

## ***B5. Globalisation and employment***

### ***Introduction***

The advent of globalisation has come with intense debates among policymakers and academics about its consequences for a range of social issues related to employment, labour conditions, income equality and overall human wellbeing. On the one hand, the growing international connectiveness may lead to economic growth, increased employment and higher wages. On the other hand, fears are often expressed that economic growth may become separated from job creation, partly due to increased competition from low-wage countries, or through outsourcing and off-shoring activities of enterprises.

The aim of chapter B5 is to describe the consequences of economic globalisation for employment for the Dutch context, or, more specifically, about the extent to which firm characteristics related to globalisation – such as foreign ownership – affect the employment, labour conditions and careers of employees. By linking business and social data from various surveys and registers at the micro level, thus creating integrated information on employers and employees, Statistics Netherlands is able to shed some light on these questions. This chapter is supporting the chapter A5 ‘Effects of Globalisation: wage differences between employees at Dutch and foreign controlled enterprises in the Netherlands’ in part A of this publication.

The indicators presented in this chapter are based on the integration of a variety of registered and survey data. This resulted in a sample of approximately 20 thousand enterprises from the General Business Register (GBR) included each year (2000–2005 period) for which the locus of control (Dutch versus foreign) is known from either the Financial Statistics of Large Enterprise Groups (SFGO) or the Community Innovation Survey (CIS) and for which the Social Statistics Database (SSB) employment data are available.

Tables B5.1 up to and including B5.7 are based on the integrated employer-employee dataset. The micro data integration occurred at the enterprise level with the unique enterprise identifier (BEID) as key variable. While the size of the final sample of enterprises available for analysis is quite modest, it includes a disproportionate share of large enterprises that together account for nearly 3 million jobs (full-time equivalents. This represents 55 percent of the total number of jobs (fte) in the Netherlands, and 75 percent of the jobs (fte) in the private sector. Although the results should be interpreted with caution – in particular with respect to the sample of enterprises – the data give a clear perspective on the consequences for employees of working for foreign versus Dutch controlled enterprises. More details on the matching methodology are available in Fortanier and Korvorst (2009, ‘Employment

consequences of globalisation: methodological considerations for integrating data on employers and employees’).

Table B5.8 is based on a different dataset. The integrated employer-employee dataset (see tables B5.1–B5.7) was merged with The Netherlands Working Condition Survey (Nationale Enquête Arbeidsomstandigheden, NEA), resulting in a sample of approximately 8 thousand employees working in the Netherlands in 2005, for which the locus of control (Dutch versus foreign) was known from either the Financial Statistics of Large Enterprise Groups (SFGO) or the Community Innovation Survey (CIS). The NEA is an annual survey which is carried out in a joint effort by TNO Quality of Life and Statistics Netherlands (SN) in cooperation with the Dutch Ministry of Social Affairs.

For tables B5.2, B5.4 and B5.7, totals were calculated on a selection of industry sectors. However, due to low observations per cel, the breakdown for the sector of electricity, gas and water supply is not listed.



### ***B5.1 The linked employer-employee dataset***

The number of enterprises in the six year time window (2000–2005) is quite stable, consisting of approximately 20 thousand cases each year.

Table B5.1 gives an overview of the share of Dutch and foreign controlled enterprises in our sample. The share of foreign controlled enterprises is about 15 percent of the total number of enterprises included.

The linked employer-employee dataset complements existing SN data by distinguishing between foreign and Dutch controlled enterprises in the Netherlands. Foreign controlled enterprises have a centre of control outside the Netherlands. Dutch controlled enterprises are nationally owned and do not have affiliates abroad. The distinction enables an analysis of the consequences of inward foreign direct investments (FDI) in the Netherlands at the micro level.

Furthermore, foreign controlled enterprises are not equally represented in each size group distributed across the sample. Data on Dutch controlled enterprises are mainly available for small to medium (< 250 employees) sized enterprises, whereas foreign controlled enterprises are relatively more represented at larger size classes in our sample.

Table B5.1 provides an overview of the enterprises included in the employer-employee integrated dataset for the Netherlands. This sample of approximately 20 thousand enterprises forms only a relatively small part of the total population of approximately 600 thousand enterprises in the Netherlands.

While the dataset does not form a balanced panel, the largest enterprises are automatically included each year. Hence a subset of the largest enterprises could be analysed in the future as a panel structure.

**Table B5.1**  
Enterprises in the linked employer-employee dataset by size class

	2000	2001	2002	2003	2004	2005
<b>Total</b>	18,865	17,681	19,077	17,837	18,481	17,469
<i>Foreign controlled</i>	2,716	2,614	2,933	2,757	2,841	2,671
0– 4 employees	209	209	204	200	189	185
5– 9 employees	165	156	158	156	131	134
10– 19 employees	294	265	308	248	324	303
20– 49 employees	525	471	527	509	548	494
50– 99 employees	522	497	627	546	512	460
100– 149 employees	273	261	296	293	319	310
150– 199 employees	192	170	181	192	192	202
200– 249 employees	118	128	142	126	122	112
250– 499 employees	222	240	259	263	274	246
500– 999 employees	123	124	141	139	141	145
1,000–1,999 employees	49	64	60	51	49	44
2,000 and more employees	24	29	30	34	40	36
<i>Dutch controlled</i>	16,149	15,067	16,144	15,080	15,640	14,798
0– 4 employees	2,161	2,225	1,796	1,740	1,642	1,617
5– 9 employees	1,669	1,603	1,123	1,251	1,043	1,226
10– 19 employees	2,997	2,734	3,368	2,711	3,455	3,204
20– 49 employees	3,597	3,258	3,665	3,605	4,073	3,757
50– 99 employees	3,010	2,536	3,251	2,857	2,495	2,276
100– 149 employees	927	913	1,079	1,097	1,070	948
150– 199 employees	451	467	496	504	536	486
200– 249 employees	257	255	270	266	255	252
250– 499 employees	551	547	552	524	523	520
500– 999 employees	304	308	290	277	306	268
1,000–1,999 employees	127	121	153	148	140	138
2,000 and more employees	98	100	101	100	102	106

