European Foundation for the Improvement of Living and Working Conditions

The tripartite EU Agency providing knowledge to assist in the development of better social, employment and work-related policies

# COVID-19: labour market developments

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# Presentation

- What has happened?
- What are some key elements of the policy response?
- What is likely to change post-COVID?

- Sources: COVID-19: Implications for employment and working life (Eurofound, March 2021)
- "Teleworkability and the COVID-19 crisis: a new digital divide?" (European Commission-JRC/Eurofound, July 2020)
- Living, working and COVID – three online survey waves in April 20, July 20 and March 21

# Labour market impact of COVID

- Over 5 million fewer people in employment in 2020Q2, EU-27 – partial recovery since (-3.1m YOY in 2020Q4) but working hour reductions even bigger – temporary lay-offs
- Over ¾ of headcount decline accounted for by temporary workers.

# Labour market impact: Gender and age

| | Change (2019Q2-2020Q2) | | |
|---|---|---|---|
| **AGE+SEX** | **Employment** | **Weekly hours worked** | **Employed but did not work** |
| *Unit* | *%* | *Hours* | *Percentage points* |
| Male 15-24 | -7.1 | -0.1 | 11.1 |
| Female 15-24 | -8.0 | 0.1 | 11.9 |
| Male 25-54 | -2.6 | -1.3 | 9.0 |
| Female 25-54 | -2.7 | -0.7 | 10.3 |
| Male 55-64 | 0.9 | -1.3 | 8.5 |
| Female 55-64 | 0.8 | -0.6 | 9.6 |
| Male 65+ | -1.7 | -1.4 | 7.8 |
| Female 65+ | -4.7 | -0.9 | 9.3 |
| | | | |
| **EU27** | **-2.4** | **-0.9** | **9.6** |

# Labour market impact: Sectors

| Sectors - NACE2d - most affected by crisis | | | |
|---|---|---|---|
| | 2019Q2-2020Q2 | 2019Q2-2020Q2 | 2020Q2 |
| | **Headcount change** | **Working hours change** | **Furloughed worker share %** |
| Accommodation | -22.9 | -5.4 | 50.9 |
| Food and beverage service activities | -17.9 | -2.9 | 47.4 |
| Gambling and betting activities | -10.5 | -1.3 | 49.3 |
| Sports activities and amusement and recreation | -5.4 | -2.2 | 42.6 |
| Air transport | -9.3 | -6.8 | 44.8 |
| Travel agency, tour operator reservation | -19.9 | -7.2 | 39.5 |
| Other personal service activities | 6.6 | -1.7 | 35.3 |
| Manufacture of leather and related products | -9.2 | -0.7 | 31.3 |
| Creative, arts and entertainment activities | -7.0 | -3.6 | 34.4 |
| Manufacture of textiles | -1.3 | -2.3 | 24.8 |
| | | | |
| **Sectors - NACE2d - least affected by crisis** | | | |
| Telecommunications | 20.6 | -0.5 | 4.4 |
| Computer programming, consultancy and re | 18.5 | -0.4 | 1.1 |
| Insurance, reinsurance and pension fundi | 17.5 | -0.8 | 2.8 |
| Manufacture of basic pharmaceutical prod | 15.1 | -0.2 | 2.3 |
| Programming and broadcasting activities | 12.5 | -1.3 | 3.7 |
| Information service activities | 11.7 | 0.1 | 1.1 |
| | | | |
| **All sectors** | **-2.4** | **-0.9** | **17.0** |

