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A STUDY ON EMERGING PATTERNS OF EMPLOYMENT: GLOBAL AND REGIONAL TRENDS

Atchim Naidu Dogga, K. John, M. Gangu Naidu and P. Raja Babu

Inclusion of a dynamic social protection system and redistributive measures as an integral part of a set of policies to enhance the employment impact of globalization, The specific elements of such a system to be worked in a national context as part of a coherent set of policies.Nearly eight years have passed since the first signs of crisis emerged in the global economy. Despite encouraging signs of recovery in 2010–11, the more recent period has seen global un-employment march higher, to an estimated 201 million in 2014. There is also significant underemployment, particularly in many emerging and developing countries. As underscored in the ILO's World Employment report, the post-crisis world has, to date, been characterized by an uneven and fragile job recovery. Beyond these recent trends, it is crucial to shed light on whether employment patterns have been altered in a fundamental way, pointing to possible longer term shifts. After reviewing global employment and labour productivity trends over the past two decades and analyzing their linkages with economic growth, it examines the diversification of employment patterns. This study seeks to develop a clearer understanding of the ways in which changing forms of work and workplace organization are affecting enterprises, workers and the broader world of work, and, ultimately, prospects for sustainable, job-rich economic growth

Keywords: Employment, Economic Growth, Labour Market

Introduction

Globalization is the process of international integration arising from the interchange of world views, products, ideas and mutual sharing, and other aspects of culture. Advances in transportation, such as the steam locomotive, steamship, jet engine, container ships, and in telecommunications infrastructure, including the rise of the telegraph and its modern offspring, the Internet, and mobile phones, have been major factors in globalization, generating further interdependence of economic and cultural activities. Though scholars place the origins of globalization in modern times, others trace its history long before the European Age of Discovery and voyages to the New World. Some even trace the origins to the third millennium BCE. Large-scale globalization began in the 19th century. In the late 19th century and early 20th century, the connectivity of the world's economies and cultures grew very quickly.

Globalization

The concept of globalization is a very recent term, only establishing its current meaning in the 1970s, which 'emerged from the intersection of four interrelated

Address for communication: **Atchim Naidu Dogga,** Research Scholar, Department of Human Resource Management, Andhra University, **K. John**, Professor, Department of Human Resource Management, Andhra University, **M. Gangu Naidu**, Research Scholar, Department of Management Studies, K L University, Guntur and **P. Raja Babu**, Associate Professor, Department of Management Studies, K L University, Guntur

sets of “communities of practice”: academics, journalists, publishers/editors, and librarians. In 2000, the International Monetary Fund (IMF) identified four basic aspects of globalization: trade and transactions, capital and investment movements, migration and movement of people, and the dissemination of knowledge. Further, environmental challenges such as global warming, cross-boundary water and air pollution, and over-fishing of the ocean are linked with globalization. Globalizing processes affect and are affected by business and work organization, economics, socio-cultural resources, and the natural environment.

India had the distinction of being the world’s largest economy in the beginning of the Christian era, as it accounted for about 32.9% share of world GDP and about 17% of the world population. The goods produced in India had long been exported to far off destinations across the world. Therefore, the concept of globalization is hardly new to India.

India currently accounts for 2.7% of World Trade (as of 2015), up from 1.2% in 2006 according to the World Trade Organization (WTO). Until the liberalization of 1991, India was largely and intentionally isolated from the world markets, to protect its fledgling economy and to achieve self-reliance. Foreign trade was subject to import tariffs, export taxes and quantitative restrictions, while foreign direct investment was restricted by upper-limit equity participation, restrictions on technology transfer, export obligations and government approvals; these approvals were needed for nearly 60% of new FDI in the industrial sector. The restrictions ensured that FDI averaged only around $200M annually between 1985 and 1991; a large percentage of the capital flows consisted of foreign aid, commercial borrowing and deposits of non-resident Indians. India’s exports were stagnant for the first 15 years after independence, due to the predominance of tea, jute and cotton manufactures, demand for which was generally inelastic. Imports in the same period consisted predominantly of machinery, equipment and raw materials, due to nascent industrialization. Since liberalization, the value of India’s international trade has become more broad-based and has risen to Indian Rupee symbol.svg 63, 0801 billion in 2003–04 from Indian Rupee symbol.svg 12.50 billion in 1950–51.[citation needed] India’s trading partners are China, the US, the UAE, the UK, Japan and the EU. The exports during April 2007 were $12.31 billion up by 16% and import were $17.68 billion with an increase of 18.06% over the previous year. India is a founding-member of General Agreement on Tariffs and Trade (GATT) since 1947 and its successor, the World Trade Organization. While participating actively in its general council meetings, India has been crucial in voicing the concerns of the developing world. For instance, India has continued its opposition to the inclusion of such matters as labour and environment issues and other non-tariff barriers into the WTO policies.

Despite reducing import restrictions several times in the 2000s, India was evaluated by the World Trade Organization in 2008 as more restrictive than similar developing economies, such as Brazil, China, and Russia. The WTO also identified electricity shortages and inadequate transportation infrastructure as significant constraints on trade. Its restrictiveness has been cited as a factor which has isolated it from the global financial crisis of 2008–2009 more than other countries, even though it has reduced ongoing economic growth.

Globalization has played an important role in the generation of employment in India. Since the economic liberalization policies in the 1990s, the employment scenario in the country has significantly improved. An analysis of the impact of globalization on employment in India will bring out a number of factors in this regard.

