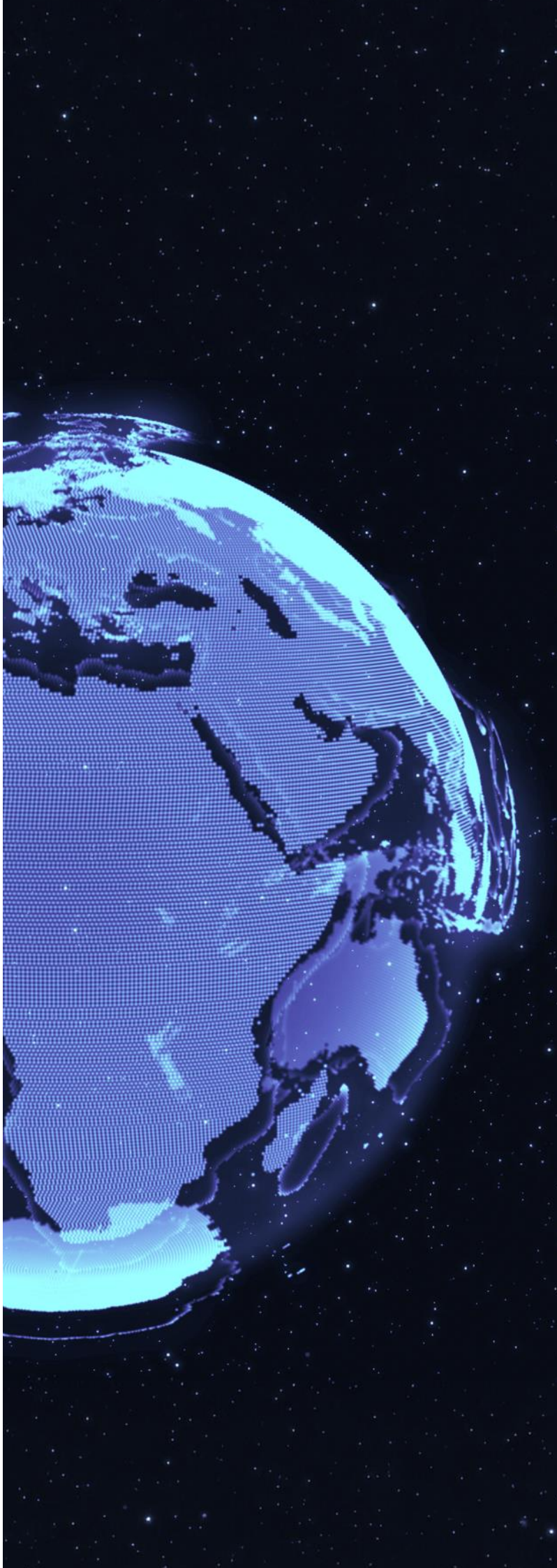
تكامل
Takamol

Policy Priorities for the Global Labor Market Transition to the Capability Economy

Six Policy Priorities for Labor Market Systems in the Transition to the Capability Economy



Takamol Policy
Paper - June 2026

Ahmad Al-Yamani, Jude Althagafi, Leena Ghandourah

Suggested citation

Takamol Holding. (2026). Policy Priorities for the Global Labor Market Transition to the Capability Economy. Riyadh: Takamol Holding.

Disclaimer

The findings, interpretations, and policy recommendations expressed in this publication are those of Takamol Holding and do not necessarily represent the views or official positions of the organizations and individuals whose research, data, or conference contributions are referenced.

For permissions relating to material excluded from the Creative Commons license, contact:

Takamol Holding
https://takamolholding.com/en
Riyadh, Kingdom of Saudi Arabia

Authors

CONTENTS

EXECUTIVE SUMMARY

For the vast majority of human economic history, spanning millennia before the industrial revolution, work was personal, outcome-based, and organized around demonstrated capability and personal time and services offered. The industrial revolution introduced a powerful but historically abnormal model that is wage employment, time-based compensation, employer-linked social protection, and degree-based hiring. Over the twentieth century, a comprehensive social contract developed around this standard model, delivering extraordinary gains in prosperity and stability.

That model is now changing. Five structural transformations are driving this change: the growing importance of skills over credentials, the rise of AI, less stable employment relationships, the growth of platform- based work, and better labor market data. Together, they are moving us toward what this paper calls the capability economy. The capability economy is an economic paradigm in which value creation is organized around verified human capability, augmented by AI, and mediated through fluid, data-rich labor market systems.

Drawing on Takamol's work across labor market enablement, digital employment platforms, skills systems, and policy implementation, this paper identifies six priorities for the future of labor policy: upskilling with AI in mind; building labor capacity before it becomes a competition; taxing technology gains to fund transitions; adjusting pensions and benefits to reflect flexible work; using data to drive decisions on skilling, sectors, and taxation; and choosing skills over degrees.

This paper draws on data from the World Economic Forum, the International Labour Organization, the World Bank, the OECD, and leading research institutions to examine the institutional gaps constraining adaptation and propose six policy priorities for global reform.

Six Policy Priorities for the Capability Economy

01. Establish skills as primary economic signals

02. Treat workforce capacity as strategic infrastructure

03. Govern AI as a workforce multiplier

04. Align fiscal systems with capability-based economies

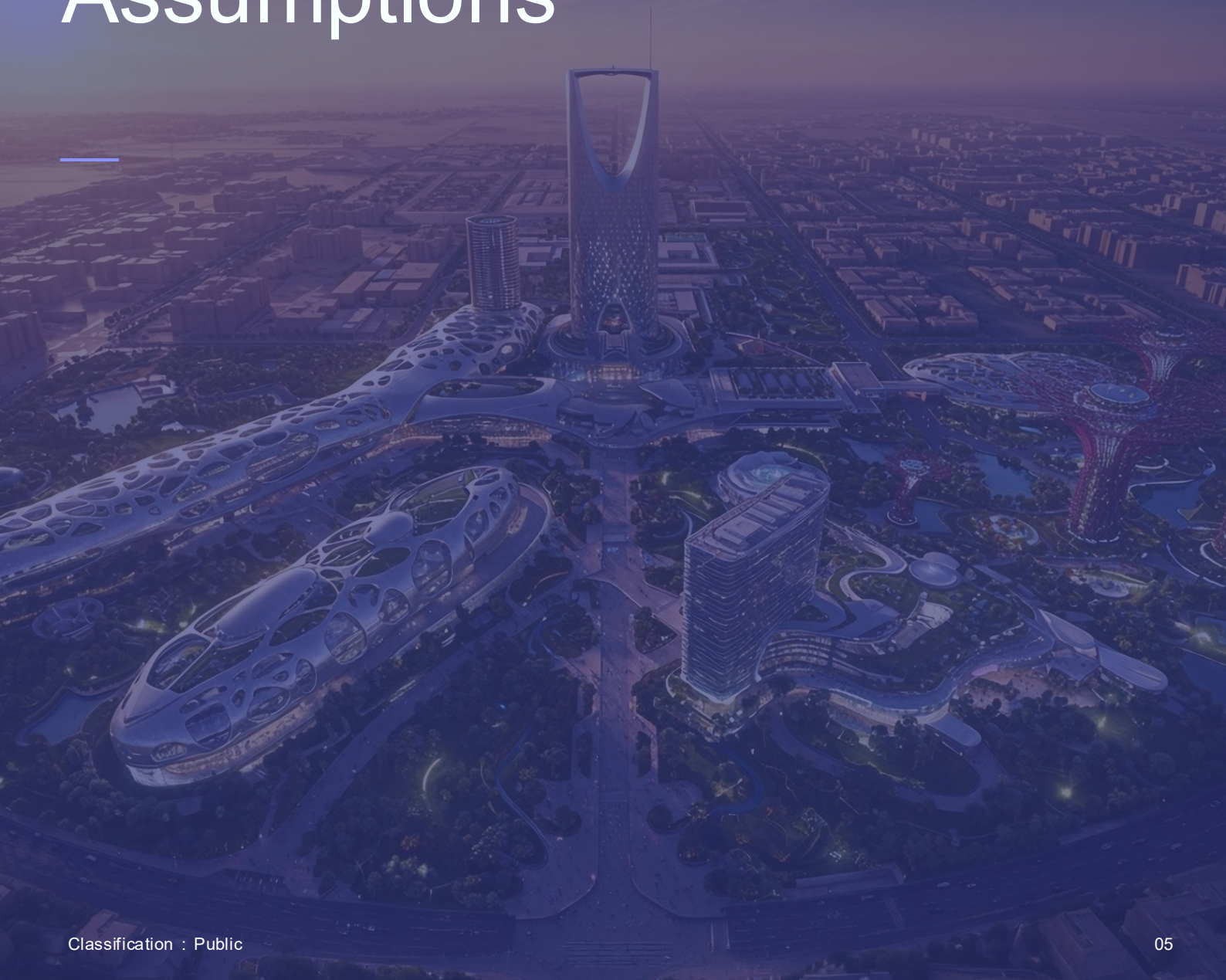
05. Design portable and adaptive protection systems

06. Build computational labor intelligence systems

This paper builds on the global evidence and policy discussions generated through the Global Labor Market Conference (GLMC), one of Takamol's flagship labor market platforms, including three editions of the conference, almost 50 hours of recorded content, over 520 speakers, and participants from more than 100 countries. It combines these insights with data from the World Economic Forum, the International Labour Organization, the World Bank, the OECD, and leading research institutions to examine the institutional gaps constraining labor market adaptation and propose the six policy priorities above as a coherent reform agenda.

Part I

The Standerd Employment Model and Its Assumptions



01. The Standard Employment Model and Its Assumptions

Before examining what is changing, it is necessary to understand what was built and why it functioned. The institutions governing labor markets in most economies today were not designed for the current era. It was designed for the industrial era, and it succeeded on its own terms. Understanding its structure is essential for diagnosing the mismatches that now limit any change and adaptation.

For millennia before the industrial revolution, economic production was organized around localized, outcome-based exchange. Artisans, merchants, farmers, and professionals operated in what modern economists would recognize as independent contracting arrangements. A farmer was paid for the harvest, not for days in the field and a physician was paid for treatment, not for time in a clinic. Labor relationships were governed by guild systems, community reputation, and direct negotiation. Economic historians estimate that prior to the mid-nineteenth century, the overwhelming majority of the global workforce operated outside what would today be classified as formal employment. Even in England, the birthplace of industrialization, as late as 1800, more than two-thirds of the working population were self-employed or engaged in household production.

The factory system demanded a fundamentally different arrangement. Mass production required standardized labor inputs. For example, workers who arrived at fixed times, performed repetitive tasks within hierarchical supervision structures, and could be grouped into production schedules. The time clock, introduced in the late nineteenth century, was a conceptual transformation because work became characterized by time-based input instead of productive output. This change required and enabled the construction of a comprehensive institutional mechanism that required the making of employment contracts, labor laws, and regulatory bodies to enforce minimum standards. The transition to wage employment was an institutional response to the organizational requirements of mechanized mass production.

The consolidation of wage employment as the dominant labor arrangement created the precondition for employer-linked social protection, a system in which access to health insurance, pensions, disability coverage, and paid leave was mediated through the employment relationship. Bismarck's social insurance legislation in 1880s Germany established the template that spread, in various forms, across industrialized economies over the following century. This model was highly effective within its design parameters. It provided economic security to hundreds of millions, funded through predictable payroll contributions from stable employment relationships. It enabled the growth of middle classes, cushioned workers against cyclical downturns, and created institutional buffers against the volatility of unchecked markets. The International Labour Organization, established in 1919, codified principles of decent work that assumed formal, full-time, employer-based employment as the norm.

However, the system embedded several critical assumptions that are now breaking down. It assumed that the majority of working-age adults would be employed by identifiable firms, in ongoing relationships, for predictable durations. Benefits accrued to employment status, not to the individual. When a worker changed employers, accumulated protections often did not follow. When they moved to self-employment, informal work, or platform-mediated arrangements, they fell outside the system entirely.

A critical caveat for much of the world is that the standard employment model was never fully realized. More than 2 billion workers, approximately 60% of the global workforce[12], remained in informal employment in 2024, up from 1.7 billion in 2005[12] in absolute terms. In sub-Saharan Africa, roughly 85 percent of workers are in informal[15], casual, or day- based employment. In low-income countries, informal employment increased by almost 30% over the last decade[12], even as GDP grew, meaning economic growth has not necessarily meant formal job creation at scale.

For these workers, the institutional protections of the standard employment model, pensions, health coverage, unemployment insurance, and formal labor rights have never existed. The model's assumptions were therefore particularly fragile and breaking down in the economies where they once held, and never operative in the economies where the majority of the world's workers live. Any reform framework must manage with both realities simultaneously.

Box 1: What Pre-Industrial Work Actually Looked Like

The narrative of labor history often begins with the industrial revolution, as if work before the factory was formless or primitive. It was neither. Pre-industrial economies operated through sophisticated systems of production, quality assurance, and knowledge transfer that functioned effectively for centuries, and whose structure is now, in some respects, reasserting itself.

Before industrial employment, guilds, associations of skilled craftsmen and traders, were the institutions that organized work. They trained workers through the master-apprentice model, set prices, controlled quality, and even provided basic support for sick or retired members. The Ottoman lonca, the Japanese za, and European merchant guilds shared structural similarities despite no coordination.

Trade networks spanning the Silk Road, the Indian Ocean, and trans-Saharan routes matched capability to demand across vast distances through reputation systems. A merchant who delivered poor goods in Baghdad would lose business in Samarkand. These were, in effect, pre-digital trust protocols.

Compensation was outcome-based. Workers were paid for what they produced, rather than the time they spent producing it. A shipwright was paid per vessel, a calligrapher per manuscript, a surgeon per treatment. Time-based wages were virtually unknown.

The Industrial Revolution replaced a diverse ecology of labor arrangements, most of them outcome-based, many of them portable, with a single dominant model organized around the factory, the firm, and the time clock. That model is roughly 130 years old. It was an institutional choice, optimized for mass production, and we are now living through the consequences of its assumptions.

Sources:

- Clark, G. (2007). A Farewell to Alms: A Brief Economic History of the World. Princeton University Press. Clark, G. (2007). A Farewell to Alms: A Brief Economic History of the World. Princeton University Press.
- Kuran, T. (2011). The Long Divergence: How Islamic Law Held Back the Middle East. Princeton University Press. Kuran, T. (2011). The Long Divergence: How Islamic Law Held Back the Middle East. Princeton University Press.
- Epstein, S.R. (1998). Craft Guilds, Apprenticeship, and Technological Change in Preindustrial Europe. Journal of Economic History, 58(3), 684-713. Epstein, S. R. (1998). Craft Guilds, Apprenticeship, and Technological Change in Preindustrial Europe. Journal of Economic History, 58(3), 684-713.
- JSTOR: https://www.jstor.org/stable/2566620

The model also required a mechanism for matching workers to jobs at scale. In pre-industrial economies, skill assessment was direct. For example, a master craftsman could evaluate an apprentice's work in person. Mass employment in complex organizations required a proxy, and the formal educational credential, the degree, became the dominant signalling mechanism.

Spence's (1973) signalling theory[4] formalized the economic rationality where in the absence of direct information about worker productivity, employers use observable credentials as filters. The degree served this function efficiently for much of the twentieth century because the skills required by most jobs changed slowly relative to educational curricula, the number of credential-granting institutions was manageable, and the correlation between formal education and workplace competence was sufficiently strong to justify the transaction costs of credential-based hiring.

