

WIFO

TEL. (+43 1) 798 26 01-0

FAX (+43 1) 798 93 86

 ÖSTERREICHISCHES INSTITUT FÜR WIRTSCHAFTSFORSCHUNG
AUSTRIAN INSTITUTE OF ECONOMIC RESEARCH

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Labour Market Monitor 2012

A Europe-wide Labour Market Monitoring System,
updated annually

Silvia Haas, Ulrike Huemer, Helmut Mahringer

Brussels, 5.11.2013

- **Presentation of the Labour Market Monitor 2012**
 - Introduction and Area Indices
 - Methodology of Index Construction
 - Results (after the second update)
 - Shifts in the reference time period (2011/2012)
 - Conclusions

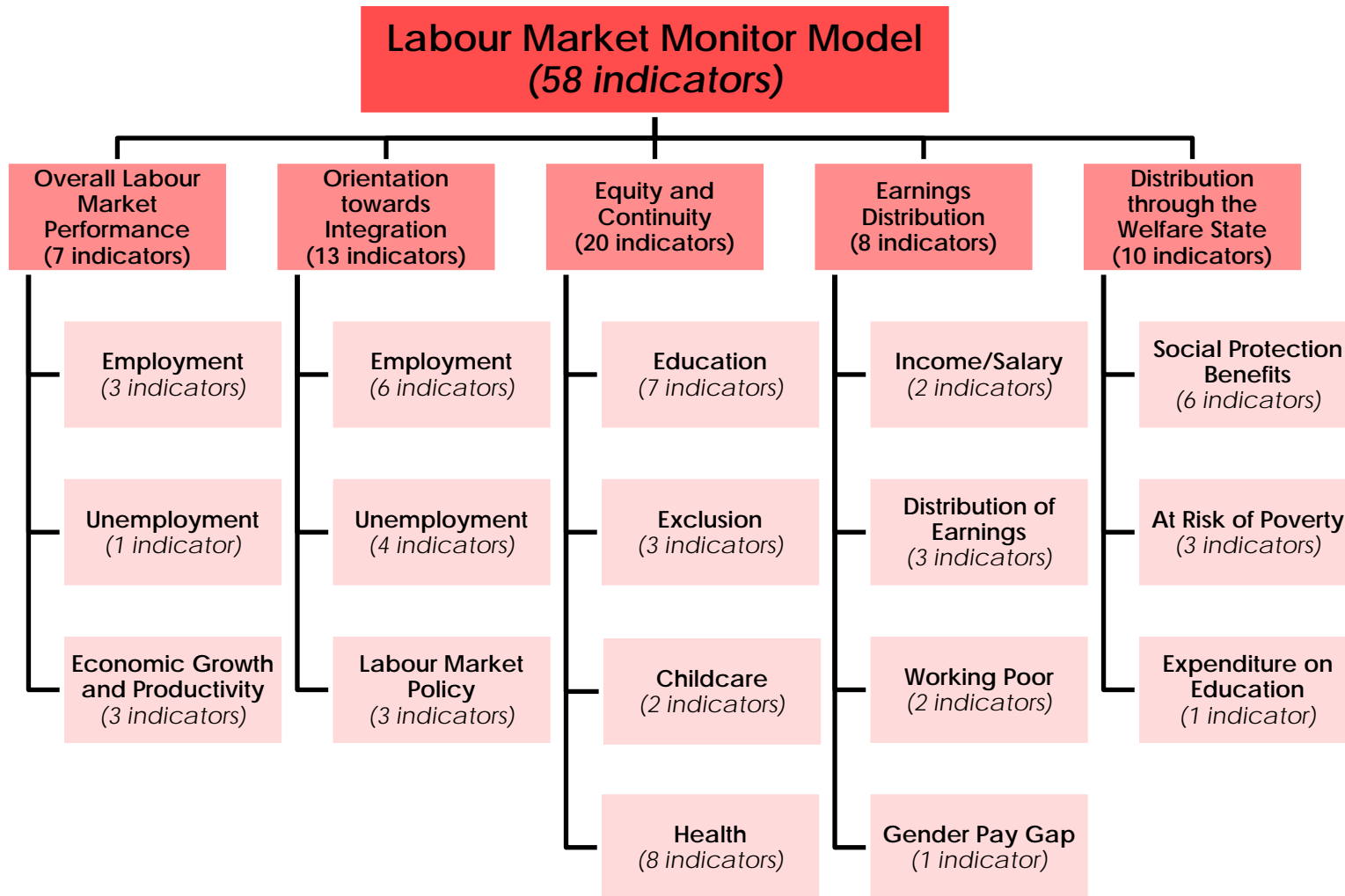
- The Labour Market Monitor was created in 2010 by a group of experts of the Vienna Chamber of Labour and the Austrian Institute of Economic Research
- The Monitor consists of five area indices – hence is not a consolidated index (i.e. one number), but a system of indices
- These indices include a number of harmonised (EUROSTAT) indicators for all EU-27 countries
- Creation of country groups on the basis of index scores
 - 4 same-size groups: “Top”, “Upper Middle”, “Lower Middle”, “Bottom”
 - Country-clusters

