

The impact of digitalization/automation on the labor market – lessons from Germany





The German Federal Employment Agency (BA) – connecting people to work

BA as a service provider...

...addresses all German citizens



Benefits



Consultation services



Placements



Qualifications

Customers : ~ 82m

Internal customers



Employees

External customers



(Un-)employed



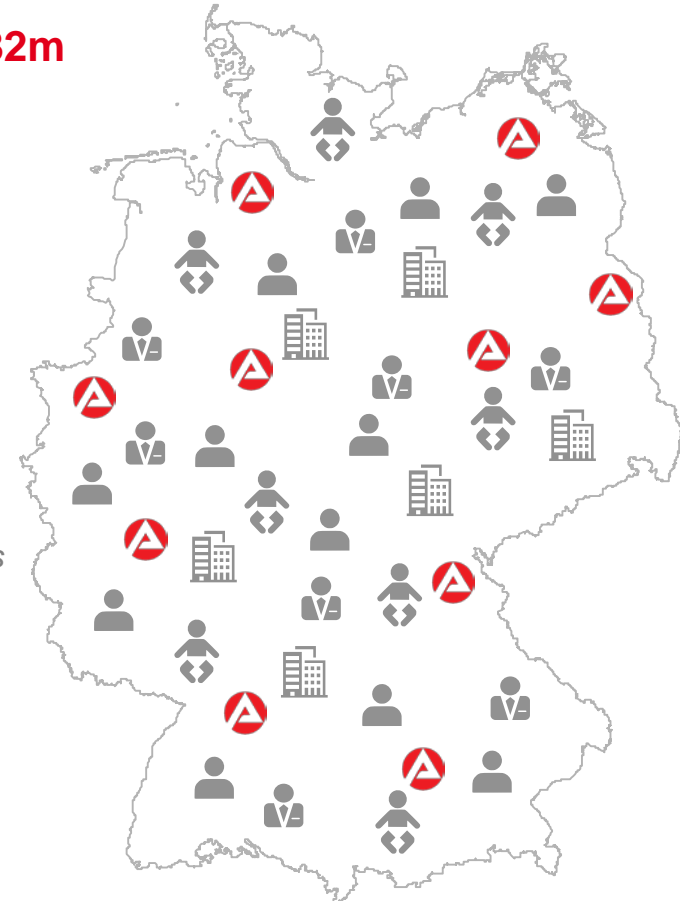
Employers



Children & Students



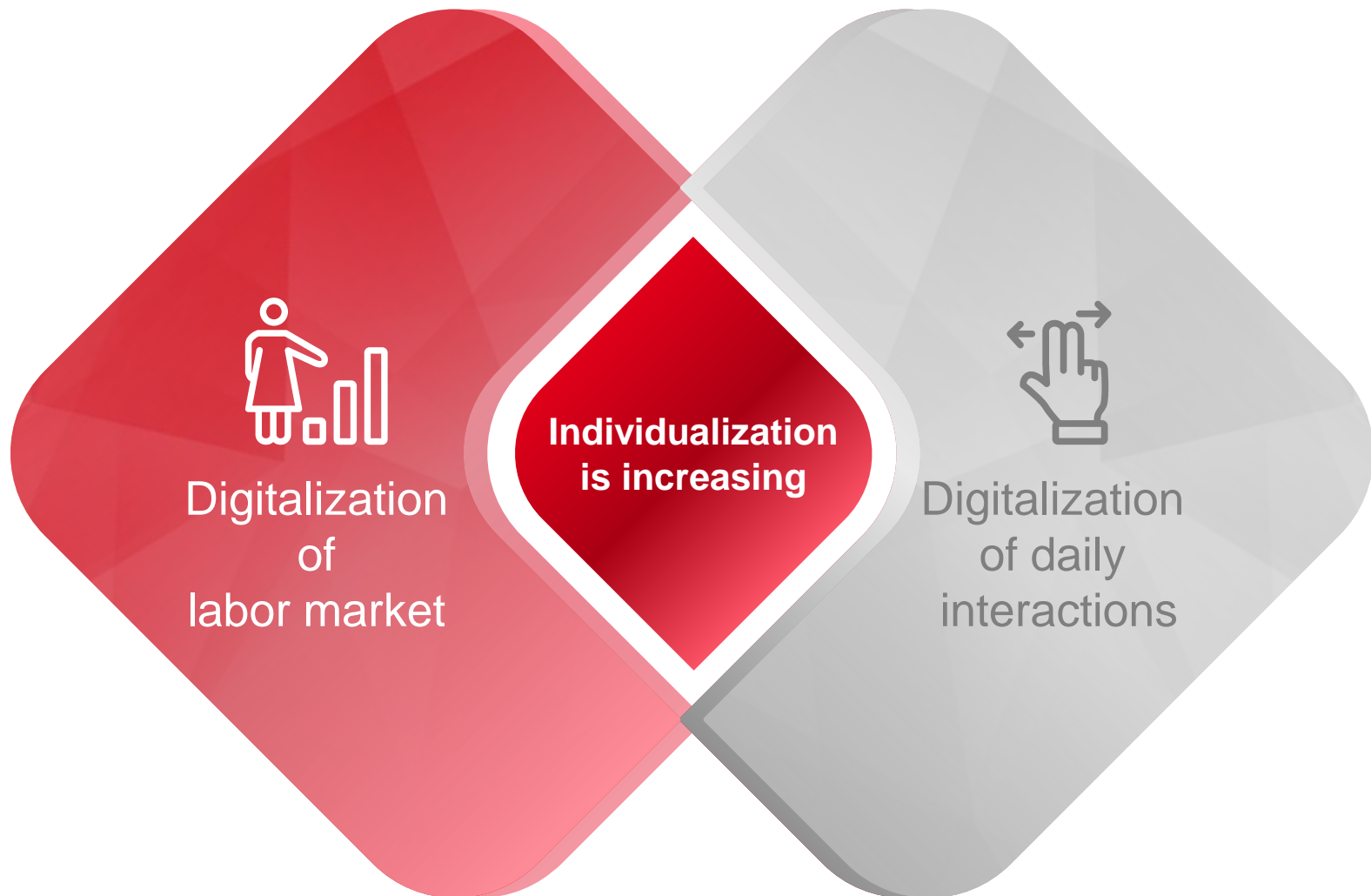
Other Authorities



1 Excl. employees in job center facilities; 2 Thereof, 2.5 m in ALG 1; 4.3 m beneficiaries in ALG 2; not free of overlaps;

Source: Budget report German Employment Agency 2016, Annual report German Employment Agency 2016

The challenge posed by digitalization is two-fold – it emerges in the market and in daily interactions



The digitalization of the labor market impacts the job and skill landscape in Germany

According to own research, we will have an increased demand for skilled workers ...



... while demand for workers with low-skill level is decreasing



- Germany expects a shortage of 400,000 engineers in 2030¹
- **Need for highly educated and experienced employees**
- **Social/emotional and technological skills become increasingly important**



