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Employment targets

Employment targets and projections, Jakarta, November 20-21, 2013

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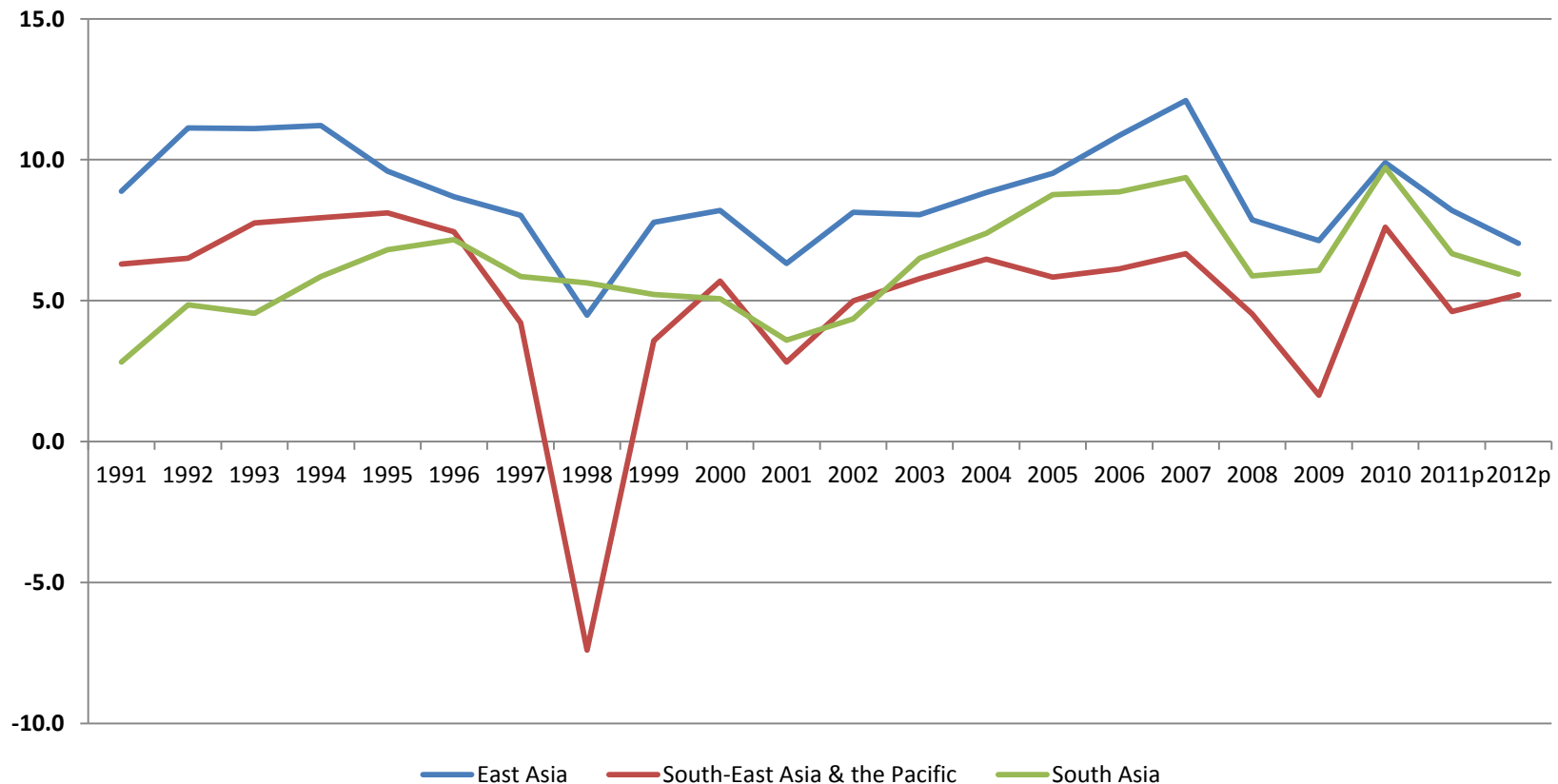
Outline

- I. Setting the context
- II. Employment targets for quantity and quality of jobs
- III. Concluding thoughts

Setting the context: Policymakers around the world face increasingly complex economic and employment challenges

- While economic growth has been robust in Asia and the Pacific in recent decades, more exposed to external shocks and periodic crises

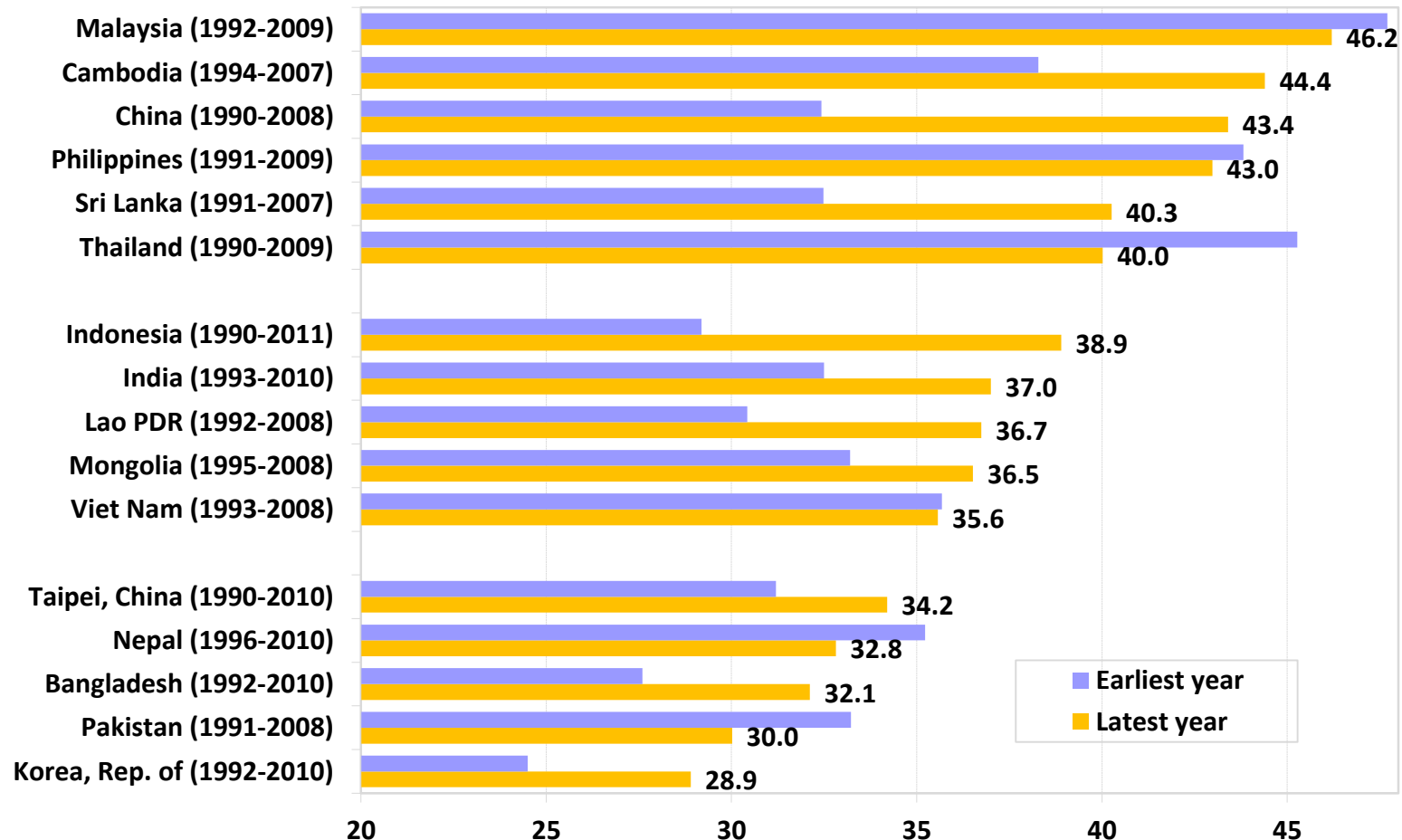
Real gross domestic product, 1991-2012 (%)



Source: IMF: World Economic Outlook Database, July 2012 update.

