WeLaR Newsletter

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From the Editors

In the past few months, we at WeLaR have been busy doing research and sharing the results at our events.

This newsletter features a fresh WeLaR paper, in which our researchers show the lingering effects of COVID-19 lockdowns, demonstrating that immigrants and low-skilled women are struggling to return to labour markets after the pandemic. More papers are coming soon, so be sure to follow us social media for updates.

In November we held two events: a hybrid workshop on labour supply, and a virtual expert café. Each one drew a number of participants from research institutions, think tanks, and public authorities, allowing us to exchange ideas and findings, and think about policy solutions on issues such as how to address skill mismatch, combat inequality, and help vulnerable groups to participate in the labour market.

Autumn was a happy time for labour economists studying inequalities and gender aspects of labour market, as we welcomed the Nobel Prize for Claudia Golding. This newsletter features a short text on how her work impacts what we do at WeLaR.

This is last issue of 2023, so we would like to wish you a happy holiday season with your loved ones. We'll be back next year with more news and announcements.

WeLaR paper shows immigrants, low-skilled women struggle to return to labour markets after pandemic lockdowns

Despite the overall recovery of labour markets in Europe since the end of the pandemic lockdowns, lingering aftershocks may be preventing immigrants and women with low levels of education from returning to work, a new WeLaR paper has found.

Containment measures designed to limit the spread of COVID-19 had a devastating impact on economic performance in the European Union, with the foodservice and accommodation sector experiencing a 50% decline in hours worked during the first wave of the pandemic. By mid-2021, the unemployment rate in the EU had returned to pre-pandemic levels, but the recovery has been uneven, and the aggregate numbers fail to capture local disparities.

"We wanted to zoom in and take a more granular look at the consequences of these policies," said Maciej Albinowski, a co-author of the study and an economist at the Institute for Structural Research (IBS) in Warsaw.

To assess potential short- and medium-term effects of the lockdowns, researchers analysed Eurostat data on employment trends for various socio-demographic groups at the regional level. To compare regions, they analysed pre-pandemic and post-lockdown data on employment and activity rates, using employment in the accommodation and foodservice sector as a measure of a region's vulnerability to the lockdown policies.

What they found was surprising. For most workers, the negative effects of COVID-19 subsided by 2022. Yet this was not the case for immigrants or for women with low educational attainment.

The employment rate of immigrants in the EU decreased in 2020 by 2.8%, a much larger drop than in the overall employment rate of 0.9%. Since then, recovery has been uneven: in 2022, employment rates for immigrants remained below 2019 levels in Bulgaria, Hungary, Poland, and Lithuania, suggesting that the pandemic influenced employment prospects long after lockdowns were lifted, the researchers found.

The response of women's employment also varied by educational attainment, with low-skilled women being the hardest-pressed. Moreover, employment losses for women manifested as declines in the activity rate, meaning fewer women were actively working or seeking work after lockdowns were lifted.

"Our research emphasises the importance of looking beyond the unemployment rate when analysing the labour market's recovery," said study co-author Laurène Thil, a senior research associate at the HIVA Research Institute for Work and Society. "For both low-skilled women and immigrants, we observed not just negative employment effects but also a similar drop in labour market participation. This indicates a persistent detachment from the labour market, hinting at prolonged inactivity."

More research is needed to gauge the long-term impacts of lockdown measures, and to identify the causes of these trends. The EU labour force survey's 2022 microdata, set to be released in December 2023, could enable a more detailed examination of socio-demographic groups and effects on so-called precarious employment, the researchers wrote.

"We don't really know why certain groups of people are choosing not to re-enter the workforce, but the data to date clearly suggest some are staying away," said co-author Marko Vladisavljević, a professor at the Faculty of Economics and Business at the University of Belgrade. "Getting a handle on the drivers of labour market upheaval may

be necessary to ensure a full post-COVID recovery."

References

Albinowski, M., Thil, L., and Vladisavljević, M. (2023). The heterogenous impact of the COVID-19 crisis on labour market participation in the EU (Deliverable 4.3). Leuven: WeLaR project 101061388–HORIZON.

WeLaR workshop on labour supply features seven presentations

The first WeLaR workshop, "Labour market supply: What policies to encourage labour market participation and ensure that no one is left behind?", held on 24 November in Leuven and online, featured seven presentations and gathered almost 30 participants, sparking lively discussions.

The first session, on labour market participation and chaired by Stéphanie Cassilde (Le Forem), started with a presentation by Zuzanna Kowalik (IBS), who analysed working conditions and job quality among drivers working for taxi and delivery platforms in Poland. She found that migrants, who constitute about a third of the group, have different motivations to take up this type of job than natives. Her presentation highlighted disparities between more and less recent migrants, with the latter engaging in contract-less work three times more frequently. Moreover, their terms of employment, working hours, work-life balance and job satisfaction are significantly lower. Migrants tend to cluster on taxi platforms which offer inferior working conditions. Those who started platform jobs immediately after arriving in Poland are particularly deprived.

