

From Recovery to Resilience. Joint
Conference Banco de España and
International Monetary Fund
April 2018

POLARISATION AND SEGMENTATION OF THE LABOUR MARKET

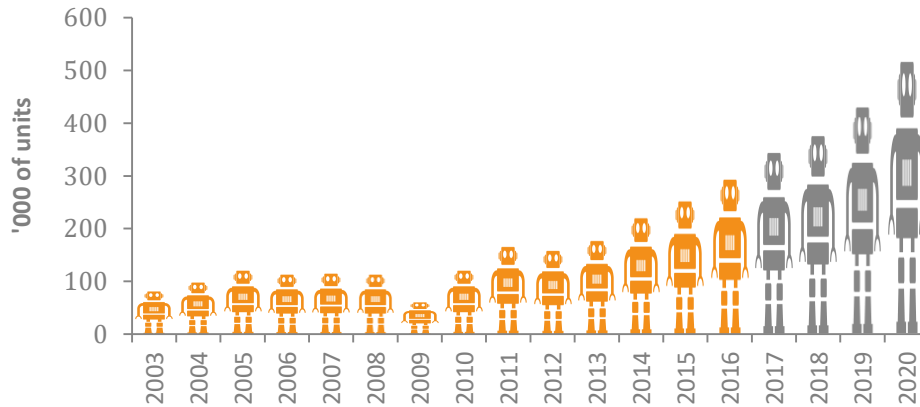
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Director
Directorate for Employment, Labour
and Social Affairs
OECD



The 3 mega-trends

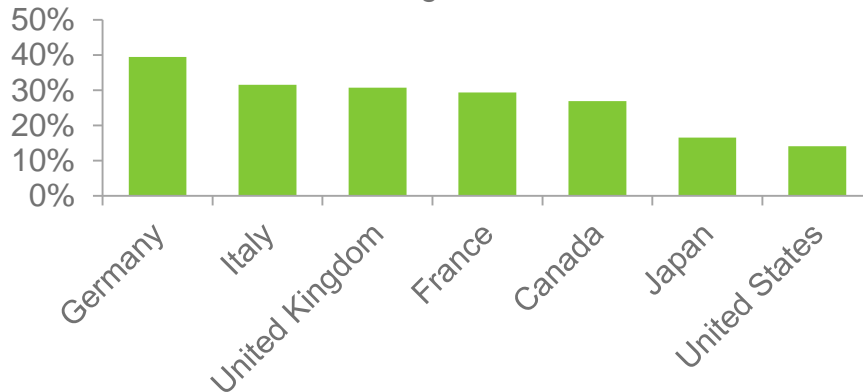
The robots are coming

Estimated worldwide annual supply of industrial robots



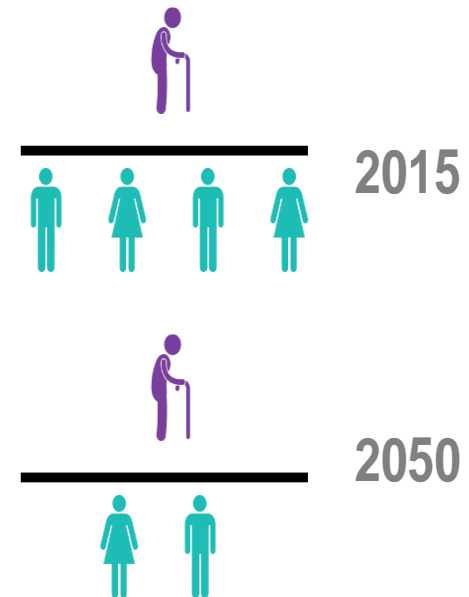
The world has become more integrated

Share of business sector jobs sustained by consumers in foreign markets



Populations are ageing

Old-age dependency ratio 65+/(15-64)
OECD average



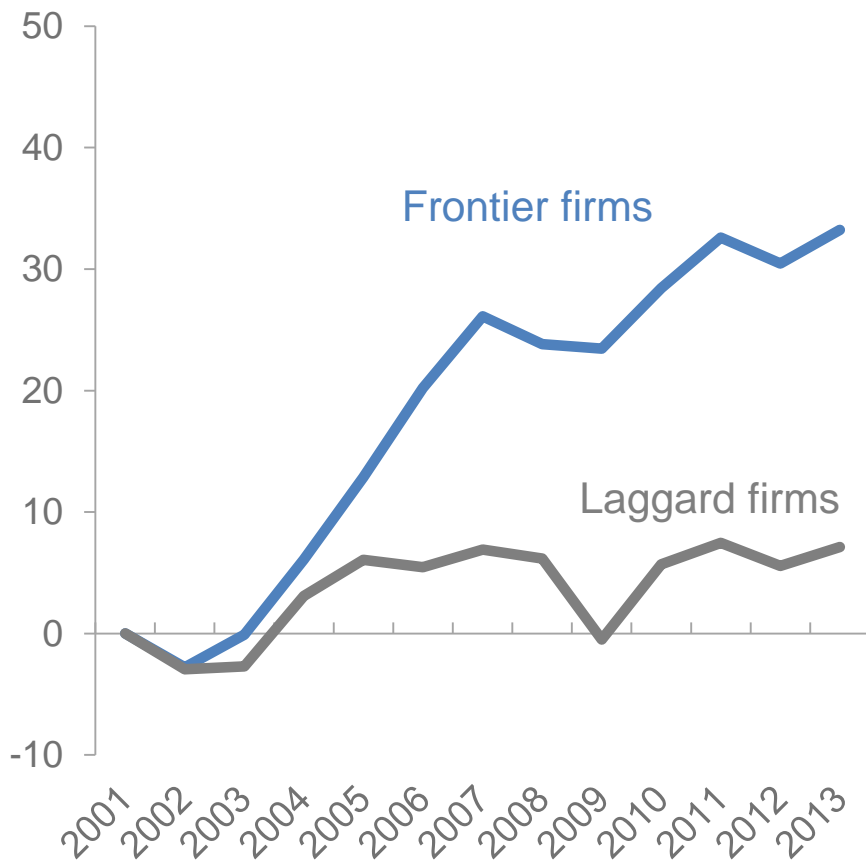


Winners take all?

