



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 impacts / rise of telework

John Hurley, Eurofound

EESC LMO – 21/05/21

# Presentation

- Labour market impacts of COVID-19
- 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](#)
- [COVID EU policywatch database \(Eurofound\)](#)

## Labour market impact: the big picture

- Main indicators – notably unemployment rate – unreliable estimator of labour market impacts of COVID
- Unemployment rate: EU27 increase <1 ppt but (conservative) estimate of 14% decline in hours worked
- 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 – furloughed / laid off workers
- Over  $\frac{3}{4}$  of headcount decline accounted for by temporary workers

# Labour market impact: Gender and age

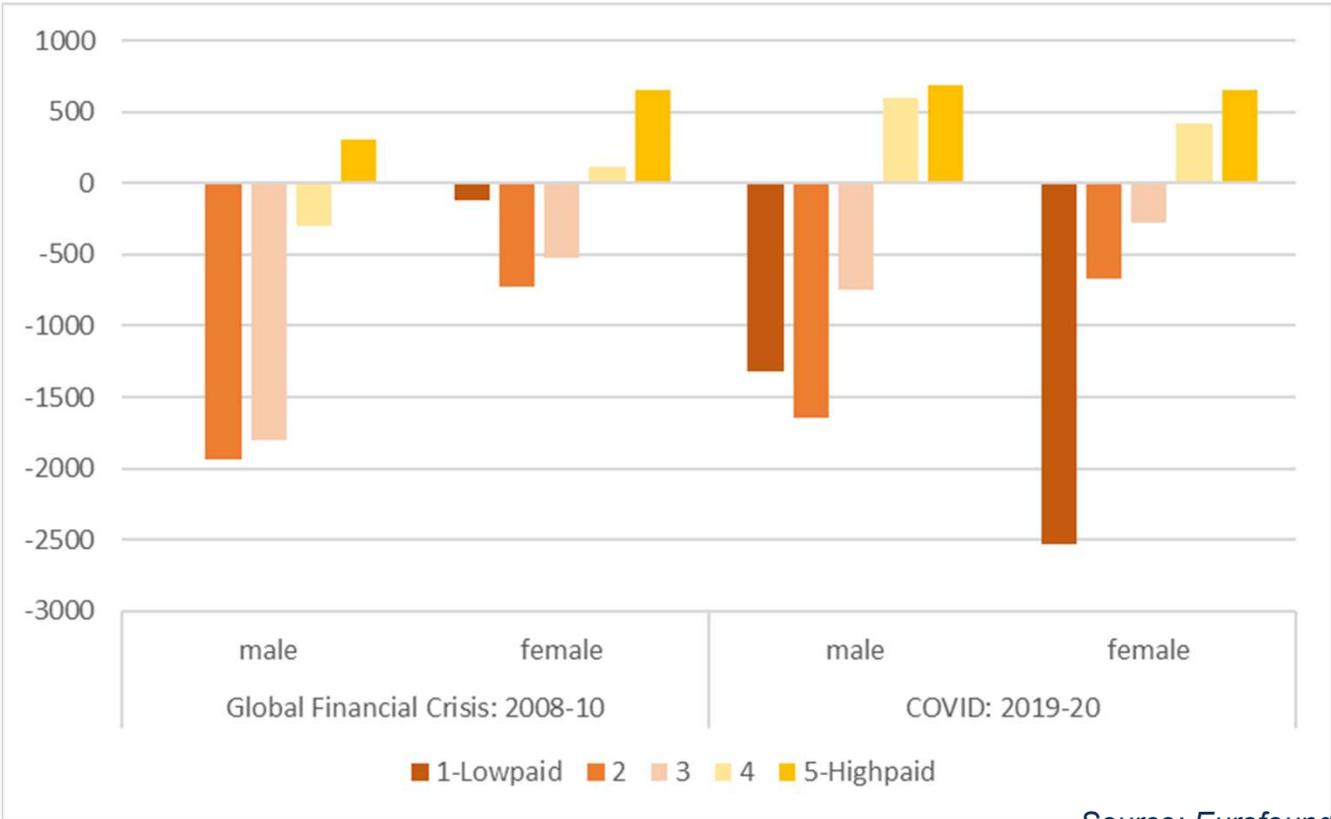
	Change (2019Q2-2020Q2)		
AGE+SEX	Employment	Weekly hours worked	Employed but did not work
Unit	%	Hours	Percentage points
Male 15-24	-7.1	-0.1	11.1
Female 15-24	-8.0	0.1	11.9
Male 25-54	-2.6	-1.3	9.0
Female 25-54	-2.7	-0.7	10.3
Male 55-64	0.9	-1.3	8.5
Female 55-64	0.8	-0.6	9.6
Male 65+	-1.7	-1.4	7.8
Female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

