



Inspectorate SZW
Ministry of Social Affairs and Employment

State of decent work 2019

*‘Risks at the bottom of
the labour market’*

Preface

Even though the Dutch economy is booming, the Inspectorate SZW of the Ministry of Social Affairs and Employment sees a pile-up of risks for those at the bottom of the labour market. In particular low-waged workers with a flexible contract and the low-paid self-employed may experience: underpayment, long working hours, illegal employment and exploitation. This group of workers is quite large: more than 10% of all employed people in the Netherlands. They are also more likely to be subject to unsafe and unhealthy working conditions, such as heavy physical work and exposure to dangerous substances. This group also applies in greater numbers for benefits under the Unemployment Insurance Act, social assistance and disability benefits. All of which points to an accumulation of labour and social security risks.

More than two years ago, the Inspectorate SZW compiled its first “State of decent work”. We concluded in that report that the problems of underpayment and exploitation on the Dutch labour market had grown considerably. We shared the concerns of international institutions such as the IMF and the OECD regarding the development that, in many countries, wages were not increasing in line with the increase in productivity. Two years later, the downward pressure on wages is still an issue. In industries with a lot of low-paid work, international competition puts wages under pressure. The rise of convenience services delivered through the platform economy also brings new risks and questions for employees. While at the same time it is more difficult to put regulations in place to protect these workers. To stimulate economic activity in the Netherlands, all sorts of employment relationships have been developed. But these have also led to schemes where employers search out legal loopholes – or dispense with the law altogether – in order to keep the costs of wages as low as possible.

These factors create a large diffuse area between what is legally allowed and what some employers want. This undermines decent working conditions for working people. It leads to unfair competition and a decline in standards. In our role as inspectorate we work to combat unjust practices: illegal employment, improper use of legal arrangements, serious short-changing of workers, and labour exploitation. We set clear boundaries and intervene when the rules are trampled under foot. My plea is therefore for the creation of labour laws and labour market regulations that can be realistically maintained. However, carrying out inspections is not – by itself – sufficient to give decent work the kind of attention it deserves.

Important questions arise: what kind of labour market do we want in the Netherlands? How can we make the changing job market a level playing field? How do we ensure that all workers profit from an economic boom? Everyone who has anything to do with the labour market needs to engage to make a collective effort. An integrated and vocalised approach is needed involving all players in order to make decent work the standard in the Netherlands. Decent work for a fair wage – that’s what we want to put at the top of the agenda with this “State of decent work”.

Marc Kuipers

Inspector General, Inspectorate of Social Affairs and Employment

October 2019

**The SZW Inspectorate works on being honest,
healthy and safe work and livelihood for everyone**

Summary and conclusions

‘Decent work’ is work that respects fundamental human rights and the rights of working people to safe, healthy work and fair employment conditions. ‘Decent work’ is the term used internationally for the interactions between employers, employees and governmental organisations that strive to create an decent labour market.

By compiling a “State of” report about topics that fall under her domain, the Inspectorate SZW manifests the reflective aspect of her supervisory mandate: ‘Reflective supervision signals, highlights, shares unique insights and provides active feedback.’¹ More than two years ago, the Inspectorate SZW compiled the first “State of decent work”.² In that report, the Inspectorate observed that the problems of underpayment and exploitation in the Dutch labour market were considerable and had significantly increased. Central were the concerns voiced by international institutions such as the IMF and OECD regarding the development that, in many countries, wages were not increasing in line with the increase in productivity as well as the increasing conflicts and schism in the job market. The Inspectorate linked that international perspective to the reality in parts of the Dutch labour market where she was seeing the everyday pressure exerted on the cost of wages.

This “State of decent work” gives a ‘snapshot’ view of the job market in the Netherlands, but now in a higher resolution image. We zoom in on concrete data regarding the group of vulnerable workers on the labour market who are potentially at risk for unfair employment and exploitation. This group is large, made up of more than 878,000 flex workers and self-employed with insufficient or low incomes. As the analysis in this publication shows, this group is more often exposed to heavy physical work and hazardous substances, as well as being marked by greater reliance on unemployment, social assistance and occupational disability benefits.³ All of which points to an accumulation of risks, especially for those at the bottom of the labour market.

