



DEPARTMENT OF  
**ECONOMIC AND  
SOCIAL AFFAIRS**

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# **TRENDS IN THE WORLD OF WORK: SOCIAL STABILITY AT RISK**

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## **Abstract**

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By some measures, the global labour market situation appears to have recovered from the Covid-19 pandemic shock, with improved employment indicators in many regions. Yet, beneath these gains, unprotected and insecure forms of employment are proliferating. Informal employment remains the dominant form of labour market participation in low- and middle-income countries. Temporary and casual forms of work, including zero-hours contracts, sub-contracted labour and solo self-employment, are on the rise worldwide. The segmentation between a relatively well-protected group of wage workers in formal employment and the rest of the labour force is reinforcing inequality. Insecurity—and the anxiety it generates—is putting pressure on societies, fueling polarization and undermining the social contract.

While global forces such as digitalization and international competition have contributed to these trends, growing job insecurity is not an inevitable outcome. Policy and institutional choices have played a critical role in shaping labour market transformations and mediating their effects. This paper examines these dynamics, arguing that strong labour market institutions and policies are essential to rebuild the social contract.

## **Introduction**

Work is central to people's lives. It shapes the opportunities people have as well as their children's future. When it provides sufficient earnings to maintain adequate living standards, access to social protection, decent working conditions and prospects for career development, a job is not only a means of survival or a way out of poverty; it also gives people purpose and improves life satisfaction.

Work is also key to the functioning of societies. Jobs confer social identity and bring social acceptance to people's lives, particularly when the workplace enables them to make connections and build networks. Participation in the labour market has economically empowered women, migrants and other disadvantaged groups and has often transformed their role in society. Decent work that brings economic security helps build public trust, civic engagement and is therefore a key pillar of social cohesion. Workers who are able to use their skills productively and who perceive that they are treated fairly are more likely to engage in social and political life.

The world of work is now undergoing important transformations. The digital revolution and other technological innovations bring new job opportunities but so far have created winners and losers. Middle- and low-skilled workers have been on the losing end, in terms of job destruction. The green transition is also creating new jobs but will further disrupt labour markets. Global integration continues to affect job creation, destruction and the quality of jobs as well.

There is no evidence to suggest that the world is heading towards a jobless future. However, there are persistent deficits in the quality of work—in access to social protection, working conditions, the ability to organize and participate in decision-making in the world of work. There are also changes in how work is performed, organized and managed. These changes challenge the relevance of existing legislation and thus risk intensifying decent work deficits.

Unprotected and insecure types of employment are indeed proliferating in many countries. Workers who may have expected to join the middle class through educational attainment or work experience, based on the path followed by the previous generation, find themselves struggling for economic stability. Growing insecurity, persistent precariousness, and the widespread anxiety they generate, are putting pressure on societies, polarizing political discourses and undermining the social contract.

A key lesson from recent decades is that growing job insecurity is not an inevitable effect of ongoing global trends. By promoting competition among countries, globalization has constrained national policy space to regulate the labour market, but some countries have

done better than others at maintaining or improving working conditions. Reforms intended to reduce labour protection and lower labour costs are not an inevitable outcome of global competition or technological innovation. Policy and institutional choices have mediated the effects of these global trends and shaped the changes in the world of work that the next sections describe.

## **1. Decent work deficits driving insecurity**

While the Covid-9 pandemic and the measures needed to contain its spread had a devastating impact on the world of work, most labour market indicators have returned to pre-pandemic levels and some suggest that the global labour market situation is better today than before Covid. At 5 per cent, the global unemployment rate was lower in 2024 than in any year since 2000.<sup>1</sup> The number of young people unemployed worldwide was lower in 2024 than in 2019 and the youth employment-to-population ratio had rebound since 2020 (ILO, 2025a).

Yet almost 60 per cent of people worldwide are very worried about losing their job and about not finding a job.<sup>2</sup> Unemployment levels and trends, alone, do not explain this widespread anxiety or fully reflect decent work deficits. They do not account for the fact that not all jobs provide income security or good working conditions. In fact, one in five of all employed workers lived in extreme or moderate poverty in 2022.

Many more people find themselves excluded from the labour force altogether, particularly women and youth. Much of the domestic and care work that is often performed by women is unpaid and thus not recognized as an economic activity. Challenges to finding a paid job have also resulted in a rise in the number of discouraged workers, including 20 per cent of youth who are neither in employment nor in education or training (NEETs).

In countries with high levels of poverty, most workers cannot afford to stay unemployed. In low-income and middle-income countries, which are home to 84 per cent of the world's working-age population, most people work but they struggle to earn income in informal employment, where social protection is largely absent, wages are lower than in formal employment and working conditions are poorer. Economic vulnerability is thus a defining feature of informal work, which affects workers with low levels of education, youth, women, migrants and other disadvantaged groups disproportionately. Access to formal wage jobs is

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<sup>1</sup> ILO SDG Labour Market Indicators, ILOSTAT database. Available from <https://ilostat.ilo.org/>. Accessed on 12 May 2025.

<sup>2</sup> World Values Survey, Wave 7. Based on data for 65 countries and areas, including 23 high-income countries and areas, 41 middle-income countries and areas and one low-income country. Percentage of respondents who worry “very much” or “a great deal” about losing their job or not finding a job (58.9 per cent).

very restricted in many of these countries due to the combination of limited labour demand in the formal sector and a rapidly growing working-age population.

The divide between a well-protected group of workers in formal employment and those in informal jobs is not new. The trend that emerges from recent research is one of growing heterogeneity in the situation of both formal and informal workers, with dwindling job and economic security for a growing share of those in formal employment. This trend is not confined to low- and middle-income countries. Growing job instability and the rise of poorly paid, precarious work are driving income insecurity among workers in high-income countries as well.

