3rd SEEK conference

Engines for More and Better Jobs in Europe

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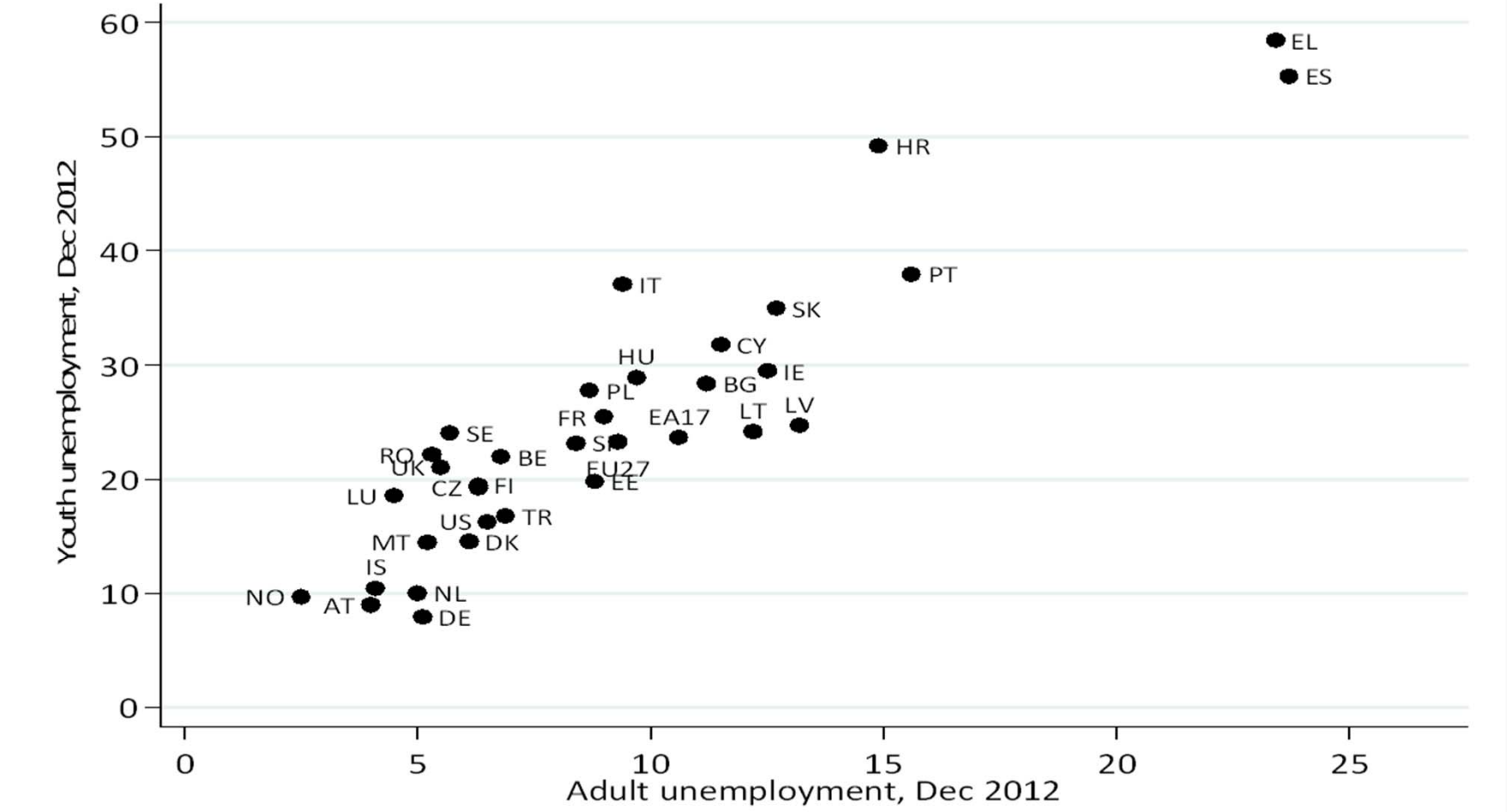
Basic structure of the speech

- Setting the current stage
- Demand-side challenges
  - more jobs …
  - better jobs …
  - more and better jobs …
- Supply-side challenges
  - education and training systems
  - school-to-work transitions