## ***B5.2 Employment in foreign and Dutch controlled enterprises***

A substantial effect on employment can be observed in our linked employer-employee data for the Netherlands. As shown in graph B5.2 foreign controlled enterprises have a larger workforce than Dutch controlled enterprises. In terms of mean number of employees foreign enterprises are 40 to 60 percent larger than Dutch controlled enterprises.

Furthermore, foreign enterprises in the Netherlands have shown an increase in employment from 2002 onwards, whereas Dutch controlled enterprises have shown a small decline in terms of average number of employees. While this trend may be caused by foreign takeovers of (or mergers with) Dutch controlled enterprises of medium to large size, in terms of total number of employees and the creation of jobs, foreign controlled enterprises have a positive impact on the labour force situation in the Netherlands.

Table B5.2 gives an overview of the employment situation at foreign and Dutch controlled enterprises for the years 2000 and 2005, broken down by sector of activity. The sectors that showed the highest growth in employment at foreign controlled enterprises in the Netherlands were concerned with agriculture, forestry and fishing, mining, and quarrying, construction, trade and repairs, transport, storage and communication and financial intermediation.

In contrast, at Dutch controlled enterprises small increases in average number of jobs were only realised in the food and beverages and chemicals and plastic products industries, whereas all other sectors showed a decline.

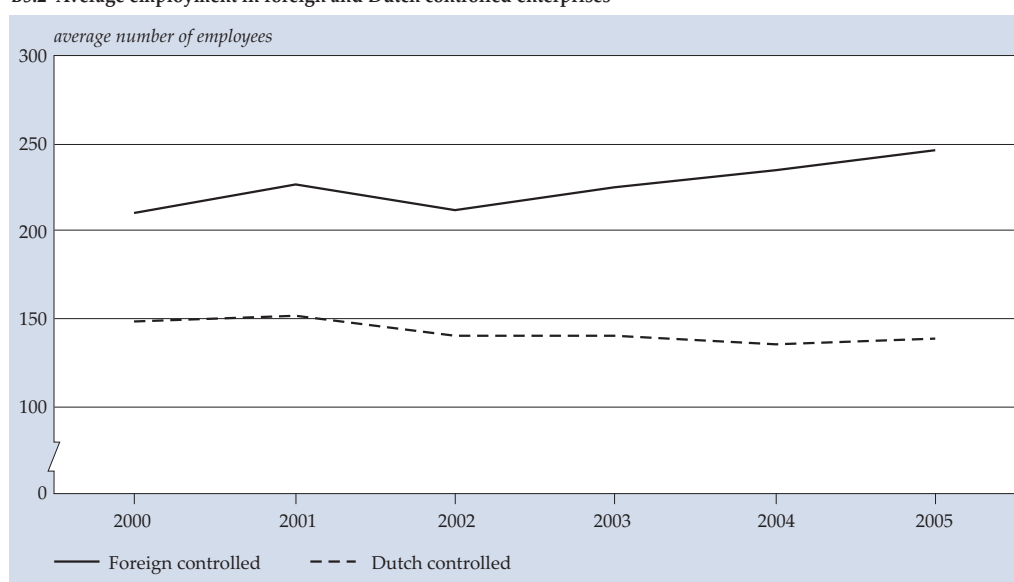
Inward investment by foreign enterprises may affect employment in host countries. In setting up affiliates and hiring workers, multinational enterprises (MNEs) directly affect employment, wages, and the labour conditions in these countries. Empirically, the studies on the effects of inward investment have generally indicated that foreign enterprises in fact create employment (see for some recent contributions e.g. Driffield, 1999; Fu and Balasubramanyam, 2005; Görg, 2000; Radošević et al., 2003).

In table B5.2 the average employment was calculated as the (unweighted) average number of jobs per year, by locus of control (foreign vs. Dutch) and industry of the enterprise.

**Table B5.2**  
Average employment in foreign and Dutch controlled enterprises by industry

	2000		2005	
	foreign controlled	Dutch controlled	foreign controlled	Dutch controlled
<i>average number of employees</i>				
<b>Total</b>	211	149	247	138
Agriculture, mining and quarrying	76	66	155	56
Food and beverages	288	119	306	126
Paper, paper products and publishers	202	100	203	97
Chemicals and plastics products	202	115	200	126
Metal products	143	59	135	49
Machinery and equipment	159	79	139	77
Other manufacturing	286	157	281	190
Construction	202	95	255	92
Energy	.	.	.	.
Trade and repairs	133	135	166	125
Hotels and restaurants	469	86	515	64
Transport, storage and communication	257	230	431	187
Financial intermediation	115	355	287	295
Real estate, renting and business services	285	158	315	148
Other services	198	242	222	204

**B5.2 Average employment in foreign and Dutch controlled enterprises**



### ***B5.3 Share of high and low-paid employees in foreign and Dutch controlled enterprises***

Whereas Dutch controlled enterprises have an equal share in their workforce, graph B5.3a shows that foreign enterprises have more high than low-paid employees. This difference in share of high versus low-paid workers is stable over time (2000–2005).