And (robust) growth has often not been inclusive...

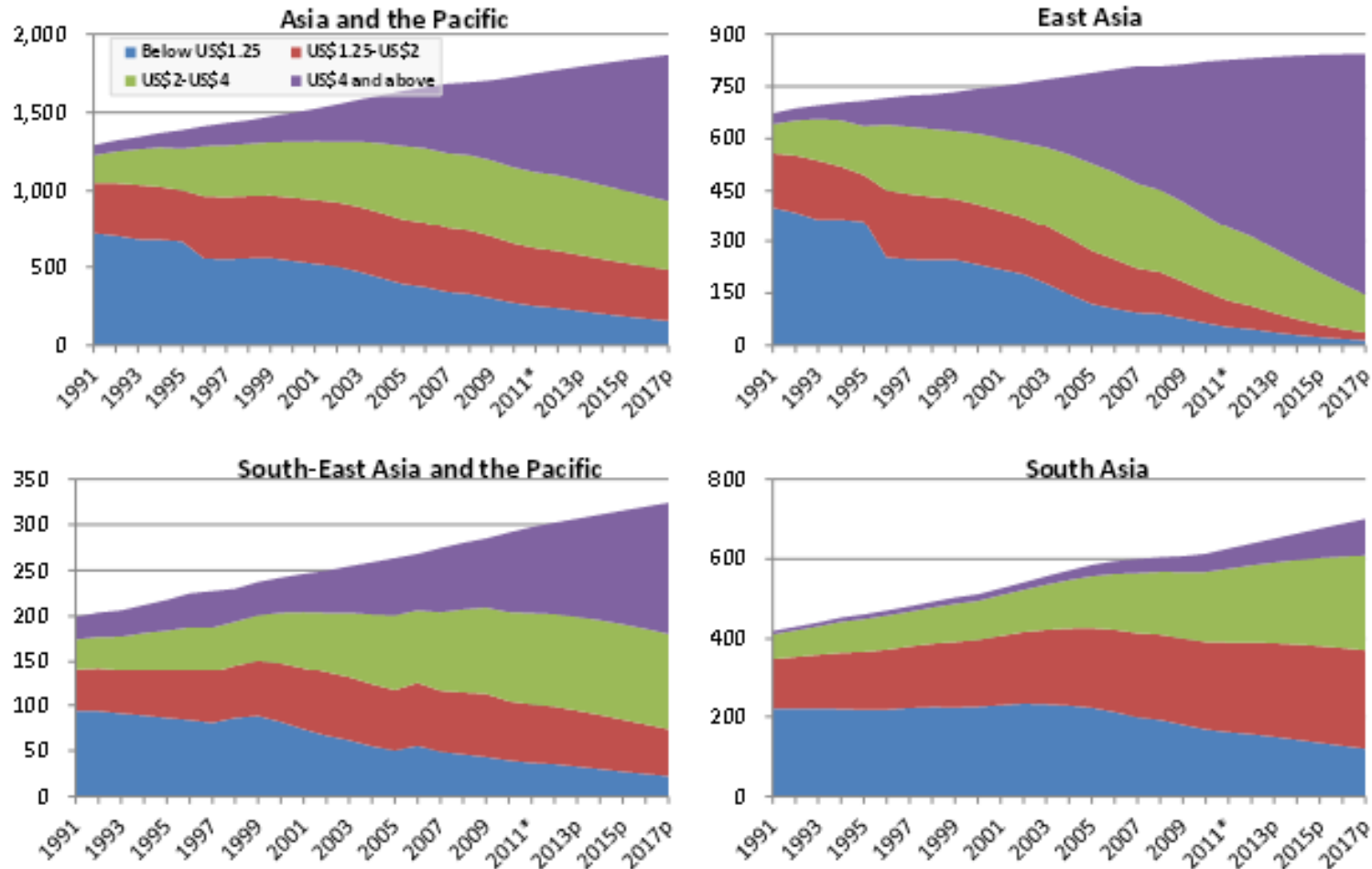
Gini coefficient, earliest year in 1990s and latest year



Source: World Bank (2012), PovcalNet data, supplemented by household survey data from India and publications of official statistical offices (Republic of Korea and Taipei, China)..

