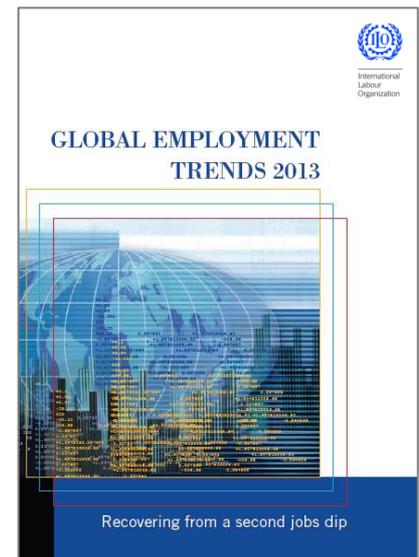




Global Employment Trends in the crisis: Rising skills mismatches and faltering skills demand

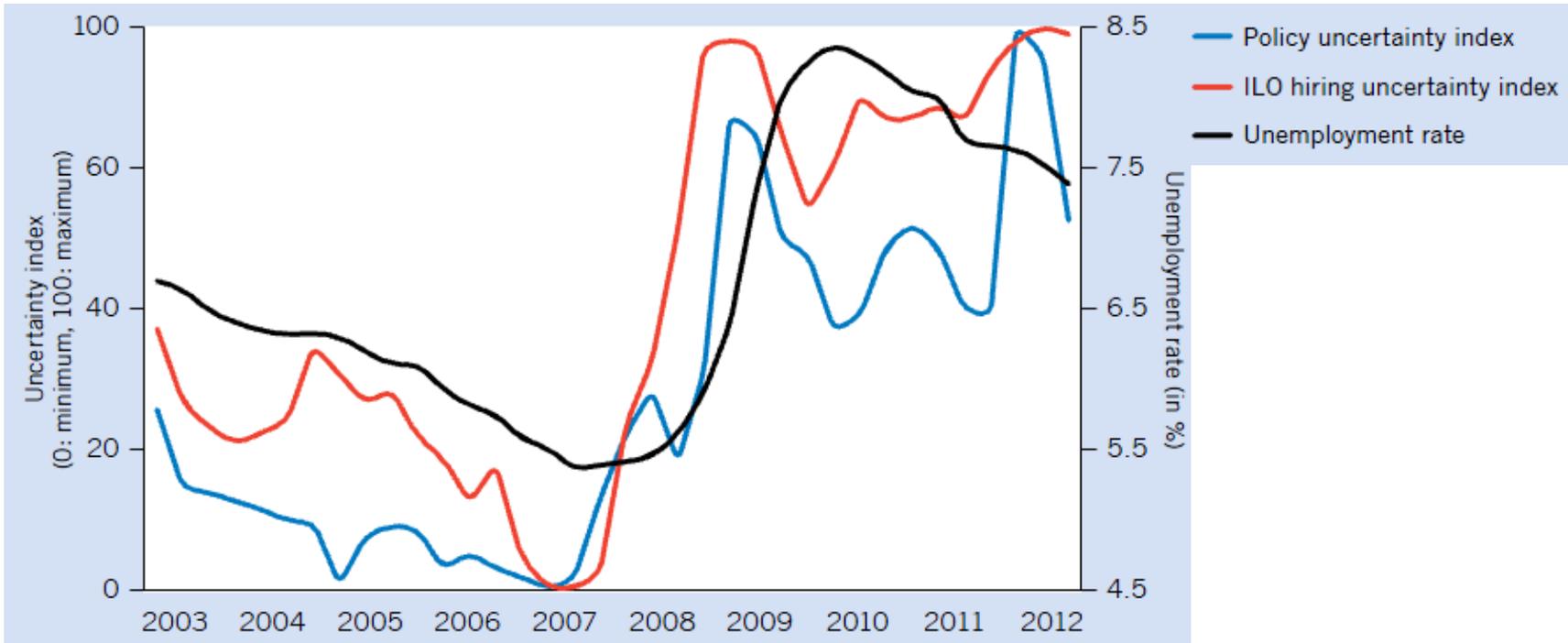
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Prepared for:
*Going Global: Creating the conditions for jobs and growth
in a global economy*



