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New Skills and Jobs in Europe: Pathways towards full employment Reflections for further research

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Draft

“New skills and jobs in Europe: Pathways towards full employment”

Background of the Report:

1. Europe 2020 flagship „An agenda for new skills and jobs“, COM (2010) 682 final
2. Synthesis of 17 related research projects financed by R&I Directorate-General under 6th and 7th framework programmes (middle of 2011)
3. Other relevant research, in particular Cedefop, Eurofound, and TLM

“A skilled workforce is an essential asset to develop a competitive, sustainable and innovative economy in line with Europe 2020 goals”

Priorities set by ‘new skills and jobs’ flagship:

- I. Better functioning labour markets
- II. A more skilled workforce
- III. Better job quality and working conditions
- IV. Stronger policies to promote job creation and demand for labour

Complemented by two other flagships:

- I. Youth on the Move
- II. European platform against poverty and social exclusion (**Inclusive Growth**)

I. Better functioning labour markets - 1

A new momentum of 'flexicurity': Flexibility and security mutually reinforcing
Security may also encourage risk taking and creativity

1. Mind both sides of risk: (potential) gains and losses

Case of **part-time work**: good for work-family-life balance and π , **but** also enhancing gendered inequality; need to establish individual rights of reducing working hours in the same job and to make it reversible:

More research on gender neutral WT transitions over life-course

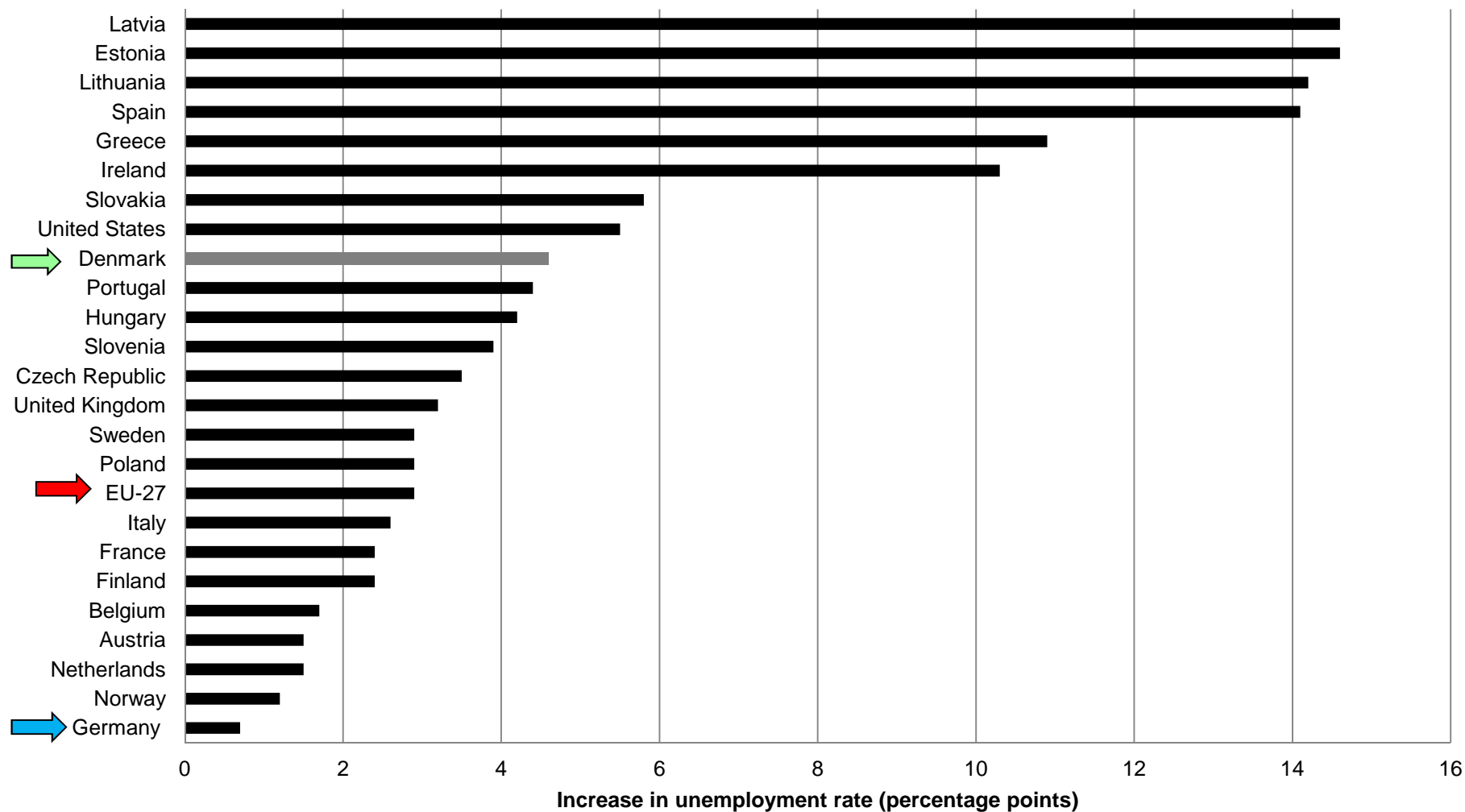
2. Mind both sides of flexibility: external and internal DK/D-5