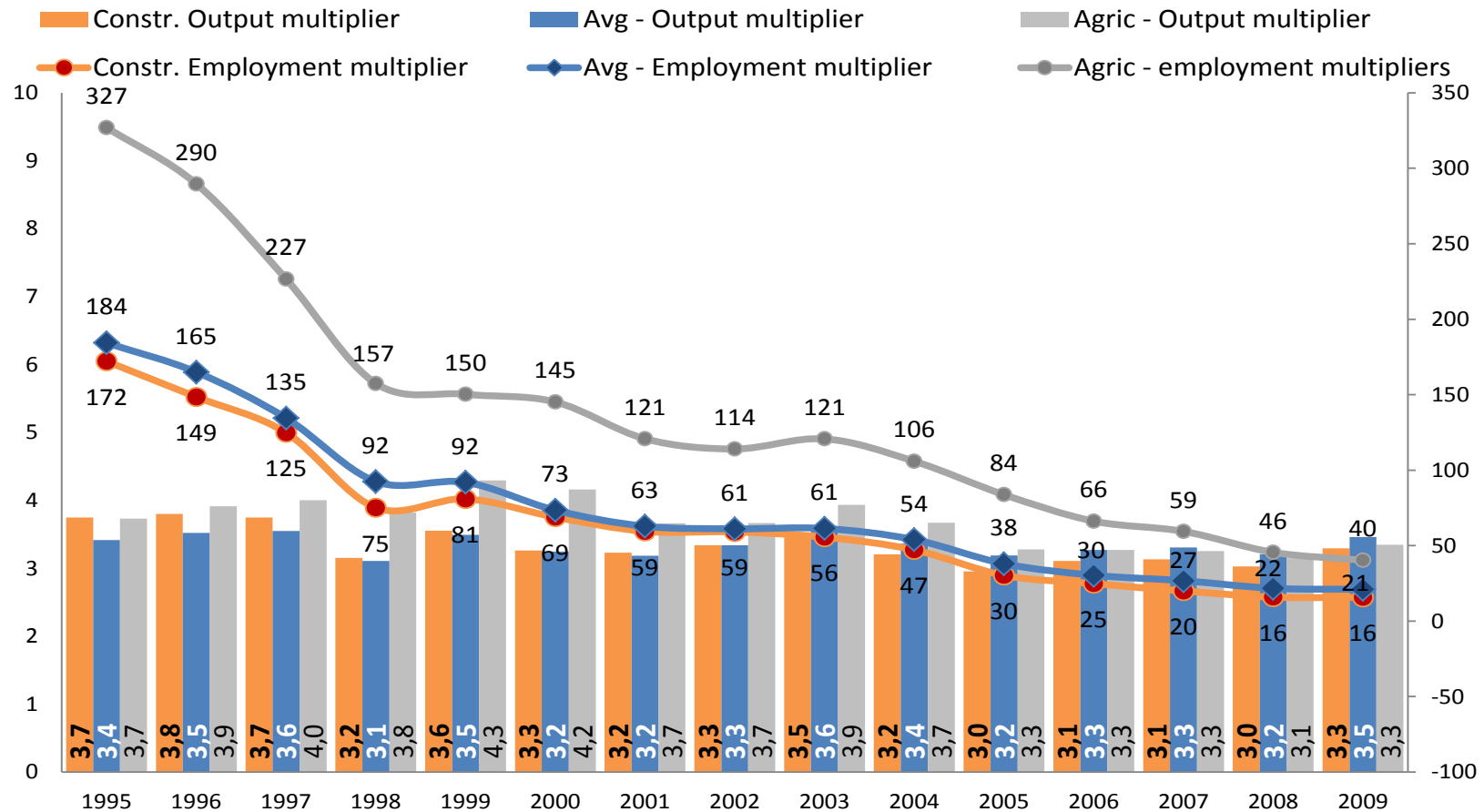
And while remarkable progress has been made in reducing extreme working poverty, many are above but near the poverty line

Employment by economic class (millions)



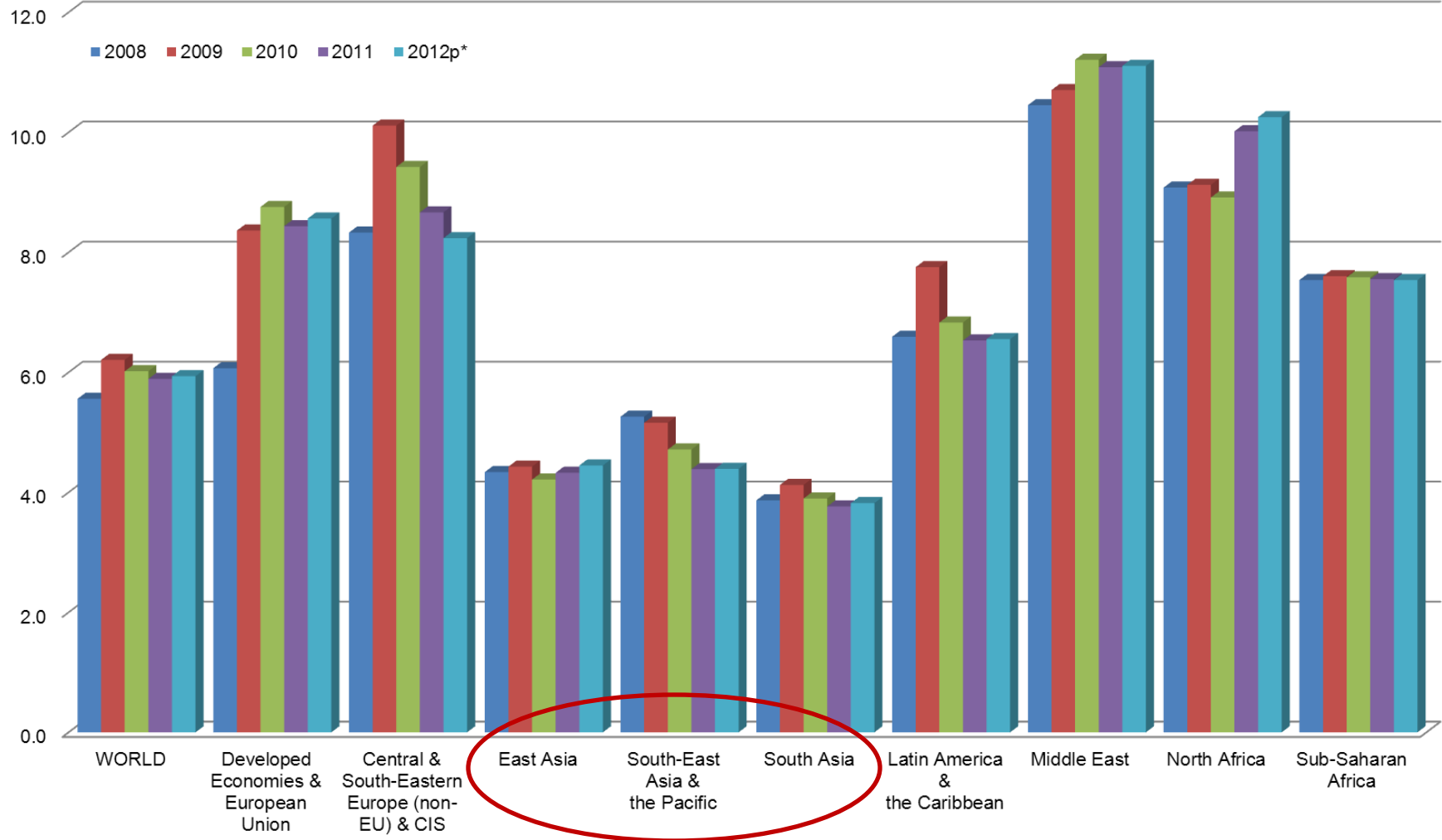
Many countries are also faced with “jobless growth”

Indonesia: total effects on gross output and employment



Source: ILO (forthcoming).

