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## PRESS RELEASE

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### **Has the reorganisation of global production radically changed demand for labour?**

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The organisation of global production has undergone profound changes. Technological progress via the use of robots, digitalisation, computerisation or developments in information and communication, has spread widely through all sectors of the economy, revolutionising the methods of creating, producing and distributing goods and services. By facilitating the transfer of information and widening control options, it has also helped to open up the production chains. In this new form of organisation, production units are no longer geared to making a finished product for the consumer, but each unit represents a link in a production chain which is often complex and internationally fragmented.

The emerging - essentially East Asian - countries have taken advantage of this trend towards globalisation and have gradually become the biggest manufacturers in the world. It is mainly the return on capital and, to a lesser extent, the remuneration of highly educated workers that have gained from the growth of their industrial segment. Contrary to popular belief, low-qualified workers in the emerging countries have not benefited from the globalisation of production chains.

In Europe, there is also an evident impact on activity and employment. The loss of market shares in industry has led to industrial job losses. Conversely, market and non-market services have seen employment expand. In addition, the composition of demand for labour has changed greatly over the past fifteen years. Medium-skilled occupations, such as typists, administrative staff and the metallurgy, textile and printing trades, have come under pressure. These jobs have a foreseeable, repetitive content threatened by technological progress, or they belong to industrial segments which have been relocated in emerging countries. On the other hand, the reorganisation of global production has had less impact on highly skilled and low skilled jobs. The former are often ancillary to information and communication technologies (IT experts, engineers, specialist secretaries, etc.), while the latter generally entail repeated interaction between the service provider and the client, as in the case of domestic services.

Between 2000 and 2013 the proportion of medium skilled jobs in total employment in Belgium declined by 3.3 percentage points, whereas over the same period the proportion of highly skilled occupations increased by 3.9 percentage points. The proportion of low skilled jobs remained more or less steady. These developments point to a polarisation of demand for labour. That is not attributable to the economic crisis, because it was already in progress by the early 2000s. It is also evident in every major branch of activity, including market services and the non-market sector. It is not specific to Belgium; many European countries are seeing even stronger pressure on medium skilled occupations.

The article describes this dual tendency towards the reorganisation of global production and the polarisation of demand for labour, and examines the link between them in the recent period. The article's originality lies in the new approach from the production chain angle. That permits a more accurate measurement of each country's participation in the creation of market goods and services. In addition, it provides new measures of the fragmentation of production relevant for explaining the polarisation of demand for labour.