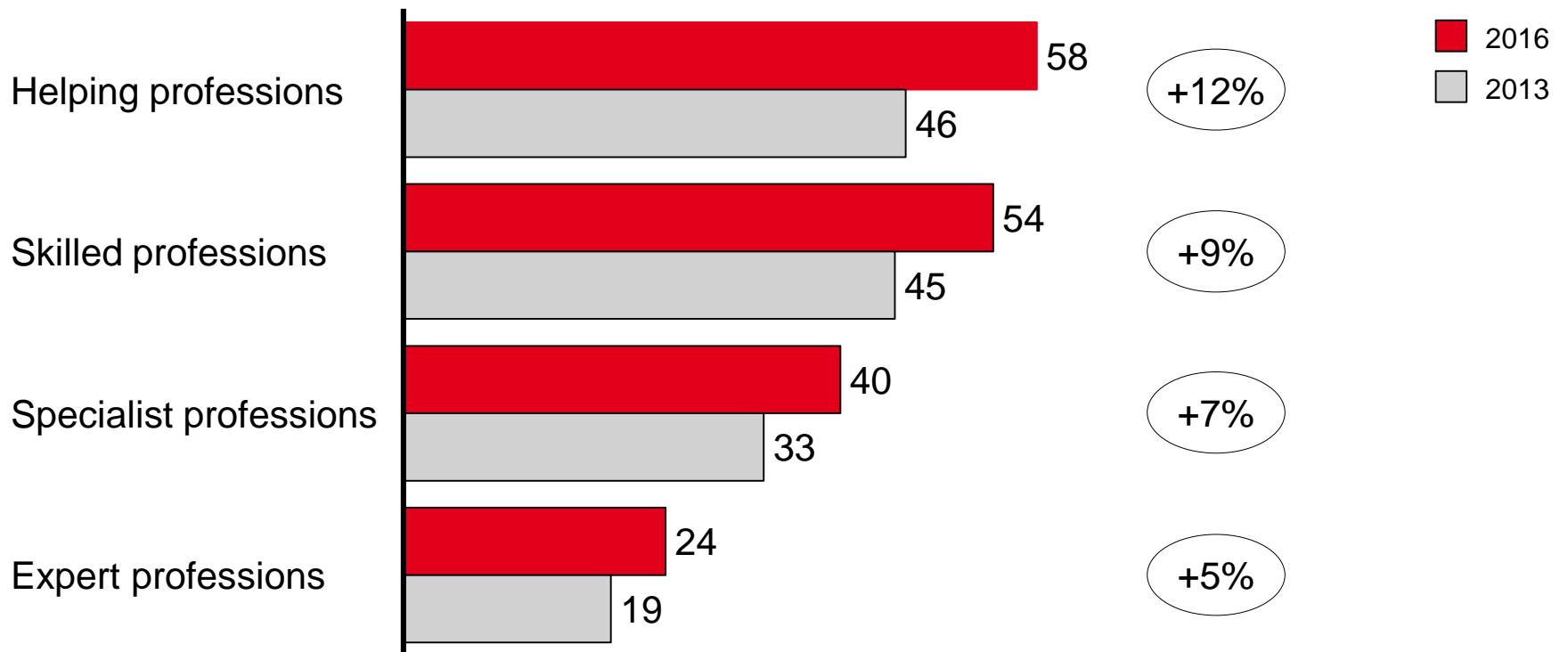
- **High automation potential for manual, repetitive work**
- **Significant impact of automation on jobs in manufacturing, retail, maintenance, where skills become obsolete**
- **Potential for substitution increases with decreasing requirement level²**

Source: 1 IAB-Report (2016); Labour market forecast 2030, BMAS (2016) 2 IAB-Report (2018)

Potential for substitution increases with decreasing requirement level

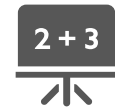
Potential for substitution depending on level of requirements

% of jobs that potentially can be completed by computers



Source: IAB-Report (2018): *Few professions can keep up with digitalization*

Life-long occupational counseling at significant orientation points prevents unemployment



School



High school



Vocational training



College/ University



Employment



Unemployment



Orientation

Orientation point

Intended impact

- Support career orientation in secondary levels I and II
- De-crease dropout rate
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- Support transition into work
- Support job orientation
- Consult regarding career paths
- Facilitate job-market integration
- Show career paths with a solid future