Source: Eurofound 2021

# Labour market impact: Sectors

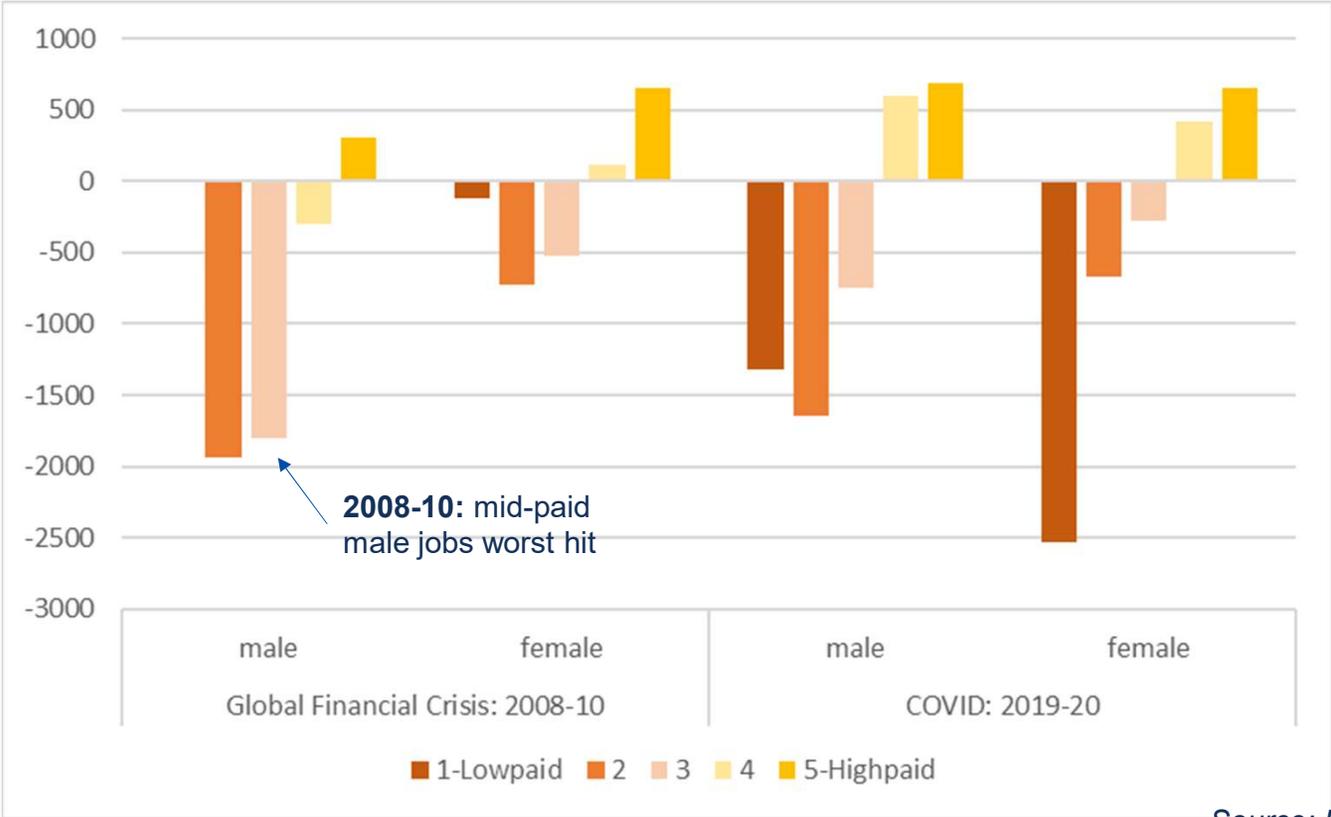
Sectors - NACE2d - most affected by crisis			
	2019Q2-2020Q2	2019Q2-2020Q2	2020Q2
	Headcount change	Working hours change	Furloughed worker share %
Accommodation	-22.9	-5.4	50.9
Food and beverage service activities	-17.9	-2.9	47.4
Gambling and betting activities	-10.5	-1.3	49.3
Sports activities and amusement 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
<b>All sectors</b>	<b>-2.4</b>	<b>-0.9</b>	<b>17.0</b>

