



EUROPEAN POLICY BRIEF



INNOVATIVE SOCIAL AND EMPLOYMENT POLICIES FOR INCLUSIVE AND RESILIENT LABOUR MARKETS IN EUROPE

Policy brief on differences in labour market positions

August 2015

INTRODUCTION

The financial crisis that hit the world economies in 2008 and its effect across the spectrum of European economies is being felt until today. These impacts have resulted in the decline of economic activity and also in the deterioration of employment figures. However, not all European countries have been exposed to the impact of the crisis with the same severity and intensity, indicating that some labour markets have been more responsive to the economic downturn than others. This has increased territorial differences on the labour market. Beyond the differences witnessed territorially, the consequences of crisis also have been distributed unequally over the workforce, showing a differential effect on the labour outcomes of the groups participating in the labour market.

EVIDENCE AND ANALYSIS

The concept of labour resilience emerges as an important pillar in both understanding and explaining the adaptation of labour markets and the differences in labour market results obtained by the collectives who make up the labour force.

Specifically, the employment impact of the crisis has been studied in four groups of the total population – young people, older workers, migrants and disabled people - through the comparison of key labour market indicators. The analysis showed similarities in the labour vulnerability patterns among countries in each of the groups studied, both before and after the crisis, but with differing degrees of intensity. Moreover, the research revealed the existence of certain factors linked to labour resilience of each group in their respective countries. The research also demonstrated that the labour market position of the vulnerable groups is better in those countries that have specific policies to address the identified relevant factors for each group. Conversely, policies targeting a specific group without considering all the factors affecting its labour performance have been revealed as less effective.

Further to the aforementioned age, nationality and disability variables, some economic, social, occupational, demographic and political factors that may be contributing to strengthening and/ or reducing labour resilience of each group are assessed in the studied countries.

The most relevant factors affecting the labour market position of **young people** are the difficulties triggered by the process of transition from education to work and the low experience of people aged between 15 and 24. Other factors such as the educational level and the skill mismatches of workers of this age cohort have been revealed as influencing its labour performance. Nevertheless these latter are directly linked to the model of transition from education to work of each national context and to which extent companies are involved in the vocational training and educational system of the country. Young workers of countries following models with a great involvement and commitment of companies and the industrial sector have been more resilient to the economic crisis.

European countries have followed pension schemes which offered very favourable conditions for early retirement. Thus the activity rate among **older workers** has been reduced as general trend in European countries. Older workers have not been considered as vulnerable group before the crisis as their labour performance was better than among the general working population so the lack of active labour market policies for this group is common in all studied national contexts. The greatest challenge they have to face is the difficulties to return to the labour market once they are unemployed. These difficulties are mainly related to the prejudices on health issues and the obsolete skills of these workers. However, the most relevant strength of this group of workers is the work experience acquired throughout their working lifetime. It has been revealed that employers that have invested in lifelong training of their workers are more likely to retain experienced workers for a certain period of time even if they have to assume losses.

The labour market position of **migrant workers** and its resilience is very complex to analyse as a high number of nuances need to be taken into consideration. The most determining factors are the country of origin – and especially how big the difference is between the cultural background of the origin country and the destination country -, the kind of immigration – economic, asylum, refugee - and the generation the immigrant belongs to. These specific factors in turn have a great influence on other factors as the educational level and the discrimination on the basis of cultural differences which are more favourable for latter generations of immigrants.

As for the analysis of the labour market position of migrant workers, the labour market participation of **disabled people** needs to be analysed from multiple perspectives, including individual factors. The type and grade of disability are key factors to take into consideration before studying the integration in the labour market of this group. Despite the lack of homogeneous data sources, it has been revealed that the commitment of public authorities is very relevant to integration of disabled people in the labour market, especially for preventing employers' prejudices. Thus, the imposition of the corporate social responsibility (CSR) duties for the companies, the active labour market policies addressing this group and the subsidies and pension schemes implemented by the States are determining elements affecting the labour conditions of disabled people.

