

Future of Work in the Digital Age



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Director Group Public Affairs
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Randstad in numbers 2015



Future of Work in the Digital Age

What will we talk about?

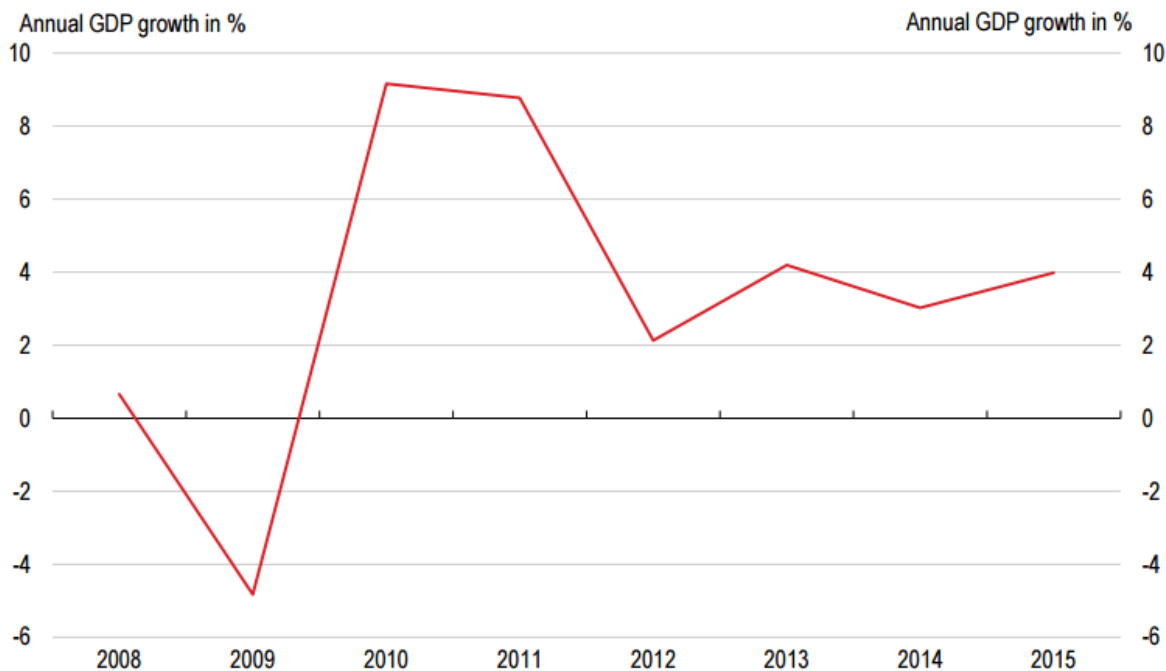
- State of play labor market in Turkey
- Turkey and the Future of Work
- Recommendations and discussion



The good news: economic growth in Turkey remains strong despite headwinds

The Turkish economy and labor market were deeply affected by the financial crisis but have recovered strongly

Economic growth in Turkey is about double the average growth in Europe and other developed countries



Source: OECD (2016), OECD Economic Outlook: Statistics and Projections (database).

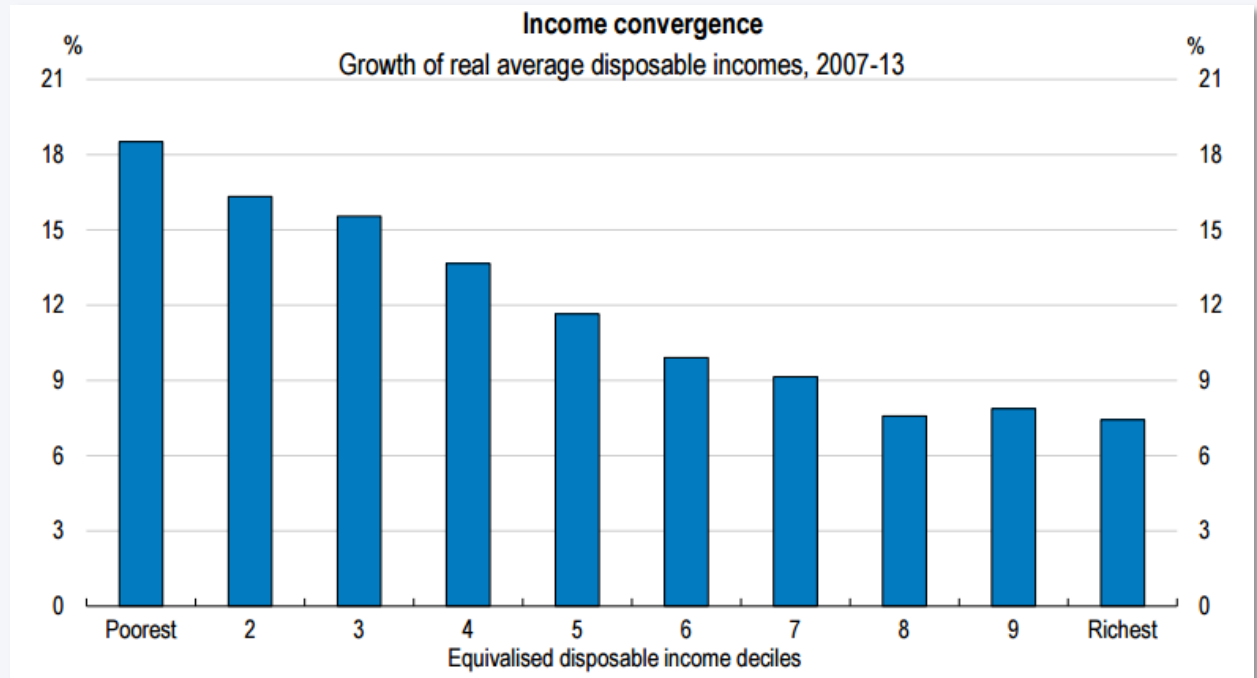
Source: OECD



More good news: economic growth in Turkey is inclusive

In Turkey the decile with the lowest incomes have profited most from the economic growth.

Their average disposable income has grown with over 18% between 2007 and 2013.

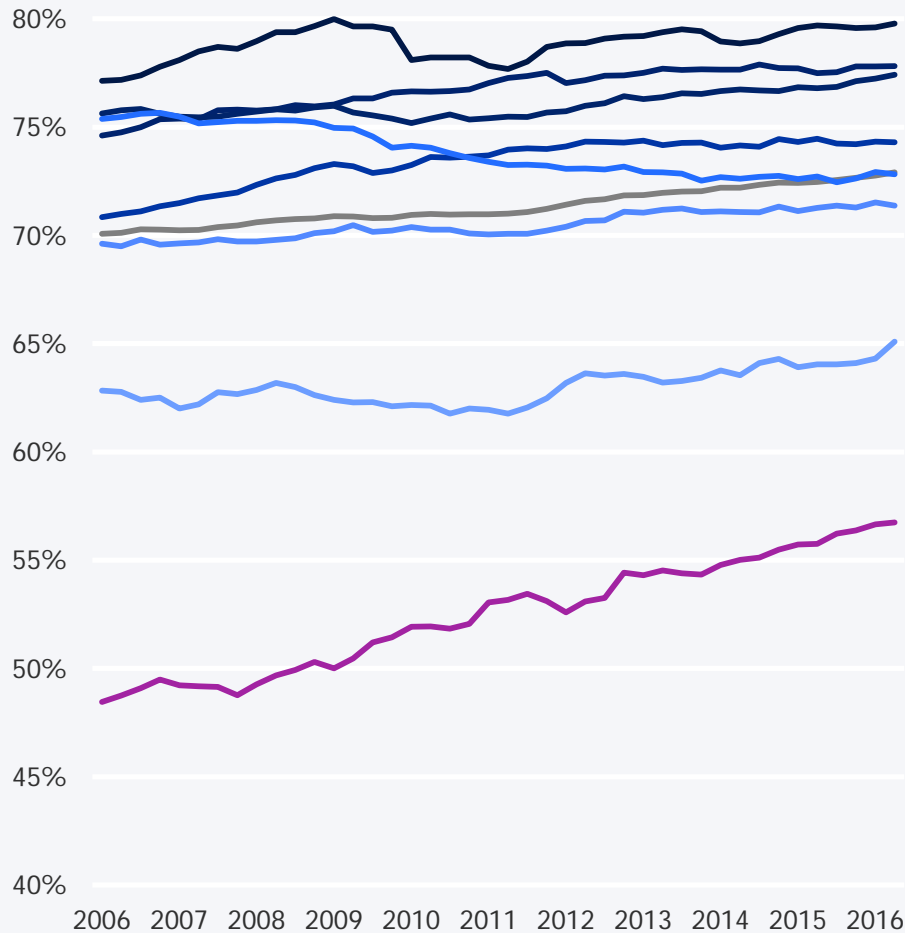


Source: OECD



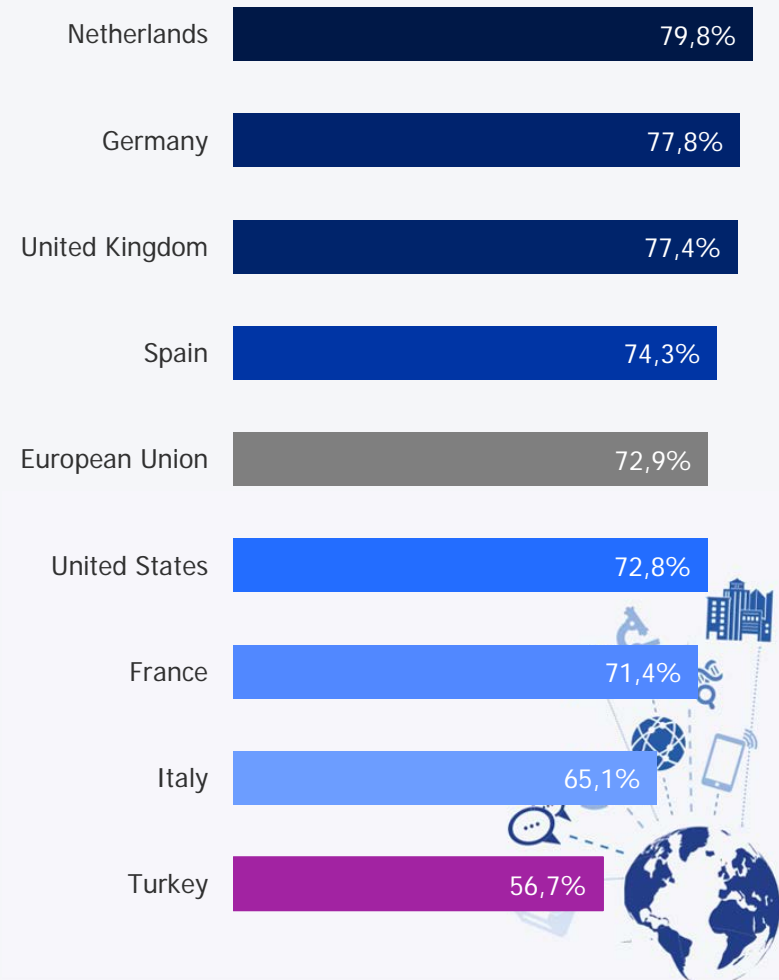
And finally: economic growth has led to increasing participation on the Turkish labor market...

