

LABOUR FOUNDATION



In brief

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november 2010

About this publication

Founded in 1945, the Labour Foundation (Stichting van de Arbeid) is a private national consultative body incorporating Dutch employers' federations and trade union confederations. Today its members are the Confederation of Netherlands Industry and Employers (Vereniging VNO-NCW, VNO-NCW), the Royal Dutch Association of small and medium-sized Enterprises (Koninklijke Vereniging MKB-Nederland, MKB), the Dutch Federation of Agricultural and Horticultural Organisations (Land- en Tuinbouw Organisatie Nederland, LTO), the Netherlands Trade Union Confederation (Federatie Nederlandse Vakbeweging, FNV), the National Federation of Christian Trade Unions in the Netherlands (Christelijk Nationaal Vakverbond, CNV), and the Trade Union Federation for Intermediate and Higher Employees (Vakcentrale voor Middengroepen en Hoger Personeel, MHP).

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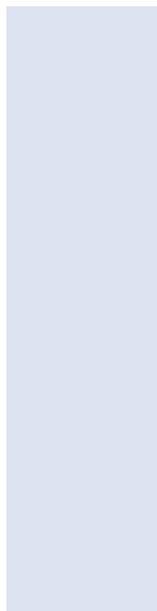
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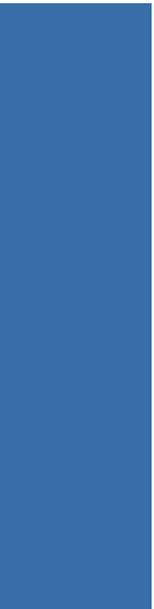
Printing: Office SER

Translation: Balance Amsterdam/Maastricht

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Introduction

The Netherlands is a country of consultation and cooperation. Decision-making and policy-making are based on discussion, negotiation and bargaining, especially when work and income are concerned – issues in which the Netherlands has a long tradition of consultation, referred to as the “consultation economy”.

Alongside government, employers and employees play a key role in the consultation economy. They consult one another at various levels, either directly or through their representative organisations. The first level is on the shop floor, where the works council or employee representative body confers with company management. The issues can range from corporate strategy or a reorganisation to the employee travel allowance.

At the sector or industry level – for example in the building trade or cleaning industry – the trade unions negotiate collective employment terms with employers’ associations. Collective agreements concluded at this level apply to an entire sector or industry. A trade union can also negotiate a collective agreement with an individual employer. The agreement then applies only to the enterprise in question.

At national level, finally, the national trade union confederations and employers’ federations confer with one another in various consultation bodies: the Labour Foundation (Stichting van de Arbeid), the Social and Economic Council (Sociaal-Economische Raad, SER), and the Council for Work and Income (Raad voor Werk en Inkomen, RWI). The Labour Foundation is a bipartite body. Its members represent employers and employees. The other two are tripartite bodies. The third party in the Social and Economic Council is made up of independent experts (“Crown members”). In the Council for Work and Income, the third party is the Association of Netherlands Municipalities (Vereniging van Nederlandse Gemeenten, VNG). The members of these bodies generally discuss the social and economic policy of the Netherlands.

What is the Labour Foundation?

The Labour Foundation is a national consultation body that consists of two parties: the national employers' federations and the national trade union confederations. They are sometimes referred to jointly as the "social partners". They discuss and negotiate issues that affect all employers and employees in the Netherlands.

The social partners consult each other in the Foundation on the basis of parity. They negotiate about recommendations for their members, i.e. the employers' associations at sector level, the trade unions and individual enterprises. The Foundation represents the interests of business and industry. In that respect, its aim is to influence government policy, for example by advising the Government or consulting with government ministers. At times, the Foundation concludes agreements ("covenants") with other parties.

Members

The Foundation has six member organisations, three representing the employers and three representing the employees.

