

Policy Brief: The World of Work and COVID-19

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The COVID-19 pandemic has turned the world of work upside down. It is having a dramatic effect on the jobs, livelihoods and well-being of workers and their families and on enter-

including low wages, increased care burdens and opportunity costs of working, especially given the gender pay gap, as well as existing obstacles to the formal economy. Persons with disabilities, already facing exclusion in employment, are also more likely to experience greater

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The long-term impacts are also of concern. These challenges will have a severe impact on efforts to reduce poverty and inequality, putting SDG achievement further at risk. They also risk **adding fuel to an already burning**

work. Despite its promises, globalization – per-

economy over the last several decades - and

omies. In many countries, income inequality has been rising steeply since the 1980s. The global labour income share was 51.4 percent in 2017, down from 53.7 percent in 2014, while the remaining capital share increased⁴. Before the crisis hit, 7.1% of the world's workers were living in extreme poverty⁵. Women were almost half as likely to be employed as men and were overrepresented in low-paid, unprotected jobs. 267 million young people were not in employment, education or training⁶. International Trade Union Confederation research suggests that as many as 107 countries may still be excluding groups of workers from the right to establish or join a trade union.⁷

At the same time, the current crisis shows how much economies and labour markets depend on each other. This interdependence should

more inclusive and sustainable world for all.

COVID-19 also accelerated certain trends, particularly digitization and the move to remote work, in some cases auguring a promising

1. PROVIDE IMMEDIATE SUPPORT FOR AT-RISK WORKERS, ENTERPRISES, JOBS AND INCOMES

Urgent steps are required in the short-term to avoid enterprise closures, job losses and income decline and mitigate the shift in work and labour into the domestic sphere. Interventions should build on existing institutions, while steering workers and enterprises towards sustainable development for a better and stronger recovery.

2. ENSURE A COMPREHENSIVE APPROACH TO RETURNING TO WORK

Combatting the pandemic and restarting the economy are not competing priorities. On the contrary, they must go together. Returning to work does not mean giving up on protecting the health of workers or forgoing hard-won gains to suppress the spread of the virus. And protecting health does not mean keeping enterprises and economic activity locked down. Policies should ensure that both happens at the same time. A holistic view will be needed as key decisions are taken. For instance, decisions on reopening schools should consider prospects on care provision that will likely hamper women's return to work.

3. CREATING DECENT AND PRODUCTIVE JOBS FOR A GREEN, INCLUSIVE, AND RESILIENT RECOVERY

The world of work will not and should not look the same after this crisis. The fragilities and fault lines exposed by the crisis need to be tackled. What is needed is a coordinated global, regional and national effort to create decent and productive jobs for all as the foundation of a green, inclusive and resilient recovery. In doing so, demographic shifts in ageing societies as well as the transition towards climate neutral economies, which saw increased support from wide parts of societies before the crisis began, need to be considered. Decisions taken now will have dramatic implications for current and future generations.

1. Global Context: The world of work before COVID-19⁸

The world of work before COVID-19 was riddled with inequalities and problems.⁹ Only 57 percent of people of working age (3.3 billion people, 1.3 billion women and 2.0 billion men) were employed. 188 million were unemployed¹⁰. The majority of those with a job worked in the informal economy, most without rights at work, without social protection and earning

low wages that trapped them in poverty. For instance, more than 85 percent of African workers were informally employed and informality was also the reality for the majority of people in Asia, Latin America and the Middle East. Informal employment was particularly high among women (62 percent), and dominant in agriculture and services. Skills mismatches

