

The trends of tomorrow's LABOR MARKET

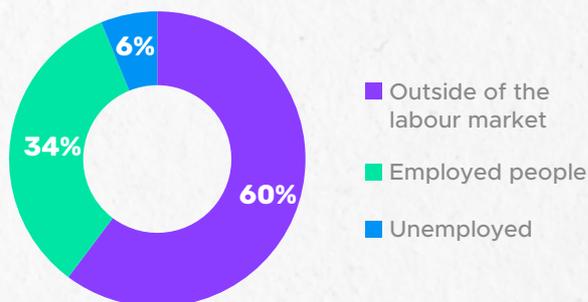


Today's students will be tomorrow's employees. For this reason, it is important to recognize what the labor market trends will be in the short and medium term. This issues note explores some topics that show what could be the most present characteristics in the labor scenarios and in which sectors will be located the jobs of the future. Therefore, where education should focus to ensure that students acquire and cultivate the necessary skills for their future occupations, making a more harmonious transit between the education/training stage and the work stage.

According to the International Labor Organization (ILO, 2022) the future of employment will be influenced by technological innovations, demographic changes, climate change and globalization. The events that are taking place in the territories will also have a local, regional and planetary impact, which will configure different realities.

During the pandemic, the segment of the population that was most affected with respect to the world of employment was youth, especially those between the ages of 15-24. If we measure only the labor force (employed and unemployed), 15.6 % of young people were unemployed, a figure higher than the rest of the population (ILO, 2022). As shown in Graph 1, a large part of this population group was outside the labor market, indicating that a large part was inactive. This is a common condition, considering that at this stage of life, priority should be focused on studying in order to obtain a better job in the future. However, other conditions are recognized that can lead to inactivity, such as caring for family members and physical and mental health issues.

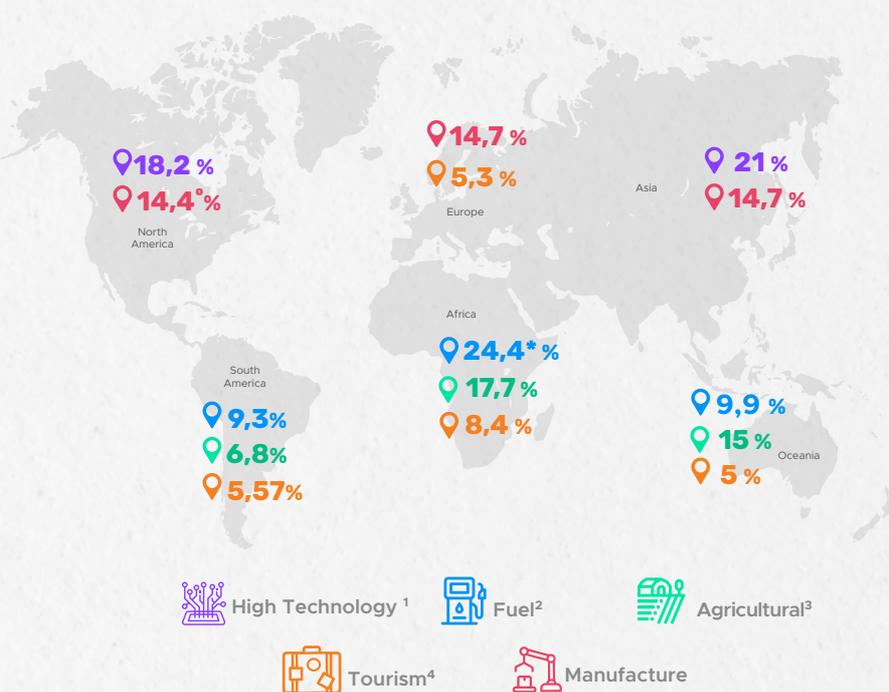
Graph No. 1 Global employment status of young people 2022



Source: Made with data from the ILO, 2022

Technological changes and the dynamics of these times, show the incorporation of new skills, abilities and competencies as a possibility to strengthen the future job performance of today's student. This in order to avoid interruptions in professional and occupational trajectories, product of a changing and unstable labor system, which constantly renews requirements. For this, it is necessary to recognize what are the trends and sectors that could mark the future of work and what specific characteristics are demanded.