# Employment shifts by gender and job-wage quintile: comparing crises (EU27, 000s)



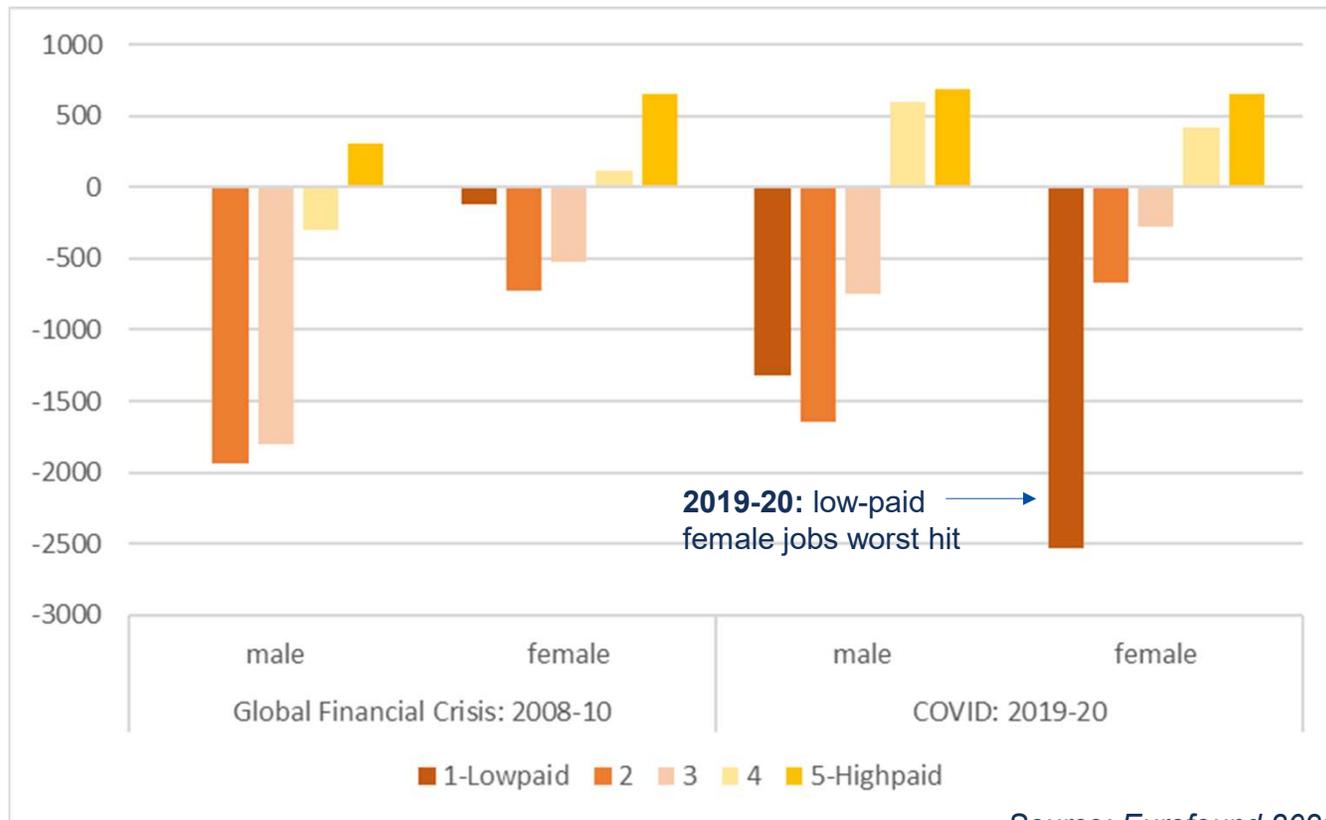
Source: Eurofound 2021

# Employment shifts by gender and job-wage quintile: comparing crises (EU27, 000s)



Source: Eurofound 2021

# Employment shifts by gender and job-wage quintile: comparing crises (EU27, 000s)

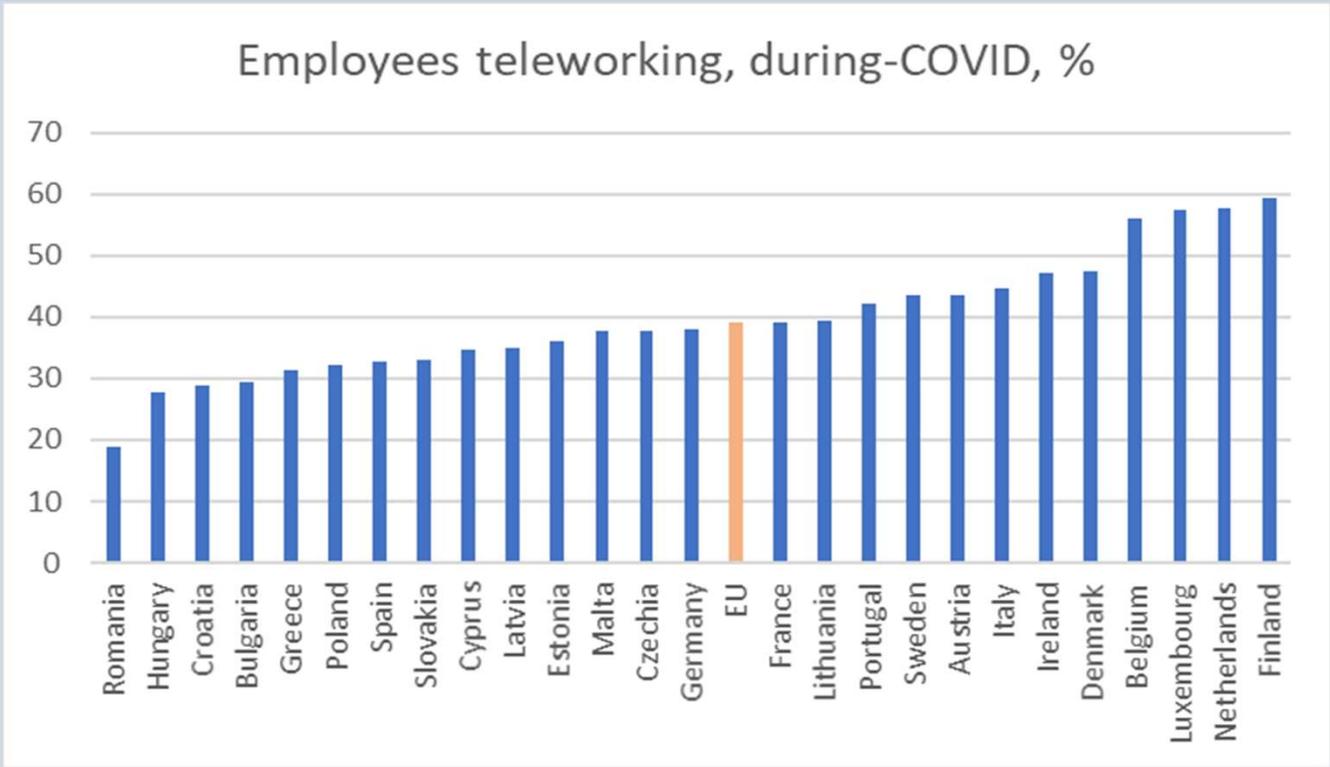


Source: Eurofound 2021

## A new 'telework generation'

- In Eurofound Living, Working and COVID survey (July 2020), 34% of EU employees reported working from home exclusively – compared to 5% pre-COVID
- The possibility of working from home saved many jobs
- Most jobs that can be teleworked are 'good jobs' – most 'essential services' jobs cannot be teleworked ...
- 37% of employment teleworkable based on task-content at detailed occupational level (Eurofound-Commission JRC, 2020) .. most jobs cannot be teleworked, have physical task requirements that make them place-dependent
- US employer's survey on anticipated post-COVID share of total hours worked remotely: 22%, compared to 5.5% post-COVID.

