This chapter discusses the implications of data-driven innovation (DDI) on skills and employment, focusing on two challenges in particular: one, DDI may further increase pressure on the labour market, and especially on middle income jobs, as it enables an increasing number of cognitive and manual tasks to be performed by data- and analytically empowered applications; and two, the demand for data specialist skills may exceed supply on the labour market. The chapter first shows that DDI could lead to structural change in labour markets, and discusses the implications with regard to skills. It then focuses on data specialist skills and competence, the lack of which could prevent economy-wide adoption of DDI and the (re-)creation of jobs. Finally, the chapter discusses the policy challenges for promoting DDI while smoothing structural adjustments, focusing on challenges in i) addressing wage and income inequalities, and ii) satisfying skills and competence needs.

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