FEATURES, TRENDS AND CHALLENGES OF THE GLOBAL LABOR MARKET

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The key trends of the 21st-century labor market include: shifting of demographic patterns, quicker pace of technological changes, further evolution of globalization with its newer implications for the future of work as such. Very soon employees worldwide will work in more decentralized but at the same time also more specialized firms. Slower labour growth will encourage employers to recruit from social groups with previously relatively low labour participation. Greater emphasis will be placed on staff retraining and lifelong learning. Future productivity growth will support higher wages and may affect wage distribution overall. Considering all of the above, it seems to be vital to understand the issues which organizations/employees are facing today, so that to be aware of the issues the upcoming generations would have to face, to adjust to and be prepare to, considering the growing robustness of the world labour market.

Keywords: employment trends; global workforce; Fourth Industrial Revolution; technological factors; demographic factors; drivers of change; globalization.
Introduction

Today we all are the participants, willingly or not, of the Fourth Industrial Revolution. We are also living in a globalized world where technology is becoming a common factor of our daily lives. Rapid developments in such spheres as artificial intelligence, machine learning, robotics, nanotechnologies, genetics, and biotechnologies are all building on and magnifying one another. It is no doubt that technological advance of such a scale supports the enrichment of living standards; it also helps us tackle various inefficiency issues and other serious problems, ranging from climate change to supply chain management.

In parallel to this technological revolution go socioeconomic, geopolitical and demographic developments. It is important to highlight the urgency for adaptive actions today, especially when it goes down to the level of organizations and workforce, as these are the key drivers of all technological modifications for our future workplaces.

Work as such has been always a significant component of our daily lives. It is always an individual responsibility and also a social activity that usually involves collaboration within a team and also between teams. Work provides us with the sense of dignity, fulfillment, sense of purpose; it also contributes to our identity. Needless to say, it, of course, is also a source of income for us to have a certain living standard and be able to fulfill our material needs. Work also has its social aspect, as this is one of the key ways how people interact and relate to each another in today’s world. However, it can also be the source of exploitation and frustration. For some, finding decent work is the foundation for stability and social advancement. The sphere of work overall is massively diverse; however, it can be also simplified to level of basic reality of working for a living.

According to many studies, global workforce today is experiencing significant transformations concerning the division between family functions and work functions. Many of these social transformations are affecting global industries, which, in their turn, are expected to have a significant impact on jobs. These affects could be rather diverse, if not paradoxical in nature, ranging from jobs’ creation to job displacement, from higher labor productivity to widening skills gaps. New business models will have their profound impact on the employment landscape. Their variations have been occurring already since 2015, and will continue to affect global organizational structures. According to some of the forecasts, changes in these business models would lead to elimination of about 5.1 mln jobs and positions in total.

The routine-type occupations that have been known for too long as white-collar office functions, e.g. office and administrative roles, could be soon dissolved as such. However, new types of jobs will emerge in such areas of computer sciences, mathematics, architecture and engineering. Many roles in the sectors of manufacturing and production are also expected to see further bottoming. But at the same time these sectors are anticipated to have a relatively good potential for upskilling, redeployment and productivity enhancement through technology rather than pure substitution.

In many industries and countries, the most in-demand occupations or specialties today simply did not exist 10 or even 5 years ago. And the pace of change at the labor markets is set to accelerate even faster in the coming decade.

Researchers are of the opinion that about 65% of the children entering primary schools today will ultimately end up working in completely new job types that do not even exist so far. On the background of such a rapidly evolving employment landscape, the ability to
anticipate and prepare for future skills and requirements, new job descriptions etc. is increasingly critical for businesses, governments, and individuals in order to fully seize the opportunities presented by these trends.

The absence of jobs, the quality of work, voice at work, ongoing gender discrimination and unacceptably high rate of youth unemployment are all at the heart of politics today. Those in public and private authority with the power to change things are increasingly criticized for not delivering the right solutions to the world labor markets (International Labor Conference, 2006).