Employers

- Confederation of Netherlands Industry and Employers (Vereniging VNO-NCW, VNO-NCW)
- Royal Dutch Association of small and medium-sized Enterprises (Koninklijke Vereniging MKB-Nederland, MKB-Nederland)
- Dutch Federation of Agricultural and Horticultural Organisations (Land- en Tuinbouw Organisatie Nederland, LTO)

Employees

- Netherlands Trade Union Confederation (Federatie Nederlandse Vakbeweging, FNV)
- National Federation of Christian Trade Unions in the Netherlands (Christelijk Nationaal Vakverbond, CNV)
- Trade Union Federation for Intermediate and Higher Employees (Vakcentrale voor Middengroepen en Hoger Personeel, MHP)

Funding

The Foundation receives funding from two different sources: the participating national employers' federations and trade union confederations (direct funding), and the Social and Economic Council, which subsidises the Labour Foundation from annual membership fees that enterprises remit to the Chamber of Commerce.

Employers and employees consult each other in the Labour Foundation on the basis of parity

So what exactly is the Labour Foundation?

“You may have read about the Labour Foundation in the newspapers now and again. For example, in an item relating that the Labour Foundation has advised the Government to stabilise wages and price levels, or that it has recommended that employers give employees a minimum holiday of a week this year with retention of pay, or that it has recommended that employees not strike but solve problems peacefully through collective bargaining. And perhaps you have asked yourself, what exactly is the Labour Foundation that it can advise the Government, employers and labourers in this way?

Well, it will not take long to tell you. The Labour Foundation is a national body in which employers and labourers cooperate collectively with one another on social matters. You will not find this brief description sufficient, however. You will want to know where the Labour Foundation came from, who set it up, what work it does, and what its aims are.”

From the radio address given on 2 September 1945 by Dirk Stikker, first employers' chairman of the Labour Foundation.

Why was the Foundation established?

The Labour Foundation was founded on 17 May 1945, almost immediately after the Second World War. Employers and employees worked together in the Foundation to rebuild the Netherlands. In the beginning, they were mainly concerned with wage movements. As time passed, the Foundation's scope of activity changed. One of the most important objectives of the Foundation was and still is to support harmonious relations between employers and employees.

Establishment and growth

In the first few years after the liberation of the Netherlands, the Labour Foundation played a crucial role in preparing and shaping the Government's policy on social and economic matters. Its most important task by far was to consult on wage and price movements.

In addition to advising on social and economic issues, the Foundation's members also consulted closely in those early years on the country's future economic structure. The idea was to organise business and industry into industrial organisations representing employers and employees in the various sectors.

The legal basis for this system was the 1950 Industrial Organisation Act. The Act established the Social and Economic Council as the key national body of the new public-law industrial organisation and as a new advisory body to the Government on social and economic policy. The Foundation continued to serve as a consultation platform for the social partners for issues related to work and income.

Changing agenda

Society is changing constantly, and the Foundation's scope of activity changes along with it. The number of issues discussed in the Labour Foundation has grown considerably over time. Below are only a few examples of relevant agenda items:

- pensions;
- education, training, and employability;
- employee recruitment and selection;
- gender equality and equal pay for equal work;
- the labour market position of specific groups, for example ethnic minorities, younger and older workers;
- the work/life balance;
- whistleblowers;
- the dismissal system, etc.

The Labour Foundation and the Social and Economic Council

The Labour Foundation and the Social and Economic Council differ on a number of points:

- The Labour Foundation is organised under private law, whereas the Council is organised under public law.
- The Labour Foundation is a bipartite organisation consisting of the representatives of employers and employees. The Council is a tripartite organisation; in addition to the employer and employee representatives, it also has independent experts or “Crown members”.
- The Foundation provides a platform for the social partners to negotiate with each other, in particular about the recommendations to be made to their members (the parties to collective agreements at sector and enterprise level).
- The Council’s recommendations are mainly intended for the public authorities.

From the Foundation’s articles of association

“The Foundation pursues its objective by:

- encouraging consultations between employers and employees and between their respective representative organisations;
- offering information and advice to employers’ federations and trade union confederations;
- expressing its views to government and other parties, either voluntarily or by request;
- consulting with government and other parties;
- executing the tasks assigned to it by or pursuant to the law or arranging for others to do so;
- using all other lawful means to achieve its aims.”

The Labour Foundation promotes harmonious relations between employers and employees

What does it do?

Employers and employees consult each other in the Labour Foundation because they want to reach agreement on the recommendations that they will make to their members. These recommendations may cover such issues as employment terms and benefits. The Foundation also advises government and concludes agreements (“covenants”) with other parties in the civil society.

