



Distributional risks associated with non-standard work: Stylised facts and policy considerations

12 June 2020

This note provides estimates of the share of non-standard workers that are particularly vulnerable to the loss of income or job as a result of the widespread shutdown in economic activity due to COVID-19 containment measures. The focus is on non-standard workers, given that they often have less access to social protection and to job retention schemes than regular workers. The changing nature of work has been associated with a gradual increase over time in the share of non-standard forms of employment. The note discusses what policies can do, and what policy actions governments have taken, to support vulnerable workers during the COVID-19 crisis.



Box 1. Key messages

- On average across OECD countries, the sectors most directly affected by COVID-19 containment measures account for around 40% of total employment. These sectors employ a large proportion of so-called non-standard workers, i.e. part-time workers, self-employed and workers hired on fixed-term contracts. They account for around 40% of employment on average across OECD European countries, reaching more than 50% in Italy, the Netherlands, Spain and Greece. This proportion is generally highest in entertainment industries, hotels and restaurants.
- In many countries, non-standard workers have less access to social protection compared to full-time employees with open-ended contracts. Social protection gaps can be large for the self-employed, who are often not covered by sickness and unemployment benefits. Relative to permanent employees, temporary workers face a higher risk of losing their jobs and have lower chances of being enrolled in short-time work schemes. Although difficult to quantify, workers in the informal economy are even more at risk compared to other non-standard workers in the event of sickness or job loss.
- Policy action is needed to protect non-standard workers against the adverse effects of falling sick and to provide income support to those who lose their jobs and incomes. This requires addressing at least temporarily the social protection gaps between standard and non-standard workers, as well as targeting interventions on those most likely to be affected by the crisis, such as small entrepreneurs in the most affected sectors, low-income and informal workers.
- OECD countries have taken action to support non-standard workers during the COVID-19 crisis:
 - About half of the OECD countries have exceptionally expanded, or eased access to, paid sick leave, and the majority of them have introduced or enhanced access to unemployment benefits for non-standard employees.
 - Some countries have included temporary employees in short-time work schemes.
 - Almost all OECD countries have taken action to support the activity of small and medium-sized enterprises, and several countries have introduced temporary income replacement schemes to support the self-employed who experience severe income losses. Some countries have provided additional fiscal and credit support targeted at small firms operating in hard-hit sectors, such as tourism.
- Policy action should prevent crisis-related adverse distributional effects from becoming long lasting. The smooth reallocation and matching between workers and jobs requires effective active labour market policies and requalification schemes, targeted to those who need them the most, in combination with adequate income support to sustain job search.
- Looking forward, countries should consider enhancing social protection schemes for non-standard workers. Reforms in this area would reduce labour market segmentation and inequalities.

The big picture: employment in sectors most affected by containment measures

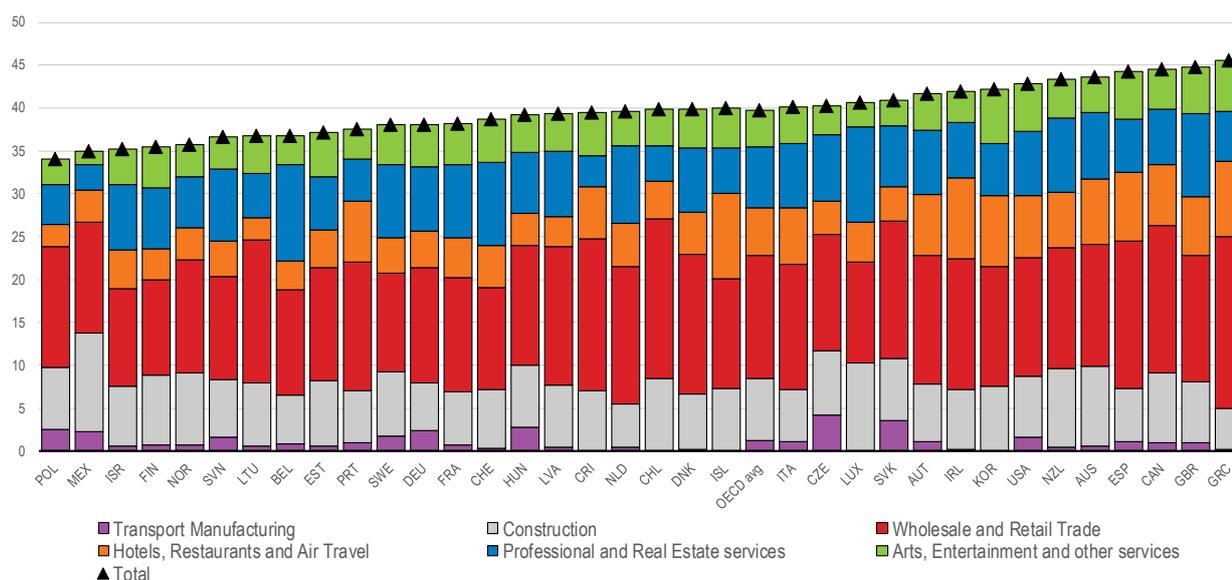
The spread of the coronavirus (COVID-19) across countries has prompted many governments to introduce unprecedented measures to contain the pandemic. These have led to many economic activities being shut down temporarily, implying a large contraction in GDP, even though quantification is extremely difficult in the current juncture (OECD, 2020^[1]). The most affected sectors are principally services, such as tourism, and those involving contact between consumers and service providers, such as hospitality industry and



entertainment activities, as well as construction in some countries. With perhaps the sole exception of construction, these are sectors where activity is likely to remain affected for quite some time even as economies slowly recover from widespread shutdowns. Containment measures create massive disruption in the labour market, with around 40% of workers directly exposed (Figure 1),¹ not taking into account indirect effects through input-output linkages and global value chains.

