

# Tomorrow @ Work: What to be expect after Covid-19?

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## Global labour markets have not yet recovered to pre-crisis levels...

Change in global working hours (adjusted for population aged 15–64) relative to 2019 Q4 (percentage)

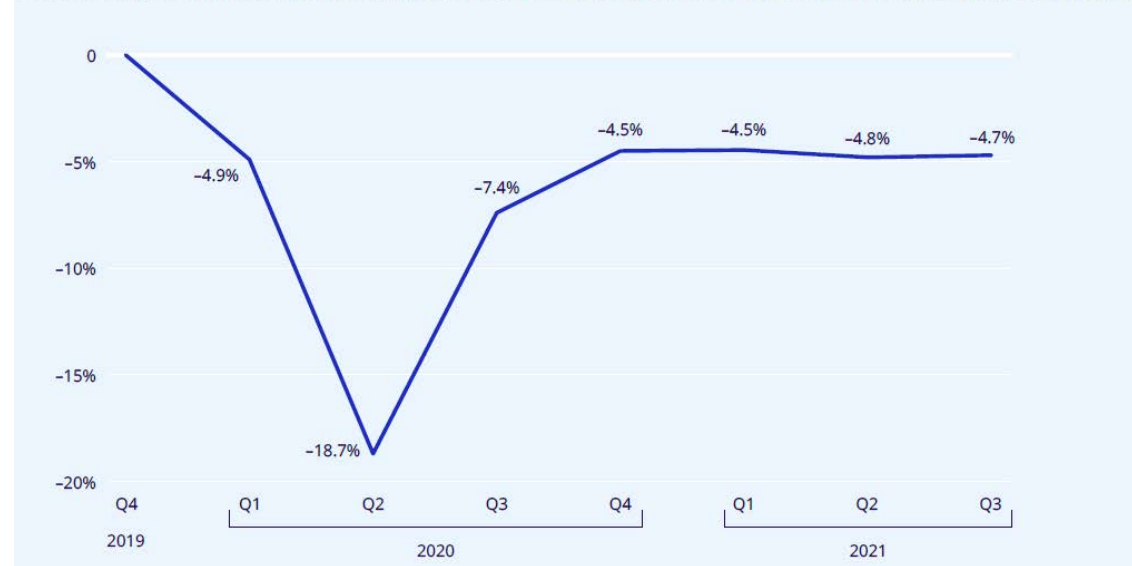
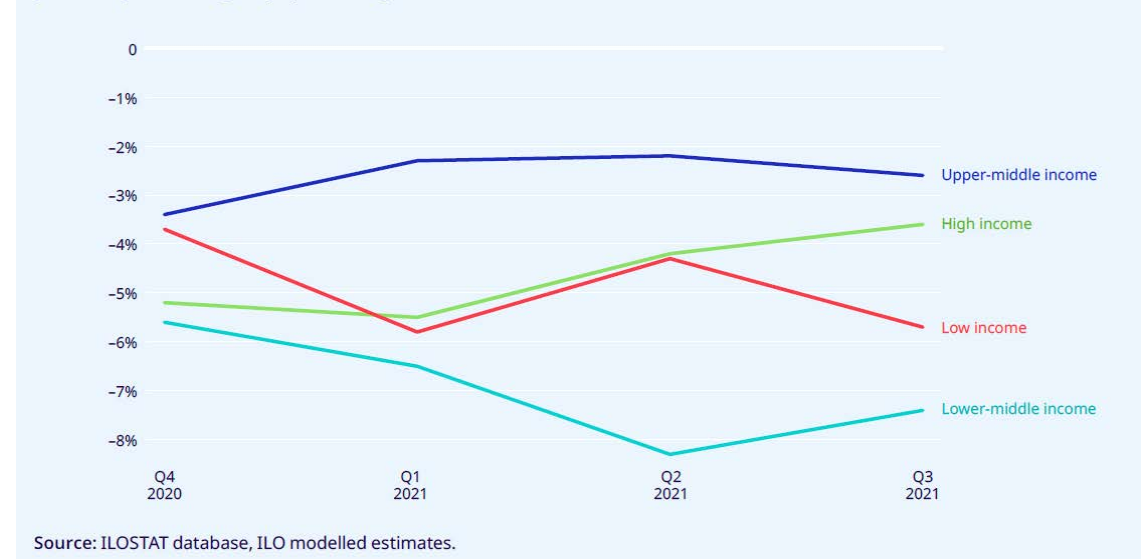


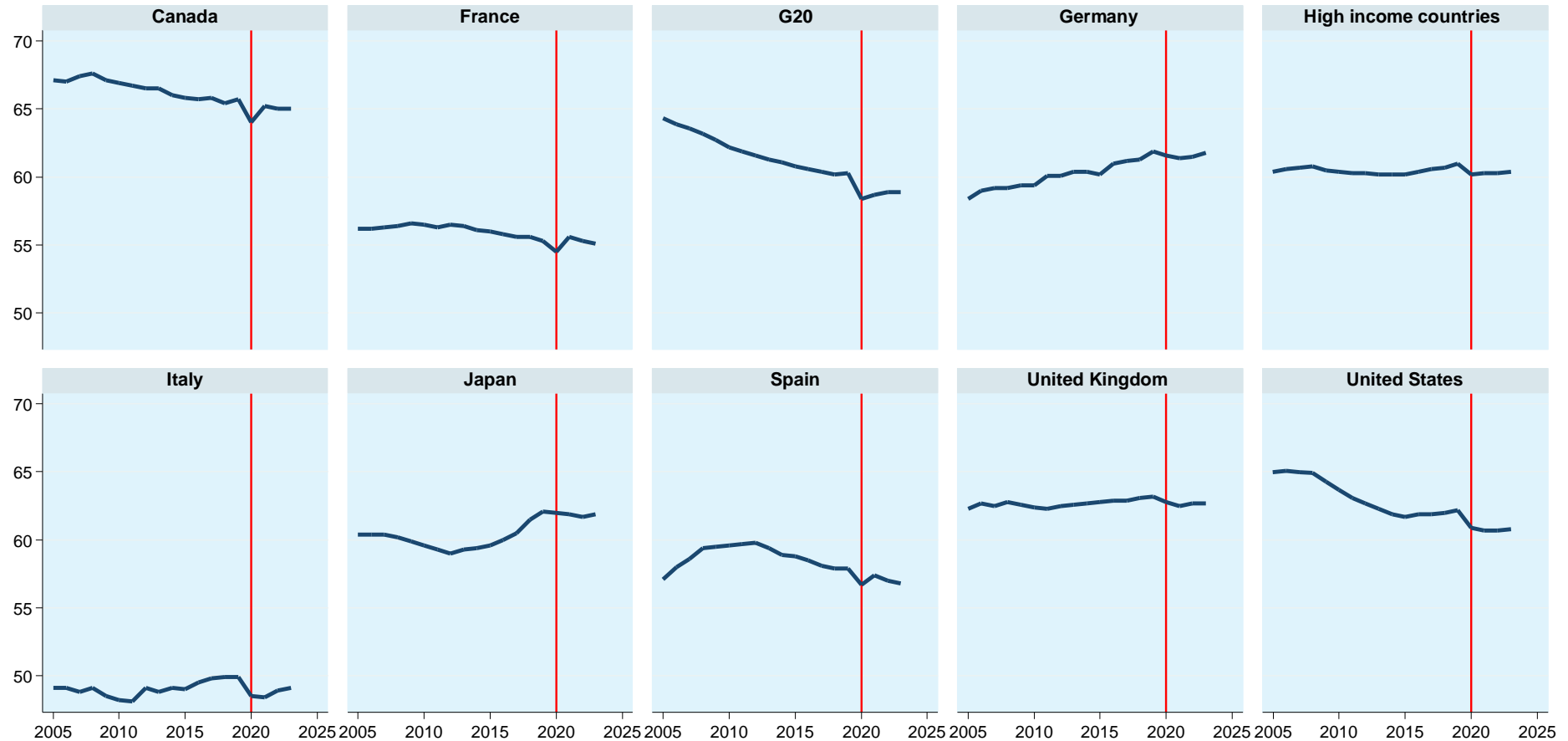
Figure 4. Change in working hours relative to 2019 Q4 (adjusted for 15–64 population), by country income group (percentage)