Next, Allison Dunne (HIVA KU Leuven) talked about research within the MICHELLE project on how the transition to a circular economy is impacting the labour market in Flanders (Belgium). She showed that the transition does not have such a drastic effect on the labour force as, for instance, digital transformation. The transition is an emerging source of job creation, but there is a problem of skills mismatch. The skills that will gain importance as a result of the process are not specifically related to particular jobs, but those that can be used in a variety of work settings: problem-solving, value chain thinking, flexibility, leadership, critical thinking, and collaboration.

The session ended with a presentation by Maryna Tverdostup (wiiw), who discussed how European couples divide their time between paid employment and household chores (excluding childcare). The research, conducted as part of WeLaR, shows that although female labour market attachment is strengthening, housework remains divided according to traditional gender roles. Higher female labour market attachment and higher overall degrees of overall gender equality are associated with a smaller within-couple housework disparity. Couples' division of housework gets more egalitarian as a wife's worktime surpasses her husband's. Nevertheless, Tverdostup emphasised the many disparities among European countries.

The second session, on vulnerable groups and public policies, was chaired by Laurène Thil (HIVA KU Leuven). Patricia Urban (CEPS) presented a novel taxonomy of green jobs developed within the Horizon Europe project TransEuroWorkS. She argued that this taxonomy addresses the shortcomings in existing green jobs classifications by integrating inputs and intuitions from different classifications. She also stressed that in the transition to the green economy, current efforts to re- and upskill the workforce tend to be sector-specific, neglecting the impact on the other branches of the economy. To ensure that structural labour market changes induced by the green transition happen in a socially just manner that protects vulnerable groups, policy makers should

ensure that such efforts take a holistic approach.

In the next presentation, Ramón Peña-Casas (OSE) focused on the policies that address in-work poverty in Europe. He stressed the importance of taking account of individual and household characteristics when measuring in-work poverty. He showed that certain social groups face a considerably higher risk of poverty, and for some, the risk of in-work poverty has risen significantly in recent years. He provided evidence that a variety of measures deployed by EU governments, such as the minimum wage and family benefits, help combat in-work poverty even though this is not their stated goal. He also showed that minimum wages alone are insufficient to support more than one person in a household.

Rachel Scarfe (University of Edinburgh) presented a theoretical labour market model that incorporates casual work and empirical evidence. While casual work means both workers' supply of labour and employers' demand for it can be adjusted quickly, this comes at the expense of certainty for both sides. She demonstrated that causal jobs are concentrated in the bottom end of the wage distribution and are impacted by minimum wage policies. Her findings also show that a ban on casual jobs leads to higher unemployment, a decrease in the rate of finding jobs and in the number of casual jobs, but an increase in the number of regular jobs.

Ludivine Martin (LISER) closed the session by presenting a paper from the H2020 Project UNTANGLED on the impact of technological transformation and demographic changes on worker welfare across Europe. The paper finds that the majority of European regions will benefit from robotisation and automation, yet the effect will be heterogeneous across countries, regions, sectors, and occupations. Professionals (of varying education levels) were projected as the most likely beneficiaries of robotisation and automation. In European regions classified as manufacturing-dominated economies, such as Germany and Belgium, automation translates into an influx of workers into production. By contrast, in service-dominated economies, mainly Spain, France and Poland, automation stimulates the efficient supply of workers in mostly advanced services. Policy makers must take decisive action to ensure the economic boost generated by increased digital transformation is shared fairly across regions.
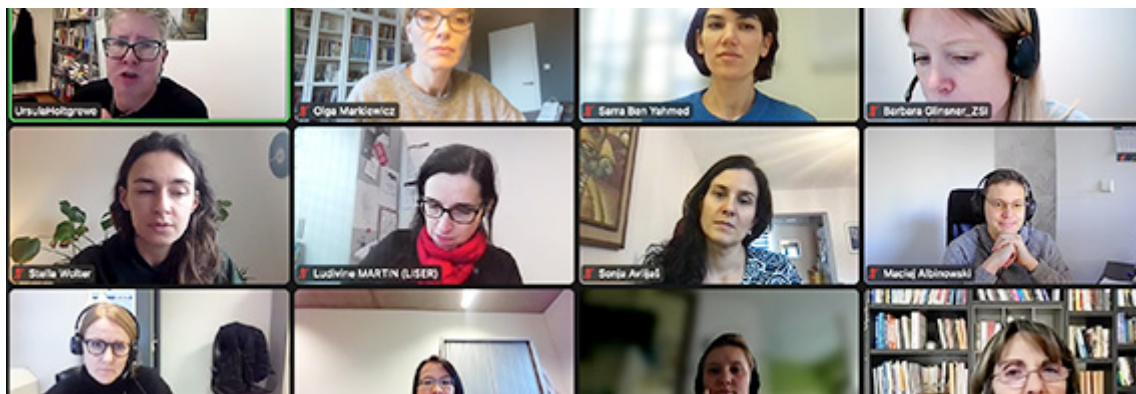
First WeLaR Café Explores the Impact of Digitalisation and Shocks on Labour Market Dynamics