Macroeconomic context has worsened

Rising uncertainty and unemployment feed on each other

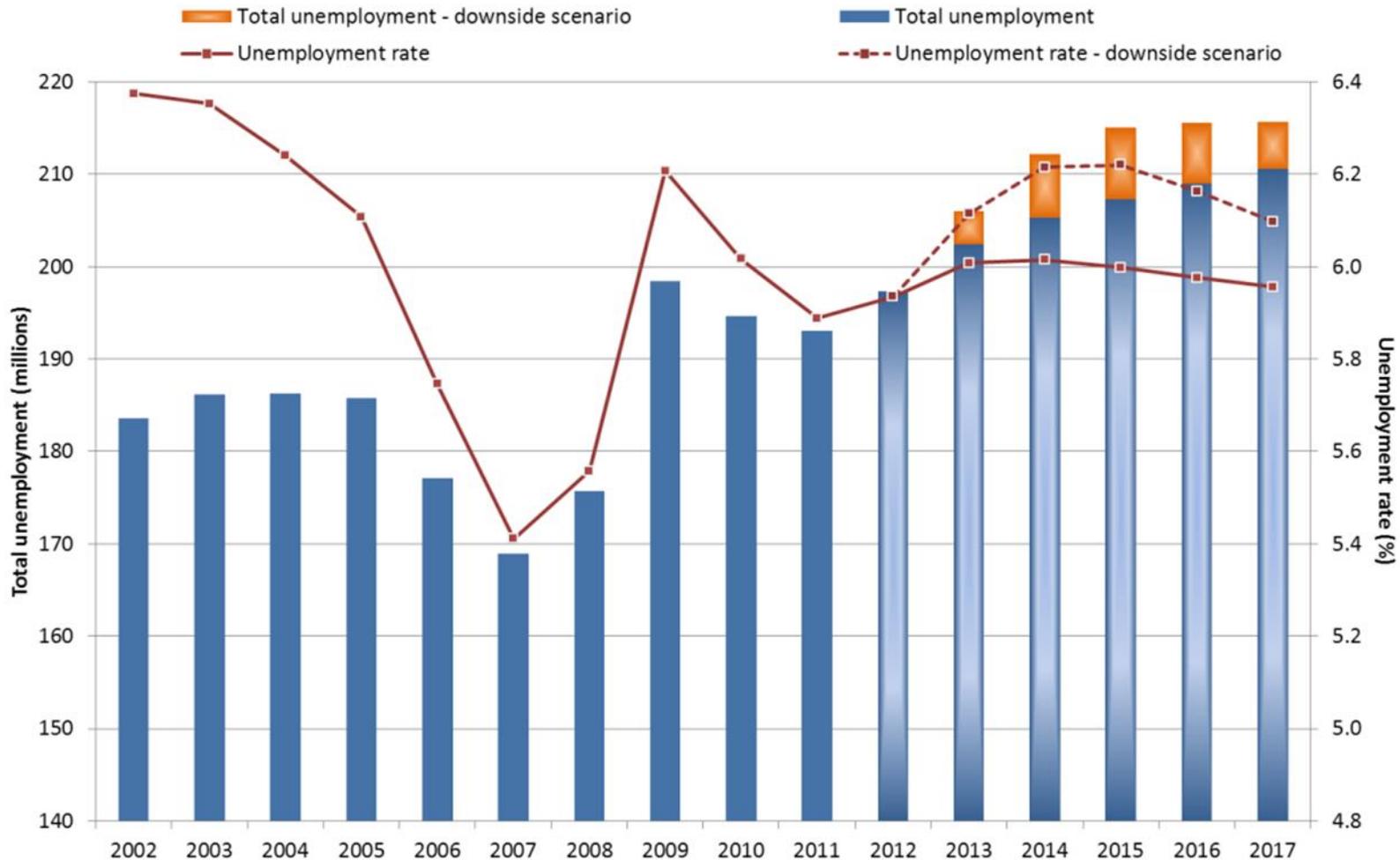


- Key sources of uncertainty:

- Prolonged and deepening crisis in Euro area
- Unresolved financial sector issues and high levels of public debt
- Fiscal policy uncertainty in the US
- Macro policy incoherence and lack of international coordination

