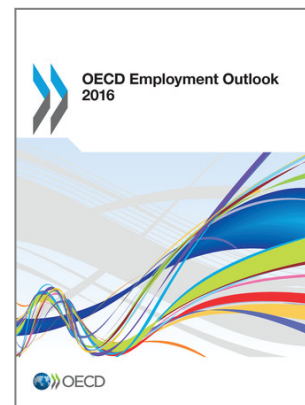


OECD *Multilingual Summaries*

OECD Employment Outlook 2016

Summary in English



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The post-crisis jobs gap is finally closing, but governments need to address poor job quality and unequal opportunities in the labour market

Labour market conditions are continuing to improve in OECD countries and the share of the working-age population in work is projected to return to its pre-crisis level in 2017, nearly ten years after the onset of the global financial crisis. However, the recovery continues to be uneven and unemployment remains much too high in a considerable number of European OECD countries. Even in countries where labour market slack has been absorbed, low quality jobs and a high level of labour market inequality are of concern. Many of the workers who lost their jobs during the Great Recession are now back in work, but wage growth remains subdued and job stress is common. Many of the workers displaced from jobs in manufacturing and construction during the Great Recession found that their skills and experience did not qualify them for the better paying jobs that are being created in the services sector.

Low-skilled youth who are disconnected from both employment and learning risk being permanently left behind in the labour market

Despite the overall improvement in labour market performance, vulnerable groups such as low-skilled youth neither in employment nor in education or training (the so-called “NEETs”) risk being left behind. In 2015, 15% of 15-29 year-olds in the OECD area were in this category, up moderately from just before the global crisis in 2007. On average, 38% of all NEETs have not finished upper secondary schooling in the OECD area and are less likely to be actively searching for a job than more educated NEETs (33% versus 45%). Nearly a third of low-skilled NEETs live in a jobless household (i.e. a household that does not contain an employed adult), suggesting that many in this group experience both low current incomes and limited labour market opportunities. Many members of this vulnerable group are likely to require targeted assistance to improve their long-term career prospects.

How skills are used at work affects productivity, wages and job satisfaction, and employers and governments should do more to foster better skills use

The extent to which workers use their information processing skills at work is a major determinant of productivity, wages and job satisfaction. A novel analysis of skills use – which draws on data for more than 25 OECD countries participating in the Survey of Adult Skills – documents the importance of skills use and identifies a number of factors that can improve it. In particular, High-Performance Work Practices, such as teamwork, job rotation, bonus pay and flexibility in working hours, are associated with a significantly better use of skills at work. Globalisation and offshoring also affect skills use, but their impact can be either positive or negative depending on the position of a country’s firms within global value chains. Certain labour market institutions, including collective bargaining and minimum wages, also improve skills use in most instances. Policy options for improving skills use are identified and illustrated by specific country examples of effective practices.

Structural reforms may result in short-term employment losses but governments can take steps to reduce or even avoid these costs

There is broad consensus among economists that structural reforms of product and labour markets have positive long-run effects on average because they raise overall efficiency. However these structural reforms may also entail short-run adjustment costs in the labour market. A new analysis of industry-level data show that reforms lowering barriers to entry and the cost of dismissal induce non-negligible transitory employment losses, a result that is confirmed by complementary evidence from case studies of three recently implemented EPL reforms. However, these short-term costs are shown to be smaller or even non-existent when these types of reforms are enacted during an economic expansion. Policy options are also identified that can help attenuate short-term employment costs, such as combining a reform easing hiring and firing rules with reforms to collective bargaining or unemployment benefits.

Closing gender gaps in emerging economies remains an important challenge

Despite unprecedented progress over the past century, gender gaps in the labour market persist throughout the world and are especially marked in emerging economies. While the proportion of jobs held by women has increased, female workers continue to have worse jobs than men. An up-to-date picture of gender gaps is painted for 16 emerging economies accounting for over half of the world's population. Recent trends in a broad range of labour market outcomes are highlighted and their key drivers are identified. In particular, the gender pay gap that persists across the world is analysed closely and unpacked into distinct components. Building on this wealth of evidence, a comprehensive set of policy levers to close gender gaps is identified.

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