SETTING THE CURRENT STAGE

The well-known story



Source: *Eurostat*

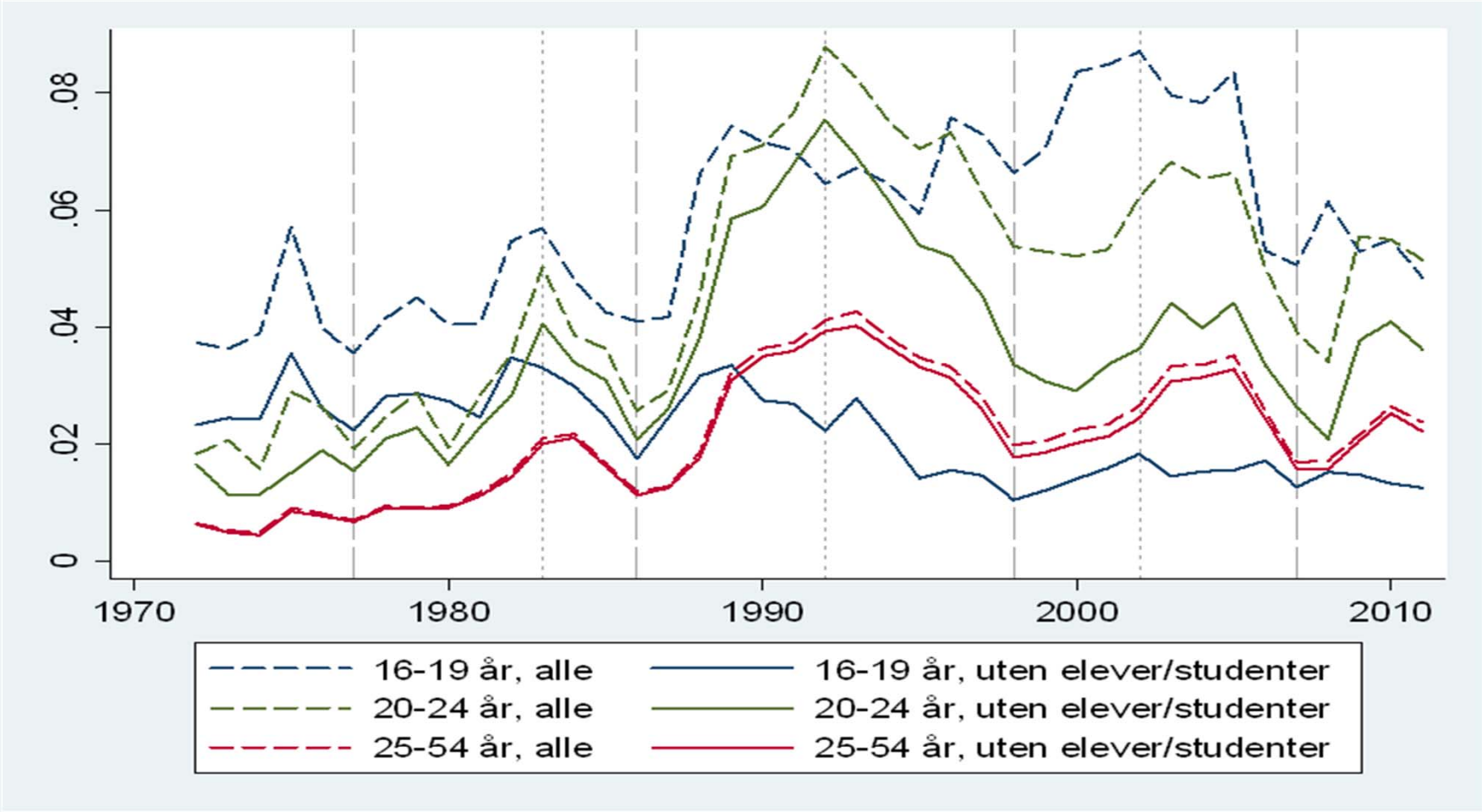
Challenging the youth U measure

- Do these youth U rates provide a correct picture of the U situation of young people?
  - not necessarily, lively discussion in e.g. Sweden
- Why not?
  - ILO-recommended coding of activities with priority given to labour market statuses (E & U)

  - The probability of students being coded in E or U increases with the frequency of working while studying

An illustrative U-example: Norway

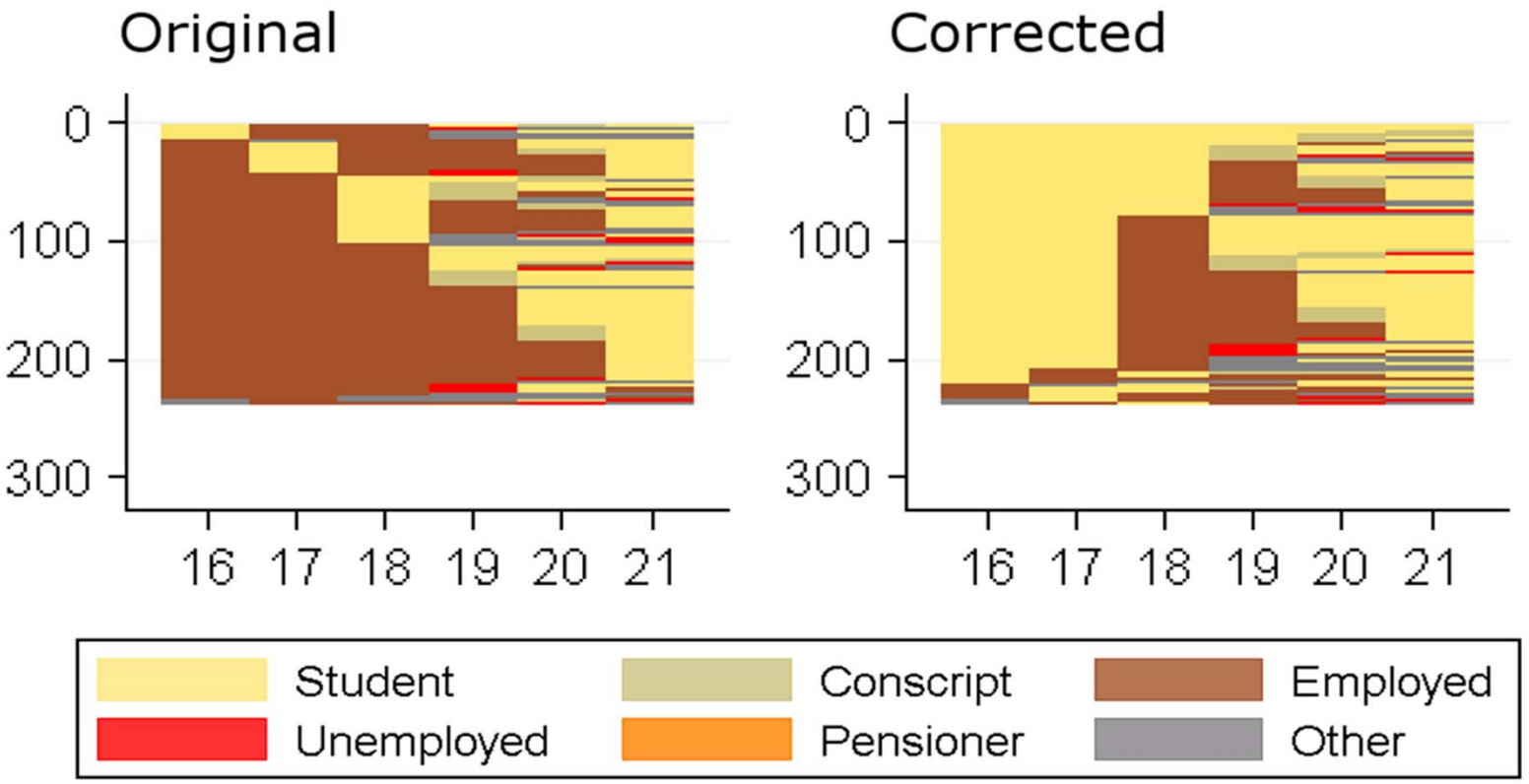
U with and without pupils/students, % of the population



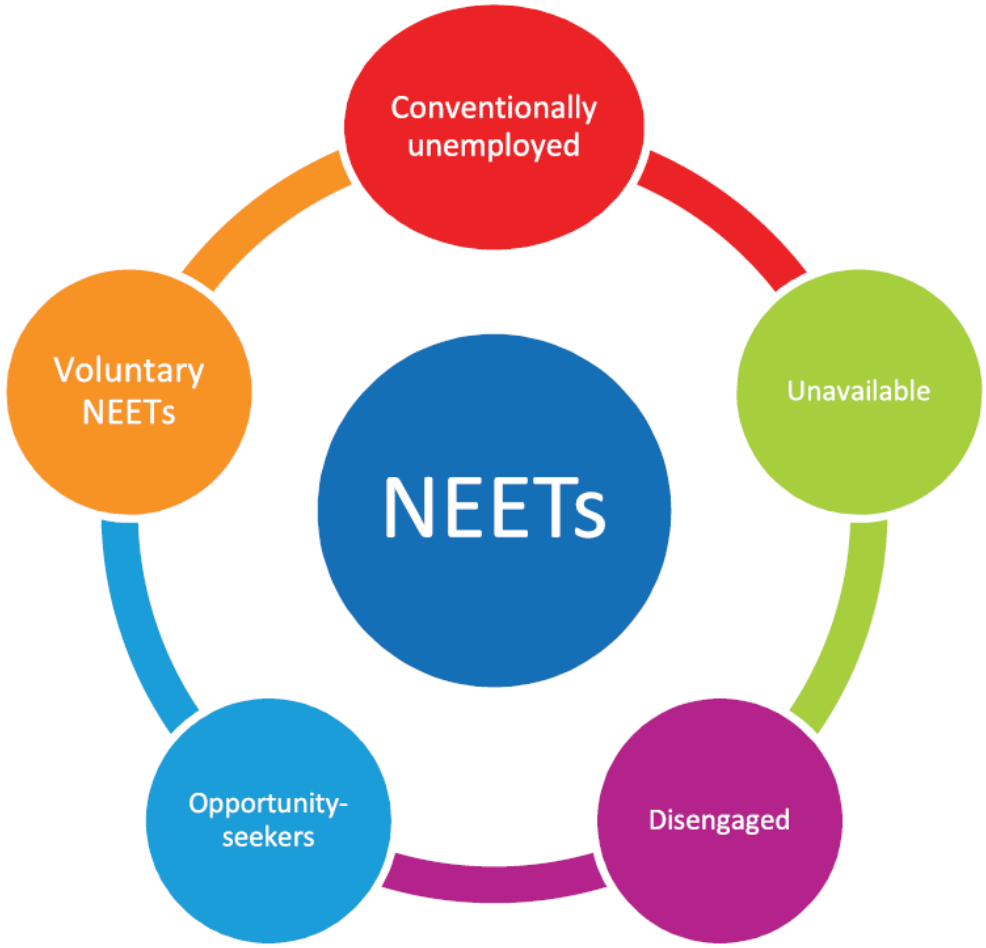
Source: Barth, E. and K. von Simson (2012), *Ungdomsarbeidsledighet og konjunkturer*. Økonomiske analyser 5/2012: 38-45, Statistisk sentralbyrå, Oslo.

