

Growth: What is it good for?

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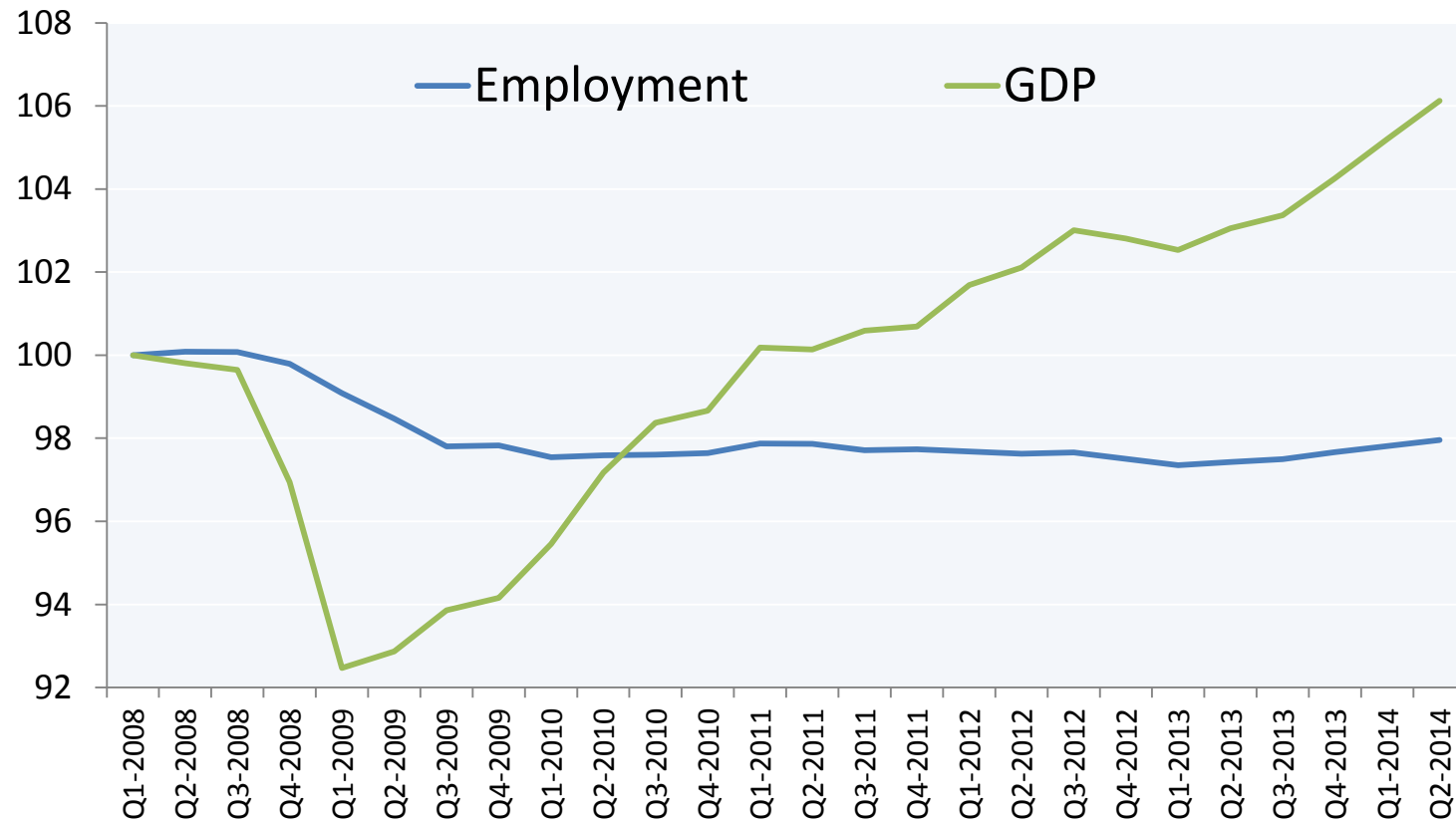
ILO Research Department

Outline

- Key challenges and risks
- Potential solutions
- How do we get there?

