

# Mobility in Low-skilled Labour Markets: The Case of Europe

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1:15 to 2:30pm

Andrews Conference Room 2203 SSH, UC-Davis

Migration Research Cluster

# Outline

- **Facts and figures on the low-skilled in the EU:**
  - labour force participation, unemployment, employment
- **Social mobility of low-skilled migrants in the EU-labour markets**
- **Further education and training and social mobility:**
  - European Skills Index, participation rates in education and training
- **Digitalisation and the low skilled**

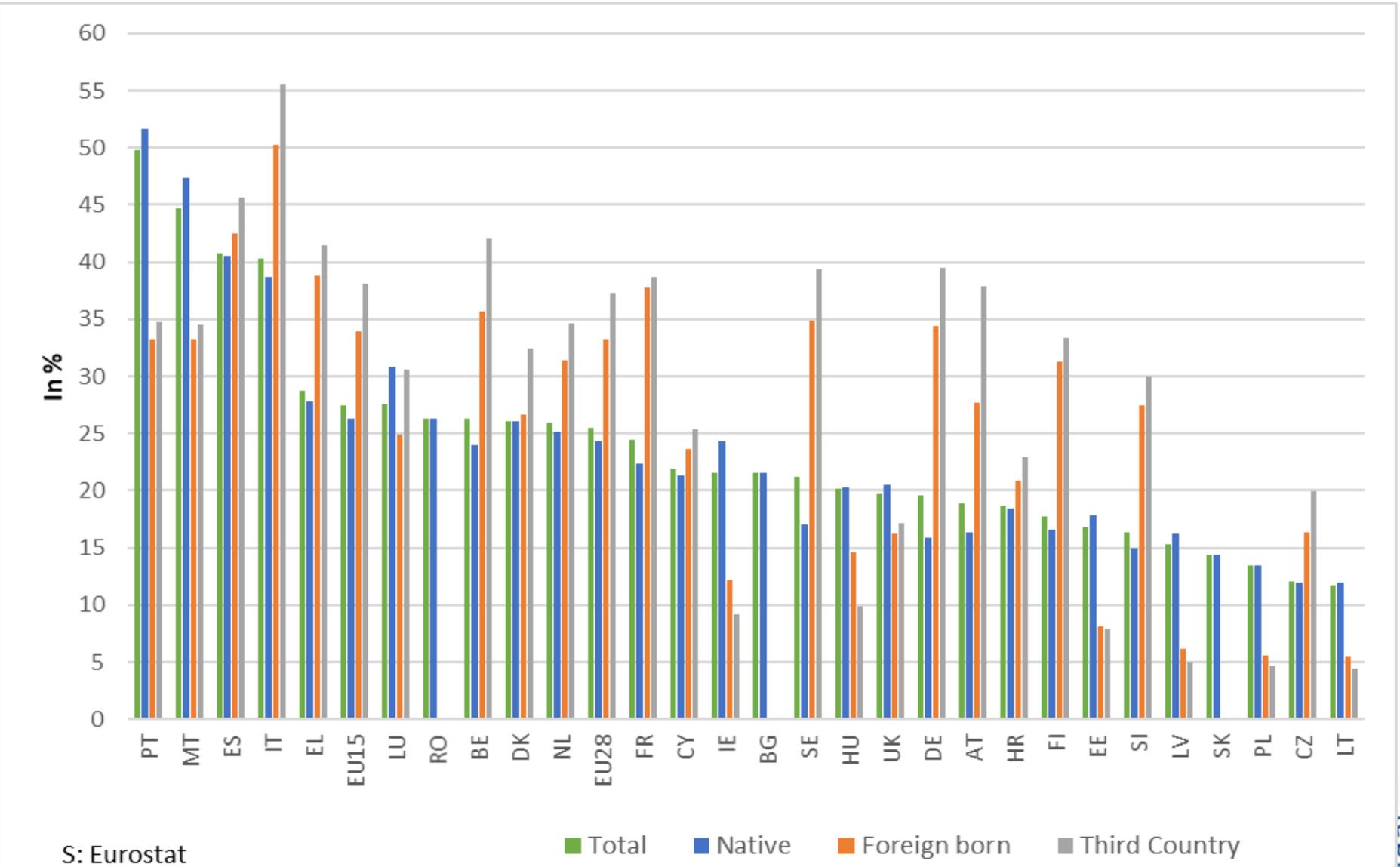
# Introductory note

- **Mobility of low-skilled workers is not only about geographical mobility but also about social mobility and thus the upward mobility in terms of wages and equality of chances in the labour market.**
- **Segmented labour markets on the demand side and 'superdiversity' of labour on the supply side open up a complex set of opportunities and career paths for low-skilled workers in the various EU-MS.**
- **While skilled migrants generally enter the primary labour market, alleviating domestic skill shortages in specific occupations, thus gaining access to the (social) mobility ladder available to natives, low-skilled migrants tend to be relegated to the secondary labour market, with little chance of moving up the occupational and social ladder.**
- **Further education and training offer opportunities for low-skilled migrants as well as natives to stay in employment and escape the trap of dead-end jobs, low wages and difficult working conditions.**

