



Job Creation and Local
Economic Development 2018

PREPARING FOR THE FUTURE OF WORK



 OECD

JOB CREATION AND LOCAL ECONOMIC DEVELOPMENT: PREPARING FOR THE FUTURE OF WORK

Ms. Karen Maguire

Acting Head, Local Employment, Skills and Social Innovation
Division

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Labour market in the 21st century: the way forward



The world of work is changing



Demographic trends



Globalisation

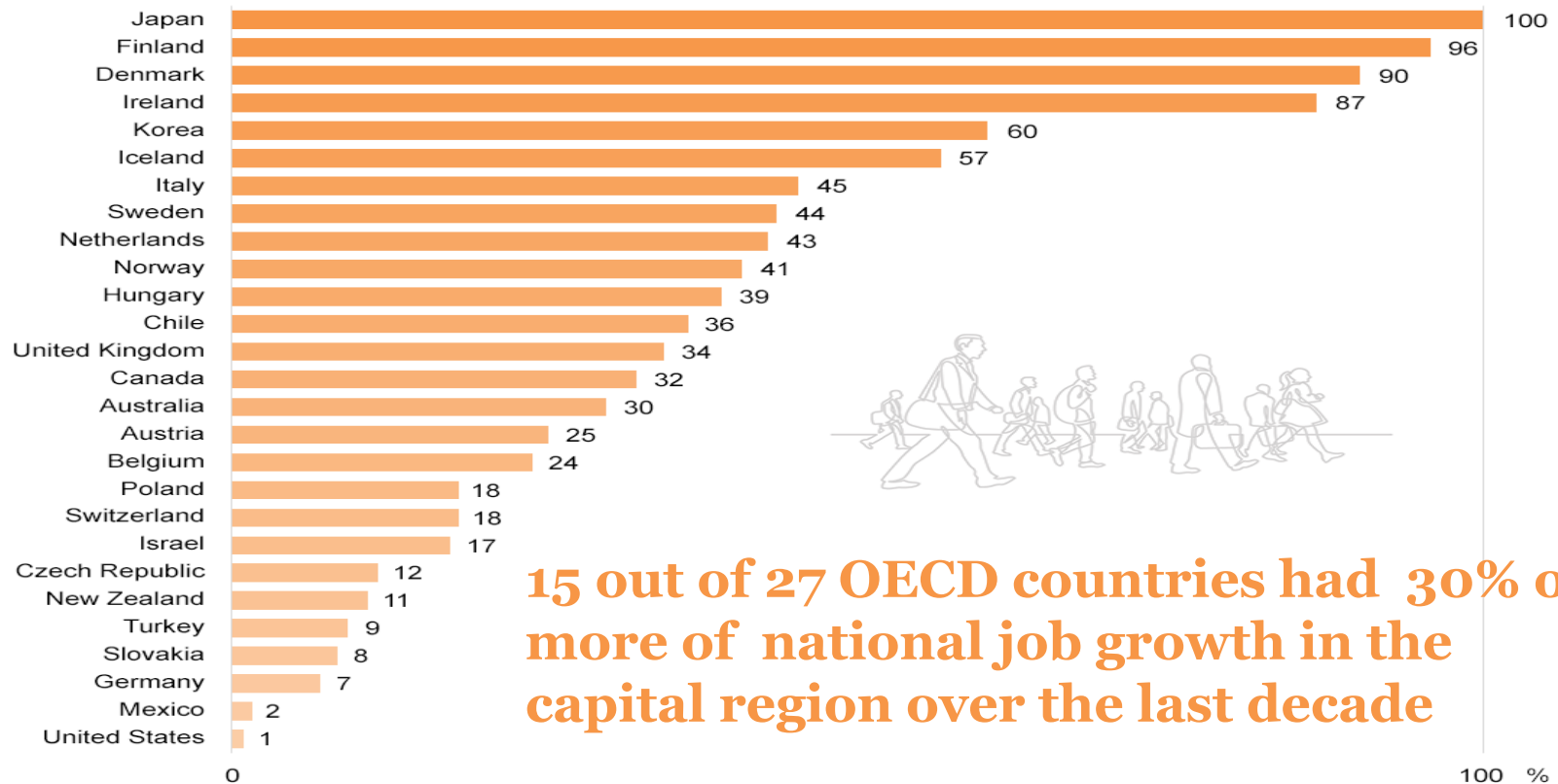


Digitalisation



Job creation is *not* occurring everywhere; capital regions tend to be particularly successful

Share of net job creation in capital regions relative to total job creation, 2006-2016 (%)



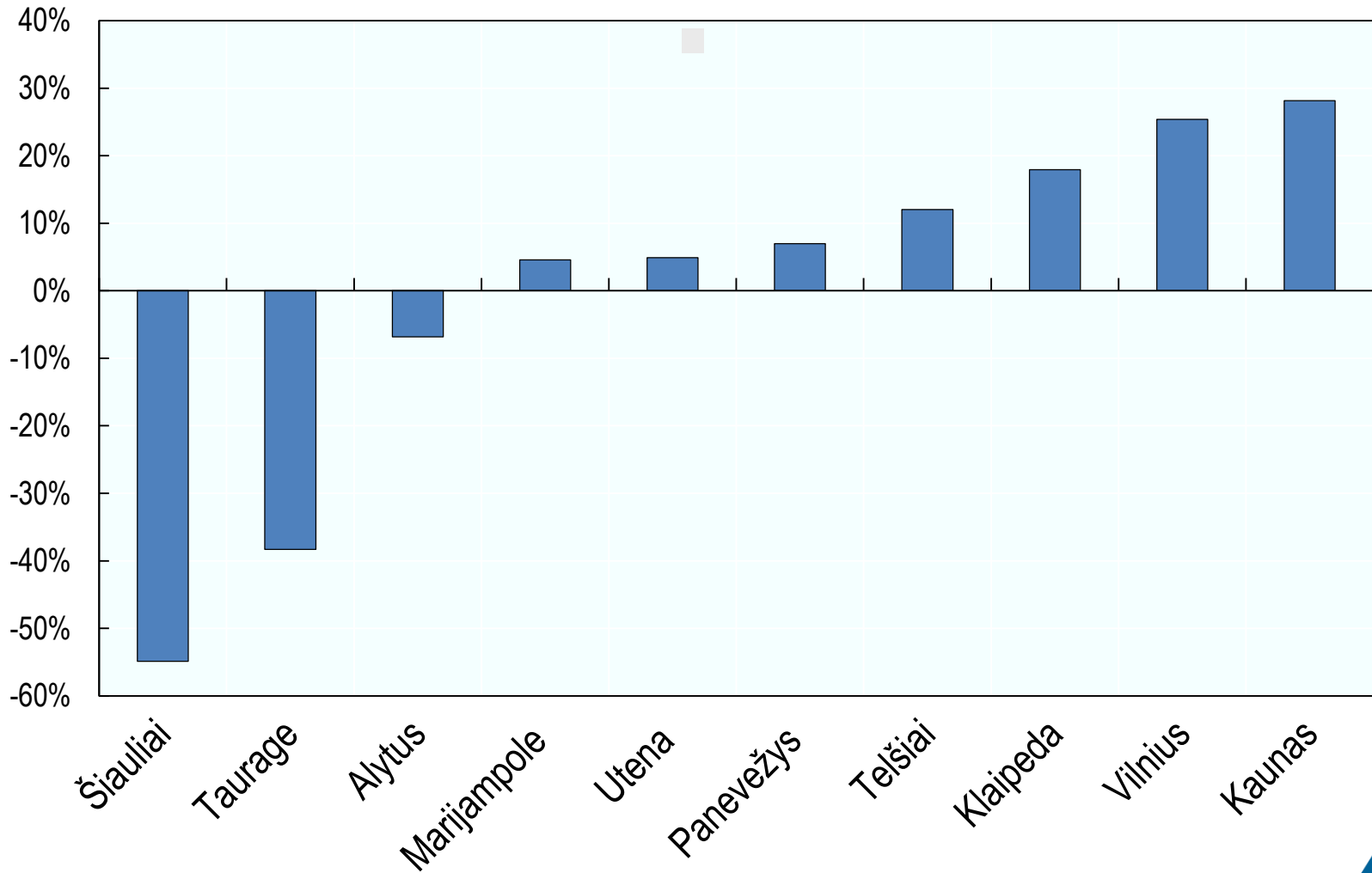
15 out of 27 OECD countries had 30% or more of national job growth in the capital region over the last decade