### **1.1 The informality conundrum**

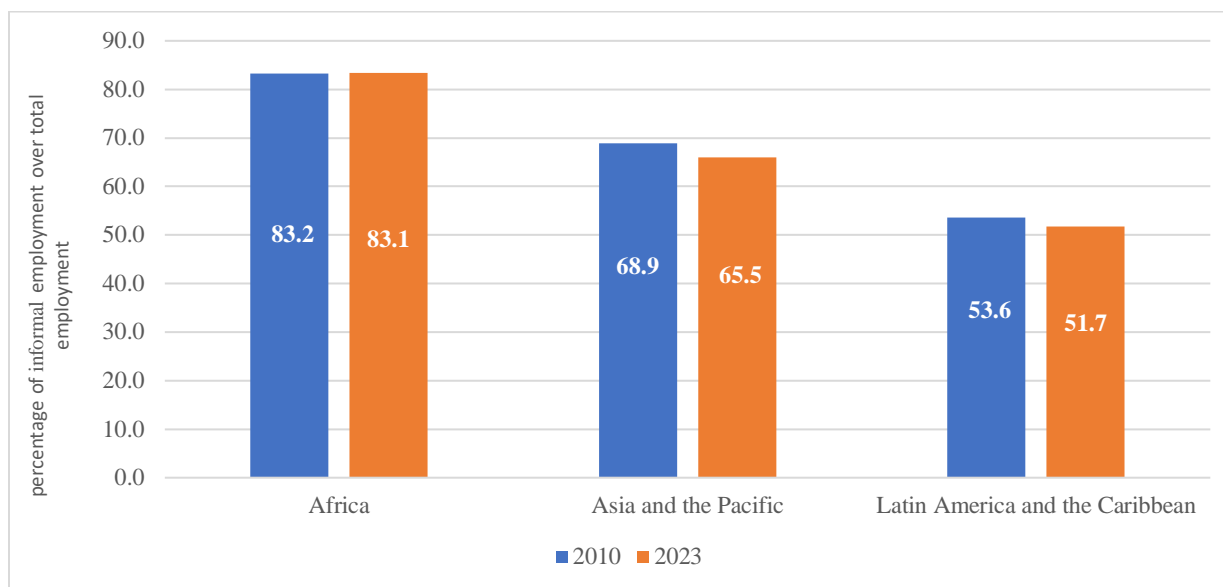
Informal employment is ubiquitous and remains the most prevalent means of labour market participation in developing countries. Recent estimates prepared by the International Labour Organization (ILO) put the share of informal employment at 89 per cent of total employment in low-income countries, 82 and 50 per cent in lower- and upper-middle income countries, respectively, and at 16 per cent in high-income countries (ILO, 2023). For the majority of workers, informal jobs are not a choice but reflect the limited availability of formal, more desirable jobs, as well as workers' limited bargaining power in the businesses that employ them.

Despite early expectations that informal employment would decline and eventually disappear with economic growth and development, informality has remained stubbornly high even during periods of strong economic growth.<sup>3</sup> On average, the share of informal employment in total employment has remained stagnant in Africa and has declined only slightly in Asia and the Pacific as well as in Latin America and the Caribbean (figure 1). Following unprecedented job losses among workers in informal employment during the first year of the COVID pandemic, informality grew at a faster pace than formal jobs in developing countries in 2021 and in 2022, thus jeopardizing earlier gains towards formalization at the global level (ILO, 2022a).

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<sup>3</sup> From the early 1990s to the early 2000s, for instance, the share of informal employment increased significantly in Latin America and in Southeastern Asia despite robust average economic growth (OECD, 2009).

**Figure 1. Share of workers in informal employment, 2010<sup>a</sup> and 2024**



Source: Calculations based on ILO Modelled Estimates and Projections, ILOSTAT database. Available from: <https://ilostat.ilo.org/>. Accessed on 12 May 2025.

**Notes:**

<sup>a</sup>. Or the first year with data available (2011, 2012 or 2013 in 11 out of 15 African countries and in 7 out of 14 Asian countries).

Although all workers in informal employment experience decent work deficits, be it in terms of working conditions, protection or representation and voice, informality is an umbrella term for increasingly diverse forms of labour market participation. While a large majority of informal workers are in the informal economy, for instance—that is, in businesses or economic activities that are not fully covered by formal arrangements in law or in practice-, a substantial proportion (28 per cent in high-income countries) work in formal enterprises (ILO, 2023). Most workers in informal employment are own-account or contributing family workers in elementary occupations and suffer from multiple deprivations, but the share of professionals and entrepreneurs with high levels of education can be significant.

The need to go beyond aggregate estimates is patent in the gender distribution of informal work. Globally, the percentage of women in informal employment (55.2 per cent) is below that of men (60.2 per cent). However, women in informal employment are more often found in the most vulnerable situations—as contributing family workers and as domestic workers—and, in developing countries, are more likely to live in working poverty than men (ILO 2018, 2023).

## 1.2. Unequal realities within informal—and formal—employment

A blooming body of research on labour market transitions based on panel data shows that some informal jobs can serve as stepping-stones to formal, more secure employment, particularly if they allow for professional networking and help workers build skills.<sup>4</sup> They can also be a means for small, household enterprises to take off. However, a large majority of workers remain in informal employment for long periods of time—many throughout their working lives.

According to a series of developing country studies covering periods ranging from one to 19 years, depending on the study, less than a quarter of “low tier” informal workers (those requiring little training and providing low earnings) had transitioned to formal employment or to “upper tier” informal employment at the end of the observation period in a most countries.<sup>5</sup> In China, for instance, only 5 per cent of low-tier informal workers moved to formal employment from 2014 to 2018 (Lin, Ye and Zhang, 2023). Similarly, in Viet Nam, the probability that a worker in informal employment would remain in informal employment the following quarter was 94 per cent between 2013 and 2018, despite a strong movement of workers out of agriculture and into manufacturing and a sharp reduction of low-skilled workers in the informal sector during that period (Samaniego and Viegelahn, 2021). Women, members of lower castes, rural workers, self-employed workers and those with low levels of education are less likely to transition to formal employment than other groups.

Country studies also suggest that the risk of downward mobility—from formal to informal employment—is significant for workers in formal self-employment, particularly in low tier jobs, even in countries where the odds of transitioning out of informality are high. However, there is little movement of formal employees towards informal employment or formal self-employment.

Traditionally, low mobility and persistent wage gaps between formal jobs and large segments of the informally employed population have suggested the presence of large barriers to movement between informal and formal employment and, even, of separate

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<sup>4</sup> Delautre, Gardiner and Verick (2021) provide a short review of recent literature. For a leading collection of developing country studies, see Fields and others, eds. (2023).

<sup>5</sup> The literature reviewed covers the following countries: China, India, Indonesia, Viet Nam, Egypt, Jordan, Tunisia; Ghana, Niger, Nigeria, South Africa, U.R. Tanzania, Uganda; Argentina, Brazil, Costa Rica, Ecuador, El Salvador, Mexico, Nicaragua, Paraguay, Peru and Venezuela; Albania, Georgia and Ukraine. The percentage of workers transitioning out of low tier informal employment was in settings with relatively lower informality. Namely, in the Latin American countries studied (and South Africa) the percentage of low tier workers transitioning out was above one quarter and, in many case, above 50 per cent. See Fields and others, eds. (2023) and ILO (2021). See also Brehm, Doku and Escudero (2023), Pagès and Stampini, 2009; Natarajan, Schotte and Sen (2021), Tansel and Ozdemir (2015), McCaig and Pavcnik (2015).

labour submarkets for each. The evidence presented indicates, however, a diversity of circumstances surrounding both informal and formal employment, with informal low tier jobs that offer few mobility prospects and no access to social protection at one end of the spectrum and formal wage jobs with secure contracts and comprehensive access to social protection at the other. Job insecurity is high among low-tier workers in the formal sector, especially among self-employed workers who often move to informal jobs.

Thus, the greater divide is that between upper tier formal workers, particularly wage workers whose risk of transitioning to less secure jobs is very low, and the rest of the labour force. This divide is reinforced by processes of discrimination and by an absence of social ties between different types of workers, both within and outside of the workplace. Both occupational and residential segregation contribute to the breakdown of interactions across social groups and to the subsequent loss of employment opportunities, particularly in the upper tier.