Mechanisms that hinder decent work on the labour market

In this “State of decent work” you will find – in addition to a description of the risk group – a focus on situations that the Inspectorate encounters on a daily basis when monitoring the field of unfair work. The practical examples represent the dilemmas we face when dealing with unscrupulous national and international business models and schemes that challenge our Inspectorate’s institutional powers. Suchs schemes and business models make vulnerable groups even more vulnerable and undermine the level playing field for employers who follow good employment practices. From the many diverse case studies, the Inspectorate SZW has distilled seven mechanisms that enable unfair employment practices.

¹ The Netherlands Scientific Council for Government Policy (WRR), Monitoring public interests (*Toezien op publieke belangen*), 2013, p. 132

² The specific role of the Inspectorate in the field of decent work focuses on surveillance and the promotion of compliance with the Minimum Wage and Minimum Holiday Allowance Act (WML), Working Hours Act (ATW), Foreign Nationals Employment Act (Wav), Placement of Personnel by Intermediaries Act (Waadi), Terms of Employment Posted Workers in the EU Act (WagwEU), and combating labour exploitation.

³ Secondary analysis has shown that vulnerable workers more often encounter exposure to hazardous substances (such as glue, paint, cleaning agents, pesticides, herbicides, solvents, exhaust fumes, welding fumes, etc.) and heavy physical work (heavy lifting and pushing, hazardous vibration from equipment, etc.).

I Global socio-economic developments

1. Increasing international competition leads in certain sectors to downward pressure on prices and thus on wages.
2. The free movement of persons and services contributes to a large international supply of cheap labour.
3. Digitalisation and the growing demand for convenience services stimulate growth of the platform economy, which leads to risks regarding the protection of employees.

II The regulation and functioning of the Dutch labour market

4. The many types of labour relations permitted contribute to the potential for underpayment and dubious employment schemes.
5. Stimulating entrepreneurship and the possibility of turbo liquidations create opportunities for casual volatile entrepreneurship..
6. The social security system and the idea that there is only a small chance of being caught, create space for moonlighting and abuse of benefits.

III Vulnerable employees and the risk of labour exploitation

7. The presence of vulnerable groups allows employers to exploit, seriously short-change, and criminally mistreat employees.

Against the background of these global mechanisms, the Dutch labour market stands out as an international 24-hours-a-day economy, where supply and demand continuously and flexibly meet together. Digitalisation contributes to new forms of work within the platform economy and internationalisation leads to shifting capital, persons and services with much more ease and speed. The combination of the legal framework in the Netherlands with those of the EU and various individual Member States in the European Economic Area (EEA), make the Dutch labour market even more complex.

Global developments create many opportunities for the Dutch economy and labour market. In general, the Netherlands profits a great deal from the international economy, and in this country both employers and employees are good at adapting to changing circumstances and the opportunities they bring with them. The economy of the Netherlands is growing and unemployment is low. Nevertheless, new practices are arising which are at loggerheads with national labour laws, fiscal rules and social security. This leads to specific dilemmas for regulators: how many hours does a worker in the Netherlands work compared to elsewhere? Does Dutch working conditions legislation apply or not? When are we dealing with employer-employee relations and when is it a case of self-employed entrepreneurship? When is a turbo liquidation justified and when is it administrative fraud? Should surveillance of social assistance be intensified?

It becomes really problematic when unscrupulous employers seek and make use of legal loopholes. The Inspectorate now receives about 33% more reports of potential violations regarding wage payments and work permits compared to 2015. Unfair schemes exploiting such loopholes weaken the competitive position of employers who make the interests of their employees and fair competition a priority.⁴ Analysis of examples drawn from actual inspections using the mechanisms identified, further clarifies which social issues are at stake.

In line with the government's *Inspectorate Control Framework (ICF)*, the Inspectorate SZW is doubling its methods for monitoring unfair work. In addition to carrying out inspections, other types of interventions will be deployed to an increasing extent, such as consultations with (starting) entrepreneurs and the development of self-inspection tools.

⁴ *When work doesn't pay: The working poor in five European countries and twenty Dutch municipalities (Als werk weinig oplevert: Werkende armen in vijf Europese landen en twintig Nederlandse gemeenten)*. (SCP, 2018).

