

Global Compact on Growth and Employment

**Thriving in and from Transition Importance of Skill Development
in a Dynamic Labour Market**

**Thursday, November 09, 2023
16.30-18.30 hour IST**

I warmly welcome our esteemed panellists and extend a warm greeting to everyone participating in this session. I would like to express my sincere appreciation to our partners, Fundação Dom Cabral in Brazil and the Development Policy Research Unit in South Africa, who have come together to jointly propose and champion the project titled “Global Compact on Growth and Employment.”

In the realm of employment generation and economic growth, the issue of skill mismatch has emerged as a significant challenge. As economies evolve and industries transform (due to technological change and Industrial revolution 4.0, IR 4.0), the demand for specific skills often outpaces the supply, leading to a disconnect between the qualifications of the available workforce and the requirements of the job market.

This skill mismatch hinders individual career prospects and has broader implications for sustainable economic development. In a

recent survey by a staffing firm, around 76 per cent of companies in India are struggling to find skilled workers to fill open positions, highlighting the mismatch between the skills employers need and job candidates possess.

Despite having a working-age population of over half a billion, less than a fraction of them are considered employable. These developments signal a significant need for Indian learners to bridge the critical skills gap to ensure this digital potential does not turn into a lost opportunity. The issue of skill mismatch was also highlighted by the honourable Prime Minister at the G20 summit under India's presidency. He particularly advocated for human-centric growth with a focus on women's empowerment.

A World Bank study highlights the potential for GDP growth by effectively utilizing the existing female workforce. I am confident that by aligning with this vision, India can successfully achieve its Viksit Bharat mission by 2047. However, this issue extends beyond India; skill mismatch is a global challenge. To address the future of employment effectively, I strongly advocate for the development of a unified International Reference Classification for occupations that will streamline data collection processes for international organisations. This will aid in recognising the shared obstacles

encountered in the journey of skill development and devising appropriate solutions and strategies in response.

As per the World Bank, in 2021-2022, Brazil underwent a significant economic recovery with a growth rate of 5.0 per cent in 2021 and 2.9 per cent in 2022, attributed to fiscal stimulus, a successful vaccination campaign, favourable commodity markets, and service demand. Despite the positive trends, structural challenges persist, and Brazil's growth lags behind its peer countries (China, India, and Turkey). While agriculture gave a boost to food security and reduced rural poverty, productivity in manufacturing and many service sectors remains stagnant. The 2023 poverty outlook is optimistic, but addressing striking inequalities requires accelerated job creation and increased investments in human capital.

South Africa's unemployment rate in the first quarter of 2023 was recorded at 32.9 per cent and is among the highest in the world. South Africa has one of the world's highest youth unemployment rates despite high demand for skilled labour because employability remains severely hampered by a persistent vertical skills mismatch. The outbreak of COVID-19, by provoking a massive loss of employment among low-skilled youth, laid bare the slippery nature

to more potential dividends. Vertical skills mismatch (where the level of the employee's qualification is not the one required by the job) has been pointed out as one of the main culprits for the high rates of unemployment and the precarity of employment in South Africa. To address this precarious situation the youth need to be empowered with skills for the evolving economy, aligning efforts with broader capacity-building measures and collaborating with partners for future-ready jobs and technologies, supported by public-private partnerships.

Additionally, due to the demands of environmental changes, there's a growing need for the cultivation of green and sustainable skills. Education and knowledge are essential in recognizing and enhancing these skills. Trade unions can play a pivotal role in articulating diverse skill enhancement requirements.

In conclusion, addressing skill mismatch requires a collaborative effort across nations throughout the Global South to formulate sound policies and cultivate in-house talent aligned with employment needs. The migration of human resources can lead to imbalanced growth, while joint endeavours can yield proficient and competent human resources. Realising the potential of existing

human resources necessitates a concentrated effort involving all stakeholders.

Lastly, I emphasise that “inclusive growth is imperative, and only by adopting a human-centric approach can we ensure adequate employment generation”.

I would like to open the floor for our first panellist for this session and extend an invitation to Professor Fiona to share her thoughts....