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WeLaR Newsletter

Issue #1 / December 2022

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From the Editors

We are thrilled to announce that Project WeLaR is getting under way! Beginning with this newsletter, every three months we'll be updating you on how we're improving our understanding of the way four megatrends – demographic shifts, globalisation, digitalisation and climate change – affect labour markets and welfare systems in the EU.

Over 36 months we'll be developing policy proposals to foster economic growth and contribute to its fair distribution across society, generating opportunities for all. In this issue, Karolien Lenaerts shows in more detail what the objectives of our consortium are, how we want to reach them and what you can expect from us. We also present "WeLaR in a nutshell", where you'll find all the basic facts about our project.

In the three months since WeLaR launched on 1 September, we've been busy getting the project up and running. That included setting up our website, www.projectwelar.eu, and establishing our social media presence, which we'll use to share our findings and engage in debates on the challenges the four megatrends pose for the labour market and the welfare state.

All consortium members met on 8 November to plan our work for the coming months; you can read more about our kick-off meeting in this issue.

During the first quarter of Project WeLaR, we've already begun collaborating with other projects that investigate similar topics. We presented WeLaR during an online virtual café from Project

UNTANGLED. Additionally, some of our researchers also presented their earlier work on various aspects of labour markets during a conference organised by UNTANGLED.

We're also planning our first WeLaR event: a webinar to present the project and build our community of stakeholders. The first three months have been an intense time of working behind the scenes, and now we're ready to take the stage! Look for more announcements of research and events in the months to come.

Upcoming events

February 2022 – WeLaR webinar introducing the project to stakeholders

Follow us on social media or check projectwelar.eu to make sure you don't miss out!



**Funded by
the European Union**

**This project, WeLaR, has received
funding under the Horizon Europe
programme.**



Message from the Project Manager

Karolien Lenaerts

The European Union today offers some of the highest standards in the world for living conditions, working conditions and social protection. From its inception, the Union strived to achieve a highly competitive social market economy, driven by smart, sustainable and inclusive growth. This model, however, is under severe pressure. Four megatrends – technological transformations, demographic shifts, globalisation, and climate change – are reshaping European labour markets, transforming existing jobs and giving rise to new forms of work. They create winners and losers, shape inequality within and between countries and require new policy responses.

These megatrends also present challenges to European welfare states. Globalisation, technological transformations, demographic shifts, and climate change can increase

the need for social security measures among some groups even as they reduce group members' contributions into these schemes. Having a good understanding of these effects is imperative if welfare states are to fulfil their mission of fostering inclusive growth and equality, reducing poverty, and helping to stabilise the economy. Without the welfare state, some population groups would not have any income. In the autumn of 2022, Europe is also still dealing with the consequences of the COVID-19 pandemic. Amid an uncertain recovery, some groups have clearly been more affected than others, and the health and well-being of European citizens has deteriorated.

Although the body of scientific research on technological transformations, globalisation, demographic shifts and climate change is rapidly expanding, their combined effects on European labour markets, as well as the challenges those effects pose to welfare states, remain poorly understood. To fill this knowledge gap, WeLaR will provide a comparative diagnosis of the individual and combined effects of these four trends. In doing so, we will study the impact on both labour markets and welfare states. The project will highlight issues such as the labour market participation or exclusion of vulnerable groups, and the important role of institutional factors.

Second, we will propose policies that are conducive to economic and social resilience and inclusive growth. By exploring the challenges to welfare states, WeLaR further aims to suggest ways to adapt social security systems so that they can adequately address the impacts of the four megatrends, while also ensuring their long-run sustainability.

As these issues are at the crossroads of various policy and research areas and affect workers and companies across Europe, WeLaR brings together an interdisciplinary team that combines quantitative and qualitative methods and adopts a cross-country perspective.

To bring about changes, research alone will not be enough. That is why the WeLaR team will devote a great deal of attention to its stakeholders from the policy community. We will build a stakeholder community and engage in extensive consultations with them from the very beginning of the project. This helps ensure that we are asking and answering the right questions, and drawing conclusions and proposing recommendations that are realistic, timely and relevant, and are taken up by key actors.

WeLaR's outputs, which include research reports and policy briefs, will be disseminated broadly among policymakers, stakeholders, academics, and the general public. As the WeLaR coordination team, we will also strive to build synergies with neighbouring H2020 and Horizon Europe projects. We warmly invite researchers, policymakers, labour market and social actors, and all others who want to contribute to a more resilient and inclusive Europe, to join us on this journey.

