



Policy Priorities for the Road to a Sustainable Job Recovery

World Employment Confederation
and International Organisation of Employers Joint Position Paper

February 2021



A powerful
and balanced
voice for business



EXECUTIVE SUMMARY

This paper presents the priorities for a job rich, productive, sustainable and quality road to recovery from the unprecedented impact of the Covid-19 Pandemic. To this end it identifies the following drivers that prompt the urgent need *and* opportunity for reshaping working, employability and labour market structure for a better normal:

► **Informality** has been the elephant in the room for many, many years, but is rarely tackled with a holistic approach and effective measures. The pandemic has highlighted again the vulnerability of workers and employers in the informal economy, re-emphasising the urgent need to create conducive framework conditions for companies to be set up in the formal economy, to hire and grow in the formal economy, and to fully contribute to the needs and developments of societies and economies.

► **Recovery can only happen through rapid, sustainable and inclusive private sector growth** Only through this private sector growth will people and societies overcome the devastating impact of the pandemic. Businesses will not restart operations spontaneously and economies will not be able to return to previous levels of prosperity without persistent and adequate support, both financial as well as through creating an enabling business environment.

► **Creating opportunities in the times of crisis.** Whether it is on skills, gender, age or access to adequate social protection, digital infrastructure and formal jobs, we need to do better. We cannot allow crises such as the current pandemic end up into a humanitarian catastrophe. This polarisation of opportunity must urgently be reversed.

► **Digital transformation.** The pandemic has triggered a quantum leap in digital transformation and how work is organised. The growth of remote work, the ability to collaborate online, new consumer trends and e-commerce demands, as well as the automatization of global supply chains are testimony to this. Labour market frameworks, in most cases, do not reflect these changes. We need to ensure that we fully tap into the opportunities arising from the fact that people can more easily connect with quality jobs as well as build and manage relationships with businesses and customers.

Based on these drivers IOE and WEC provide concrete and actionable policy options for policymakers and social partners to implement on all levels of labour market governance:

1. Working in the New Normal

► Policymakers need to recognize that “**productive employment**” is strongly linked to the creation of “**decent work**” as a vehicle to build back better. Businesses need governments to facilitate and create an enabling environment for private sector growth and resilience. Through public-private partnership, business and government together must leverage the synergy of their respective strengths. This will shape a stable, predictable and incentivising environment that will enable private sector investment and innovation to drive the sustained and job-rich recovery from the Covid-19 crisis.

► **Promote Diverse Forms of Work** to enable labour market participation, inclusion and formalisation. People want to work in new ways and new technologies allow them to do so. We need to ensure they can do so in a decent way, on a formal labour market while having access to appropriate social and labour protections. This means creating a regulatory framework that delivers quality open-ended contracts, part-time and fixed term work, agency work and self-employment.

► In (re-)designing policies for remote working the following elements need to be ensured:

1. the existence and continuation of physical work(places),
2. a re-balance of working time frameworks, worker responsibility, employer supervision and output-based remuneration,
3. opportunities for quality vocational training and lifelong learning, and
4. the involvement of social partners.

► **‘Platform Work’ like any new way of arranging work, holds great potential for formal and decent work.** Still, ‘platform work’ is multi-faceted complex concept that can be anything. An international one-size-fits-all regulation will not capture it. To make sure platform work will contribute to a quality labour market recovery (1.) the classification of workers’ status and services within national frameworks and (2.) the redesign of national labour market institutions and safety nets to accommodate a more dynamic and digital economy and world of work are urgently needed.

2. Employability in the New Normal

▶ **Education is key for labour participation**, especially in a labour market underpinned by technological progress, digitalisation and AI. As such, policymakers and social partners need to align education curricula with the needs of the private sector and enable sustainable employability by shaping incentives and frameworks for business and workers bridge skill gaps. This is done by re- and upskilling, lifelong learning, human and social skills, vocational training and proactive career support. In this they can bank on the growing amount on private solutions to deliver this.

▶ **Portability is key.** Training benefits and funds need to be portable and available across jobs, sectors or ways of working. Individual learning accounts are a best practice in this respect.

▶ **Re- and upskilling is a joint investment .** We cannot allow people to be marginalised by technological progress. We must concentrate on helping them become empowered by new technologies as they shape the future of work. We must inspire and stimulate workers, governments and businesses to prioritize the development and delivery of agile education and training systems which respond to changes in the world of work. This includes better systems to ensure high-quality lifelong learning that respond to all life phases, digital skilling and vocational training. For this adequate, sustainable and structural financial incentives are needed for businesses to take their skilling efforts to a next level. Bridging the skills gap is a joint challenge and thus takes a joint investment. Finally, educators and policy makers need to ensure entrepreneurial skills are readily available in the full variety of educational programmes. Entrepreneurs need to maintain access to up- and re-skilling as they continue their entrepreneurial path.

3. The Structure of the New Normal

▶ **Social Innovation is needed to make social protection systems more robust and promote formalisation.** To ensure safety nets are future proof they need to support a more diverse and agile workforce. This means (1.) integrating lifelong learning and sustainable employability, (2.) ensuring they progressively cover all forms of work appropriately and (3.) promoting that labour market participation pays off. In sharing the costs policymakers should not punish businesses and workers for working in new ways and ensure fiscal sustainability.

▶ **Entrepreneurs create new jobs.** In doing so, they should be encouraged and supported by an enabling environment for entrepreneurship and business sustainability. To do this government processes need to be efficient and as digital as possible. The removal of administrative burdens and bureaucracy is key. To create jobs entrepreneurs and SMEs need access to diverse forms of work. Finally, Entrepreneurs and SMEs need support accessing international finance and investment. In shaping these solutions, they need to be gender sensitive.

▶ **Digital Infrastructure is fundamental to promoting new ways of working and entrepreneurship.** Governments need to work with business to create stable and reliable high capacity internet connections across countries, cities and rural areas. Yet, this infrastructure includes ensuring digital skills can be easily accessed by workers and business alike.

▶ For the global economy to recover, business **need policies conducive to labour migration based on labour market needs.** For this an efficient and up-to-date (regulatory) framework for cross border skills mobility remains crucial. Business need clear, orderly, consistent and transparent migration procedures that integrate technology to streamline the process. In shaping pathways for regular migration a systematic dialogue between government and the private sector to ensure policymakers understand and respond to changing business realities and needs.