Each of these conditions is now declining and not marginally. Globally, 39 percent of core skills required by employers will change by 2030[37], a rate that exceeds the cycle time of most degree programs. Degrees have become less reliable signals of what a person can actually do. The number of universities has grown, but employer confidence in what a degree certifies has fallen. At the same time, AI tools can now assess skills directly, through work samples, coding tests, and task-based simulations, making proxy qualifications less necessary. The credential is becoming the bottleneck rather than the solution. As labor markets develop the capacity to assess capability directly, qualifications increasingly function as an invaluable cost rather than a useful signal.

The fiscal base of the standard employment model rested on payroll taxation, a mechanism that is tied to the employment relationship to fund social insurance, health systems, and retirement schemes. Social security contributions accounted for 25.5 percent of total tax revenues across OECD countries in 2023[26], the single largest component of tax revenue, exceeding personal income tax (23.7 percent) and VAT (20.5 percent). The average tax wedge on a single worker earning the average wage stood at 34.9 percent of total labor costs in 2024[27], with employer and employee social security contributions representing the dominant component in most countries. This system is administratively efficient when employers are identifiable, workers are formally employed, and compensation takes the form of regular wages. But it faces a challenge as non-standard employment grows, platform work expands, and AI-driven productivity reduces headcount in some roles, the payroll base can contract while governments need more revenue to support workers through the transition.

Finally, the way we measure work was designed for a world of stable jobs. National labor force surveys, occupational classification systems such as ISCO and ISIC, and periodic censuses provided the informational infrastructure for policy decisions. These systems were designed for a time in which categories, boundaries, and relationships changed on the order of decades rather than years. The lag between labor market reality and statistical measurement has become a binding constraint on effective governance. Only 47.7 per cent of workers globally[24] hold qualifications that match their job requirements, a figure that itself reflects the limits of classification systems built for a different era of work.

Table 1: The Standard Employment Model: Five Pillars and Their Decline

Pillar	Industrial-Era Design	Current Decline
Employment relationship	Permanent, full-time, identifiable employer	2B+ informal workers (58% globally); gig/platform fragmentation
Social protection	Employer-linked (Bismarck model): pensions, health, leave mediated through the firm	Benefits do not follow workers across employers, into self-employment, or onto platforms
Skill signaling	Degree-based credentials as hiring proxy (Spence, 1973)	39% of core skills changing by 2030 (WEF); 81% of employers prioritize skills-based hiring practices (WEF Future of Jobs 2025)
Fiscal base	Payroll taxation: SSCs = 25.5% of OECD tax revenue (2023)	Payroll base narrowing as non-standard work grows and AI automates tasks within jobs.
Measurement systems	Periodic surveys, ISCO/ISIC occupational classifications, decennial censuses	Only 47.7% of workers hold qualifications matching their jobs; 1B+ job postings processed daily vs. annual survey cycles

Sources: ILO WESO 2024/2025; OECD Revenue Statistics 2025; WEF Future of Jobs 2025; WEF Reskilling Revolution 2025; OECD Skills Outlook 2024; Clark (2007); Spence (1973).

Taken together, the institutional pillars of the standard employment model are failing as a system, because they were designed as a system. The employment relationship supported social protection, which was in turn funded by payroll taxation, but this required identifiable employers whose workers were tracked by classification systems built for stable categories. When the employment relationship fragments, the rest follows. What is breaking down is a single institutional system, and the breakdown is systemic. Section 2 examines the structural powers driving that mismatch.

Part II

Institutional Mismatch and Its Consequences

02. Structural Shifts in Labor Markets

Four interconnected structural shifts are now weakening the assumptions on which the standard employment model was built. None is independently sufficient to overturn the existing order. These shifts, in how skills are valued, how labor capacity is treated as a national asset, how AI is reorganizing work, and how employment relationships are fragmenting, operate together rather than independently. Together, they create a structural break from the past and call for new institutions rather than small adjustments to the existing ones. The form each change takes is conditioned by labor law, education systems, and institutional choices as much as by technology, and countries with stronger workforce planning and integrated social protection encounter these changes on different terms from those with weaker institutions. This structural direction and changes is a universal one and applies to every country in the world.

Globally, 47.7 percent of workers hold qualifications[24] matching their job requirements, while the share of over-educated workers rose from 15.5 to 18.9 percent over the past decade[12] . The mismatch is more severe in lower-income economies, where undereducation predominates, while over-education is rising in higher- income ones. The credentialing system is increasingly misaligned with actual skill requirements at both ends of the income spectrum. The shortage is in verified, portable, labor-market-relevant skills. As Box 2 illustrates, addressing it requires infrastructure that, in most economies, does not yet exist at the scale the transition demands.

2.1 Skills Over Credentials

For most of the twentieth century, a degree functioned as a reliable signal for workplace capability, and employers treated it as such. That signal lasted because the underlying conditions supported it. Job categories were stable, skill requirements changed slowly relative to degree program cycles, and mass employment in large firms made credential-based hiring an efficient filter at scale. Those conditions are now weakening, and they are weakening in multiple directions simultaneously.

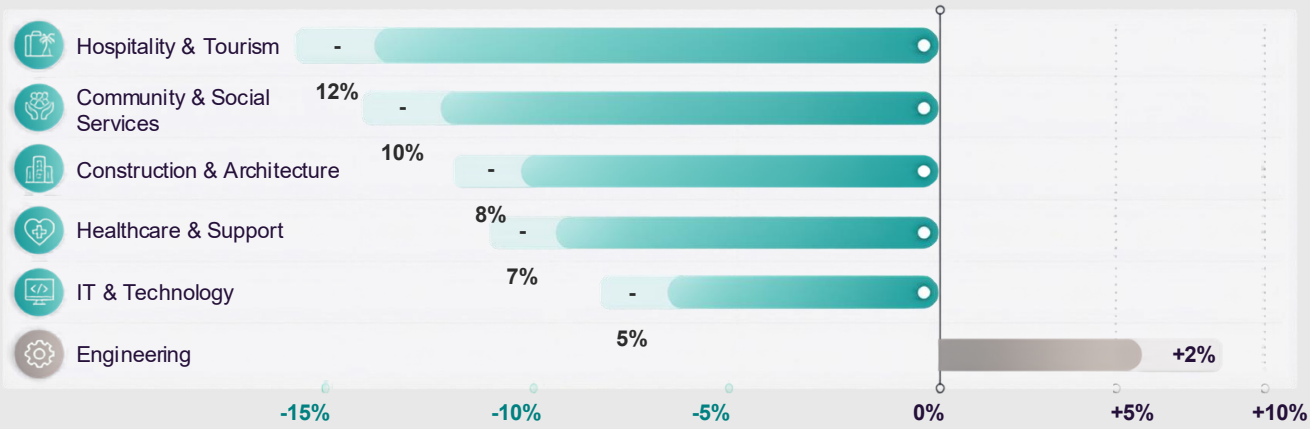
Analysis of more than 20 million job postings across five countries[47] shows a slow but consistent decline in degree requirements for roles that historically demanded them. Nowhere more so than the U.S., with major employers including Google, IBM, Apple,Dell[7] and Accenture removing degree requirements from significant portions of their job postings. In January 2021, the U.S. federal government announced limits[72] on the use of educational requirements for federal IT positions, stating that degree-based hiring 'excludes capable candidates and undermines labor-market efficiencies.' WEF Future of Jobs 2025 finds that 81 percent of employers globally report that skills-based hiring practices are a priority for talent acquisition in their organizations, with adoption rising across every region surveyed.

What makes this significant, is that performance data shows us that the shift is structural rather than a response to tight labor markets. Workers hired on the basis of demonstrated skills are promoted at a rate comparable to traditionally credentialed hires, with a 2 percent difference in promotion rates[47]. More strikingly, skills-based hires demonstrate 9 percent longer tenure[47] at their organizations compared with degree-based hires. In many contexts, they out-perform their credentialed peers.

Perhaps the most revealing finding is sectoral. The sharpest declines in degree requirements are not in technology where self-taught programming has long been accepted, but in community and social services, healthcare support roles, hospitality, construction, and agriculture as shown in Figure 1. These are precisely the sectors where AI is least likely to replace human labor. Sectors that need physical, interpersonal, and context-dependent work. Degree requirements are declining most sharply in the occupations that the economy will continue to need humans to perform. This finding suggests that in the labor categories most likely to persist through the AI transition, demonstrated competence will matter more than institutional certification.

Figure 2: The Sectoral Skills-Based Hiring Shift

Change in degree requirements by sector, 2017–2022



Engineering is the only sector where degree requirements rose over the period.

Source: BCG/Lightcast analysis of 22 million job postings across 5 countries, 2023. Engineering is the only field where degree requirements increased.

Globally, 47.7 percent of workers hold qualifications[24] matching their job requirements, while the share of over-educated workers rose from 15.5 to 18.9 percent over the past decade[12]. The mismatch is more severe in lower- income economies, where undereducation predominates, while over-education is rising in higher-income ones.

The credentialing system is increasingly misaligned with actual skill requirements at both ends of the income spectrum. The shortage is in verified, portable, labor-market-relevant skills. As Box 2 illustrates, addressing it requires infrastructure that, in most economies, does not yet exist at the scale the transition demands.

Box 2: The Global Skills Infrastructure Gap

Demand for skills-based hiring is increasing, but the infrastructure to support it at scale remains underdeveloped. Three gaps are particularly consequential:

- The taxonomy gap: no globally interoperable skills taxonomy exists as a common language enabling employers, educators, and workers to describe and compare competencies across borders. Several economies have developed national taxonomies. Saudi Arabia's Skills Taxonomy, established by the Ministry of Human Resources and Social Development, maps competencies across professions and sectors through 13 sectoral skills councils, uses AI to deliver real-time labor market insights, and is integrated into the Qiwa labor platform. Singapore's SkillsFuture framework provides a comparable national architecture. Existing international frameworks, including ESCO, O*NET, and Lightcast, operate in parallel with limited cross-border interoperability.

- The verification gap: digital verification systems for micro-credentials and skills assessments are fragmented and lack mutual recognition. A credential earned through one platform carries limited legibility for employers in another jurisdiction. The EU Council Recommendation on Micro-Credentials (2022) and UNESCO's recommendations (2023) both identify cross-border comparability and recognition as the central unresolved challenge in the global credentialing landscape.

  The portability gap: individual skills passports that enable workers to carry verified competencies across employers and jurisdictions remain available in only a handful of countries. Singapore's SkillsFuture Careers and Skills Passport and the EU's Europass digital tools represent the most advanced implementations to date.

Building global digital credential infrastructure, comprising a shared taxonomy, a digital verification layer, and mutual recognition agreements, is a prerequisite for the transition to the Capability Economy. GLMC calls for this infrastructure to be treated as a global public good.

Sources:

- HRSD (2025) https://www.hrsd.gov.sa/en/skills-occupations;
- SkillsFuture Singapore (2025) https://www.myskillsfuture.gov.sg/csp;
- Europass (2024) https://europass.europa.eu/en/what-europass-skills-passport;
- WEF (2022) https://www.weforum.org/stories/2022/05/global-skills-passport-trust-workforce/;
- Lightcast (2025) https://lightcast.io/resources/blog/open-skills-taxonomy;
- EU Council Recommendation on Micro-Credentials (2022) https://education.ec.europa.eu/education-levels/higher-education/micro-credentials;
- KPMG (2025) https://kpmg.com/xx/en/our-insights/gms-flash-alert/flash-alert-2025-130.html

The three gaps documented above share a common consequence. Without a shared taxonomy, a digital verification layer, and mutual recognition frameworks, the shift from credentials to competence will concentrate in economies that already have sophisticated matching systems, deepening labor market inequalities between high- and low-income economies. Building that infrastructure is a prerequisite for an equitable transition, and it is precisely what the first policy priority addresses.

2.2 Labor Capacity as a National Priority

Human capital is the foundation on which national wealth, economic resilience, and competitive positioning depend. Human capital constitutes approximately 60 percent of total national wealth globally[41] , and approximately 70 percent in high-income countries[41]. Yet labor capacity is increasingly treated as a competitive asset to be fought over rather than a public good to be built, and the competition is intensifying Countries are now competing for human capital with the urgency and strategic intent previously reserved for natural resources or foreign direct investment. Approximately 2.6 million highly skilled professionals relocated[48] across borders in 2024, with the United States capturing 39 percent of all mobile skilled workers, a share that is growing. AI experts are nearly twice as mobile as other skilled workers.

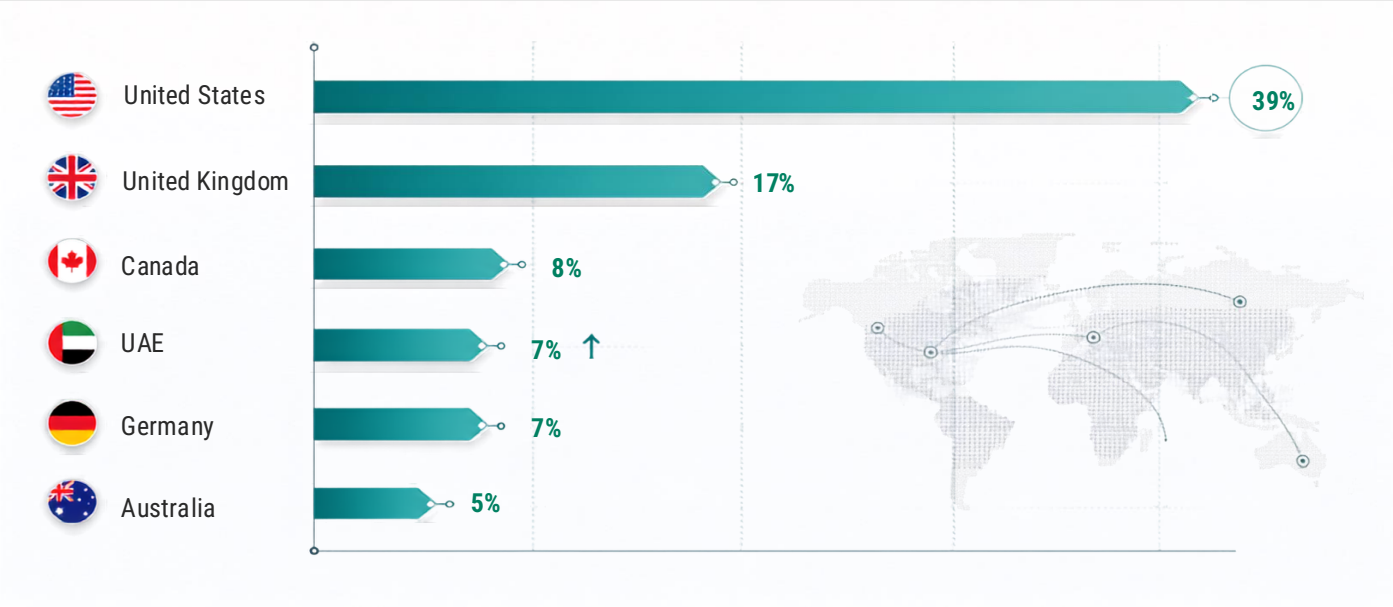
Saudi Arabia entered the global top ten for skilled talent attraction in the same year, ranking eighth for STEM professionals, supported in part by its Premium Residency Program, which offers long-term or permanent residency to skilled professionals and entrepreneurs.

Singapore's TechPass and OnePass programs, Canada's Global Talent Stream, which processes skilled-worker visas in two weeks, and Germany's Skilled Immigration Act each represent a national bet that human capital, more than any other asset, determines which economies lead the next phase of growth.

