



WeLaR Newsletter

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From the Editors

The WeLaR consortium had a very busy spring, completing two papers and organising three events. And we're not slowing down for the summer. We're starting the second half of our project's three-year term and our research is beginning to generate results. So we're shifting into a higher gear as we move toward converting those results into practical advice for policymakers.

This edition of the newsletter shares insights from the two papers. The first one looks into how digitalisation affects the decision to retire early, while the other explores the impact of technological change and offshoring on the likelihood of having atypical employment.

Our four events during the past three months gave us a wealth of opportunities to present our findings and learn more from discussing them with a broader audience. Our Midterm Conference, "The Effects of Digitalisation, Globalisation, Climate Change, and Demographic Shifts on Labour Markets and Welfare States in the European Union", held in May, gave us a chance to showcase our results, hear comments from experts and colleagues, and learn about the findings of researchers working on similar topics. Additionally, we held two workshops on the role gender plays in labour market dynamics and labour demand.

Consortium members had a chance to meet in Leuven to talk about the progress we've made thus far, reflect on the outcomes we've achieved and strategise for the second half of our project, which includes preparing policy briefs and organising events, including another series of workshops and our final conference.

Upcoming events

28 June - WeLaR Workshop: Labour Market Institutions and Risks

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WeLaR Research



Technological change and offshoring impact job quality in EU, WeLaR study finds

Technological change and offshoring affect the likelihood that workers in the European Union will be in atypical employment, although the effects of these trends vary by sector and over time, a recent WeLaR paper shows.

"The spread of non-standard forms of work is a cause for concern, as workers in this type of employment often have short job tenure and are more likely to move in and out of the labour market," said Sandra M. Leitner, co-author of the study and an economist at the Vienna Institute for International Economic Studies (wiiw). "That increases the risk of low pay, in-work poverty and unemployment."

The study, which used worker-level data from the European Working Conditions Survey and various industry-level datasets, analysed the impact of three factors: types of technological change (robotisation and various ICT assets), offshoring practices, and the mitigating role of trade unions on job quality as measured by the proliferation of temporary contracts and involuntary part-time work. The findings show that temporary contracts are the most common form of atypical employment, and their use varies from industry to industry and over time.

The analysis showed that while none of the tested factors proved significant in 2021, in 2015 an increase in total offshoring or IT (investment in computer hardware) was associated with a higher probability of atypical employment in the manufacturing sector.

Different technologies had different effects. In manufacturing, IT was linked to a higher likelihood of temporary contracts, while investment in telecommunications equipment and higher robot density correlated with a reduced probability of involuntary part-time work.

The study also highlighted variations in the impact of offshoring and technological change on workers' self-reported skills mismatches. While offshoring was associated with a higher probability of over-skilling in the whole economy, technological change correlated with both over-skilling and under-skilling, depending on the industry. For instance, in manufacturing, investments in databases were associated with a higher

probability of being over-skilled.

“Widening skills mismatches pose significant economic challenges, including wage penalties, reduced job satisfaction, and decreased productivity for firms,” said Ursula Holtgrewe, co-author of the study and a researcher at the Centre for Social Innovation (ZSI).

Despite the potential for trade unions to mitigate negative job quality outcomes, the research suggests a limited role for them. While their presence was linked to a lower probability of atypical employment, the impact of unions on self-reported skills mismatches was negligible.

“Our findings show the complex interplay between technological change, offshoring practices, and trade unions in shaping job quality in the EU,” said Ludivine Martin, co-author of the study and an economist at the Luxembourg Institute of Socio-Economic Research (LISER). “As technological advances continue and globalisation persists, understanding these dynamics are crucial for policymakers and stakeholders who are seeking to address labour market challenges” said Laetitia Hauret, co-author of the study and an economist at LISER.

Sandra M. Leitner, Laetitia Hauret, Ursula Holtgrewe and Ludivine Martin (2024) Offshoring, technological change and the quality of work in the EU: On the mediating role of trade unions. (Deliverable 5.3). Leuven: WeLaR project 101061388.

The paper is available [here](#).



Digital skills help women stay employed for longer, WeLaR paper finds

Women with high digital skills, especially those with higher education and those who are self-employed, are less likely to retire early, according to a new study by the EU-funded WeLaR Project.

As digitalisation and automation accelerate, concerns arise that older workers may struggle to keep pace with new technologies, leading to early exit from the labour market. The WeLaR researchers sought to investigate whether increasing exposure to technology induces workers to retire prematurely and if possessing digital proficiency can mitigate this tendency.