Foreign enterprises in the Netherlands paid substantially higher wages in 2005 than Dutch controlled enterprises, across all size classes, as is shown in graph B5.3b.

The highest share of high-paid workers is observed in very small businesses, consisting of the owner and/or one or two employees. This might be explained by the fact that owners pay out part of the firm's profit as their own salary and that they are in general more highly educated.

The prominence of high-paid workers is negatively correlated with size class: Both foreign and Dutch controlled enterprises tend to have fewer highly paid workers as they become larger, in terms of number of employees. Enterprises employing more than 500 people often involve production plants and the like with a large share of low-skilled labour. An S-shaped pattern is observed at Dutch controlled enterprises, with small to medium sized enterprises employing the fewest highly paid workers.

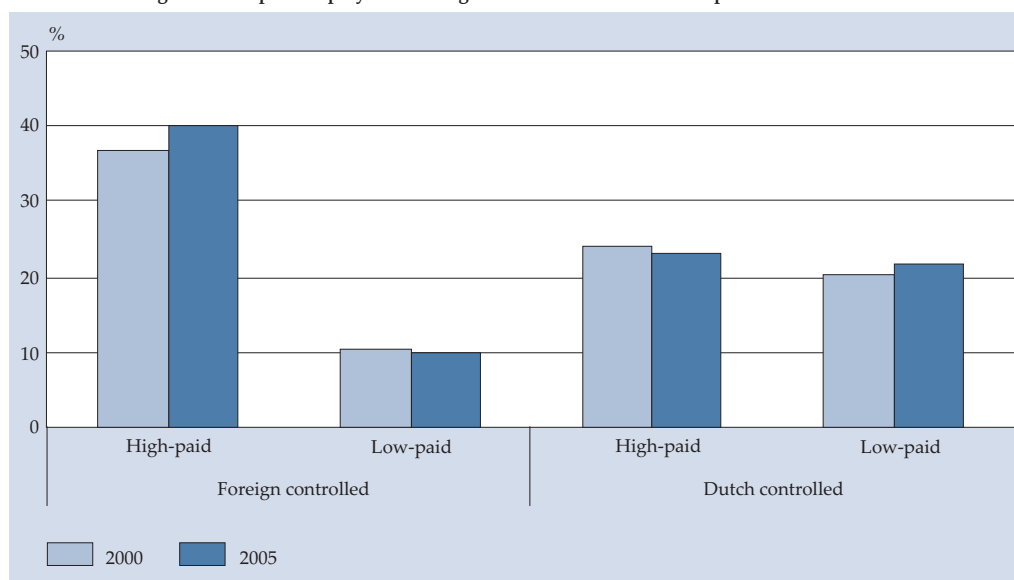
Furthermore, both foreign and Dutch controlled enterprises have the highest share of high-paid workers in the mining and quarrying, chemical and plastic products and financial intermediation industries.

The ratio of skilled versus unskilled wage is called the relative wage, and may serve as a proxy for overall income inequality. Most models assume that foreign enterprises hire relatively highly skilled labour, making it scarcer and thereby indirectly increase wage inequality (e.g. Wu, 2000). Foreign enterprises tend to pay higher wages, to attract more highly educated employees and at the same time prevent labour migration to nearby (domestic) enterprises or prevent people from setting up their own enterprises. Furthermore, foreign enterprises may be more productive in general, substantiating a higher wage level.

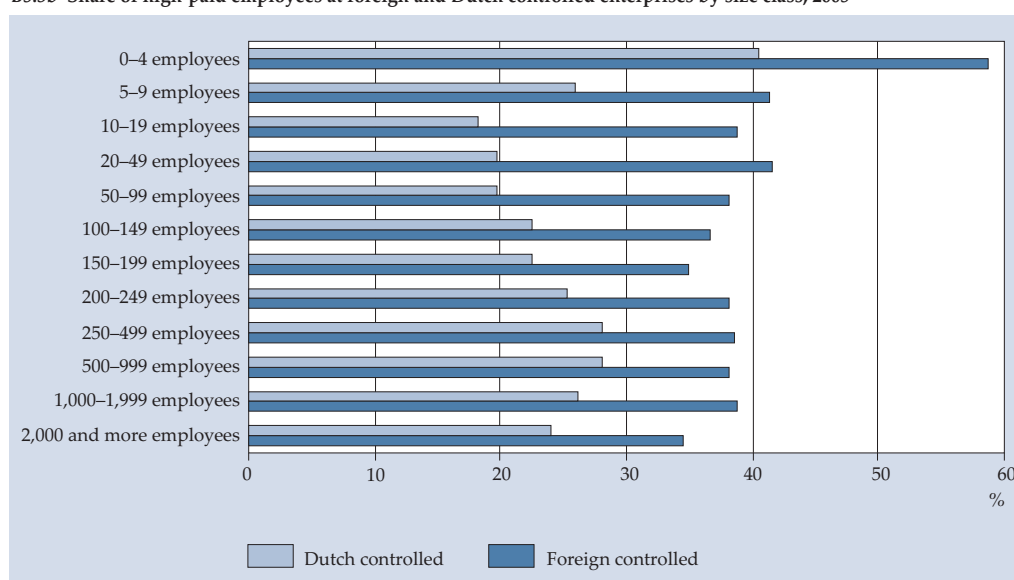
Employees are classified as high-paid if their wage belongs to the 81st percentile or higher of all registered jobs in the Netherlands. Jobs are classified as low-paid if they belong to the 30th wage percentile or lower. The mean share of high-paid employees per enterprise was calculated as the (unweighted) average percentage of high-paid jobs in total jobs at the end of the year, by locus of control and size class.



