How do you create jobs in a low growth world?

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Jay Marshall
Managing Director, AlixPartners

In a world transforming at full-throttle pace, the fastest changes aren't driven by huge leaps in the capacity of new computer chips or the streaming speed of digital information. They're driven by the workers who power the global economy. The global labour market is fluid and roiled by profound generational and technological shifts, as well as by a global economy not yet recovered from the battering dealt out by the Great Recession. All these factors are pushing both corporations and governments to play keen attention to the labour market: to compete for and retain top talent, to respond to the constant strain of wage pressures, and to identify the best sources of qualified applicants for their workforces.

This isn't a new topic, but it merits a closer look given the profound changes underway. Almost 25

- Routine producers – workers in factories, doing repetitive work that can and ultimately will be replaced by machines, or moved to a country where the labour is cheaper.
- In-person service providers – jobs like doctors, nurses, food servers, police officer janitors, cashiers, physical therapists and security guards. These jobs are rooted to their locations, but many convey limited economic prospects.
- Symbolic analysts – involved in the creation of high-value goods, using skills that involve discovering "new linkages between solutions and needs." The ability to manipulate symbols like data, words and visual representations while adapting to shifting marketplace needs is key to thriving in an evolving economy.

While Reich was addressing public policy issues and calling out the ineffectiveness of outdated governmental methods to address these problems, the same issues also apply to corporations. Several recent trends add to the urgency.

First, technology has an obvious impact in terms of automation, which has reduced the demand for routine production workers while at the same time improving the productivity of the symbolic analysts. Perhaps less obvious is the impact of technology in such areas as fixed asset utilization. A colleague versed in the automotive industry estimates that every new car put in an Uber or a Zipcar fleet replaces 32 cars that might have been purchased for personal use – the ripple effects of that through routine production jobs will be profound. But these knock-on effects aren't all negative: drivers who work with Uber or other new ride-sharing companies are in-person service providers finding work in a disruptive industry.

Meanwhile, Airbnb, which matches private homes to prospective tourists, is estimated to have already impacted the hotel industry, shaving revenues at Texas budget hotels by 5% between December 2011 and December 2013. Compound this with the rate visibility offered by online travel sites like Hotels.com and Orbitz, and the in-person service providers employed by the hospitality industry are caught in a race to the bottom.

There's a demographic issue at work, too. The world is still growing, but the rate of growth is slowing dramatically – especially in developing nations. And we know that GDP growth, in the long term, is most impacted by population growth. This may take some pressure off labour markets, as supply drops in relation to demand, but it will likely be a choppy process, both in mature G7 economies and in emerging economies, as population growth rates decline globally. As the world gets relatively older and, in particular, the Baby Boom generation ages, consumption can be expected to drop, putting further downward pressure on the need for labor in all categories.

and excellence in education are all critical. In addition, governments should encourage disruptive innovation while, at the same time, supporting the workers who are negatively impacted by that disruption.

We spend a lot of time with corporate clients approaching similar challenges – how to create value in a low-growth world. Improving performance is easy when economies and markets are growing rapidly; it's much more difficult when they are not. And it's not hard to see the impact on labour. Even in developed economies such as the United States, which has seen a bit of economic growth and a sizable drop in unemployment since the bottom of the trough in 2008, wages remain flat. This has created huge income inequality (only the "symbolic analysts" are doing well) and squeezed the average consumer. The challenge remains: on a national and corporate level, as labour adapts in a low-growth world, it's important to defend your positions aggressively to grow your economies and your businesses.

Have you read?

Here is why Europe needs to act on unemployment?
Can corporate America solve youth unemployment?

Author: Jay Marshall, Managing Director at AlixPartners

Image: People walk in a business district in Chiba, east of Tokyo December 2, 2010. REUTERS/Toru Hanai

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Jay Marshall, Managing Director, AlixPartners

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