The study did not uncover a straightforward correlation between technological advancements and early retirement, nor conclusive evidence that digital skills enhance an individual's competitiveness and confidence, thus reducing the inclination to retire early. The decision to leave the labour market appears to depend on factors such as gender, education level, and job characteristics.

“During our research, we showed that women with advanced digital skills tend to delay retirement, particularly those with higher education backgrounds. And knowing how to use digital tools can help older workers keep their jobs longer,” explained Thuc Uyen Nguyen-Thi, co-author of the study and research fellow in the Labour Market department at the Luxembourg Institute of Socio-Economic Research. “It appears that advanced digital skills in this specific demographic are not just an asset, but an important factor that considerably lowers the propensity for early retirement.”

The WeLaR researchers, who analysed large European databases of labour market data, also found that in non-routine manual jobs, which often involve hands-on work, advanced digital skills do not influence the timing of retirement, likely because these positions are less reliant on technology. However, in occupations that involve cognitive tasks, digital proficiency significantly lowers the likelihood of early retirement for both

men and women.

Interestingly male civil servants with high digital skills are more prone to exit the labour market early, a pattern not mirrored among women in similar roles.

“Our results show that digital skills can extend working lives in certain circumstances,” said Mikkel Barslund, study co-author and manager in the research group Work, Organisation and Social Dialogue at HIVA KU Leuven. “Investing in digital literacy and skill development could provide older workers with the tools they need to adapt to an increasingly digital workplace.”

The analysis suggests that initiatives enhancing skill development and digital literacy among older workers could help prevent early exits from the workforce. Such efforts could help societies address demographic challenges and technological advancements more effectively.

Thuc Uyen Nguyen-Thi, Mikkel Barslund, Ivana Ivkovic, Ana Milinkovic and Ilse Tobback. (2024). Effects of technological progress on the decision to retire early: Evidence for Europe (Deliverable D3.1). Leuven: WeLaR project 101061388-HORIZON.

The paper is available [here](#).

WeLaR Events



WeLaR conference features 17 presentations

Project WeLaR’s midterm conference, “The Effects of Digitalisation, Globalisation, Climate Change, and Demographic Shifts on Labour Markets and Welfare States in the European Union”, provided an opportunity to share our outcomes and engage in discussions with fellow scholars studying labour market trends.

Hosted by HIVA KU-Leuven on 23 May 2024, the conference featured 17 presentations and drew 35 participants from research institutes and universities across Europe.

“It was a busy day full of interesting discussions,” says Laurène Thil of the HIVA-KU Leuven coordination team. “We shared preliminary findings from seven papers we’re working on in Project WeLaR and received helpful suggestions on how to strengthen our work. We also had the opportunity to learn about results from other EU-funded projects, such as [Growing Inequality: a novel integration of transformations research – GI-NI](#) and [Incoding](#), and to exchange ideas with our stakeholders,” adds Karolien Lenaerts.

The event started with a keynote from Agnieszka Chłoń-Domińczak ([Warsaw School of Economics](#)), “European social citizenship – can it help building resilience in our societies?” followed by four sessions.

For more see [here](#)



WeLaR webinar on gender brings together 21 participants

Project WeLaR's second webinar brought together 21 participants who debated the role gender plays in labour market dynamics. The event, organised by HIVA KU Leuven on March 18, 2024 featured four presentations and was chaired by Laurène Thil (HIVA KU Leuven).

Maryna Tverdostup (wiiw) presented a WeLaR [paper](#) on fertility, household models and labour supply. She demonstrated that decisions to have children continue to penalise women in Europe, exacerbating the gap between fathers' and mothers' positions in the workforce and their compensation (see the presentation [here](#)).

Keonhi Son (SOCIUM, Uni Bremen) discussed the origins of social policy for women workers, and specifically the emergence of paid maternity leave in Western countries. Son argued that paid maternity leave was invented by male policymakers to address depopulation concerns (see the presentation [here](#)).

Romane Frecheville-Faucon (BETA-CNRS, Université de Strasbourg) presented a paper she wrote with Agathe Simon examining how the availability of public services shapes allocation of women's time. She argued that public services may affect women's time use but not men's, and that this effect varies depending on their age and household composition.

In his presentation, Lukas Riedel (ZEW, Leibniz Centre for European Economic Research) talked about his and Valentina Melentyeva's paper that highlights the persistence of gender inequality in labour markets worldwide. Riedel argued for more accurate ways of assessing child penalties, to comprehend gender disparities and provide informed policy recommendations.



WeLaR workshop on labour demand features 10 presentations

The WeLaR workshop "Labour market demand: economic and social risks" provided an excellent opportunity for scholars from across Europe to share and discuss their recent research on trends in this area.