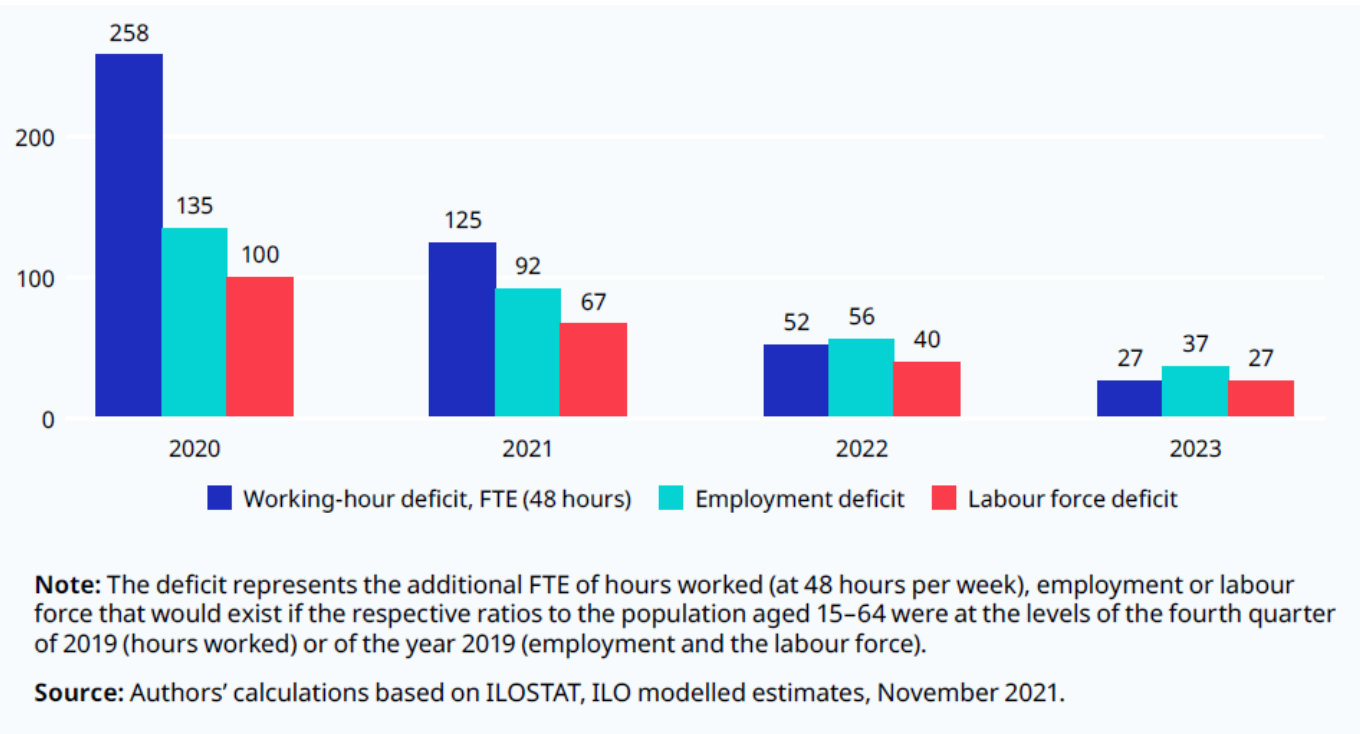
## ...and countries taken different recovery pathways