Demographic pressure intensifies the challenge and takes different forms depending on the economy as shown in Box 3. Across OECD countries, the old-age dependency ratio is projected to rise from 31 percent in 2023 to 52 percent by 2060[29]. Japan, which will need an estimated 2.72 million nursing care workers by 2040[66], a 28 percent increase from 2023 levels, has been driven to deploy eldercare robotics to fill a gap that recruitment and domestic training alone cannot close. Meanwhile, developing economies face the opposite pressure where over the next decade, an unprecedented 1.2 billion young people will enter the workforce[44], many into labor markets with limited formal employment capacity. In low-income countries, 8.8 additional working-age individuals44 entered the labor force for every new formal wage job created, compared to near- parity in high-income economies.

Figure 3: The Global Competition for Talent - Where Skilled Workers Move

Top Destinations for Highly Skilled Workers: Share of Global Flows (2024) Top 5 combined ~80%



Source: BCG Top Talent Tracker 2025. Saudi Arabia also showing rising mobility.
Https://www.bcg.com/publications/2025/global-talent-mobility-is-slowing-and-shifting

What the figure shows is concentration. The top five destinations absorb roughly four-fifths of highly skilled migrant flows. For the economies on the receiving end, this tells us that talent attracts capital, capital builds firms, and firms attract more talent. For the economies on the sending end, the same operates in reverse. Each departure removes not only an individual worker, but the tax revenue, productivity, and institutional knowledge that worker would have contributed over a career.

The pressure falls hardest on the economies least equipped to absorb it. Lower-income countries that finance medical, engineering, and technical training out of public budgets are training workers for labor markets in higher-income economies that did not bear the cost. The implication is that mobility itself is a source of welfare gains for workers and remittance flows for sending economies. The implication is that the institutions of sending economies must develop the capacity to retain, recirculate, and benefit from talent that is structurally mobile.

Box 3: Country Context: The Demographic Scissors

Demographic pressure defines the labor capacity challenge differently across economies.

Aging economies (Japan, Germany, South Korea, Italy) face shrinking working-age populations, rising dependency ratios, and pressure to extend productive careers and attract skilled migrants. Japan's labor force is projected to shrink by approx. 11 million by 2040.

Youth-surplus economies (Sub-Saharan Africa, South Asia, MENA) face the opposite condition. Over 1.2 billion young people will enter labor markets in the next decade, in economies where one in four young people is already outside employment, education, or training.

Transition economies (Saudi Arabia, UAE, Singapore) are actively repositioning through visa reform, skills investment, and institutional modernization. Saudi Arabia's labor market transformation illustrates the pace of change possible with deliberate policy. Female employment rose from 11 percent to 32 percent between 2015 and 2025, unemployment fell to 2.8 percent, and education-to-job matching improved from 41 percent to 62 percent.

The institutional demands for each of these are different, but the underlying recognition is the same. Workforce capacity requires targeted and strategic investment.

Sources:

- UN Population Division, World Population Prospects (2024). https://population.un.org/wpp/
- Recruit Works Institute, Future Predictions 2040: Japan (2023). https://www.works-i.com/english/item/FuturePredictions2040_JP.pdf
- ILO World Employment and Social Outlook: Trends 2024. https://www.ilo.org/publications/flagship-reports/world-employment-and-social-outlook-trends-2024
- GLMC 3rd Edition Outcomes Report (2026) World Bank, A Decade of Progress (2026). ILO Employment and Social Trends 2026. https://www.ilo.org/publications/flagship-reports/employment-and-social-trends-2026

By 2030, more than 85 million jobs could go unfilled globally[50] because of talent shortages, representing $8.5 trillion in unrealized annual revenues[50]. The constraint is a shortage of systems that develop, allocate, and retain capability at the speed the economy demands. The most competitive economies are responding by pairing international recruitment with domestic investment. Saudi Arabia's National Skills Platform uses AI-powered labor market intelligence to map competencies across sectors in real time, matching domestic workforce capacity to emerging demand rather than relying on external hiring alone. This dual approach represents the more durable strategy, but it requires institutional infrastructure that most economies have yet to build. Labor capacity is critical infrastructure, as essential to national competitiveness as energy, transportation, or digital networks, and it demands the same quality of strategic investment.

2.3 AI and the Changing Nature of Work

AI introduces a different order of disruption to labor markets than the structural gaps examined above. The mismatches in skills recognition and the competition for talent described in earlier sections are significant, but they operate within a labor market whose basic organization remains intact. AI is beginning to alter that organization. It is reorganizing the production process itself, in how value is created, how productivity is measured, and how the economic returns from production are distributed.

The consequence is that labor market institutions designed around employment as the primary unit of economic participation are being stress-tested at the same moment that the workforce transitions described above are accelerating. Three dynamics have direct implications for policy design: the unprecedented speed at which job roles are being created and destroyed, the emergence of AI as a productivity partner whose value scales with human expertise, and the structural change to corporate balance sheets that accompanies AI-driven headcount reduction.

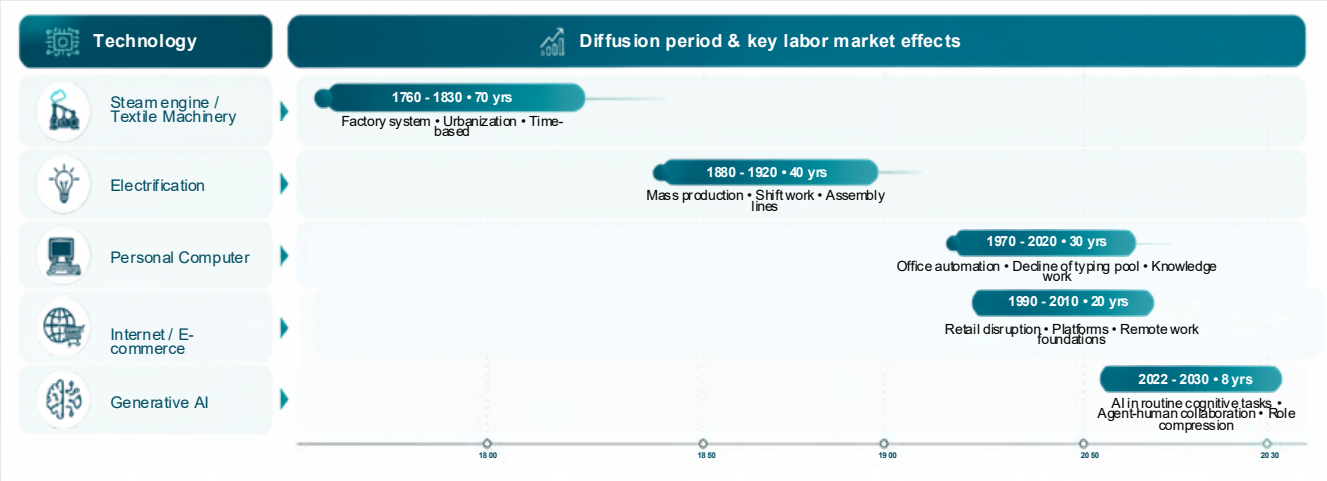
2.3.1 The Speed Gap

Every major technological revolution in history has ultimately created more jobs than it destroyed. What distinguishes AI is the speed at which that displacement and creation are occurring, and the compressed window that leaves for institutions to respond.

team power, textile machinery, electricity, and personal computers all took 20 to 40 years for widespread labor market impact to materialize. The internet and related technologies compressed this to 10 to 20 years. AI is compressing it further still, as Figure 4 illustrates. The Yale Budget Lab, comparing occupational mix changes since ChatGPT's launch in November 2022 to equivalent periods during the internet's rise, finds that while the pace of change is measurably faster, the full labor market impact has not yet arrived, which is itself significant, because it means the institutional adjustment window may be shorter than policymakers assume.

Steam power, textile machinery, electricity, and personal computers all took 20 to 40 years for widespread labor market impact to materialize. The internet and related technologies compressed this to 10 to 20 years. AI is compressing it further still, as Figure 4 illustrates. The Yale Budget Lab, comparing occupational mix changes since ChatGPT's launch in November 2022 to equivalent periods during the internet's rise, finds that while the pace of change is measurably faster, the full labor market impact has not yet arrived, which is itself significant, because it means the institutional adjustment window may be shorter than policymakers assume.

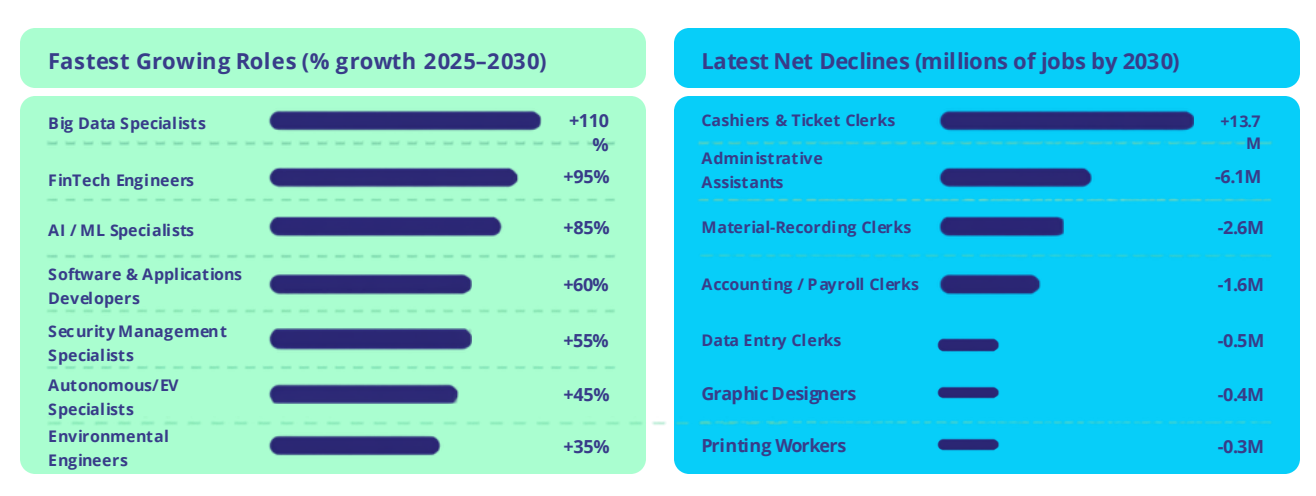
Figure 4: Technology Adoption Speed



Source: Zahidi, S. (2026). The Real Economics of AI and Jobs. TIME / World Economic Forum.https://time.com/7357476/economics-of-ai-and-jobs/
Yale Budget Lab (2025). Evaluating the Impact of AI on the Labor Market: Current State of Affairs. https://budgetlab.yale.edu/research/evaluating-impact-ai-labor-market-current-state-affairs
Microsoft (2025). 2025 Work Trend Index: The Frontier Firm is Born. https://www.microsoft.com/en-us/worklab/work-trend-index/2025-the-year-the-frontier-firm-is-born

By 2030, 170 million new roles will be created and 92 million displaced[37] a net increase of 78 million jobs, but with profound compositional change affecting 22 percent of the current workforce[37], as Figure 3 shows. 86 percent of employers expect AI to drive significant business transformation[37].

The scale of retraining required is correspondingly large as 59 out of every 100 workers will require reskilling or upskilling by 2030[37], and of those, eleven are unlikely to receive it, resulting in over 120 million workers at medium- term risk of redundancy[37]. over 71 percent of employees express concern about AI in the workplace56. The result is a growing gap between the pace of technological change and the institutional capacity to respond to it.



Source: WEF Future of Jobs Report 2025. *Graphic designers join fastest-declining list for the first time due to generative AI.

The access dimension of this gap deserves particular attention. Men are more likely than women to receive AI training, 46 percent compared to 38 percent[31], and white-collar workers report far greater exposure than those in operational roles. OECD data shows that only one-third of adults aged 60 to 65 participate[30] in any form of training, compared to over half of those aged 25 to 44. As the old- age dependency ratio rises from 31 percent in 2023 to a projected 52 percent by 2060[29], the failure to extend AI capability to older workers compounds the demographic pressure on growth that is already visible across high- income economies.

Adaptation, in other words, is not evenly distributed, and the gap between those capturing AI's gains and those left outside it is widening faster than existing training infrastructure can close.

That compression is what makes the other structural shifts described in this paper, including skills mismatches, labor capacity gaps, and fragmented employment, so difficult to absorb, as all are unfolding within the same constrained window.

2.3.2 AI as Productivity Partner

The dominant public narrative frames AI as a replacement technology in the near-term. The evidence increasingly points to a different reality where AI is currently a productivity multiplier whose value is mediated by human capability. The workers who benefit most from AI are not those replaced by it but those who learn to direct it effectively.

Consider this example. Two analysts at the same firm are given the same task to synthesize 200 pages of regulatory filings into a briefing for senior management. Analyst A pastes the documents into a large language model and submits the output.

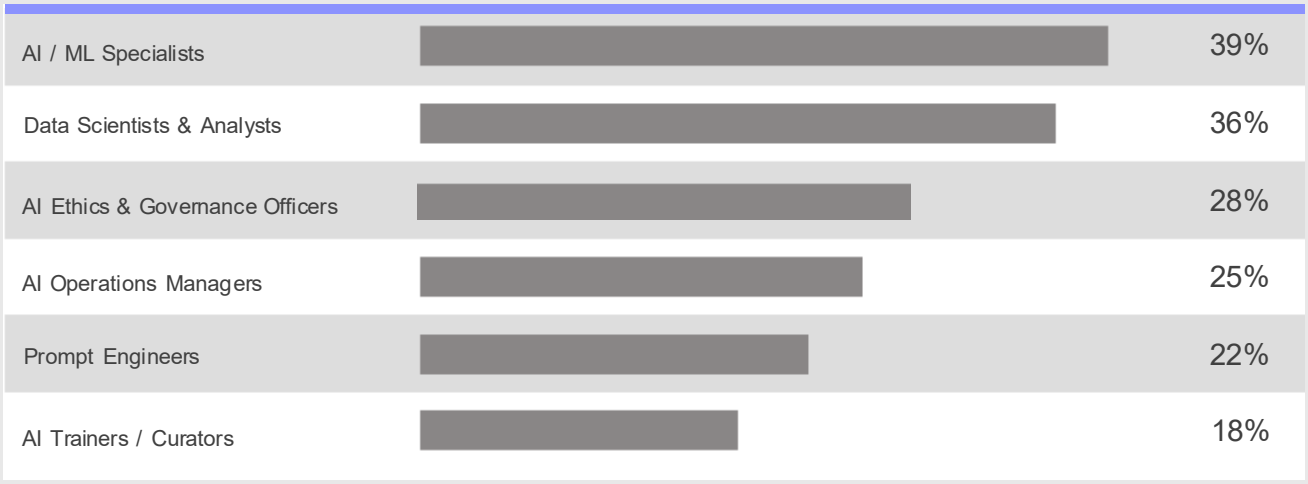
Analyst B constructs a multi-step prompt that first extracts key financial metrics, then identifies regulatory risks by category, then cross-references against the firm's prior positions, and finally generates a structured briefing with sourced claims.

The second analyst produces substantially more value, not because the AI is different, but because the human directing it possesses domain expertise, analytical judgment, and the ability to decompose complex problems into effective instructions.

The labor market is already pricing this advantage. Wages are rising faster in AI-exposed industries than in non- exposed ones, and workers with demonstrated AI skills command significant premiums over peers in the same occupation who lack them. Prompt engineering roles in the United States command median salaries of $126,000 to $136,000[96], with senior positions at leading AI companies reaching $200,000 to $335,000[96].

The fastest-growing AI job categories by projected growth through 2030 are set out in Figure 6. The demand for this kind of capability is surging as 7.4 million workers are enrolled in AI courses on Coursera in 2024[95], with over 3.2 million in generative AI training alone[95]. This is an average of six enrollments per minute, up from two per minute in 2023. 75 percent of Gen Z workers already use AI to upskill[55], more than any other generation, though access gaps mean that this enthusiasm is not evenly distributed across the workforce.