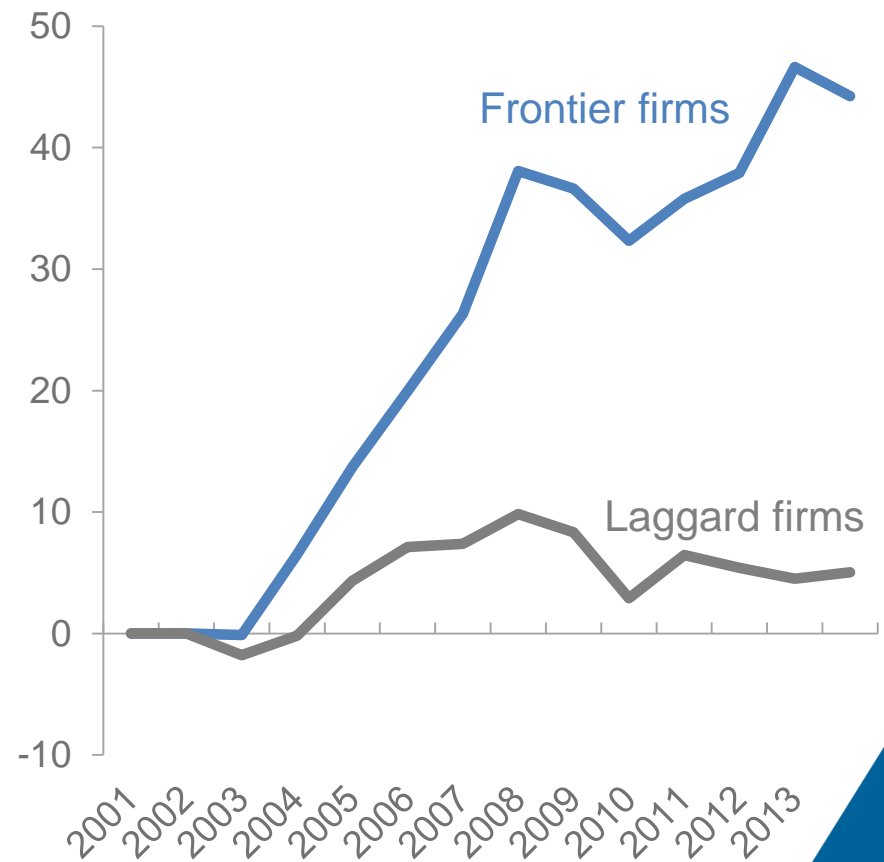
The productivity gap between the globally most productive firms and other firms has widened