An illustrative E-example: Finland

enrolment-corrected trajectories for one typical school-to-work pathway



Additional key dimension: NEETs



Source: *NEETs – Young people not in employment, education or training: Characteristics, costs and policy responses in Europe.* Eurofound, 2012.

DEMAND-SIDE CHALLENGES

Key dimensions

- Quantity of jobs

  ⇨ polarisation of job growth?

- Quality of jobs

  ⇨ worsening working conditions?

- Quantity & quality of jobs

  ⇨ is there a clear-cut link?

- Content of jobs (competencies and skills required)

  ⇨ increasing mismatch?

Demand-side challenges

MORE JOBS?

Polarisation of job growth?

What does it refer to?

- strong relative growth of especially high-paid jobs (‘lovely’ or ’good’ jobs) but also, albeit to a lesser extent, in low-paid jobs (‘lousy’ or ‘bad’ jobs), at the expense of middle-paid jobs (‘middling’ jobs)

Polarisation of job growth?

What does the empirical evidence imply?

- Supportive evidence:
  - Canada (Myles et al., 1988, 1990)
  - USA (e.g. Acemoglu, 1999; Autor et al., 2006, 2008; Goldin and Katz , 2007; Autor and Dorn, 2009)
  - UK (e.g. Goos and Manning, 2007)
  - Germany (e.g. Dustmann et al., 2009; Antonczyk et al., 2010)
  - 16 European countries, (Goos et al., 2009)
  - 11 OECD countries (Michaels et al., 2010)
  - 4 Nordic countries (Asplund et al., 2011)
  - EU (CEDEFOP, 2010; 2011)

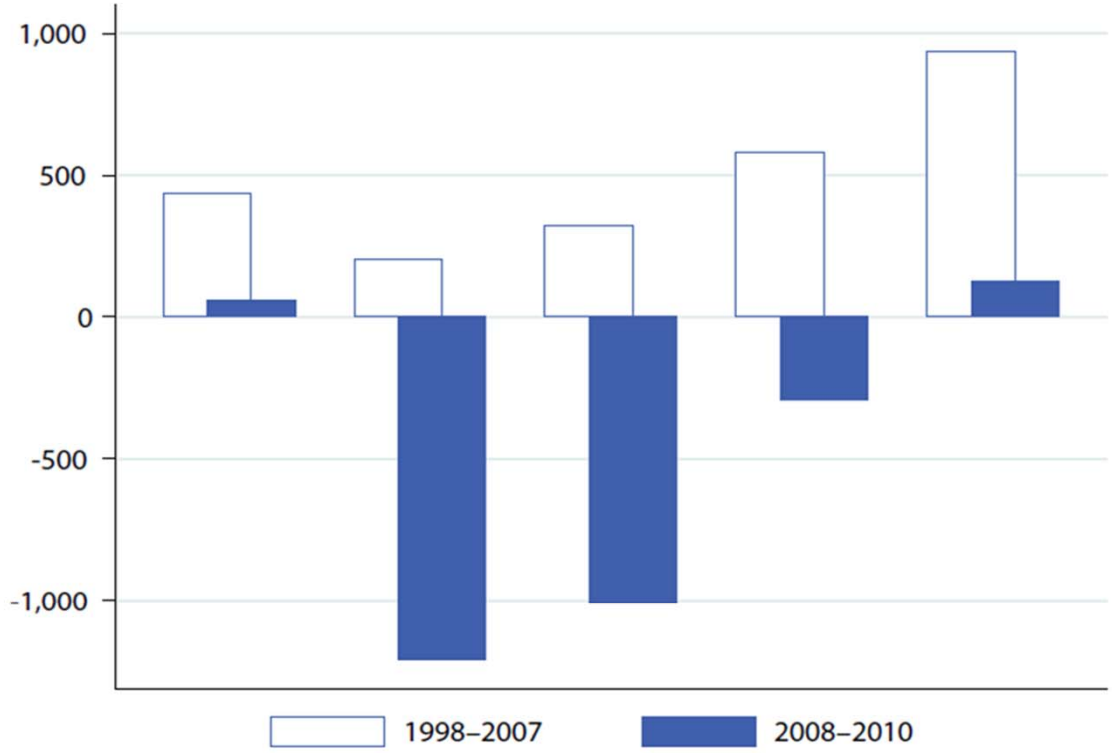
Polarisation of job growth?

What does the empirical evidence imply?

- Ambiguous support for pervasive polarisation across European countries:
  - UK: yes, Germany, France, Sweden: no (Thålin, 2007)
  - important cross-country differences when it comes to employment change in middle-paid and, especially, in low-paid jobs (Hurley and Fernández-Macías , 2008; Oesch and Rodriguez Menés, 2011)
  - substantial variation in job structure changes across Europe; polarisation trend is limited to changes in the wage structure (Eurofound, 2011; 2012)
- The comprehensive review by Acemoglu and Autor (2011)

Polarisation of job growth?
A closer look at the 2012 Eurofound findings

Figure 17: *Annual average change in absolute employment by wage quintile, EU, 1998–2010 (thousands)*