POLICY IMPLICATIONS AND RECOMMENDATIONS

Based on the findings and evidence of the above analysis, policies addressing some factors affecting each one of the studied vulnerable groups have proved to effectively work and to contribute to more resilient labour performance.

With regard to **young people**, policies should focus on the process of transiting from education to work. In this line, involving companies in the vocational training schemes seems to be the most effective way to smoothing this process, especially for workers with lower educational levels who face more difficulties at this stage.

Even if the educational level of workers has been revealed as less important among **older workers** than among other age cohorts – which can be explained by the large working experience they have

gained- investments of companies in lifelong learning for their employees is a key factor that definitively contributes to raising older worker's chances to keep their job. Consequently, policies fostering lifelong learning programmes in companies are successful for preventing that older workers – the group with higher figures of long-term unemployment- are dismissed at the first stages of an economic downturn which has many social implications at short- , medium- and long-term.

Factors stemming from the cultural differences – mainly religion, language and traditional practices - between the origin and the destination country of **migrant workers** are the more limiting conditions for the labour integration of this group. Thus, policies based on reducing these differences respecting the cultures' specificities and on the need of raising knowledge and respect between individuals of different cultures can have a positive impact on integration and reduction of prejudices towards migrant workers.

With regard to the labour performance of **disabled workers**, there are many different factors affecting that need to be taken into account, especially the differences between the types and grades of disability of each individual. In general, policies aiming at integrating disabled people in ordinary working environments by establishing quota or aid schemes for recruitment of disabled workers seem to work relatively well. Part-time contracts can also contribute to real integration of disabled workers who cannot assume a full-time job.

RESEARCH PARAMETERS

This policy brief has elaborated on the results of the “Comparative report on explanation of differences in labour market position between groups” (Deliverable 2.2) of the INSPIRES project.

This report analyses whether the crisis has impacted on the labour performance of the vulnerable groups or not in all INSPIRES countries, and if this is the case, how and in which extent the vulnerable groups have been affected by the economic and financial downturn. This analysis lead to comprehensive conclusions on which factors affect and contribute to the capacity of each vulnerable group to resist the impact of any crisis and if these factors are common to all INSPIRES countries or if there are differences between them. The impact of the crisis in the vulnerable groups has been made from a threefold approach; (i) the evolution of the defined indicators during the post-crisis period to detect if it follows the same trend over the period comprised between 2008 and 2012, (ii) comparison between the trend followed by the specific vulnerable group during the pre-crisis period (2003-2007) and the post-crisis period (2008-2012) with regard to the quantitative and qualitative indicators, and (iii) comparison of the trend followed during the post-crisis period (2008-2012) by the general population and the specific group in the national context.

This allowed to make comprehensive conclusions built up at three different levels; (i) within the national context, if the specific group was affected at short-term by the crisis and if it has started a recovery phase considering if the group has been targeted or not by specific policies addressed to overcome the specific difficulties, (ii) if the trend followed after the crisis is more or less intensive to assess whether the negative figures can be considered consequence of the crisis or the trend was already existent before the start of the crisis and (iii) if the vulnerable group was specially hit by the crisis or the impact is similar to the impact on the general population.

PROJECT IDENTITY

PROJECT NAME	Innovative Social and Employment Policies for Inclusive and Resilient Labour Markets in Europe (INSPIRES)
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BUDGET

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WEBSITE

<http://www.inspires-research.eu/>

**FOR MORE
INFORMATION**

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FURTHER READING

Bigos, M. et al. (2014), *Benchmark report on labour market resilience*, Rotterdam, INSPIRES.
Valía-Cotanda, et al. (2014), *Comparative report on explanation of differences in labour market positions between groups*, Valencia: University of Valencia.
Otto, A. & Taylor-Gooy, P. (2015), *A comparative cross-national analysis of policy innovation related the inclusiveness and resilience of labour markets*, Canterbury: University of Kent.