and occupations that offer greater flexibility, for example administrative and secretarial roles, or work in the health care sector – jobs grouped under the five Cs of caring, cleaning, clerical, cashiering and catering which tend, on average, to be lower paid occupations.

#### *Contract size: part time versus full-time work*

The Netherlands has the highest incidence of part-time work across the OECD, i.e. 72% of employment. This may benefit younger workers who are looking for a flexible transition from unemployment to permanent full-time employment, but may also reflect an inability to obtain full-time contracts (OECD, 2016; CBS 2017; SCP 2018).

#### **Trend towards a two-tier labour market: high versus low job and income security**

We see clear signs of a widening gap developing in the Dutch labour market between workers with permanent employment contracts and a reasonable level of job and income security (i.e. an employment protection package) on the one hand and workers with temporary, flexible, freelance work arrangements without any job or income security package on the other hand. This gap increasingly shows the classical characteristics of a two-tier labour market with rising inequality and the threat of poverty for the most vulnerable groups.



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## Key themes in the Dutch labour market



### Permanent versus flexible: Employed versus independent

A solid core of workers with permanent employment versus a flexible layer of temporary, self-employed (in Dutch 'ZZP', meaning 'self-employed without personnel') on-call and payrolling workers with flexible working arrangements. We must be careful not to put every flex worker in the same category. Many self-employed (ZZP) are successful entrepreneurs; they belong to the 'haves'. But there's also a large group of flex workers earning significantly less, working in lower graded functions and/or low-pay sectors, having a greater chance of becoming unemployed or unfit for work; they belong to the 'have-nots'. Young people, women, migrants and workers with a low level of education or a low level of skill are over-represented among flex workers.

In addition, there is the difference in position between employed and independent workers. The key difference here is the contract form. However, there is great variety within this group of independent workers. Some are similar to entrepreneurs, others are like employees with a strong labour market position and others resemble flex workers.

### The Netherlands' unique selling points

The Netherlands has a relatively stable economic climate: an open, export-driven economy with a strong international focus. It is primarily based on specific types of work: expert knowledge, technology and services. The Dutch labour market is characterised by its strong international character which is supported by a very good infrastructure that includes international travelling facilities.

The unique selling points of the Netherlands in terms of work are:

- high quality of knowledge, technology and services;
- well-educated, multilingual workforce and population;
- high productivity;
- strategic location ('gateway to Europe');
- superior infrastructure and international mobility of workers;
- international business climate, favourable fiscal climate;
- excellent online connectivity and focus on cyber security;
- creative environment hosting the largest start-up ecosystem of Europe; and
- high living standard.

### Bottleneck: mismatch between supply and demand

A major bottleneck on the Dutch labour market is the mismatch between supply and demand, in particular in the following sectors: technology, construction, healthcare and education. Employers have a difficult time filling their vacancies in these sectors and the shortage of qualified staff is expected to increase in the upcoming five years. This is despite the fact that the Netherlands has more than 419,000 unemployed, i.e. about 5% of the working population (CBS, 2017).

A recent report by the Research Centre for Education and the Labour Market (Maastricht University) presents and discusses labour markets forecasts by education types and occupations up to 2022. They found that job prospects are excellent for youngsters with a healthcare or technical degree at all educational levels (ROA, 2017).



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## Opportunities and threats for the future of work in the Netherlands

### *The greatest common denominator*

No one knows what the world is going to look like in 2030. There are many uncertainties. We have discussed the megatrends and analysed the key themes and specific features of the Dutch labour market. Will any of the four worlds outlined in PwC's global report 'The workforce of the future' be dominant in 2030? Again, no one knows. But all the developments sketched in the report are already visible today. And therefore, it does make sense to focus on the greatest common denominator of any future work scenario:

#### *1. People and technology*

In the knowledge-based society of tomorrow, science and technology will be omnipresent throughout the economy and in everyday life. Robotisation and automation will result in job losses and will create new jobs. And technology will also enable new forms of collaboration between humans and machines.

#### *2. People and networks*

Today, the Internet – in particular social media – has given rise to new business and consumer platforms and innovative start-up companies. Connectivity, access to networks, platforms and virtual communities will provide flexible work opportunities for people who attach great value to autonomy, entrepreneurship and purpose.