Figure 1. Employment in activities most affected by containment measures across OECD countries

% of total employment, 2018 or latest available year



Note: The sectors included follow the analysis in OECD (2020^[1]). Data are classified according to ISIC rev. 4. The sectors considered are manufacturing of transport equipment (ISIC V29-30), construction (VF), wholesale and retail trade (VG), air transport (V51), accommodation and food services (VI), real estate services (VL), professional service activities (VM), arts, entertainment and recreation (VR), and other service activities (VS). The latter two sectors are grouped together as arts, entertainment and other services in the figure. The OECD average is an unweighted average across countries.

Source: OECD Annual National Accounts; and OECD calculations.

The rest of the note focuses on distributional implications by identifying the workers within the sectors assumed to be affected by containment measures who face higher risks of losing their job and income, falling sick, and experiencing poverty. The analysis focuses on non-standard workers, i.e. part-time workers, self-employed and workers hired on fixed-term contracts.² Such workers are more vulnerable to adverse distributional effects from the COVID-19 crisis because they may lack adequate income and employment protection. In fact, non-standard workers are 40-50% less likely to receive any form of income

¹ The calculations are based on an assumption of a nation-wide shutdown, rather than a shutdown confined to particular regions only. In all countries, full shutdowns are assumed in all the output categories directly affected by containment measures. This is why the calculations and figures are based on total employment in the affected sectors, not some proportion of total employment according to the share assumed to be shut down. These are assumptions and the actual situation and labour market effects are likely to vary from one country to the next, depending on the containment measures and job retention schemes adopted.

² Freelance workers and other temporary workers working in the “gig economy” cannot be properly identified. They are included to the extent that they fall into the definition of non-standard work. This is likely to be the case because many of these workers are classified as self-employed (OECD, 2019^[2]).



support during periods out-of-work than standard employees, and when they do receive benefits they are often significantly less generous than for standard employees (OECD, 2019^[2]). The empirical analysis is restricted to European OECD countries. Micro-level labour force surveys are only available as fully harmonised for a set of European countries, allowing to draw an accurate and comparable statistical picture of non-standard workers along several policy-relevant dimensions. The policy discussion covers all OECD countries.

Vulnerable workers in sectors affected most severely by containment measures

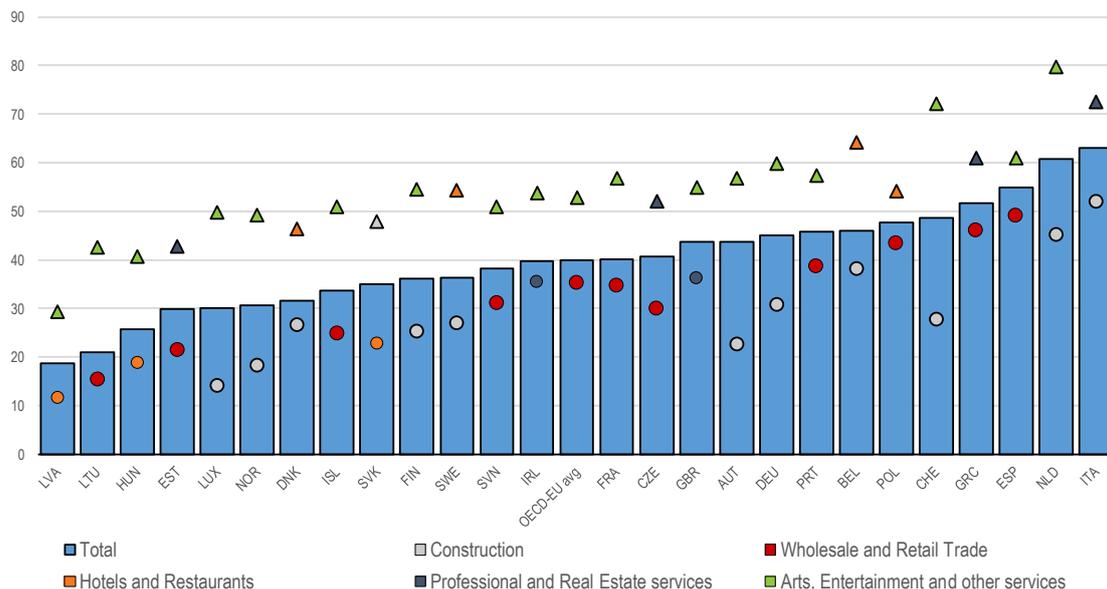
How many non-standard workers are there?

Non-standard workers are defined as follows (e.g. OECD (2019^[2])): i) workers under temporary contracts; ii) part-time workers; and iii) self-employed workers.