Policy-wise, concern over informal employment stems not only from the fact that workers have limited access to social protection and are vulnerable to even minor shocks, but from its effects on sustainable development. Widespread informality is considered a cause of low productivity and other development deficits, with effects on economic growth and tax revenues and, thus, fiscal space (Ohnsorge and Yu, 2022; Rodrik, 2014). The policy focus has thus been on addressing informality as a means to improve productivity. However, the links between informality, productivity and poverty run in both directions. Low-productivity enterprises cannot afford to abide by existing regulations, partly because of their limited access to credit and other resources. People in poverty resort to informal employment, especially to low tier jobs where entry barriers are lower, and, in turn, informal employment leads to persistent poverty (Kanbur, 2014; Devicienti, Grossman and Poggi, 2010).

Insofar as informality is an outcome of underdevelopment, rather than just its cause, narrow approaches focused on strengthening governance and regulatory frameworks, alone, will not do. Some such approaches can even have negative effects on poverty and on inequality, particularly if they increase the costs of operating informally without lowering the barriers to operating formally or addressing other underlying challenges that lead to informality and lack of decent work.

While the diversity of circumstances surrounding informal employment challenges one-size-fits all policy responses, successful examples point to the importance of comprehensive policy approaches to both promote transitions to formal employment and to protect workers in informal employment. Macroeconomic and industrial policies that foster productive employment and decent work, regulatory environments that reduce barriers to formalization while protecting workers, measures to improve access to credit

and financial markets, and the promotion of decent working conditions in the informal economy—namely by expanding access to social protection—are key elements of successful policy initiatives. Formalization is a gradual, long-term process, but many countries in Latin America as well as some in Asia—Thailand, Turkey—have been able to reduce it in the last decade.

### **1.3. Casualization and growing insecurity**

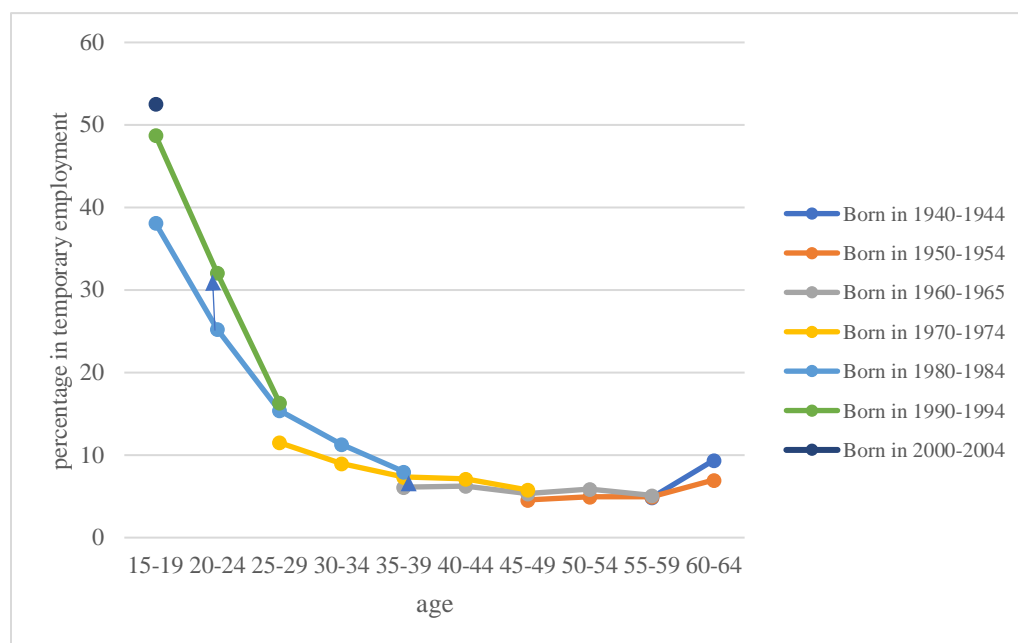
Part-time, temporary and casual work, including zero-hours contracts, sub-contracted labour and some forms of self-employment, are on the rise. There are new forms of work emerging, particularly in digital labour platforms. Their spread has been driven by a variety of forces, including the digital transformation but also global integration, sectoral shifts from manufacturing to services and the weakening of labour market institutions through various waves of deregulation.

The rise of these alternative (or non-standard) forms of employment is most evident in high-income countries and most prevalent among youth. In the Netherlands, for instance, 66 per cent of youth who entered the labour market from 2000 to 2007 and 86 of those who entered in 2008 were in non-standard employment six years after starting their careers, as compared to 15 per cent of those who entered the labour market from 1985 to 1999 (Bekker and Pop, 2020).

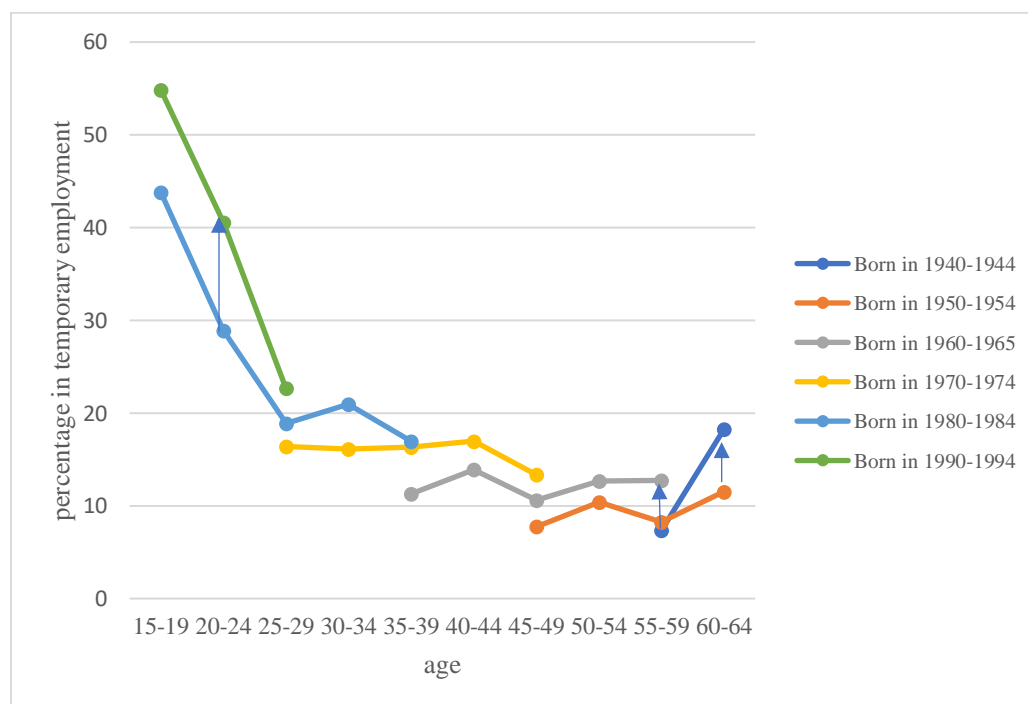
While trends have been less drastic in other European countries with data, temporary work and other non-standard forms of work are growing and, concurrently, job stability is declining in most of them. As shown in figures 2.a and 2.b, the average percentage of waged workers in temporary contracts (of less than 12 months) has increased from one birth cohort to the next, particularly among youth and among those with low levels of education (figure 2.b). For low-skilled workers aged 20 to 24, for instance, the share of temporary work rose from 29 per cent for the cohort of people born in 1980-1984 to 41 per cent for those born in 1990-1994. For those aged 35 to 39, it increased from 11 per cent, among those born in 1960-1965, to 17 per cent for the 1980-1985 cohort. Average job tenure—and therefore job security—are declining as a result.

