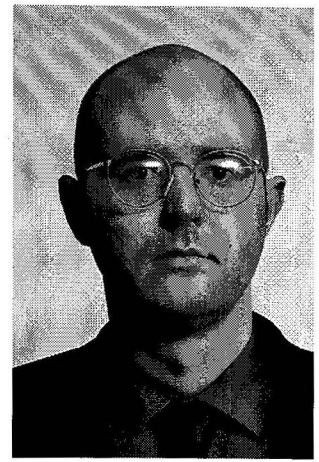




## THE DEPARTMENT OF LABOUR'S FUTURE OF WORK PROGRAMME<sup>1</sup>

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### Abstract

*This paper introduces the recently-launched Future of Work programme, led by the Department of Labour. The programme will provide information to New Zealanders on future trends in work both globally and in New Zealand, and their implications for the workplace, the workforce and employment opportunities. The paper outlines the objectives of the programme, our major activities (including the Future of Work website and our research fund), and key research themes for the programme to investigate. We also discuss research projects we have undertaken or are contemplating. The programme's research activities fall under the following broad themes:*

- *The changing economy: Technology and globalisation change what we produce and how we produce it.*
- *The changing workplace: New employment relationships change the ways in which work is done.*
- *The changing workforce: The ageing of the population, international migration, and growing ethnic diversity are influencing the make-up of the workforce.*
- *Work-life balance: Reconciling commitments to work, family, and personal enrichment promises to be one of the most challenging issues for tomorrow's workers.*
- *Skills, education and training: The possession of the right skills has becoming increasingly important to successful participation in the labour market.*

### The Future of Work Programme

The future of work is a subject of compelling interest to policy-makers, academics and the general public alike. How will the ageing of the population affect the size and make-up of New Zealand's workforce? Which occupations and sectors are likely to see the strongest job growth? Are full-time, permanent jobs being replaced by "non-standard" employment arrangements?

The Department of Labour's Future of Work programme has been established to examine these and similar questions. The programme's objective is "to raise awareness and understanding about future trends in work and the implications of these trends for the workplace, the workforce, employment opportunities and labour market regulation."

The programme will bring together existing information, generate new research and present our findings in an informative and widely accessible manner.

It is important to note that this is not a policy project per se, and is not intended to give direct policy advice, although the Department of Labour will use the information generated in forming its own policy advice.

### *About Us*

The Future of Work programme is led by a team within the Labour Market Policy Group of the Department of Labour. It is one of several new Department of Labour initiatives to improve the quality and quantity of publicly accessible information on the labour market.

To assist the Future of Work team in selecting its research priorities we have established an Advisory

<sup>1</sup> The views represented in this paper are the author's own and should not be taken to represent the views of the Department of Labour

Panel, comprising researchers and practitioners in the area of employment, and representatives of key stakeholder groups.

## What the programme will do

The major components of the project will include:

- Monitoring long term trends in the labour market (either directly or through explicit commissioning arrangements). This will involve identifying the forces that will shape the workforce and job opportunities in the future and periodically assessing their impact.
- Collecting relevant information (i.e. an ongoing survey of relevant literature from around the world). This will help us to identify gaps in our knowledge and to keep track of international trends that are likely to affect New Zealand.
- Fostering research (directly, by encouraging internal Department of Labour research, and by encouraging or commissioning external research). The programme should result in a more focussed and coordinated approach to the study and understanding of factors affecting the nature of paid work.
- Disseminating information to a wide audience through our publications and events.
- Fostering public debate on future of work topics.

## Future of Work programme activities

The Future of Work programme aims to stimulate debate and engage participants from outside the public sector. As well as disseminating information to a wide audience, we hope to encourage research and information sharing among academics and practitioners in the field of work and employment. To support these aims some of our main activities are:

- Development of a Future of Work website
- The operation of a Future of Work Research Fund
- Hosting of an annual Future of Work Symposium
- The establishment of a Future of Work Network.

### *Future of Work Website*

The Future of Work website went live earlier this month (November 2002). The website provides accessible summaries of research findings on the future of work, copies of papers generated by the programme, and links to further research and information. Currently, you can

read articles about trends in working hours in New Zealand, the implications of population ageing for the size and composition of the workforce, growing ethnic diversity and the international migration of workers.

