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Podcast: Global challenges – Global solutions

Transcript for:

Work-life transitions: Are they becoming more turbulent?

Interview with ILO Senior Economist Dorothea Schmidt-Klau and Guillaume Delautre, Coordinator of the EU funded project “Building partnerships on the future of work”

Introduction by host:

Welcome to the ILO Employment Policy Department’s new podcast series, Global challenges – Global solutions: The future of work.

I’m your host Tom Netter, and today we’ll be discussing work-life transitions and the future of work.

Life is about transitions. Transitions at work. Transitions in our personal lives. Transitions as we age. What’s more, diverse megatrends – from demographics to climate change, from technological advances and digitalization to globalization – are transforming the world of work in ways that are presenting us with new, sometimes difficult transitions throughout our lives.

Now, the COVID pandemic fuelled economic crisis has further added to the transitions we’re facing.

The importance of studying labour market transitions has been recognized both among policymakers who often focus on the transition into and out of

unemployment and academics who have used the increasing availability of relevant data to measure all kinds of labour market transitions and identify their determinants.

So, what are these new transitions affecting labour markets? How can research inform policies that can ease our transitions? How can transitions be analysed by applying what sociologists (and economists) call a “life course” perspective? And how will these transitions affect the future of work and how will the future of work affect these transitions?

Here to unpack all this are ILO Senior Economist Dorothea Schmidt-Klau and Guillaume Delautre, Coordinator of the EU funded project “Building partnerships on the future of work”.

Dorothea, Guillaume, welcome to the programme.

Tom: My first question is for Guillaume. What are labour market transitions and what is the connection between them and a life course perspective?

Guillaume: Thank you, Tom, for the question. In fact, there are different conceptions of labour market transitions and all of them matter in terms of research and in terms of policy. In a more economic perspective of labour market transition, you consider labour market outcomes as flows versus stocks. In a quite narrow perspective of economics, you consider labour market outcomes, such as unemployment, employment, inactivity. But if you want to have a more modern perspective and a more dynamic perspective, you must also consider the flows that are going between these different statuses because people are moving from one situation to another. And it's very important. Just to give you an example, Denmark and Bulgaria had very similar level of unemployment before the crisis, around 4/5 per cent, but they were at two extremes in terms of mobility within the European Union. Denmark is a very mobile country while Bulgaria has a much less mobile labour market.

From a more sociological perspective, and that's what we call life course perspective, it's also very important to understand what people are doing at what moment of their life and to see what is the quality of their transitions, because it has a very strong influence on the rest of their life at work. In a life course perspective, what you consider is a sequence of positions of a particular person over time. When I say over time, it can be over a career, it can be over a certain spell of time. For example, your transition when you are going out of the education

system to the labour market, or when you are going out of the labour market, when you want to retire.

And such a perspective allows a more complex representation of peoples' transitions, peoples' careers. You are looking at the frequencies of these changes. You are looking at the timing of these changes. You are looking also at the duration of each of these positions. Just one example, when you are looking at youth transition. In fact, it's very rare that youth are moving from education to employment, from one day to another. In many cases, it takes a lot of time. It can be quite turbulent. You can go in, you can go out several times in a short spell of time, and it's very important for policy matters to look at it in a broader perspective.

Tom: Thanks Guillaume. Now, Dorothea, can you give us your perspective?

Dorothea: Yes. Thanks a lot. I just want to add some examples just to show why it is so important to really understand transitions. We, for example, know that bad first transitions for young people makes it much more difficult for them to have better transitions later in life. For example, if the first job of a young person is in the informal economy, the chances to actually get into the formal economy are very, very low. So, a transition early in your life can have impacts on all other transitions. Some of the transitions, we don't really think about, that there is a difference. For example, if somebody loses the job, there are two options. Either this person becomes unemployed, or this person actually leaves the labour market altogether.

Now, if you only become unemployed, your chances to go back into the labour market are relatively good. But if you become inactive, you really quit the labour market, your chances to get a job at the same level or even a higher level than the job you had before are literally zero. So, it's really important. It matters where you come from. It matters where you go to. It matters how long these transitions take. So, for example, if you're a long-term unemployed person, to get back into a labour market, it's much more difficult than if you're a short-term unemployed person. So, it really matters. And it has huge policy implications to understand these transitions because they really determine where people go throughout their life course.