Market liberalization policies and employment

The wake of globalization was felt in India in the early 1990s when the then Finance Minister Manmohan Singh initiated the open market policies. This led to a significant improvement in the gross domestic product of the country and the exports increased considerably. There was significant rise in the customer base and it slowly gave rise to the consumer market where the market changes were dependant on the demand supply chains. In fact, the growth in demand brought a favorable change and the supply too started increasing. As, supply is directly involved with employment, more supply led to more production which led to more employment over the years.

Growth of new segments in the market

Due to globalization and the growth of the consumer market, a number of segments in various sectors of the industry have grown over the years. This has led to the significant rise in the rate of demand and supply. In the recent years, a number of industry segments such as information technology, agro products, personal and beauty care, health care and other sectors have come into the market. Experts say that the introduction of a wide range of sectors have led to the favorable growth of the economy in the country. With more and more industry segments coming up, there has been a high demand for quality workforce. As such, lots of young people are taking jobs in all these segments in order to start a good career. In the unorganized sector as well, there has been an increase in various sectors which has improved the rate of employment in the country. As per the recent surveys, there has been a significant increase in the number of people working in the unorganized and allied sectors. The pay package in all these unorganized sectors have also increased to a great extent.

Improvement in the standard of living

As globalization has put a favorable impact in the economy of the country, there has been an improvement in the standard of living of the people. The favorable economic growth has led to the development of infrastructure, health care facilities and services, per capita income and other factors which have really led to the high growth rate. It has been expected that the economy in India will grow by around 6-7% yearly. This growth rate is expected to improve the overall employment situation more and the per capita income will also increase significantly.

Development of other sectors

Globalization has positively affected the growth of various sectors in India. These have opened up new employment opportunities for the people. The service industry has a share of around 54% of the yearly Gross Domestic Product (GDP). From this figure itself, it is understood that the service industries are doing very well in the market and as such, plenty of employment opportunities are taking place. In the other sectors such as industry and agriculture, the rate of employment has gone up. The industrial sector contributes around 29% while the agricultural sector contributes around 17% to the gross domestic product. Some of the well known exports of the country consist of tea, cotton, jute, wheat, sugarcane and so on. Due to the growth of customer base in all these sectors, more and more employment opportunities are opening up. In fact even young people and freshers are getting jobs in all these sectors. In the manufacturing sector, there has been a growth of around 12% while the communication and storage sector has also grown up by around 16.64%.

Government Initiatives

To keep pace with the favorable effects of globalization, the government has taken a number of initiatives. A number of employment opportunities such as Prime Minister Rojgar Yojna and the CM Rojgar Yojna have been initiated to improve the employment situation in the rural areas. The Minimum Wages scheme has also been successfully implemented. In order to improve the quality of the workforce, effort is also being given to impact education to various sectors of the rural areas. Under these schemes, new schools are being opened up and attention is also being given to the welfare of the students. Likewise in the urban sector too, more and more employment opportunities are being opened up for the youth in a number of government sectors, banks and so on. In order to foster communication and migration of workforce to various parts of the country to cater to the needs, the government has also developed infrastructure to a great extent. New roads and highways are being constructed to increase connectivity.

Nearly eight years have passed since the first signs of crisis emerged in the global economy. Despite encouraging signs of recovery in 2010–11, the more recent period has seen global un-employment march higher, to an estimated 201 million in 2014. There is also significant underemployment, particularly in many emerging and developing countries. As underscored in the ILO's World

Employment report, the post-crisis world has, to date, been characterized by an uneven and fragile job recovery. Beyond these recent trends, it is crucial to shed light on whether employment patterns have been altered in a fundamental way, pointing to possible longer term shifts. After reviewing global employment and labour productivity trends over the past two decades and analyzing their linkages with economic growth, it examines the diversification of employment patterns. This study seeks to develop a clearer understanding of the ways in which changing forms of work and workplace organization are affecting enterprises, workers and the broader world of work, and, ultimately, prospects for sustainable, job-rich economic growth.

A. The Relationship Between Employment And Economic Growth

At the global level, employment growth has stalled at a rate of around 1.4 per cent per year since 2011. This compares favourably with the crisis period (2008–10) when employment growth averaged just 0.9 per cent, but remains significantly below the 1.7 per cent annual rate achieved between 2000 and 2007. While part of the slowdown is due to demographic trends, even after this factor is accounted for a significant gap in employment growth remains, particularly in the Developed Economies and European Union region, in which employment growth since 2008 has averaged only 0.1 per cent annually, compared with 0.9 per cent between 2000 and 2007.

The global jobs gap, which the ILO estimated by comparing pre-crisis trends in employment-to-population ratios (accounting for demographic change) with actual, observed trends since the onset of the crisis, stood at 61 million in 2014. That is, there were 61 million fewer people in employment globally in 2014 than there would have been had pre-crisis employment growth trends continued. As

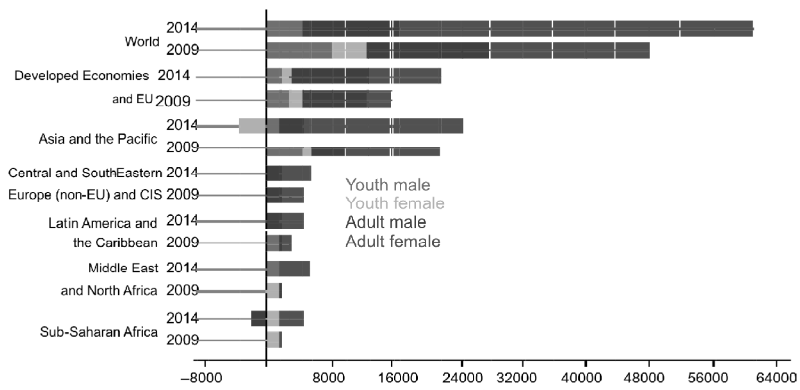

Figure 1: Global and regional jobs gaps by age group and sex, 2009 and 2014 (thousands)

Note: See Appendix A for a list of country groupings.