activity rate
age 15-64

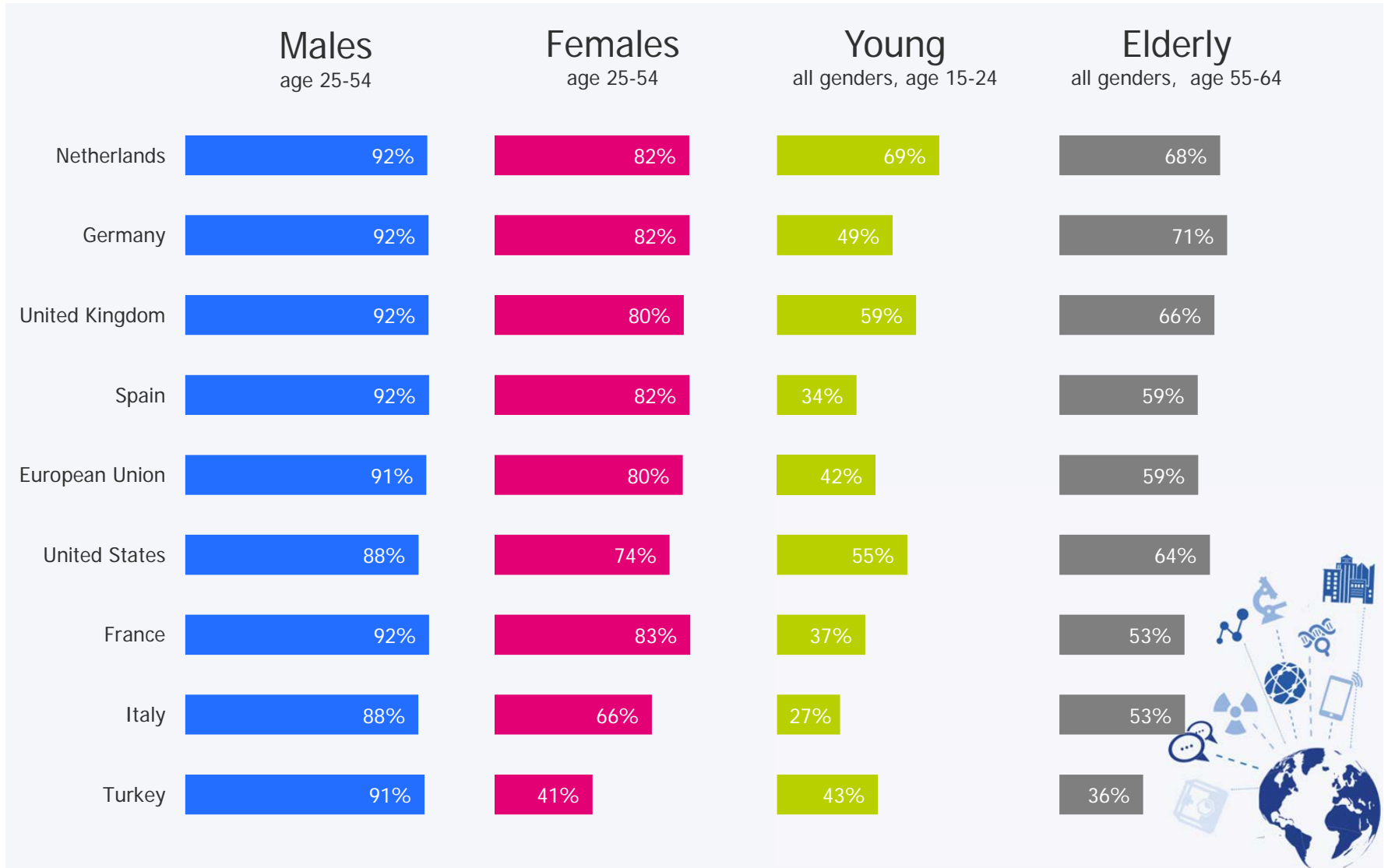


Source: OECD.stats

2016 q2



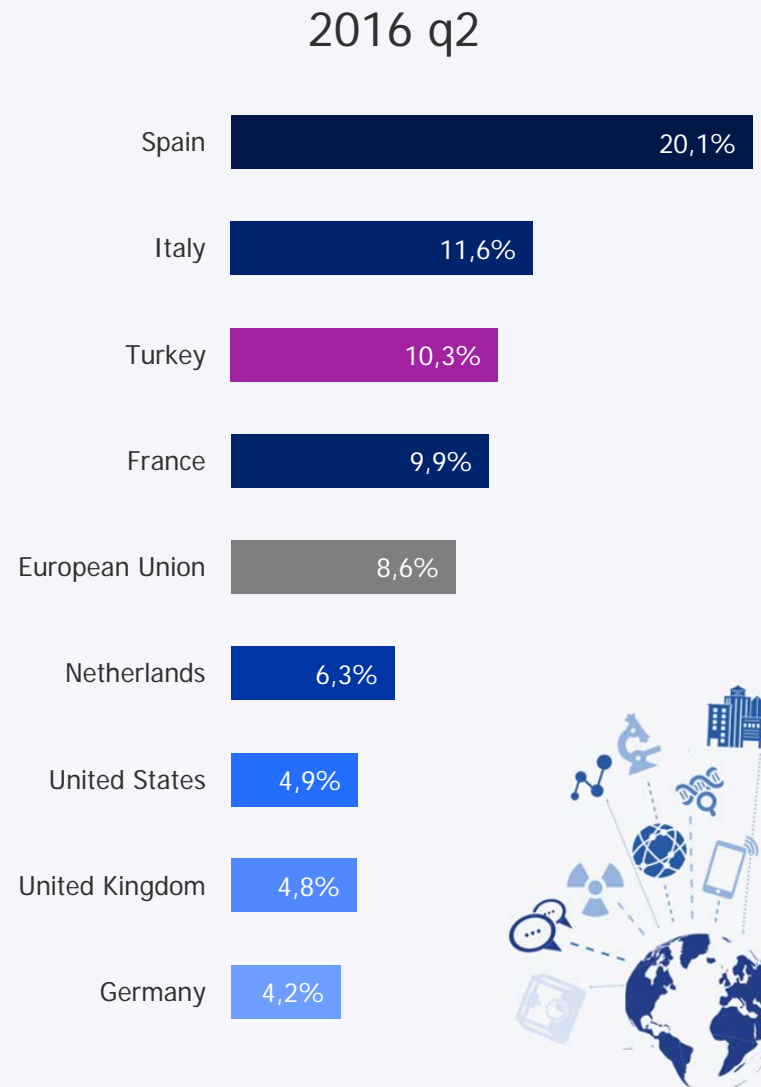
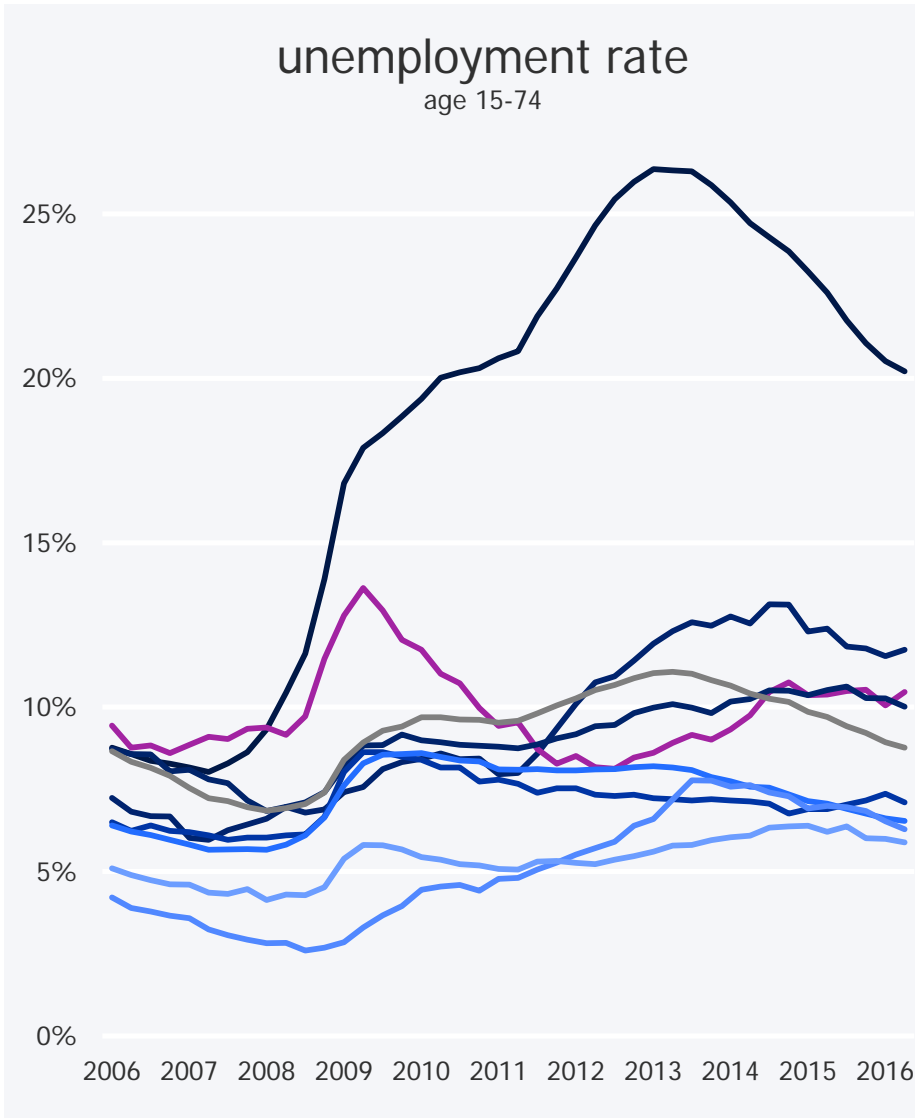
..but is still lagging among females and older workers