# Some facts and figures on the low-skilled population and workforce in Europe: 2018

- **Native & foreign born population: EEA population 527 mil. & 63.3% foreign born (12%); EU28 - 512 mil. & 60 mil. (11.7%) foreign born; 65% in EU of working age, foreign born 78%**
- **Low educational attainment (ISCED 0-2): EU28 25.5% (83 mil.) with a wide spread across the EU: highest in the South and lowest in CEECs; migrants on average more often low-skilled (33.3%) than natives (24.3%) with large differences across the EU-MS: CEECs lowest shares and Southern Europe leading**
- **Mobile EU28 citizens have a slightly higher share of low-skilled (25.2%) than the native-born population (24.3%), but significantly lower shares than third country origin migrants (37.3%). Exceptions are the Southern European countries Portugal and Malta; they have the highest shares of un- and semi-skilled native populations in the EU28, surpassing even the share of low-skilled third country migrants in their countries.**
- **In most EU-MS the share of low-skilled migrants amongst the low-skilled population is higher than the average migrant share in the population. Exceptions: in Switzerland, and even more so in Luxembourg, a relatively small proportion of the low-skilled are migrants (25.6% respectively 24.9%) but the migrant share in the total population is amongst the highest in the EEA with 34.6% respectively 54.6%.**

# Proportion of 15-64-year old population with low educational attainment level (ISCED 0-2) by country /region of origin in the EU 2018 in %