Given the diversity of opinions, the Inspectorates communication strategy approaches the current standards for decent work in the Netherlands in a positive way. This involves a social media campaign called *#daspaseerlijk* (now that's really fair) directed to the sectors where it is expected to have the most influence, such as the agricultural sector and hospitality and catering.

The issues outlined in this “State of decent work” show that only a joint effort involving all the relevant parties in our society will be effective. Along with the Inspectorate, many players on the labour market have their own roles in solving these problems; social partners, branch organisations, consumer organisations, regulators and policy makers. It is the responsibility of these partners to offer approaches for combatting unfair practices. In view of the size of the risk group, the increase in reports in the area of unfair work, and the forecast economic insecurity, now is the time for joint action giving a clear signal that tackling unfair work is a high priority in the Netherlands.

Seven mechanisms that hinder decent work on the labour market

In this “State of decent work” the focus is on situations that the Inspectorate encounters on a daily basis when monitoring the field of unfair work. Based on actual Inspectorate case studies and several secondary analyses, seven mechanisms have been identified that are hindering decent work on the labour market.

1. Increasing international competition leads in certain sectors to downward pressure on prices and thus on wages

Internationalisation of the economy entails that the prices of more and more products and services are determined by the global marketplace and not by the local or national market. In sectors strongly influenced by (international) competition, lower wages can make the difference between a business's surviving and going under. This gives rise in some sectors to a continuous search for ways to make labour cheaper. Often these are industries where wages make up a large portion of operational costs, such as the agricultural sector, industry and transport.

In some parts of these sectors a flexible contract with low wages and little security is not the exception, but the rule. There is also a heavy reliance on temporary placement agencies for contracting and payrolling. The Inspectorate finds that some employers try to keep prices low by contriving all kinds of schemes to push the costs of wages down below the mandatory minimum or collectively agreed wage. If some companies help themselves by using dubious schemes and thus illegitimate means to compete in cost and in price, then bona fide companies will have more trouble keeping their heads above water; standards get blurred and we no longer have a level playing field.

2. The free movement of persons and services contributes to a large international supply of cheap workers at the bottom of the labour market

Our labour market is simultaneously local, Dutch and European. Just as Dutch people work all over Europe, so the citizens of other EU member states may also work here. When deliberating about offering their labour, people weigh different factors in the balance: the need to make a living, their educational level, the commuting distance, the nature of the work, etc. The pool of workers at the bottom of the job market is becoming larger and more diverse. In addition to migrant workers from Central and Eastern Europe, there are also migrant workers from Southern Europe, high school and university students who take on bigger and bigger workloads in their after-school jobs, and people with mid-level educational backgrounds. The percentage of foreign workers, measured as the number of jobs within the total number of employment opportunities, rose from 8.6% in 2010 to 10.2% in 2017.

It's possible that the pool of workers from Central and Eastern Europeans will decline in the future. The Inspectorate can already see the nationality boundary line of migrant workers' origins shift to Eastern Europe (Ukraine and the Balkans) and South-East Asia.

The free movement of persons and services stands as one of the most important pillars of the European Union. Citizens of member states are free to work in another Member State. However, labour and migration policies are largely a national issue. When third-country nationals receive the right to reside and work in one EU country based on the national labour market policy of that member state, these workers can also be directly employed in another member state. European case law has stated that prior employment in the original member state is not a necessary pre-condition. By making smart use of the rules governing the free movement of services in Europe and the national admission policy of other European Member states, low-paid workers from outside the European Union can be employed legally in the Netherlands.

Often we are dealing with workers who are willing to work for low wages. Sometimes a phantom company is set up in one country where the labour laws offer less protection, but for the most part the employees actually work in the Netherlands. In that case challenge for the Inspectorate is to find out whether this is happening under decent working conditions. The work itself is legal and often the set-up looks legitimate on paper. If there is an issue of underpayment or unacceptable working hours this is frequently difficult or impossible to verify.

3. Digitalisation and the growing demand for convenience services stimulate growth of the platform economy which leads to risks regarding the protection of employees

The increased opportunities created by digitalisation and technologies depend in large part on the increased use of internet platforms. Here supply and demand of so-called convenience services are brought together quickly and at little expense. This has in turn given rise to a whole new segment of the labour market. Moreover, there are alterations in the classic working day, for example in the distribution sector, with more night-shift work. The Inspectorate concludes that the way that internet platforms set up labour relations brings automatic risks to decent, healthy and safe work, partly due to the high frequency of evening and night-shift work. Often people are working on flexible contracts or have a self-employed status that is hard to define. This makes it difficult and time consuming for the Inspectorate to determine whether there is a case of unfair payment and illegal working hours.

