

Press release

22 April 2008, 15.00 hrs

## Work and income following mass redundancy

Results of a joint study by the Scientific Council for Government Policy and Statistics Netherlands show that most employees who lose their job as a consequence of mass redundancy find work again quite quickly. However, there are large differences between groups of dismissed employees. Younger people usually find a new job quite soon after becoming unemployed, and often a job that pays more. Mothers with young children, older people and employees with a foreign background on the other hand find it more difficult to get a new job. And when they do, they are also more likely to earn less than before becoming unemployed. In the long term, dismissed employees are more likely to have more job and income security if they are able to get a new job straight away.

### Work and income following mass redundancy

Nearly 28 thousand employees of companies with more than 100 employees lost their job as a consequence of mass redundancies in the period 2001-2002. Statistics Netherlands monitored the labour participation and income of this group up to 2006. Just over 66 percent of them had found a job six months later. After three years this was 68 percent. Nearly half of the 21.5 thousand dismissed employees born after 1950 had not suffered a loss in income in those three years. On average, the income of these employees had even increased by more than that of all other employees on the Dutch labour market. This was mainly accounted for by younger employees, who had a relatively low income before they were dismissed. Employees born before 1950 often moved into a pension scheme after being made redundant.

### Mothers with young children often do not find new job

Fifteen percent of people made redundant were receiving a pension three years after losing their job, 12 percent were claiming a benefit and 5 percent had no income. Working mothers with young children have a very vulnerable relationship with the labour market: 13 percent of them had no income three years after being made redundant. Interestingly, employees with older children or with expensive houses managed to find a new job relatively more often. The study further confirms what was already known about the weak labour market position of older people and employees with a non-western foreign background.

### Months immediately before and after redundancy crucial

The months leading up to and the months immediately after the redundancy are crucial for the further career of the dismissed employee. One quarter of the nearly 28 thousand dismissed employees left the company before the peak in dismissals. Of these 7 thousand employees, 76 percent moved into another job almost straight away. This is 15 percentage points more than for employees who moved during or after the peak in dismissals. Employees who found new work straight away were also twice as likely to have a job three years later than employees who received a benefit after dismissal. This is also true for employees who found temporary work in the first three months after the dismissal, for example via an agency.

### Job security and policy

Dr. Dirk Scheele, scientific researcher for the Scientific Council for Government Policy, concludes that as soon as the redundancy plans have been announced it is certainly worthwhile helping employees at risk of becoming redundant with outplacement procedures. Not everyone has the drive or capacity to find new work within a reasonable term without assistance. In the company schemes connected with mass redundancies, employers should focus financial compensation more on helping employees to move to another job.

### The study

The study 'Work and income following mass redundancy' was carried out jointly by the Scientific Council for Government Policy and Statistics Netherlands on the basis of data from Statistics Netherlands' Social Statistics Database. Employees who lost their job in the period 2001-2002 as a consequence of mass redundancy of large companies were monitored for three years with the aid of data from this database. The results will be presented by Dr. Dirk Scheele of the Scientific Council at Statistics Netherlands' symposium Dynamics in Statistics on 22 April 2008.

The results of the study have been published in report no. 20 of the Scientific Council for Government Policy: *Werk en inkomsten na massaontslag: De zekerheid is niet van de baan (WRR/CBS)*. (Work and income following mass redundancy; consequences for job security). This report (in Dutch only) will be available in bookshops and from Amsterdam University Press, Herengracht 221, 1016 BG, Amsterdam, [bestellingen@aup.nl](mailto:bestellingen@aup.nl) from July 2008.

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A review copy of the report can be ordered from:

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