Figure 6: Fastest Growing AI Job Categories (Projected Growth 2025–2030)



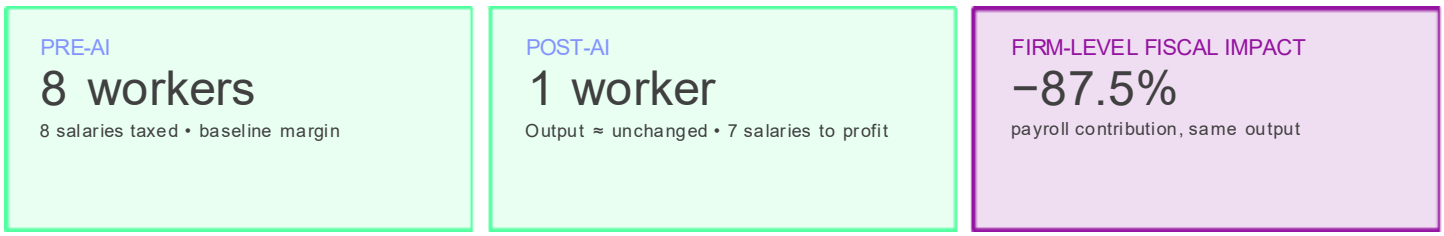
Source: WEF Future of Jobs Report 2025; WEF Jobs of Tomorrow report. https://www.weforum.org/publications/jobs-of-tomorrow-technology-and-the-future-of-the-world-s-largest-workforces/

This has profound policy implications. If AI were purely a substitution technology, the appropriate policy response would be income protection and retraining for displaced workers. If AI is primarily an augmentation technology, one whose value scales with human expertise, then the policy priority shifts to ensuring that all workers, not just those already in skilled positions, have access to the training and tools that enable effective human-AI collaboration. The primary risk is mass inequality, a world in which a narrow class of AI-literate workers captures disproportionate productivity gains while the majority fall further behind.

2.3.3 The Inflated Balance Sheet

The same productivity dynamic that rewards AI-literate workers creates a parallel effect at the organizational level, with direct consequences for public finance. Consider a company that previously required eight workers to complete a project. It invests in AI systems and reorganizes that one worker, augmented by AI, now produces comparable output. Revenue remains stable or even grows. Seven salaries are eliminated, and the savings flow directly to the balance sheet, inflating corporate profits, margins, and valuations. The firm pays payroll taxes on one salary rather than eight. Social insurance contributions decline by seven- eighths. Yet the firm's economic output, and its draw on public infrastructure, legal systems, and market access, remains unchanged. Figure 7 illustrates the mechanics of this effect at the firm level. Across the economy, the outcome depends on how quickly displaced workers and freed-up capital move into new tasks, a reinstatement process documented by Acemoglu and Restrepo (2019)[98] and reflected in the WEF projection of 170 million new roles against 92 million displaced by 2030.

Figure 7: The Balance Sheet Effect and How AI Inflates Surplus



Source: Illustrative conceptual model based on Takamol framework. Real-world ratios vary by sector and task complexity.

This phenomenon is already underway as global output per worker grew by 17.9 percent from 2014 to 2024[12] , while the labor income share declined from 53 percent to 52.4 percent[13] , a seemingly modest shift that masks enormous sums.

Had the 2014 labor share been maintained, global labor income in 2024 would have been approximately $1 trillion higher, translating to roughly $290 more per worker. The productivity-pay gap documented by the Economic Policy Institute shows that since 1979, U.S. productivity has grown

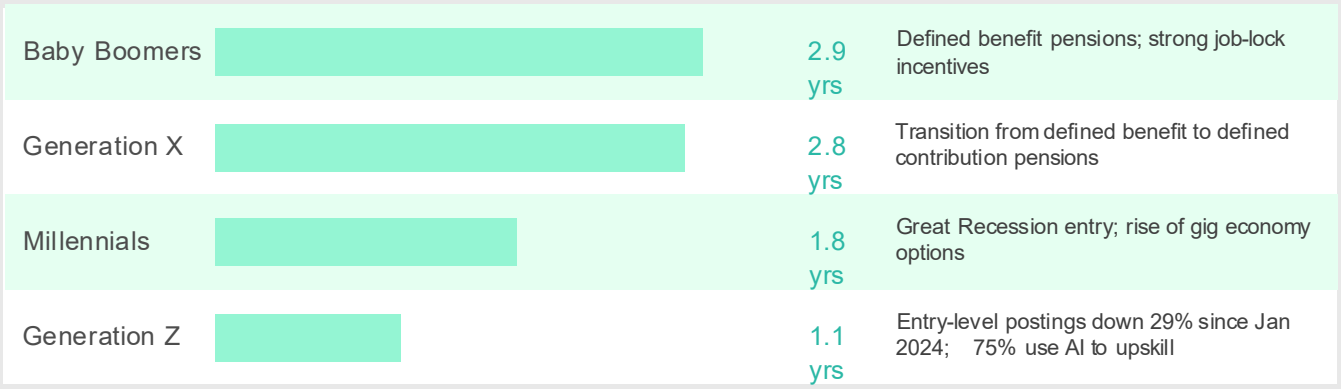
2.4 Fragmentation of Employment and Platform Work

The fragmentation of employment represents a structural transformation in how work is organized, risk is distributed, and value is captured, with profound implications for social protection and labor market intelligence. The standard model of full-time, indefinite employment with a single employer has been weakening for two decades, accounting for a declining share of total work arrangements in virtually every economy for which data exists. AI-driven productivity shifts are accelerating this process, as businesses reorganize around smaller, more flexible workforces and platforms absorb the labor that formal employment structures leave behind.

eight times faster than typical worker compensation. AI-driven productivity gains that reduce headcount at the firm level can accelerate this imbalance where new tasks emerge more slowly than old ones are automated. Fiscal systems built on payroll taxation face a structural imbalance during that gap, because the revenues that fund social insurance shrink while transition costs rise. The workers displaced in the process need protections that can follow them across employers and arrangements that may not yet exist. The balance sheet inflation created by AI is a distributional shift, and distributional shifts tend to persist without a policy response.

Average job tenure has declined steadily across generations, as Figure 8 illustrates. Gen Z's average tenure in the first five years of their career is just 1.1 years, compared to 1.8 years for Millennials, 2.8 years for Generation X, and 2.9 years for Boomers. The decline reflects economic conditions, benefit structures, and a shrinking entry-level pipeline rather than generational attitudes. Workers aged 25-34 in 2024 had a median tenure of 2.7 years[2] , only marginally lower than Baby Boomers at the same age in 1983. Junior job postings fell 29 percentage points[52] between January 2024 and mid-2025, compressing the pipeline through which workers have historically built tenure and accumulated benefits. As that pipeline has shrunk, digital platforms have absorbed much of the labor that formal employment structures no longer accommodate.

Figure 8: Average Job Tenure by Generation: Early Career (First 5 Years)



Source: Randstad Gen Z Workplace Blueprint (2025)

Digital labor platforms have grown from a niche phenomenon to a major labor market institution within two decades. The number of platforms rose from 142 in 2010 to over 777 by 2020, with continued growth since. Approximately 435 million workers globally were engaged through digital platforms[18] in some capacity by 2021. In the United States, 43 percent of Generation Z workers have participated in gig or platform-mediated[55] arrangements, yet only 45 percent currently hold traditional full-time roles[55].

For those who do hold full-time roles, 31 percent would prefer combining their full-time role with a side arrangement. For many workers, the barrier to making that change is the design of social protection itself. The preference is there, but the protection system was built for a different model, and for many workers it is precisely what stands between them and a more flexible arrangement.

When social protections such as health insurance, pensions, accumulated benefits remain tied to a single employer rather than traveling with the worker, the costs extend well beyond the individual through a mechanism that economic literature terms 'job lock.' Workers who would be more productive, more innovative, or better matched elsewhere remain in their current positions because the cost of switching, measured in lost benefits rather than lost wages, is too high.

Health-insurance-related job lock reduced voluntary turnover by 25 percent[9] in foundational estimates from the mid-1990s. Subsequent studies found mobility rates 30-31 percent lower[10] among workers with employer-provided health insurance. For tenured employees with employer- linked pensions and insurance, the opportunity cost of leaving rises substantially, narrowing the supply of skilled workers to expanding firms and producing what economists term entrepreneurship lock.

Workers who depend on employer-provided health insurance are measurably less likely to leave paid employment to start a business. Research tracking business ownership rates finds a statistically significant jump in the month workers turn 65 and qualify for Medicare, suggesting that access to health coverage independent of an employer is itself a trigger for entrepreneurial activity.

The Affordable Care Act in the U.S. temporarily expanded access to non-employer health insurance in 2015 and 2016, self-employment rates rose among adults with pre-existing conditions who previously had no alternative to employer coverage. The design of social protection is, in this sense, also a design of economic constraint.

The volume and velocity of labor market data have increased by orders of magnitude. Platforms such as Lightcast have built databases of over one billion job postings aggregated from more than 65,000 sources, covering labor markets across 150 countries.

AI-powered systems can create and understand job descriptions, extract skill requirements, map occupational transitions, and forecast demand shifts in near-real time. In most national contexts, this data remains isolated, underutilized, and disconnected from policy decision-making. The gap between data availability and data utilization is a binding constraint on every other reform discussed in this paper.

Job lock distributes its costs across the entire economy. Workers remain in roles where they are less productive. Employers retain disengaged staff while struggling to recruit. Human capital is misallocated, with people performing below their potential because the design of social protection penalizes movement.

The structural case for portable protections rests on productivity as much as equity. When protections follow the worker rather than the job, the friction that prevents optimal matching is reduced and the labor market recovers value currently weakened by institutional lock-in. Governing that more fluid landscape, however, requires a fundamentally different kind of labor market intelligence than most economies currently possess.

2.5 The Cost of Misalignment

The four structural shifts documented in this section, skills mismatches, labor capacity gaps, AI-driven reorganization, and fragmented employment, are arriving simultaneously in economies whose institutions were built for a different era.

Social protection systems, fiscal systems, and governance frameworks were designed around assumptions of stable, formal, long-tenure employment. Where those assumptions held, the systems functioned. Where they are giving way, the systems are exposing gaps that incremental adjustment has been unable to close.

Section 3 examines where those gaps are deepest and what the cost of leaving them unaddressed will be.

03. Social Protection, Fiscal Systems, and the Governance Limitations

The gaps this section examines, in social protection, fiscal systems, and statistical governance, are interconnected, and each accelerates the other. Together they reveal a structural mismatch between the design of the industrial- era settlement and the labor market it is now being asked to govern.

3.1 Social Protection Limitations

Pension systems in both pay-as-you-go and funded models face simultaneous pressures from two directions. Demographic aging is increasing the ratio of beneficiaries to contributors as the OECD old-age dependency ratio has increased from 19 percent in 1980 to 31 percent in 2023[29] and is projected to reach 52 percent by 2060. Without a significant improvement in productivity, the OECD estimates that GDP per capita growth would slow by approximately 40 percent[29] across member countries. At the same time, the erosion of standard employment reduces the contributor base. Workers in gig, platform, and informal arrangements typically contribute nothing to pension systems, creating a growing population that will reach retirement age without adequate savings or entitlements.

Among self-employed workers in the United States, 80 percent report wanting access to portable benefits59, yet most national systems were designed for a workforce that looks nothing like the one that currently exists. Designing portable systems requires coordinating contributions across multiple payers, building data infrastructure capable of tracking entitlements across employers and platforms, and resolving legal classification questions that most national frameworks have yet to address. Several countries have begun to do exactly that, as Box 4 illustrates. The portable benefit models adopted in France, India, and Estonia are still early in implementation, but they share a common design rationality that the institutional reforms ahead will need to draw from.

Box 4: Emerging Models for Portable Social Protection

Several countries are developing portable benefit systems that decouple protection from the employment relationship.

- France's Compte Personnel d'Activité ties training credits, unemployment insurance, and hardship accounts to individuals rather than employers.
- India's Code on Social Security (2020) extends protection to gig and platform workers through a platform-contributed financing mechanism, one of the first national legislative attempts to cover platform workers at scale.
- Argentina is developing (still in draft) a statute for on-demand digital platform workers providing full social security coverage.
- Estonia's X-Road digital infrastructure enables interoperable data sharing across government systems, providing the technical backbone for portable benefit tracking.
- **Belgium developed a labor and social framework** inspired by the EU platform work directive, including work injury insurance for the self-employed.

The institutional demands for each of these are different, but the underlying recognition is the same. Workforce capacity requires targeted and strategic investment.

Sources:

- Ministère du Travail, France. Compte Personnel de Formation. https://www.comptepersonnelformation.fr
- Ministry of Labour and Employment, Government of India. Code on Social Security, 2020.
- https://labour.gov.in/sites/default/files/SS_Code_Gazette.pdf
- Ministry of Labour and Social Security, Argentina. Estatuto del Trabajador de Plataformas Digitales Bajo Demanda (draft). https://www.issa.int/analysis/platform-workers-and-social-protection-international-developments X-Road Global.
- Estonia Digital Infrastructure. https://x-road.global Loi portant des dispositions diverses relatives au travail,Belgium, 28 November 2022. https://leglobal.law/2022/12/09/belgium-labour-deal-2022-better-protection-for-digital-platform-workers

The portability gap adds to these pressures. In most national systems, social protection entitlements remain tied to specific employers or specific employment relationships. Workers who change jobs, move between employment and self-employment, or work across multiple platforms simultaneously lose accumulated entitlements at each transition. The system can end up discouraging the behavior it should support. Workers may stay in jobs they want to leave because their benefits are tied to the employer, while platforms may avoid arrangements that would trigger employer obligations. Flexible workers are then left with weaker protection than the system was designed to provide.

The portability gap has a direct counterpart in the scale of informal work. More than 2 billion workers worldwide, nearly 60 percent of all workers[12] , were in informal employment in 2024. In sub-Saharan Africa, informal employment rose by almost 30 percent over the past decade[15], growing faster than formal employment. Workers in informal arrangements have no access to social protection, occupational health and safety standards, or dispute resolution mechanisms. Addressing this at scale requires targeted institutional responses designed for the conditions that actually exist in today's labor market.

3.2 Fiscal System Limitations

Fiscal systems built on payroll taxation face a structural problem where revenues can decline while expenditure needs increase. As AI automates tasks within jobs and non-standard employment grows, payroll narrows as a share of total value creation, which puts pressure on the revenues that fund social insurance, health systems, and retirement schemes until new tasks and roles absorb displaced workers. At the same time, the need for publicly funded transition support, retraining programs, and social protection grows.

Workers are receiving a shrinking share of the value they help produce. The global labor income share fell by 0.6 percentage points from 2019 to 2022 and has remained flat since, deepening a long-running downward trend. Had the 2004 labor share been maintained, global labor income in 2024 would have been approximately $2.4 trillion higher[13] .

Nearly 40 percent of this decline occurred during the pandemic[13] years of 2020 to 2022. The decline has been driven by a combination of technological change, the slow loss of worker bargaining power, and the globalization of production.The political economy of fiscal reform in this area is difficult. Proposals for automation taxes or AI levies face opposition from technology firms arguing they discourage innovation.

Changes to corporate taxation are constrained by international tax competition. Existing payroll tax systems have also generated constituencies resistant to change. Employers have optimized operations around current structures, and workers have accumulated entitlements that depend on them. A tax base linked to labor income covers a smaller share of the economy as production becomes more capital-intensive and AI-augmented. Staying the course is not a stable option.

