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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: Social Impacts of the Covid 19 Crisis and Policy Response
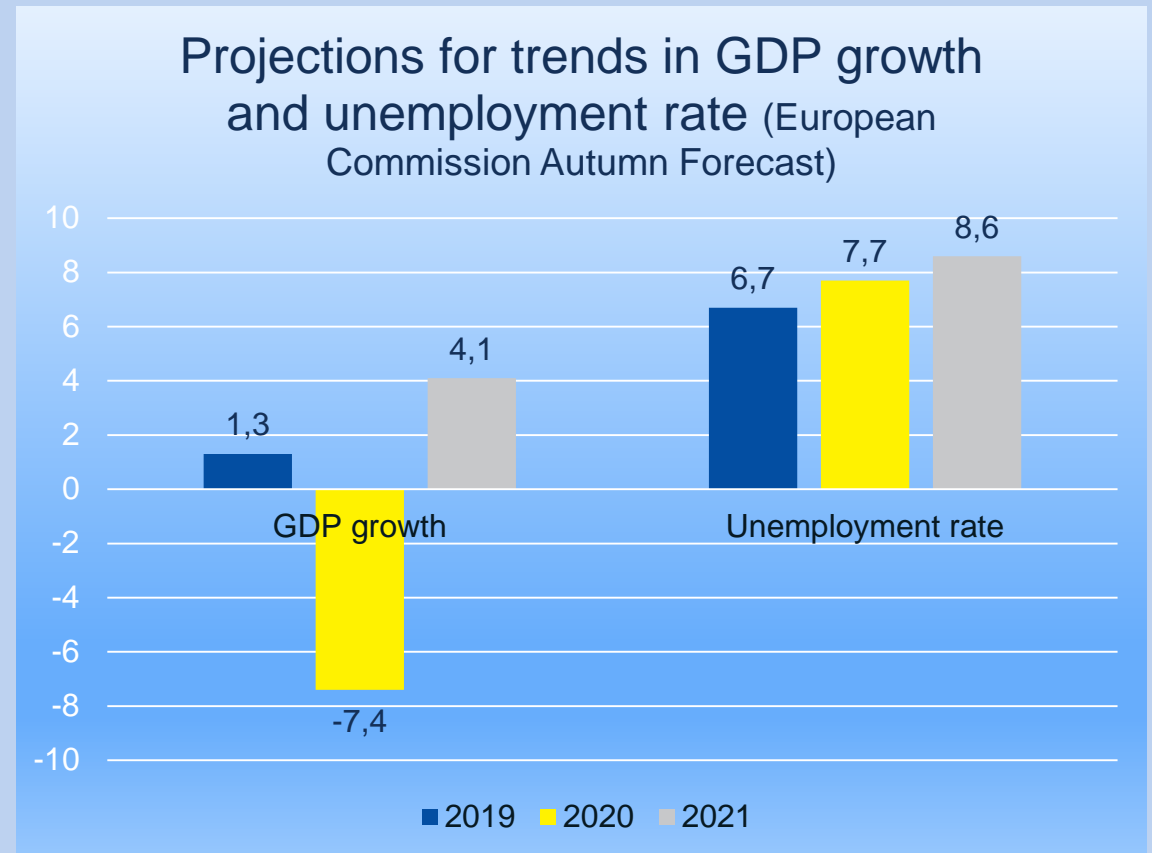
19 January 2021
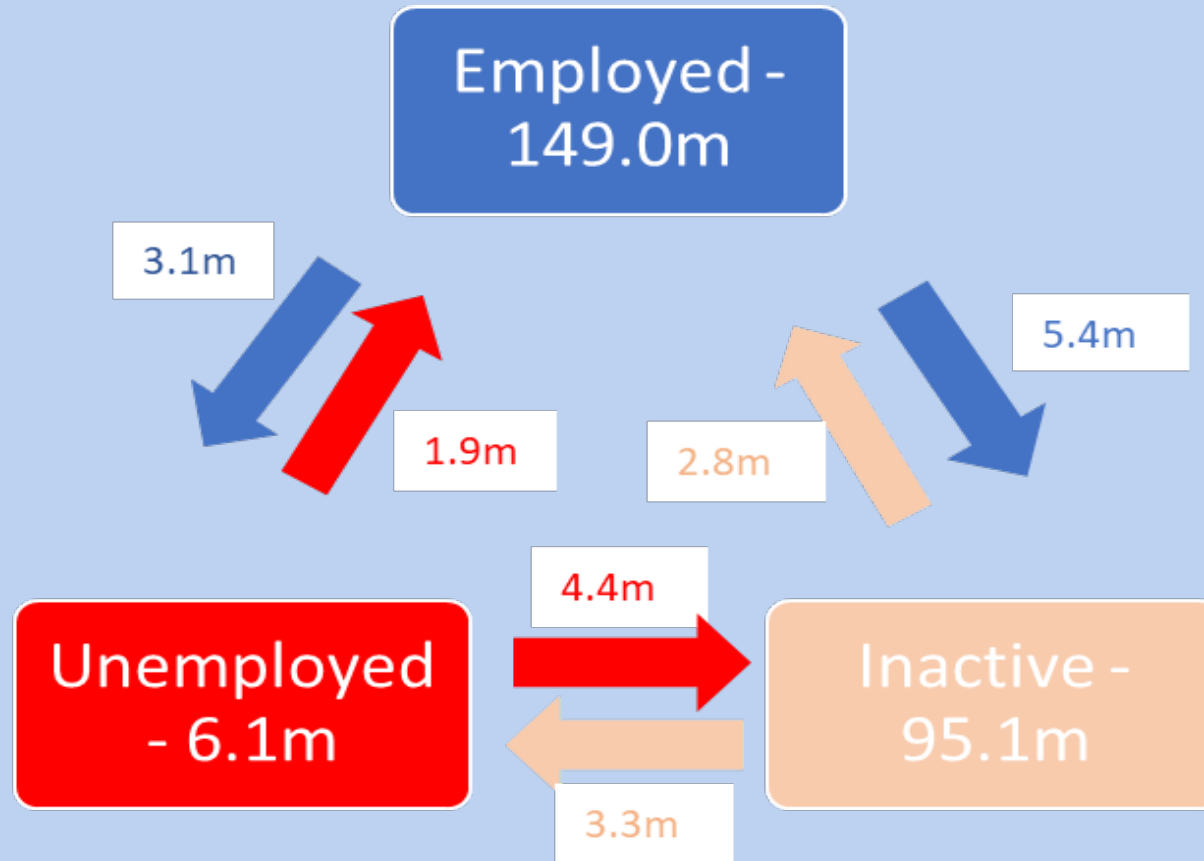
Maria Jepsen