▶ **Involvement of social partners** is key for successful design and delivery of labour market policies. Policymakers need to support representative workers and business organisations to build their capacity and deliver value add to business and workers. Also, to enhance the institutional capacity and resilience of social partner organisations, and the need to capitalise on the frontline role social partners played during the crisis to provide quick and effective policy responses to protect enterprises, jobs and income.

▶ Effective **Activation and Transition Support** will enable workers and business to deal with the economic fallout of the pandemic, fight long-term unemployment and support women, young, people with disabilities, and other disadvantaged groups sustainably enter the labour market. For Active Labour Market Policies (ALMP) to be effective they (1.) need to tailor to the needs of businesses, (2.) be scrutinized periodically and (3.) ensure that public employment services partner with private employment services.

▶ **Businesses need a level playing field.** For this the rule of law and proportional enforcement are needed. These are competencies of government alone..

4. Actions in the Short Term

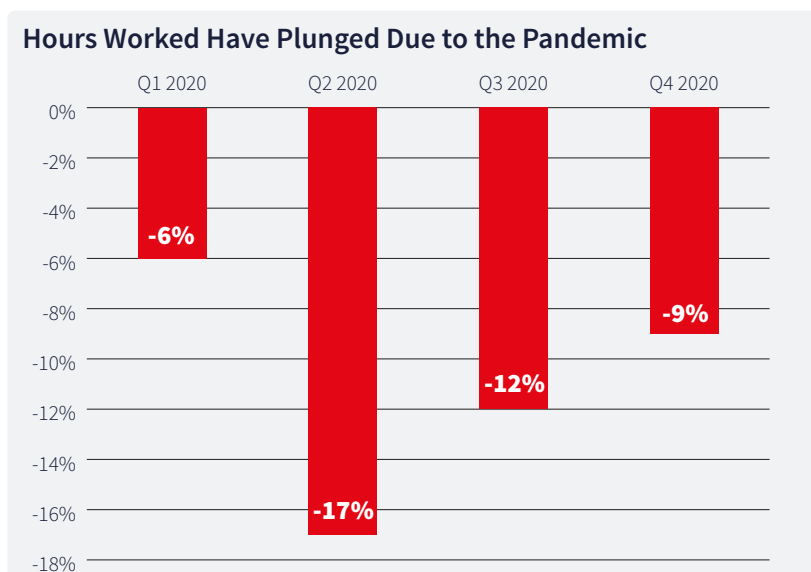
- ▶ In shaping temporary measures to mitigate the crisis, **business needs to be involved** to ensure support, on the ground knowledge and effective implementation.
- ▶ Continue to support healthy business continuity and **ensure that relief measures are tailored to specific sectoral needs.**
- ▶ Businesses need **support to offset cost induced by government measures** including such as increased paid sick & family care leave, adjusting workplaces, worker quarantine, and/or remote working.
- ▶ Closure of business sectors can only be a last resort. **Business is essential to recovery**
- ▶ Regulations that prevent business from necessary restructuring of their workforce to remain competitive should be abolished and opportunities for businesses to **easily scale up- and down workforces** need to be promoted to ensure business continuity.
- ▶ Social Partners and government should work together to develop **‘Covid-19 secure’ Occupational Health & Safety protocols** and create adjusted workplaces that minimize the risks for infection and to which people can quickly and safely return.
- ▶ **Increasing, maintaining, and securing digital infrastructure** to speed innovation, boost productivity, leverage from global trade, keep the pace of new customer demands and allow the flexibility to transition between sanity restrictions and flexible ways of working, such as remote working.
- ▶ **Digital solutions** enacted to sustain remote skilling, matching and identity verification need to be maintained, promoted and sustained.
- ▶ **Classifying Covid-19 as an occupational disease is an extremely sensitive issue.** Indiscriminate classification of Covid-19 as an occupational disease will prove fatal for business continuity and employment.
- ▶ Finally, **the Covid-19 social, economic and labour market reality is not the new normal.** New labour market regulations, not in the least on telework, should recognize this and ensure new regulatory measures adopted in this period are appropriate and shaped with social partners.

CONTENTS

Executive Summary	3
1. Introduction: The Unprecedented Impact of Covid-19	7
1.1. The Challenges We Face	8
1.1.1. The Uncertainty	8
1.1.2. Unacceptable Levels of Informality	9
1.1.3. The Polarisation of Opportunity	9
1.1.4. Economies Fuelled by Fiscal Space	9
1.1.5. Getting Telework Right	9
1.1.6. Unstable International Governance and Trade	10
1.2. The Opportunity to Reset	10
1.2.1. The Productivity and Sustainability of New Ways of Working	10
1.2.2. Entrepreneurs That Create New Jobs	11
1.2.3. A Lifelong Learning Culture for Sustainable Employability	11
1.2.4. Digital Transformation	11
1.3. The Business Community is Committed to the Recovery and Achieve SDG8	11
2. The Policies to Shape the Road to Recovery	12
2.1. Working in the New Normal	12
2.1.1. Promote Diverse Forms of Work	12
2.1.2. Create Inclusive Labour Markets	13
2.1.3. Stop Framing Workers as Standard vs. Non-Standard	13
2.1.4. Create a Level Playing Field	13
2.1.5. Productive Remote Working	13
2.1.6. The Conditions for Platform Work to Contribute to a Decent Recovery	14
2.2. Employability in the New Normal	14
2.2.1. Re- and Upskilling is a Joint Investment	14
2.2.2. Education is the Best Path to Employability and Income Security	14
2.2.3. Lifelong Learning: Develop Access to Education in All Life Phases	15
2.2.4. Promote Learning on the Job: Apprenticeships	15
2.2.5. Develop Transferrable Skills and ‘Learnability’ in Particular	15
2.2.6. Develop Human/Social Skills	15
2.2.7. Promote Entrepreneurial Skills	15
2.2.8. Embrace Private Initiatives for Skilling	15
2.2.9. Develop Quality Labour Market Knowledge	16
2.2.10. Activation and Transition Policies That Prevent Skilling for the Void	16
2.2.11. Career Support and Guidance	16
2.3. The Structure of the New Normal	16
2.3.1. Social Protection Mechanisms That Prevent or Obstruct Transition Should Be Reformed	16
2.3.2. Promoting Entrepreneurship	16
2.3.3. Digital Infrastructure for Productive Work and Entrepreneurship	17
2.3.4. Policies Conducive to Labour Migration Based on Labour Market Needs	17
2.3.5. Inclusive Social Dialogue	17
2.3.6. Activation and Transition Support	18
2.3.7. Rule of Law and Proportional Enforcement	18
2.3.8. Inclusive Growth Policies	18
2.4. Short Term Policy Actions for Business Sustainability	19
3. Implementation	20

1. Introduction: The Unprecedented Impact of Covid-19

The Covid-19 pandemic is an unprecedented, global health crisis which has had a swift and devastating impact on the economy and labour market. The various containment measures adopted around the world have affected not only supply – the production of goods and services, but also demand - consumption and investment, threatening businesses' viability and putting millions into unemployment. In September 2020, the ILO estimated that the drop in working hours had already at a loss of 495 million FTE globally. Hundreds of million enterprises in the hardest-hit sectors worldwide are currently facing high risks of serious disruption. More than half of these are in wholesale and retail trade.



