



EUROPEAN POLICY BRIEF



INNOVATIVE SOCIAL AND EMPLOYMENT POLICIES FOR INCLUSIVE AND RESILIENT LABOUR MARKETS IN EUROPE

Policy brief on differences in labour market positions

August 2015

INTRODUCTION

The financial crisis of 2008 and its effects on European economies are being felt until today. However, not all European countries have been exposed to the impacts of the crisis with the same severity and intensity, thus indicating that some labour markets have been more responsive to the economic downturn than others. This however has increased territorial differences in labour markets. Additionally, the consequences of the crisis have been unequally distributed across the workforce, exhibiting a differential effect on labour outcomes of different groups of workers.

EVIDENCE AND ANALYSIS

The concept of labour resilience emerges as an important pillar in both understanding and explaining the adaptation of labour markets and the differences in labour market results for different groups of workers.

In more detail, we studied the employment impact of the crisis on four groups of people - youth, older workers, migrants and disabled people - through the comparison of key labour market indicators. The analysis showed similarities in labour vulnerability patterns among countries in each of the groups studied, both before and after the crisis, but with differing degrees of intensity. Moreover, the research revealed the existence of certain factors linked to the labour resilience of each group in their respective countries. What became evident is that the labour market position of the vulnerable groups is better in those countries that have specific policies addressing factors identified as relevant for each group. Conversely, policies targeting a specific group without considering all the factors affecting its labour market performance have been revealed as less effective.

Age, nationality and disability variables plus certain economic, social, occupational, demographic and political factors are all assessed with regard to their potential to strengthen or reduce the labour resilience of each group in the countries under study.

The most relevant factors affecting the labour market position of young people are the difficulties triggered by the process of transition from education to work and the low experience of people aged between 15 and 24. Other factors such as the educational level and the skill mismatches of workers of this age cohort have also been revealed as influencing labour performance. Nevertheless, the latter ones are directly linked to the model of transition from education to work in each national context and to the extent that companies are involved in vocational training and the national educational system. Young workers in countries where companies show a great deal of involvement and commitment have been more resilient to the economic crisis.

European countries implemented pension reforms which offered very favourable conditions for early retirement. Thus, the activity rate among older workers has been reduced as general trend. Before the crisis older workers were not considered a vulnerable group as their labour performance was better than that of the general working population – hence the lack of active labour market policies for this group which one finds in all countries under study. Nonetheless, the greatest challenge they have to face is the difficulty in returning to work once unemployed. These difficulties are mainly related to health prejudices and the obsolete skills of these workers. However, the most relevant strength of this group of workers is the experience acquired throughout their working lifetime. It has been revealed that employers that have invested in the lifelong training of their workers are more likely to retain experienced workers even if they have to assume losses.

The labour market position of migrant workers and its resilience is very complex to analyse as a high number of nuances need to be taken into consideration. The most determining factors are the country of origin - and especially how big the difference is between the cultural background of the country of origin and that of the destination country -, the kind of immigration - economic, asylum, refugee - and the generation the immigrant belongs to. In turn these have a great influence on factors like the educational level and the discrimination on the basis of cultural differences which are more favourable for latter generations of immigrants.

Similar to the analysis of the labour market position of migrant workers, the labour market participation of disabled people needs to be examined from multiple perspectives, including individual factors. The type and grade of disability are key factors to take into consideration before studying their integration in the labour market. Despite the lack of homogeneous data sources, it has been revealed that the commitment of public authorities is very relevant for the integration of disabled people in the labour market, especially in terms of preventing employers' prejudices. Thus, corporate social responsibility (CSR) commitments, and active labour market policies, pension schemes and subsidies explicitly targeting this group are determining elements affecting the labour conditions of disabled people.

POLICY IMPLICATIONS AND RECOMMENDATIONS

With regard to **young people**, policies should focus on the process of transition from education to work. In this vein, involving companies in the vocational training schemes seems to be the most effective way to smooth this process, especially for workers with lower educational levels who face more difficulties.

Even if the educational level of workers has been revealed as less important among **older workers** than among other age cohorts - which can be explained by the larger working experience they have - investments of companies in lifelong learning for their employees is a key factor which contributes to raising older worker's chances of keeping their jobs. Consequently, policies fostering lifelong learning programmes in companies are successful in preventing older workers the group with higher figures of long-term unemployment- from being dismissed during the first stages of an economic downturn which has many social implications at short-, medium- and long-term.