Note: Regions refer to TL2 regions. Capital regions in Portugal, Spain and Slovenia lost jobs over the 2006-2016 period. Due to data availability, the values for Chile, Israel and Mexico correspond to the 2006-2014 period.



Urban areas driving job creation

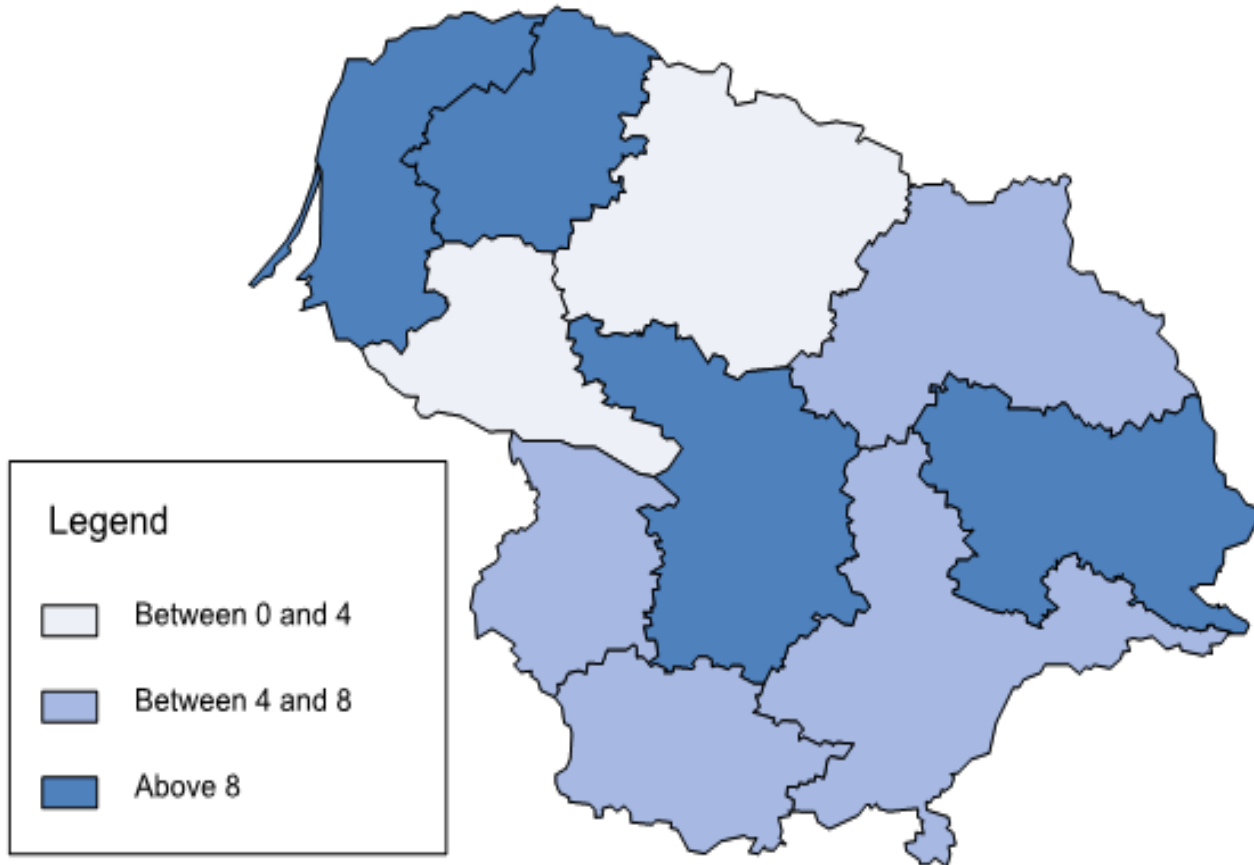
Contribution to national job creation in Lithuania by TL3 regions, 2011-2016