**B5.3a Share of high and low-paid employees at foreign and Dutch controlled enterprises**



**B5.3b Share of high-paid employees at foreign and Dutch controlled enterprises by size class, 2005**



#### ***B5.4 Share of high and low-paid employees by industry in foreign and Dutch controlled enterprises***

Foreign enterprises employ more high-paid workers than Dutch controlled enterprises, across all sectors of activity. Yet, the relative differences by industry are most pronounced in the agriculture, forestry and fishing, mining and quarrying, food and beverages, paper, paper products and publishers and trade and repair sectors. Foreign enterprises have an about 20 to even 30 percent larger share of high-paid workers in these industries than Dutch controlled enterprises. Moreover, their share at foreign controlled enterprises steadily increased, across all industrial sectors, from 2000 to 2005, whereas a mixed picture arises for the share of high-paid employees at Dutch controlled enterprises.

The opposite holds for low-paid employees, with Dutch controlled enterprises having a share twice as large than foreign controlled enterprises. Exceptions are the mining and quarrying and construction sectors.

Furthermore, the industry of hotels and restaurants has a disproportionate share of low-paid workers, and very few highly paid workers, both in foreign and Dutch controlled enterprises.

The difference between foreign and Dutch controlled enterprises in terms of high-paid workers might be a result of FDI demanding more managerial capacity and other highly skilled functions to coordinate the new foreign venture in the Netherlands. Another reason why foreign enterprises pay higher wages might be to attract highly educated employees and at the same time preventing labour migration to nearby (domestic) enterprises or preventing people from setting up own enterprises. Furthermore, foreign enterprises may be more productive in general, while operating in new, innovative sectors, substantiating a higher wage level.

As shown in the previous section (B5.3), foreign enterprises in the Netherlands have a higher share of high-paid employees, whereas Dutch controlled enterprises have an equal share of high- and low-paid employees in their workforce. Table B5.4 provides for an overview (2000/2005) by industry.

Employees are classified as high-paid if their wage belongs to the 81st percentile or higher of all registered jobs in the Netherlands. Jobs are classified as low-paid if they belong to the 30th wage percentile or lower. The mean share of high-paid employees per enterprise was calculated as the (unweighted) average percentage of high-paid jobs in total jobs at the end of the year, by locus of control and industry.

**Table B5.4**  
Share of high and low-paid employees working at foreign and Dutch controlled enterprises by industry<sup>1)</sup>

	2000		2005	
	high-paid	low-paid	high-paid	low-paid
	%			
<b>Total</b>	25.9	18.8	25.7	19.7
<i>Foreign controlled</i>	36.9	10.4	39.9	9.7
Agriculture, mining and quarrying	58.0	11.6	58.7	5.5
Food and beverages	36.4	6.6	40.1	6.2
Paper, paper products and publishers	35.3	4.6	35.3	8.3
Chemicals and plastics products	41.0	5.8	44.5	4.6
Metal products	22.4	5.7	24.6	5.5
Machinery and equipment	29.9	6.8	32.5	6.2
Other manufacturing	27.4	6.4	32.3	5.9
Construction	31.2	8.3	34.4	9.4
Energy	.	.	.	.
Trade and repairs	38.1	10.7	39.3	11.2
Hotels and restaurants	5.6	34.6	8.7	43.0
Transport, storage and communication	34.1	10.7	36.0	9.8
Financial intermediation	51.7	10.0	58.1	6.7
Real estate, renting and business services	44.3	13.8	49.7	9.6
Other services	25.0	19.8	31.2	15.2
<i>Dutch controlled</i>	24.1	20.3	23.1	21.5
Agriculture, mining and quarrying	18.1	26.0	17.1	26.3
Food and beverages	15.6	26.4	17.7	24.0
Paper, paper products and publishers	23.4	15.9	21.9	15.5
Chemicals and plastics products	25.0	14.4	27.2	11.3
Metal products	18.1	11.7	17.2	12.1
Machinery and equipment	21.7	10.7	24.4	10.0
Other manufacturing	16.0	15.6	16.9	13.3
Construction	18.3	8.4	21.1	8.6
Energy	.	.	.	.
Trade and repairs	19.8	25.4	17.1	28.2
Hotels and restaurants	4.6	57.7	2.8	57.8
Transport, storage and communication	32.0	16.3	22.7	18.2
Financial intermediation	49.8	14.0	46.4	13.8
Real estate, renting and business services	32.3	22.5	34.2	20.9
Other services	21.0	25.6	16.0	31.4

<sup>1)</sup> Totals were calculated on a selection of industry sectors. However, due to low observations per cell, the breakdown for the sector of electricity, gas and water supply is not listed.

### ***B5.5 Labour force composition in foreign and Dutch controlled enterprises***

In 2005, foreign and Dutch controlled enterprises did not differ dramatically with respect to the make-up of their workforce. Graph B5.5 shows that, on average, foreign and Dutch enterprises have an equal share of female and older workers.