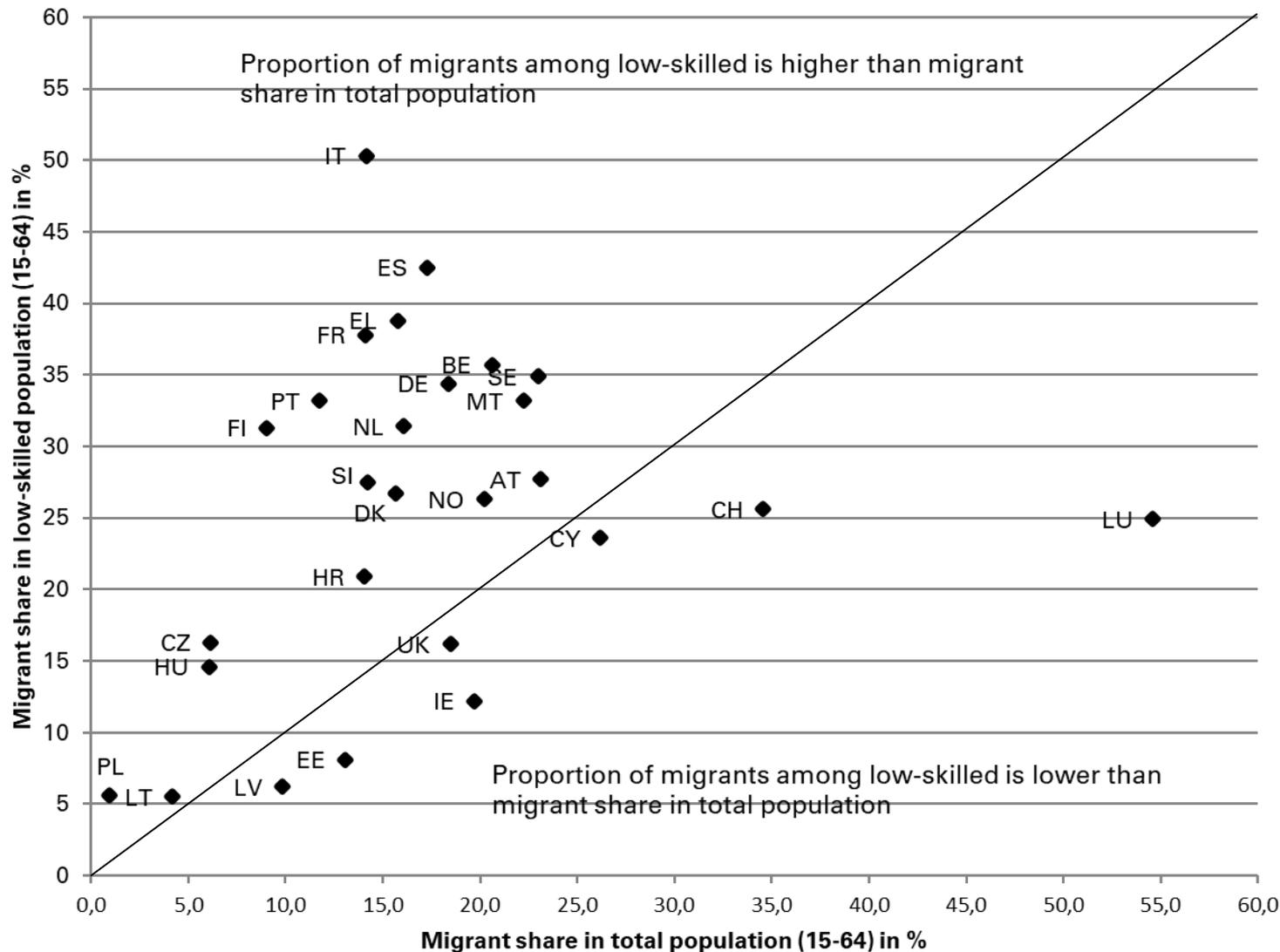


S: Eurostat

■ Total ■ Native ■ Foreign born ■ Third Country



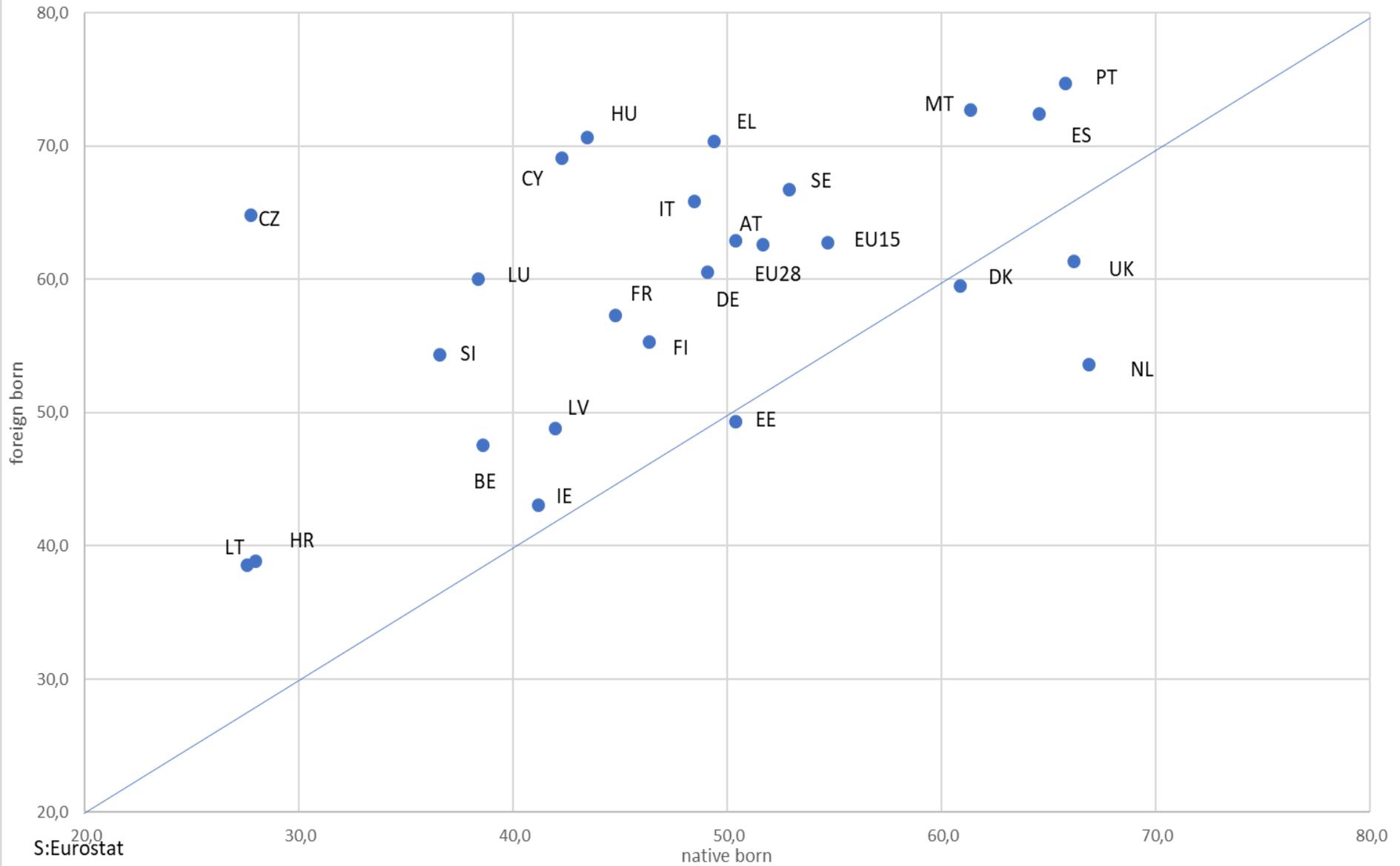
# Migrant share in total population of working age and proportion of low-skilled migrants (foreign born) among low-skilled population of working age in % in the European Economic Area: 2018