### Labour force participation rates

*(in % of working age population)*



## Labour markets deficits remain large

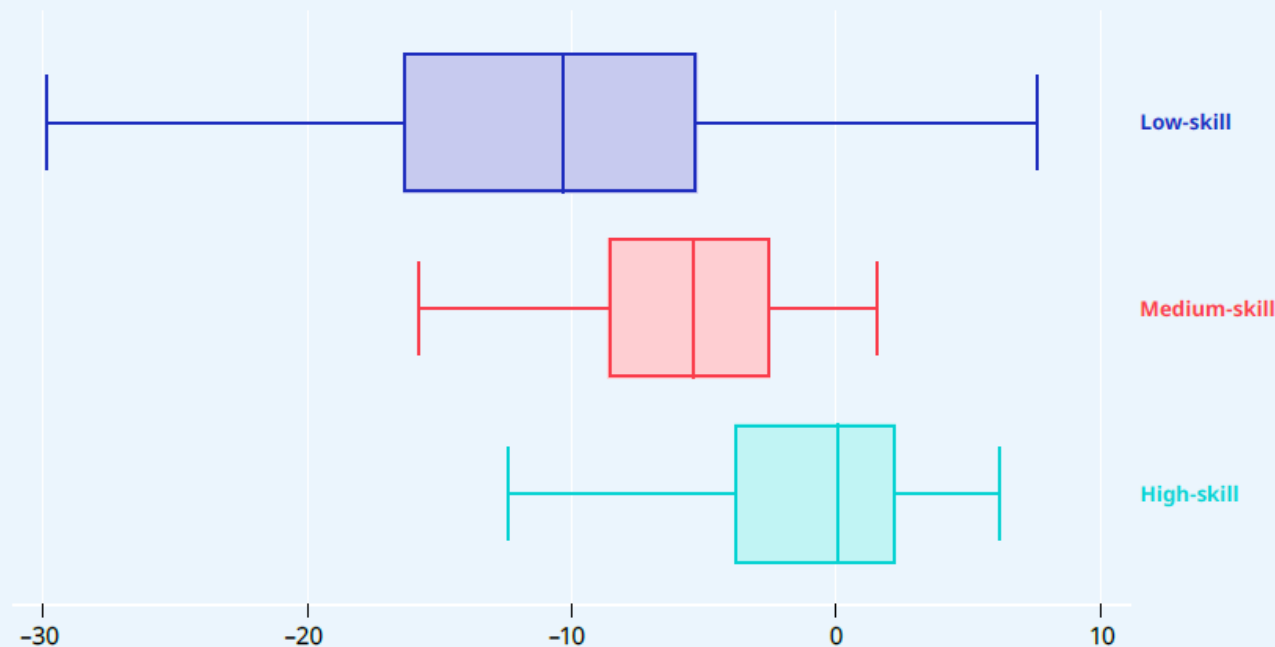


### Shifts in demand and rise in remote work

- Number of hours worked remain depressed
- Not everybody has returned to work
- Job growth not sufficient to close the gap

## ▶ Low-skilled workers particularly hard hit...

Figure B2. Country-level changes in employment, by skill level, second quarter of 2020 (year-on-year) (percentage)



Low-skill = elementary occupations and skilled agricultural, forestry and fishery workers; Medium-skill = clerical support workers, service and sales workers, craft and related trades workers, plant and machine operators, and assemblers; High-skill = managers, professionals and technicians, and associate professionals. The skill levels are based on ISCO-08; see [ILOSTAT](#) for further details.

Note: The sample consists of 50 high- and middle-income countries and territories with employment data for the second quarter of 2020 disaggregated by occupation. The box graph should be read as follows: (a) the vertical line in the middle of the box represents the median value (50th percentile); (b) the left-hand side of the box (whisker) represents the 25th percentile; (c) the right-hand side of the box (whisker) represents the 75th percentile; (d) the adjacent lines to the left and right of the box represent the lowest and highest values, respectively.

Source: ILOSTAT database, accessed 12 January 2021.

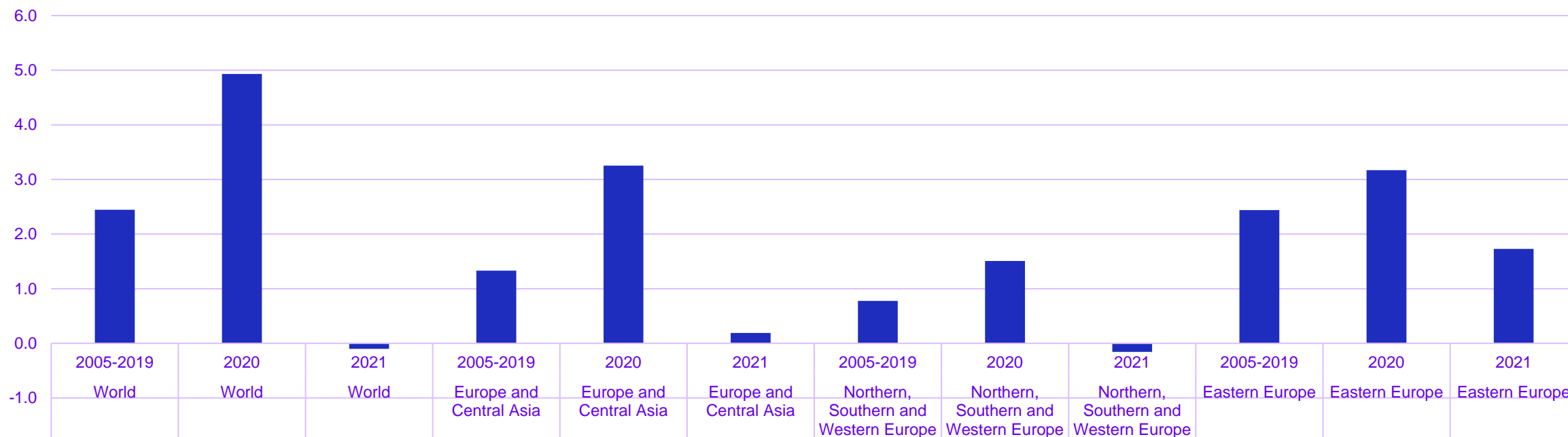
## ...by the asymmetric effect of Covid-19...

	Hospitality	Other services	Construction	Trade and repair	Manufacturing	Education	Logistics	Business services	Agriculture	Public administration	Utilities	Health and social work	Mining	Finance and insurance	
<b>Risk of automation</b>	↓	↘	→	→	↓	↓	↑	↘	↓	↗	↑	↑	↑	→	→
<b>2020Q2</b>	-33.0	-20.8	-14.8	-13.0	-11.9	-11.4	-9.8	-7.9	-6.9	-4.2	-3.5	-3.4	-2.4	-0.5	
<b>2020Q3</b>	-17.5	-9.1	-4.0	-4.9	-4.4	-1.3	-3.7	-4.0	-4.3	1.5	0.7	0.2	-1.6	2.2	