Source: OECD.stats

Employment recovered after financial crisis

Unemployment at around 10% performing on par with the Mediterranean region



Source: OECD.stats

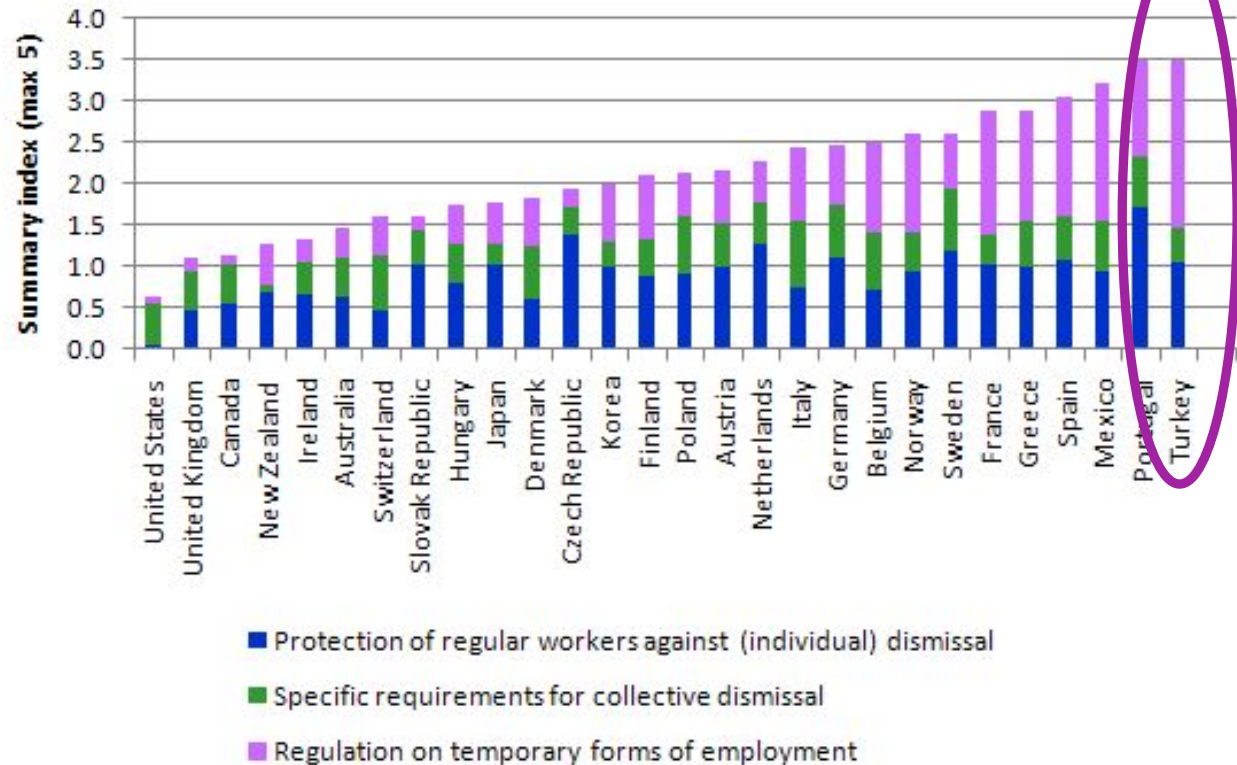
Employment regulations in Turkey are rigid

For temporary forms of employment the most rigid regulations of the OECD

Typically for the Mediterranean region, Turkey has too strict employment regulation

The EPL index by the OECD finds Turkey especially rigid in regulation on temporary forms of employment