3.3 Statistical and Governance Limitations

The statistical systems governing labor markets were designed for an era of slow change. National labor force surveys are typically conducted quarterly or annually. Occupational classification systems are revised on multi-year cycles. Census data is collected once per decade. The result is governance that is perpetually looking backward, making decisions based on data that is months or years out of date in a labor market that changes weekly.

The private sector has substantially outpaced the public sector in labor market intelligence. LinkedIn, Indeed, and other platforms track skill demand, wage trends, and occupational transitions in near-real time. Public employment services in most countries continue to rely on manual processes, outdated databases, and classification systems that cannot capture emerging categories of work. A worker who earns income from three platform clients, a part-time traditional job, and a freelance project simultaneously may be classified by existing systems as simply "employed" based on a reference-week definition that captures only one of those arrangements.

The governance stakes go beyond classification. As AI systems become integral to labor market matching and decision-making, questions of transparency, fairness, and accountability become pressing. For example, Amazon built an AI hiring tool trained on a decade of historical resumes. Because the existing technical workforce was predominantly male, the algorithm learned to penalize female candidates, downgrading resumes containing the word "women's" and filtering out graduates of all-women's colleges. Amazon scrapped the project in 2017 after concluding the system could not be made reliably neutral.

The failure was systematic as an algorithm trained on historically biased data will reproduce and magnify that bias at scale. Workers managed by algorithmic systems, whether for hiring, task allocation, or performance evaluation, often have no visibility into how those decisions are made or how to contest them. The ILO's 113th International Labour Conference, held in June 2025, identified transparency in algorithmic management as a priority area requiring legislative response. Public statistical and governance systems have yet to develop the tools, standards, or legal frameworks to match the pace at which these systems are being deployed as illustrated in Box 5.

Box 5: How Institutional Mismatches Reinforce Each Other

Consider a 35-year-old platform worker in a middle-income economy who has spent five years working across three digital platforms and two traditional employers.

Skill signal gap. Her accumulated skills are captured by no recognized credential or portable passport. Employers in other sectors cannot evaluate her capabilities.

Protection gap. She has no pension accumulation for her platform years because the system requires employer-linked contributions. Her health coverage is intermittent.

Fiscal gap. Her platform income is largely invisible to payroll tax systems. She neither contributes to nor benefits from social insurance infrastructure.

Intelligence gap. No public system tracks her career trajectory, skill development, or transition needs. She is invisible to workforce planners.

She represents the fastest-growing segment of the global workforce. The institutional systems designed to protect, govern, and develop workers like her were built for a different model of employment.

* This scenario is illustrative. The structural gaps it describes are documented in the endnotes for Section 3.

The gap between data availability and data utilization is a precondition on every other reform discussed in this paper. Saudi Arabia's Qiwa platform, where every private sector contract is digitally authenticated, wage terms are automatically made legally enforceable, and workforce composition is monitorable at the establishment level in real time, demonstrates that closing this gap is a governance choice rather than a technical limitation. Building equivalent infrastructure elsewhere, and connecting it to policy decision-making, leads to the sixth policy priority.

04. Toward the Capability Economy

The structural shifts documented in Section 2 and the institutional mismatches examined in Section 3 are arriving simultaneously because they share the same source. Each has the same underlying pressure. A standard employment model built around one set of assumptions about how work is organized, how value is created, and how economic gains are distributed now operates a labor market in which those assumptions have lost their hold.

Across every dimension examined in this paper, the data points toward the same conclusion that economic value is increasingly organized around what individuals can demonstrably do, augmented by AI, mediated through fluid and often non-standard arrangements, and dependent on data systems capable of governing that volume and variety in real time.

This paper terms this transformation the 'Capability Economy,' a concept that draws on the capability approach pioneered by Sen and Nussbaum, which measures human welfare by real freedoms and opportunities rather than income or credentials alone, and applies that logic to a specifically institutional and labor market context. The label describes the structural forces already transforming labor markets and provides a framework for understanding what institutional response those forces require.

Table 2 below maps the distance between the standard employment model and the Capability Economy across eight dimensions. Most economies currently occupy a hybrid position, with industrial-era institutions governing a labor market that is progressively and unevenly adopting Capability Economy characteristics. The direction of movement is consistent, and the gap between inherited institutions and current labor market conditions is widening faster than existing frameworks can close it.

Table 2: The Standard Employment Model to the Capability Economy

Dimension	Standard Model	Capability Economy
Primary Signal	Static academic degrees	Verified skills telemetry & live data
Employment Form	Indefinite full-time job	Fluid, multi-engagement portfolios
Social Protection	Employer-linked benefits	Fully portable individual accounts
Productivity Engine	Labor-time & physical presence	AI-augmented capability leverage
Fiscal Infrastructure	Payroll taxation levies	Value-creation & productivity levies
Labor Intelligence	Retrospective surveys (ISCO)	Real-time computational telemetry
Learning Model	Front-loaded youth education	Continuous reskilling reserves

Source: Takamol Conceptual Framework, 2026.

The figure also clarifies what kind of problem this is. Each row describes a mismatch that is, in isolation, addressable through conventional policy tools. Degree requirements can be reformed. Pension portability can be legislated. Tax bases can be broadened. But the rows are interdependent.

A worker whose skills remain unverified gains nothing from portable protections. A fiscal system unable to track value creation lacks the revenue to fund the transitions workers need. A governance system operating on annual survey cycles falls perpetually behind a labor market that changes weekly. The mismatches are systemic, and they require a systemic response. The six policy priorities that follow are designed as exactly that.

Part III

Six Policy Priorities for the Capability Economy

05. Six Policy Priorities

The six policy priorities that follow address the specific domains where the standard employment model is structurally misaligned with the Capability Economy. They cover how skills are signalled, how workforce capacity is built, how AI is governed, how fiscal systems are calibrated,

5.1 Establish Skills as Primary Economic Signals

Skills-based hiring is established practice in a growing set of sectors and occupations, while the verification and signaling systems for economy-wide adoption are still being built. The credentialing system documented in section 2, designed for the industrial era, is increasingly unable to signal productive capability in the Capability Economy. Degrees remain useful but insufficient. The labor market requires a signalling system that is granular, one that captures specific competencies rather than bundled qualifications, one that is dynamic, verifiable in real time, and portable across employers, sectors, and jurisdictions.

The transition is already happening at the employer level. Almost two-thirds of employers in the U.S. now report using skills-based hiring58 practices, with adoption continuing to rise year on year. The institutional infrastructure to support that shift at scale, shared taxonomies, digital verification, mutual recognition frameworks, and skills passports, has not kept pace. Saudi Arabia's National Qualifications Framework and Sector Skills Councils.

Singapore's SkillsFuture, the EU's Europass, and Australia's Recognition of Prior Learning represent meaningful progress within national borders. None has achieved the cross-border interoperability that a globally mobile workforce requires.

Five components outline the infrastructure required to close that gap. The first is a global skills taxonomy, an interoperable and continuously updated framework mapping

how workers are protected, and how labor markets are understood in real time. The priorities are thematically distinct but analytically inseparable. Advancing any one of them in isolation will produce partial gains at best. The system they describe only functions when its parts are pursued together.

competencies to occupational requirements across sectors and jurisdictions, built on existing resources such as ISCO, ESCO, O*NET, and Lightcast, with governance structures that include developing economies. The second is a digital verification layer enabling real-time authentication of skills through tamper-evident credential systems with cross- border interoperability.

The third is skills passports, individual-linked portable records aggregating credentials, verified skills, work experience, and learning history, designed for worker ownership and data sovereignty. The fourth is regulatory adaptation, reviewing occupational licensing to incorporate skills-based pathways alongside degree-based ones and streamlining credentialing barriers where they serve no quality-assurance function. The fifth is employer co-investment in skills-assessment capacity, particularly among SMEs that lack the resources to build proprietary evaluation systems.

Box 7: Country Case Study: Singapore’s SkillsFuture

Singapore's SkillsFuture initiative, launched in 2015, demonstrates what national commitment to this kind of system produces at scale. Key 2024 results demonstrate this:

- 260,000 Singaporeans used SkillsFuture Credits in 2024, a 35 percent increase from 192,000 in 2023. Cumulatively, 1.05 million Singaporeans (37 percent of all citizens) have utilized the program since inception.
- 96,000 learners enrolled in IT-related courses in 2024 (up from 34,000 in 2023), with AI, cybersecurity, and digital marketing leading demand.
- SkillsFuture Career Transition Programmes expanded from 179 courses to 239. Since the program's launch in June 2022, 55 percent of nearly 4,300 previously unemployed trainees found jobs within six months of completing their courses, through December 2024.
- In May 2024, every Singaporean aged 40+ received a S$4,000 SkillsFuture Credit top-up for mid-career reskilling, with a training allowance introduced in 2025.
- 24,000 enterprises supported 241,000 employees in SSG-backed training in 2024.

Singapore's approach integrates skills taxonomies, digital credentials, employer engagement, and public funding into a single national framework.

Sources:

- SkillsFuture Singapore. SkillsFuture Year-In-Review 2024. https://www.ssg.gov.sg/newsroom/skillsfuture-year-in-review-2024
- Ministry of Education, Singapore. Career Impact of SkillsFuture Credits, Mid-Career Training Allowance and Level-Up Programme.
- Parliamentary Reply, September 2025. https://www.moe.gov.sg/news/parliamentary-replies/20250925-career-impact-of-skillsfuture-credits-mid-career-training-allowance-and-level-up-programme
- The Straits Times. Sixfold Jump in Take-Up for SkillsFuture's Career Transition Programmes. September 2025.
- https://sg.news.yahoo.com/six-fold-jump-skillsfuture-career-074849328.html

These five components are interdependent. A global taxonomy without a verification layer produces standards that cannot be trusted. A verification layer without skills passports produces authenticated credentials that workers cannot carry. Skills passports without regulatory adaptation produce portable records that licensed professions decline to recognize.

And all four without employer co-investment in assessment capacity produce infrastructure that large firms adopt and small firms cannot access. The system functions only when its parts are built together.

Box 8: Country Case Study: Saudi Arabia Building Skills Infrastructure at National Scale

Saudi Arabia's workforce transformation under Vision 2030 illustrates how rapidly a national skills architecture can be constructed when it is treated as a strategic priority:

- The Waad National Training Campaign, launched in March 2023, delivered over one million training opportunities in its first phase, exceeding targets by 112 percent, and is now in a second phase targeting three million opportunities by 2028 through partnerships with more than 60 partner establishments.
- The Skills Accelerator Programme has trained over 300,000 individuals in priority sectors including healthcare, finance, retail, and energy using hybrid virtual and in-person delivery. Women's employment tracks exceeded targets by 22 percent, with a 92 percent retention rate among trainees.
- Thirteen Sector Skills Councils, covering sectors responsible for 85 percent of GDP and 80 percent of the workforce, are defining occupational standards and skills frameworks for strategic workforce planning.
- The Professional Verification Program covers more than 1,000 professions across 160 countries, providing credential verification for incoming workers and a model for credential verification at scale.
- In April 2025, Saudi Arabia launched a National Skills Platform using AI to create personalized learning pathways, align training supply with labor market demand in real time, and connect individuals to employment outcomes across sectors.

Saudi Arabia's experience demonstrates that skills infrastructure can be built rapidly when institutional will, private sector partnership, and digital capability are aligned.

Sources:

- Ministry of Human Resources and Social Development, Kingdom of Saudi Arabia. Waad National Training Campaign. https://www.hrsd.gov.sa Arab News.
- Saudi Arabia Launches National Skills Platform. April 2025. https://www.arabnews.com/node/2596987/business-economy
- Al Arabiya English. Skills Week Drives Saudi Push to Upskill Workforce. July 2025. https://english.alarabiya.net/News/saudi-arabia/2025/07/18/skills-week-drives-saudi-push-to-upskill-workforce-aligning-with-vision-2030

The immediate priority for governments is to review how workforce development is currently positioned within national economic governance, whether it has dedicated institutional infrastructure, sustained funding independent of annual budget cycles, and accountability mechanisms tied to labor market outcomes rather than training volumes. Where those conditions are absent, the policy response is structural, not programmatic. Adding another training initiative to a fragmented ministerial landscape produces marginal gains. Building the governance model that treats workforce capacity as a strategic asset requires the same institutional seriousness that economies have historically reserved for fiscal consolidation, monetary independence, and industrial strategy.

5.2 Treat Workforce Capacity as Strategic Infrastructure

This priority has operational precedents at national scale, with Singapore and Saudi Arabia among the working models. Adoption beyond a small set of countries is the open question. Most national economic strategies treat labor as a factor input rather than a strategic asset. Infrastructure investment frameworks prioritize physical capital and increasingly digital capital, but workforce development remains a budget line item rather than a strategic investment category. The consequence is chronic underinvestment in the most important determinant of economic resilience and adaptability. WEF estimates that accelerated investment in upskilling and reskilling could generate 5.3 million net new jobs globally by 2030. Workforce development responsibilities are typically fragmented across multiple ministries with limited coordination, short investment horizons tied to electoral cycles, and metrics focused on inputs rather than outcomes.

Box 9: Country Case Study: Germany

Germany's approach to workforce development rests on three interlocking elements that together demonstrate what treating workforce capacity as strategic infrastructure looks like in practice:

- The first is tripartite governance. The Federal Employment Agency (Bundesagentur für Arbeit) coordinates labor market policy across federal government, employer associations, and trade unions through institutionalized structures that operate independently of electoral cycles. This governance model gives workforce planning a degree of sustainability and legitimacy that budget-dependent ministry programs cannot replicate. The Agency administers an annual budget exceeding €40 billion, making it one of the largest labor market institutions in the world by expenditure, and its decisions are insulated from short-term political pressures by a supervisory board with equal representation from government, employers, and labor.

- The second is the Kurzarbeit short-time work scheme. Rather than treating workforce capacity as a residual, adjusting headcount in response to economic conditions, Kurzarbeit treats it as infrastructure to be maintained through shocks. The scheme allows employers to reduce working hours rather than lay off workers during downturns, with the state subsidizing the income difference. During the 2008-09 financial crisis, Kurzarbeit supported peaked at approximately 1.5 million in May 2009, and Germany's unemployment rate rose by less than one percentage point while comparable economies saw increases of three to five points. During the COVID-19 pandemic, the scheme was extended and at its peak in April 2020 covered approximately 6 million workers, roughly 16 percent of the employed workforce. The macroeconomic logic is to preserve workforce capacity through a downtum costs less than rebuilding it afterward, and the skills and organizational knowledge embedded in a workforce are not recoverable once dispersed.

- The third is the dual vocational training system. Germany's apprenticeship model, in which firms co-invest with the state in structured workplace training leading to nationally recognized qualifications, produces a supply of workers whose skills are directly calibrated to employer demand. Approximately 1.2 million apprentices are in training at any given time, and the system covers over 300 recognized occupations. The co-investment structure aligns incentives since employers participate because they help design the standards, and workers participate because the qualifications are portable across firms within a sector.

- Germany's model is not without limitations. Its tripartite structures are difficult to replicate in contexts where employer associations and trade unions lack the density and organizational capacity they have in Germany. The dual training system has been slower to adapt to digital and AI-related occupations than to traditional industrial ones. And Kurzarbeit is fiscally demanding where the total COVID-period expenditure on Kurzarbeit reached approximately €10 billion through 2022. These constraints are arguments for adaptation rather than against the underlying principle. The institutional lesson Germany offers is a proof of concept that workforce development can be governed at the level of strategic policy, with the funding, the institutional permanence, and the cross-sectoral coordination that designation requires.