FIGURE 1: GLOBAL LABOUR MARKET INDICATORS BEFORE COVID-19

Working-age population: 5.7 billion

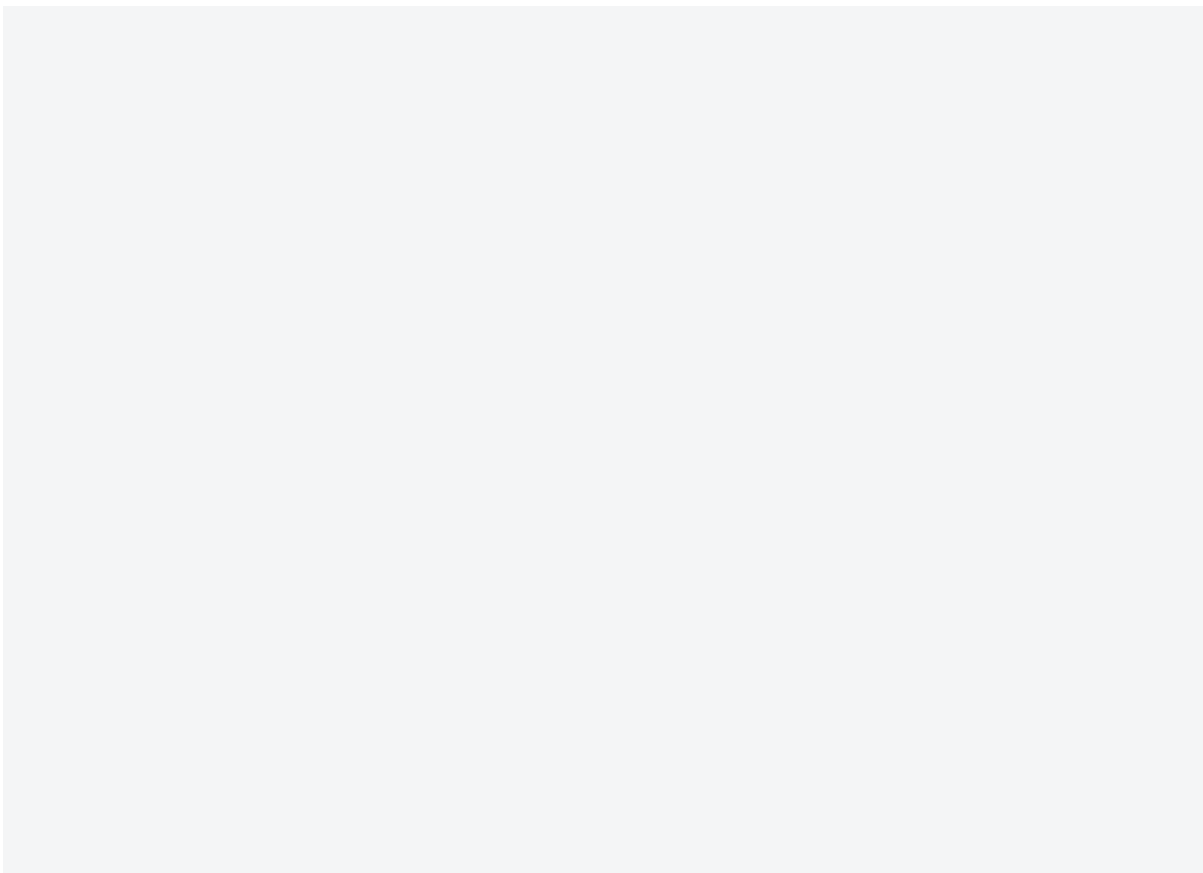


were a common challenge all over the world. Involuntary temporary and part-time work, as well as new forms of work, were on the rise, leading to a feeling of increased insecurity amongst workers and enterprises, especially micro, small and medium sized enterprises (MSMEs).

Some groups of the population were particularly disadvantaged and the next chapter

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Policymakers responded decisively to COVID-19

