

# Building a better future of work

Creating a more sustainable economy through good jobs and upskilling

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## INTRODUCTION

114 million jobs were lost globally in 2020 relative to 2019. Women and young people bore the brunt of the losses, in relative terms, and lower-skilled sectors were hit hard even as some high-skilled sectors demonstrated job growth.<sup>1</sup> What began as a global health crisis has developed into an economic one as well, resulting in widespread business failures and social and political upheaval. While few have been spared at least some impact, poor, marginalized and vulnerable communities, as well as their workforces, have been disproportionately affected.

»Healthy societies help economies grow, and healthy economies help societies thrive.«

Today, vaccine programmes are allowing many countries to begin reopening following months of lockdowns, stringent public health protocols, and remote working. But the good news is tempered by the fact that the emerging economic recovery already is proving unequal. Individuals who were most well-off and suffered least – those who largely work in knowledge jobs and sectors that were able to adapt technologically – are now recovering fastest, increasing the polarization found within societies and labor markets.

Bridging this gap will require governments and businesses to work together

toward a shared vision of economies that are stronger and more resilient because they are more sustainable.<sup>2</sup> In other words, sustainable societal progress must be a deliberate design goal rather than the presumptive after-effect of economic growth. If businesses or governments approach the challenge alone, it will almost certainly ensure that we rebuild in the shadows of our current system, which is no longer delivering for the whole of society.

G20 governments and business leaders, therefore, should consider how to work together to design policies and programmes that will help shape sustainable and inclusive societies in a post-COVID-19 world. They should consider what incentives can help businesses prepare their workforces for this future and what can be done to help people to equip themselves with the skills that business needs. To create these opportunities will require deliberately designed and targeted initiatives: upskilling programs that help people work in roles that increasingly use new technology; reskilling programs that allow people to operate in new roles; and even entrepreneurship programs. And as societal progress is a focus, it will also require policy makers and businesses to reimagine the concept of fair work through the lens of good jobs in growing sectors: jobs that are safe, fairly compensated, reasonably secure and motivating, and that leverage the human skills of workers. These good jobs, in turn, will deliver higher levels of productivity.<sup>3</sup>

## OVERVIEW AND CONTEXT

For decades before COVID-19, there had been an increased decoupling of economic progress and societal gains.<sup>4</sup> Widening in-

equalities were fomenting growing social discontent and unrest as a result of low wage growth across the world, particularly for low- and middle-income jobs,<sup>5</sup> and a widening skills gap.<sup>6</sup> Even as unemployment across OECD nations stood at a low 5.4% in 2019,<sup>7</sup> many workers increasingly ended up in insecure, low-wage, low-skill jobs, particularly in the gig economy.<sup>8, 9</sup> Indeed, globally the share of national income going to labor has declined<sup>10</sup> while productivity has risen much faster than real wages, creating inequities:<sup>11</sup> the highest earners have captured an increasingly large portion of income, while those at the bottom have seen their portion significantly decline.<sup>12</sup> Measured by the Gini coefficient,<sup>13</sup> income inequality was the highest in the US among G7 countries in 2017<sup>14</sup> despite the fact the US unemployment rate was just 4.1% in December of that year.<sup>15</sup> Indeed, income growth in the U.S. since 2011 has been stronger among the top 5% of families.<sup>16</sup>

COVID-19 further exacerbated this situation. Government mandates that shut down factories, offices, restaurants, hotels, retailers, and entertainment venues disproportionately affected women, minorities, and low-skilled workers unable to work from home.<sup>17, 18</sup> High-income workers hold a disproportionate number of jobs that can be done via telework<sup>19</sup> while lower-income workers are less likely to be able to work from home and more likely to lose their jobs.<sup>20</sup> Current upskilling efforts unwittingly may be reinforcing these disparities: Only 28% of school-leavers, as opposed to 46% of postgraduates, say their employers give them opportunities to improve their digital skills. Likewise, approximately half as many employees in in-

dustries most at risk of disruption felt they were likely to get opportunities to improve their digital skills as those in industries least at risk of disruption.<sup>21</sup>