Sources:

- Bundesagentur für Arbeit. Budget Press Release 2023. https://www.arbeitsagentur.de/en/press/en-2022-48-ba-budget-for-2023 Federal Institute for Vocational Education and Training (BIBB).
- The Dual System. https://www.bibb.de/en/77203.php Federal Institute for Vocational Education and Training (BIBB).
- Vocational Education and Training in Germany. https://www.bibb.de/en/146153.php Brenke, K. et al. (2011). Another Economic Miracle? The German Labor Market and the Great Recession.
- IZA Journal of Labor Policy. https://link.springer.com/article/10.1186/2193-9004-1-3 OECD / IZA.
- Disparities in Labour Market and Income Trends During the First Year of the COVID-19 Crisis: Germany.
- https://www.oecd.org/content/dam/oecd/en/publications/reports/2022/06/disparities-in-labour-market-and-income-trends-during-the-first-year-of-the-covid-19-crisis_bb4dba57/e72b8b65-en.pdf IAB.
- Short-Time Work During the COVID-19 Crisis. IAB Research Report 5/2023.
- https://doku.iab.de/forschungsbericht/2023/fb0523en.pdf Statistisches Bundesamt.
- Number of Vocational Trainees in Germany 1950–2023. https://www.destatis.de

The immediate priority for governments is to review how workforce development is currently positioned within national economic governance, whether it has dedicated institutional infrastructure, sustained funding independent of annual budget cycles, and accountability mechanisms tied to labor market outcomes rather than training volumes. Where those conditions are absent, the policy response is structural, not programmatic. Adding another training initiative to a fragmented ministerial landscape produces marginal gains. Building the governance model that treats workforce capacity as a strategic asset requires the same institutional seriousness that economies have historically reserved for fiscal consolidation, monetary independence, and industrial strategy.

5.3 Govern AI as a Workforce Multiplier

Regulatory practice is forming through the EU AI Act and the OECD AI Principles, with implementation experience building. The integration of labor market governance with AI oversight is at an early stage in most jurisdictions. AI's labor market effects are governed, where they are governed at all, as a byproduct of technology regulation rather than as a primary policy objective. Safety, bias, and transparency frameworks address how AI systems behave in individual interactions; they do not address the aggregate effects of AI deployment on employment levels, wage structures, and skill demand. This gap is evident in the institutional setup where AI oversight bodies hold technical mandates without labor market expertise, while labor ministries hold workforce mandates without the technical capacity to evaluate AI systems. Neither has a remit to monitor or manage the distributional effects of AI deployment at scale. The pace of deployment has outrun both.

Evidence on AI's aggregate labor market impact remains contested across studies and time horizons. This priority is built on the more robust finding that AI is reorganizing task composition within occupations across every sector, and that institutional capacity to monitor that reorganization is inadequate. A governance framework adequate to the Capability Economy requires four integrated elements. Labor impact assessment should be a precondition for large-scale public-sector AI deployment, equivalent to environmental impact assessment in infrastructure planning. Transparency obligations should extend to employment-relevant AI systems covering hiring, task allocation, performance evaluation, and workforce planning, with requirements for human oversight, worker notification, and incident reporting. The EU AI Act provides the most developed regulatory model currently in force.

Governing AI's distributional effects is a necessary condition for managing the transition to the Capability Economy. It is not sufficient. The second dimension of this policy priority concerns how skills are built under the assumption that AI is a permanent feature of every workplace.

The standard model of workforce training was designed for a different cognitive environment. Programs teach skills as discrete competencies to be mastered and then applied independently. The AI-integrated workplace operates differently where workers routinely use AI tools to extend analytical reach, accelerate production, check reasoning, and manage information at volumes no individual could process unaided. The relevant measure of workforce capability has shifted from knowledge held independently to knowledge applied in combination with AI tools. The consequence is that decisions with generation-defining labor market implications, which tasks to automate, which roles to eliminate, which skills to make redundant, are taken at firm level, sector by sector, without any systematic mechanism to observe, forecast, or manage their cumulative effects. Environmental policy provides a useful structural analogy.

Societies concluded that firms individually optimizing energy use would produce aggregate outcomes, emissions, ecological damage, climate disruption, that markets could not self-correct. The response was not to prohibit industrial activity but to build institutions capable of monitoring cumulative effects, setting standards, pricing externalities, and creating incentives for desired outcomes. AI's labor market effects warrant the same institutional reasoning.

Real-time monitoring of AI's aggregate labor market effects, on job creation, displacement, wages, and skill demand, should be institutionalized within labor ministries and linked to active labor market policy, enabling adjustments in training supply, social protection, and employment support as task composition evolves. Fiscal frameworks should distinguish between AI deployment in augmentation mode, where human capability is extended, and substitution mode, where tasks and roles are eliminated without replacement; public procurement criteria, tax treatment, and social contribution structures can all be calibrated to alter this ratio. The same pattern holds across finance, logistics, legal services, education, engineering, and manufacturing. Training systems built for the prior environment are preparing workers for workplaces that no longer exist.

Every publicly funded training program, certification pathway, and skills initiative requires redesign around the development that AI tools are a standard working assumption. This means building AI tool use into practical assessments, giving trainees access to AI tools throughout training, and means updating certification standards to reflect competency in human-AI collaboration as a core professional expectation. The goal is to change how skills are taught and assessed across the full range of occupations, at every level of the skills system.

Box 10: Emerging Frameworks that Governing AI as a Labor Market Institution

- The EU AI Act (Regulation 2024/1689) establishes the most developed employment-relevant AI governance framework currently in force. AI systems used for recruitment, candidate screening, task allocation, performance evaluation, and workforce planning are classified as high-risk under Annex III, triggering requirements for human oversight, worker notification, bias monitoring, and incident reporting. Prohibited practices, including emotion recognition in workplaces, took effect February 2025. Full high-risk deployer obligations apply from August 2026. The Act addresses how AI treats individual workers within employment relationships however it does not address AI's aggregate effects on labor market structure.

- Saudi Arabia's National Strategy for Data and AI (NSDAI), administered by the Saudi Data and Artificial Intelligence Authority (SDAIA), explicitly bridges AI governance and labor market development under a single national authority. The strategy targets $20 billion in AI investment, the training of 20,000 specialists, and an AI contribution of approximately $135 billion, 12.4% of GDP, by 2030. The NSDAI explicitly aligns AI deployment with labor market development as a strategic objective, and the Ministry of Human Resources and Social Development participates directly in implementation alongside SDAIA.

- Finland addressed population-wide AI literacy early and systematically. Elements of AI, developed by the University of Helsinki and Reaktor, reached more than one million learners across 170 countries; within Finland, approximately 2% of the population completed the course and more than 250 companies trained their entire workforces through it. Finland subsequently embedded AI requirements across its vocational education and training system and published national AI guidelines for education in 2025 covering all levels from early childhood through VET.

- The OECD AI Principles and the ILO's work on AI and decent work provide the normative international architecture, transparency, human oversight, accountability, fairness, but both lack binding implementation mechanisms. The gap between normative consensus and operational governance remains wide.

Sources:

- Regulation (EU) 2024/1689 (AI Act). Articles 6, 26; Annex III. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32024R1689 SDAIA.
- National Strategy for Data and AI. https://sdaia.gov.sa/en/SDAIA/SdaiaStrategies/Pages/NationalStrategyForDataAndAI.aspx NDF.
- Transformations in the Labor Market. September 2025. https://ndf.gov.sa/en/labor-market/ CNBC.
- Saudi Arabia Wants to Be World's Third Largest AI Provider. August 2025. https://www.cnbc.com/2025/08/27/saudi-arabia-wants-to-be-worlds-third-largest-ai-provider-humain.html OECD.
- Recommendation of the Council on Artificial Intelligence. 2019, updated 2024. https://oecd.ai/en/ai-principles ILO. Decent Work in the Age of AI. 2025.

Governing AI as a labor market institution and redesigning training for the AI-integrated workplace are tasks that require a single policy remit. The governance design determines what information flows to whom and on what timeline; the training redesign determines whether the workforce enters that environment with the tools to participate productively. Both require national government as the coordinating actor, the only institution with the remit, the regulatory reach, and the funding authority to align AI deployment, training systems, and labor market outcomes across sectors simultaneously.

5.4 Align Fiscal Systems with Capability-Based Economies

Three of the four near-term instruments under this priority are in motion at scale. Value-creation levies, the longer- horizon instrument, remain at the design stage. Fiscal systems built on payroll taxation face a structural mismatch when revenues decline while expenditure needs increase. As AI automates tasks within jobs and non-standard employment grows, payroll narrows as a share of total value creation, and the tax revenues that fund social insurance come under pressure until new tasks and roles emerge. Meanwhile, the need for transition support grows.

A tax system tied to labor income captures a smaller share of total value creation as the economy shifts toward AI-augmented, capital-intensive production. The challenge is to shift the tax base from payroll, which captures only labor input, to value creation that is more broadly defined.

The structural argument for broadening the tax base rests on where value is created in an AI-augmented economy. Payroll taxation captures labor's contribution to output.

Four near-term fiscal instruments and one longer-horizon design principle follow from this logic. The first is platform contribution requirements, mandating minimum social security contributions from platforms proportional to hours worked or revenue generated. This is the area where enacted reform has moved furthest, with variants in Singapore, South Korea, Malaysia, the European Union, and India between 2020 and 2025.

As AI substitutes for labor in a growing range of tasks, the share of output attributable to capital, including AI systems, data, and intellectual property, expands. A fiscal system that taxes the shrinking share and exempts the expanding share systematically underinvests in the workforce transitions that AI deployment makes necessary.

The alternative is a tax base tied to value creation rather than labor input, where revenues generated by productivity gains fund the institutional infrastructure that is training, social protection, and labor market intelligence that allows workers to participate in those gains. Corporate income tax, value-added tax, and profit-based levies already operate on this system. What is required is strategic calibration of these instruments to the specific results of AI-driven productivity growth, combined with mechanisms that link revenue from that growth to workforce outcomes rather than general fiscal consolidation.

The second is the OECD Pillar Two global minimum corporate tax, requiring multinational enterprises to pay a minimum effective rate of 15 percent regardless of where profits are booked.

The third is earmarked transition funds, which allocate revenue from broad-based fiscal instruments to retraining, portable social protection, and labor intelligence. France's Compte Personnel de Formation and Germany's Bundesagentur für Arbeit, as shown earlier, provide operational models at national scale. The longer-horizon design principle is value-creation levies, which would broaden the tax base from labor input to economic output. No country has yet enacted a dedicated AI-output levy, and key design questions remain open: what would be taxed, who would pay, and how to calibrate the instrument so it captures productivity gains while leaving investment incentives intact.

With over 140 countries participating, Pillar Two broadens the tax base on a coordinated basis that limits regulatory arbitrage.

The fourth near-term instrument is international coordination of fiscal approaches across jurisdictions. Unilateral digital services taxes enacted across France, the UK, Austria, Italy, and Hungary produced conflicting obligations for multinational firms and provoked retaliatory trade measures, exposing the limits of nationally bounded fiscal reform. The OECD Pillar One and Pillar Two framework provides the multilateral framework required for durable fiscal responses to AI-driven shifts in value creation. The fiscal stakes of inaction are substantial, as documented in Box 11.

Box 11: Country Approaches to Redesign Training for the AI-Integrated Workplace

- Saudi Arabia has pursued the largest national AI training mobilization on record. SAMAI, developed jointly by SDAIA, the Ministry of Education, and the Ministry of Human Resources and Social Development, trained 1.1 million citizens in 2025, with 52% female participation and 70% drawn from the employed workforce. From September 2025, AI became compulsory across all grades of public schools, reaching 6.7 million students and 513,000 teachers. A second phase, SAMAI 2, announced in 2026, shifts from foundational literacy toward sector-specific workplace application across government ministries and upskill 1.2 million public sector workers.

- Singapore has moved furthest toward embedding AI as a design principle within skills delivery itself. In 2025, more than 600,000 individuals took up training with SkillsFuture support, with three in four workers reporting regular AI tool use and 85% reporting improved workflows. Singapore's 2026 Budget confirmed that workers enrolling in selected SkillsFuture courses receive six months of free access to premium AI tools, embedding hands-on use directly into the training experience. The National AI Strategy 2.0 required SkillsFuture for Digital Workplace 2.0 to incorporate AI and generative AI content across the full curriculum rather than as a standalone module. From 2026, SkillsFuture Singapore and Workforce Singapore are being merged into a single statutory board jointly overseen by the Ministries of Education and Manpower, integrating skills training, career guidance, and job matching under one institutional system.

- Finland addressed population-wide AI literacy early and systematically. Elements of AI, developed by the University of Helsinki and Reaktor, reached more than one million learners across 170 countries; within Finland, approximately 2% of the population completed the course and more than 250 companies trained their entire workforces through it. Finland subsequently embedded AI requirements across its vocational education and training system and published national AI guidelines for education in 2025 covering all levels from early childhood through VET.

- The United States has moved primarily through employer-led and sector-specific redesign. The AI-Enabled ICT Workforce Consortium, led by Cisco with Accenture, Google, IBM, Microsoft, and SAP, produced role-level analyses of how AI reshapes 47 ICT occupations across seven job families, with training recommendations mapped to each. The Departments of Labor, Commerce, and Education published a joint AI Talent Strategy in 2025 embedding AI literacy across all workforce funding streams under the Workforce Innovation and Opportunity Act. However, without a national delivery system, employer commitment is uneven, access to AI tools during training is inconsistent, and coverage among lower-wage workers and non-tech sectors remains limited.

Sources:

SDAIA. Vision 2030 Annual Report 2024. https://www.vision2030.gov.sa Education Saudi.

- Saudi Arabia Launches SAMAI 2. February 2026. https://www.education-saudi.com/saudi-arabia-samai-2-ai-workforce-initiative/ Tanmeya.
- Saudi School of Code. 2025. https://www.tanmeya.com.sa/article/saudi-school-of-code-how-k-12-ai-curriculum-launch-in-2025-is-fast-tracking-talent Saudi Press Agency.
- SDAIA Launches Professional Training Program in Generative AI in Collaboration with NVIDIA. December 2024. https://spa.gov.sa/en/N2227954 CNBC.
- Saudi Arabia Wants to Be World's Third Largest AI Provider. August 2025. https://www.cnbc.com/2025/08/27/saudi-arabia-wants-to-be-worlds-third-largest-ai-provider-humain.html

Singapore Prime Minister's Office. Budget 2026 Statement. February 2026. https://content.mycareersfuture.gov.sg/budget-2026-singaporean-workers-employers/ IMDA.

- Singapore Digital Economy Report 2025. https://www.imda.gov.sg MDDI. AI Initiatives to Transform Life, Work and Business in Singapore.
- COS Debate 2025. https://www.mddi.gov.sg/newsroom/ai-initiatives-to-transform-life-work-and-business-in-singapore/ University of Helsinki.

Elements of AI. https://www.helsinki.fi/en/news/artificial-intelligence/elements-ai-has-introduced-one-million-people-basics-artificial-intelligence Finnish National Agency for Education.

- Artificial Intelligence in Education: Legislation and Recommendations. 2025. https://www.oph.fi/en/artificial-intelligence-education-legislation-and-recommendations Cisco et al.

AI-Enabled ICT Workforce Consortium. The Transformational Opportunity of AI on ICT Jobs. July 2024. https://investor.cisco.com/news/news-details/2024/AI-and-the-Workforce US Departments of Labor, Commerce, and Education. AI Talent Strategy. August 2025.

The four near-term instruments are ready to advance. Value-creation levies, the longer-horizon instrument, remain at the design stage. Fiscal systems are resistant to change once the interests that benefit from existing arrangements have consolidated around them.

