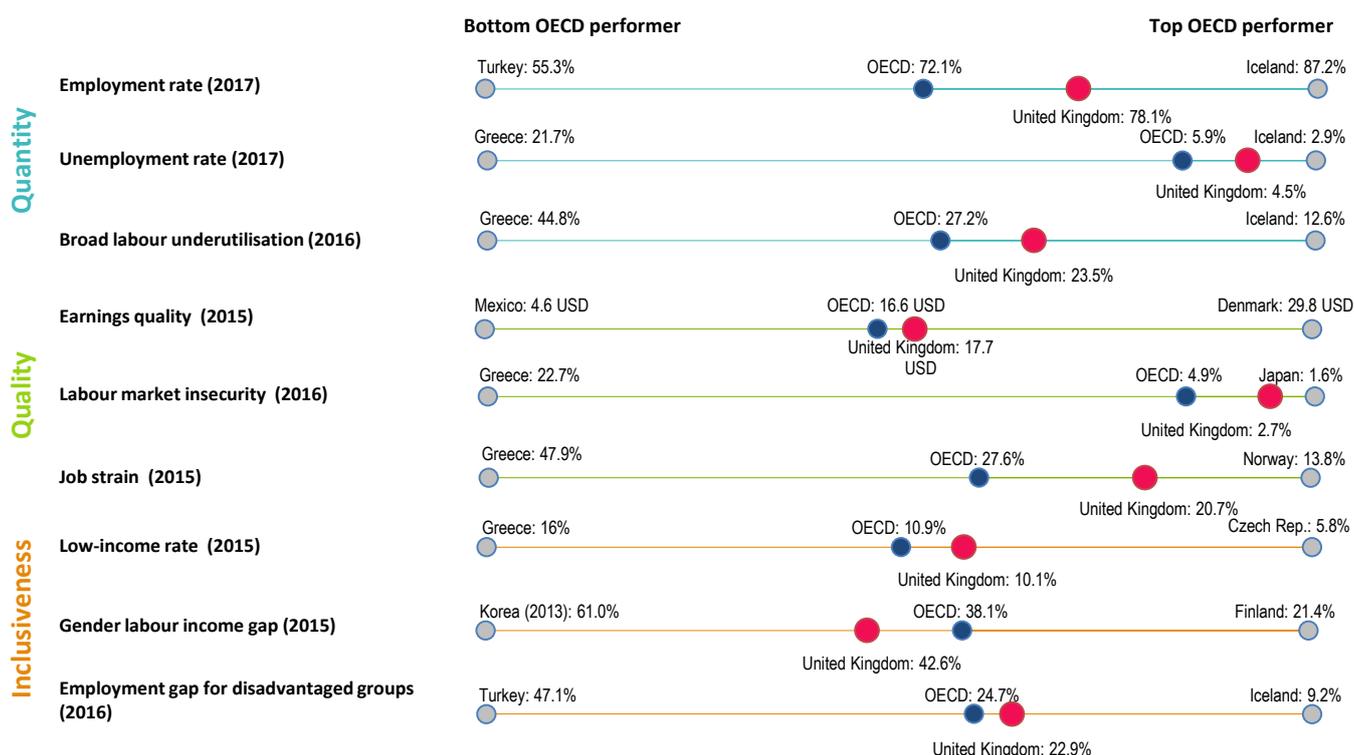


How does the United Kingdom compare?

The digital revolution, globalisation and demographic changes are transforming labour markets at a time when policy makers are also struggling with slow productivity and wage growth and high levels of income inequality. The new *OECD Jobs Strategy* provides a comprehensive framework and policy recommendations to help countries address these challenges. It goes well beyond job quantity and considers job quality and inclusiveness as central policy priorities, while emphasising the importance of resilience and adaptability for good economic and labour market performance in a rapidly changing world of work.

Dashboard of labour market performance for the United Kingdom



Notes: Employment rate: share of working age population (20-64 years) in employment (%). Broad labour underutilisation: Share of inactive, unemployed or involuntary part-timers (15-64) in population (%), excluding youth (15-29) in education and not in employment (%). Earnings quality: Gross hourly earnings in PPP-adjusted USD adjusted for inequality. Labour market insecurity: Expected monetary loss associated with the risk of becoming unemployed as a share of previous earnings. Job strain: Percentage of workers in jobs with a combination of high job demands and few job resources to meet those demands. Low income rate: Share of working-age persons living with less than 50% of median equivalised household disposable income. Gender labour income gap: Difference between per capita annual earnings of men and women (% of per capita earnings of men). Employment gap for disadvantaged groups: Average difference in the prime-age men's employment rate and the rates for five disadvantaged groups (mothers with children, youth who are not in full-time education or training, workers aged 55-64, non-natives, and persons with disabilities; % of the prime-age men's rate).

