



BUSINESSatOECD

Bringing jobs back after Covid-19: Business recommendations to the OECD – July 2020



Introduction

As we work towards recovery from the Covid-19 crisis, the OECD's role to provide evidence-based analyses and recommendations in employment and social policies will be essential. Lessons learned from the crisis point to opportunities to improve our socioeconomical resilience.

Covid-19 emergency measures have required very speedy decisions by governments. Understandably, this has come at the cost of transparency and consultation of social partners. However, for the relaunch policies to be adapted now, governments need to improve transparency, cooperation with the business community, and consultation of social partners.

We present eight recommendations to best relaunch our economies while avoiding policy pitfalls. Follow-up actions will only be successful if they respect national traditions and closely involve the business community in a bottom-up approach.

Business recommendations

1. Leverage and facilitate access to all forms of work for employment

We need to get people back into employment. All quality and recognized forms of work including temporary, part-time, and agency work, as well as self-employment need to be leveraged to create the opportunities for people to find their way back to the labor market. This would also help businesses to ensure their (fragile) demand for labor can be operationalized appropriately and immediately, as the economy picks up again. Public and private Employment services have the objective to contribute to the efficient functioning of the labor market, to facilitate bringing people into work and provide career guidance. Private employment services are a useful complement to the system of public labor market administrations.

Our recommendation: Assess and scrutinize unjustified restrictions, especially employment protection legislation, to all forms of employment and work arrangements to ensure employers can most effectively and quickly recover operations and maximize new employment opportunities. The OECD should analyze how and in which specific areas public labor market services and administrations can be improved and what the conditions for an optimal interplay between public and private employment services are.

2. Embed crisis-resistant flexible work arrangements

Short-time work has proven to be an effective measure to secure employment throughout crises while relieving companies from liquidity pressures. Maintaining knowledge within companies is crucial for a quick pick-up of business after any crisis that might disrupt physical participation in the workplace. Combining short-time work with business-initiated learning activities enhances skills and competitiveness. We also need to bear in mind that short-time work is a tool that is not necessarily tailored to all business operations or ways of working. The OECD could make tailored recommendations in terms of flexible works arrangements taking into account respective regulatory frameworks of member countries as well as the importance of working with employers to identify the incentives they need to hire people.

Our recommendation: The OECD should engage in promoting instruments that favor keeping workers connected to the labor market, effectively accessible across all forms of work.

3. Promote business-led returns to work

Employee safety is the foundation to realize a smooth and speedy economic recovery. Employers have quickly adopted new operating models to maintain business continuity while maximizing employee safety. For example, companies have joined forces to create an international partnership to gather insights into the various measures that need to be taken to ensure a safe return to work ([HR services alliance](#)). At global level [IOE](#) and [Business at OECD \(BIAC\)](#) have created dedicated websites to exchange experiences and insights about concrete measures in this field. The rapid adaptation of digital technology is a prime example to identify best practices. In the sectors and functions where teleworking is a possibility, the public sector should support business efforts to keep the economy running while increasing productivity and promoting the health and safety of employees.

Our recommendation: The OECD should explore good practices and provide an overview of government guidance that can assist businesses to implement optimal occupational health and safety protocols. For example, [the guide developed in Belgium](#) is a powerful proof for successful social dialogue. It was developed jointly with business and trade union representatives.

4. Close gaps in safety nets to cover various forms of work

As pointed out above, self-employed individuals have a responsibility to organize their own safety net. Closing gaps in safety nets requires – where necessary and while building on existing structures and respecting specific individual needs– tailored measures and adaptations to create resilience and better prepare for any future labor market disruptions, including future waves of the current of Covid-19 pandemic or other health emergencies. This includes consideration of ways in which social protection schemes could effectively support the employability of those that benefit most from them and incentivize participation in the labor market through diverse forms of employment.

Our recommendation: The OECD should report on the costs and benefits for employability associated with the establishment of and reform of social protection mechanisms to this end.

5. Set reskilling and upskilling high on the agenda

Lifelong learning, reskilling and upskilling are fundamental for job creation and competitiveness. The quick adaptation to Covid-19 offers a prime opportunity to progress on this urgent issue and get ahead of the changes of the future. The OECD can advance this agenda by engagement with employers to ensure that the skills prioritized in learning pathways are indeed those that are most relevant in a post-pandemic world, where economic patterns and growth sectors may have shifted. Targeted government financial support can help skilling to be more relevant and inclusive. In terms of the contents, not only hard skills such as digital literacy but also soft skills such as leadership, creativity, and collaboration are required for workers to succeed. It is also important to take into account employer practices and (online) training models and the effectiveness of the interaction

of employers and education/training institutions to best reflect changing skill needs.

Our recommendation: The OECD should conduct research on the reskilling and upskilling measures that are being taken by employers among the member countries, and disseminate good practices bearing in mind relevant country differences. Particular focus should be placed on identifying the skills prioritized in different sectors. Key areas for policy focus should include greater availability and financial support of short course training for in-demand skills.

6. Address the growing burden of informality

Informality is a major hurdle to our economies and societies. It stunts growth, reduces access to skilling and social protection and weakens formal institutions by reducing fiscal revenues. Recent measures on mitigation and containment will only exacerbate this issue further.