Employment rate growth by region in Lithuania

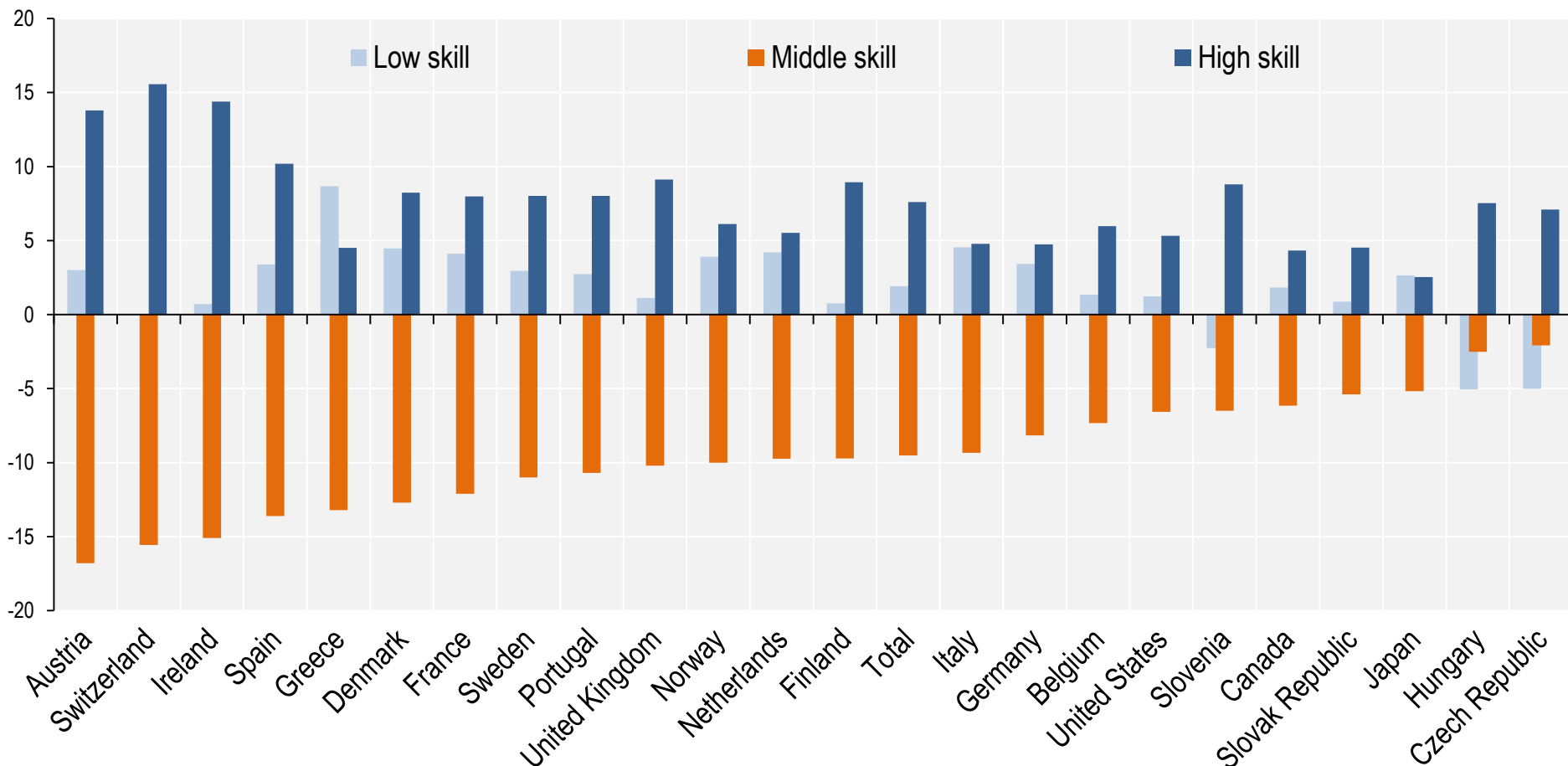
Employment rate growth (ppts), TL3 regions, 2011-2015





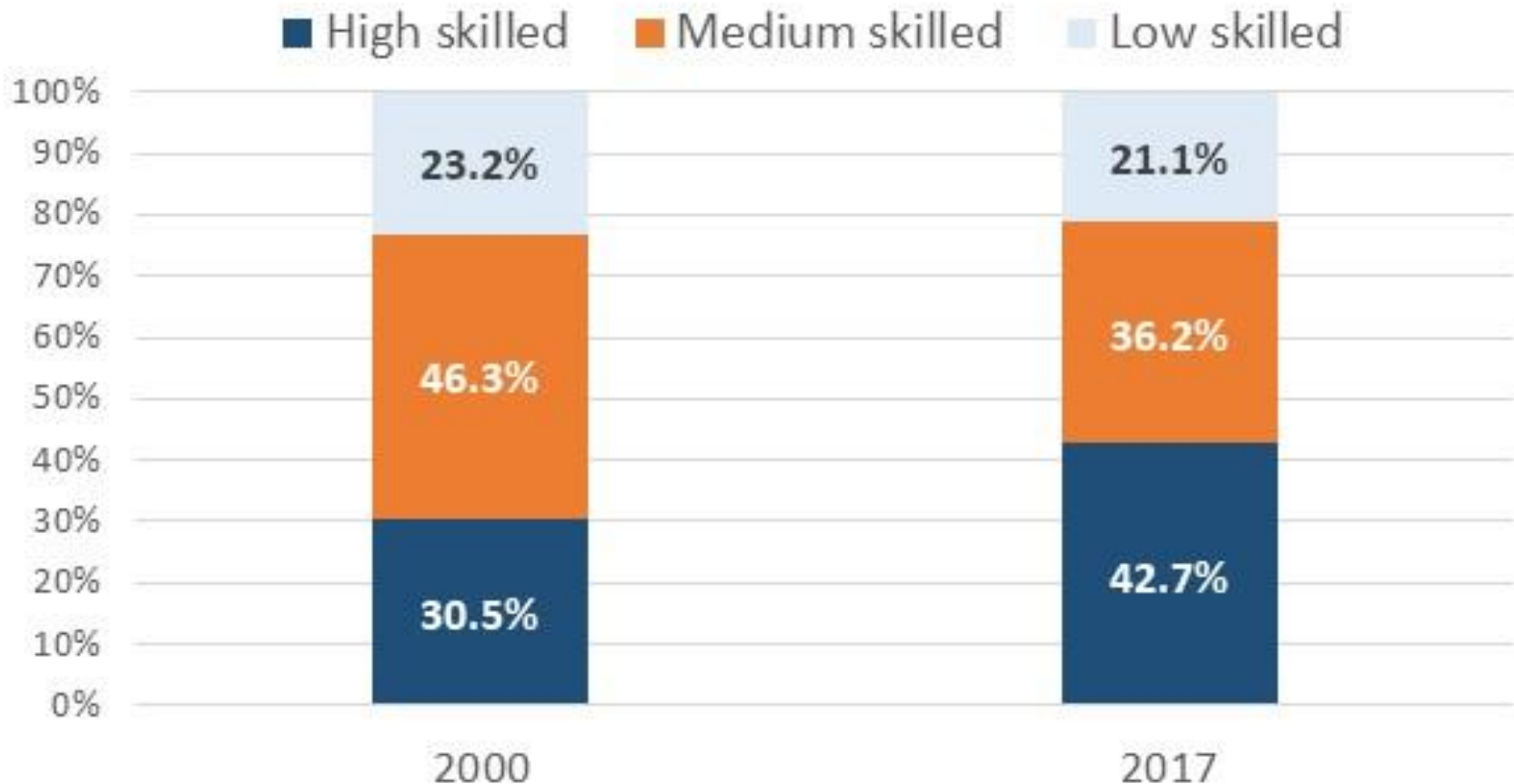
Technological progress and digitalisation are contributing to skills polarisation