Source: ILO calculations based on ILO, Trends Econometric Models, October 2014.

indicated in the World Employment, around half of this global jobs gap is due to unexpectedly large declines in labour force participation, with significant numbers of discouraged workers dropping out of the labour market altogether.

However, a closer look reveals that the jobs gap in the Developed Economies and European Union region is far more severe than that in Asia and the Pacific. While the Developed Economies and European Union region constituted only 15.4 per cent of the global labour force in 2014, it accounted for more than 37 per cent of the global jobs gap. And 50 per cent of the increase in the global gap between 2009 and 2014 was due to the widening gap in the Developed Economies and European Union over this period. Meanwhile, the labour force in Asia and the Pacific constitutes 55.1 per cent of the global total, but the region accounted for only around 34 per cent of the global jobs gap in 2014. Analysis of the age- and sex-disaggregated estimates shows that nearly 73 per cent of the global jobs gap in 2014 was due to a shortfall in employment among women (primarily adult women), who comprise only around 40 per cent of the global labour force.1 Much of the stagnation in global female employment has been due to the sharp decline in female labour force participation and employment that occurred in recent years in India, which had a substantial impact on the overall jobs gap in the Asia and the Pacific region as a whole.

There has also been a comparatively slower recovery in female unemployment rates over the period from 2009 to 2014 in many regions. In the Developed Economies and European Union region, the female unemployment rate decreased by 0.1 percentage points over this period, while the rate among men declined by 0.9 percentage points. In the European Union, unemployment rates among men and women increased between 2009 and 2014, with a larger relative increase among women. Female unemployment rate trends underperformed corresponding trends among men in all regions of the world except Latin America and the Caribbean.

The slowdown in employment growth could be a result of the deceleration of economic growth, a change in the relationship between output, employment and productivity, or a combination of these factors. This subsection investigates this issue, primarily by focusing on an indicator that measures the "employment intensity" of economic growth. This indicator provides a numerical estimate of the average percentage change in employment associated with a 1 percentage-point change in output growth over a selected period – the so-called elasticity of employment with respect to output, referred to here as the "employment elasticity".

Looking at trends in employment elasticities over three historical periods (1991 to 1999, 1999 to 2007 and 2007 to 2014), the global employment intensity of growth has not varied significantly, declining slightly from an average of 0.35 during the period from 1991 to 1999 to 0.33 between 1999 and 2007, and then to 0.32 during the crisis and recovery period from 2007 to 2014.3 Thus, over these periods, each percentage point of global gross domestic product (GDP) growth

	Males					Females				
	2007	2009	2013	2014	Change 2009–14	2007	2009	2013	2014	Change 2009–14
WORLD	5.2	6.1	5.7	5.7	–0.4	5.9	6.5	6.4	6.3	–0.2
Developed Economies and EU	5.6	8.8	8.6	7.8	–0.9	6.1	7.9	8.4	7.8	–0.1
European Union	6.6	9.0	10.9	10.1	1.1	7.9	8.9	10.9	10.4	1.5
Central and South-Eastern Europe (non-EU) and CIS	8.6	10.6	8.0	8.0	–2.6	7.8	9.2	7.5	7.4	–1.8
Asia and the Pacific	4.2	4.6	4.3	4.4	–0.2	3.9	4.2	4.1	4.2	0.0
Latin America and the Caribbean	5.5	6.3	5.2	5.5	–0.7	9.0	9.4	7.8	8.1	–1.3
Middle East and North Africa	8.7	8.2	9.0	9.1	0.9	18.7	19.3	21.3	21.3	2.0
Sub-Saharan Africa	6.9	7.1	6.9	6.9	–0.3	8.8	8.8	8.6	8.7	–0.2

Figure 2: Employment of Male and Female

Note: See Appendix A for a list of country groupings. Numbers in the "change" columns refer to percentage point changes and may not correspond precisely to those in the annual unemployment columns due to rounding.

Source: ILO Research Department calculations based on ILO, Trends Econometric Models, October 2014

has been associated with an increase in employment of between 0.32 and 0.35 per cent.4 Viewed in this con-text, the weak global employment performance during the post-crisis period has not been due to a marked decline in the employment intensity per se. Rather, weaker employment performance seems to reflect the fact that global economic growth has been far weaker than during the pre-crisis period.

At a more disaggregated level, however, there has been considerable variation in employment intensity over the period, particularly in the advanced economies. provides estimates of employment elasticities and average GDP growth rates over the three periods for developing and advanced country groupings. In the advanced economies as a whole, the largest employment elasticity was registered during the crisis and post-crisis period from 2007 to 2014 and yet overall employment growth during this period was far weaker than in the two pre-crisis periods. The reason for this is that economic growth during this period averaged only 0.7 per cent, which is around 2 percentage points below the growth achieved in the periods prior to the crisis. Consistent with the global picture, in the advanced economies as a whole, the key problem is not that economic growth has been less employment-intensive in recent years, but rather that there has simply not been enough economic growth to accelerate employment generation and prevent the jobs gap from widening.

