



EMPLOYMENT & LABOR

Overview¹

- In 2007, 61.7 per cent of the global population of working age – or an estimated 3 billion people – was employed.
- 2007 global unemployment remained constant at 6 per cent. An estimated 189.9 million people, compared to 187 in 2006, were unemployed.
- The Middle East and North Africa have the highest unemployment rates at 11.8 and 10.9 per cent respectively in 2007, followed by Latin America & the Caribbean, Central & South Eastern Europe (non-EU) & the Commonwealth of Independent States (CIS). The situation in developed economies is stagnating, with job growth at its lowest in the last five years.
- South Asia was the leader in jobs growth during 2007, contributing 28 per cent of the nearly 45 million jobs created during the year worldwide.
- 487 million workers – or 16.4 per cent of all workers – still don't earn enough to lift themselves above the US\$1 per person, per day poverty line. 1.3 billion workers – 43.5 per cent – still live below the US\$2 per day threshold.
- Sub-Saharan Africa has the largest share of working poor. Eight out of 10 workers were living below the US\$2 per day threshold.
- The service sector continued to grow during 2007, further surpassing agriculture as the world's most prevalent source of employment. The service sector now provides 42.7 per cent of the world's jobs, compared to agriculture which provides 34.9 per cent.

Labor Regulation & the Informal Sector

- Governments struggle to strike the right balance between labor market flexibility and job stability. Many countries err on the side of excessive rigidity, to the detriment of businesses and workers alike.²
- Excessive labor regulation decreases job opportunities and feeds the informal sector.
- Informal employment provides no social benefits or protection from employers.
- Informal employment comprises one half to three-quarters of non-agricultural employment in

developing countries: specifically, 48 per cent of non-agricultural employment in North Africa; 51 per cent in Latin America; 65 per cent in Asia; and 72 per cent in sub-Saharan Africa.³

- If agricultural employment is included, the percentages rise, in some countries like India and many sub-Saharan African countries beyond 90%.⁴
- A World Bank study estimates that in an open economy, flexible labor regulation can increase annual growth by up to 1.5%.⁵

Where is it easy to employ workers—and where not?

Easiest	Rank	Most difficult	Rank
United States	1	Sierra Leone	169
Singapore	2	Panama	170
Marshall Islands	3	Congo, Dem. Rep.	171
Georgia	4	Angola	172
Brunei	5	Paraguay	173
Tonga	6	Guinea-Bissau	174
Maldives	7	Equatorial Guinea	175
Australia	8	São Tomé and Príncipe	176
Palau	9	Bolivia	177
Denmark	10	Venezuela	178

Source: World Bank, Doing Business Report 2008

Brain Drain

- According to the ILO, since the 1980s there has been rising inequality in wages and earnings not only between workers of different skills but also among workers with the same skills within and across countries.⁶
- Disparities across labor markets are a principal cause for the high rates of international migration and consequent brain drain.
- The highest brain drain rates are observed in the Caribbean, Central America, and Western and Eastern Africa.⁷
- Brain drain is particularly detrimental to the health sector. In 2000, approximately one fifth of African-born physicians in the world, and about one tenth of African-born professional nurses were working overseas in a developed country.⁸



Gender Equality⁹

- Women's labor force participation rates lag men's participation rates in virtually all countries.
- The Middle East and North Africa have the lowest female labor force participation rate of any developing region at 28.4 percent in 2004.
- Women are 3 times as likely as men to be hired informally.
- Female employment can, on the one hand, reduce current poverty and stimulate short-term growth through higher consumption expenditures, and, on the other hand, reduce future poverty and stimulate long-term growth through higher savings.
- Children's wellbeing is another pathway through which increased gender equality may be associated with poverty reduction and growth. Increases in female education and control over household resource allocation improve child wellbeing, educational attainment and health.

Child Labor & Forced Labor

- In 2004 there were 218 million children trapped in child labor of which 126 million were in hazardous work.¹⁰
- More than one in four children aged 5 to 14 works in sub-Saharan Africa.¹¹
- The ILO estimates that globally there are 12.3 million people who are victim of forced labor.¹²
- Global profits from forced laborers reach US\$ 44.3 billion every year, including US\$ 31.6 billion from trafficked victims.¹³
- It is estimated that 600,000 to 800,000 human beings are trafficked across national borders each year, 80% of these are women and girls while some 50% are minors.¹⁴

Employment, Labor & Business

For large corporations, investing in education and training can create a larger pool of labor locally with the appropriate skill sets and knowledge to meet the particular requirements of the corporation. Business also has the opportunity to improve capacity and performance of local suppliers. In turn, these investments can strengthen the business license to operate through participation in local enterprise development and the development of vocational training programs.

Notes

¹ ILO, Global employment trends 2008, January 2008,, <http://www.ilo.org/public/english/employment/strat/global.htm>

² The World Bank, *Doing Business 2008*, Washington D.C, 2007

³ ILO, Employment Sector, *Women and Men in the Informal Economy: A Statistical Picture*, 2002.

⁴ ILO, Employment Sector, *Women and Men in the Informal Economy: A Statistical Picture*, 2002.

⁵ ILO, Employment Sector, *Women and Men in the Informal Economy: A Statistical Picture*, 2002.

⁶ ILO, Global employment trends 2008, January 2008,, <http://www.ilo.org/public/english/employment/strat/global.htm>

⁷ The World Bank, *Migration and Remittances Factbook 2008*, <http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/EXTPROGRAMS/EXTINTERNATIONAL/0,,contentMDK:21352016~pagePK:64165401~piPK:64165026~theSitePK:1572893,00.html>

⁸ Center for Global Development, *African health professionals abroad – Working Paper 95*, <http://www.cgdev.org/content/publications/detail/9267>

⁹ The World Bank, Morrison et al, *Gender Equality, Poverty and Economic Growth*, 2007, http://econ.worldbank.org/external/default/main?pagePK=64165259&theSitePK=469382&piPK=64165421&menuPK=64166093&entityID=000158349_20070911132056

¹⁰ ILO. 2006. "Global Child Labour Trends 2000 to 2004." http://www.ilo.org/dyn/declaris/DECLARATIONWEB.DOWNLOAD_BLOB?Var_DocumentID=6233 (accessed 16 November 2007)

¹¹ ILO. 2006. "Global Child Labour Trends 2000 to 2004." http://www.ilo.org/dyn/declaris/DECLARATIONWEB.DOWNLOAD_BLOB?Var_DocumentID=6233 (accessed 16 November 2007)

¹² ILO. 2006. "A Global Alliance against Forced Labour." http://www.ilo.org/dyn/declaris/DECLARATIONWEB.DOWNLOAD_BLOB?Var_DocumentID=5059 (accessed 16 November 2007)

¹³ ILO. 2006. "A Global Alliance against Forced Labour." http://www.ilo.org/dyn/declaris/DECLARATIONWEB.DOWNLOAD_BLOB?Var_DocumentID=5059 (accessed 16 November 2007)

¹⁴ US Department of State. 2005. "Trafficking in Persons Report." <http://www.state.gov/documents/organization/47255.pdf>

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