The Tomorrow’s Labour Market

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Future Labour Market – drivers

- Slow recovery with lags in employment
- Rapid evolution in technology and automation – digitisation, artificial intelligence and robotics
- Continued globalisation with some reverse dynamics – reshoring
- Demographics – aging vs youth bulge, migration
- Organisation of work and working time due to changing enterprise and workers needs
Global labour market developments – ILO estimates

- Broad-based growth and recovery in 2017 of 3.6% from a 6 years low of 3.2% in 2016 and expected to moderately increase to 3.7% in 2018
- Low growth in fixed investment and productivity as well as shift of employment to services account for slow growth
- While global unemployment is stabilising (5.5% in 2018 and 2019) unemployment remains elevated at over 190 million people
- Vulnerable employment is on the increase – 42.5% in 2017 to 42.7% in 2019 or 1.4m workers. Progress stalled since 2012, 17 million people are going to be added annually.
- Working poverty on the downward trend, but pace slowed. In developing countries, 40% are working poor
- Persisting labour market inequalities with respect to women and the youth
- Aging in the labour force and out of it are likely to pose serious challenges in the labour market
Effects

- Net impact on jobs
  - Job destruction, disappearance of professions
  - New job creation, new professions
  - Changing nature of jobs, shifts
  - Hollowing out of the middle
  - Continuous skills development – life-long learning

- New forms of work – non standard forms of employment
  - Part-time, agency work, disguised self employed, ....

- Flexible hours of work and work organisation
  - Zero hours, on-call, crowd and app based work– gig economy, collaborative work, etc.
  - Uberisation, crowdsourcing sites eg AM Global, Amazon Mturks, etc
### Workforce displacement

10m FTE to 800m (30%) depending on rate of tech adoption

Mid point (15%) – 400 million FTEs, great variation by country

### Workforce Change

<10m (0%) and 375 m (14%)

Mid point (3%) 75m

### Workforce demanded

555–890m FTEs will be demanded due to rising incomes, healthcare, invest in tech/infrastr/bldng, energy transitions and marketization of unpaid work

8–9% of the 2.66b workforce (0.24b) in 2030 will be new occupations

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50% of work activities are technically automatable, 60% of occupations have >30% work activities that are automatable

Source: MGI, 2017
Job destruction, change, creation – Sectors

- **High risk > 50%**
  - Accommodation
  - and food services
  - Manufacturing
  - Agriculture
  - Transportation and warehousing
  - Retail trade
  - Mining

- **Low risk < 40%**
  - Administrative
  - Health care and social assistances
  - Information
  - Professionals
  - Management
  - Educational services

**Decreasing level of risk (73–51%)**

**In decreasing level of risk (39–27%)**

Source: MGI, 2017
Physical, routine and repetitive activities (mostly low wage)

Predictable physical (81%), data processing (69%) and data collection (64%)

Potential significantly lower for activities involving managing people, applying expertise in decision making, interfacing with people and operating machinery in unpredictable environments
## Frey and Osborne 2013 and others predictions of job destruction

<table>
<thead>
<tr>
<th>Job</th>
<th>Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recreational therapists</td>
<td>0.003</td>
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<tr>
<td>Dentists</td>
<td>0.004</td>
</tr>
<tr>
<td>Clergy</td>
<td>0.008</td>
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<tr>
<td>Chemical engineers</td>
<td>0.02</td>
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<tr>
<td>Firefighters</td>
<td>0.17</td>
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<tr>
<td>Actors</td>
<td>0.37</td>
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<tr>
<td>Health technologists</td>
<td>0.40</td>
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<tr>
<td>Economists</td>
<td>0.43</td>
</tr>
<tr>
<td>Commercial pilots</td>
<td>0.55</td>
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<tr>
<td>Word processors and typists</td>
<td>0.81</td>
</tr>
<tr>
<td>Real estate sales agents</td>
<td>0.86</td>
</tr>
<tr>
<td>Insurance Sales Agents</td>
<td>0.92</td>
</tr>
<tr>
<td>Retail salespersons</td>
<td>0.92</td>
</tr>
<tr>
<td>Claims Adjusters, Examiners &amp; Investigators</td>
<td>0.98</td>
</tr>
<tr>
<td>Insurance Appraisers - Auto Damage</td>
<td>0.98</td>
</tr>
<tr>
<td>Insurance Claims &amp; Policy Processing Clerks</td>
<td>0.98</td>
</tr>
<tr>
<td>Insurance Underwriters</td>
<td>0.99</td>
</tr>
<tr>
<td>Telemarketers</td>
<td>0.99</td>
</tr>
</tbody>
</table>