A somewhat different pattern is evident across the developing economies, which exhibited less variation in employment intensity over the three periods. The most employment-intensive growth was achieved in the period from 1991 to 1999 (an employment elasticity of 0.36). However, the combined economic growth and employment growth performance was significantly better in the period from 1999 to 2007, in which average annual economic growth accelerated to 6.4 per

Per cent (compared with 3.9 per cent between 1991 and 1999), with only a modest decline in the employment intensity. The crisis and recovery period has seen a moderate reduction in the employment intensity in the developing world,

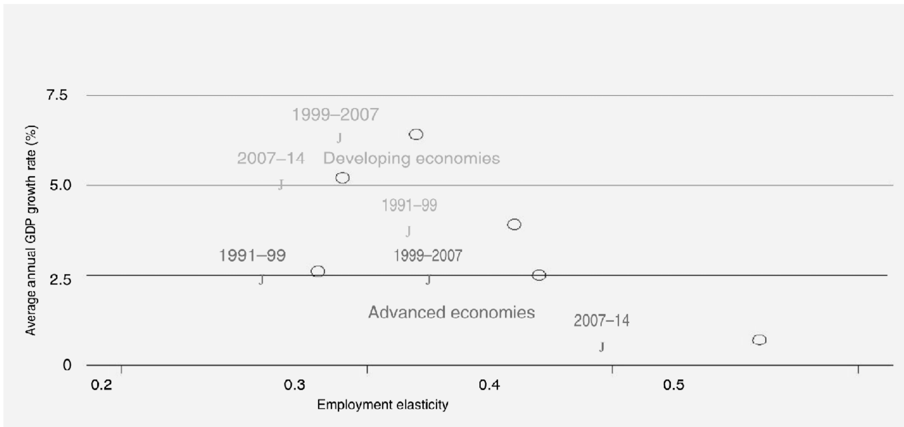

Figure 3: Employment elasticities and GDP growth rates, selected periods, advanced and developing country groupings

Source: ILO Research Department calculations based on ILO, Trends Econometric Models, October 2014

with the employment elasticity falling to 0.29 while economic growth declined by 1.2 percentage points.

A potentially key factor explaining the slow recent growth performance is a shortage in global aggregate demand. In particular, the growing disconnects between labour incomes and productivity may have affected private consumption and global demand, thereby also reducing private investment. A vicious circle may be at work, with lower demand affecting output and employment, thereby further depressing demand. Indeed, if employment declines or grows more slowly than under normal circumstances, the aggregate wage bill will be adversely impacted, in turn exerting a negative impact on household consumption and therefore on overall aggregate demand.

By combining the country-level estimates of employment gaps that comprise the ILO's global jobs gap estimate with wage estimates from the ILO's Global Wage Database, it is possible to obtain a global estimate of aggregate wages lost due to the global jobs gap details the methodology and data used). Recalling that the global wage bill reflects the combination of total employment times average wages earned, it is important to note that this estimate considers only the reduction in the global wage bill due to the slowdown in global employment growth. It does not take into account the fact that global wages have also grown more slowly since the onset of the global economic crisis. With increased labour market slack throughout the crisis and recovery period, wage growth has slowed in most regions, with outright contractions in average wages in some of the hardest-hit countries.

	Wage gap, males	Wage gap, females	Wage gap, both sexes
WORLD	629	589	1□218
Developed Economies and EU	531	358	889
European Union	281	186	467
Central and South-Eastern Europe (non-EU) and CIS	46	50	97
Asia and the Pacific	35	114	149
Latin America and the Caribbean	–4	27	23
Middle East and North Africa	7	16	23
Sub-Saharan Africa	14	23	37

Figure 4: Wage Gap of Male and Female

The direct impact of the global jobs gap on the aggregate wage bill is substantial. As indicated in table 1.2, in 2013 the global jobs gap corresponded to an estimated $1.218 trillion in lost wages around the world (at purchasing power parity (PPP)).6 this is equivalent to approximately 1.2 per cent of total annual global output and approximately 2 per cent of total global consumption.7 regionally, the Developed Economies and European Union accounts for 73 per cent of the total global wage gap, with Asia and the Pacific accounting for a further 12 per cent and the remaining regions accounting for approximately 15 per cent.8

What are the effects of this shortfall in wage incomes in terms of global GDP reduction? In the absence of the current global jobs gap, aggregate global wages in 2013 would have been $1.218 trillion- above the actual, observed level. Because workers typically spend a significant share of wages earned, there are important multiplier effects to consider when estimating the impact of wages on overall GDP. That is, an increase in the aggregate wages earned through a reduction in the global jobs gap would lead to increased household consumption and thereby increased income, not only for the workers who would directly benefit, but also for enterprises and workers throughout the economy, as they would see higher profits and incomes from selling additional goods and services.

