

Key Issues Shaping and Driving Global Job Creation

BRIEFING PAPER
JANUARY 2024



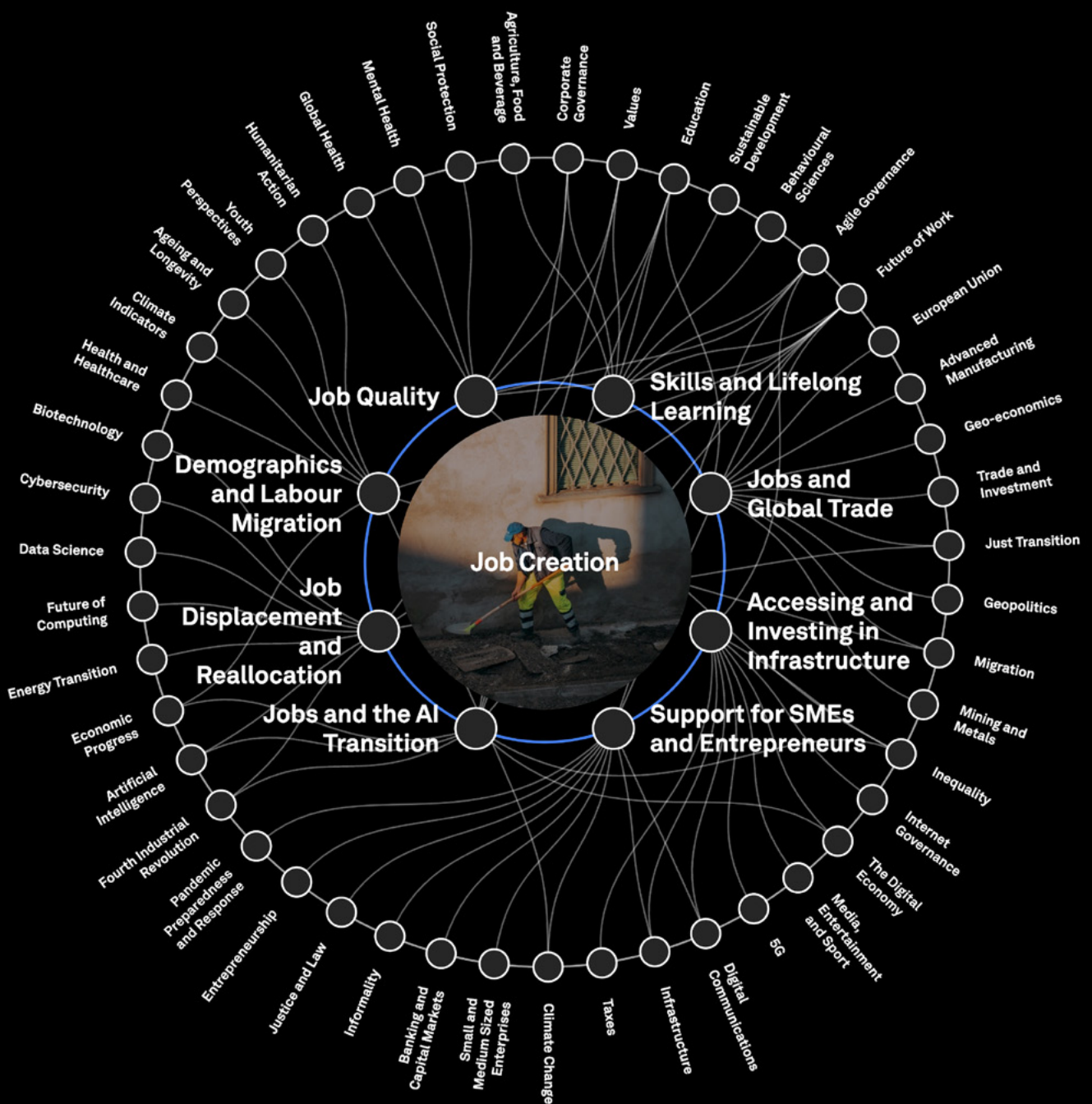
Introduction

Labour markets globally are being impacted by a period of industry transformation driven by increased adoption of technology, the green transition and value chain restructuring. This is compounded by recent health, geopolitical and economic crises that have significantly impacted employment levels around the world, and demographic shifts which are likely to drive further changes in the years to come. These trends have created challenges and opportunities for global

labour markets. As such, creating good quality jobs is a top priority for world leaders.