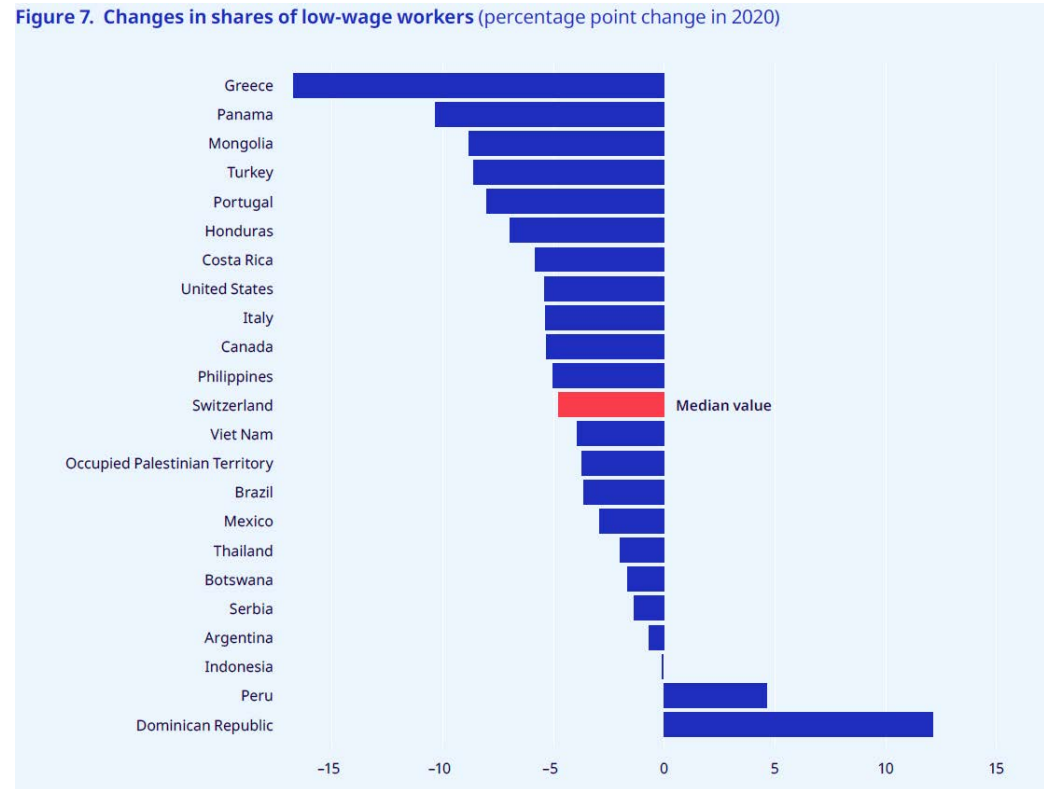
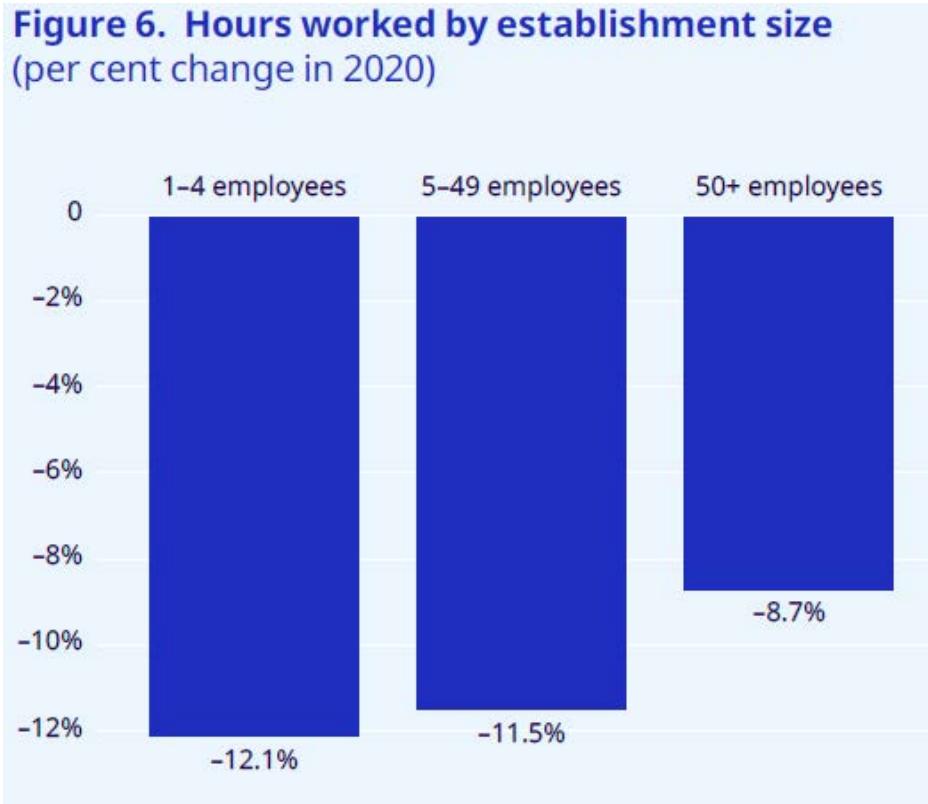
**Sectors with highest job losses also those most at risk from automation!**

## ...leading to large swings in productivity growth...

Annual growth of output per hour worked



## ...mostly among small firms and low-wage workers





## A She-cession?

### Northern, Western and Southern Europe

$$\Delta EPR_{\text{Female}} = 0$$

$$\Delta EPR_{\text{Male}} = -0.6\text{pp}$$

Indicator	Unit	Female (age 15+)				Male (age 15+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	104.4	103.7	104.6	104.9	120.3	119.0	119.6	120.0
Labour force participation rate	Per cent	52.9	52.4	52.8	52.8	64.3	63.4	63.6	63.6
Employment	Millions	96.9	96.0	96.6	97.5	112.2	110.4	111.2	112.2
Employment-to-population ratio	Per cent	49.1	48.5	48.7	49.1	60.0	58.9	59.1	59.4
Unemployment	Millions	7.5	7.8	8.0	7.5	8.1	8.5	8.5	7.8
Unemployment rate	Per cent	7.2	7.5	7.7	7.1	6.7	7.2	7.1	6.5

Indicator	Unit	Female (age 15+)				Male (age 15+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	68.6	67.8	67.4	67.2	76.4	75.6	75.1	74.9
Labour force participation rate	Per cent	52.2	51.8	51.6	51.6	67.8	67.3	67.0	67.0
Employment	Millions	65.4	64.1	63.8	63.9	72.7	71.3	71.1	71.2
Employment-to-population ratio	Per cent	49.8	49.0	48.8	49.0	64.5	63.5	63.5	63.7
Unemployment	Millions	3.1	3.7	3.6	3.3	3.7	4.2	3.9	3.7
Unemployment rate	Per cent	4.6	5.5	5.3	4.9	4.8	5.6	5.2	4.9