With higher profits and incomes, these firms and workers, in turn, would be able to increase spending and investment, providing additional aggregate income gains. In short, this scenario represents a reversal of the vicious circle of weak employment growth, slow consumer spending and business investment and sluggish overall economic growth that has characterized the global economic landscape since the crisis took hold. As a result of multiplier effects and the virtuous circle of increased wages, higher consumption, increased profits and investment levels resulting from closing the global jobs gap, an estimated $3.7 trillion would be added to global GDP – equivalent to a one-time, 3.6 per cent boost to global output.9 Importantly, these estimates rest on the assumption that the main constraints to investment lie on the demand side, rather than being due to low profitability (ILO, 2013a). More generally, it is assumed that the world economy is operating well below capacity and that the conventional mechanisms that help to restore the link between production and its capacity are not operating adequately – for instance, because of liquidity traps that limit the efficiency of monetary policy.

It is also possible to estimate how the wage gap has evolved during the global economic crisis and throughout the recovery (figure 1.3). The annual global wages lost due to the jobs gap jumped from less than $160 billion in 2008 to $920 billion in 2009, rising to over $1.1 trillion annually during the period 2010–12 and surpassing $1.2 trillion in 2013. In the peak crisis year of 2009, lost wages among men accounted for two-thirds of the total; however, the share due to lower female employment growth has progressively increased during the recovery period, owing to the weaker relative labour market recovery experienced by women in several regions of the world. In total, between 2008 and 2013, the global jobs gap has resulted in an estimated $5.789 trillion in lost wages.

	Labour share (%)	Labour share without jobs gap (%)	Difference (percentage points)
WORLD	44.9	45.6	0.7
Developed Economies and European Union	52.4	53.3	1.0
Central and South-Eastern Europe (non-EU) and CIS	46.6	47.2	0.6
Asia and the Pacific	42.8	43.1	0.3
Latin America and the Caribbean	39.2	39.4	0.1
Middle East and North Africa	25.3	25.6	0.3

Source: ILO Research Department calculations based on ILO, Trends Econometric Models, October 2014; ILO, Global Wage Database

Figure 5: Labour share

Source: ILO Research Department calculations based on ILO, Trends Econometric Models, October 2014; ILO, Global Wage Database

The wage income gap has also had an adverse impact on the labour share of national income (an issue which is examined in detail in. For the world as a whole, and regionally, it is possible to estimate the impact of the wage gap on (unadjusted) labour shares of national income for the year 2011.10 At the global level, the wage gap is estimated to have resulted in a reduction of the labour income share by 0.7 percentage points In the Developed Economies and European Union, the reduction is estimated at 1.0 percentage point; in Central and South-Eastern Europe (non-EU) and CIS at 0.6 percentage points; and in Asia and the Pacific at 0.3 percentage points.

Together, the various components of this global wage gap analysis paint a stark picture of how cri-sis-induced job losses and the weak global job creation record during the recovery have impacted on the global economy. Aggregate demand has suffered significantly, both directly and indirectly via the consumption channel. At the same time, this analysis implies, via the labour share channel, that labour market weakness has also played a contributing role in the rising inequalities that have been observed in many countries during the recovery.

It can also be argued that productivity growth may have slowed down, thereby contributing to the weak economic growth performance mentioned above.11 Average productivity trends within a country are closely linked with trends in employment and output: growth in the number of persons in employment and productivity growth (the amount of additional output produced on average per worker) together determine overall economic growth developments. Therefore, along-side employment patterns, trends in labour productivity are a crucial determinant of long-term economic growth.

Productivity gains are a necessary (but not sufficient) precondition for sustained increases in real wages and consumption levels. Productivity, at the enterprise or national level, can increase through a variety of ways, including increased investment in fixed capital, better infrastructure, structural transformation, accelerating innovation and technology, adopting more efficient business practices, enhancing workers' education and skill levels, improving workers' health and safety and promoting more effective social dialogue in the workplace. At the enterprise level, holding all else constant, if labour productivity increases, a business becomes more profitable. This additional profitability could be used to pay higher wages to the enterprise's workers, lower prices for the enterprise's goods and services (which benefits consumers) and/or increase profits for the enterprise's owners. How the additional profits are allocated to those purposes is the result of institutional and other factors.

Increased productivity can also enable enterprises to produce the same (or even a greater) amount of output with fewer workers, which can lead to a reduction in employment. Productivity growth can indeed destroy jobs, particularly in those industries and occupations most affected by emerging technologies that reduce demand for labour, but it is also an essential ingredient for creating new employment opportunities. Critical issues for mitigating the adverse effects of this "creative destruction" include ensuring that workers are equipped with the skills needed to take up emerging employment opportunities that economies are generating sufficient numbers of new decent and productive employment opportunities and that social protection systems provide ad-equate protection for those adversely affected.

A look at aggregate productivity trends alongside employment growth trends for the world as a whole reveals that labour productivity growth rates have seen a considerably faster recovery than employment growth rates during the recovery period from 2010 to 2014. Global labour productivity growth declined from an average annual rate of 1.5 per cent in the pre-crisis period to –1.0 per cent during the crisis years, but then rebounded to 1.4 per cent between 2010 and 2014.

