

# The Quest for Job-rich Economies

## Navigating Transformations in Technology

April 27, 2017



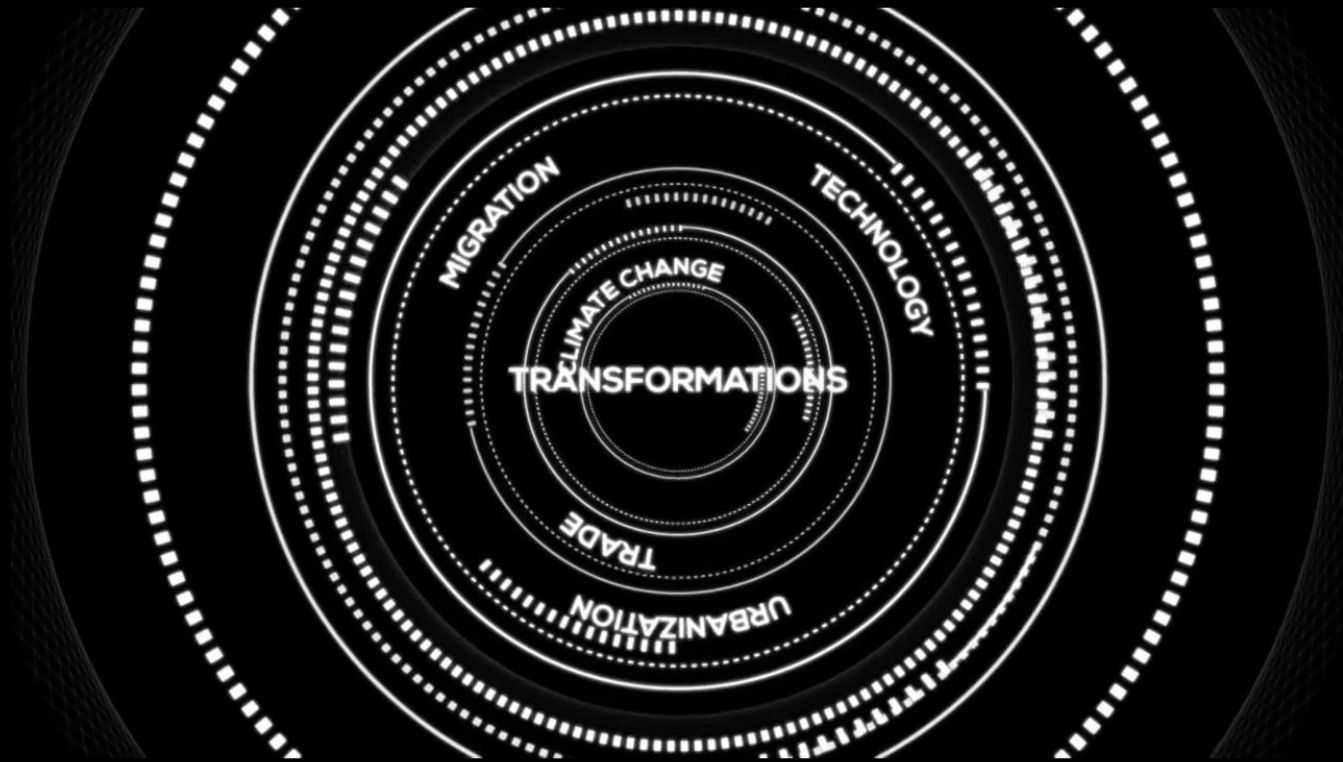
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## INTRODUCTION: JUSTJOBS NETWORK

- Global organization that produces research and evidence-based policy recommendations on **how to create more and better jobs worldwide**.
- We work **across stakeholders** – governments, the private sector, grassroots organizations.
- We convene a **global network** of research institutions committed to rigorous analysis of labor market issues.

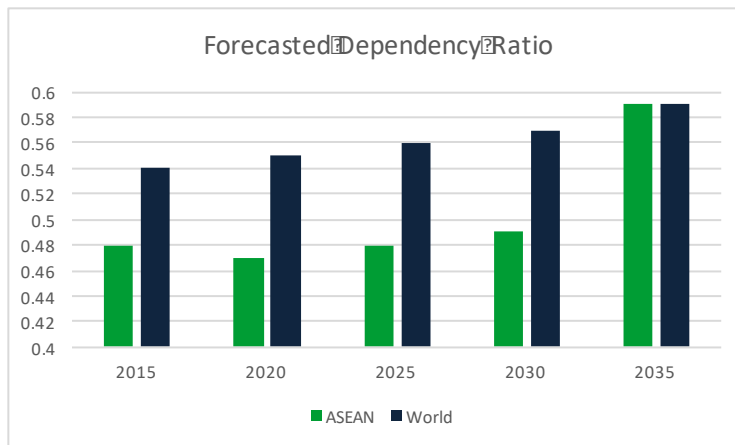




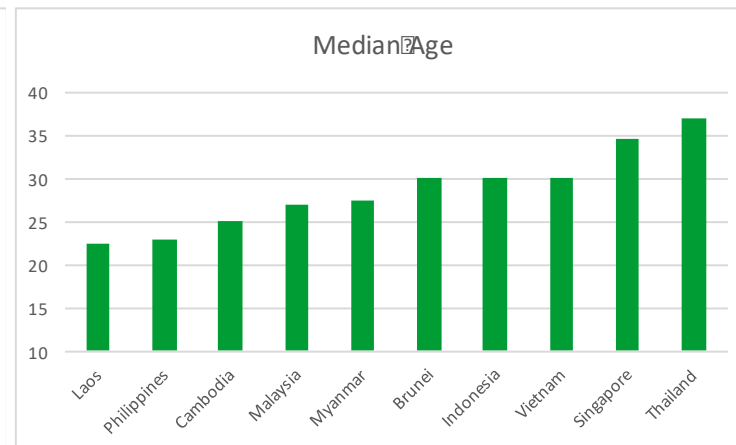
## How are these transformations playing out?