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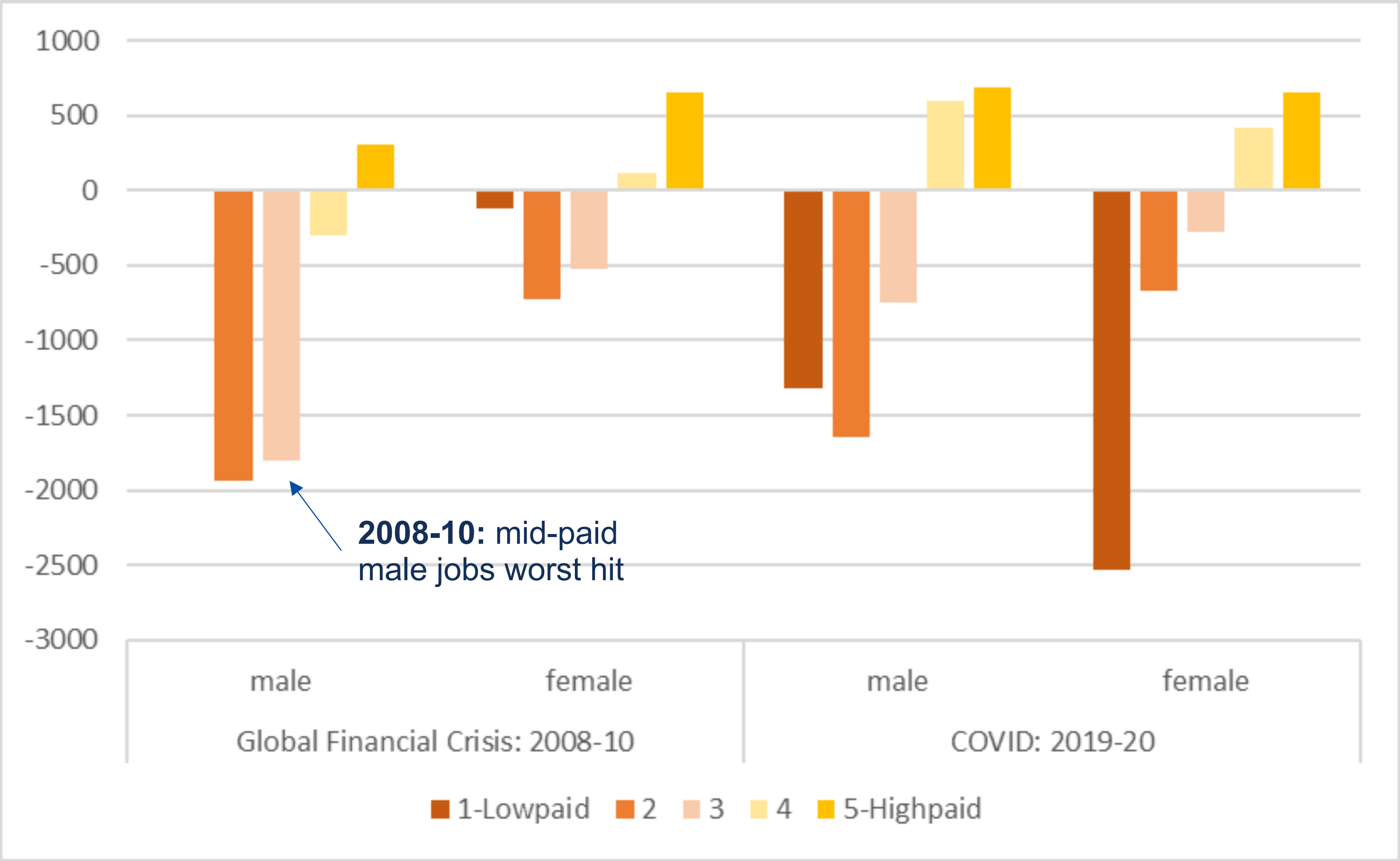