The payroll base is narrowing as a share of value creation as AI deployment accelerates and non-standard employment expands. Early action on fiscal frameworks and models, before transition costs outrun available revenue, is a critical priority for the transition to the Capability Economy.

5.5 Design Portable and Adaptive Protection Systems

Individual-level portability has broad agreement as the organizing principle, and reform has moved furthest on platform contributions. The administrative systems for full portability across employment forms are still under construction. The strain on social protection systems is structural rather than cyclical. The systems were designed for a labor market in which a single employer, a standard contract, and a continuous career were the dominant organizing facts of working life. That system is progressively disappearing. Incremental adjustments such as extending existing schemes to cover additional worker categories at the margins, have reached the limits of their effectiveness.

A fundamental redesign is required, organized around a single reorienting principle that protection should attach to the worker, not to the job.

Five design considerations follow from that principle. Each addresses a different dimension of the gap between existing systems and the labor market they are now required to serve.

The first is prorating contributions and entitlements by hours worked or tasks completed rather than by employment status or contract type. Most social protection systems are calibrated to full-time, continuous employment. Workers who contribute in shorter or irregular increments, part-time workers, platform workers, workers moving between engagements, accumulate entitlements too slowly or fall below eligibility thresholds entirely. Prorating does not require reclassification or new legal categories; it requires recalibrating the contribution and accrual formulas within existing frameworks to reflect actual patterns of work.

The second is enabling portable accumulation across employers, platforms, and jurisdictions. Portability means that entitlements survive transitions between jobs, between employment statuses, and across borders. It requires that the individual, rather than the employment relationship, be the unit of account. Pension portability frameworks have existed for decades across many jurisdictions, establishing the administrative and legal precedents on which broader portability can be built. Extending that principle to training entitlements, health coverage, and accident insurance is the design challenge of the current period.

The third is establishing mandatory minimum contributions from all entities that engage labor, including digital platforms. Voluntary contribution frameworks produce incomplete and uneven coverage. Where contribution is discretionary, platforms have a competitive incentive to avoid it, and workers in the most precarious positions are least likely to advocate for their own inclusion. Mandatory contribution requirements, ones that are structured as a proportion of turnover or of amounts paid to workers, close this gap without requiring platforms to reclassify their workers as employees.

The fourth is building digital infrastructure for real-time entitlement tracking. Portable protection is administratively undeliverable without systems capable of recording contributions across multiple engagements, tracking accrued entitlements, and enabling workers to access and verify their own records in real time. The infrastructure challenge is institutional as it requires investment, interoperability standards, and a designated authority responsible for data integrity across the worker's full working history.

The fifth is designing transition mechanisms that protect accumulated rights. Workers currently covered under existing schemes must not lose entitlements in the process of moving to reformed systems. Poorly designed transitions create coverage gaps, generate legal disputes, and undermine the political sustainability of reform. Transition design is a first-order condition for any portable protection reform to take effect at scale.

The reform models documented in Box 12 align on these five design elements across different legal traditions and levels of economic development. No single country has implemented all five in integrated form. The policy task is to assemble them into a coherent national system.

Box 12: The Fiscal Scale of the AI Value Shift

- McKinsey Global Institute estimates that generative AI could add between $2.6 trillion and $4.4 trillion annually to theglobal economy across use cases, with the majority of that value accruing to capital owners rather than labor.
- The OECD projects that the labor share of national income has already declined by approximately five percentage points across advanced economies since the 1980s, a trend AI deployment is expected to accelerate.
- IMF analysis published in 2024 estimates that AI could affect 40 percent of jobs globally, with high-income countries facing the highest exposure.
- On the revenue side, the IMF calculates that a one percentage point decline in the labor share of income reduces payroll-based social insurance revenues by an equivalent proportion, compressing the fiscal base while transition support needs expand.
- The OECD Pillar Two minimum corporate tax, projected to generate between $155 billion and $192 billion in additional annual revenue globally, illustrates the order of magnitude of receipts available from value-creation taxation if applied strategically to AI-driven productivity gains.

Sources:

- McKinsey Global Institute. The Economic Potential of Generative AI. 2023. https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/the-economic-potential-of-generative-ai IMF.
- Gen-AI: Artificial Intelligence and the Future of Work. January 2024. https://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2024/01/14/Gen-AI OECD.
- Tax Challenges Arising from the Digitalisation of the Economy. 2021. https://www.oecd.org/tax/beps

Across all these cases, individual-level portability commands broad agreement as the organizing principle. The work ahead is construction of the administrative and fiscal infrastructure required to make it operational. National governments are the actors with the authority and scale to build portable protection systems, mandate platform contributions, and coordinate across the subnational levels where much labor regulation resides. Workers with portable, adaptive protections are workers who can move toward opportunity, invest in their own capabilities, and participate fully in an economy that rewards continuous adaptation. That is the standard against which protection system design should be measured.

5.6 Build Computational Labor Intelligence Systems

Integrated labor market information systems have working models in Singapore, Estonia, and Saudi Arabia. The governance design for broader adoption is the area still being built. The labor intelligence gap constrains every other reform discussed in this paper. Skills-based hiring depends on data about skill supply and demand. Labor capacity planning requires demographic and sectoral forecasting. Portable social protection depends on interoperable data systems that follow workers across platforms and jurisdictions. Fiscal reform requires real-time information on where and how value is created. Policymakers governing these domains with fragmented, lagging, or siloed data face a structural disadvantage that no policy design can fully overcome.

An integrated labor market information system connects data on workers, including skills, credentials, and employment history, with data on employers, including vacancies, skill demands, and sector trends, and with data on institutions, including training programs, qualification frameworks, and social protection records, into a unified analytical platform. The core capabilities such a system must deliver include real-time visibility into labor demand by skill, sector, and geography; predictive modeling to forecast emerging shortages and surpluses; interoperable classification systems enabling cross-border talent mobility; and evidence-based pathway recommendations for workers, training providers, and policymakers.

Several countries have made substantial investments in this infrastructure. Singapore's SkillsFuture data infrastructure integrates training records, employment data, and skill assessments into a platform that informs both individual career decisions and national workforce planning. Estonia's X-Road interoperability layer enables secure data sharing across government agencies, providing a replicable model for connecting previously isolated administrative systems. At the international level, ILOSTAT provides standardized indicators across 189 countries, and open skills taxonomies such as ESCO and Lightcast Open Skills offer complementary analytical capacity.

For most countries, particularly across the Global South, labor market data infrastructure remains at an early stage of development and unable to support the real-time, predictive governance that the Capability Economy requires.

A national computational labor intelligence system requires five integrated layers. The data layer connects national identity systems, employment records, social protection registries, education databases, tax records, and real-time job posting feeds, with privacy protections governing access and use. The analytics layer deploys tools for real-time skill supply-demand matching, predictive workforce forecasting, occupational transition mapping, and early warning indicators of emerging mismatches. The interoperability layer adopts global data standards enabling cross-border skill recognition and comparative analysis, drawing on taxonomies such as ESCO and Lightcast Open Skills.

The governance layer establishes frameworks balancing analytical capacity with privacy protection, algorithmic transparency, and democratic accountability. The action layer connects intelligence outputs directly to policy instruments including training program design, immigration policy, social protection targeting, and fiscal planning. Four governance elements warrant explicit treatment in any national design. Purpose limitation separates workforce planning from individual surveillance, benefits enforcement, or employer compliance monitoring. Independent oversight, through a statutory data protection authority or a labor-market-specific board, reviews how the system is used. Algorithmic transparency requires that the basis for system-informed decisions on skills forecasting, training allocation, and worker matching remain reviewable, drawing on standards in the EU AI Act and OECD AI Principles.

Worker access and contestation rights allow workers represented in the data to see what is held about them and to challenge errors. The case for computational labor intelligence is conditional on these four governance elements being in place.

At scale, digital labor market infrastructure becomes an active governance instrument, as the Saudi Arabia case documented in Box 13 shows. Recent extensions to the platform include a labor consultancy licensing service, formalizing advisory practice for Saudi specialists, and integration with the Ministry of Justice's preventive justice system, enabling contract documentation and dispute flagging to operate within a single digital environment. Qiwa now functions as both a labor market registry and an active governance instrument, providing the Ministry of Human Resources and Social Development with data visibility across the full private-sector workforce.

Investment in labor intelligence infrastructure is a precondition for effective implementation of the preceding five priorities. Training systems calibrated to real skill demand, fiscal frameworks responsive to shifting value creation, and protection systems that follow workers across employment forms all depend on the data and analytical capacity that this infrastructure provides. For governments at earlier stages of development, partnerships with the ILO, the World Bank, and regional development banks can accelerate the establishment of foundational data standards and analytical capacity within labor ministries. Building that infrastructure is a critical priority in an increasingly fragmented labor market.

Box 13: Labor Market Infrastructure at Scale: Saudi Arabia's Qiwa Platform

Qiwa is the closest existing example of a national labor intelligence system in operational form:

- At the data layer, the platform integrates employment contracts, establishment registration, social insurance records via GOSI, wage data via the Wage Protection System, and identity verification via the Ministry of Interior's Absher platform into a single unified registry. By October 2025, this registry covered more than 11.6 million documented contracts across 1.6 million private-sector establishments.
- At the analytics layer, the platform generates real-time workforce indicators for the Ministry of Human Resources and Social Development, including compliance rates by sector and establishment, average wage data, job sustainability metrics, and workforce composition across branches. Employers receive pre-emptive alerts when their compliance trajectory approaches a violation threshold, shifting enforcement from reactive inspection to predictive governance.
- At the interoperability layer, Qiwa connects to the Ministry of Justice for contract authentication and preventive dispute resolution, to GOSI for automatic social insurance registration, and to the Saudi Arabian General Investment Authority for foreign business licensing, creating a cross-agency data environment that no single ministry could sustain independently.
- At the governance layer, all transactions conducted through Qiwa carry full legal enforceability under Saudi labor law, with the platform functioning as the unified legal electronic registry for all establishment and labor data in the Kingdom. The authenticated employment contract model, rolled out from October 2025, integrates Qiwa directly with the Ministry of Justice's enforcement portal, enabling wage clause disputes to be resolved without initiating court proceedings.
- At the action layer, the platform's outputs feed directly into policy instruments. Certificate issuance, visa approvals, service transfer authorizations, and labor dispute early warning are all conditioned on data flowing through the system in real time. Over 130 integrated services operate within this platform, serving more than 15.1 million monthly active users and achieving a digital maturity rating of 91.06 percent in Saudi Arabia's 2025 national index.

Sources:

- Qiwa platform database, October 2025. Al Madani & Company. Qiwa Platform in Saudi Arabia: The Comprehensive Legal Guide. June 2025. https://almadanilaw.com/qiwa-platform-in-saudi-arabia-the-comprehensive-legal-guide-for-business-owners-and-labor-law-compliance. Qiwa platform database, October 2025. Saudi Press Agency. Qiwa Platform Leads Digital Transformation of Saudi Labor Market. August 2025. https://www.spa.gov.sa/en/N2381977 Elevatus. What Is Qiwa and How It Supports Vision 2030 Workforce Goals. November 2025. https://www.elevatus.io/blog/what-is-qiwa-vision-2030
- Saudi Gazette. Ministry Launches New Online Employment Contract Service Through Qiwa Platform. March 2021. https://saudigazette.com.sa/article/604480
- Al Madani & Company. Qiwa Platform in Saudi Arabia: The Comprehensive Legal Guide. June 2025. https://almadanilaw.com/qiwa-platform-in-saudi-arabia-the-comprehensive-legal-guide-for-business-owners-and-labor-law-compliance
- Morgan Lewis. Employment Contract Enhancements in the Kingdom of Saudi Arabia. December 2025. https://www.morganlewis.com/blogs/shiftingsandsoflaborlaw/2025/12/employment-contract-enhancements-in-the-kingdom-of-saudi-arabia
- Pinsent Masons. Saudi Arabia Enhances Salary Protection with Unified Employment Contract. October 2025. https://www.pinsentmasons.com/out-law/news/saudi-arabia-salary-protection-unified-employment-contract
- Al Madani & Company. Qiwa Platform in Saudi Arabia: The Comprehensive Legal Guide. June 2025. https://almadanilaw.com/qiwa-platform-in-saudi-arabia-the-comprehensive-legal-guide-for-business-owners-and-labor-law-compliance
- Setup in Saudi. What Is the Qiwa Portal and How to Register on It. https://www.setupinsaudi.com/en/what-is-the-qiwa-portal-and-how-to-register-on-it. TASC Outsourcing. Saudi Labour Law Updates 2025. https://tascoutsourcing.sa/en/insights/saudi-labour-law-updates-2025
- Ministry of Human Resources and Social Development. Digital Experience Maturity Index 2025. https://www.hrsd.gov.sa Qiwa platform database, October 2025.

CONCLUSION

Why the Standard Employment Model No Longer Holds

The history of work traces a remarkable trajectory. For millennia, work was personal, organized around the capabilities of individuals and the outcomes they produced. The industrial revolution introduced a powerful but historically anomalous settlement that bundled standardized employment, institutional credentials, employer-linked protections, payroll-funded fiscal systems, and statistical governance into a single coherent package designed for stability. That standard employment model delivered extraordinary gains in prosperity and security.

It remains the foundation of labor market institutions worldwide. And it is now structurally misaligned with the reality of how work is organized, how value is created, and how workers build their careers.

The five transformations documented in this paper are structural. AI is operating as a general-purpose technology that changes task composition across every sector. Skills are being repriced at a speed outpacing the credentialling systems designed to certify them.

Employment is fragmenting into project-based, platform-mediated, and hybrid arrangements that sit outside the standard employer-employee relationship. Platforms are reorganizing how labor supply meets demand. And the volume and velocity of labor market data have moved beyond what periodic survey instruments can usefully capture.

By 2030, 39 percent of workers' core skills will have changed, and 59 percent of the global workforce will require reskilling or upskilling within the same timeframe. The global labor income share has fallen from 53.0 percent to 52.4 percent of GDP over the past decade, a decline equivalent to roughly $1 trillion in foregone worker income each year. The institutions that govern work were built for a different economy.

Table 3: Summary: Six Policy Priorities

Imperative	From (Industrial)	To (Capability)
5.1 Skills as signals	Degrees and credentials	Verified capabilities
5.2 Labor as infrastructure	Factor input	Strategic national asset
5.3 AI governance	Unmanaged tech adoption	Workforce multiplier
5.4 Portable protection	Employer-linked, tenure-based	Individual-linked, per-hour
5.5 Fiscal alignment	Payroll taxation	Value-creation levies
5.6 Labor intelligence	Periodic surveys	Real-time computational systems

Source: Takamol Policy Framework, 2026.

The six policy priorities set out in Section 5 provide a coherent framework for the institutional change that they demand. They are integrated changes that operate as a cycle: skills infrastructure enables workforce capacity planning, AI governance, portable protections, fiscal alignment, and labor intelligence, each of which depends on the next. Each priority addresses a specific dimension of the institutional mismatch and enables the others to function. The priorities sit at different stages: P-1, P-2, P-5, and P-6 have operational precedents at scale; P-3 has emerging regulatory practice; P-4 combines instruments at scale with others at the design stage.

The Cost of Delay

The transition from the standard employment model to the Capability Economy will require active institutional choice. The gap between the reality of work and the systems built to govern, protect, and tax it is widening, and the distributional consequences are already visible. They fall most heavily on those least equipped to absorb them.

Younger workers face labor markets that reward capabilities they have not yet had time to build. Older workers confront skills depreciation that outpaces available retraining systems. Workers in developing economies remain in informal arrangements that provide neither data visibility nor social protection. Women face disproportionate barriers to formal labor market participation, compounded by care responsibilities that existing systems neither recognize nor compensate.

