



International
Labour
Organization

Executive Summary

Global Employment Trends 2011

The challenge of a jobs recovery

Unemployment remains elevated

- The number of unemployed stood at 205 million in 2010, essentially unchanged from the year earlier and 27.6 million higher than in 2007, with little hope for this figure to revert to pre-crisis levels in the nearterm. The global unemployment rate stood at 6.2 per cent in 2010, versus 6.3 per cent in 2009, but is still well above the rate of 5.6 per cent in 2007.
- The elevated level of global unemployment stands in stark contrast to the recovery that has been seen in several key macroeconomic indicators: real global GDP, private consumption, gross fixed investment and world trade had all recovered by 2010, surpassing pre-crisis levels.
- There has been an uneven recovery in labour markets, with a continued rise in joblessness in the Developed Economies and European Union region, versus a steady to slightly improving unemployment picture in most developing regions.

A recovery in growth that has not brought about a comparable recovery in employment

- At the global level, the employment-to-population ratio, which indicates whether the employment-generating capacity of a country or region is rising or falling, declined from 61.7 in 2007 to 61.2 in 2009 and is estimated at 61.1 per cent in 2010. Many economies are simply not generating sufficient employment opportunities to absorb growth in the working-age population.
- In 64 countries for which quarterly data are available, as of the second quarter in 2010, the number of countries with falling employment-to-population ratios was still twice the number that had rising ratios. It is clear that the ongoing economic recovery is not yet leading to a sufficient expansion in employment opportunities in many countries.

Industrial employment hardest hit

- Total global employment in industry declined slightly in 2009, which is a major divergence from the historical annual growth rate of 3.4 per cent over the period from 2002 to 2007. Employment in agriculture grew in 2009, which also represented a divergence versus historical trends.

Growing number of discouraged youth

- The number of unemployed youth (aged 15–24) is estimated to have declined from 79.6 million in 2009 to 77.7 million in 2010, though this is still well above the 2007 level of 73.5 million. The global youth unemployment rate stood at 12.6 per cent in 2010, up from 11.8 per cent in 2007, but down slightly from 12.8 per cent in 2009.
- However, unemployment rates understate the severe extent to which the crisis impacted young people

as labour force participation among youth was strongly affected by the crisis. Across 56 countries with available data, there are 1.7 million fewer youth in the labour market than expected based on longer term trends, indicating that discouragement among youth has risen sharply. These discouraged youth are not counted among the unemployed because they are not actively seeking work.

Trends in labour productivity and real wages reveal pressure on employment quality

- Labour productivity growth turned negative in 2009, declining by 1.4 per cent versus growth of 3.3 per cent in 2007. In 2010, global productivity growth recovered to 3.1 per cent.
- The problem of delayed labour market recovery is seen not only in the lag between output growth and employment growth and reduced unemployment but also in some countries in the lag between productivity growth and resumption in real wage growth. This phenomenon can threaten future recovery prospects, given the strong linkages between employment and growth in real wages on the one hand and consumption on the other.

Stagnating progress in reducing vulnerable employment and slowed progress in reducing working poverty

- On the basis of available data, the current estimate of the number of workers in vulnerable employment in 2009 is 1.53 billion, which corresponds to a global vulnerable employment rate of 50.1 per cent. The incidence of vulnerable employment remained roughly flat between 2008 and 2009, versus a steady and substantial average decline in the years preceding the crisis.
- The estimated working poverty rate at the extreme US\$ 1.25 level for 2009 is 20.7 per cent, which is 1.6 percentage points higher than the rate projected on the basis of the pre-crisis trend. This amounts to around 40 million more working poor at the extreme US\$ 1.25 level in 2009 than would have been expected on the basis of pre-crisis trends. The share of workers living with their families below the US\$ 2 a day poverty line is estimated at around 39 per cent, or 1.2 billion workers worldwide.

An improved global economy, yet downside risks predominate in 2011

- Following a contraction in 2009, the global economy grew at a rapid pace of 4.8 per cent in 2010. The recovery is expected to continue in 2011, though at a more moderate pace (4.2 per cent). However, due to the fragile state of the labour market in many countries, high levels of public debt and continued vulnerabilities in the financial sector and private households, downside risks predominate.
- On the basis of current macroeconomic forecasts, the global unemployment rate is projected at 6.1 per cent in 2011, corresponding to global unemployment of 203.3 million. This represents little improvement over 2010 levels.

Regional economic and labour market developments

- Fifty-five per cent of the total increase in global unemployment between 2007 and 2010 occurred in the **Developed Economies and European Union** region, while the region only accounts for 15 per cent of the world's labour force. Employment contracted by 2.2 per cent in 2009 and by a further 0.9 per cent in 2010. Employment in industry declined by 9.5 million between 2007 and 2009. Unemployment is projected to decline slightly in 2011, but to a level that is still 15 million (over 50 per cent) higher than in 2007. Another manifestation of continued labour market distress is the rapid growth of part-time employment.
- The massive increase in youth unemployment that occurred in the Developed Economies and European Union region during the crisis was accompanied by a large decline in youth labour force participation, indicating widespread discouragement among young people.

