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Initial Vocational Training in the Netherlands

1. Introduction

Overview

The public system of initial vocational training (IVT):

- Two main features define the Dutch system of IVT: on the one hand, the dominance and higher status of school-based training (compared to the dual apprenticeship system) and, on the other hand, the strong state involvement in terms of regulation and financing (Anderson/Hassel 2008: 20).
- In the 1920s only in the crafts and cottage industries apprenticeship training existed. After World War II apprenticeship training increased in importance. However, it was limited to a subsidiary role, as the trajectory of full time vocational schooling dominated. In the 1960s, a law has been passed, the *Mammoetwet*, that governed secondary education.
- In the 1980s strong criticism was raised because of the bias in school-based vocational training. Eventually, among other things this criticism resulted in the objectives of the 1996 Adult and Vocational Education Act (*Wet Educatie en Beroepsonderwijs*, WEB). With this law the organization and the curricula of the school-based and the in-company vocational training got merged. Since then all young students attending a non-academic IVT course can choose between a work-based route (dual apprenticeship) and a school-based route.

Both routes provide for equal qualifications and access to further education (CEDEFOP 2002).

- BBL (*beroepsbegeleidende leerweg*): is the old apprenticeship system with at least 60 per cent of training at the workplace.
- BOL (*beroepsopleidende leerweg*): full-time, school-based instruction with 20 per cent – 60 per cent workplace-based training. The BOL option is the dominating pathway (Anderson/Hassel 2008: 20).
- This reorientation of IVT in the 1980s and 1990s has led to an increase in the number of apprentices.
- Off-the-job education and training in the Netherlands is provided through the compulsory attendance at public vocational colleges and institutions in the broader structure of the upper secondary schools (Asghar/Hafeez Siddi 2008: 10).
- Both forms of IVT (school-based and apprenticeship/alternance) are highly related, organized within the same administrative structures, and financed in the same way. (ReferNet 2005: 25)
- Furthermore, government-funded education is guaranteed not only during school age, but every citizen has a right to funded education at least until the level of intermediate vocational education (EIRO 2009, The Main Features of the CVT System).
- In the Netherlands, government funds for vocational education and training are directly transferred to the ROCs (*Regionale Opleidingscentra*, Regional Training Centers). In addition, the ROCs are free to bring in funds from other sources, e.g. offering courses to local firms. They are granted considerable autonomy to meet regional skill needs. Government also funds the LOBs (National Education Committees, original name not found) based on the training specifications developed, the number of plants providing training and the number of apprenticeships and other workplace training offered (Asghar/Hafeez Siddi 2008: 13).
- In the Dutch apprenticeship systems the state pays the school-based part of IVT while the firms and apprentices pay for the training on-the-job (Brunello 2009: 12).
- In agreement with the Dutch tradition of self-regulation by CLAs legislation on IVT leaves details in regulating apprenticeship to the social partners and regulations provided by sectoral CLAs (Anderson/Nijhuis 2010: 17).

The role of collective labor agreements (CLAs) in IVT:

- The role of CLAs in regulating and financing training is important. On the one hand, sectoral CLAs regulate the apprentices' wages and working conditions. On the other hand, there are sectoral IVT funds (*onderzoek en ontwikkelingsfondsen*, O&O fondsen)

which are established by CLAs and finance IVT (besides continuing vocational training, CVT).

- However, it is important to note that this is only the case since the 1980s. Until the 1980s IVT was mainly provided by full-time schools in the Netherlands (Trampusch 2010). In the formative phase of the IVT system the dominance of the vocational school trajectory, with only minor employer and union involvement, prevented the development of important linkages between collective bargaining, employers' associations, trade unions and training.
- This only changed later, when, with the rise of the apprenticeship system, collective agreements on training were also concluded (de Jong 1956: 201).
- The only exception to this rule between 1870 and 1940 were the printers and the diamond workers, whose craft unions aimed to control the supply of skilled labor. In these occupations there were apprenticeship systems, and employers and trade unions also concluded agreements on VET, in which they regulated the number of apprentices in order to control wages (de Jong 1956: 87, 140).
- In the 1980s and 1990s, 'the introduction of branch-level training funds had significant impact on the offer of apprenticeship' (Anderson/Hassel 2008: 20). Some branches had already developed funds earlier, but they significantly increased in the 1990. 'The Ministry of Social Affairs also stimulated the funds by making subsidies conditional on the establishment of O & O funds' (Anderson/Hassel 2008: 20).
- Nowadays, almost every collective agreement contains agreements on education and training, reaching 97 per cent of all employees employed under collective agreements. Furthermore, some 40 per cent of all training funds finance forms of extra-sectoral schooling (ETUC 2006: 75). Apprentices' wages are negotiated in collective agreements (Anderson/Hassel 2008: 22).