Labour productivity: value added per worker, 2001-2013

A. Manufacturing



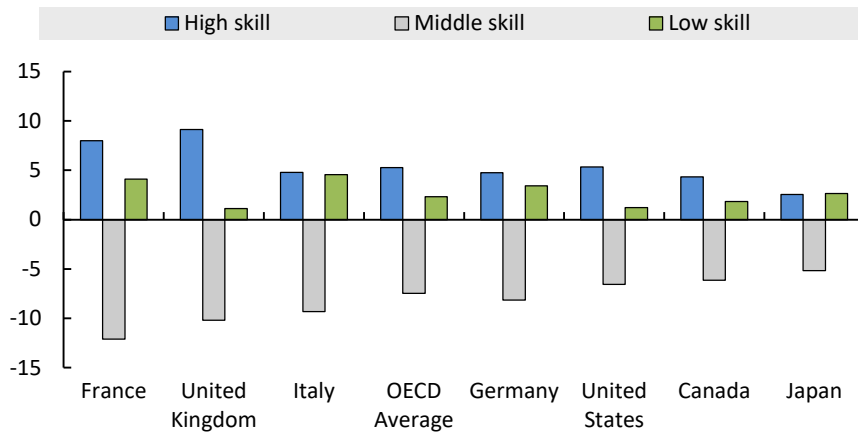
B. Services



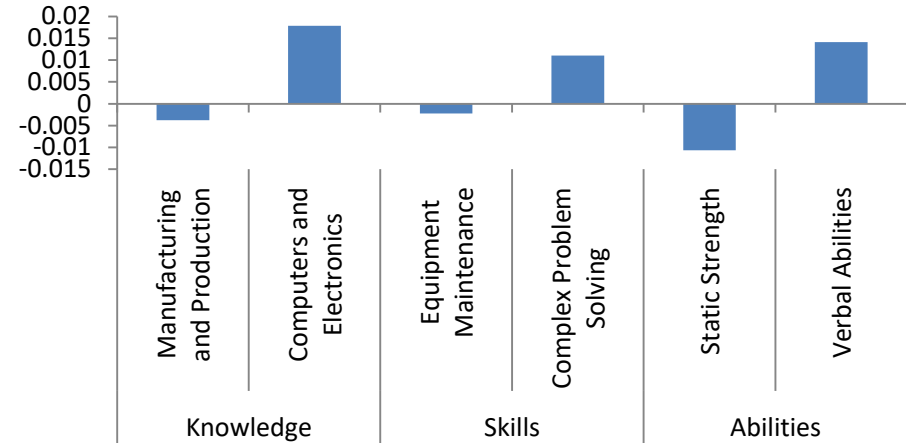


Labour markets are changing

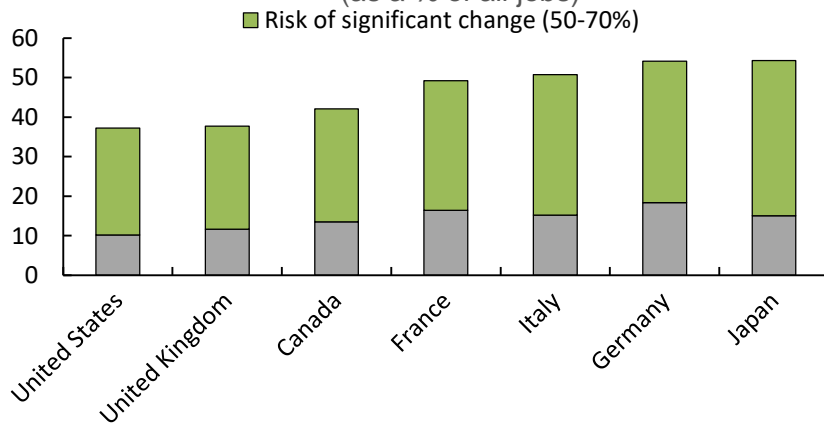
The disappearing middle: jobs by skill level
(% change in employment shares 1995-2015)



Emerging skill gaps
(unweighted OECD average)



Only a minority of jobs at risk of full automation
(as a % of all jobs)



New vacancies for gig workers
(May 2016=100)

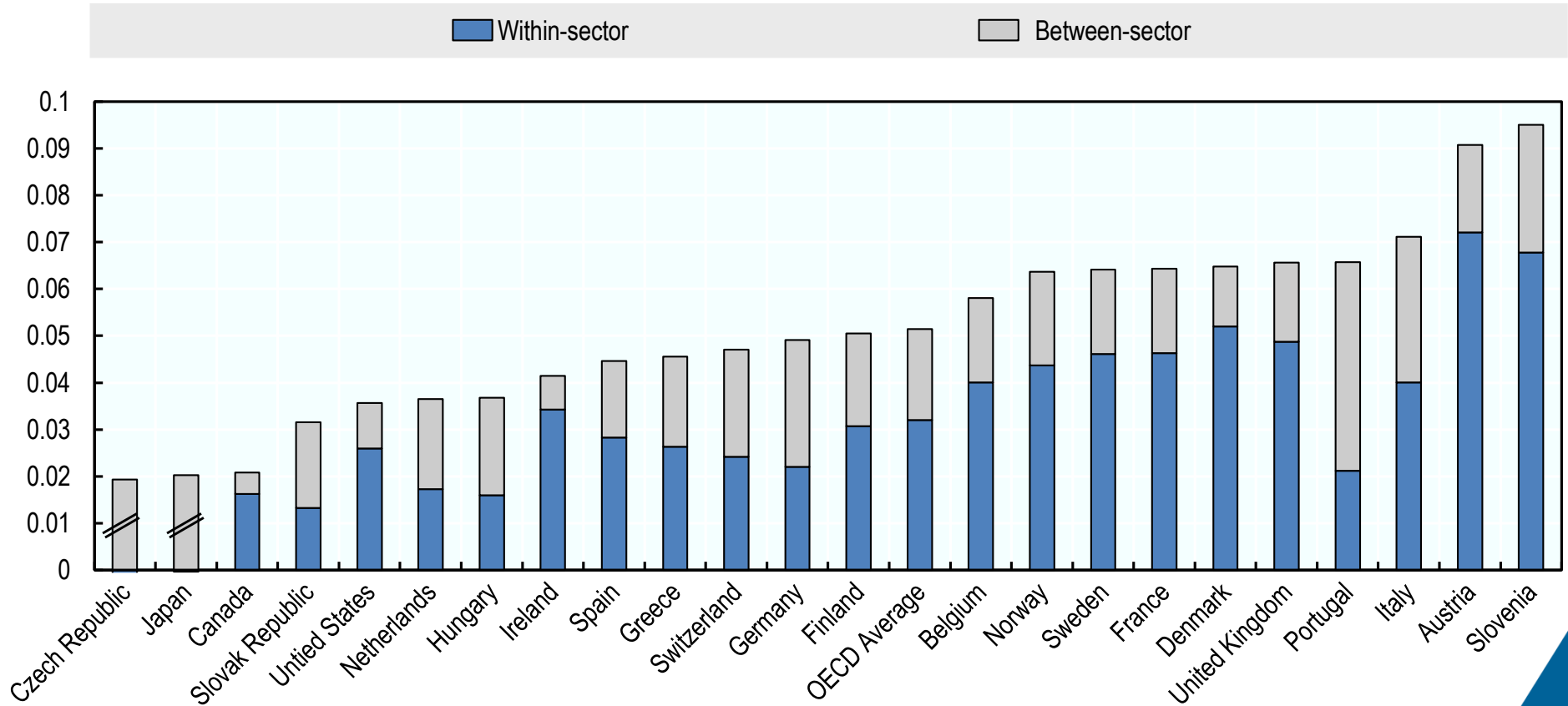


Source: Oxford Internet Institute, Online Labor Index



Most polarisation in the OECD comes from within-sector shifts rather than changing industrial structure

Percentage-point change in polarisation between 1997 and 2007





What role for policy?