**Figure 2. Estimated percentage of waged workers on temporary contracts by age and birth cohort in European countries**

**A. Total**



**B. Workers with low levels of education<sup>1</sup>**



Source: DESA calculations based on anonymized data from successive Eurostat's European Union Labour Force Surveys (EU-LFS), 2020 release.

1. Lower secondary education or less

Note: Simple averages, based on data for 27 European countries. Data come from successive waves of EU-LFS from 1999 to 2019. Each line represents a five-year birth cohort (that is, people born between 1 January 1940, 1950, 1960, 1970, 1980, 1990, 2000 and 31 December 1944, 1954, 1964, 1974, 1984, 1994 and 2004). Temporary jobs are those with a contract duration of less than 12 months.

These alternative forms of work have provided many women and men, including those who were not in the labour market, with income-generating opportunities. Some expand choice in terms of where and when people work, as made evident during the Covid-19 pandemic, and can help improve the work-life balance. However, they also shift risks and responsibilities away from employers and onto workers. Income instability is the norm. Own-account workers, independent contractors and many workers on temporary contracts, including in the growing “gig” economy, enjoy little employment security, limited access to social protection and few avenues for collective bargaining, much like workers in the informal economy. Many work for more than one employer, especially in crowdwork platforms and work-on-demand apps, and lack legal protections against, for instance, unsafe working conditions, wage theft or discrimination.

Although these forms of employment are not and may never become the prevailing type of employment, they put downward pressure on labour market norms and weaken a shared identity among workers.

#### **1.4. A matter of choice?**

A key question is whether these forms of employment are growing because workers prefer the flexibility they offer—or whether workers would prefer traditional wage jobs under standard contracts, if given a choice. Most workers on temporary and part-time contracts report that they would prefer to work on permanent, full-time jobs (ILO, 2016, and OECD, 2019). Similarly, workers often resort to “solo” self-employment to escape unemployment but rarely move from traditional wage jobs (Boeri and others, 2020; Katz and Krueger, 2017). Once self-employed, they experience more liquidity constraints than other types of workers and work less hours than they would like (Berg, 2016; Boeri and others, 2020).<sup>6</sup> While some engage in crowdwork and other jobs in the gig economy only to supplement income, the many who rely exclusively on the gig economy have a difficult time meeting basic expenses and saving, and often depend on financial support from family members (Berg, 2016). Even in countries where self-employment earnings are comparable to those in wage jobs, as is the case in some Eastern European and Central Asian countries, own-account workers

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<sup>6</sup> 90 per cent of workers who responded to the ILO Survey of Crowdworkers, in 2016, reported that they would like to do more crowdwork but there is not enough work available (Berg, 2016).

move to traditional wage employment when given the opportunity (Pagès and Stampini, 2009).

Studies conducted in the European Union indicate that not only are perceptions of insecurity (fear of losing one's job) much higher among workers under non-standard contracts than among those with long-term contracts, but perceived health and overall life satisfaction are lower (Eurofund, 2023). Businesses invest less in the training of workers under non-standard contracts, with impacts on their productivity and that of the businesses that employ them (ILO, 2016).

Flexibility, so far, comes with too high a cost in terms of income insecurity, job instability and rights at work. Its spread is an expression of the progressive commodification of work. Digitalization and the rise of the gig economy can exacerbate this commodification, as they make it easier to hide human activity and render workers invisible.

The growing rift between these working arrangements and labour market regulations, which were designed for full-time jobs under standard contracts, is an important driver of the commodification of workers. Non-standard forms employment fall beyond the scope of labour law protections, for the most part. In addition, the boundaries between self-employment and dependent employment are becoming blurred. Many workers in digital platforms are in a “gray zone” and share characteristics with both—using their own equipment and working off premises, for instance, but dependent on an employer to set their pay. In general, these workers do not benefit from the rights and protections accorded to employees (OECD, 2019; De Stefano, 2016).

It is also a fact that self-employment and other forms of casual work are sometimes disguised employment relationships: workers are hired and classified as independent contractors to avoid regulations, taxes and the payment of social protection benefits, even though working arrangements are the same as those of employees. While there have been high-profile cases of misclassification linked to the growing platform economy, the practice extends well beyond its boundaries.

In the face of growing flexibility and job insecurity, the policy focus has been on training, lifelong learning and other active labour market policies to ensure that workers are prepared for a changing labour market.<sup>7</sup> While these measures are important, more must be done to

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<sup>7</sup> The World Economic Forum's Future of Jobs Report 2025 (WEF, 2025) and the World Development Report 2019 (World Bank, 2019), for instance, place a strong focus on building human capital, lifelong learning and changing skills to adapt to the changing world of work. See also OECD (2024 and 2019) and OECD's Changing Skill Needs in the Labour Market platform (<https://www.oecd.org/en/topics/sub-issues/changing-skill-needs-in-the-labour-market.html>).

make the labour market fit for all workers. Doing so requires expanding and adapting social protection systems, on the one hand, and strengthening collective bargaining, on the other.

### **1.5. Extending social protection to workers under non-standard contracts**

To be fit for purpose, labour market regulations and social protection systems must be better equipped to support workers in non-standard forms of employment. Private insurance mechanisms have been promoted to limit income volatility as the employment relationship becomes fluid. While private savings can complement public support, access to public social protection remains necessary to most of the world's labour force. Its absence violates a basic human right.

In recent years, some Governments have expanded the coverage of existing unemployment and other contributory social insurance schemes by lowering the thresholds regarding the minimum duration of employment and minimum hours worked, and by extending coverage to categories of workers who were previously outside the scope of compulsory coverage, in particular self-employed workers. There have also been efforts to adapt contributions to workers who do not receive regular monthly pay, including self-employed workers and workers in informal employment, and to simplify administrative procedures for registration and payments. There is also a need to improve compliance with existing regulations, namely by taking measures against the misclassification of workers as self-employed to avoid paying contributions.

The expansion of tax-based ("non-contributory") schemes has helped complement income among part-time and other underemployed workers, especially as regards healthcare and pension coverage. Low levels of funding, however, mean that tax-financed schemes alone are often not sufficient to provide income security to their beneficiaries, especially in low- and middle-income countries. Benefits are often below the poverty line. When means tested, these schemes fail to cover workers who do not fall below the poverty line.

