# DIGITALISATION AND PRODUCTIVITY

DIGITAL ALPS CONFERENCE
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OECD
BETTER POLICIES FOR BETTER LIVES

# An intro and two stories

 **Why digital?**

 **Digital skills and digital companies (SMEs)?**

 **Teleworking**

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# An intro and two stories



Why digital?



Digital skills and digital companies (SMEs)?



Teleworking

**Why digital?**

# Intro: Why digital? It is at the core of recovery

**Closing (digital connectivity) gaps**

*- Digital tools drive productivity and also helped boost the resilience of some firms and places during COVID-19*

*- Digital connectivity gaps across places and firms persist and are widening in many countries*

**Supporting SMEs**

*- COVID accelerated digitalization but some firms – especially SMEs – still lag behind*

*- Managing digital risks (returns and rights in online platforms, cybersecurity) is increasingly important*

**Building local ecosystems**

*-Supporting digital skills development locally is key to address local skills needs*

*- Rural areas face specific challenges, e.g. broadband access*

*- Smart cities and villages can support a sustainable and inclusive recovery*

# Intro: Why digital? It is at the core of recovery

## PRODUCTIVITY

People: More productive due to tools or greater wellbeing, …

Firms: Resilience during COVID, wider market access, …

Regions: Stronger labour markets, digital nomads, …

Closing (digital productivity) gaps

- Digital tools drive productivity and also helped boost the resilience of some firms and places during COVID-19

- Digital connectivity gaps across places and firms persist and are widening in many countries

Managing new risks for SMEs

- COVID accelerated digitalization but some firms – especially SMEs – still lag behind

- Managing digital risks (returns and rights in online platforms, cybersecurity) is increasingly important

Building local ecosystems

-Supporting digital skills development locally is key to address local skills needs

-Rural areas face specific challenges, e.g. broadband access

- Smart cities and villages can support a sustainable and inclusive recovery

**Why digital?** → PRODUCTIVITY ↑ INEQUALITY ↓

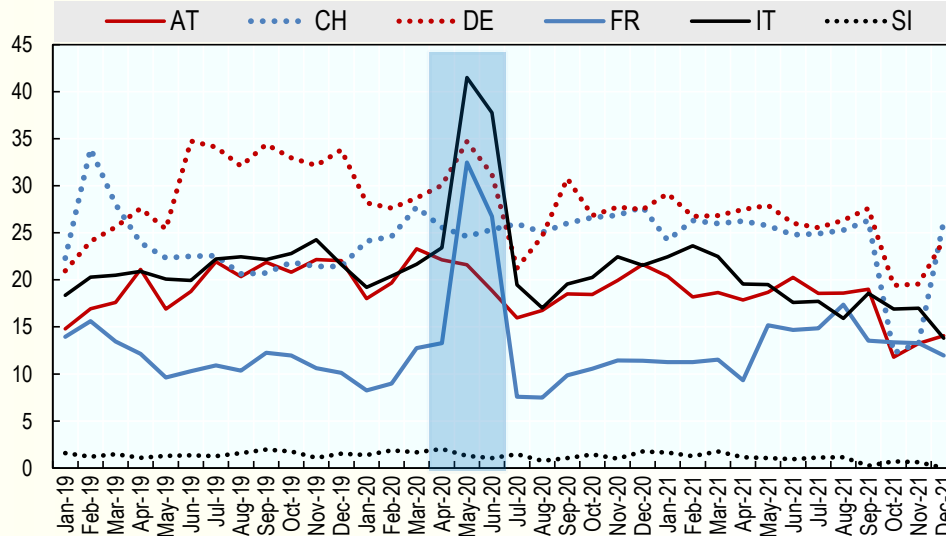**Why digital?** → ↑ **PRODUCTIVITY** ↓ **INEQUALITY**