- On average across European OECD countries, non-standard workers represent around 40% of total employment in sectors most affected by containment measures, ranging from about 20% in Latvia and Lithuania to more than 50% in Italy, the Netherlands, Spain and Greece (Figure 2).
- In the majority of countries, the share of non-standard workers is highest in entertainment and arts, although in some countries (e.g. Sweden, Denmark, Poland and Belgium) the share is highest in hotels and restaurants. Wholesale and retail trade, as well as construction, typically account for the lowest share of non-standard workers.

Figure 2. Non-standard workers in activities most affected by containment measures across European OECD countries

% of employment in respective sectors, 2018



Note: Non-standard workers are defined as workers in temporary contracts, in part-time jobs, and the self-employed. The blue bars show the average share of non-standard workers in total employment across the affected sectors. The triangles (circles) show the maximum (minimum) share among the sectors considered. The inner colour follows the legend showing which sectors have the highest/lowest share of non-standard workers. The sectoral data are classified according to ISIC rev. 4. The sectors included are construction (VF), wholesale and retail trade (VG), accommodation and food services (VI), real estate services (VL), professional service activities (VM), arts, entertainment and recreation (VR), and other service activities (VS). The latter two are grouped together as arts, entertainment and other services in the figure. Other services include categories not included in other service sectors, such as the repair of computers and personal and household goods. The analysis is restricted to European OECD countries for which harmonised micro-level labour force surveys are available.

Source: Calculations based on EULFS data.



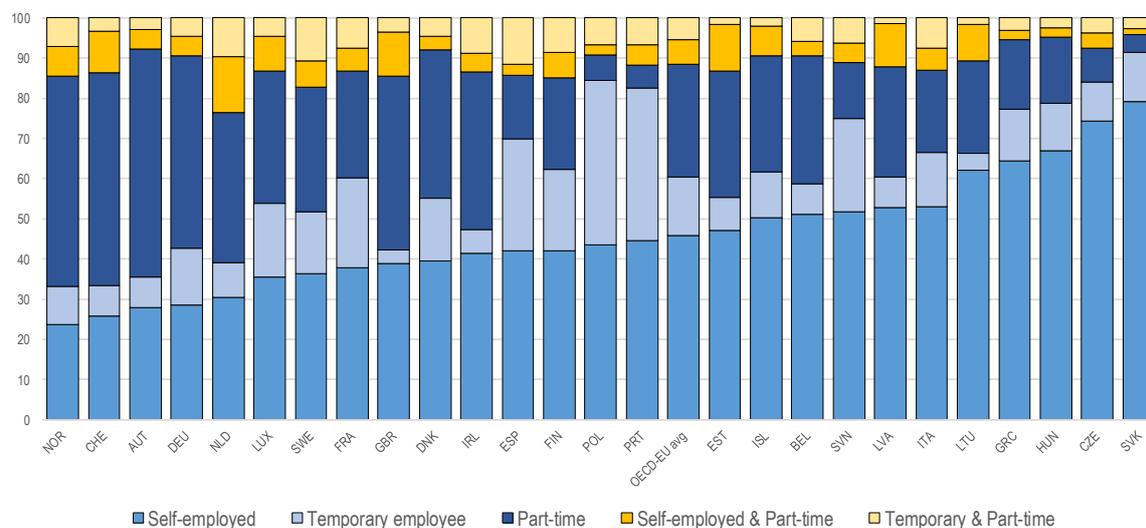
Although non-standard workers in affected sectors account for a sizeable share of total employment in many countries, the share of non-standard workers is likely to be under-estimated due to a lack of information on informal work, with some Southern European countries having relatively high estimated shares of informal work (ILO, 2018^[3]).

There are major differences in the type of non-standard work across European countries (Figure 3):

- On average and for the majority of European countries, self-employed workers represent the most important category of non-standard workers in affected sectors. They account for around a quarter of non-standard employment in Norway, Switzerland, Austria and Germany to more than one-half in most Eastern and Southern European countries, Latvia and Lithuania.
- Part-time work, defined as persons usually working less than 35 hours a week, is the second most important category in most countries. Part-time work is particularly common in Switzerland, Austria and the Netherlands, while it tends to be less frequent in the Slovak Republic, the Czech Republic and Poland.
- Temporary employment represents around 15% of non-standard work on average, but with large cross-country differences: ranging from less than 4% of non-standard employment in the United Kingdom and Ireland to around 40% in Poland and Portugal.

Figure 3. Composition of non-standard workers in activities most affected by containment measures across European OECD countries

% of non-standard employment in affected sectors, 2018



Note: See Figure 2 for the definition of sectors included.

Source: Calculations based on EULFS data

Going granular to identify vulnerable workers

Small entrepreneurs

Non-standard workers all face common risks associated with the labour market disruption due to the COVID-19 crisis, because they are often less well protected against the risk of job or income loss than standard workers. However, some non-standard workers are particularly vulnerable. Small entrepreneurs