Yet, the workforce at foreign controlled enterprises in the Netherlands consists of substantially fewer employees of native Dutch origin. They have a traditionally larger share of international western and non-western employees and incoming expatriate workers acquired through take-overs and offshoring. As the international orientation of foreign enterprises is reflected in the ethnicity of their workers, nevertheless the share of native Dutch workers is relatively high, around 80 percent.

A positive, somewhat U-shaped correlation is observed between share of women in an enterprise and size class (number of employees). This applies to both foreign and Dutch controlled enterprises (see table B5.5). At medium (50–250 employees) to large sized enterprises (250 employees and more) Dutch enterprises have an even higher share of female employees than foreign enterprises in the Netherlands. Overall, the share of female workers is highest in the hotels and restaurants, financial intermediation, real estate, renting and business services sectors, for foreign and Dutch controlled enterprises alike.

In contrast, older workers are less represented as enterprises become larger, both foreign and Dutch controlled. Furthermore, workers of 50 years of age and older have a slightly larger share at Dutch than foreign controlled medium to large size enterprises (250 employees and more).

The compilation of the workforce describes the characteristics of employees within an enterprise. By linking characteristics of employees in the employer-employee dataset useful information is gathered about different (more or less homogeneous) groups of employees. From the perspective of globalisation it is of interest whether these groups differ depending on the ownership of the enterprise.

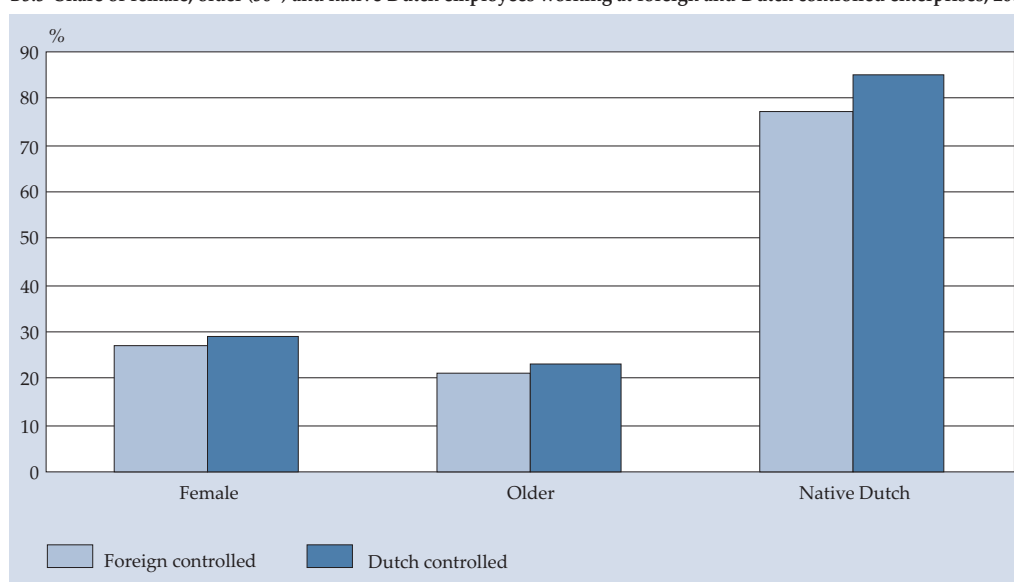
Table B5.5 demonstrates the sample of enterprises and their workforce in 2005. Jobs are full-time equivalents, not the number of employed people. The mean share of female employees per enterprise was calculated as the (unweighted) average percentage of women in the total workforce at the end of the year, by locus of control and size class. Similar calculations were made for the share of older (50 years and more) and native Dutch employees.

Table B5.5

Share of female, older (50+) and native Dutch employees working at foreign and Dutch controlled enterprises by size class

	2000			2005		
	female	older	native Dutch	female	older	native Dutch
	%					
<b>Foreign controlled</b>	26.8	18.5	77.9	26.8	20.8	77.2
0– 4 employees	30.2	25.0	70.2	25.7	29.5	70.4
5– 9 employees	27.1	19.5	76.0	35.0	22.9	79.8
10– 19 employees	27.0	20.0	81.7	31.0	20.2	78.1
20– 49 employees	28.1	16.7	80.0	26.7	18.8	79.0
50– 99 employees	26.5	16.5	77.5	24.4	19.4	77.5
100– 149 employees	25.9	18.1	77.3	25.4	20.4	76.4
150– 199 employees	24.9	18.5	77.8	24.5	19.8	76.8
200– 249 employees	22.6	18.3	77.8	21.8	21.8	80.1
250– 499 employees	25.0	18.6	77.2	25.5	21.6	76.9
500– 999 employees	24.0	19.6	79.0	28.9	21.7	76.6
1,000–1,999 employees	30.6	18.3	79.7	31.7	19.0	75.5
2,000 and more employees	35.5	16.3	77.2	32.9	20.6	77.7
<b>Dutch controlled</b>	27.5	19.9	85.1	28.9	22.9	85.0
0– 4 employees	29.2	27.6	86.1	26.9	30.7	86.2
5– 9 employees	30.8	19.4	86.3	30.8	22.7	86.9
10– 19 employees	28.5	18.3	86.3	30.4	21.2	86.5
20– 49 employees	25.1	18.1	85.8	27.8	21.8	85.4
50– 99 employees	25.8	18.3	84.2	28.4	21.6	83.7
100– 149 employees	24.9	19.1	83.2	27.8	21.8	82.9
150– 199 employees	26.9	20.2	82.7	27.2	21.9	82.0
200– 249 employees	26.2	18.7	81.8	27.8	23.6	82.1
250– 499 employees	28.9	20.2	82.1	30.9	22.7	81.7
500– 999 employees	31.8	20.8	82.0	34.0	25.5	82.7
1,000–1,999 employees	31.0	21.4	83.6	32.1	25.4	83.7
2,000 and more employees	39.5	18.7	77.8	41.8	23.7	79.1