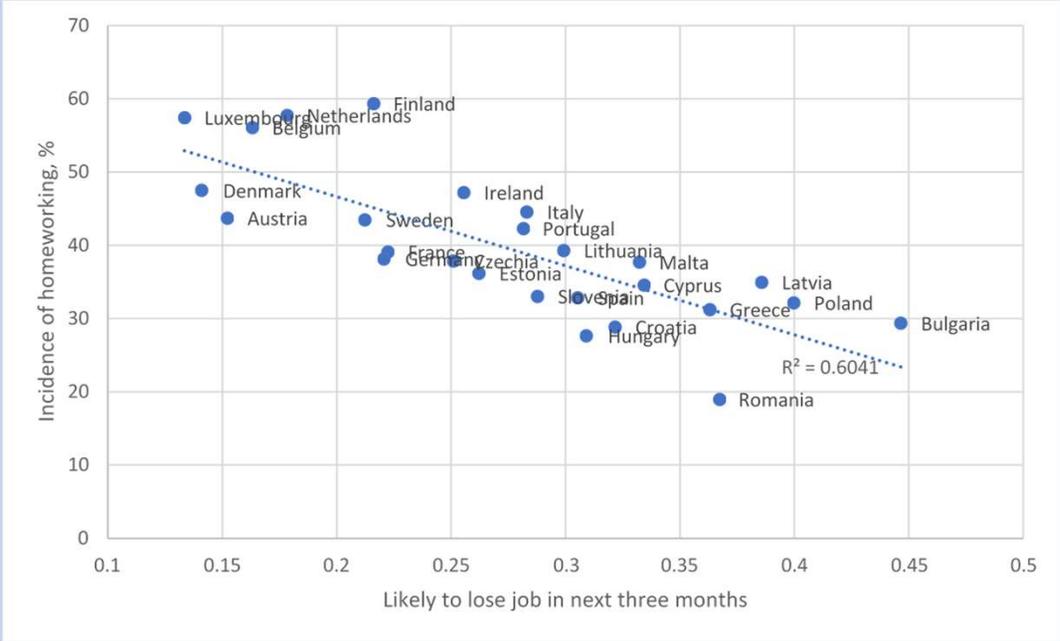
# Teleworking during COVID-19 wave 1



Source: Eurofound Living, Working and COVID-19 survey, round 1 April 2020

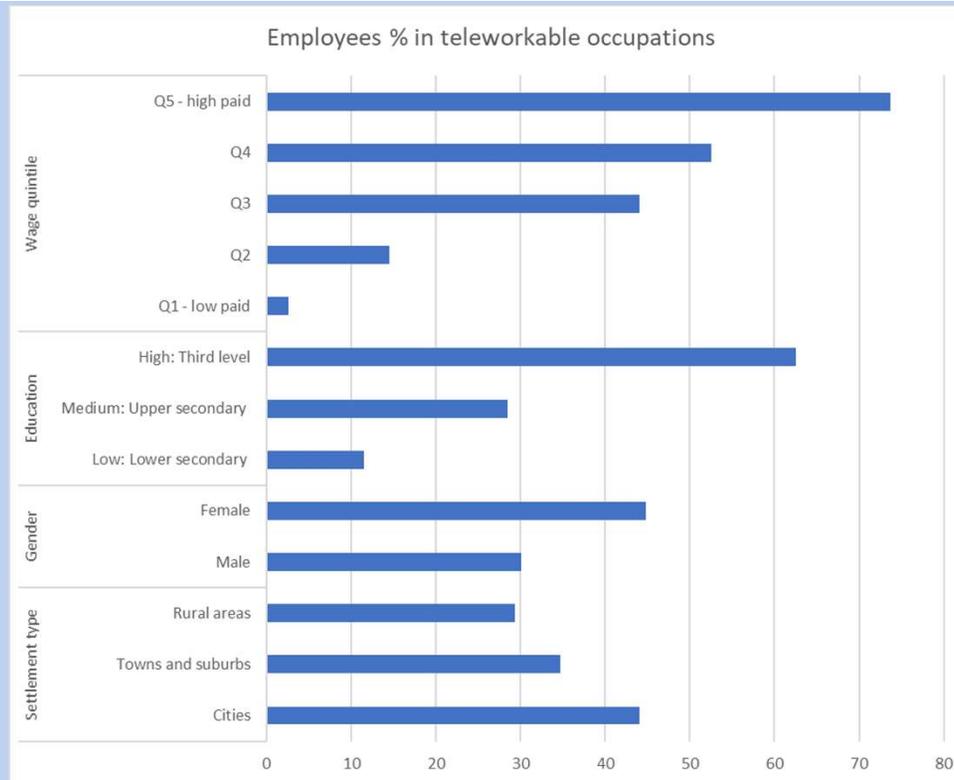
# Job security higher in countries with more teleworking during crisis