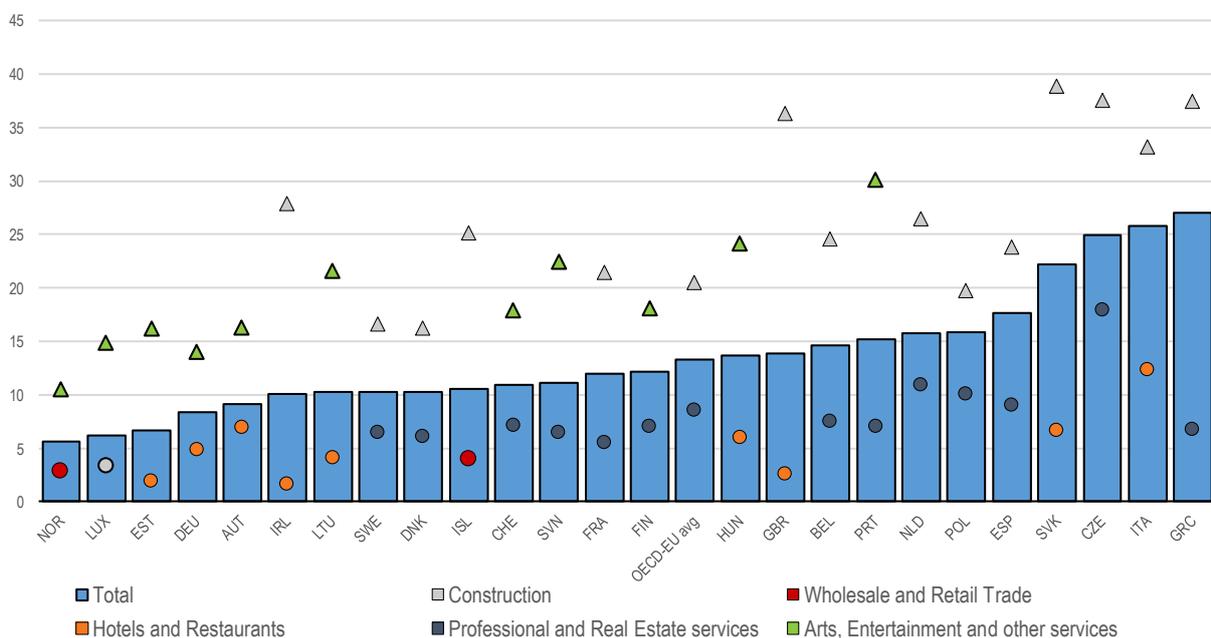


may be particularly at risk due to often-limited access to social protection and also business risks from shutdown restrictions and/or a temporary lack of liquidity (OECD, 2020^[4]).

- On average across European countries, small entrepreneurs represent around 14% of employment in affected sectors, varying from less than 7% in Luxembourg and Norway to more than 25% in Greece and Italy (Figure 4).
- In most countries, the proportion of small entrepreneurs is highest in the construction sector and relatively low in the professional and real estate services sectors.

Figure 4. Proportion of small entrepreneurs in activities most affected by containment measures across European OECD countries

% of employment in respective sectors, 2018



Note: Small entrepreneurs are defined by Eurostat as self-employed without managerial roles, for example own-account workers in the construction sector. The blue bars show the average share in total employment across the affected sectors. The triangles (circles) show the maximum (minimum) share among the sectors considered. The inner colour follows the legend and shows which sectors have the highest/lowest share of small entrepreneurs. For the definition of sectors included, see Figure 2.

Source: Calculations based on EULFS data.

Low-wage non-standard employees

Non-standard employees in low-paid jobs are especially at risk of income loss due to the COVID-19 crisis. These workers may work only occasionally or irregularly, sometimes failing to meet the hours or income threshold requirements to access work-related benefits. Tight access conditions to social protection and low benefit replacement rates weigh relatively more on living standards at the bottom of the wage distribution.

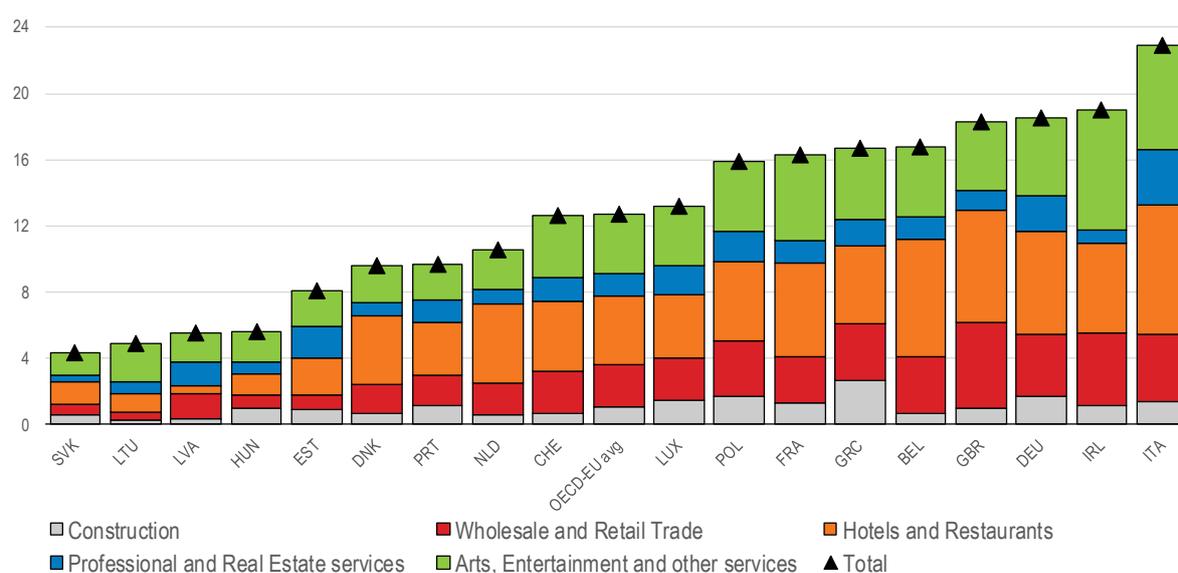
- Low-wage non-standard employees represent on average around 12% of dependent employment in affected sectors, with low-wage workers representing almost 25% of all employees in Italy and close to 20% in Germany, Ireland and the United Kingdom. In the case of Germany, the high share of low-wage employees may partially reflect the prevalence of “Mini-Jobs”, which are jobs generally free from social insurance contributions for workers (Figure 5).