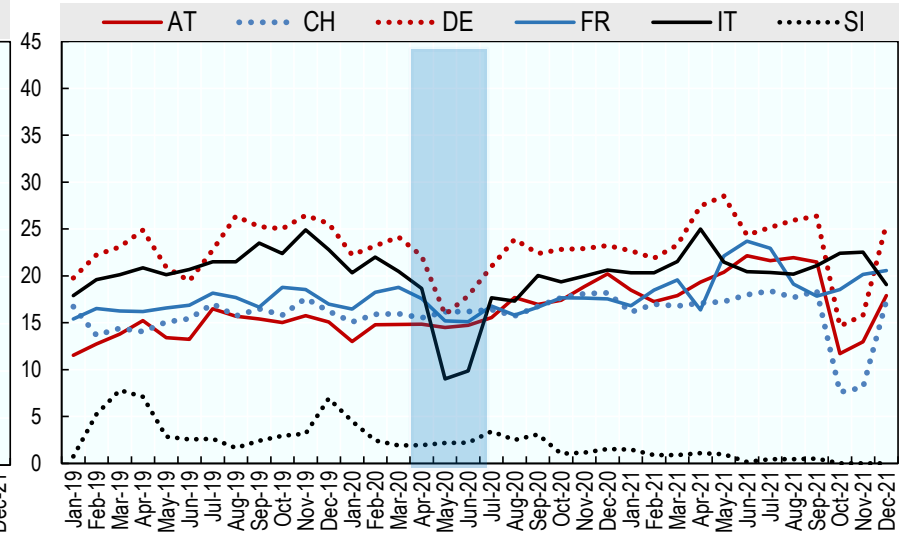# LABOUR MARKETS

**Digital skills and digital companies (SMEs)?**

# Demand for ICT skills in EUSALP regions

Share of online job postings that require specific skill type

**Advanced**

Legend: AT — CH ····· DE ····· FR — IT — SI ·····

**General**

Legend: AT — CH ····· DE ····· FR — IT — SI ·····

**Increased demand for advanced
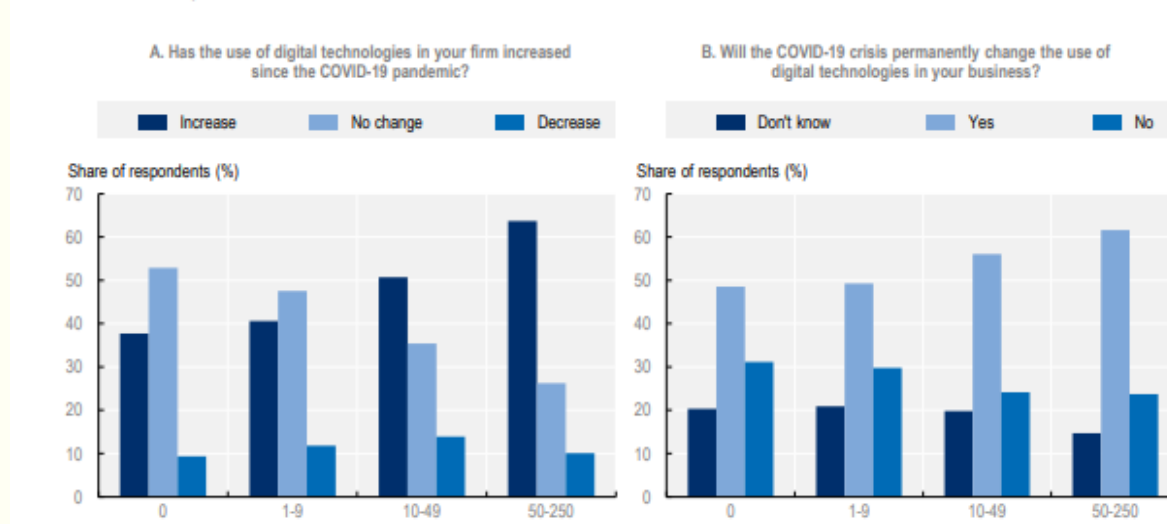ICT skills in some countries**

- **(How) can labour markets deliver?**
- **How to increase digital uptake in other EUSALP regions?**