Percentage point change in the share of total employment, 1995-2015





Job polarisation trends for Lithuania: transition from medium to high skill jobs

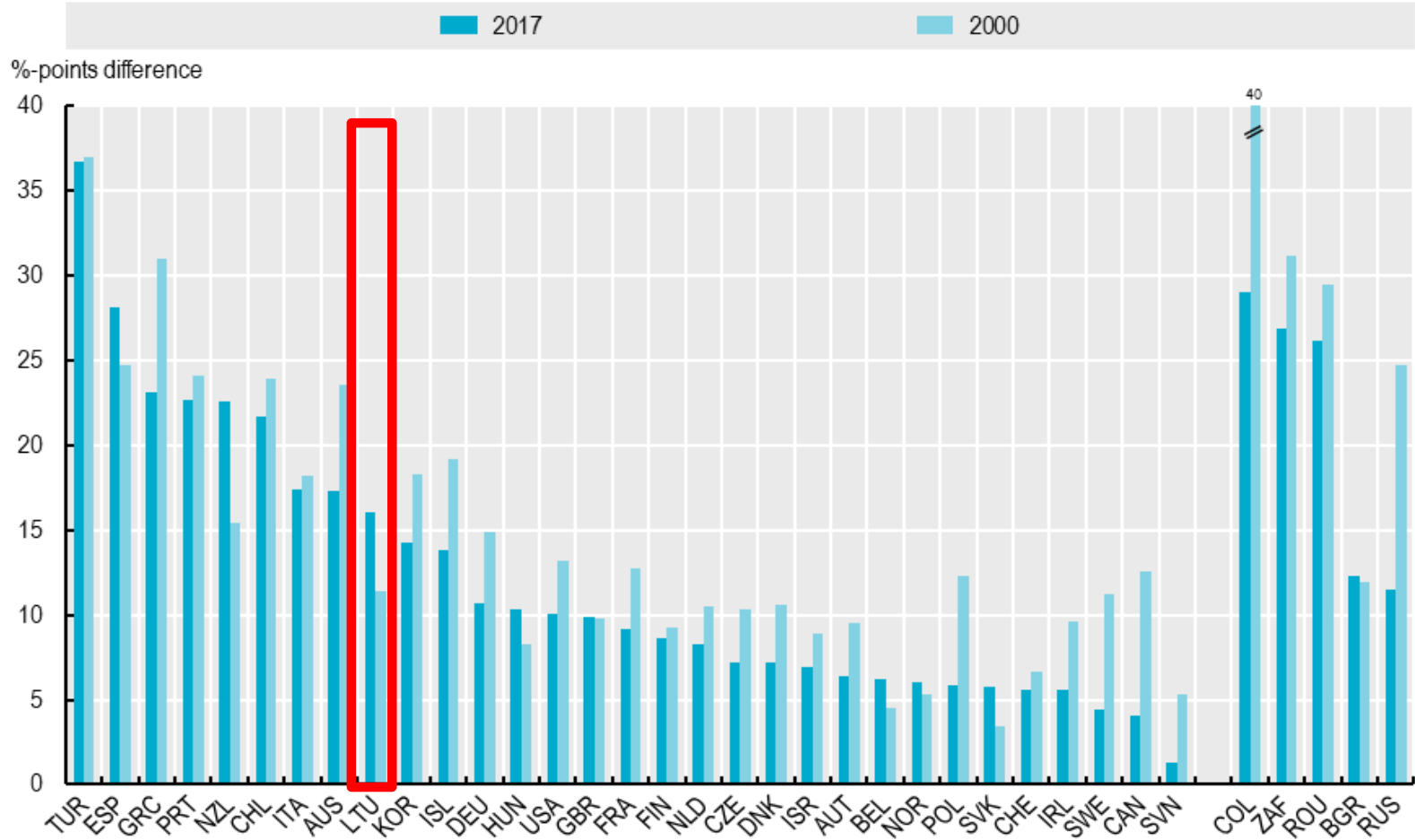


Across the OECD, the share of middle-paid jobs has increased in most countries despite the decline in the share of middle-skilled occupations



Within-country differences in educational attainment overall in OECD decreased due to an improvement in lagging regions (different picture in Lithuania)

Fig. Gap between highest and lowest regional % of labour force with at least secondary education

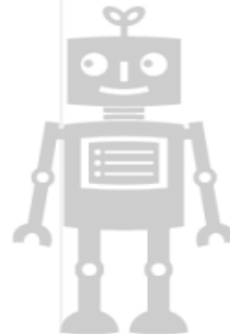
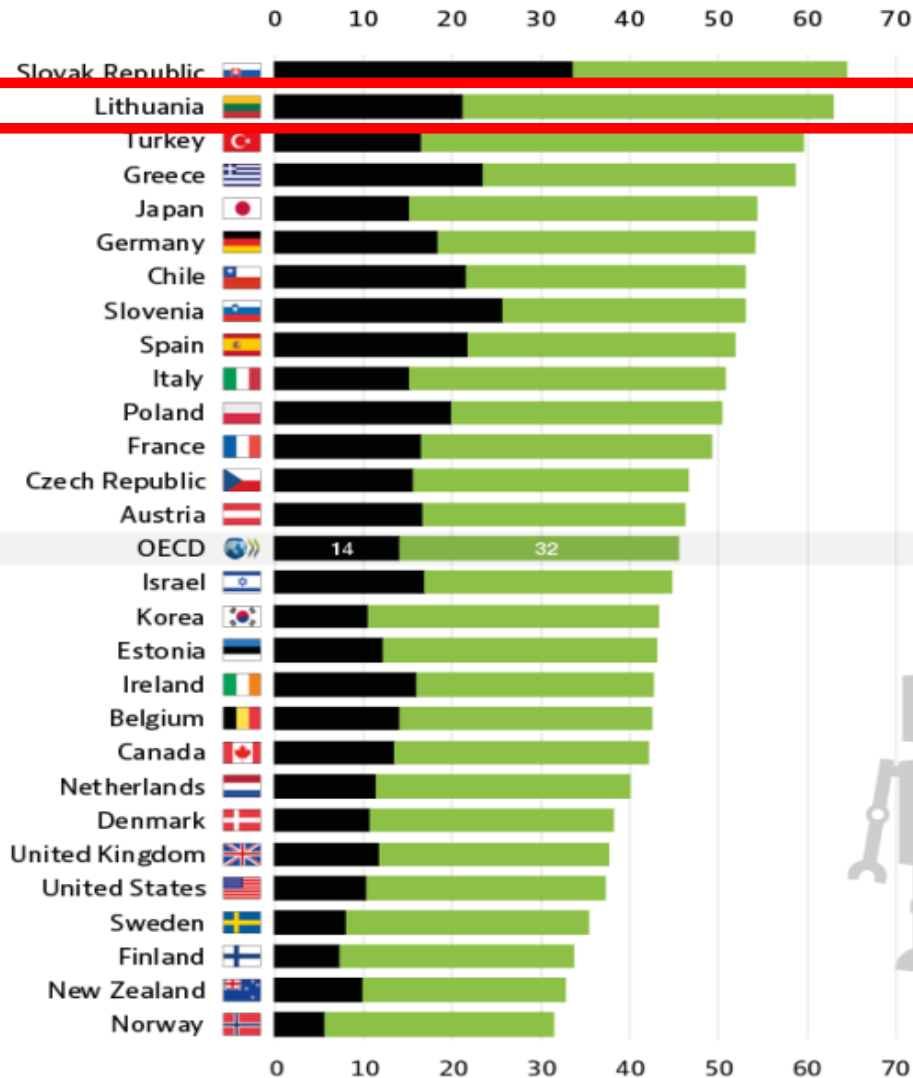


