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## World Employment & Social Outlook Trends 2023

**Originally published by: International Labor Organization**

### Introduction

The report delves into the ramifications of the economic and geopolitical crises on the labor market, including its scope and impact on various groups of workers. It examines regional disparities and global trends while highlighting the effects on job quality, productivity, and employment prospects. The report emphasizes the potential erosion of social justice worldwide due to these trends. By investigating the consequences of overlapping crises, it aims to provide a comprehensive understanding of the challenges faced by the labor market and the implications for the global economy.

### Key Highlights

- The global labor market is facing numerous challenges including COVID-19, supply chain bottlenecks, geopolitical tensions, and emerging stagflation. Despite recovery efforts, many countries still struggle to regain pre-pandemic employment and work hours while rising inflation threatens household livelihoods and aggregate demand. Supply chain disruptions exacerbate decent work deficits, gender gaps, and working poverty, especially in frontier markets.
- In 2022, the global jobs gap was 473 million people with a rate of 12.3%, mostly affecting women and developing countries. Only 47% of people have access to social protection, with 214 million workers living in extreme poverty. Young people and women face significant inequalities, and informal employment does not promote social justice.
- Global employment growth is hindered by multiple crises, including COVID-19, geopolitical conflicts, and high living costs. These have led to high inflation rates, reduced household income, and lower aggregate demand. Long-term structural changes, such as climate change and population ageing, are also affecting employment differently across income groups. Monetary policy tightening is causing financing conditions to tighten.
- Global employment growth is projected to slow significantly, with only 1% expansion in 2023 compared to 2.3% in 2022. High-income countries will see almost no employment growth, while low and lower-middle-income countries will exceed pre-pandemic trends. Labor market conditions are expected to improve in Africa and the Arab States but decline in Europe and Central Asia. Global unemployment is predicted to slightly increase in 2023, reaching 208 million with a 5.8% rate.
- In addition to the employment gap, the quality of jobs is also a major concern as people accept low-paying jobs with insufficient hours and limited social protection. The projected economic slowdown may further worsen job quality. The global economic deterioration is expected to exacerbate the decent work deficit in different regions, and inflation is causing real income losses for many workers, especially in poorer households. The slowdown in high-income countries is also affecting low- and middle-income countries through supply chain linkages, potentially reducing the quality of employment.

- The declining productivity growth in advanced and emerging economies is a challenge to tackle crises in well-being, ecological sustainability, and purchasing power. Additionally, the falling labor income share, increasing industrial concentration, and growing inequality pose challenges to enable the workforce to benefit from economic growth. Although the digital economy is rapidly innovating, it is concentrated among a few firms and lacks economy-wide spillovers. More policies and regulations are necessary to boost investment rates and productivity.
- The labor market outlook for 2023 is uncertain due to global economic risks. Low and middle-income countries may face declining real incomes, rising prices, and inequality, limiting employment creation and opportunities for youth. Governments need to prioritize a comprehensive labor market initiative and collaborate to ensure access to basic goods and services. A new global social contract is required to reduce the global jobs gap, protect real incomes, and address climate change threats.

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