Data source: EMSI Burning Glass

# Smaller SMEs less likely to increase digital use

Percentage of businesses reporting (Panel A) or foreseeing (Panel B) changes in the use of digital technologies, by number of employees

A. Has the use of digital technologies in your firm increased since the COVID-19 pandemic?

■ Increase   ■ No change   ■ Decrease

Share of respondents (%)

B. Will the COVID-19 crisis permanently change the use of digital technologies in your business?
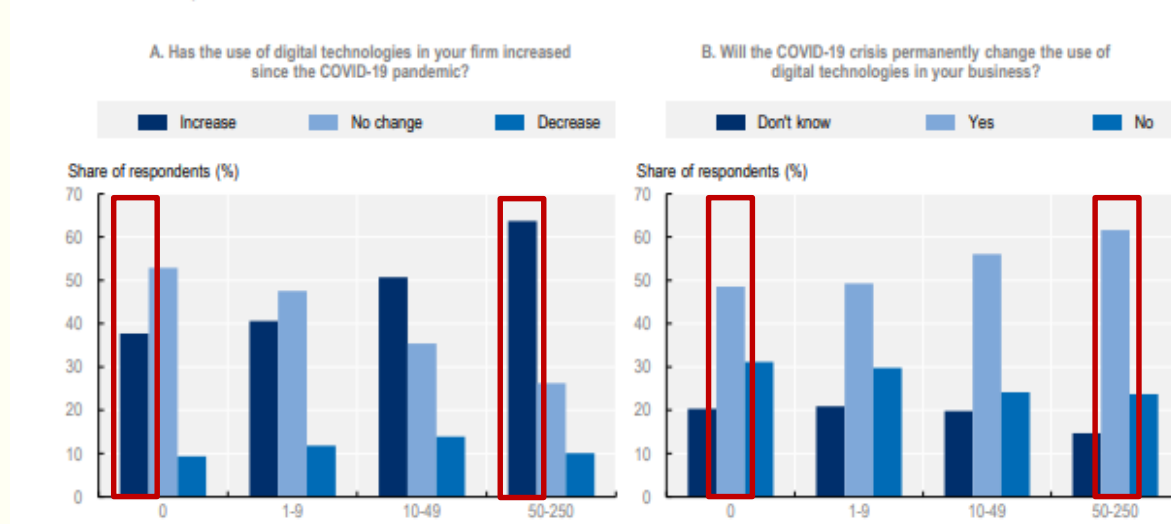
■ Don't know   ■ Yes   ■ No

Share of respondents (%)

Source: OECD (2021), *SME and Entrepreneurship Outlook*, based on Facebook/OECD/World Bank Future of Business Survey (December 2020).