Outlook for global unemployment

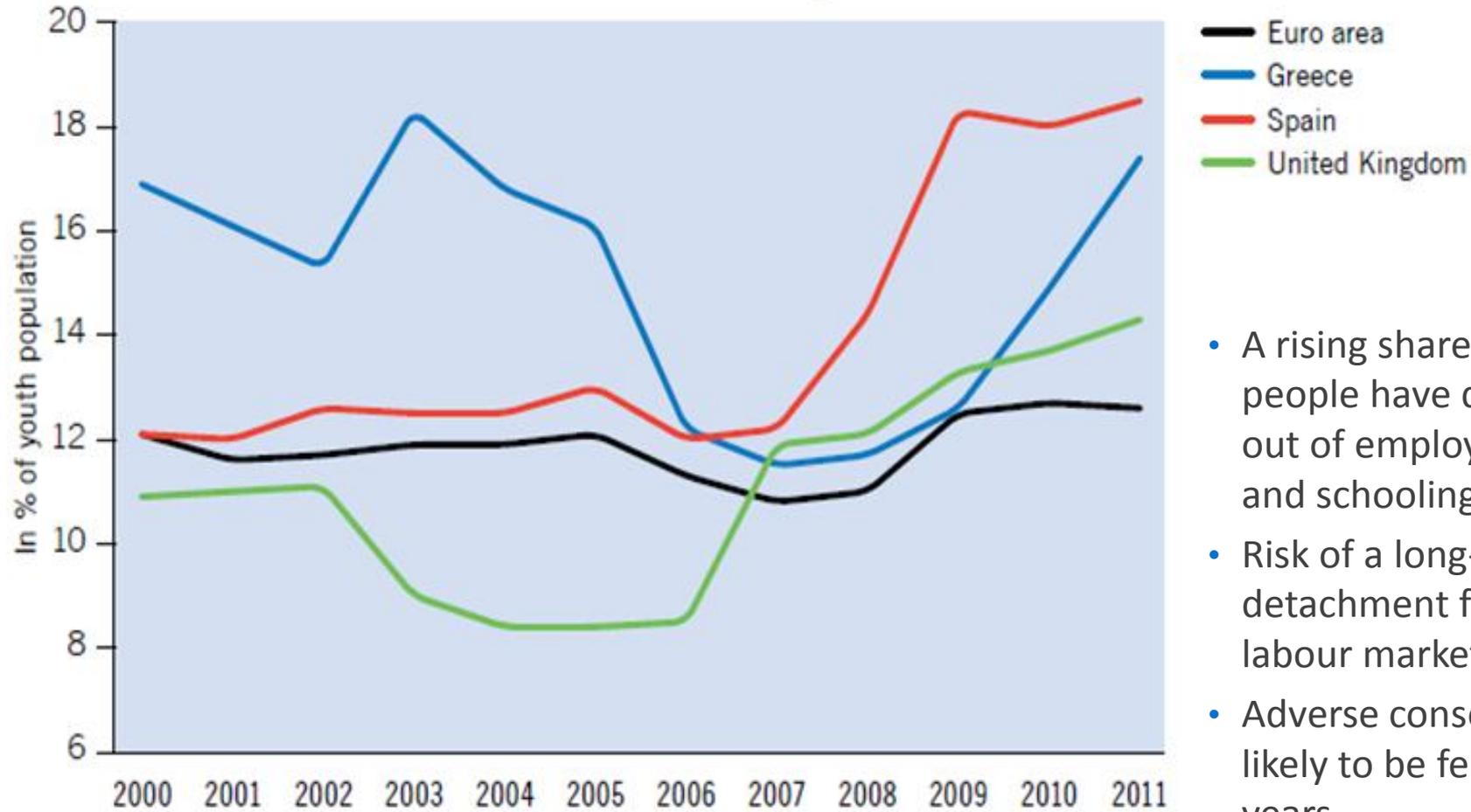
Unemployment set to worsen further through 2014



Source: ILO, *Trends Econometric Models*, October 2012.