# Content

- labour market and social impacts of COVID-19
  - Youth
  - Women
  - Emergence of a new 'telework generation'?
- Overview of policy response
  - Policy measures to protect employment and incomes of workers and self-employed
  - Regulating telework
- What's next?

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# Economic impact

- Economic impact more severe than global financial and economic crisis

- Impact likely to last until at least 2022

- Impact on unemployment cushioned by policy measures

## Projections for trends in GDP growth and unemployment rate (European Commission Autumn Forecast)



| | GDP growth | Unemployment rate |
|---|---|---|
| 2019 | 1,3 | 6,7 |
| 2020 | -7,4 | 7,7 |
| 2021 | 4,1 | 8,6 |

■ 2019 ■ 2020 ■ 2021

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# Labour market impact: the fine print

# Labour market impact: Gender and age

| AGE+SEX | Change (2019Q2-2020Q2) | | |
| --- | --- | --- | --- |
| | 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 |

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# Labour market impact: occupations

| OCCUPATION 1d | Change (2019Q2-2020Q2) | | 2020Q2 |
| | Employment | Weekly hours worked | Employed but did not work |
| Unit | % | Hours | Percentage points |
| Managers | -3.4 | -2.7 | 12.3 |
| Professionals | 5.0 | -0.7 | 12.1 |
| Technicians and associate professionals | 1.3 | -1.2 | 15.5 |
| Clerical support workers | -1.1 | -0.9 | 16.7 |
| Service and sales workers | -7.9 | -0.7 | 26.5 |
| Skilled agricultural, forestry and fishe | -1.7 | -0.4 | 4.7 |
| Craft and related trade workers | -4.9 | -1.2 | 18.0 |
| Plant and machine operators and assemble | -6.3 | -0.9 | 18.5 |
| Elementary occupations | -9.9 | -0.7 | 21.6 |