**Literature review**

A very important question today affecting nearly every person in society is what the future holds for workplaces in the 21st century. Two researchers from the U.S. Department of Labor, Lynn Karoly, and Constantijn Panis pursue to their own answer to this alarming for all issue. Particularly, they examined how the major trends will reshape the future of organizations and how it will evolve over the next 10-15 years. Their observations are based on the data available in the U.S. labor statistics. They have summarized their findings into three sections: shifting demographic patterns, the pace of technological change, and the path of economic globalization. The study emphasizes on the aspects of the future workforce, taking in account of the size, the composition, and the skills, the nature of work and workplace arrangements; workers’ compensation plans. The research was based on the data strictly from the USA, however, their research is intended to benefit all workers, employers, educators, and policymakers in making useful decisions (Rand, 2014). Their outcomes are presented here below in a brief form:

**Shifting Demographic Patterns:**

Given the general population statistics and current trends in the labor force participation rates, the U.S. workforce will continue to increase in size but at a considerably slower rate than in the previous period. Between 2000 and 2010 was projected to be equal that of the 1990s, but now it is projected to slow down to as low as 0.4 percent and in the following decade – to only 0.3 percent.

In terms of the workforce structure, the trend is shifting towards a more balanced distribution by age, sex, and race/ethnicity, meaning that the workforce has become more evenly distributed across all these groups. This is due to the fact that the U.S. population and workforce have been growing overall older. Also, steadily increasing female labor force participation rates, combined with declining male rates, have brought the labor force closer to gender balance.

**The Pace of Technological Change:**

The pace of technological change includes a variety of factors such as advances in information technologies (IT), biotechnologies, nanotechnologies etc. The synergy across technologies and disciplines becomes stronger today, thus generating advances in research and development, production processes, and the nature of products and services.

Substantial advances in the field of microprocessors will be able to support real-time speech recognition and translation very soon, while artificial intelligence and robotics are to advance even further. An increasing number of multinational corporations (MNCs) are
currently having their own testing periods for the developed inside automation tools, so that repetitive tasks can be processed by computers and intelligent robotics. Also, advancement in the manufacturing industry means using more of reconfigure machines to produce prototypes and thus improve production runs. Further technological developments are expected to continue increasing the demand for highly skilled workforce, support higher productivity growth, and change the organization of businesses as well as the nature of employment relationships.

The Path of Economic Globalization:
Economic globalization will become more extensive, affecting industries and workforce segments relatively insulated from trade-related competition in the past. For example, trade in services has grown from 18 to 30 percent of the total trade over the last 20 years, and all related higher-skilled, white-collar jobs in the service sectors, such as IT and business processing, are now increasingly outsourced overseas, in most of the cases – from developed economies to the developing ones. This has become the immediate result from the communications and information transmission becoming much quicker and much cheaper at the same time, thus leading to a real IT revolution in the era of globalization. In the nearest future already this will increase the volumes of intermediate trade in goods and services, intensify capital flows between countries, regions and continents, speed up the transfer of knowledge and technologies, and also mobilize more and more population worldwide.

Globalization will continue to contribute economic benefits in the long run. However, market share and jobs will be lost in some economic sectors, with short-term and longer-term consequences for the affected workers. These job losses will be counterbalanced by newer employment opportunities in other sectors.

How Current Trends Impact Future Workplace
Taking all these factors into account, we can outline three key trends that are interrelated and are integral implications driving the working environment.

1. All organizational structures will become more decentralized, specialized firms will become the major type of business. Employer-employee relationships will become less standardized and more individualized. Organizations will outsource noncore functions and move towards a flattening decentralized form of internal organizational structure. It is expected that the number of permanent jobs will be only lowering, while less permanent and nonstandard self-employment types will increase in both numbers and diversity. These arrangements may be particularly attractive to the workers trying to balance their work and family obligations or to the disabled and the elderly people who would also benefit from such alternative arrangements.

2. Slower labor force growth will encourage employers to adopt new approaches to facilitating greater labor force participation among women, the elderly, and people with disabilities.

3. As the labor market tightens, employers can try to recruit among the groups with relatively low labor participation. Changes in the incentives associated with pension plans and social security reforms may motivate older workers to retire later. Providing childcare may make it easier to recruit women with children. Also, technological changes make it
possible to recruit more people with disabilities and engage them into the everyday workflow using various online technologies.

4. Future productivity growth will support rising wages and may affect the wage distribution; the relation between employment and access to benefits will be weakened.

5. Rapid technological change and increased international competition in the workforce will require adapting to technologies and shift product demand. Shifts within business organizations and the growing importance of knowledge-based work such as nonroutine, cognitive skills, abstract reasoning, problem-solving, communication and collaboration skills will be in more and more demand (Rand, 2014).

The research problem statement

In today's highly dynamic economy, there are still certain things that remain stably important and enabling workers to meet these needs (pillars) will be determined by major changes in the workplace and workforce of today and tomorrow. To such fundamental things belong, inter alia:

Human life security issues, including: food provision, housing, healthcare, personal and family savings, retirement opportunity etc.