The labour market outcomes of young people without tertiary education have worsened in most countries; 6 out of 10 workers lack basic ICT skills



Jobs at risk of automation

Share of jobs at a high risk of automation or a significant risk of change (%)



Where are jobs likely to change?
Risk of automation varies within/across countries

Note: Jobs are at high risk of automation if the likelihood of their job being automated is at least 70%. Jobs at risk of significant change are those with the likelihood of their job being automated estimated at between 50 and 70%. Data for Belgium correspond to Flanders and data for the United Kingdom to England and Northern Ireland.



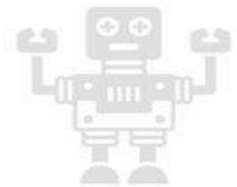
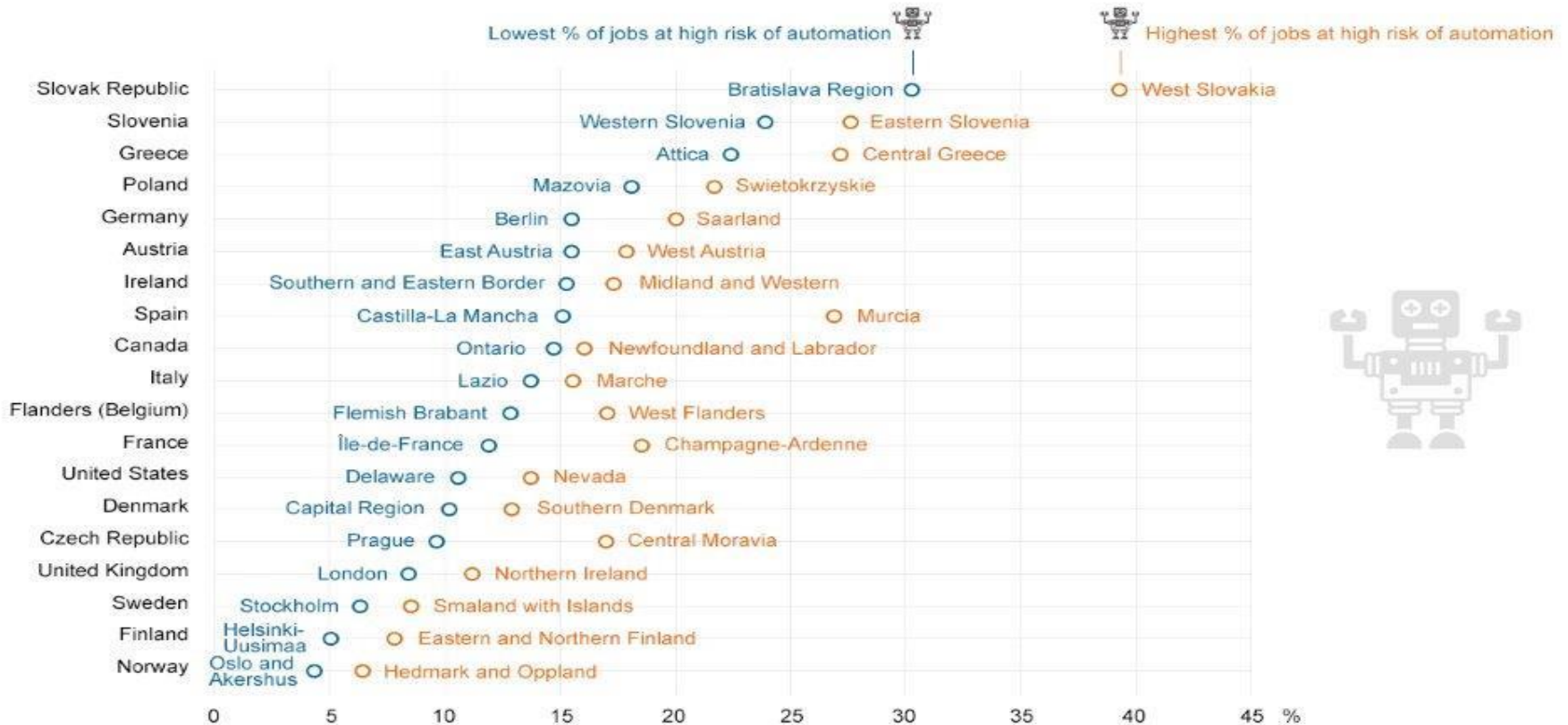
Where are jobs likely to change?

