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## **Employment Outlook 2020**

### **TUAC Secretariat Assessment**

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#### **Summary**

- In less than three months, the COVID-19 crisis wiped out the employment gains painfully achieved with the slow recovery from the Great Recession of 2008. In the absence of a second wave, current projections hint to a record unemployment level in the OECD area, by the end of 2020, at 9.4%, only to fall at 7.7% by 2021. In case the coronavirus hits again before the end of the year, figures are expected to mount to 12.6% and 8.9%, respectively.
- The OECD policy framework to exit the job crisis rests upon five R-words: Response, Rehabilitation, Reciprocity, Responsibility and Resilience.
- Throughout the chapter on COVID-19, the OECD stresses the role of social dialogue and coordinated bargaining in the crisis response, as well as the need to strengthen labour market resilience, avoiding the loss of 'viable' jobs in the face of the sharp and rapid economic contraction.
- The role of teleworking in maintaining workers active during the COVID-19 crisis is emphasised. While telework was fundamental to contain the pandemic, it only applies to a minority of workers (around a third), while workers in many sectors are exempt from this possibility.
- The brunt of the crisis is born by lower-income, essential workers and vulnerable groups, which are at the same time those most exposed to the risk of losing their jobs (non-standard workers). Any recovery plan will have to build upon strengthened occupational safety and health provisions, paid sick leave and better job quality.
- While monetary and fiscal policy responses have been unprecedented across all OECD economies, there are major differences in how the labour market reacted. Countries with stronger employment protection legislation, coordinated bargaining systems and widespread job retention schemes preserved an

important share of jobs that might have been otherwise lost. On the other hand, in countries such as the United States unemployment levels peaked as employers opted more frequently for layoffs.

- While advising for continued support to retain viable jobs, the OECD suggests to start phasing out support to those jobs that are non-viable. Yet, it might still be premature to start picking winners and losers, given the extreme economic uncertainty still prevailing. Not only workers should bear the costs of changing economic prospects. Conditionality should apply to businesses that benefit from massive public support. Conditionality can be set on hiring and re-hiring, stronger investments in training and up-skilling of workers, a just green and digital transition.
- The COVID-19 crisis laid bare the gaps in social protection and accessibility to unemployment benefits and sick leave for non-standard workers. In an increasingly flexible labour market, a revision of traditional safety net measures is due, in order to extend and protect those atypical workers that are penalised by current social benefit rules, while representing almost 30% of total employment in OECD countries.
- Revised OECD employment protection legislation (EPL) indicators show systemic differences across OECD countries, but remain de-contextualised from the evidence stemming from the current crisis, which has shown how flexible labour markets and easy dismissal policies can accrue the negative effects of a recession, wiping out jobs.
- With the second major global recession in a bit more than a decade, it preventing the rise of a Corona Generation is crucial. Yet, the erosion of middle-skill jobs and limited effectiveness of vocational education and training programmes proves that the challenges that young workers face when entering the labour market are only increasing.

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## **Introduction**

The OECD released its 2020 Employment Outlook on 7 July, with a title that resonates: “[Worker Security and the COVID-19 Crisis](#)”. The release framed the OECD Ministerial Roundtable discussion on the same day. Since the outbreak of the Coronavirus, various estimates and projections on the job impact have been released, including from the ILO. The Employment Outlook 2020 comes right after the [Economic Outlook 2020](#) (June 10), which offered first OECD employment forecasts for 2020 and 2021.

In addition to a special chapter on the impact of the COVID-19 crisis, the Outlook’s main theme is on job security, from unemployment benefits for non-standard workers, to the revision of the OECD employment protection legislation (EPL) indicators, squeezing middle-skill jobs and the challenges for vocational education and training graduates in a changing labour market.

The OECD decision to focus the 2020 edition on job security pre-dates the COVID-19 emergency, and yet comes at the right time: OECD countries have entered an economic crisis that threatens to surpass the one of 2008-09, with fragile labour markets that are unable to guarantee decent and inclusive jobs for an increasing share of workers.

## **Chapter on COVID-19**

The Outlook provides a detailed summary of the unrolling of the COVID-19 crisis, from a health emergency, to the economic supply and demand shock, and the different responses across OECD countries. One key message stands out: in less than three months, the COVID-19 crisis wiped out the employment gains painfully obtained across the OECD with the slow recovery that followed the Great Recession of 2008.