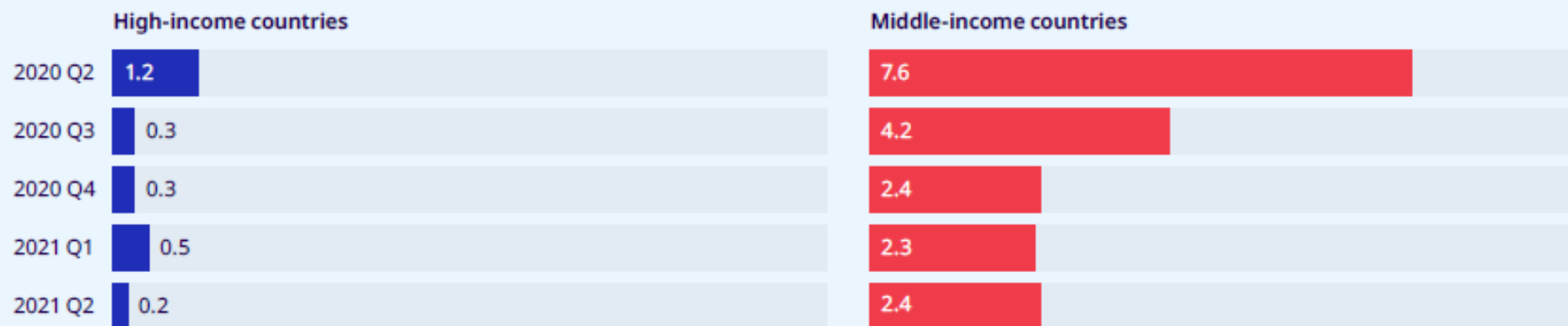
### Eastern Europe

$$\Delta EPR_{\text{Female}} = -0.8\text{pp}$$

$$\Delta EPR_{\text{Male}} = -0.8\text{pp}$$

## ▶ A Great resignation? Not in high-income countries

Figure 10. Change in inactivity rate, by country income level, 2020 Q2–2021 Q2 (percentage points)

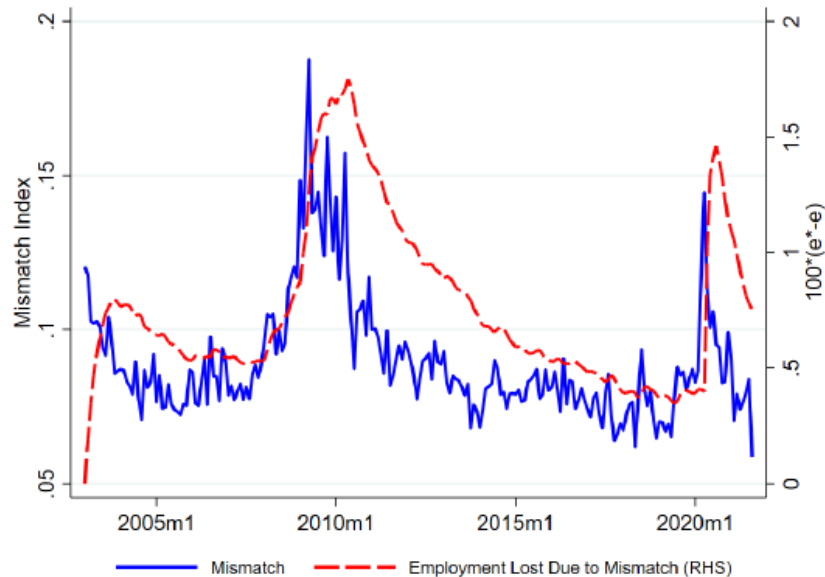


**Note:** Sample of 39 countries (30 high-income and 9 middle-income countries) is balanced over the period 2019 Q1–2021 Q2; the unweighted median value (not simple average) in this sample is used to minimize the impact of outliers. The figures presented are the differences in the inactivity rate (percentage points) relative to the same quarter in 2019.

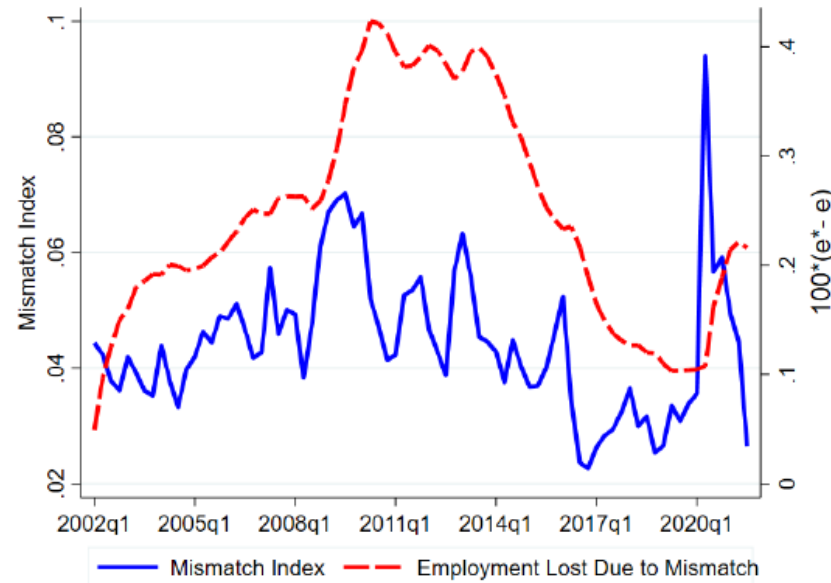
**Source:** ILOSTAT; authors' calculations.