4. The many types of labour relations contribute to the potential for underpayment and dubious employment schemes

The supply and demand of labour in the Netherlands takes many different (legal) forms. Often these involve forms of flexible labour relations (payrolling, contracting, secondment) or schemes involving self-employed persons. In 2018, more than a third (39%) of all working people in the Netherlands did not have a permanent job. In particular, the number of self-employed has grown in recent years: from 630,000 in 2003 to 1.1 million in 2018. This offers employers a good way to allow the ranks of their employees to expand and contract along with the demand for their products or services, without running much risk.

Flex jobs are also accompanied by employment scheme that make it complex for the Inspectorate to determine whether any violation of labour laws has taken place. Payrolling and contracting can lead to evasion of collective labour agreements. Sometimes portions of a company's operations are outsourced to position them under a collective agreement with lower wages and less protection. Regarding self-employed persons often the question whether the work is being carried out under supervision arises. Who bears the commercial risks, the employer and who bears the commercial risks, the employer or the employee? In half of the inspections it is problematic for the inspector to determine the exact set up of the labour relation.

The Balanced Labour Market Act (WAB), which becomes effective on 1 January 2020, is intended to offer better protections to flex-workers and self-employed people, and to stimulate employers to hire employees on permanent contracts.

5. Stimulating entrepreneurship and the possibility of turbo liquidations create opportunities for casual volatile entrepreneurship

Promoting entrepreneurship is an important part of a functioning economy. The past decades the emphasis on job opportunities and economic activity has led to a lowering of the barriers for starting and terminating a company. In the Netherlands it is relatively easy to start a company like a temporary placement agency or secondment company. In addition, it is also easier to dissolve a company, for example by turbo liquidation. The stimulation of entrepreneurship is an important part of a working economy.

The Inspectorate regularly encounters situations where employers are economising on labour costs in a fraudulent way, for example by not submitting social insurance contributions or not granting holiday payment. When an employer is caught and sanctions or fines are threatened or demanded by the Inspectorate, it's possible to evade the sanction by dissolving the company by turbo liquidation. Sometimes a new company is set up immediately afterwards and all the employees transferred. In comparison with 2013, the Inspectorate is seeing an increase in the number of turbo liquidations, particularly when uncollectable fines for violations of the Foreign Nationals Employment Act (Wav) and the Minimum Wage and Minimum Holiday Allowance Act (WML) are involved.

6. The social security system and the idea that there is only a small chance of being caught, create space for moonlighting and abuse of benefits

Moonlighting (undeclared work) while receiving benefits, is a serious form of unfair work and strongly undermines a society's solidarity and faith in the employment and social security system. Statistics Netherlands (CBS) estimated the extent of unreported work at between 3.5% and 6.9% in a 2010 study of various social benefit laws. The Employee Insurance Agency (UWV) has shown that the vast majority of external (68%) and internal (68%) reports of fraud deal with keeping silent about working while receiving benefits. A survey of people who receive benefits reveals that, of those who are entitled to benefits who have admitted to moonlighting, the chance of being caught is thought of as very slight (88% said the chances were low or extremely low).

The attractive level of benefits in the Netherlands in conjunction with the perception that the chances of being caught while abusing the system are very slight, offers the opportunity - for example - of creating fictitious employment relations. This means that there seems to be a formal contract and the salary paid. However, no work is carried out and the salary is handed back. This way entitlements for benefits, residence permits and pensions are falsely accrued. The Minister of Social Affairs and Employment (SZW) recently informed the Second Chamber of parliament that the balance between service, risks and regulatory oversight requires renewed consideration.⁵

7. The presence of vulnerable groups allows employers to exploit, seriously short-change and criminally mistreat employees

The precise scope of labour exploitation in the Netherlands is unknown, although there are various estimates in circulation. The government Office of the Reporter on Human Trafficking (BNRM) has estimated that the group of victims totals 2,045 people each year. In our inspection practice we find that labour migrants in particular are seriously being short-changed by unscrupulous employers. The key to labour exploitation is often the creation of financial obligations which keep the workers in a state of permanent dependency on the employer, often making use of forced housing accommodations. Coercion, violence, threats, extortion, fraud and deception are often involved in such cases.