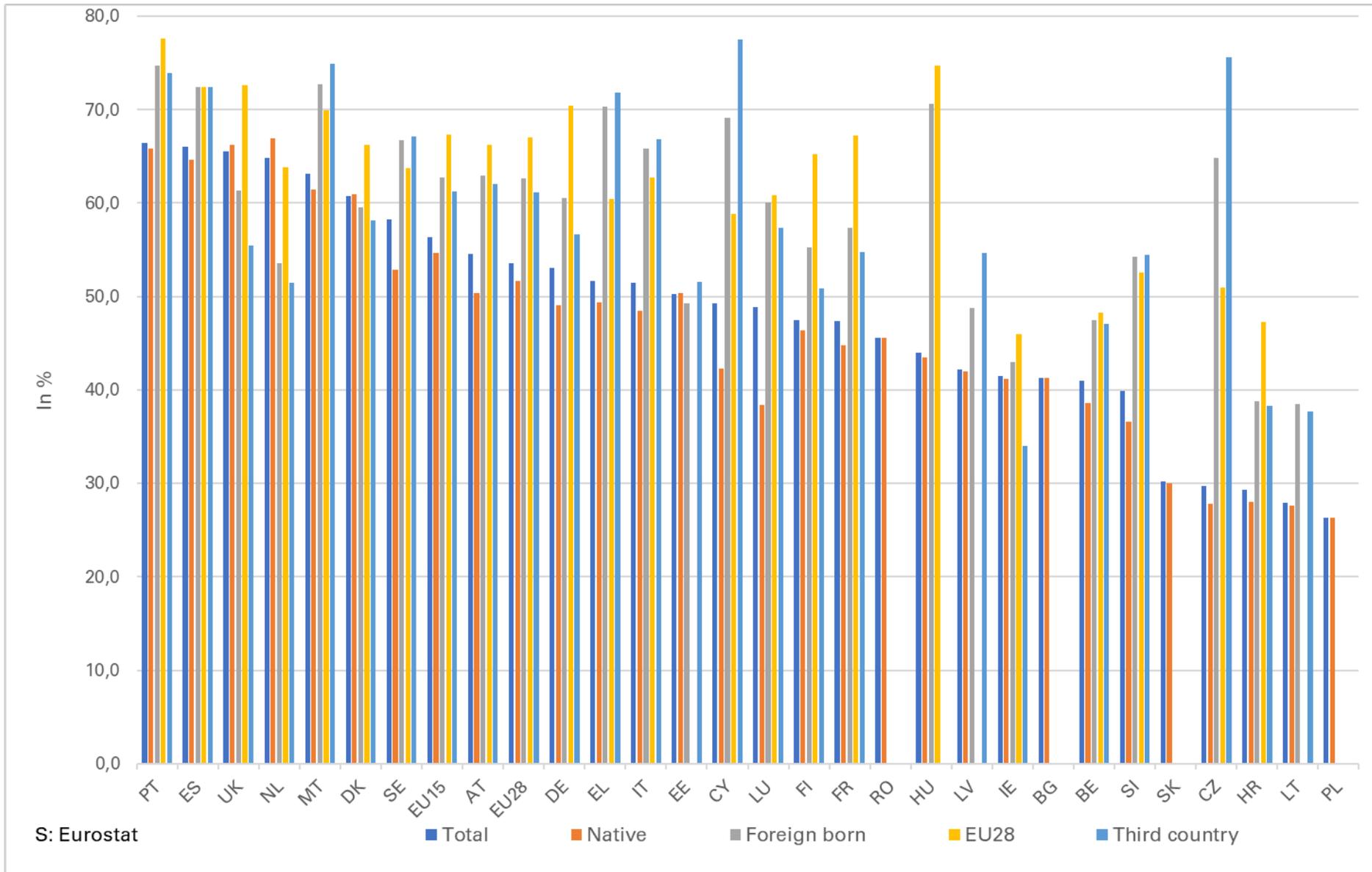
# Labour force participation of low-skilled natives and migrants