- Baltic and Eastern European countries (except Poland) have a lower incidence of low-wage non-standard employees in affected sectors. However, the share of vulnerable employees could be under-estimated due to a relatively high level of informal workers not captured by the available data.
- The proportion of low-wage non-standard employees is highest in hotels and restaurants, and lowest in construction.

Figure 5. Proportion of low-wage non-standard employees in activities most affected by containment measures across European OECD countries

% of dependent employment in respective sectors, 2018



Note: Low wage non-standard employees are those in the first quintile of the employees' wage distribution.

Source: Calculations based on EULFS data

Involuntary part-time workers

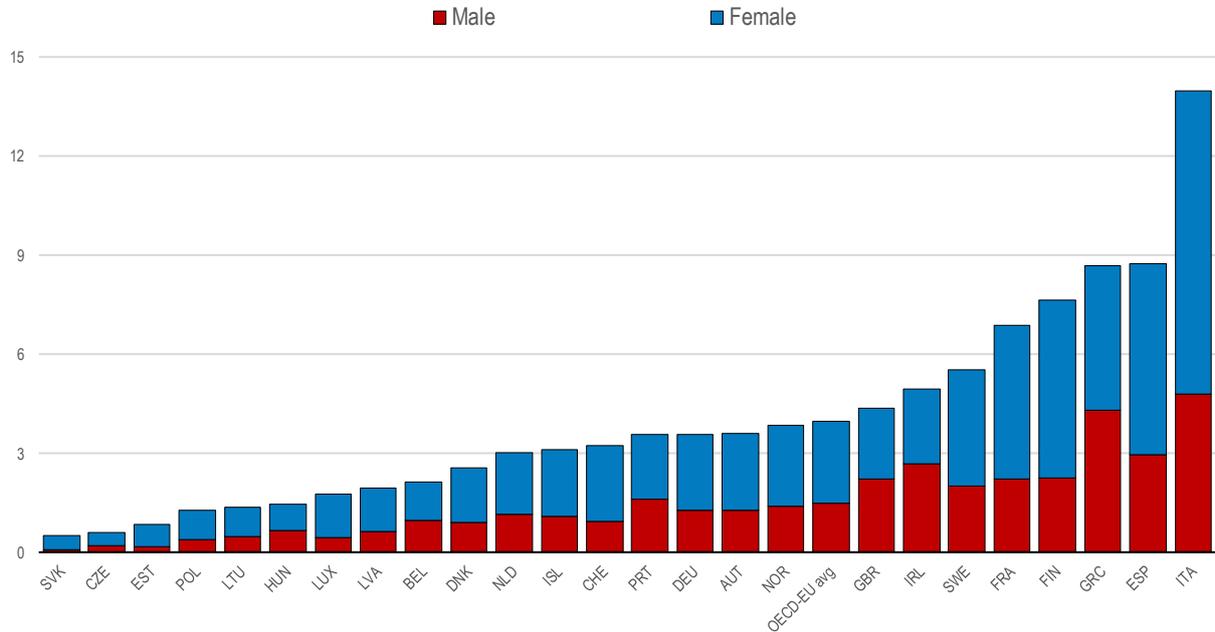
In some countries (e.g. Switzerland, Austria, Norway and Germany), part-time workers represent the majority of non-standard workers in affected sectors (**Error! Reference source not found.**). Part-time workers are likely to differ greatly in terms of their vulnerability to income or job loss. For instance part-time workers are relatively rarely excluded from social protection while they are often excluded from short-time work. The most fragile are involuntary part-time workers, that is, workers who declare that they are part-time because they could not find a full-time job. Some of these workers may already have been living on low incomes before the COVID-19 crisis so that losing their job may expose them relatively more to economic hardship than other workers.

- Italy, Greece and Spain have the highest incidence of involuntary part-time, accounting for 9-14% of total employment in affected industries (Figure 6). However, these countries have lower than average incidence of overall part-time work. Where part-time work is more widespread, i.e. Switzerland, Austria and Germany, involuntary part-time work is lower than average, although not negligible.
- Women represent the majority of involuntary part-time workers in almost all countries, 63% on average. This highlights the risk that the crisis may exacerbate gender inequalities.



Figure 6. Involuntary part-time workers in activities most affected by containment measures across European OECD countries

% of employment in affected sectors, 2018



Note: Involuntary part-time workers are defined as those who declared to work part-time because they could not find a full-time job. For the definition of sectors included, see Figure 2.