■ Advantages

- Overview of a large number of indicators
- Regular and quick updates of yearly results
- Country benchmarking
- Impetus for more profound analysis

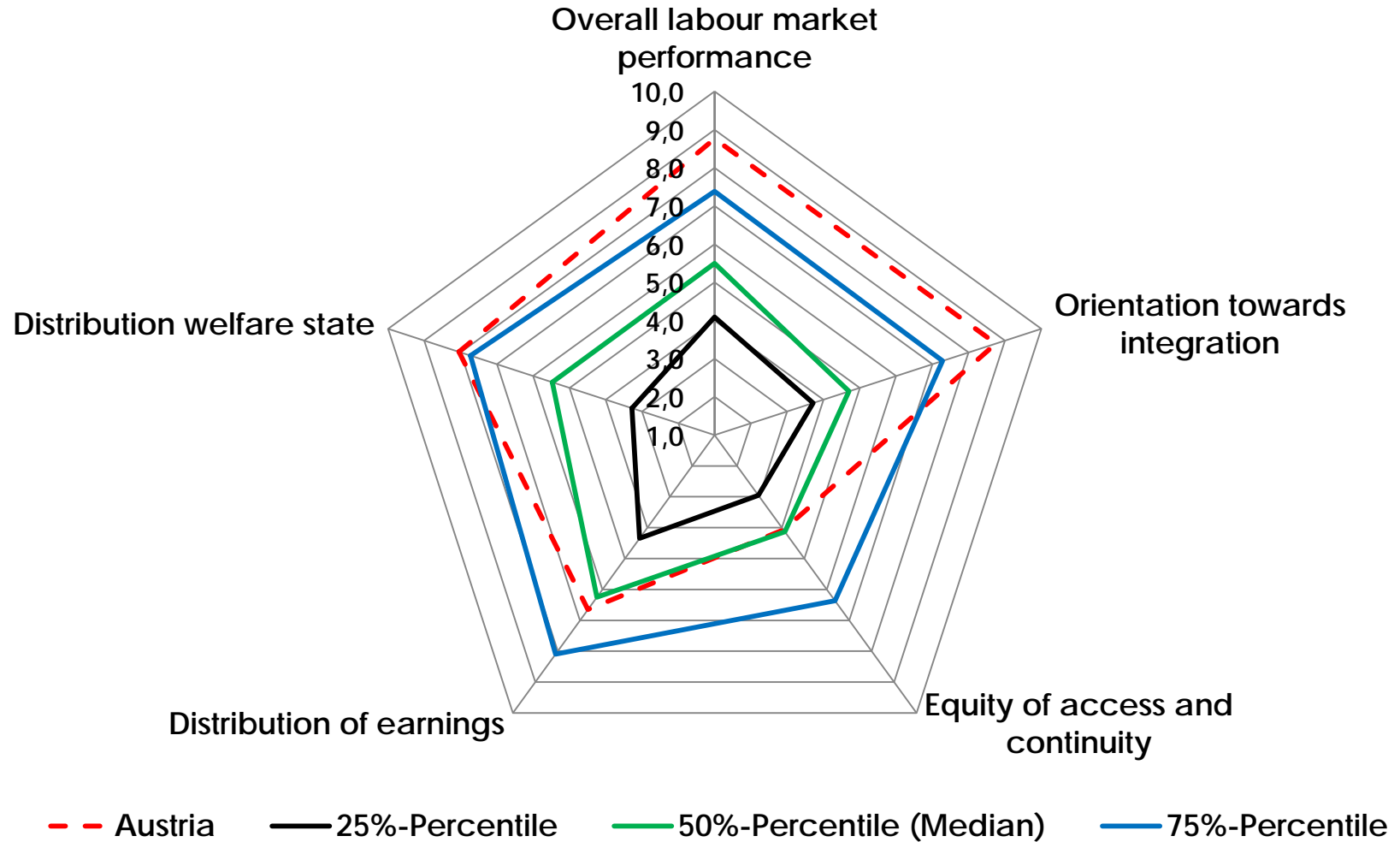
■ Challenges/Problems

- Tightrope walk between complexity, transparency and usability
- Still no complete picture of labour markets in EU countries
- No causal analysis, purely descriptive statistics