This briefing paper highlights key issues driving and shaping the future of job creation globally. It is based on the views of members of the World Economic Forum's [Global Future Council on the Future of Job Creation](#), which explores how investments and incentives can prioritize job creation in the local and global talent marketplace.

View the Strategic Intelligence Transformation Map on Job Creation [here](#).



Job quality: a necessary condition for successful good job creation

Maintaining a high standard of quality for jobs is crucial for productivity, employee retention, innovation and absorbing shocks.

Efforts to create new jobs cannot be separated from efforts to improve the quality of jobs; new jobs must be good jobs in order to reap returns in productivity and growth. Job quality reflects the extent to which a job meets the diverse and evolving needs of workers. It means creating a work environment in which individuals feel safe, valued and supported; are provided with stable and predictable hours, opportunities for growth and development; and have a voice in decisions that impact them. Adhering to [standards of high quality in work](#) is a key factor in promoting greater employee satisfaction, increased productivity and innovation, which lead to new products, services and processes that can drive business growth and economic development.

Focusing on job quality ensures that the workforce remains skilled, healthy and adaptable, which is essential for the long-term sustainability of enterprises and economies. Job quality is particularly important for labour markets with high informality. Workers in informal jobs are often in a more vulnerable and precarious position than formal workers, and informality often has an adverse impact on safety, protection, working hours and pay. This approach makes businesses and economies more resilient to future challenges, such as technological change or economic downturn.

High job quality also contributes to economic and social stability by providing workers with stable and sustainable incomes, reducing inequality and increasing consumer spending power. When workers are fairly paid and have access to essential benefits, economic inequalities are narrowed.

Ensuring job quality requires strong industrial relations, based on freedom of association, social dialogue and collective bargaining. Involving workers in decision-making through social dialogue can [drive productivity](#) and sustainable business growth and create an enabling environment for sustainable enterprises. When workers are free to organize, they are empowered to negotiate their own working conditions. Moreover, effective coordination of collective bargaining arrangements can help absorb shocks in the short term, avoiding mass layoffs through adjustments in wages and working time. Strong coordination between labour market institutions is crucial to ensuring job quality and allowing businesses to thrive.

Governments and social partners should work together to ensure universal social protection, occupational safety and health, decent working conditions and fair pay, foster a learning culture and drive diversity, equity and inclusion schemes to support disadvantaged groups. To facilitate these efforts, there needs to be a societal shift away from low-quality jobs to high-quality jobs.

What is driving the need for global good job creation?

Diverging labour market outcomes and labour migration

Diverging labour market outcomes between countries and regions and immigration are shaping a new context for global labour markets that brings both challenges and opportunities.

Various global issues are shaping a new context for labour markets. One of these issues is that labour market outcomes are diverging: some high-income countries face labour shortages, while a range of low and middle income countries face suboptimal employment levels. These outcomes are further compounded by demographic change. This is particularly pertinent in Africa, where there is significant population growth – the United Nations [forecasts](#) that by around 2050, at least one-third of the world's population aged 15-24 will be African. According to the World Bank, one million Africans enter the labour market every month, but only [around one in four](#) are able to obtain a formal job. This surge in young talent holds huge entrepreneurial potential that can drive inclusive growth across the continent. However, leveraging this potential will require a composite, cross-sector effort to improve labour outcomes and address persistent unemployment challenges.