Content will be added to the site as our research programme progresses.

To find out more visit: [www.futureofwork.govt.nz](http://www.futureofwork.govt.nz).

### *Future of Work Research Fund*

One of the main roles of the Future of Work programme is to build our knowledge about key economic and social trends that are likely to affect the nature of work and employment in New Zealand over the next 10-20 years. To this end the Future of Work programme is making available \$150,000 a year for 3 three years to fund research into the future of work in New Zealand.

The 2002/03 funding year's applications are currently being processed. This year we sought applications to do with the evolution of skills and occupations, labour force participation rates, work-life balance, and economic growth and labour market outcomes.

Applications for the 2003/04 funding year will sought in May 2003. Details will be posted on the Future of Work website.

### *Other activities*

Other activities planned by the Future of Work programme include:

- The establishment of a Future of Work Network. We will develop a database of people interested in the future of work. They will receive advance notice of our outputs and participate in Future of Work events. We also hope to learn what is going on in the research community
- The Department of Labour plans to host an annual symposium on the future of work to stimulate debate on important topics and inform people of the issues. We expect to hold the first symposium in the first half of 2003.
- We will also be developing Future of Work publications, including an electronic newsletter and an annual publication.

### **Short-term research projects**

The Department of Labour has already undertaken a number of projects internally to increase our knowledge about the future of work. These include:

- Occupational Trends, 1991-2001: A look at changes in employment by occupation from 1991-2001, based on Census data. The paper discusses the conceptual basis of the occupational classification and its relevance as a skill measure, as well as occupational growth and decline over the period.
- Work-life balance project: A guide to information and advice on the Internet about measures that can help employers and employees to improve work-life balance. It will be presented on our website.
- A literature review on 'precarious' non-standard work, that is, non-standard jobs that may expose workers to low pay, job insecurity, health and safety risks, and the like.
- A paper looking at the international and New Zealand literature on the future of work, to identify some of the major trends and debates. This will be revised and expanded on an on-going basis.

The details of these projects, and associated research papers, are available on our website.

## Research themes

Our preliminary work has involved an overview of the major research topics in the international literature, and a stocktake of the empirical research conducted in New Zealand. From this exercise we have identified a number of broad themes around which to organise our research and monitoring activities. These are:

- The changing economy
- The changing workplace
- The changing workforce
- Work-life balance
- Skills, education and training.

Needless to say, the future of work is a very broad subject, and we will not be able to cover all of these comprehensively. This work should be seen as part of an ongoing process of framing the issues and assessing which of them should be a priority for the programme.

The remainder of this paper represents the findings of our investigations so far in summary form.<sup>2</sup>

<sup>2</sup> For further details see: [www.dol.govt.nz/PDFs/Fow-stocktake.PDF](http://www.dol.govt.nz/PDFs/Fow-stocktake.PDF).

## The changing economy

The first theme covers the changing structure of the economy. This includes changes in the occupational structure, the forces driving economic change, such as globalisation and technology, and how businesses' demand for labour is developing in response.

### *Industrial and occupational composition of employment*

- Employment has been shifting from agriculture and manufacturing to services and will probably continue to do so. Employment in white-collar occupations has been increasing relative to blue-collar occupations.

### *Technological change*

- Productivity trends in the United States suggest that the pace of technological change may have accelerated recently, though there is room for doubt about how great the impact of new technologies will be.
- Despite concerns that technology may destroy jobs, experience suggests that technological change leads to net job creation.
- There is evidence that new technology increases the demand for more skilled workers relative to less skilled workers. This will probably continue to be the case in the near future.
- New technologies often lead to the reorganisation of work. Information technology is contributing to the flattening of organisational hierarchies and greater flexibility in job design.

### *Globalisation*

- Globalisation involves countervailing forces – to the dispersion of economic activity due to falling costs of transport and communication, and to the concentration of economic activity as increased factor mobility allows capital and labour to congregate to take advantage of “agglomeration effects.”
- Economic theory suggests that trade depresses the wages of less skilled workers in developed countries. Most empirical studies show the effect to be relatively modest.

## The changing workplace

New ways of organising work and changes in employment relationships are altering the ways in which work is done. This theme looks at the changing distribution of work and how jobs in the future might differ from the patterns typically seen in the past.

