

Research Report

COMMITTEE : Innovation (ILO 4)

ISSUE : The digital economy: A pathway to more and better work for young people?

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INTRODUCTION



Hello delegates! My name is Saliqa Amin and I am 16. Coming from Pakistan I love flavourful and spicy foods. In my free time I enjoy dancing, watching series and reading books on topics like religion, psychology and life. This is my first time chairing a committee so I look forward to learning and polishing my skills while providing you all with support and guidance.

Since this year the FerMUN conference will be held in ILO (International Labour Organisation) all of the issues revolve around improving global conditions of work. Specifically, our committee will debate on how the burgeoning digital economy can be the new road to more and improved jobs for the youth of today.

Increasing digitalisation of the economy and society is profoundly affecting the world of work, and the trend is expected to continue and even accelerate in the years to come. The digital economy has considerable potential to promote the employment of young people. As countries recover from the

crisis, it is clear that investing in both the digital and creative economies can help to increase the availability of good-quality employment opportunities for young people. In one sense, the expansion of digitalisation is more a necessity than a choice. However, it is important to ensure that such technologies promote inclusive employment, rather than exacerbating existing inequalities.

KEY WORDS

Digital economy: The term refers to economic activities using the internet as a platform and digital information and knowledge as key inputs in the production, marketing and distribution of goods and services (ILO 2019). One of the distinguishing features of the digital economy has been the exponential growth in machine readable information, or digital data, over the internet.

Digital employment: Digital employment refers here to activities which are supported by ICTs in the workplace and is regarded as a continuum, rather than as a digital versus non-digital dichotomy. While the impact of digitalisation on work of all types is recognised, “digital employment” is broadly understood here to comprise jobs in sectors characterised by

high digital intensity (HDI). It also has a more direct bearing on the impact of digital technologies on production and employment across sectors.

Gig economy: A gig economy is a free market system in which temporary positions are common and organisations hire independent workers for short-term commitments. The term "gig" is a slang word for a job that lasts a specified period of time (ex: freelancers, independent contractors, project-based workers and temporary or part-time hires). It has become a recent trend, with a number of factors contributing to its rise: the workforce has become more mobile and that work is increasingly done remotely via digital platforms.

Orange/creative economy: Refers to all those activities that are directly linked to the world of culture, art or creativity.

ICT sector: The new Information and Communication Technology is made up of the manufacturing and services sectors whose main activity is linked to development, production, commercialisation and intensive use of new technology.

Digitisation: is the automation of existing manual and paper-based processes, from an analog to a digital format. (figure 1)

Digitalisation: means the use of digital technologies and of data (digitised and natively digital) in order to create revenue, improve business, replace/transform business processes (not simply digitising them) and create an environment for digital business, whereby digital information is at the core. (figure 1)

Digital transformation: is a series of deep and coordinated culture, workforce, and technology shifts that enable new educational and operating models and transform an institution's operations, strategic directions, and value proposition. (figure 1)

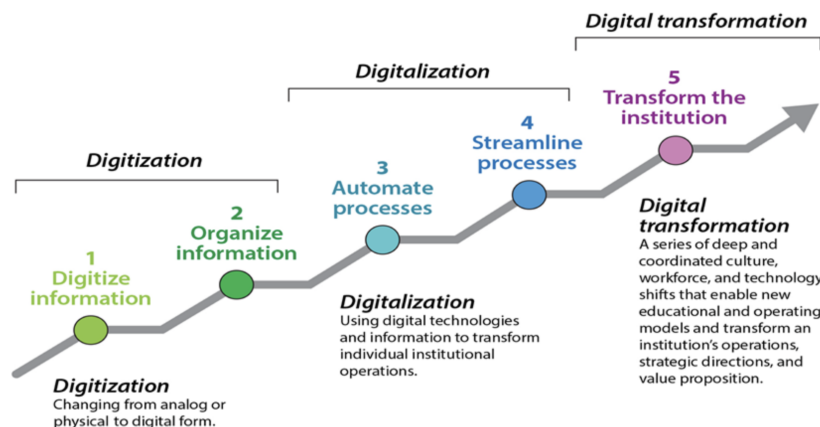


Figure 1. Digital transformation in context

OVERVIEW

The digital and creative economies are both cross-cutting elements of the 2030 Agenda for Sustainable Development. The digital economy is expected to contribute significantly to the achievement of every SDG (Sustainable Development Goals). SDG 8, for instance, emphasises that technology creates new jobs, enables resilient work and commerce, and stimulates broader social and economic development. But like other disruptive technological transformations throughout history, it entails risks as well as opportunities.

The orange economy and employment:

The orange or creative economy is one of the fastest-growing sectors around the world that continues to create employment opportunities for young people. It has grown significantly in recent times, as reflected in the way that the value of the global market for creative goods more than doubled from US\$208 billion in 2002 to US\$509 billion in 2015 (UNESCO 2021). Creative economy sectors are also beginning to use the digital economy to achieve even more rapid growth. Indeed, digital technology has become an essential tool in the production and distribution of creative content, which means that creative careers will become even more relevant to young digitally literate entrepreneurs in the years to come.

