

Chapter 4

Resilient Labour Markets and Demographic Change in Selected Regions of the Netherlands

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This chapter summarises findings from a case study of the Netherlands for the international project on “Local scenarios of demographic change: The impact on local labour markets”. *The project was conducted by the OECD in partnership with the Ministry of the Interior and Kingdom Relations and the provinces of Groningen/ Drenthe, Zeeland and Limburg (Fig. 4.1), with the support of the European Commission DG Employment, Social Affairs and Inclusion.* It shows that the demography of the Netherlands is changing, which affect the labour market (see Abstract). Results indicate that the Netherlands’ response to these demographic changes is well advanced, but additional actions could be undertaken, particularly

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Fig. 4.1 Map of the Netherlands and the study regions. *Note:* This map is for illustrative purposes and is without prejudice to the status of or sovereignty over any territory covered by this map. *Source:* extracted from http://d-maps.com/carte.php?num_car=4112&lang=en, June 2013

regarding the shrinking and ageing society, especially within the context of regional and local labour markets.

Strategic approaches to demographic challenges require a re-positioning of labour markets towards sustainable and resilience-promoting strategies. A “whole-of-government”¹ approach is needed to design economic development policies, population and health policies, labour market policies, and skills and education policies targeting sustainable and resilient communities. Sustainable development for local economic

¹A whole-of-government approach is defined as “one where a government actively uses formal and/or informal networks across the different agencies within that government to co-ordinate the design and implementation of the range of interventions that the government’s agencies will be making in order to increase the effectiveness of those interventions in achieving the desired objectives” (OECD 2006).

Table 4.1 A systematic approach to re-positioning labour markets in transition

Inter-generational responses to labour market challenges	<ol style="list-style-type: none"> 1. Re-position older workers (strategies for lifelong learning and inter-generational skills transformation) 2. Integration of the unemployed and lower skilled (strategies for job carving and training)
Co-operative frameworks towards a dynamic and responsive labour market	<ol style="list-style-type: none"> 3. Connection between education and the labour market (strategies to address the mismatch in the labour market, interactions between schools and businesses, educational choices for the young, skills ecosystems) 4. Promotion of entrepreneurship and workplace flexibility (strategies for incubators and entrepreneurship education, skills development in small and medium enterprises (SMEs))
Place-based development for resilient communities	<ol style="list-style-type: none"> 5. Identification of new sources of growth (strategies for work ecologies and uniqueness of place) 6. Promotion of healthy communities (strategies for good places to live and social capital development)

Source: Martinez-Fernandez, C., et al. (2013a), “Demographic change in the Netherlands: Strategies for resilient labour markets”, *OECD Local Economic and Employment Development (LEED) Working Papers*, No. 2013/13, OECD Publishing, Paris, <http://dx.doi.org/10.1787/5k3xnhvzhmxn-en>

development underlines the need to adopt a long-term approach that considers economic, social and environmental issues at the same time (Martinez-Fernandez et al. 2012). A holistic development approach that integrates economic growth, health, education, environment and other needs can produce higher quality outputs than stand-alone projects operating on a narrow spectrum of deliverables.

The Netherlands could help its communities to adapt to changing demographics by enabling the labour market to become more dynamic and responsive. One approach would be to involve different generations in policy considerations, while emphasising local strengths and weaknesses. This would foster a smarter and more co-operative response and help communities to become more resilient (Table 4.1).

This Chapter describes the demographic developments in the Netherlands in the past, present and future at national, provincial and regional level (see Sect. 4.1). It also describes the policy strategies which are or might be available to adapt to these demographic changes (see Sect. 4.2).

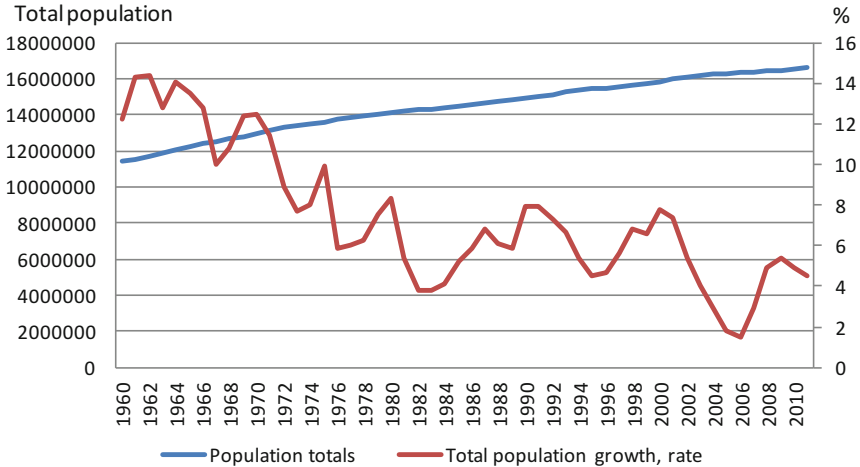


Fig. 4.2 Total population and growth rates in the Netherlands (1960–2011). *Source:* Based on Netherlands Statistics. Available at: www.cbs.nl/en-GB/menu/home/default.htm. Accessed June 2012

4.1 Labour Markets Need to Be Re-positioned Towards Sustainable and Resilient Development

4.1.1 Addressing Population Stagnation at the Local Level

The Netherlands must continue addressing demographic change. Although the population is growing, the population growth rate, even if fluctuating considerably, has been declining since the 1960s (Fig. 4.2). The cause of the fluctuating and declining population growth can be linked to natural increase (which is in decline) and fluctuating decline in net migration (immigration minus emigration) (Fig. 4.3). It can be concluded from this that the population growth potential of the Netherlands is greatly dependent on immigration from other countries, which could have significant consequences for skills levels and the labour market environment.