### *Response, Rehabilitation, Reciprocity, Responsibility & Resilience*

In the policy oriented foreword, Stefano Scarpetta, OECD Director for Employment, Labour and Social Affairs, suggests a “five-Rs” policy framework to move out of the job crisis, borrowing to that end policy concepts that are more familiar to humanitarian crises:

- **RESPONSE:** ie. the “emergency” response through direct and indirect financial support to companies to maintain or extend income support to workers unable to work or who are jobless;
- **REHABILITATION,** ie. the gradual de-confinement measures, prevention of a second wave through better occupational safety and health (OSH) standards and teleworking;

- RECIPROCITY AND RESPONSIBILITY: ie. in the longer term, a “sense of responsibility” for businesses receiving public support (conditionality without naming it), but also for workers and for jobseekers, for whom the OECD wants to restore “mutual obligations” with employers;
- RESILIENCE: ie. ensuring better “resilience and inclusivity in the labour market” in the medium term. Pointing to the revised 2018 Jobs Strategy, the OECD calls for “adequate income support for all workers, rapid expansion of job-retention schemes during crisis, and effective social dialogue”, and addressing pre-existing gaps in social protection provisions for self-employed and other non-standard workers.

### *The quantitative dimension of the crisis*

The OECD-wide unemployment rate rose from 5.3% in January to 8.4% in May. According to the OECD, in the first three months of COVID-19, hours worked fell ten times more than in the first three months of the global financial crisis in 2008-09. In the absence of a second wave, current projections hint to a record unemployment level in the OECD area, by the end of 2020, at 9.4%, only to fall at 7.7% by 2021. In case the coronavirus hits again before the end of the year, figures are expected to mount to 12.6% and 8.9%, respectively. This follows the record negative trend already outlined by the [Economic Outlook in June](#), with a global GDP fall of 6%. OECD data shows that unemployment will not go back fast – even compared to the 2008/9 aftermath.

The Outlook confirms that the disruption of supply chains was an additional major reason for the drop in economic activity. While the crisis situation is exceptional, future analysis has to look at subcontracting and dependency dynamics across supply chains and towards diversification strategies.

Further, once unemployment numbers go back – it is crucial to quickly identify re-allocation dynamics and the types of jobs, workers returned to. The Outlook rightly sticks to recommendations on how to avoid extensive income and job losses now. Yet, thinking around job creation levers has to substantiate going forward. Recommendations for the time being stick to classic active labour market tools without a greater perspective on investments and regulations needed to move back to full employment but also quality jobs.

### *Social dialogue and coordinated bargaining*

The report recognises the role of social dialogue and coordinated bargaining during the crisis and for labour market resilience. Listing a number of concrete examples (in particular in Box 1.5) many of which borrowing from the TUAC online mapping), the Employment Outlook shows that they were:

- Keeping workers in employment by negotiating and adjusting job retention schemes where possible;
- Fighting income losses via collective agreements on paid leave, solidarity funds, and by claiming extensions to non-standard workers; and

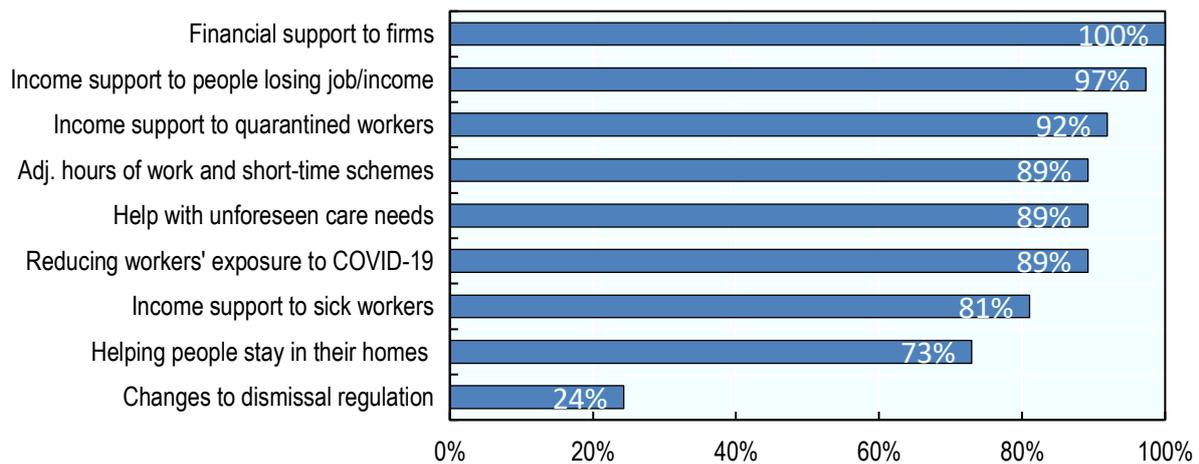
- Made workplaces safe by setting OSH protocols and monitoring that those were upheld.