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# Work-life balance of men and women with young children

Concentration of activity in the home also means that conflicts between work and home life are sure to be on the rise.



| Category | women children 0-11 | Men children 0-11 |
|---|---|---|
| Worry about work when not working | 38% | 29% |
| Too tired after work to do household work | 36% | 28% |
| Job prevents giving time to your family | 35% | 33% |
| Hard to concentrate on job because of family | 29% | 11% |
| Family prevents giving time for job | 26% | 7% |

■ women children 0-11    ■ Men children 0-11

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# Financial security



| | | No savings | Savings for 12 or more months |
|---|---|---|---|
| **Women** | With children | 42 | 5 |
| | No children | 27 | 15 |
| **Men** | With children | 32 | 9 |
| | No children | 20 | 19 |
| **Total** | With children | 37 | 6 |
| | No children | 24 | 17 |

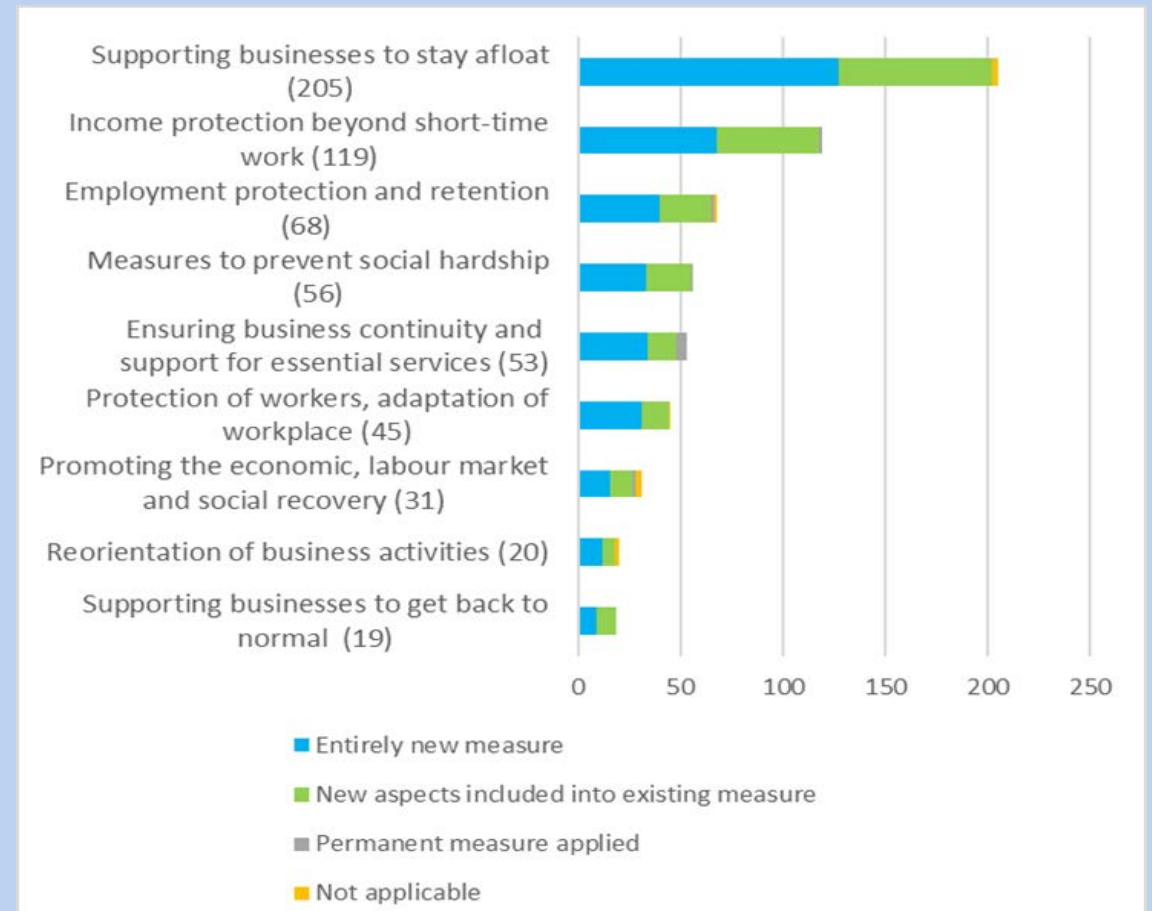■ No savings ■ Savings for 12 or more months