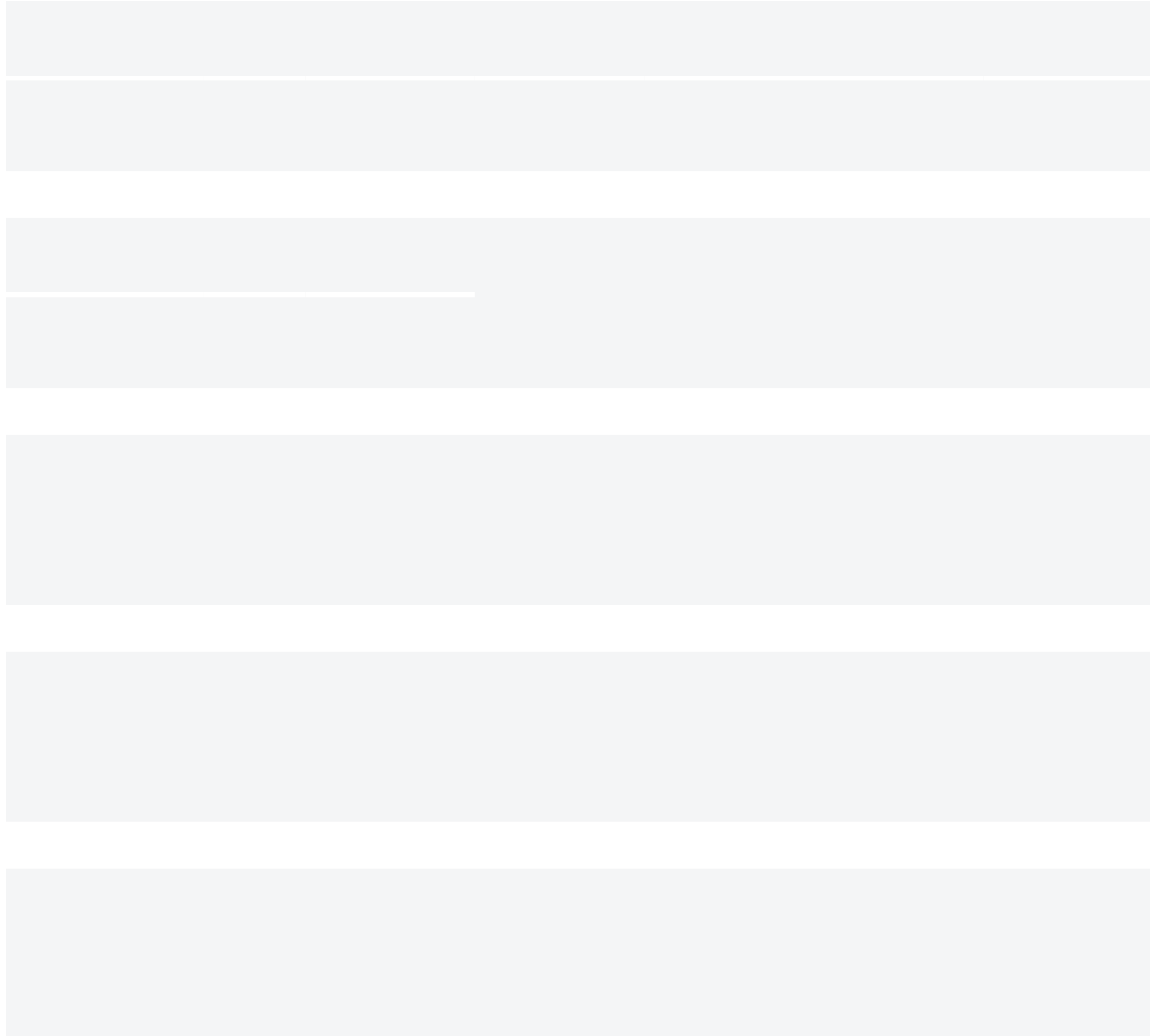


jobs. Where social protection systems were weak or absent, millions of people have been left without an income. Unemployment is already skyrocketing in many countries and hours worked in all countries and regions are estimated by the ILO to have fallen dramatically by 10.7 percent in the second quarter of 2020 relative to the last quarter of 2019, which is equivalent to 305 million full-time jobs (assuming a 48-hour working week).¹³

The pandemic has exposed inequalities and

Economic sector	Current impact of crisis on economic output	Baseline employment situation (global estimates for 2020 prior to COVID-19)			
		Level of employment (000s)	Share in global employment (percent)	Wage ratio (av. monthly sector earnings/av. total earnings)	Share of women (percent)
Education	Low	176560	5.3	1.23	61.8
Human health and social work activities	Low	136244	4.1	1.14	70.4
Public administration and					

FIGURE 4: GENDER DIFFERENCES REGARDING THE IMPACT OF THE CRISIS IN THE INFORMAL ECONOMY



labour intensive and employ millions of often low-paid, low-skilled workers. Workers in the four sectors that have experienced the most “drastic” labour market effects of the disease and falling production are: food and accommodation (144 million workers), retail and wholesale (482 million); business services and administration (157 million); and manufacturing (463 million).

Tourism-related activities make a large contribution to GDP and employment in many regions. Directly or indirectly, tourism activities provide about 10 percent of all employment¹⁸. Since the onset of the COVID-19 crisis, international tourism has practically stopped. The majority of the workforce is employed in MSMEs, which have been disproportionately

affected.¹⁹ Across the world, women make up most workers in the tourism industry, especially in the low-wage part of this sector.

current risk (meaning the early phases of this crisis). However, over time some of the sectors will see an increased risk. **Agriculture** for example provides livelihoods to more than one billion people worldwide and remains the backbone of many low-income countries, accounting for 60.4 percent of employment and contributing up to two-thirds of gross domestic product in some countries. This sector risks losing jobs and livelihoods due to longer-term disruptions in trade and supply chains with devastating impact on already high poverty rates in rural areas²⁰.

In terms of **occupational health** risks, the hardest-hit workers are all those who are involved in essential production and services sectors that continue to work, often without the necessary social distancing, protective equipment and other OSH related measures. These frontline workers deserve special attention from governments to ensure maximum protection.