On the other hand, many high-income economies are experiencing ageing populations. In Japan, for example, [one in 10 citizens](#) is now above the age of 80. This is coupled with a shortage of workers in sectors like manufacturing as well as a decline in economic growth. While advancements in technology will be able to fill some of these roles, technology will not be able to address all labour shortages. Care and healthcare roles, in particular, will be in higher demand to address the needs of ageing populations. Given that there is a projected global [shortage of 10 million health workers](#) by

2030, investment in care and healthcare jobs is crucial. [Latest results](#) from the International Labour Organization (ILO) show that investments in health and the care economy would have great potential at creating decent jobs, at around 18 million jobs by 2030.

These diverging labour market outcomes are also one of the trends that are driving migration. Migration in itself is also shaping a new context for labour markets. Migration to OECD countries is at unprecedented levels – an [increase of 26% in 2022](#) compared with 2021, driven by humanitarian need and labour opportunities. There is evidence that these migrants can fill labour shortages in some areas; for example, the employment rate of migrants in OECD countries is at the highest in [more than two decades](#). But long-term, persistent challenges such as climate change, economic inequality and conflict are [accelerating](#) levels of cross-border mobility, and leaders need to work to ensure that migration leads to positive regional and sub-regional labour market outcomes.

Increasing accessibility to digital systems, alongside wider education access and increasing acceptance of teamwork with colleagues who are not co-located, could enable more globalized talent value chains. This would enable greater job creation in regions that currently have less employment and growing working-age populations. It would also enhance accessibility to jobs for people regardless of their local economic structure, personal mobility, or local networks. To maximise the potential of more globalized talent value chains, the adverse impact on wages in high-wage locations, tax and labour law challenges need to be considered.

Job displacement and reallocation

Increased technology adoption and the green transition may lead to job displacement and reallocation, requiring support for workers and investment in good quality jobs.

The World Economic Forum's [Future of Jobs Report 2023](#) finds that a quarter of jobs are expected to change by 2027, with 69 million new jobs created and 83 million eliminated. A key driver of this change is increased adoption of new and frontier technology, with more than half of employers expecting this to drive job growth, while over 20% expect it will drive job displacement. Mass adoption of technology and digitization in the workplace could be associated with an expected decline in clerical or secretarial roles and an incline in roles such as data analytics, cybersecurity and biotechnology.

Another driver of job change is the green transition. To meet the goals of the Paris Agreement, large multistakeholder and cross-industry action is needed that will disrupt labour markets, but also create new job opportunities. The Future of Jobs report finds that around two-thirds of companies

operating in the energy and materials and infrastructure sectors expect job creation due to efforts towards a green transition. Indeed, demand for green jobs is increasing rapidly across sectors and industries. In the second edition of the [World Energy Employment Report](#), the International Energy Agency (IEA) finds that global energy employment grew by 3.5 million from 2019 to 2022, with solar PV accounting for the largest share of employment. And the ILO [estimates](#) that green investments could result in net job creation of 8.4 million jobs in the coming years.

While an uptake in emerging technologies and the green transition are set to drive job creation in the coming years, policymakers, employers and trade unions must work together for a just transition ensuring that workers are supported to move into new roles, have access to training and social protection so that nobody is left behind. Leaders also need to ensure that the new jobs being created due to these changes balance short-term wins with long-term gains, addressing structural imbalances and ensuring sustainability.

The AI transition in the jobs market

AI is transforming labour markets at a rapid pace. Informed choices by policy and business leaders will ensure that the workplace remains equitable and fair.

Artificial intelligence (AI) and generative artificial intelligence (GenAI) will likely have a large impact on labour markets in the coming years. AI and GenAI technologies can conduct advanced analysis and draw insights from large datasets, create original content, perform tasks with near-human accuracy and make complex decisions, representing a paradigm shift in the way that we interact with information, and therefore also how we work. The widespread availability and accessibility of these technologies means that their impact will be felt across industries and geographies.

GenAI, in particular, is likely to augment or transform a large number of jobs. Data from Indeed suggests that [almost 20%](#) of current jobs in the United States are highly exposed to changes due to GenAI; however, the most impacted jobs are not the jobs Indeed acknowledges as most in demand.