In its key messages, the report reminds of the OECD Jobs Strategy’s recommendation to rely on effective social dialogue in order to achieve resilience (p. 15). Namely, it confirms that *“when social partners work co-operatively, this flexibility and granularity could allow adapting and deploying more rapidly the required responses through tailor-made agreements and work re-organisations that are adjusted to meet each specific situation”* (p. 16).

*Employment effects of job retention schemes (and the lack thereof)*

Governments responded to the crisis on a massive scale and mostly in comparable ways. The Outlook highlights the different elasticity of unemployment to the halt in economic activity, reflecting differences in social protection policies in place across countries: those with weak job retention schemes witnessed a surge in unemployment levels and corresponding increase in applicants to unemployment benefits. Countries with pre-existing job retention schemes better smoothed the impact of COVID-19 on the labour market, decreasing working hours instead of the number of employed workers. However, not a single country managed to preserve all employment, most notably for those temporary workers whose contracts have not been prolonged during the crisis.

**Share of OECD countries that have introduced (or announced) new measures or expanded existing ones in response to COVID-19**



Source: OECD, Employment Outlook 2020, p. 48.

The main difference indeed lies between countries using job retention schemes and those that do not. In the US, where they are very limited, people just slip into unemployment. Prospects of quickly finding new work will remain poor for many. As the Outlook states *“keeping workers safe as the economy reopens and ensuring adequate income protection and employment support for a crisis that may not yet be over must remain a priority”* (p. 19).

By May 2020, companies had claimed job-retention subsidies for more than 30% of their employees in countries such as Germany or the United Kingdom and up to 50% in countries such as France and New Zealand (p. 12). Claims were highest in countries with

the most strict confinement measures (France at 55%, Italy at 45%). On OECD average, the take up rate of job retention schemes was at 25%.

*Should job retention schemes be phased out? If so how?*

The report is ambiguous about the when and how job retention schemes and support to business should be phased out. It acknowledges that retention schemes helped “*avoiding severing labour contracts, which would have resulted in the destruction of valuable competences and viable investment*” (p. 13). Yet, it then suggests that “*market mechanism should re-start operating, allowing for workers and resources to move from unviable to promising activities*” (p. 14). They further recommend “*stricter limits on the duration of subsidies and incentives to look for work, combine temporary secondary jobs and short-term subsidies, and take up training*”.

For TUAC, not only should the phasing out of retention schemes (or equivalent support schemes) be gradual but also tailored to sectors. In general, income support measures need to remain available, but should be re-assessed periodically, in order to check whether duration, targeting and generosity match the changing conditions on the labour market, as the crisis evolves and unfolds. The notion of “unviable activities” should be clearer defined as activities might very well be viable but a business model might just not survive the crisis on its own due to confinement measures or operational/financial structures.

In this regard there are two short-comings in the OECD view: the reluctance to recommend to attach conditionality to business liquidity support (including the retention schemes) and a pre-mature move towards managing a new (large) cohort of unemployed workers.

To make sure employment does not fall further, it is crucial to put some conditionality to these schemes or any business liquidity support, linked to factors such as job retention, training provision and investment into green and sustainable business operations. The OECD indirectly appeals to the reciprocity of firms to commit to “*hiring and re-hiring, investment in new technologies and in training for the workforce, and/or continued participation in apprenticeship programmes should take a central role in corporate decisions*” (p. 14). If this is not binding or somehow encouraged, it is unlikely to happen as the last crisis has shown.

Secondly, a traditional OECD recommendation pertains active labour market policies, to accompany unemployed workers towards new jobs through training and assistance in the job search, with a particular attention to young people. On this, the Outlook discusses conditionality on receiving the benefits. The same should apply to firms.