Source: ILO Monitor: *COVID-19 and the world of work*. 6th edition, September 2020.

The good news is that many governments were quick to adopt measures to mitigate the immediate negative impacts of Covid-19 and are already working on what other mechanisms should be put in place to enable economic recovery. This provides hope for a swift recovery when governments embrace private sector led recovery of growth and employment. When done right, we can deliver on this potential.

The global business community has observed the ways in which the Covid-19 crisis is likely to affect labour markets and the way we work in a more structural, long-term way.

On the one hand, the rise in remote working could dramatically increase productivity. But on the other hand, many people feel disoriented working from home, and previous management structures may not be fit-for-purpose, requiring businesses to reshape. Some workers have difficulty in adjusting to this new style of work and miss the social interaction and clear direction of the traditional workplace. There is a danger that it might lead to a decline in customer service and the client experience and a fall in morale and overall team performance. In short, these new work trends will require us to think differently about how we define and boost productivity.

The post-Covid world of work is likely to be one where remote work forms an integral part of regular work practice in a mixed model of home and workplace working in many sectors. It may not necessarily be a solitary experience either, as workers have easier access to collaborative spaces - whether they are virtual coffee breaks, physical coworking places or annual corporates retreats. It could be a world where managers empower their employees, trusting them to reach their goals and offering them the flexibility to manage their time and workload in line with their personal commitments. It could be a world where leaders build-in the adaptability and resilience needed to face future shocks. This crisis is certainly not the first, nor will it be the last. However, it presents a whole new opportunity to reinvent the world of work.

The New Normal and the World of Work



In this paper the International Organisation of Employers (IOE)¹ and the World Employment Confederation (WEC)² put forward a set of policy recommendations for delivering these opportunities and shape a better world of work for people and businesses. It provides concrete policy and regulatory options for policymakers and social partners on all levels of labour market governance to put in place. With this IOE and WEC present the most important priorities shaping the road to recovery beyond the Covid-19 crisis and delivering Sustainable Development Goal 8: Economic Growth and Decent Work.

1.1. The Challenges We Face

The impact Covid-19 brings builds upon the vast and structural challenges labour markets face. These have not disappeared. In fact, the pandemic has accelerated and amplified most of them. For the world of work to mitigate the impact the crisis, social partners and governments will need to successfully address the following challenges.

1.1.1. The Uncertainty

Covid-19 is still among us. Economies, societies, workers and business up- and downscale across various complexes of confinement measures. Notwithstanding the enormous efforts and resilience by billions across the globe, **the implementation of solutions will be incremental and unstable.** A stop-and-go economy will continue on the short term. This requires continued flexibility and discipline by workers and business alike. As fiscal spaces constrain further, pre-Covid labour market frameworks will increasingly be tested on their ability to facilitate transition and new ways of working to facilitate increased labour market dynamic and new ways of working.

This is especially apparent for **occupational health and safety.** New and old ways of teleworking can deliver solutions for many, but not all. Physical workplaces will remain essential for supplies, productivity, and employment. Indeed, the remaining digital divide, prevents many from leveraging the advantages of teleworking. Workplaces continue to matter and will remain invariably exposed to risks of contamination of all kinds of viruses. Business require continued support to implement workplace safety protocols and be assured of a workforce and clientele committed to safe economic and social interaction. As the crisis persist into 2021, the maintenance of public support for crisis measures, testing and healthcare capabilities and business continuity remain urgent.

1 www.ioe-emp.com

2 www.wecglobal.org

1.1.2. Unacceptable Levels of Informality

Over 60% percent of the global workforce is in informality. This is an excess of 2 billion workers that lack access to any form of proper labour market protection, decent working conditions or meaningful workplace protection against the health and income impacts of Covid-19. The vast majority of them lack adequate education, are in developing and emerging economies and disproportionate numbers of them are women. The pandemic stands to raise this number, thereby cancelling and/or decreasing the collective progress towards **the transition from the informal to the formal economy**. The key measures to tackle this such as the opportunity to easily start a formal business, adequate labour inspectorate, access to skilling and effective employment support are not implemented. The transition from the informal to formal economy lags the repetitive political commitment on national and international level to deliver on create this transition.

1.1.3. The Polarisation of Opportunity

Covid-19 is widening gaps. There has been a qualitative mismatch between labour demand and supply for years. Employers looking for the right skills and competences still face vast **skill gaps** in the workplace, thus decreasing the opportunity for business growth and new employment opportunities. Female labour market participation is consistently lagging that of men. As the pandemic hits women harder, the **gender gap** will widen. Also, safety nets are increasingly unable to deliver a pathway (back) to productive employment, promote labour market transition or provide value add for displaced workers in need. **The business-case for social protection is built on a labour market that does not exist anymore**. Many self-employed not always have access to support that protects them against events, such as the outbreak of Covid-19, for which they unimaginably could have prepared for. Then there is the vast **digital divide**. As Covid-19 shapes work and the workplace to be evermore digital and online, millions are devoid of access to the internet limiting the productive capacity of workers and (small and medium) enterprises alike. And even with digital infrastructure present, not all have the skills to leverage its use.

Finally, **young workers** are impacted significantly and face higher risks of long-term unemployment. We must do all in our power to prevent a lost generation and ensure opportunities to transition from education into employment. Ensuring education curricula are relevant for labour markets is key as well as embracing new ways of delivering these curricula. In this Apprenticeships and other forms of vocational training can make the difference to reduce the exacerbating skills gaps.

