



WeLaR Newsletter

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From the Editors

We're back with the third edition of our newsletter. The highlight of the past three months was our meeting in May, where we planned our work and future events, and discussed the challenges we're facing.

In this issue we also provide some insight into what our partners have been working on. Katrin Sommerfeld from the Leibniz Centre for European Economic Research (ZEW) recently delivered a keynote speech on how increased immigration to the EU can help mitigate the bloc's growing labour shortage. Katrin elaborates on this topic for our newsletter, discussing the case of the German labour market. She shows that migrants did not take jobs from native workers, but are more frequently employed in shortage occupations compared to native workers.

We also present findings from a report on job quality and work conditions in Belgium co-authored by three WeLaR researchers. This study aims to identify inequalities in the labour market and can assist policymakers in designing solutions to ensure that a greater number of workers have access to high-quality jobs offering financial stability and security.

Finally, Zuzanna Kowalik looks ahead at planned research on situation of platform workers, a hot topic among EU legislators and regulators at the moment. Project WeLaR will evaluate the extent to which workers are willing to trade their current levels of flexibility, autonomy, and earnings for improved labour rights.



WeLaR team meets to streamline research on impact of four megatrends on labour markets and welfare states

Representatives of the WeLaR consortium's 10 members met on May 16 in Leuven, Belgium to ensure we are on track with fulfilling our research plans and to discuss the next steps, events and potential challenges.

Mikkel Barslund, project manager of WeLaR, welcomed the 22 participants, stressing the importance of collaboration for ensuring the quality of our deliverables. Next he gave the floor to Laurène Thil, who presented an overview of the activities planned for the next 12 months, including papers and events. Laurène also talked about the WeLaR report that will present the state of the art on the megatrends' impacts on labour market and welfare states, giving researchers access to current research.

Researchers Zuzanna Kowalik, Fabio Lamperti, Sandra Leitner, Piotr Lewandowski, Ludvine Martin, Javier Olivera, Cristiano Perugini, Fabrizio Pompei, Katrin Sommerfeld, Holger Stichnoth, Sem Vandekerckhove, Bart Vanhercke, Marko Vladislavljević and Stella Zilian, who are leading teams that will write 24 papers and five policy briefs, talked about the research agenda, specifying aims and motivations, research questions they seek to answer, and methods and data they plan to use. They also informed consortium members at what stage of the research process their teams are and flagged potential challenges such as data availability and methodological issues. Each presentation was followed by a more detailed discussion in smaller groups of scholars who work on a particular topic.

During the meeting, we also talked about how to recruit and engage stakeholders in our research and how to effectively communicate WeLaR's results to different audiences via our website, project newsletter and social media. Ursula Holtgrewe presented the plan of events for this year, with the next workshop on policies that encourage labour market participation to be organised by LISER in October 2023, and the first Virtual Expert Cafe in November 2023.



WeLaR researcher delivers keynote at ZEW debate in Brussels

WeLaR researcher Katrin Sommerfeld from the Leibniz Centre for European Economic Research (ZEW) delivered a keynote speech at a debate in Brussels on April 18.

Sommerfeld highlighted the growing labour shortage in the EU and advocated for increased immigration, including from third countries, to address this issue.

“Since 2013, the number of job vacancies in the EU has more or less doubled, while unemployment has fallen by half,” she said. “In most countries, there is a shortage of craftsmen, care workers, IT specialists, but also of low-skilled workers in retail, security or the food industry.”

Her remarks set the stage for a panel discussion, moderated by Professor Nicolas Ziebarth, head of ZEW’s Labour Markets and Social Insurance unit. The panellists included Sommerfeld herself, alongside Ben Butters (CEO Eurochambres), Barbara Kauffmann (Director for Employment at the European Commission’s Directorate-General for Employment and Social Governance, Analysis), and Barbara Surdykowska (Polish trade union Solidarność).

The event, attended by over 140 participants from the EU Commission, academia, trade unions and business, focused on the impact of immigration on labour markets within the European Union.

Throughout the discussion, the panel participants acknowledged the potential relief that immigration to the EU could provide for the labour market. However, researchers held differing opinions regarding the precise approaches to implementing policies to achieve this goal. The diversity of perspectives generated a stimulating exchange of ideas.

Read more about the discussion [here](#).