Youth is particularly badly hit

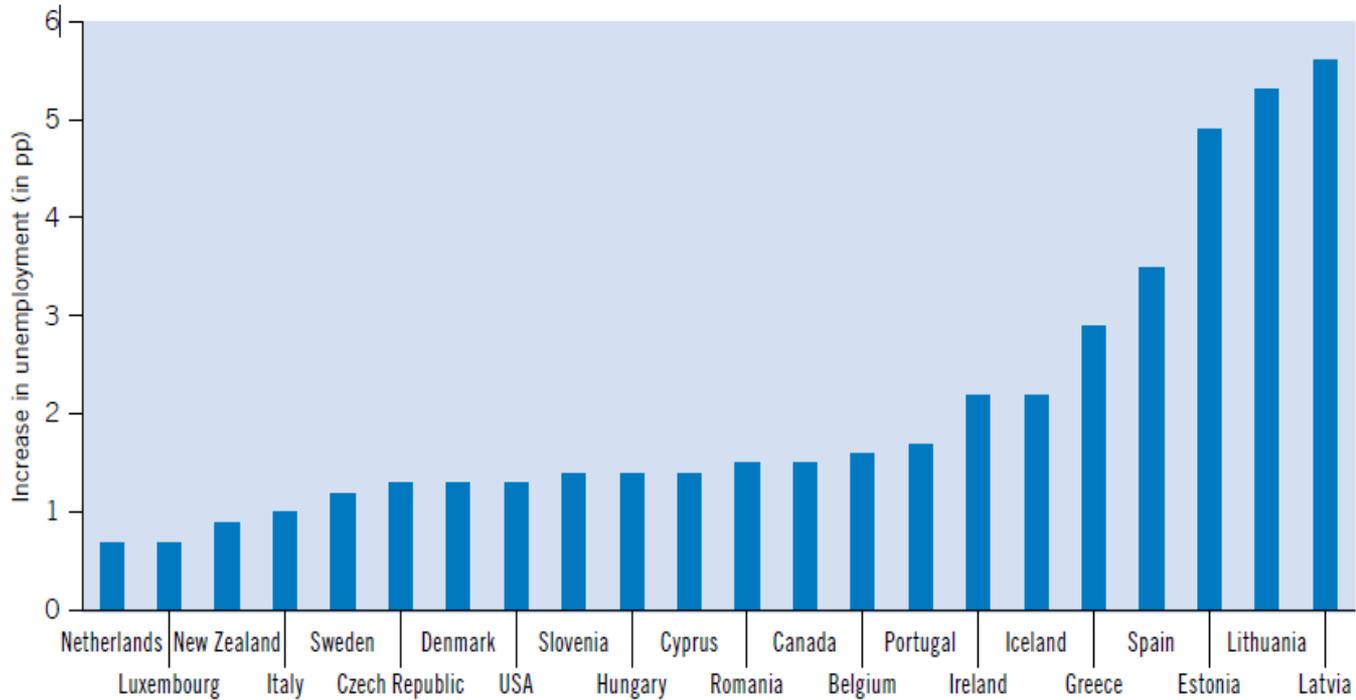
Risk of a lost generation in some countries, especially in Europe



- A rising share of young people have dropped out of employment and schooling
- Risk of a long-term detachment from the labour market
- Adverse consequences likely to be felt for years

Unemployment becomes more persistent

Trend unemployment has increased in many OECD countries



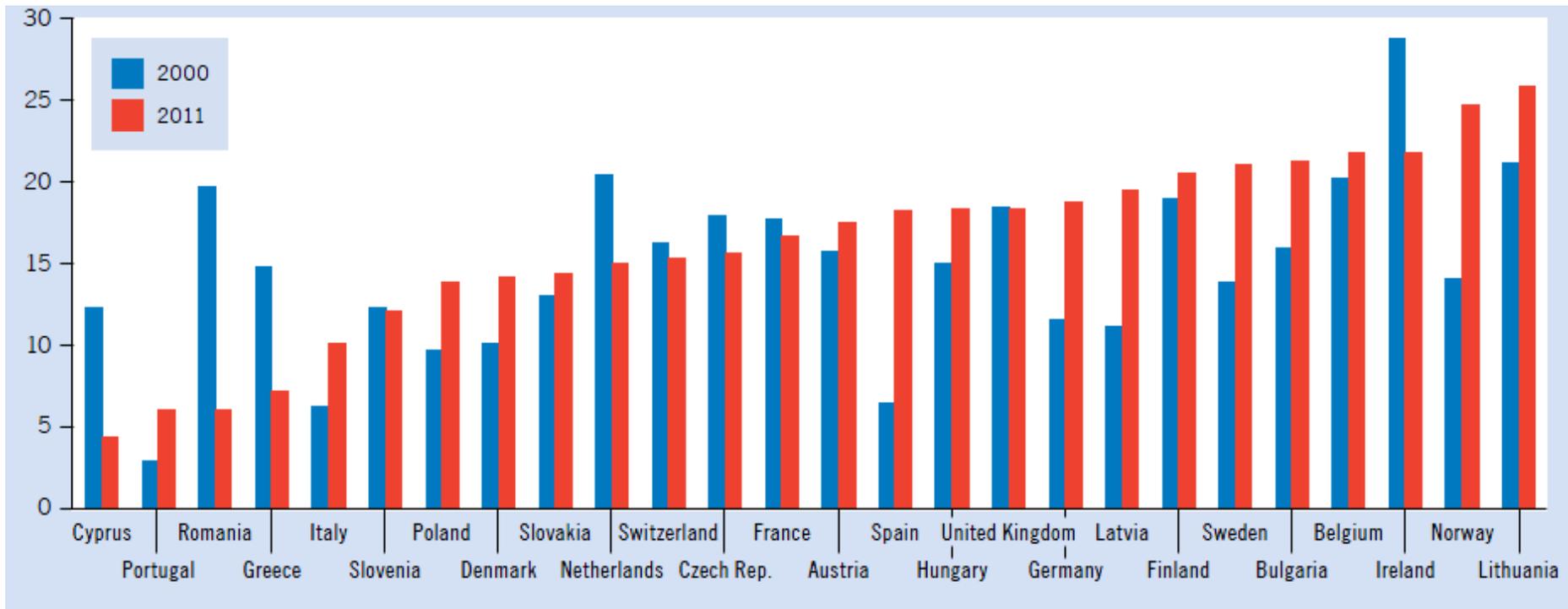
- Unemployment has become more persistent since the beginning of the crisis
- Trend unemployment rates have increased by up to 6 percentage points
- Mainly due to lack of job creation