Levels of Bargaining

- The basic agreements to create training funds occur at sectoral level. Nevertheless, the company level also matters and negotiations also take place at that level. One can remark that 'training measures increasingly form part of these agreements in terms of human resource management and lifelong learning for employees' (Maes 2004: 26).

Actors

- At national level, the Social Economic Council (*Sociaal Economische Raad*, SER) is the main advisory body of the Dutch government. The SER gives on all major social and economic issues. Its position is anchored in law since 1950 when the Industrial Organization Act came into force. The SER took over the main advisory tasks of the Labor

Foundation (*Stichting van de Arbeid*). In its influential advisory capacity, the SER represents trade unions and employers. The Labor Foundation still functions as a platform for the three most important employer organizations and trade unions (Maes 2004: 25).

Trade unions:

There are three main trade union confederations which are involved in negotiations on IVT:

- The Dutch Trade Union Federation (*Federatie Nederlands Vakbeweging, FNV*) is the largest confederation with 15 affiliated trade unions with around 1.2 million employees organized. The largest affiliated union is the Allied Unions (*FNV Bondgenoten*), which is a merge of trade unions in industry, transport, agriculture and services. The confederation coordinates the bargaining process.
- The second largest confederation is the Christian Trade Union Federation (*Christelijk Nationaal Vakverbond, CNV*) with 11 affiliated trade unions in sectors as manufacturing, transport, defense, services, the public sector, education and healthcare with around 360,000 members.
- The third largest is the Federation for Managerial and Professional Staff (*Vakcentrale voor Middelbaar en Hoger Personeel, MHP*) which has around 175,000 members (Van het Kaar 2009: 4)

Employers' organizations:

There are two main employers' associations which are involved in negotiations on IVT:

- The Confederation of Netherlands Industries and Employers (*Vereniging van Nederlandse Ondernemingen-Nederlands Christelijk Werkgeversverbond, VNO-NCW*) is the only confederation in industry and services and includes about 180 sectoral organizations. Also most of the largest companies in the country are part of this confederation, however they often bargain at company level.
- Small and medium-sized companies are organized in the Dutch Federation of Small and Medium-sized Enterprises (*Midden- en Kleinbedrijf Nederland, MKB-Nederland*) (Van het Kaar 2009: 5).

Critical Junctures

Definition: critical junctures are years or time periods when important decisions on the development of the collectively negotiated IVT scheme were made.

- In 1983 the O&O fund in the metal industry (*Metaal Opleiding & Ontwikkeling Metaal, OOM*), was established as a reaction to decreasing amounts of apprentices in the metal and electronic industry (Trampusch 2001: 3).

- 1996: Introduction of the Law on Education and Vocational Training (*Wet Educatie en Beroepsonderwijs*) which strengthened the role of the social partners in the development of a national qualification structure. This led to the creation of regional education centers ROCs which meant a decentralization of adult vocational education (Trampusch 2001: 3).

2. Important Collective Agreements (Examples)

- Most of the CLAs regulate IVT.

3. Important Sectors

- Concerning O&O funds, the sectors with the highest amount of training funds are the trade (30 funds), industry (26 funds) and construction sector (ten funds) (CEDEFOP 2008: 132).