Work and family balance – work is supposed to provide resources to support one’s family but at the same it must leave some space in a schedule to enjoy this family life and to meet the needs of both children and aging parents.

Safety at a workplace and fair treatment – a working environment that is safe, fair, and free from discrimination and unfair employment practices.

To thrive in today's innovation-driven economy, workers need a different mix of skills than in the past. In addition to basic skills like literacy and numeracy, they need such competencies as collaboration, creativity and problem-solving, and they also would need such personal traits as persistence, curiosity, and initiative.

Current changes at the labor market have amplified the need for all individuals, and not just a few, to have these skills. Around the world, economies run on creativity, innovation, and collaboration. Skilled jobs are more and more centered on solving unstructured problems and effectively analyzing rapidly incoming information. In addition, technologies are increasingly replacing manual labor, and not just in specific businesses with narrow specialization but also in our daily lives. For example, over the past 50 years, the US economy has witnessed a continual decline in jobs that involve routine manual and cognitive skills, while experiencing a corresponding increase in jobs requiring non-routine analytical and interpersonal skills.

Thailand's Outlook on the Labor Market

Thailand can be called an opportunistic economy, with its relatively low debt burden, strong export strength and successful cooperation within the region of quickly growing Asian neighbors. Over the past 40 years, Thailand has made a significant progress in terms of its social and economic development, moving from a low-income country to an upper-middle income economy in 2011 (World Bank, 2017). Strong economic growth occurred between 1960 to 1996 when Thailand's economy grew with the average annual rate of 7.5 percent. However, the country's GDP dropped to 5 percent during the Asian Crisis between 1999-
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2005. Noteworthy though, this crisis has created millions of new jobs that helped millions of Thais out of poverty and sustained strong growth.

With the population of 68 million citizens, the median age of 37, and the unemployment rate being at 0.9 percent, Thailand can become a leading economy among the ASEAN countries. In 2015 its GDP reached $395B, thus making Thailand the second largest economy in the Southeast Asia. 55 percent of this number come from various services, 36 percent – from the industrial sector, and 9 percent – from agriculture. Additionally, Thailand benefits from a well-diversified trade profile, with no single dominant export partner in its structure.

The poverty rate declined substantially over the past 30 years, however, poverty and inequality continue to pose significant challenges for Thai society. Historically, economic growth has been the key driver for Thailand’s economy. The growth rate declined to 3.5 percent over 2005-2015 due to the falling agricultural prices, and ongoing droughts. With the current rate of growth, the economy is considered to be recovering and returning to its growth pattern. Thai government has implemented an ambitious reform program to increase Thailand's long-term growth path and achieve the status of a high-income country. This includes improvements in the business regulatory environment, expanding trade through enhanced integration in the ASEAN and global market, active public investments into private capital, stimulating domestic consumption, improvements in the quality of public services across the country. The unemployment rate in Thailand rose to 1.2 percent in July 2017, this is from 1.0 percent in the same month a year earlier. The number of the unemployed increased by 85 thousand to 476.3 thousands, while the number of the employed went down by 418 thousands.

Research methods

Globally, unemployment has high rates in many countries today, especially among the those who have recently graduated from school. At the same time, many companies report having troubles finding qualified workers with the appropriate skills and knowledge, and also, many people going to retirement state that they would prefer to work, at least part-time.

Even though there are more and more graduates in the world as compared to the past, there is a surprising gap at the labor market since competencies and character qualities these graduates do not match the potential workplace. We must realize there are hidden flaws in the relations between education and the labor market, and addressing these issues will require a broad range of active policy interventions.

The research problem is to identify these hidden limitations present at the labor market. Conditions at the labor market will only get worse if we do not adjust and fix the current situation. All these conflicting signals and trends are the symptoms of a series of fundamental mismatches between what employers need and the talents of those they would like to be hired.

