B20 Argentina 2018: Employment and Education Task Force

Inception Document

Purpose of this document

This document provides an overview of the proposed core topics of the B20 Argentina Employment & Education (EE) Task Force, resulting from preliminary discussions of the Coordinating Group Members.

The list of themes has been constructed out of three important inputs gathered by the Coordination Group: Topics discussed last year in the G20 Employment Ministerial Declarations; Potential topics to be discussed in the Ministerial Declaration of this year and Potential new topics added by the SFS Coordination Group.

EETF Members will have the opportunity to give their inputs, to share their ideas supported by relevant research or applicable best practices based on their respective country’s experiences or industry practices. The input by members together with a survey will lead to a zero-draft of the recommendations of this Task Force to G20 leaders, which will be discussed in the first in-person meeting of the Task Force on 14 March in Geneva.

Introduction

Since the first meeting of the G20 leaders in November 2008, employment, skills and job creation have taken centre stage on the list of priorities in the G20 process. However, more needs to be done to address unemployment, raise labour force participation, improve the education and qualification of the work force and create framework conditions which are conducive for quality jobs to ensure the G20’s goal of sustainable economic and financial development.

Persisting high unemployment remains one of the greatest challenges in many countries around the globe. According to ILO estimates, although global unemployment is stabilizing after the peak in 2016, it will remain high. As such, in 2017 the unemployment rate was of 5.6 per cent, with an increase of 2.6 million compared with 2016, and will remain almost unchanged by 2018, slightly falling by 0.1 percentage point. Even though we are at a decrease, this phenomenon corresponds to the solid performance of developed countries while developing countries recovery is yet expected until 2019, causing unemployment remain at 5.5 per cent and 1.3 million people will add to the unemployed.

Today figures show that more than 192 million people are currently unemployed. Besides different macroeconomic conditions, levels of debt, stability of financial institutions and access to finance, the functioning of labour markets are key for keeping people in employment and bringing them back into work. A wealth of data, including from the World Bank and the OECD, shows that overly rigid labour markets, high non-wage labour costs, and excessively bureaucratic burden hinder companies to grow and employ people. Although G20 countries have repeatedly
committed to address structural obstacles to employment creation, very little has been achieved in this regard. Monitoring reports have shown that while there have been attempts to implement the G20 commitments at the national level, often the implemented policies do not seem to meet the intended targets, especially when it comes to important areas of the labour market such as the reduction of non-wage labour costs.

Business expectations, needs and demands are evolving faster than ever before. Digital and technological advances alongside rapid social change are evolving how work gets done, who does the work and what work looks like. In addition to technology, driving forces such as globalization, climate change, increased amounts of data, diversity, demographic & generational changes, as well as the changing nature of careers and contingent work have led to new realities that will shape decisions at the individual, organization, industry, and policy levels. It is therefore no surprise that the future of work remains one of the top priorities for the G20 Presidency in 2018. G20 members are increasingly turning their attention to the rapid technological advances in fields such as artificial intelligence, and their impending impact on the nature of work. The future growth and competitiveness of economies rests in their ability to build the relevant skills among their current and future workforces to prepare for these new realities. This implies significant changes in education systems as well as skill-building mechanisms for workers that need to adapt to these fast-approaching realities.

The urgency is especially stark for emerging economies, where a larger portion of the population tends to be occupied in roles that are at risk of being modified or replaced by intelligent technologies. The risk is that workers may be displaced into lower-skilled or even informal sectors, further depressing wages in low-income communities, and threatening the progress that has been made in reducing informality and inequality in many countries.

In addition to technology, longer lifespans are already beginning to impact how people work and will challenge traditional ideas about careers, retirement and work-life balance. This will require lifelong reinvention to keep up with the future of work. Individuals will need to make education a part of their careers leveraging traditional education and more on-the-job training. Lengthening the worker lifecycle will complicate operational and resource management. Success in managing a penta-generational workforce may affect business efficiency and productivity, investment decisions and resource retention.