#### *3. People, life and work*

Future generations face a 60-year multi-stage career in a 100-year life. The demand for labour – professions, jobs, roles, skills – in 2030 is yet unknown. Many future jobs do not exist right now. In order to 'stay in the game', workers must continuously invest in their market value, remain flexible and agile, and participate in lifelong learning. In order to 'stay in business', companies must offer a variety of tailor-made work arrangements suited to the different life stages of workers and continuously invest in programmes to retain, retrain and recruit workers.

#### *4. People, work and society*

Large inequalities exist in today's labour market. The gap between the haves and have-nots is expected to widen as a result of technology, demographic and social changes and other megatrends. This may pose a serious and fundamental challenge not only for organisations but first and foremost for society at large. Purpose and meaning in work and life will be more important than ever.



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## Opportunities and threats for the future of work in the Netherlands

### **Opportunities and threats for the Dutch labour market**

Although the future of work in 2030 is unpredictable, the direction is clear. The future of work playing field will be defined by (i) the way organisations and people deal with technology, networks, flexibility, purpose and meaning and (ii) the way organisations and government deal with social cohesion and (in)equality. What are the opportunities and threats for work in the Netherlands in view of the specific themes in the Dutch labour market?

### **Flexibility**

#### **Flexibilisation of labour**

#### **Opportunities**

The youngest generations at work – the Millennials (Generation Y, 1985-2000) and the Centennials (Generation Z, born after 2000) – potentially face a 60-year work career within a 100-year life. They will have to develop transitional skills and commit to a lifelong learning track to be able to move to another profession, occupation, function and/or change roles throughout their lifetime. Organisations and government should facilitate these workers by offering different types of flexible contracts and enable them to take up a sabbatical/time-out for skills development, re-training and re-skilling. The concept of personalised learning and development budgets are worth exploring further.

In order to enhance workers' mobility, potential career moves should not be hindered by fear of the loss of a job and income security. Workers in a transitional phase should be able to draw money from (individual) deferred income funds or (shared/collective) funds set up for the purpose of enhancing workers' mobility. A big challenge for the upcoming decade is the creation of a minimum safety net for the self-employed, independent, contingent workers – in the Netherlands commonly referred to as 'ZZP' workers. Such a safety net should include: basic disability insurance, a deferred income arrangement and a tailor-made and low-cost solution for accruing pensions.

#### **Threats**

If organisations and the Dutch legislator (Parliament/Government) fail to give a huge boost to:

- facilitating the creation of different contract forms,
- working out the concept of personalised learning and development budgets,
- exploring the options for setting up income funds to fall back on in a period of transition/time-out, and
- developing a minimum safety net for ZZP workers – currently, there are more than one million ZZP workers in the Netherlands,
- then the mobility of workers will be seriously hampered.

#### **Rigid regulatory framework**

#### **Opportunities**

- Change of the **current regulatory framework**, i.e. the rules and regulations laid down in employment law, CLAs, pay structures and pension systems, to adapt and align it to the needs of the future workforce. This is a tremendous challenge for (i) the Dutch Parliament / Government – the legislator –, (ii) the social partners – in renegotiating CLAs and pay structures and (iii) the relevant parties involved in the major reform of the pension system.
- With regard to the **type of contract** between an organisation and a worker, it is important to be able to offer workers a variety of options, multiple choices, from which the preferred contract can be chosen. Freedom of choice is key in a dynamic world where organisations and people must remain flexible and agile to be successful. Obviously, there should be specific minimum requirements for the protection of workers from risks to their health and safety and a social safety net for long-term unemployed and vulnerable people.
- With regard to **total reward**, i.e. the total package of fixed and variable pay, benefits, pension rights, learning and development opportunities, and other perks, employees and other workers should be able to tailor their package to their needs, in line with the then current stage in their life.

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## Opportunities and threats for the future of work in the Netherlands



- With respect to **pension systems**, there are major challenges and many opportunities, for example: ease the mandatory participation rules, enable personal freedom of choice in the type of pension arrangement and offer various options for the collective investment of pension money raised from employees and employers.