Digital Economy and Digital employment: Pros and Cons

The youth find platform-based work attractive for a number of reasons. Analysis of an ILO survey (O'Higgins and Pinedo Caro 2022) of online crowdworkers shows that young people earn hourly wages which are actually higher than those of their older counterparts. This is due to the pay rates being task-based meaning that workers of different ages without experience earn similar wage rates, as they accumulate job experience. Plus, the time it takes for young people to complete specific tasks decreases more quickly than it does for older workers. The youth also welcome the flexibility brought by such employment, which also makes this type of work especially attractive for young workers facing constraints on their movement, time or restrictions in the work that they can do by physical and/or mental disabilities.

Furthermore, the digital economy creates jobs in new markets and increases employment in some existing occupations. For instance, one area that has attracted a lot of attention in recent years is the availability of job opportunities for young people in the gig economy and, in particular, platform-based or platform-facilitated work. The COVID-19 crisis accelerated an already rising trend: companies utilised the potential of a digital labour force and workers affected by curfews and lockdowns saw online crowd work as an opportunity to earn a living.

However, the digital economy also exposes some workers to the risk of unemployment or lower wages, as digital technologies enable the production of more goods and services with less labour. Many types of employment in the digital economy entail a high degree of job instability and uncertainty regarding future earnings. Platform-based gig work can be particularly attractive for young people in low- and middle-income countries: it pays well and the lack of job security is perceived as less problematic by young people given their lack of alternatives. Nevertheless, job instability and the lack of social protection coverage for young digital gig workers continue to give cause for concern.

Moreover, digitalisation also transforms tasks within occupations, which can have various impacts on the skills needed for specific jobs. For example in low and middle income countries, the beneficial effects of the digital economy are more conditional on educational attainment, but as country income increases, digital employment is more inclusive in its impact on job stability. Both the shifting distribution of jobs and the transformation of tasks within occupations have major implications for skills requirements and the working conditions faced by workers in some sectors.

At the macro level, the digital economy provides a good return on investment and the quality of jobs available is relatively high. However, at the same time, there remain some significant challenges – notably with regard to ensuring that all young people have equal opportunities

and to access digital employment. In many low- and middle-income countries, internet connectivity is still a problem, especially in rural areas. The extension of broadband access to rural areas requires time and substantial investment. Nevertheless, where such efforts have been made, they have proved to be cost-effective. For example, it is estimated that a rural connectivity project in the Republic of Korea produced net economic benefits of around US\$24 million (OECD 2021).

RELEVANT UN TREATIES AND EVENTS

➤ **September 2021:**

Policy brief 113 by UNDESA (United Nation Department of economic and social affairs):
[Digitally enabled new forms of work and policy implications for labour regulation frameworks and social protection systems](#)

The UNDESA are proposing policy actions to protect non-standard workers, including workers in digitally enabled, new forms of work.

➤ **February 2021:**

[National development strategy adopted by the Vietnamese congress party](#)

Formalisation in Vietnam has been driven by the expansion of formal job opportunities in more digitally intensive manufacturing and service sectors for more educated young workers. Vietnam is looking to build itself into a modern industrialised country with upper-middle income by 2030, and a developed country with high income by 2045 through digitalisation.

➤ **March 2022:**

ILO: [Global Employment Trends for Youth](#)

Global Employment Trends for Youth warn about the risk that technological change could drive an increase in wage inequality.

POSSIBLE SOLUTIONS

Policy Implications: Creating opportunities for young people in the digital and creative economies

- Creating job opportunities for young people in the digital economy calls for efforts on a number of fronts: the establishment of an enabling policy framework, the provision of affordable connectivity¹⁶ and ensuring a sufficient supply of digital skills in the population, to name just three.
- Beyond the creation of job opportunities in the digital and creative economies, it is necessary to promote the development of digital skills in a manner that is both focused and inclusive. Policymakers should consider carefully the direction that skills development policies need to take so that all people in their countries, and young people in particular, are able to reap the benefits of a rapidly evolving digital (and orange) employment landscape.

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- Additionally, implementing adequate labour and social protection is essential to ensure decent work in both the digital and creative economies.
- Finally, strategies to support the development of digital employment for young people should therefore be based on a comprehensive and long-term approach. It is important to find ways of ensuring that opportunities in the digital economy are inclusive and support the broader goal of providing good- quality employment for all young people.

Questions that should be considered:

- Are more stable jobs the preserve of the more highly educated within the digital economy, or do such beneficial features also extend to those with lower levels of educational attainment working in the digital economy?
- How do job stability and wage employment depend on education in sectors of different digital intensity?

Exploring these questions can shed light on whether digital employment has the potential to reduce or exacerbate education-based inequalities in youth labour markets.

BIBLIOGRAPHY

- ❖ Important papers/reports published on the official ILO website on the digital economy and digital employment:
 - [Global Employment Trends for Youth 2022](#)
 - [The future of work in the digital economy](#)
 - [The economics of artificial intelligence: Implications for the future of work](#)
 - [Social Dialogue and the Governance of the Digital Platform Economy: Understanding Challenges, Shaping Opportunities](#)
- ❖ Useful websites to refer to on digitalisation:
 - [Chapter 1. Going digital: An integrated approach to policy making in the digital age | OECD Digital Economy Outlook 2020](#)
 - [Driving Digital Transformation in Higher Education](#)
 - [Digitization, digitalization, digital and transformation: the differences](#)
- ❖ Interesting youtube videos to better understand digital economy:
 - [Digital Economy: Digital economy explained](#)
 - [More freedom, less privacy: The digital economy is changing the way we work | ...](#)
 - [The new digital business | Richard Heaslip | TEDxOxbridge](#)
 - [The Future of Work in the Digital Economy](#)