B5.5 Share of female, older (50+) and native Dutch employees working at foreign and Dutch controlled enterprises, 2005



## ***B5.6 Job dynamics at foreign and Dutch controlled enterprises***

In 2005, around 80 percent of employees who worked at the same enterprise in 2004 had stayed at the same enterprise. Yet, table B5.6 shows that foreign enterprises in the Netherlands had a slightly higher retention rate than Dutch controlled enterprises, possibly due to more options of inter-firm education and job mobility.

Differences in retention are largest for medium sized (50–250 employees) enterprises. Foreign enterprises also show less job switchers to other enterprises than Dutch controlled enterprises in the medium size range.

In contrast, the share of new entrants to the job market is highest at Dutch controlled enterprises, see graph B5.6 for an illustration. This inflow is a result of job replacement by employees who switch to other enterprises within that year. Exceptions are very small (less than 4 employees) foreign enterprises which showed a large inflow of workers in the year 2005.

General indicators of labour dynamics are the creation and destruction of jobs. Labour dynamics involve jobs changes between two enterprises and the transition from and to work. In the linked employer-employee dataset for the Netherlands (2000–2005) a distinction can be made between new entrants to the job market (inflow), employees who remain within their job and those who switch jobs between enterprises (on the preceding year). Table B5.6 provides an overview of the job dynamics at foreign and Dutch controlled enterprises broken down by size class.

The share of new entrants per enterprise was calculated as the (unweighted) average percentage of entrants (employees in their first jobs and new to the labour market) in the total workforce at the end of the year, by locus of control and size class.

The share of job switchers per enterprise was calculated as the (unweighted) average percentage of job switchers (employees that in the preceding year worked at another organization) in the total workforce at the end of the year, by locus of control and size class.

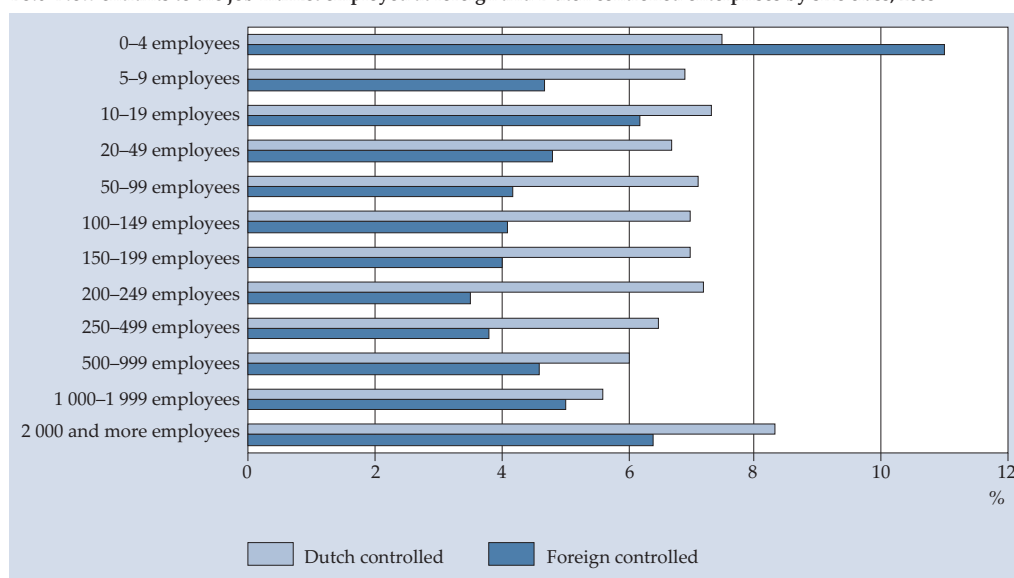
The sum of new entrants and job switchers gives the total share of newly hired employees at the enterprise in a particular year.

The share of stayers per enterprise was calculated as the (unweighted) average percentage of retained employees (employees that in the preceding year worked at the same enterprise) in the total workforce at the end of the year, by locus of control and size class.