Total population numbers increased by 25.5% from 1972 to 2011, and this increase is expected to continue until it reaches 34% (relative to 1972 levels) in 2035 and then stabilise at 17.8 million. However, regional differences are significant. At the provincial level, population numbers since the year 2000 have started to decline in Limburg, whereas Zeeland and Groningen show stable population figures (Fig. 4.4). At the NUTS III (local) level, those areas located at the periphery of the provinces are facing the sharpest population decline (Fig. 4.5), due to a combination of a stronger ageing process and a negative migration balance, meaning that young people who cannot find jobs (or education) move to areas where there are more opportunities. A continued and co-ordinated policy focus is needed in these peripheral local areas, to strengthen the re-positioning of labour markets to areas in which

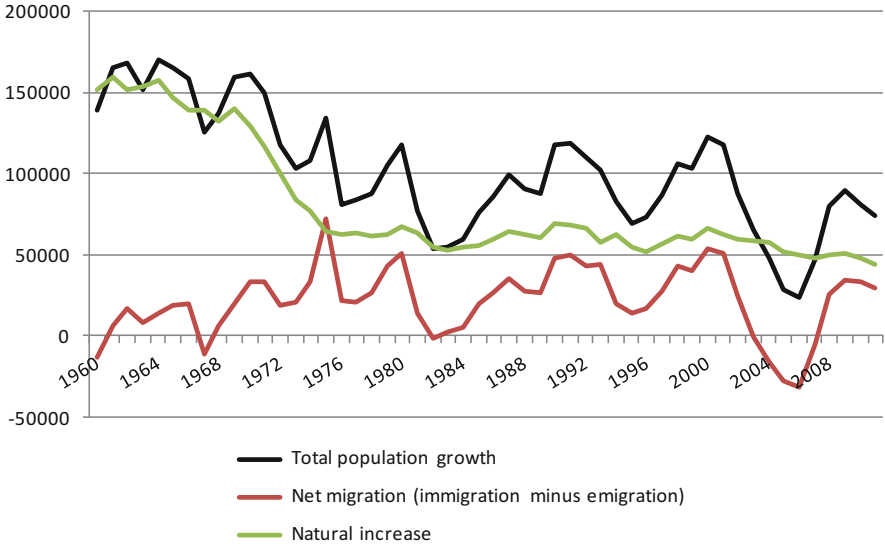


Fig. 4.3 Population growth, migration and natural increase in the Netherlands. *Source:* Based on Netherlands Statistics. Available at: www.cbs.nl/en-GB/menu/home/default.htm. Accessed June 2012

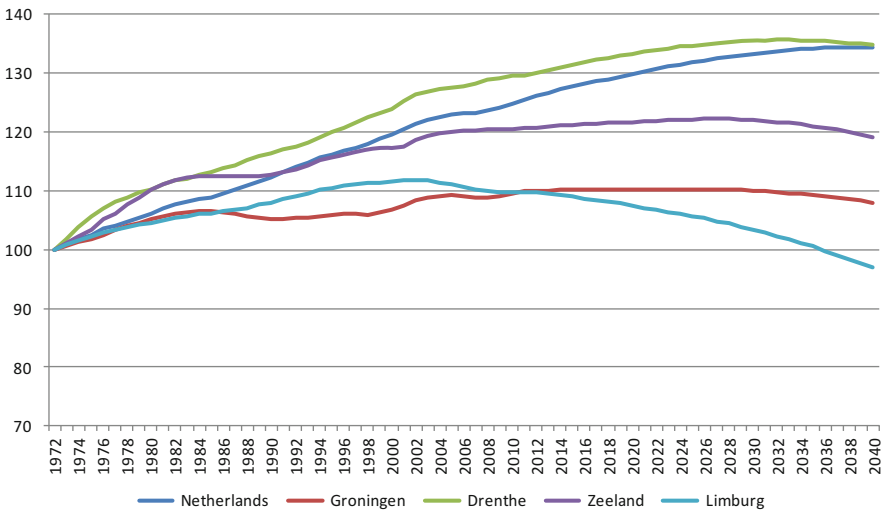


Fig. 4.4 Total population in the Netherlands and study regions (registered for 1972–2011, projections for 2012–2040). *Note:* 1972 = 100. *Source:* Martinez-Fernandez, C., et al. (2013a), “Demographic change in the Netherlands: Strategies for resilient labour markets”, *OECD Local Economic and Employment Development (LEED) Working Papers*, No. 2013/13, OECD Publishing, Paris, <http://dx.doi.org/10.1787/5k3xnhvzhmxn-en>

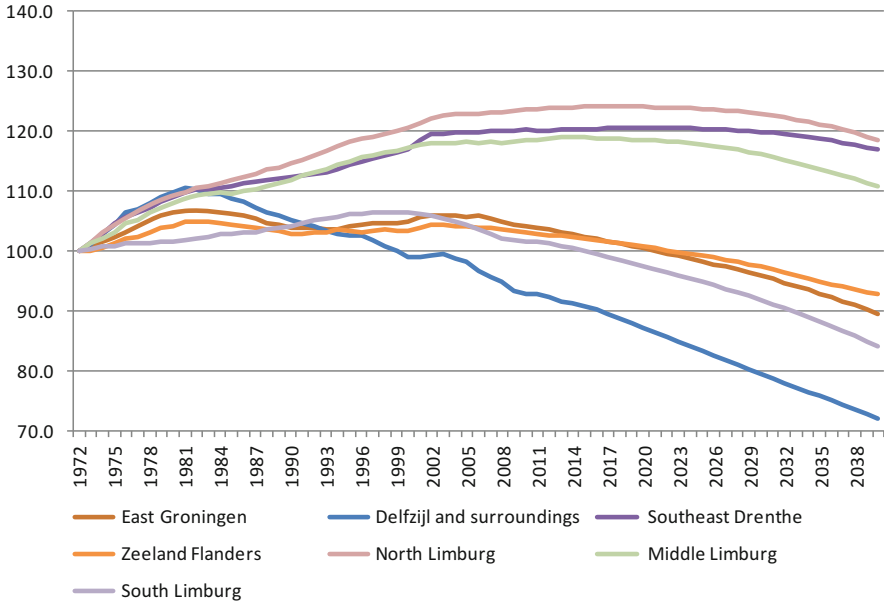


Fig. 4.5 Total population NUTS III regions in the Netherlands and study regions (registered for 1972–2011, prognoses for 2012–2040). *Note:* Total population (registered from 1972 to 2011, prognoses from 2012 to 2040, 1972 = 100). *Source:* Martinez-Fernandez, C., et al. (2013a), “Demographic change in the Netherlands: Strategies for resilient labour markets”, *OECD Local Economic and Employment Development (LEED) Working Papers*, No. 2013/13, OECD Publishing, Paris, <http://dx.doi.org/10.1787/5k3xnhvzhmxn-en>

the population decline is taking place and encourage personal networks that will lead to the development of resilient communities.