Case of **short-time work**: good for job and skill maintenance, **but** also enhancing insider-outsider cleavage; need of making job security conditional on internal flexibility like (ns) training obligations and wage flexibility, and devices for fair risk-sharing between stakeholders

More research on internal/external flexibility in risk-sharing framework 6

Growth of unemployment in %-points 2007 (min) - 2011 (max)

Source: P. K. Madsen (2011), Still the Poster Boy? Danish Flexicurity and the Crisis, CARMA-Aalborg



Risk sharing balance in German „Short-time work allowance“

	Advantages	Problematic
Workers	<ul style="list-style-type: none"> - 80% to 90% wage insurance - Maintaining job - Maintaining qualification - Maintaining social network 	<ul style="list-style-type: none"> - Low incentive learning new skills - Low incentive for mobility - No right to qualification
Employers	<ul style="list-style-type: none"> - Maintaining skilled/cooperative workers (Opportunity costs up to 32,000 Euro) - High flexibility in form of: <ul style="list-style-type: none"> > speedy adj.; strategic waiting; reversible > task specific personal adjustment 	<ul style="list-style-type: none"> - High remaining fix-costs (24%-46% depending on subsidies) - Low activation incentive - No right to instructions
Society (State)	<ul style="list-style-type: none"> - Reduced unemployment <ul style="list-style-type: none"> > 1,4 million less (2009) - Maintaining PP and + Psyche - High flexibility in form of high discretion for insurance principals + trust 	<ul style="list-style-type: none"> - Disadvantaging ‚outsiders‘ - Slowing down structural change - High costs requiring high social contributions; debt financing, e.g. 5 billion for a wreck-bonus

I. Better functioning labour markets - 2

A new momentum of 'flexicurity': Flexibility and security mutually reinforcing
Security may also encourage risk taking and creativity

3. Mind both sides of security: 'passive' and 'active'

The case of **unemployment benefits**:

Need of institutionalising generous short-time UBs as investment for productive job search and making transitions pay for all MS and at EU

More research on the tipping point of innovative and moral hazard

4. Mind both sides of information: stocks and flows

The case of **life course perspective**:

The need of monitoring transition sequences (careers) with a modern data infrastructure based on panel data (e.g. employer-employee-linked data sets) for, e.g., gender impact analysis

More research on conditions of job careers, e.g., work first + training 8

Yearly Transitions of West-German Women, age 20-55 (2000-06)

Message: Work first plus training to increase upward wage mobility

Source: GSOEP and Mosthaf/ Schank/ Schnabel (2009)

	t + 1				
	High Wages	Low Wages	Unemployed	Inactive	Total
t (Year)					
High Wages	87.4	6.8	1.3	4.6	100
Low Wages	27.3	61.8	3,0	8,0	100
Unemployed	16.4	20.1	33.4	30.0	100
Inactive	5.9	4.9	4.6	84.7	100
Total	51.1	14.4	3.5	30.9	100

II. A more skilled workforce - 1

Europe not sufficiently skilled and facing skill polarization

It's educational institutions, stupid

10, 11

1. Mind middle level skills: towards a proper skill balance

Case of **transversal skills**:

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Need to establish minimum standards of education at an early stage and vocational training to gain work experience

More research on the importance of transversal skills

2. Mind ageing population: towards life-long-learning

Case of **skill enhancement and skill mobility**:

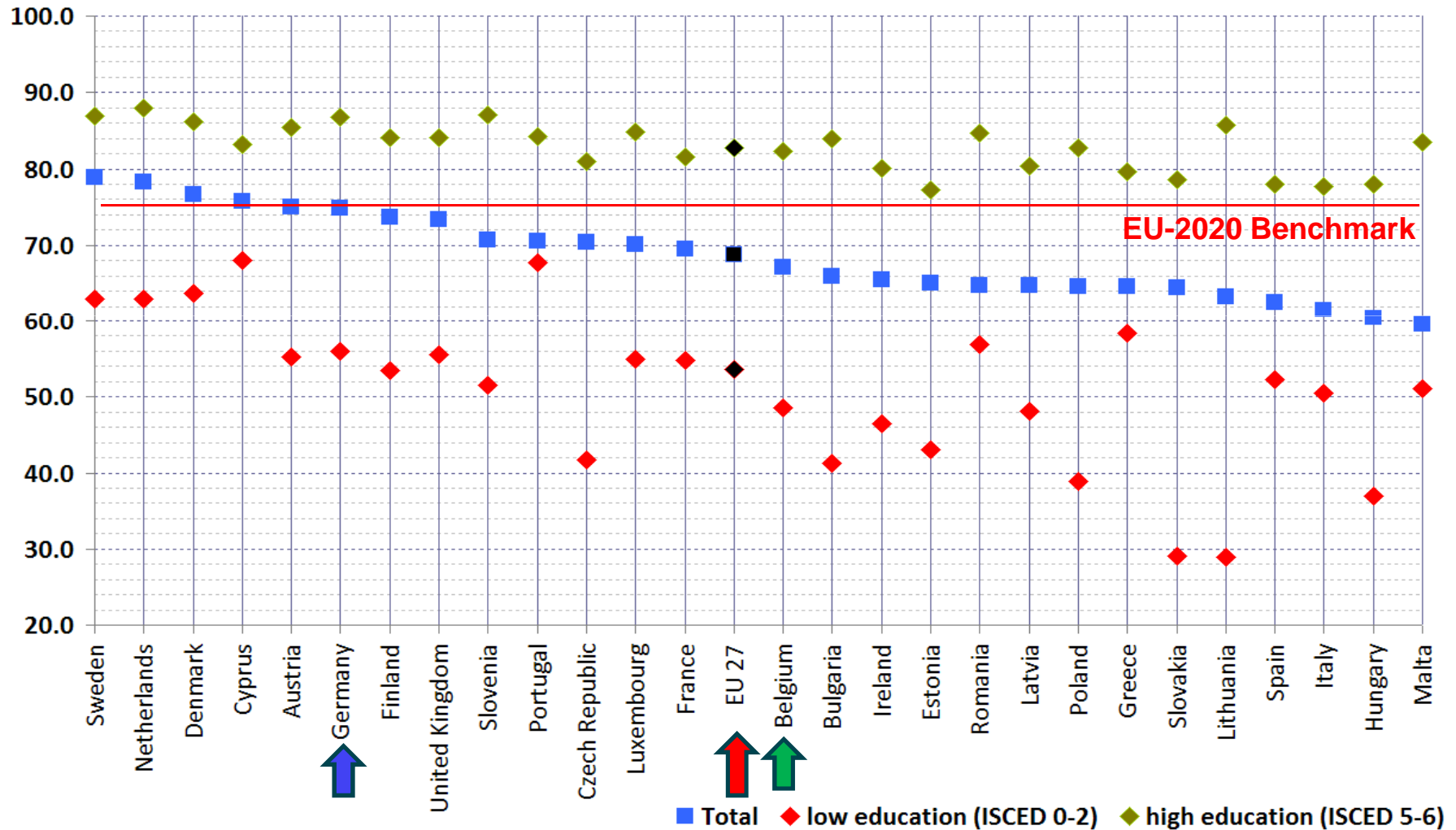
Higher education necessary but not sufficient condition; need of upgrading low/ medium level qualifications to induce mobility chains

More research on conditions of vertical/horizontal mobility chains

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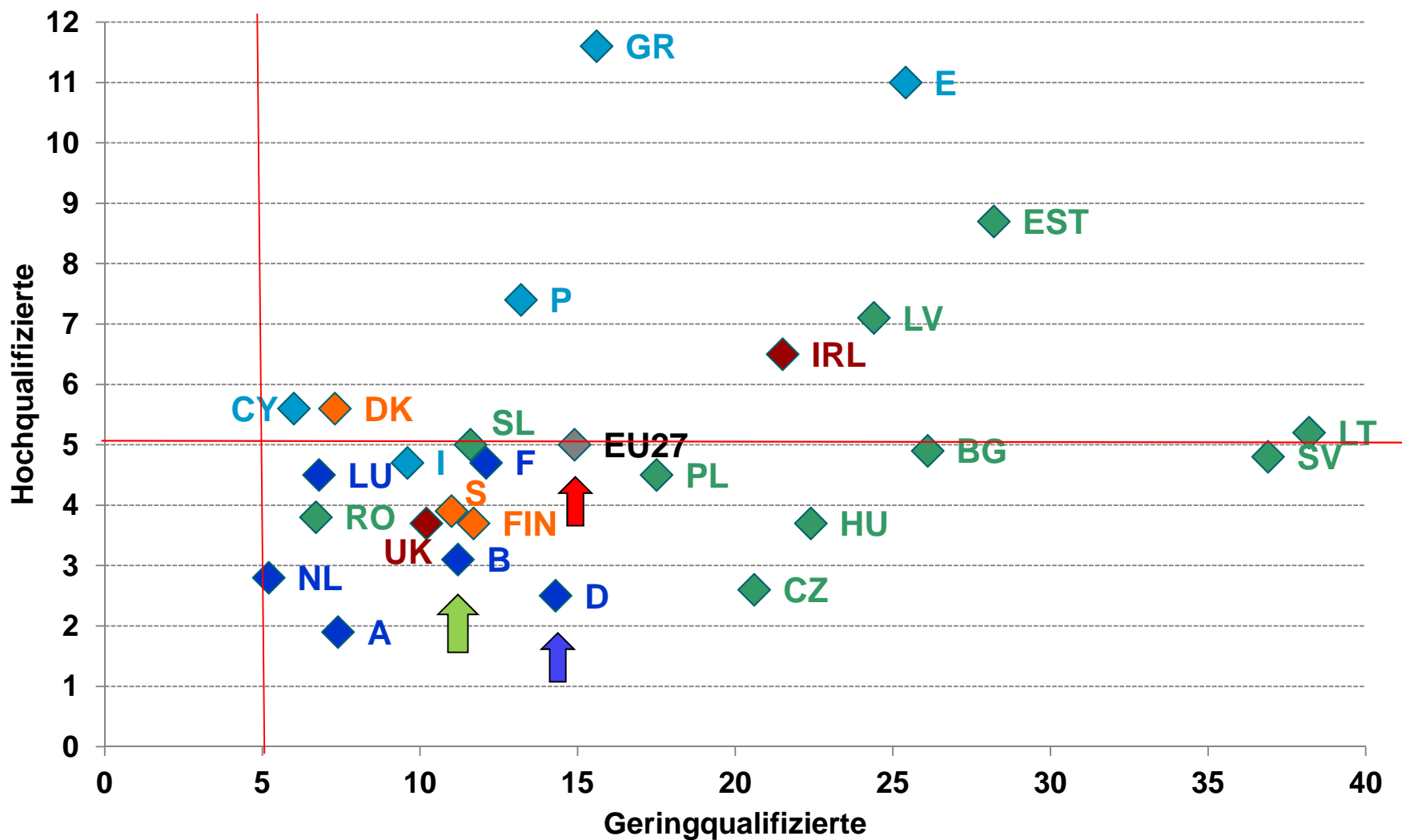
Employment rates by educational level, 2010