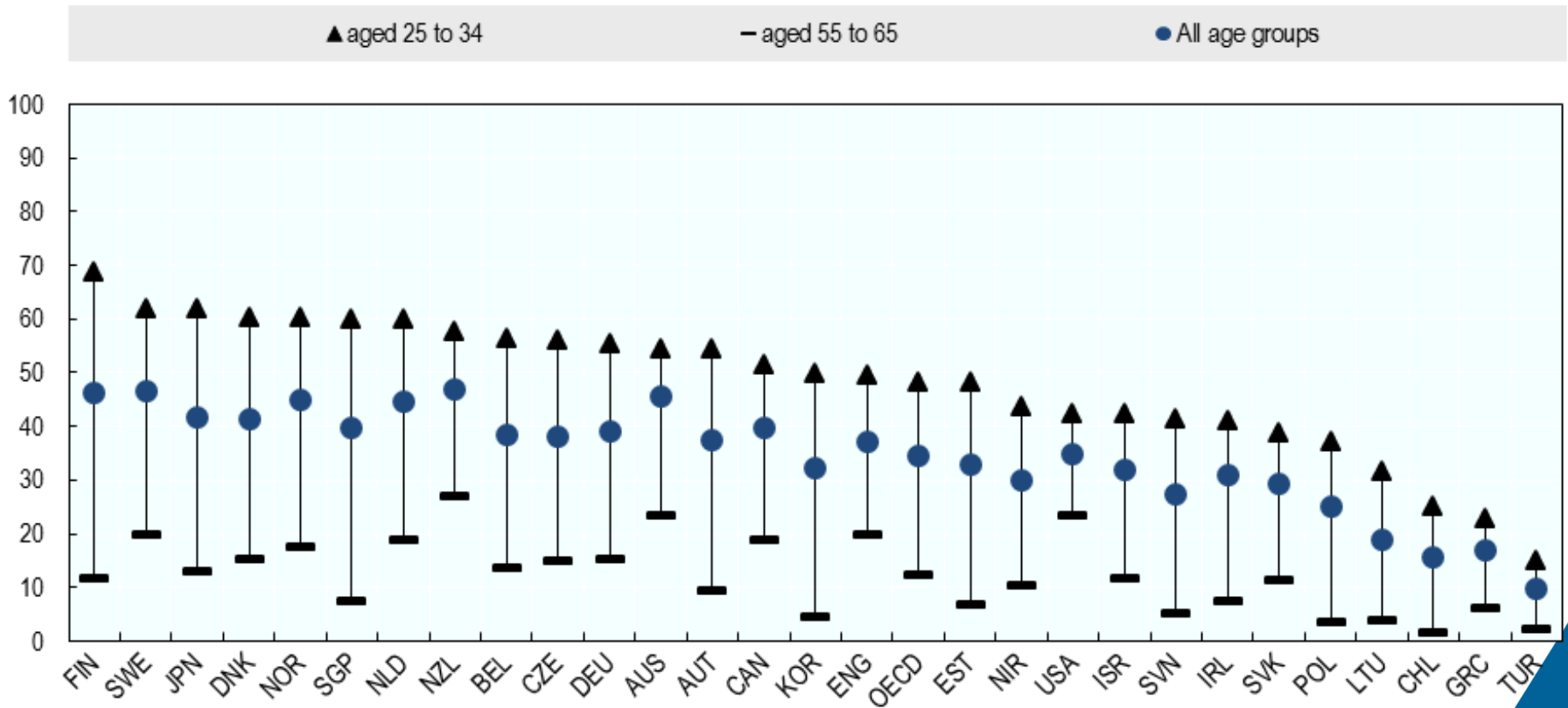
Better Skills for the Future

- Better assess and anticipate changing skill needs to adapt curricula and guide students
- Ensure education systems equip students not only with solid literacy, numeracy and problem-solving abilities, but also basic ICT skills and soft skills
- Promote high-performance work practices among employers for better skill use
- Improve the effectiveness of lifelong learning and training for adults, offering better incentives for workers and firms to re-skill and up-skill and providing incentives for innovation in learning methods



Many workers are not prepared for the digital work environment

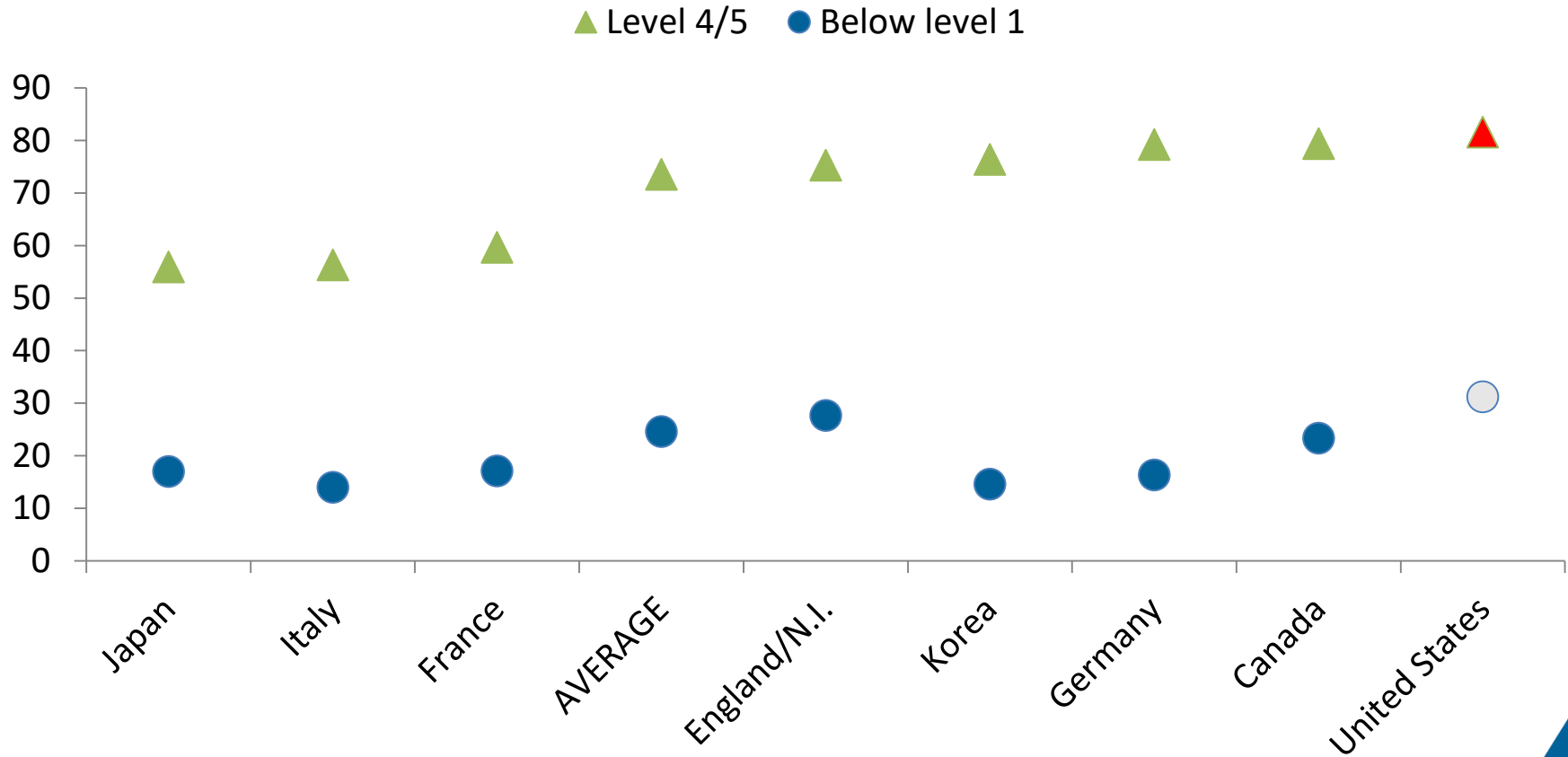
Share of 25-34 and 55-64 year-olds performing at Level 2 or 3 in problem solving in technology-rich environments