4.1.2 Developing Inter-Generational Engagement to Stimulate Ageing Local Labour Markets

Many demographic trends in the regions are explained by the ageing of the population. All four provinces have a median age one to three years higher than the Netherlands as a whole (40 years). Differences are even more significant at the NUTS III (local) level, with Zeelandic Flanders having a median age of 46, and South Limburg and Delfzijl a median age of 45.

Figure 4.6 clearly illustrates significant changes in the age structure in the Netherlands: declining numbers of youth (younger than 20 years old); growth and then decline in the 20–40 year-old age cohort; a significant increase in the 40–65 age cohort; and gradual increases in the 65–80+ cohort. As a result, in the near

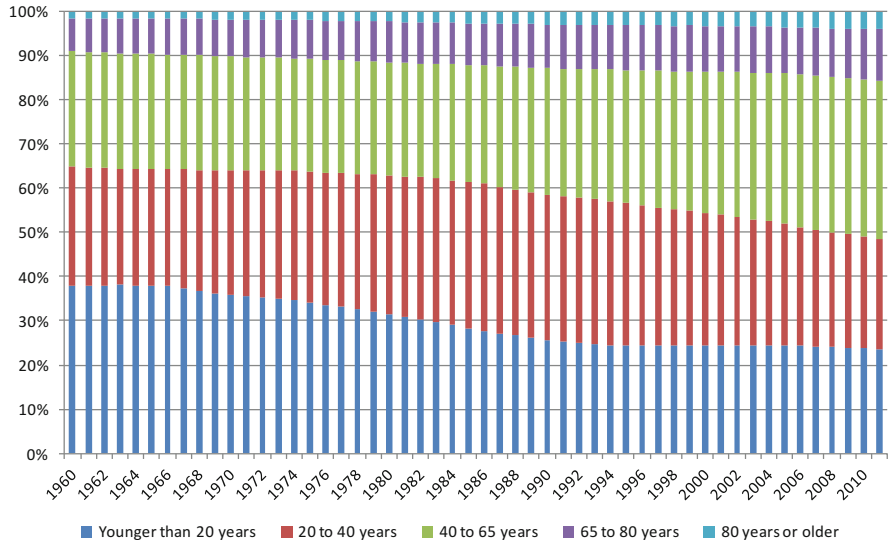


Fig. 4.6 Age structure trend since 1960 in the Netherlands. *Source:* Based on Netherlands Statistics. Available at: www.cbs.nl/en-GB/menu/home/default.htm. Accessed June 2012

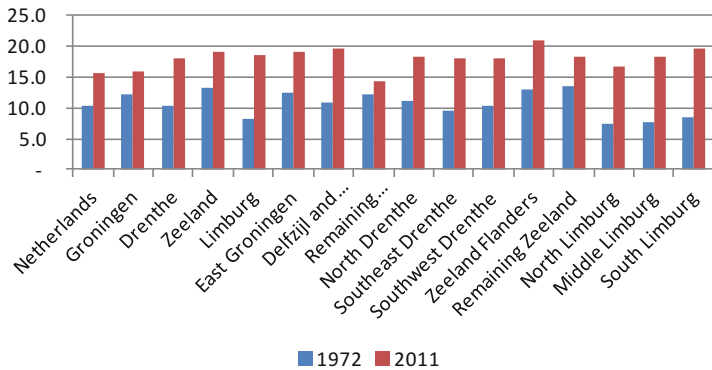


Fig. 4.7 Population 65 and over as a share of total population in the Netherlands. *Source:* Martinez-Fernandez, C., et al. (2013a), “Demographic change in the Netherlands: Strategies for resilient labour markets”, *OECD Local Economic and Employment Development (LEED) Working Papers*, No. 2013/13, OECD Publishing, Paris, <http://dx.doi.org/10.1787/5k3xnhvzhmxn-en>

future there will be an increasing number of older workers in the labour market alongside a reduction in the number of new entrants.

Nationally, the share of the population aged 65 and older increased from 10 to 15% between 1972 and 2011. Some NUTS III (local) regions are already close to 20%: Zeelandic Flanders and South Limburg (Fig. 4.7). Furthermore, in the coming

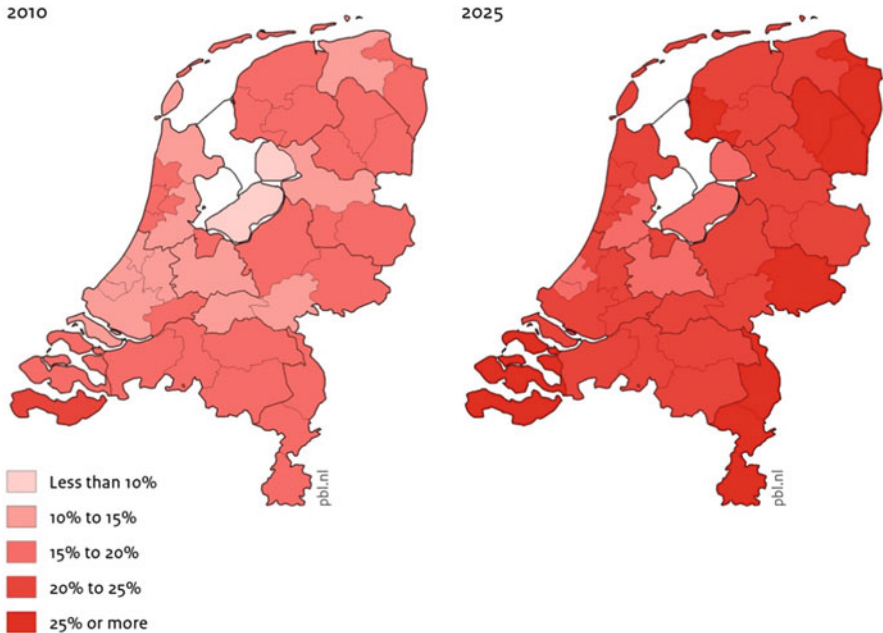


Fig. 4.8 Share of the population aged 65 and over, per COROP area in the Netherlands (NUTS III). *Note:* This map is for illustrative purposes and is without prejudice to the status of or sovereignty over any territory covered by this map. *Source:* PBL and CBS (2011), “Regionale bevolkings- en huishoudensprognoses 2011–2040 [in Dutch] [Regional population and household projections 2011–2040]”, PBL Netherlands Environmental Assessment Agency/Statistics Netherlands, The Hague, www.regionalebevolkingsprognoses.nl; de Jong, A. and C. van Duin (2011), “Regional population and household projections, 2011–2040 marked regional differences”, PBL Netherlands Environmental Assessment Agency, The Hague, p. 11, available at: www.pbl.nl/en