Recommendations

One of the Foundation’s most important tasks is to issue recommendations for its members. In many cases, the recommendations are meant to be incorporated into collective agreements in the form of specific measures or policies that apply to the relevant sector or enterprise. The recommendations can cover a wide variety of different issues, ranging from employment terms such as wages and pensions to matters such as working conditions.

Advisory reports and memoranda

In addition to recommendations, the Foundation also publishes advisory reports. These are usually produced at the request of the Government or the Dutch Parliament. At times, the Foundation also publishes an advisory report on its own initiative. An advisory report reviews and explains the Foundation’s views on a particular subject, for example working time reduction, pension matters or employee reintegration after illness. The intention is that the Foundation’s advice will influence legislation.

Occasionally, the Foundation will publish a memorandum in which it clarifies a particular issue without advising on it directly. Its aim in such cases is to explain the current state of affairs, or define its position on that issue.

Covenants

The employer and employee representatives in the Foundation occasionally conclude agreements – known as covenants – with other parties, with the Foundation itself being one of the signatory parties in such instances. Examples of other parties are the public authorities or civil-society organisations.

The parties usually conclude covenants in order to address a particular social problem. For example, there have been covenants on reducing illiteracy or increasing the employment participation of certain groups. The parties to the covenant agree that they will work to achieve specified targets.

Spring and Autumn Consultations

The social partners and the Government generally meet twice a year, in the spring and again in the autumn. A delegation – usually consisting of the prime minister and various members of government (the ministers of Social Affairs and Employment, Economic Affairs, and Finance) – visits the Foundation at its offices to discuss current social and economic issues.

During the meeting, the representatives of the Government and the Foundation negotiate agreements that generally result in a pact between the social partners and/or between the Government and the social partners. For example, the Government may undertake to implement or amend a particular policy, while the social partners undertake to tackle certain issues (in many instances via the collective bargaining system).

The Foundation's recommendations are incorporated into collective agreements in the form of specific measures or policies

How does it work?

Although officially, it is the Foundation's board that takes the decisions, the "real work" is done by various committees. Their task is to consult closely about the relevant issues. The Agenda Committee, which meets every month, coordinates the work of these committees.

Board

The Foundation's board is made up of representatives of both the national employers' federations and the national trade union confederations. The board has sixteen members and two chairpersons, one representing the employers and one representing the employees. The chairpersons alternate, with the employers' chairperson serving in even calendar years and the employees' chairperson in odd years. The board meets several times a year.

Agenda Committee

The Agenda Committee coordinates the work of the committees and prepares the board's meetings. It also prepares the Spring and Autumn Consultations, in cooperation with a government delegation (the Government Coordination Group).

The Agenda Committee is based on parity, with four members representing the national employers' federations and four members representing the national trade union confederations. There is a new chairperson every calendar year. In even years, the FNV provides the chairperson, and in odd years the VNO-NCW. The Agenda Committee meets once a month.

Committees

During committee meetings, the social partners discuss current issues and try to reach consensus. Their consultations may result in advisory reports for government or in recommendations for members. There are committees specialising in such topics as employee reintegration, pensions and training.

The representatives of the employers' federations and trade union confederations determine their viewpoints in close consultation with their members. Reaching consensus involves a process of negotiation and, consequently, of give-and-take. That requires all those involved in the con-

sultations to consider how far they are willing to “adapt” their own views to those of the other party.

The representatives confer with their own members regularly throughout the process of consultation and negotiation within the Foundation and its working committees in order to determine their final position.

Occasionally, the committees are unable to reach consensus on a particular issue. The relevant negotiations then move up a tier, to the Agenda Committee or, in a few instances, to the board. Even this does not always end in agreement, and at times the opinions expressed in the advisory report remain divided.

Secretariat

The Foundation has its own secretariat, which is located in the offices of the Social and Economic Council. The Foundation also meets at this location.

Reaching consensus involves a process of negotiation and, consequently, of give-and-take

Would you like more information?

For more information about the Labour Foundation, visit its website, www.stvda.nl. You will find the latest news and an interactive timeline of the most important moments in the Foundation's history. You can also inspect the Foundation's articles and its standing rules here.

Publications online

Most of the Foundation's recommendations, advisory reports and agreements since 1945 can be downloaded from its website.

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