The least skilled benefit less from training

Percentage of adults who participated in adult education and training during year prior to the survey, by level of literacy proficiency

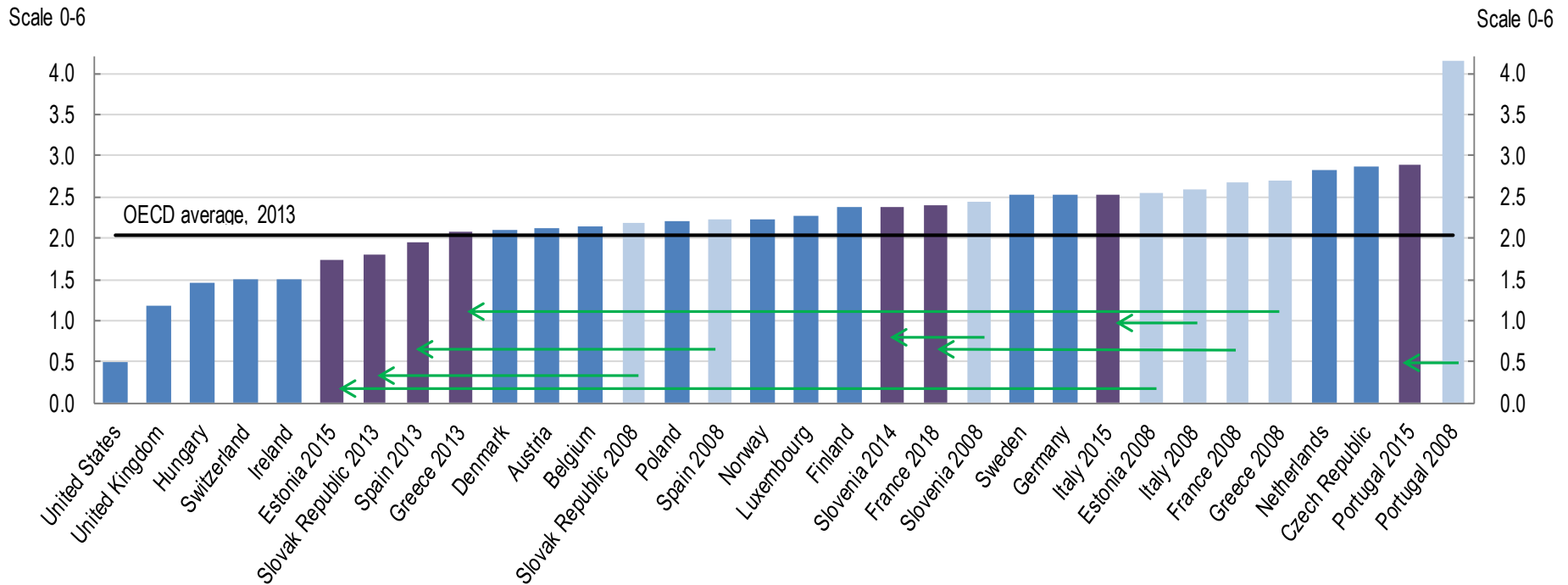




An unprecedented wave of EPL reforms in Europe since the onset of the crisis

OECD EPL index for individual dismissals

Preliminary estimates for post 2014 data

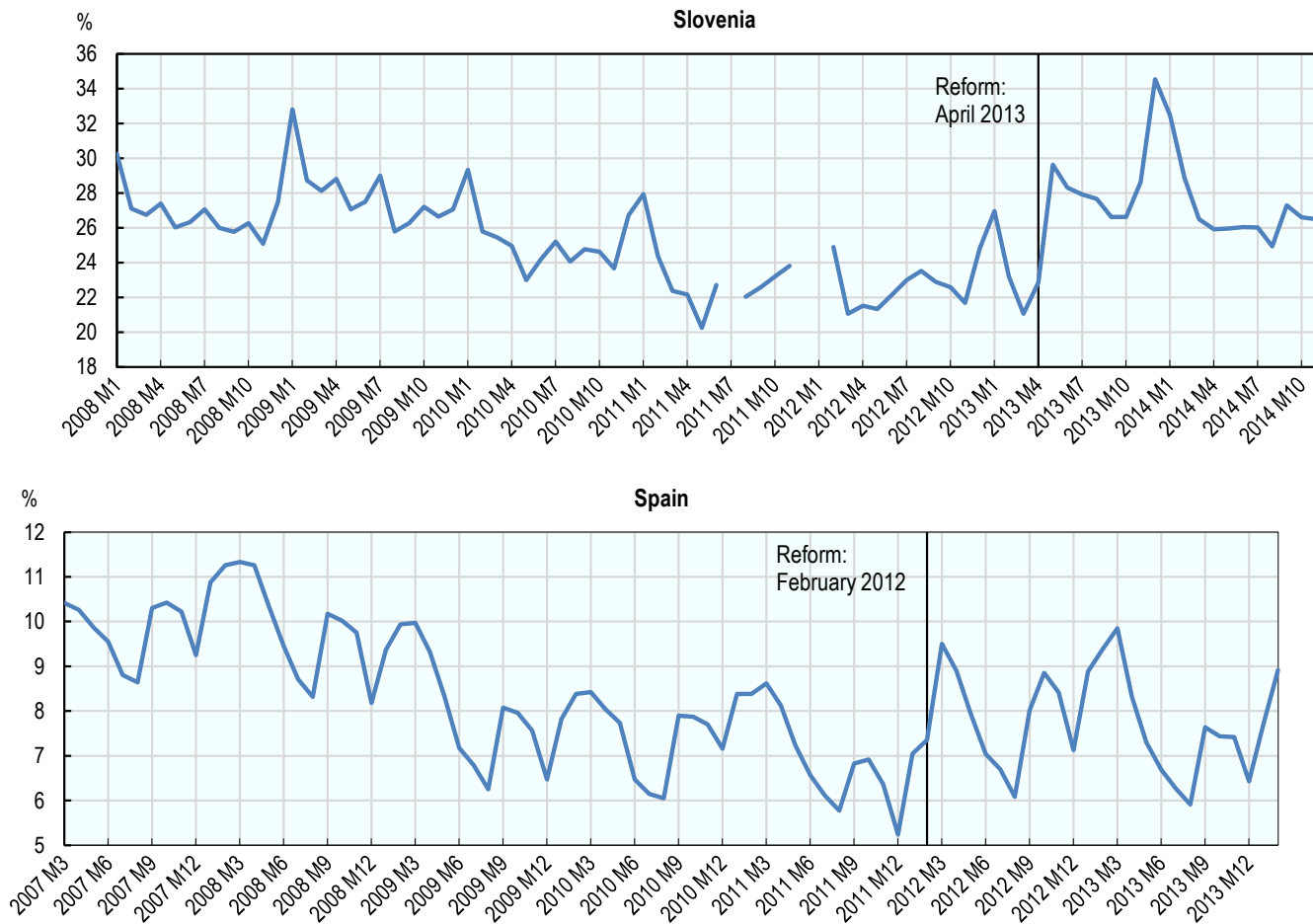