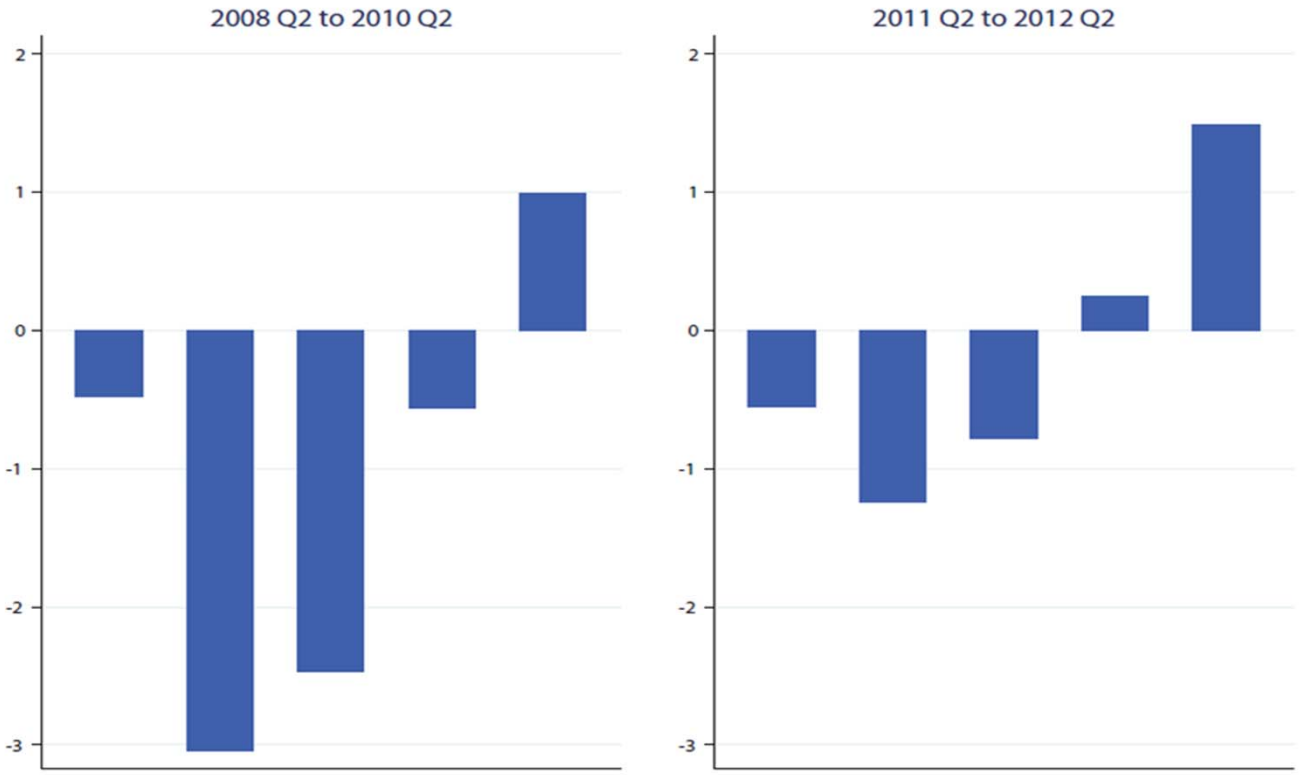


de-skilling?
cf. e.g. Beaudry et al., 2013 (NBER WP 18901)

Notes: 23 Member States (no data for Bulgaria, Malta, Poland and Romania)
The white bars represent structural employment change during the expansion (1998–2007) and the blue bars represent structural employment change during the subsequent recession (2008–2010).
Source: *EU LFS (authors' calculations), ESES 2002, ECHP, EU-SILC 2005, national accounts (see Annex 1 for more details)*

Polarisation of job growth?
A closer look at the 2012 Eurofound findings

Figure 4: *Employment change in EU27, by wage quintile, 2008 Q2–2012 Q2 (% per year)*



Note: Here quintile charts are shown based on quarterly EU LFS data for the two periods in the interests of consistency. Later, in section 2, the analysis is based on annual data. The differences are marginal; that is, there are small differences in employment shifts in the bottom and top two quintiles.
Source: *EU LFS (authors' calculations), ESES 2010 (see Annex 1 for more details)*

Polarisation of job growth?

A closer look at the 2012 Eurofound findings

	Upgrading	Polarisation	Downgrading/hybrid
2011 - 2012	AU, DE, DK, FR, SE	EL, ES, FI, IE, PO, UK	IT, NL
2008 - 2010	DE, SE	AU, EL, ES, FI, FR, IE, NL, PO, UK	DK, IT
1998 - 2007	DK, ES, FI, IE, IT, PO, SE	AU, DE, NL, FR, UK	~

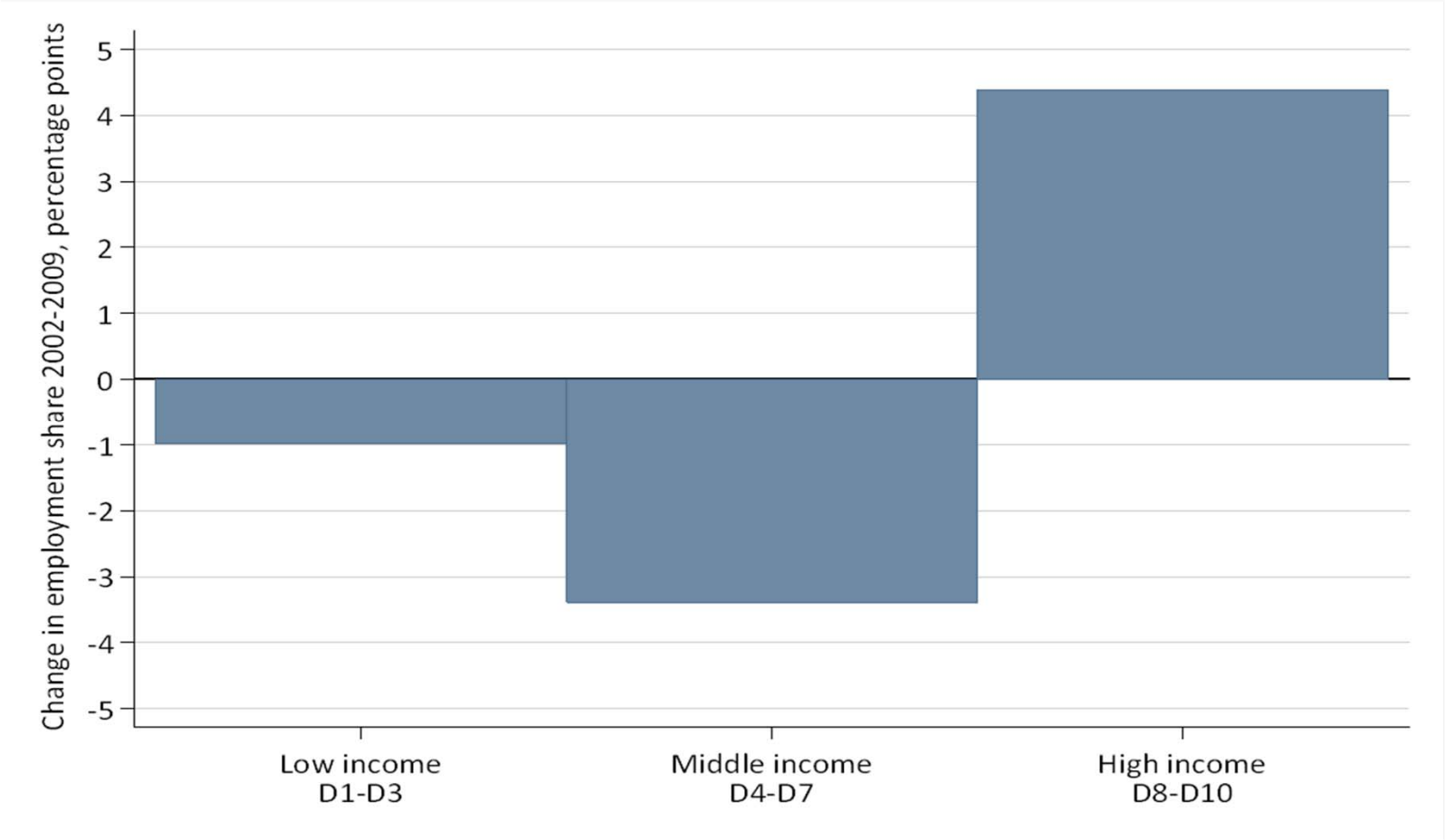
Factors complicating analysis and comparison