In the developed economies, both productivity and employment growth rates plunged into negative territory during the crisis; however, during the recovery period, productivity has rebounded much more strongly than employment growth. In the developing world as a whole, productivity growth remained positive during the crisis years and has increased at an average annual rate of 3.7 per cent during the recovery period – a slowdown from the 4.1 per cent annual growth achieved prior to the crisis. share of wage and salaried workers in total employment is also strongly related to average productivity levels across countries – a reflection of lower average productivity levels among own-account workers and contributing family workers, groups which continue to constitute more than 70 per cent of total employment in South Asia and sub-Saharan Africa, more than 40 per cent of employment in South-East Asia and the Pacific, and more than 30 per cent of employment in East Asia, Latin America and the Caribbean and North Africa. In addition to lower productivity levels and lower average earnings, workers in these two "vulnerable employment" groups are also far less likely than wage and salaried workers to benefit from social protection systems and less likely to be unionized or to benefit from collective bargaining. Particularly in South Asia and sub-Saharan Africa, the stubbornly high shares of workers in vulnerable employment and very limited growth in the share of workers in wage and salaried employment over the past few decades are key factors underpinning the regions' low productivity levels in comparison with other regions of the world

Another important factor in determining average productivity levels is the distribution of enterprises across class sizes. Economies with a higher proportion of large firms and a higher proportion of employment in large firms tend to have higher levels of per capita GDP and, accordingly, higher average productivity levels.14 In 14 out of 17 developed economies with comparable data, the largest firms (those with 250 or more employees) had the highest levels of output per worker The smallest firms were the least productive in 13 of the 17 economies. Taking a simple average across the full sample of countries, the largest firms have average output per worker levels which are nearly double those of the smallest firms and 1.3 times the levels in medium-sized firms with 20–49 employees.

Aside from benefiting from economies of scale that allow for more efficient production, large firms also tend to have better access to credit and to spend more on training their workforce . Indeed, in addition to the evidence that large firms tend to have higher average productivity levels, based on the most recent available data from 134 developing countries in the World Bank's Enterprise Surveys Database, firms with 100 or more employees also had faster productivity growth rates than small and medium-sized firms, with large firms reporting annual productivity growth of 3.2 per cent on average, compared with 1.3 per cent for medium-sized firms (with 20–99 employees) and 1.7 per cent for small firms (with 5–19 employees). If sustained over a longer time horizon, this productivity growth differential would bring significant competitive benefits to large firms, as they would be more likely to see increased profitability and to be able to afford wage increases to attract top talent.

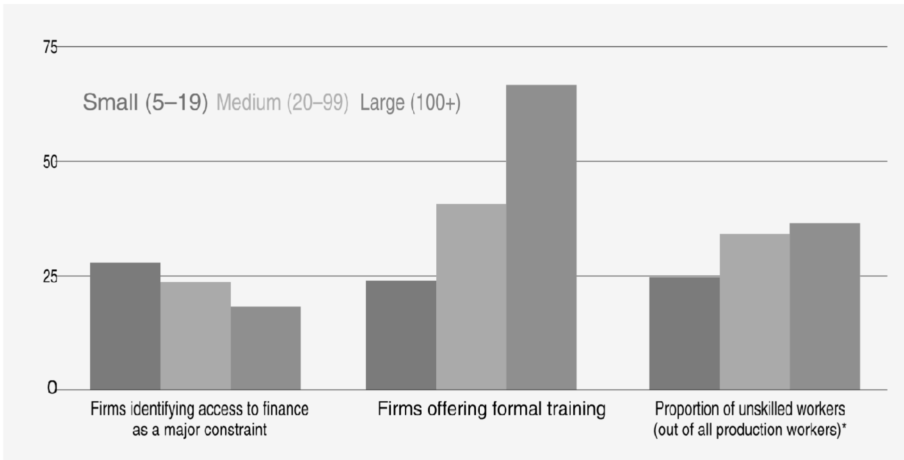

Figure 6: Firm characteristics by enterprise size class, selected developing economies, most recent year (%)

Note: Data for 134 developing countries included. Median values are given.
* Indicates data are available for manufacturing firms only, which includes figures for 109 countries. Source: Enterprise Surveys (http://www.enterprisesurveys.org), World Bank.

Across a subset of countries with data on manufacturing firms only, it is noteworthy that larger firms have the highest share of unskilled production workers among the three enterprise size groups, with the smallest firms having the lowest shares of unskilled workers. The ability to have higher average productivity levels and higher productivity growth rates alongside a greater proportion of unskilled workers could reflect relatively more capital- and technology-intensive production among larger firms of this report discusses enterprise dynamics in more detail, with a focus on global production patterns).

In the context of weak global aggregate demand and the persistent jobs gap that is particularly acute in the developed world, this analysis of trends in labour productivity suggests different challenges and areas for policy focus in developed as compared with developing regions. In the developed economies as a whole, the stronger relative recovery in productivity growth in comparison with employment growth, coupled with the persistent weakness in aggregate demand, suggests the need for pro-employment policies and stronger linkages between productivity growth and real wage growth. For a sustainable recovery to take hold in the advanced economies, aggregate demand will need to be supported by growth in consumption, which, in turn, will require an expansion in employment and in workers' purchasing power.

In developing regions, the recent slowdown in productivity growth suggests the need for policies to boost productivity and investment, support productive structural transformation and accelerate economic growth, including through policies to increase levels of domestic demand. Such policies include investing in education and training, infrastructure investment, strong social protection sys-terms, and policies on minimum wages and collective bargaining. Policies should also aim to provide an enabling environment for enterprises, including supporting small enterprises so that they can better manage some of the disadvantages they face in comparison with large firms.