## ► Labour market mismatch – Has the crisis become structural?

US



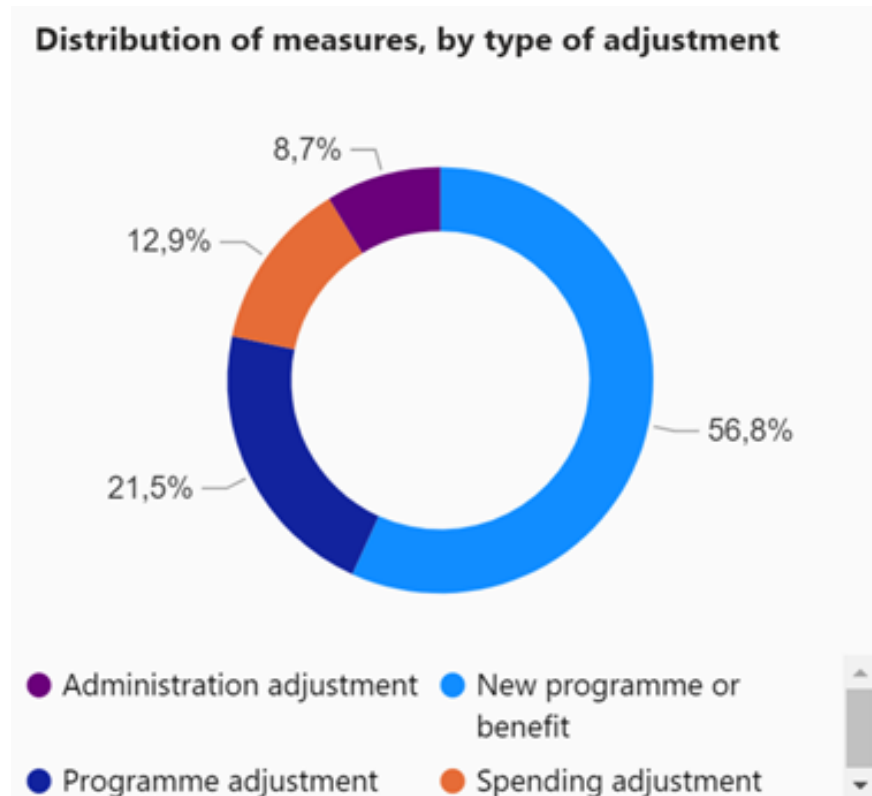
UK



- Mismatch between supply and demand only temporary
- Total loss in employment due to mismatch less pronounced than during the financial crisis
- Automation did not seem to have accelerated

## Policy innovations

### Social protection measures



### Extending fiscal support:

#### ► Social intervention funds:

Attract international remittances and donor money in low-income countries

Nigeria: Solidarity Support Fund (NSSF) to attract donations from nationals, the diaspora, multinational donors, philanthropists and international businesses

Ghana: COVID-19 National Trust Fund to collect donations from both domestic individuals and businesses as well as the international diaspora

## Social protection measures in Eastern Europe and Central Asia

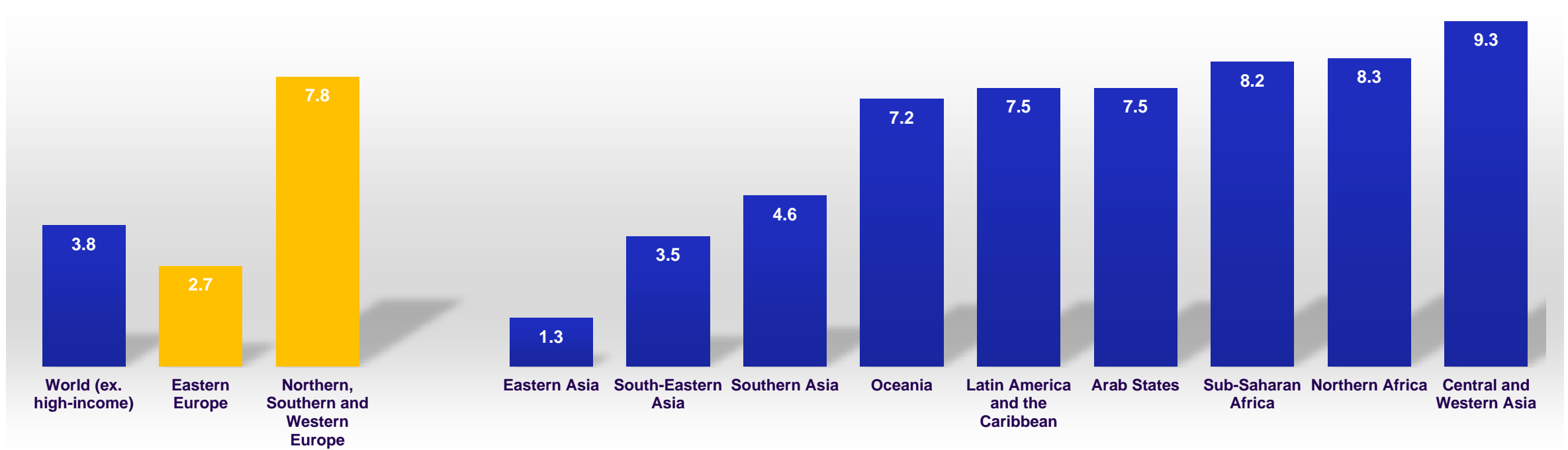
Country	Temporary wage subsidy	Relief on social security contribution payments	Sickness benefits	Unemployment benefits	Non-contributory cash benefits	Additional cash benefits for pensioners	
Albania	○	...	...	○	○	○	
Armenia	△	△	...	△	○	△	
Azerbaijan	△	△	...	△	△	△	
Belarus	...	△	...	△	...	△	
Bosnia and Herzegovina	FBiH	○	○	...	○	...	△
	RS	○	○	...	○	...	△
Georgia	△	△	...	△	△	△	
Kazakhstan	○	△	...	○	○	△	
Kyrgyzstan	○	△	...	△	○	△	
Montenegro	○	○	...	○	○	○	

Country	Temporary wage subsidy	Relief on social security contribution payments	Sickness benefits	Unemployment benefits	Non-contributory cash benefits	Additional cash benefits for pensioners
North Macedonia	○	○	...	○	○	○
Republic of Moldova	△	○	...	○	○	...
Russian Federation	△	△	○	○	○	△
Serbia	○	...	...	...	○	○
Tajikistan	△	△	...	...	△	△
Ukraine	△	△	...	○	○	○
Uzbekistan	○	△	...	○	○	△