Such as…

- Level of aggregation: occupations / jobs /tasks?
- Unit of measure: wages / education / some other indicator?
- Weighing or not according to the relative size of occupations / jobs /tasks?
- Length of time period analysed: measurement of true changes instead of definitional changes?
- Choice of reference: starting / end / or some other year?

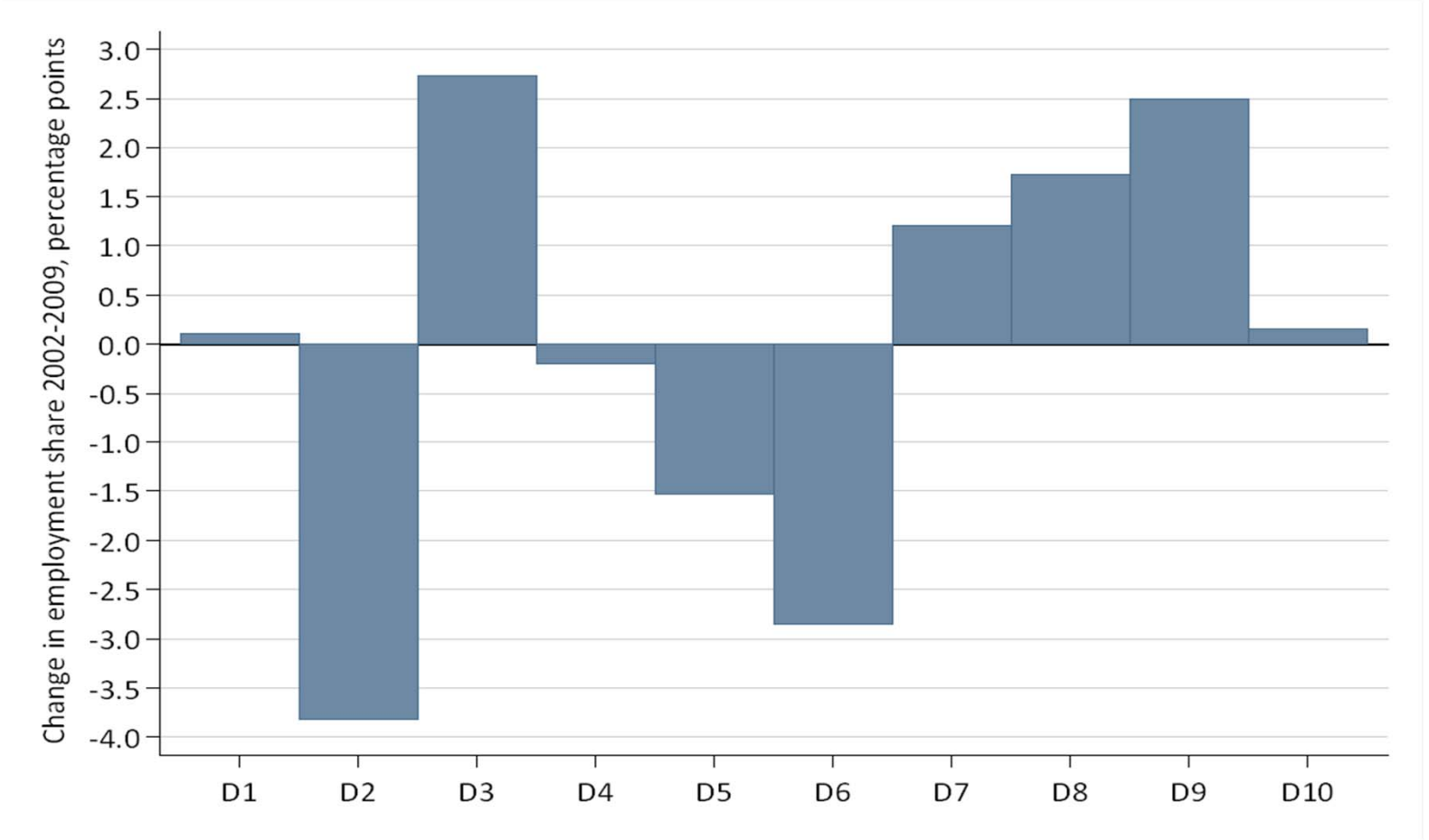
Illustrative example: Finland (1/3)