B. A Diversified Labour Market

It is important to examine changing patterns of work in order to shed light on the trends identified in section A. Work patterns are indeed likely to influence trends in both aggregate demand and the overall relationship between economic growth, on the one hand, and employment and productivity growth, on the other. For example, if overall employment growth is due to an increase in the number of unpaid family workers, this is likely to lead to different outcomes in terms of consumption, productivity and aggregate demand in comparison with employment growth driven by an increase in the number of wage and salaried workers. The purpose of this section is to review patterns in different types of work.

	Poor (less than $2)			Near-poor (between $2 and $4)		
	1991	2000	2014	1991	2000	2014
Developing world	68.2	55.9	28.0	14.3	22.5	25.2
Central and South-Eastern Europe (non-EU) and CIS	6.0	10.5	2.1	16.2	24.7	10.1
Latin America and the Caribbean	16.5	15.3	5.3	22.6	22.1	13.2
East Asia	85.0	56.0	11.4	11.1	27.3	21.7
South-East Asia and the Pacific	74.1	64.0	23.9	14.7	20.8	34.5
South Asia	85.1	78.5	54.4	12.4	17.9	34.2
Middle East and North Africa	20.3	16.4	10.5	32.0	34.3	31.0
Sub-Saharan Africa	76.1	77.9	61.1	14.4	13.6	23.4

Figure 7: Despite tremendous progress, poverty and vulnerability remain widespread among the world's workers

Wage and salaried employment is growing, but still only accounts for half of global employment Globally, only five in ten workers are in wage and salaried employment, with wide variation across different regions of the world. In the Developed Economies and EU, as well as Central and South-Eastern Europe (non-EU) and CIS, around eight in ten workers are employees, whereas in South Asia and sub-Saharan Africa the figure is closer to two in ten, with around 75 per cent of workers either in own-account work or employed as contributing family workers. Nearly half of all workers in South-East Asia and the Pacific and more than 40 per cent in East Asia are in these two vulnerable employment statuses, characterized by a higher likelihood of being engaged in informal employment and a lower

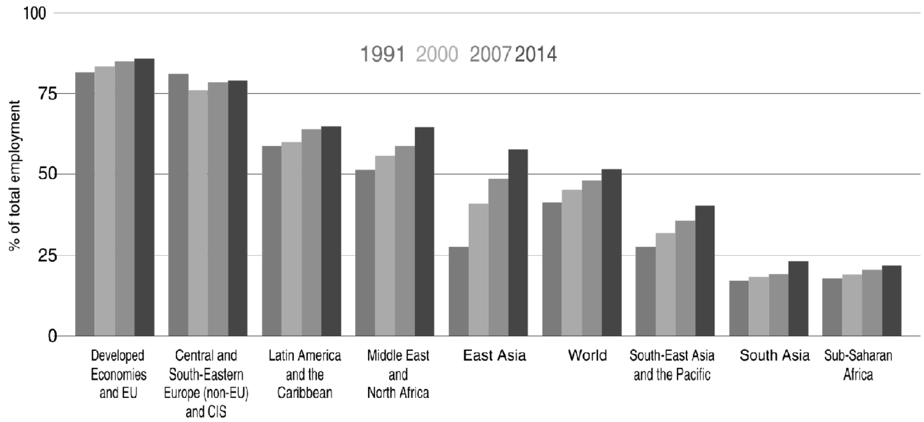

Figure 8: Wage and salaried employment (% of total employment), world and regions

Source: ILO, Trends Econometric Models, October 2014.

likelihood of benefiting from Part-time employment is widespread, particularly among women, and is generally increasing Part-time employment is widespread. Across 86 countries, covering 65 per cent of global employment, more than 17 per cent of persons in employment were working on a part-time basis of less than 30 hours per week Women were far more likely than men to be found in part-time employment, with 24 per cent of employed women across the sample of countries working on a part-time basis, compared with 12.4 per cent of employed men. Among

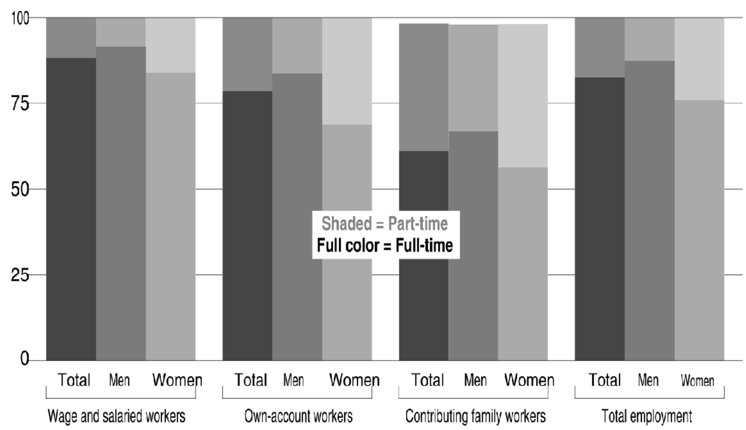

Figure 9: Part-time and full-time employment by employment status (% of total), most recent year

Note: Based on 86 countries, representing 65 per cent of total employment (26 per cent in low-income countries, 64 per cent in middle--income countries and 95 per cent in high-income countries). Full-time employment is defined as more than 30 hours of work per week.

Source: ILO Research Department, based on household survey data.

wage and salaried workers, the incidence of part-time employment is lower, at 11.6 per cent (8.2 per cent among male employees and 15.9 per cent among female employees). The highest incidence of part-time employment is found among contributing family workers, where more than one out of three workers works on a part-time basis.

