

What are the effects of job polarization on skills distribution of young workers in developing countries?

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Technical Brief No.7. Part of the Work4Youth project, funded by the MasterCard Foundation. One of the most discussed topics in the domain of labour economics during the last couple of decades has been the polarization of employment in industrialized countries, namely the growth of high and low paying jobs and the decline of jobs paying wages around the middle of the wage distribution. Economists identify two main reasons for this phenomenon, the first one being technological progress and the second one the globalization of the world economy. Both factors have contributed to changes in the distribution of skills demanded by employers in the labour markets of industrialized countries. The bulk of the literature on employment polarization focuses on the industrialized world although the concepts of 'skill-biased technological change' and globalization have obvious implications for the distribution of employment also in developing countries. The ILO school-to-work transition surveys (SWTS) offer an opportunity to study the phenomenon of polarization more closely from the perspective of 23 developing countries. The objective of the technical brief is to examine the skill distribution of young workers in different industries as a function of their trade openness. According to the globalization hypothesis, the jobs that are most prone to be offshored in the industrialized countries are those performed by middle-skilled workers who are, in the context of the present paper, workers with secondary education. However, once these jobs are offshored, they are often performed by workers in the developing countries with education levels at the secondary level or higher. Therefore, this paper will examine the relative occupational skills level of workers in

the sectors most open to trade. Three case studies of Madagascar, Ukraine and Vietnam will be presented to better demonstrate the research topic.

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