More must be done, also, to recognize and support various transitions, beyond that from standard employment to unemployment—namely those between jobs, including between standard and non-standard forms of employment. Doing so calls for enacting measures to facilitate the full portability of social protection entitlements.

### **1.6. Collective bargaining at risk?**

Trade unions have played a critical role in giving workers a voice in policymaking and helping them develop a collective identity. Given their vulnerable situation, workers under non-standard contracts and those who are outside an employment relationship altogether face challenges in mobilizing, organizing collectively and advocating for their rights and interests.

Job insecurity has risen alongside declines in trade union membership, especially in high-income countries where union density used to be higher. In OECD countries, where unionization rates are highest, trade union density declined by half, from 26.4 per cent of workers in 1990 to 13.2 per cent in 2019 (Visser, 2024). In France, Germany, the United Kingdom and the United States, union density rates in the private sector are currently lower than in the decade before the First World War (ibid.). With tight labour markets and an upsurge in strikes, some countries have experienced a slight uptick in unionization in the aftermath of the Covid-19 pandemic. In the United States, private sector unionization increased by almost one quarter million workers from 2022 to 2023 (Shierholz and others, 2024)

The future viability of unions for collective representation and social dialogue depends on whether they can adapt to today's world of work. Large companies and manufacturing plants, the main centres of working-class union activity in the past, have closed or downsized by subcontracting tasks and jobs. Unions organized around the traditional employer-employee relationship may not be well suited to give voice to those who do not work for a wage, or who do so outside the formal sector or under non-standard contracts.

The growing incidence of informal and non-standard forms of employment has created momentum for new forms of association, such as community and professional organizations, associations of self-employed workers, and cooperatives. These associations often represent members' interests with a local government or municipal authorities, so they resemble social movements more closely than conventional trade unions (United Nations, 2016). While some have improved the working conditions of workers in vulnerable employment, and strengthened their capacity to take collective action, most lack a legal mandate to participate in collective bargaining directly and, for now, do not cover all the tasks of trade unions – from wage setting to ensuring decent labour standards and promoting voice in the workplace (Visser, 2024). At the same time, they protect groups of workers that are rarely covered by unions, including migrants.

Unions are also adjusting to changes in the world of work. Many offer easily accessible services and assistance in matters of taxes and social benefits (ibid.). Some have expanded membership to workers under non-standard contracts or have lobbied to promote their rights, often supporting self-organized grassroots groups and giving them legal backing (Cant and Woodcock, 2020; Rizzo and Atzeni, 2020; MacDonald and Thomas, 2018). In the United Kingdom, for instance, drivers for the platform Uber were reclassified, from independent contractors to workers covered by minimum wage laws and other basic provisions, after a union took their case to an employment tribunal in 2018. In many countries, however, labour laws would need to be reformed to extend associational rights

to workers in non-standard employment (MacDonald and Thomas, 2018). Expanding union membership to workers in informal employment poses challenges for the same reason.

Unions will have to find more ways to connect with workers in the gig economy, employees on temporary contracts and highly skilled workers, including those in solo self-employment. Doing so will mean reaching outside traditional workspaces and maintaining a holistic approach to workers' well-being and rights, beyond a strict focus on wage bargaining. Creating alliances with new forms of association and social movements that advocate for affordable housing, better public services or decent wages, for instance, could help improve the living conditions of workers in non-standard or informal employment.

The revitalization of unions and the rise of alternative forms of representation and protection require legal and institutional support from Governments. In providing an enabling environment for workplace representation, Governments should bear in mind the positive effects of social dialogue—and those of broader workplace democracy—for the social contract. Fostering workers' participation in their companies' decision-making is also within Governments' reach.<sup>8</sup>

## **2. Inequality and the labour market: who is being left behind**

Informality, job casualization and the erosion of labour market institutions have contributed to the persistence of inequality in wages and working conditions, given that some jobs remain protected while others have been made highly flexible. Workers on non-standard contracts earn less than workers on standard contracts, on average, and bear the brunt of employment losses during recessions. A similar segmentation exists where workers in the formal sector benefiting from some degree of social protection coexist with the large informal economy.

Young workers, women, migrants and other disadvantaged groups are overrepresented in casual and unpaid work. Gender inequalities lead to lower levels of labour market participation among women than among men, as well as to shorter working lives, lower wages, less opportunities for upward mobility and thus more economic insecurity.

The recent crises have magnified inequalities in the world of work, but the roots of such inequalities run deeper. As highlighted in the introduction, technological change and the rapid pace of globalization have certainly benefited many workers. But they have also increased disparities and unsettled entire labour markets.

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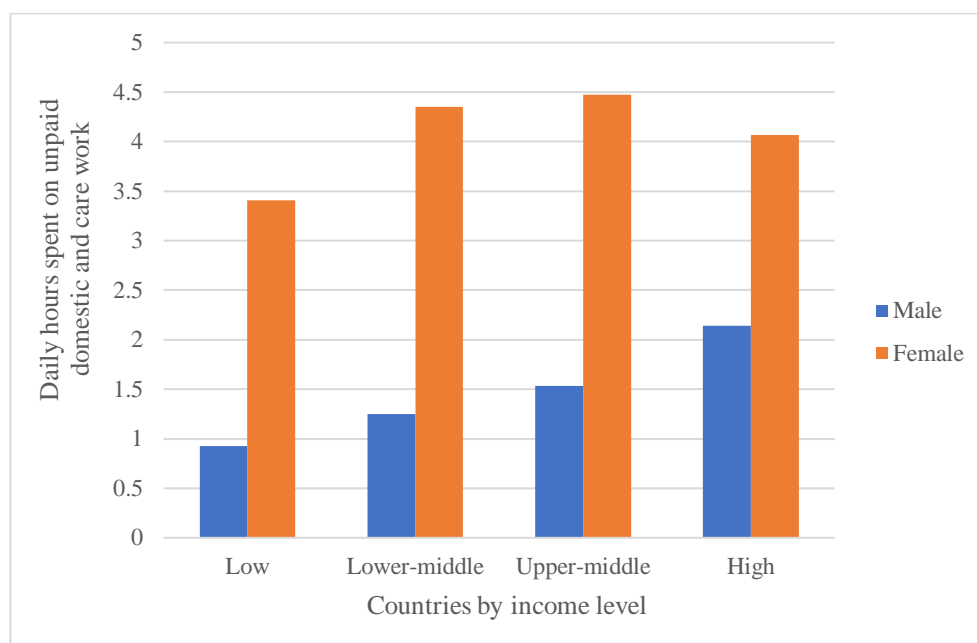
<sup>8</sup> Germany requires significant employee participation on the boards of large companies, for instance (see <https://worker-participation.eu/legislation/european-company-se/countries-transposition/germany>).