These statistics are even more concerning when placed in the context of overall employment. As of 2019, more than 60% of the world's employed population – two billion people – worked in the informal economy<sup>22</sup> and the pandemic could push as many as 150 million people into poverty by the end of 2021.<sup>23</sup> And it will be the largest economies that are likely to pull further ahead of the developing world post-COVID, given the sheer size of their financial stimulus packages and economic recovery plans. The OECD and G20 countries have deployed an unprecedented USD 11 trillion to kickstart their recoveries and help their populations.<sup>24</sup>

»Sustainable societal progress must be a deliberate design goal rather than the presumptive after-effect of economic growth.«

#### POST-COVID RECOVERY CHALLENGES EMPLOYERS

Spurred by these government-backed stimulus programs and the prospects of a vaccinated workforce, many forecasters

and business leaders are cautiously optimistic about the future. The World Bank, in its January 2021 Global Economic Prospects report, said it expects the global economy to expand by 4% this year after contracting 4.3% in 2020.<sup>25</sup> Businesses are also optimistic, with 76% of CEOs surveyed in PwC's 24th Annual Global CEO survey report saying that the global economic outlook will improve in 2021 with 36% of them very confident about their companies' revenue growth prospects for the next year.<sup>26</sup>

GDP and other financial measures, however, do not provide the full picture of healthy, thriving societies. Economic measures and job creation policies solely focused on driving productivity and revenue generation can only provide a partial and single-sided view of the overall health and wellness of a society and its people. To better understand the complexity of the situation, governments and businesses need more nuanced indicators of societal well-being which in turn will highlight the need to enact policies and programs that create not only more jobs, but good jobs that ultimately benefit individuals and societies as a whole.

There are several such examples where this is happening. Singapore's SkillsFuture program has employers help identify sector-specific jobs and skills which are then used to create skills frameworks and Industry Transformation Maps, and the government provides financial credits to citizens over 25 to acquire relevant training.<sup>27, 28</sup> In the US, the Metro Atlanta Chamber (Atlanta Chamber of Commerce) announced in February an initiative to leverage the resources and expertise of the area's business community to advance racial equity via measurable action items

focused on workforce development, economic development and education.<sup>29</sup> In India, the Government and the IT industry led by the industry's trade association, NASSCOM, have launched FutureSkills PRIME to upskill 1.4 million workers on emerging technologies over the next five years. This "digital skilling ecosystem" includes free courses and subsidized training provided to over 400,000 individuals,<sup>30</sup> all aimed at helping the country become a "global hub of talent in emerging technologies."<sup>31</sup>

## THE WAY FORWARD

The challenge now facing governments and the private sector is to work together to create a more sustainable, inclusive society; in part, this can be achieved through the creation of good jobs and by providing people with the requisite education and skills training needed to succeed. The following policy recommendations for governments and businesses offer solutions towards achieving this goal.

1. Create a universal definition of good jobs and a declaration committing organizations to create them: There is currently no global, standardized definition of what a good job is. This makes it harder for governments and businesses to understand and measure whether they are meeting their goal of creating good jobs or falling short. This definition would designate a good job as one that is safe, paid fairly, reasonably secure and motivating, and leverages the human skills of the worker.<sup>32</sup> Good jobs are not limited to a particular industry, geography or demographic but are relevant for all economies, types of labor, and employment (full time, part time, gig, informal). By establishing a working group to develop a formal definition of and guid-

ing principles for what good jobs are (and are not) in collaboration with business and labor leaders – as well as a declaration supporting the importance of creating more good jobs – the G20 can set the groundwork and standards that will be necessary to use upskilling and job creation as a means of helping create more sustainable societal progress.