**Karolien Lenaerts**

Karolien is an economist and the interim head of the Work, Organisation and Social Dialogue Research Group at HIVA KU Leuven. Her research focuses on the impact of digitalisation on the labour market, working and employment conditions of (platform) workers, social protection, workers' representation and participation, and skills needs in innovative business clusters.



WeLaR in a nutshell

WeLaR - Welfare systems and labour market policies for economic and social resilience in Europe – is a three-year research project funded by the Horizon Europe Framework Programme that aims to examine the impact of digitalisation, globalisation, climate change and demographic shifts on labour markets and welfare states in Europe.

WeLaR will not only improve the understanding of the individual and combined effects of these trends, but it will also offer policy proposals helping to adapt welfare systems to these pressing challenges. The project's ultimate goal is to assist in the creation of policies that ensure economic growth is distributed fairly across society and generates opportunities for all.

To achieve those goals, the WeLaR team will develop a new framework to study the effects of the four megatrends on the labour market and the welfare state. It will integrate analysis of their impacts on labour supply, demand and market matching, while accounting for the interactions among the four megatrends and the mediating role of institutions and policies. WeLaR will use a mix of quantitative and qualitative methods, as well as stakeholder engagement. The planned output includes 24 research papers, four policy briefs and a Foresight report.

The research is carried on by a consortium comprising 10 institutions from seven European countries: Katholieke Universiteit Leuven (KU Leuven), the Luxembourg Institute of Socio-Economic Research (LISER), the Institute For Structural Research (IBS), the Vienna Institute for International Economic Studies (wiiw), the Centre for Social Innovation (ZSI), Università degli Studi di Perugia, Leibniz Centre for European Economic Research (ZEW), Aldgate Strategy Group, the Faculty of Economics and Business at the University of Belgrade and the European Social Observatory (OSE).

The WeLaR consortium's proposal was one of 131 projects submitted to the Horizon Europe Research and Innovation Actions call: Inclusiveness in times of change (HORIZON-CL2-2021-TRANSFORMATIONS-01). The consortium was awarded almost €3 million under grant agreement 101061388. The project will end 31 August 2025.



Project WeLaR launched to examine how megatrends affect labour markets, welfare state

Representatives of the 10 institutions in the WeLaR research consortium met in Brussels on 8 November to kick off their three-year mission to explore how digitalisation, globalisation, demographic shifts and climate change affect labour markets and the welfare state.

The meeting started with welcoming speeches from project coordinator Karolien Lenaerts of KU Leuven's HIVA institute, which is leading WeLaR. Giuliana Sicolo, a project officer at the European Commission Research Executive Agency, gave a brief but important presentation on the Agency's expectations, including how WeLaR should be managed in areas such as relations with the Commission, periodic reporting, collaboration with other projects and impact.

This was followed by three sessions devoted to work packages. The first session featured presentations from Mikkel Barslund, the leader of Work Package 2: Framework of joint infrastructure and Ludivine Martin, the leader of Work Package 3: Labour supply trends. After a break, Piotr Lewandowski presented the plan for Work Package 4: Labour demand trends, Cristiano Perugini talked about the research strategy for Work Package 5: Labour market institutions and risk, and Martin Streng discussed the aims of Work Package 6: Welfare states and public finance.

During the last session Ursula Holtgrewe, leader of Work Package 8: Stakeholder engagement, talked about the events and initiatives planned to ensure close contact with stakeholders. Olga Markiewicz and Nathaniel Espino presented the visual identity of WeLaR and communication plans envisaged by Work Package 9: Dissemination and communication. The final presenter, Ramon Pena-Casa, discussed the plan for Work Package 7: Preferences, policies and social innovation, which merges the knowledge gathered during the project and aims to formulate policy conclusions and recommendations.



