Employment polarisation and job quality in the crisis: European Jobs Monitor 2013

Executive summary

Introduction

European labour markets added nearly 30 million new jobs in a golden age of employment creation prior to the onset of the Great Recession in 2008. The markets have subsequently shed five million jobs and unemployment – rising rapidly once again – is at its highest since the late 1990s. This second annual European Jobs Monitor report looks in detail at recent shifts in employment at Member State and European level. The analysis covers three distinct periods:

- the pre-recession employment expansion (1995–2007);
- the Great Recession (2008–2010);

A ‘jobs-based’ approach is applied to describe employment shifts quantitatively (how many jobs were created or destroyed) and qualitatively (what kinds of jobs).

Policy context

The EU’s Europe 2020 strategy for smart, sustainable and inclusive growth includes a commitment to fostering high levels of employment and productivity. This implies a renewed focus on the goals of the earlier Lisbon Agenda – ‘more and better jobs’. More jobs are needed to address the problem of lengthening unemployment queues which are approaching levels in some Member States that pose a real threat to social peace as well as sustainable economic growth. But Europe also needs better, more productive jobs if it is to succeed once again in increasing living standards for its citizens in an expanding, integrated global economy.

The European Commission’s 2012 Communication, ‘Towards a job-rich recovery’, identifies some sectors in which employment growth is considered most likely – health services, information and communication technologies, personal and household services – as well as the promising if hard-to-define category of ‘green jobs’. The jobs-based approach adopted in this report provides up-to-date data about employment levels and job quality in both growing and declining sectors and occupations.

The approach involves characterising a job as a given occupation in a given sector using standardised international classifications (ISCO for occupation and NACE for sector) and then describing the employment shifts in each Member State as well as in the EU as a whole. Ranking the jobs according to wage levels, level of educational attainment or a broader multidimensional index of job quality adds a qualitative dimension to the analysis.

The jobs-based approach was pioneered in the 1990s in the United States by Nobel laureate, Joseph Stiglitz, and refined thereafter by Erik Olin Wright and Rachel Dwyer. The particular question that this earlier American work addressed – was job growth being achieved at the expense of job quality? – has become more nuanced over time. The jobs-based approach has in particular been used to assess the extent to which the employment structures of developed economies are polarising, leading to ‘shrinking’ or ‘disappearing’ mid-paid jobs, or upgrading (growth in high-skilled, high-paid jobs) in line with the predictions of ‘skill-biased technical change’. 
Higher-paid jobs were much more resilient during the crisis, continuing to grow (albeit marginally) even during the peak periods of the Great Recession. During the first two years of the recession, the expansion of higher-paid jobs was mostly sustained by knowledge-intensive services in the public sector (principally health and education). Between 2011 and 2012, the focus shifted to knowledge-intensive services in the private sector, which added over 400,000 new jobs to the top quintile of the wage distribution in this period across the EU.

The recession intensified the catch-up process of women in the labour market, both in terms of employment numbers and access to the higher layers of the employment structure. Women have increased their employment share, particularly in ‘mid-paid’ and ‘good’ jobs (those in the higher quintiles). In part, this has been because women are overrepresented in certain growing sectors such as health and underrepresented in declining sectors such as construction. But it also reflects higher levels of educational attainment by women at a time when qualifications are an even more important requisite for access to better quality jobs.

The destruction of employment across Europe during the recession led to polarisation in terms of the wage structure. A large proportion of the jobs destroyed were in the mid-paid manufacturing and construction occupations. Although in the previous period (1995–2007) there was also some degree of polarisation, it was much less pronounced. It was also offset by a significantly larger structural upgrading.

The crisis not only accentuated polarisation in most countries, it also reduced considerably the amount of diversity across Europe in the types of structural change. Whereas throughout the expansion there were different patterns associated with European institutional families (polarisation in continental Europe, upgrading in northern countries and expansions in mid-paid jobs in the south), during the crisis most countries experienced some type of polarisation.

During 2011–2012, employment shifts were less polarising, with greater growth in higher-paid jobs, less pronounced declines in mid-paid jobs and relatively greater declines in low-paid jobs. In particular, employment patterns in countries with more resilient labour markets showed more pronounced upgrading, while those in countries experiencing persistent employment declines continued to polarise.

The process of job polarisation was mostly restricted to the wage structure, even during the recession. When classifying the jobs according to their average level of educational attainment or non-pecuniary job quality attributes, the process of structural change since 1995 has been one of upgrading in nearly all EU countries. This is because the jobs responsible for the decline of the middle wage quintiles tend to occupy lower positions when characterised by their average level of educational attainment or non-pecuniary job quality than when they are characterised by their wages (male-dominated jobs in manufacturing and construction).

Further information
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