Relying on unemployment insurance rather than preserving existing jobs may lead to social hardship, especially where earnings replacement rates are low or a significant part of the workforce may not be eligible for unemployment benefits (e.g. the dependent self-employed) or may only be entitled to low benefits (e.g. temporary workers with patchy employment histories). The Outlook itself (and its 2019 edition) reminds of “*substantial coverage gaps: only around 50% of workers in standard jobs in Greece and Italy and around*

*60% in Poland received any income support following job loss. Moreover, even workers who are covered can experience a very substantial drop in income” (p. 60).*

The recommendation to *“allowing workers on STW to register with the PES and benefit from their support (e.g. job search assistance, career guidance and training)” (p. 84)* seems to be a more socially responsible and likely effective way forward.

#### *Lower-income, essential workers and vulnerable groups hardest hit*

If any, the OECD report confirms that vulnerable workers have paid the highest price during the crisis (low-paid workers, non-standard employees, the young, migrants and women). They have proven crucial for the preservation of essential services, from hospitals to supermarkets. They also lost more jobs and could telework less. 30% of low-income workers had to stop working in April (which could be considered the peak of lockdown measures in most OECD countries with the exception of Latin America and de-confinement in parts of Asia).

The OECD outlook shows that *“almost one-half of all jobs require frequent interactions and, in the absence of precautions, carry some risk for workers being infected at work”*. New clusters erupting in factories are a testimony of failed OSH protection. *“Granular evidence using smartphone location shows that, in the United States, people living in higher-income neighbourhoods could shelter at home earlier and for longer than people living in lower-income neighbourhoods. The so-called “frontline workers”, who work in essential services in jobs that cannot be carried out remotely, are on average less well educated than the overall workforce and more likely to earn low wages” (p. 40).*

Ethnic minorities were hit hard because of pre-existing labour market segmentation and systemic inequalities. Women have also been hit harder than men, as they are over-represented in the most affected sectors and disproportionately hold precarious jobs (p. 13). These results show the importance to tackle inequalities and labour market segmentation. The crisis made it blatantly clear to citizens where they stand in terms of their rights, protections and job security. They will expect short-term rewards (such as in the health and long-term care sectors) and long-term strategies to increase their resilience. This also has to involve robust housing policies. If more than one in ten renters were overburdened by housing costs before the crisis, the current situation will likely increase that ratio.

#### *Tackling gaps in social protection and accessibility to benefits and leave*

The need to extend support measures to all also became obvious: the crisis displays gaps in social protection and accessibility to unemployment benefits and sick leave – especially by non-standard workers (see also below). Their risk of falling into poverty is higher (p. 20). On that, the Outlook recommends extending the length of unemployment benefits and provide funding to career guidance services. Nearly two in three OECD countries expanded unemployment benefits for now. This is important since *“minimum employment duration or earnings before the unemployment spell are often harder to meet for those who lose a part-time job or have unstable or short employment histories” (p. 15).*

Data shows that non-standard workers might “represent up to 40% of total employment in sectors most affected by containment measures across European OECD countries. Some self-employed workers are overrepresented in some of the industries that have been restricted or shut down because of quarantine, e.g. in the hospitality and culture sectors, but also in personal services such as hairdressers. Early surveys carried out after the start of lockdowns document this effect: 48% of self-employed workers in the Netherlands experienced an hours reduction, compared to only 27% of employees; 75% of the self-employed in the United Kingdom report having experienced a drop in earnings in the previous week, compared to less than 25% of salaried workers” (p. 40). The OECD also alerts to the even more precarious situation of informal workers – including undocumented migrants – as they are mostly not covered by any support measures. The Outlook also recognises the fragile position of domestic workers.

The OECD analysis shows that many countries had to change provisions to extend paid sick leave and to accommodate care leave. Altogether, the need to extend access, duration and generosity of benefits systems in the short-term is primordial to avoid worse social (and health) outcomes. It is glaring once more that in the longer-run systems have to become more universal and accessible, also to prepare for another crisis.

#### *Job security: Employment protection cushions against lay-offs*

The Outlook recognises that people were able to retain jobs in countries who not only deployed job retention schemes but who also have stricter employment protection legislation (EPL). In other countries, as shown above, unemployment is freefalling. The smallest changes are projected in Luxembourg (where employment is projected to increase slightly), Korea, Austria, Mexico, Germany and Japan: “The cross-country heterogeneity is explained differences in the GDP shock, but also by institutional factors (e.g. stricter employment protection legislation and the use of job retention schemes in continental European countries)” (p. 40).