WeLaR researchers present their work at UNTANGLED conference

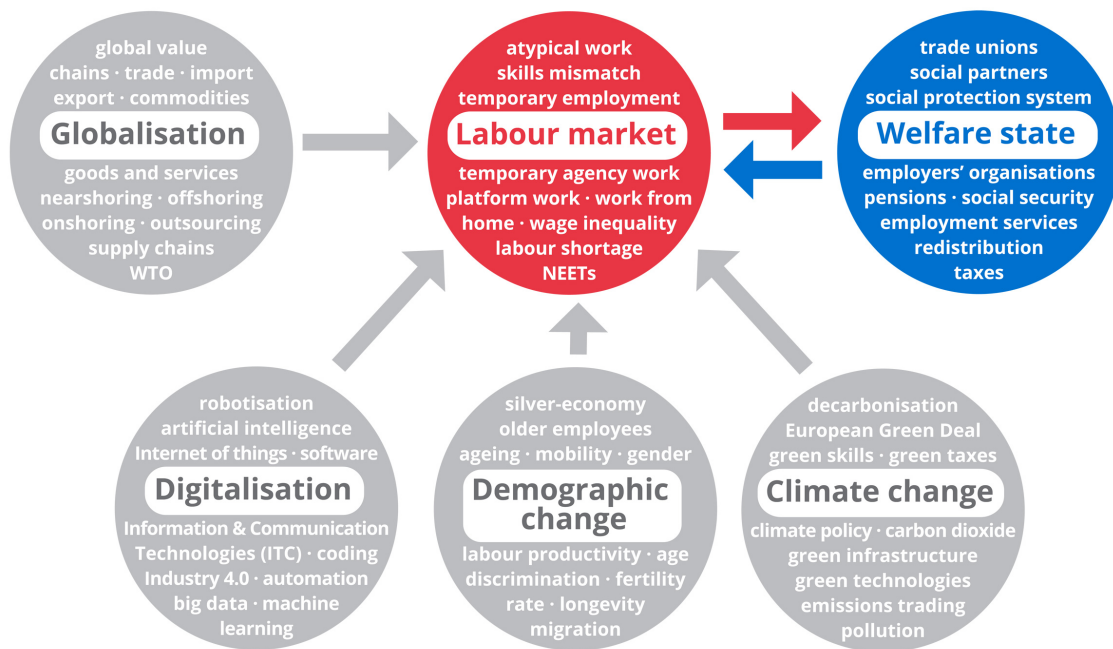
Four WeLaR researchers presented the findings of their earlier research at a conference organised by sister project UNTANGLED, “Labour market effects and social impact of technological transformation, globalisation and demographic change”, on 9 November in Brussels.

During a session devoted to technological change and employment, [Piotr Lewandowski](#) (Institute for Structural Research – IBS) discussed research conducted jointly with Karina Doorley, Jan Gromadzki, Dora Tuda and Philippe Van Kerm on the impact of automation on income inequality in Europe. Their preliminary results show that even though automation impacted employment rates and wages in most European countries, its effect on household income inequality was very small.

[Ludivine Martin](#) (LISER) presented a paper titled “Boom of Digital Skills: Recent Labour Market Dynamics in Western European Countries”, written jointly with Kamil Filipek, in the session on skills and education. The authors’ preliminary results show that the existing classification of digital skills does not follow the dynamics of these skills in the labour market, and that purely technical skills are not in the highest demand. Moreover, the Covid pandemic lowered the demand for some domains of digital skills.

[Sandra Leitner](#) (Vienna Institute for International Economic Studies – wiiw) presented a paper titled: “Employment Effects of Offshoring, Technological Change, and Migration in a Group of Western European Economies: Impact on Different Occupations”, written jointly with Michael Landesmann. The paper finds that, holding output fixed, offshoring has positive employment effects for craft workers but negative effects for managers and professionals in the manufacturing sector. Adoption of IT solutions (computer hardware) has positive employment effects for all groups of workers except for manual workers, while robotisation and migration have negative employment effects for all groups.

In the session devoted to firms and households, [Fabrizio Pompei](#) (Università degli Studi di Perugia) discussed his and Francesco Venturini's paper titled “Firm-level Productivity and Profitability Effects of Managerial and Organisational Capabilities and Innovations”. The authors show that developing AI technologies and adopting ISO 9001 standards helps laggard companies boost productivity and close the gap with top performers.



WeLaR aims and objectives presented to labour market researchers

On 15 November Ursula Holtgrewe of the ZSI presented the objectives, methods and expected results of WeLaR to labour market researchers during the fifth edition of the UNTANGLED Open Virtual Expert Café.

A virtual café is an informal online gathering organised periodically by Horizon2020 project UNTANGLED, which enables exchange of ideas and research among experts and stakeholders from fields including digitalisation, globalisation, migration, work, employment and skills. The November meet-up brought together 10 participants who discussed such issues as the situation of migrants on labour markets, the impact of technology on workers and the effects of globalisation on urban and rural regions.

During the event Holtgrewe said that the aim of WeLaR is to improve the understanding of the individual and combined effects of digitalisation, globalisation, climate change and demographic shifts on the labour market and thus on welfare programmes in Europe, and to develop policy proposals fostering economic growth that is distributed fairly across society and generates opportunities for all. She also invited participants to visit the WeLaR website and social media accounts.



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