4. Structure, Organization, and Mode of Administration

- 'O&O (*onderzoek en ontwikkelingsfondsen*) funds are part of collective agreements and these mainly finance CVT, not IVT' (Anderson/Hassel 2008: 21). They are not regulated by law, they are set up as an initiative of the different sector through the sectoral CLAs. These CLAs fix the percentage of the levy to be paid to the fund (CEDEFOP 2008: 131).
- 'Some of the resources are channeled into subsidies for the training body in the industry concerned which is responsible for the education and training of young people under the apprenticeship system. The scale of such subsidies depends on the number of new contracts of apprenticeship concluded' (Eurofound 2009).
- OOM is the training and development fund for the metal industry. It supports training activities of enterprises and 'provides a financial contribution to direct training costs (...) of students following a learning-working trajectory or internship', as well as employees in CVT and handicapped employees (CEDEFOP 2008: 140).
- The structure of the O&O funds can be described as follows: They are managed by employers and employees on a bipartite basis. Each fund has a board consisting of representatives of employers' and employees' organizations on a joint basis, though different social partners might be involved in each fund, depending on the sector representative bodies and structures. 'In most cases, O&O funds collect, allocate, control and monitor the financial resources. Some O&O funds, mostly the smaller ones, hire a bureau to perform the administrative duties, while others have the levies collected by

financial service companies, often together with the pension contributions' (CEDEFOP 2008: 133).

- OOM fund: The board of the training and development fund in the metal industry comprises three representatives of the trade unions (one from *FNV*, *CNV* and *De Unie*) and three representatives of an employers' organization (*Koninklijke Metaalunie*). 'This joint nature implies that agreements are broadly supported, although it may take some time before agreements are reached. Generally speaking, the main point of dispute is that employee representatives seek control over training budgets whereas employers' representatives prefer to retain control and determine which courses the employees can follow' (CEDEFOP 2008: 140).

5. Role of the State: Financial Support, Legislation, and Extension Procedures

- The central government is directly financing IVT through the ROCs (two billion EUR in 2002). The ROCs receive lump sum grants. Moreover, the government provides training subsidies for employers. The students also have to contribute. Students older than 16 years pay tuition fees to a central organization (Anderson/Hassel 2008: 21).
- Apprenticeships used to be governed by the 1986 Apprenticeship Act, it was however integrated in the new Adult and Vocational Education Act in 1996 (CEDEFOP 1997: Apprenticeship, point 2.4)
- The Minister of Social Affairs and Employment can extend CLAs to a whole sector upon application by one or more of the contracting parties. Extension is usually granted when the applicants give proof of the representativity of the agreement in the given sector (OECD 2004: 148). This possibility was introduced in 1937. Concerning funds, 'if employers' and employees' representatives negotiate a sectoral training fund, contributions to it become compulsory for all employers in the sector, not just members of the relevant employers' association' (Ryan 2000: 22).
- The state also supports collectively negotiated IVT through tax exemptions:
 - There is tax relief for workplace training (Brunello 2009: 19).
 - 'The school-based part of apprenticeship training is funded directly with public funds by the CFI within the Ministry for Education, Culture and Science. The work-based part is also funded, in part, by central government (Ministry of Finance) through fiscal measures introduced in 1996; i.e. enterprise tax can be reduced for employers hiring apprentices. In addition, there are contributions from employers in the form of salary or pocket money for students engaged in apprenticeship activities' (ReferNet 2005: 26).

6. Financial Structure of the Collectively Negotiated Scheme

- There is no cost redistribution among employers when it comes to apprentices (Ryan 2000: 40).
- Apprentices' wages are tax deductible (Anderson/Nijhuis 2010: 5).

Funds:

- O&O in general: An average levy of 0.67 per cent (in 2005) of the gross wage bill is paid into the sectoral funds and it can grow up to 2.5 per cent of the total payroll. However these percentages may differ 'significantly' between sectors (CEDEFOP 2008: 131).
- OOM: 0.75 per cent of the wages have to be paid into this fund according to the CLA of the metal and technical sector. The OOM revenue in 2006 was 36 million EUR, 77 per cent from levy, 16 per cent from different national subsidies and 7 per cent from several investments. A financial private enterprise collects the levy together with pension premiums and other social security contributions (CEDEFOP 2008: 141).