Skills mismatch



On-going crisis worsens mismatch in several countries

- Mismatch between supply and demand of skills has worsened in several countries since the start of the crisis
- Skills mismatch hampers reallocation of labour and puts upward pressure on unemployment rates

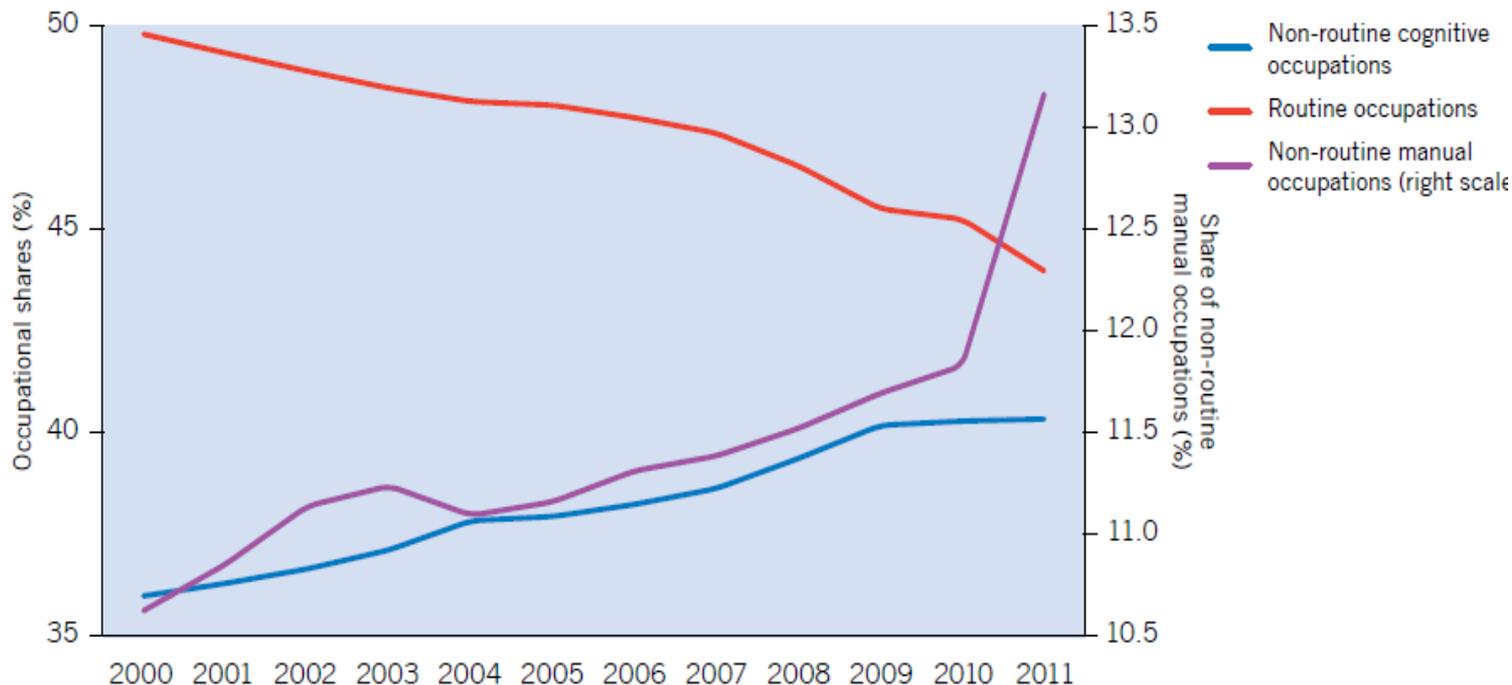


Low-skilled occupations are on the rise

Shifting sands for intermediate-level occupations



- Intermediate-level skills occupations have been particularly badly hit, especially in OECD countries
- High-skilled occupations have remained stable
- Low-skilled occupations have boomed

