

Book Review: Occupational Change in Europe: How Technology and Education Transform the Job Structure by Daniel Oesch

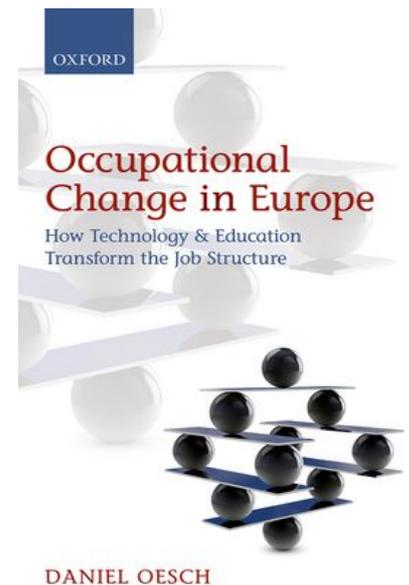
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*What do European national labour markets look like? How is technological innovation affecting the availability of different kinds of jobs? The debate about the destiny of European labour market is more intense than ever, as the deep crisis that affects Western countries continues to pose new challenges to the fragile equilibrium of the old continent's economic system. **Occupational Change in Europe** is an interesting read for those who wish to gain insights into the mechanisms that affect the shape of employment at present and the European job market could evolve in the near future, writes **Elisa Pannini**.*



Occupational Change in Europe: How Technology and Education Transform the Job Structure.
Daniel Oesch. Oxford University Press. September 2013.

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Daniel Oesch is an assistant professor at the Life Course and Inequality Research Centre (LINES) at the University of Lausanne. His previous works deal with social stratification and class structure in Europe. With this book, Oesch joins the debate about “upgrading or polarization” of employment structure. Are labour markets upgrading, i.e. moving mainly toward better jobs thanks to technological progress? Or is the workforce increasingly polarised, divided into two groups of very bad and very good jobs, with a decrease of the kind of employment typical of the middle class?

After a first chapter where the author provides a historical overview of the debate on the topic, the book offers a description of the current situation and recent developments in the labour markets of five European countries – UK, Germany, Spain, Switzerland and Denmark. The second section is devoted to the analysis of the possible determinants of occupational change in each country; driving forces can come from employers (demand-side) as technology and development of international trade, from workers themselves (supply-side) as educational levels and immigration, and also from labour market institutions.

The analysis of the demand-side determinants of employment change mainly focuses on the impact of technology. Chapter 3 compares two possible hypothesis; the ‘skill-biased technical change’ (SBTC) theory maintains that a linear ‘upskilling’ is determined by ‘new information technologies that replace jobs that can be programmed in advance [...] with jobs that require constant adaptation to change’, and thus an upward shift in the workforce’s skill structure. On the other hand ‘the routinization hypothesis is that non-routine tasks can be found at either end of the occupational hierarchy’, leading to a polarization of the employment structure. Interestingly, the empirical test of these two hypothesis leaves us with an unresolved puzzle: while Germany and Denmark show signs of a linear upgrading, in Spain and Britain routinization is a more consistent explanation of the polarised structure of employment.

Looking at the supply-side factors (Chapter 4), the data from all five countries suggest that improvements in general education go hand in hand with occupational upgrading. Conversely the arrival of unqualified immigrants can contribute to

the polarization of the employment structure, as in the case of British Labour Market. However Oesch is cautious in putting forward causal relationships and above all in determining the direction of such a relationship. For instance employers' necessities can drive immigration policies aimed at attracting low skilled foreign workers, ready to accept bottom-end jobs. Similarly the general educational improvement can be read either as a driver or as a consequence of the creation of jobs at the top end of the occupational structure.



Attendees at the technology conferences Web Summit 2013 In Dublin. Credit: [infomatique](#) CC BY-SA 2.0

Finally, Chapter 5 discusses the role of labour market institutions, like collective bargaining, minimum wage and unemployment insurance, with the disclaimer that this study of wage-setting institutions is not wide enough to establish a sound correlation with the behaviour of the employment structure. A deeper comparison of wage-setting institutions and the outcomes is drawn between Germany and the UK because recent changes in their regulation went in opposite directions (introduction of minimum wage in the UK and deregulation in Germany). As a result salaries of workers at the bottom end of the labour market – mainly occupied in interpersonal services – have been rising in Britain and decreasing in Germany in the last few years. Given that framework, as a reaction to wage changes, we would probably expect a drop in the level of employment in those segments in the UK and a comparable rise in Germany. However the opposite holds true. It seems the wage restraint in Germany actually depressed private consumption, while in the UK the situation is explained by a more complex set of determinants than wage-setting.

Besides the interesting contribution to the polarization debate, the latter argument is relevant also when discussing the effect of wage control on employment levels. Indeed the starting point of Oesch's research was a reaction to the recommendation by "influential economists" to European governments to allow greater wage inequality in order to create bad jobs for the unskilled workforce. The empirical analysis of the German case shows that lowering workers' protections, introducing marginal employment and disempowering collective bargaining has not led to the creation of new jobs at the bottom end of the employment structure. Instead the main consequence has been a compression of internal consumption so notable that not even flourishing export can offset its impact on the economy.

Oesch concludes that "the existence of upgrading is the main finding and primary conclusion of our study". However "polarization may nonetheless become consequential for the future of European Labour Market". This conclusion confirms that the issue of employment structure and the mechanisms that contribute to change its shape are not of straightforward interpretation. Indeed one of the merits of this book is that it sheds light on the complexities of the topic. When looking at phenomena like polarization of employment it is important not to forget that finding a single and straightforward causal mechanism is nearly impossible. This book helpfully makes an effort to guide the reader through the wealth of available data with numerous graphs and comparison charts. Despite that, it is clearly aimed at a specialist readership already familiar with the field.

Elisa Pannini is a PhD student in Employment Relations and Organisational Behaviour at the London School of Economics. She holds a BSc and an MSc degree in Law from the University of Siena, Italy. Having developed a special interest in labour law and labour dynamics, she later completed an MSc International Employment Relations and Human Resource Management at the LSE in 2010. Her research interests include comparative employment relations, labour market regulation, contingent work and inequality. [Read more reviews by Elisa](#) .