⁵ Tweede Kamer (Second Chamber), 2018-2019, 17050, no 577.

When there is no case of labour exploitation in the legal sense but the employee has been seriously cheated by his/her employer, this is a case of (serious) exploitation. The behaviour of such employers cannot be easily captured in the various legal frameworks, including those under criminal and administrative law. Article 273f of the Penal Code is a good example. Both the National Reporter on Human Trafficking as well as academic studies⁶ indicate that this issue raises challenges to the fight against the labour exploitation. For the Inspectorate, it is a continuous quest to find the right mix of interventions in order to successfully target the behaviour of unscrupulous employers.

⁶ <https://www.universiteitleiden.nl/nieuws/2019/09/mensenhandel-kan-met-huidige-wetgeving-niet-goed-worden-aangepakt>

1 Introduction

‘Decent work’ is work that respects fundamental human rights and the rights of workers to safe, healthy work and good working conditions. ‘Decent work’ is the term used internationally for the interaction between employers, employees and governmental organisations that strive to create an equitable labour market. A labour market where people can earn an income in a safe and healthy way, the rules protecting employees are followed, where there is fair competition and poverty is prevented. The central aspect of Inspectorate SZW’s mission is fighting the risks of unfair, unhealthy and unsafe working conditions.

Therefore the Inspectorate published this “State of decent work” on the World Day for Decent Work, on 7 October 2019. This publication is an updated, expanded version of the “State of decent work” published in 2017, which put the focus on the concerns of international institutions such as the IMF and the OECD regarding the development that, in many countries, wages were not increasing in line with the increase in productivity and the polarisation of the job market. The Inspectorate linked that international perspective to the observable reality in parts of the Dutch labour market where she detects on a daily basis, a huge downward pressure on wages.⁷ By compiling a ‘state of’ report about a topic that falls under its supervision, the Inspectorate SZW is manifesting the reflective aspect of its supervision: “Reflective supervision signals, highlights and shares unique insights, and provides active feedback.”⁸ In monitoring the labour market, the Inspectorate functions as ‘the government’s eyes and ears’.

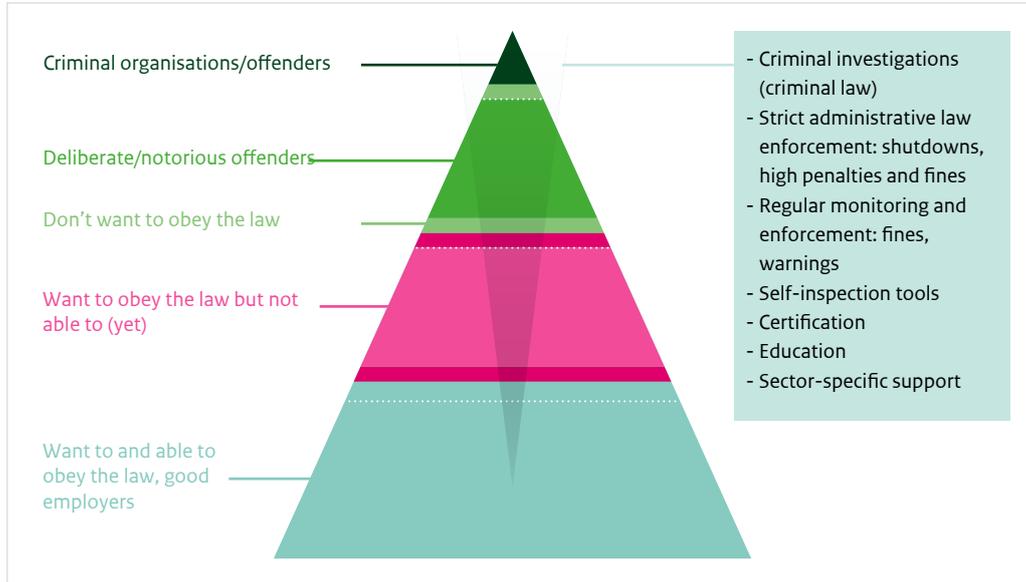
The Inspectorate SZW takes the point of view that most employers can and want to obey the law and show that they are good employers. Such employers are the foundation of the economy in the Netherlands and form a solid basis for ‘the employers’ pyramid’ (see figure 1.1). At the top of the pyramid are the criminally active employers, who systemically and deliberately break the law. In between these two groups there is a group of employers who want to stick to the rule of law, but are not (yet) able to do so, and a group of employers who intentionally break the law, but not systemically.⁹ The Inspectorate strives to deploy its capacity and means primarily to deal with those situations and companies with the highest risk; the top of the pyramid. This risk-oriented approach has led to the description of examples in this “State of decent work” that are largely cases where the Inspectorate has intervened in order to deal with the undesired behaviour of employers. These examples are not representative of the behaviour of companies in general, however, the underlying mechanisms identified enhance the very real risk of the spread of such undesired behaviour.