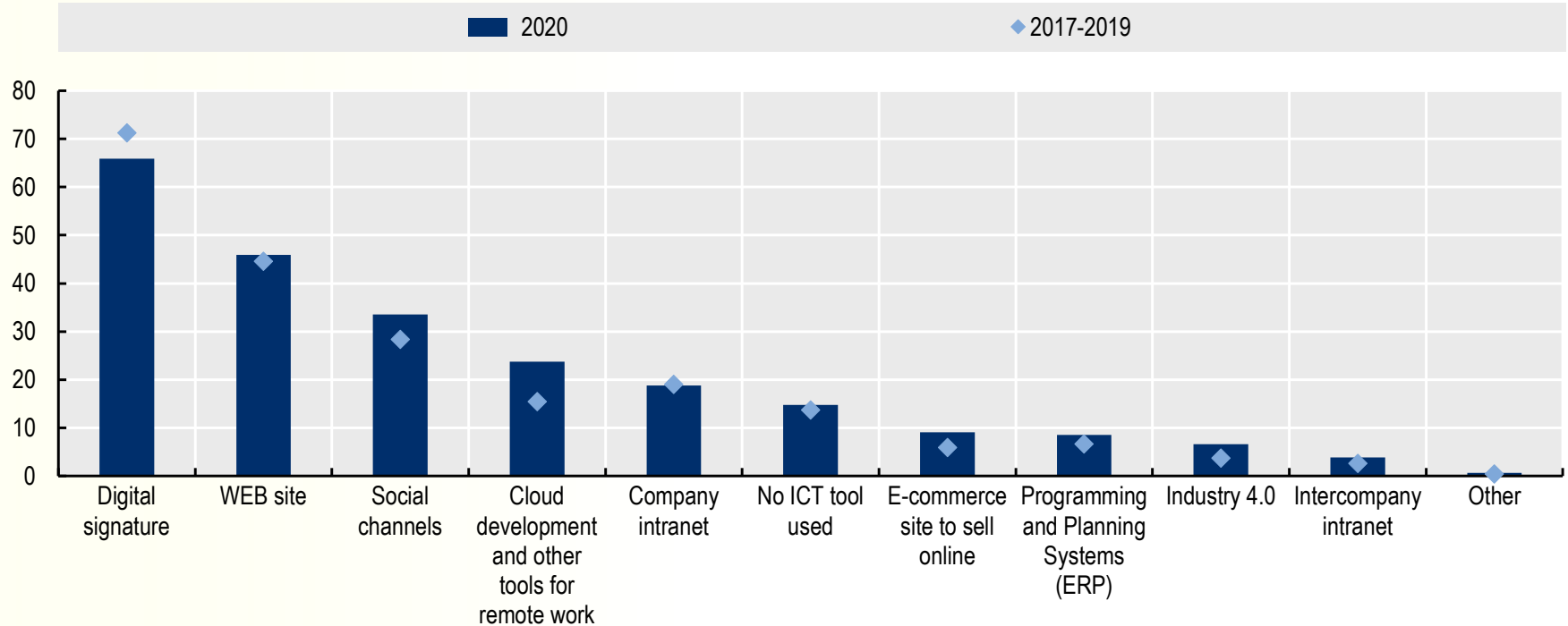# Smaller SMEs less likely to increase digital use