Low (red) and high (green) compared (and ranked) with total (blue) in age 20-64



Unemployment rates by educational level, age 25-64, 2011

Source: Eurostat, own calculations, 2d quarter (except Italy, EU27 1st quarter)



Requirements of transversal skills in occupational areas

Multiple percentages; source: Baethge 2011, extract from figure 4

	Making complex issues understandable	Solving unpredictable problems	Making difficult decisions	Detecting and closing knowledge gaps	Coping with many different tasks
Production occupations	18.7	44.1	34.0	20.8	63.2
Primary service occupations	25.5	40.8	32.0	21.7	65.2
Secondary service occupations	60.6	67.7	55.6	39.0	81.4

Transitions from learned occupation to actual occupational area

Source: Helmrich et al. 2012, [excerpt from Table 5](#), p. 7

	2	3	8	10	11	12	Σ
2 Manufacturing occupations, repairing etc.	46.3	8.0	7.0	1.1	1.3	0.5	100%
3 Maschines and facility controlling or servicing occupations	15.6	42.3	7.6	2.6	1.4	0.5	100%
8 MINT-occupations	7.5	2.5	52.8	3.4	1.7	3.6	100%
10 Media, human and social science occupations, artists	1.5	0.6	5.8	46.5	3.8	12.8	100%
11 Health and care occupations	2.2	0.4	0.8	1.0	71.8	3.4	100%
12 Teaching occupations	0.7	0.3	2.3	2.2	4.7	79.6	100%
Without occupational training	16.6	5.3	2.3	2.3	4.6	0.9	100%

II. A more skilled labour force - 2

Europe not sufficiently skilled and facing skill polarization

It's educational institutions, stupid

3. **Mind institutions: towards a smarter work organization**

Case of **high performance work systems**:

Need of better using existing skills by establishing a work environment that stimulates learning and cooperation of different skills

More research on human and social capital formation on the job

4. **Mind skills' uncertainty: from forecasting to anticipation**

Case of **learning by monitoring**:

Need to establish learning organizations at local, regional or sectoral level to overcome skills' uncertainties

More research on learning communities

III. Better job quality and working conditions

EU2010 created too many jobs of low quality 16-18

Yet: Quality enhances sustainable growth through various channels

1. Mind productivity: enhance job's human capital capacity

Case of **temporary work**: good for work experiences and flexibility **but:**

Need of fair risk sharing and monitoring systems of job quality at European, national, and firm level

More research on driving forces of low job quality (e.g., transparent value chains) and productivity enhancing capacities of high quality jobs