Informal economy workers hit hardest²¹

Informal economy workers are particularly vulnerable to lockdown measures. Their earnings

have declined by 60 percent globally (around 80 percent in Africa and Latin America) The ~~rate~~

widespread collapse of MSMEs that are the economic backbones and main job providers in many countries will have a strong impact on national economies and global growth prospects, on perceptions and expectations, and

be under strain as a result of non-performing portfolios. In some countries, a deterioration of systemic effects on the banking sector as a whole.²⁵

Approximately 47 million employers, some 54 percent of all employers worldwide, operate businesses in the hardest-hit sectors of manufacturing, accommodation and food services, wholesale and retail trade and real estate and business activities²⁶ which account for more than 30 percent of GDP on average.²⁷ An additional 389 million own-account workers are engaged in these four sectors. Taking together employers and own-account workers, some 436 million enterprises worldwide are operating and working in the hardest-hit sectors²⁸.

While small economic units around the globe play a major role as providers of jobs, particularly in low and middle-income countries,²⁹ and particularly for women,³⁰ they often lack access to credit, have few assets and are the least likely

the current crisis related stimulus packages.

Hardest-hit groups

In addition to the impacts associated with unpaid care work outlined above, women are overrepresented in the service sectors hit by the pandemic, such as retail, accommodation and food services, and domestic work. On the whole, almost half of all pre-crisis women workers are at high risk of being hit by the crisis. This disadvantage is unique to the COVID-19 crisis and

attributable to the concentration of women in service provision sectors, which are hardest-hit by lockdown measures. This is particularly the case in Northern America and in Europe, where more women than men are employed in at-risk sectors. Emergency and recovery meas-

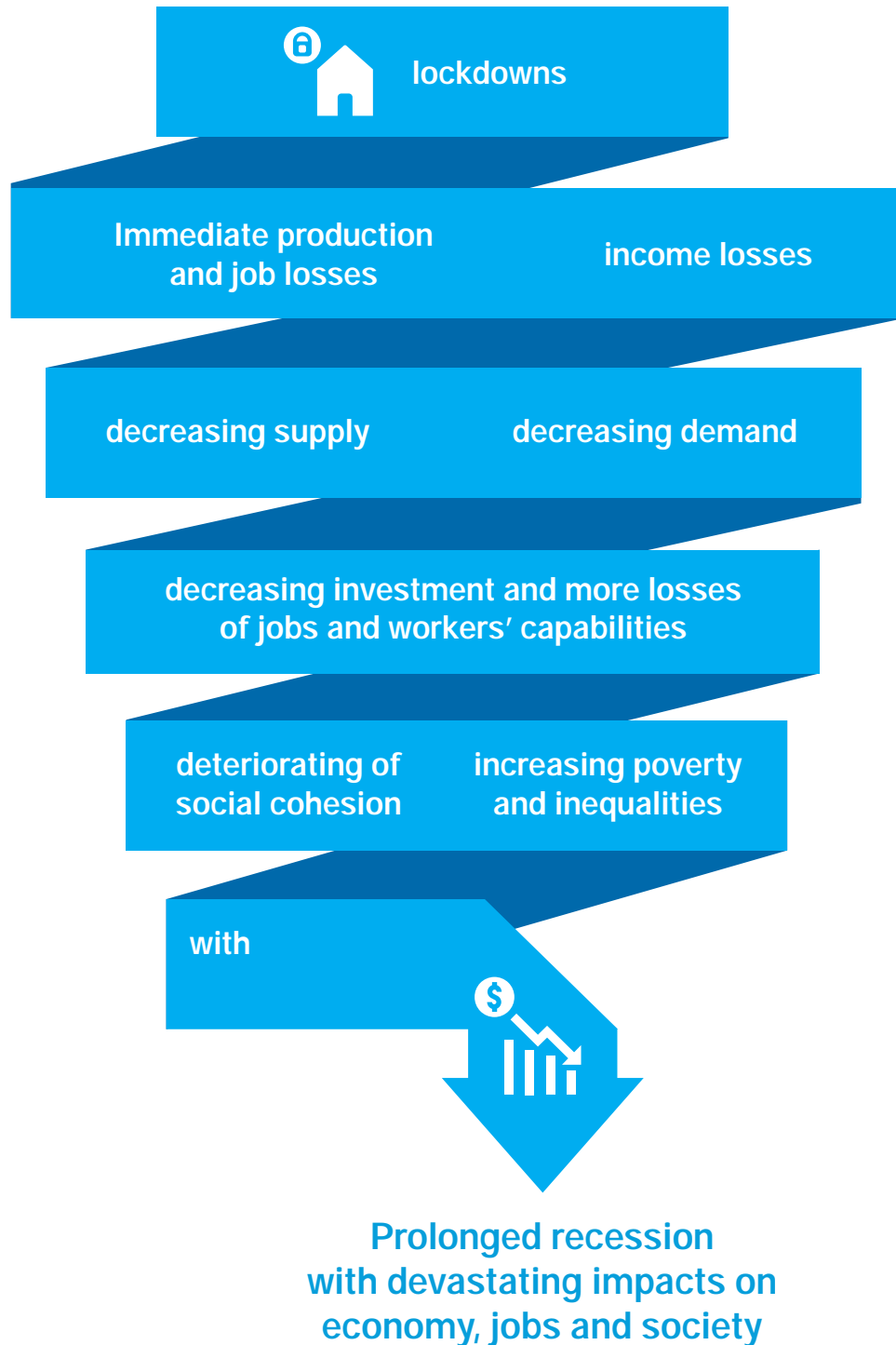
Young people are affected disproportionately during any crisis and even more so during the current crisis. Before the onset of the COVID-19 pandemic, 178 million youth around the world, or more than 4 out of every 10 young persons employed globally, were working in wholesale and retail trade, manufacturing, accommodation and food services and other services, including real estate, which have been hit hard by the crisis. Education and training of youth has been severely disrupted³¹