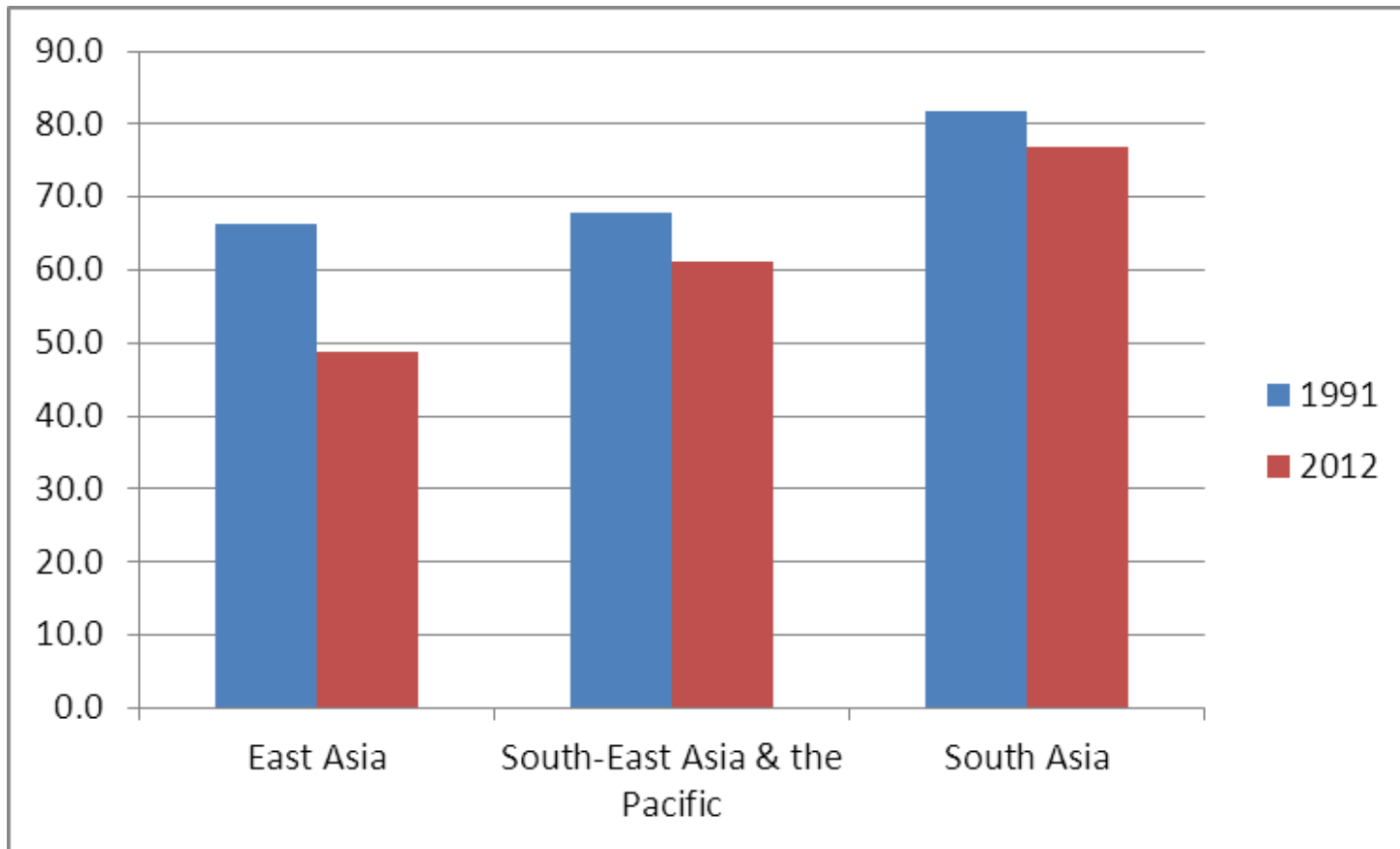
Countries face the challenge of creating more jobs, and in Asia, where unemployment rates in remain relatively low...



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

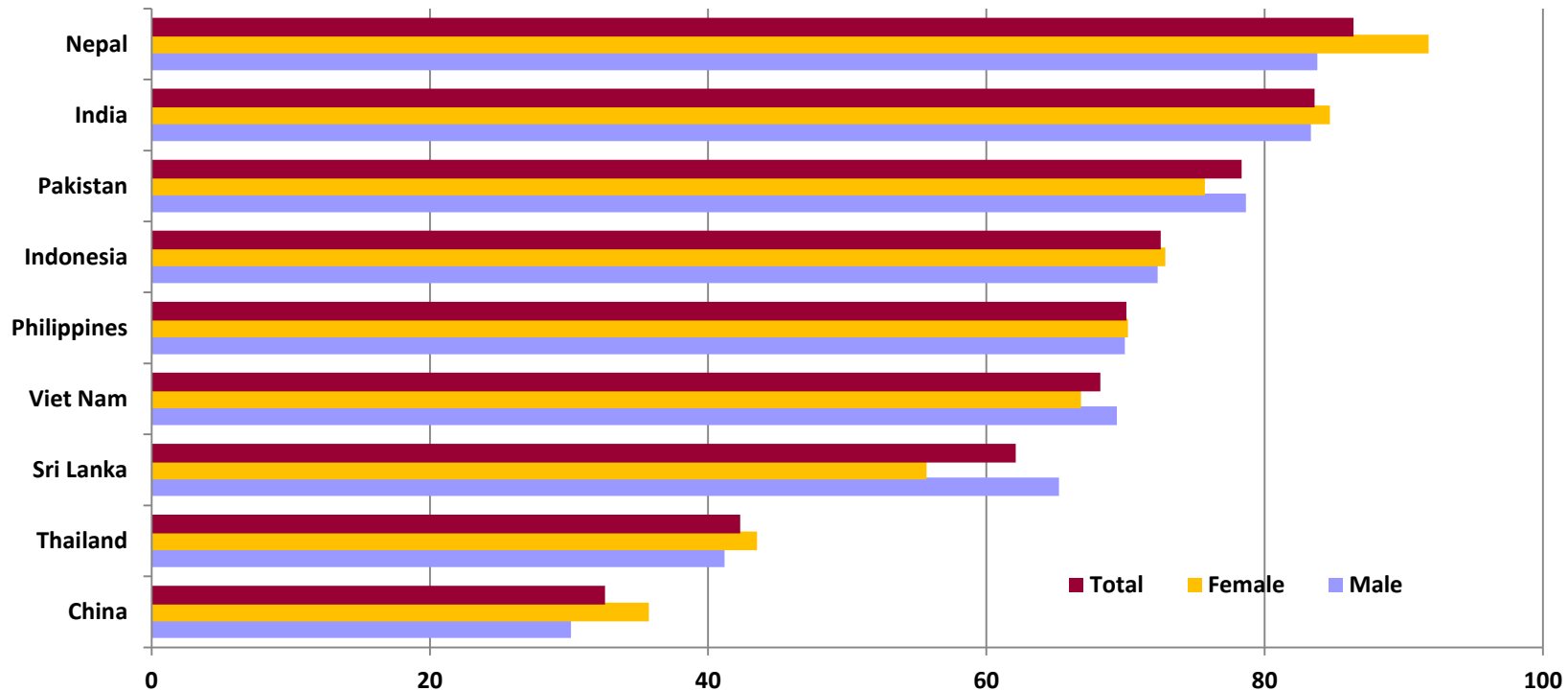
...the challenge of improving the quality of jobs, including those in “vulnerable employment” ...

Share of own-account and contributing family workers (“vulnerable employment”) in total employment (%)



...or in informal employment...