private-sector services 2002-2009



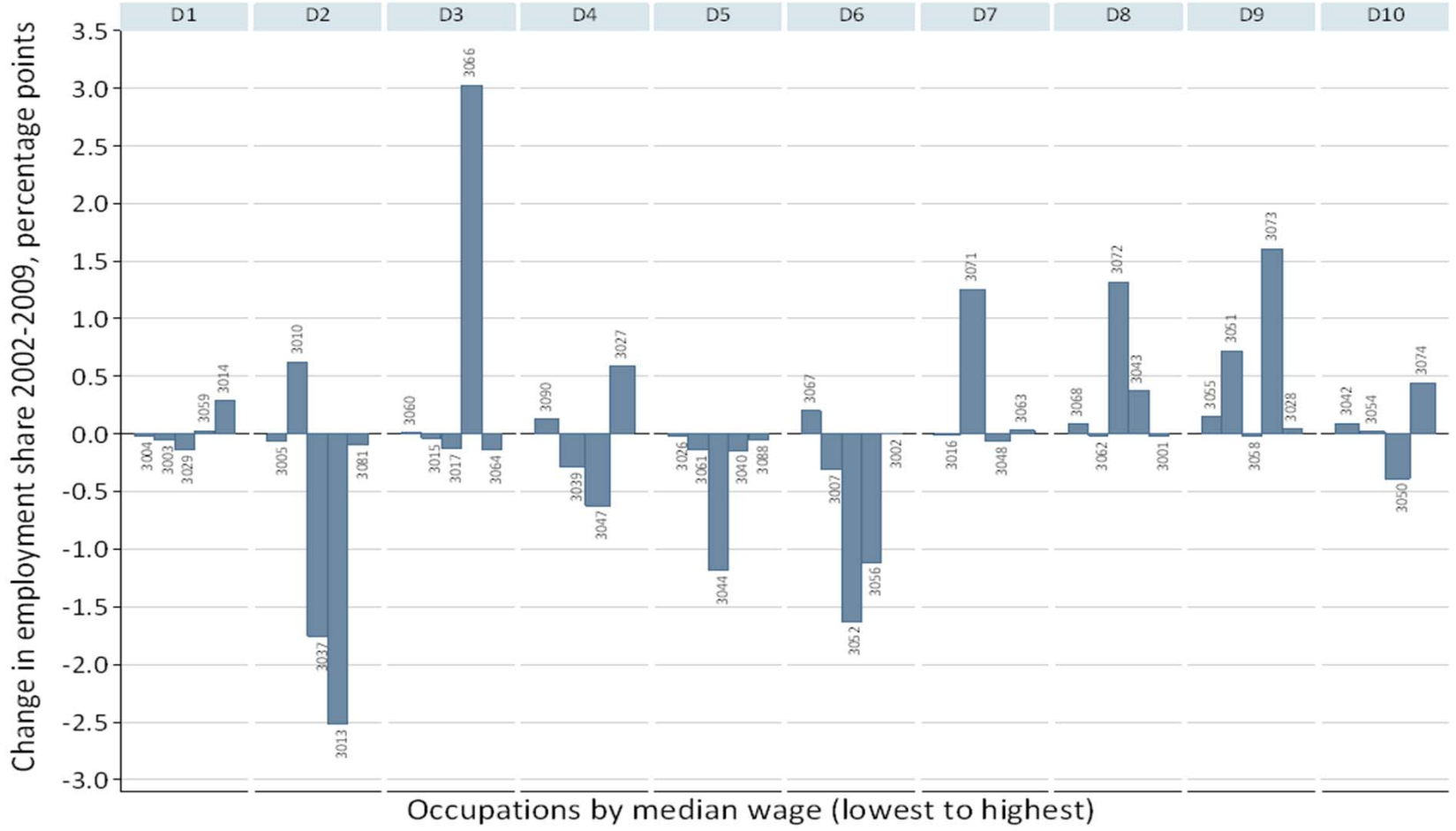
Illustrative example: Finland (2/3)

private-sector services 2002-2009



Illustrative example: Finland (3/3)

private-sector services 2002-2009



Important questions

- Where do they go, those engaged in shrinking occupations / jobs /tasks?
  - In particular, to what extent do they shift down to lower-paid jobs?
  - Consequences for gender segregation in the labour market?
- Is the loss of middle-paid jobs cutting off career paths from lower-paid jobs?

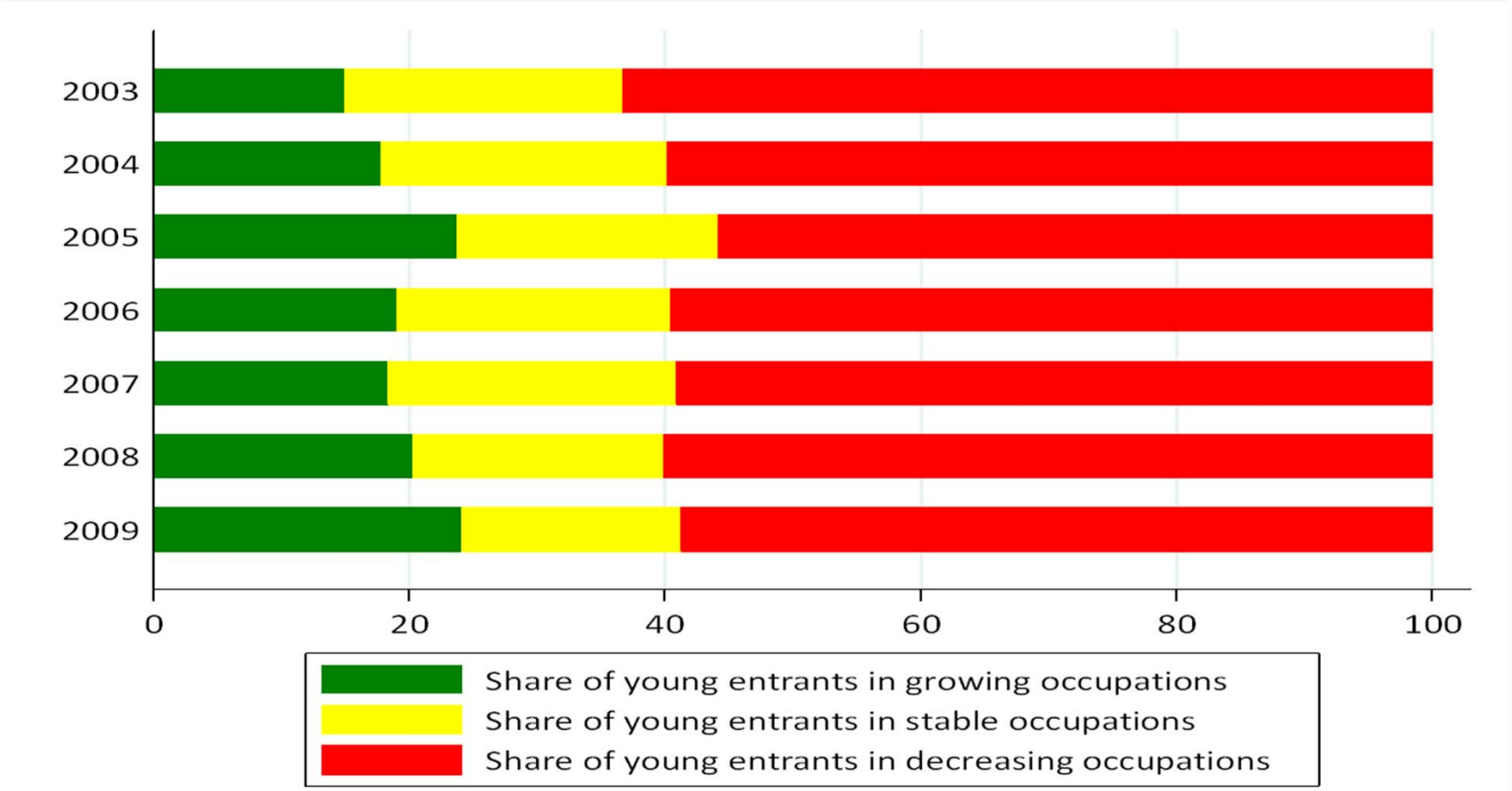
- Consequences for young labour market entrants?
  - Will they face increasing competition from workers shifting down into lower-paid jobs?
  - Will they face increasing difficulties in creating a career away from low-paid (stepping-stone) jobs?
  - To what extent do they start in shrinking occupations / jobs /tasks?

Illustrative example: Finland (1/2)

employment in private-sector services

Illustrative example: Finland (2/2)

young entrants into private-sector services



Demand-side challenges

BETTER JOBS?