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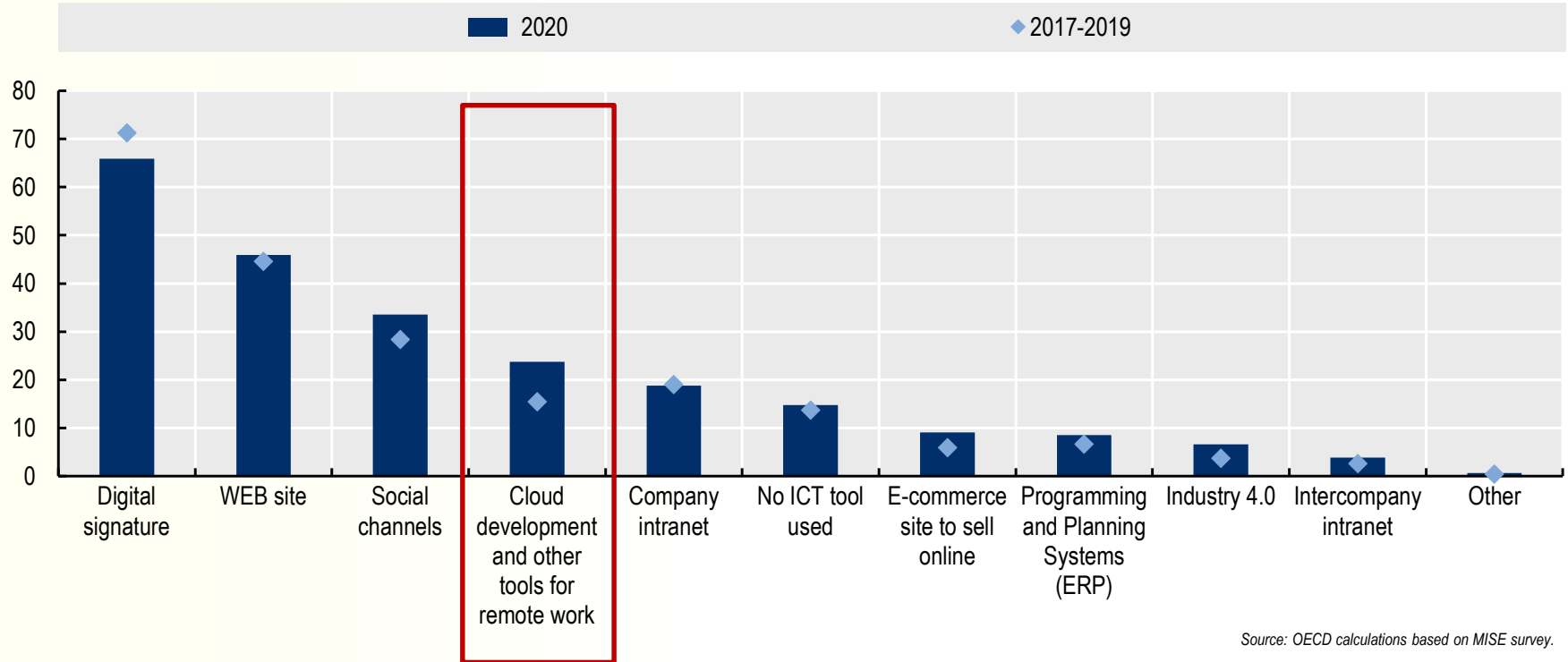
# Adoption of digital tools in Italian co-operatives



Legend: 2020 (bar), 2017-2019 (diamond marker)

Categories: Digital signature, WEB site, Social channels, Cloud development and other tools for remote work, Company intranet, No ICT tool used, E-commerce site to sell online, Programming and Planning Systems (ERP), Industry 4.0, Intercompany intranet, Other

*Source: OECD calculations based on MISE survey.*

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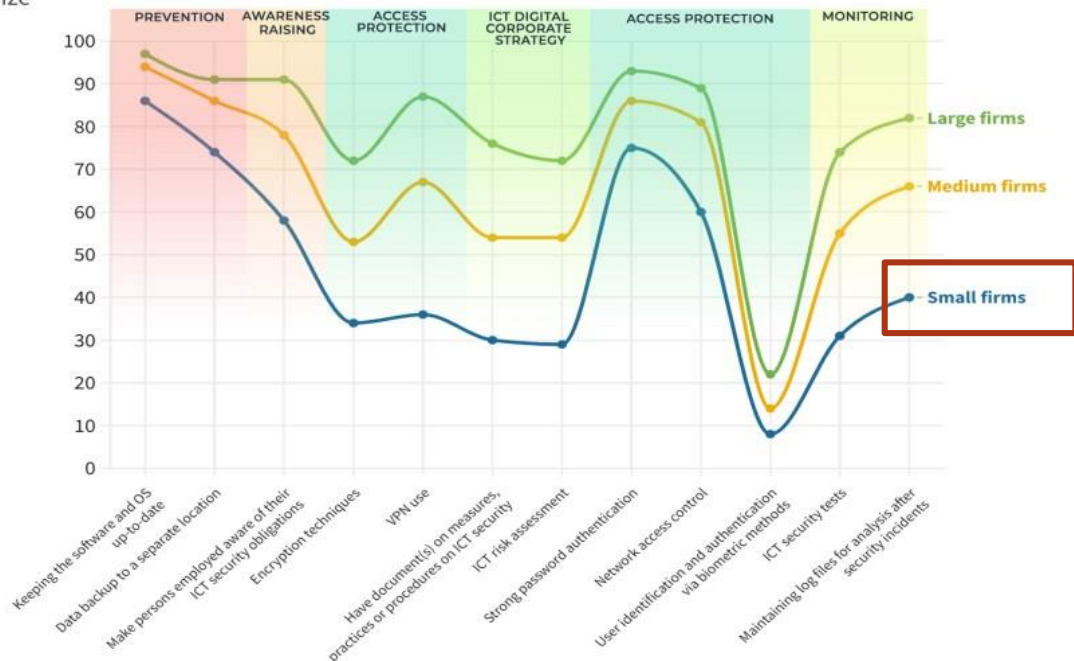
*Source: OECD calculations based on MISE survey.*