Informal employment as a share of non-agricultural employment, most recent year (%)



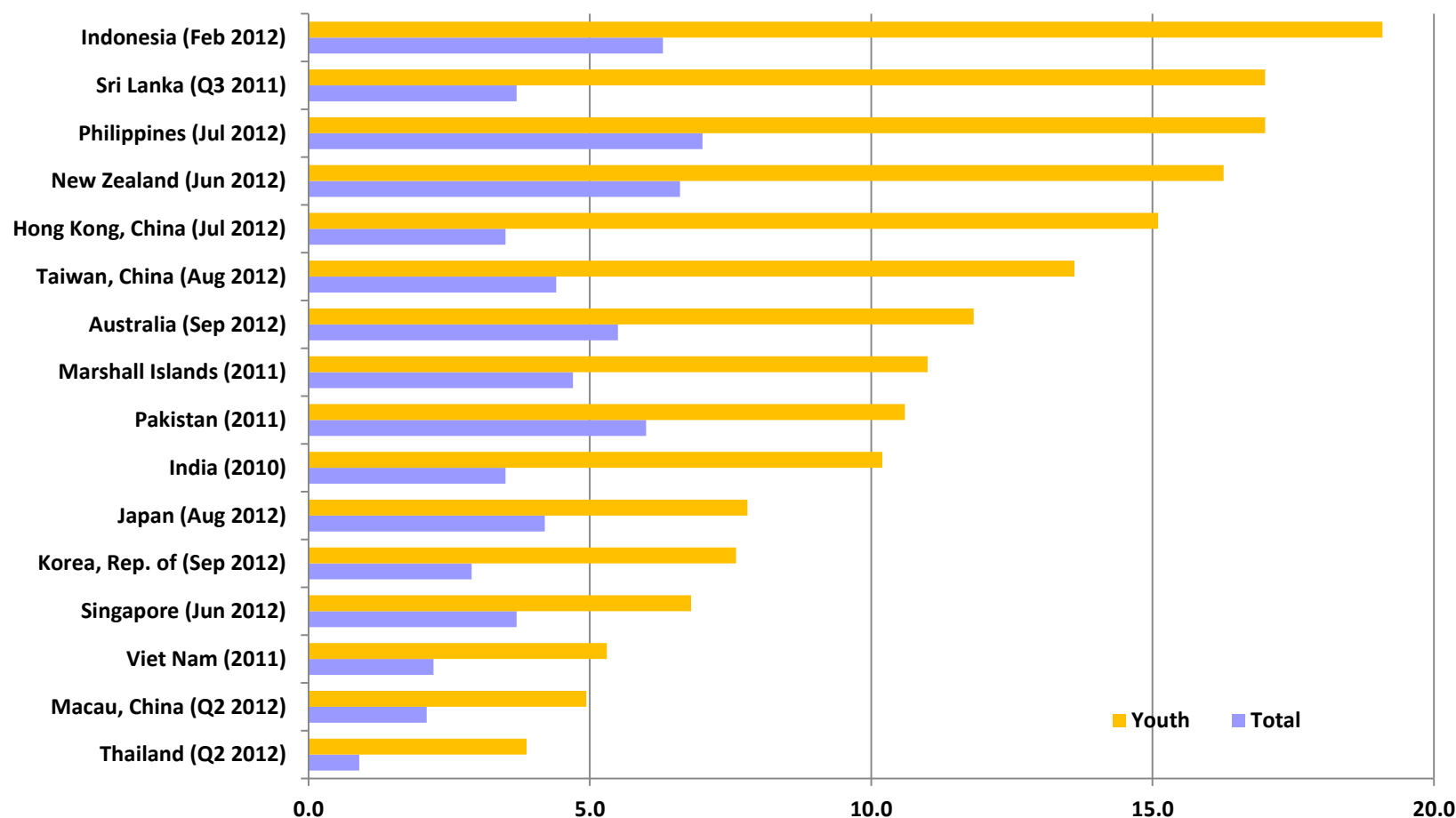
Note: Indonesia includes only Banten and Yogyakarta; Sri Lanka excludes the Northern Province; China covers six urban areas.

Source: ILO: *Statistical update on employment in the informal economy* (Geneva, June 2012); National statistical offices.

...which is often characterized by inadequate earnings, poor working conditions, with little or no social protection or protection by law

Labour market situation particularly bleak for world's youth

Total and youth unemployment rates (%)

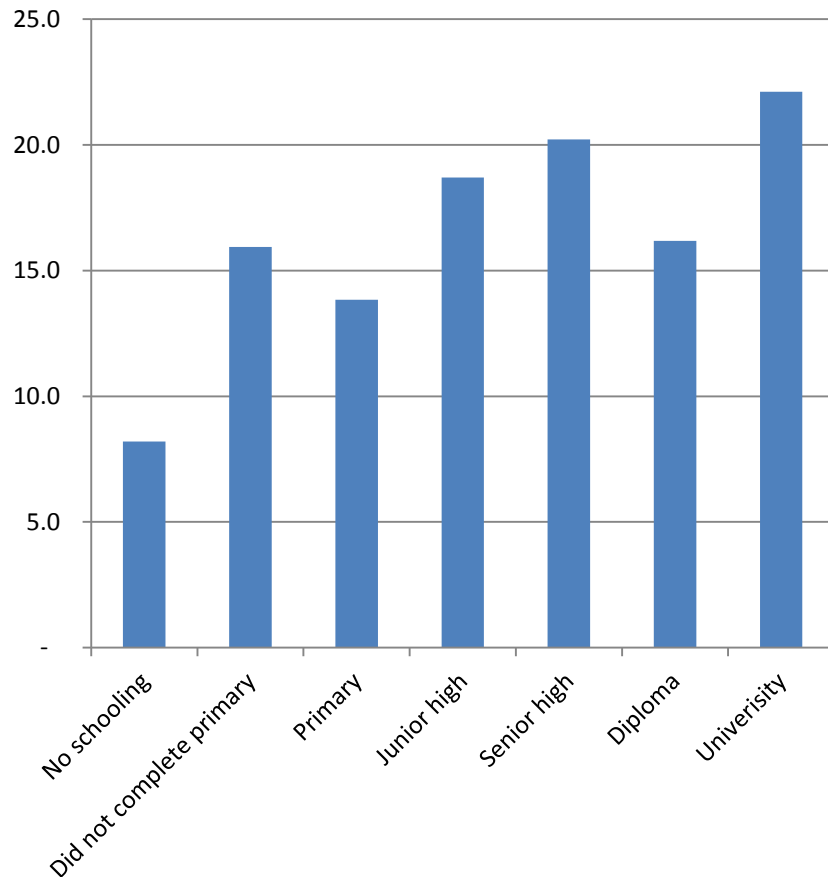


Note: Youth aged 15-24, except Hong Kong, China (aged 15-19); Macau, China (aged 16-24); Pakistan (aged 15-19); Singapore (Residents aged 15-29) and Viet Nam (aged 20-24).