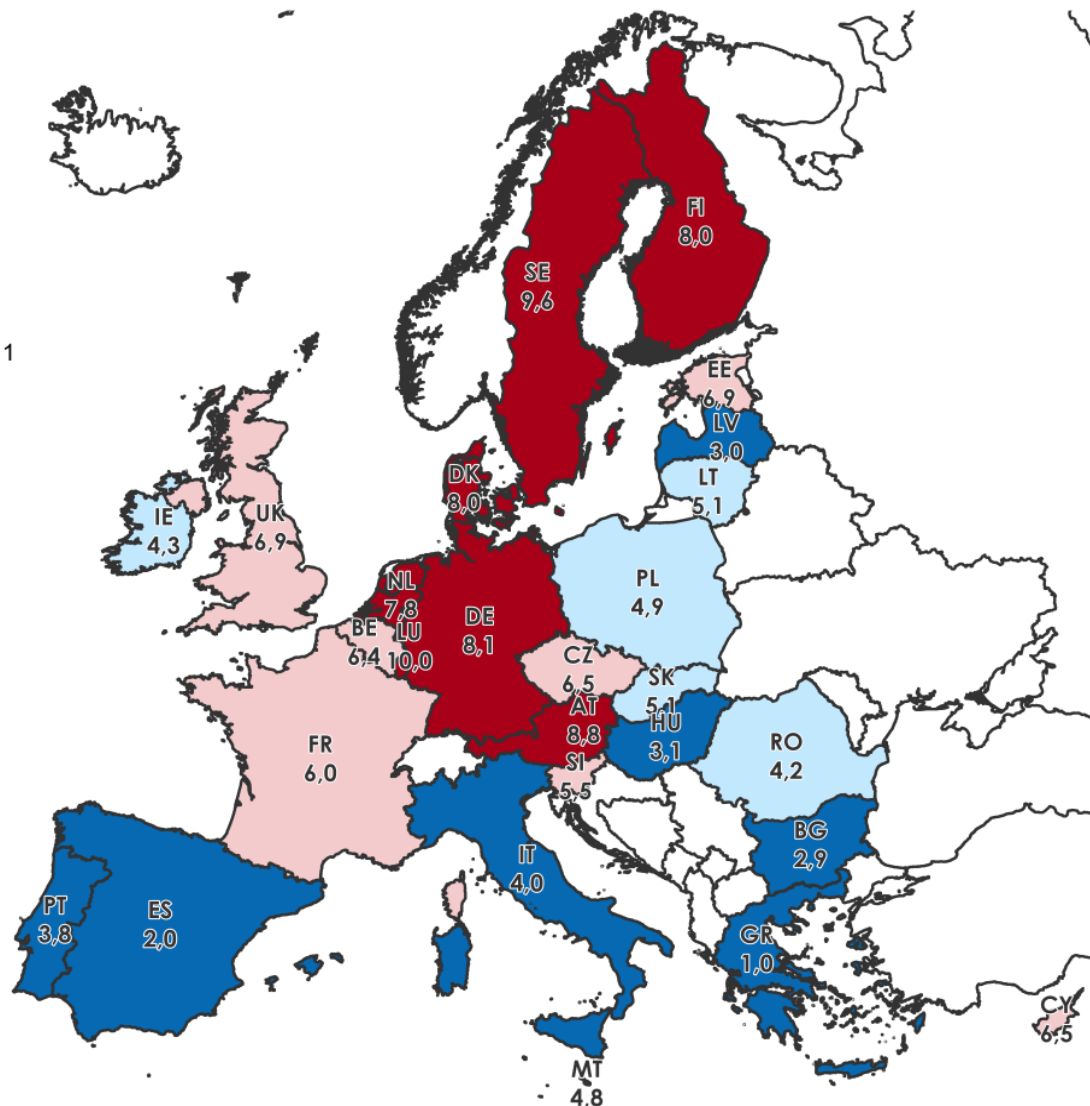


- **Normalisation via the Min-Max method**
 - as indicators have different measurement units (% , €)
- **Transformation: Normalised indicators are transformed into a scale ranging from 1 to 10**
- **Weighting: Indicators are weighted**
 - Weights are constructed on the basis of the average standard deviation of the 27 country scores
 - Aim: to achieve a more equal influence of each indicator on the overall area index



- 7 Indicators
- Dimensions
 - Employment
 - Unemployment
 - Growth and productivity
- Ranking
 - Maximum reached by Luxembourg
 - Top Group: small EU countries plus Germany
 - Minimum by Greece
 - Bottom Group: Southern European countries and New Member States