Offers with focus on prevention

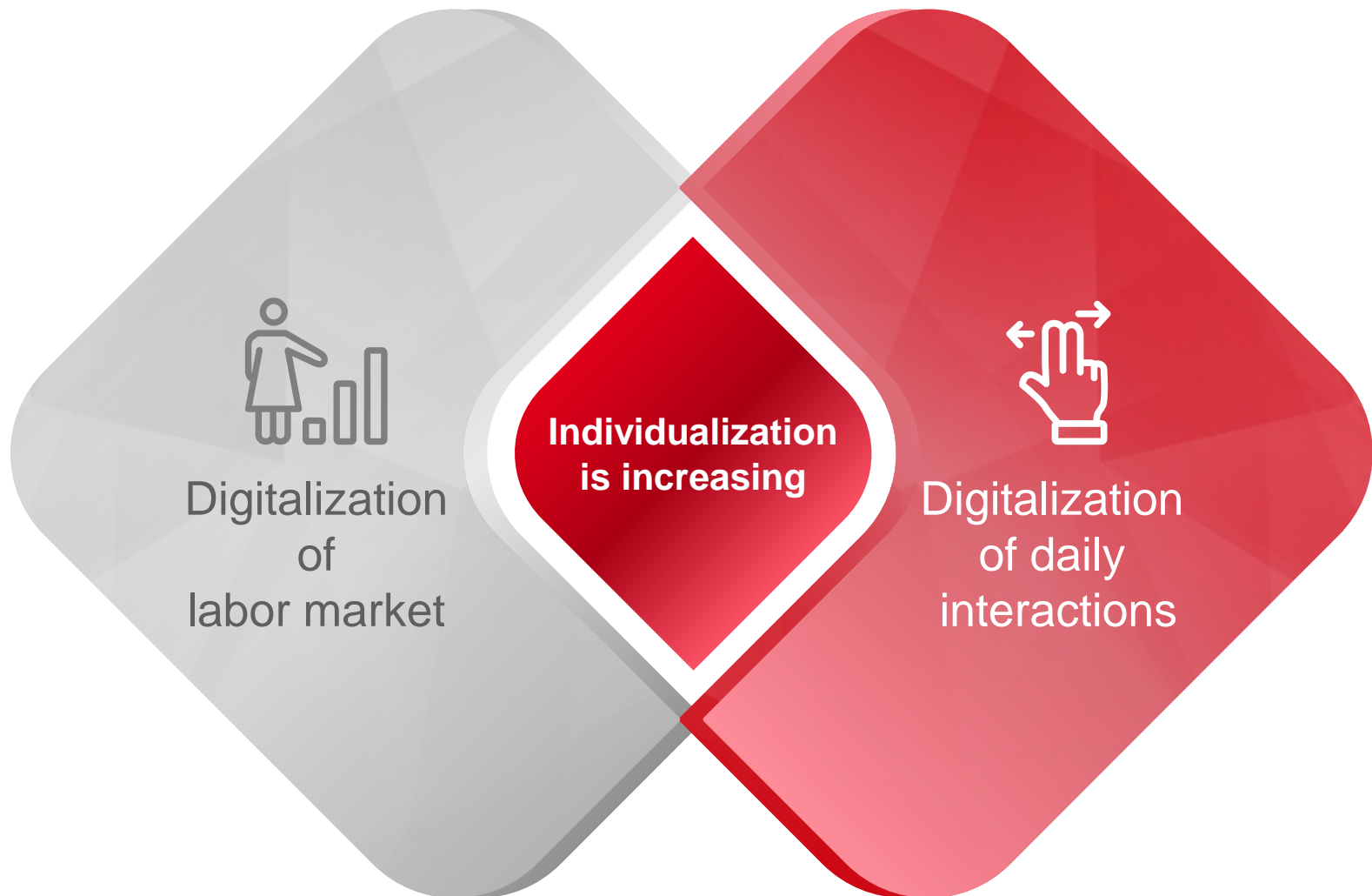
Orientation events

Individual, in-person counseling in schools, vocational schools, colleges/universities

Individual counseling for clients at the agency's branches

Internship/apprenticeship/college placements
Online services (esp. self-exploration tool)

The challenge posed by digitalization is two-fold – it emerges in the market and in daily interactions



The digitalization of daily interactions impacts the demand of citizens on digital services

The demands of citizens ...