# SMEs lag behind in digital security



Percentage of enterprises implementing ICT digital security measures, by type of measure and firm size

Source: OECD (2021), *The Digital Transformation of SMEs*, based on Eurostat (2020), ICT Usage by Businesses data.

# Digital in tourism

- **Increased demand for digital** (contactless services, virtual experiences, online purchasing, visitor tracking and management processes etc.)

- **Policy attention to digital transformation in tourism:**

➢ **Building capacity and skills - "Greece** from Home" platform provides training in digital tools and certified online courses

➢ **Investment in digital uptake – Chile** has a dedicated investment fund and training programme to support tourism SMEs

➢ **Building tourism/tech links – Iceland** launched a platform promoting collaboration between tourism and technology companies

G20 Rome Guidelines for the future of tourism

OECD Report to G20 Tourism Working Group

G20

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# It takes two to tango

Digitalisation of labour markets goes hand in hand with (and often is led by) digitalisation of SMEs
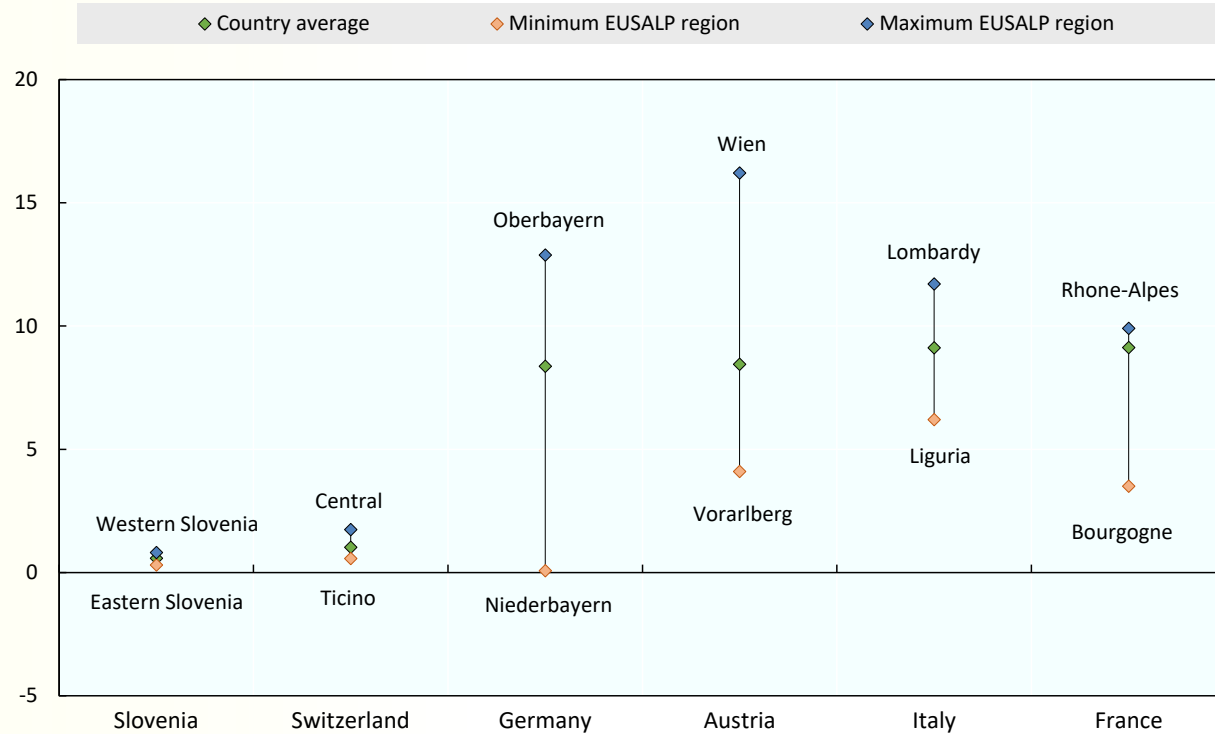
**Elephant in the room: digital security**

