The Employment Effect of Post-Industrialization: Evidence from OECD Countries

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ABSTRACT

Recently, many countries have undergone post-industrialization, and the main engine of employment growth has been the expansion of service sectors. In this paper, we examined to what extent post-industrialization impacted labor market outcomes in each country. While focusing on different kinds of service sectors, namely, the business, consumer, and social service sectors, and using annual data of 23 OECD countries during the years 1990–2011, we performed linear regression analyses to examine whether sectoral composition was related to the employment rate, the unemployment rate, and the labor participation rate in each country. Our results showed the following two findings. First, the existence of a larger traditional sector was related to higher male employment and lower female employment. Second, the size of each service sector had diverse effects on labor market outcomes for males and females: a larger business service sector was associated with higher employment for both genders. On the other hand, in countries where the social and consumer service sectors have expanded, male employment rates were lower, and female labor force participation rates were higher. Our results suggested that trajectories in becoming a post-industrial society biased towards the consumer and social service sectors might lead to higher unemployment for males but not for females.

Key Words: post-industrial society, sectoral composition, cross-country/time-series data