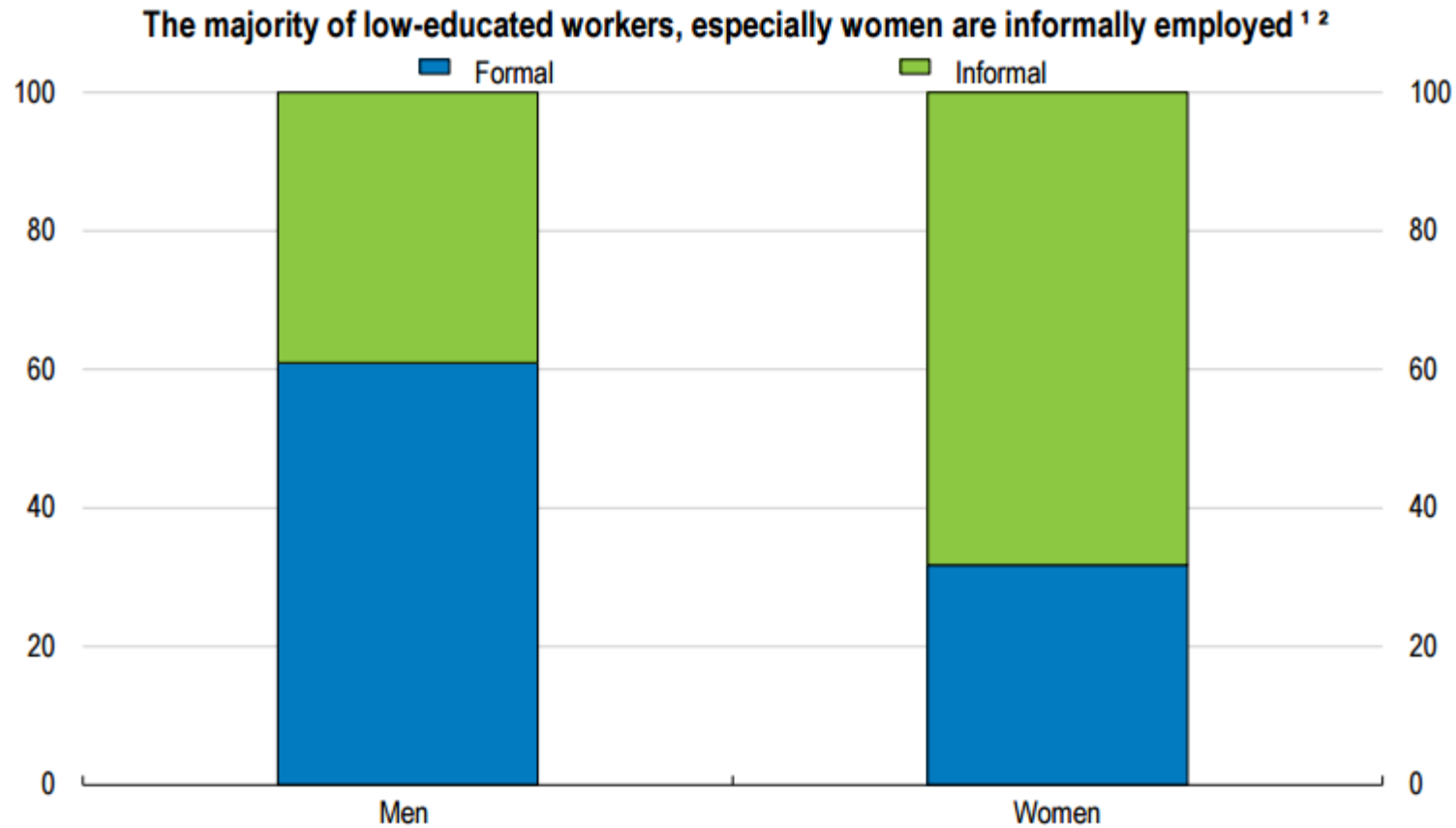
OECD EPL index



Source: OECD

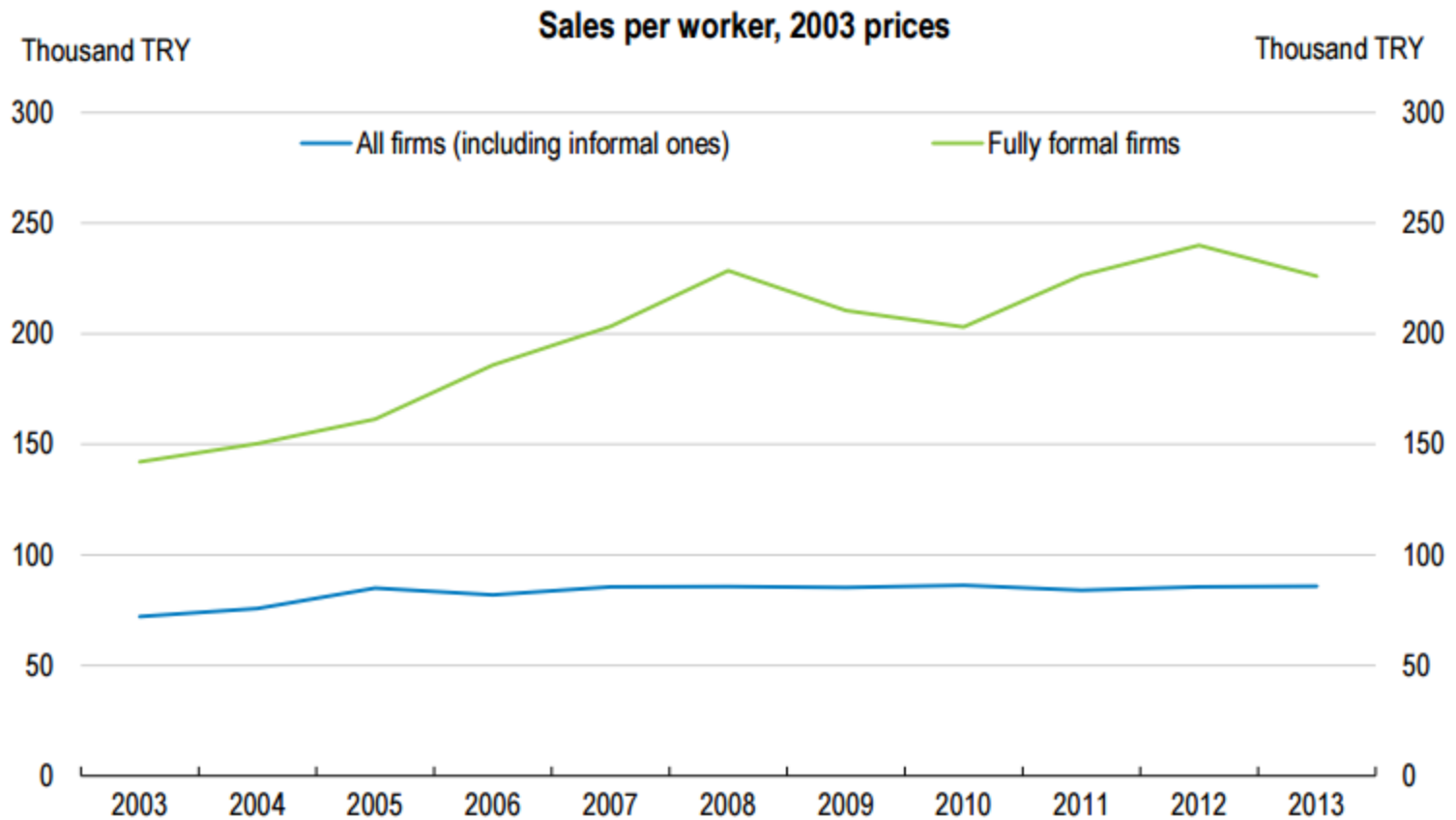


Many jobs in Turkey are informal...



Source: OECD

...and informality drags down productivity



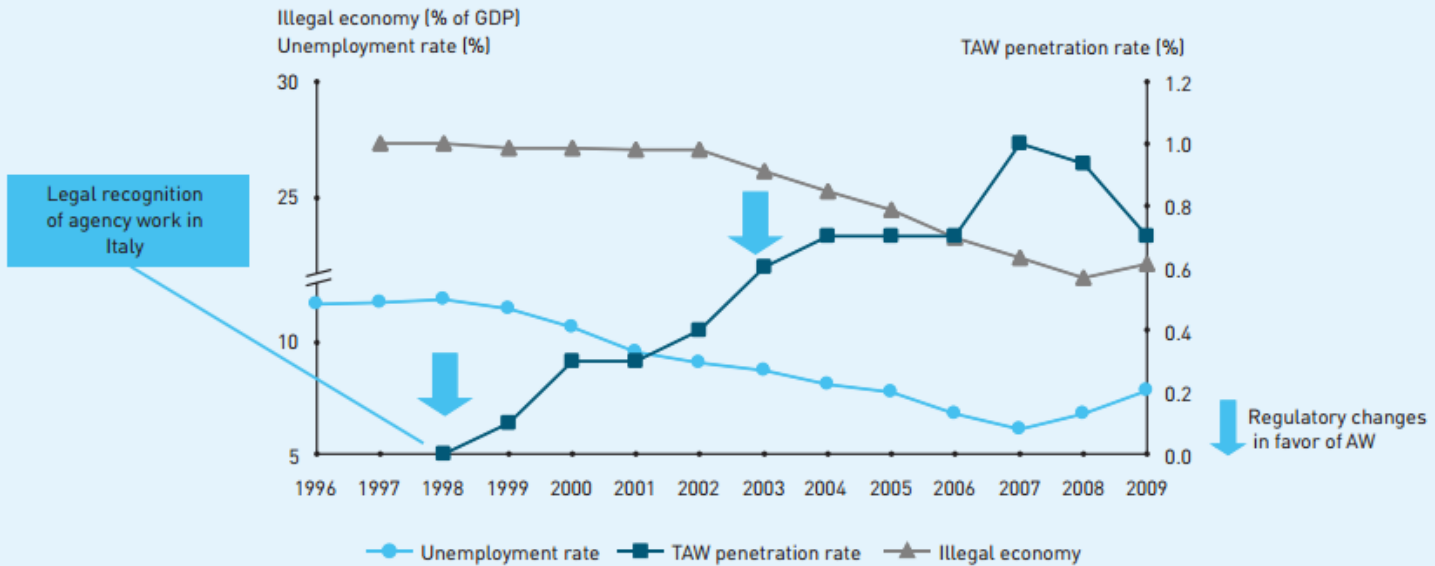
Source: Turkish Statistical Institute; Central Bank of the Republic of Turkey.

Source: OECD

Experience in Italy shows well-regulated agency work reduces informality

Agency work helped reduce unemployment & illegal economy in Italy

Agency work regulatory changes and their positive impact on level of unemployment and illegal economy



Unemployment rate started to decline right after introduction of agency work

Source: BCG, Ciett: Adapting to change

Boosting productivity and strengthening resilience and social cohesion in Turkey



OECD recommendations

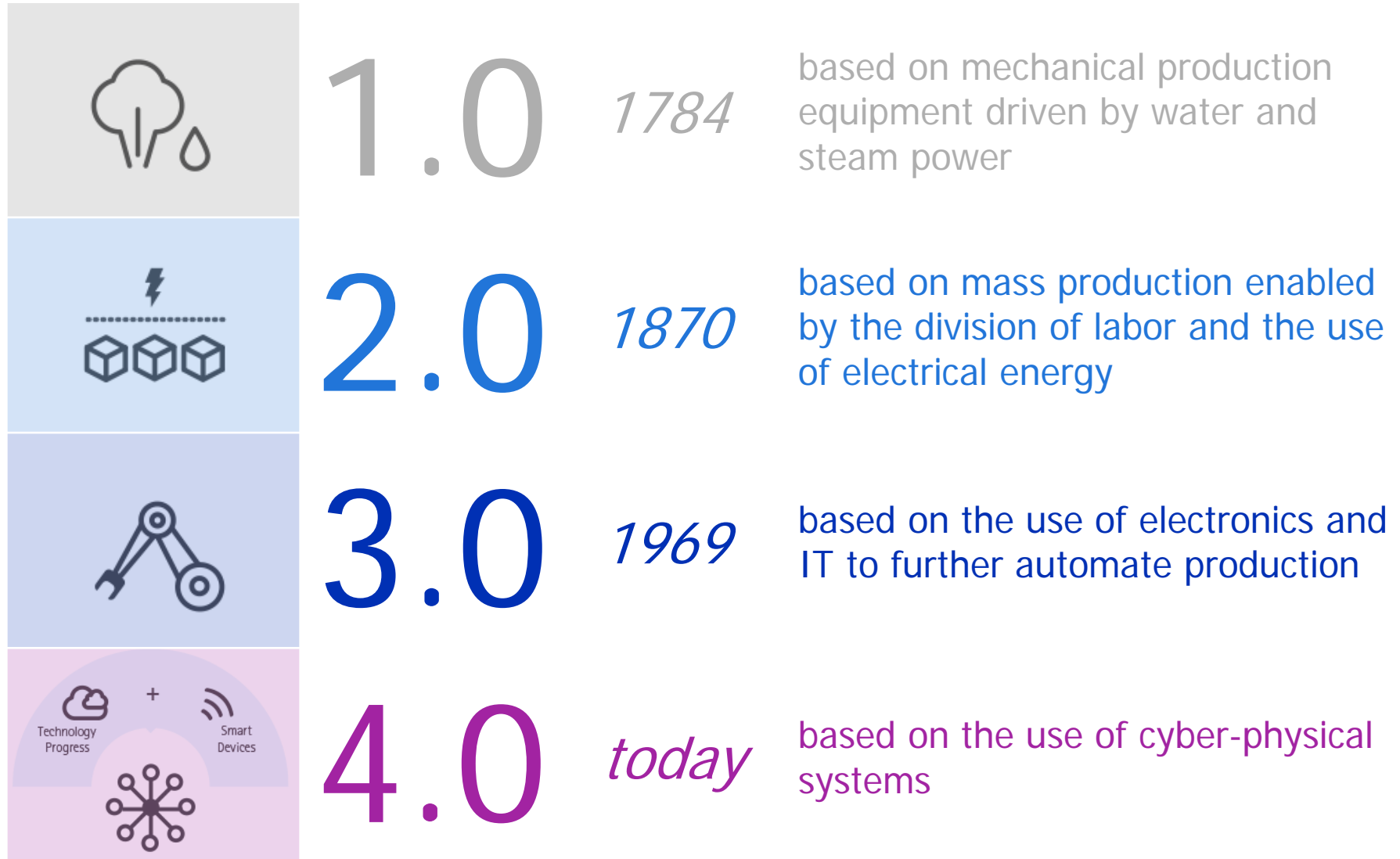
- Enhance the flexibility of employment rules for all firms
- Reduce labour tax wedges and employment costs for the low-skilled
- Implement the education reforms foreseen in the 2016 Action Plan to improve curricula and increase the autonomy of schools and universities
- Invest more in vocational training and research-and-development
- Focus upskilling programmes for small entrepreneurs on basic management, foreign languages and digitalisation