Job quality

- New jobs created: many of them perceived to be "bad"
  - e.g. working time, employment contracts
- Existing jobs: working conditions are in many cases worsening
  - e.g. rising work intensity
  - counter-acting factors, notably structural changes with proportionally stronger destruction of poor-quality jobs

Job quality indicators

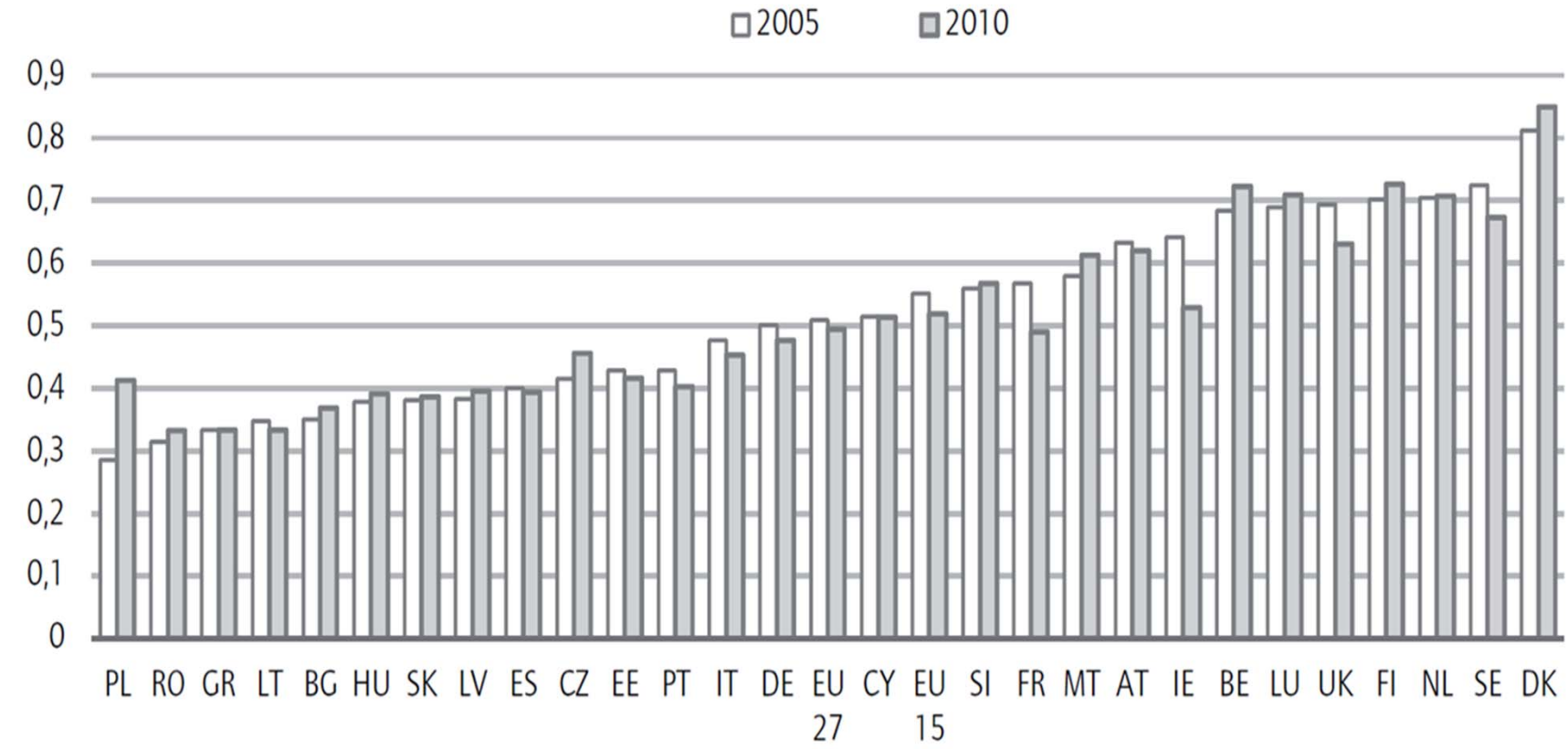
- ETUI Job Quality Index (Leschke et al., ETUI WP 2012.07)
- Eurofound indices (in relation to the European Jobs Monitor)
  - wage index
  - education index
  - non-pecuniary job quality index

ETUI JQI

- Synthetic job quality index for EU27 based on six sub-indices:
  - wages
  - non-standard forms of employment (inverted)
  - working time and work-life balance
  - working conditions and job security
  - access to training and career development
  - collective interest representation
- 2005/6 vs. 2010
- Disaggregated by gender

Minor EU27 change in job quality:
no clear pattern of cross-EU27 change

Figure 13 **Developments in overall JQI by country, 2005-2010**



SOURCE: Job quality in the crisis - an update of the Job Quality Index (JQI). ETUI Working Paper 2012.07.

“Outstrippers”: PL vs. IE, FR, SE

Table 1. **Most pronounced improvements and deteriorations in JQI total and sub-indices – 2005-2010**

	wages	involuntary non-standard (inverted)	working time and WLB	working conditions and job security	skills and career development	collective interest representation	JQI total
improvement	IE	PL, BE, LT	RO, PL, LV, SK, HU, BG	CZ, PT, PL, DE, FI	LU, PL, CY, EE, BE		PL, CZ, BE, DK
deterioration	RO, DE	IE, IT, UK	FR	IE, LU, FR, SE	FR, SE	SK, PT, EE	IE, FR, UK, SE

Note: based on own calculations, only results for improvements and deteriorations of more than +/- 0.1 compared with the respective EU27 average are displayed. In the case of the overall JQI, +/- 0.04 was used. Countries are displayed in the order of the magnitude of improvement and/or deterioration.

SOURCE: Job quality in the crisis - an update of the Job Quality Index (JQI). ETUI Working Paper 2012.07.

Eurofound NPI

- Four main dimensions of job quality:
  - intrinsic job quality (e.g. skills, autonomy)
  - employment quality
  - workplace risks
  - working time and work–life balance
- EWCS 2010
- Disaggregated by a broad set of dimensions
- No country-specific results reported

Lacking dimensions

- Quality of existing vs. new jobs?
- Quality of young people's jobs?
  - JQI for young people
  - Why? – The working conditions of young people differ notably in several important respects from those of older workers.

Demand-side challenges

MORE AND BETTER JOBS?