years, the share of people aged 65 and over will continue to increase (Fig. 4.8). Older workers (55–64 years old) will constitute an increasing part of the available labour force. Increasing the employment rates of older people is thus a necessity in order to compensate for the lower number of young people entering the labour market. Developing inter-generational activities that connect the young with the old is a resilient and feasible strategy for local prosperity. The inter-generational approach can be useful in narrowing the gap between different age groups and in helping disadvantaged people to be active in the labour market. This approach is fundamental to increasing civic participation, building communities, improving health and creating better employment opportunities, particularly in shrinking labour markets (Martinez-Fernandez et al. 2012).

Future shifts can be illustrated by the old-age dependency ratio (population aged 65 and over compared to the population aged 15–64). This indicator shows how demographic changes may influence pension systems in the future. According to Eurostat data, since 1990, the indicator for the Netherlands has been lower than for the EU27. In 2010, the Netherlands’ ratio was 22.82 persons aged 65 and over

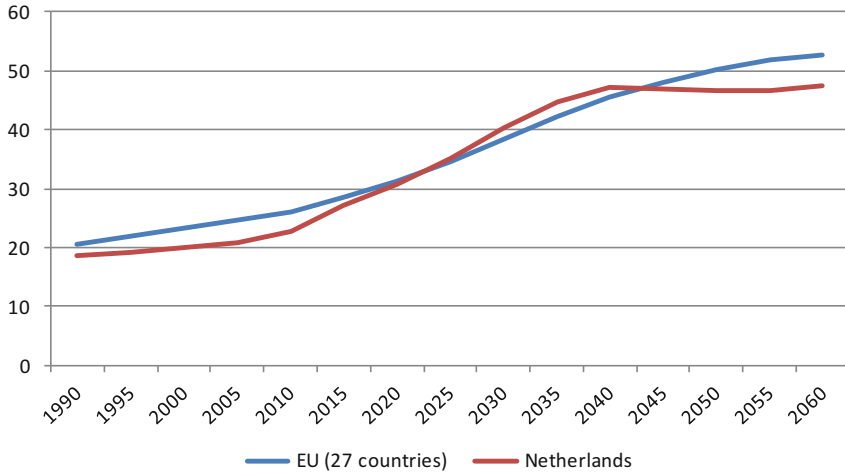


Fig. 4.9 Old-age dependency ratio in the Netherlands (population aged 65 and over compared to the population aged 15–64) comparison with EU27. *Source:* Based on Eurostat. Available at: http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database. Accessed June 2012

compared to 100 persons aged 15–64 years, and for the EU27 it was 25.92. But it is forecast that the indicator will be higher for the Netherlands than for the EU27 by 2025, when it will reach 35.15 and 34.57, respectively. However, as illustrated in Fig. 4.9, the Netherlands is predicted to dip below the EU27 ratio again by the year 2040. This is one of the reasons for Dutch government to increase the retirement age in order to keep the social security system (more specifically the pensions) affordable (see Sect. 4.2.1).

Besides, increasing the labour force participation of older workers is relevant too. It is intertwined with increasing health and active ageing. According to the Active Ageing Index (European Commission and United Economic Commission for Europe 2013) and as introduced in Chap. 1, overall the Netherlands ranks 5th (out of the 27 countries in the European Union), below Sweden, Denmark, Ireland and the United Kingdom. Within specific component indices, the Netherlands ranked 8th for employment, 6th for social participation, 3rd for independent living and capacity for active ageing. However, the Netherlands' score was 38.9% of the theoretical potential for full active ageing engagement of people working or providing skilled inputs, which makes it possible to achieve an improved economy, with increased productivity and lower healthcare costs. Thus, policy efforts need to be directed towards this end in areas such as workplace activation, volunteerism and lifelong learning.

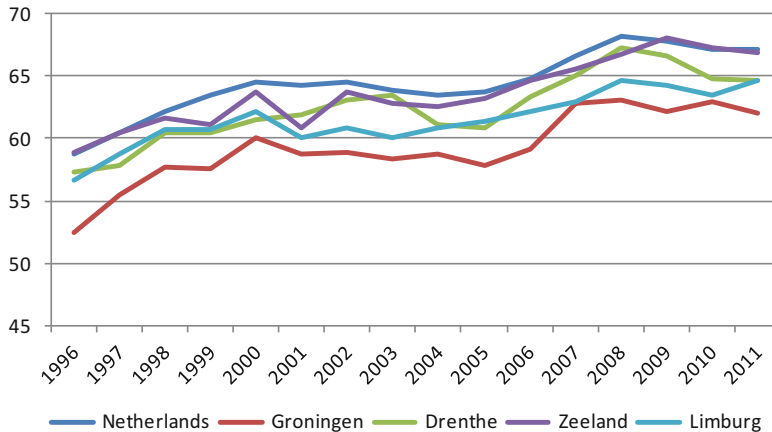


Fig. 4.10 Employment rate in the Netherlands and study regions (1996–2011). *Source:* Martinez-Fernandez, C., et al. (2013a), “Demographic change in the Netherlands: Strategies for resilient labour markets”, *OECD Local Economic and Employment Development (LEED) Working Papers*, No. 2013/13, OECD Publishing, Paris, <http://dx.doi.org/10.1787/5k3xnhvzhmxn-en>

4.1.3 Addressing Labour Force Decline in Peripheral Areas

As illustrated in Fig. 4.10, employment rates have risen considerably in the past 15 years in the Netherlands, from 58.7 in 1996 to 67.2 in 2011. In general, Zeeland is very close to the Dutch average of 67.2; Drenthe and Limburg are slightly lower (64.7); while Groningen is substantially behind (60). The participating provinces show similar rising trends, but fluctuations throughout the years are different. Groningen and Drenthe show sharper fluctuations (positive and negative) than Zeeland and Limburg. At the NUTS III (local) level, the picture is varied, revealing some shrinking areas, which have the lowest participation rates (East-Groningen, Southeast Drenthe, South Limburg), while others approach the national average (Zeelandic Flanders, North Limburg). The (NUTS III) region Delfzijl and surroundings, located in the north of Province of Groningen, stands out because of the large increase in its employment rate (Fig. 4.11).