Graph No. 2 Remarkable economic activities by continent (2021)



Source: Own calculations based on World Bank data.

Note: (1) corresponds to exports of products with a high intensity in research and development (R&D), such as in the aerospace, computing, pharmaceutical, scientific instruments and electrical machinery sectors.

(2): includes natural gas, mineral coal and oil

(3): includes agriculture, forestry and fishing

(4): this category only has information available for the year 2020

* Data available only for Eastern and Southern Africa

° Canada data not available

Although the economic activities carried out by each country are diverse, in graph No. 2 you can see the industries that occupy an important part of its economy and therefore of its workforce in each continent, there are common points, for example In the southern part of the globe, the fuel, agriculture and tourism sectors stand out, on the contrary, manufacturing has a strong presence in the north.

Now, although the transformations in the economic sectors have been gaining strength, even more so after the pandemic,

each continent with its respective countries will have particular ways of preparing for the changes, so that, through the incorporation of technological developments, they can potentiate their productive apparatus; in order to generate innovative goods and services, with added value, that contribute to economic and social development, as a possibility to advance in the reduction of economic inequality gaps.

The study Global Employment Trends for Youth 2021 by the ILO (2022)¹ highlights the Global Youth Employment Forum² event (2019) where more than 200 young people from 65 countries met to discuss trends in the labor market. In this space, five clusters of interrelated economic sectors were identified as strategic in the years to come, and although some are not strong in several countries, they do pose the challenge of generating policies and actions that promote their development. These clusters were associated with colors to represent them, as follow:



Green economy

Identified as one of the sectors of the future, it aims at social equity and sustainable development. For this, the economies must move towards production systems with climate neutrality.



Blue economy (marine)

It focuses on the importance of the seas and oceans, as well as a better distribution of the economic benefits of the sector. For some people it is considered part of the green economy.



Platinum economy (digital)

Seen as activities that rely mainly on ICT. Considerations are taken into account to improve employment in the digital economy, which include legislation, economic policies, education, adequate training and promotion of labor rights.



Orange economy (creative)

Production, reproduction, promotion, distribution or commercialization of goods, services and activities of a cultural, artistic or patrimonial nature.



Purple economy (carework)

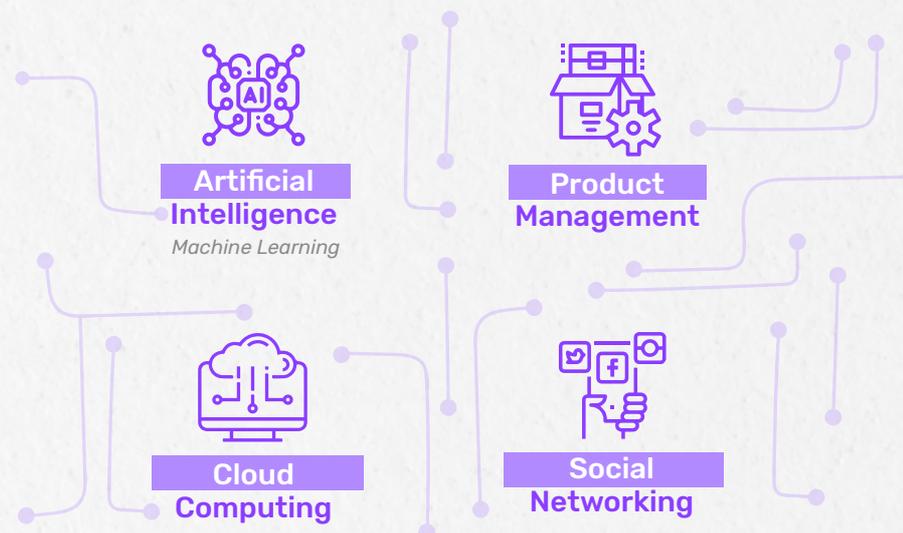
It includes care sectors such as education, health and domestic work.

