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World Employment and Social Outlook Trends 2022

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The COVID-19 pandemic dominated the global economy for a second year in 2021, preventing a full and balanced recovery of labour markets. The pace at which the virus has been contained, such that the recovery is following different patterns across geographies and sectors. This report summary aims to focus on the effects felt in Asia and the Pacific. Many gains in decent work made before the pandemic have been significantly impacted upon, and pre-existing decent work deficits are dampening the prospects of a sustainable recovery in many regions. The global labour market outlook has deteriorated since the ILO's last projections; a return to pre-pandemic performance is likely to remain elusive for much of the world over the coming years.

Key Highlights:

- Underlying structural deficiencies and inequalities are amplifying and prolonging the adverse impact of the crisis. Large informal economy in many developing countries is impairing the efficacy of some policy instruments, since informal enterprises have been less able to access formal lines of credit or COVID-19 related government support.
- Developing economies that rely on exports of labor-intensive goods or commodities have particularly struggled to adjust to volatile demand observed amid the pandemic, as reflected in repeated revisions made to regional and global growth forecasts
- The sluggish and uneven recovery of working hours in 2021 kept labour incomes subdued. Since a large section of workers in the developing world had insufficient, if any, income replacement, households were required to run down their savings. Moreover, developing nations saw a relatively smaller fiscal stimulus packages, making the loss savings in such regions more pronounced. The consequent loss in income has further depressed aggregate demand, creating a vicious circle that underscores the need for concerted policies to expedite labour market recovery, tackle inequities and return the global economy to a path of sustainable growth.
- In 2022, ILO projections suggest that there will be a working-hour deficit equivalent to 52 million full-time jobs owing to crisis-induced labour market disruptions. Although this figure is a sizeable improvement over 2021, when hours worked adjusted for population growth stood below their level in the fourth quarter of 2019 by the equivalent of 125 million full-time jobs (assuming a 48-hour working week), it remains extremely high. In 2022, the employment-to-population ratio is projected to stand at 55.9 per cent – that is, 1.4 percentage points below its 2019 level.
- Temporary workers suffered job losses at a higher rate than non-temporary workers at the beginning of the pandemic, but most economies have since seen a rise in newly created temporary jobs
- Social dialogue has played a key role in the response to the pandemic, many policies, and measures to limit job losses having resulted from tripartite discussions.
- The pandemic's impact has been particularly devastating for developing nations that have higher levels of inequality, more heterogeneous working conditions, weaker social protection systems and constricted fiscal space. Although developing countries have used a similarly large range of measures to address the crisis, they have instituted smaller relief packages owing to fiscal restrictions after they had incurred unforeseen expenses in responding to the pandemic. Moreover, the large informal economy in many developing countries reduces the efficacy of some policy instruments, many of which target only formal employees and enterprises.
- The impact has been particularly pronounced in lower-middle-income countries that have long leveraged participation in production chains as a source of employment and growth. Lower middle-income countries saw the largest decline 11.8% in manufacturing employment, compared with 7.4% in upper-middle income, 3.4% in low income and 3.9% in high-income countries, says the ILO report.
- The pandemic has restructured labour markets as some sectors and their workers have experienced retrenchment while others have seen expansion. The uneven sectoral impact has fostered inequality to the extent that employment in these sectors is tied to specific worker profiles- for example, high skilled or low-

skilled, predominantly male or predominantly female- changes in the fortunes of the sectors have also exacerbated inequalities between workers. The longer the pandemic and associated restrictions persist, the more entrenched and lasting the effects on labour markets and employment trajectories are likely to be.

- Employment trends as cited by the ILO report:
 - Labour market recovery will remain weak through 2023, says the study.
 - The varied impact of the crisis on labour markets is best understood by examining working hours.
 - Adjusted for population growth employment hours worked and labour force participation remained below pre-pandemic levels in 2021 and are expected to remain so until at least 2023.
 - Assuming a 48-hour week, the decline in hours worked was equivalent to a deficit of about 125 million full-time jobs globally in 2021 relative to the fourth quarter of 2019
 - Hours worked per person employed are projected to recover to around pre-crisis levels if economic activity picks up but employment and labour force growth lag behind
 - The pandemic has had a disproportionately negative impact on women's employment and on youth employment.
- The damaging impact of the pandemic on jobs and livelihoods if not reversed run the risk of inducing long-term structural change with enduring adverse implications for labour markets.
- When it comes to the global labour market impacts of the pandemic, women, especially young women, have been among the worst affected, and their recovery has also been among the slowest. Women constitute a large share of the workforce in some of the sectors worst affected by the COVID-19 crisis
- The heavy toll of new variants and waves of the virus in 2021, combined with slow vaccination has resulted in a downward revision of the region's growth prospects, especially for South Asia and South-East Asia, says the report.
- According to the report, among the groups most vulnerable to the pandemic in the Asia Pacific region, are informal workers, who account for high shares of employment in some of the heavily hit sectors and migrant workers.
- Although levels of temporary employment have remained stable through the crisis beneath the surface there have been high levels of labour market churn of temporary workers.
- In Asia and the Pacific as a whole, over 80% of net job creation in the decade preceding the pandemic comprised service jobs. The wholesale and retail trade sector accounted for the largest share of net job creation during this period: 20% in Asia and the Pacific and 25% in South East Asia.
- In the wake of the pandemic, countries in the Asia & Pacific region should ensure that policies are implemented to support MSMEs in wholesale and retail trade and tourism, through intensifying formalization efforts and through Active labour market policies (ALMP), including targeted skills development.

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