Unemployment rates in the Netherlands fluctuated between 3.6 and 5.3% from 1999 through 2012. Groningen stands out because it has a consistently high unemployment rate (6.6% in 1999 and 2005), followed by Drenthe and Limburg, which were consistently above the national average; only Zeeland was below (Fig. 4.12).

At a regional level, the decrease in the potential labour force (consists of all people in the ages of 20 and 65) is widespread (de Jong and van Duin 2011). In 2010, 24 of the 40 NUTS III (local) areas experienced a decrease in the potential labour force (Verwest and van Dam 2010). According to the regional projections (de Jong and van Duin 2011), the potential labour force is expected to decrease in almost all NUTS III areas before 2040. Peripheral regions in particular, among

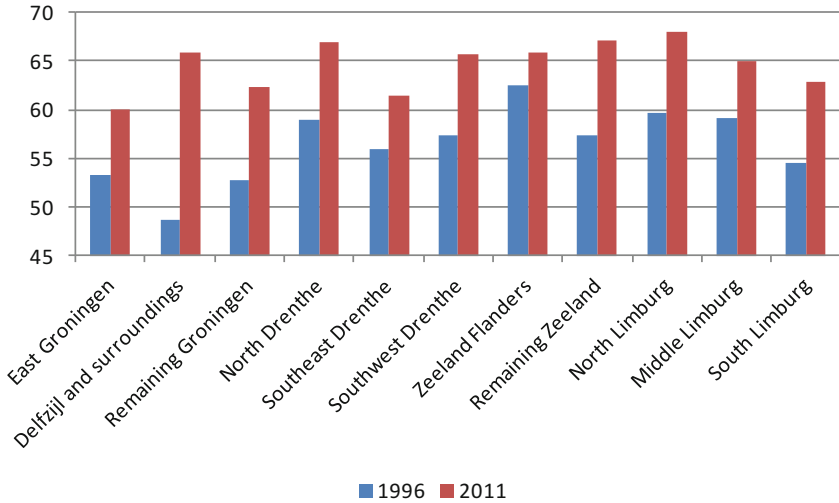


Fig. 4.11 The Netherlands employment rates in NUTS III (local) regions (1996 and 2011). *Source:* Martinez-Fernandez, C., et al. (2013a), “Demographic change in the Netherlands: Strategies for resilient labour markets”, *OECD Local Economic and Employment Development (LEED) Working Papers*, No. 2013/13, OECD Publishing, Paris, <http://dx.doi.org/10.1787/5k3xnhvzhmxn-en>

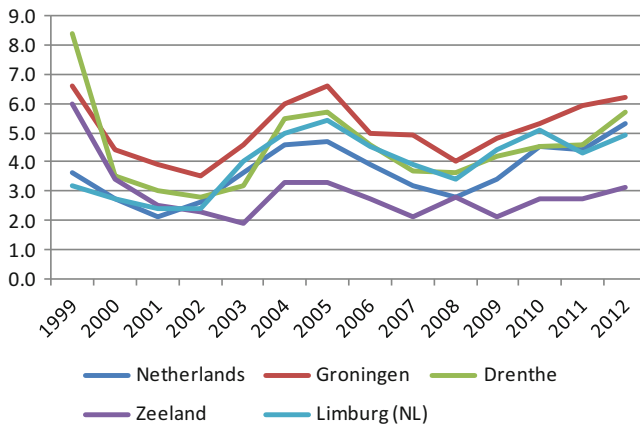


Fig. 4.12 Unemployment rate in the Netherlands and study regions (1996–2011). *Source:* Eurostat. Available at: http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_data_base. Accessed June 2012

which the case study regions, are expected to face a severe decline in the potential labour force. This applies in particular to the Delfzijl region, with an expected decline of over 20%, and Zeelandic Flanders, East Groningen, Southeast Drenthe, North Limburg and Middle Limburg, with a decline of 10–20%. For South

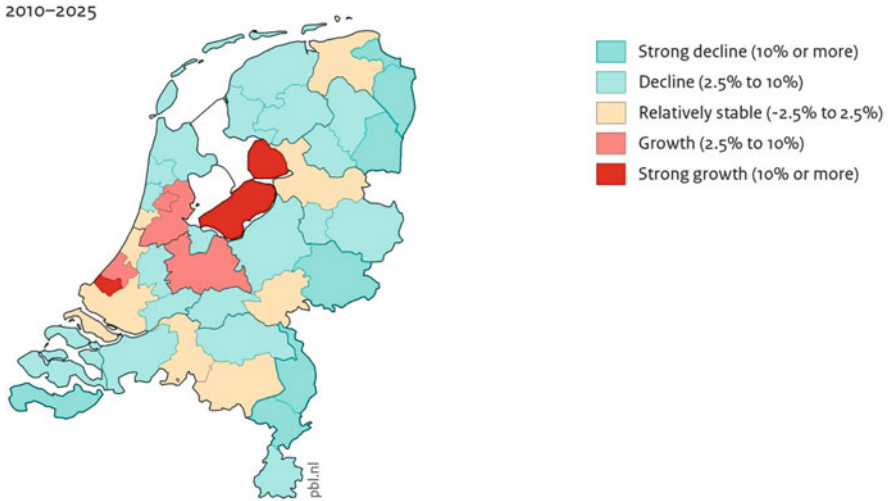


Fig. 4.13 Potential labour force levels (retirement age 65) per COROP area (NUTS III), 2010–2025 in the Netherlands. *Note:* This map is for illustrative purposes and is without prejudice to the status of or sovereignty over any territory covered by this map. *Source:* PBL and CBS (2011), “Regionale bevolkings- en huishoudensprognoses 2011–2040 [in Dutch] [Regional population and household projections 2011–2040]”, PBL Netherlands Environmental Assessment Agency/Statistics Netherlands, The Hague, www.regionalebevolkingsprognoses.nl; de Jong, A. and C. van Duin (2011), “Regional population and household projections, 2011–2040 marked regional differences”, PBL Netherlands Environmental Assessment Agency, The Hague, p. 10, available at: www.pbl.nl/en

Limburg, the expected decline is just below 10% up to the year 2025 (PBL and CBS 2011) (Fig. 4.13).