2. Mind capabilities: make the market fit for workers

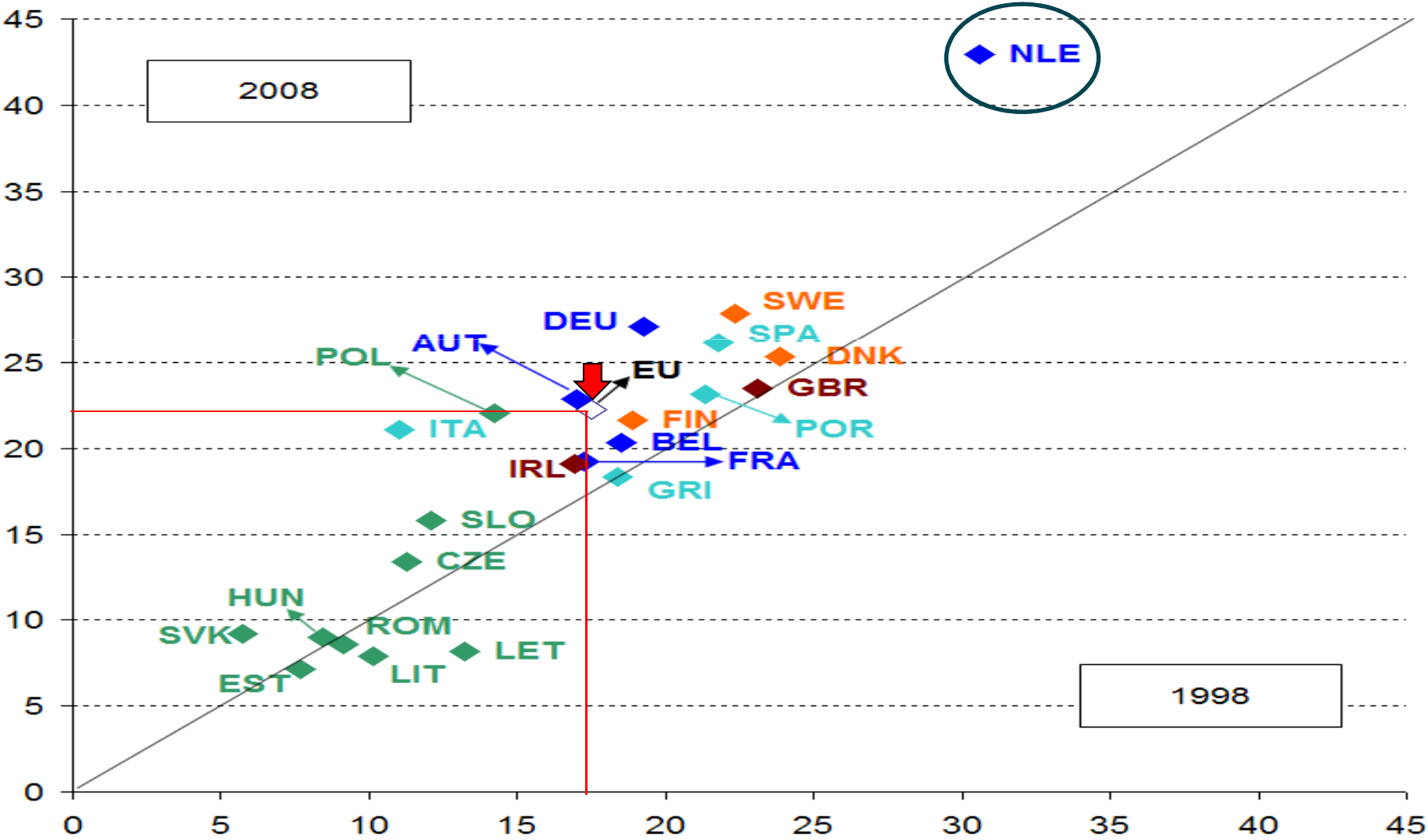
Case of **institutional capacity building**:

Need of reasonably adjusting work-places to changing work capacities/preferences over life course through negotiated flexicurity

More research on institutional capacities to implement reasonable adjustment of work-places ('make market fit for workers')