- **Demographic Dividend?**

- ASEAN has 630 million people of whom over half are below the age of 30.



Source: UNFPA, 2014



## Transformations in technology, transformations in work

JustJobs Network's 2016 Signature Volume



- 10 case studies from around the world that illuminate how technology is changing sectors, occupations and workers' lives
- Together, the chapters paint a picture of the complex, multidimensional impacts of technology on the world of work
- Collection of contributors spans global multilateral level (IMF and ITUC) to national policy institutions and grassroots organizations





## TECHNOLOGY AND WORK



## How are these transformations playing out?

- **Digital Dividend?**

- Disruptive digital technologies are transforming nearly every sector of the economy. They raise the specter of millions of workers becoming redundant, but they also bring new opportunities in terms of jobs and organizing informal workers.
- The declining costs and rapidly developing technology in advanced manufacturing – combined with political pressures – is also inspiring firms to “reshore” production. This poses a threat for economies like India, Indonesia, Vietnam that want to boost manufacturing.



## Lesson 1: The frictionless global labor market is a fiction

According to economic theory → growth of online labor platforms + growth in number and range of tasks that can be performed remotely = “white-collar” high-wage work moving to low-wage countries.

But, evidence tells us that the ability of digital technologies to create a “frictionless” labor market for white collar jobs is limited.





## Lesson 1: The frictionless global labor market is a fiction

### JJN Case Study

A study of Nubelo, the largest Spanish-speakers freelance portal, found that Spanish employers were more likely to hire Spanish contractors and pay them more than Latin American contractors – holding all other variables constant.



## **Lesson 2: Tech's impact on poor and marginalized shouldn't be overestimated**

Digital technology is purported to have positive effects for groups that are historically disadvantaged in the labor market – women availing the benefit of tele-commuting, farmers getting weather forecasts on their mobile phones, micro-entrepreneurs using internet applications to access new markets.

These impacts could be transformational, but they are also easy to overestimate. Technologies must be deployed alongside facilitated interventions in order to have these impacts.



## Lesson 2: Tech's impact on poor and marginalized shouldn't be overestimated



### JJN Case Studies

- A study of micro-enterprises in Indian slums found that mobile phones were used for little more than calling customers and vendors – not for digital tools.
- The e-voucher system introduced for Zambian farmers was found to benefit wealthy farmers far more than the poorest.



### **Lesson 3: The on-demand economy could be a net positive in developing economies**

According to some market research, on-demand firms have more growth potential in developing economies than in developed ones. But the Global South context has been largely absent from the dialogue about the sharing economy.

In developing economies, the on-demand economy holds the potential to:

- Increase the supply of jobs for unskilled and low-skilled workers
- Bring certain informal workers into “more formal” work arrangements
- Serve as an access point to link informal workers to social protection programs



## Lesson 3: The on-demand economy could be a net positive in developing economies

### JJN Case Study

JJN's Indonesia-based partner surveyed 200 on-demand motorbike taxi drivers in Greater Jakarta and found that – while 55% earn less than the Jakarta minimum wage, 82% claim that their income has gone up since switching to on-demand driving. Moreover, 70% are more satisfied with the on-demand job than their previous employment.



## Lesson 4: Automation will impact developing economies, too

The relatively low cost of labor will not necessarily shield developing and emerging economies from the job losses associated with automation and advanced manufacturing.

Firms in countries with **high land costs** or **workforces with poorly developed skills** may also find it cheaper to pursue capital-intensive manufacturing.

In some cases, multinational firms are choosing the **“re-shore”** production to advanced economies.



## Lesson 4: Automation will impact developing economies, too



### Evidence

- The “hollowing out” of the labor market associated with automation of routine-intensive jobs is being observed in Turkey, Mexico, and Malaysia. In many developing countries, 70-80% of jobs are at risk of automation – compared with 57% in OECD countries.
- The phenomenon of “premature deindustrialization” implies that there are a decreasing number of manufacturing jobs worldwide.



## Lesson 5: Digital spaces are the next frontier of collective bargaining – Labor 4.0

Digital tools, such as social media and chat applications, are increasingly the platforms on which workers in non-standard employment relationships organize themselves.

The proliferation of digital technologies among informal workers creates new opportunities for worker empowerment. However, the internet is also a new space for governments and employers to crack down on workers' attempts to organize themselves.





## Lesson 5: Digital spaces are the next frontier of collective bargaining

### JJN Case Study

Worker centers in China, which provide support and legal services to industrial workers in the country, have dramatically expanded their reach through digital platforms. Moreover, the workers that they support are increasingly utilizing digital tools to share and disseminate information related to workers' rights.



## How to reap the digital & the demographic dividend?

- **Have realistic expectations of that technology can deliver**
- **More research is warranted**
- **Prevent the demographic dividend from becoming a liability**
  - Develop viable models for short-term skills training for today's young workforce
  - Build the principle of employability into the education system



## Discussion

- What sorts of policies and interventions will ensure that workers – self-employed, platform-employed, contract-employed – possess the digital skills to improve their employment outcomes?
- How can interventions that utilize digital technologies to expand access to the labor market do a better job of including the most marginalized workers?
- How can the design of new social protection programs in developing countries anticipate the growth of the on-demand economy and other flexible work arrangements?
- What sorts of interventions would increase the competitiveness of workers in low-wage countries on global labor platforms?



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