

**Source: World Economic Forum**

# The Future of Jobs Report 2023<sup>1</sup>



<sup>1</sup>Report link: [https://www3.weforum.org/docs/WEF\\_Future\\_of\\_Jobs\\_2023.pdf](https://www3.weforum.org/docs/WEF_Future_of_Jobs_2023.pdf)

## Special Issue

The World Economic Forum (WEF) launched this morning the Future of Jobs Report 2023. It is the fourth in a series of reports first published by WEF in 2016, and the first launch for Egypt's future jobs profile. It assesses the current global labour market landscape and forecasts the transformations expected to occur over the next five years. **The launch of Egypt's future jobs outlook comes in collaboration with the Egyptian Center for Economic Studies, the forum's sole research partner in Egypt, and the key responsible for data collection process of the Egyptian labor market.**

The Future of Jobs report for this year includes 45 economies from different regions, and its results vary across 27 industry clusters in several fields, bringing together the perspectives of 803 companies of different sizes in the private sector, with about 11.3 million workers.

The report sheds light on the most important global trends in the labor market, emerging mainly from economic, health, and geopolitical trends, along with the leading technological transformations that directly affected both the structure of jobs and skills, and the workforce strategies that companies intend to follow over the period 2023-2027. The report also addresses job creation and skills improvement effects in the labor markets in each of the covered economies, as well as some outsourced performance indicators from *LinkedIn*, *Coursera*, and

*Indeed* that characterize labor market in terms of job search, employment criteria, and others.

In the following, the key findings on global labor markets trends, are presented, followed by the Egyptian labor market key trends:

## **I. Global labor market trends**

- Employers expect structural labor market churn of about 23 percent. This percentage represents the net effect of emerging jobs added and declining jobs eliminated, with an expected job growth of 69 million jobs and a decline of about 83 million jobs over the next five years.
- Environmental technologies contribute the most to job creation and destruction effects. The green transition is one of the most important drivers of job growth, with an average of 30 million new jobs that could be generated worldwide in the fields of clean energy, efficiency and low-emissions technologies by 2030.
- Automation and adoption of new technologies such as artificial intelligence, machine learning, and others play a major role in accelerating the pace of creating new jobs replacing human roles, while the fastest declining roles in the labor market are almost the administrative ones.
- Regarding the skills, employers estimate that 44 percent of workers' skills will be disrupted over the next five years, with cognitive skills are reported

to be growing in importance most quickly, especially creative and analytical thinking skills.

- Investment in learning and training on-the-job and accelerating the pace of automation processes are the most common workforce strategies among companies worldwide, by about 80% towards workforce development.
- Companies reported that the most important governments intervention to increase talent availability are funding for reskilling and upskilling (45%), flexibility in hiring and firing practices (33.3%), tax and other incentives for companies to improve wages (32.9%), improvements to school systems (30.5%), and changes to immigration laws on foreign talents (27.6%).