Sadly, those most impacted by the Covid-19 crisis are also the ones that are on the wrong end of these widening gaps: those that need access to skills the most, are the least likely to receive it, women are disproportionate hit by Covid-19 and reliable and affordable internet connections lack in many emerging and developing countries.

1.1.4. Economies Fuelled by Fiscal Space

For workers and businesses, it was impossible to anticipate the disruption Covid-19 delivered. The response from many governments was unprecedented. A vast variety of job retention and business liquidity measures was implemented to save jobs and business and cushion the blow from the pandemic. Although very necessary, welcome and appreciated, it has created an economy that runs on fiscal capacity rather than productive capacity: a 'zombie economy'. Thereby further increasing the mortgage for our already severely impacted youth. As solutions to the virus are implemented, a responsible transition is needed to fade out support measures and **allow for healthy business restructuring** for them to the new market realities and lay the foundation for renewed productivity and decent work.

1.1.5. Getting Telework Right

Although introduced as a shock treatment as the corona crisis hit, telework is here to stay. For a growing number of activities, teamwork will become more hybrid, remote and dispersed. Digital and automated solutions that were already available are now being deployed in a rapid

pace. Although welcomed by workers and businesses alike, this will bring new issues related to **occupational health and safety** and **working time**. Mental health risks as well as the costs related to working (safely) from home will need to be addressed proportionately. As working and living blur, traditional worker accountability and employer supervision will need to be addressed. In the same way do we need to address how workers and business interests are properly facilitated in existing working time arrangements and frameworks. Teleworking will allow for a better balance between working and living. Only, when business and workers will find solutions that include workers taking responsibility for their output. In this we need to enable business and management to adequately respond to mental health and other risks associated with working from home.

Last but not least, teleworking is not for all. Vast number of workers will (partly) be needed physically at their workplace, or a remote work location does not provide an adequate environment for productive employment. This means teleworking policies and opportunities will need to be tailored appropriately to the business reality of the enterprise.

1.1.6. Unstable International Governance and Trade

The last years, the international community has been exposed to **increased barriers to trade** and a decrease of multilateral solutions. Covid-19 has amplified this development. This trend in international governance is hurting business' ability to invest, develop and set up international supply lines. And it effects the emerging internationally-traded services sector as much as it does goods trading. Excessive barriers to trade negatively impacts the creation of jobs in all countries involved in these supply lines, responding to consumer demand, and shaping innovate and sustainable solutions. Ignoring the positive relationship between trade liberalization and economic outcomes skews political discourse against trade liberalization efforts and results in a growing atmosphere of distrust and discontentment over the current trading system. In fact, rising protectionism has been proven to be counterproductive, often hurting low-income households and emerging economies disproportionately.

1.2. The Opportunity to Reset

We must not be blindsided by the challenges. This level of disruption brings vast opportunities to deliver a better world of work. Already in 2019 as governments and social partners concluded the ILO Centenary Declaration for the Future of Work, it was crystal clear that labour market frameworks were succumbing to the 21st century labour market realities. Inadequate responses on the national and international level evermore jeopardized the delivery of the goals of the Declaration of Philadelphia.

The vast human ingenuity, resilience and determination has emboldened the business community in its conviction now is the time to reset, and create a framework that delivers decent work in a digital, dynamic and globalized economy.

1.2.1. The Productivity and Sustainability of New Ways of Working

Businesses and workers report working remotely has increased individual employee output. Moreover, it allows people to **better balance work and life** and tailor their work to their personal situation. Of course, the decrease of commute and transit will play its positive part in this. It shows us how new ways of working are part of a better normal. Let us learn from the telework experiment and shape the conditions to leverage its benefits and mitigate its challenges beyond the Covid-19 crisis alone! Moreover, this is output that is achieved with a smaller carbon footprint. The significant decrease of travel to essential levels have **reduced carbon output**. And although these levels of travel will rise as sanity and healthcare solutions implemented, this crisis paints a clear picture of how teleworking and other new ways of working can support us to achieve climate goals.

With new ways of working on the rise and here to stay we have the opportunity to shape social protections to provide value to all workers, irrespective of how they engage with work. This will support workers to transition to sustainable decent jobs and allow business to adjust to more dynamic and complex economic circumstances.

Finally, new technologies, including online platform technology, create opportunities to connect to work. These technologies support better matching between workers and business, irrespective of the way of working or the contractual arrangement involved. As such, these new technologies lead to new business solutions and job opportunities and enable the rise of decent work and labour market inclusivity.

1.2.2. Entrepreneurs That Create New Jobs

Now is the time to promote entrepreneurship. Entrepreneurial ingenuity will deliver innovative solutions, formal work and turn disruption to opportunity. As we lower and simplify the barriers to starting a formal business and develop entrepreneurial capacities, we **set scene for start- and scale up of small and medium sized entrepreneurs to drive employment growth**. This will moreover provide people displaced by the pandemic an opportunity for development and transition.

Promoting the creation of new small and medium enterprises is a foundational opportunity for the transition from the informal to the formal economy. 43% of all informal workers are own-account workers. This highlights the enormous opportunity to bring these people into the formal economy by shaping the incentives and support to do so.

1.2.3. A Lifelong Learning Culture for Sustainable Employability

Skills development lies at the heart of sustainable development, economic recovery, and social stability. As the world commences on its road to recovery, businesses will restructure in ways that respond to pre-existing and new economic, climate, technological and demographic trends. To do so they will need an educated workforce beyond the levels currently present. In this environment having and updating **the right hard and soft skillset is paramount for workers' prospect for sustainable labour market participation**. With the disruption of this magnitude, we can seize the momentum to push for up- and reskilling, lifelong learning and sustainable employability. More and more workers and business are lining up to take on this challenge. In doing so, they will be able to benefit from a growing amount of innovative, digitally enhanced and work-based opportunities for learning and accreditation. This will not just lay the groundwork for a job rich recovery, but also shape to way to more, better and formal jobs. If we let policies for recovery and sustainable employability go hand in hand, we empower people to respond to structural disruption and establish a culture for learning. And, as we move forward on this, we prevent a downward spiral into long term unemployment, inactivity and informality. Special focus is needed on the ability of older workforce to fit into the new employment landscape shall drive policies for inclusive re-skilling and upskilling.