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# Emergence of a new 'telework generation': who benefits?
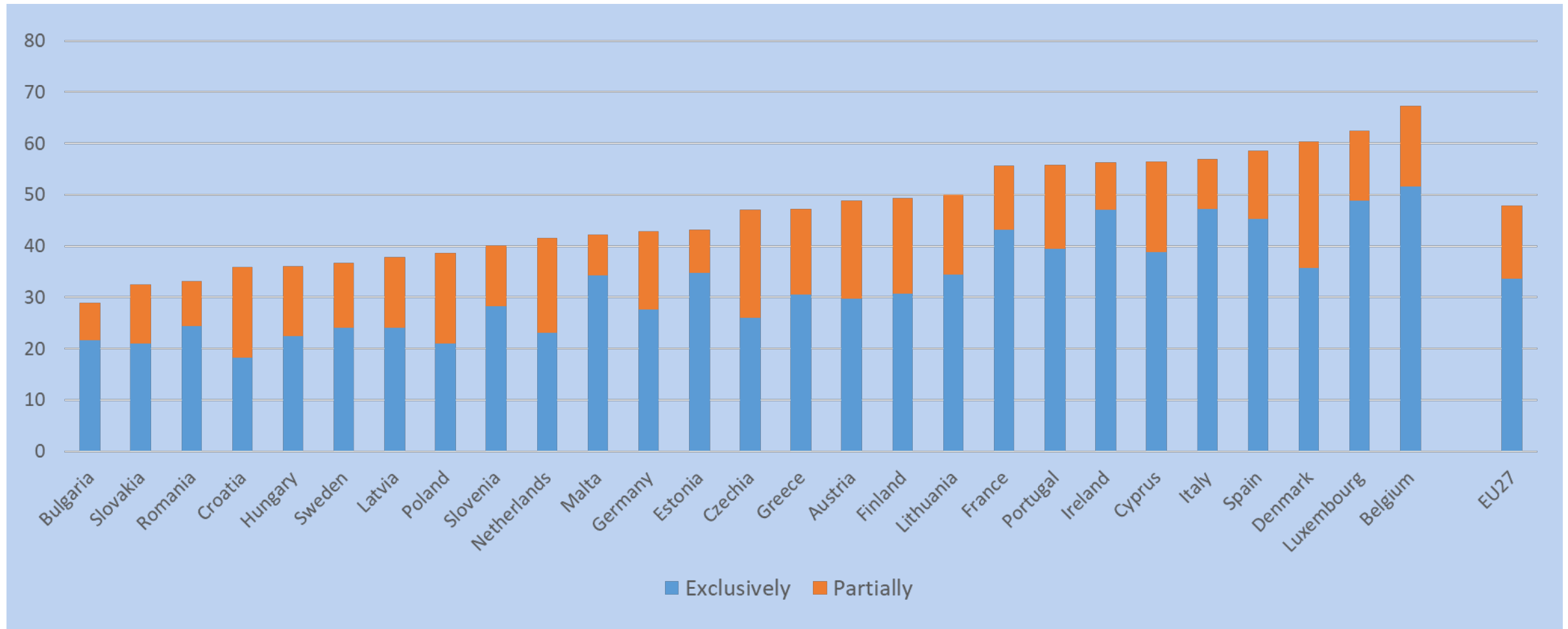
# Policy response: An unprecedented breath of interventions

- 35% of measures were aimed at supporting businesses to stay afloat, 20% sought to protect incomes and 13% focussed on the protection of employment



| | |
|---|---|
| Supporting businesses to stay afloat (205) | |
| Income protection beyond short-time work (119) | |
| Employment protection and retention (68) | |
| Measures to prevent social hardship (56) | |
| Ensuring business continuity and support for essential services (53) | |
| Protection of workers, adaptation of workplace (45) | |
| Promoting the economic, labour market and social recovery (31) | |
| Reorientation of business activities (20) | |
| Supporting businesses to get back to normal (19) | |

- ■ Entirely new measure
- ■ New aspects included into existing measure
- ■ Permanent measure applied
- ■ Not applicable

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# What's next?