Two billion people in low- and middle-income countries remain inadequately covered by social protection, and three out of four people in low-income countries have no coverage at all. At current expansion rates, full coverage for those living in extreme poverty is 18 years away. More than two billion workers globally are in informal employment, representing nearly 60 percent of all workers[12] , and informal jobs are growing faster than formal ones. Every year that institutional reform is deferred, adjustment costs accumulate and the window for managed transition narrows. The populations bearing those costs are precisely those with the least capacity to wait.

Implementation

The six priorities are structurally interdependent, and no single ministry holds the mandate, the budget, or the data to advance them alone. Labor ministries must coordinate with finance ministries on fiscal realignment, with education ministries on skills infrastructure, with digital affairs ministries on AI governance and data systems, and with social affairs ministries on portable protections. Fragmentation of institutional responsibility is itself a barrier to reform. Overcoming it requires explicit coordination mechanisms at the cabinet level.

Skills portability across borders, data interoperability across statistical systems, and shared fiscal approaches to AI-driven productivity gains all require multilateral frameworks. International organizations and regional bodies contribute analytical capacity and normative frameworks, but the primary responsibility belongs to national governments. They hold the authority, the fiscal instruments, and the democratic mandate to build institutions suited to the economy they now govern. The pace at which they act will determine whether the transition is managed or imposed by the accumulation of unaddressed structural pressures.

The Work Ahead

The standard employment model was effective for the economy it was built to serve. The evidence assembled in this paper points to a different economy, one in which the structural conditions that made that model effective have shifted across every dimension simultaneously. A coordinated program of institutional reform, organized around the six priorities set out in this paper, is the policy response those conditions require.

There is, however, a deeper point. The standard employment model succeeded not because it was permanent, but because it was coherent. It aligned how work was organized with how it was measured, governed, protected, and taxed. What made that model powerful was not any single institution but the fit between them. The Capability Economy demands an equivalent coherence, built for a world in which work is personal again, skills change faster than credentials, employment relationships are fluid, and data is abundant but unevenly governed. The task of this generation of policymakers is to build that coherence. The six policy priorities are institutional models that attach skills verification, social protection, fiscal contribution, and labor intelligence to the worker rather than the job. The evidence assembled in this paper establishes that the required institutional components exist. What remains is political will and coordination, not feasibility.

REFERENCES

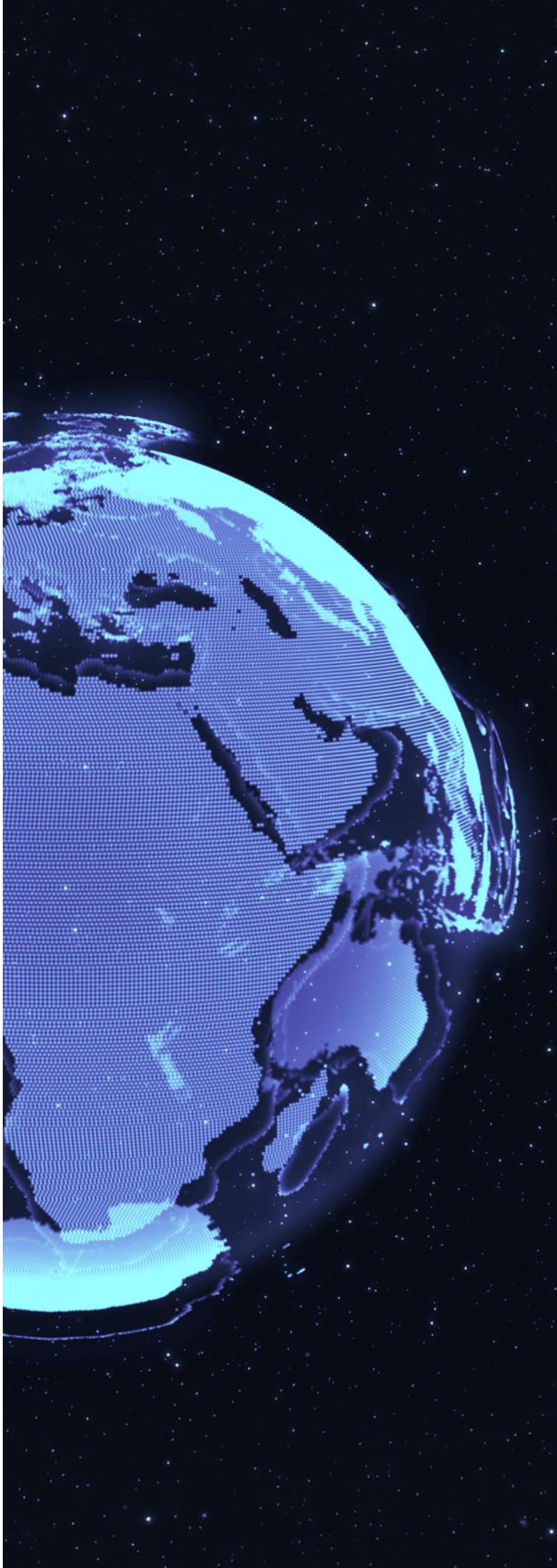
1. Clark, G. (2007). A Farewell to Alms: A Brief Economic History of the World. Princeton University Press.
2. Kuran, T. (2011). The Long Divergence: How Islamic Law Held Back the Middle East. Princeton University Press.
3. Epstein, S.R. (1998). Craft Guilds, Apprenticeship, and Technological Change in Preindustrial Europe. Journal of Economic History, 58(3), 684-713.
4. Spence, M. (1973). Job Market Signaling. Quarterly Journal of Economics, 87(3), 355-374.
5. Sen, A. (1999). Development as Freedom. Oxford University Press.
6. Nussbaum, M. (2011). Creating Capabilities: The Human Development Approach. Harvard University Press.
7. Crafts, N.F.R. (2004). Steam as a General Purpose Technology: A Growth Accounting Perspective. LSE Economic History Working Paper No. 75/03.
8. Gordon, R.J. (2016). The Rise and Fall of American Growth: The U.S. Standard of Living since the Civil War. Princeton University Press.
9. Madrian, B.C. (1994). Employment-Based Health Insurance and Job Mobility: Is There Evidence of Job Lock? Quarterly Journal of Economics, 109(1), 27-54.
10. Gruber, J. and Madrian, B.C. (1994). Health Insurance and Job Mobility: The Effects of Public Policy on Job-Lock. Industrial and Labor Relations Review, 48(1), 86-102.
11. International Labour Organization (ILO). (2024). World Employment and Social Outlook: May 2024 Update. Geneva: ILO.
12. International Labour Organization (ILO). (2025). World Employment and Social Outlook: Trends 2025. Geneva: ILO.
13. International Labour Organization (ILO). (2024). Global Labour Income Share Declines, Putting Upward Pressure on Inequality (WESO September 2024 Update). Geneva: ILO.
14. International Labour Organization (ILO). (2025). Global Employment Forecast Downgraded: 7 Million Jobs in 2025 Amid Rising Uncertainty. Geneva: ILO.
15. International Labour Organization (ILO). (2023). Informal Economy in Africa: Which Way Forward? Making Policy Responsive. Geneva: ILO.
16. International Labour Organization (ILO). Bismarck or Beveridge? Social Security for All. Geneva: ILO.
17. International Labour Organization (ILO). (2013). Statistics of Work, Employment and Labour Underutilization. Resolution of the 19th International Conference of Labour Statisticians.
18. International Labour Organization (ILO). (2021). World Employment and Social Outlook: The Role of Digital Labour Platforms in Transforming the World of Work. Geneva: ILO.
19. International Labour Organization (ILO). (2025). Held: 113th International Labour Conference (Algorithmic Management Discussions), June 2025. Geneva: ILO.
20. International Labour Organization (ILO). (2025). Skills for Jobs: Making Training Work for Workers and Enterprises. Geneva: ILO.
21. International Labour Organization (ILO). (2016). Non-Standard Employment Around the World. Geneva: ILO.
22. International Labour Organization (ILO). (2021). Platform Work and Social Protection. Geneva: ILO.
23. International Labour Organization (ILO). (2025). Decent Work in the Age of AI. Geneva: ILO.
24. ILOSTAT. Only Half of Workers Worldwide Hold Jobs Corresponding to Their Level of Education.
25. International Labour Organization (ILO). International Standard Classification of Occupations (ISCO-08).
26. OECD. (2025). Revenue Statistics 2025. Paris: OECD.
27. OECD. (2025). Taxing Wages 2025. Paris: OECD.
28. OECD. (2025). International Migration Outlook 2025: International Migration of Health Professionals to OECD Countries. Paris: OECD.
29. OECD. (2025). OECD Employment Outlook 2025. Paris: OECD.
30. OECD. (2025). Staying in the Game: Skills and Jobs of Older Workers in a Changing Labour Market. Paris: OECD.
31. OECD. (2025). Bridging the AI Skills Gap. Paris: OECD.
32. OECD. (2022). Licensing Occupations: Ensuring Quality or Restricting Competition? Paris: OECD.
33. OECD. (2024). Recommendation of the Council on Artificial Intelligence (2019, updated 2024). Paris: OECD.
34. OECD. (2010). Portability of Pension and Health Care Benefits. Paris: OECD.
35. OECD. (2021). Global Anti-Base Erosion Model Rules (Pillar Two). Paris: OECD.
36. OECD. (2021). Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy. Paris: OECD.
37. World Economic Forum (WEF). (2025). The Future of Jobs Report 2025. Geneva: WEF.
38. World Economic Forum (WEF). (2025). Future of Jobs Report 2025: 78 Million New Job Opportunities by 2030 (Press Release, January 2025). Geneva: WEF.
39. World Economic Forum (WEF). (2025). AI and the STEM Gender Gap. Geneva: WEF.
40. World Economic Forum (WEF). (2024). Defining and Building the Skills Passport Ecosystem. Geneva: WEF.
41. World Bank. (2024). The Changing Wealth of Nations 2024. Washington, DC: World Bank.
42. World Bank. (2018). The Changing Wealth of Nations 2018. Washington, DC: World Bank.
43. World Bank. (2024). In 2024, Remittance Flows to Low- and Middle-Income Countries Are Projected to Grow. World Bank Blogs, People Move.
44. World Bank. How to Create Jobs for the World's 1.2 Billion New Workers. World Bank Blogs, Voices.

45. World Bank Group. (2026). What Works for Work: A Guidebook to Proven and Promising Employment Solutions. Launched at the Global Labor Market Conference, Riyadh.
46. World Bank. (2011). Portability of Social Benefits: Restrictions on Migrants. Washington, DC: World Bank.
47. BCG. (2023). The Rise of Skills-Based Hiring. Boston Consulting Group.
48. BCG. (2025). Introducing the Top Ten Global Talent Hubs. Boston Consulting Group.
49. OECD. (2024). OECD Skills Outlook 2024.
50. Korn Ferry. The Global Talent Crunch: Future of Work. Korn Ferry Institute.
51. McKinsey Global Institute. (2023). The Economic Potential of Generative AI: The Next Productivity Frontier.
52. Lightcast. (2024). Lightcast Unleashes the Most Comprehensive Global Labor Data (Press Release, February 2024).
53. Lightcast. Open Skills Library.
54. PwC. AI Jobs Barometer.
55. Randstad. (2025). Gen Z Workplace Blueprint.
56. EY. (2023). EY Research Shows Most U.S. Employees Feel AI Anxiety.
57. EY. (2024). Work Reimagined Survey 2024.
58. NACE. (2025). Job Outlook 2025 Spring Update. National Association of Colleges and Employers.
59. Mercatus Center. (2023). Flexible and Portable Benefits. Arlington, VA: Mercatus Center.
60. Yale Budget Lab. (2025). Evaluating the Impact of AI on the Labor Market: Current State of Affairs.
61. Economic Policy Institute. (2024). The Productivity-Pay Gap (updated October 2024).
62. Bond, T., Doonan, D., and Kenneally, M. (2025). Debunking the Job-Hopping Myth: A Data-Driven Look at Tenure and Turnover Among Younger Workers. National Institute on Retirement Security.
63. Brain Drain Science (Amherst College working paper).
64. LinkedIn Economic Graph. Workforce Data.
65. Dastin, J. (2018). Amazon Scraps Secret AI Recruiting Tool That Showed Bias Against Women. Reuters.
66. Reuters. (2025). AI Robots May Hold Key to Nursing Japan's Ageing Population. February 2025.
67. Business Insider. (2023). Google, IBM, Accenture, Dell: Companies No Longer Requiring College Degrees.
68. The Diplomat. (2025). Rights on Demand: Asia's Gig Economy Gets a Legal Upgrade. September 2025.
69. Korea Times. (2017). South Korea Takes First Step to Introduce Robot Tax. August 2017.
70. U.S. Department of Labor. O*NET OnLine.
71. U.S. Departments of Labor, Commerce, and Education. (2025). AI Talent Strategy. August 2025.
72. Trump Executive Order. Modernizing and Reforming the Assessment and Hiring of Federal Job Candidates. The White House.
73. Ministry of Human Resources and Social Development, Kingdom of Saudi Arabia. Skills and Training.
74. Education and Training Evaluation Commission. National Qualifications Framework for Saudi Arabia.
75. Centuro Global. Saudi Premium Residency.
76. SkillsFuture Singapore.
77. Economic Development Board (EDB) Singapore. Tech.Pass Programme.
78. Singapore Global Network. Work Passes in Singapore.
79. Ministry of Digital Development and Information, Singapore. (2025). COS Debate 2025: AI Initiatives to Transform Life, Work and Business in Singapore.
80. IMDA Singapore. (2025). Singapore Digital Economy Report 2025.
81. European Commission. Europass.
82. European Commission. ESCO: European Skills, Competences, Qualifications and Occupations.
83. European Parliament and Council. (2024). Regulation (EU) 2024/1689 (AI Act). August 2024.
84. Government of Canada. Global Talent Stream Programme.
85. Make it in Germany. Skilled Immigration Act.
86. Australian Department of Employment and Workplace Relations. Recognition of Prior Learning.
87. Bundesagentur für Arbeit. (2023). Budget Press Release 2023. Federal Employment Agency, Germany.
88. French Ministry of Labour. Compte Personnel de Formation.
89. Recruit Works Institute. (2023). Future Predictions 2040: Japan.
90. IMF. (2024). Gen-AI: Artificial Intelligence and the Future of Work. Staff Discussion Note, January 2024.
91. ISSA. (2025). Social Security Developments and Trends, Global 2025.
92. Frontiers in Artificial Intelligence. (2022). Inclusive Growth in the Era of Automation and AI: How Can Taxation Help?
93. Chun, H. (2025). Robot Taxes and Corporate Cash Holdings. Applied Economics.
94. Bogenschneider, B. (2025). Robot Tax Proposals for Legislative Review. Tax Notes Federal. November 2025.
95. Coursera. (2025). WEF Future of Jobs Report 2025 (Coursera Blog).
96. Glassdoor and ZipRecruiter salary data (December 2024-February 2026). Glassdoor: prompt engineer median salary $126,000; ZipRecruiter average $136,407; publicly posted senior AI roles at frontier labs reach $335,000.
97. Authors' calculation based on ILO global labor income and workforce data (WESO Trends 2025)
98. Acemoglu, D. and Restrepo, P. (2019). Automation and New Tasks: How Technology Displaces and Reinstates Labor. Journal of Economic Perspectives, 33(2), 3-30.

تكامل
Takamol

Policy Priorities for the Global Labor Market Transition to the Capability Economy

Six Policy Priorities for Labor Market Systems in the Transition to the Capability Economy



Takamol Policy
Paper - June 2026

Ahmad Al-Yamani, Jude Althagafi, Leena Ghandourah