1.2.4. Digital Transformation

Technological progress has always delivered challenges to labour markets. Yet, its benefits outweigh them at every turn. It has improved the lives of people, created new and more decent jobs and improved safety at the workplace. This time is no different, but as before, it requires agility, resilience and determination to reap the benefits. As workplaces become more hybrid and connected, they enable new ways of working and new ways to balance working, learning, caring and leisure. The global pandemic has opened our eyes to the opportunities. We can grasp the opportunity to increase the speed of the digital transformation and ensure its inclusiveness. This includes ensuring access to broadband internet and access to training to successfully and safely integrate new technologies at work. A comprehensive Smartworking approach is needed that goes beyond a simple remote-office arrangement. Safety and opportunity must and can go hand in hand.

1.3. The Business Community is Committed to the Recovery and Achieve SDG8

The global employer community reaffirmed its full support for the SDGs and its commitment to contribute to their realisation. To achieve the SDGs, it will be essential to involve all areas of the economy and society. This must include the private sector, which employs 9 out of 10 people

globally and provides the goods and services that form the global economy. Business has an imperative to ensure that economic growth is sustainable and inclusive. Companies, governments, and civil society can no longer afford to work in silos in this regard. Enabling framework conditions are of fundamental importance to harness the potential of these partnerships. Governments need to create the enabling environments both for business to create jobs, drive economic growth and development, and also the right collaborative frameworks for business, government and civil society to work productively together. It is also important to showcase what business is doing to implement the SDGs, in particular Goal 8 on economic growth and productive employment, as well as to highlight the challenges companies are facing.

2. The Policies to Shape the Road to Recovery

We must seize on the opportunity to build a better world of work. One that is tailored to empower people and businesses to shape the recovery and work in a transformed economy. To do so the global business community calls upon governments and workers' representatives to work together and puts forward the following policy recommendation for the long and short term.

2.1. Working in the New Normal

With unemployment, dynamic and informality expected to remain high, working in the new normal must be driven through rapid, innovative, sustainable and inclusive private sector led growth. Only through this private sector growth will people and societies overcome the devastating impact of the pandemic. Businesses will not restart operations spontaneously and economies will not be able to return to previous levels of prosperity without persistent and adequate support, both financial as well as through creating an enabling business environment.

Recognising the need for “productive employment” to go hand in hand with “decent work” as a vehicle to build back better is crucial. Businesses need governments to do what only governments can do – and that is to facilitate and create an enabling environment for private sector growth and resilience. In the absence of governments creating such an environment growth cannot take place and productive jobs cannot be created. An enabling business environment is essential for creating a stable, predictable and incentivising environment for investment, innovation and employment which are vital for any sustained and job-rich recovery from the Covid-19 crisis.

National labour frameworks need to support agility, easy activation, and transition. Moreover, good governance should result in a business friendly environment where bureaucracy is reduced, and non-wage labour costs are limited. Policy frameworks should also promote and enable new ways of working to allow for efficiency and flexibility in matching supply to nascent and immediate labour demand as sectors return to business in a fragile and uncertain economic environment. These also contribute to the recovery of employment in decent conditions by means of enabling the transition to the formal economy.

To do so, the following elements need to be integrated into policy:

2.1.1. Promote Diverse Forms of Work

New ways of working are here to stay for the benefit of workers and business alike. It allows a diverse workforce to generate more income and balance work and life. It allows business to shape their business to deliver innovation, sustainability, and productivity. A more hybrid workplace needs a rethink of labour market policies for these new ways of working.

Adequate policy and regulatory frameworks for diverse forms of work are needed to accommodate an increasingly diverse workforce, businesses' need for flexibility and shape a pathway for formal work. Together, governments and social partners need to act jointly to leverage the value of diverse forms of decent work including open-ended contracts, part-time and fixed term work, agency work and self-employment.

2.1.2. Create Inclusive Labour Markets

Recognized and contractual forms of work will allow people to connect to work, especially as we see new (platform) technologies create new opportunities to connect to new job opportunities. Creating these regulatory frameworks will contribute to labour market inclusivity as it will allow all to access the formal labour market through various regulated channels.

2.1.3. Stop Framing Workers as Standard vs. Non-Standard

People are not 'standard' versus 'non-standard'. Yet, many still choose to frame workers as such. The New Normal needs to resonate with 21st century workers and business, the diversity of people and their diverse backgrounds and expectations for a working life should be embraced. Labour market leaders should not squeeze workers into standard versus non-standard. In fact, we need as much diversity on the labour market as we can especially as women, young, and people with disabilities are disproportionately hit by the pandemic.

2.1.4. Create a Level Playing Field

Inequality and unfair competition between forms of work should be avoided in terms of labour costs, taxes and contributions. As labour is no commodity, labour rules should not widen the gaps between different forms of work by directly or indirectly incentivizing one form of decent work over another. Indeed, each form of work tailors to business and worker needs and as such sustains and grows all forms of working. Rather we should create benefits that are not depended on a particular job, contract or sector, but are accessible when they're needed over the course of one's career. Obviously, labour regulations can only be efficient when they are (1.) appropriate and clear, (2.) workers and entrepreneurs are clearly classified, and (3.) rule of law and proportionate enforcement are in place. In this respect, proper consultations and engagement with social partners under the umbrella of tripartism is key.

2.1.5. Productive Remote Working

Organisations have realised how important it is to be able to implement continuity plans and to set in place remote work solutions. Workers and businesses are moving towards a new way of smart working that moves beyond 'just' working remotely.

The more widespread use of teleworking also has consequences for management models. Many managers are struggling to coordinate and motivate a remote and dispersed team. Not being able to see and interact face-to-face with colleagues is disturbing and requires new management models, based on trust, more result-oriented work organisation, new performance assessment tools and on-line social interaction.

The business community has welcomed the increase of remote working and the productivity gains associated with it. This way of working will stay beyond the crisis. Yet, we must not get ahead of ourselves. Crisis conditions are no template for remote working after the crisis. Physical work and workplaces will remain and as solutions to the virus are implemented, many if not most of the productive employment will continue to require a physical element. And will be crucial for employers to exercise supervision and direction on production, comply with labour law and other regulations, provide a safe workplace, and shape opportunities for vocational training, apprenticeships and other work-based learning.

Thus, remote work should always be a balance of business and worker interests. There is a need for more ambitious work-related reforms to strengthen global productivity. New regulations in this context should involve meaningful collaboration with social partners on all levels of labour market governance and relations. In this balancing act, it will be key to address that the loss of direction related to remote work must entail a new allocation of responsibilities with regards to working time, and outcome-based remuneration.