The World Economic Forum's [Jobs of Tomorrow](#) [whitepaper](#) on the impact of GenAI finds that the jobs most exposed to automation are credit

authorizers, checkers and clerks, management analysts and telemarketers. But AI and GenAI tools also have the power to create entirely new jobs unimagined just a few years ago, such as AI model and prompt engineers or AI content creators. As of the end of October 2023, the share of jobs in the United States mentioning GenAI-related keywords was [up six-fold](#) in just six months. This is not just limited to the US – GenAI jobs are rapidly increasing in most large, developed economies analysed.

A [study by the OECD](#) identified a strong demand for specialized AI skills that is driving growth in AI-related occupations across all eight OECD economies studied. The ILO has also [identified](#) both employment potentials and risks of AI, with tentative conclusions that the current AI may have stronger augmentation effects than automation effects.

The rapid development of AI has opened many new doors for job seekers and employers, and the technology may yet deliver productivity and economic gains that are widespread and equitable. It is critical to ensure that existing inequities in the labour market are not perpetuated as AI evolves. Policymakers and employers should ensure that AI is introduced in coordination and [dialogue](#) with workers.

What can facilitate good job creation?

Support for SMEs and entrepreneurs

Helping small businesses grow and become more resilient is vital for creating the high-quality jobs that a growing population needs.

One of the principal obstacles to addressing unemployment and underemployment is the limited supply of job opportunities. In many economies, there are too few good quality jobs for all those looking for work. One of the best opportunities to create high-quality employment is to support entrepreneurs to launch or grow their businesses. After all, in the economies of the Global South, where job creation is most urgently needed, it is micro, small, and medium-sized enterprises that account for [70% of employment](#). But while SMEs are a crucial part of the economy, they are a fragile one. Even in a favorable environment, starting a business and growing it into an enterprise that creates jobs is difficult, and disruptions – such as the recent COVID-19 pandemic or the impacts of climate change – can put the survival of SMEs at risk.

What is needed is collective action and partnerships that can support the growth and resilience of SMEs. This support must take several forms. Government, the private sector and civil society can collaborate to deliver training to help

entrepreneurs build the essential skills – financial management, marketing and technical abilities among others – they need to thrive. Advances in remote and blended learning have made it easier than ever to effectively deliver this training at scale and reach underserved populations such as women and youth entrepreneurs. Different actors in the ecosystem must also help to connect entrepreneurs to the suppliers, markets and financing they need to thrive.

According to the SME Finance Forum, there are more than [130 million](#) micro, small and medium-sized businesses with unmet financing needs; it is known that women and youth-owned businesses are more likely to be impacted. This limits their growth opportunity and resilience. The public sector and other stakeholders can create a more supportive ecosystem for entrepreneurship. Initiatives to strengthen the [entrepreneurial culture](#), particularly on biases against failure or women-led businesses, is an effective way to support small business growth. So too is the creation of a [supportive policy environment](#): sound macroeconomic policy, ease to do business and smart tax incentives can be a cost-effective way to stimulate economic growth and job creation.

Access to and investment in infrastructure

Improvement of key digital and physical infrastructure can enhance access to labour markets, generate opportunities and address social and environmental challenges.

Improving access to and investment in "hard infrastructure", such as transport and communications technology, is vital in creating employment opportunities. Not only does infrastructure development directly create skilled and unskilled jobs through construction projects, but it also indirectly creates jobs through increased demand for construction materials which creates jobs across associated industries. Crucially, improved connectivity [increases access](#) to job opportunities, as well as improving access to markets, enhancing logistics and reducing travel costs for manufacturers, impacting the

process of transforming economies from low-productivity, agriculture-based activities to other sectors. Infrastructure investments can also address environmental as well as economic and social challenges.

The US Infrastructure Investment and Jobs Act aims to fund broadband access, electric grid renewal and public transit upgrades in a multi-pronged approach to reduce greenhouse gas emissions, strengthen supply chains, reduce poverty and increase job opportunities. Broadband access and internet speed is a particularly important aspect of infrastructure development for [increasing access to markets](#) and creating jobs in developing and emerging markets, as well as addressing development bottlenecks like rural poverty. [Studies have shown](#) that internet access

has a positive effect on labour market outcomes; however, only around [one-third](#) of Africa's regional population has access to the internet.