4.2 Smart Strategies in Peripheral Regions Need to Continue Through Co-ordinated National-Local Policy Responses

Demographic and economic decline is more likely to occur in peripheral regions with a mono-functional economic structure. Central urban regions with a diverse economic structure and/or regions with large sectors such as business services, industry or logistics, seem to be less vulnerable to demographic and economic decline. Territorial population decline and population ageing has and will continue to have social and economic consequences for national, regional and local labour markets. These include:

- *A decreasing potential labour force*, due to the declining numbers of youth and stagnating working-age population, leading to a dwindling labour supply, a tight

labour market and more competition over workers, or even labour shortages (Verwest and van Dam 2010; Verwest 2011).

- *A decrease in industrial activity and business vitality as firms may relocate or reduce activities* from shrinking regions to growing regions because of labour market issues.
- *A decrease in the population* and the number of households implies a smaller local market and may lead to an oversupply of services and housing. Such a surplus in housing may in turn result in vacant properties.
- *Local services (e.g. infrastructure, transport, care) can become more expensive*, as demand in shrinking regions is expected to increase due to the ageing population, with a simultaneous decrease in labour supply (Verwest and van Dam 2010).
- *Skills ecosystems weaken* as the private sector and skilled labour force are reduced.

Strategic solutions must encompass both local and regional capacities to attract and generate jobs within the national and economic contexts.

Demographic changes such as localised population decline, population ageing and migration are key changes in the demography of the Netherlands and particularly in the study regions. A negative economic situation may increase outward migration. A decrease in the labour force may also lead to a decrease in job growth which, together with an ageing population, could prompt firms to leave shrinking areas and re-establish in growing regions. For localised shrinkage and population ageing, efforts should also focus on encouraging the existence of personal networks and personal attachment to the area (Musterd and Murie 2010; Musterd and Kovacs 2013).

These differences in demographic situations require a territorial analysis so that regional and local perspectives on policy preparation, development and implementation are co-ordinated with national policy efforts. The need is for holistic, but customised solutions, which respond to the specific needs of the local labour market, individual company or person, based on national/regional/local partnerships. The national-local axis requires systematic consideration for policy delivery.

Due to socio-economic differences, regional systemic and sustainable strategies should first be explored, then developed, implemented and reviewed, focusing on the key aspects that make the region unique. Essential measures for a strategic framework that provides the starting point and guidance for future projects and initiatives for *each region* include:

- *Developing regional networks for local action* in order to establish national and regional provincial policy support for demographic transition, and to raise the awareness of local authorities and businesses of the impact this will have on the labour market and economy.

- *Strategies that are place based and highly contingent on context* (instead of place neutral). These should consider economic, social, political and institutional diversity in order to maximise both the local and the aggregate potential for economic development. For example stimulate economic sectors that matches the competences of potential labour force or those that may benefit from projected demographic changes.
- *A territorial approach* that takes in to account the demographic diversity of shrinking and predicted potentially shrinking municipalities. Policies should anticipate and manage demographic decline rather than combat it (Verwest and van Dam 2010). Municipalities, as well as the business community, should manage with fewer people; support people and families who want to stay; and provide a living environment that continues to appeal to existing (and potential new residents), in particular, those in the 20–65 year-old age range, in order to maintain (and potentially increase) the labour force. Local communities should be made aware of not only the challenges but also the opportunities inherent in local shrinkage, through education campaigns and raising awareness of innovative thinking and options (Box 4.1).

Box 4.1 Raising Awareness Through Innovative Solutions in the Netherlands

“Leve de Krimp!”¹ is a methodology based on an alternate reality game. The game raises awareness of the effects of depopulation on the daily lives of inhabitants in shrinking regions. Current inhabitants are the most important stakeholders in shrinking regions. The game stimulates a sense of ownership and encourages people to start taking action. The methodology is based on current wins and potential options in shrinking areas with smart connections being made between streams, such as knowledge, energy, materials, services and money. The collective intelligence of the community in a shrinking region is thus mobilised and ideas arise that are supported from the bottom-up. In this way, the quality of life within a shrinking region can be kept high—or even made higher—despite a quantitative decrease in inhabitants.

A pilot was implemented by the game developers in the Achterhoek, a region in the east of the Netherlands, which is facing anticipated depopulation. In the pilot (played by three inhabitants over a week and a half), players imagined themselves living in the year 2039. The game created awareness of the effects of population shrinkage and the players thus became motivated to develop ideas and solutions.

“Let’s Shrink!” (“*Leve de Krimp!*”) consists of a generic part of the game, and a specific part. The generic part is the framework of the game, which can be applied to different regions that are experiencing depopulation and ageing. The specific portion is the option to shape the content of the

(continued)

Box 4.1 (continued)

game to match the culture, mentality and relevant themes within a shrinking region. For the next stage of the project, Studio Papaver has a partnership vision, in which a combination of partners with a strong interest in the generic portion of the game (such as ministries and European programmes), are combined with partners that have a strong interest in the specific part (such as local organisations and private parties). The next step would be to undertake a larger pilot and then fine-tune the game and disburse it for real-world application.

Note: 1. The title “Leve de Krimp!” could be translated as “Let’s Shrink!”, it has a positive tone to it. Most of the time the subject of depopulation and shrinkage is labeled as something very negative. “Leve de Krimp!” focuses on an increase of quality parallel to a decrease of quantity.

Source: Martinez-Fernandez, C., et al. (2013a), “Demographic change in the Netherlands: Strategies for resilient labour markets”, *OECD Local Economic and Employment Development (LEED) Working Papers*, No. 2013/13, OECD Publishing, Paris, <http://dx.doi.org/10.1787/5k3xnhvzhmxn-en>.

Figure 4.14 illustrates three interconnected policy themes that are vital for regional labour markets attempting to manage a shrinking and ageing society in the Netherlands on all scales (national, regional, local and social): (a) inter-generational responses to labour market challenges; (b) co-operative local frameworks towards a dynamic and responsive labour market; and (c) place-based development strategies for resilient communities.