2.1.6. The Conditions for Platform Work to Contribute to a Decent Recovery

‘Platform work’ and/or ‘gig-work’ is a new way of working that is powered by new technologies and can be done through all kinds recognized contractual arrangements, ranging from agency work contracts to self-employment.³

As such, platform work will be an important pathway for recovery, inclusion and formalisation. In order for this new way of working to contribute to economic growth and decent work two things are needed: (1.) a level playing that delivers the proper classification of both the worker status and the services operated through the ‘platform’ and (2.) appropriate rights and benefits in accordance with the respective worker status. This will need to be implemented on the national level.

Indeed, ‘Platform Work’ is a multi-faceted complex concept that can be anything: from B2B consultancy to peer-to-peer volunteer work and from agency work to independent contracting. ‘Platform Work’ compounds and confuses digital delivery and tooling with a (1.) service provision, (2.) client nature and/or (3.) a work status. **A one-size-fits-all regulation will not capture it** and, as such, will only further confuse the urgently needed classification of workers’ status and services within the national frameworks of countries. As such, creating an international standard on ‘Platform Work’ will divert attention, resources, and energy from the urgent need to redesign national labour market institutions and safety nets to accommodate a more dynamic and digital economy and world of work.

2.2. Employability in the New Normal

As the dynamic of economies increases, so does the labour market demand. Skills that are currently relevant risk becoming obsolete in five years’ time. To permanently contribute to the creation of value, one needs to adapt more often. Secondly, the creation of value evermore often involves a digital aspect. Being able to work with digital means is growing more important, regardless of one’s generation, sector or career path. Fostering the ability to learn and creating broad access to relevant skills are crucial to create sustainable employment and growth.

To bridge persistent and future skill gaps a determined and long-term effort to shape sustainable employability. The following elements will prove crucial for its success.

2.2.1. Re- and Upskilling is a Joint Investment

If investing in skills wasn’t a sound strategy for workers, employers and governments in the 20th century, it will certainly be so in the 21st century. Therein lies the challenge. We must inspire and stimulate workers, governments and businesses to prioritize the development of agile education and training systems which respond to these transformations. For this adequate, sustainable and structural financial incentives are needed for businesses to take their skilling efforts to a next level. Bridging the skills gap is a joint challenge and thus take a joint investment. Government funding, for instance, must be designed in ways that catalyse business engagement, rather than crowding out business from the skills system.

2.2.2. Education is the Best Path to Employability and Income Security

Ever too often do unemployment benefits depend on statutory application to vacancies. In a world where skills demand will change more frequent, displaced workers will lack the skills & competence of existing job openings. Periods of (anticipated) unemployment should therefore be perceived as opportunities for up- and reskilling by workers and businesses. Governments and social partners should make sure the education curricula are align with business needs and should develop ALMPs that are about incentivizing training, rather than temporary income support.

³ “Platform work is not in and of itself a form of employment, but rather refers to the means (an app or a website) through which the work is obtained, paid for and, sometimes, carried out. In practice, platform workers are often classified as own-account workers for legal, tax and social protection purposes.”

OECD, Policy Response to New Forms of Work, 2019 p. 29.

2.2.3. Lifelong Learning: Develop Access to Education in All Life Phases

To support people, make the best of their working life, they need to be able to access affordable and formal education that improves their labour market chances. Governments must work with (public and private) educators and employers to optimize education systems for students of all ages, make sure the right skills are taught and support (potential) students of all ages in accessing training resources. Innovative solutions to enable alifelong learning should be explored and promoted in close collaboration with the business community.

2.2.4. Promote Learning on the Job: Apprenticeships

For many young people the best way of finding their way to the labour market is by combining work and education. Apprenticeships, vocational training and internships are key in providing crucial work experience and a steppingstone to the labour market. Furthermore, apprenticeships strengthen ties between educators and employers and allow them to engage on real-time skills needs. Policy makers do well to shape conditions that inspire, support and incentivize social partners creating apprenticeships, irrespective of the form of work in which they're offered.

2.2.5. Develop Transferrable Skills and 'Learnability' in Particular

Given the uncertainty and dynamic of skills needs, governments and social partners have a role to equip the workforce with the competences to deal with change inside or outside a particular job, task or contract. This means integrating skills that are transferrable from one task to another. Key transferrable skill is the *ability to learn* new job/task-specific competencies, or 'Learnability'. In advising and leading workers and businesses, the skills to adapt on the labour market should be front and centre in curricula on all levels of education.

2.2.6. Develop Human/Social Skills

In the 20th century humans interacted with machines for their productivity. In the 21st century humans will interact with humans while being supported by machines. This requires a different skillset, and therefore a different assessment of the necessary basic skills for employability. International policymakers have a clear role to lead and support national social partners, public *and private* education organisations and governments to developing human/social skills within the workforce.

2.2.7. Promote Entrepreneurial Skills

Successful businesses create new jobs. Upskilling to turn an idea into growth and employment are crucial, especially to boost creation of formal and productive employment. As such we need to ensure entrepreneurial skills are provided through schools, universities, incubators and accelerators. This should include the promotion of student entrepreneurship that leverages the creativity and energy of young people for societal impact. As businesses develop further opportunities for business owners and SMEs should remain accessible through public and private training institutions and capacity-building initiatives by businesses, civil society and international organizations. In shaping access to entrepreneurship training we need to ensure they tailor to the realities of women, minorities and other underrepresented groups on the labour market.

2.2.8. Embrace Private Initiatives for Skilling

Although education and a life-long learning is great public concern, we should leave no stone unturned to embrace private initiatives that provide solutions to this common challenge on all levels of the labour market. Whether is about providing new online learning opportunities, real-time labour market information, (digital) certification of competences, or vocational training (for all ages), the market has ample innovative solutions available for policymakers to look towards beyond the crisis with confidence!

2.2.9. Develop Quality Labour Market Knowledge

Together with innovative businesses, governments should strive to provide the best labour market information possible to workers and businesses. Up-to-date quality labour market data underpins any successful active labour market policy and supports businesses and workers to adapt to changing labour market conditions. It provides workers insight in skills shortages in order to develop into the right direction.

2.2.10. Activation and Transition Policies That Prevent Skilling for the Void

Just stimulating 'skilling' will not cut it. All the education in the world will make no difference when workers and businesses are tangled and tied up in employment legislation, skills do not match business demand, and/or active labour market policies (ALMPs) discourages (re-)skilling or labour market participation as such. Skilling efforts should be solidly vested in an infrastructure that promotes labour market participation, activation, and transition. Opportunities lie in the use of bigdata. On the ground experiences matching tax data to labour market qualifications show innovative insights to measure the outcomes of activation strategies.