“Dismissal and hiring regulations are important determinants of people’s job security, career path and well-being” (p. 20). If employment protection is loose, firms may choose to lay off workers to reduce costs during the crisis, thereby creating a negative externality on the unemployment insurance system.

The OECD analysis confirms the well-known dichotomy between English speaking countries with a low level of employment protection, who are now also seeing for greater surges in unemployment than their peers in other OECD countries. While the OECD’s outlook on the merits of EPL changed in highlighting its advantages more, it still:

1. Underlines that loose employment protection equates easier re-hiring;
2. Indirectly blames strict employment protection for the prevalence of temporary contracts;
3. Attributes value only to advance validations as a means to avoid disputes.

Instead, analysis and policy recommendations need to move to an equilibrium between promoting labour mobility, while safeguarding job security and therein, curbing the rise of non-standard jobs. Not at least since: “there is an association between non-standard

*work and poorer job quality, particularly for workers with low and middle skills. Wages tend to be lower, employment less protected, access to employer and social benefits reduced, safety and health risks greater, investments in lifelong learning lower, and bargaining power weaker*” (p. 122). The Outlook also confirms much higher poverty rates against standard employment (see p. 130).

### *Preventing a “Corona Generation”*

The OECD rightly calls on to prevent a youth un- and under-employment crisis (see also below regarding findings of the erosion of middle-skill jobs and lack of attention to VET). After the last crisis, policy stepped in too late: *“non-standard dependent employment, particularly part-time work, has increased in the last decade, especially among the young. In the decade leading up to 2016-18, non-standard dependent employment rose by 5 percentage points on average among employees aged 20 to 29. Most of the rise was due to an increase in part-time employment.”* (p. 117). As the findings of this volume show, fewer younger cohorts are middle-skill occupations and more so in low-skill employment.

The OECD amongst other speaks out in favour of Youth Guarantees and dedicates a whole chapter to the promotion of vocational education and training (VET). Therein, it argues for *“close co-operation with social partners is crucial, as is the investment in transversal skills in VET programmes and the development of smooth pathways between mid-level VET and higher education”* (p. 20). Yet, it seems not sufficient. It is also important to tackle underlying problems of unpaid work, misclassification and grey zone self-employment, the lack of employer commitment to work-based learning, high student fees in some OECD countries, and again labour market segmentation that affects young and low-wage workers disproportionately. Without conditionality to create more opportunities for learning and collective bargaining and workers’ representation to account for deviations from standard employment – the ‘Corona Generation’ might look much worse than we think. This is about moving away from precarious work and false self-employment, about tackling labour market discrimination and install sector-wide minimum living wages.

### *The use of telework... and its limitations*

The OECD highlights the significant shift towards teleworking that occurred in many countries, in order to safeguard workers’ health and allow for continued work under severe mobility restrictions. Survey data show that the share of workers working from home in April 2020 ranged between 30% to 60% in many OECD countries (p. 50). 39% on average shifted to telework.

The Outlook is right to encourage working from home during the pandemic. But not everyone can do it – and if they can they do not always have the equipment or space to do so. Telework is a union issue too – and it’s conditions needs to be set jointly. The report strangely portrays the obligation to bargain over telework as restrictive (p. 50). In future OECD thinking, this has to be redressed. Bargaining over telework sets proper conditions on working time, reporting, equipment, and monitoring. It enables productive telework and at the same time protects the mental well-being of workers (see over-time).

It is important to stress that workers in the high-wage segment were twice as likely to be able to telework as confirmed in [many studies](#). This has a lot to do with sector composition (in terms of wage distribution) and occupational tasks. Not all work can or should be done remotely. Studies also show that productivity and well-being rises with part-time/flexible teleworking arrangement – not with full-time models. For example, French unions call on to negotiate a national inter-professional agreement on telework, in order to ensure a protective framework for all the employees concerned. New survey data shows the psychological strain from telework pursued without much guidance especially for workers not used to this format. Any potential agreement or adjustments in regulations hence should also include a ‘right to disconnect’.

### **The OECD perspective on job security – a step forward but not all the way**

In the remainder of the report, the Employment Outlook 2020 addresses different aspects of job security, as well as vocational education and training.