How Migration Can Help Alleviate Labour Shortages

Katrin Sommerfeld (ZEW)

Labour shortages have increased across all EU countries over the last years. The job vacancy rate has more than doubled in less than a decade: from 1.2 per cent in 2013 to 3.0 per cent in 2022. At the same time, unemployment in the EU has been steadily decreasing, reaching a record low of 6.1 per cent in December 2022. Labour shortages are not restricted to high-skilled occupations; indeed, the OECD acknowledges labour shortages “including in low- and middle-skilled occupations” (OECD 2022, p. 12).

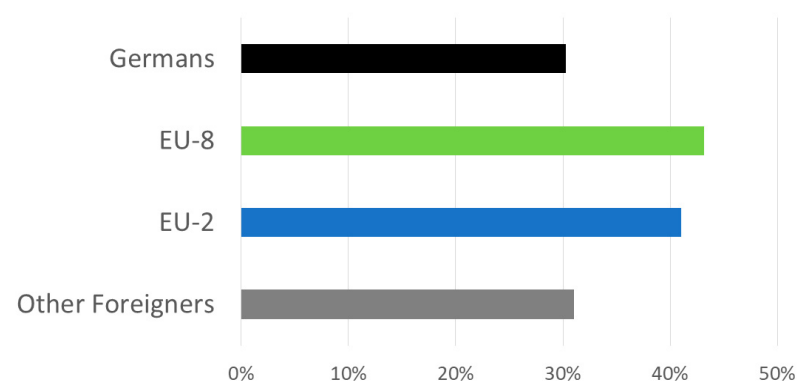
Migration can alleviate labour shortages directly when immigrants work in occupations experiencing shortages that domestic workers are unable to fill. However, obtaining cross-country evidence is challenging due to the varied definitions of shortage occupations. A case study of Germany shows that workers from Eastern European countries are more frequently employed in shortage occupations in Germany compared to native workers. Figure 1 shows that in 2019, 31.9 per cent of Germans worked in occupational groups with shortage occupations as defined by the Federal Employment Agency (Gallegos Torres et al., 2022). In contrast, among Eastern European workers subject to social security contributions (s.s.c.) in Germany, 43.2 per cent of workers from the EU8 (the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia) and 41.0 per cent of workers from EU 2 (Bulgaria and Romania) work in shortage occupations. This suggests that workers from Eastern and South-Eastern EU member states play a direct role in alleviating labour shortages in Germany.

In addition to the direct effect of immigration, there are indirect effects that could

contribute to alleviating labour shortages for two reasons. First, there are complementarities between workers in low-skilled and in high-skilled jobs, and potentially between shortage and non-shortage occupations. For example, a higher availability of cleaning personnel (non-shortage) could increase the labour supply of domestic workers in shortage occupations, such as female doctors. Second, immigration leads to positive spill-overs to domestic workers. For example, studies have shown that in Danish regions hosting more refugees, low-skilled native workers are “pushed” into less manual-intensive occupations with a higher share of cognitive non-routine tasks leading to higher wages (Foged, Peri, 2016). Presumably, natives or former migrants can leverage their relative advantage to the newcomers in terms of language skills. Similarly, highly skilled cross-border commuters to Switzerland have been shown to improve wages of high-skilled Swiss workers as they move more frequently into managerial positions (Beerli et al., 2021). These examples illustrate the complexity of the complementary relations between immigrant and native workers. In order to gain a deeper understanding further research into labour market effects from migration is needed.

The WeLaR project aims to delve into the dynamics between migration and the labour market. As part of our research agenda, in Work Package 5 – Task 5.5 we will unravel the complexities surrounding the interplay between migration patterns, the transformation of labour markets, and the policies. By scrutinising this aspect, WeLaR seeks to provide valuable insights for researchers, policymakers, and stakeholders.

Figure 1: Share of s.s.c. employees in shortage occupations (2019)



EU8 states include the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia. EU2 states include Bulgaria and Romania.

Source: Gallegos Torres, Sommerfeld (2022) 18 Jahre EU-Osterweiterung: Wo Osteuropäer/innen in Deutschland arbeiten. *ZEW-Kurzexpertise* Nr. 03/22.

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Katrin Sommerfeld

Katrin is an economist and the head of the ZEW's Junior Research Group on [Integration of Migrants and Attitudes towards the Welfare State](#). Her research interests include labour economics, economics of migration and applied micro-econometrics. She studies the effect of migration on employment and wages.