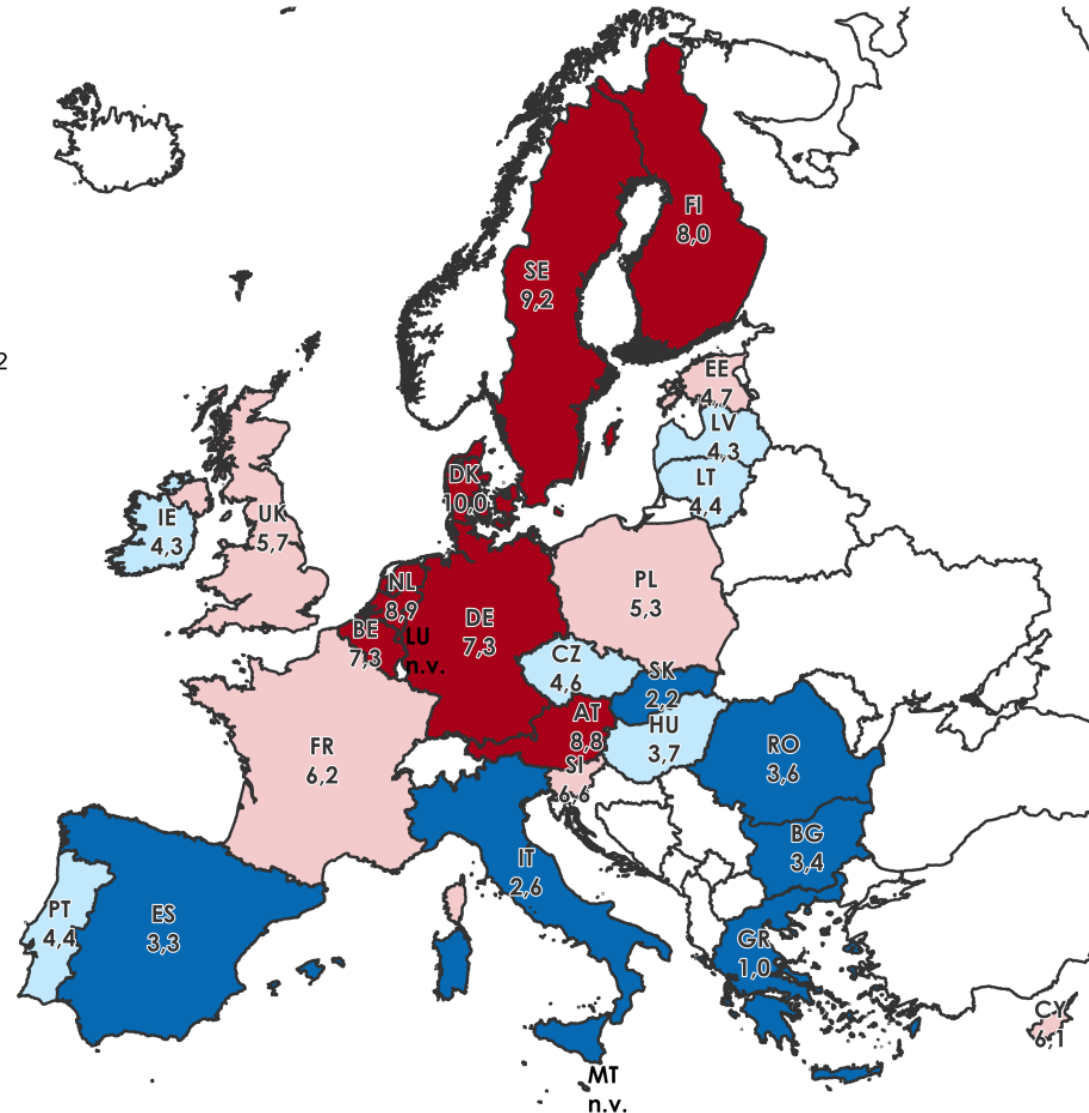
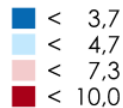
Bereichsindex 1



Area Index (2): Results Orientation towards integration

- 13 Indicators
- Excluding MT and LU
- Dimensions
 - Employment structure
 - Unemployment structure
 - Labour market policy
- Top Performers
 - Denmark, Sweden, the Netherlands, Austria, Finland, Belgium and Germany – small EU Countries plus Germany
- Lower midfield and the low end
 - South European and New Member States
 - Minimum by Greece

