May 09

Education & Development

Soon Hiring

We may be in a recession, but it will end and new job opportunities will arrive… but where? Richard Lofthouse, Boyd Farrow and Josephine Moulds report

It may seem premature or even unseemly to talk of green shoots but amid the economic doom and gloom there are actually lots of new jobs being created. Indeed, the severity of the global recession may actually accelerate the restructuring of the European economy to make it competitive in the future.

"The old rubbish is getting swept out faster than in any previous downturn," says David Arkless, president of Corporate and Government Affairs at Manpower, a global employment services company, referring to the companies that have buckled since Black September, from stricken Scottish bank HBOS to German property lender Hypo Real.

Arkless' comments are meant to be motivational rather than mean-spirited. Manpower's most recent study found that although in 23 of 33 countries in which it operates hiring intentions are the weakest on record, this is partly a result of inflexible labour markets and industries already in long-term decline. Arkless instead points to Eurostat data for the third quarter of 2008, which highlighted more than four million unfilled jobs in the EU27, of which three million were in the core EU15, states where the welfare safety net is most developed. In other words, despite the headlines about spiralling layoffs, positions remain vacant for roughly 3% of Europe's workforce.

Most unfilled jobs are in the skilled manual trades, such as electricians and welders. But there is also work for customer relations reps, engineers and administrative staff in accountancy and finance. In fact, three or four 'support jobs' are created for each new, highly qualified job in the knowledge-based economy, so talked-up by the Lisbon Agenda.

Yet the bigger question is how competitive Europe will be in the future. In March, the World Economic Forum's annual Global Information Technology Report ranked Denmark and Sweden first and second for the third year running; Finland and Norway were not far behind. The highest-ranked countries — based on 68 criteria, from broadband penetration to educational achievement — all spent big over a long period to develop information infrastructures. They all boast favourable regulation, an emphasis on science education, and a history of eco-friendly initiatives.

Government investment in the 1990s helped build strong educational systems and drive mobile and internet usage, spurring the rise of telecom giants such as Nokia (which employs 68,000 people worldwide) and Ericsson (which employs 105,000). These countries are continuing with policies to spur future economic development, including support for higher education, commitment to R&D and legal frameworks that make it easier to launch businesses and protect intellectual property.

Innovation, of course, underpins economic growth in every sector — whether in eco-hotbeds or creative clusters. In a recent global survey by Boston Consulting Group, Singapore was adjudged to be the world's most innovative country, followed by South Korea. Switzerland was the most innovative

European nation (for its pioneering pharmaceutical and food research rather than banking), with Iceland, Ireland, Finland making the top ten.

Singapore is a centre for manufacturing, with strong consumer electronic, petrochemical and pharmaceutical industries, and the government has funded the growth of industrial parks focused on nurturing innovation in technology and biotech. Like the Nordic countries, Singaporean universities receive extensive support from the government, making the country an attractive destination for multinationals seeking a well-educated workforce.

Although a quarter of its economic growth is linked to technology investment, Europe as a whole still spends less than its competitors on education, skills-learning and R&D. This problem, according to a recent Economist Intelligence Unit report, is most acute among small and medium size enterprises, which have poor access to capital, quality networks and information technology systems and management skills training. SMEs account for 95% of companies in most European countries.

Nevertheless, policymakers in Europe do seem to be heeding advice to foster a more entrepreneurial culture, and with it new jobs in burgeoning sectors.

Black-collar

Last November everyone was too absorbed in the collapse of the banking, automotive, manufacturing and property sectors to notice that the Council of the EU and the European Parliament proclaimed 2009 as the European Year of Creativity and Innovation. Six months on, and the so-called black-collar workers are being positioned as the pillars of the New Economy.

In fact, the influence of those working in the creative sector has long assumed central significance in the Lisbon Agenda, Europe's plan to make the EU "the most dynamic and competitive knowledge-based economy in the world." A study by Brussels-based consultancy KEA for the European Commission discovered that, in 2004, 5.8 million people worked in fields where "cultural resources are innovatively used in the production process of non-cultural sectors" — equal to 3.1% of total employed population in the then 25 EU states. Whereas total employment in the EU fell in 2002–2004, jobs in the creative sector rose 1.85%. Moreover, the sector contributed to 2.6% of EU GDP in 2003. To put this into context, the chemicals, rubber and plastic products industry accounted for just 2.3%.

Germany's Working Group on Cultural Statistics estimates that creative industries now employ almost a million people — more than banking and, soon, automobiles. The UK's Department for Culture, Media and Sport, meanwhile, says the country's creative industries contribute €80bn to the economy, account for 8% of GDP and support 1.9 million jobs. The National Endowment for Science, Technology and the Arts says the UK's creative sector could still grow by 4% by 2013. By the 2012 London Olympics, the creative sector could eclipse the city's financial one.