⁷ The “State of decent work” and the “State of serious work-related accidents” was published in 2017. In April 2018, the “State of occupational safety” was published.

⁸ The Netherlands Scientific Council for Government Policy (WRR), *Monitoring public interests (Toezien op publieke belangen)*, 2013.

⁹ Inspectorate SZW (2018), Multi-annual report 2019-2022.

Figure 1.1 Employers pyramid and Inspectorate SZW's operations



Based on risk-oriented monitoring, the Inspectorate SZW paints a picture of unfair work on the labour market in the “State of decent work”. The specific roles of the Inspectorate in this area are enforcement and promotion of compliance with the Minimum Wage and Holiday Allowance Act (WML), Working Hours Act (ATW), Foreign Nationals Employment Act (Wav), Placement of Personnel by Intermediaries Act (Waadi), Terms of Employment Posted Workers in the EU Act (WagwEU), and the fight against labour exploitation.¹⁰ The information used consists for the most part of our own quantitative and qualitative data which has been collected during inspections and investigations. Use is also made of information from reports of unfair work made by citizens, employers and other government bodies which have been communicated by telephone or sent in via the website.¹¹ Finally, we also included secondary analyses carried out by combining data files from Statistics Netherlands (CBS), the research organisation TNO and the Unemployment Insurance Agency (UWV).

¹⁰ Starting in 2016, the WagwEU has created new possibilities for better monitoring and enforcement of rules for personnel seconded for work in the Netherlands. With the coming into effect of a reporting obligation in 2019 and the compilation of dossiers, the ability to monitor temporary workers has further increased. The reporting obligation entails foreign service providers reporting in advance to the Social Insurance Bank (SVB) where and when work will be carried out in the Netherlands and by which employees. Reporting requires a proof of registration for national social securities, an A1 declaration or other proof, the name of a contact person located in the Netherlands, and the name of the person who is responsible for the wage payments.

¹¹ Via the website ([InspectieSZW.nl/melden](https://inspectieszw.nl/melden)) or via telephone number 0800-5151.

1.1 Problem definition: seven mechanisms causing unfair work

The economy is doing very well, but not everyone is profiting from it. The Inspectorate is observing many forms of unfair work, such as underpayment, long working hours, and labour exploitation, which lead to disadvantages for working people and the loss of a level playing field for employers. The Inspectorate encounters a multitude of employment configurations set up to evade the laws and regulations put in place to protect working conditions. Some employers – particularly in certain high-risk sectors – are continuously seeking legal loopholes or simply violating the law in order to save money on labour costs. This is fed by a continuous cheap supply of legal and illegal migrants from other countries in Europe and other parts of the world. These labour migrants are attracted to the Netherlands by our higher wages and social assistance programmes. The availability of a large pool of cheap labour migrants coupled with the presence of unscrupulous employers leads to situations in which these employees are in danger of being seriously disadvantaged.

In line with the *Inspectorate Control Framework* (ICF), the financial means for monitoring unfair work will be doubled. In concrete terms this will result in more information-driven investigations and inspections, more campaigns, more agreements involving the entire chain, and other interventions. All these efforts will be dedicated to creating and safeguarding a level playing field, an equitable job market that works both ways. In the first place, between companies, so that making use of unfair work practices does not lead to a vicious circle where more and more companies feel the need to pursue unfair employment arrangements. Secondly, a level playing field for working people, so that decent working conditions contribute to fair competition on the job market. However, because of the fact that certain groups of employers are continually seeking out and creating new dubious employment configurations, taking advantage of the pool of labour migrants and making the intentional choice to follow the letter but not the spirit of the law, a collaborative approach of all the parties involved - such as social partners, sector organisations and policy makers - is now urgently needed.