Short-term effects of EPL reforms: hiring on open-ended contracts

➤ Immediate (+) impact on the share of permanent contracts

Share of permanent contracts in new contracts, percentages

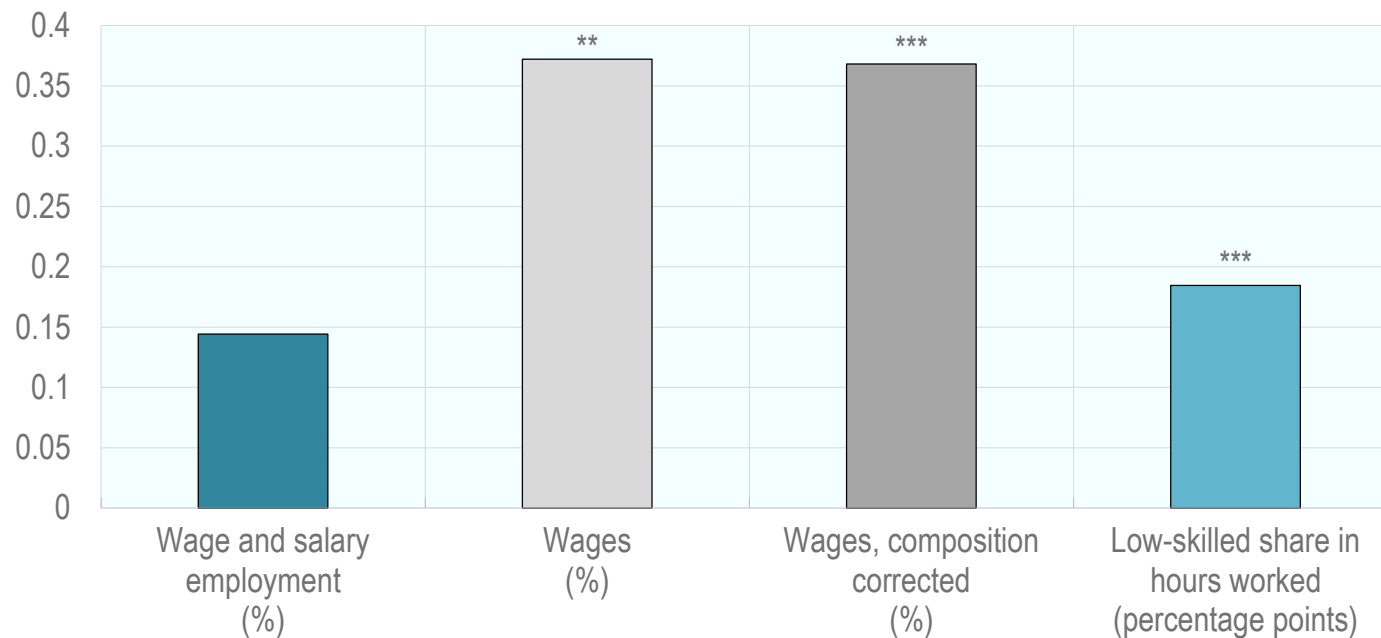




Long run effects of EPL reforms

Business sector effects of flexibility-enhancing EPL reforms

Estimated effect of an average reform (reduction of 0.2 points of the EPLR indicator)

