

Job polarisation and job quality in the European labour markets

Seetha Menon, Andrea Salvatori, Wouter Zwysen

ISER, University of Essex, UK

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Over the past three decades labour markets across Europe and the US have seen an increase in the number of bad (low-pay, low-skills) and good (high-pay, high-skills) jobs relative to mid-ranking jobs. Such *job polarisation* has been observed in many countries and over different time periods (Goos, Manning, and Salomons 2014; Spitz-Oener 2006; Acemoglu and Autor 2011). The most recent studies on the causes of job polarisation contend that it is mostly driven by changes among firms in the demand for mid-skill workers. It is argued that the ability of machines to perform routine tasks has led to a fall in demand for the skills required to perform such tasks which tend to be associated with mid-skill, mid-wage jobs (Michaels, Natraj, and Reenen 2014; Goos, Manning, and Salomons 2014). This has become known as the routinisation hypothesis.

The polarisation of the labour market in terms of high- and low-pay jobs has mostly been studied in isolation from other aspects of job quality. Yet, the proposed technology-based explanation for polarisation has potentially far-reaching implications for other dimensions of job quality. For example, the ability of machines to perform routine tasks, driving the fall in mid-skill jobs, may improve the quality of remaining jobs (e.g. by releasing workers from tedious aspects of their work). Alternatively, technology could result in the increased intensification of work (Green 2006). Similar questions arise regarding the quality of “good” and “bad” jobs as the effect of technology may differ across occupations.

The quality of the jobs people hold has important implications for their wellbeing and for the economy through its effects on performance, absenteeism, and quitting behaviour (Warr 2007). Its policy relevance is highlighted by its inclusion since 2000 among the EU employment strategy targets, and this will increase further as countries place increasing emphasis on measures of wellbeing broader than GDP alone. Changes in overall quality of work cannot be inferred from changes in pay alone. In his study of trends in job quality in the EU over the 1990's, Green (2006) presented evidence of increasing wages, but also of increasing work intensification and falling worker discretion and job satisfaction.

This study documents changes in job quality in the increasingly polarised labour markets of the EU-15 countries. Data from the EU Labour Force Survey, ECHP and EU-SILC that contain more traditionally measured aspects of job quality (training, hours, nature of employment contract etc...) are complemented with other datasets that offer variables on self-reported wellbeing, influence over work, work-life balance etc. such as the European Working Conditions Survey, the European Social Survey, and the European Quality of Life Survey. The analysis builds on the increasingly commonly adopted task-approach (Autor 2013; Goos, Manning, and Salomons 2014) to relate variations in different aspects of job quality across the occupational distribution to technological change.

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