Source: Calculations based on EULFS data

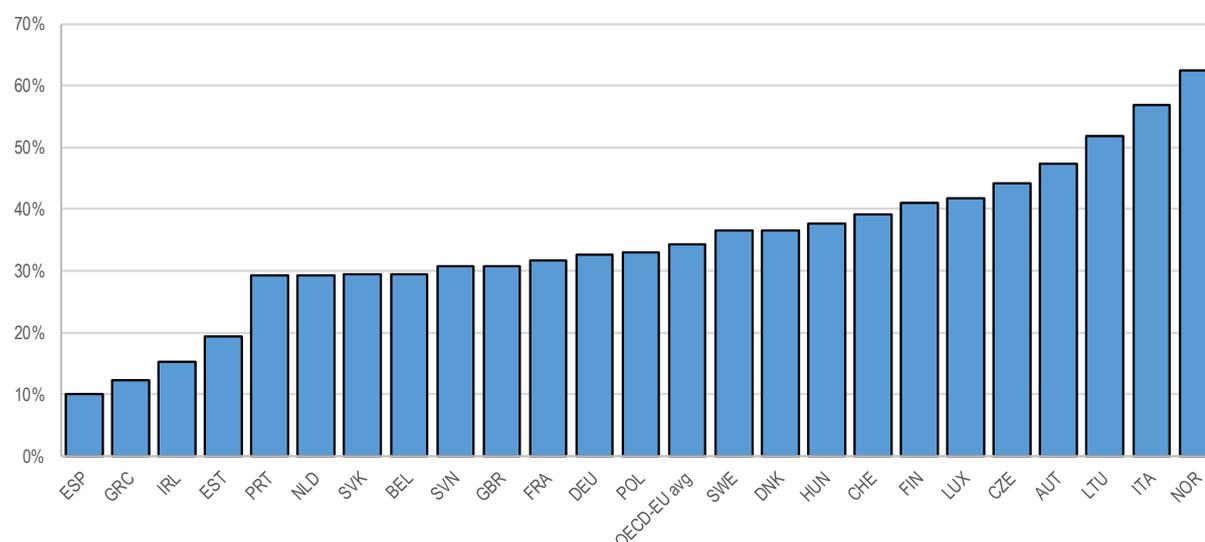
Teleworking

Labour market status influences job and income risk through the possibility to telework, which is unequally distributed across workers. Recent analysis based on data from the United States suggests that 34% of jobs can plausibly be performed at home. However, this proportion varies across sectors: for instance, 86% can telework in professional, scientific and technical services while only 7% in accommodation and food services (Dingel and Neiman, 2020^[5]). The incidence of teleworking, defined as the proportion of employees that declares usually or sometimes working from home, is lower where employees are required to be present at their workplaces because of the nature of their tasks. For example, on average across European OECD countries, the incidence of teleworking in hotels and restaurants is one-third of the average incidence in other sectors (Figure 7).



Figure 7. Incidence of teleworking: the Hospitality sector compared to the rest of the economy

% relative to the average in the rest of the economy, 2018



Note: The incidence of teleworking is defined as the proportion of employees declaring usually or sometimes working from home. The figure shows the incidence of teleworking in the Hospitality sector as a percentage of the average incidence across all other sectors. A value of 100% indicates that the incidence of teleworking in Hotels and Restaurants is the same as the average in other sectors.

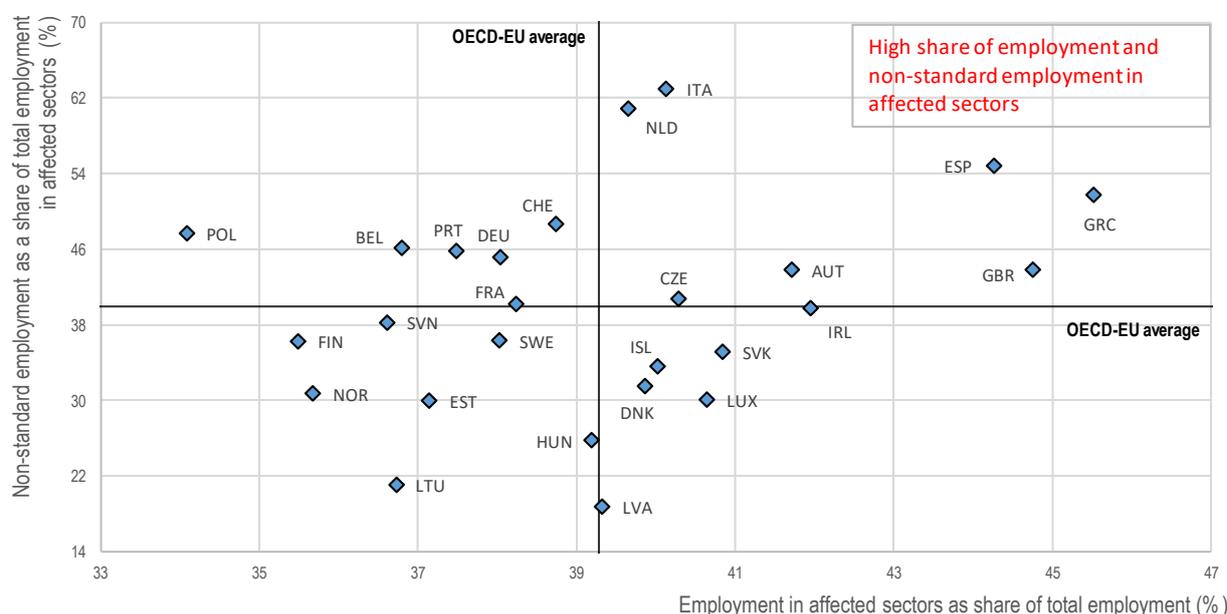
Source: Calculations based on EULFS data