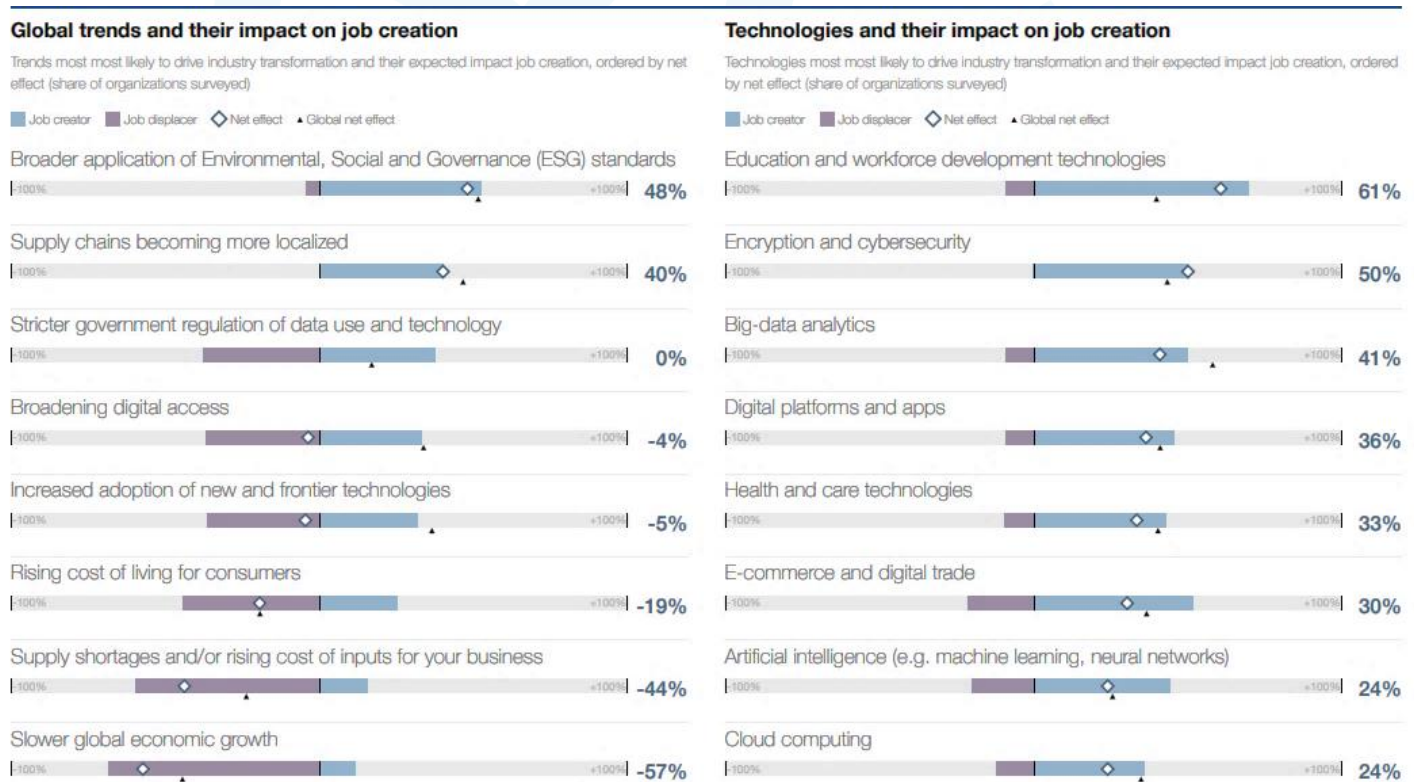
## **II. Egyptian labor market trends**

The report addresses four different aspects of the Egyptian labor market current and future trends: 1) Trend outlook, divided into global trends and technologies and their impact on job creation ; 2) Role outlook, describing the key growing, stable, or declining roles for business transformation; 3) Skill outlook, describing the core skills needed to perform well in key and stable roles; and 4) Workforce Strategies to improve talent availability. In what follows, we present the most important findings of the report for each.

Figure (1) below shows the most important global trends and technologies and their impact on transforming the labor market in terms of creating or displacing jobs, as a share of private sector organizations surveyed in Egypt.



**Figure 1. Impact of global trends and technologies on job creation in Egypt, ordered by net effect (job creation versus job displacement)**