**Teleworking**

# Change in regular teleworking 2019-2020



Source data come from the following project: Luca, Davide, C Özgüzel, Z Wei (forthcoming), "What factors enabled individuals to work remotely during the pandemic?" , OECD Regional Development Papers

# Policy support for teleworking in SMEs

| Type of policy response | Example countries | Example regions and cities |
|---|---|---|
| **Online platforms for teleworking and digital services** | Austria, Ireland, Italy, Latvia, Malaysia, Mexico, Portugal | |
| **Information and training on teleworking for SMEs** | | Abruzzo (Italy), Braga (Portugal), Barcelona, Basque Country (Spain) |
| **Remote professional training for SMEs** | | Île-de-France, Normandy, Occitanie (France), Friuli-Venezia Giulia, Liguria (Italy) |
| **Policies to support home-based businesses** | Australia, Netherlands, UK, USA, | Scotland (UK), Victoria (Australia), Vienna (Austria), Alberta, Ottawa (Canada), Barcelona (Spain), Bristol (UK) |
| **Financial support to SMEs for teleworking uptake** | China, Japan, Spain | Styria, Tyrol (Austria), Apulia, Basilicata, Friuli-Venezia Giulia, Liguria, Lombardy, Molise, Piedmont (Italy), Basque Country (Spain), Tokyo (Japan) |

# Policy support for digital nomads

| Type of policy response | Example countries | Example regions and cities |
|---|---|---|
| **Grants** to attract remote and digital workers | | Vermont, Tulsa – Oklahoma (USA) |
| **Co-working facilities** to attract remote and digital workers | | Wittemberge and Upper Lusatia – Saxony, Eberswalde – Brandenburg, Schleswig Holstein (Germany), Milan (Italy) |
| **E-residency** | Estonia | |
| **Start-up visas** to attract digital entrepreneurs | Chile and many others countries (≈ 50 worldwide) | |

