# OECD Employment Outlook 2021

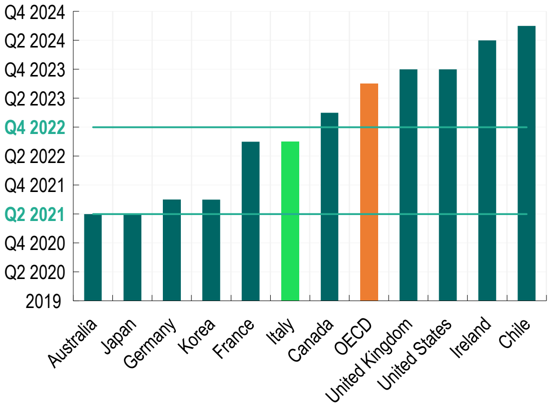
## NAVIGATING THE COVID-19 CRISIS AND RECOVERY

## HOW DOES ITALY COMPARE?

### *After multiple waves of COVID-19, vaccine roll-out has raised hopes that the end of the crisis is in sight*

In April 2020, only a month since the onset of the COVID-19 pandemic, the OECD unemployment rate stood up at 8.8% – wiping out ten years of improvements after the global financial crisis. Part of this initial increase was reabsorbed during the third quarter of 2020 – driven largely by the return to work of those on temporary lay-off – but since then progress has stalled given the new waves of the virus and measures to contain it. By May 2021, OECD unemployment reached 6.6% with 8 million more jobseekers than before the pandemic. Many of those who withdrew from the labour market, due to fear of infection or duties to care, are only gradually returning to active job search, but there were still 22 million more people jobless in March 2021 than at the end of 2019. As many countries have now gradually re-opened, OECD-wide unemployment is projected to fall by a further 1 percentage point by the end of 2022. The speed of recovery, however, is likely to be uneven, with Latin American countries in particular still grappling with high rates of COVID-19. Many countries are expected to take many years before the employment rate will return to pre-pandemic levels.

**Figure 1. Projected time to full recovery in employment rate**




Note: Baseline pre-pandemic level is the average of the 4 quarters of 2019. * Pre-crisis level not recovered in Q4 2024.
Source: OECD calculations from Short-term Labour Market Statistics and Economic Outlook Databases.

- At the on-set of the crisis, Italy experienced a smaller decline in the employment rate, compared to the OECD average (-1 percentage point vs -5 percentage points). This was in large part due to the widespread use of its job retention scheme.
- Over the course of 2020 the employment rate recovered only slightly, and in February 2021 Italy still had 945 thousands fewer people in employment than a year before. According to OECD forecasts, in Italy the employment rate will only return to its pre-crisis level in Q3 2022 – earlier than the OECD average , later than in Germany but in line with France. The unemployment rate increased from 9.5% in Q4 2019 to 10.5% in May 2021.
- The youth unemployment rate increased from an already high level of 28.7% to a peak of 33.4%, which was reached relatively late in the crisis in January 2021. Italy is one of only a handful of countries in which the youth unemployment rate remained very close to its peak level in the spring of 2021. By contrast, the OECD youth unemployment rate started from 11.4%, reached a peak of 19% early in the crisis - in April 2020 – and then had declined to 14% by April 2021.

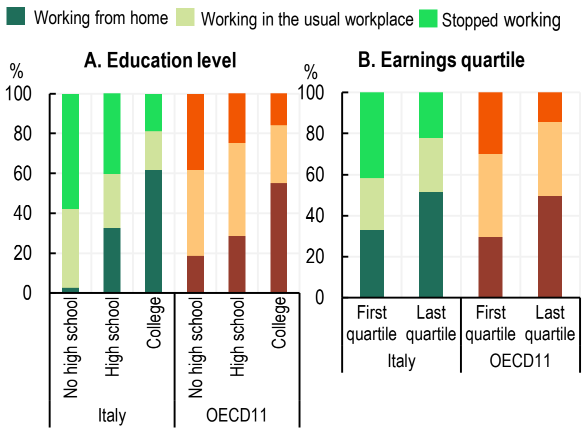
### *Low-paid and low-educated workers were less likely to telework before the crisis, and disparities have widened*

The use of teleworking increased dramatically during the COVID-19 crisis, from 16% of employees to 37% in OECD countries with available data. This saved millions of jobs, but also raised some concerns about work-life balance. Access to teleworking was uneven. 55% of highly-educated workers were able to work from home, against 19% of low-educated workers.

- Before the crisis telework was very low in Italy – involving less than 5% of employees against an OECD average of 16%.
- During the crisis, teleworking reached 40% in Italy but access to it was particularly unequal across educational groups.
- The share working from home in April 2020 was over 60% among workers with a university degree, but remained negligible among those with less than high school education.
- The share of workers with primary education that had to stop working was 58% in Italy – 20 percentage points higher than the average.

## Figure 2. Who teleworked during the COVID-19 crisis?

Access to telework during the first lockdown by group as a percentage of total workers usually employed before the onset of the crisis




Note: OECD11 is the unweighted average of 11 OECD countries: Australia, Austria, Canada, France, Germany, Italy, New Zealand, Poland, Sweden, the United Kingdom and the United States.
Source: *OECD Employment Outlook 2021*, Chapter 5.

### *The unprecedented use of job retention schemes helped limit job losses*

At the peak of the crisis, job retention schemes supported about 60 million jobs in OECD countries (20% of all jobs), more than 10 times as many as during the global financial crisis; and estimates suggest that they saved up to 21 million jobs. Their take-up decreased to 6% of employment in early 2021. Going forward, support should be maintained in sectors where activity remains restricted, but should be more targeted to viable jobs in sectors that can resume.

- Take-up of JR support in Italy reached a peak of 30% in April 2020 – well above the OECD average of 20% – and remained at 8% in December 2020 – the last month for which data are available.
- As the crisis hit, Italy quickly expanded the coverage of its JR scheme to most firms and sectors. Such enhanced coverage could be maintained in the future to ensure a more equitable distribution of support across firms and workers.
- With the gradual lifting of the firing ban starting in July, providing support for those who are unlikely to return to their previous job becomes even more important. Allowing workers on JR support to receive training could help them increase their productivity in their current job, and hence reduce the risk of job loss, and their employability in other firms. In addition, the voluntary mobility of workers on JR schemes might be encouraged by temporarily reducing employees' social contributions for those who leave the schemes for new jobs.


**CONTACTS**
**Stefano Scarpetta** (+33 1 45 24 19 88; stefano.scarpetta@oecd.org) or
**Andrea Salvatori** (+33 1 45 24 94 56; andrea.salvatori@oecd.org),
Directorate for Employment, Labour and Social Affairs