**Table B5.6**  
**Job history at foreign and Dutch controlled enterprises by size class**

	New entrants		Switchers		Stayers	
	foreign controlled	Dutch controlled	foreign controlled	Dutch controlled	foreign controlled	Dutch controlled
	%					
<b>2000</b>	5.8	7.8	16.2	16.4	78	75.8
0– 4 employees	5.1	8.4	18.3	18.1	76.6	73.6
5– 9 employees	7.2	8.7	18.2	18.6	74.6	72.7
10– 19 employees	6.4	7.7	17.5	16.8	76.1	75.5
20– 49 employees	6.2	7.4	18	16	75.7	76.6
50– 99 employees	6.3	7.9	16.3	15.7	77.5	76.4
100– 149 employees	4.7	7.2	14.6	15.4	80.8	77.4
150– 199 employees	5.3	7.7	14.5	14.8	80.2	77.5
200– 249 employees	4.8	6.7	13.8	14.8	81.4	78.5
250– 499 employees	4.7	6.8	13.5	14.5	81.8	78.6
500– 999 employees	5	7.1	12.8	13.2	82.2	79.6
1,000–1,999 employees	8.4	8.7	14.4	13.1	77.2	78.1
2,000 and more employees	10.3	10.4	16	15.1	73.7	74.5
<b>2005</b>	5	7	10.7	12.6	84.3	80.4
0– 4 employees	11	7.5	14.9	20.6	74	71.9
5– 9 employees	4.7	6.9	13.9	14.4	81.4	78.7
10– 19 employees	6.2	7.3	12.9	12.2	80.9	80.6
20– 49 employees	4.8	6.7	11.8	11.2	83.4	82.2
50– 99 employees	4.2	7.1	9.7	10.9	86.2	82
100– 149 employees	4.1	7	9.3	11.3	86.6	81.7
150– 199 employees	4	7	9.9	11.6	86	81.4
200– 249 employees	3.5	7.2	9.1	11.6	87.4	81.1
250– 499 employees	3.8	6.5	7.7	10.9	88.5	82.6
500– 999 employees	4.6	6	8.6	10.2	86.8	83.8
1,000–1,999 employees	5	5.6	8.7	7.9	86.3	86.4
2,000 and more employees	6.4	8.3	10.3	10.3	83.3	81.4

**B5.6 New entrants to the job market employed at foreign and Dutch controlled enterprises by size class, 2005**



### ***B5.7 Labour turnover at foreign and Dutch controlled enterprises***

Dutch controlled enterprises show a larger labour turnover, such as outflow of jobs, than foreign controlled enterprises, as shown in table B5.7.

Furthermore, for the 2000–2005 period, a steady decline in labour turnover is observed in our linked employer-employee dataset for the Netherlands, both in foreign and Dutch controlled enterprises (see graph B5.7). Driven by changes in the business cycle, with unemployment rates increasing from 3 to almost 7 percent, employees were thus more willing to stay with their employer. This applies especially to employees at foreign controlled enterprises, resulting in an increasing retention rate (see table B5.6).

The sectors in which labour turnover is highest are the hotels and restaurants industries, real estate, renting and business sectors, as shown in table B5.7. This is likely due to short-term work contracts and seasonal employment at both foreign and Dutch controlled enterprises in these sectors, leading to a large outflow of jobs per year.

An important indicator of labour dynamics is labour turnover, or the job separation rate per enterprise, determined by the outflow of jobs as a share of the average number of jobs per year. Information on labour turnover is valuable in the proper analysis and interpretation of labour market developments and as a complement to the unemployment rate.

Labour turnover gives an indication of employees' willingness or ability to change jobs. Outflow might be caused by involuntary firing or layoffs, termination of seasonal jobs, discharges resulting from mergers or downsizing. Additionally, outflow of jobs within an enterprise may be driven by retirement or voluntary job changes.

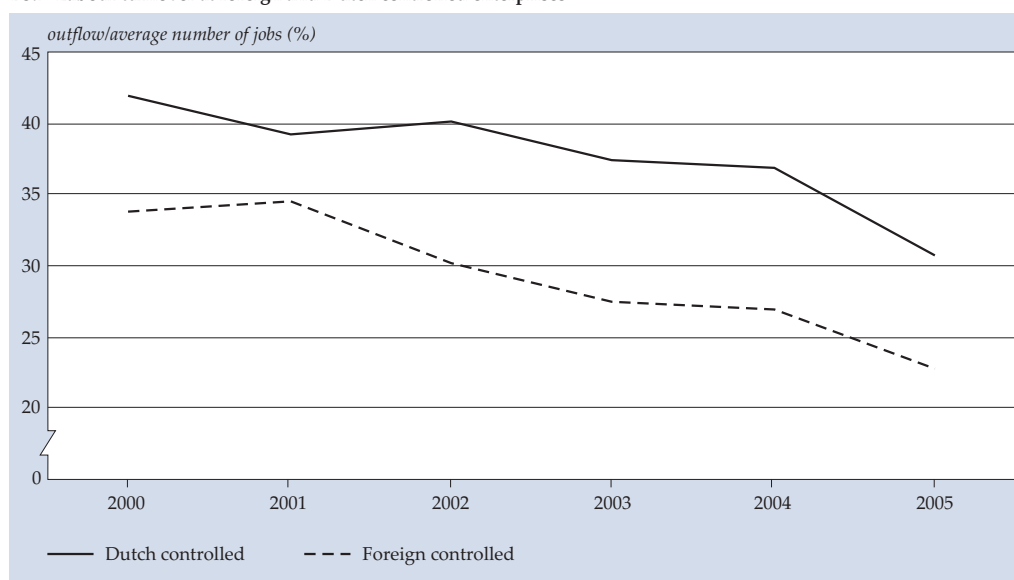
The share of labour turnover per enterprise (labour turnover) was calculated as the (unweighted) average of the number of outgoing employees (during the year) as percentage of the average number of jobs, by locus of control and industry.