- Second and third wave led to the extension of many schemes
- SURE funding has supported affordability of short-time working schemes
- But impact on public budgets is significant


- Existing inequalities are being compounded
- Transition towards recovery should focus on unemployed **and** inactive
- Effects of telework to be addressed
- Income support for self-employed
- Much less emphasis on training and recruitment support, which will need to be the focus in the months to come

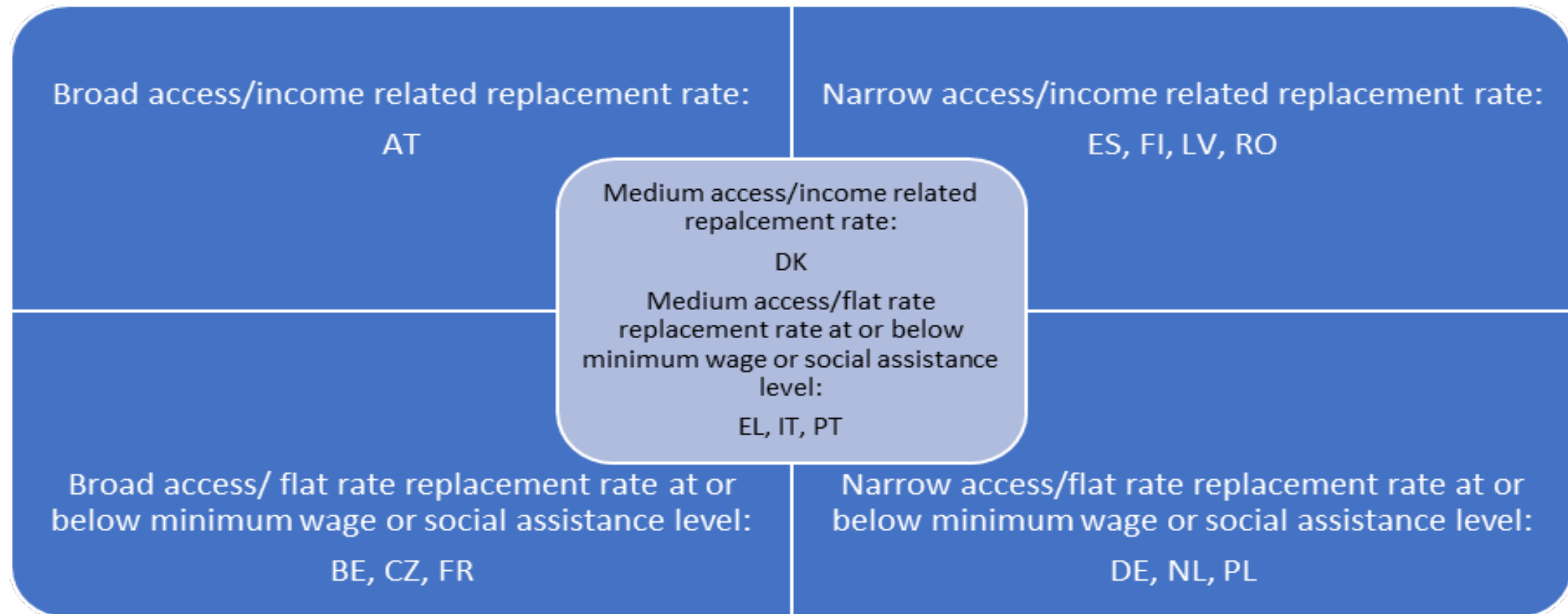Eurofound

# Policy response: Protecting employment

- Short-time working schemes now present in all Member States (new in 10 countries, others amended)
- Amendments mainly aimed at administrative easing of access, extension of eligibility criteria, inclusion of additional groups (workers on temporary and fixed-term contracts, apprentices, domestic workers, part-time workers etc.)
- Rapid introduction/amendment brought ongoing review in early phase of COVID-19
- Different categories of schemes:
    - Short-time work
    - Flexible short-time work
    - Temporary lay off (no working hours)
    - Temporary lay off (some working hours allowed)

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# Enhancing skills during downtime?