Organizations are moving from traditional employees to a multi-channel approach to work with joint ventures, contractors, freelancers and crowds. An entire continuum of options to engage and interact with “talent” is leading to an unleashed workforce. Workers and managers are increasingly adapting to the uncertainty that results from rapid erosion of lifetime careers. They see not only the cons, but also the pros of alternative working arrangements. Companies are responding by changing their human resource management, assessing and reassessing the right mix of human and machine talent at all levels as an essential element of their business and strategic planning. This raises questions with regards to what kind of safety nets and taxes will be required for this new gig-economy.
Core Topics

Since the beginning of the G20, business has engaged and addressed G20 Labour Ministers and G20 Heads of States and Governments to fully unleash the potential of the G20 as an engine for change with the aim of bringing more people into work and stimulating growth and wealth creation by promoting an enabling environment for sustainable enterprises, by strengthening training and education systems, by supporting competitiveness and building confidence for both domestic and foreign investments as well as removing barriers to enterprise creation and development.

In recent years, Employment and Education have become core topics of the G20. The G20 leaders have recognised that more needs to be done to address unemployment, raise labour force participation, improve the education and qualification of the work force and create framework conditions which are conducive for quality jobs to ensure the G20’s goal of sustainable economic and financial development. Along these lines, the following topics are proposed as priorities for the B20 Employment & Education Task Force.

Promoting skills and lifelong learning for inclusive growth

Skills and competencies are the determinants of an individual’s place and mobility in the labour market. Particularly the future of work poses major challenges for the development of skills and competencies over the duration workers’ careers. Exponential & data-driven organizations leverage new data streams, technology and human talent to create new products and services that redefine the competitive environment. Core business competencies like statistical reasoning, basic data manipulation and data visualization will become less essential as firms start to make big data capabilities widely available and easily accessible to “unskilled” employees. Soft skills like social interaction, the ability to think creatively and apply reason, judgment and influence will increase in importance even for workers in highly technical roles. In this future of work, how can talent programs, policies, and procedures acquire, teach & reward for soft skills?

A critical first step to address this topic is to arrive at a stronger common understanding of what skills our future workers will actually require. To some degree, this will vary according to factors such as a country’s sectoral composition or its stage of development. However, the B20 task force on Employment and Education has an important opportunity to bring much-needed clarity to skill-demand trends, as this new wave of technological progress takes hold around the world.

Beyond understanding the evolution of fundamental skills (such as reading and writing), there is a need to understand the evolving trends around Knowledge Economy skills (such as technical skills, digital literacy and Science, Technology, Engineering and Mathematics (STEM) skills). Global education systems have struggled to keep up with the need for these skills, as evidenced by perpetual complaints of a “Skills Gap”. Moreover, these skills are expected to increase in importance, as demand continues for the design, manufacture and maintenance of ever-more advanced technological offerings.

Having established the evolving dynamics of skill demand, the Task Force will look at the formulation of pragmatic interventions to prepare our workforces for these
new demands. Specifically, the Task Force aims to bring together experts and practitioners to learn leading practices in three areas:

Curricula and learning approaches, including a view on what the educational systems and institutions need to update them, focusing not only on the requirements that stem from business needs to enhance productivity and employability, but also on teacher’s incentives, training and motivation.

Lifelong learning interventions. Following SDG 4, ensuring inclusive and equitable quality education for all is still a staggering issue, especially for developing countries. From assuring compulsory education, including vulnerable populations, to making education a part of the current employed careers, leveraging traditional education and more on-the-job training, is crucial.

Digital tools and technologies to facilitate worldwide education. Technology and the digital distribution of education is critical to ensure equity with high-quality public education coverage. Technology can ensure low cost, consistency across the population, and that the information is accessible across all geographies.

Promoting labour formalization and decent work

Already today nine out of ten young workers in low-income countries and two thirds of young workers in middle-income countries are employed informally. ILO reports that in many emerging economies new jobs are predominantly created in the informal sector. Above all 91% of SMEs worldwide are informal. This state of affairs cannot go unaddressed. Companies in the informal economy have limited access to essential services such as training, education and technology, as well as access to credit which lower its potential productivity and are main obstacles for expansion. Moreover, there are risks with regards to working conditions and product quality are highest in the informal sector. Furthermore, lacking contributions through taxes and into social security systems limits the ability of states to fulfill their main functions.

Open, dynamic and inclusive labour markets, with simple, transparent, flexible and predictable legal employment frameworks, efficient, speedy and corruption-free processes to register business and incentives to encourage entrepreneurs to operate in the formal sector are key requirements to promote formalization. Questions, which the Task Force will address are whether legal and structural barriers on the labour market have been removed, particularly also to promote diverse forms of work (e.g. diverse forms and terms of employment and work organization), what kind of incentives are needed to encourage entrepreneurs to operate in the formal sector and whether governments have implemented International Labour Organization (ILO) Recommendation 204, on Transition from the Informal to the Formal Economy. Moreover, the Task Force will also focus on issues such as what policy frameworks are conducive to promote entrepreneurship.