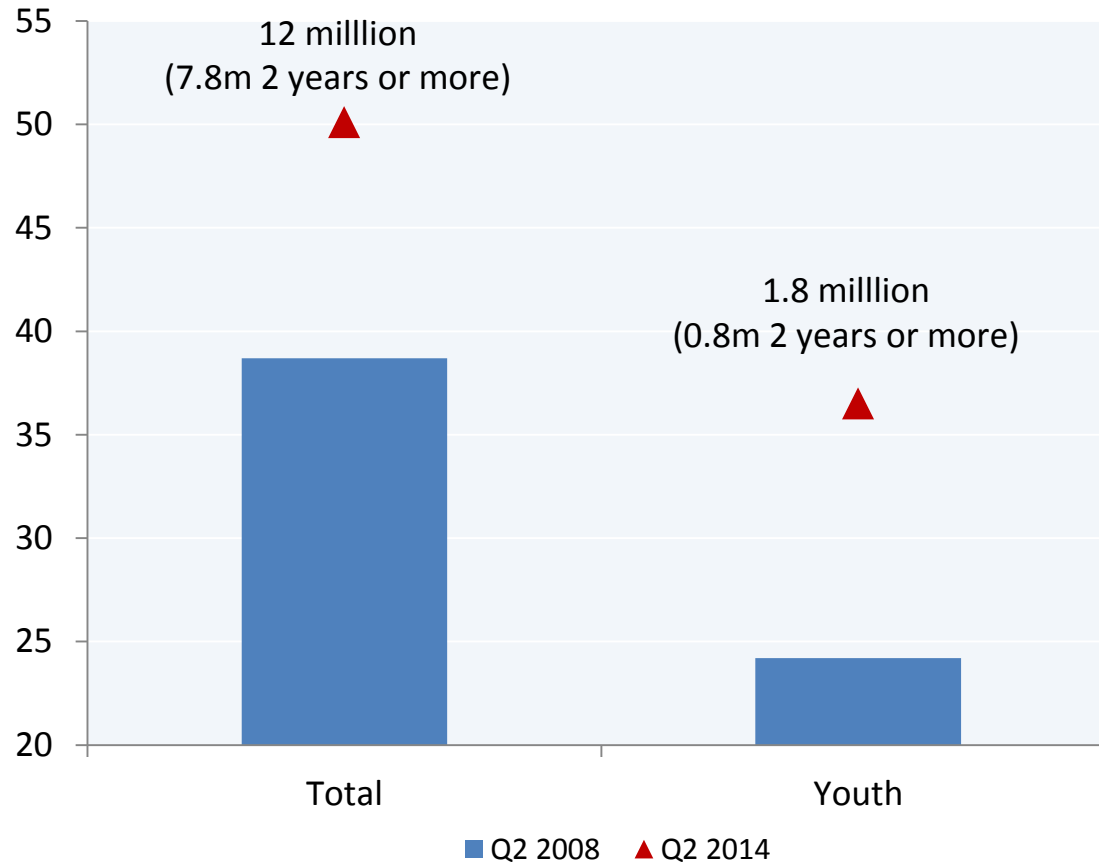
Jobless growth

Employment and GDP in EU-28



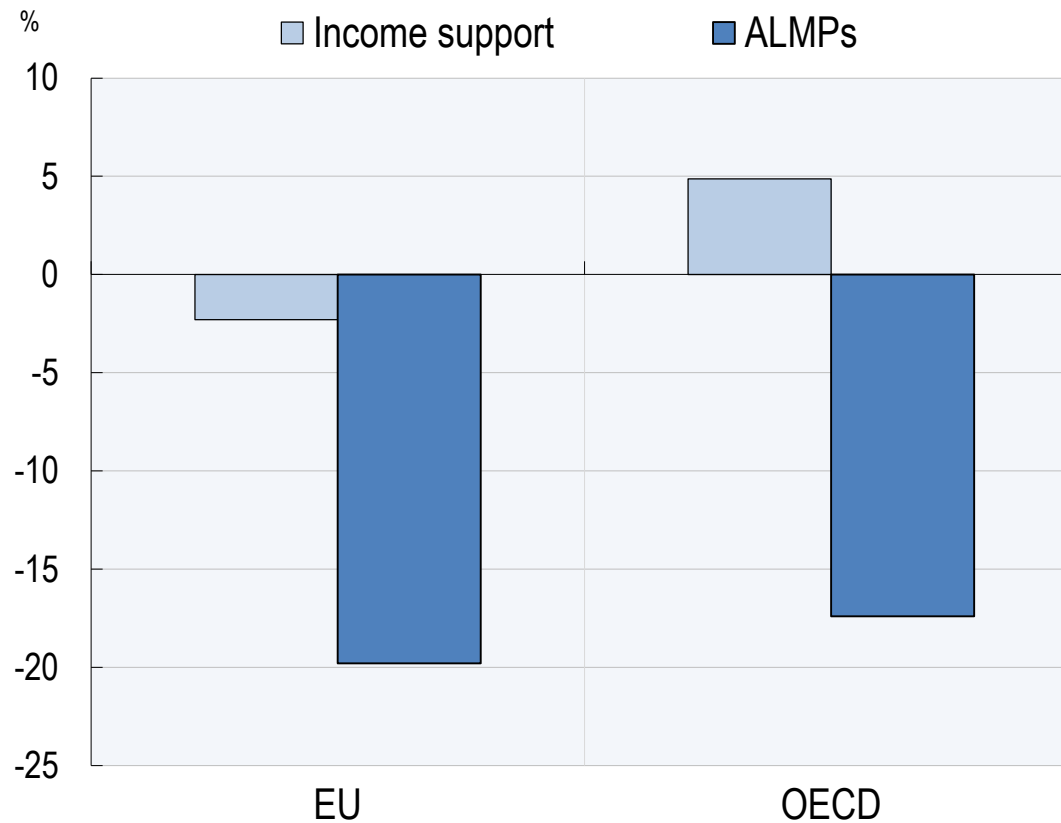
Risks of labour market detachment

Unemployed for more than one year (% and millions)