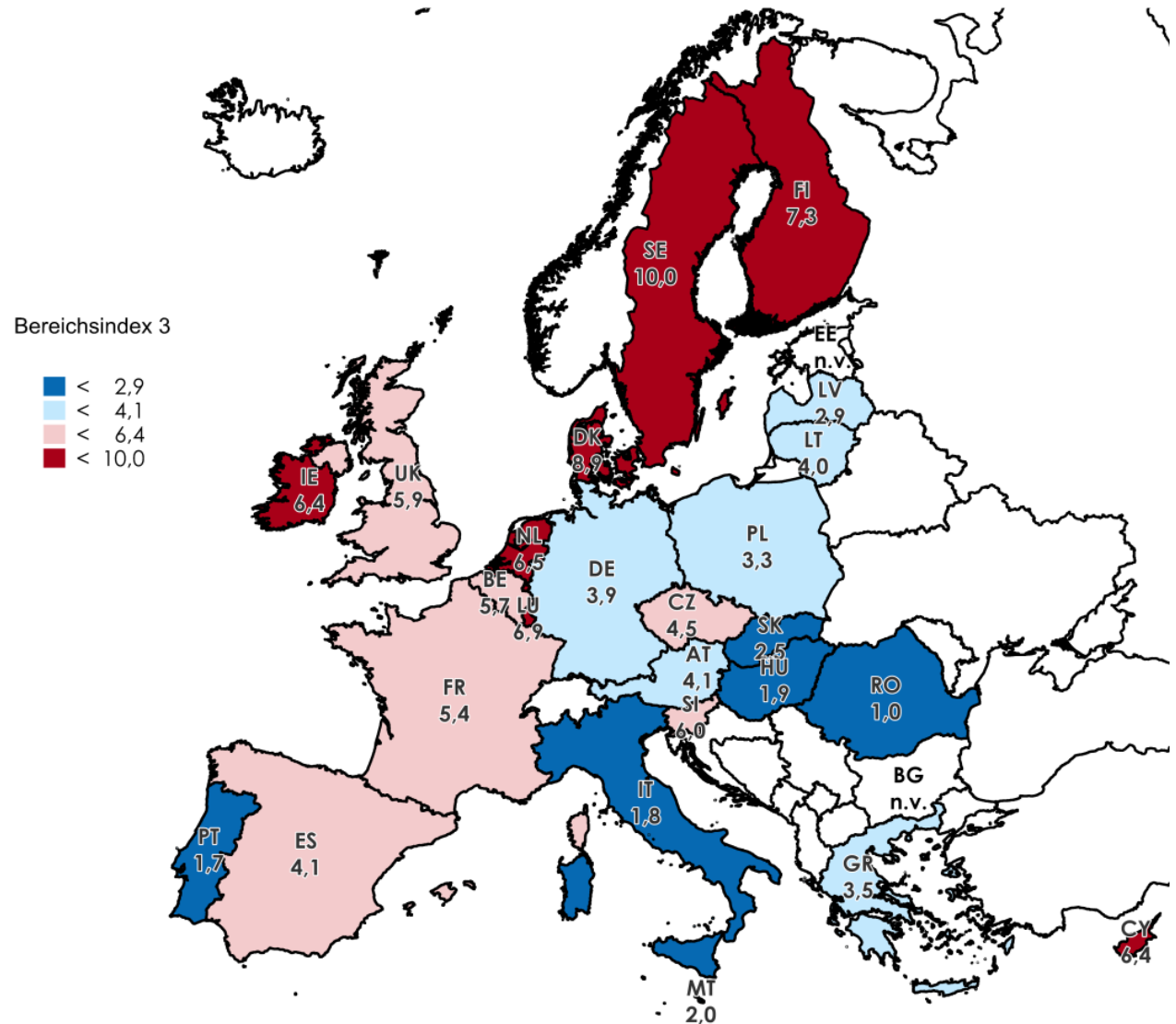
Bereichsindex 2



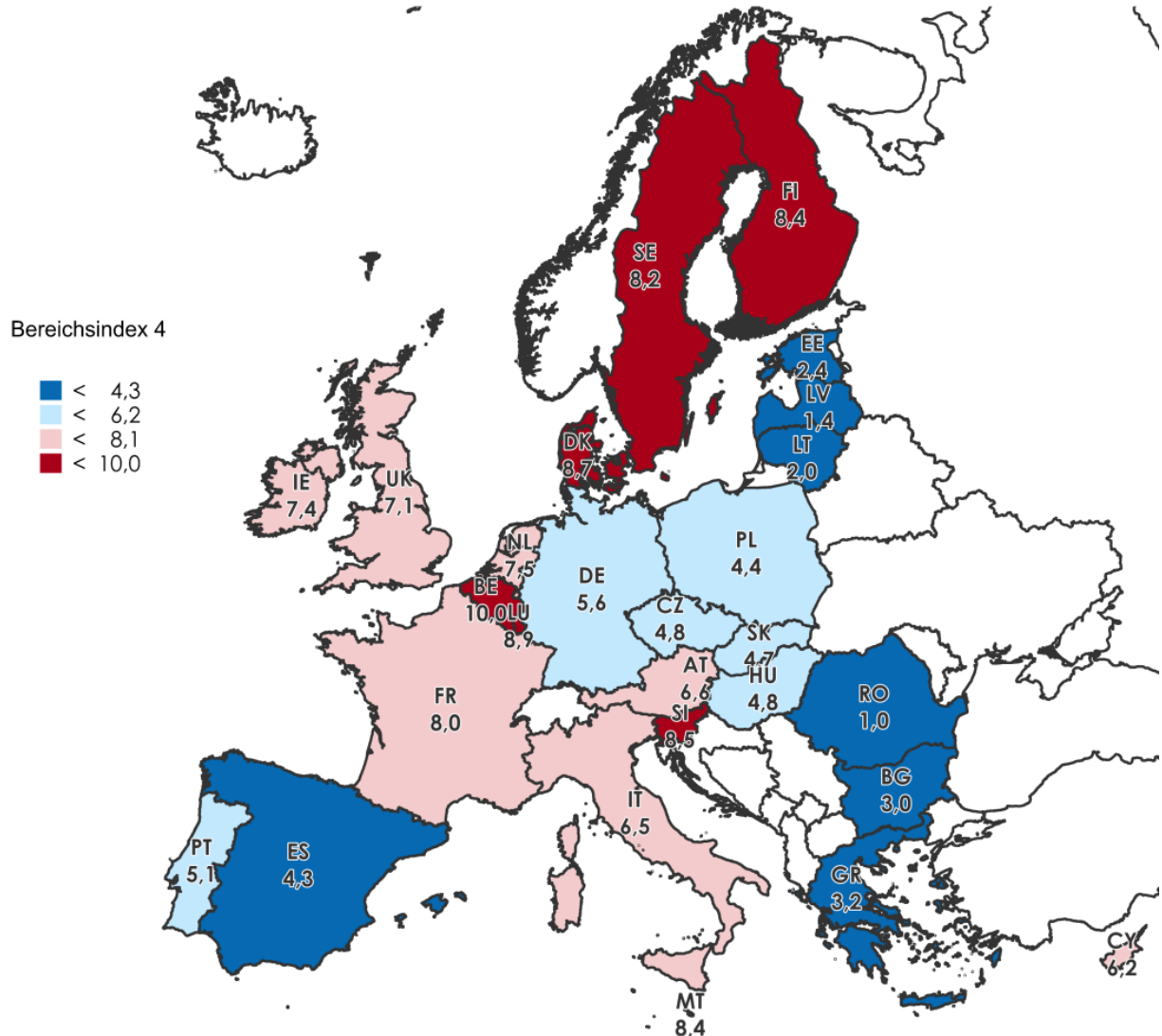
Area Index (3): Results

Equity of access and continuity

- 20 Indicators
- Excl. EE and BG
- Dimensions
 - Education
 - Exclusion
 - Child-care
 - Health
- Top performers
 - Leading countries: Sweden, Denmark and Finland
 - Luxemburg, the Netherlands, Ireland and Cyprus
- Bottom group
 - Minimum reached by Romania