The Inspectorate is asking for: more attention for employers' awareness of working standards in the Netherlands, enforceable laws and regulations, a better balance between employers' duties and desires when it comes to employers' administrative obligations, and – in line with the findings of the Borstlap Committee – for a simplification of the labour market system, one that functions to promote compliance. At the same time, the Inspectorate observes that various policy intentions and legislation processes are currently devoted to enlarging awareness about how to be a good employer, creating better enforceable rules and setting up a broad interdepartmental re-evaluation of the field of decent work.¹² Finally, an important development is the fact that, in 2018, the European Council committed itself to a collective stance regarding the European Labour Authority (ELA); the goal is to strengthen the national regulators' abilities to monitor European directives governing internal employment mobility.

This “State of decent work” offers insights to support such policy developments and pushes for further discussions on this topic, which in turn may offer new perspectives on how to actively collectively and effectively tackle unfair work in the Dutch and European labour market.

Explicit attention is given to the question which mechanisms work to degrade and impair decent work in the Dutch labour market. The Inspectorate has been able to differentiate the following seven blocking mechanisms:

¹² The intentions and measures are discussed in the relevant paragraphs

<p>I Global socio-economic developments</p> <ol style="list-style-type: none"> 1. Increasing international competition leads in certain sectors to downward pressure on prices and thus on wages. 2. The free movement of persons and services contributes to a large international supply of cheap labour. 3. Digitalisation and the growing demand for convenience services stimulate growth of the platform economy which leads to risks regarding the protection of employees.
<p>II The regulation and functioning of the Dutch labour market</p> <ol style="list-style-type: none"> 4. The many types of work relations permitted contribute to the potential for underpayment and dubious employment schemes. 5. Stimulating entrepreneurship and the possibility of turbo liquidations create opportunities for casual volatile entrepreneurship. 6. The social security system and the idea that there is a only small chance of being caught, create space for moonlighting and abuse of benefits.
<p>III Vulnerable employees and the risk of labour exploitation</p> <ol style="list-style-type: none"> 7. The presence of vulnerable groups allows employers to exploit, seriously short-change, and criminally mistreat employees.

By making use of illustrations drawn from actual inspections, the descriptions of the mechanisms in the various chapters of this ‘state of’ always give a clear indication of which societal dilemmas are at stake. Many parties involved in the labour market have a responsibility and role in solving the problems identified and can offer viewpoints for taking action to eliminate unfair work practices.

1.2 Overview

Chapter 2 gives a description and quantitative analysis of the characteristics of and risks for employees and self-employed persons working at the bottom of the labour market, and an analysis of the increasingly problematic issue of decent work.

Chapter 3 examines global social-economic developments underlying the first three mechanisms hindering decent work. The international competition puts excessive downward pressure on wages and prices, while the free movement of persons, goods and services within the EU and EEA leads to a large pool of available labour, particularly at the bottom of the labour market. The extensive digitalisation in our society has created – in conjunction with growing convenience services – a new sector, the so-called platform economy. This sector presents the Inspectorate SZW with significant challenges, among other things by setting up new forms of employment relationships, making the employer-employee relationship difficult or impossible to evaluate from a legal perspective.

Chapter 4 describes how the regulation of the Dutch labour market functions. The labour market of the Netherlands occupies a unique place in the international community,¹³ which, along with growth in job opportunities, offers opportunities for schemes that put pressure on decent working conditions and fair competition in certain sectors. In the most serious cases, workers are exploited and significantly disadvantaged. These issues are dealt with in chapter 5. Chapter 6 reveals that the Inspectorate SZW is fighting unfair work on multiple fronts, but that enforcement alone does not offer enough perspective to solve the problems identified.

¹³ Committee on the Regulation of Work regarding future-proof labour laws, social security and fiscal policy, In what kind of country do we want to work?, 20 June 2019. Research carried out by the Organisation for Economic Cooperation and Development (OECD) has suggested that the increase in temporary work and the increase in the number of self-employed persons in the Netherlands deviate significantly from those in comparable countries.



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