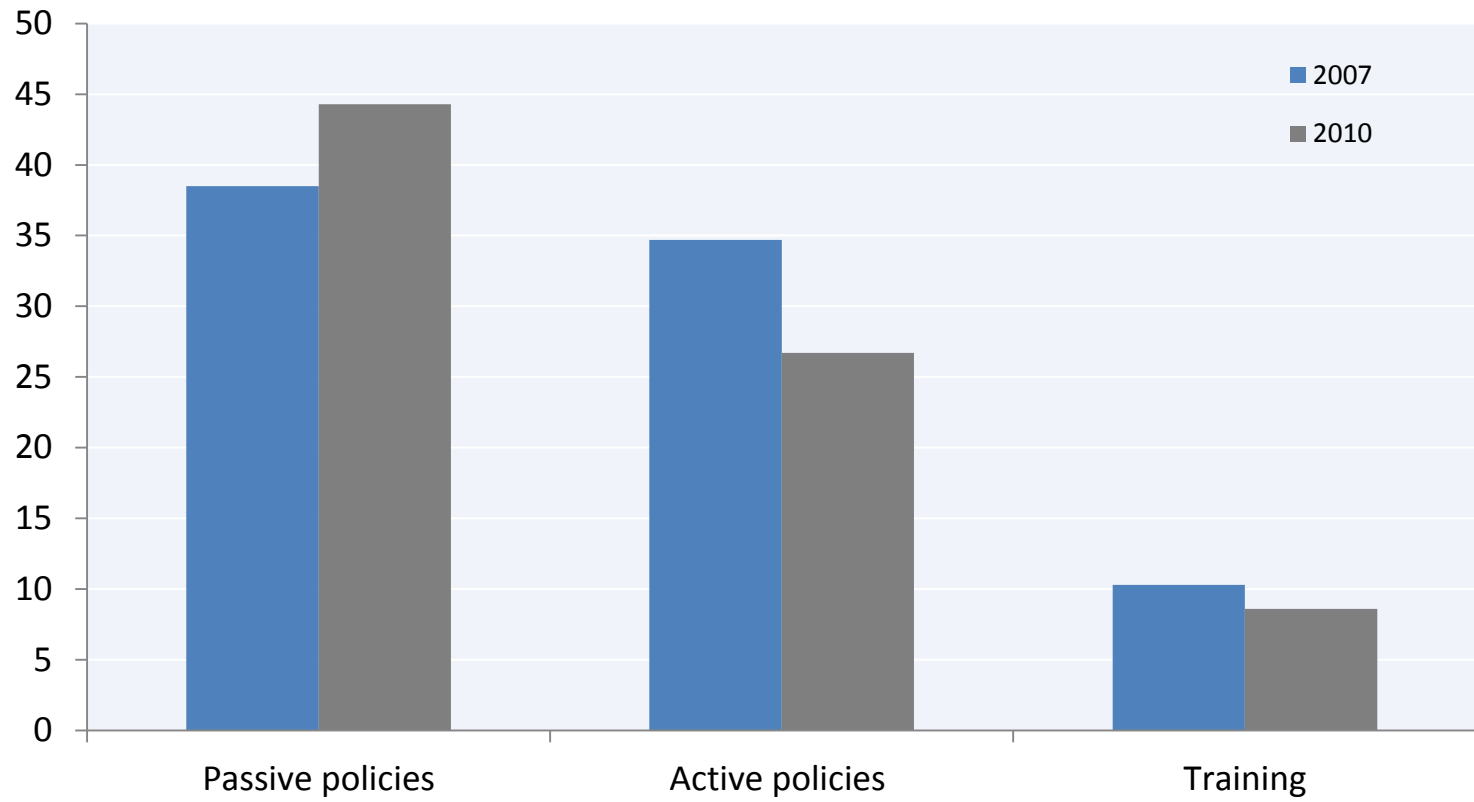
Support for ALMPs has waned

% change in real spending per unemployed person, 2007-11