- **The labour force participation rates of low-skilled persons tend to be below average: in 2018 the difference amounted to 25.9 percentage points in the EU28 (53.6% versus 79.5%).**
- **Low-skilled natives tend to have lower rates (51.7%) than low-skilled migrants (62.6%); rates are higher for mobile low-skilled EU migrants (67%) than for third country low-skilled (61.1%).**
- **The differences across Europe are linked to different welfare models, legal rights of migrants (free mobility vs third country) and economic structures**
- **Since the introduction of the Euro (loss of exchange rate as adjustment mechanism to external shocks), labour mobility within the EU has become the major instrument to even out labour market inequalities -as wage flexibility is small**
- **Accordingly, we see substantial out-migration of low-skilled workers from the periphery in the East, e.g. Romania, Bulgaria, Poland, to EU-MS with better labour market conditions (UK, Ireland) but also to EU-MS with lower language and cultural barriers (Italy, Spain, Portugal) and a flexible component of the labour market run on contract labour.**
- **The increased inflow of EU low-skilled migrants did not raise the labour force participation rates of native low-skilled workers - job-creation via migration**

# Activity rates of native and foreign born low-skilled in %: 2018



# Activity rate of low-skilled by country/region of origin

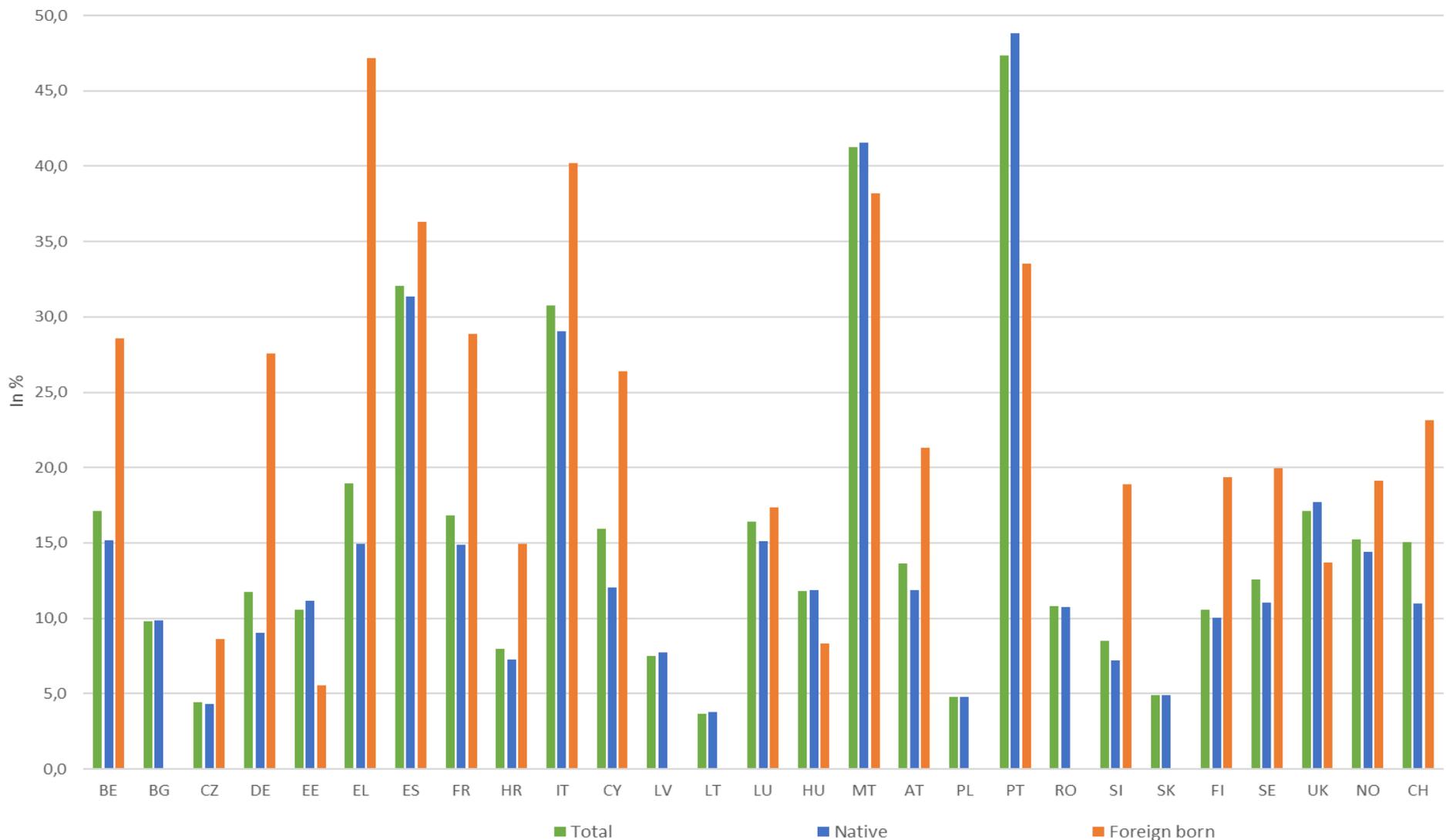


S: Eurostat

# Low-skilled unemployment and employment

- **Low-skilled workers have above average unemployment rates. In 2018, EU28 average 7% vs 14% for low-skilled workers. Low skilled migrants are more affected by unemployment than equally skilled natives.**
- **Given below average activity rates and above average unemployment rates, low-skilled workers are underrepresented in the workforce relative to the population. 2018: EU28 17.1% of all employees, i.e. 38 million people, were low-skilled workers.**
- **The lowest shares of low-skilled workers in total employment in CEECs (between 3.7% in Lithuania and 11.1% in Bulgaria; Romania has a share of low-skilled workers in total employment comparable to the EU28 average, with 17.3%). The countries with the highest employment shares of low-skilled workers are in Southern Europe; Portugal is taking the lead with 43.8%, followed by Malta (36.2%) and Spain (33%).**
- **In most EU-countries the share of low-skilled migrants in migrant employment is higher than the share of low-skilled native born in the employment of natives. Exceptions are Portugal in the South of Europe (33.5% vs 48.8%), the UK (13.7% vs 17.7%) and many of the Central and Eastern European EU-MS, as the majority of migrants are in the upper skill segments.**