## 2.1. Women and the world of work: persistent inequalities in a changing landscape

Gender inequalities in both the private and public domains place women at a disadvantage in the world of work. In the public sphere, discriminatory social norms, unequal access to education and training, and underrepresentation in decision-making constrain women's economic participation and leadership. At home, women continue to shoulder a disproportionate share of unpaid domestic and care responsibilities, with implications on their time, mobility, and opportunities to engage in paid employment.

Globally, women spend an average of 4.2 hours, daily, doing unpaid work while men spend 1.7 hours. There are significant differences across regions: Men spend about half as much time as women on domestic and care work in high-income countries, 35 percent in upper-middle-income countries, 30 percent in lower-middle-income countries, and 27 percent in low-income countries (see figure 3).

**Figure 3. Daily hours spent on unpaid work by sex and by countries' income level, 2023**



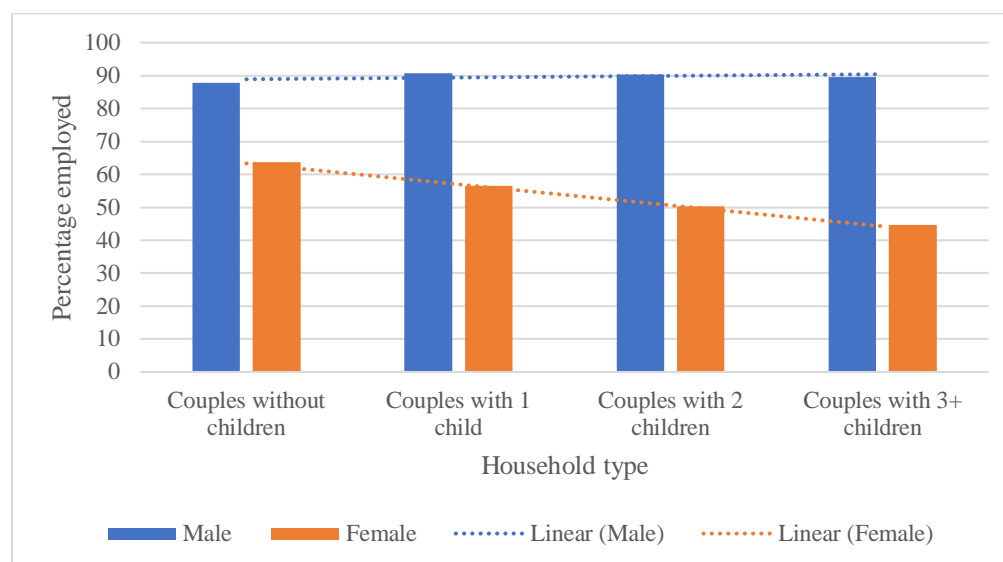
Source: Minimum Set of Gender Indicators. Available from: [Indicators | Gender Data Hub](#). Accessed on 14 May 2025.

Note: Grouping by World Bank income groups, using the last available period for each of the 92 countries.

Unpaid work and motherhood are deeply intertwined – after having a child, women's unpaid care responsibilities increase sharply. Those responsibilities associated with childcare often result in women scaling back their careers, working fewer hours, opting for less demanding jobs, or not participating in the labor force at all. The number of children under six years old in the household affects women's participation in the labor market but not

men's: as shown in figure 4, the employment-to-population ratio remains around 90 percent among men, regardless of the number of young children.

**Figure 4: Employment-to-population ratio by household type in selected countries, 2023**

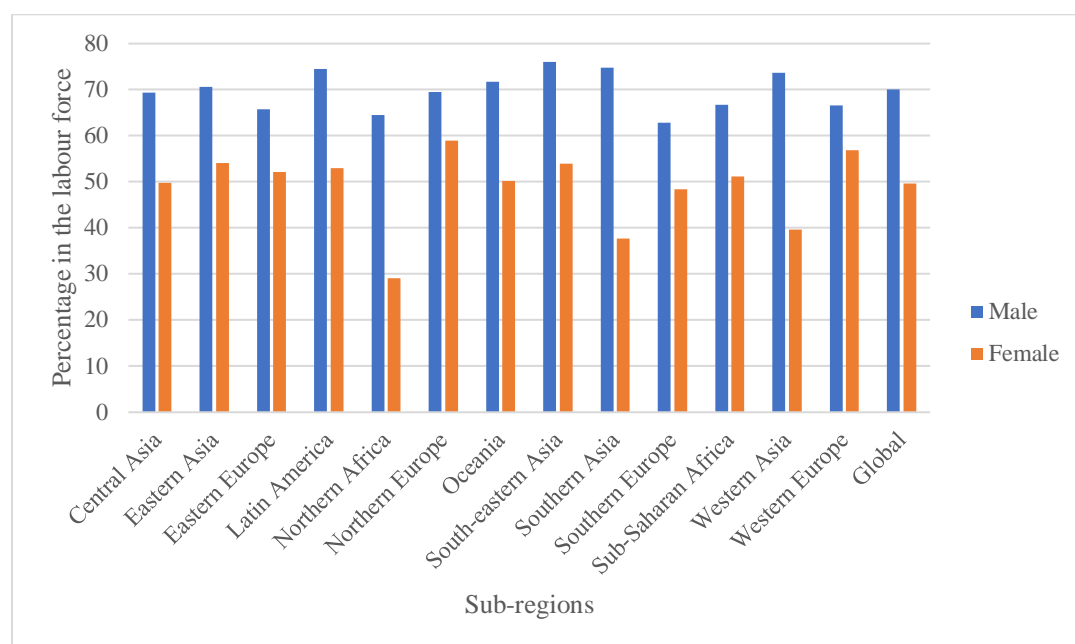


Source: Minimum Set of Gender Indicators. Available from: [Indicators | Gender Data Hub](#). Accessed on 14 May 2025.

Note: The employment-to-population ratio is defined by ILO as the proportion of the population that is employed. This figure displays simple averages of the ratio for the population aged 25 to 54 (for a subset of household types), with information for 110 countries, using data for the latest year available. Estimates consider the presence of children younger than six years old, only.

Globally, 70 percent of men participate in the labour force, compared to 50 percent of women, as figure 5 shows. At a regional level, the gap between women and men's labor force participation rate is highest in Northern Africa, Southern Asia and Western Asia (35 percent point difference, on average). Only in Western Europe does the gap fall below 10 percentage points.

**Figure 5. Labour force participation rate by sub-region, 2023<sup>1</sup>**



Source: ILOSTAT. Available from: [Labour force participation rate - ILOSTAT](#) . Accessed on 14 May 2025.

<sup>1</sup>Or latest year available.

Note: The labour force participation rate is for persons aged 15 and older, based on data for 159 countries.

The striking disparities in labor force participation between men and women in Northern Africa, Southern Asia, and Western Asia reflect a complex interplay of cultural, legal, and structural barriers. However, these barriers are not uniform across countries: for example, while Pakistan and Egypt maintain very low female labor force participation rates (around 24 percent and 15 percent respectively in recent years), countries like Bangladesh and Morocco have made gradual progress, albeit from a low base.