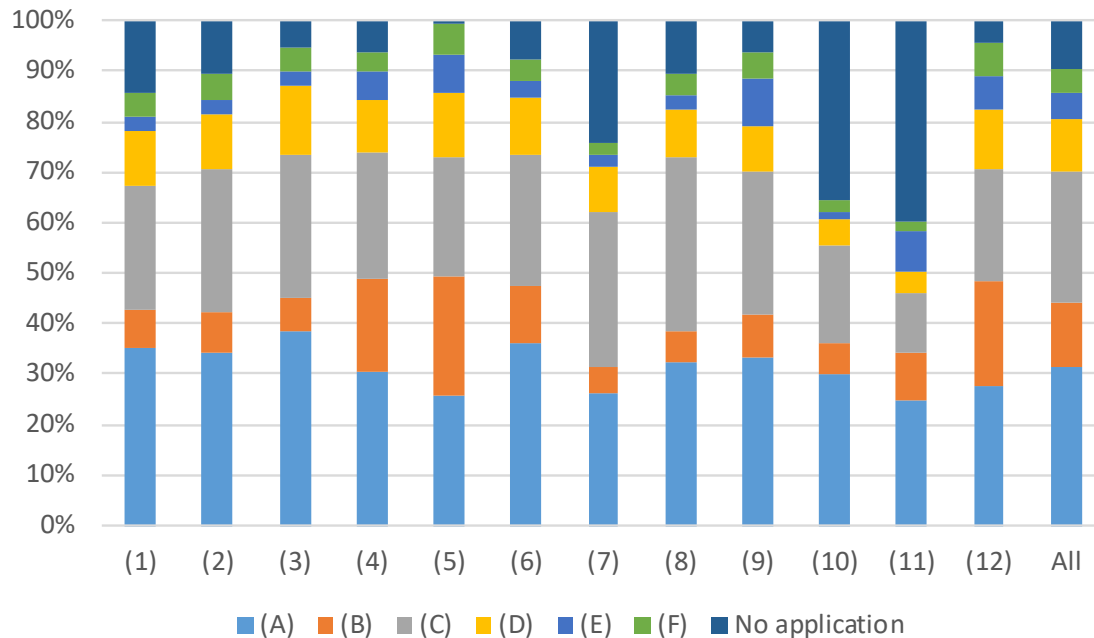
**Notes:** ○ = major amendments in benefit levels or eligibility criteria; △ = minor amendments; ... = no change; ILO 2021d. FBiH = Federation of Bosnia and Herzegovina. RS = Republika Srpska.

**Sources:** ILO staff compilations based on Gentilini, Dale, and Almenfi 2020; ILO 2021d.

## Funding gap



## Which measures proved effective so far? Example: United Kingdom



### Measures considered

- (A) Coronavirus Job Retention Scheme
- (B) Business rates holiday
- (C) Deferring VAT payments
- (D) Time To Pay scheme (income tax deferral)
- (E) Government-funded small business grant or loan schemes
- (F) Accredited finance agreements

### Industry break-down

(1) Manufacturing; (2) Utilities; (3) Construction; (4) Distribution and repair; (5) Hotels and restaurants; (6) Transportation and storage; (7) Information and communication; (8) Professional services; (9) Administrative and support services; (10) Education; (11) Health and social work; (12) Arts, entertainment and recreation

## Fiscal stimulus worked...but health measures remain important

Figure 12. Relationship between fiscal stimulus (per cent of GDP) and average change in working hours (per cent), 2020 Q2–2021 Q1 relative to 2019 Q4

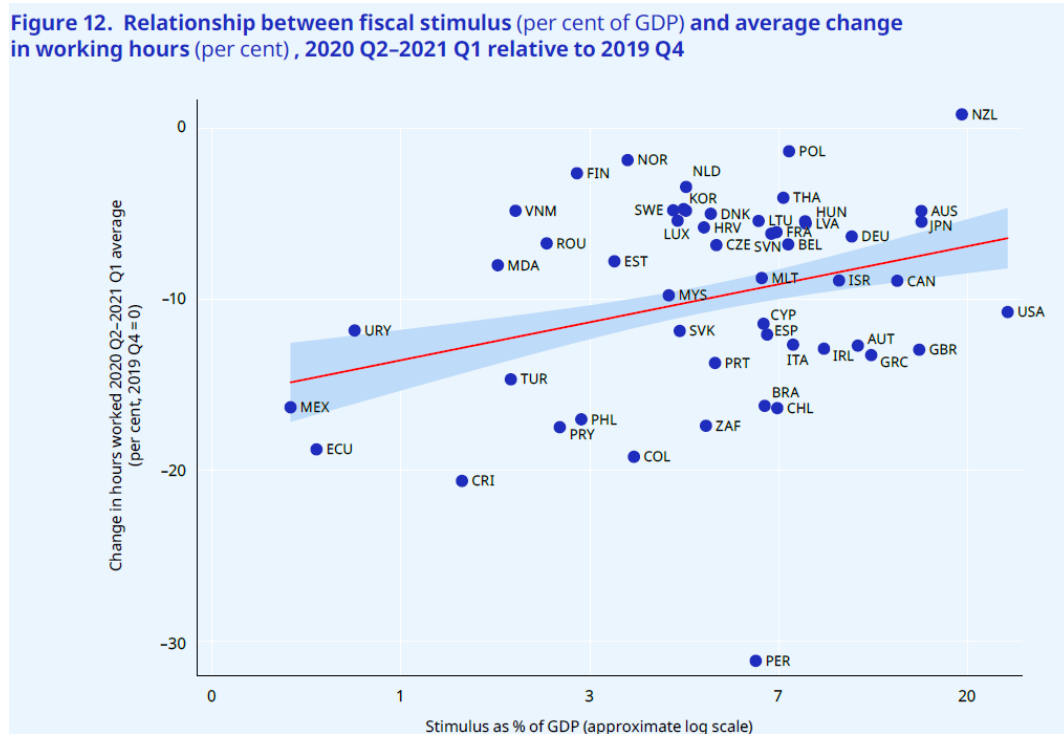
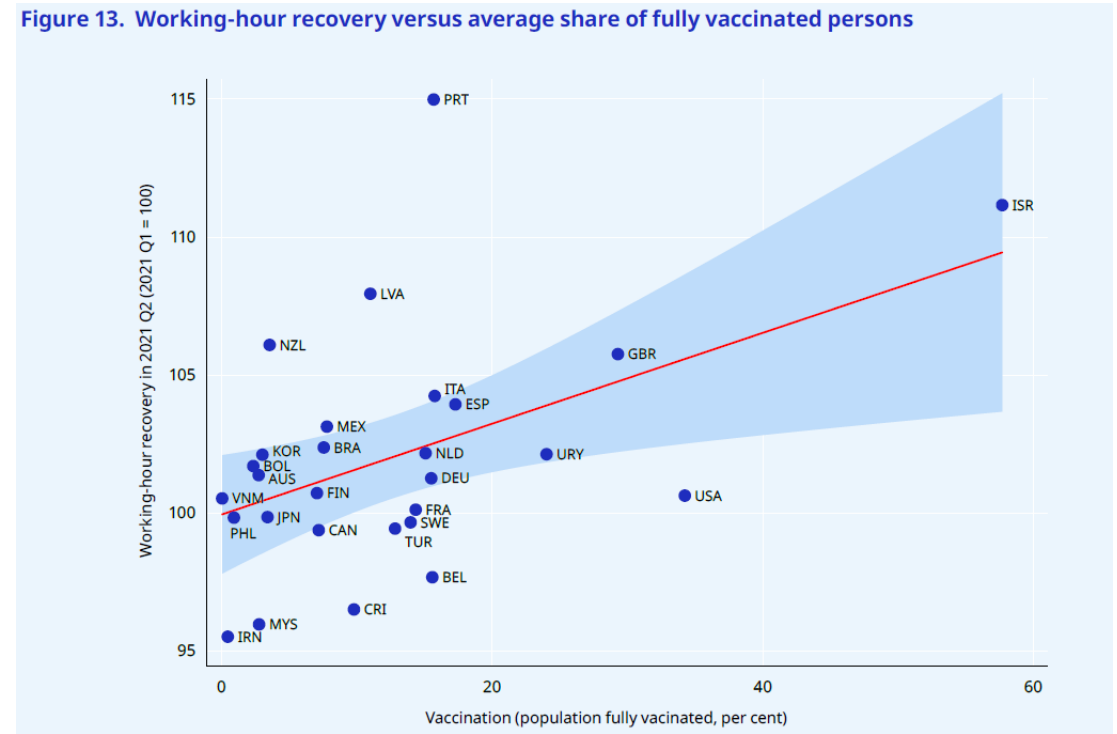