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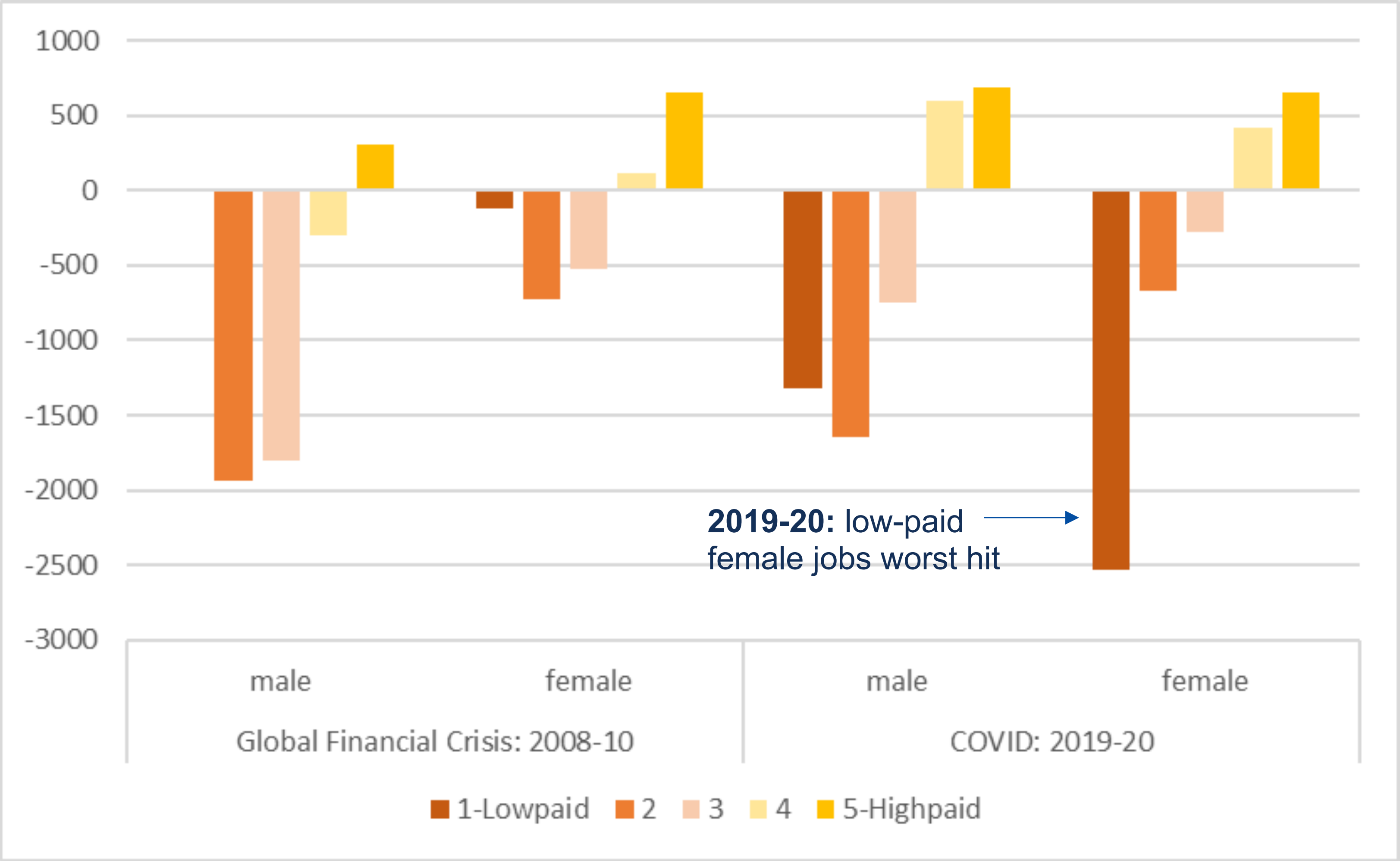

# Policy response: Protecting employment

- Short-time working schemes
  - In all member states
  - In various formats: temp wage subsidy, temp lay offs, ‘traditional’ STW schemes
  - Easing of conditions of access, extension of duration
  - Dismissal protection included in many countries
  - Over 40 million EU workers benefitted between March-Sep 2020 compared to <2m at peak of 2008-10 crisis
- Impacts:
  - Relatively limited increase in unemployment
  - OECD simulations estimate that short-time work subsidies reduce the share of jobs at risk by 10 percentage points from 22%.
  - beneficiaries less likely to experience financial hardship, help to support aggregate consumption and expressed greater trust in their governments (Eurofound Living, Working and COVID survey)

# Policy response: Income support for self-employed

- Lack of income protection for self-employed is long-standing policy concern and came to the fore during the pandemic
- Three quarters of Member States introduced income support schemes (among other supports) to prevent business failure – most are new, all are temporary,
- Less generous; low replacement rates compared to dependent employees
- Effectiveness impacted by eligibility features, eg.
  - Sectoral restrictions
  - Thresholds with regards to required reductions in revenue
  - Maximum and minimum income thresholds (size of turnover and income prior to the pandemic)

# A new ‘telework generation’

- Many more jobs would probably have been lost without teleworking. The share of workers working from home regularly went from around 5% to around 34% according to EF survey in July 2020.
  - Strongest predictors of teleworking: level of education, urban location, knowledge-intensive services sector
  - New ‘white collar’/’blue collar’ divide
- Most jobs that can be teleworked are ‘good jobs’ – most ‘essential services’ jobs cannot be teleworked …but  most jobs cannot be teleworked, are place-dependent
- 37% of employment teleworkable based on task-content at detailed occupational level (Eurofound-Commission JRC, 2020)

# What may change post-COVID?

- Spatial distribution of employment
  - US estimates – hours worked remotely to increase from 5.5% to 22% (Barrero et al, 2021)
- Remote work:
  - Employees: blurred work and life boundaries, surveillance / monitoring, ergonomics
  - Employers: administrative complexity, IT security ..

- Thank you for your attention

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*This presentation is done in total independence from the event organizer. I have no conflict of interest to declare regarding the current presentation*