Being in the labor force is important, but not sufficient. Access to decent jobs matters as well. Women have long been overrepresented in low-paid and insecure jobs. Although globally a slightly higher percentage of men (60.2 percent) than women (55.2 percent) are in informal employment, women are disproportionately represented in the most vulnerable roles—such as domestic workers—with limited autonomy, income security, or legal protection.

Women consistently earn less than men, even when accounting for job type and skill level. Occupational segregation between men and women and gender wage gaps are pronounced features of the global labor market. In 2024, employed women (including both employees and the self-employed) earned 77 cents for every dollar earned by men (ILO, 2025b). Moreover, women hold just 30 percent of managerial positions globally (ibid).

While differences in occupational composition by sex are not inherently problematic, female-dominated occupations tend to be systematically undervalued. As occupations become more female-dominated, their average pay tends to decline—even when controlling for factors like education and skill requirements (England, 2018). Many of the roles in which women are overrepresented, including caregiving, teaching, or performing domestic work, are essential to social well-being, yet are poorly compensated relative to their societal value, partly because they are perceived as extensions of traditional female roles at home.

Demographic changes, particularly population ageing, will make it harder for women to absorb the care gaps left by under-resourced formal systems (United Nations, 2023). Meeting future care demands will therefore require higher investments in paid care services and a rethink of how care responsibilities are distributed across society. Automation and digitalization are altering labor demand, with many routine and lower-skilled jobs—where women are overrepresented—at higher risk of displacement, as discussed in section 2.3. Addressing gender inequalities in the world of work requires recognizing the structural constraints that disproportionately affect women. Not only do they limit women’s labor force participation but also result in their disproportionate participation in low-paid and less stable employment.

## **2.2. Youth in the labour market: left behind at the starting line**

Despite a general decline in global youth unemployment rates in recent years, young people (aged 15 to 24) continue to experience significant disadvantages in the labour market. Youth unemployment rates have persistently exceeded those of adults, with the disparity between the two groups widening over decades in many regions. Notably, the global youth-to-adult unemployment ratio increased from 2.6 in 2000 to 3.5 in 2023 (ILO, 2024b). This disparity is not a transient feature of labor markets but rather the result of structural, institutional factors that disadvantage young people in their transition from school to work.

Employers often perceive young jobseekers as riskier hires due to the absence of proven employment histories. Youth are consistently more vulnerable to economic downturns, given their shorter careers and more vulnerable contractual status—a phenomenon often referred to as “last in, first out” (Bell and Blanchflower, 2011). Their overrepresentation in sectors such as retail, hospitality, and tourism makes them particularly vulnerable to shocks, including the Covid-19 pandemic, which disproportionately affected entry-level and service jobs.

Since the onset of the Covid-19 pandemic, youth labour market conditions have shown significant improvement. However, the recovery has been unequal across regions. Although youth unemployment rates returned to – or in some cases fell below—pre-crisis levels in

several regions, they remained higher in 2023 than in 2019 in the Arab States, East Asia, and Southeast Asia (ILO, 2024a). Gender disparities have also marked the recovery. Although young men suffered from higher unemployment rates than young women before the pandemic, the crisis hit young women harder. Young men have experienced stronger labour market gains in the post-pandemic period (ibid.).

The persistent disadvantages faced by youth in the labour market are also due to a mismatch between educational systems and labor market needs, as well as to prolonged and fragmented school-to-work transitions. In many countries, young people complete school with skills that are not well aligned with current demand—particularly in rapidly evolving digital and green sectors (ILO, 2022b). Weak labor market institutions—including under-resourced public employment services and limited availability of internships or apprenticeships—contribute to long job search periods, discouragement and to an overrepresentation of youth in informal employment and other precarious forms of work. In many cases, young people become trapped in a cycle of informal or unpaid work, lacking access to effective pathways into formal employment.

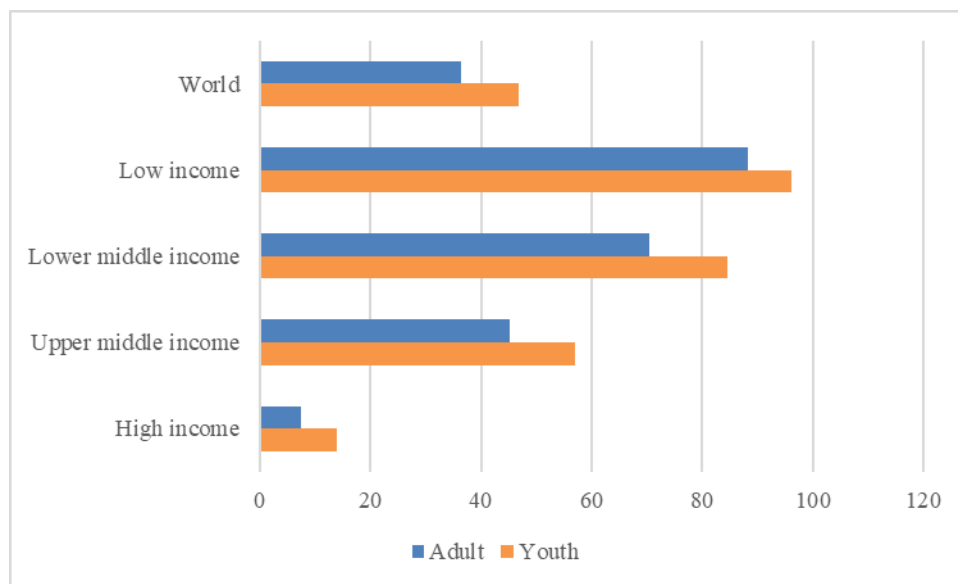
Trends in unemployment alone do not fully capture the multifaceted challenges confronting youth. A substantial proportion of young people—estimated at 20.4 per cent—remain not in employment, education, or training (NEET), highlighting enduring patterns of labour market exclusion and the considerable underutilization of youth potential in terms of human capital development. Globally, one in three young people lives in a country that is off track to meet SDG 8.6— to reduce the share of youth not in employment, education, or training (NEET). Many of these countries are in regions already facing some of the highest NEET rates, including in the Arab States, North Africa, and sub-Saharan Africa. Young women continue to bear the brunt of the challenge: in 2023, the global NEET rate stood at 28 per cent for young women, more than double the rate for young men, which was 13 per cent.<sup>9</sup>

Beyond the persistent barriers to entry into the labour market, a significant proportion of youth are engaged in informal, low-paid, and insecure jobs. The share of youth in informal employment remains consistently higher than that of adults, regardless of the country's income level (figure 5). This trend reflects limited access to formal job opportunities for young people, especially in developing economies where informality dominates the labour market. The implication is that even when young individuals do find work, they are disproportionately concentrated on roles lacking social protection, job security, and decent working conditions.

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<sup>9</sup> ILO SDG Labour Market Indicators, ILOSTAT database.

**Figure 5. Proportion of youth and adults in informal employment**



Source: calculation based on ILOSTAT. Available from: [Labour force participation rate - ILOSTAT](#). Accessed on 02 May 2025.