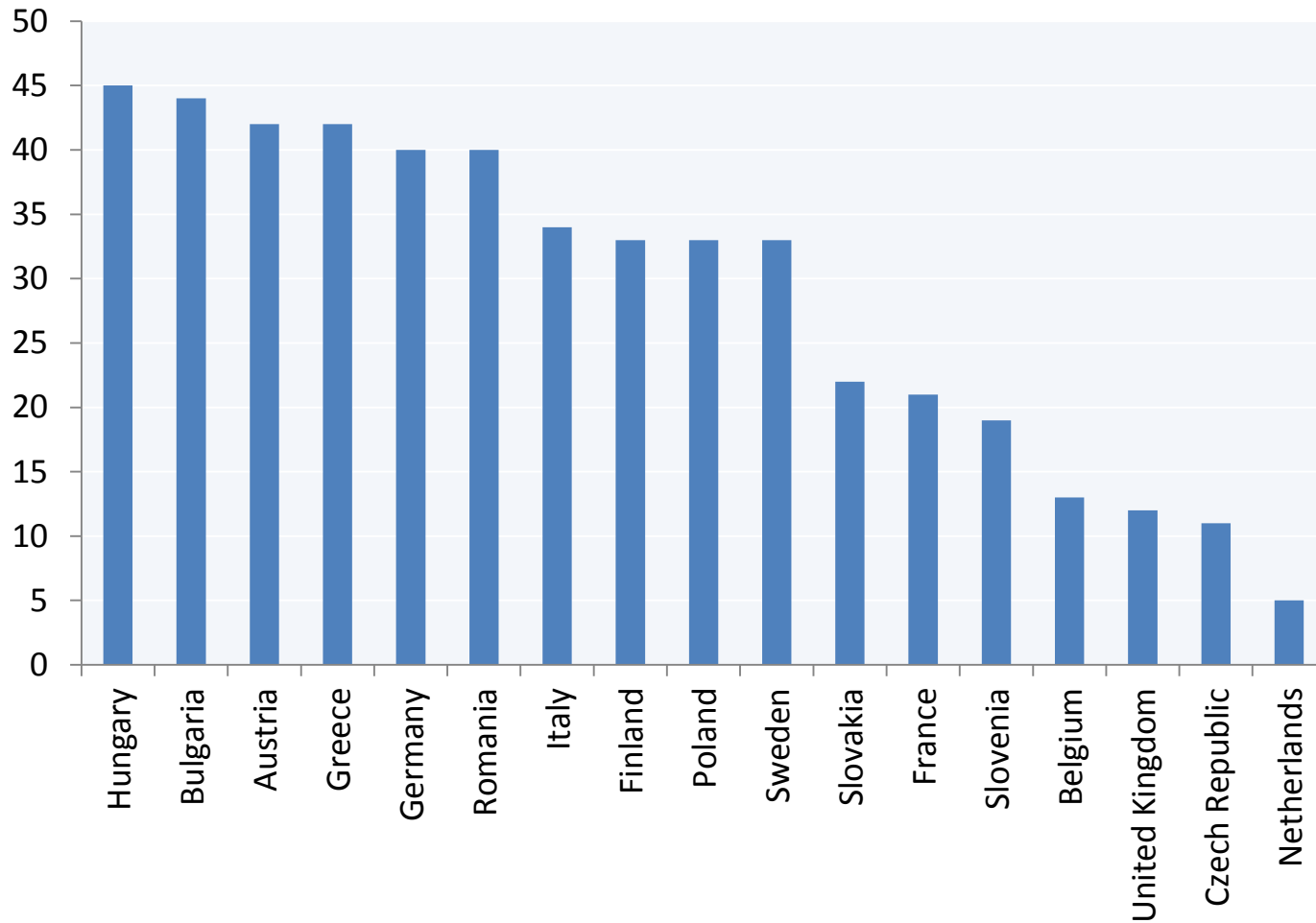
Training efforts are limited

Participants in labour market policies
(per 100 persons wanting to work)



