



SANGHEON LEE

DIRECTOR OF THE EMPLOYMENT POLICY DEPARTMENT  
OF THE ILO (INTERNATIONAL LABOUR ORGANIZATION)

## THE IMPACT OF COVID-19 ON THE WORLD OF WORK

**The pandemic hit all countries worldwide, with no different treatment for the European Union, but everywhere it hit the most vulnerable populations harder. In the short term, the consequences of the economic crisis are mostly negative, but Sangheon Lee looks back at the changes affecting the working world and foreshadows more positive trends.**

Discussions on the future of work were already prominent in political debates before the Covid-19 crisis. There was general agreement that four major drivers will determine our future world of work: technology, demographics, climate change and globalization. It was also generally accepted that these drivers could have both negative and positive effects - there will be winners and losers (and the latter are likely to include low-skilled occupations, poor households and disadvantaged groups).

Then the Covid-19 pandemic hit, with significant consequences both for the health of millions of people and - through the resulting lockdowns - their economies.

Recent progress on vaccinations has created hope that the crisis may be over some time in 2021. Hence, questions related to its impact on these drivers of change have become more pressing, especially since the majority of governments have committed to building a better future that is more inclusive, sustainable and fairer.

In the short term, the consequences of the pandemic are almost entirely negative. They are also universal, since literally all countries have been hit, in the developed and developing world. The first phase of the pandemic, in the early 2020, was characterised by radical workplace closures, lockdowns, tremendous working hour and income losses, increases in unemployment and inactivity, and rising poverty.

In all countries those groups that were disadvantaged before the crisis were hit hardest. This included young people, old people, women, migrants, people with disabilities and those classified as low-skilled.

Globally, working hour losses in the first quarter of 2020 (compared to the last quarter of 2019) were estimated by the ILO to be 5.6 per cent, equivalent to 160 million full-time jobs assuming a 48-hour week. In the second quarter the figures were 17.3 per cent (equivalent to 495 million jobs), and in the third quarter 12.1 per cent (equivalent to 345 million jobs). Upper-middle income countries were the hardest hit. The 27 countries of the EU saw losses of 4.8 per cent in the first quarter (equivalent to 7.4 million full-time equivalent jobs), 16.4 per cent in the second quarter, (equivalent to 25.2 million jobs) and 9.8 per cent (equivalent to 15.1 million jobs) in the third quarter. Luckily, in most European economies, job-retention schemes meant working hour losses did not automatically translate into unemployment.

However, there are indications that while many people did not become unemployed, they did become inactive, meaning they have given up hope of finding a job and had ceased looking. Past crises have shown that once people have become inactive, it is more difficult for them to re-enter labour markets.

But it may not all be bad news. There are three areas where people see crisis-related changes that might create more positive medium-to-long-term trends:

### 1. ACCELERATION OF TELEWORKING

Working from a distance and working at home are not new phenomena but there has been a massive increase in the number of people involved because of the pandemic. This may produce longer-term changes in a number of areas, including how people organize their work and where that work is performed. Surveys conducted in many European countries indicate that the majority of people experienced teleworking as something positive. The reasons given included additional freedom from direct control, greater independence, more flexibility, a better work-life balance and less time spent commuting. If these increased levels of teleworking continue, people may be able to live further from their workplaces. It is difficult to say what the impact of this will be, but increases in rural property prices are already being observed.

### 2. TECHNOLOGICAL PUSH

Those who began teleworking and students who had to switch to on-line education have had to equip themselves with the necessary technological tools and skills. As well as helping to overcome fears of and resistance to new technologies, this has also boosted demand for technology in many countries, and stimulated related investment.

However, not everyone was able to bridge the digital gaps. Many older people were literally cut off from everyday life because they did not have the equipment needed or were not capable of using it. Poor connectivity in some areas - notably rural places - also meant they could not profit from the changes. However, the highlighting of these deficits during the pandemic clearly showed where investment is needed to ensure global connectivity, and in most countries governments have announced new investments to cover the gaps. The technological push in education and training has also led to a re-thinking of ways to transfer knowledge, beyond the traditional.

### 3. INCREASED ENVIRONMENTAL AWARENESS

When the pandemic hit awareness of environmental issues was already very high on both political and public agendas, reflected in things such as the Fridays for Future Movement. The debate continued during the pandemic and seems to have led many countries to think seriously about a greener future and what it takes to get there. Initial analysis of some European Government policy responses shows an increased focus on environmental issues.

While these areas of crisis response reflect three of the four mega drivers of change mentioned above, the fourth, demographic changes, has

received relatively little attention, perhaps because there are fewer signs of positive outcomes.

Ageing societies will continue to be challenged by decreasing proportions of people with jobs compared to those without. The ratio can also be expected to worsen; in the short term because of the increase in unemployment and inactivity, and, in the longer

**THIS CRISIS HAS HELPED OPEN OUR EYES TO THE DIFFICULT SITUATION OF MANY VULNERABLE GROUPS. WE SHOULD USE THIS AWARENESS TO ENSURE THAT IN FUTURE THEY ARE BETTER INTEGRATED, TREATED FAIRLY AND ARE ABLE TO BENEFIT FROM STRUCTURAL TRANSFORMATION PROCESSES.**

term, because we expect young and older people will find it more difficult to enter or re-enter labour markets. Another aggravating factor will be the number of women dropping out of the labour market, and finding it hard to re-enter. All these elements will put further pressure on those in work.

Pension systems may also come under financial strain, because of high debt levels resulting from fiscal support and stimulus packages. Ageing societies, such as the majority of countries in Europe, will find this a particular challenge.

More youthful societies, who should be experiencing a demographic dividend, will face growing challenges related to finding decent work for their young people, particularly as many of them have experienced interruptions to their education and training. There is a high risk of a lost generation.

The movement of people also drives demographic change. Many migrant workers lost their jobs during the crisis. Other who managed to return to their home countries cannot find work there or travel back to find new jobs. The future for these migrant workers depends a lot on whether governments include them in national income and related policy responses in the short run and structural transformation policies in the longer run. The latter would include extending health services and social protection coverage to migrant workers, regularizing their status, ensuring they can access skills development, and addressing the special hazards created by living in communal or worksite housing.

This crisis has helped open our eyes to the difficult situation of many vulnerable groups. We should use this awareness to ensure that in future they are better integrated, treated fairly and are able to benefit from structural transformation processes. Unless this happens, recovery will not have the human face that the ILO's member States had in mind when they adopted the Centenary Declaration on the Future of Work. ●

<sup>1</sup> Figures from ILO Monitor 6th edition [https://www.ilo.org/global/topics/coronavirus/impacts-and-responses/WCMS\\_755910/lang-en/index.htm](https://www.ilo.org/global/topics/coronavirus/impacts-and-responses/WCMS_755910/lang-en/index.htm)

<sup>2</sup> ILO nowcasting model, calculated for this article

<sup>3</sup> [https://www.ilo.org/wcmsp5/groups/public/---ed\\_protect/---protrav/---migrant/documents/publication/wcms\\_743268.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---migrant/documents/publication/wcms_743268.pdf)