

[IZA News](#)[About IZA](#)[Organization Chart](#)[People](#)[Research](#)[Labor Policy](#)[Publications](#)[Discussion Papers](#)[Policy Papers](#)[Standpunkte](#)[Books](#)[Research Reports](#)[IZA Compact](#)[IZA in the Press](#)[Publication Record](#)[Journals](#)[Events](#)[IZA Prize / YLE Award](#)[Teaching](#)[Links / Resources](#)[Press](#)

# IZA



## The Role of Sectoral Growth Patterns in Labor Market Development

by Francisco Javier Arias-Vazquez, Jean Nahrae Lee, David Newhouse  
(October 2012)

### Abstract:

This paper investigates the relationship between sectoral growth patterns and employment outcomes. A broad cross-country analysis reveals that in middle-income countries, employment responds more to growth in less productive and more labor-intensive sectors. Employment in middle-income countries is susceptible to a resource curse, and grows rapidly in response to manufacturing and export manufacturing growth. Within Brazil, Indonesia, and Mexico, the effects of different sectoral growth patterns are context dependent, but differences in sectoral growth effects on employment and wages are substantially reduced in states or provinces with higher measured labor mobility. Consistent with this, aggregate employment and wage effects of growth by sector are close to uniform when examined over longer time horizons, after labor has an opportunity to adjust across sectors. The results reinforce the importance of growth in more labor-intensive sectors, and suggest that job mobility may be an important mechanism to diffuse the benefits of capital-intensive growth.

**Text:** See [Discussion Paper No. 6926](#)



[Back](#)