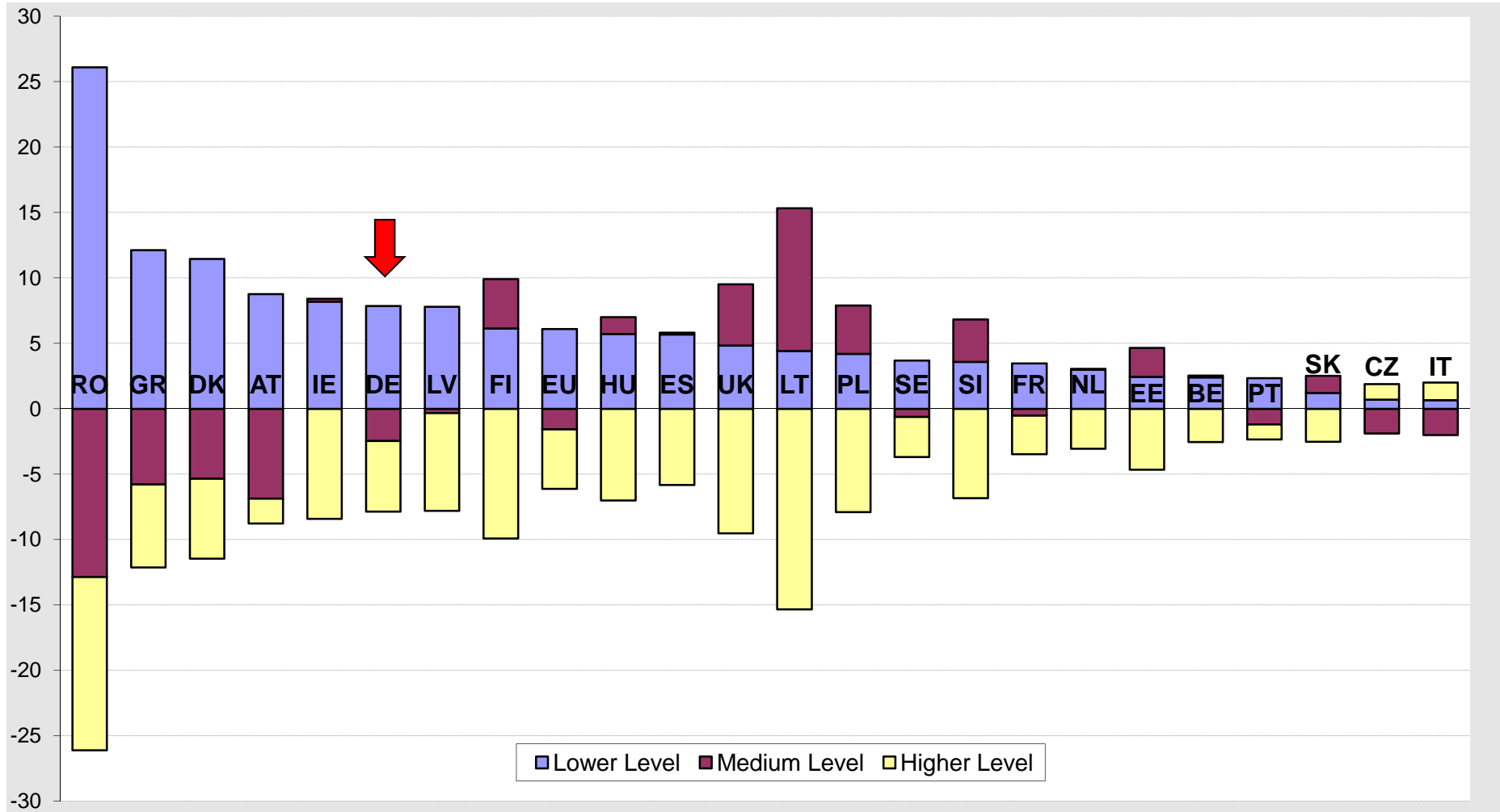
Non-standard Employment Rates, 1998 and 2008

Part-time employees, temporary employees and self-employed in % of population 15-64



Share of educational groups in non-standard employment (temporary, part-time, own-account work) compared to their share in total employment, 2008

Differences of percentage points



Share of employees in Germanys low-wage sector in %, 2006

Source: Bosch/Weinkopf (2011), Arbeitsverhältnisse im Dienstleistungssektor, WSI-Mitteilungen, 64 (9), 439-47

	Total	Regular Work	Parti-time Work	Temporary Work	Minijobs	Temp-Agency Work
Total	20.0	11.7	19.5	36.0	81.2	67.2
Women	27.2	16.7	18.0	38.2	81.9	77.3
Men	14.3	7.7	30.6	33.9	79.8	63.7
Industry	13.7	8.9	21.1	34.7	80.8	
Construction	14.1	10.4	26.9	34.8	59.4	
Trade	24.6	13.4	23.9	49.2	83.5	
Hotels, Restaurants	62.1	51.6	56.7	72.1	84.9	
Health	15.0	8.6	9.4	25.0	70.8	

IV. More and better jobs

Enhancing the European Employment Pact

"Towards a job rich recovery!"

The case of youth (un)employment

1. It's statistics: stupid

20, 21

Misleading unemployment figures ... NEET better?

More research on individual needs for early intervention

2. Factors driving NEET

Missing link between education and labour market

More research on improving links between E-LM system over the whole life course, in particular dual systems at tertiary level

