

Targetting sectors in Employment Policies

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DECENT WORK

A better world starts here.



What is an Employment Policy

- ...Is an active policy, designed to promote full, productive and freely chosen employment..(Con. 122, 1964).
- Main strategic elements:
 - **Employment promotion and protection** - Work for all who want to work
 - **Quality** - Such work is as productive as possible
 - **Non-Discrimination** - There is freedom of choice of employment and fullest possibility for each worker to utilise her/his skills, irrespective of race, gender, age, religion, political opinion, social origin, etc.

Employment Policy – Integrated Coherent Approach



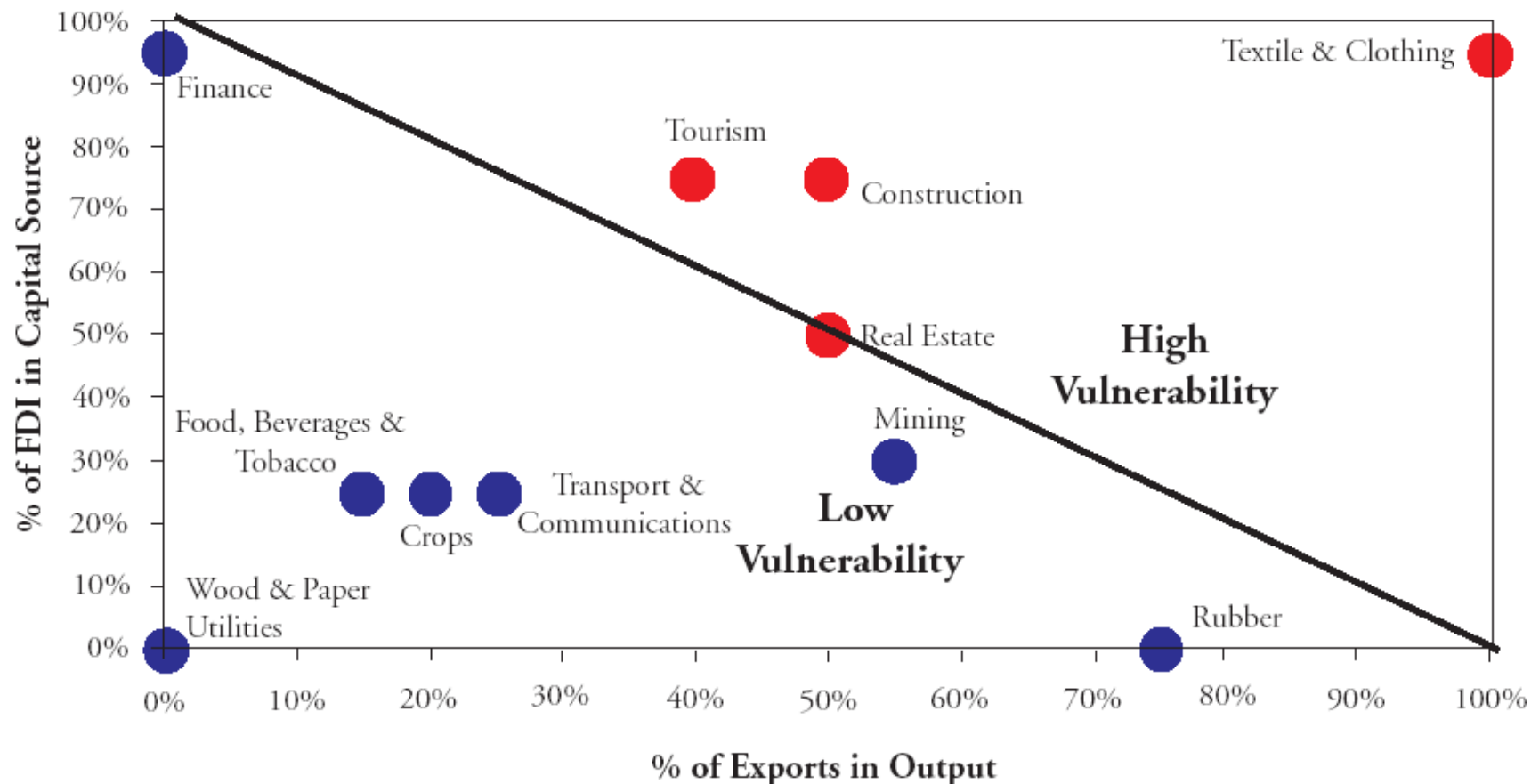
Why sectoral strategies

- Employment grows if economic activities grow, employment shrinks if certain sectors shrink – eg. During Eco crisis
- Quantity and quality of employment will depend on a country's sectoral mix
- Critical therefore to study the sectoral composition of employment and frame strategies to promote employment in specific sectors that are promising from both employment and output perspective.
- Job less growth is bad, but so is growth in jobs without rise in productivity/income

Priority sectors

- Sectoral strategy critical because it facilitates productive transformation of economy, create decent jobs, build capabilities and reduce shocks to labour market by better diversification of products and markets
- Identified sectors or priority sectors could have various fiscal and credit incentives to promote growth, plus skills development strategies and attention to labour standards

Cambodia – growth driven by garment industry , formal sector employment– severe impact of economic crisis



