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

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

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

Source: ILOSTAT database, ILO modelled estimates.
...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

Note: The deficit represents the additional FTE of hours worked (at 48 hours per week), employment or labour force that would exist if the respective ratios to the population aged 15-64 were at the levels of the fourth quarter of 2019 (hours worked) or of the year 2019 (employment and the labour force).

Source: Authors’ calculations based on ILOSTAT, ILO modelled estimates, November 2021.
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.

…by the asymmetric effect of Covid-19…

<table>
<thead>
<tr>
<th>Risk of automation</th>
<th>Hospitality</th>
<th>Other services</th>
<th>Construction</th>
<th>Trade and repair</th>
<th>Manufacturing</th>
<th>Education</th>
<th>Logistics</th>
<th>Business services</th>
<th>Agriculture</th>
<th>Public administration</th>
<th>Utilities</th>
<th>Health and social work</th>
<th>Mining</th>
<th>Finance and insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020Q2</td>
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<td>0.2</td>
<td>-1.6</td>
<td>2.2</td>
<td></td>
</tr>
</tbody>
</table>

Sectors with highest job losses also those most at risk from automation!
…leading to large swings in productivity growth
Labour market mismatch – Has the crisis become structural?

- 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
Fiscal stimulus worked…but health measures remain important
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