Many countries do not have the fiscal space to invest in digital or physical infrastructure, which is why the role of partnerships is crucial. For example, Google and the West Indian Ocean Cable Company partnered to create a transatlantic communications cable (Equiano), which can boost digital services in Africa, and has the potential to indirectly create [1.6 million jobs](#) in Nigeria and South Africa over the next four years.

Public-private partnerships are also crucial. In Hengdian, a town in the Chinese province of Zhejiang, known for its large film and television shooting sites, the local government provided policy support for land concessions, tax incentives and infrastructure development to attract

production companies to operate in the region. Not only did this promote local employment through supporting over 1000 small businesses, but it also enhanced living standards by improving landscapes and industries in the region.

In short, governments and businesses should make use of smart investment – investment that is efficient, equitable, strategic and adequate – to boost job opportunities while meeting development goals. Investment should have job creation as a key priority, be in keeping with fiscal space, create lasting value and be strategically divided (not pooled into just one area). Infrastructure investment should also involve an element of capacity building to ensure local development and sustainability beyond the set-up phase. This will require regional and cross-border cooperation, supported by strong and inclusive partnerships.

International trade

International trade can be a catalyst for job creation and economic growth, it must go hand in hand with policies that uphold high job quality and support workers through change.

Another global issue that is reshaping labour markets and country dynamics is the shifting state of global trade. Global trade can be an [engine for job creation](#), spurring economic growth and revitalizing industries by enabling companies to tap into larger markets and increase demand for goods and services. This increased demand enables the expansion of businesses, which increases local employment. International trade also fosters cooperation among companies across borders, enhancing productivity and lowering the cost of production, as well as, in some cases, improving the quality of jobs.

According to [a report](#) by the EU Commission, there has been a 75% growth in export-related jobs in countries in the EU in the last two decades, and these jobs are 12% better paid than those not directly supported by trade, on average. However, trade can benefit some parts of the economy more than others and has a [negative impact](#) on working conditions. Trade agreements should ensure that workers share in the benefits of trade and that the whole system works better for more people.

The supply chain disruptions of the pandemic and recent geopolitical tensions have encouraged countries to diversify, and in some instances localize, their supply chain sources by reshoring or nearshoring. This has created new work

opportunities where prior they had typically been outsourced, such as domestic manufacturing and related services. The [China Plus One](#) business strategy is an example of many large manufacturing companies opting to diversify their procurement and production away from just China to reduce supply chain risk and expand production to other countries. This has created new job opportunities in other countries.

Moreover, a change in consumer demand has amplified job growth in new sectors, facilitated by trade. For example, the COVID-19 pandemic caused the e-commerce sector to [flourish](#), creating numerous jobs in logistics, technology and remote customer service on a global scale. Furthermore, the shift towards sustainable practices and green technologies, propelled by trade agreements emphasizing renewable energy, has [sparked job growth](#) in sectors such as solar panel manufacturing, wind energy installation and environmental consulting across continents.

Developing economies that are host to a high concentration of renewable energy materials are well positioned to benefit from job growth through trading these materials. But in keeping pace with new demand, mining employers must ensure that the jobs created are good jobs, with safe and fair conditions. Governments also play a crucial role in ensuring industries affected by trade shocks are supported by investing in training programmes to equip workers with skills for a globalized economy, social partnerships and establishing social safety nets to protect workers during a time of transition.

Upskilling, new skilling, reskilling and lifelong learning

Skills development is essential for preparing workers for the current and future workforce, as well as enabling the creation of new jobs and markets.

While the green revolution, the widespread adoption of remote work and the rise of emerging technologies like AI will certainly drive new types of jobs, what is also changing is how organizations work together to unlock the full potential of the workforce. It is critical that senior leaders in the public and private sectors develop an upskilling strategy that helps their constituents develop both the mindset and toolkits to become empowered continuous learners.