Identifying sector mix to maximize decent employment content of growth

- Which sectors/ product lines show the following characteristics:
 - Value added growing
 - Employment growing
 - Productivity growing
- Carry our disaggregated analysis at 3 digit or 4 digit level to precisely identify product lines according to these criteria

The labour coefficient and employment and output multipliers

- Employment elasticity measures only the direct employment effect of growth in output
- There are other indirect effects, often much larger-
- Therefore input-output analysis could be useful

Then select subsectors with

high output and high employment impact

high output and moderate employment impact

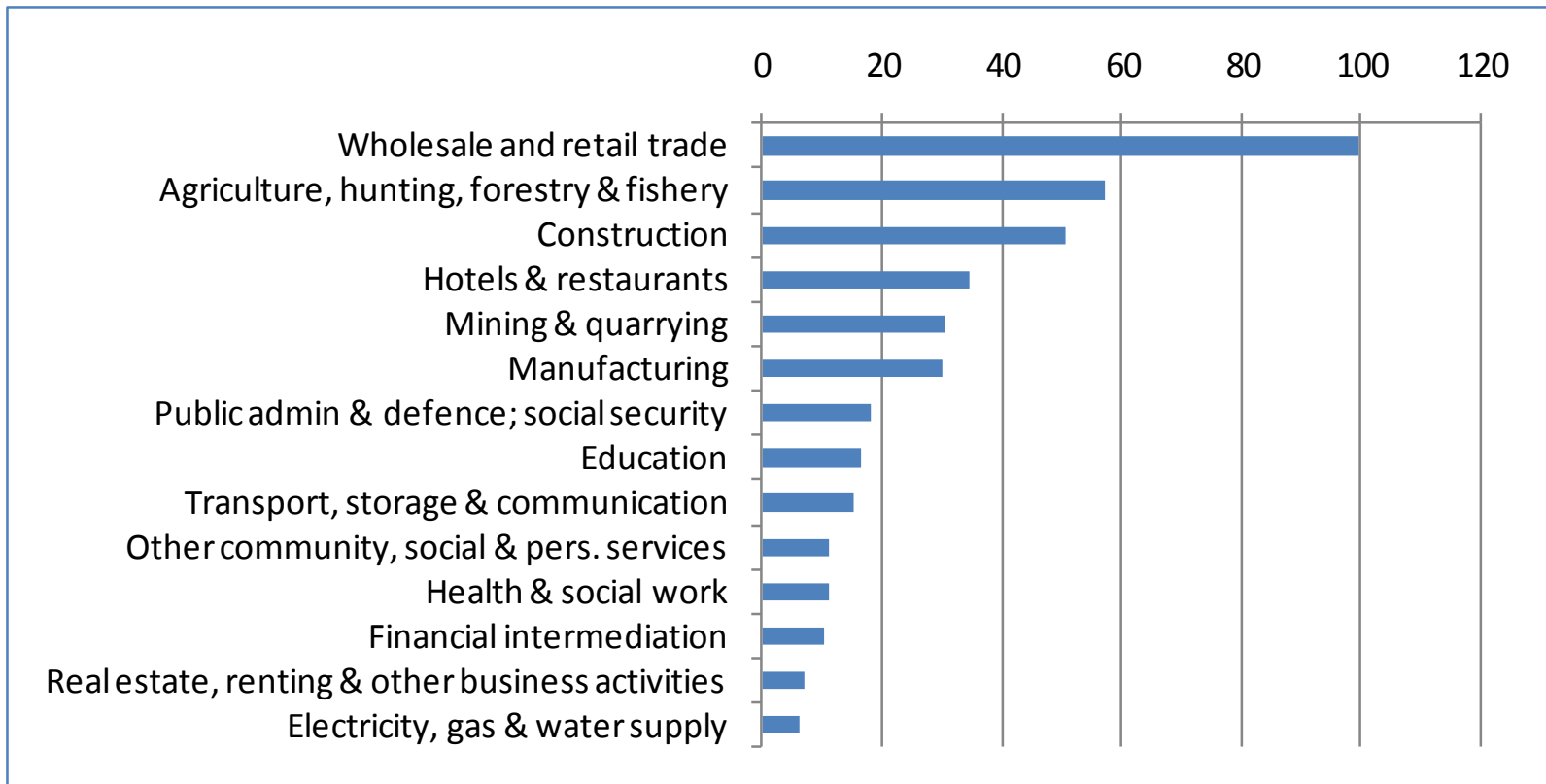
moderate output and high employment impact

(analysis for India, Nepal, Vietnam and Sri Lanka)

An employment projections model for Mongolia

- The Mongolia Employment Projections Model (MEPM) was developed as an analytical tool to aid the NDIC in strategic planning-
- Model was developed by EMP/ANALYSIS, Geneva

Net employment creation potential by industry (thousand workers), 2009-2015



A sector mix for output and employment growth

- Employment elasticity need not increase for individual product lines but could increase at aggregate level as a result of faster growth of sectors with higher employment elasticity
- Need to consider both employment and income effects

Final observations

- From an employment strategy perspective there is a need to ensure employment growth along with growth in real earnings
 - ensure productivity gains are shared.
 - Wages must rise as productivity rises - Institutions important.
 - May involve reduction in ICOR at the aggregate level
 - Promote labour standards in these selected sectors
- Employment policy a means to promote social justice....

Thank you

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