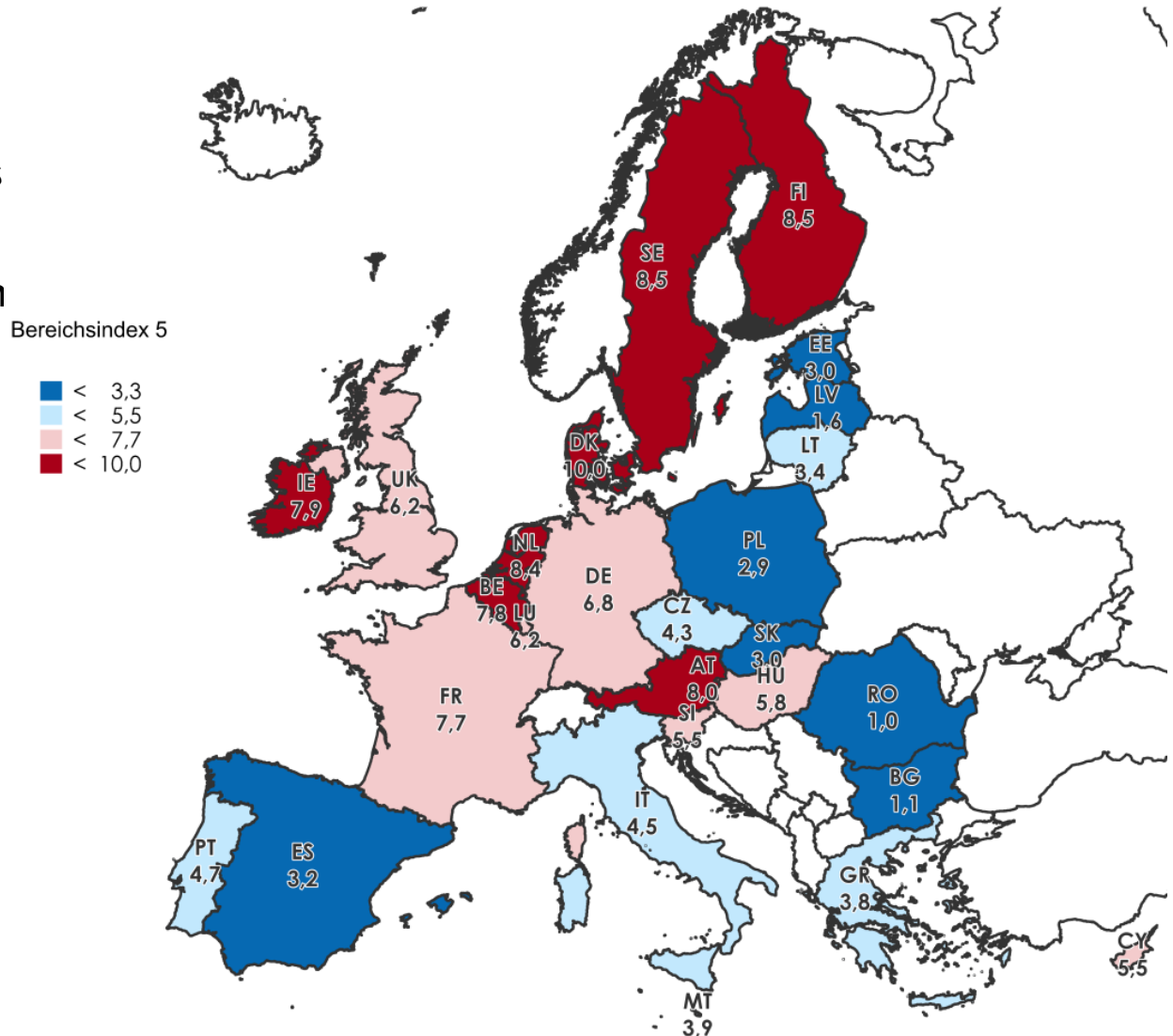
- 8 Indicators
- Dimensions
 - Income/salary
 - Distribution of Earnings
 - Working poor
 - Gender pay gap
- Top performers
 - Maximum by Belgium
 - Followed by Luxemburg, Denmark, Slovenia, Finland, Malta, Sweden
- Lower midfield and the low end
 - Apart from Germany only Southern European or New Member States
 - Minimum by Romania