#### *Chapter on unemployment benefits and non-standard dependent employment*

With the increasing flexibility on labour markets, the frequency of non-standard forms of employment, defined as either part-time workers or workers with frequent transitions and breaks between one job and the next, has risen. According to the Employment Outlook, 22% of workers across OECD countries are non-standard workers, while 69% of employees with past unemployment experience have a history of non-standard dependent employment. This can hamper the ability of such workers to access social protection and unemployment benefits, which often are calibrated upon the duration of the last job contract.

Since the global financial crisis, the phenomenon of non-standard employment has particularly risen among young workers, aged 20 to 29, while mostly affecting women. This is an issue, as poverty rates for workers and non-standard forms of employment are tightly correlated.

Unemployment benefit rules across OECD countries affect non-standard workers differently. Eleven OECD economies have second-tier rules that ease access to unemployment benefits for non-standard workers, in particular part-time ones. Just in three cases the duration of the contract rather than the number of hours worked is the precondition for applying to such benefits, whereas in the rest of OECD countries a smaller amount of hours implies limited access to unemployment benefits.

In general, a cross-country comparison shows that for the same employment trajectories there can be significant differences in the access to unemployment benefits, depending on type of contract and employment and non-employment spells. In some countries (Australia and France), there are no significant differences in the access to unemployment benefits between standard workers with stable employment history, and non-standard workers with on and off periods in employment. In other countries, such

as Latvia and Spain, non-standard workers are much more penalised *vis-à-vis* standard ones. In all cases, part-time workers have lower unemployment benefits than full-time workers.

The OECD suggests a number of policies to complement and smooth the differences between standard and non-standard workers, often penalised when accessing unemployment benefits. These include earnings disregards, i.e. amounts of earnings not considered when calculating benefits during periods of partial work, in order to incentivise re-employment without an immediate and complete cut-off in unemployment benefits.

Customised extensions of reference periods could also help non-standard workers to claim unemployment benefits, particularly if targeting vulnerable groups that are prone to job instability. At the same time, differentiated unemployment insurance contributions could incentivise employers to opt for more stable forms of contract.

Finally, as was the case during the COVID-19 crisis, duration and generosity of unemployment benefits should be extended, especially to the benefit of vulnerable workers such as non-standard ones.

#### *Chapter on recent trends in employment protection legislation*

In this edition of the Employment Outlook, the OECD has updated its Employment Protection Legislation (EPL) Database, which was last extended in 2013. In doing so, it made a few methodological changes (see Box 3.1).

First, it introduced the category of collective dismissals, alongside individual dismissals, applying the same evaluation methodology. This has been criticised by most unions, as not the same rules apply across different countries. It also extended the evaluation of dismissals to include a quantitative assessment of enforcement regulations and indicators that assess hiring regulation for temporary workers.

A comparison of EPL across OECD countries shows that English-speaking countries have fewer dismissal restrictions than most European Union countries, which increases the risk of layoff for workers. Indeed, the COVID-19 crisis has shown that weak employment protection can easily lead to excess dismissals, even for jobs that are viable in the long term (OECD, 2020).

The Employment Outlook points to the fact that strict job protection provisions for regular workers often imply strict hiring rules for non-standard workers, in order to limit labour market duality. In addition, in most cases OECD countries have stricter collective than individual dismissal rules.

Finally, the reform trends in employment protection legislation over the last decade went mostly in the direction of easing dismissal conditions for employers, leading many EU countries to strengthen employment protection legislation on a temporary and exceptional way as the COVID-19 crisis hit their economies.

What is important to retain is that the revised OECD indicators show systemic differences but do not capture the perspective of workers. This shows the limitations of the revised EPL indicators and of the OECD perspective in two ways:

1. The indicators only measure costs for firms, not for workers or public budgets. Because of that, the perspective on the value added of EPL to firm dynamism and quality job creation is skewed;
2. Very strict EPL can indeed preclude hiring – however, what the indicators cannot possibly display are other determinants for firms to resort to non-standard or temporary contracts.

The OECD also claims that strict dismissal regulations affect wage developments negatively. The Outlook therefore suggests to use dismissal regulations increasing the bargaining power of workers and therefore the labour share (p. 170). The evidence as to why strict EPL would prevent pay increases is not straightforward. The recommendation to offset the consequences by enhancing workers' bargaining power however is welcome.