2.2.11. Career Support and Guidance

Sustainable employability goes beyond getting the right skills. On a dynamic labour market people need proactive support and guidance to find their way (back) to a new job. Timely early warnings and appropriate support for future labour market transition prevent people falling into long-term unemployment. In delivering this crucial employment service to the workforce, policymakers need to ensure (1.) incentives for companies and workers to access professional and quality career management and (2.) promote collaboration between Public Employment Services and private employment services especially Career Management and Guidance providers.

2.3. The Structure of the New Normal

Workers and business need to be supported by labour market institutions that stimulate their emancipation and growth. Covid-19 has exposed deficiencies in many of these institutions' capability to do so. As such the business community puts forward the following recommendations for adjusting labour market institutions to labour market reality.

2.3.1. Social Protection Mechanisms That Prevent or Obstruct Transition Should Be Reformed

Benefits and safety nets should be analyzed with a view to promote transition and better transferability by allowing to built-up benefits across various career steps.

As Covid-19 shows us the face of profound disruption, now is the time to innovate our safety nets to cover all and accept that diverse forms of work sustain all employment and that benefits, costs and risks need to be proportionately shared. Let us take stock on the many governments taking their responsibility to cover all forms of work in their Covid-19 relief measures and move towards safety nets that hold value add for different types of workers and deliver on the agility businesses need.

Social protection schemes that are sustainable and better integrate employment, lifelong learning, and transitions in the world of work. Social protection mechanisms that prevent or obstruct transition should be reformed.

2.3.2. Promoting Entrepreneurship

Entrepreneurs and SMEs are critical for innovation, job creation and economic growth. The COVID-19 crisis has affected SMEs disproportionately and highlighted their vulnerability to supply and demand shocks. Many governments have responded with initiatives that seek to support the immediate liquidity needs of SMEs. The survival and success of SMEs will be crucial as nations seek to jumpstart economic growth in the post-COVID world.

For this purpose, regulatory environments for SME and entrepreneurs should be simplified by reducing administrative and financial barriers, fostering diverse forms of work and digitizing relevant government processes. Furthermore, governments should support and facilitate access to international markets and finance for SMEs and entrepreneurs, help them to scale up and move into new markets including integration into global supply chains.

In doing so specific attention is needed on the specific needs of female entrepreneurship and female led SMEs.

2.3.3. Digital Infrastructure for Productive Work and Entrepreneurship

To compete business and workers need access to the internet to succeed. This will only grow beyond the crisis. Governments need to work with business to build stable digital infrastructures to ensure access, not just to urban areas but to each home and business, along with a collaborative push for digital literacy by business, workers and government.

2.3.4. Policies Conducive to Labour Migration Based on Labour Market Needs

Clear and well-implemented migration policies are necessary to support business environments that are conducive to economic growth and development. The current crisis can change the migration landscape, but it will not close the skills gap that every region of the world faced before the crisis and will continue to face after. An efficient infrastructure for **cross border skills mobility remains crucial; even more so for the global economy to recover.**

Sound migration systems that are focused on satisfying the needs of the labour markets can address skills gaps and shortages. When well-managed, migration is a vehicle for fulfilling personal aspirations, for balancing labour supply and demand, for sparking innovation, and for transferring and spreading skills.

From a business perspective, some **key principles in a well-managed migration framework include:**

- ▶ Clarity in the legislative and regulatory legal framework, guidelines and processes;
- ▶ Transparency in terms of the decision-making process including the criteria used to make various decisions and appeal procedures;
- ▶ Consistency and predictability in terms of adjudication standards and submission outcomes;
- ▶ Stability with respect to the nature and frequency of changes of both policy and procedure;
- ▶ Flexibility allowing for migration pathways that cater to business requirements and more broadly linked to economic growth and development objectives;
- ▶ Efficiency of process and use of technology to streamline; and
- ▶ Systematic dialogue between government and the private sector to understand changing realities and needs, particularly considering the needs of modern business.

Availability of relevant migration pathways remains a significant area to address, e.g., key workers and professionals across all skills levels, and in the context of seasonal or short-term permits, or longer-term permits, such as intra-company transfers or categories for those who are highly-skilled, innovators or entrepreneurs. Legal pathways and regulatory frameworks for migration, including for responsible recruitment, should serve actual business needs and deter irregular migration. Legal pathways should serve actual business needs and deter irregular migration.

2.3.5. Inclusive Social Dialogue

Good workplace relations are a key tool for the successful implementation of these business priorities. However, like all labor market practices and institutions they need to adapt to accommodate the changing world of work. In this context, a one-size-fits-all model of social dialogue is not the right way forward. On the contrary, the world of work membership can leverage to its benefit the rich diversity of existing and evolving models of industrial relations and social

dialogue. Within differing national contexts, the following conditions are crucial for successful industrial relations and social dialogue:

- ▶ the fundamental right of employers and workers to associate and represent their interests to their stakeholders
- ▶ representativeness, flexibility, and responsiveness as crucial preconditions of any regulatory competences for (organized) employees and employers to set mandatory working conditions.
- ▶ Assess industrial relations on their ability to deliver value added to businesses and employees. Accept the diversity of socio-economic traditions and refrain from promoting one specific industrial relations model.

2.3.6. Activation and Transition Support

With unemployment and inactivity on the rise, we need vigilance when it comes to activation and transition support. As businesses restructure, they will respond to the vast economic trends that demographic, technological and climate were hitting economies before Covid-19. This requires a vast employment challenge and a need for effective Active Labour Market Policies and quality Public and Private Employment Services.

Three structural issues need to be resolved. Firstly, activation policies need to be better scrutinized and assessed vis-à-vis their impact on employment and employability. This needs to be done independently and professionally. Secondly, better collaboration with the business community is essential. Private sector involvement increases the value that can be generated by these activation policies for employers, making them more likely to engage with these opportunities. Finally, public employment services need to partner with private employment services. Pooling private and public employment professionals and organizations allows the sharing of expertise, the creation of synergies and more efficient and targeted design of public activation policies.