### Threats

- If the current Dutch regulatory framework remains as rigid as is, it will continue to impede the flexibility and agility that organisations need to remain competitive.
- Workers over  $\pm 45$  years old will not be eager to move to another position or a totally new life-stage if they are caught in the 'golden cage' of a highly attractive pay package – and, as a result, the mobility of 'mid-layer' employees within an organisation will remain inadequate. This may lead to the next generation of older workers not having good job opportunities, or the prospect of an attractive work future.
- The rigidity of the legal and regulatory framework poses a serious threat to the capability and capacity of the Netherlands to grow as an internationally oriented knowledge, technology and services provider.

### Technology

#### People and technology

#### Opportunities

- Robotisation and automation on the one hand, and connectivity via online platforms and knowledge sharing communities on the other hand, generate new opportunities for those who have an entrepreneurial ***spirit to start their own business***. The global market is – virtually – at their feet. Networks enrich and enable workers ***to do what they're good at***, to build upon their own excellence and explore new niche markets. Technology and connectivity provides chances for people at the 'lower end' of the labour market: older workers (say 50+), people with a different cultural background – in particular non-western immigrants, women and part-timers working less than three days a week.
- It may well be possible in 2030 that robots will have taken over a significant part of the work. Productivity will be the sum of the work done by humans and robots. What if there is ***no need to work for more than two or three days a week?*** And what if we then earn enough money to live from? The balance between work and leisure activities/recreation will change. Leisure and personal care will get a boost and provide new opportunities, also for those belonging to vulnerable groups today. Given the increasing life expectancy, people will work longer – say until the age of 70 or even 80 – and live longer; please refer to 'The 100-Year Life' discussed earlier.

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## Opportunities and threats for the future of work in the Netherlands

- In order to maintain its leading position, the Netherlands must embrace technology and explore **new ways of collaboration** between humans and robots. For example: think of the boost artificial intelligence and machine learning can bring to medical diagnostics and therapy, to the analysis of legal cases (jurisprudence, ‘legal tech’), or to transportation and research. Employers have a huge responsibility here: they can make the difference, they can reach more than the government. New forms of collaboration between humans and machines are expected to create new work opportunities, especially for people working in healthcare, nursing homes and home care (predominantly women, part-timers and immigrants).

### Threats

- In the future workplace, robots will determine the work which is to be carried out by humans and this will result in a reduced scope of activity and less autonomy for human workers.
- Privacy and data protection at work will become a key differentiator: a serious reputational risk for companies. This is not only a risk for their business and employer brand, but also an opportunity to tackle privacy matters as a key element of their client and data strategy.
- Technology will increase inequality in society (see below).
- Connectivity via networks may lead to alienation from human values.
- Networks and platforms will play a key role in creating new work, but there is a risk that they will not create fully-fledged professions but rather a multitude of micro tasks. New networks and platforms will then exploit workers.

### Inequality

Earlier in this report, we discussed the high degree of inequality between different groups in the Dutch labour market. In our view, there is a serious threat that both the flexibilisation of the workforce and the technological developments will increase inequality in society and result in job and income insecurity for many. It will widen the gap between tech-savvy people and tech illiterates, between the autonomous, independent and the dependent, between the haves and have-nots. The tech illiterate have-nots will feel themselves excluded from society. Regardless of the group to which an individual belongs, lifelong learning and development is crucial to build flexibility and agility and optimise future job opportunities. For this reason, we zoom in on the specific skills challenges facing the Netherlands, as described by the OECD.

### Lifelong learning and development

#### Opportunities

In the opinion of the OECD, the Top 3 skills challenges facing the Netherlands are the following:

##### 1. Fostering more equitable skills outcomes

The skills system in the Netherlands works well to ensure that most people develop strong cognitive, social and emotional and job-specific skills. Nonetheless, a sizable number of adults still have very low levels of basic skills. Moreover, certain groups have more limited opportunities to develop and fully use their skills. The Netherlands should strive to ensure that skills outcomes better reflect individuals’ abilities and efforts, rather than their personal circumstances.

##### 2. Creating skills-intensive workplaces

Developing and using skills fully and effectively in workplaces is critical for increasing the productivity and competitiveness of firms, as well as for improving the earnings and job satisfaction of workers. Skills-intensive workplaces are particularly



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## Opportunities and threats for the future of work in the Netherlands

important for creating opportunities for adults to use and further develop their skills, especially those from groups that may be lagging behind and who may be reluctant to return to formal schooling, such as low-skilled adults.