# Internet speed in EUSALP regions

Deviation (%) from the national average



**Fixed**

Legend: AT, CH, DE, FR, IT, SI

**Mobile**

Legend: AT, CH, DE, FR, IT, SI
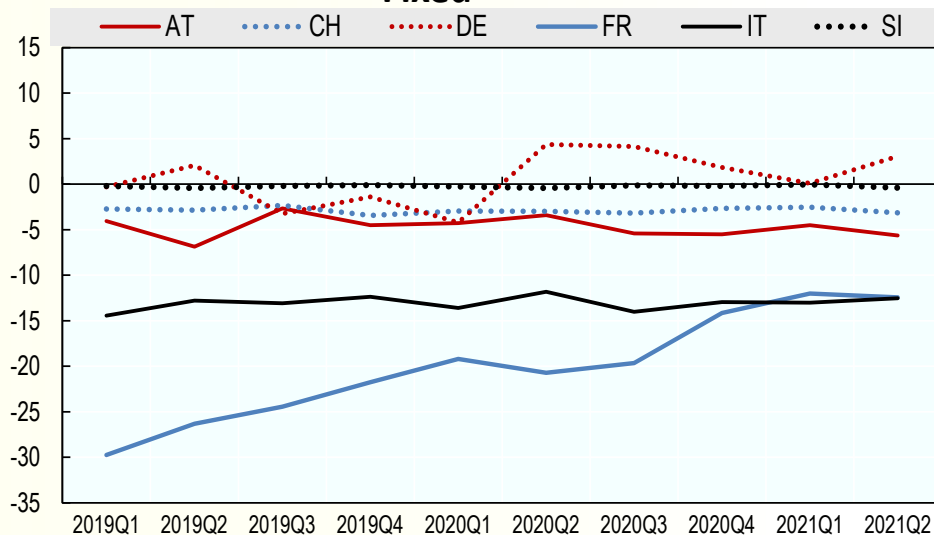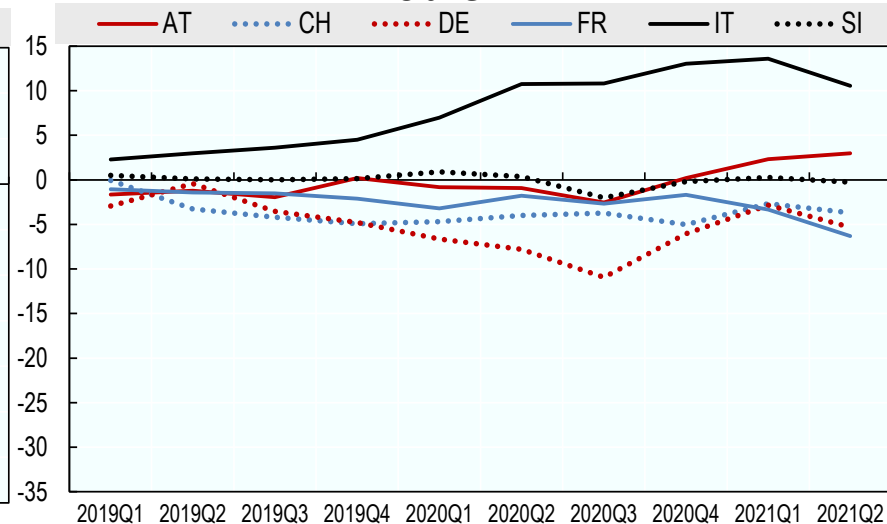
Data source: OOKLA

# The future of remote work

## A place-based toolkit for local development

The **COVID-19** pandemic has entailed a mass experiment in teleworking, unique in size and scope

**Public policies** have the potential to minimise disparities and seize the opportunities arising from an increased use of teleworking

**WHAT**

The OECD Trento Centre started a project which aims to support national, regional and local governments of the OECD in promoting a **smooth transition** to the likely **large-scale adoption of teleworking** in a post-pandemic world

**HOW**

### Check-ups
1 Measuring the actual, potential and maximal spread of teleworking in a given region

### SWOT analysis
2 Assessing the enabling and constraining factors of teleworking, as well as its opportunities and risks for local development in the concerned region

### Recommendations
3 Providing evidence-based recommendations to ensure that local conditions allow to increase the teleworking potential of the concerned region

### Capacity building
4 Capacity building for policy implementation (by request)

## The case of Trentino

A. In Italy, the **Autonomous Province of Trento** has been a **first mover** in teleworking for public administrators

B. The provincial government has **ambitious plans** to use teleworking as a tool for local development

C. The geography of Trentino lends itself well to studying the **spatial implications** of teleworking

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# Working from anywhere is the future

**Elephant in the room: infrastructure for teleworking**

# Summary

- Labour markets determine if digitalisation leads to increased productivity *and* reduced inequalities

- It takes two to tango: digitalisation of labour markets makes sense only when SMEs are digitalised

- Teleworking can offer new opportunities for Alpine regions but infrastructure and other conditions need to be in place

# Thank you!

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