Tom: Now, continuing with Dorothea, it is often assumed that our work relationships have become more turbulent in response to the acceleration of digitalization, in particular, the rapid rise in automation through robotics and artificial intelligence. What impact have these changes had on transitions?

Dorothea: Thanks Tom, for this very interesting question. And, we actually have to look at the answer in a very detailed way. It is true that overall, the assumption that we see more transitions throughout a person's work life is not really happening, at least not in all countries, but it is true that at certain points, the transitions have become more turbulent and there is an impact from the digitalization side on this. For example, we have seen that digitalization leads to a transition type, which, actually, we don't want to see because many of the jobs that come with digitalization and here, I'm talking about many of the platform jobs, actually mean that people are moving to worse jobs in terms of protection, in terms of wages, in terms of working hours. So, the quality of jobs sometimes goes down in a digitalized world and in a platform economy.

But then on the other side, digitalization also offers a lot of opportunities. So, For example, we are expecting that actually because of tele-working that has become very popular as a result of the crisis, it will be much easier for women to transition into labour markets, because this is a new way of how to combine family duties with work duties. So there, it could be a push through digitalization for more equality between men and women on labour markets. Also, one very important point is we've seen that labour market policies are very important, especially in times of crisis. And there we have seen that the delivery of labour market policies actually can depend heavily on digitalization. So, the delivery can become much more effective if you use modern technologies, including digital technologies. That's also an opportunity. Overall, it's very important to have a very detailed picture. There are opportunities coming with the digitalized world, but there are also threats and we just have to keep a careful eye that digitalization brings us forward and not backward.

Tom: Thanks Dorothea. Now over to Guillaume, what is your perspective on this?

Guillaume: I wanted to bring to the debate some elements from the research, and what is particularly striking when we are looking at the macro level is that developing economies are, in general, more mobile than developed economies. For example, in Mexico, you can see that one fifth of the workforce is entering and exiting employment every quarter. That is huge. While in a developed economy like France, it's only 5 per cent. However, when you are looking at developing economies, you must take into account also the fact that there is a lot of informality, which is a part of the labour market that is particularly mobile.

Another point to develop is about the long-term. And when you are looking at transition rates over the long-term, you see, in fact, very little evolution despite the popular belief that due to digitalization and other trends, labour markets are very disrupted, but this might be due to inequalities between people. Some maybe are more transitioning than others. And it's maybe also adding complex evolution at certain stages of life, as Dorothea said. We know that, for youth, for example, the transition from education to working life is becoming more turbulent than ever, and also in many cases more precarious.

Tom: Okay, thanks Guillaume. Now talking about disruption, I'd like to continue by asking what impact the COVID 19 pandemic has had on labour market transitions, both within and outside work and especially on women, youth and older persons. And will these impacts be long-term?

Guillaume: That's a very important question. In fact, the level of disruption caused by the crisis and transition has been very different from one country to another. And it's in great part due to the policies taken by the governments to mitigate the effects of, for example, restriction measures on the economy. If you're looking at the exit rates from the labour market, the situation is drastically different between European countries where labour retention schemes have helped to mitigate the impact of the crisis in the first month of the crisis and other countries where the impact has been very, very sizeable, such as Latin America, South Africa, and also the US.

In the following months, the recovery had a very limited impact on exit rates in Europe while the differential remained positive in other countries. This is especially the case in the US where many journalists have spoken about the great resignation phenomena. Talking about inequalities, I would like to make reference to a recent article by our colleagues, Sergei Soares and Janine Berg, who demonstrated that the variations during the crisis have exacerbated labour market inequalities, for example, women, young people, and those with the lower levels of education were less likely than others to keep their job.

Tom: Okay. Thanks Guillaume. Now, Dorothea, what are your views on this question?

Dorothea: Well, I completely agree with what Guillaume just said, and I just want to make it a bit more dramatic. What we've actually seen is that those people who were vulnerable before the crisis, meaning they were already left behind in terms of transitions and labour market development, those people were hardest hit by the crisis. They either lost their job, or they had to quit the labour market

altogether. Now, when it came to recovery, they were the last ones to recover. They found it particularly difficult to find a job again.