### 3. Promoting a learning culture

In a world where people are not only competing with increasingly highly skilled people in low-wage countries, but also with increasingly cheap labour saving technologies, it is more important than ever for adults to engage in continuous skills development so that they can adapt to change and seize new opportunities as they arise. Promoting a culture of learning in the Netherlands is not only an important goal in its own right, but could also help to foster more equitable skills outcomes and encourage the formation of skills-intensive workplaces.

Government, social partners and stakeholders will **need to act together** to meet these challenges.

The Dutch education system and the skills of the Dutch population are strong overall. Therefore, many of the opportunities for further improving the skills outcomes of the Netherlands are to be found in areas of society where the government has more limited influence, such as the workplace and community. As a consequence, achieving the Netherlands' skills ambitions will require a whole-of-society approach.

In this context, perhaps the greatest challenge facing the Netherlands is one of collective action. Further improving the skills outcomes of the Netherlands will require governments, individuals, social partners, education and training providers and others to take **collective responsibility and action**.

Stakeholders are generally in agreement that no single action that might be taken by government, social partners or others will be sufficient to make significant progress in the above three priority areas. However, there are numerous actions that each partner can take that collectively could significantly improve the Netherlands' skills performance (OECD, 2017).



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## Opportunities and threats for the future of work in the Netherlands

### Threats

Awareness of the need for lifelong learning in itself is not sufficient. If no collective responsibility and action is taken, the Netherlands runs the risk of losing its leading position and falling back to mediocre levels of performance. If no action is taken, the current mismatch between supply and demand on the Dutch labour market is expected to increase soon – in particular in technology, construction, healthcare and education, where the shortages are most acute.

Lifelong learning is no longer a ‘nice-to-have’ but a ‘need-to-have’, a prerequisite for:

- remaining competitive for businesses;
- staying relevant for all organisations;
- staying relevant for all workers; and for
- being well-positioned to transform to another role, position, profession or work eco-system for everyone.

### 21st century skills



*Foundation literacy:* Literacy, Numeracy, Literacy in different domains: Scientific – ICT – Financial – Cultural – Civic



*Competences:* Critical thinking, Problem-solving, Creativity, Innovation, Communication, Collaboration



*Character qualities:* Curiosity, Initiative, Empathy, Persistence, Adaptability, Leadership, Social and cultural awareness, Emotional agility (*World Economic Forum, 2016*).

### CEO Survey 2018: Talent and Technology

Dutch CEOs consider developing so-called soft skills in their people is just as important as developing digital skills. A vast majority of respondents in PwC’s CEO Survey said that, in this digital era, they need to strengthen both the soft and digital skills within their organisation. Features such as problem-solving and collaborative ability, and creativity are becoming increasingly important. These are the skills that are not easily adopted by computers (*PwC CEO Survey, 2018*).

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## Possible solutions and calls to action

### Flexibility

#### Make work contracts and pay structures more flexible

Remove barriers in the current regulatory framework so that work contracts and pay structures can be adapted to the needs of companies and individuals. Future labour markets require flexible work arrangements, different types of contract and a pay structure based on the contribution of the individual: pay for the unique value of an individual instead of pay based on rigid job grading systems, fixed pay ranges and seniority (i.e. years of experience on the job). Enable companies and workers to agree upon market oriented, individualised, tailor-made arrangements. Allow employees and other workers to enter into ZZP-like engagements.

Create a broader, flexible regulatory framework to enable the free inflow and outflow of workers within the Netherlands but also internationally.

#### Examples

- Living labs, test cases, pilot projects, experimental platforms for the development of innovative contracts and value based pay arrangements (start-ups)
- Five-year contract together with a personal education, training and development budget (KLM)
- Exchange indefinite term contract for fixed-term contract with a maximum of transition and development opportunities (discussed at BNR Werkgeversdebat, 2018)
- Law and regulations regarding termination of an indefinite term employment contract
- Law and regulations regarding consecutive temporary employment contracts (e.g. three consecutive four-year contracts)



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## Possible solutions and calls to action

### Strengthen the position of Works Councils

Empower Works Councils (Ondernemingsraden, ORs) to negotiate custom-made solutions with regard to working conditions for all individuals providing services to the company, i.e. employees, workers and independent entrepreneurs (ZZP). Strengthen the OR's position by giving them more formal powers, such as the right to hire an independent lawyer and a financial expert, and by enhancing support and training. Consider the introduction of suitability requirements for OR members, in line with those imposed upon executive and non-executive board members in the financial services industry.