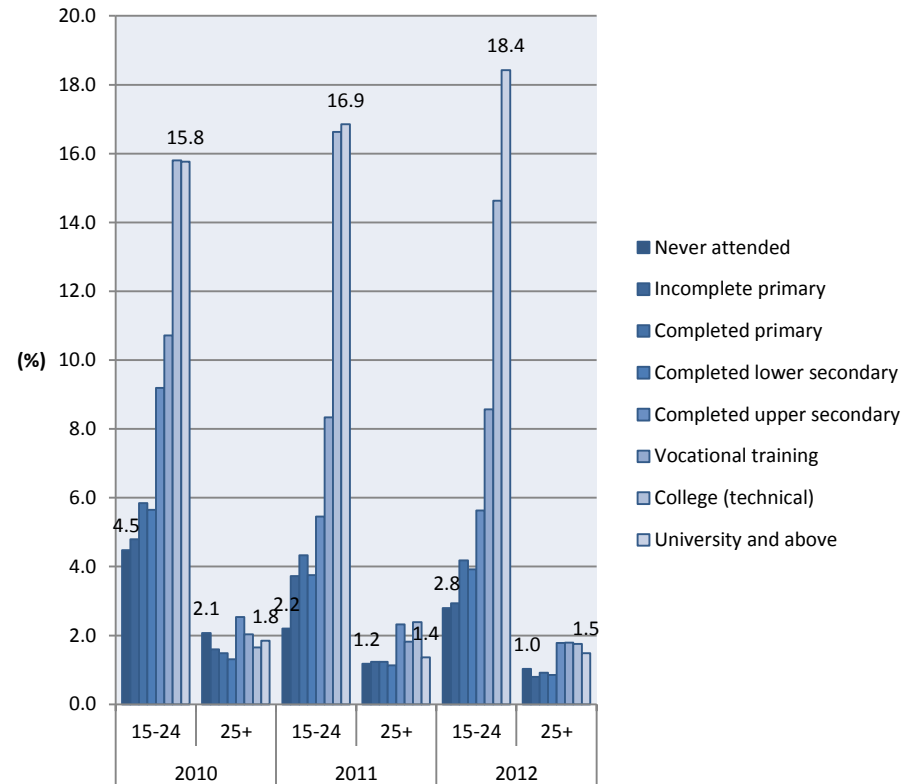
Source: National statistical offices; ILO: Key Indicators of the Labour Market, 7th Edition (Geneva, 2011).

But many young people are queuing for “good quality jobs”, for which there are not enough of

Youth unemployment rate, by education, Indonesia
2013

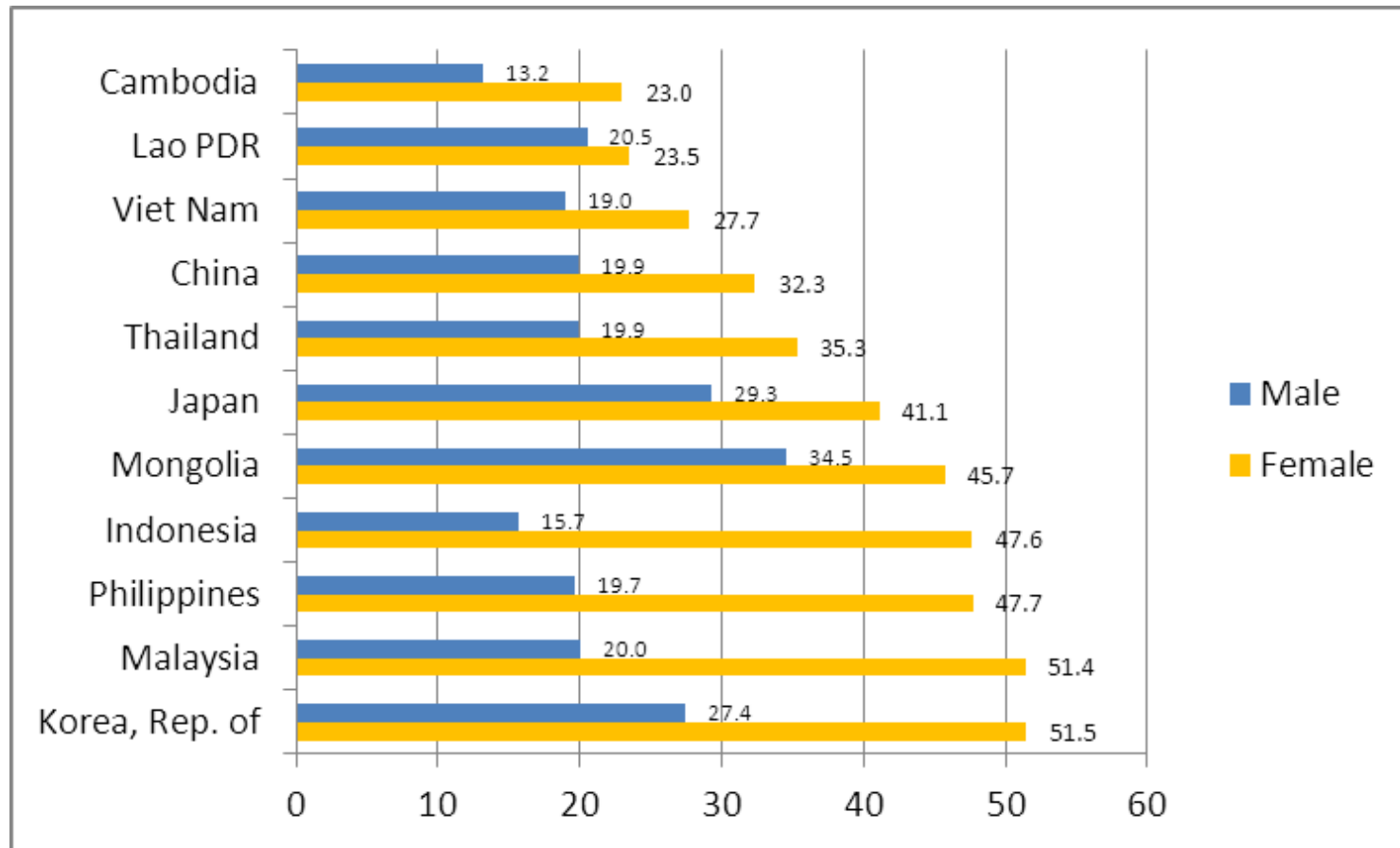


Youth and adult unemployment rates in Viet Nam, by education



While much progress has been made, gender gaps remain wide

Labour force non-participation rate by sex, 2011 (%)



Note: Data for Viet Nam and Cambodia are for 2009.