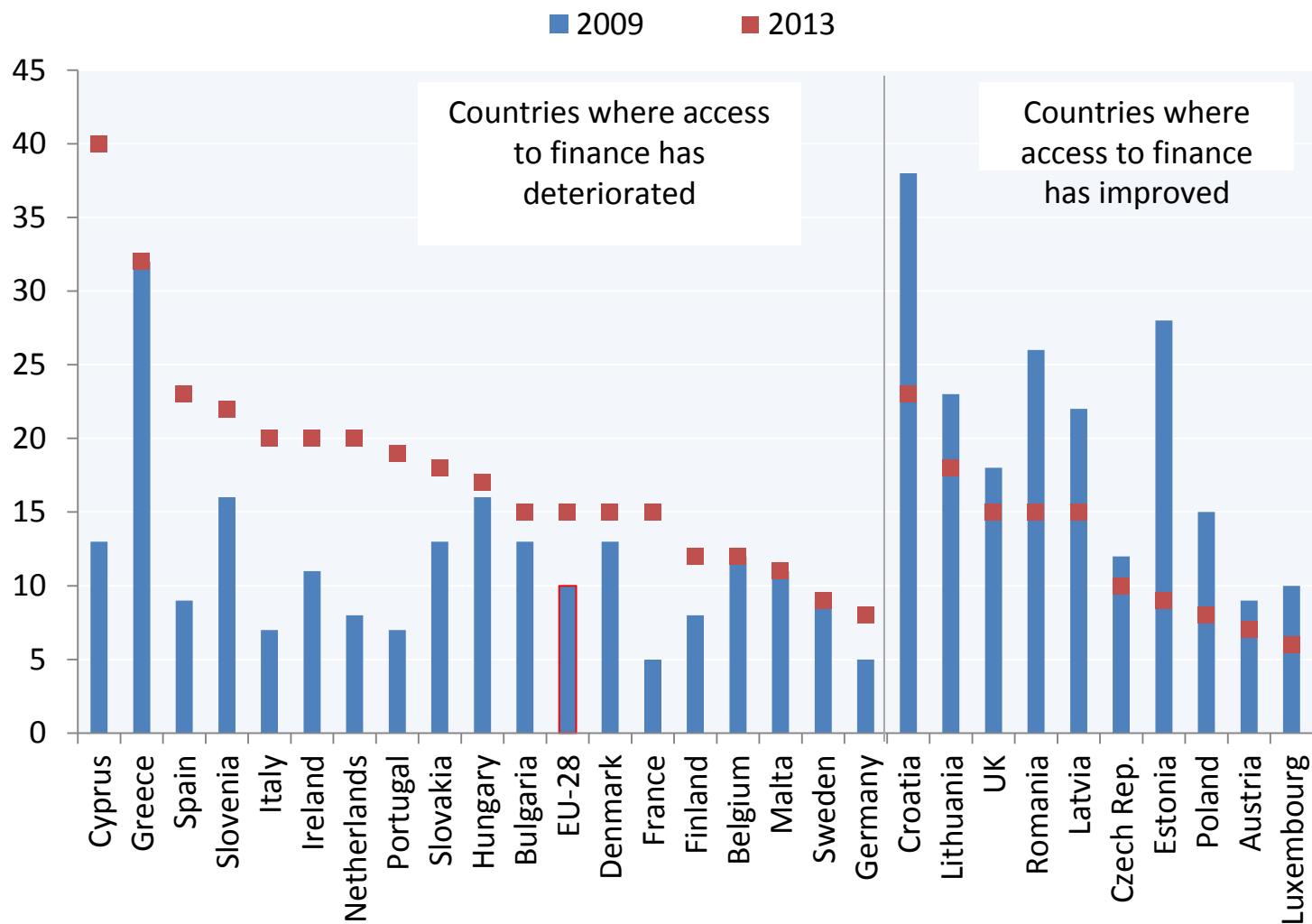
Yet, finding “talent” is a challenge

% of employers having difficulty to fill jobs, 2014



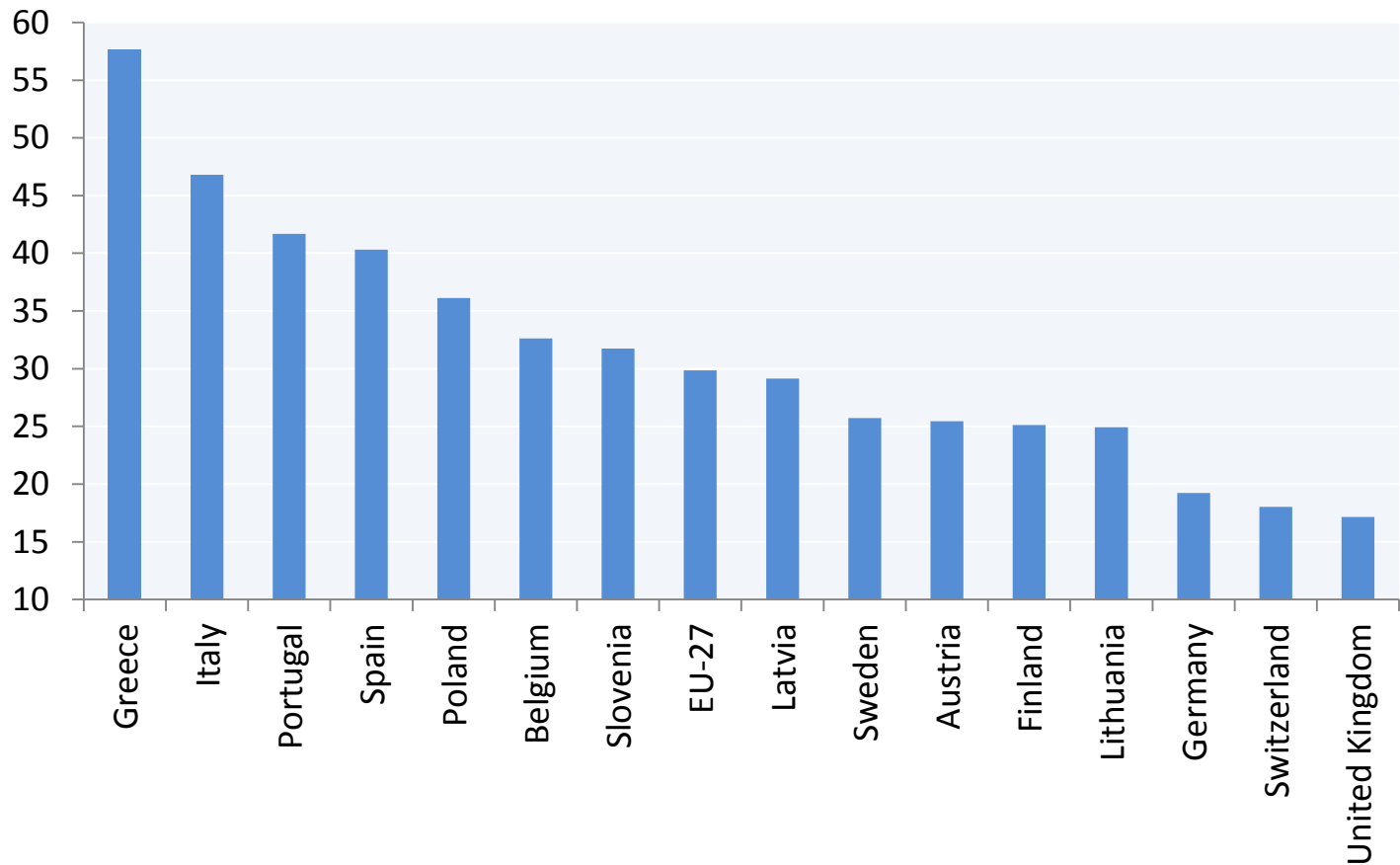
Access to finance has deteriorated

Share of SMEs reporting access to finance as most pressing problem



Small firms are central to jobs

Share of employment in micro firms (0-9 employee), 2012



Costs of a prolonged job recession

- Declining reemployment wages/inequality
- Declining future labour market attachment
- Social exclusion
- Skills erosion
- Competitiveness/productivity loss
- Challenges to the social security system

Demand: Enabling growth and jobs

- Start-up incentives
- “Lifelong learning” for firms/entrepreneurs
- Credit to SMEs
- There’s more to competitiveness than wages
- Support productive investments
- Complement investments with employment policies: win-win

Supply : Design and delivery matter

- Properly targeted: Disadvantage vs disadvantaged
- Implementation and delivery
- Strengthen link between income support and activation
- Emphasis on training and employability
- Demand-driven: inclusive design
- Evaluation practices need to be improved

Show me the money

- Pace of fiscal consolidation
- Shifting priorities
- Costs cannot be viewed in isolation of benefits
- Leverage existing funds: e.g. growth and investment packages
- Cost of inaction

How do we get there?

- Recognition that growth is not enough
- Comprehensive labour market strategy
- Tripartite and inclusive strategy
- Co-ordination, co-ordination, co-ordination
- More than a “one-off”: monitor and (re)evaluate