2.3.7. Rule of Law and Proportional Enforcement

The role, competence and responsibility of governments to enforce the rules it puts in place. New rules should be tested against their enforceability, clarity, and potential for unintended consequences as well as the resources needed for enforcement. If this test fails, regulation does more harm than good. Risk-based and proportional enforcement/inspection strategies will help governments to deploy their scarce resources as effectively as possible. Do not focus on those that are easy to inspect, but rather inspect the rogue operators where the real risk sits.

Dispute resolution mechanisms where they exist should be fair, swift and draw on up-to-date understanding of the workplace. Undue delays in labour courts are unfair on employers and workers alike.

Self-regulation can support enforcement efforts by improving compliance overall and helping consumers and firms deal with accredited providers. This will allow government enforcement bodies to focus their enforcement capacities most effectively on those market players who are not committed to them. But it should never replace the public role: private parties do not hold or want the competence that enforcement requires.

2.3.8. Inclusive Growth Policies

In order for the gains of trade to be maximized and equitably distributed, governments need to act across many fronts simultaneously, acknowledging that the impact of global trade on people depends both on national policy settings of the countries in which they live, and on the nature and degree of international economic cooperation. This implies working across silos and taking a much more integrated policy approach, both domestically and internationally.

Many current labour force adjustment policies, where they exist, do not always seem to be working as intended. Programmes sometimes suffer from limited resources, poor targeting, conflicting

measures and poor coordination. Workers displaced from manufacturing in some advanced economies sometimes struggle to move into new jobs, notably in services. This is particularly true where other factors combine with trade shocks such as in the environment of slow growth or structural barriers such as corruption, weak institutions, poor physical trade and investment infrastructure, among others. Inclusive growth policies should thus focus on filling the gaps in current labour force adjustment policies.

2.4. Short Term Policy Actions for Business Sustainability

Yet, Covid-19 is still with us. We all hope 2021 will bring solutions that allow us to return to a more sustainable economic growth. Yet, business and workers will remain in need of support to operate in these unprecedented circumstances. Fiscal opportunities to do so will decrease. This calls for smart financial and regulatory solutions to ensure business can continue to operate as best as they can.

Many - otherwise healthy - business still face closures, bankruptcies, and defaults. There is a need to restructure to survive and adapt to new market realities and consumer demands. This will allow business to quickly scale up once sustainable solutions for the pandemic are found. For this they need to be able to freely restructure their organisations, business cases and workforces. Businesses need the opportunity to adapt and prepare. This concretely means:

- ▶ In shaping temporary measures to mitigate the crisis, business needs to be involved to ensure support, on the ground knowledge and effective implementation.
- ▶ Continue to support business continuity and ensure tailoring to sectoral and worker specifics of relief measures. This relief needs to be easily accessible to ensure sustainability of healthy businesses and workers.
- ▶ Businesses need support to offset cost induced by government measures such as paid sick & family care leave, adjusting workplaces, worker quarantine, and/or remote working. This includes the opportunities to temporary replace sick workers.
- ▶ Closure of business sectors can only be a last resort. Business is essential by default, rather than the other way around. This includes private employment services to ensure the quick reallocation of workers across different sectors and jobs
- ▶ Regulations that prevent business from restructuring their workforce should be abolished and opportunities for businesses to easily scale up- and down workforces need to be promoted.
- ▶ Employers, trade unions, governments and international institutions should come together to create, collect and share 'Covid-19 proof' Occupational Health & Safety protocols for the benefit of all and create adjusted workplaces that people can quickly and safely return to. Also, building an ecosystem of support for mental wellness should be seen as an imperative for longer term business sustainability.
- ▶ Increasing, maintaining, and securing digital infrastructure to allow the flexibility to transition between various levels of sanity restrictions and remote working.
- ▶ Digital solutions enacted to sustain remote skilling and matching such as Online Training, eSignatures, online identification, and skill checks need to be maintained, promoted and sustained.
- ▶ Covid-19 is no occupational disease, it is an airborne virus. Combating the virus is a collective challenge and responsibility in professional and personal lives alike. Indiscriminate classification of Covid-19 as an occupational disease will prove fatal for business continuity and employment.
- ▶ Support international trade as a driver of productive jobs. The impact of trade liberalization on growth and in turn on employment depends very much on the conditions in the domestic economy that enable benefits to materialize and be fairly distributed and for firms to have the capacity to take advantage of new opportunities⁴. In order for trade liberalization to realize its full benefits, policies promoting macroeconomic stability and inclusive growth are necessary. This includes labour force adjustment policies, education and skills development.

- ▶ Finally, the Covid-19 social, economic and labour market reality is not the new normal. New labour market regulations, not in the least on telework, should recognize this and ensure new regulatory measures adopted in this period are appropriate and shaped with social partners.

3. Implementation

The broad humanitarian, social and economic impact of the pandemic, may affect or delay the achievement of many SDG's. Redoubling our efforts on a proper implementation of commitments to achieve the goals of the 2030 Agenda is key, particularly Sustainable Development Goal (SDG) 8 for "sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all" with its ambitious targets of higher levels of economic productivity, entrepreneurship, creativity and innovation, as well as SDG 17 for a revitalisation of the global partnership. We must act together now to make the 2030 Agenda a reality by fully realising the opportunities that globalisation, new technologies and innovation present. More ambitious National Employment Plans and broader labour law reforms are required to address demanding issues, such as promoting diverse forms of employment; create an enabling business environment that encourages companies to set up, thrive, grow, innovate and hire in the formal economy; and a broader collaboration with the private sector. Now is the time to not only develop a bold vision to overcome the pandemic and build back better, but for proper implementation on the ground.



A powerful
and balanced
voice for business


International Organisation of Employers
Organisation Internationale des Employeurs
Organización Internacional de Empleadores

Avenue Louis-Casaï 71 – CH-1216 Geneva
T +41 22 929 00 00 F +41 22 929 00 01

 ioe@ioe-emp.com | ioe-emp.org

 [@ioevoice](https://twitter.com/ioevoice)

 [International Organisation of Employers \(IOE\)](https://www.linkedin.com/company/international-organisation-of-employers)

 [@internationalorganisationofemployers](https://www.facebook.com/internationalorganisationofemployers)




World Employment Confederation

Tour & Taxis Building - Avenue du Port 86c - Box 302,
1000 Brussels - Belgium

 www.wecglobal.org

 [@WECglobal](https://twitter.com/WECglobal)

 [World Employment Confederation](https://www.linkedin.com/company/world-employment-confederation)