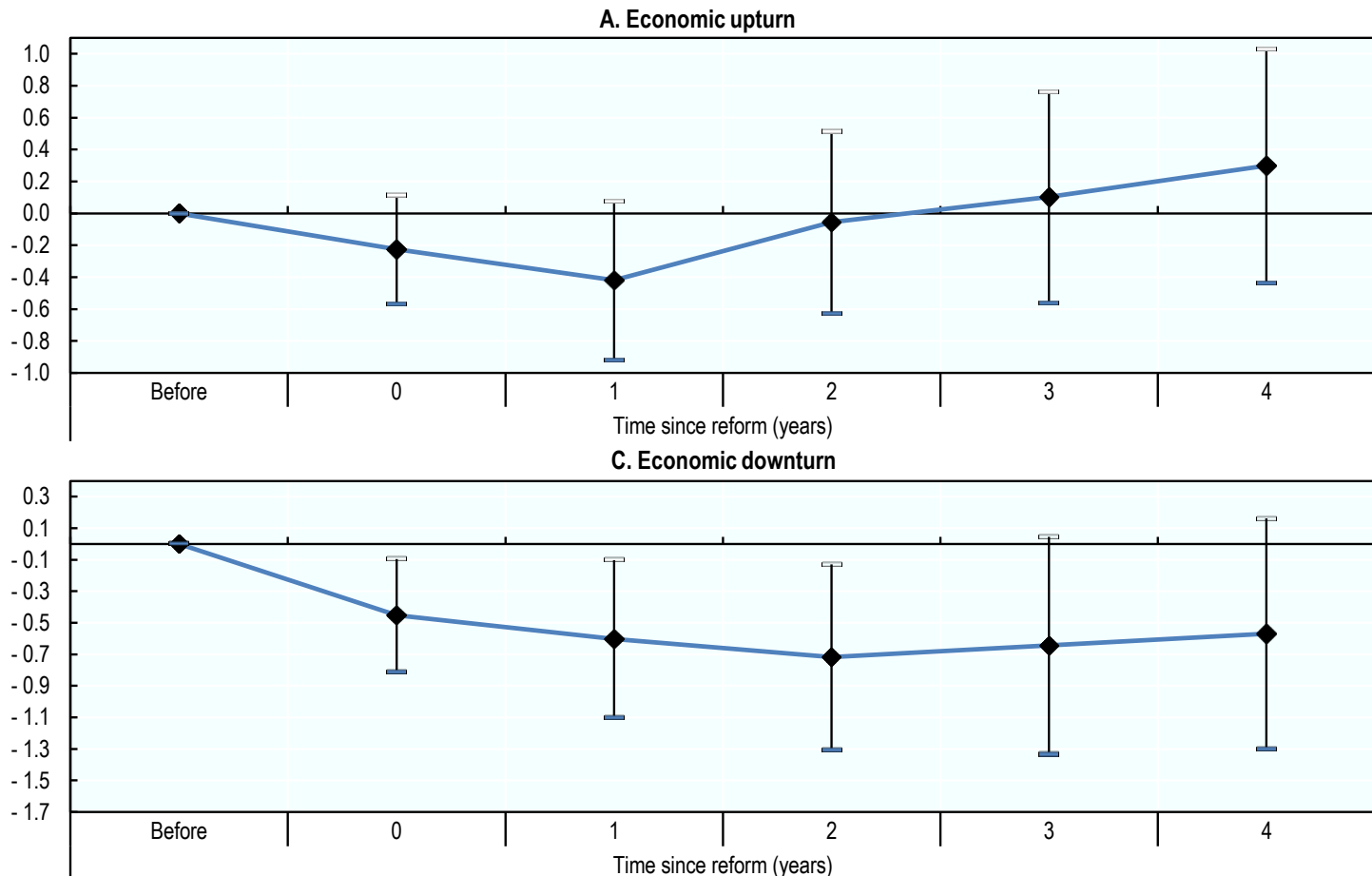




However, in bad times, EPL reforms may facilitate downsizing ...

➤ Lower (no) costs if promoted during upturns

Estimated cumulated change of business-sector employment up to 4 years since the reform, in percentage