To identify the key problem here, we must first begin with the core, that is, with the education system. In the past, schools were unquestionably more effective not only in terms of educating and training new generations but also in guiding them into promising career paths. Unfortunately, schools and universities have stayed the same over the last 30 years, not keeping updated as to the workplace development, while the latter experienced vast changes, and only at the accelerating speed.
The today’s population between 16 and 30 is split into two very different groups. The older of these groups is highly educated overall, but many of its representatives are finding it hard to get the jobs matching their skills, knowledge level and mind set. Therefore, they have no option but to join the ranks of the underemployed. Policymakers must take responsibility for this, as this very explicit failure will cause an entire generation of young people to be at a loss for some time. Furthermore, the youth labor force participation rate has been falling for several years already, as more young people leave the workforce to continue their education or because they are discouraged from looking for work after a long period of unemployment. This decline not only aggravates the skills’ gap at today's markets but is also a huge cost to the whole society. Studies have shown that workers who are unemployed at an early age, normally will not continue their education, and this, in turn, results in lower wages, missing out on work experiences and the failure to develop the necessary abilities and skills.

Meanwhile, rapid technological change, including distributed manufacturing and digital business, has put many people aged 50-65 out of work too. As companies strive to improve and reinvent themselves, they are often forced to hire new, younger employees with different sets of skills and experiences.

This represents an enormous challenge because it is not easy to retrain large numbers of people who have lost their jobs due to new technologies. Both governments and companies have the responsibility to produce solutions, which will entail spending on education and training and also redesigning jobs to fit the existing skills.

Labor-market chaos will not disappear until governments and companies tackle the set of issues involving education, opportunities for the young and the elderly, the potentials and challenges of immigration, and the aspirations of women (World Economic Forum, 2016). Sadly, these topics are often politically controversial. It is vital to understand the new requirements of well-functioning labor markets so that people can adjust to these changing social and business needs.

Findings / Results

According to the research findings, we can firstly state the impacts that have been experienced such as rising of geopolitical instability, mobile Internet spread, quick popularity of cloud technologies, advances in Big Data, young demographics at the emerging markets, rapid urbanization, changing working environments and flexible work arrangements. This, in turn, results in changing preferences of both society and the business world, including: new energy supplies and technologies, advances in manufacturing and 3D printing, aging issues and longevity of life, new consumer concerns about ethics and privacy, overall increasing numbers of workers, more pronounced women's rising aspirations and economic powers etc. It is also predicted that sooner than we expect we will also face newer challenged, now related to advanced robotics and autonomous transportation means, artificial intelligence and machine learning, advances in biotechnology and genomics. Given the overall disruption in many industries, it is not surprising that competition for talents in the most demanding job families such as Computer and Mathematics, Architecture and Engineering and other strategic fields is already quite fierce, and finding efficient ways of securing a solid talent pipeline would soon become the key priority for every industry and every national economy (World Economic Forum, 2016). Most of these roles across industries, countries and job
families are already perceived as hard to recruit. And, with a few exceptions, the situation is expected to worsen significantly till the end of the 2015-2020 period.

Discussion

Solutions to the challenges of the labor market will lie in the hands of the policy makers framework that are supposed to support the well-functioning of the related to them labor markets and help workers better manage the risks of unemployment and low income. The framework development will depend heavily on a particular country, its history, culture and traditions of labor relations. However, there are policy areas that are universally applicable, including human resource development, social protection for workers, and labor market regulation.

The leading organizations realize the importance of investing in human resources and human capital already today, since this is the best way to discover and use new opportunities of globalization and technological change as well as minimizing social costs associated with adjustment. Caring about employee's skillsets is the crucial factor in combating the challenges related to constant and rapid technological change. This promotes the enhancements of workforce skills’ generation and further development, both being crucial for ensuring that economies remain competitive and productive under the conditions of globalization. Education and skills’ development play the core role in mitigating social and economic vulnerability of population. Therefore, they also have a significant impact on enhancing the efficiency of the labor markets.

Recommendations

For all these reasons described above, more and more emphasis is being put today on lifelong learning. Effective skills’ training requires a solid education system in general. Basic competencies are necessary for employees to develop further through advanced education, job experience, and skills’ retraining. This rather closed cycle is always triggered by the availability of strong basic skills. The most cost-effective way to use public resources with the aim to improve productivity and flexibility of the labor force is thus investing in general education, at its primary and secondary levels.

Conclusion

Future trends in technology, globalization, and demographics will support higher wages and are likely to affect the redistribution of wages, just as they already did in the past several decades. In the absence of a strong increase in the supply of skilled workers in response to the higher returns to education, wages for the most qualified jobs will surely rise. Given the above trends and implications, policies must be reconsidered and adjusted according to the changing needs of the labor market environment.

To thrive in today’s innovation-driven economy, workers need a different mix of skills from what they used to have a decade ago. In addition to basic skills, like literacy and numeracy, they need competencies of a newer generation, including teamwork skills, creative writing and problem-solving in extreme situations etc.
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