In February, UK business secretary Lord Mandelson identified the creative industries as one of six key areas to build on to "restore and rebuild" Britain. Unlike in other sectors, there is a clear, growing demand for output because platforms are multiplying. Universal access to broadband will mean different types of digital media. Future key jobs will include digital project managers, to develop intellectual properties, and digital media producers, to develop content across various platforms.

Another new strata of black-collar jobs will be the digital business development managers to identify, commoditise and monetise content. Technical directors and interactive media writers could propel a 10% growth in the media sector (excluding publishing and photography). The UK, Germany and France, in particular, want to challenge the US and Asia as leading creative hubs over the next 20 years, particularly as off-shoring is less developed than in other sectors of the economy (even at a manufacturing level) and creative economies spawn tourism. Because of the small-enterprise nature of so many creative outfits, if just 10% of all the micro-businesses employed just one additional person, 20,000 new jobs could be created, says UNESCO.

So where might the new creative jobs be, apart from the UK's hubs of London, Manchester and Liverpool, or Germany, which is spearheaded by Berlin and Hamburg?

To help chart its own strategy, Hamburg — which hopes creativity will ripple from its €250m landmark concert hall, which opens within months — commissioned consulting firm Roland Berger last year to work out which European cities were best prepared for the future. In top spot was Copenhagen, with a GDP per capita of €56,000, population growth of 3.1%, laden with new patents and 62.5% of its workers involved in knowledge-intensive professions. Reasons for its success include centralised efforts to lure companies, a high proportion of Denmark's students (11.6%), €270m in venture capital for start-ups, and tax breaks for investment in research.

Barcelona's creative classes make up 43.9% of its workforce. Amsterdam and Dublin have a similar GDP per capita of €48,000 and both have strong population growth (5.6% and 7% respectively). Creative professions in the Dutch city account for 47.1% of the workforce, but only 36.9% in Dublin. The real surprise is Vienna. Although, the Austrian capital has exploited its strategic location in central Europe — Coca-Cola, Hewlett-Packard and Alcatel-Lucent have headquarters there — the city has as many members of the creative classes as Amsterdam.

Investment is also being encouraged on a national scale: France has made supporting the video-game industry a priority, deducting up to 20% on production costs for innovative games, while Italy has announced plans to help its fashion industry, which employs 80,000 workers and 30,000 distributors. Meanwhile, a new fiscal reform package that came into effect in Austria in April includes a €300m provision for entrepreneurs and freelancers, who will be tax-exempt on 13% of income. Industry organisation Creative Wirtschaft Austria says it will benefit the country's 30,000 creative businesses.

White-coat

The white-collar workers of the past boom have had their day; now they must make way for the men and women in white coats. The biotech, pharmaceuticals and nano-technology sectors are essential if Europe is to achieve its aim to become the most dynamic and competitive knowledge-based economy in the world.

Already the region is second only to the US in terms of pharmaceuticals, with giants such as GlaxoSmithKline supported by a web of academics and SMEs developing drugs in their early stages. Research-based pharmaceuticals is one of the remaining high-technology industries in Europe, amounting to around 19% of global business R&D investments, and 3.5% of the total value added in manufacturing across the EU. The sector employs 640,000 people in Europe, including 100,000 in R&D.

However, there may be a shortage of skilled workers to supply these industries. France's pharmaceutical companies association, LEEM, notes that 17% of staff are due to take retirement within the next eight years. Meanwhile there is a national shortage of pharmacists or physicians — a reflection of wider government policies that have encouraged young people to seek employment in other business sectors.

In recognition of the importance of the pharmaceutical sector, the European Commission last year joined with industry to pour €2bn into research to speed up drug development and cut development costs. The initiative foresees the establishment by 2013 of a European Medicines Research Academy, "a platform for educating and training current and future professionals involved in biomedical R&D, including regulatory officers".

There is, however, some concern that Europe is lagging in terms of investment in these key industries. Between 1990 and 2007, R&D investment in pharmaceuticals grew 5.2 times in the US, and just 3.3 times in Europe.

Venture capital funding for biotech has dropped dramatically as a result of the financial crisis. Trade association European Biopharmaceutical Enterprises warns that 20% of Europe's small biopharmaceutical companies are at risk of bankruptcy by the end of the year, which could mean the loss of 20,000 high-skill, high-value jobs and a permanent damage to Europe's research.

Proponents of the industry say Europe should recognise how these industries can contribute to the overall productivity of the region. Europe needs new drugs to keep its ageing workforce healthy; micro-electronics are enablers at work. Research carried out by European nano-electronics association CATRENE shows that one job in semiconductor research and development, creates six jobs in the wider economy. These were split between direct suppliers to the semiconductor facility, jobs created as a result of stimulating economic activity in the area, and jobs induced by more efficient semiconductors.