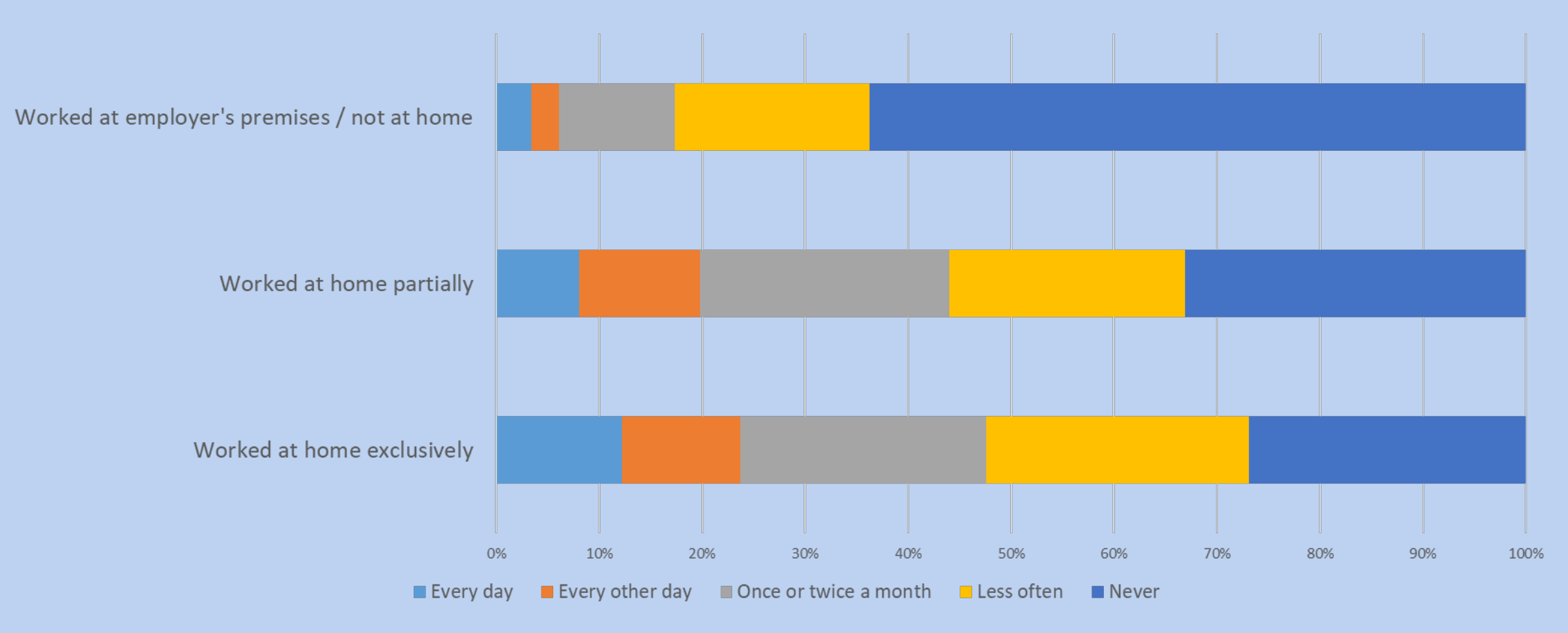- Only three countries (AT, BE and HU) have some requirement to deliver training
- Other encourage it (e.g. DE, ES)
- Challenges include absence of training plans, difficulties in accessing suitable online training, uncertainty of duration of short-time working, lack of public support in context of declining resources
- EU emphasises need for digital skills and requirements for New Green Deal

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# Income support for self-employed : categorisation of schemes

- Main feature: generally lower income replacement rates than for employees

Broad access/income related replacement rate:

AT

Narrow access/income related replacement rate:

ES, FI, LV, RO

Medium access/income related repalcement rate:

DK

Medium access/flat rate replacement rate at or below minimum wage or social assistance level:

EL, IT, PT

Broad access/ flat rate replacement rate at or below minimum wage or social assistance level:

BE, CZ, FR

Narrow access/flat rate replacement rate at or below minimum wage or social assistance level:

DE, NL, PL

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# Teleworking some negative implications to be addressed



Legend: Every day | Every other day | Once or twice a month | Less often | Never

Categories: Worked at employer's premises / not at home | Worked at home partially | Worked at home exclusively

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# Does expansion in telework require implementation of a 'Right to disconnect'?