Yet, data suggests that too few employers offer the resources required for workers to upskill including, educational incentives, in-house training options, or time to acquire new skills. The ADP Research Institute analysed the job histories of more than 51 million US workers who collectively worked for more than 93,000 employers between January 2019 and October 2023. [This analysis](#) found that only 3.6 percent of workers were upskilled by their employers within two years of being hired. This result is pervasive across industries and geographies, even in those that continue to struggle to find qualified talent.

Development of human capital, or “soft infrastructure”, through upskilling, new skilling and reskilling, and promotion of lifelong learning, is central to increasing employment and employability, as well as promoting sustainable development, transitioning from an informal to a formal economy and bolstering new markets. Targeted skills development efforts can result in job creation by equipping individuals with the expertise required to meet industry demands. As examples, Germany’s focus on an apprenticeship model and technical education has created a highly skilled workforce, [leading to job creation](#) in industries like automotive manufacturing, machinery and engineering. Additionally, training programmes in Brazil have helped farmers adopt innovative methods, leading to [increased productivity](#) and job creation in agricultural production, food processing and agribusiness sectors.

Limited access to quality skills training is a common barrier of skills growth, particularly for underprivileged and marginalized groups or regions. Additionally, technological disparities and language and literacy issues also impede learning. Removing these barriers is crucial to fostering a more skilled, inclusive and empowered global workforce.

Contributors

Global Future Council on the Future of Job Creation

Co-chairs

Erik Brynjolfsson

Jerry Yang and Akiko Yamazaki Professor; Director, Digital Economy Lab, Stanford University

Janice Eberly

Senior Associate Dean for Strategy and Academics, Kellogg School of Management, Northwestern University

Members

Majed Almalki

General Manager of Job Creation, Ministry of Human Resources and Social Development of Saudi Arabia

Mohamed Amine Belhaj Soulami

Chief of Staff to the Minister of Industry and Trade, Ministry of Industry and Trade of Morocco

Miriam Chaum

Head of Work, Economic Policy and Advanced Technologies, Uber Technologies

Svenja Gudell

Chief Economist, Indeed Inc

Jian Han

Professor of Management; Co-Director, Centre on Digital Economy and Smart Enterprise and Centre on China Innovation, China Europe International Business School (CEIBS)

Vito Intini

Regional Chief Economist and Inclusive Growth and Sustainable Finance Team Leader at UNDP in the Arab States region, United Nations Development Programme (UNDP)

Sufyan Al Issa

Global Head, Business Development and Client Coverage, International Finance Corporation (IFC)

Sangheon Lee

Director, Employment Policy Department, International Labour Organization (ILO)

Ghannam Al Mazrouei

Secretary-General, Emirati Talent Competitiveness Council

Erika Kraemer Mbula

Professor of Economics, College of Business and Economics, University of Johannesburg

Precious Moloi-Motsepe

Co-Founder and Chief Executive Officer, Motsepe Foundation

Euvin Naidoo

Distinguished Professor of Global Accounting, Risk & Agility, Thunderbird School of Global Management

Veronica Nilsson

General Secretary, Trade Union Advisory Committee (TUAC) to the OECD

Nela Richardson

Senior Vice-President, Chief Economist, Automatic Data Processing (ADP)

Lisa Sachs

Adjunct Associate Professor of International and Public Affairs; Director, Columbia Center on Sustainable Investment, Columbia University

Tushar Singhvi

Deputy Chief Executive Officer and Head of Investments, Crescent Enterprises

Juan Carlos Thomas Soto

Vice-President Entrepreneurship & New Ventures, TechnoServe

Council manager

Steffica Warwick

Specialist, Work Wages and Job Creation, World Economic Forum

The Global Future Council on the Future of Job Creation examines the global trends that are presenting challenges and opportunities for labour markets in advanced and emerging economies over the coming decade, and explores how investments and incentives can prioritize good quality job creation in the local and global marketplace at scale.