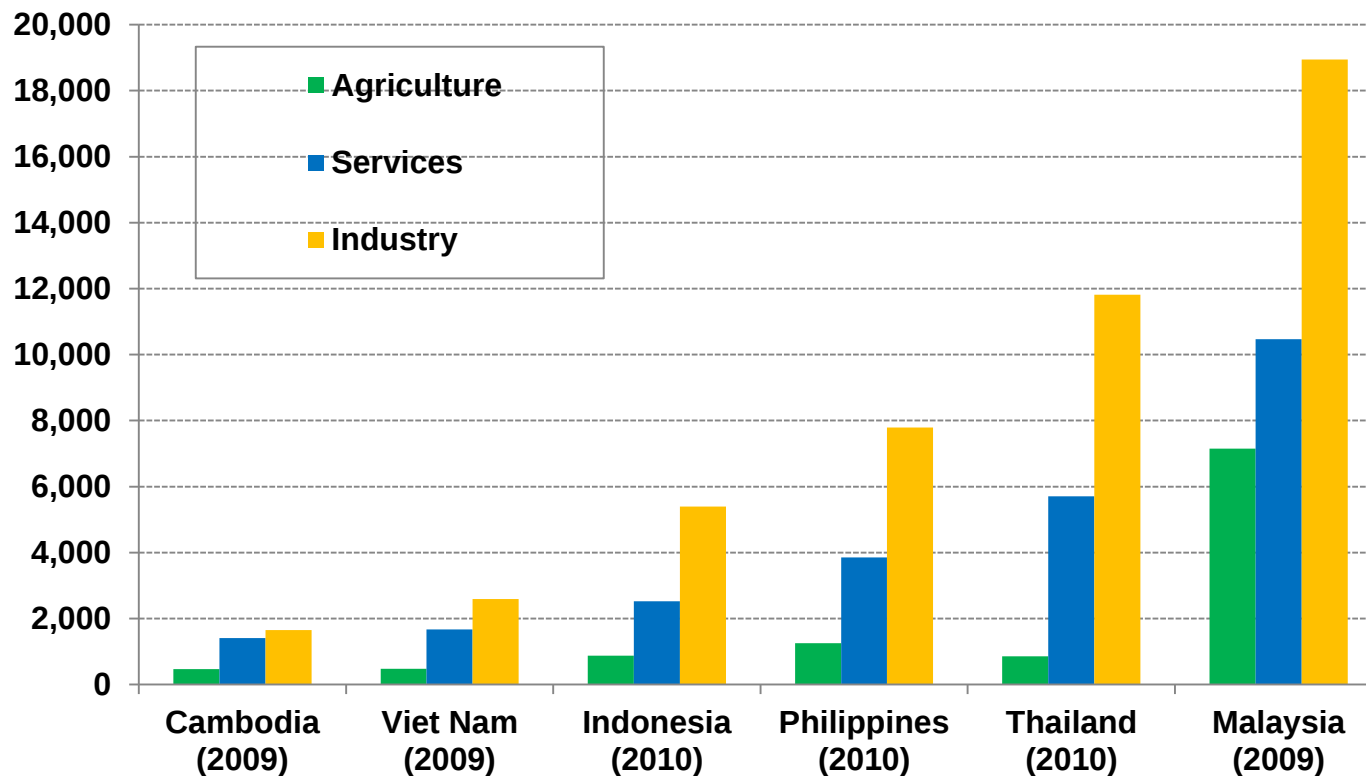
Source: National statistical offices; ILO: Laborsta, Economically Active Population Estimates and Projections .

Need also to boost labour productivity, including by addressing sectoral differences in productivity



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Output per worker by sector, constant 2000 US\$



Source: ILO calculations based on World Bank, World Development Indicators, 2011 and national statistical offices.



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Amidst complex challenges, employment increasingly prominent in international and national policy agendas

- **Decent Work Agenda**
- **G20:** “Creating more productive and better quality jobs is at the heart of our countries’ policies aimed at achieving strong sustainable and balanced growth, poverty reduction and increasing social cohesion” (G20 Leaders ‘ Declaration, September 2013, para 25)
- **Post 2015 Development Agenda:** “The key elements of the emerging vision for the development agenda beyond 2015 include: ...”(c) inclusive economic transformations ensuring decent jobs, backed by sustainable technologies, to shift to sustainable patterns of consumption and production;...” (Report of the Secretary-General: *A life of dignity for all: accelerating progress towards the Millennium Development Goals and advancing the United Nations development agenda beyond 2015*, July 2013”)

And countries are increasingly adopting various types of employment targets, including both quantitative and qualitative...

- **Create five million jobs by 2020 in order to bring the unemployment rate down from 25% to 15%** (South Africa, New Growth Path)
- **30,000 additional jobs in the tourism sector** (Cambodia, National Strategic Development Plan Update 2009-2013)
- **75% of the working-age population (20-64 years) in work** (EU, Europe 2020)
- **Create one million jobs with fair wages** (Chile, Government programme: For Change, future and hope Chile 2010-2015)
- **Annual non-agricultural private sector job growth rate over 2%** (Burkina Faso, National Employment Policy 2008)

...

...as employment targeting can support policy coordination, coherence and accountability among the many actors involved in employment creation

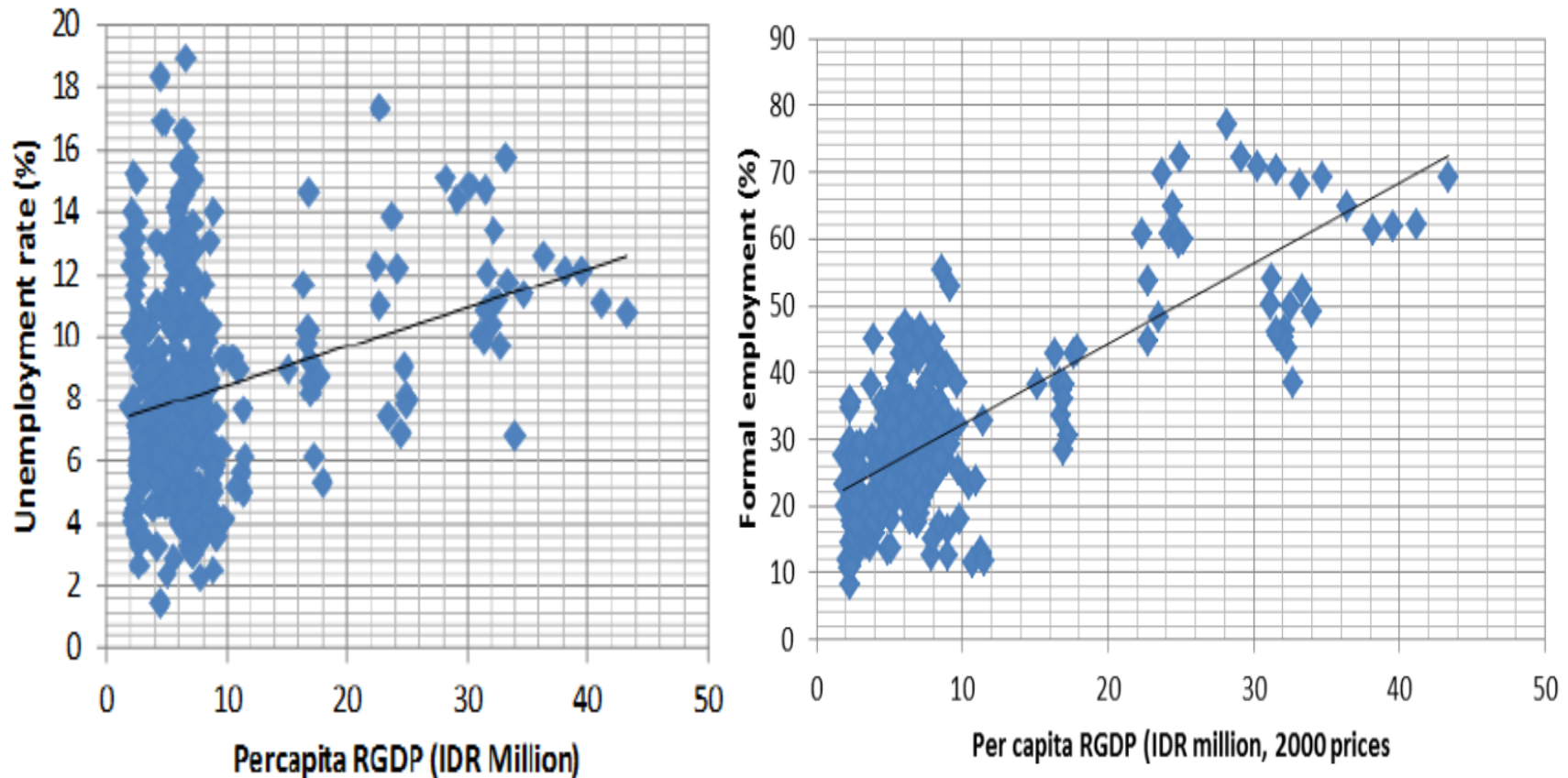
Indonesia National Medium-Term Development Plan (RPJMN) 2010-2014