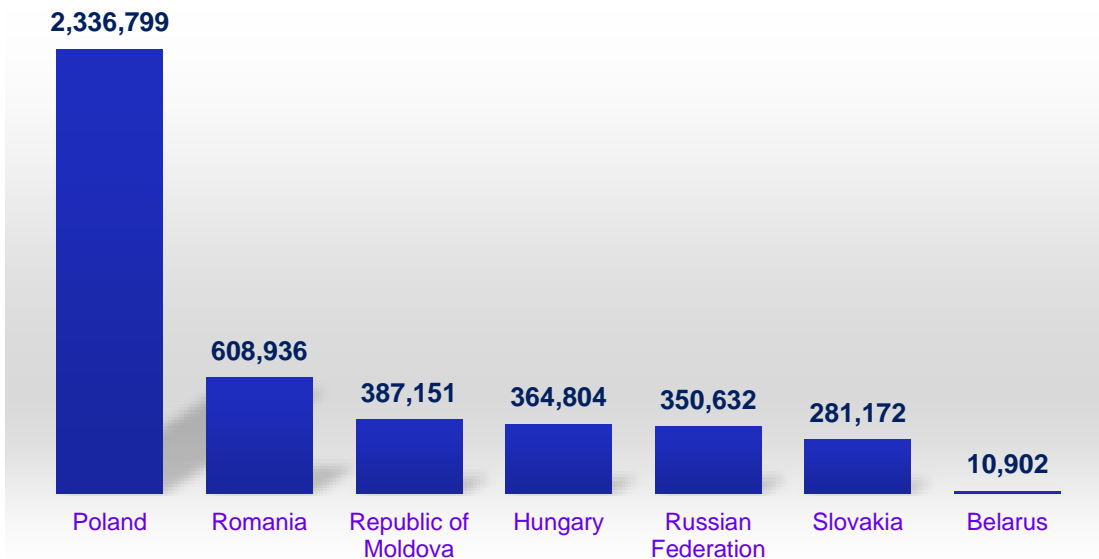
Figure 13. Working-hour recovery versus average share of fully vaccinated persons



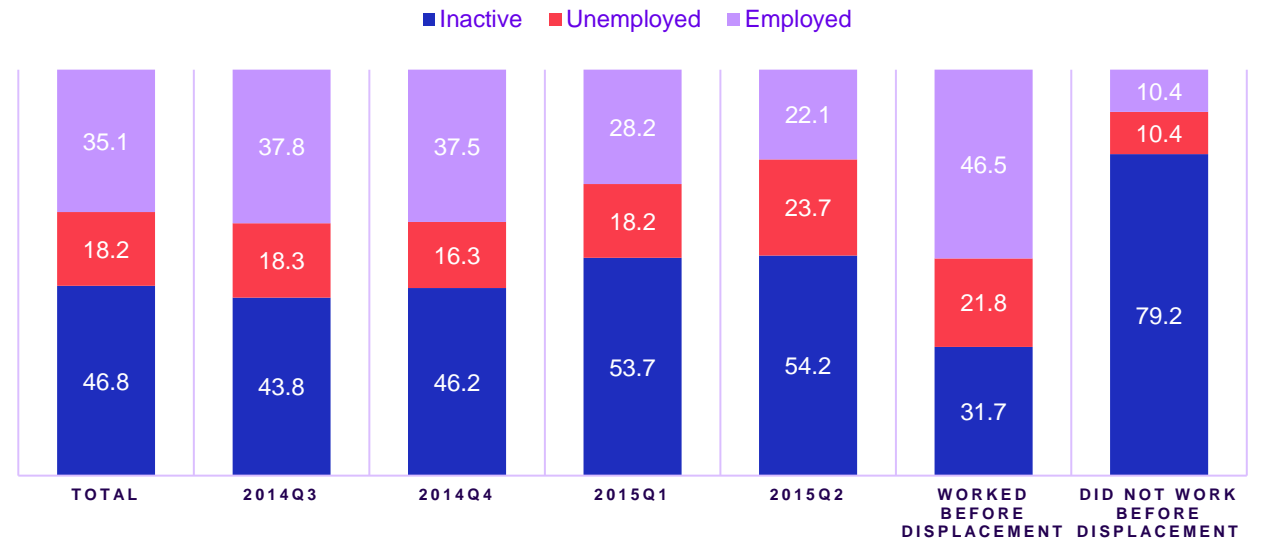


## Current challenges: Integrating refugees from Ukraine

### Number of refugees (29 March 2022)



### What do we know from the past?



Labour market status of IDPs after the 2014 occupation of Crimea, Donetsk and Luhansk

## ▶ What's next?

### **Ongoing Covid pandemic continues to weigh on labour supply**

Bottlenecks in specific sectors (logistics, health care, education)

Asynchronous infection waves significantly disrupt global supply chains

### **Macro policies become uncoordinated**

Monetary policy to become restrictive to weigh on accelerating inflation

Fiscal support to remain or to be expanded, especially in Europe (war economy)

### **Significant drag on aggregate productivity growth and (real) wages**

Adjustment to asymmetric shock (sectoral, work arrangements)

Imperfect pass-through of prices on wages due to market concentration