Allow ORs to represent and bind the workforce – this would make sense as ORs are better informed, closer to the fire and more cooperative than trade unions. Currently, the large trade unions are very defensive and reactive; they oppose, obstruct and delay new developments and innovative customised solutions. The key question is whether trade unions are still

representative of the current and future work force. Trade unions should reinvent themselves as representatives of the have-nots, voicing their opinion and defending their interests.

### Example

Supermarket Jumbo (2017) and retailer Action (2018) negotiating collective employment conditions with the OR after breaking with the trade union(s)

### Individualise pension rights

Reform the current pension system, as it is no longer sustainable. Individualise the accrual of pension rights using individualised pension accounts, but combine this with a form of collective risk coverage for risks that cannot be borne by individual workers. Enable sector-overarching accrual of pension rights instead of the current sector-specific methodology.





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## Possible solutions and calls to action



Change the mindset: pension funds have to approach individuals as their clients and need to offer them integrated personal financial planning solutions.

Make flexible pension arrangements work form neutral, i.e. independent of the type of contract – employment, worker, entrepreneur – and work country/countries, so that individual pensions become portable.

Explore the feasibility of an income-related, means-tested state pension (AOW).

### Widen the definition of pension

Broaden the strict definition of pension under Dutch law so as to enable individuals to (conditionally) draw money from their pension account during so-called ‘inactive’ periods. In such context, a pension is not only exclusively tied to retirement, but also plays a role as replacement income during periods ‘in between jobs’, sabbaticals, retraining – generally, all transitional periods within a 50-60 year career. In this way, pensions become instruments for personal wealth accumulation and the funding of transitions. Enable different forms of wealth accumulation and remove barriers in the current legal and regulatory framework.

### Lead by example: create an international level playing field

Reduce the tax burden on labour and agree effective labour market and employment policies within the EU – that is our call upon the Dutch government. The Netherlands should take the lead and set an example within the EU by creating an international level playing field.

Virtual working communities are part of the new reality in global business. A broader, flexible regulatory framework should enable the free inflow and outflow of workers across borders. In order to maintain and extend its unique selling points, the Netherlands should take the initiative in creating an international level playing field so that its leading position can be secured.

### Align proposals to reform laws and regulations with other countries

Refrain from approaching such reform of laws and regulations in isolation. The big workforce themes such as dependent employee versus independent self-employed entrepreneur (ZZP) and the need for flex workers is essentially the same in all countries. The Netherlands should orientate internationally to find workable solutions. Multinational companies are crying out for more uniformity in laws and regulations and call for a global employment tax strategy. Proposals should be aligned with the best practice solutions used by leading countries in this respect.

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## Possible solutions and calls to action

### Example

The United Kingdom (UK) recognises a new category of 'workers', a category in between employee and self-employed independent. The UK government offers a **web module** to facilitate different options.

### Stimulate international mobility of the workforce

Stimulate international mobility of workers by enabling the use of short-term assignments and projects without the need to fully meet all the compliance provisions that apply to long-term assignments. Enable global businesses to move, adapt and switch quickly in the market. Currently, the EU member states interpret and apply the provisions of the EU Regulation on cross-border employment differently.

If borders are said to no longer exist, the international regulations have to be amended to reflect this. The current international rules include many barriers to flexible, agile, project-based working on short-term assignments. The flexibilisation and internationalisation of work requires tailor-made arrangements, easing of the rigid rules and low compliance solutions.