Strengthening social protection for the future of work

More and more people are engaged in new forms of work and will assume greater autonomy and responsibility for their own careers and income security. Increasing transitions across and between jobs, and periods in and out of work, may impact individuals’ rights and access to social protection schemes. It is important that the welfare of these individuals is given appropriate attention. The Task Force will
elaborate on what kind of social protection and other public and private schemes are needed to further develop a much more supportive function especially for those who are constantly changing jobs - freelancers and the self-employed, among others.

The Task Force might also look at the sustainability of social protection systems, particularly in view of aging population in many G20 countries, without overly burdening the younger generation and companies. This means to look at issues such as adjust retirement ages in ways that stabilise the old-age dependency rate, promote diversification within the pension system and increase labour force participation.

Social Dialogue

Social Dialogue has proven to play a key role in many instances in mitigating pressing social challenges such as high unemployment and low growth. In the past, in many countries Social Dialogue has helped significantly in dealing with the process of major political, economic and social transformation and in avoiding serious social unrest and crises. For the B20 it is crucial that Social Dialogue is not an end in itself, but must deliver and contribute to the competitiveness of companies and social stability of societies. In order for Social Dialogue to do justice to its mission, it needs to be free, independent and autonomous, which means that employers and employees must select their representatives freely and independently, choose the topics for discussion on their own and then debate them freely without interference from third parties.

There are many fears that the future work scenario will weaken collective labour relations and rights. However, it is too early to tell how the traditional collective channels used for social partners’ representation will change. It seems very much possible that social partners’ representation will not erode, but gradually adapting to the increasingly apparent new form of work reality through for instance the increased use of online tools and social media as well as the integration of members into social partners organisations which are beyond the traditional core constituencies. Thus, we might see most likely more diverse organizational forms of social partner representation, but not necessarily the end of collective labour relations and rights.

Governments have a role to play for ensuring that social dialogue remains pertinent in the future by valuing the contributions of social partners in national policy debate and fully engage in tripartite social dialogue. The national G20 employment plans, for instance, are not in all countries properly discussed with national social partners. Looking beyond the G20 employment process, the records of the supervisory machinery of the ILO shows that still too often social partner organisations are undermined and their activities restricted instead of governments constructively engage with them.

Enhancing the incorporation of persons with disabilities into the workforce

The full inclusion of people with disabilities in the labour market is an important societal and labour market policy concern. The aim must be to open up opportunities so that also people with disability achieve their full potential to participate and
contribute in the world of work at all levels. The B20 very much supports equality of opportunity and the promotion of employment of disabled persons.

Governments should focus on practical measures which contribute to facilitating the employment, job retention and return-to-work opportunities for disabled persons. Professional help and support for overcoming objective obstacles as well as examples of successful integration and inclusion are crucial for more participation of people with disabilities. Measures should be introduced to foster the integration of persons with disabilities into mainstream work-related and educational programmes and services. Depending on national circumstances, the development of services for those in rural areas and remote communities is of particular importance. Moreover, more and better data are needed. G20 countries must step-up efforts in this regard. Where data available they show that women with disabilities are even less likely to get into employment than men. Thus, integration and inclusion policies and strategies need to have a gender-focus. Finally, social protect systems should focus on the rapid inclusion of people with disability into the labour market and not be a barrier or obstacles.

Social partners have a key role to play for raising awareness, building capacity and supporting companies and labour force in the inclusion of people with disabilities. Governments should work closely together with national social partners in designing national strategies to promote skills development and employment opportunities for people with disabilities.

**Gender**

Although female employment has been in the focus of policies makers for quite some time, the gender gap in labour force participation is still much too large. The G20 Labour Ministers committed, in September 2014 to a range of measures for boosting female participation, quality of employment and gender equity and agreed to reduce the gender participation gap across G20 countries by 25 percent by 2025. These commitments need to be followed-up. Studies show that the implementation of the 2014 G20 commitments at national level is by far not sufficient. To be concrete, governments should ensure policy frameworks that improve female entrepreneurship and female labour market participation by remove legal restrictions that hinder women’s participation in the labour market. They should also promote women acquiring technical (STEM) skills, particular in view of the future of work context.