# Share of low-skilled works in total employment by country / region of birth in %: 2018



S: Eurostat



# The social mobility of low-skilled migrants in the EU

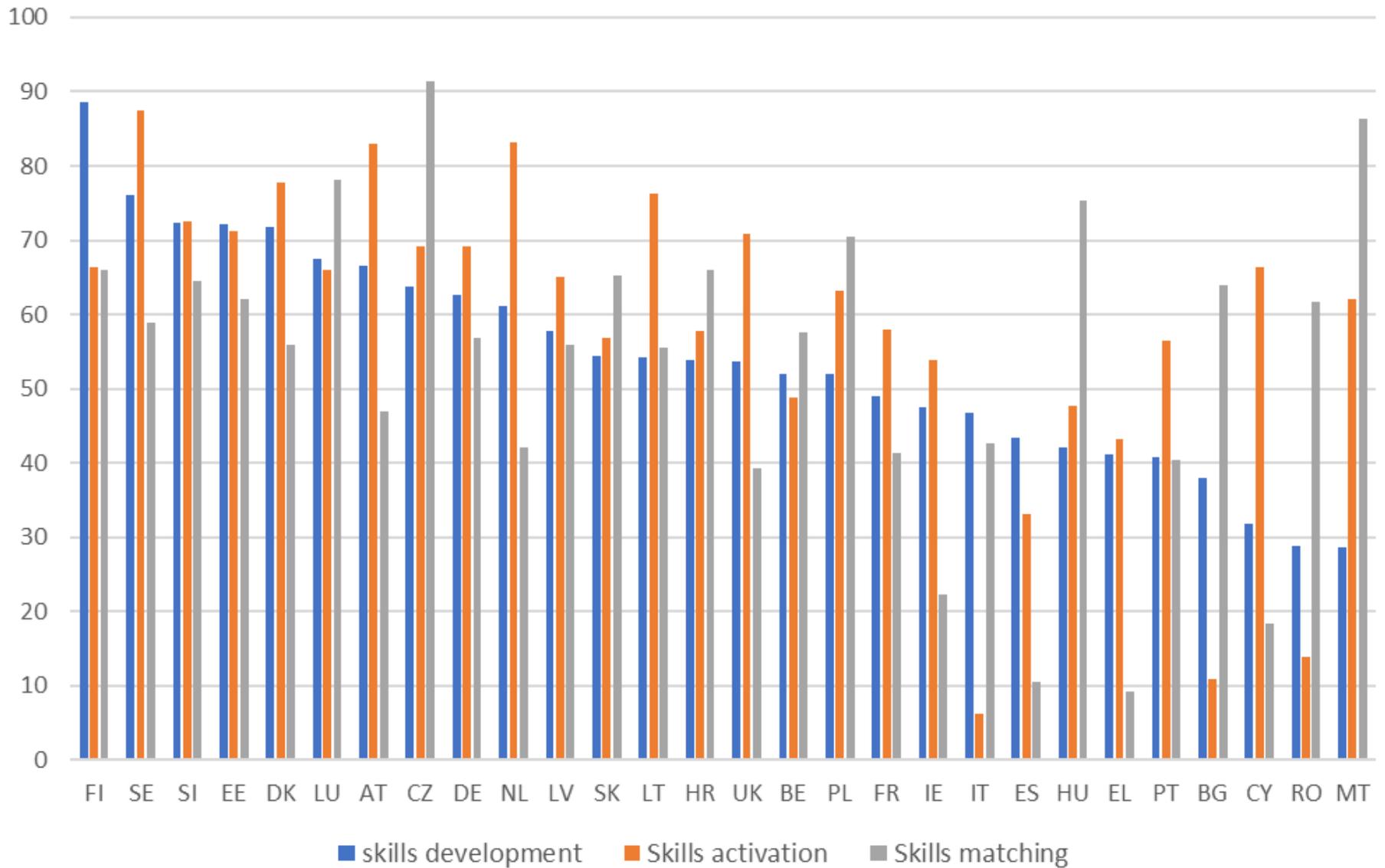
- The incorporation of low-skilled migrants into the labour market differs between EU-MS, in response to differing economic and technological development levels, institutional landscapes and the degree and type of segmentation of the labour market.
- In general, low-skilled migrants tend to access employment in the secondary labour market. But the character of the secondary labour market differs between EU-MS. While Austria tends to have a certain complementarity between low-skilled migrant and better skilled native workers, Southern European countries and France tend to differentiate between permanent employees and contract labour, independent of skill level.
- Germany opened up a low-wage sector similar to Anglo-Saxon countries (with the Hartz reforms after 2002), reducing the generosity of the benefit systems and lowering levels of protection against dismissal.
- Structural and institutional systems differ between the EU-MS, but the secondary labour market is the major vehicle for labour market flexibility. All limit movement between the sectors, thereby reducing the social mobility of low-skilled workers, many of them migrants.