Risk of automation varies within/across countries



Share of jobs at risk of automation across OECD regions

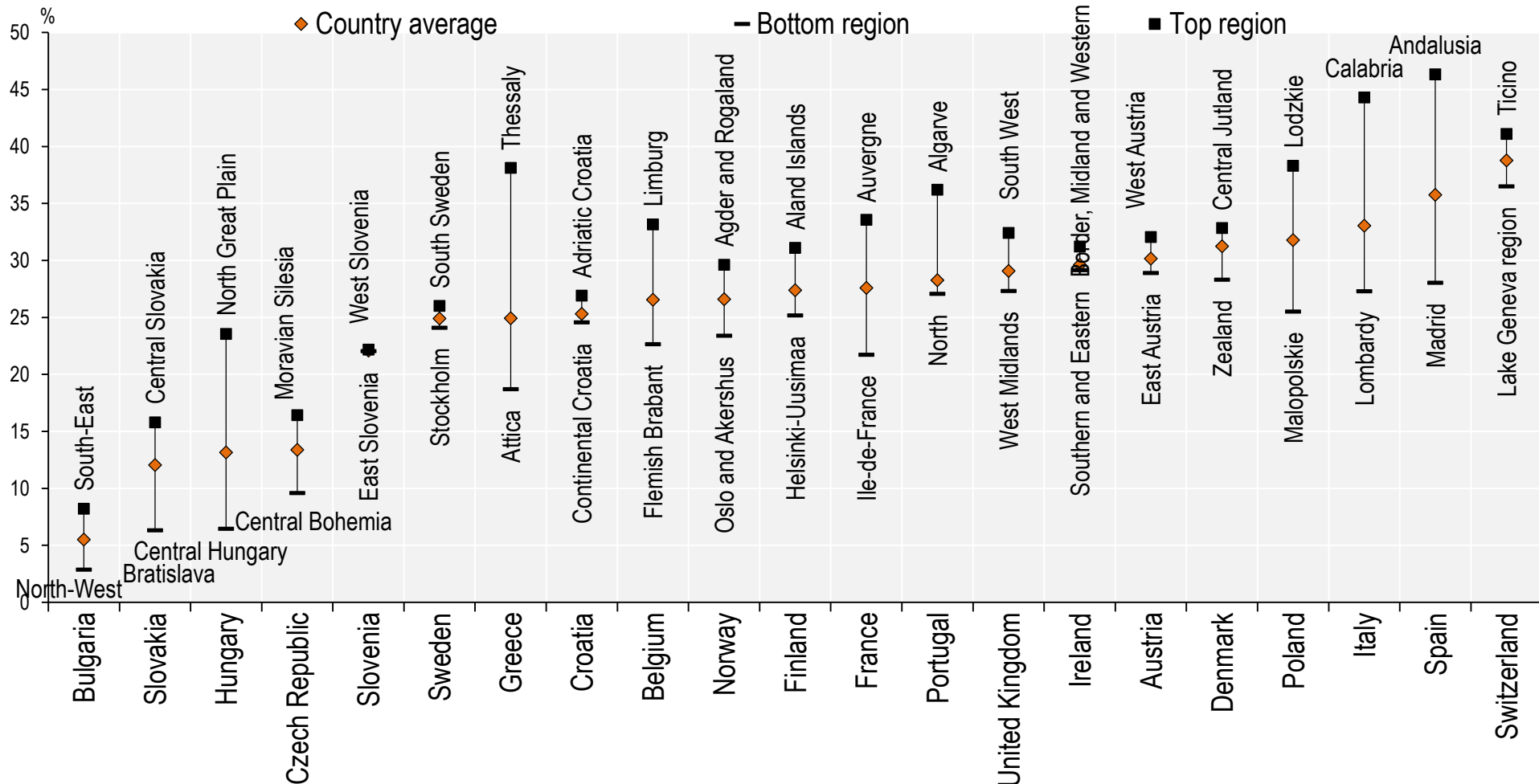
Percentage of jobs at high risk of automation, highest and lowest performing regions, 2016





Regional variations in non-standard work are notable

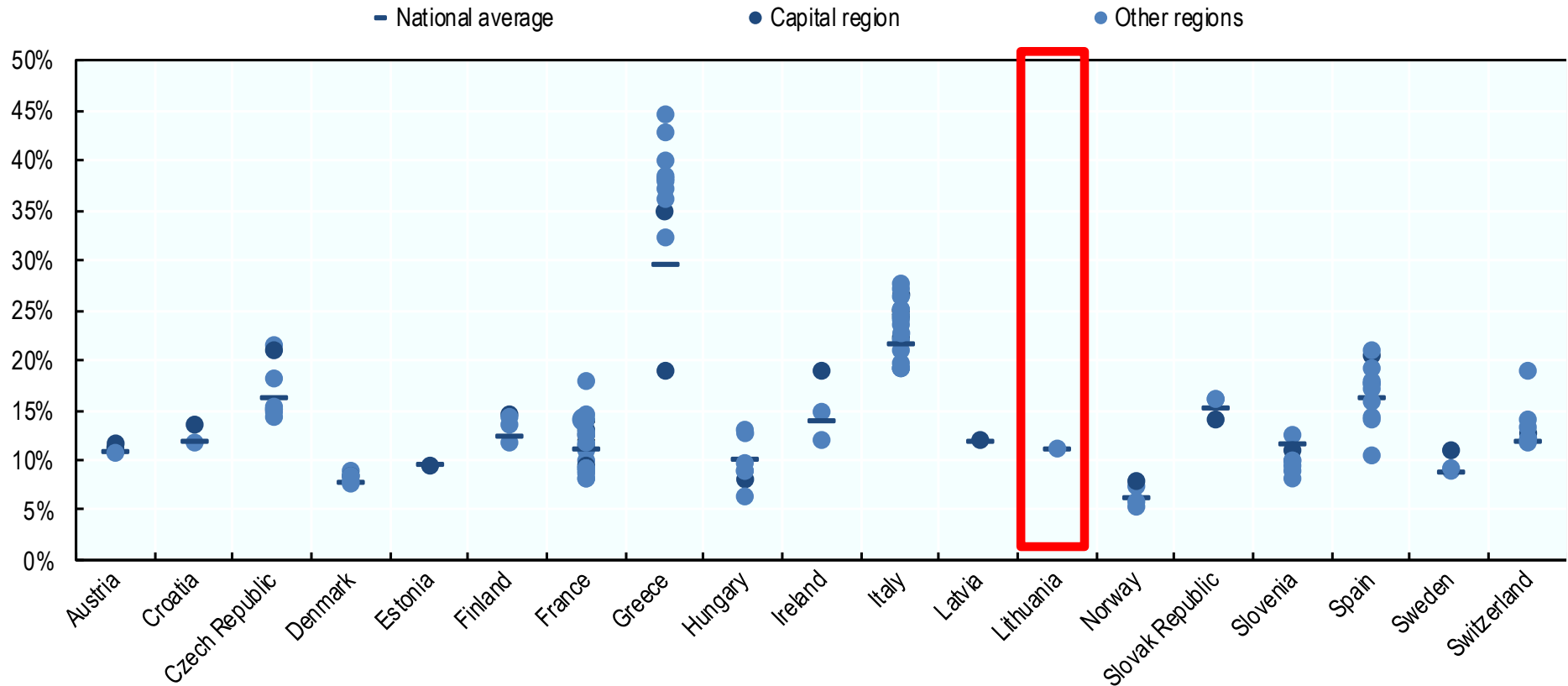
Share of temporary and part-time workers in TL2 regions' employment, 2016



