COUNTRY TYPES
THE IMPORTANCE OF CONTEXT FOR
JOBS STRATEGIES AND BENCHMARKING

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THE JOBS DIAGNOSTICS APPROACH

Identify the right Jobs-related question from standardized data symptoms and global benchmarks

Identify the key Jobs problem as a constraint or syndrome

Identify the right solutions to treat the constraint or syndrome (taking account the labor market model that best fits)

- Standard Data Tools
- Guided Enquiry
- Country Context and Benchmarking to check outcomes are within normal ranges

- Interpret the symptoms using other evidence
- Is it a demand or supply problem?
- What’s the likely cause?

- What is the market or policy failure?
- Can the constraint be directly removed?
- Review research for solutions (solutions notes)
- Consider political economy
**ONE (FLAWED) WAY TO THINK ABOUT COUNTRY CONTEXTS FOR JOBS STRATEGIES**

What are the characteristics of rich and poor?

<table>
<thead>
<tr>
<th>DEVELOPED COUNTRIES:</th>
<th>DEVELOPING COUNTRIES:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) High GDP per capita</td>
<td>1) High informality</td>
</tr>
<tr>
<td>2) Service driven economy</td>
<td>2) High Dependence on Agriculture</td>
</tr>
<tr>
<td>3) Highly capitalized</td>
<td>3) Underutilized Natural Resources.</td>
</tr>
<tr>
<td>4) Politically and economically stable</td>
<td>4) Lack of Industries &amp; Enterprises</td>
</tr>
<tr>
<td>5) Low corruption</td>
<td>5) Lack of Capital and Technology</td>
</tr>
<tr>
<td>6) Stringent product standards and codes</td>
<td>6) Lack of Basic Infrastructures</td>
</tr>
<tr>
<td>7) Contract enforcement</td>
<td>7) Vicious Circle of Poverty</td>
</tr>
<tr>
<td>8) Labor regulations</td>
<td>8) Youthful Demographics</td>
</tr>
<tr>
<td>9) Labor matching services</td>
<td>9) Dualistic Economy</td>
</tr>
<tr>
<td>10) Strong</td>
<td></td>
</tr>
</tbody>
</table>

Poor countries should copy the policies and institutions of the rich to get faster growth and better jobs outcomes?
WHY FLAWED?

1. Countries don’t have the administrative capacity to fix everything all at once
2. Politicians don’t have the political capital to reform everything all at once
3. Countries at different stages of economic transformation have:
   • different labor markets
   • different jobs challenges
   • different growth and demographic paths
   • They face different constraints
4. What a country needs to do next for jobs depends upon where in the demographic transition and economic transformation they are, and on what type of growth path best fits their situation.
5. A diagnostic benchmarking exercise to identify abnormality in data symptoms therefore needs to take account of the “Country Type”

Need to customize: consider **Characteristics** and **Conditions**
CHARACTERISTICS AND CONDITIONS

• SOME CHARACTERISTICS DON'T CHANGE
• SOME CHANGE VERY SLOWLY

Male – Left Handed

Young age
• Has hair ☺

European
Brown Hair

Baldness is a characteristic
(Hair loss can be a condition)

Middle age
• Losing hair ☺
External factors can change the condition of a country independent of its characteristics.
GROUPING BY CONDITIONS

We can group by Conditions:
• Fast growing countries,
• Industrializing countries,
• Formalizing countries
• Fragile countries

But must be aware that:
• Conditions change
• The causes of poor conditions vary
• And that the same condition can affect different country characteristics
Sick People

Healthy People
GROUPING BY CONDITIONS

We can group by Conditions:
• Fast growing countries,
• Industrializing countries,
• Investing countries
• Formalizing countries
• High productivity countries
• Net exporting countries
• Fragile countries

But must be aware that:
• Conditions can change
• The causes of poor conditions vary
• And that the same condition can affect different country characteristics
We can group by **fixed Characteristics:**
- Income level
- Landlocked
- Resource Rich
- Small Island States

We can group by **slowly Changing Characteristics**
- Aging vs Youthful
- Small / Large Population
- Low / High Population density
- Rural vs Urban
- Agrarian vs Industrialized
- Diversified vs concentrated
- Open vs Closed economy
- Market friendly vs regulated
EXAMPLE: ZAMBIA 2015