The event, organised by the Institute for Structural Research (IBS), was held on 18 April 2024 in Warsaw and featured 10 presentations.

"It was a day full of insightful debates," said Piotr Lewandowski (IBS). "We looked into how migration, the green transition, AI, and various shocks are reshaping the demand

for work, and wages.”

The workshop started with a keynote address by Christina Gathmann (LISER), “AI and the Labour Market”. Gathmann shed light on the latest research concerning the impact of generative AI on the world of work. She pointed out that unlike previous waves of technological innovation, such as robotisation, AI has distinct effects on the labour market. Gathmann cautioned against drawing parallels between robotisation and AI. Recent findings suggest that, unlike this earlier technology, the adoption of AI is diminishing the demand for abstract and analytical tasks, while strengthening demand for routine ones. Additionally, data indicates that AI has negative employment effects on medium-skill workers, particularly in the manufacturing sector.

The first session focused on technology and tasks with Pelin Özgül (ROA), exploring the impact of AI on wages and employment growth in Germany. Özgül found that technology exposure varies across worker groups, but generally, the adoption of AI has a positive and significant impact on workers’ wages. Next, Marta Palczyńska (IBS) discussed gender differences in occupations and tasks, showing that women perform more routine tasks than men within occupations. Moreover, the fact that women work shorter hours is associated with performing more routine tasks, which hurts their salaries and contributes to the gender wage gap.

The session on shocks and regulation started with a presentation by Jakob Schmidhäuser (ZEW) on the local economic impact of US troops’ withdrawal from Germany. He found that this economic shock had a persistent negative effect on local labour markets and public finance, decreasing municipal revenues and expenditures. Alessandro Tondini (FBK-IRVAPP) focused on the effect of legislation that reduced weekly working hours in Portugal from 44 hours to 40. Tondini found that this reform increased hourly workers’ productivity and had a modest negative effect on employment and sales. In the session’s final presentation, Michał Myck (CENEA) explored the effects of pre-retirement employment protection regulations, showing that such legislation has no negative implications on the employment or earnings of cohorts approaching retirement.

The third session centred on the consequences of migration. Laurène Thil (HIVA) presented a WeLaR report focusing on the relationship between atypical work forms and intra-EU migration patterns. Davit Adunts (IAB) explored whether the uncertainty of settlement intention affects Ukrainian refugees’ integration in Germany. He found that uncertainty significantly influences refugee integration paths, with those intending to settle displaying better employment prospects, faster language course enrolment, greater language proficiency, and higher aspirations compared to those intending to return or those who are undecided. Piotr Lewandowski (IBS) presented his research analysing how Ukrainian migrants and refugees affect Poland’s economy through business creation. Lewandowski argued that the inflow of Ukrainian refugees led to a wave of business creation by Ukrainian entrepreneurs, and its effect on total firm creation was positive. Furthermore, he found no indication of crowding out of native firms.

The last session focused on the effects the greening of the economy has on labour market demand. Fabrizio Pompei (UNIPG) presented his work investigating how green investments impact labour relations in Italy. Pompei found that companies making environmental investments differ, including by giving significantly more space to collective decentralised bargaining. Furthermore, these decentralised contracts, signed with trade unions, offer wage premiums and welfare services. In the last presentation, Ronald Bachmann (RWI) discussed how the greening of the economy changes the demand for skills and occupations. He showed that the labour market is already changing due to ecological transformation and that change is driven by the greening of existing jobs (new tasks) and the creation of new green occupations.

At the Poster session, the workshop’s participants listened to three presentations by IBS researchers:

- Zuzanna Kowalik – “Organisational culture’s role in shaping job satisfaction of remote workers”
 - Karol Madoń – “The effects of automation on wages”
 - Wojciech Szymczak – “Technology adoption, trade unions and atypical employment”.
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WeLaR General Assembly: researchers discuss project progress and next steps

The WeLaR team convened on 24 May 2024 in Leuven, Belgium, to discuss and summarise the project's development over its first year and a half. The meeting provided an opportunity to reflect on the outcomes thus far and plan the second phase of WeLaR.

Project Coordinator Karolien Lenaerts (HIVA-KU Leuven) welcomed all participants. Next, each work package leader gave a brief update on the progress of their package.

The second part of the meeting was a dynamic brainstorming session, where we focused on how to best translate our research findings into policy advice. Work package leaders provided preliminary results of each package, and we sought to link them to ongoing policy initiatives at the EU and member state levels. This led to a presentation of the main takeaways. Our WeLaR partners from OSE, specialising in policy advice, shared some reflections on potential linkages to policy debates.

Lastly, we discussed our final conference and planned workshops, webinars and virtual cafés.



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