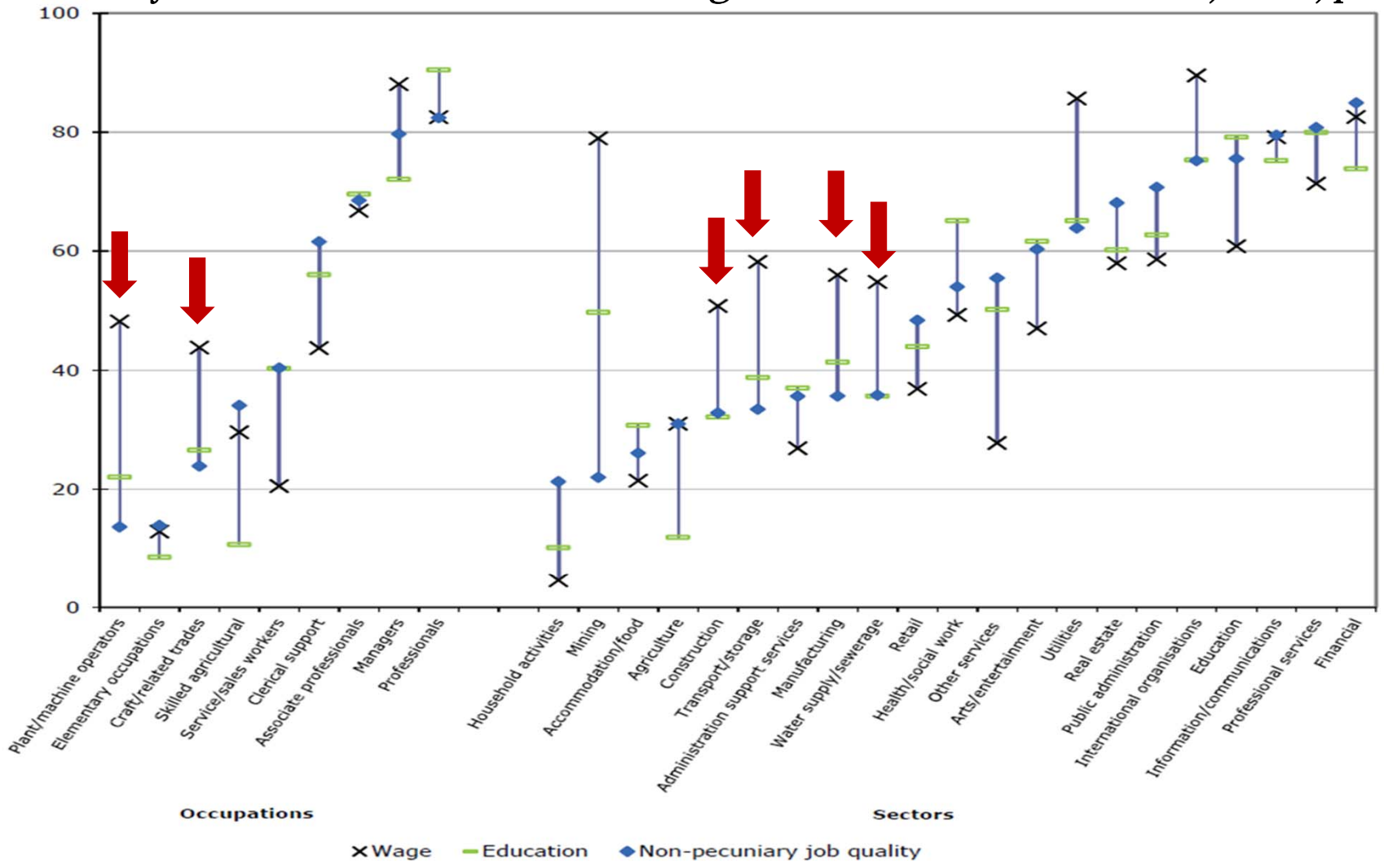
Comparison of three Eurofound indices

Correlation matrix for job rankings, EU27	Wage index	Education index	NPI
Wage index			
Education index	0.77		
NPI	0.66	0.85	
Source: *Eurofound (2012, Table 5, p. 53*)			

Eurofound conclusion:
"…there is such a thing as a distribution of job quality…" (p. 53)

Polarised job growth vs. job quality

Blue-collar jobs concentrated in manufacturing and construction (Eurofound, 2012, p. 54)



Noteworthy contention

"The types of jobs most hit during the recession coincide to some extent with those that have higher wages than non-pecuniary job quality or education [mid-paid jobs for wages, bad jobs in terms of the other two indices]….

The relative and absolute decline of employment in those jobs is likely to make it very difficult to reintegrate the displaced workers, who often have lower than average levels of educational attainment and can only hope to find jobs in low-paid service sector employment – or in the current situation [economic hardship and decreased profitability], remain unemployed" (ibid., p. 55)

Demand-side challenges

MISMATCH?

Skill match and mismatch

- The challenges involve improved…
  - matching between labour supply and demand
  - utilisation of the skills possessed by the work force
  - anticipation of labour market needs and employment prospects of acquired qualifications as well as occupations
- Fairly large body of studies on mismatch, over-skilling and under-skilling
  - e.g. CEDEFOP (2010), Quintini (2011), Desjardins and Rubenson (2011)
- Major shortcoming:
  - The reported incidence of mismatched labour is highly sensitive to the concepts and measurement methods used, as well as to the underlying data. (cf. though e.g. Sgobbi and Suleman, 2012)

Special dimension:
Growing 'segmentation' in occupation entries?

- Phenomenon:
  - Growing 'segmentation' between university and non-university jobs among new university graduates?
- Reason:
  - With strong expansion in higher education, countries show signs of their labour markets being unable to absorb all new graduates.
- Possible consequence:
  - Entrants with a university degree are increasingly filling job openings meant for entrants with a non-university degree ('bumping-down'). So far the existing evidence is scarce and highly contradictory.
- What about VET graduates?
  - The situation of VET graduates is even less researched.

SUPPLY-SIDE CHALLENGES

Education and training under pressure

- Gap in 'understanding' between demand and supply:
  - different driving forces of educational expansion on the demand and the supply side of the labour market (e.g. increasing skill requirements in the labour market due to technological change vs. the 'elevator effect')
- Job structure lagging behind the educational expansion
  - shows up in mismatch and under-utilisation of skills
  - highly disputed if the reasons for this under-utilisation is to be found in an increasingly polarised job structure rather than in educational expansion
- 'Bumpy' school-to-work transitions
  - despite shrinking young age cohorts and most young people being better educated than older age cohorts

Supply-side challenges

EDUCATION AND TRAINING SYSTEMS

School-based ETS vs. apprenticeships

- Paradox:
  - past two decades, expansion mainly of general education
  - traditional apprenticeship systems have declined in significance (English-speaking world, Middle and Eastern European countries); new apprenticeship programmes successfully established in a few countries only (AU, DK, DE, CH, NO… SE)
  - youth U has increased disproportionally in countries with school-based ETSs, but remained low in countries with strong and highly regulated apprenticeship systems
  - renewed, European-wide interest in apprenticeships
    ⟹ Which are the concrete links with the labour market and the role of different actors (governments, social partners, etc.)?

School-based ETS vs. apprenticeships

- Challenges in characterising country differences:
  - typologies of ETSs ⟹ several partially overlapping typologies for clustering countries in empirical research ⟹ sometimes countries are classified differently
  - ETSs may change over time due to
    - European agreements (Bologna and Bruge processes, European Qualification Framework, etc.) affecting the different pillars of the ETS and their mutual links
    - joint economic and social challenges (e.g. skill shortages, social cohesion, unemployment, productivity, economic growth)
  - these dynamic processes shaping national ETS are basically an unexplored field of research

Supply-side challenges

SCHOOL-TO-WORK TRANSITIONS

E&S does not solve all problems

- risky early school-leaving trajectories surprisingly similar across the Nordic countries (DK, FI, NO, SE) despite distinct differences in national ETS, notably VET
  - major difference: relative share tends to be slightly lower in DK
- minor differences between boys and girls
  - major difference: relative share tends to be slightly higher for boys
- common underlying negative factors that the ETS fails to counteract effectively

Thank you!