The world is changing

Turkey and the Future of Work

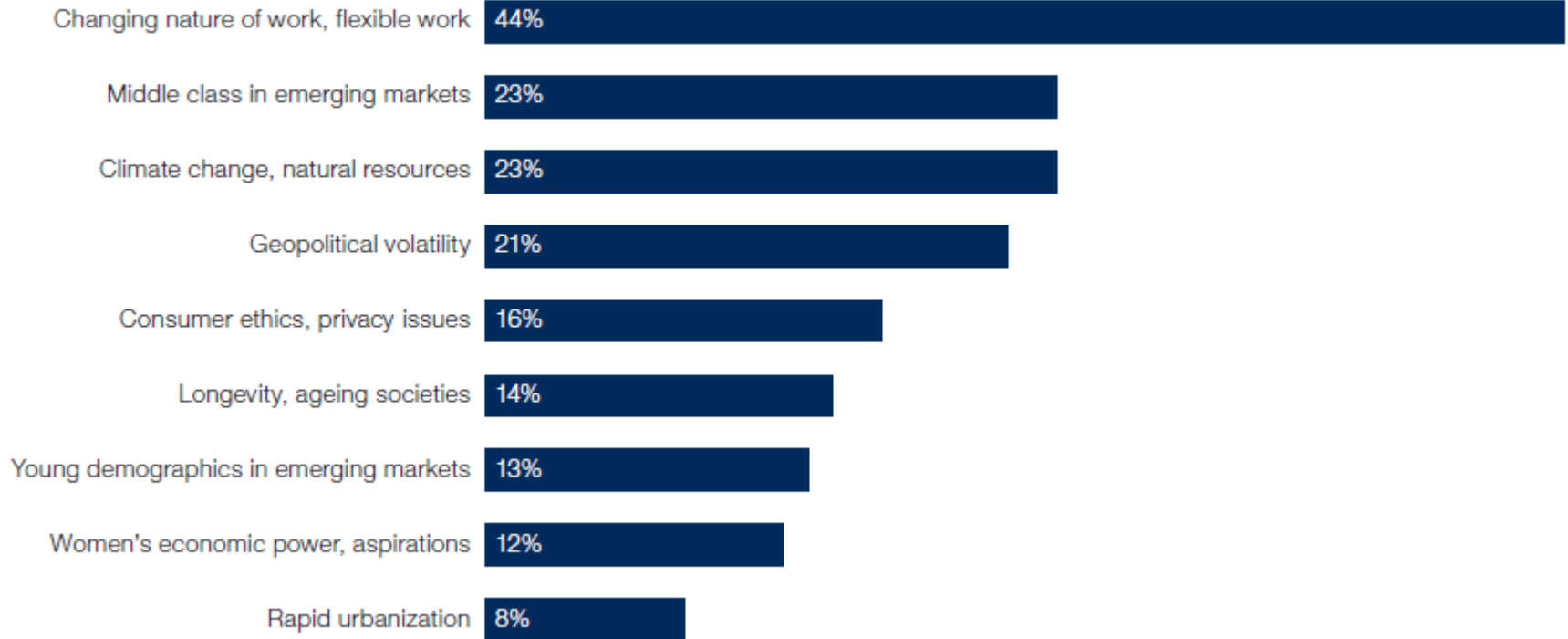
a new industrial revolution changing the way we work



Source: Accenture, Digital Industry 4.0

Changing nature of work is recognised as top driver of change

DEMOGRAPHIC AND SOCIO-ECONOMIC



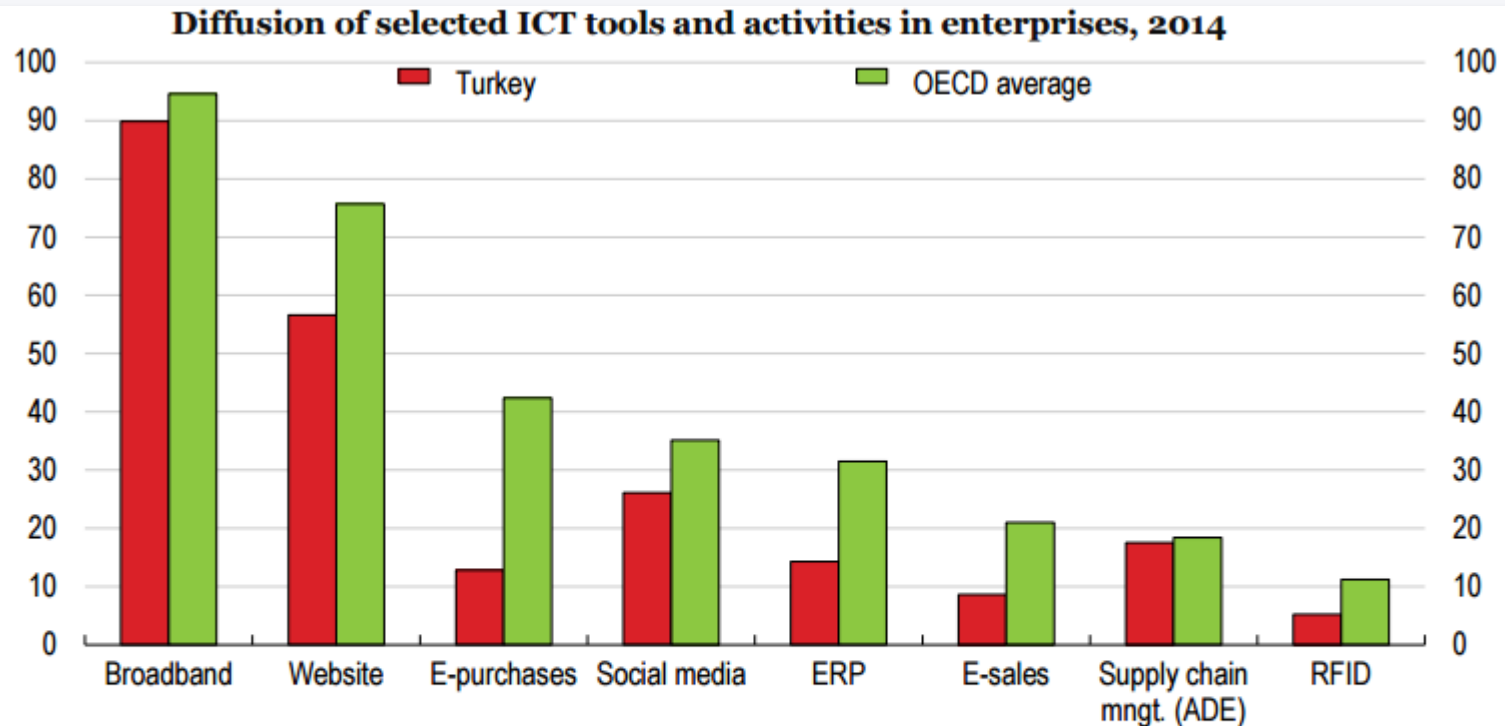
Source: WEF, Future of Jobs

What challenges this new environment brings to the world of work



Source: name source

Automation: ICT is still under-used in the Turkish economy



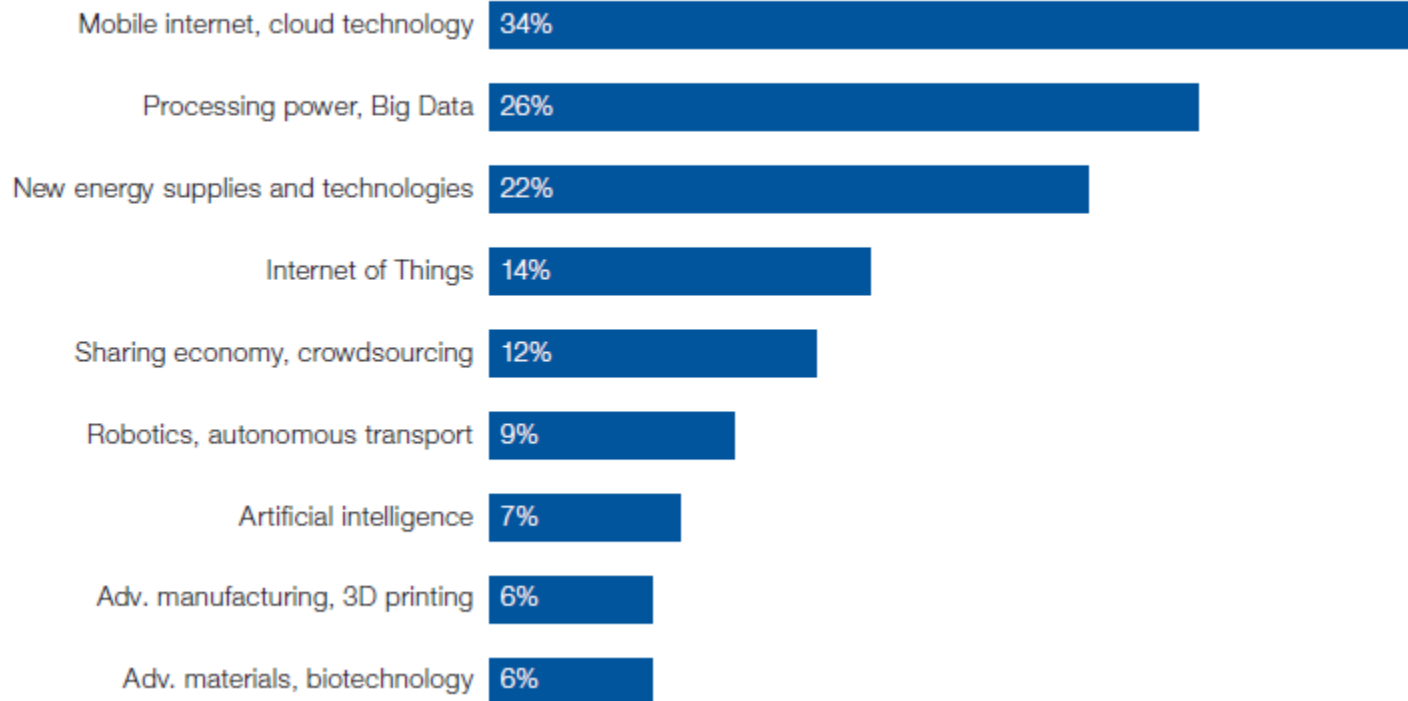
Note: Enterprise resource planning (ERP) systems are software-based tools that can integrate the management of internal and external information flows. Supply chain management refers to the use of automated data exchange (ADE) applications. Radio Frequency Identification (RFID) is a technology that enables contactless transmission of information via radio waves. Reported as a percentage of enterprises with ten or more persons employed.