ASSESSING JOB QUANTITY, QUALITY AND LABOUR MARKET INCLUSIVENESS

The new *OECD Jobs Strategy* presents a dashboard of labour market performance that provides a comprehensive overview of the strengths and weaknesses of different national labour markets, going well beyond the standard measures of employment and unemployment rates. These include measures of job quantity (employment, unemployment and broad underemployment), job quality (pay, labour market security, working environment) and labour market inclusiveness (income equality, gender equality, employment access for potentially disadvantaged groups). Some countries score well on most or all

indicators, implying that there are no hard trade-offs that prevent countries from performing well in all areas.

- The United Kingdom performs above the average of OECD countries on all three indicators of job quantity, in part reflecting flexible labour markets: unemployment is at a record low and one of the lowest among OECD countries.



- Earnings quality is slightly better than the OECD average but low-skilled workers have relatively low earnings compared to their peers in other G7 economies. Labour market insecurity (the expected monetary loss associated with becoming and staying unemployed as a share of previous earnings) is lower in the United Kingdom than in most other OECD countries and the country has one of the lowest shares of workers experiencing job strain in the OECD.
- The picture in terms of labour market inclusiveness is mixed. The United Kingdom performs relatively well compared to the OECD average in terms of the low-income rate and employment gaps for disadvantaged groups, but is still lagging compared to the top performers. It is also significantly below the OECD average in terms of gender labour gap, which is mostly driven by the gender gap in hours worked. In particular, the tax credit system creates a disincentive to work full-time for some second-earners.

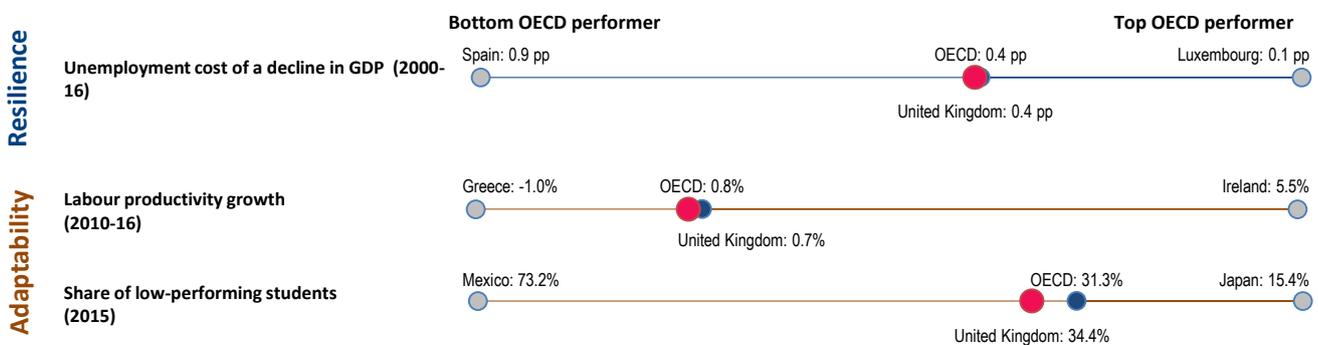
FRAMEWORK CONDITIONS FOR RESILIENCE AND ADAPTABILITY

Labour market resilience and adaptability are important to absorb and adjust to economic shocks and make the most of new opportunities. Resilience is crucial to limit the short-term costs of economic downturns. Labour productivity is a key precondition for high growth of output, employment and wages and central to long-term growth in living standards. Finally, skills are key to improving workers' productivity and wages and provide an indication of the readiness to respond to future challenges.

terms of adaptability. High resilience reflects flexible labour markets and well-timed stabilisation policies that helped cushion the impact of the financial crisis on employment.

- The United Kingdom scores at the OECD average in terms of employment resilience and slightly below in
- In terms of adaptability, labour productivity growth is below the OECD average, which partly reflects depressed investment over 2010-16. Student skills are below the OECD average, with low basic skills at every education level being more prevalent than in the OECD average.

Framework conditions for the United Kingdom



Notes: Resilience: average increase in unemployment rate over 3 years after a negative shock to GDP of 1% (2000-16); Labour productivity growth: annual average productivity growth (2010-16), measured in per worker terms. Share of low performing students: Share of 15-year-olds not in secondary school or scoring below Level 2 in PISA (%) (2015).