The new OECD Jobs Strategy
Good jobs for all in a changing world of work

How does BELGIUM 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 Belgium

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.

- Belgium scores relatively poorly on the quantity side of the labour market, performing worse than the OECD average in all indicators. It has a lower than average employment rate and a higher than average unemployment rate. However, both the employment rate and the unemployment rate have improved...
recently, and are expected to continue doing so, supported in part by reductions in labour taxation.

- An area of relative strength of the Belgian labour market is job quality. Belgium is one of the top performers in earnings quality due to its relatively high average wage and low level of income inequality. In addition, Belgium has a lower level of labour market insecurity and job strain than in most other OECD countries.

- Labour market inclusiveness is mixed. The rate of poverty is below the OECD average and has been relatively stable for some time, increasing only slightly following the global financial crisis. Belgium also has a relatively small gender labour income gap. However, the employment gap for disadvantaged groups, such as mothers with children, youth, older workers, non-natives, and persons with partial disabilities, is relatively high compared to the average for OECD countries, although it has fallen somewhat over the last decade.

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.

- Belgium scores above the OECD average in two of the three key indicators of resilience and adaptability, suggesting that they contribute to solid performance on job quality and inclusiveness.

- Labour productivity levels remain among the highest in the OECD. However, labour productivity growth has been relatively low in Belgium when compared to the average of OECD countries. In part, this is because more low-skilled workers have remained in employment than elsewhere. Belgium’s productivity performance could improve if the excessive regulatory burden that hampers competition were reduced.

- Student skills are above the OECD average, as are rates of tertiary education attainment, and education mismatches remain relatively moderate. However, the educational outcomes of socio-economically disadvantaged individuals and immigrants are comparatively poor.

Framework conditions for Belgium

Unemployment cost of a decline in GDP (2000-16)

Bottom OECD performer
Spain: 0.9 pp
Greece: -1.0%
Mexico: 73.2%
Belgium: 25.7%

Top OECD performer
OECD: 0.4 pp
Ireland: 5.5%
OECD: 31.3%
Japan: 15.4%
Belgium: 0.3 pp

Labour productivity growth (2010-16)

Bottom OECD performer
OECD: 0.8%
Belgium: 0.4%

Top OECD performer
OECD: -0.1%
Luxembourg: 0.1 pp
Belgium: 0.3 pp

Share of low-performing students (2015)

Bottom OECD performer
OECD: 5.0%
Belgium: 0.4%

Top OECD performer
OECD: 31.3%
Japan: 15.4%
Belgium: 25.7%

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).