Countries' exposure to distributional risks associated with non-standard work

Figure 8 illustrates countries' relative exposure to distributional risks due to non-standard work, comparing the share of total employment affected by the COVID-19 lockdown with the share of non-standard employment in affected sectors. Southern European countries (with the exception of Portugal) are particularly exposed to distributional risks from containment measures: they have larger than average shares of both total employment and non-standard employment in the sectors assumed to be most affected by containment measures, and they also have a large proportion of informal employment (ILO, 2018^[3]). Nordic countries in the lower-left quadrant appear relatively less exposed, while other European countries fall between these two groups, having a relatively large share of low-wage non-standard employees (e.g. Germany) and involuntary part-time work (France). Eastern European countries do not appear among the most exposed from the perspective of total non-standard employment, but they have a large share of small entrepreneurs (Figure 4).



Figure 8. Total employment and non-standard employment in activities most affected by containment measures across European OECD countries



Note: See previous figures.

Source: OECD Annual National Accounts; EULFS Database; and OECD calculations

Policy challenges to support non-standard workers during the COVID-19 crisis

Various forms of non-standard work account for a sizeable part of employment in the sectors most affected by COVID-19 containment measures. There are major differences across European countries even though there tends to be a relatively large proportion of self-employed workers in the most affected sectors. This category of non-standard workers has the weakest access to social protection (see OECD (2020^[6]) and Table 1). Compulsory sickness insurance for the self-employed is available in 12 European OECD countries, although in some countries (e.g. Portugal and Slovenia) these workers are less protected compared to standard workers because of stricter access conditions. The self-employed have generally no access to paid sick leave or to unemployment benefits in Italy and the United States. Access to sick leave is on a voluntary basis in Poland, the Netherlands and the Czech Republic.

More generally, social protection systems are weaker for all categories of non-standard workers compared to standard workers. There is a significant gap between standard and non-standard workers in the probability of receiving income support in the event of job loss. Even where non-standard workers receive support, they often receive much lower benefits than standard employees (OECD, 2019^[2]).

Short-Time Work (STW) compensation schemes exist in a majority of OECD countries. These schemes allow firms to reduce hours and labour costs when facing temporary falls in demand and output, without the need to lay off valuable staff. During the Great Financial Crisis, STW schemes were operated in 25 out of 33 OECD countries and proved successful in mitigating the rise in unemployment and in saving jobs (Cahuc and Carcillo, 2011^[7]). However, access to STW schemes may be limited or formally excluded for non-standard employees, especially those with temporary or part-time contracts, insofar as access to the scheme is subject to eligibility to unemployment benefits. Even when possible, the incentives for firms to include such workers in STW schemes are likely to be weak, because participation costs can be higher



than hiring and firing costs. Therefore, temporary employees towards the end of their contract face a high risk of being laid off instead of benefiting from contract renewal and inclusion in STW schemes.

Informal workers face the highest risk of not receiving any form of sickness and income support. This is likely to have adverse health and income distributional implications in countries characterised by a higher estimated proportion of informality. These include most emerging economies and also advanced economies such as Eastern and Southern European countries, Latvia and Lithuania (Putniņš and Sauka, 2018^[8]).

Policy priorities and responses to support non-standard workers during the COVID-19 crisis

Facing the risk of a severe recession, many governments implemented extensive policy packages to help workers and firms stay afloat during the crisis. Most early measures aimed at sustaining firms and workers during the pandemic combined with strict containment measures in workplaces. In some cases, policies were directly targeted to non-standard workers and/or specific hard-hit sectors. The remainder of this note reviews actions taken to protect non-standard workers across the OECD in response to the crisis. Table 1 contains an overview of policy responses.

Access to paid sick leave and unemployment benefits

To face the pandemic, about half of OECD countries exceptionally expanded or eased access to paid sick leave for non-standard workers. In some cases, the new measures lifted the stringency of access by removing the need for a medical certificate (e.g. Austria) or by reducing the waiting period before claimants can receive the benefit (e.g. Estonia and the United Kingdom). Some countries introduced a special supplement to address coverage and generosity gaps between standard and non-standard workers. For example, in Portugal and Switzerland, a new benefit is paid to self-employed persons who need to self-quarantine. In the United States, only 43% of part-time workers are covered by an employer-provided paid sick leave plan, compared to 89% of full-time workers. The coverage rate falls to 31% for low-income earners (BLS, 2019^[9]). The new "Families First Coronavirus Response Act" addresses this issue by allowing part-time workers in small and medium-sized firms as well as "gig economy" workers (including the self-employed) to access paid sick leave for up to two weeks.

To protect all workers who are likely to lose their jobs because of business closures, access to unemployment benefits was introduced or strengthened for non-standard workers in a majority of OECD countries, reflecting the major social protection gaps in this area. In Canada, an immediate emergency assistance plan extended unemployment benefits to part-time workers and self-employed workers. In Spain, where the proportion of temporary employees is among the highest across European countries (Figure 3), temporary workers whose contracts expired during the state of emergency and who had not reached the minimum contribution period for unemployment insurance received an exceptional temporary allowance.

