Future of Work: emerging trends and policy issues

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Outline of presentation

• Emerging employment patterns (slides 3 to 8)

• Changes in the nature of work (slides 9 to 14)

• Policy issues arising from these trends (slides 15 onwards)
Slowdown in global growth

Source: Economic Intelligence Unit
World growth in 2016 as projected by the IMF at different times, in per cent

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<td>Growth</td>
<td>4.5</td>
<td>4.1</td>
<td>4.0</td>
<td>3.6</td>
<td>3.1</td>
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Current and estimated global jobs gap
The digital and green economy lead to a complex creative-destruction process

- Creation of new products and greater scope for individualised customer services (e-commerce, e-government)

- Lower demand for services that can be automatised

- Economies of scale of data sharing, generation of new knowledge (zero marginal costs of enlarged networks)

- Green economy as transformational
Non-routine occupations on the rise

Change in the occupational employment share by type of occupation, 2000-2013

Source: ILO World Employment and Social Outlook – Trends, January 2015
These employment changes occur in the context of widespread population ageing.

Working-age population growth, by region, 2015-2040

- Sub-Saharan Africa: 3.3%
- Middle East: 2.2%
- North Africa: 1.6%
- South Asia: 2.4%
- South East Asia & the Pacific: 1.4%
- Latin America & the Caribbean: 0.7%
- Central & South Eastern Europe (non-EU) & CIS: -2.6%
- Developed Economies and EU: -4.5%
- East Asia: -4.7%
Changing employment relationship

(Employment by status, latest available year %)

A new pattern: fragmentation of the world of work

- New ways of organising production and outsourcing of tasks

- Changes in the boundaries of enterprises (e-business; crowd-working; etc.)

- Global value chains --labour-intensive tasks allocated in emerging economies while product design in advanced

- Finance on top of the fragmentation process
More workers in jobs linked to global supply chains

Data for 40 countries (66% of the global labour force)

Number and share of jobs associated with GSCs, 1995–2013

Source: ILO Research Department estimates based on WIOD.
Impacts of global value chains on wages (left panel) and labour productivity (right panel) of suppliers
Lagging labour incomes lagging behind productivity

Developments in the adjusted labour share among G20 countries

Growth of the world middle class is slowing down

Share of developing middle class employment, 2000–2017 (percentages)

Note: Working poverty figures do not consider advanced countries.
Source: October 2015 update of the model in Kapsos and Bourmpoula (2013); ILO calculations based on ILO Research Department’s Trends Econometric Models, November 2015.
Policy issues

• Product and services markets
  – Business opportunities, including in green economy, but also more scope for rent-seeking?
  – How to achieve a level playing field for the cooperative economy?

• Labour markets and social protection
  – Universal or diverse approaches to cover new forms of work?
  – Focus on the dependent employment relationship or de-linking protection from work status?
Addressing gaps in social protection coverage

Global social security coverage by employment status

Panel A. Unemployment benefits

Panel B. Old-age pension

Source: ILO World Employment and Social Outlook 2015: The Changing nature of Jobs
Policy and institutional challenges (cont’d)

• Role of employers and trade unions
  – How to address fragmentation?
  – Extending the reach through multiple forms of organisation or by diversifying modes of action?

• Role of ILO
  – How to reach «new» forms of work?
  – Coherence in application of standards in global supply chains
  – Complementarity with bilateral & regional agreements
A new world is emerging

• Opportunity to make work more fulfilling, green and rewarding, but also risks in terms of intensified insecurities and inequalities

• Risks:
  – Inward-looking policy reactions will be counterproductive and reduce network benefits
  – Erosion of existing institutions will intensify inequalities and political tensions

Need for an innovative strategy
ILO project 2015-19

• 4 conversations: work & society; jobs; employment relationship; governance of labour market
  – Gathering evidence from countries, research centers, international organisations

• Set up of a world commission on the future of work

• Goal is to prepare the 2019 International Labour Conference
Further reading:

- ILO Director-General report on the future of work, ILC, 2015
- ILO World Employment and Social Outlook 2015, “the changing nature of jobs”

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