The (Un)Changing Nature of Work: What to Expect and Implications

Labor Market Policy and Programs
November 7, 2019

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Jobs, Labor & Migration Course
Technological progress can expand job opportunities

Sectors (ordered by susceptibility to susceptibility to automation)

Lost employment in old sectors

Remaining employment in old sectors

New employment in new sectors

Employment in each sector

Innovation

Automation
Wide variance in the perceived jobs at risk due to automation
Informality persists in most emerging economies

Two out of three workers in emerging economies are in the informal economy

Average 64.7
What is Changing?
Industrial jobs are falling in the west and rising in the east

Source: Authors’ analyses based on World Bank’s World Development Indicators (dataset)
Automation in industrial countries has boosted imports from developing countries.
Globally, the number and trade share of new products increased from 1996 to 2017.
Technological advances change production patterns and accelerate the growth of firms

9 million online merchants covering 220 countries

11,718 Walmart stores in 28 countries

415 IKEA stores in 49 countries

First IKEA store outside Scandinavia

Walmart goes global

International version of Taobao.com

Source: Authors’ analyses based on Walmart Annual Reports, Statista.com, NetEase.com
Technology is changing how people work and the terms on which they work

**LESS** standard long-term contract

**MORE** short-term work often via online work platforms

**BUT** the numbers are still small: total freelancer population is 84 million, or less than 3 percent of the global labor force
In many developing countries, the share of employment in high-skill occupations has increased.

Annual average change in employment share by occupation skill level circa 2000–circa 2015

Source: Authors’ analyses based on World Bank’s International Income Distribution Data Set (I2D2)
But, advances in Technology Call for New Skills seemingly overnight: “Adaptability” is Increasingly in Demand
Work presents an opportunity to accumulate human capital, but returns to work vary considerably.
QUIZ
What can governments do?
Three Areas For Policy Action:

1. Human Capital and Lifelong Learning
2. Social Protection and Labor Policies
3. Revenue Mobilization
Governments have a vital role to play in building human capital.
The first 1,000 days lay a lifelong foundation
The changing nature of work makes tertiary education more attractive in three ways:

1) Skills
2) Lifelong learning
3) Innovation
Three Areas For Policy Action:

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Convergence in the nature of work?
Coverage of social insurance remains low in most developing countries
Social protection and labor regulation can manage labor market challenges

- Inclusive social minimum delinked from employment + layers of insurance
- More flexibility, but with robust social protection systems in place
Aspiring to flexicurity…
Three Areas For Policy Action:

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Social inclusion is costly
Tax revenues have to rise, especially in developing economies.
Some countries spend more on energy subsidies than on social assistance
2019 World Development Report

The Human Capital Index 2018

Productivity relative to frontier

Log real GDP per capita (PPP)
HUMAN CAPITAL INDEX: calculation

SURVIVAL
Children who don’t survive don’t grow up to become future workers

SCHOOL
Contribution of quality-adjusted years of school to productivity of future workers

HEALTH
Contribution of health (average of adult survival rate and stunting) to productivity of future workers

HCI
Productivity of a future worker (relative to benchmark of complete education and full health)