So, what we see is their disadvantaged situation in which they were before the crisis is now even more disadvantaged, and it will be extremely difficult for these people to pick up on the path they were on, which was already a worse path compared to others. So, This is what we mean when we talk about the long-term impact. This crisis, and any crisis usually hits the vulnerable most and puts them further behind and to ensure that nobody is left behind, which is what we want to achieve, becomes even more difficult. So, this is why policies actually really have to focus on the most disadvantaged and make sure that they get back on track.

Tom: Thanks to you both. This has indeed been dramatic. Now, Guillaume, what are some of the challenges to taking a life course approach to labour market transitions in both developed and developing countries?

Guillaume: One point I would like to focus on is the lack of suitable data to make this kind of analysis. In fact, traditional labour surveys are not really designed to follow people's transitions. Most of them are cross sectional. So, it means that people are surveyed only once. Some others have rotating panels, so people are surveyed several times, but over a very short period of time. What would be really necessary would be long-term panel surveys with regular waves. But those are very rare and in developed economy such as in the EU, we have the SHARE survey that is focusing on all the workers, but also in the US, you have the very famous Panel Study on Income Dynamics (PSID), which started in 1968. And that helped to follow the lives of people since this date. There are examples in developing economies, such as in Indonesia and South Africa, which have very good long-term panel surveys.

And we had excellent initiatives in the last decade to develop this kind of life course perspective. And I would like to talk about the initiative from the University of Oxford called "Young Lives". Young Lives study started in 2002, and it's a panel study that follow 12,000 children in four developing countries: Ethiopia, India, Peru, and Viet Nam. It allows to gather a very rich set of information on these children and to follow them throughout their life, even when they're becoming adults. With Young Lives, we will be able to follow their outcomes in terms of education, in terms of health and nutrition, in terms of poverty, inequalities, but also in terms of employment. These initiatives are key. And I think we should promote the development of long-term panel studies in the policy area.

Tom:

Thanks again, Guillaume. Now, Dorothea, to conclude what are some of the policy responses to support people through the transitions they will face throughout their working lives?

Dorothea: Thanks very much, Tom, for this question. Actually, it comes at a very good point in time because we, as the ILO, just came out of our yearly discussions during the International Labour Conference. And one of the discussions we had there was about policies for employment and actually in this discussion, the question of what are the right policies to manage transitions was very key. Now being the ILO, when we come to conclusions, it means that it is conclusions where employers, workers, and governments agree. And there was actually a big agreement to focus on transitions and managing transitions. And the way that this is ensured was defined as, for example, having gender-sensitive policies, having comprehensive policies, making sure that in the policy process, everybody who is key is actually involved, etc. So, the constituents came up with a whole bundle of very good policy advice to make sure that transitions are managed in a positive way that they actually bring people forward.

Now, this interest in transition and in transition policies is not only obvious at the ILO. It's also obvious, very obvious at the wider UN context. The Secretary General of the United Nations has launched an initiative which is named "Accelerator for Jobs and Social Protection for Just Transitions". And I put the emphasis on transitions because this accelerator is about managing the multiple transitions that people have to go through, throughout their lives. Whether it's transitions caused by a crisis, or whether it's transitions caused by future of work drivers, like for example, digitalization. And with this UN initiative, we are hoping to help countries to become better equipped to manage these transitions because we know of the long-term impact of such transitions and how important it is to get people on the right track.

Thinking about job creation and social protection in connection to transitions is the best way forward. Because with such an initiative, we can actually guarantee that people move from one situation to another situation, they are protected during the move and they end up somewhere better. And this is how we can ensure that no one is left behind.

Tom: Dorothea, Guillaume, thanks for these valuable insights.

From these interviews, one thing is clear: labour market transitions are evolving. But we've also heard that we know much better now how to best manage transitions.

The new UN [Global Accelerator on Jobs and Social Protection for Just Transitions](#), led by the ILO, combines job creation with social protection policies that ensure that people are well-protected as they transition to other (possibly new) jobs.

What's more, the 2019 Centenary Declaration for the Future of Work has called upon all ILO member States to strengthen "the capacities of all people to benefit from the opportunities of a changing world of work" -- especially through "effective measures to support people through the transitions they will face throughout their working lives".

So, let us use the knowledge, tools and initiatives to turn transitions into opportunities for people all along their life course.

I'm Tom Netter and you've been listening to the ILO Employment Policy Department podcast series, "*Global Challenges, Global Solutions: The future of work*". Thank you for your time.