## Further education and training promote social mobility

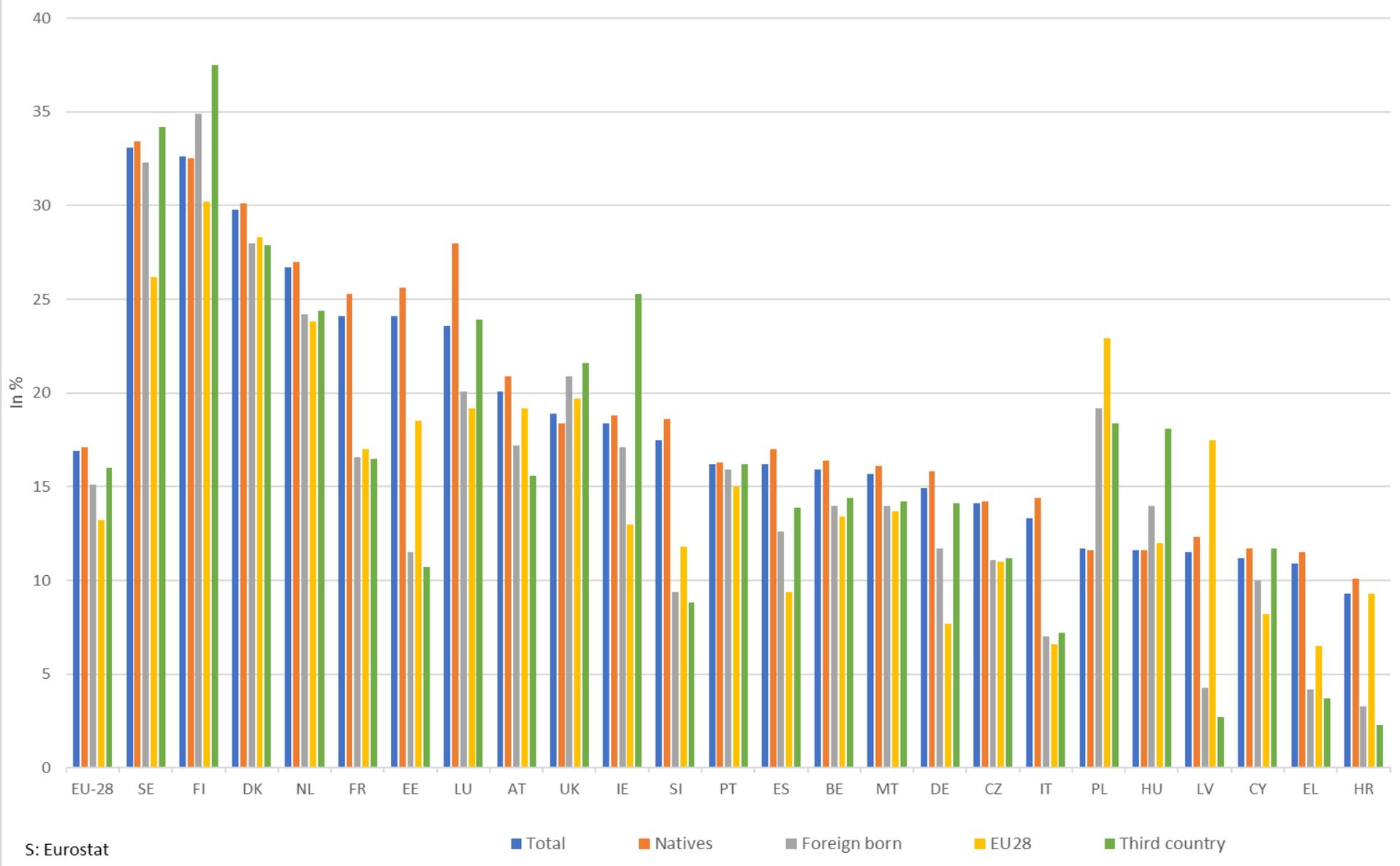
- As demand for low-skilled labour is declining, investment in education and training has been identified by the EU as crucial for improving their employment prospects. EU2020 includes the establishment of a system of lifelong learning (LLL) in all EU-MS.
- The implementation of LLL-systems is monitored on the basis of indicators included in the European Skills Index with three pillars: skills development, skills activation and the matching of skills supplied by workers and required by employers. While most countries have fairly well-developed instruments for upskilling and activation, matching is challenging, given different degrees of complexity of labour markets across Europe.
- The EU-MS in the forefront of technological and structural change are among the best in skills development (Nordic countries); the best performing countries in activation measures are Sweden, the Netherlands and Austria
- In contrast, in pillar three, the most effective countries relative to job matching are the Czech Republic in the lead, followed by Malta, Luxembourg, Hungary and Poland.
- The Nordic countries have the highest participation rates of workers in education and training, while Southern European countries, some CEECs as well as Germany are at the lower end of education and training participation rates.



# European Skills Index 2018



# Participation rates in education and training by country/region of birth 2018



S: Eurostat

# Digitalisation and the low-skilled – the way forward

- Above all, AI developments will give rise to a wave of automation which will trigger economic and social changes only comparable to earlier industrial revolutions. Certain jobs are going to become obsolete, 'bad' ones as well as 'good' ones, while new ones are being created. Overall there will be no decline in work, if we manage to stay connected to a digitalised global world and if the education and training system is able to provide the skills needed.
- But there will be challenges not only in the area of up- respectively re-skilling of workers made redundant but also in terms of funding education, health and care services out of tax revenues; the latter may run low as governments are grappling for new ways of securing taxes from cross-border online providers of goods and services and from work organised via various types of platforms (platform economy)
- It is difficult to judge the degree and composition of job losses resulting from digitalisation as artificial intelligence is not a singular technology but applicable in various tasks. In order to ensure social cohesion and political stability it will be important to have an eye on the transition to a digitalised labour market and to identify the winners and losers. This is a precondition for providing effective and targeted further education and training, preferably on an applied basis as in the apprenticeship system, to ensure their continued employability and decent living.

**Thank you for your attention!**



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