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Evolution in the green job landscape

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In the ever-evolving landscape of the job market, 2023 witnessed a profound influence of digitalization, artificial intelligence, and the push toward a low-carbon economy. Green jobs contribute to preserving or restoring the environment in traditional sectors such as manufacturing and construction, or in new, emerging green sectors such as renewable energy and energy efficiency.

The IEA projects that the green transition could generate up to 30mn jobs in green energy, efficiency, and low emission technologies. The WEF's Future of Jobs Report 2023 estimates that green jobs will be the second largest contributor to job market growth in the years ahead. Notably, green talents are not just going to greentech companies. There is an increasing concentration of green talent in carbon-intensive industries like oil and gas, with 21% of the total workforce having at least one green skill in 2023, according to LinkedIn's latest Global Green Skills Report. This could be an indicator that companies in sectors not traditionally viewed as "green" are beginning to shift their business models and to prepare for the transition by acquiring green talents.

The shift in market demand has put pressure on the workforce to adapt and learn new skills. The same LinkedIn report shared the share of green talent in the workforce grew 12.3% from 2022 to 2023 and job postings requiring at least one green skill increased 22.4%.

To address the shortage, governments have taken steps to support talent development through financial incentives and target-setting. Hong Kong has earmarked USD 25mn in subsidies to expand the green and sustainable finance talent pool. As part of the European Skills Agenda, the European Year of Skills 2023 was launched by the European Commission, pledging to help reskill 6mn people across the continent to support the green and digital transition. The UK's Green

Recovery Challenge Fund of about USD 100mn has created over 2,600 jobs in green sectors. Addressing these shortages and improving productivity will be important for the industry to continue its growth trajectory.

On a broader note, “ESG” jobs, which refer to positions that focus on operational sustainability within a business, ticked downward in the United States, witnessing 3,071 departures against 2,879 arrivals in December 2023, the WSJ reports. Why the disconnect between green jobs and ESG jobs? These two types of jobs are unique from one another, but there are a couple additional points to consider. First, the tech industry experienced the most significant decrease in ESG jobs. This coincided with a large number of layoffs for the industry overall, indicating some of this may reflect the reality of lower headcount overall. This impact might be further amplified by the higher concentration of ESG roles in the industries that have been decreasing headcount, like technology. Finally, as sentiment around ESG continues to shift, we could see the specific title phased out or replaced with other labels, skewing the data on “ESG” roles specifically.

Investor takeaways

- The global increase in green jobs underscores the increasing market activity in greentech industries, particularly in renewable energy and energy efficiency, but the low availability of green talent may pose challenges for companies short on labor.
- The need to upskill green workers aligns with a broader trend. As technological advancement and artificial intelligence shift demand for certain skillsets, we expect worker retraining and upskilling to become more commonplace. We discuss the opportunity further in our longer-term investment theme on "Education services."
- In contrast to growth in green jobs, US "ESG" jobs declined in 2023. This coincides with the broader headcount decline in certain industries, but could also reflect shifting industry sentiment and a move away from the strict definition of “ESG” in favor of broader or unique position labels.

For more, see the report, [Perspectives: International women's day, collective climate action, green jobs](#), published 8 March, 2024.

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