

## Many worlds of the 'low-skilled', but only one generic policy

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### KEY POINTS

*This paper encourages EU and national policy-makers to invest in a more comprehensive view of the phenomenon of 'low-skilledness'. The 'low-skilled' label can hide a number of different scenarios: labour market detachment, migration and obsolete skills that are the result of macroeconomic structural changes. For this reason, lifelong learning is necessary to keep up with new technology and to shield workers from the risk of skills obsolescence and detachment from the labour market.*

**T**here is a general consensus that to achieve employment growth, especially for vulnerable groups, it is not enough to kick-start economic growth. It is also essential to improve the skills among both the high- and low-skilled population.

To make progress in this area, however, we need to move beyond simplified narratives and generic policies to better understand the phenomena. We believe that academic and policy discussions about low-skilled workers have long been driven by an over-simplified approach that has tended to characterise the low-skilled as a homogeneous group – across as well as within countries. Put simply, the problem with EU policy is that while there are many realities of 'low-skilledness', there has been only one generic policy response.

### 1. Low-skilled does not only mean low-educated

The low-skilled are often mentioned in European policy documents because low skills are associated with negative labour market outcomes (lower employment rates and salaries, higher unemployment, higher inactivity, etc.). Nevertheless, the low-skilled are lumped together in a rather indistinct category that

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This paper was initially prepared as Policy Brief No. 4.6 of the NEUJOBS research project, which is financed by the European Commission under the 7th Framework Programme. Its objective is to analyse likely future developments in the European labour market(s), in view of major transitions that will impact employment – particularly certain sectors of the labour force and the economy – and European societies in general (for more information, see [www.neujobs.eu](http://www.neujobs.eu)).

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tends to be linked solely to initial formal education. For example in the EU2020 strategy, the specific target is to reduce the share of early school leavers to below 10%.

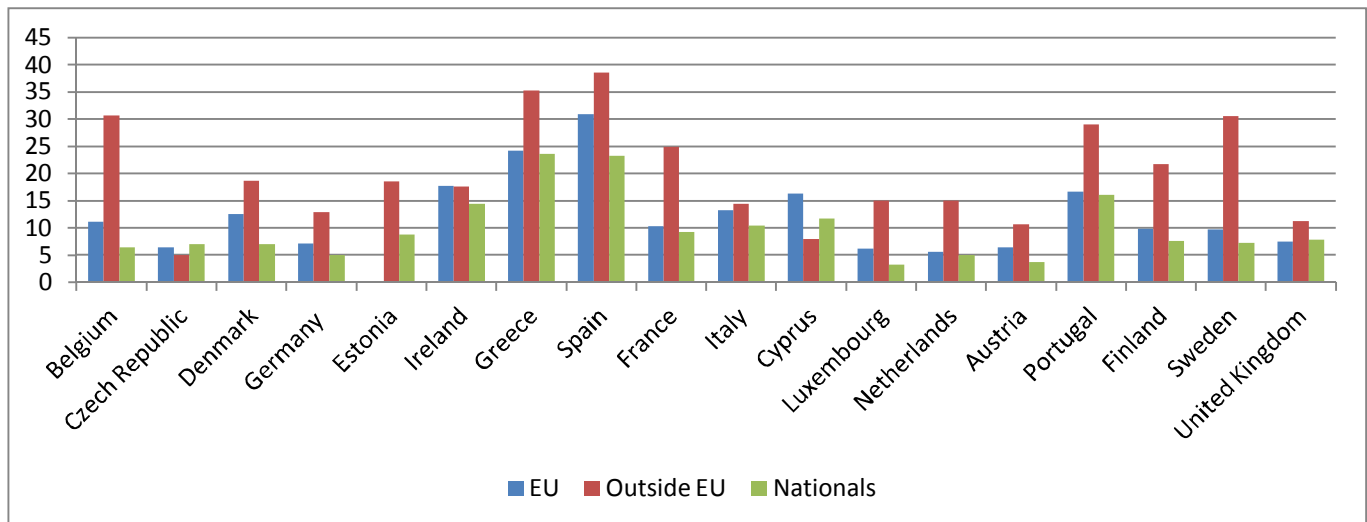
Research from the [NEUJOBS](#) research project shows that such a one-size-fits-all approach does not produce the expected outcome of creating more and better jobs for the low-skilled. (Kureková et al., 2013a) People who are labelled as 'low-skilled' happen to be so for a number of reasons. The simplest reason is that they leave school without any formal qualifications. These are the low-skilled in a strict sense since they only completed up to lower secondary school. Today they make up 29% of the working age population. The share of low-educated people has significantly decreased in recent decades due to continuing educational expansion, but this process has occurred to differing degrees across the EU. If fewer and fewer people leave school without a diploma, the effect of educational expansion is that the increase in the supply of workers with secondary and tertiary education will further undermine the position of the non-educated, especially the younger ones, who are in the worst position among their cohorts and are more easily stigmatised. This also happens because educational expansion goes hand-in-hand with an upward shift in the overall set of skills required by employers. This is not limited to diplomas but also includes experience and non-cognitive skills (Thum & Beblavý, 2013).