WeLaR partner publishes analysis of work quality in Belgium

WeLaR researchers Laurène Thil, Karolien Lenaerts and Sem Vandekerckhove from HIVA KU Leuven have contributed to a recent report looking into job quality and work conditions in Belgium in 2021, for the Federal Public Service – Employment, Labour and Social Dialogue. This study aims to identify inequalities in the labour market and can assist policymakers in designing solutions to ensure that a greater number of workers have access to high-quality jobs offering financial stability and security.

Drawing on the results of the Eurofound European Working Conditions Survey 2021, the researchers investigated aspects of work quality such as job satisfaction, tasks, employee psychological well-being, and precariousness, comparing them to 2015 findings when possible. Given that the 2021 survey was conducted amidst the COVID-19 pandemic, the global health crisis had a notable impact on multiple areas of employee welfare and practical work-related aspects. Consequently, this context significantly influenced the study's results.

Among the key findings of the paper were:

- In terms of work engagement, a significant majority of workers in Belgium, ranging from 77% to 83%, reported feeling energised, enthusiastic, and felt that time passes more quickly when they are at work. However, around a third of respondents expressed physical exhaustion at the end of the workday. Around 15% felt emotionally drained by their work. Despite these challenges, these findings highlight a predominantly positive perception of work in Belgium.
- These results also demonstrate a decline in job insecurity. In 2021, the proportion of Belgian workers fearing job loss stood at 11%, compared to 15% in 2015. Researchers suggest that improvement in job security may be attributed to supportive measures introduced by the local government to mitigate the adverse effects of the COVID-19 pandemic. However, it is important to note that, across both periods, researchers observed higher rates of job insecurity among groups with weaker labour market positions. These included those employed on temporary contracts, young people, and lower-skilled or blue-collar workers.
- While job satisfaction remained consistent between 2015 and 2021, there has been a decline in presenteeism (going to work while sick). This may be attributed to stricter guidelines during the pandemic, which prevented individuals from attending work if they tested positive, coupled with the effect of successive lockdowns which reduced the circulation of other viruses.
- The researchers identified a prevalence of routine tasks in declining professions, while non-routine tasks, such as intellectual assignments, were found to be common in growing professions. These results align with the “routine-biased technical change hypothesis,” which suggests that technological advancements drive an increase in demand for workers engaged in non-routine tasks and a drop in demand for workers performing routine tasks.

Read the summary (in French, Dutch and English) by following this [link](#)

Read the full text (in French and Dutch) by following this [link](#)



Security or autonomy? Measuring gig workers' preferences

Zuzanna Kowalik (IBS)

The past decade has seen rapid growth in the gig economy, fuelled by the emergence of online labour platforms. These platforms often classify their workers as independent contractors or employ them under non-standard forms of employment (Urzi et al., 2020), resulting in inferior working conditions and job quality compared to traditional, full-time employment (De Stefano, 2015). In response, the European Commission proposed a directive in 2021 to improve the working conditions of platform workers, prioritising the reclassification of workers and establishing criteria for determining employment status based on the platform's control over the work process, such as setting rates, specifying work requirements or limiting the worker's ability to build their customer base.

However, the directive is still navigating the EU's complex legislative process, facing challenges and potential amendments due to diverse ideological perspectives within governing bodies. The reclassification of workers and the establishment of criteria for the process are central concerns for lawmakers. Platforms' advocates argue that automatic reclassification may result in excessive regulation of the market, potentially harming self-employed workers who rely on platform work as additional income and value the flexibility and autonomy it provides (Piasna & Drahoukoupil, 2021). A recent study conducted in the United Kingdom highlighted workers' desire for fundamental rights, such as minimum wage rates, paid leave, and protection against unfair dismissal (Wood et al., 2023).

To gain deeper insights into these preferences, Project WeLaR researchers will evaluate the extent to which workers are willing to trade their current levels of flexibility, autonomy and earnings for improved labour rights. By employing stated preference field experiments in four countries with distinct institutional frameworks, this project aims to contribute valuable insights into the complex dynamics between labour rights and platform workers' considerations. The findings will play a crucial role in implementing the EU directive on platform workers' working conditions, facilitating the development of effective national legislation and advancing our understanding of platform work dynamics. Ultimately, this research has the potential to inform better labour policies and improve the lives of platform workers.

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Zuzanna Kowalik

Zuzanna is a sociologist and economist, working as a researcher at the Institute for Structural Research (IBS). Her interests focus on the labour market, sociology of work and socioeconomic inequalities



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