

Demand for Skills 1995 – 2008: A Global Supply Chain Perspective

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Paper Abstract: We propose a new method to analyze the changing skills structure of employment in countries based on the input-output structure of the world economy. Demand for jobs, characterized by skill type and industry of employment, is driven by changes in technology, trade and consumption. Using structural decomposition analysis, we study the relative importance of these drivers for the period 1995-2008. In doing so, we derive a new measure of technological change in vertically integrated production chains and show that it has been skill-biased. We find that skill-biased technological change has played the most important role in the different employment growth rates of high-skilled, medium-skilled and low-skilled labor in advanced countries. For emerging countries, the patterns of employment growth are very heterogeneous.