Green-collar

European governments may not have gone as far as the US in spending their way out of the crisis with a Green New Deal, but, in March, the European Commission said it would invest €105bn in green projects, more than 30% of the regional policy budget for 2007—2013. The hope is that this will boost growth and create new jobs to prevent them fleeing to emerging economies such as China and India.

Many of the new opportunities in the environmental industry will be traditional blue-collar, as well as so-called white-coat jobs in research and development. James Howard of the International Trade Union Confederation says: "There is a large R&D component in terms of examining processes and identifying how to make them less carbon-intensive. Look at things like construction and the professional insulation of houses, that's blue-collar work — people going up on roofs."

Europe has committed to increasing its use of renewable energy sources to 20% by 2020. While some jobs will be lost in conventional energy generation, a modelling exercise supported by the EU found that there would be a net gain of 950,000 direct and indirect full-time jobs in renewable energy by 2010, and 1.4 million by 2020. Under an Advanced Renewable Strategy, the same research suggested there could be 1.7 million jobs by 2010 and 2.5 million by 2020.

Germany has ploughed money into renewables to remarkable effect. The country had an estimated 260,000 people employed in the industry in 2006. Strategy consultants Roland Berger expects that figure to almost double by 2020, increasing to 710,000 by 2030.

Nuclear power is seen as another low-carbon source of energy, and work has already started on Europe's third generation of plants. This work is labour-intensive and requires legions of highly skilled workers. France's EDF intends to recruit 3,000 more people this year to help build a second reactor in France. Rival Areva is hiring 6,000 new employees in France, plus 14,000 abroad, including nuclear engineers, chemical engineers and electricians.

A large part of moving to a low-carbon economy will be modifying homes and businesses to make them more energy efficient. The European Commission predicts that there will be one million jobs created in making buildings more efficient if Europe is to meet its target to reduce energy consumption by 20% by 2020. Types of jobs include green designers, architects, and various positions in the construction trades, such as pipe fitters, and sheet metal workers.

Then there is the question of greening traditional industries. A UN Environment Programme report on green jobs estimates that there were 150,000 jobs in manufacturing green vehicles in the EU of a two million-strong workforce making passenger cars in 2004. The report refrains from projecting the potential future workforce, saying only that a concerted international fuel-efficiency strategy is needed to create large numbers of greener jobs in the auto industry.

Blue-collar

Talk of a blue-collar resurgence may ring hollow for the millions of factory workers that have been laid off since the start of the financial crisis. But the fact of the matter is that there are 3.5 million unfilled jobs in Europe, many of which are in skilled manual trades — carpenters, electricians, welders and the like.

Europe has more than 8% unemployment, but employment opportunities are missed because workers are staying in their home countries, and there are skill mismatches across the continent. Employment expert Manpower's annual skill shortage survey for 2008 puts skilled manual trades among the five most difficult-to-fill jobs in France, Germany, Italy, Spain and the UK. Drivers are in short supply in France and Germany. While employers in Italy and the UK struggle to source labourers.

Göran Hultin of Manpower says: "We need to keep in mind that for every highly qualified job that is created, three or four jobs elsewhere in the economy are created. The output of the knowledge-based jobs may be in the forefront of Europe's future, but it is carpenters, plumbers, drivers, administrative assistants that enable those jobs to be effective."

The European Centre for the Development of Vocational Training (CEDEFOP) estimates that nearly 58% of job openings between 2006 and 2020, will require a medium-level of skills, such as vocational qualifications. In a September 2008 report it forecast a total of 105 million openings for this period, with 55 million requiring vocational skills. Steve Bainbridge of CEDEFOP says the figures are likely to be lower as a result of the economic crisis, but that the proportions will be the same.

While there will be some blue-collar jobs created as a result of economic development and particularly the green economy, 80% will be replacement jobs because of the vast swathes of people leaving the labour force in Europe. The EU is rapidly ageing, as baby boomers approach retirement, while younger generations are having fewer children, later. Forecasts suggest there will be one retired person for every two workers as early as 2050. A concern is that Europe will not have enough qualified people to replace those leaving.

Trades that are in short supply range from the traditional — there is a continent-wide lack of welders — to new jobs emerging as a result of economic and demographic change. Isabelle Barthès of the European Metalworkers Federation says one of the sectors with huge employment potential in France, for example, is caring for older people at home.

Comments

There are no comments posted yet. Be the first one!

Post a new comment

Enter text right here!

Name
Displayed next to your comments.

Email (track replies)
Not displayed publicly.

Website (optional)
If you have a website, link to it here.

Sign up for IntenseDebate Why? | Login to comment

Notify me of follow-up comments via email

SUBMIT COMMENT

Or post using OpenID