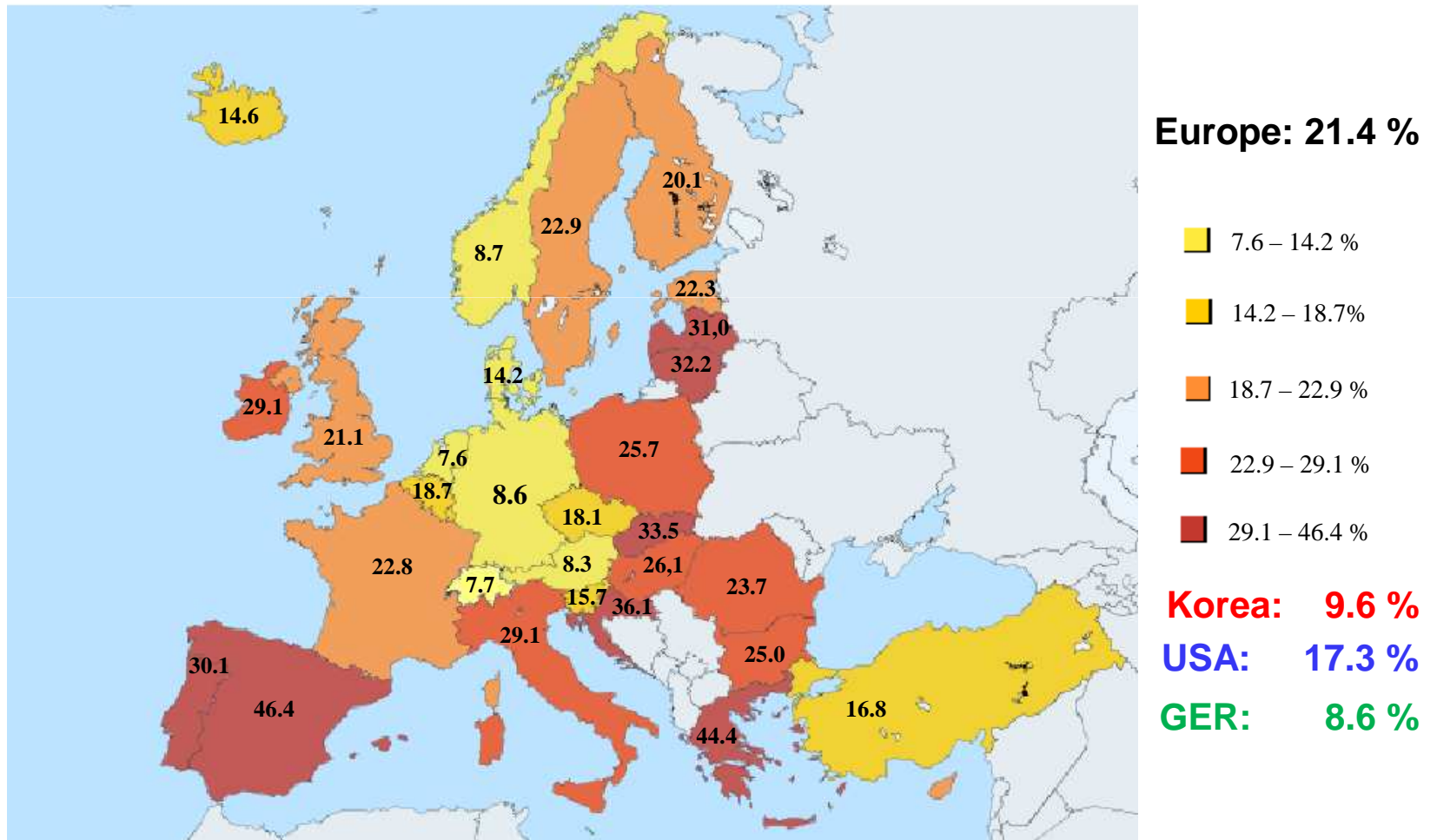
3. Towards an educated labour market

How far can the education system govern the labour market?

More research on education or new skills lead growth

By conventional measure youth unemployment differs much in Europe!