## »Bridging this gap will require governments and businesses to work together toward a shared vision of economies that are stronger and more resilient because they are more sustainable.«

2. Move beyond purely economic measures as a proxy for social progress: Building forward stronger will mean measuring success differently. While GDP is one of the most widely used economic measures today, it does not give a complete picture of economic progress including the extent to which people have good, fulfilling jobs and which parts of the population are excluded. Healthy societies help economies grow, and healthy economies help societies

thrive. G20 nations should consider what a balanced approach to measuring economic and social progress looks like, including identifying indicators that, alongside key economic indicators, can present a more accurate picture of economic growth and sustainable social progress; for example, those used in the OECD's Better Life Initiative<sup>33</sup> or using a model such as the Recoupling Dashboard.<sup>34</sup>

3. Incentivize the development of programs that help employers match skills and new jobs: Through incentives, governments can help the business community identify and invest in how and where to create good jobs and skilling programs in a way that helps people participate in the Fourth Industrial Revolution. While certainly beneficial to companies, this is not merely altruistic on the part of governments. By boosting people's earning capacity, those national and local tax bases that have been decimated by lost wages during the pandemic will get stronger; tax revenues and social security collections increase and the cost of social safety nets decline.<sup>35</sup>

4. Develop digital upskilling programs and employment opportunities targeted to meet the needs of underrepresented populations: Poor, marginalized and underrepresented communities, including women and youth, are the ones most affected by the growing asymmetry in our societies; during COVID-19, they disproportionately lost jobs and working hours and were less able to work from home. They often have fewer safety nets to make up for the lost income. In some countries, digital platforms have been used to help create new employment opportunities for the hardest hit and for those unable to ac-

cess other types of employment because of social, mobility, or family reasons.<sup>36</sup> India's National Skills Development Council has implemented a job training program for youth without jobs or degrees, focused on ensuring inclusive and tangible skills development to build employability and self-sustenance through short-term certification courses aligned with industry-specific needs.<sup>37</sup> One consideration, however, is that the needs of vulnerable communities are often complex and inter-related. When creating upskilling programs for these communities, governments should also provide access to social and welfare needs necessary to allow individuals to take part in these programs, including better nutrition, childcare and basic education.

5. Be transparent on reporting on upskilling progress: Robust reporting does not just measure a system; it can drive change within it. By being transparent about the extent of upskilling, companies allow investors and other stakeholders to reward good results and support progress. Governments should encourage business to report transparently on upskilling, with the goal being the adoption of shared global reporting standards. The World Economic Forum, along with other private sector stakeholders, recently defined a set of environmental, social and governance (ESG) metrics that could act as a benchmark for creating transparent and common reporting standards.<sup>38</sup> Companies should be encouraged to provide additional reporting that reflects the issues that are most material to them, their stakeholders and their industry.

6. Establish national skills hubs for specific skills training: The rise of remote

work because of COVID-19, coupled with the economic effects of the pandemic, presents governments (in collaboration with their business communities) with an opportunity to create a competitive advantage around a central set of skills or technologies. By promoting national specialty skills centers, or regional skills hubs, countries can develop the backbone of a global skills marketplace, where businesses have access to skilled talent from around the world, and upskilled people would have access to a much broader labor market in need of their skills. G20 nations would have to agree on a standardized proficiency measurement system, as well as on legal frameworks to establish fair tax and employment regimes for people training in one country and working in another, but this approach could lead to distributed value chains for every industry and a more inclusive model of development and skills distribution through expertise sharing.

## CONCLUSION

COVID-19 has made it clear that the world's governments, together with businesses and civil society, must reimagine the vision of what thriving economies and societies should be – ones that are defined by the opportunity to engage in quality, meaningful work within a system that is sustainable and humane. It will be challenging to make this vision a reality, and it will require compromise and political will at a time when nations already are having to make difficult decisions. However, COVID-19 has shown us that, when we harness our collective imagination and will, we can create extraordinary things.

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