Characteristics

Landlocked (8 neighbors)
Land-rich, low population density
Youthful
Agrarian (80%) rural
High poverty rising inequality
Mineral rich
Politically stable
Dual economy & high informality

Conditions:

In recession
copper price and drought
Pre-election fiscal problems
Rising debt levels
Corruption on the rise
Low implementation capacity
Mineral and service driven growth
Low and declining agric productivity
High subsidies: fuel and fertilizer
Growth Path:

- Economic transformation needed
- Need to diversify out of copper
- Labor intensive growth required
- Land, food and livestock comparative advantage
- Need to trade with neighbors

Policy Priorities examples:

- Fiscal restraint needed
- Diversify from copper
- Reform agric. subsidies whilst increasing productivity
- Expand agro-industrial exports
GROUP EXERCISE:
WHICH CHARACTERISTICS AND CONDITIONS SEEM MOST SIGNIFICANT FOR JOBS OUTCOMES
Country Characteristics – Do they Matter? Which Ones

Question 1: Demography
- Demographic Dividend – does it matter for waged employment, structural change, labor force participation: (For Young Workers? Female?)

Question 2: Fragility
- Fragility – does it matter for jobs outcomes? For Young Workers? For Female? For Urban?

Question 3: Agrarian
- Agrarian – does it matter for jobs outcomes?

Question 4: Region
- Region – are there patterns in jobs outcomes?

Question 5: Urbanizing
- Urbanizing – does it matter for jobs outcomes?

Question 6: Resource Rich
- Resource Rich – does it matter for jobs outcomes?
Country Conditions – What effect do they have on Jobs Outcomes?

**Question 1: Economic Growth**
- Do faster growing countries see better transformation in jobs? For youth?
- Does continuous GDP growth result in better transformation?

**Question 2: Productivity Growth**
- Does change in agricultural productivity result in transformation in jobs?
- Does total productivity growth result in transformation in jobs?

**Question 3: Investment Growth**
- Does growth in Gross Capital Formation (GCF) result in transformation in jobs?

**Question 4: Growth in Trade**
- Does growth in net exports result in transformation in jobs?

**Question 5: Structural Change**
- Does reallocation (static) across sectors result in transformation in employment?
- Does reallocation (dynamic) across sectors result in transformation in employment?
### From Combined JOIN and JobStructure Global databases

Includes countries with all available JOIN growth episodes (1987-2017). Linked to JobStructure Global Database where same country

<table>
<thead>
<tr>
<th>JOIN Subsample</th>
<th>Total</th>
<th>Wait for tool to recalculate before refreshing Pivot Table</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note:</td>
<td>--</td>
<td>and #N/A both indicate missing data values</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Years</th>
<th>(Multiple Items)</th>
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</thead>
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<table>
<thead>
<tr>
<th>Income Group</th>
<th>Count of Episode</th>
<th>Average of Share Wage employees, aged 15-64 CAGR</th>
<th>Average of Share Employed in Agriculture, aged 15-64 CAGR</th>
<th>Average of Labor Force Participation Rate, aged 15-64 CAGR</th>
<th>Average of Female Labor Force Participation Rate, aged 15-64 CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>2979</td>
<td>0.66%</td>
<td>-0.70%</td>
<td>-0.88%</td>
<td>0.69%</td>
</tr>
<tr>
<td>Low income</td>
<td>168</td>
<td>1.78%</td>
<td>-0.75%</td>
<td>-2.86%</td>
<td>0.48%</td>
</tr>
<tr>
<td>Lower middle income</td>
<td>898</td>
<td>0.68%</td>
<td>-0.64%</td>
<td>-0.30%</td>
<td>0.66%</td>
</tr>
<tr>
<td>Upper middle income</td>
<td>1560</td>
<td>0.58%</td>
<td>-0.34%</td>
<td>-0.93%</td>
<td>0.63%</td>
</tr>
<tr>
<td>High income</td>
<td>353</td>
<td>0.47%</td>
<td>-2.94%</td>
<td>-1.15%</td>
<td>1.05%</td>
</tr>
</tbody>
</table>