- Unemployment in the **Central and South-Eastern Europe (non-EU) and CIS** region peaked at the highest regional rate in the world in 2009, having risen 1.7 percentage points to 10.4 per cent. Youth unemployment rose more than in any other developing region in 2009, and one in five economically active youth in the region were unemployed in 2010. GDP growth is expected to slow to 4.3 per cent in 2011. The unemployment rate is projected to show little change.
- Following a sharp contraction in GDP growth in 2009, economic growth in **Latin America and the Caribbean** expanded strongly in 2010. Short-term labour market indicators show an ongoing recovery in many countries in the region. However, the economic crisis resulted in an increase in the share of vulnerable employment in 2009, the first increase in the region since 2002. The outlook for 2011 is continued GDP growth, but at a lower rate of 4.0 per cent, along with a modest decline in the region's unemployment rate.
- In contrast to many regions around the world, the labour market in **East Asia** has recovered relatively quickly. However, youth unemployment remains a major challenge as the youth unemployment rate, at 8.3 per cent in 2010, is 2.5 times higher than the rate for adults. In 2011, economic growth is projected to slow to 8.6 per cent, reflecting reduced stimulus measures, while the regional unemployment rate is expected to show little change.
- Despite the strong recovery in economic output in **South-East Asia and the Pacific**, the region's unemployment rate is estimated to have edged down only slightly from 5.2 per cent in 2009 to 5.1 per cent in 2010, though in some countries in the region unemployment rates are at or below pre-crisis levels. At the same time, the number of workers in vulnerable employment is estimated to have risen to 173.7 million in 2009, an increase of 5.4 million since 2007. Youth in the region continue to face significant challenges in securing decent and productive jobs, and are 4.7 times more likely to be unemployed than adults. The region's unemployment rate is forecast to show little change in 2011, while economic growth is expected to slow to 5.3 per cent.
- The economies of **South Asia** have largely held up well during the crisis and the region resumed rapid economic growth in 2010. Yet the region has the highest rate of vulnerable employment in the world, at 78.5 per cent of total employment in 2009. Gender-based inequities in the labour market remain a primary concern, with the gap between female and male labour force participation at more than 40 percentage points and a disproportionate share of women working in the agricultural sector, many in subsistence-level activities. A key risk in 2011 is inflation, particularly in the price of food and basic commodities, which underlines the importance of expanding social safety nets for the poorest.
- The downward trend in the regional unemployment rate in the **Middle East** was interrupted by the global economic crisis, and current estimates for 2010 show a level of unemployment at 10.3 per cent, which is the highest regional rate in the world. The youth unemployment rate is almost four times the adult rate. Gender inequalities continue to be a major concern, as the gap between male and female employment-to-population ratios, at 47.2 percentage points, is twice the global average. Economic growth in 2011 is projected at 5.1 per cent, falling short of pre-crisis trends, with little change expected in the region's unemployment rate.
- **North Africa** was not hit as hard as other regions by the economic and financial crisis, yet pre-crisis labour market challenges have persisted. Women face a much higher unemployment rate than men (15 per cent versus 7.8 per cent), which is particularly worrisome because female labour force participation rates are extremely low. An alarming 23.6 per cent of economically active young people were unemployed in 2010. Productivity growth continues to be sluggish and leaves little scope for increases in wages and salaries or for progress in expanding social protection systems. And while the economic outlook for the region is favourable, growth rates are not likely to be sufficient to reduce the large decent work deficits in the near future in any of the North African economies.
- With more than three-quarters of workers in **sub-Saharan Africa** in vulnerable employment and around four out of five workers living with their families on less than US\$ 2 a day, sub-Saharan African economies faced daunting decent work challenges prior to the onset of the crisis. Gender inequalities are evident in the much higher share of women in vulnerable employment in comparison to men and with female

working poverty rates exceeding male rates in 22 out of 27 countries with available data. Economic growth is projected to recover to a pre-crisis rate of 5.5 per cent in 2011, with little change expected in the unemployment rate. The economic outlook is subject to considerable uncertainty, particularly in middle-income countries and oil exporters, and will be dependent on the recovery of the global economy.