Unemployed youth (15-24) as % of 'active' youth labor force, 2011

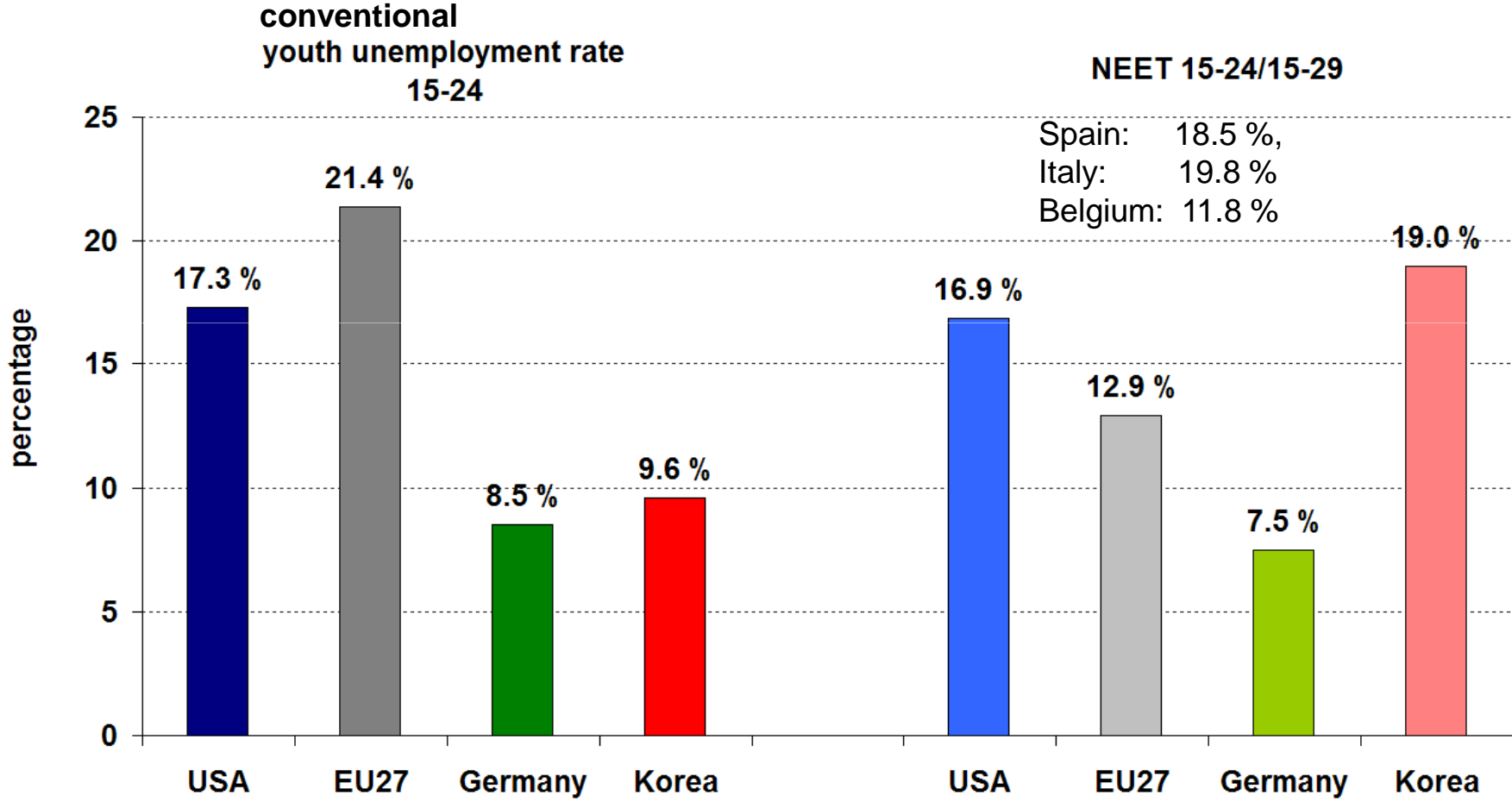


Data: Eurostat, OECD

The conventional measure of unemployment has serious flaws

Measured by NEET, youth unemployment less dramatic in Europe

Youth not in employment, education or training as % of total youth population, 15-24/29, 2011/09

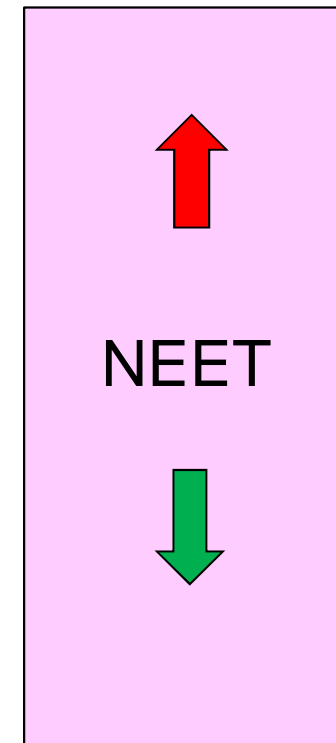


The figures for NEET are not strictly comparable due to different time (USA/Korea 2009) and age group (USA/Korea 15-29); Sources: NEET for USA OECD Economic Surveys Korea 2012, from Figure 10, p. 24; for EU/ and Germany: Employment and Social Developments in Europe 2012

Which factors **increase** or **decrease** NEET?

Some evidence from econometric research in Europe

Lack of GDP growth	→	●
Lack of stabilizers	→	●●
Employment Protection	→	(●)
Flexible Jobs	→	●
Dual learning systems	→	●●●
Active labor market policy	→	●
Wage coordination	→	●



Based on: European Foundation (2012), NEETs - Young people not in employment, education or training: Characteristics, costs and policy responses in Europe, Dublin/Luxembourg; and others

Conclusion

**Europe needs more people in employment
In particular young adults**

1. Creation of more and better jobs a moral obligation

Mind scarring effects in particular for youth : therefore
More emphasis on avoiding unemployment, in particular long-term unemployment, and “youth guarantees” for employment or education

2. Europe needs an enhanced social dimension

Mind that labour is not a commodity: therefore
Revitalize the spirit of the Declaration of Philadelphia (1944) and Universal Declaration of Human Rights (1944), and enforce Art. 9 of TFEU in a prospective new Constitution for Europe

Selected Literature

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