WeLaR's inaugural Open Virtual Expert Café revolved around the influence of digitalisation and external shocks, such as the Covid-19 pandemic, on different groups of workers and their position and attachment to the labour market. We also examined the effects of new policies on income distribution.

The 30 November meet-up organised by ZSI featured five presentations and attracted 19 participants.

Maciej Albinowski (IBS) presented findings from a WeLaR paper co-authored with Laurène Thil (HIVA) and Marko Vladisavljević (IEN) on the impact of the COVID-19 crisis on labour market participation in the EU. The researchers found that despite the overall recovery of Europe's labour markets, lingering aftershocks may prevent immigrants and women with low levels of education from returning to work. The employment losses for women manifested as declines in the activity rate, meaning fewer women were actively working or seeking work after lockdowns were lifted.

Next, Uyen Nguyen (LISER) shared preliminary findings from ongoing research within WeLaR, examining the influence of technological change on the choice to retire early.

The results indicate that individuals with higher digital skills are less inclined to opt for early retirement. This pattern is particularly noticeable among those aged over 60, those with higher education levels and with higher incomes.

Sara Baiocco (DG EMPL) talked about the Distributional Impact Assessment (DIA), a new EU analytical tool that allows users to examine how various policies, mainly in the area of tax and benefits, impact income distribution. The DIA quantifies the effects of policies on poverty and inequality, and aids in prioritising and designing policies to reduce poverty or minimise negative social impacts.

Sarra Ben Yahmed (ZEW) talked about the relationship between remote work and gender equality in the labour market. Ben Yahmed examined how school closures and the widespread adoption of working from home (WfH), caused by COVID-19, affected the division of labour within families. Before the pandemic, mothers typically spent three more hours per day on childcare than fathers; school closures resulted in a widening of this gender gap by over an hour, regardless of parents' WfH options. However, when schools partially reopened, more childcare and housework shifted to the parent working from home, suggesting that fathers' WfH could promote a more equal division of childcare.

Sonja Avlijaš (University of Belgrade) examined gender-specific labour market risks and the impact of employment and income support policies on women's situation. Avlijaš showed that gender gaps in employment and earnings persist despite the positive influence of liberalisation and the expansion of services on women's employment. She emphasised the increased vulnerability of female workers during economic crises and austerity. Gender inequalities in the labour market strongly intersect with other factors that drive labour market discrimination and disadvantage, such as class, race, immigration status, and geographic location. Additionally, her findings stress the inadequacy of current employment support policies for women, and underline the importance of effective income support policies to address the challenges faced by low-skilled women.

WeLaR celebrates Claudia Goldin's Nobel Prize

The researchers of the WeLaR project are delighted to see Professor Claudia Goldin win the 2023 Nobel Prize in Economic Sciences for her ground-breaking work on female employment and the factors influencing gender disparities in the labour market.

"This is fantastic news and a clear acknowledgement of the progress that economic science has made in understanding gender inequalities, gender gaps, and labour market discrimination, especially in tandem with historical analysis," said WeLaR researcher Cristiano Perugini from the University of Perugia.

In her research, Professor Goldin has demonstrated how a multitude of factors affect the supply of and demand for female labour. They include women's opportunities for combining paid work and a family; decisions related to education and childcare; technological advancements; legal and societal norms; and shifts in the economic landscape. Her findings have deepened our understanding of the root causes behind differences in employment rates and pay between women and men.

"While Goldin's scholarly contributions rarely engage with normative issues geared toward policy formulation, they consistently underscore the need to meticulously examine the specific historical, societal, technological, and cultural elements that delineate individuals and organisations act," Perugini adds.

Goldin's work has had a profound impact on WeLaR's research agenda. Rather than solely concentrating on gender in our analysis of inequalities, we explore how global trends impact gender differences in various contexts. For example, we investigate whether female workers face a higher risk of job loss due to automation, and examine which income support policies protect women workers from the adverse effects of digitalisation.

Photograph: Jonathunder, Medal: Erik Lindberg (1873-1966), Source: Wikipedia

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