Legend:
- Legislation
- Debate – R2D examined
- Developing proposal for new legislation
- Proposal developed and rejected in parliament
- No legislation

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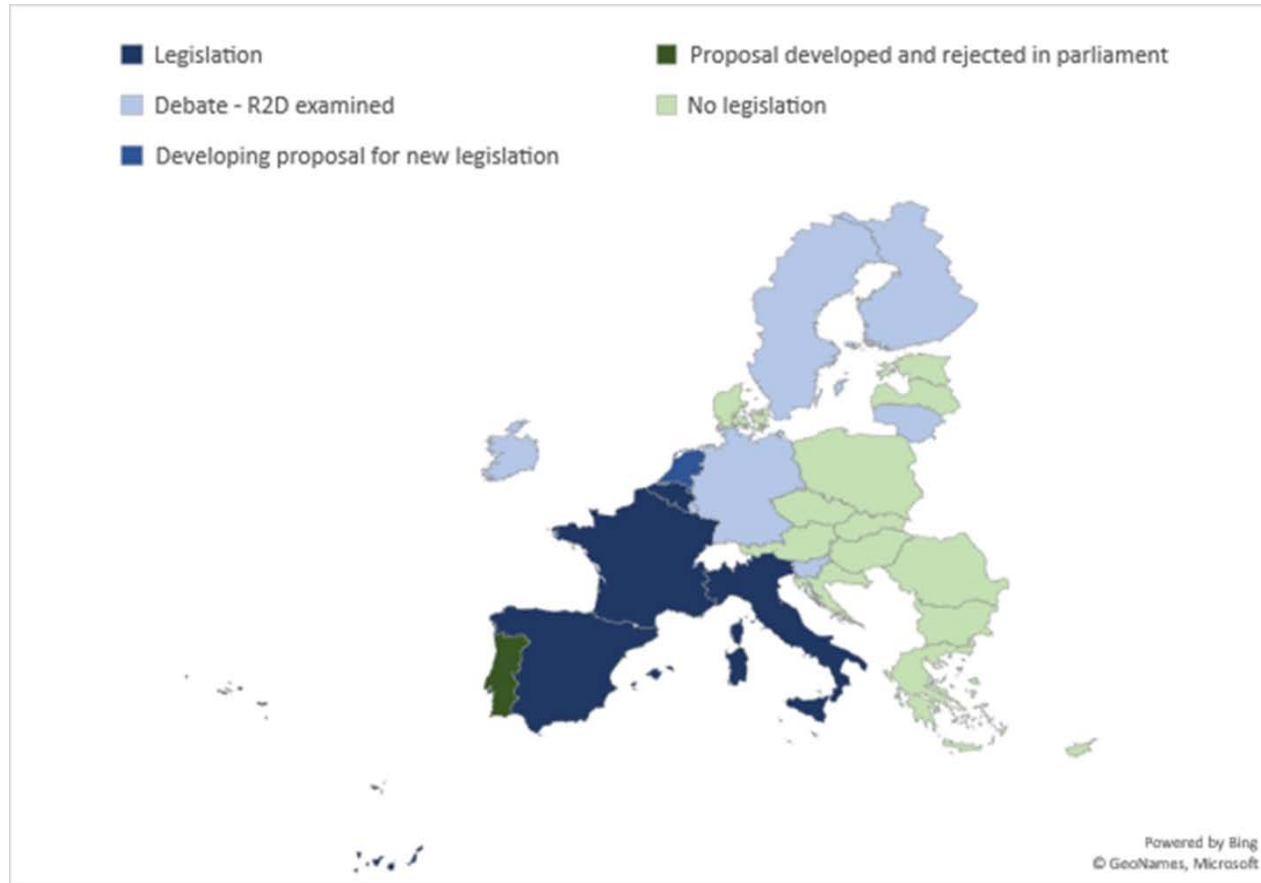
- Only 4 countries currently have such a right
- Relies heavily on collective bargaining for implementation
- Little known about impact
- Legislative initiative being discussed in European Parliament
- Also increasingly active debate on rights of teleworkers

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# Trust and having received support



| | Trust in national government | Trust in EU |
|---|---|---|
| **EU27** | | |
| April | 4.8 | 4.6 |
| July | 4.6 | 5.1 |
| **Other support from public services to help with living expenses or household needs** | | |
| Have received | 4.9 | 5.2 |
| Have requested but have not yet received | 4.3 | 4.6 |
| Have requested but the request was rejected | 2.8 | 3.8 |