Our recommendation: We call on the OECD to develop innovative approaches to ensure all parts of society are fully contributing to the development of economies and societies. With ILO Recommendation No. 204 concerning the Transition from the Informal to the Formal Economy, there is a global tripartite consensus on what needs to be done to address the informal sector. This needs now to be rigorously implemented.

7. Spur youth employment

Youth unemployment is another issue that employers have identified as a top priority. [OECD data](#) show that on average youth unemployment rate had already been as high as 11.7% in 2019. Moreover, many young workers will be deprived of an opportunity to enter and participate in the job market due to the sudden standstill of the economy.

Our recommendation: The OECD should urgently call on governments to promote integration of youth into labor force. The OECD could highlight the link between increased youth employability with investment in Vocational Education and Training, and work based learning programs such as apprenticeships, internships, and related training opportunities.

8. Unlock inclusive labor markets

Covid-19 has shown that in times of crisis, underrepresented groups face the risk of marginalization and exclusion even harder than the average working population. Paired with the reality of the growing skills gaps, the imperative for countries to increasingly tap into all available talent pools is clear. Today, too many people who can work and who want to work are nevertheless not participating in the labour market.

Our recommendation: Foster targeted inclusion policies to ensure labor market participation and entry of underrepresented groups. Equally important however, is the promotion of overarching policies to promote inclusive labour markets, such as enabling easier access to flexible and remote working to allow people to organize work as they see fit and a range of activation policies such as ALMP's and investment in skills to increase employability of people with a distance to the labor market.

Policy pitfalls

Through its discussions across the OECD business community, our Employment, Labor, and Social Affairs Committee has identified key policy pitfalls that may not only hamper recovery efforts, but also cause deleterious effects in the future.

Blanket application vs. targeted coverage

In the first months of the Covid-19 pandemic, many governments quickly announced policies to provide rapid financial aid to all workers, self-employed and businesses to support business continuity and address liquidity squeeze and loss of income. Going forward as we move out of the “emergency mode” OECD guidance should take into account the difference between “blanket application” and “targeted coverage”. Several OECD member countries have extended unemployment insurance coverage to self-employed individuals, previously not covered by unemployment insurance schemes. Extrapolating this approach to all OECD countries would create inconsistencies perceived as unfair in the national labor law and social security systems. It would also create unrealistic expectations that would not be financially sustainable. The vulnerability of certain groups of self-employed individuals is indeed something that merits governments’ attention, in particular in the field of clarity and enforcement of worker status classification. However, we believe that potential extension of social security to self-employed and micro-enterprises in the context of Covid-19 should be organized first and foremost in fairness to workers that have been and are contributing to the existing unemployment insurance scheme.

Uniformity vs. diversity

In developing a short-term policy response to emergency situations like Covid-19, drawing inspirations from “best practices” can be very efficient. In shaping longer-term recommendations for structural reforms, the OECD needs to discern and take into account national specificities, especially in the case of social security schemes and their application to various forms of employment. These schemes are the result of years of tailoring specificities to national socio-economic traditions and industrial relations. Extending paid sick leave to all workers regardless of their employment model or service contract would create inconsistencies. In many countries workers in various diverse forms of employment are often already entitled to paid sick leave and other types of income replacement. Passing on these costs solely to employers or even service providers would be counterproductive, as it would not only aggravate liquidity problems for many companies but also risk job security in the long run.

Rigid work organization vs. new ways of working

The Covid-19 pandemic has indeed been a game-changer in terms of the way we work. Lockdowns and confinements confirmed the effectiveness of new ways of working and new work arrangements. What is needed, is a smart mix of ways of working, including inter alia office work, mobile work, home office, telework, as well as physical, hybrid and video conferences etc.

Governments should avoid a rush to regulate the new work arrangements as the situation is dynamic, and experimentation continues. Pre-Covid-19 work rules can be too rigid to allow for new practices, as illustrated by the incompatibility of some working time rules to new and more flexible work practices. Even seemingly familiar models such as telework and remote work have many

variations, and different occupations have different requirements and pressures that regulations should take into account.

Non-standard vs. diverse forms of employment

The diverse forms of employment reflect changes in the need of employers and workers as well as the differentiated nature of work. The OECD term “non-standard employment” used to designate individuals who are not in permanent, direct, full-time contracts is outdated as it falsely suggests that they would be “second-class”. Going forward, the OECD should employ the term “diverse forms of work” to recognize the importance of a more detailed differentiation and the benefits all types of work bring to workers, employers and society as a whole.

Occupational vs. public health

There have been recent calls to treat Covid-19 as an occupational disease. Except in the case of very specific professions (e.g. in health care settings) Covid-19 is not related to the exercise of a profession and should therefore not be classified as a cross-cutting professional disease. While employers have professional obligations to keep employees safe at their workplace and provide them with personal protective equipment, it would be wrong to transfer all the burden of responsibility regarding Covid-19 on to them. Covid-19 is a public health challenge that can only be met through stakeholder collaboration. If workers – following a government instruction – are asked to observe a quarantine and if they cannot telework, it will be important to clarify the consequences for employers and employees regarding the costs resulting from the quarantine, including determining whether this is a situation to which a country’s social protection system might apply.



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