Source: OECD calculations based on EU Labour Force Survey



Around 1 in 7 OECD workers is self-employed, but quality remains a concern

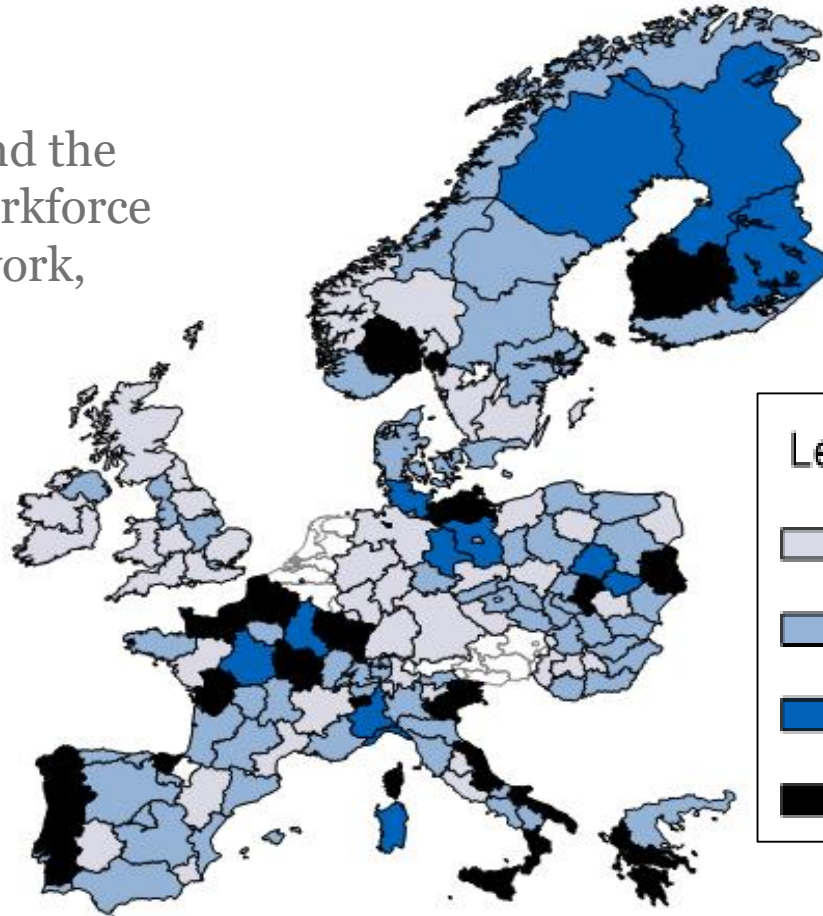


- Increase in solo self-employed
- Increase in part-time self-employed (25 out of 33 countries)
- Dependent self-employment



In over 60% of regions with employment growth, they did so by increasing temporary jobs

Changes in net employment and the share of the workforce in temporary work, 2012-16



Temporary employment has risen in one half of OECD countries

Legend

- ↑ employment; ↓ share of temporary work
- ↑ employment; ↑ share of temporary work
- ↓ employment; ↓ share of temporary work
- ↓ employment; ↑ share of temporary work



The rise of non-standard contracts is another element of the future of work

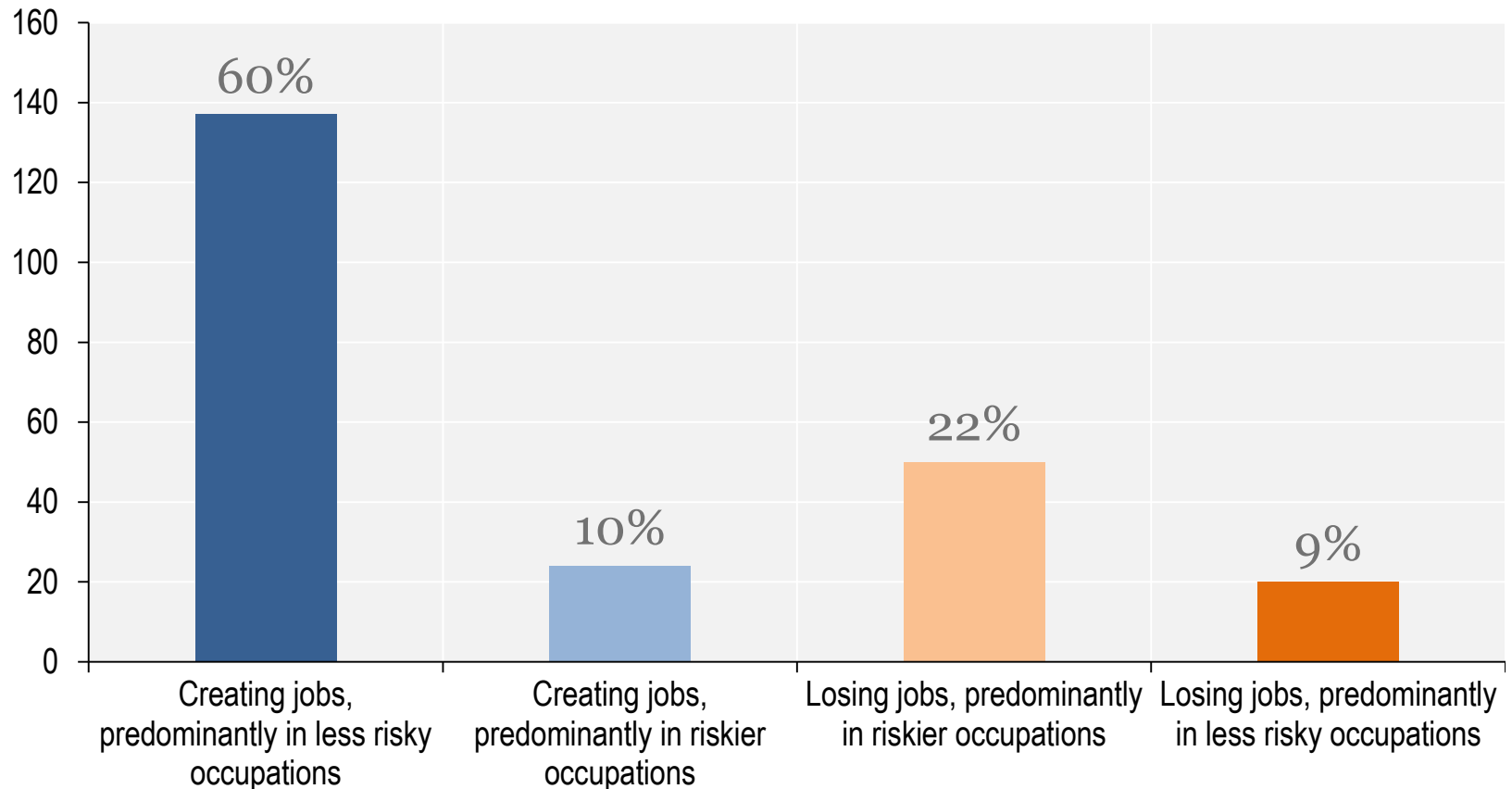
Temporary, part-time, and self-employment