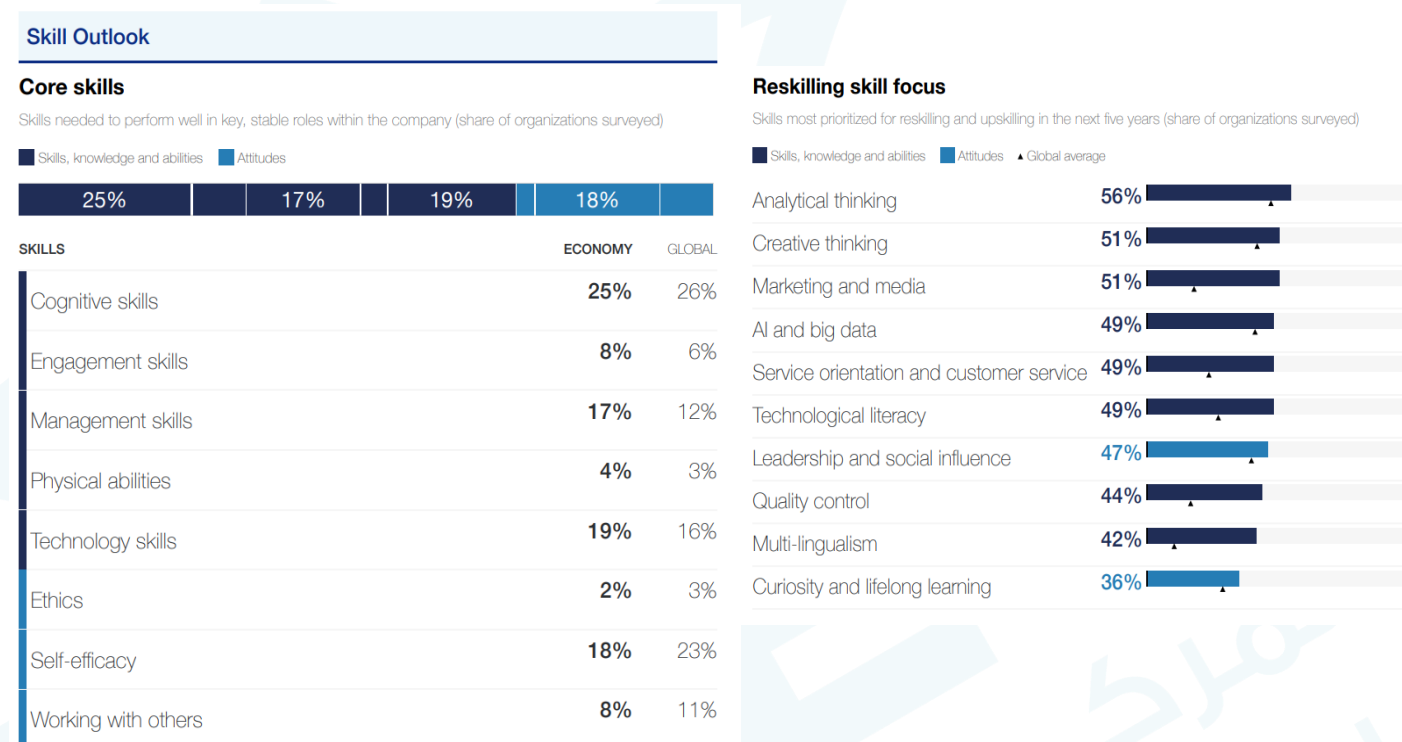


Source: World Economic Forum, The Future of Jobs Report 2023.

- The figure indicates that the most important trends playing a greater role in creating jobs in the Egyptian labor market are the broader application of environmental, social and governance (ESG) standards, and localizing supply chains- a recent field in which the rate of job displacement is significantly low. On the other side, the slowdown in global economic growth is seen to contribute to the largest number of job displacement.

- There are certain trends in which the net job impact is zero; that is, they create jobs equal to the jobs they displace, such as stricter government regulation of data use and technology in Egypt.
- As for technological development, the larger percentage of companies stated that education and workforce development technologies in Egypt are the most important for generating more job opportunities, which reflects the poor quality of graduates in Egypt and the consequent skills gap in the labor market. This is followed by encryption and cybersecurity techniques, in which the percentage of job displacement is low due to being relatively advanced technologies.
- Despite the higher tendency of emerging technologies to create new jobs rather than displace others, some of these technologies contribute with a reasonable percentage to job disruption such as e-commerce and digital trade and artificial intelligence in its various forms.
- Regarding job roles, the expected net effect between job creation and job displacement in the Egyptian labor market is about 20 percent over the next five years, which is very close to the global average (23%). Accounting, bookkeeping and payroll clerks, and relationship managers are the roles to witness the largest transformation, while general and operations managers will witness minimal structural transformations, over the same period.

**Figure 2. Core skills needed to perform well in the key stable roles from the point of view of the private sector in Egypt**



Source: World Economic Forum, the Future of Jobs Report 2023.

It is clear from Figure (2) above that there is a global consensus on the most important skills needed to perform the key stable job tasks, as the percentages are close to the global average in almost all skills and attitudes, with cognitive skills being the most important skills from the point of view of the private sector, even preceding the technology skills. While a very small percentage reported the importance of ethics and physical abilities in performing job duties in Egypt.

It is also evident that the private sector in Egypt still sorely needs skilled labor for the demanded jobs, which is highlighted by the higher percentage of their responses in almost all skills most prioritized for reskilling and upskilling over the

next five years, especially with 59% of the skills required by the workforce in the Egyptian labor market will remain needed during the next five years.

Finally, regarding Business practices to improve talent availability, about 64% of Egyptian companies stated that the highest potential for training and upskilling in the Egyptian labor market is availed by offering employees higher wages compared to only 35% for the global average, that goes for (48%) improving talent progression and promotion processes to do so.

These key findings on the Egyptian labor market trends and future expectations of its dynamics over the next five years indicate that there are clear signals that policy makers in Egypt must pay attention to, especially those concerned with employment policies, foremost of which are:

- It is necessary for the education and training system in Egypt to keep pace with the labor market requirements, with an urgent need for the private sector to be involved in this process so that it can be carried out effectively on the ground.
- Providing government incentives to the private sector is important to retrain and upskill the current workforce and raise its ability to increase the offered wages, especially that most of them prefer financing training programs through their companies over other sources.



- Updating the education system with the new technologies is crucial, as well as developing cognitive and analytical skills that achieved global consensus on its importance now and for the next 5 years.
- Taking the career paths expected to create jobs and their growth drivers into account when formulating employment policies and labor market regulations.
- Coordination between government and the private sector is a must to facilitate the transformation towards new roles and ease the process of workers' shift between jobs.
- Paying attention to vulnerable groups in the labor market, especially women and youth, whom the world unanimously agreed to integrate into special programs for diversity, equity, and inclusion (DEI) as a top priority.

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