Further, the indicators famously translate into policy recommendations that encourage more labour market flexibility and relaxed EPL. At least, this has been the case in the past. The current crisis is displaying the backlash of lax EPL. However, importantly the indicators should not be used for such full-scale advice in the first place. They are not covering the level of worker protection, nor the public sector, nor small firms. They also consider national and sectoral, but not firm-level collective bargaining agreements. It is welcome overall that the Outlook recognises the important role collective agreements play in dismissal protection regarding notice period adjustments, severance pay, trial periods, and lay-off decisions (p. 191). Box 3.2 in the Employment Outlook examines in more detail the role of national and sectoral collective bargaining in France, Italy and Sweden, three countries where the share of workers covered by collective agreements is high.

#### *Chapter "What is happening to middle-skill workers?"*

The Employment Outlook investigates the reasons behind the decline of middle-skill employment in OECD countries, defined as jobs with wages in the middle of the wage distribution, from the mid-1990s onwards. In particular, the question is whether the share of middle-skill jobs has decreased in total employment due to the fact that new entrants in the labour market have entered directly high-skill jobs (attrition), or because old cohorts of middle-skill workers have transitioned to other job categories or out of the job market (transition).

According to data from European countries mainly, the OECD shows that attrition is the major factor behind the reduction in middle-skill employment: one third of the workers born before 1970 were employed in middle-skill jobs when aged 25-29, compared to a bit more than a quarter for those born after such year. High-skill workers show the opposite trend. Meanwhile, transition rates for middle-skill workers have remained roughly constant over time, indicating that this is not a cause of the changing trend.

On the one hand, this is explained by the fact that a rising share of young workers enters the labour market with a tertiary degree, compared to twenty years ago. However, this is only one side of the story. On the other end of the spectrum, young workers without a tertiary degree, which tended to enter the labour market in middle-skill jobs in the past, are now progressively forced into low-skill jobs. Still, a few countries are the exception, namely Sweden, Germany, Norway and Denmark. Here, the propensity of middle-educated workers to join high-skill jobs has increased, probably thanks to effective vocational education and training systems and a tradition of cooperative social dialogue.

The chapter does not take into account other external factors that might have played a role in the changing dynamics of the labour market, such as globalisation and automation.

### *Chapter on vocational education and training graduates*

Vocational education and training (VET) programmes are intended to smooth the education-to-work transition providing skills that are relevant to the labour market. Yet, traditionally VET programmes have mainly targeted middle-skill jobs, which, as mentioned, have been shrinking across OECD countries in time.

The Employment Outlook analyses the effectiveness of VET programmes by comparing labour market outcomes for recent VET graduates and students leaving general education programmes at a similar level of qualifications.

There are large differences in the incidence of VET programmes in a country's education system across OECD economies. For example, VET programmes are relevant in Austria, the Czech Republic, Germany and the Slovak Republic, and less so in Canada, Israel, Japan and Mexico. Additionally, differences within VET programmes are also significant across countries. In some, workplace experience is more important than in others.

In general, VET graduates show higher employment rates than general education graduates, but such difference seems to disappear over the working life of the individual. Hence, the initial benefit of graduating from a VET programme over a general education graduate, in terms of median wage, is lost over time. However, at the beginning of their respective careers, VET graduates are more likely to hold a permanent contract than general education ones.

On average, both VET and general education graduates are at high risk of automation: one in five secondary-degree graduate holds a highly automatable job, compared to one in ten with a tertiary degree. Yet, while VET graduates would more likely end up in high-skill jobs, similarly to tertiary graduates, general education graduates would fall back to low-skill jobs.

While challenges for VET graduates differ across countries, it appears that those with tighter link to social partners and employers show stronger resilience and capacity to match labour market needs. For instance, in Austria, Denmark, Germany and Switzerland – where labour market outcomes of VET graduates are good – the ties between VET institutions and social partners are very strong: “*Strong ties between VET providers and*

*social partners also facilitates the implementation of work-based learning. Social partners can be involved in different aspects of the VET system. According to KOF Swiss Economic Institute, employer engagement can take place in the curriculum design, application and feedback phase (p. 298)”.*

With a few exceptions, VET graduates have lower foundation skills (literacy, numeracy and digital problem-solving skills) than their general education counterparts. Yet, in a rapidly evolving labour environment, the need for re-skilling and up-skilling will prove crucial in future in order to preserve employment. To date, less than half of VET graduates participates in formal and non-formal training.