Although much has been said about the green economy, the pandemic postponed the initiatives that were taken in this area, but situations such as geopolitical tension in Europe and the signing of alliances such as the Paris agreement can accelerate this transition, for which reason governments must make investments for rapid adaptation, as well as provide incentives to achieve this end. Additionally, the vision of young people

must be taken into account, since they have a greater concern for the environment, therefore, they may influence to promote the activation or consolidation of sustainable consumption, production and distribution patterns.

For its part, the creative industry is of great interest to young people, however, it tends to be marked by jobs with deficiencies in labor and social protection. With reference to the platinum economy, it is found that it is a diverse and very broad sector, where there are jobs that require different levels of technical knowledge and, therefore, they are susceptible to different remunerations. In addition, some countries present inequitable conditions that hinder the optimal development of this sector, for example, the technology industry tends to concentrate in urban areas since there is a tendency for connectivity problems to arise in rural areas.

According to the World Economic Forum-WEF- (2023a), the Burning Glass Institute in association with the Business-Higher Education Forum (BHEF) and Wiley, the american educational publisher, presented a study at the end of 2022 that included the analysis of 228 million vacancies since 2015. The results of this study showed that the emerging skills and knowledge with the highest demand and rapid growth are related to:



The researchers found that one in eight job postings had one of these as a requirement. The high relationship between the most demanded skills and technology is clear, therefore, related vacancies are growing strongly. In the case of skills and knowledge in Artificial intelligence/Machine Learning, their growth rate, in the case of the US, has been 370% in the last five years.

However, the report also warns that there are occupations that, although they belong to the technological area, are experiencing rapid declines, such as people in charge of architecture and administration of databases, designers and

web developers. In the latter, the use of low-code or no-code platforms allows people to create their own websites quickly and easily. This does not indicate that it is not necessary to learn to program, but that this field can transition into different positions that need this type of knowledge and technique, but that will evolve according to the needs of the market.

Technology has become a necessary knowledge and protagonist in most sectors, in fields as diverse as finance, security, social sciences, commercial engineering, physics, biology, industrial design, among others. Therefore, although not all skills are strictly related to technology, educational institutions should encourage their learning, e.g., by integrating it into compulsory subjects through project-based learning and, in other cases, by offering electives related to these topics. Likewise, it is necessary to should also be managed to get closer to the local and regional level, to find out which skills are most in demand, which in turn can contribute to the articulation between the education and production sectors.

According to the WEF (2023b)

75% of enterprises

are looking for ways to **adapt, in the next five years,** the most disruptive technologies related to



Big Data



Cloud
computing



Artificial
Intelligence

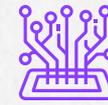
Finally, it is important to highlight that the carework economy is the sector that globally employs the majority of young people, especially women. However, although informality is less frequent in the health and social work sector than in the youth labor force as a whole, it is still a cause for concern, since it is higher than its peers over 30 years of age, according to the report of the ILO (2022) mentioned above, 53.8% of young women and 55.5% of young men from middle-income countries, and 33.7% and 46.0% respectively in low-middle-income countries are among informal workers employed in this fragment. For this reason, many young people do not aspire to occupy a position in this sector, which generates an alert since the pandemic highlighted the importance of these trades, in addition to the presence of phenomena that make their coverage more complex, such as the aging of the population.



For 2030 it is expected that:



Green economy adds
8.4 million jobs



The digital economy adds
6,4 million jobs



Final conclusion

In this way, it can be concluded that given the scenario, it becomes important to incorporate different skills, both technical and soft skills or so called socio-emotional, to achieve a better incorporation into the labor sector in the different clusters. For this, Sapiencia has a wide range of programs that support all technical, technological, professional and postgraduate educational levels and that answer to the needs and potential of human talent in the Science, Technology and Innovation Districts, seeking to improve the quality of life of its inhabitants.

In addition to the before mentioned, the Agency is in the process of construction, socialization and approval of the Post-Secondary Education Public Policy (PPEP in spanish), which is expected to contribute to the development, strengthening, comprehensiveness, complementarity and systemic articulation of the educational and training services associated to post-secondary education; promoting a more flexible training and formation offer with higher levels of relationship, articulation and relevance between the world of education and the world of work.

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