4.2.1 *Develop Inter-Generational Responses to Labour Market Challenges*

There is a tendency for older workers to retire relatively early, either due to attainment of retirement age or a preference to stop working. The Dutch government is in the process of raising the retirement age to 66 years old by 2018 and to 67 by 2021 (VVD and PvdA 2012). Although this will increase labour participation among the older age cohorts, it will not fully compensate for the expected decline in the potential labour force (Commissie Bakker 2008; Verwest 2011; ESPON and NIDI 2010). Nevertheless, the raising of the retirement age will place less pressure on national old-age entitlements and encourage longer and more active working lifestyles. Other reasons for older workers leaving the workplace are: the increasing competition from younger and better educated people; the widespread use of technology; and unsupportive work cultures and behaviours. Encouraging

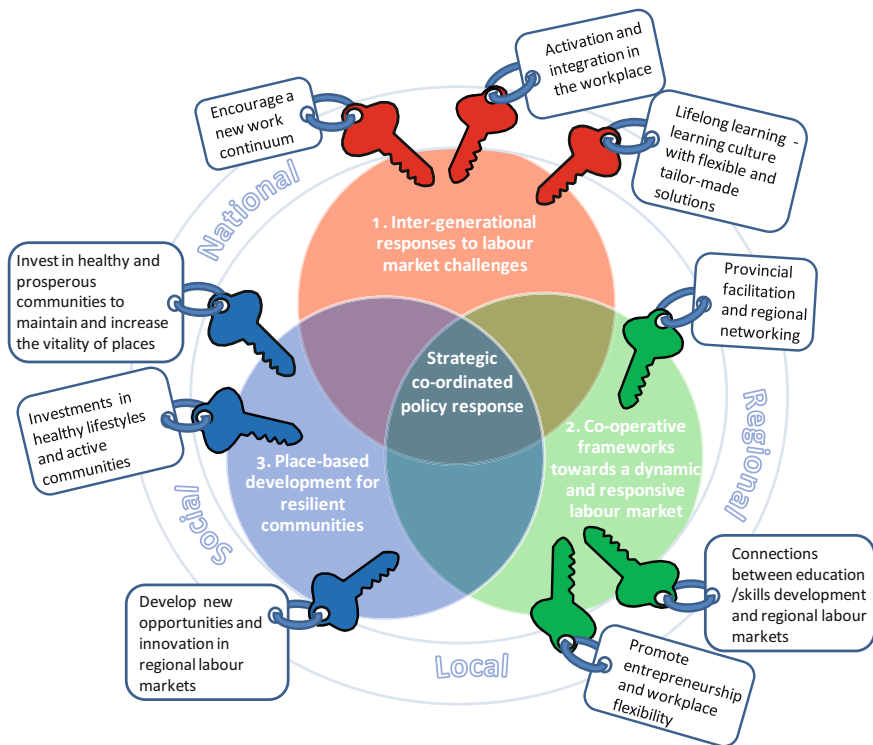


Fig. 4.14 Strategic areas of the demographic transitions in the Netherlands. *Source:* Martinez-Fernandez, C., et al. (2013a), “Demographic change in the Netherlands: Strategies for resilient labour markets”, *OECD Local Economic and Employment Development (LEED) Working Papers*, No. 2013/13, OECD Publishing, Paris, <http://dx.doi.org/10.1787/5k3xnhvzhmxn-en>

companies to implement age management practices, such as flexible working hours, opportunities for older workers to update their skills, and better health and/or safety programmes, would encourage older workers to stay within the working environment. Examples of specific measures are:

- (a) Encourage a new work continuum ranging from full-time to part-time within the employment options for companies, governments and other sectors so as to extend the length and variety of and engagement in working life, leading to longer employment and increased productivity for people across all sectors. This will extend the working age while allowing people to meet the requirements of family, community and other engagements that, in turn, improve personal, family and community health. Inter-generational engagement in changing working conditions also needs to be taken into account.
- (b) Identify and implement programmes to re-position workers (older and younger) who are un-(or under) employed, especially lower skilled workers, in a concerted effort to encourage their engagement and integration into the workplace

(job carving²) and to connect older with younger workers in the workplace. Incentives for continuing to work after age 60, as well as social security systems that are designed to promote working late in life need to be developed, including creating new roles within companies for workers in their later life.

- (c) Foster lifelong learning to stimulate competitiveness, because economies now depend on value that is added from the entire workforce. Regional firms need to invest in and improve their learning culture, with flexible and tailor-made training and skills development programmes, not only for new employees, but also for the older workforce. These programmes will promote inter-generational workforce skill linkages, such as master-apprentice relationships. To increase entrepreneurship or self-employment, educational programmes and business coaching should be promoted wherein the skills of older people are transferred into new opportunities.

4.2.2 Strengthen National-Local Alignment and Co-operative Frameworks to Create a Dynamic and Responsive Labour Market

Central governments are no longer the sole provider of territorial policies. Shrinking areas require a coherent policy response from national and local governments to maintain existing jobs, generate new employment and protect vulnerable households. National, regional and local levels of government need to align their various strategies in order to develop a consistent direction to meet development objectives, leverage economies of scale and reap the dividends of joint initiatives that share knowledge and reduce operational overheads. Improving the policy coherence between national and local levels of government (vertically) and co-ordination across different ministries (horizontally) can significantly increase the effectiveness of programme delivery and the quality of the services provided. The interests of national and local governments may not always be in harmony. National considerations, such as increased gross domestic product or improved foreign exchange flows, may not always mesh with local government's concerns, such as local job creation, infrastructure development and social protection programmes. National and local governments need to harmonise development objectives (e.g. enhanced rural access) to avoid redundant programmes and heighten the effectiveness of programmes occupying shared geographic and technical space (e.g. environment). Identification of conflicting national-local objectives (e.g. the planning of rural roads for extractive industries rather than for improving market access of remote rural

²Job carving is a term for customising job duties, such as creating specialist job roles that free up the time of specialist staff or swapping job duties to make the most of individual skills (<http://base-uk.org/employers-recruitment-jobcarving>).

producers) can result in a national-local dialogue that can lead to the development of an innovative win-win situation (OECD/ILO 2011).