Note: Calculations are simple averages of existing country-level data for the most recent year available (ranging from 2015 to 2024). Based on data for 131 countries comprising 43 high-income countries, 17 low-income countries, 36 lower-middle-income countries and 35 upper-middle-income countries.

### **2.3.Wages and productivity amidst technological change**

Within many countries, employment growth has taken place alongside a redistribution of income towards capital and away from labour. Globally, the share of wages in total GDP has been declining since the 1980s—faster in the 1990s and 2000s, less steeply since the 2010s.<sup>10</sup> Improvements in labour productivity have not translated into better labour compensation.

As regards wage inequality, trends differ considerably by country. While the existing literature shows increases in wage inequality in high-income countries from the 1980s to the early 2000s, approximately two-thirds of countries with data across more and less developed regions experienced declines in wage inequality from 2006 to 2021 (ILO, 2024b). Yet, top salaries have risen dramatically. A sizeable proportion of the gains observed in top income shares over the past decades are due to an increase in top wages. In the United States, wages for the top 1 per cent rose by 206 per cent from 1980 to 2021 while wages for the bottom 90 per cent grew just by 28 per cent (Economic Policy Institute, 2022).

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<sup>10</sup> United Nations (2020). For recent trends, see ILOSTAT database, available at <https://ilostat.ilo.org>.

The rapid, revolutionary technological breakthroughs that the world has experienced in recent decades have contributed to these trends. For all its promise, technological change tends to create winners and losers. In the world of work, highly skilled workers have benefited the most from new technologies. Job disruption – and, at times, destruction – is affecting mainly low-skilled and middle-skilled workers in routine tasks. From the late 1990s to the early 2010s, the share of routine, task-intensive occupations in total employment declined by 10 per cent in Southern Europe, 8 per cent in Western Europe and 6 per cent in Northern Europe (Bussolo and others, 2018).

While it is impossible to predict the effect of the still-developing generative artificial intelligence (AI), forecasts based on AI's current capabilities suggest that middle-skilled workers in clerical tasks will be the most exposed to automation (Gmyrek, Berg and Bescond, 2023; WEF 2025). Most workers in those clerical occupations are currently women. Preliminary conjectures thus point to the sustained unequal effects of technological innovation by skill and by gender with, in particular, a possible hollowing out of middle-skilled tasks. They also indicate that job and task destruction and creation will affect workers in different jobs and sectors – reinforcing the importance of a just transition aimed at ensuring that no worker, place or country is left behind.

Technology's unequal effects can worsen if, as is the case in many countries, the large gains brought about by new technologies continue to be captured by a small number of dominant companies. The presence of monopolistic or oligopolistic companies has distorted market competition and hindered the diffusion of new technologies within and among countries.

There is plenty of evidence on how digital technologies and AI are undermining jobs and democracy (Acemoglu and Johnson, 2023). Although the fast pace of innovation poses major policy challenges, its effects are not set in stone. There are important differences across countries in how jobs are being redesigned and tasks regrouped into new or existing jobs in response to technological changes, including AI. There are also important differences in the effect of digital platforms on workers' rights and agency. Whether ongoing innovations are directed to automating work – and whether the automation of tasks inevitably leads to the disappearance of jobs – is as much a technological question as it is an institutional one. Regulations and institutions influence the profitability of regrouping tasks into new jobs and the ability of workers to upgrade their skills to take on new responsibilities.

### **3. Implications for social stability**

There is currently a large gap between ongoing changes in the world of work and the policies and institutions meant to manage them. Many of the institutions designed in now high-income countries during the twentieth century are not well suited to support the kinds of employment that are prevalent in today's labour markets or to address the increasing pace of job destruction and creation. As a result, a growing share of workers are left on their own, beyond the scope of protections that such institutions grant.

Employment insecurity and the social and economic uncertainties it generates undermine the relationship between workers, employers and Governments, with consequences for people's trust in institutions. Workers in informal employment and those under non-standard contracts, as well as people who are unemployed, have lower trust in other people, lower perceptions of fairness in society, abstain from voting more often and, when they do not, vote more for extreme parties than workers on long-term contracts (Eurofund, 2023; United Nations, 2016; Bussolo and others, 2019).

It is commonly suggested that employment insecurity is an inevitable result of the digital revolution, global integration and other ongoing transformations. That it is necessary to respond to business needs and worker preferences for a more flexible labour market. Flexibility can indeed be a positive trend for employers and employees alike as long as it promotes decent work. In its application, however, flexibility has often resulted in an erosion of employment protections and workers' rights without better job opportunities.

At the same time, work remains central to people's lives and to the functioning of societies. If performed in decent conditions, a job is not only a means of survival or a way out of poverty, but it gives people purpose and dignity, and promotes their inclusion. Decent work that brings economic security helps build people's trust and civic engagement, and is therefore a key pillar of social cohesion. It is at the heart of a virtuous cycle that generates commitment to public mandates, helps increase tax revenues and thus generates fiscal space to make those investments in quality public services, infrastructure and social protection that are crucial to boost economic security and further promote decent work for all.

These instrumental and social roles of work are relevant across societies now and there is no reason why they should fade in the future. Development and growth paths that approach work as a commodity are therefore not socially sustainable. The good news is that a different path is possible. Global competition and other transformations are experienced worldwide, but their effects are not homogenous: some governments choose to prioritize workers' well-being rather than permit their exploitation for short-term gain (see box).

It is, however, important to acknowledge that the transformations observed in the world of work have weakened workers' shared identity and diminished their collective voice. Growing power asymmetries between workers and employers are a root cause of persistently high levels of inequality around the globe.

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#### Box. Employment protection through labour market transformations - the example of Germany

Germany has distinguished itself from other countries by maintaining strong employment protections through economic downturns and while adapting to digital transformations. The country's Kurzarbeit scheme, which allows companies to temporarily reduce working hours during downturns while the government compensates workers for lost income, proved particularly effective during the 2008–2009 financial crisis. Germany's unemployment rate remained stable during this crisis while other OECD countries saw significant job losses. The programme was expanded to cover a third of the workforce at the peak of the Covid-19 crisis, helping to cushion the shock and facilitate a faster labour market recovery compared to other countries.

Germany has also led in preparing its workforce for structural changes brought about by digital transformation. Unlike economies where technological shifts have led to widespread job displacement, Germany's proactive investment in retraining and lifelong learning has enabled smoother transitions for workers, particularly in sectors like manufacturing and information technology (IT). Government policies anticipating shifts in labour demand, coupled with close collaboration between employers, trade unions and training institutions, have reinforced this resilience.

Non-standard employment arrangements were implemented alongside robust collective bargaining structures and social protection. This prevented the erosion of working conditions seen elsewhere and ensured that wage stability and decent employment standards remained priorities. Germany's ability to safeguard jobs during downturns, facilitate worker transitions amid digital change and uphold strong employment conditions amid rising flexibility underscores the strength of its labour market policies.

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