### Examples

- Unemployment and disability insurance
- Social security (safety net, minimum income)
- Pensions

## Technology

### Empower individuals to take the lead

Empower individuals to shape their own careers, to take ownership for their learning needs, skills development and profile. Support them to remain relevant, agile and attractive in the market. Facilitate individuals to be able to choose the work form (type of contract) they prefer at that stage of their

work and life: employee, worker or independent entrepreneur (ZZP). Stimulate the readiness of workers to invest in lifelong learning. Offer skills training and courses that are not work related. Encourage them to invest in diverse networks and build sustainable relationships. Facilitate transitions to other projects, jobs and/or professions. Support sabbaticals, 'soft career stops' and even career moves. Based on reciprocity and mutual efforts, companies are to empower, stimulate and facilitate individuals – and individuals are to take ownership and invest in their sustainable employability.

### Examples

Personal budget for sustainable employability (Enexis)  
Tiptrack: Interactive online tool (app) for daily reflection on work, development, personal finance and health (AWVN)  
Training for other (non-core business) jobs in the market, e.g. truck driver (KLM) Social community projects, voluntary work (PwC)

### Take lifelong learning and development a step further

Enable adults to engage in continuous skills development so that they can adapt to change and seize new opportunities as they arise, especially in the field of technology and the digitisation of work and society. Promoting a culture of learning in the Netherlands is not only an important goal in its own right, but could also help to foster more equitable skills outcomes and encourage the formation of skills-intensive workplaces. Government, social partners and stakeholders will need to act together to meet the challenges the OECD have identified for the Netherlands (*refer to the section Opportunities and threats – Technology*).

### Tackle data privacy and cybersecurity as a matter of priority

Deal not only with the compliance requirements of the General Data Protection Directive (GDPR) that must be in place on 25 May 2018, but also tackle data privacy and cybersecurity in a much wider – integrated – context.

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## Possible solutions and calls to action

Consider including the following aspects in such integrated approach:

- Strategy and digital transformation
- Privacy and consumer protection
- Incident and threat management
- Implementation and operations

### Modernise performance management: more transparency

Be aware that traditional performance management systems have become more and more obsolete. The revolution of performance management systems started a few years ago. Currently, innovative performance management approaches focus on strength-based development, alignment of individual, team and business performance goals, continuous feedback, coaching for performance, fluidity in rewards and rewards as an element of social recognition. Performance management will become more transparent. It is no longer an internal topic. Social media will be used to getting input from colleagues, clients, and other third party stakeholders.

#### Examples

Tailor-made self-development programs with physical and mental coaching of employees comparable with the support available for top athletes (*Snoek Hoveniers, discussed at BNR Werkgeversdebat, 2018*).

## Inequality

### Protect people against abuse of data

Develop legislation setting clear rules in close cooperation with consumer and producer representative organisations to prevent our society from becoming a digital Wild West – working towards a fair trade-off between the convenience of the internet and sufficient legal and ethical protection from the undesirable effects of digitisation. This is urgently needed so as to protect people against the unauthorised use of their data.

#### Examples

Self-driving cars, care robots, e-coaches, artificial intelligence in the judiciary, augmented reality, artificial intelligence to create social profiles, self-learning algorithms: Who owns all this data? Who can collect and view this data?

### Protect the ‘have-nots’ – those who cannot manage

Establish a social safety net for the most vulnerable groups, the ‘have-nots’ – those who cannot manage in the new future of work world. In the years to come, the key distinction will not be between the highly educated and lowly educated (or better: theoretically versus practically educated), but between independents and dependents, the haves and have-nots. Haves will find their way in the new world. Have-nots ultimately need a form of protection, a social safety net. Such a social safety net is meant for people at the bottom of society and provides for a bare minimum income and government funded social assistance.

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## Possible solutions and calls to action

Focus on the have-nots to avoid disruptive powers affecting the social cohesion within society at large. Trade unions are in the best position to represent the interests of the have-nots and voice their opinion; they should be prepared to reinvent themselves in this respect. But employers should also accept responsibility for people who are distanced from the employment market such as disabled people who are partially or fully incapable of working.

### Example

Level of protection for high, middle and low income ZZP workers  
The recent coalition agreement (Rutte III) distinguishes three independent workers (ZZP) categories: lower income, middle income and higher income. In our view, the higher income workers do not need any protection; they are independent and should be free to arrange their own work. The middle income workers should get an option to choose their preferred type of work contract. Taxation should not be the main driver when making such choice, i.e. a tax neutral choice of work contract is preferable. The Dutch government proposes that lower income workers be characterised as employees by definition. Irrespective of the outcome of the proposed three categories, the classification should be synchronised with employment law (*Coalition Agreement, 2017*).