Benefits	Risks
Flexibility in the labour that improves productivity through better allocation of workers to jobs	Lower social protection or health benefits (<i>40%-50% less likely to receive income support when out of work</i>)
People previously unemployed able to obtain a job – greater inclusion	Less investment in skills upgrading
Lifestyle choice for well-being of worker (work less or on own terms)	Non-standard forms of employment as a last resort, not by choice



The good news is that 60% of regions recently created jobs and did so in low risk occupations

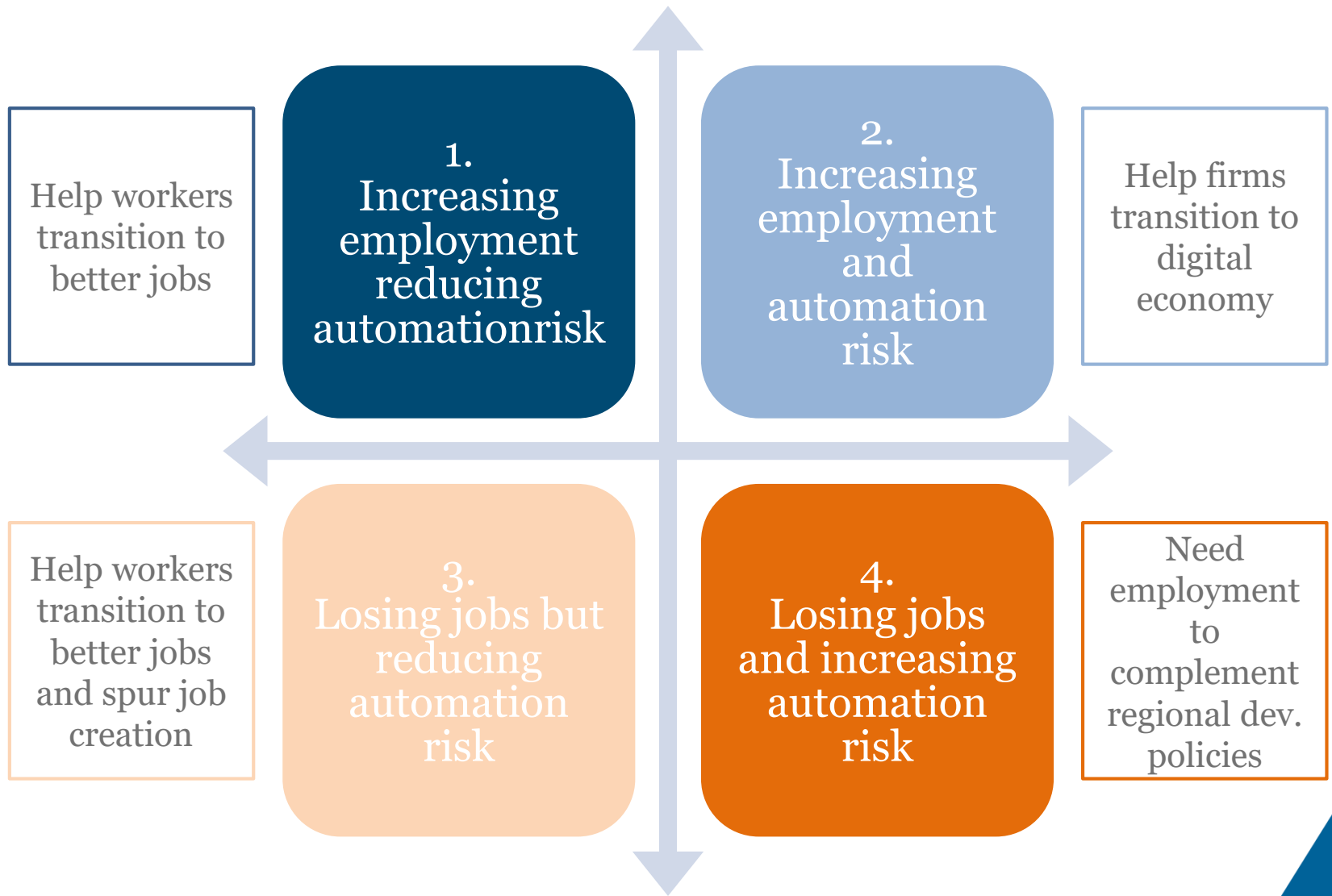
Number of TL2 regions by categorisation based on net employment changes and the automation profile of jobs , 2011-2016



Source: OECD calculations based Labour Force Surveys



Different policy scenarios for different types of regions





Policy issues for the local level



1. Productivity growth through tradable sectors may expose economies to a greater risk of automation
2. Job creation today may be associated with a higher exposure to risk of automation in the future, depending on the types of jobs created
3. Need to address both sides of the coin—workers and firms!



Possible checklist for local communities

Understand the local labour market



Promote lifelong learning and retraining



Develop employment programmes to transition workers



Leverage social innovation to help under-represented groups



Create new jobs through entrepreneurship and SME support



Build stronger local partnerships





Examples of good practice

United Kingdom



Skills Advisory Panels: The government will across all areas of England to establish Skills Advisory Panels. These will enable mayors and Local Enterprise Partnerships to support employers, education providers and local government in identifying current and future local skills needs shaping the provision and funding of post-16 education and training and careers guidance

Australia



The Australian Government is committed to working with industry to ensure the vocational education and training (VET) sector responds effectively and efficiently to the skills required by employers and supporting apprentices and trainees through **the Skilling Australians Fund (SAF)**.

Ireland



Skillnet Ireland fosters an enterprise led approach to workforce development. The process of determining training needs and coordinating the delivery of training, is primarily owned by the enterprise groups engaged with Skillnet Ireland. Skillnet Ireland operates under a joint investment model, part-funded by matching contributions from participating businesses in their learning networks

United States



Workforce Investment Boards (WIBs) are established for every state and local area in the US. A WIB's role is to provide leadership and oversight for workforce investment activities that increase employment, retention and earnings. A core mission for WIBs is to form partnerships among public workforce agencies and business so that the workforce system is responsive to the needs of business and the community



Regional economic disparities have started narrowing in several countries, but remain high

Top 20% richest over bottom 20% poorest regions

● 2016

○ 2000