**Table B5.7**  
**Labour turnover at foreign and Dutch controlled enterprises by industry**

	2000		2005	
	foreign controlled	Dutch controlled	foreign controlled	Dutch controlled
<i>outflow / average number of jobs (%)</i>				
<b>Total</b>	33.8	42.0	22.8	30.7
Agriculture, mining and quarrying	33.2	62.5	18.1	34.3
Food and beverages	22.9	42.2	16.0	23.1
Paper, paper products and publishers	20.9	34.3	18.6	23.1
Chemicals and plastics products	21.8	31.0	13.0	15.8
Metal products	20.8	27.0	13.8	17.2
Machinery and equipment	21.2	24.4	15.6	17.9
Other manufacturing	21.5	29.1	17.6	16.1
Construction	31.0	28.5	24.9	18.4
Energy	.	.	.	.
Trade and repairs	32.9	39.0	21.2	27.4
Hotels and restaurants	74.0	106.2	51.8	68.6
Transport, storage and communication	35.9	39.2	20.0	26.3
Financial intermediation	29.3	32.1	20.6	21.2
Real estate, renting and business services	50.3	55.8	33.2	45.3
Other services	58.2	42.6	32.3	33.2

**B5.7 Labour turnover at foreign and Dutch controlled enterprises**



### ***B5.8 Labour conditions at foreign and Dutch controlled enterprises***

Table B5.8 highlights the differences in labour conditions at foreign and Dutch controlled enterprises for 2005. Employees at foreign controlled enterprises report a substantially higher amount of contract hours. In addition, employees at foreign enterprises also put in more private hours in terms of overtime per week than their counterparts at Dutch controlled enterprises.

Work at foreign enterprises is also perceived as somewhat more demanding than at Dutch controlled enterprises. These differences in labour conditions at foreign and Dutch enterprises are most prominent in small (< 50 employees) to medium-sized (<250 employees) enterprises. Exception to this finding of more demanding labour conditions at foreign controlled enterprises is the amount of heavy work involved: employees working at Dutch controlled enterprises report a higher incidence than employees at foreign controlled enterprises.

Underlying these differences in labour conditions between foreign and Dutch controlled enterprises concerns the educational attainment of employees. Overall, employees are more highly educated in small to medium-sized foreign controlled enterprises. This might lead to more demanding career trajectories including longer work weeks and more overtime, with accompanying higher wages (see also chapter A5).

In contrast, Dutch controlled enterprises of small to medium size employ more workers of low to medium attainment, with corroborates the higher reported incidence of heavy work. Most strikingly, however, overall evaluation of labour satisfaction turns out quite similar for employees at foreign and Dutch controlled enterprises. On the whole, employees value their labour conditions, irrespective of enterprise size.

Table B5.8 shows differences in labour conditions at foreign and Dutch controlled enterprises for 2005. Labour conditions are of importance not only to employees but also to employers. Improved labour conditions might reduce absence due to sickness and in the long run lead to higher productivity and higher job and employee retention. Factors such as contract hours, overtime, perceived work pace and autonomy, the degree of heavy work involved and overall satisfaction are some examples which together give a good indication of the labour conditions within an enterprise.

The integrated employer-employee dataset (see Table B5.1) was merged with The Netherlands Working Condition Survey (Nationale Enquête

Arbeidsomstandigheden, NEA), resulting in a sample of approximately 8 thousand employees working in the Netherlands in 2005.

An adapted weighting procedure was carried out which enables the outcomes concerning labour conditions at foreign and Dutch controlled enterprises to be generalized to the total population of employees working in the Netherlands. However, a more sophisticated weighting procedure might allow inferences that are more detailed.

**Table B5.8**  
**Labour conditions at foreign and Dutch controlled firms by size class, 2005<sup>1)</sup>**

	Foreign controlled	Dutch controlled
<b>Small enterprises (0–49 employees)</b>		
Age (years)	38	37
Level of education (%)		
low (%)	22	32
medium (%)	48	49
high (%)	30	19
Contract hours per week (hours)	37	31
Overtime per week (hours)	7	5
Perceived work pace <sup>2)</sup>	2	2
Perceived autonomy <sup>3)</sup>	3	2
Perceived heavy work <sup>4)</sup>	1	2
Satisfaction with labour conditions (1–4)	4	4
N	116,000	501,000
<b>Medium enterprises (50–249 employees)</b>		
Age (years)	39	39
Level of education (%)		
low (%)	26	33
medium (%)	39	44
high (%)	35	23
Contract hours per week (hours)	36	34
Overtime per week (hours)	6	5
Perceived work pace <sup>2)</sup>	2	2
Perceived autonomy <sup>3)</sup>	3	3
Perceived heavy work <sup>4)</sup>	1	2
Satisfaction with labour conditions (1–4)	4	4
N	288,000	1,040,000
<b>Large enterprises (&gt;250 employees)</b>		
Age (years)	40	40
Level of education (%)		
low (%)	26	27
medium (%)	44	39
high (%)	30	34
Contract hours per week (hours)	33	31
Overtime per week (hours)	6	5
Perceived work pace <sup>2)</sup>	2	2
Perceived autonomy <sup>3)</sup>	2	2
Perceived heavy work <sup>4)</sup>	2	2
Satisfaction with labour conditions (1–4)	4	4
N	948,000	3,517,000

Source: TNO/CBS.

<sup>1)</sup> Weighted to population of employees working in the Netherlands.

<sup>2)</sup> Scale of 11 items; 1(low) – 4 (high); Cronbach's alpha = 0,87.

<sup>3)</sup> Scale of 5 items; 1 (little) – 3 (much); Cronbach's alpha = 0,73.

<sup>4)</sup> Scale of 8 items; 1 (never) – 4 (very often); Cronbach's alpha = 0,95.