Everything now



Everything as a service



Everything simple

... have implications for services

Efficient – 24/7

Highly integrated

Modular

BA's services are "close to the customer" via online entry points and easy transition to offline services

Customers

Online entry points for various services

Low barriers for individual exploration of services and first achievements

Easy initialization of online interaction with the BA



Online portal based on life situations



Unemployment & finding work



School, apprenticeships and university



Family and children



Disabled people



Career and further education



Foreigners

Self Assessment

- Self assessment tool for apprenticeships
- Self assessment tool for university studies

Self Service

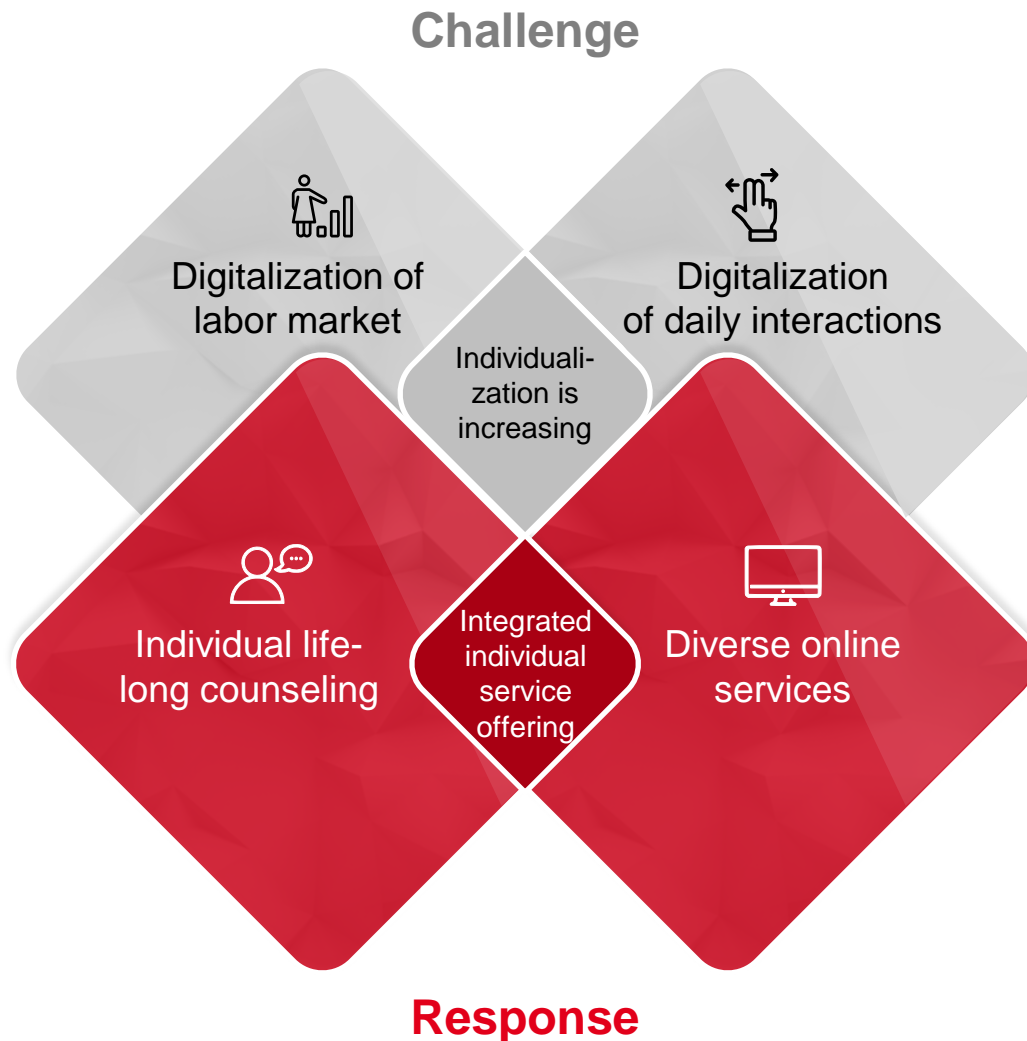
- Job portal
- Portal for additional trainings/ courses
- Navigator for job developments

Directly interact with the BA

Interaction with the BA online

- Scheduling of consultation sessions
- One shared account
- Secured E-Mail functionality/inbox services
- Online update of profile
- Online application for job placements
- Online application for payments
- Online update of vacation / illness
- *Further services to come*

BA's response to the two-fold challenge is a new kind of integrated, individual service offering



A new way of working is required

With the **agile transformation**, we ensure

- Radical focus on the customer
- Faster Time-to-market
- Fewer implementation risks