Source: OECD (2015), OECD Science, Technology and Industry Scoreboard 2015: Innovation for growth and society, OECD Publishing, Paris, DOI: http://dx.doi.org/10.1787/sti_scoreboard-2015-en

Source: OECD

The ICT revolution is the technological driver of change

TECHNOLOGICAL



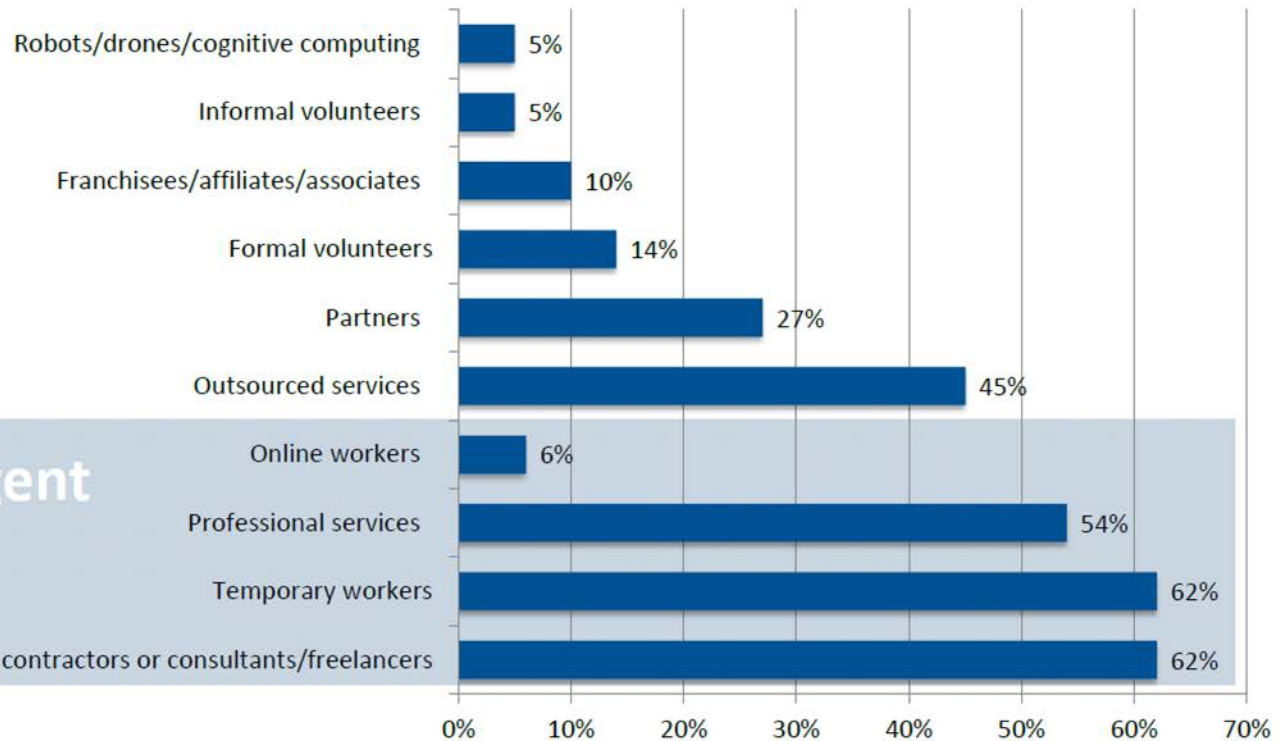
Source: WEF, Future of Jobs

Complexity is fully recognised by companies



Companies already use a wide variety of new workforce relationships

Based on what you know, which of the following types of 'workers' did work on behalf of your company/organization during 2014?



Contingent

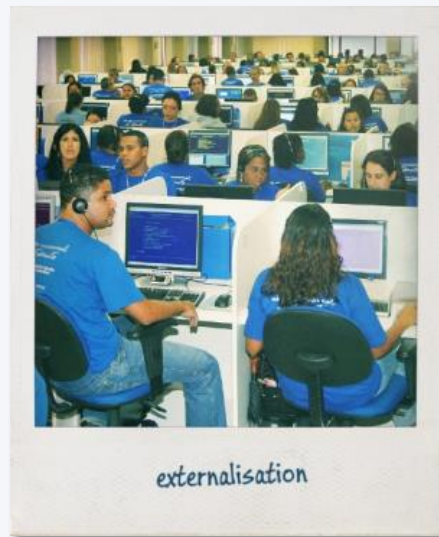
Skills obsolescence: will robots steal our jobs?

Overall impact is controversial but...

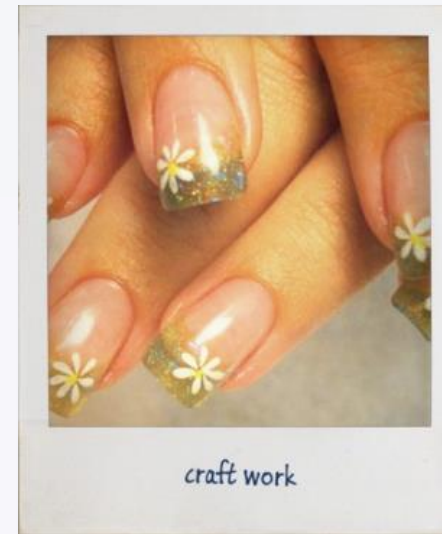
Routine work is being replaced by machines



Fastidious work is being sub-contracted



Creative work remains in-shore and of great added value



Technology will actually create many jobs...

A job multiplier of high-tech STEM jobs

In the high tech hubs creating one high-tech STEM job...

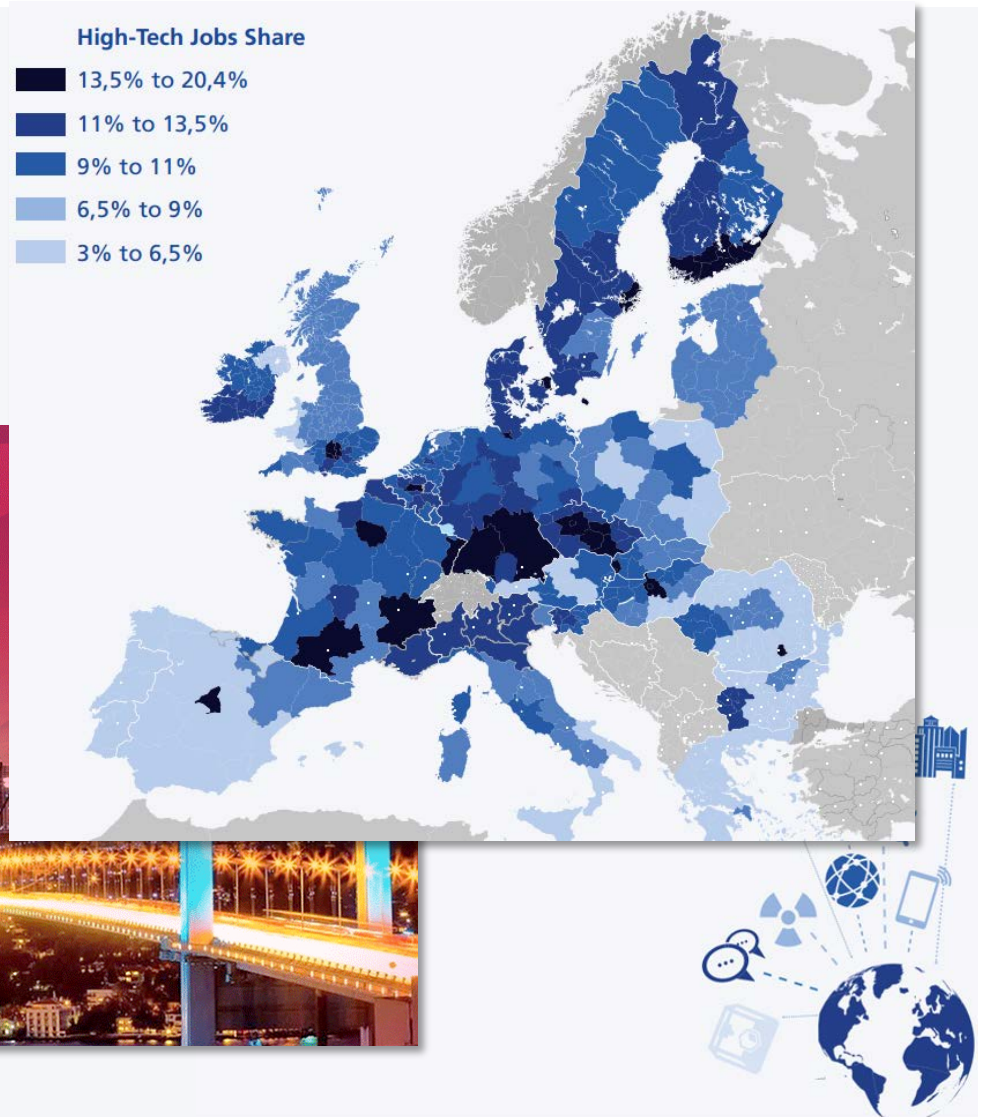


...creates 2.5 to 4.4 local other jobs
(mostly non-routine low- and medium-skilled service jobs).