Among countries with available data, covering 84 per cent of total global employment, only around one-quarter (26.4 per cent) of workers are employed on a permanent contract, with around 13 per cent on a temporary or fixed-term contract and the significant majority (60.7 per cent) working without any contract . Among high-income economies, more than three-quarters of workers are on a permanent contract (of which less than two-thirds are full-time), a further 9.3 per cent are on a temporary contract and only 14 per cent are without a contract. Among middle-in-come countries with available data (covering 88 per cent of all employment in middle-income countries), nearly 72 per cent of all workers are employed without a contract, with only 13.7 per cent working under a permanent contract. Across the 13 low-income countries with available data (covering 49 per cent of total employment in low-income countries), only 5.7 per cent of workers are employed with a permanent contract, with nearly 87 per cent of workers having no contract at all; the majority of these are working either as own-account workers or contributing family workers.

The large share of the world's workers without an employment contract is thus closely linked to the persistently large share of workers engaged in own-account or contributing family work in the developing world. Yet, even among wage and salaried workers, only around half are working on a permanent contract. These data paint a stark picture of the reality behind widespread perceptions of insecurity in the global labour market. While much of this perceived insecurity is a direct result of the large shares of workers engaged in non-wage employment, a significant proportion of the world's employees also face insecurities in terms of their employment contracts.

What are the recent trends in employment by contract type? Sufficient data are available to investigate changes over time for 33 high-income countries, covering nearly 92 per cent of total employment across all high-income countries. Among these countries, 84.6 per cent of workers were employed on either a permanent or a temporary contract in 2004. This share declined slightly to 83.4 per cent in 2012. This decline was offset by the emergence of a category of employees engaged without a contract, which stood at 1.1 per cent in 2012, as well as a modest increase in the share of own-account workers. These trends point to a decline in employment security across the workforce in high-income economies between the pre- and post-crisis periods.

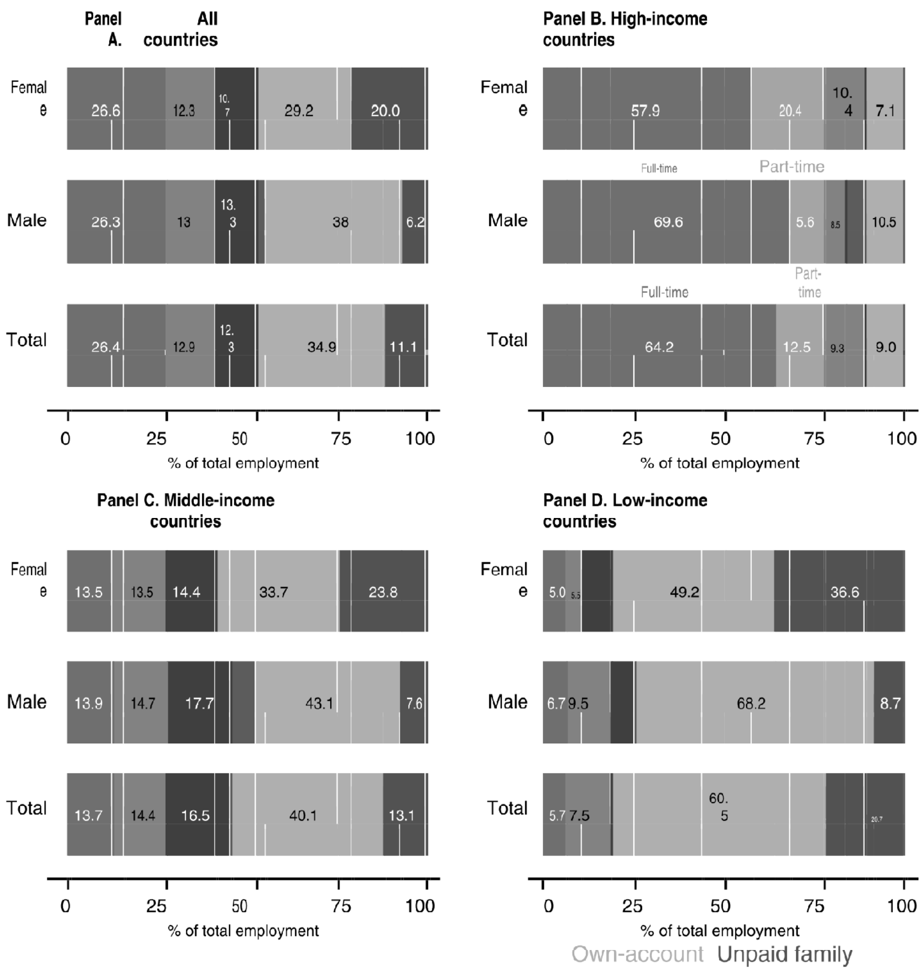

Figure 10: Distribution of employment by employment status and contract type (%), most recent year, selected income groupings

Employee: permanent / temporary / no contract Employer workers
Source: ILO Research Department, based on household survey data.

Conclusion

This study has analyzed the vicious circle of weak global aggregate demand, slow growth and slow employment creation that has characterized the global economy and many labour markets throughout most of the post-crisis period. It has argued that, in the present context, and particularly in the advanced economies, it is important to recognize that pro-employment policies also promote aggregate consumption and economic growth. At the same time, persistently large shares of workers in non-wage employment in some regions and growth both in the incidence of involuntary part-time employment and in the number of workers engaged on either temporary contracts or working without a contract risks limiting the potential contribution of increased employment

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