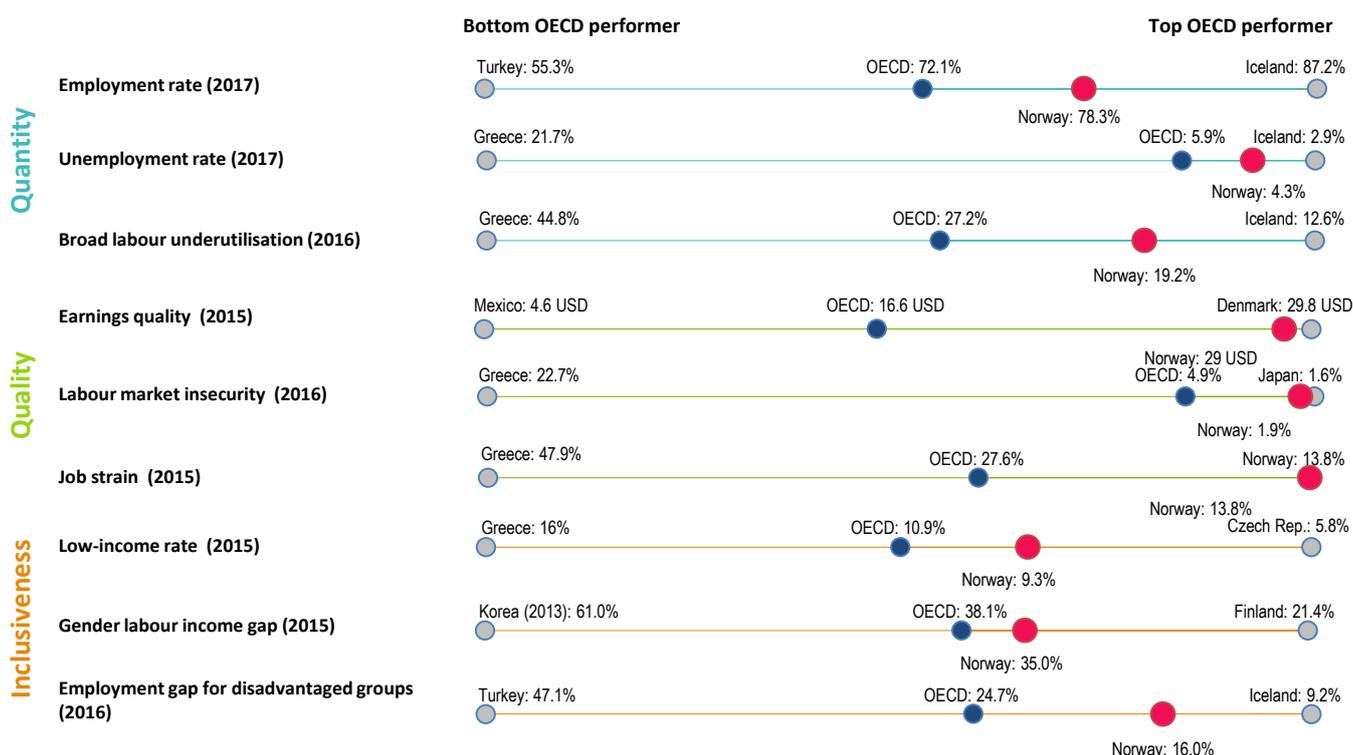


### How does NORWAY compare?

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 Norway**



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.

- Norway has above average scores in all the main indicators of job quantity, quality and inclusiveness. Its "Nordic model" prioritises inclusiveness and low inequality. Its natural resource wealth, and strong economy in other respects, help fund policy to achieve these goals.



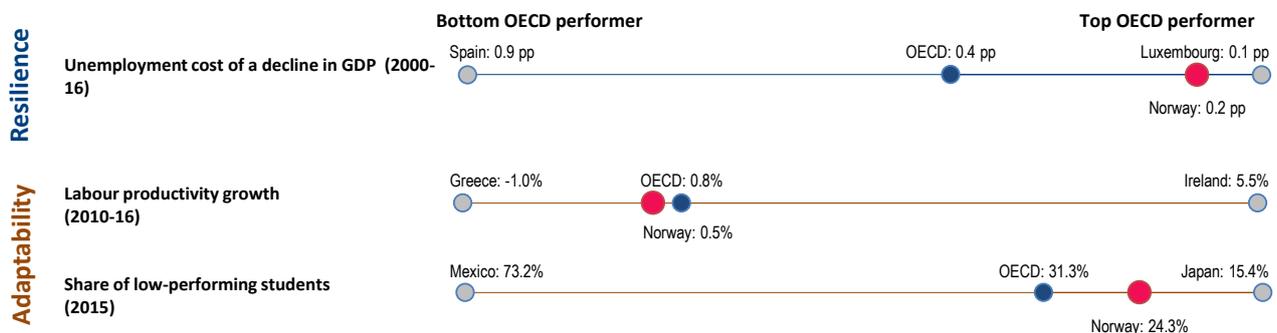
- Job-quality scores are particularly high. Job strain is the lowest among OECD countries, earnings quality and labour market insecurity are also among the top performers.
- However, there are areas of relative weakness. The employment rate, despite being above the OECD average, falls short of top performers. Withdrawal from the labour market via the sickness and disability system is one issue. Biases in old-age pensions towards early retirement also play a role. Policy progress on some of these issues is being made.
- At 35%, the gender gap in terms of annual earnings is wider than for top performers, despite Norway's close attention to helping parents combine work and family life and to gender equality. Norway has been a pioneer in some areas, such as policies to increase the number of women on company boards.
- Norway's low-income rate, which measures the share of the population with incomes below 50% of median income, also falls short of top performers. However, Norway's comparatively narrow income distribution needs to be taken into account in evaluating the socio-economic implications of this.

## 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.

- Norway is particularly successful as regards resilience according to the indicator, with comparatively small unemployment costs in the face of an economic downturn. Comprehensive active labour market policy helps avoid long-term unemployment. Furthermore, membership of the EEA helps as inward labour migration during economic upswing tends to reverse during downswings, softening the consequences for the domestic labour market.
- In terms of adaptability, Norway scores reasonably well in minimising the share of students with weak skills. Only 24.3% of students score below Level 2 in PISA, compared with nearly 32% in the OECD on average.
- Norway's labour productivity growth, when including the offshore oil sector, is below the OECD average and productivity growth is indeed a policy concern. However, there are complications in productivity measurement due to the oil sector. The equivalent mainland labour productivity growth is 1%, just over the OECD average, nevertheless well below top performers.

### Framework conditions for Norway



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).