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## Roadmap to 2030

*Again, no one knows what the world is going to look like in 2030. Given uncertainties as to dominance, if any, of either one of the push and pull effects ('wind directions') discussed earlier, we should be prepared for anything. In this section the key messages for organisations, people and government for the upcoming decade are pointed out.*

### Organisations

- Invest in new forms of collaboration between humans and machines – technology creates new jobs
- Offer a variety of customised total reward packages, tailored to the needs of individuals in different stages of their life
- Offer different types of contracts to individuals, giving them the option to choose the format that suits their needs best
- Involve the Works Council to negotiate custom-made solutions as regards working conditions for all employees, workers and independents providing services to the company
- Empower individuals to take the lead in shaping their careers and take ownership of their continuous learning and development
- Promote lifelong learning of individuals – a collective responsibility of organisations, individuals and government
- Explore different models for personalised learning and development budgets
- Incentivise job mobility – both within the company, in a broader network of business partners and also externally
- Challenge 'golden age' (aged 55 and older) individuals to embrace flexibility in the last stages of their career and facilitate transitions to part-time engagements
- Tackle privacy and data protection both for workers and consumers
- Prioritise the optimisation of cybersecurity
- Develop a vision on fairness of pay – take into account internal pay ratios (e.g. top executive pay versus average worker), gender (in)equality, ethnic (in)equality and other pay differences (e.g. those between regions in a global company)
- Introduce more transparency in performance management by providing forms for 360 degrees feedback
- On-board multi-stage entrants – all generations at work – and attach less importance to age in recruitment, promotion and salary setting



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## Roadmap to 2030

- Rework current HR practices: move away from standardisation towards agility, flexibility and the changing needs of people in their life and work – and consider personalised solutions as mainstream instead of one-off deals.

### People

- Remain flexible and agile, continuously invest in your market value and keep your market profile alive, attractive, vivid and relevant ‘to stay in the game’
- Take ownership of lifelong learning and skills development – in particular the skills of the 21st century
- Prepare for a 90-100 year life with a 50-60 year multi-stage life – instead of the traditional three-stage life (learn, work, retire)
- Seize the opportunities (and/or threats) of the future of work playing field: technology, global connectivity/ networks, demographic and social changes and the other megatrends
- Invest in your immaterial assets: different social networks, physical and mental health, work-life balance
- Consider starting your own business, explore new markets, further develop what you’re good at and build upon your excellence – on your own or with partners in business
- Consider presenting yourself as a candidate for the Works Council – and, once elected, use the Works Council’s power to negotiate tailor-made work arrangement packages.

### Government

- Develop a robust vision of the future of work in the Netherlands in close cooperation with relevant stakeholders – broader than the traditional social partners
- Relax the current legal and regulatory framework, reform rules and regulations to enable job mobility across companies, sectors and borders, different types of contract and flexible pension arrangements
- Take the lead in creating an international level playing field with respect to a common approach to the big future of work themes, create a clear set of rules and promote a uniform application and interpretation such rules – the Netherlands to lead by example

- Develop clear rules in close cooperation with consumer and producer representative organisations in order to prevent our society from becoming a digital Wild West – working towards a fair trade-off between the convenience of the internet and sufficient legal and ethical protection against the undesirable effects of digitisation
- Strengthen the formal position of Works Councils
- Widen the definition of pension to individualised deferred income funds so that individuals can – conditionally – draw money from such funds to finance transitional periods in their career
- Strongly promote lifelong learning and development – take responsibility and start to act as regards the OECD Top 3 skills challenges facing the Netherlands in close cooperation with social partners, education institutions and other stakeholders
- Explore with social partners how the training and education funds can be used for the benefit of promoting lifelong learning programmes and workable solutions for ‘golden age’ (aged 55 and older) workers
- Revisit the social safety net for the new have-nots, the digital ‘drop-outs’, i.e. those who cannot manage
- Interfere in case corporates, such as the tech giants, cross the line and go too far – fulfil the role of protector of people

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