Source: KU Leuven, Randstad: Flexibility@work 2016

...boosting employment in high-tech regions



Source: KU Leuven, Randstad: Flexibility@work 2016

Talent shortage: while unemployment is high, recruitment does not come that easily...

At world level

61%

of companies experience difficulty recruiting staff

Main reasons

87%

Shortages of skilled staff

49%

Salary uncompetitive

30%

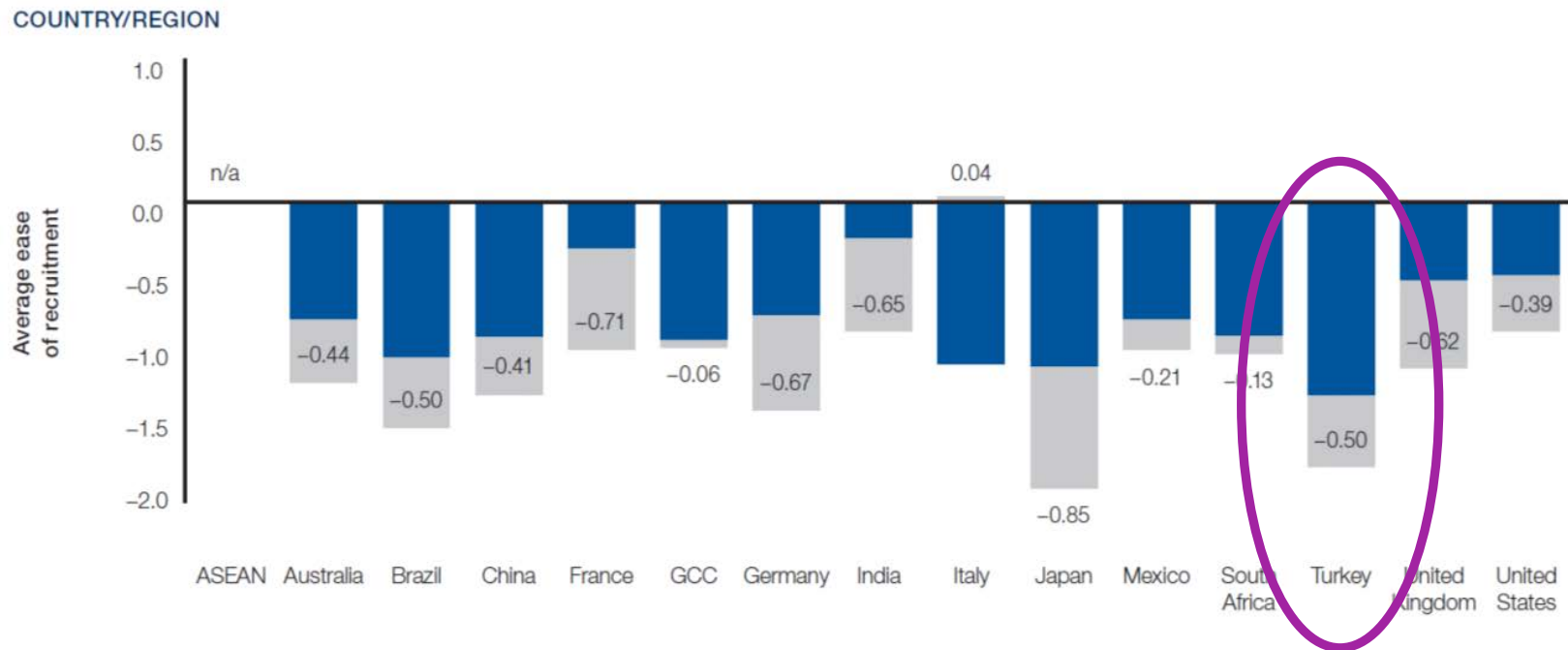
Location undesirable



Source: Kelly Services

Talent shortage: while unemployment is high, recruitment does not come that easily...

Expected change in ease of recruitment, 2015-2020



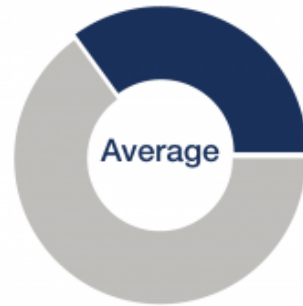
Source: Future of Jobs Survey, World Economic Forum.

Source: WEF, Future of Jobs

The Future of Work will disrupt skills in all sectors and all countries

Five years from now, over one-third of skills (35%) that are considered important in today's workforce will have changed

Jobs will disappear, other jobs will be created and many jobs will be restyled requiring different skills



35% of core skills will change between 2015 and 2020

Disruption across countries and industries

43% Financial Services & Investors
 42% Basic & Infrastructure
 39% Mobility

35% Information & Communication Technology
 33% Professional Services
 30% Energy
 30% Consumer
 29% Health
 27% Media, Entertainment & Information

48% Italy
 42% India
 41% China
 41% Turkey
 39% South Africa
 39% Germany
 38% France
 37% Mexico

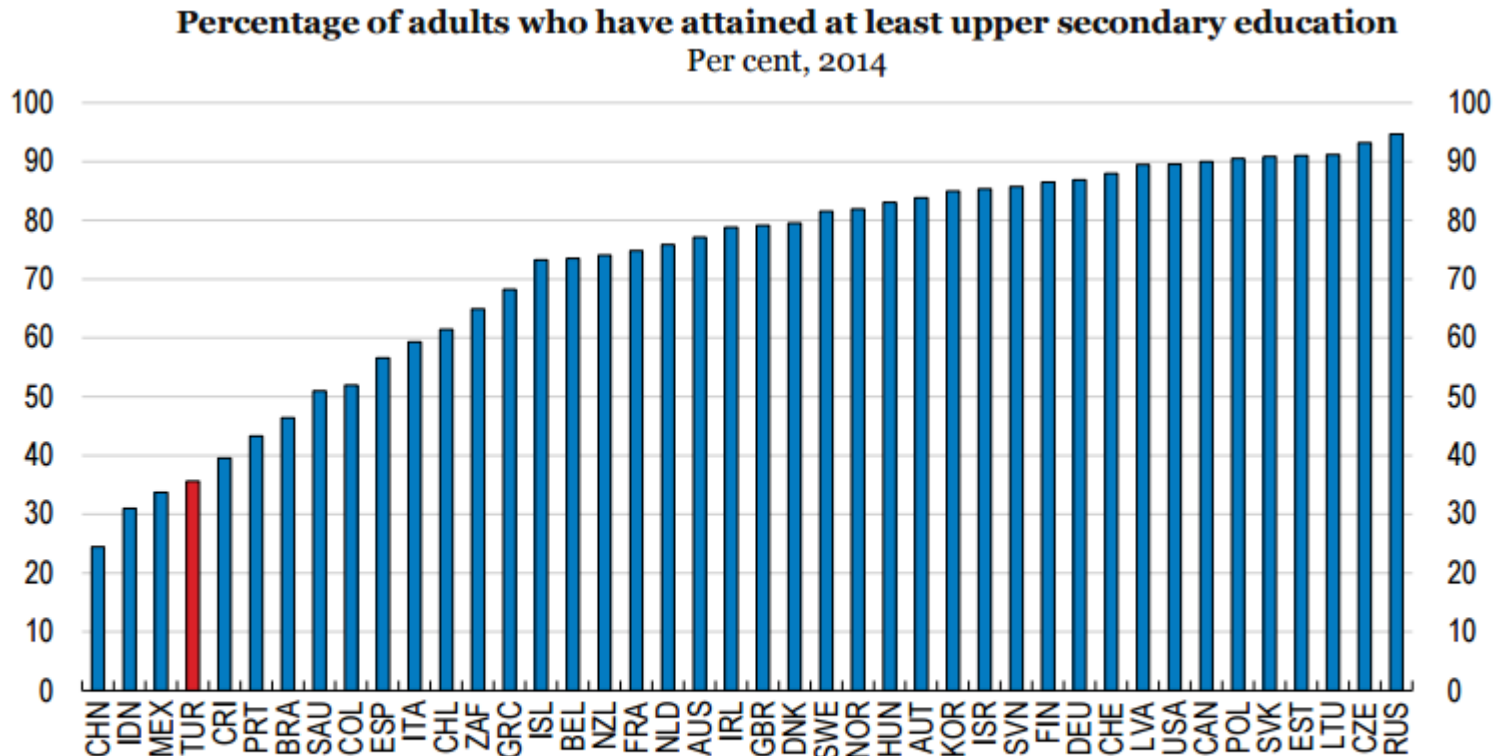
average disruption

31% Brazil
 29% United States
 28% United Kingdom
 27% Australia
 25% Japan
 21% Gulf Cooperation Council
 19% ASEAN



Source: WEF, Future of Jobs

Educational outcomes in Turkey need to be improved for the Future of Work



Note: For Brazil, Chile, France, the Russian Federation and Saudi Arabia, the year of reference is 2013, for China, 2010, for Indonesia, 2011 and for South Africa, 2012.

Source: OECD (2015), Education at a Glance 2015: OECD Indicators, OECD Publishing, Paris. DOI: <http://dx.doi.org/10.1787/eag-2015-en>.

What skills will make a worker a talent in 2020?

