



Automation and Job Market

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Recently the **International Labour Organization (ILO)** released a report titled "**Changing Business and Opportunities for Employer and Business Organizations**" which dwells on **automation and employability**.

Findings

- The report lists the percentage of work activities that can be automated using current technology.
 - **Over 40% of activities** can be **automated across the world**.
 - In the case of **India, 51.8% of activities can be automated**. Robotic automation is having the greatest impact, replacing **low-skilled jobs and simple assembly tasks**.
- Automation will likely impact most jobs involving **highly structured physical activity in predictable environments, such as manufacturing and retail, alongside data collection and processing**.
- Automation **threatens to impact women more than men**. This is primarily because automation threatens sectors like retail, business processing outsourcing and textiles/clothing/footwear. where **women form a major part of the workforce**.
- The report suggests that 66% of Indian businesses are looking for **quite a different set of skills among new recruits** than they did three years ago. Even in the United States of America (61%), Brazil (70%) and Germany (65%) businesses are looking for quite different skills in new recruits
- India has an **unemployment crisis**. Over and above that, India also has an **employability crisis**.
 - Even when firms have jobs on offer, they are **unable to find candidates with the right skills** who can take on these jobs.

Five global trends are shaping the way **businesses across the world operate**

- **Technological Innovation**
 - Automation and digitisation is transforming how and where businesses operate,

their workforces and skills requirements.

- Technological innovations have the greatest overall impact on business. Technology is facilitating access to new markets, fostering opportunities for new digital business models, accelerating the development of new products and services, enabling new ways of working (such as virtual international teams and remote working), and expanding digital networks of suppliers and business partners.
- **Global Economic Integration**
 - Global economic integration is increasing the harmonisation of corporate global governance, tax/regulatory and business environments. At the same time, businesses are increasingly exposed to the global economy, and political uncertainty.
 - Emerging economies, which were once mainly the suppliers of low-cost goods, unprocessed natural resources or simple services are becoming hubs for capital, innovation and talent.
- **Demographic and Generational Shifts**
 - The shifting demographic dynamics and declining working-age population are expected to reshape the long-standing fundamentals of work, retirement and savings. Along with this, focus is also on how to take advantage of the youth dividend and its potential economic gains while managing pressures on labour markets and society.
 - The most significant change is the inclusion of women, who are entering employment at historic, record levels.
- **Climate change and sustainability**

Companies are increasingly pressured to become sustainable by considering the triple bottom line: financial sustainability, social impact and environmental impact.
- **Global shortage of skilled labour**
 - Shifts in knowledge, education and training often mean that the most suitably skilled employees are not found where jobs are located.
 - A lack of relevant skills for the world of work is already creating problems even at entry-level positions.
 - The majority of executives believe that matching the curriculum to the economy's needs and business playing an active role in shaping educational systems to boost skills would provide the skilled employees need.

Way Forward

- Firms across all regions are feeling an impact on all aspects of their business, from the strategic and operational to the organizational level, with the fastest-growing companies reporting heightened awareness.
- As the pace of this change accelerates, **policymakers, and businesses** need to

innovate, adjust and become more flexible in order to drive change and **remain relevant in the rapidly changing business environment.**

- These improvements can only be achieved by adequately **managing and investing in capable human capital**, generating the **skills and capacity to understand** and **respond to the business needs of today and the future.**