### *Non-standard employment*

- Non-standard employment (employment that does not conform to the “standard” pattern of full-time, permanent waged or salaried employment) has been increasing gradually in New Zealand. There is limited evidence on the prevalence and growth of non-standard employment forms other than part-time and self-employment in New Zealand. Casual, temporary and fixed-term forms of employment appear to be the least desirable from the point of view of employees, but also the least prevalent.

### *Changing employment relationships*

- There is a commonly expressed concern that job stability and security have been declining in developed countries since the early 1980s. Empirical support for this view is quite limited. However, the partly subjective nature of insecurity and the complexity of the employment relationship make this proposition difficult to assess.

### *Work organisation*

- New forms of work organisation are developing in response to a competitive environment in which quality, customisation and innovation are often more important to business performance than the mass production of standardised products and minimum cost. These involve the intensive use of teamwork, delegation of responsibility to frontline staff, and multi-skilling of employees.

## The changing workforce

Our third theme concerns the changing make-up of New Zealand's workforce, covering such issues as workforce ageing, the ethnic and gender composition of the workforce, and migration.

### *The ageing of the population*

- Due to population ageing, the rate of growth of the labour force is projected to slow, and its average age to increase. With smaller labour force entrant cohorts (those aged 15-24) New Zealand will rely more on mid- and late-career workers to meet labour and skill

demands. Older workers have higher average work experience, but on average have lower qualifications than younger cohorts, and may face discrimination.

### *The ethnic structure of the population*

- Due to higher fertility rates and younger age profiles, the Maori and Pacific populations will increase their share of the population and the labour force. International migration will also contribute to the increasing ethnic diversity of New Zealand. There is also an increasing number of people who are reporting multiple ethnic affiliations. The growth of non-Pakeha ethnic groups could have an adverse effect on the capacity of New Zealand's labour force if existing disparities in educational attainment and economic performance persist.

### *International migration*

- International migration has been increasing in recent decades. As populations age in OECD countries, migration policies around the world may become more permissive to attract young, skilled workers. This will likely increase the international mobility of skilled labour.
- The implications of migration for New Zealand's labour force depend on the relative capacity of those arriving and departing and on the speed of integration of new migrants. On average immigrants appear to be more skilled than emigrants. However, ensuring good labour market outcomes for immigrants remains a challenge, as the accumulation of skills does not guarantee that immigrants will be suitably employed in jobs that will make the best use of their skill sets.

### *Income inequality*

- The dispersion of labour market earnings increased in many OECD countries, including New Zealand, during the 1980s and 1990s. This rise in inequality has been linked to the growing demand for skilled workers relative to unskilled workers. International trade and technological change are frequently cited explanations for increases in wage inequality. The latter appears to be more widely accepted in the international literature.

## Work-life balance

The ability to balance paid work, unpaid work and leisure is a major factor in people's quality of life. The issue of work-life balance has risen in prominence, in part due to increased female participation in paid work. More information on this subject is available in the work-life balance section of our website.

## Skills, education and training

The possession of the right skills has become increasingly important to successful participation in the labour market. This theme considers which skills will be relevant in the future, and how workers and prospective workers can acquire them.

- The skill requirements of jobs appear to be increasing. This is probably due to shifts in the composition of employment by industry and occupation, new technology and the growth of international trade.
- The importance of generic skills, such as problem solving, decision-making and communication skills, appears to be increasing relative to that of occupation-specific skills.
- Trends in earnings by highest qualification provide some evidence of increased demand for skills. There is evidence of an increase in returns to post-

secondary qualifications for the period 1981-1991, with little change between 1991 and 1996.

- Foundation skills such as literacy continue to be important. The results of the 1997 International Adult Literacy Survey showed that New Zealand performed reasonably well in terms of the three dimensions of literacy measured by the survey. However, almost one in five adults were found to have pressing literacy needs.
- Education and training of people in the workforce is seen as important for improving individual employment outcomes and raising productivity. Results of the 1996 Education and Training Survey indicate that almost half of wage and salary earners participated in education and training in the year to September 1996. Participation was relatively evenly distributed across educational levels compared to other OECD countries.