Up to 47% of occupations in the US are automatable in a decade or two

Citibank, Frey&Osborne 2016: OECD 57% of jobs; China: 77%, India: 69%

WEF 2016: net impact of 5.1 million jobs lost, 7.1 loss and 2m gain)

MGI 2017: Automation impact 1.2 billion workers and $14.6 trillion in wages. Productivity improvements of between 0.8–1.4%
Effects

- Challenges with respect to the application of decent working conditions predicated on the standard employment relationship
  - Minimum conditions (e.g. min wages)
  - Social protection
  - Collective bargaining
  - Giant leap to commoditization of labour?

“You have heard software as a service. Well, this is human—as—a service” (J. Bezos, Amazon)

- Breakdown of social contract
  - Unequal distribution of gains from productivity increases
  - Increased inequality, exclusion
  - Increased discontent, social cohesion breakdown
ILO Survey of crowdworkers on Crowdflower and Amazon Mturk (2015)

- Mostly young (<=35), educated, second job (63%)
- Induced by lack of demand for work or inability to work away from home
- Low and highly variable earnings – almost 90% earn less than US weekly part-time median wage, 80% less than hourly minimum wage. From $5–288 per week
- Work long hours – 20% over 40 hours a week and many days (40% everyday)
- Risky work– 95% had their work rejected, 58% felt on unjustified reasons
- Gender pay gap among low earners
If history repeats itself, no need to dwell on what would be the net impact from projections.

The final outcome will be defined by policy choice – economic, social and political.

How to optimise the net benefits should be the preoccupation – “to create the future we want – a future with decent work and social justice”
General policy choices

- Use macroeconomic policy to become an important investor in and consumer of digital technology and infrastructure, create conducive environment for private investment

- Manage labour markets during digital disruption
  - Education reform and skills training
  - Job re-deployment programs
  - Measures to increase labour mobility
  - Adapting existing social protection measures to fit the new forms of work, e.g. on-demand economy
  - Labour law reforms to seal loopholes
What the ILO is doing – the Future of Work Centenary Initiative

- Launched in 2013 to examine in-depth the FoW and ILO’s role in promoting social justice
- Dialogues in 2016 around 4 centenary conversations (114 national + subregional)
  - Work and society
  - Decent work for all
  - The organisation of work and production
  - The governance of work
- ILO’s network on Future of Work – global knowledge centre of leading think tanks for knowledge sharing
- Purpose – to examine the output from the national dialogues and other input and produce recommendations and guidance to orient ILO action and national policies
- 2019 – Member states will organise national events and ILC will deliberate on the Commission’s report with possible adoption of a Centenary Declaration
Implications on Public Employment Services

- An opportunity to be seized – use of ICT to increase outreach to various labour market groups, in developing/emerging countries a solution to capacity problems?
- Examples India: National Career Service built around the e-portal. France – repositioning to take advantage of e-services; Belgium’s innovation labs; e-portals in Saudi Arabia and elsewhere.
- A challenge – competition from platform intermediation services, platform and app based employment, etc
- Importance of LMI and skills anticipation, guidance and counselling, use of Big Data and analytics
- Life long learning and the role of PES
Thank you

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