Having attained only a low level of education, however, is not the only cause of being low-skilled. Workers can have a higher level of education and still end up unemployed or in a low-skilled job for two main types of reason: individual-level and macroeconomic/structural. The latter includes the polarisation of labour demand: during the past decade the demand for middle-skilled occupations remained, at best, stagnant, while in most European countries, the demand increased for high-paid occupations (managers and professionals) or very low-profile ones (such as cleaners, helpers in the construction and manufacturing sectors). More specifically, it has been observed that despite the greater misfortune of low-qualified workers in the labour market, in many countries their employment increased significantly, on average by 18.4% in Europe between 2000 and 2010 (Maselli, 2012).

This figure can be explained by the fact that the demand for jobs like cleaners and street-sellers is not affected by either technology or offshoring: a labourer in the construction sector or a cleaning person cannot be replaced by another worker in a developing country to perform their tasks, nor they can be replaced by a robot because their work requires interaction with people and/or the environment. Despite the greater demand for low-qualified tasks, polarisation may not solve the low-skilled unemployment problem on its own: workers who completed secondary education to work as technicians or as administrative assistants, and are made redundant because of globalisation of production or technological change, may have started to compete for lower-skilled professions and poorer working conditions compared to their previous position which, especially for those who worked in the manufacturing sector, entailed better contracts protected by collective agreements. The main driver for such change is technology, which increasingly makes certain skills outdated and creates demand for new ones.

Among individual-level explanations, migration needs to be taken into account. Data clearly indicate, as shown in Figure 1, that in all countries (with the exception of the Czech Republic) migrant workers face a much higher risk of unemployment than local workers and EU nationals. This predicament, however, is not necessarily due to the migrants being less qualified than the natives. Possible explanations for the higher unemployment, underemployment and especially 'down-skilling' (i.e. the process of reducing the skill level of a position or a job to decrease costs) include problems obtaining recognition of their qualification credentials in the host country, language barriers, the lack of contacts in the labour market, etc. (Kureková et al., 2013a).

Figure 1. Unemployment rates by country, 2012



Source: Eurostat, European Labour Force Survey.

A last but not least explanation is labour market detachment: long-term unemployment can significantly erode the skills of a worker, resulting in ever-decreasing employment opportunities. In troubled times for labour markets, it is worth remembering that long spells of unemployment can translate at the aggregate level into a permanent loss of potential for an economy.

## 2. Many worlds of low-skilled, but only one generic policy

Several important lessons can be drawn from the foregoing discussion:

- Due to fuzzy conceptualisation, we hardly know how to measure the magnitude of the low-skilled phenomenon in Europe.
- The 'low-skilled' label can hide a number of different situations: labour market detachment, migration, obsolete skills but also macroeconomic structural changes.
- One can be low-skilled after leaving school, but can also become so during one's working life. For this reason, the numbers of low-skilled workers in the labour force should not be considered solely as a stock variable, but also as a flow.

Moreover, a recent and innovative analysis (Kureková et al., 2013b) of job advertisements in three countries – the Czech Republic, Denmark and Ireland – reveals that the set of skills demanded for low- and medium-skilled occupations varies widely from one country to another. For example, Danish employers focus on non-cognitive skills such as customer approach, precision, loyalty, flexibility, empathy and the ability to communicate, whereas in the Czech Republic, employers appear to give priority to formal qualifications and diplomas.

Since not only the size, but also the structure and other characteristics of low-skilled unemployment differ in Bratislava and Copenhagen, we advise policy-makers in both the EU and national institutions to take not only a differentiated view, but also a holistic and more sophisticated view of this phenomenon. For example, if in one country high-skilled unemployment is due to the strong presence of migrants, while at the same time its employers attach great value to formal diplomas, rather than promoting lifelong learning in general, measures and learning opportunities to facilitate diploma recognition would be more effective. Or, if being low-skilled is the result of technological change and the workforce is aged and poorly educated, then it would be worthwhile to offer additional learning opportunities to displaced workers.

We therefore urge policy-makers to obtain a clear understanding of national (*and possibly even local*) specificities and also to promote lifelong learning and keeping up with new technologies to shield workers from the risk of detachment from the labour market and skills obsolescence.

### 3. Concluding remarks

The current economic crisis puts the issues of skills and the labour market very high on the policy agenda. To fully address these issues and to better understand the actual phenomena, it is important to move beyond simplified narratives and generic policies. In this Policy Brief, we have focused on the mismatch between a clear understanding of the phenomenon of low-skilledness and policies dedicated to upgrading the skills of workers who are detached from the labour market.

We encourage EU and national policy-makers to invest in acquiring a better understanding of the complexities of the phenomena in a holistic way. The 'low-skilled' can become an intellectually lazy label that obscures more than it illuminates since it brings together a number of very different situations. Moreover, low-skilledness can result from low initial education, but one can also become low-skilled during one's working life. For this reason, the proportion of low-skilled people in the labour force should not be considered solely as a stock variable, but also as a flow.

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