Factors stemming from the cultural differences - mainly religion, language and traditional practices between the country of origin and the host country are those that limit the most the labour integration of **migrant workers**. Thus, policies aiming to reduce these differences, while respecting cultural specificities and fostering mutual understanding and respect for one another's culture can have a positive impact on integration and reduction of prejudices towards migrant workers.

With regard to the labour performance of **disabled workers**, differences between types and grades of disability are paramount. Furthermore, policies aiming at integrating disabled people in ordinary working environments by establishing quotas or aid schemes for the recruitment of disabled people seem to work relatively well. Part-time contracts can also contribute to the real integration of disabled workers who cannot assume a full-time job.

RESEARCH PARAMETERS

This policy brief has elaborated on the results of the "Comparative report on explanation of differences in labour market position between groups" (Deliverable 2.2) of the INSPIRES project. This report analyses whether the crisis has impacted the labour performance of the vulnerable groups in all INSPIRES countries, and if this is the case, how and to what extent the vulnerable groups have been affected. This analysis led to a few comprehensive conclusions concerning the factors which contribute to the capacity of each vulnerable group to resist the impact of any crisis. The impact of the crisis on the vulnerable groups has been studied from a threefold perspective; (i) the evolution of the defined indicators during the post-crisis period to detect if they follow the same trend between 2008 and 2012, (ii) a comparison between the trend followed by the specific vulnerable group during the pre-crisis period (2003-2007) and the post-crisis period (2008-2012) with regard to the quantitative and qualitative indicators, and (iii) a comparison of the trend followed during the post-crisis period (2008-2012) by the general population and the specific group in the national context.

PROJECT IDENTITY

PROJECT NAME Innovative Social and Employment Policies for Inclusive and Resilient Labour Markets in Europe (INSPIRES)

COORDINATOR Menno Fenger, Erasmus Universiteit Rotterdam, Rotterdam, The Netherlands, fenger@fsw.eur.nl.

CONSORTIUM

Budapesti Corvinus Egyetem – Centre for Empirical Social Research – Budapest, Hungary

Erasmus Universiteit Rotterdam – Department of Public Administration– Rotterdam, The Netherlands

Evropsko Sredisce Maribor
Maribor, Slovenia

University of Lausanne – Fondation Pour un Institut de Hautes Etudes en
Administration Publique, IDHEAP –
Lausanne, Switzerland

Katholieke Universiteit Leuven – Research Institute for Work and Society, HIVA –
Leuven, Belgium

Panteion University – Department of Social Policy
Athens, Greece

Queen Margaret University
Edinburgh, United Kingdom

Stockholms Universitet – Department of Social Work –
Stockholm, Sweden

Universita' degli Studi di Urbino Carlo Bo – Department of Economics, Society
and Politics –
Urbino, Italy

Universitaet Duisburg-Essen – Institut Arbeit und Qualifikation, IAQ –
Duisburg, Germany

Universitat de València – Polibienestar Research Institute
Valencia, Spain

University of Kent – School of Social Policy, Sociology and Social Research –
Kent, United Kingdom

University of Utrecht – Utrecht University School of Governance –
Utrecht, The Netherlands

FUNDING SCHEME

FP7 Framework Programme for Research of the European Union – Collaborative
project. SSH.2012.1.3-2. Innovative policies for employment and labour markets.

DURATION

January 2013 – June 2016 (42 months).

BUDGET

EU contribution: 2 496 062.40 €.

WEBSITE

<http://www.inspires-research.eu/>

FOR MORE INFORMATION

fenger@fsw.eur.nl.

FURTHER READING

Bigos, M. et al. (2014), *Benchmark report on labour market resilience*,
Rotterdam, INSPIRES.
Valía-Cotanda, et al. (2014), *Comparative report on explanation of differences in
labour market positions between groups*, Valencia: University of Valencia.
Otto, A. & Taylor-Gooy, P. (2015), *A comparative cross-national analysis of
policy innovation related the inclusiveness and resilience of labour markets*,
Canterbury: University of Kent.