- **Reduce unemployment rate to 5-6% at the end of 2014**

- Creating more jobs and reducing unemployment critical issue

- But in countries with a large number of people clustered around the poverty line and lacking effective unemployment insurance systems, many people often have no choice but to work in order to support themselves and their families
 - Thus the major challenge is underemployment and working poverty

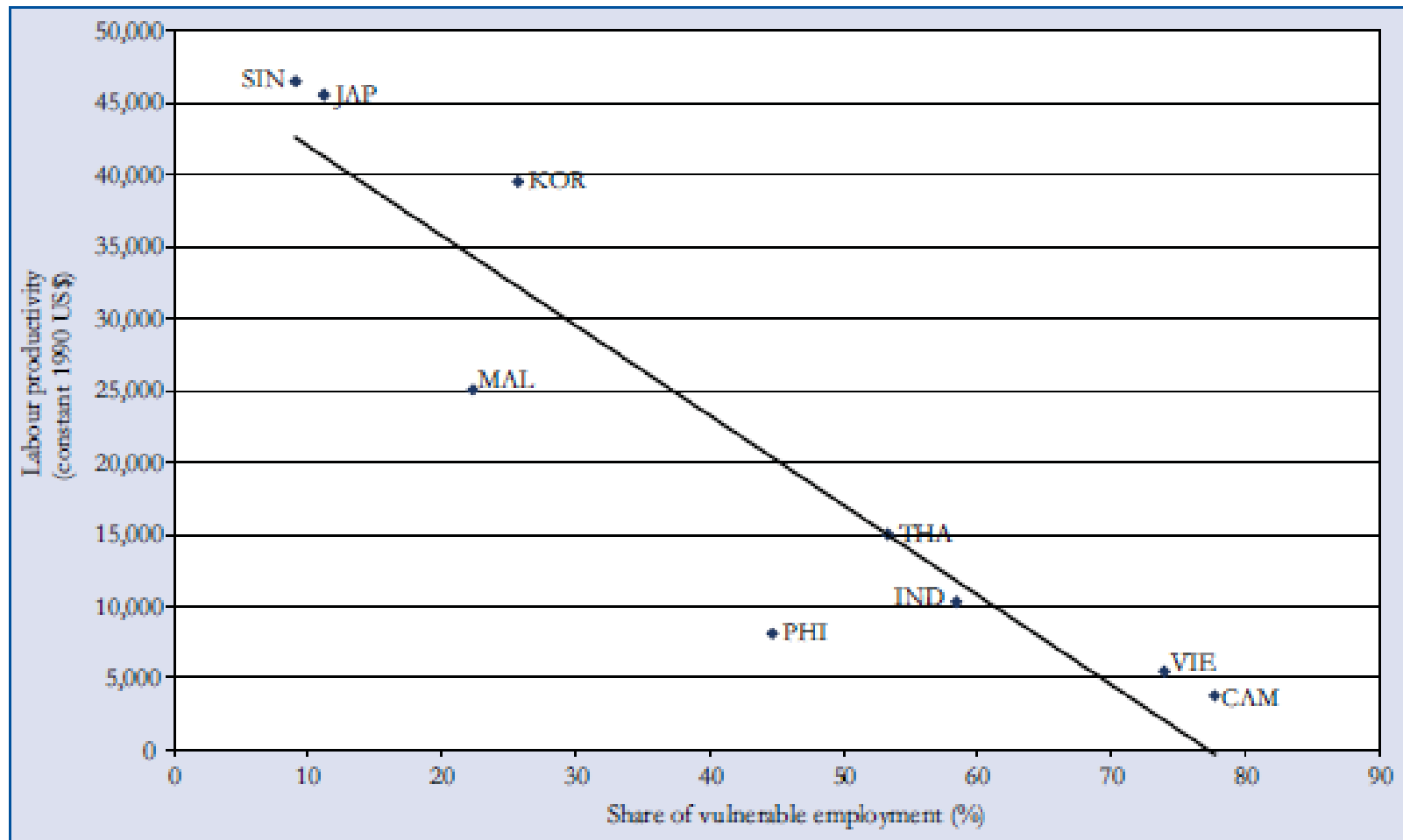
Low unemployment rates alone do not appear to correlate with development performance in Indonesia



Source: Tadjoeeddin, M. Z (forthcoming).

...while other measures (i.e formal employment) better indicating development performance (in terms of per capita RGDP)

Vulnerable employment also closely correlated with labour productivity in ASEAN+3



Source: ILO, Labour and Social Trends in ASEAN 2008.

The current MDG framework recognizes the critical issue of quality jobs for poverty reduction and development...

MDG1 Eradicate extreme poverty and hunger, Target B ('full and productive employment and decent work')

- 1.4 Growth rate of GDP per person employed
- 1.5 Employment-to-population ratio
- 1.6 Proportion of employed people living below \$1 (PPP) per day
- 1.7 Proportion of own-account and contributing family workers in total employment ("vulnerable employment")

MDG3 Promote gender equality and empower women

- 3.2 Share of women in wage employment in the non-agricultural sector

...as does the emerging vision on the post 2015 development agenda

- **Report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda** (“A New Global Partnership: Eradicate Poverty and Transform Economies through Sustainable Development (Chaired by Dr Susilo Bambang Yudhoyono, Ellen Johnson Sirleaf and David Cameron)
- **Transform economies for jobs and inclusive growth:** “This is a challenge for every country on earth: to ensure good job possibilities while moving to the sustainable patterns of work and life that will be necessary in a world of limited natural resources.”
- **Illustrative goals and targets:**



8. Create Jobs, Sustainable Livelihoods, and Equitable Growth

8a. Increase the number of good and decent jobs and livelihoods by x²

8b. Decrease the number of young people not in education, employment or training by x%²

8c. Strengthen productive capacity by providing universal access to financial services and infrastructure such as transportation and ICT^{1, 2, 3}

8d. Increase new start-ups by x and value added from new products by y through creating an enabling business environment and boosting entrepreneurship^{2, 3}

Concluding thoughts

- In addition to underemployment and working poverty, heterogeneity of employment types have increased in recent decades, underscoring the importance of targeting beyond employment quantity
- BPS already collects data on time-related involuntary underemployment, vulnerable employment, informal/formal employment, should further consideration be given to qualitative employment targets in addition to quantitative targets
- Employment projections models serve as important analytical tools to monitor progress towards employment targets
 - Need for models to also address both the quantity and quality of employment



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