7. Benefits and Measures of the Collectively Negotiated Schemes

- Apprentices' wages are negotiated in collective agreements. They are at least equivalent to the minimum wage or youth minimum wage (Anderson/Hassel 2008: 22). But compared to Germany the financial burden of firms is 'smaller' because two thirds of the students attend the school-based programs and employers also get financial assistance from the state with the tax deductability of the apprentice wages and the sectoral training funds (Anderson/Hassel 2008: 22).
- In the Netherlands, in contrast to other countries, the employers have to pay social security for apprentices (Ryan 2000: 24).

8. Coverage Rates of the Collectively Negotiated Schemes

- In general, O&O funds cover 38 per cent of employees in different sectors (not only IVT). They are different from one sector to another. In agriculture, energy and water, the hotel and restaurant sector, every employee is covered. 'However, there is not a training fund in all sectors/branches and not all have a collective agreement; some companies or company-chains have their own collective agreements' (CEDEFOP 2008: 137).

- Furthermore, almost every collective agreement nowadays contains measures on education and training, reaching 97 per cent of all employees employed under collective agreements.

9. The Politics Around the Collectively Negotiated Schemes

- Following Anderson/Hassel (2008: 21), in the Dutch IVT system ‘the role of the employers is not as strong as it is in Germany’.

Linkages to Public Reform Policies

- Links between IVT and CVT exist through O&O funds (see our sheet on CVT in the Netherlands).

Linkages to Wage Agreements and Wage Policy (e.g. Wage Restraint, Tripartite Agreements) and Other Agreements

We have not found any evidence.

10. Recent Developments and Other Interesting Information

- ‘The SER wanted government to remain responsible for initial vocational training, but only in as far as a student would not interrupt his school career, with the exception of education until the basic labour market qualification level (...) Government has not taken over the SER Recommendation nor explicitly rejected it. With the effect that the discussion of how the institutional framework should be established is still going on to date, with the employers’ organization VNO-NCW as an important discussion partner with an explicit opinion on how the “education market” should be fairly regulated’ (EIRO 2009: Commentary).

11. Contacted Experts

We thank the following expert and colleague for providing information and answering very specific questions:

- Trampusch, Christine, Assistant Professor of Comparative Politics at the Institute of Political Science at the University of Berne, Switzerland.

12. List of Abbreviations

- BBL: *beroepsbegeleidende leerweg* (old apprenticeship system with at least 60 per cent of training at the workplace)
- BOL: *beroepsopleidende leerweg* (full-time, school-based instruction with 20 per cent – 60 per cent workplace-based training)
- CEDEFOP: European Centre for the Development of Vocational Training
- CLA: collective labor agreement
- CNV: *Christelijk Nationaal Vakverbond* (Christian Trade Union Federation)
- CVT: continuing vocational training
- EIRO: European Industrial Research Observatory On-line
- EUR: Euro
- FNV: *Federatie Nederlands Vakbeweging* (Dutch Trade Union Federation)
- IVT: initial vocational training
- LOB: National Education Committees (original name not found)
- MHP: *Vakcentrale voor Middelbaar en Hoger Personeel* (Federation for Managerial and Professional Staff)
- MKB-Nederland: *Midden- en Kleinbedrijf Nederland* (the Dutch Federation of Small and Medium-sized Enterprises)
- OECD: Organisation for Economic Co-operation and Development
- OOM: *Opleiding & Ontwikkeling Metaal* (O&O fund in the metal industry)
- O&O fondsen: *onderzoek en ontwikkelingsfondsen* (CVT and IVT funds)
- ROC : *Regionale Opleidingscentr* (Regional Training Centers)
- SER: *Sociaal Economische Raad* (Social Economic Council)
- VNO-NCW: *Vereniging van Nederlandse Ondernemingen-Nederlands Christelijk Werkgeversverbond* (Confederation of Netherlands Industries and Employers)
- WEB: *Wet Educatie en Beroepsonderwijs* (Adult and Vocational Education Act)

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