Highlights – Day 2 - Pillars Interim Conference

European Labor Markets - Mastering Technological and Structural Change

After the welcome words from Barbara Schretter (Director of the Representation of the Free State of Bavaria to the EU), who highlighted the relevance of Lifelong Learning for creating skills of future to increasing resilience of regions and territories in Europe and worldwide **the second day of the Pillars Interim conference** (12 July 2022) was focused on sharing these policies, initiatives, trends on the European, regional, and national levels in several panel sessions.

PANEL 1: UNDERSTANDING AND IMPROVING THE IMPACT OF AUTOMATION TECHNOLOGY ON LABOR MARKETS: DISCUSSIONS AND PRESENTATION OF EU-LED INITIATIVES

The panel, moderated by Tatjana Guznajeva, senior consultant at Technopolis Group, aimed at showcasing some examples on the **European initiatives** that support the adaptation of institutions and policies to meet new world of work, in a manner that is inclusive both for present and future labor. The panellists included the representatives form **DG CONNECT, DG EMPLOYMENT, European Investment Bank and European Commission Joint Research Centre.** Below are some of the main highlights from presentations and the discussions raised during this panel.

Arthur Treguier, Digital Economy, Recovery Plan and Skills Unit, DG CONNECT

Arthur Treguier started the discussion presenting a wide range of initiatives at the European level that aim to strengthen the Europeans' Digital Skills to Improve their Inclusion in the Labour Market. Some of the key initiatives are Recovery and resilience facility (until 2026), Digital Europe programme (2021-2027), ERDF, ESF+ Funds and NextGenerationEU programme.

Some of the common challenges raised is the continuous **lack of digital skills**. This gap is still present and acute for many European countries. To tackle it a collaboration between different public and private stakeholders is needed, from industry to academia and social actors. This should go along with incorporating the network mindset using the platforms to reach out, connect and educate the people with skills of future. Therefore, there is a common agreement on the **relevance and importance of digital skills** for the future technological, industrial, and societal needs, and the commitment from different stakeholder groups to invest in people receiving or upgrading their digital skills.

This goes together with a further need to stive for **higher women inclusion** to assure the gender balance among the knowledge recipients. This requires stronger push for women to take more active role and conditions in taking these careers.

Frank Siebern Thomas, Head of Unit for Fair Green and Digital Transitions, DG EMPLOYMENT

Frank Siebern Thomas followed the discussion by stressing the need to continue working on developing **active labour market policies**, that are fair and inclusive and facilitate digital and green transitions. This goes in line with European Council Recommendation on a fair transition. This includes active support to quality employment, education, training, lifelong learning, fair tax-benefit system and social protection, and access to essential services, housing. As one of the examples, it is important that digitalization does **creates new job opportunities**, while also shifting the jobs to more high-skilled ones. This is particularly relevant in the context of job polarization, while middle income and middle skilled jobs will be shrinking and driving this polarization. He further stresses the importance of **trainings** in providing and "skilling" the workers with the profiles - skills in

line with the transition. Likewise, to comments from DG Connect, Frank also stressed the need of the labour market to address the future needs. This is facilitated by European Pillar of social rights together with the plan to implement it. Some of the key actions taken on the EU level to facilitate it are European Pillar of social rights (incl. The Action Plan), The Pact for Skills initiative, Digital Education Action Plan, European classification on Skills, Competences, Qualifications and Occupations (ESCO) and GreenComp: the European sustainability competence framework.

Martin Humburg, Sector Economist, European Investment Bank

Martin Humburg presented the experience along the projects in the field with a focus on **infrastructure investment**. High education is one of the central topics in these projects, which requires investment, as it's important in the field. One important area is **automation**, which raises a lot of question on how much and what is needed to be invested in this area, especially in terms of digital skills, but also digital infrastructure.

He further presented some examples in leading and organizing vocational education and trainings, e.g., Tyndall National Institute; Construction of new research facility for ICT research with modern laboratories and Romania (Cluj-Napoca). These and other examples highlight certain patterns across regions, e.g., increased pressure on regions already, which are already lagging particularly due to automations; increased exposure for skill gaps related to task replacement and changes associated with the automation and strike for inclusiveness, meaning not only about considering some population groups vs others but also considering more regional issue related to development.

What is needed is to 1) continue analysing and observing trends, challenges, and needs 2) organize the capacity building around it, 3) assure access to financing and 4) accompany investment in infrastructure with investment in teaching training.

Matteo Sostero, European Commission Joint Research Centre, Human Capital, and Employment Unit

Matteo Sostero presented the examples on automation of the labour market, highlighted the importance of **cooperation and the triangle** in which skill related policies must navigate, namely academia - industry - policy. He also stressed the claim that **new technology (computers) are displacing workers**. However, there is little evidence of technology inducing displacement so far. While growth of employment has been observed in the sectors with the automation and finally income polarization also does not happen in EU.

While the focus is on **skills standardization by mean of developing competence frameworks**, so it can be used as a trade commodity in policies to adapt to the industry need. It often appears that it is a **talent at the individual level** that might needs to be looked at. Therefore, there is a need to redefine skills as commodity, consider individual skills between frictional and structural and consider the industrial and business structure of SMEs and large companies.