Refugees and migrant workers have been particularly affected by the economic consequences of the virus. They tend to be concentrated in sectors with high levels of temporary, informal or unprotected work characterised by low wages and lack of social protection, including in care work.³⁵ For many migrants, losing their jobs not only has direct implications for their own income situation but will also lead to declines in remittances. Getting their jobs back will be further hindered through the loss of visas, work or residence permits and renewals.³⁶ Refugees, meanwhile, often struggle with legal access to labour markets, inclusion in national social protection responses, access

movement. For many refugees, loss of income has led to an inability to meet basic needs.

There are over 67 million **domestic workers** worldwide, 75 percent of whom are working informally, 80 percent are migrants and the vast majority are women. These workers play a key role in ensuring the health and safety of the families and households for which they work, from cleaning and cooking, to caring for children, the ill and the elderly. Their physical proximity to the families in their care put them at an elevated risk of exposure to COVID-19. This risk is compounded when they care for the ill, have long commutes on public transportation, or work for multiple households. If they become ill, many domestic workers do not have access to health care, sickness

FIGURE 5: ECONOMIC CHANNELLING MECHANISMS - THE NEGATIVE EMPLOYMENT SPIRAL



able once immediate rescue measures lead to a reversal of the spiral described above.

A. PRIORITIZING IMMEDIATE SUPPORT FOR AT-RISK WORKERS, ENTERPRISES, JOBS AND INC

young people, migrant workers and other
ter labour markets once they are forced to
exit.⁴¹
needs of families with regard to child care.

- **Sustaining business (especially MSMEs') operations.** Concrete actions should support the implementation of health measures;

provide credit; avoid lay-offs; and incentivize innovative changes, for example, regarding workplace adjustments and alternative work modalities, teleworking arrangements, etc.

- **Avoiding increasing vulnerabilities through gender-responsive, inclusive, accessible and targeted measures, based on social dialogue.** Measures should be designed in a targeted manner. Formal and informal barriers that prevent vulnerable groups, including refugees and migrant workers, and especially women within these groups, from retaining or accessing jobs should be overcome. Dialogue between Governments, workers' and employers' organizations, and representative organizations of marginalized

groups (for example, organizations of persons with disabilities) will help to identify

work. While the recovery process is taking shape, they should have the opportunity to be (re-)trained, build digital skills and capabilities that help them to cope with the transition.

- **Flexibility in continuing alternative work modalities for populations-at-risk.** The elderly and those with existing health conditions, persons with disabilities, as well as employees who have continued caregiving responsibilities brought about by the pandemic or were already pre-existing should be given the possibility to participate in labour markets despite their inability to physically go to their workplace.
- **Look beyond the short-term impact.** From the very beginning, all of the meas

- **Job creation through greening economies and investments in nature.** With the right policies in place to promote greener economies, millions of new jobs can be created globally by 2030. In one estimate, renewable energy projects create twice as many jobs as fossil fuel investments.⁴⁸ These new jobs can be created by adopting sustainable practices in the energy sector, including changes in the energy mix, promoting the use of electric vehicles and improving the
⁴⁹ Investing in a balance of diverse forms of sustainable infrastructure and low-emission building materials will also support employment creation and income generation.

away to provide (i) affordable internet access

Building the future we want through the creation of decent employment opportunities will only happen with the right policies in place. These policies should build on existing normative

1 ILO, 2020.

41 ILO, 2020. [COVID-19 cruelly highlights inequalities and threatens to deepen them.](#)

42 ILO, 2020. _____

