

A look at the impact of COVID-19 on world-wide employment

Author: Fadzai Danha . April 2020

“The worst global crisis since World War II”. This is how COVID-19 has been described by the International Labour Organisation in its [*ILO Monitor 2nd edition: COVID-19 and the world of work*](#) report. The pandemic has led to worldwide disruptions in business such as lockdowns and travel restrictions which have had dire consequences on businesses and their employees.

If you have lost your job directly due to the COVID 19 pandemic and its effects then you are not alone. As businesses around the world have shut their doors or cut back on operations at an unparalleled rate, it is projected that this will wipe out 6.7% of working hours globally in the second quarter of this year, the equivalent of 195 million jobs worldwide, according to the UN’s labour body.

A Look at the Informal Sector

More than four out of five people (81%) in the global workforce of 3.3 billion are currently affected by full or partial workplace closures. Workers in the informal sector, represent 61% of the global workforce or 2 billion people are the most affected by the disruptions in business. This is because these workers generally do not have access to the normal social protections that might go with formal employment status as explained by Guy Ryder, the ILO’s director-general. Some regions, particularly Africa, have higher levels of informality, which combined with a lack of social protection, high population density and weak capacity, pose severe health and economic challenges for businesses and governments.

This includes but is not limited to waste recyclers, street vendors and food servers, construction workers, transport workers and domestic workers. COVID-19 is already affecting tens of millions of informal workers. For example, if we look at India, almost 90% of all workers belong to the informal sector. This means that about 400 million workers in the informal economy are at risk of falling deeper into poverty during the crisis.

Without appropriate policy measures, workers face a high risk of falling into poverty and will experience greater challenges in regaining their livelihoods during the recovery period.

A Look at the Formal Sector

The four formal sectors hardest-hit worldwide are:

- Accommodation and food services.
- Manufacturing.
- Retail and business services.
- Administrative activities.

These sectors are labour intensive and employ millions of usually low-paid, low-skilled workers, particularly in the case of accommodation and food services and retail trade. The economic risks will be felt particularly hard by workers in these sectors. These sectors represent almost 38% of the global workforce, employing 1.25 billion workers around the world. They are at a devastating risk of facing wage cuts and losing their jobs. A sudden loss of income for these workers could prove to be catastrophic.

Where does Africa stand?

Regionally, the proportion of workers in these “at-risk” sectors varies from 43% in the Americas to 26% in Africa. The Economic Commission for Africa (ECA) on Friday warned the unfolding coronavirus crisis could seriously dent Africa’s already stagnant growth. The ECA predicts that Africa may lose half of its GDP with growth falling from 3.2% to about 2 % due to several reasons which include the disruption of global supply chains due to the Continent’s interconnectedness to affected economies of the European Union, China and the United States which has caused ripple effects.

As the COVID-19 pandemic continues to disrupt business and economies the World Bank is projecting that sub-Saharan Africa will go into recession for the first time in a quarter-century. The global financial institution says the region’s economy could contract by -2.1% to as much as -5.1% this year.

The African Union modelled two scenarios in its assessments of the coronavirus crisis. Their “realistic” scenario predicts a pandemic that lasts four months before being brought under control with Africa “not very affected”.

A “pessimistic” scenario assumes that it takes Europe and the Americas six months to get the spread of the virus under control and Africa eight months to stop COVID-19. Under this model, the reduction to the African continent’s gross domestic product (GDP) could be more than 4.5%.

“Nearly 20 million jobs, both in the formal and informal sectors, are threatened with destruction on the continent if the situation continues,” according to the AU analysis. This figure could be sadly too optimistic.

What we mustn’t forget is that the world is a global village. We are all in this together. As Mr Ryder said “This is the greatest test for international cooperation in more than 75 years, If one country fails, then we all fail. We must find solutions that help all segments of our global society, particularly those that are most vulnerable or least able to help themselves.”

Fadzai Danha is a consultant at Industrial Psychology Consultants (Pvt) Ltd a management and human resources consulting firm.

Phone +263 4 481946-48/481950/2900276/2900966 or email: fadzai@ipcconsultants.com or visit our website at www.ipcconsultants.com

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