Beyond that a further support would come from more and better data on tasks and skills – to describe the spectrum of skills, relate closer to the industrial strategy rather than focus on industry and direct technological innovation (green, augmenting technology) by also investing more in basic research.

Q&A

The panel was rounded with several questions from looking into the achievements and good policy practices that have been done and initiated at the EU level to promoting and facilitating

inclusive labour market, identifying key challenges, and summarizing priorities for further development. In terms of highlighting some **achievements, good policy practices and inclusive transition policies that have not been very successful** in the past following elements were mentioned: 1) digital availability and accessibility to the programmes, 2) social and public acceptance of the priorities including its addressing different employment groups and territories. The latest – regional disparities form a **central challenge** in supporting / promoting the development of skills, which could lead to further disbalance in their development. For the priorities of further investment, a wide list of issues has been discussed. This included: stronger collaboration, stakeholder involvement and investment into the existing capacities and the development of the new ones, assuring and promoting credibility and inclusiveness of programmes; move to more human-centred research focus on skills and capacities needed; combine the skills with the needed technologies as well as **stronger inclusion between social and digital technological needs**. Mental health was mentioned as one of the key priorities.

Panel 2: BUILDING LABOR MARKET POLICIES RESILIENT TO TECHNOLOGICAL CHANGE: PANEL DISCUSSION ON REGIONAL EXAMPLES ACROSS EUROPE

The second panel was focused on exploring the initiatives, policies and challenges related to labor market policies on the national or regional levels to get a more bottom-up perspective of the industry, labour market and stakeholder needs. Particularly, as regions need to prepare for the impending demand for new labor skills by anticipating the changes and nimbly adapting to the introduction of disruptive technologies.

This session was moderated by Stefaan Verhulst, Founder and Chief Research and Development Officer as well as Director of GovLab's Data Program and included the representatives from national authorities (Estonian) and international institutions (World Bank), research and technology centers (digital innovation hubs) and industry (LinkedIn)and included examples of pertinent regional-level initiatives.

Ave Ungro, Program Coordinator at Estonian Qualifications Authority, SA Kutsekoda, Estonia

Ave Ungro presented the Tools for Labour Market Policy Makers to Predict the Forthcoming Technological Changes: The Case of Estonia. She highlighted the need to develop a common **platform** for more granule approach. This also includes stronger collaboration between different stakeholders that have different agendas on the table and addresses an earlier mentioned concern on the need to monitor and describe skills to the ways they would fit the market gaps. The regional demand, inclusion and role of different stakeholders needs further investigation as well what makes an impact.

Pirita Ihamaki, International Business Development Manager, Robocoast Digital Innovation Hub

Pirita Ihamaki, who is as an international business development manager and works closely with industry, research, and policy makers, immediately highlighted the need to finding common language to communicate, which is one of the central challenges. There are still wide gaps between actual and good practices in the field of Artificial intelligence as we are not even close, there is a need to do way more, especially to increase the readiness on the level of companies and challenge competition.

Séin Ó Muineacháin (Economic Graph Research and Insights at LinkedIn,

Séin O Muineachain enthusiastically shared the insights on how Linked In is supporting and helping to drive the change in identifying and providing the market with skills. One example presented

was the LinkedIn's Economic Graph in Informing Policymaking on how better use the data available. The data is presents almost near real time picture, especially related to migration patterns in historical domain. This can help policy makers and regions, if focusing on specific skills, e.g., digital, see and understand their concentration. The data and findings can be done on a global level, which scales up the research and increases the possibility of its local and international application. Some of the data is already being used in collaboration with different organizations.

Rafa de Hoyos (Program Leader Human Development – EU, World Bank)

Rafa stressed the Role of Vocational and Educational Trainings (VET) in Building Skills and Labour Markets that Are Resilience to Technological Change. There is a lot of demand for this, but the VET system has not been changed in years creating a vast room for intervention and modifications. Some of the policy options, which could be considered is moving the vocational system to the general track – all kids regardless their track get the "foundational skills" and really take more the decisions based on the evidence. At the same time, it's essential to highlight that it's a huge challenge to go from research to actions and how regions can play within it even further an active role.

Q&A

The panel was rounded with several questions from looking into **impact of automation technologies** on the labour market, to identifying the **practices that have been effective**, and naturally looking into the **priorities and needs** for further growth.

The grounded way at the regional and local level - that can make an influence - is engagement of key people and stakeholders bringing and highlighting the need for investment in automotive technologies, skills trainings, and educational courses. Linked In has developed a wide range of projects on measuring impact, where they collaborate with different public and social stakeholders, as they have the data and aim at using it having social responsibility in mind and acting rather as a think tank supporting the community and facilitating skill-based transition of the labour market.

In terms of future **priorities** early childhood development and generation of more evidence can help make use of the education and training system better. It is especially relevant in poor economies, where at least ¼ of innovation is being lost because the children can't tap into the education, which is then not transformed into innovation.

The second day has been closed with general remarks highlighting the main discussions from the 2-day Interim Conference by Oliver Falck, Pillars Coordinator and CESifo Program Director.