Examples of specific measures are:

- (a) Encourage horizontal integration and vertical alignment of policies by promoting co-operative frameworks and regional co-ordinated approaches, such as territorial employment pacts, which are innovative networks that provide an institutional framework and commitment for regional networks targeting employment strategies. With the population ageing, inactivity of older age groups in the workplace will increase the strain on social security and pension systems. According to European Union and OECD (2012), “few older people are involved in entrepreneurship, particularly women, and their enterprises tend to be less growth oriented than firms of younger entrepreneurs. [However] . . . there is a growing population of healthy older people with the skills, financial resources and time available to contribute to economic activity through extending their working lives, including through entrepreneurship”. According to a 2009 Eurobarometer Survey on entrepreneurship, 68.2% of prime aged (20–49 years) people never thought about starting a business and this figure jumped to 86.2% of older people (50–64 years old). While 14.6% of prime aged people were thinking about starting a business, this dropped significantly to only 3.6% of older people. The percentage of people involved in early stage start-up activities was 17.3% of prime aged people and 10.3% of older people. Therefore, “. . . the older an individual gets, the less likely they are to take action on their entrepreneurial intention because they have less time left to enjoy the benefits that the business generates. This suggests that the bulk of those seriously considering starting a business has already taken action and that policy should focus on increasing interest and awareness about entrepreneurship in the third age before people get there” (OECD 2011; Martinez-Fernandez et al. 2011).
- (b) Promote entrepreneurship and workplace flexibility by designing strategies for new work ecologies incubators, entrepreneurship education, skills development in SMEs and the development of senior entrepreneurs. Regional labour markets require a skilled workforce. A decrease in the potential labour force does not automatically result in lower unemployment, but simply a greater mismatch between labour supply and demand (Verwest and van Dam 2010; Verwest 2011). Labour shortages for any particular sector are not only the result of demographic changes, but also of educational and career choices made by young people (Verwest and van Dam 2010; SER 2011). Education should be aimed at encouraging student participation and linkages within the regional economy. There is a need to stimulate businesses and knowledge institutes to develop joint educational programmes (Verwest and van Dam 2010), so that the competences of the available labour force better match current and future labour requirements. Developing widely available valid and reliable information, and career counselling to guide occupational choices, are also needed, such as an entrepreneurship summer school (London Business School, n.d.). To

enable this free flow of information, there is a need for better co-operation between employers, educational institutes, trade unions and local authorities. Universities should adjust their learning programmes to meet the regional needs of the economy, increase international student attendance and encourage a family-friendly environment.

- (c) Promote targeted and better connections between education and skills development and regional labour markets (local skills ecosystem) for job preparation and creation. Re-orient vocational education and training organisations to new skills ecologies.

4.2.3 Invest in Place-Based Development and Foster Resilient Communities

Demographic changes on national, regional and local scales have important impacts on the labour market, including an ageing workforce, labour shortages and skills gaps, but also provide opportunities in the “silver economy” (the ecosystem of services for the older customer). The growing demand for labour intensive personal services is not able to be managed at the national level by increasing the supply of adequate labour. This applies even more forcefully to regional markets: the relatively large increases in personal and health services in declining and ageing regions have to be met by adjustments in the local and regional labour market. Promoting workforce mobility, flexibility and cross-border collaboration will help support local businesses and economies and will stimulate key economic sectors and encourage entrepreneurship and business opportunities. Places have value and social capital as well as a “right to survive” and investment in lifestyle infrastructure can contribute to increasing their resilience.

1. Develop new opportunities and innovation in regional/local labour markets, targeting new sources of growth such as cross-border programmes, workforce mobility, clustering,³ new economic growth areas in health and silver work ecologies, entrepreneurship and business opportunities (Martinez-Fernandez et al. 2013b). Another reason for leaving the workplace is often a person’s state of health. The need for new services in areas such as education, entertainment/leisure, information technology, financial services and transport can encourage longer, healthier and more active lifestyles, by creating family-friendly environments and active policies to improve living opportunities for the elderly. The ageing of the population structure will increase demand on new social services and the health sector. The issue becomes greater within territorial areas with shrinking populations, because services might become more

³Clusters are geographic concentrations of interconnected companies, specialised suppliers, service providers, firms in related sectors and related institutions (e.g. universities, R&D institutions, trade associations etc.) in fields that compete but also co-operate (Porter 1998).

expensive for consumers due to an increased demand and a decreased labour supply (Euwals et al. 2009; Verwest and Van Dam 2010). The forms of delivery of care services should have an emphasis on flexibility and financial effectiveness, and promote opportunities for some services to be delivered by social enterprises.

2. Invest in early healthy lifestyles and active communities by incorporating new approaches to the development of infrastructure and the provision of services to the society, designed to reduce medical costs in later life, such as investment in community-based agencies for health and social support, facilitating non-profit/voluntary efforts and fostering local resource sharing.
3. Invest in healthy and prosperous communities to maintain and increase the vitality of places and encourage personal networks and/or attachments, which stimulates the business environment and improves quality of life, entrepreneurship and innovation. All are factors that can foster resilience in shrinking areas. Investments can be in the form of institutional assets that are located in shrinking places and that can act as “magnet infrastructure” (e.g. a new educational institution or a cultural landmark) and digital media in promoting inter-generational (alumni) and social networks. Good communities nurture entrepreneurship and healthy lifestyle living conditions.

4.3 Summary of the Main Recommendations in Achieving Growth that is Inter-Generational, Co-operative and Place-Based

Policy focus	Key policy challenges for demographic change		
	Inter-generational responses to labour market challenges	Co-operative frameworks towards a dynamic and responsive labour market	Place-based development for resilient and dynamic communities
National	Continue efforts towards encouraging work and activation of older workers and extension of working life. Invest in healthy lifestyles and active communities. Provide an overall co-ordinated policy response. Design programmes and initiatives that have “territoriality” as a key aspect for implementation.		
Regional	Foster lifelong learning as an education and private sector approach connecting education and skills development and regional labour markets. Promote entrepreneurship and workplace flexibility. Integrate social and employment programmes. Define a regional innovation strategy that provides provincial facilitation and regional networking.		
Local	Develop new opportunities and innovation in local labour markets. Invest in community-based agencies for health and social support. Facilitate non-profit/voluntary efforts to build vital and resilient places. Foster local resource sharing among schools, local government and other local stakeholders.		

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