The myth of job polarisation may fuel populism

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There is only one problem with the theory that the labour market is becoming polarised between the low- and high-skilled. It's wrong.

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It has become conventional wisdom since the turn of the century that labour markets are rapidly becoming polarised in many western countries. The share of medium-skilled jobs is said to be shrinking, while low- and high-skilled jobs are growing in proportion.

Two popular metaphors used to describe this purported trend are that labour markets are being 'hollowed out' and are becoming 'hour-glass shaped'. This notion of job polarisation has had a profound impact not only in the research community and among policy-makers but even via the media on the general public.

The polarisation theory was first formulated by British and American economists at the beginning of the millennium and apparently confirmed in later research. But its empirical foundation is being challenged. In a research report published last May by the Stockholm-based think tank Arena Idé, Michael Tåhlin, professor of sociology at the Swedish Institute for Social Research, found no job polarisation—rather, a continuous upgrading of the labour market.

Strikingly different

If the polarisation theory seems to be a myth, how can this be?

The main reason is that the research, as is to be expected from studies rooted in economics, has used wages as a proxy for skills: low-paying jobs are taken to be low-skilled jobs and so on. But there are direct ways of measuring skill demands in jobs, and Arena Idé's report is based on a measure commonly used in sociology—educational requirements as classified by the International Labour Organization's ISCO (International Standard Classification of Occupations) scheme. Using this methodology to analyse the change in skill composition yields strikingly different results for the middle of the skill distribution.

Tåhlin drew on data from the Swedish Level of Living Survey (LNU), a large-scale survey carried out six times since 1968, to study changes in the skill composition of the Swedish labour market between 1974 and 2010 (the latest year for which LNU data were

available). His report indicates a significant recomposition among lower medium-skilled jobs.

Professions with relatively low skill demands but relatively high wages—such as factory and warehouse workers, postal staff and truck drivers—have diminished. Meanwhile, others with the same or slightly higher skill demands but lower wages—nursing assistants, personal-care workers, cooks and kindergarten teachers—have increased.

Gender composition

An often overlooked but important detail is that the former jobs are predominantly male, while the latter are dominated by women. So what we are seeing is not a downskilling or polarisation of the labour market, but rather an upgrading which seems to favour skills and jobs traditionally attributed to, and held by, women. In other words, what sets the new jobs apart from the old ones is not the skill level—it's the gender composition.

This has been misunderstood by polarisation researchers because male-dominated jobs have a higher wage premium (they bring higher wages than female-dominated jobs at the same skill level). Therefore, the job structure appears to grow at the bottom half of the skill distribution when some female-dominated jobs grow. This creates a polarisation illusion.

Put simply: wages are a problematic way to measure skills, since they clearly reflect the discrimination toward women prevalent in most, if not all, labour markets across the world.

Similar results

A few months after Arena Idé's report, a study (coincidentally with the same title) using the European Union Labour Force Survey manifested largely similar empirical results. The researchers, Daniel Oesch and Giorgio Piccitto, studied occupational change in Germany, Spain, Sweden and the UK from 1992 to 2015, characterising good and bad jobs according to four alternative indicators: earnings, education, prestige and job satisfaction.

They concluded that occupations with high job quality showed by far the strongest job growth, whereas occupations with low job quality showed weak growth regardless of indicator used. Occupational upgrading was found in Germany, Spain and Sweden. Some job polarisation was found in the UK but only when earnings were the indicator of job quality.

These findings are consistent with a review of two British studies from 2012 and 2013, which found a change in the *composition*, but not the *volume*, of intermediate-level jobs. Perhaps the most important conclusion was that 'the evidence shows that intermediate-level jobs will remain, though they are changing in nature'.

Real-world implications

This is an important debate which deserves more attention, since the polarisation theory has serious real-world implications.

In terms of policy, the theory can lead to strategic mistakes with long-term consequences. For instance, if policy-makers believe that there is no future for medium-skilled jobs, they may be less inclined to invest in vocational education and training, which is still an effective way for young people and displaced workers to secure decent-paying jobs with good benefits in many countries. Likewise, careers counsellors might give students and job-seekers recommendations based on flawed theory, rather than actual labour-market trends.

In terms of politics, the consequences may be even more perilous. The very notion of job polarisation can bolster an outdated view in which 'female jobs' are lower in status (and wage) than their male equivalents in terms of skills. Since the polarisation theory is gender-blind and only takes wages into account, the replacement of industry and transport jobs by occupations in health and childcare is understood as a hollowing out of the middle class and a reduction of medium-skilled jobs. This may fuel the populist and anti-feminist attitudes held by many men with lower education levels, who constitute a large share of the radical right's voters, and who might feel threatened by a perceived loss of status and privilege.

The labour market is constantly changing—there is no question about that. But it doesn't seem to be changing according to the new and surprising patterns which have been suggested by the polarisation theory and subsequently adopted by the media and in public debate. Instead, old trends of upgrading and educational expansion still appear to be valid and should inform our predictions for the future of work. These new findings should lead to more caution among policy-makers and increased scrutiny among scholars of the polarisation consensus.