Key policy considerations

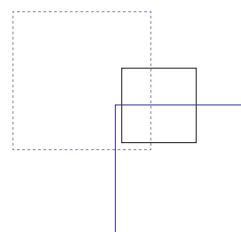
- The delayed labour market recovery exacerbates the tremendous human costs of the recession, including reduced lifetime earnings and employability, along with broader health and social effects. Given the potential for these effects to linger, affecting the current generation of workers and threatening the human capital potential of both current and future generations, it is essential to forge a recovery that is job rich and sustainable.
- Many economies have begun a careful tightrope walk from stimulus to fiscal consolidation. Where fiscally feasible, it is crucial to maintain or enhance measures that can help boost employment generation and jump-start a sustainable jobs recovery. Improved labour market outcomes would support a broader macroeconomic recovery and could help offset the adverse effects of fiscal consolidation. In all cases, a narrow focus on reducing deficits without addressing the challenge of job creation will further weaken employment prospects and threaten the recovery.
- In advanced economies, governments must put in place policies and incentives to stimulate private investment, while concurrently announcing credible plans to reduce budget deficits in the medium term. It is also essential for (primarily developed) deficit countries to boost net exports that, in turn, would lead to increased demand and more space for fiscal consolidation. Policies are needed to boost labour productivity in order to reduce unit labour costs and enhance competitiveness.
- Developing countries that have been reliant on exports for growth need to strengthen domestic sources of demand. As developing economies have typically benefited from a faster rebound in growth, underpinned by comparatively greater fiscal space and solid macroeconomic fundamentals, there is a sound basis for a reorientation of growth toward domestic consumption. Increasing social protection is crucial for enhancing economic security and encouraging greater consumption. Labour market policies aimed improving the linkage between gains in labour productivity and increased real wages are also essential, and this must be underpinned by social dialogue between workers, employers and governments.
- A strengthening of the mechanisms for international cooperation, including through the G20, is essential to ensuring a sustainable, balanced recovery.

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Regional groupings

Developed Economies and the European Union

European Union

Austria
Belgium
Bulgaria
Cyprus
Czech Republic
Denmark
Estonia
Finland
France
Germany
Greece
Hungary
Ireland
Italy
Latvia
Lithuania
Luxembourg
Malta
Netherlands
Poland
Romania
Portugal
Slovakia
Slovenia
Spain
Sweden
United Kingdom

North America

Canada
United States

Other Developed Economies

Australia
Israel
Japan
New Zealand

Western Europe (non-EU)

Iceland
Norway
Switzerland

Central and South-Eastern Europe (non-EU) and CIS

Central and South-Eastern Europe

Albania
Bosnia and Herzegovina
Croatia
The former Yugoslav Republic of Macedonia
Serbia and Montenegro
Turkey

Commonwealth of Independent States

Armenia
Azerbaijan
Belarus
Georgia
Kazakhstan
Kyrgyzstan
Republic of Moldova
Russian Federation
Tajikistan
Turkmenistan
Ukraine
Uzbekistan

Latin America and the Caribbean

Caribbean

Bahamas
Barbados
Cuba
Dominican Republic
Guadeloupe
Guyana
Haiti
Jamaica
Martinique
Netherlands Antilles
Puerto Rico
Suriname
Trinidad and Tobago

Central America

Belize
Costa Rica
El Salvador
Guatemala
Honduras
Mexico
Nicaragua
Panama

South America

Argentina
Bolivia
Brazil
Chile
Colombia
Ecuador
Paraguay
Peru
Uruguay
Venezuela

South Asia

Afghanistan
Bangladesh
Bhutan
India
Maldives
Nepal
Pakistan
Sri Lanka

South-East Asia and the Pacific

South-East Asia

Brunei Darussalam
Cambodia
East Timor
Indonesia
Lao People's Democratic Republic
Malaysia
Myanmar
Philippines
Singapore
Thailand
Viet Nam

Pacific Islands

Fiji
Papua New Guinea
Solomon Islands

East Asia

China
Hong Kong, China
Korea, Democratic People's Republic of
Korea, Republic of
Macau, China
Mongolia
Taiwan, China

Middle East

Bahrain
Iran, Islamic Republic of
Iraq
Jordan
Kuwait
Lebanon
Oman
Qatar
Saudi Arabia
Syrian Arab Republic
United Arab Emirates
West Bank and Gaza Strip
Yemen

North Africa

Algeria
Egypt
Libyan Arab Jamahiriya
Morocco
Sudan
Tunisia

Sub-Saharan Africa

Middle Africa

Angola
Cameroon
Central African Republic
Chad
Congo
Congo, Democratic Republic of
Equatorial Guinea
Gabon

Eastern Africa

Burundi
Comoros
Eritrea
Ethiopia
Kenya
Madagascar
Malawi
Mauritius
Mozambique
Réunion
Rwanda
Somalia
Tanzania, United Republic of
Uganda
Zambia
Zimbabwe

Western Africa

Benin
Burkina Faso
Cape Verde
Côte d'Ivoire
Gambia
Ghana
Guinea
Guinea-Bissau
Liberia
Mali
Mauritania
Niger
Nigeria
Senegal
Sierra Leone
Togo

Southern Africa

Botswana
Lesotho
Namibia
South Africa
Swaziland