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# Perspectives de l'emploi 2020

Évaluation du Secrétariat du TUAC

Paris, le 8 juillet 2020

## Résumé

- En moins de trois mois, la crise COVID-19 a anéanti les créations d'emploi péniblement obtenus avec la lente reprise depuis la Grande Récession de 2008. En l'absence d'une deuxième vague, les projections actuelles laissent entrevoir un niveau de chômage record dans la zone OCDE, à 9,4 % d'ici la fin de 2020, pour retomber à 7,7 % en 2021. Au cas où le coronavirus frapperait à nouveau avant la fin de l'année, les chiffres devraient atteindre 12,6 % et 8,9 %, respectivement.
- Le cadre de l'OCDE pour sortir de la crise de l'emploi repose sur cinq mots en R : Réaction, Réhabilitation, Réciprocité & Responsabilité & Résilience.
- Tout au long du chapitre sur COVID-19, l'OCDE souligne le rôle du dialogue social et de la négociation collective « coordonnée » (dont les accords de branche), ainsi que la nécessité de renforcer la résilience du marché du travail, en évitant la perte d'emplois "viables" face à une rapide et forte contraction économique.
- L'accent est également mis sur le rôle du télétravail dans le maintien des travailleurs actifs pendant la crise COVID-19. Si le télétravail a été fondamental pour contenir la pandémie, il ne concerne qu'une minorité de travailleurs (environ un tiers), alors que les travailleurs de nombreux secteurs ne peuvent bénéficier de cette possibilité.
- Le gros de la crise est supporté par les travailleurs à faible revenu, les travailleurs de service essentiels et les groupes vulnérables, qui sont en même temps les plus exposés au risque de perte d'emploi (travailleurs atypiques). Tout plan de relance devra s'appuyer sur des dispositions renforcées en matière de sécurité et de santé au travail, sur des congés maladie et sur une meilleure qualité des emplois.
- Si les réponses des politiques monétaires et budgétaires ont été sans précédent dans toutes les économies de l'OCDE, il existe des différences majeures dans la manière dont les marchés du travail ont réagi. Les pays dotés d'une législation plus stricte en matière de protection de l'emploi, de systèmes de négociation coordonnés (entreprise et branches) et de vastes programmes de maintien de l'emploi ont préservé une part importante des emplois qui auraient pu être perdus autrement. D'autre part, dans des pays comme les États-Unis, les niveaux de chômage ont atteint un sommet, les employeurs ayant plus fréquemment opté pour des licenciements.
- Tout en conseillant de continuer à soutenir le maintien des emplois viables, l'OCDE suggère de commencer à supprimer progressivement le soutien aux emplois « non

viables ». Cependant, il est peut-être encore prématuré de commencer à choisir des « gagnants » et des « perdants », étant donné l'extrême incertitude économique qui continue à régner. Les travailleurs ne sont pas les seuls à devoir supporter le coût de l'évolution des perspectives économiques. La conditionnalité devrait s'appliquer aux entreprises qui bénéficient d'un soutien public massif. La conditionnalité peut porter sur l'embauche et la réembauche, sur des investissements plus importants dans la formation et le perfectionnement des travailleurs, sur une transition verte et numérique juste.

- La crise COVID-19 a mis en évidence les lacunes en matière de protection sociale et d'accessibilité aux allocations de chômage et aux congés de maladie pour les travailleurs atypiques. Dans un marché du travail de plus en plus flexible, une révision des mesures traditionnelles du filet de sécurité est nécessaire, afin d'étendre et de protéger les travailleurs atypiques qui sont pénalisés par les règles actuelles en matière de prestations sociales, alors qu'ils représentent près de 30 % de l'emploi total dans les pays de l'OCDE.
- Les indicateurs révisés de la législation de protection de l'emploi (LPE) de l'OCDE montrent des différences structurelles entre les pays de l'OCDE, mais l'analyse qui en est faite reste décontextualisée de la crise actuelle. Or la crise montre si besoin que les marchés du travail où règnent la flexibilité et les licenciements faciles peuvent accentuer les effets négatifs d'une récession, anéantissant ainsi des emplois.
- Avec la deuxième grande récession mondiale en un peu plus de dix ans, il est crucial d'empêcher la montée d'une « génération Corona ». Pourtant, l'érosion des emplois moyennement qualifiés et l'efficacité limitée des programmes d'enseignement et de formation professionnels prouvent que les défis auxquels sont confrontés les jeunes travailleurs lorsqu'ils entrent sur le marché du travail ne font que s'accroître.