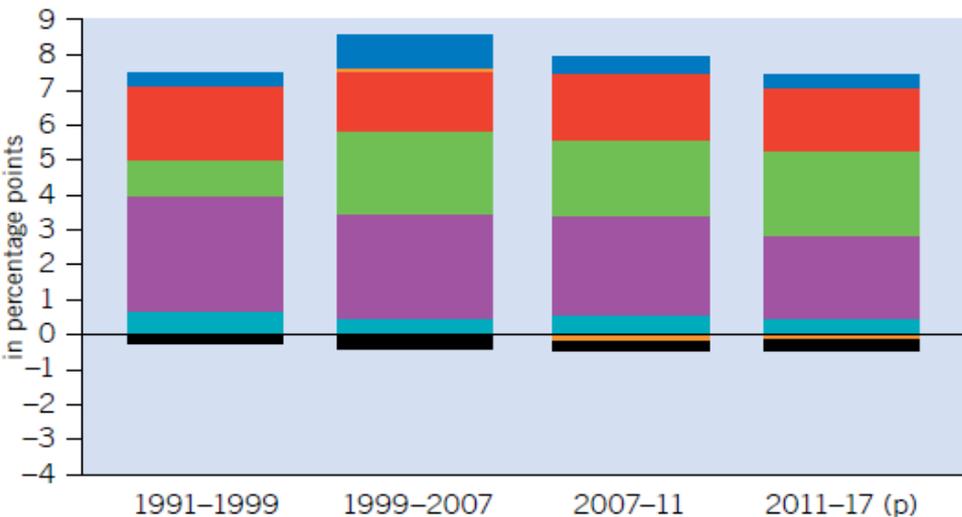


Skills needed to foster structural change

Slowdown in structural change creates less opportunities for up-skilling



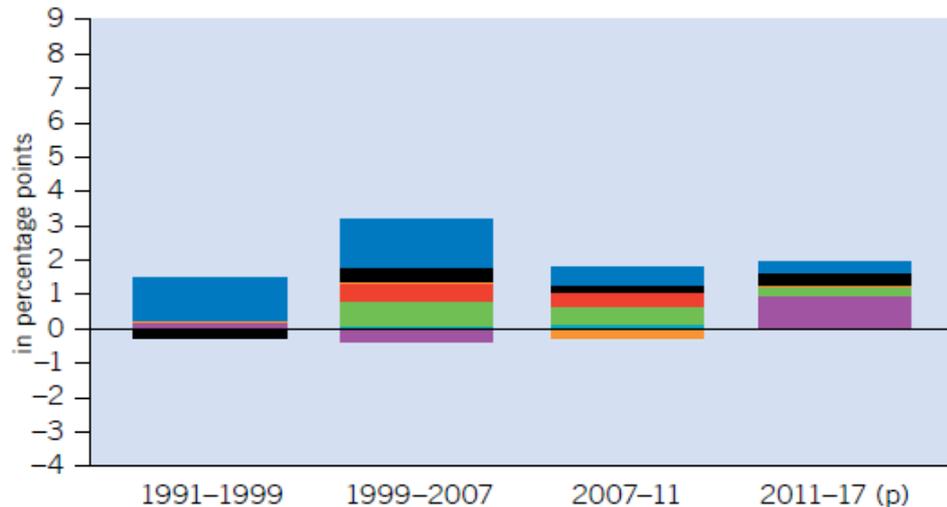
East Asia



- Structural change has slowed in many developing regions
- Less capital deepening also weighs on sectoral productivity growth



Middle East



The role of skills providers

Improve the links between education, training and the world of work



- Skills providers need to prepare for periods of weaker growth
 - Financial crisis has caused long-term trouble for investment and structural change
- Skills provider need to address rising skills mismatch
 - Tighten links between school, training centres and business
 - Provide one-stop shop for job-search techniques, career support and job opportunities
 - Enhance technical vocational education and training, with a particular focus on service sector training needs
 - **Channel funds to the lower skill end**
- Skills providers need to identify potential early school leavers
 - Encourage them to stay in school by diversification of curricula and improve relevance
 - Provide other employment, education or other training opportunities