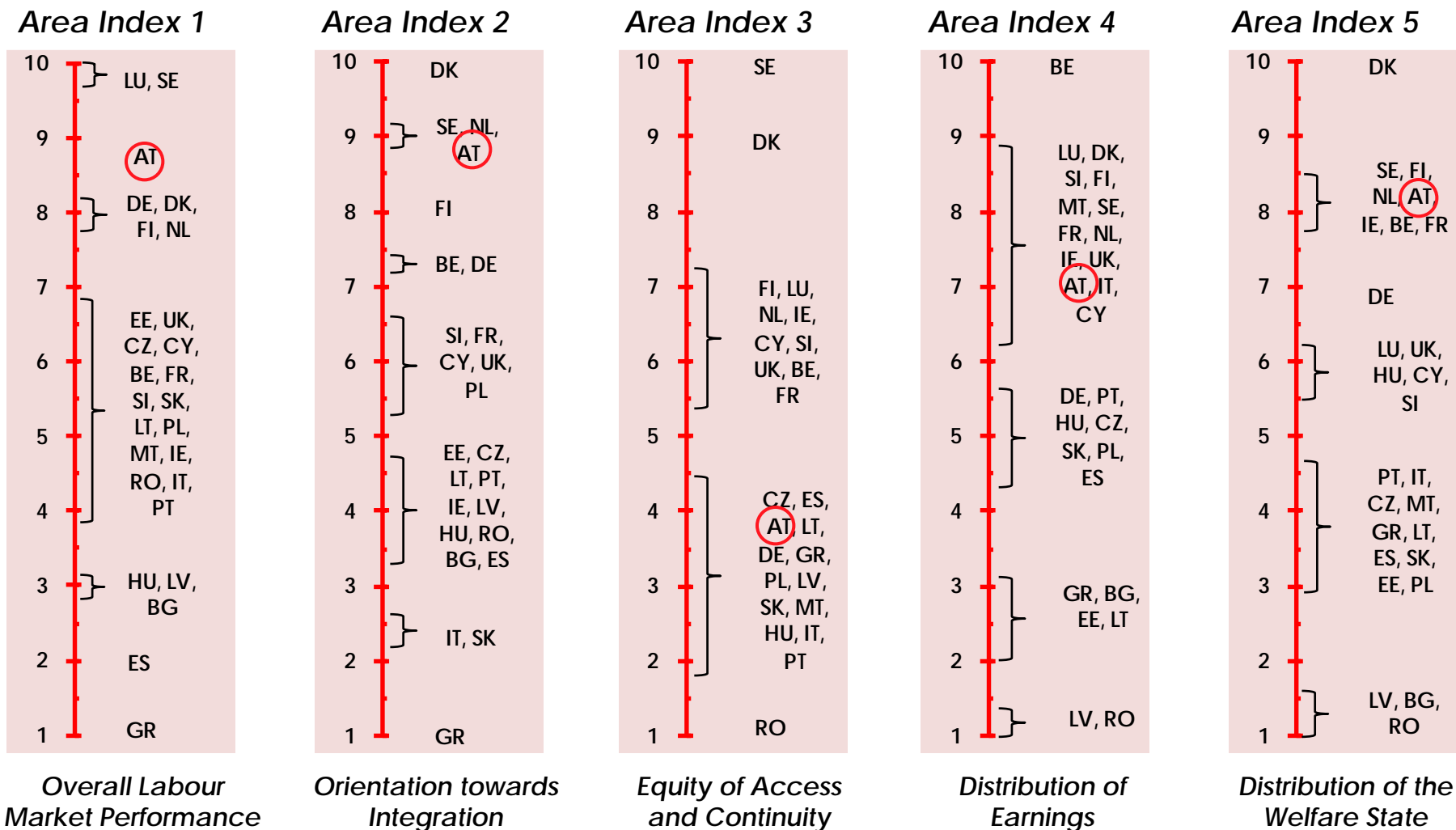
Area Index (5): Results

Distribution welfare state

- 10 Indicators
- Dimensions
 - Social protection benefits
 - At-Risk-Of-Poverty
 - Expenditure on Education
- Top performers
 - Maximum: Denmark
 - Ahead of Sweden, Finland, the Netherlands, Austria, Ireland, Belgium
- Only 3 New Member States obtain scores above the median: Hungary, Cyprus and Slovenia
- Minimum by Romania.



Summary of Results Labour Market Monitor 2012



Q: Eurostat, WIFO calculations. – Country groupings by area index with minimum distance of 0.6 points.

4/1 Shifts in the reference time period

Area Index (1) – Overall Performance of the Labour Market

		Country categorization Labour Market Monitor (LMM) 2012			
		Top	Upper Middle	Lower Middle	Bottom
Country categorization LMM 2011	Top	LU, SE, AT, DE, DK, NL	CY ↓		
	Upper Middle	FI ↑	UK, CZ, BE, FR, SI	PL ↓	
	Lower Middle			SK, MT, IE, RO	PT ↓, GR ↓
	Bottom		EE ↑	LT ↑	IT, HU, LV, BG, ES
Country categorization LMM 2012		LU, SE, AT, DE, DK, FI, NL	EE, UK, CZ, CY, BE, FR, SI	SK, LT, PL, MT, IE, RO	IT, PT, HU, LV, BG, ES, GR

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- Country group membership varies across areas and time
 - Nordic countries dominate the top end of EU-Countries
 - South European countries and many New Member States form the low end of the European distribution of scores in most areas of labour market activity
 - These two findings are in line with results of the Labour Market Monitor 2011
 - First area is highly responsive to economic change (financial and economic crisis)
 - Areas with a strong structural and institutional perspective show less change over time

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- Scoreboard of indicators
 - Aim: Earlier identification of major employment and social problems
 - Should be used in the Draft Joint Employment Report
 - **Headline indicators (counterpart in the LMM)**
 - Unemployment rate (Area 1)
 - Youth unemployment rate (Area 2) and NEET's rate (instead "early leavers from education and training" Area 3)
 - Change in real gross disposable income of households (instead indicators on income, distribution of earnings and working poor)
 - At-risk-of-poverty rate of working age population (Area 5)
 - Inequality (S80/S20 ratio) (Area 4)

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- Difference between the LMM and the Scoreboard of Indicators: **LMM bundles a complex picture (58 indicators) in a compact set of 5 indices**
 - Detailed reading of the Scoreboard should be based on the EPM, the SPPM and the JAF
 - Employment and social policies fall very largely under the national competence of the Member States
 - What are the consequences of a deterioration of social indicators?
 - How are tradeoffs between economic and social indicators are taken into account?

Thank you very much for your attention!