Top 10 soft skills expected

Besides higher educational level and more STEM-skills the Future of Work requires a different set of soft skills

Creativity will become one of the top three skills workers will need

With the avalanche of new products, new technologies and new ways of working, workers are going to have to become more creative in order to benefit from these changes



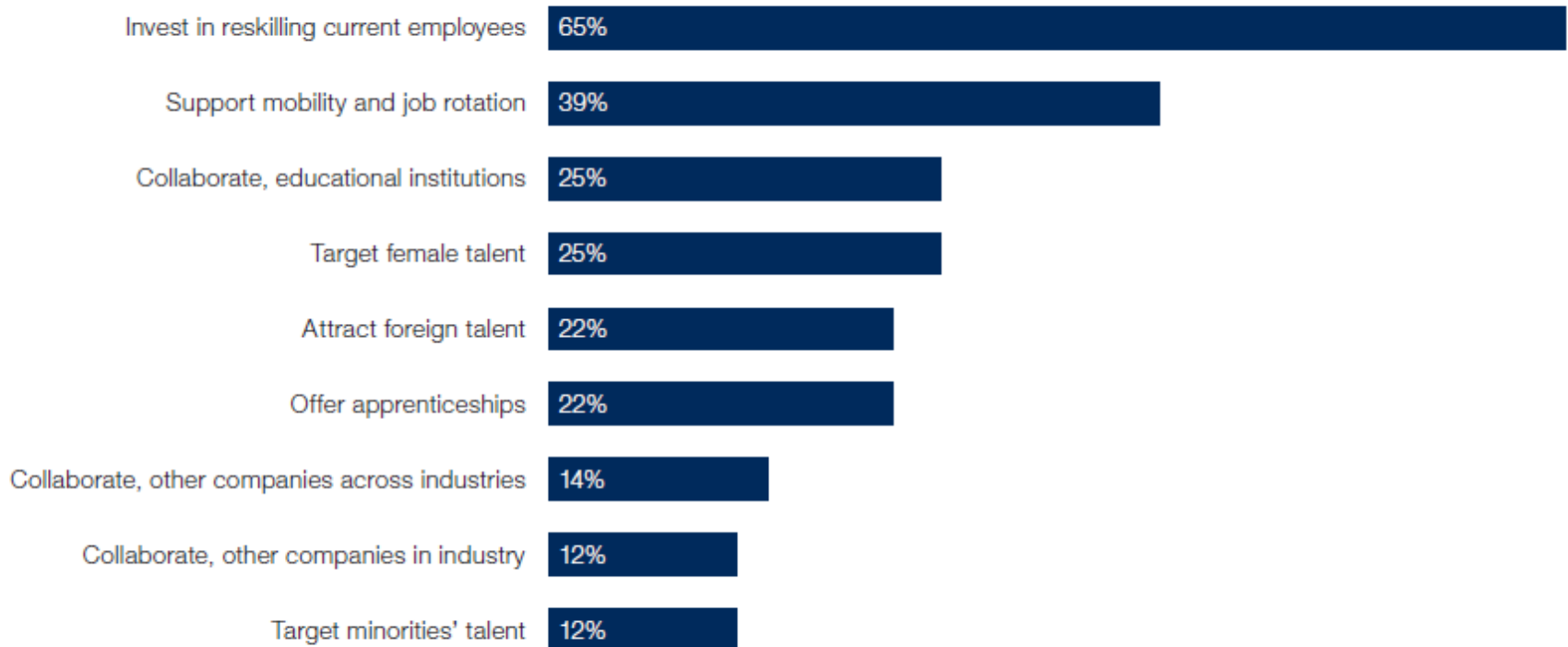
We need the talent.. what does talent want?



Future workforce strategies to face the changes

Future workforce strategies, industries overall

Share of respondents pursuing strategy, %

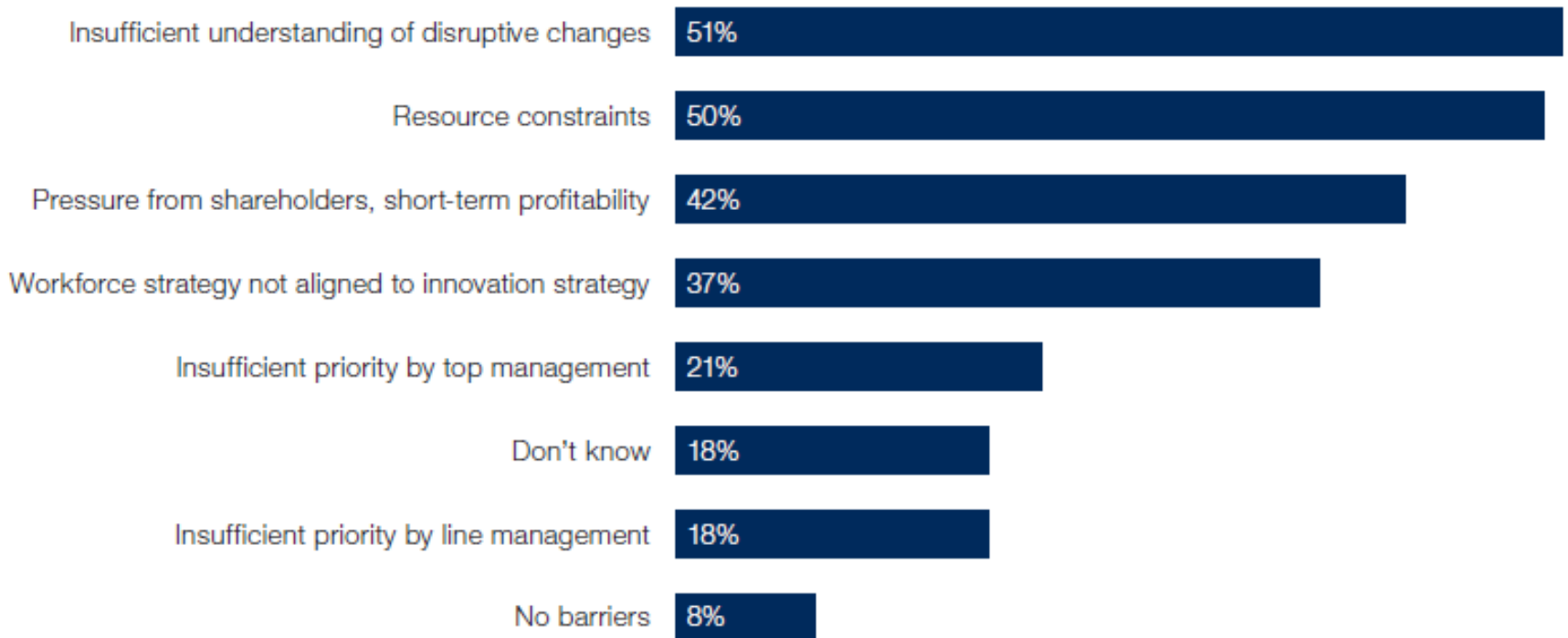


Source: WEF, Future of Jobs

Barriers for companies to make these changes

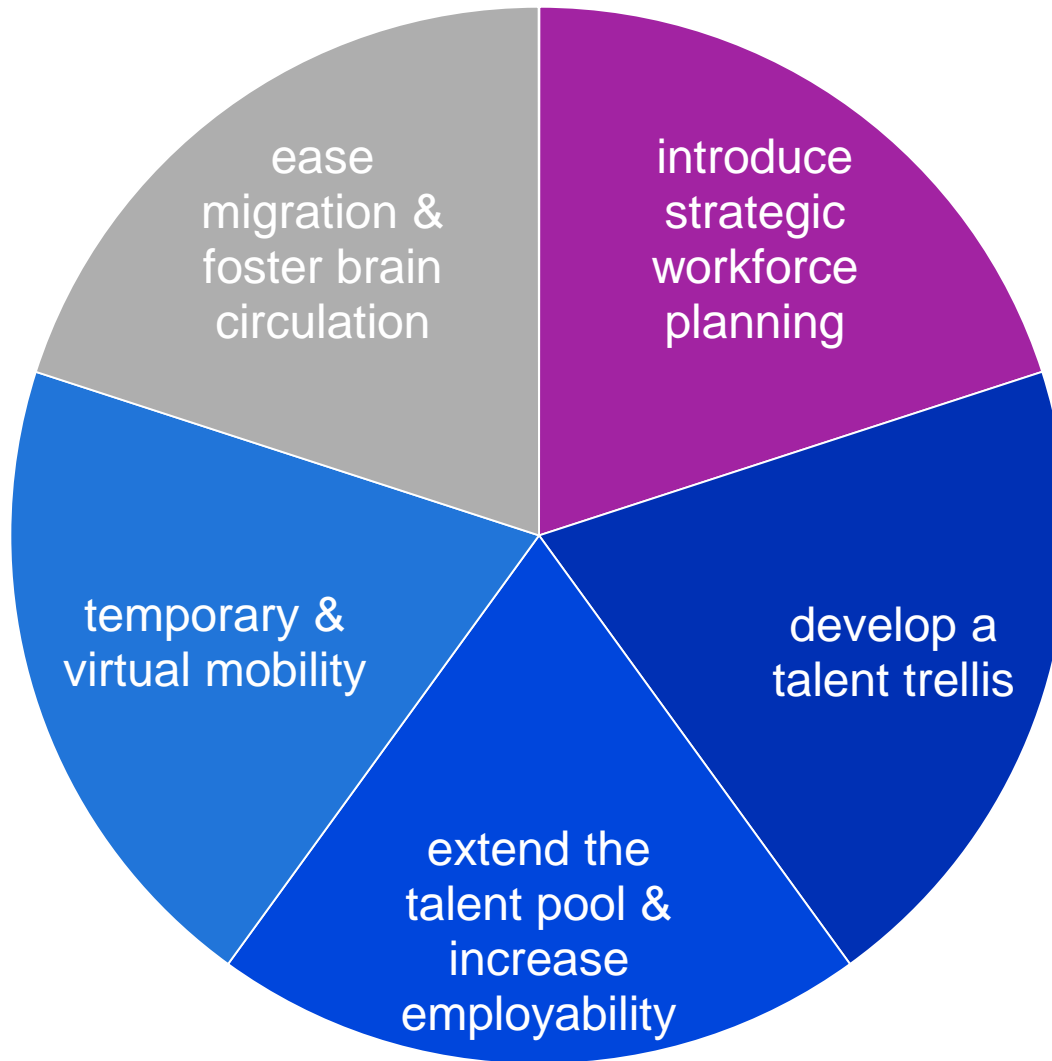
Significance of barriers to change, industries overall

Share of respondents reporting barrier, %



Source: WEF, Future of Jobs

How to attract the skills you need in the Future of Work



How will the Future of Work affect the labor market in Turkey?
What can Turkey do more to prepare for the Future of Work?

Thank you!