Figure 1: Higher incidence of homeworking, lower self-reported likelihood of job loss



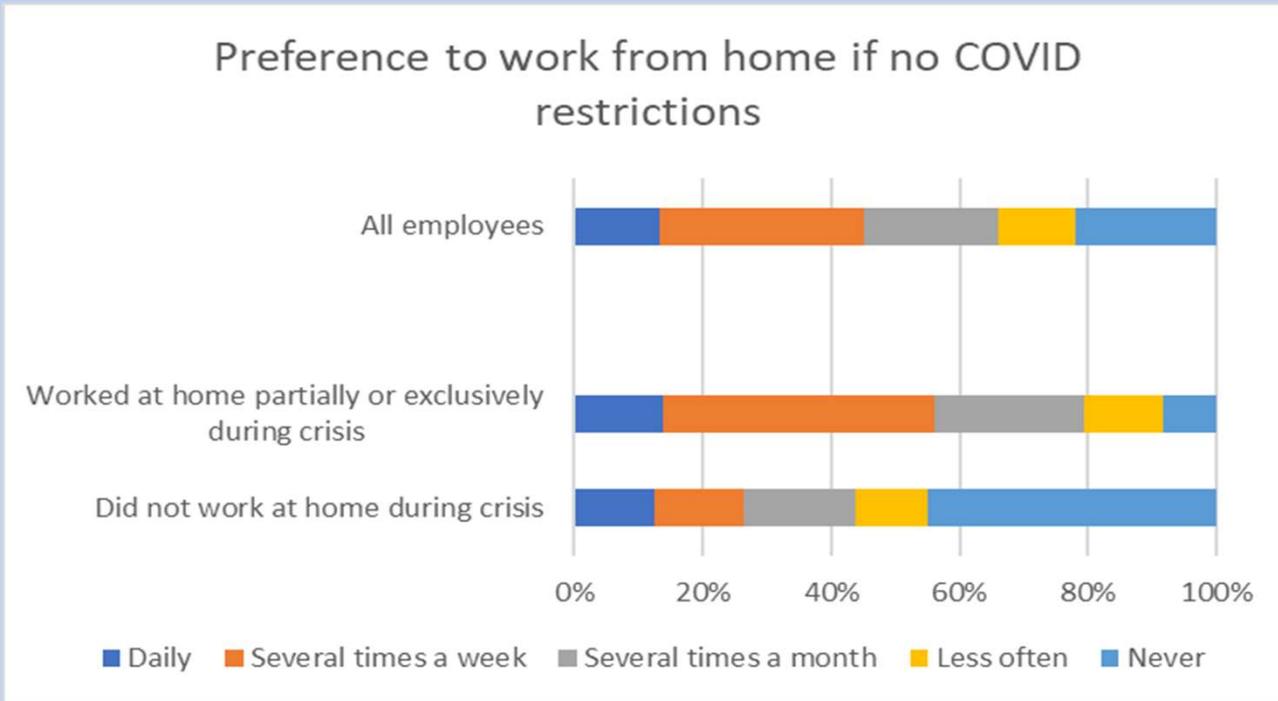
Source: Eurofound Living, Working and COVID-19 survey, round 1 (author's elaboration). Likely to lose job scaled 0-1 where 0 = "very unlikely to lose job in next three months" and 1 = "very likely"

# Employees in teleworkable occupations, %



Source: Sostero et al (2020), European Commission JRC/Eurofound

# Not everybody wants to telework...



Source: Eurofound Living, Working and COVID-19 survey, round 2 July 2020

# What may change post-COVID?

- Spatial distribution of employment
  - Remote work:
    - Employees: ergonomics, blurred work and life boundaries, surveillance / monitoring
    - Employers: administrative complexity, IT security, creativity / innovation
    - Govts: universal broadband coverage, teleworking hubs
- Digitalisation accelerated – eg. financial services
  - Digitalisation requires the standardisation of work tasks and their encoding in software; also the basis of platform-work
- Revalorisation of certain occupations – ‘essential’ services

- Thank you for your attention

[www.eurofound.europa.eu](http://www.eurofound.europa.eu)

E: [john.hurley@eurofound.europa.eu](mailto:john.hurley@eurofound.europa.eu)

# 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)