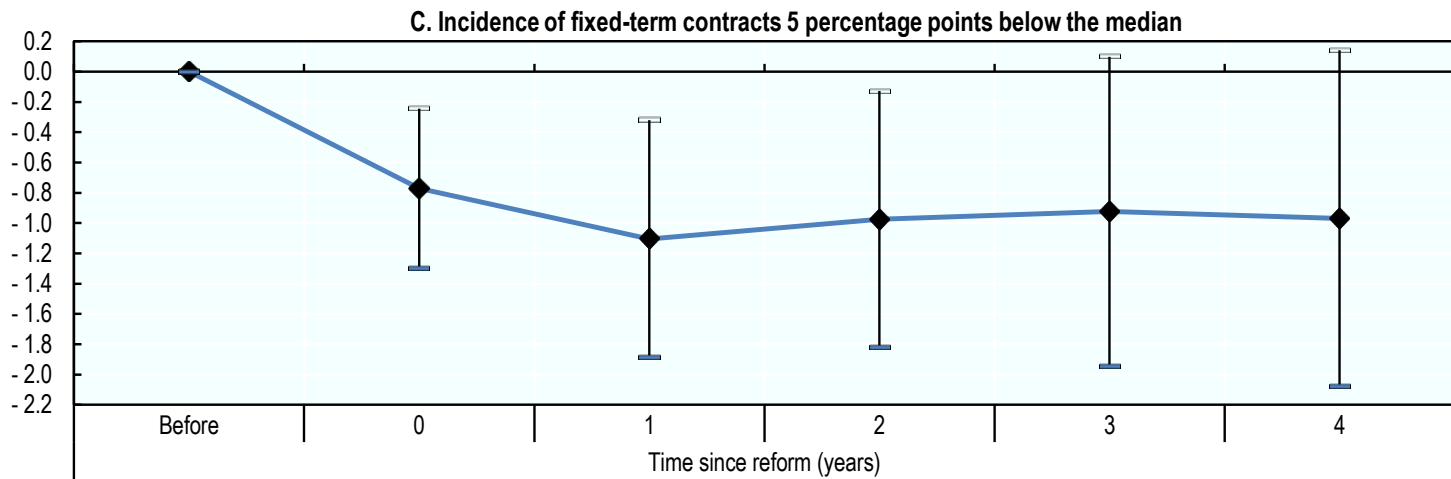
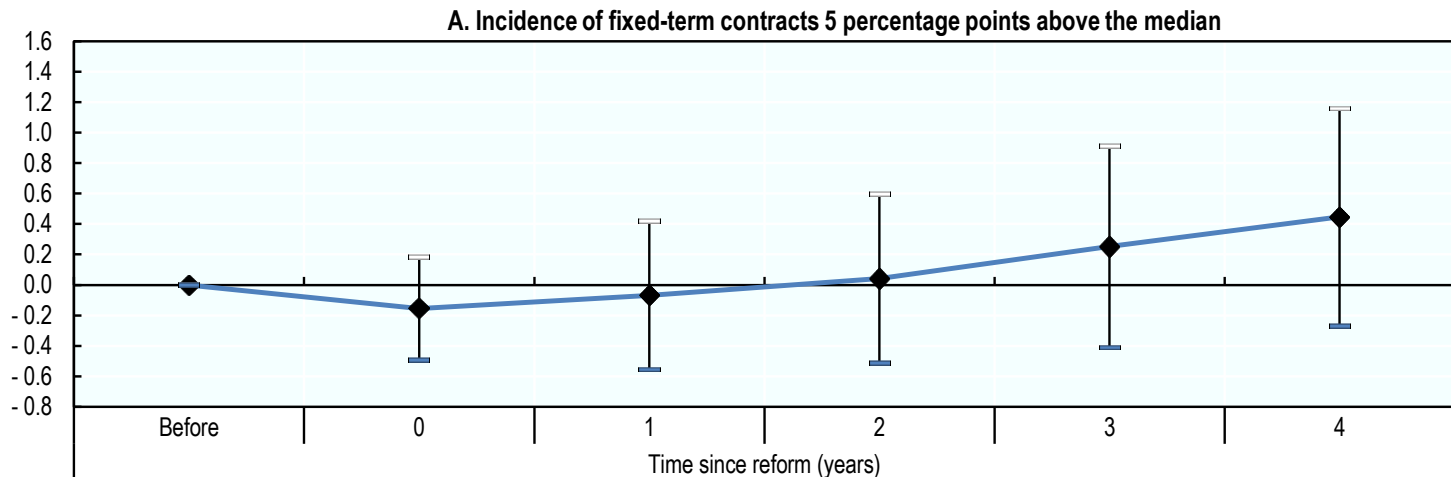




... but this is not the case in dual labour markets

➤ Lower (no) costs in countries with dual labour markets.

Estimated cumulative change of business-sector employment up to 4 years following the reform, in percentage





What role for policy?

Activation and social protection measures to help people face disruptive changes

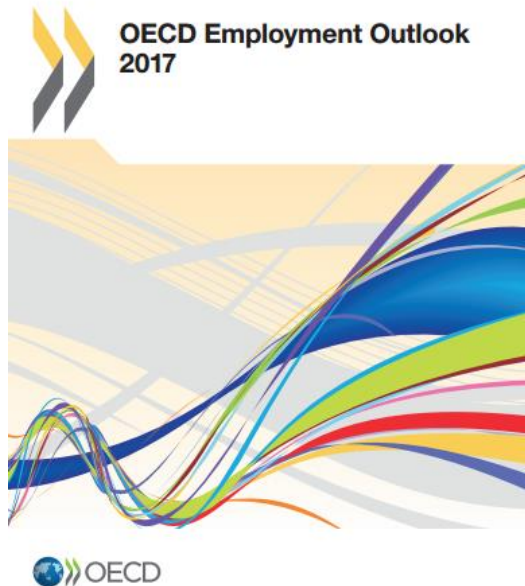
- Design welfare benefits in conjunction with activation measures to maximise the chance of re-employment and minimise disincentives to work (including in the difficult case of displaced mid-career workers)
- Ensure that activation measures are sufficiently preventive, taking into account ongoing megatrends and the likely risk of job loss in different sectors
- Provide workers with adequate information and re-employment support ahead of potential job losses
- Adapt social protection systems to the new world of work by linking entitlements to individuals rather than jobs



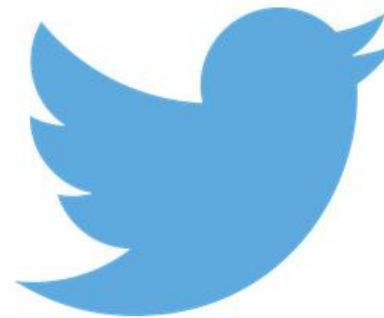
Thank you

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