Protecting workers against earnings and job losses

Some of the countries with a relatively high proportion of low-wage temporary employees took action to include temporary workers into STW schemes, at least for the duration of shutdown. This is the case of Belgium, Germany, France and Italy. Learning from the experience of the 2008 recession, governments encouraged the use of STW schemes or offered wage subsidies to firms in an attempt to compensate workers for income loss and, at the same time, to preserve jobs from being destroyed. These steps are needed because temporary employees either often do not qualify for STW schemes or, when they do, are less likely to access them because of unstable work histories.



Several OECD countries introduced temporary income replacement schemes to support the self-employed experiencing severe income losses. In Denmark, self-employed and freelance workers experiencing an income loss of more than 30% can receive a cash support amounting to 75% of the loss for up to 3 months. Self-employed in the informal sector and “gig economy” workers are particularly vulnerable to even temporary income losses due to a lack of savings and limited access to social protection. Action was taken in several countries to provide exceptional income support to those vulnerable groups, including by trying to support informal workers in Italy and in emerging-market economies like Chile and Turkey, with a large proportion of self-employed and informal workers. Australia extended the Job Seeker Payments scheme to cover the self-employed and those casual employees with a minimum employment record.

Table 1. Current policies and new measures to support non-standard and vulnerable workers during the COVID-19 crisis

	Access to sick leave		Income replacement and support					
	Self-employed	Temporary/Part-time workers	Self-employed		Temporary/Part-time workers		Informal workers	
			Access to unemployment benefits	Exceptional income support ^[1]	Access to unemployment benefits ^[2]	Access to Short-Time Work	Wage subsidy	Income support
Australia	○	●	●	●	●	●	●	
Austria	●	●	○	●	●	●	●	
Belgium	●	●	○	●	●	●	●	
Canada	○	●	○	●			●	
Chile		●		●	●		●	●
Czech Republic	○	●	●	●	●		●	
Denmark	●	●	●	●	●	●	●	
Estonia	●	●	○		○		●	
Finland	●	●	*		●	●	●	
France	○	●	○	●	●	●	●	
Germany	○	●	○	●		●	●	
Greece	○	●	○	●	●		●	
Hungary	●	●	●	●	●		●	
Iceland	●	●	●		●		●	
Ireland	○	●	○	●	●		●	
Israel		●		●	●		●	
Italy	○	●	○	●	●	●	●	●
Japan		●	○	●	●		●	
Korea	○	*	○	●			●	●
Latvia	●	●	○		○		●	
Lithuania	●	●	○	●	●		●	
Luxembourg	●	●	●		●		●	
Netherlands	○	●	○	●		●	●	
New Zealand		●					●	
Norway	●	●	○		●		●	
Poland	○	●	○	●	●		●	
Portugal	○	●	●	●	○	●	●	
Slovak Republic	●	●	●	●	○		●	
Slovenia	○	●	●	●	○		●	
Spain	●	●	●	●	●	●	●	
Sweden	○	●	○		●	●	●	
Switzerland	○	○		●		●	●	
Turkey	○	●	○			●	●	●
United Kingdom	●	●	○	●	●		●	
United States	*	*	○	●	●		●	

Legend: ● = benefit available and access equal to standard workers; ○ = benefit available but access is not equal to standard workers (either partial coverage or voluntary enrolment); ● = benefit available and enhanced in the context of the crisis (simplified access, extended coverage or generosity); * = benefit did not exist before and has been introduced in the context of the crisis; ○ = benefit not available for non-standard workers; blank = information not available. Notes: [1] Income support in the form of either lump-sums or temporary income replacement schemes. [2] Access relative to standard workers is assessed on the basis of the gap in benefit accessibility probability.

Source: The information is based on the OECD Policy tracker at <http://oecd.org/coronavirus/en/#policy-responses/>. See also OECD (2020^[6]) for additional information on support available to workers during the COVID-19.



Beyond measures to protect the self-employed from income losses, almost all OECD countries took action to support the activity of small and medium-sized enterprises (SMEs), as discussed in OECD (2020_[10]). Measures were introduced to allow SMEs to delay without penalties the payment of taxes, rents, utility bills, social-security contributions or debt interest. In addition, many countries set up unprecedented credit facilities that include state-backed credit lines, direct loans and grants.

Some countries provided additional support targeted to small firms operating in the hardest-hit sectors, as these face high risk of closing down. In addition to making guaranteed loans available to most firms in distress, Portugal set up a credit line worth EUR 60 million dedicated exclusively to micro-companies in the tourism sector. In Hungary, employers' payments for social security contributions were suspended for businesses in the tourism, catering, transportation, and entertainment industries.

Reducing the risk of long-lasting adverse distributional effects

Policy action should help to prevent crisis-related adverse distributional effects from becoming long lasting by preventing job losses from COVID-19 translating into long-term unemployment, with associated scarring effects and labour market detachment. Despite the presence of wage subsidies during the lockdown, some workers risk losing their jobs as associated income support is gradually phased out. This risk is higher for non-standard workers, especially those with few qualifications in hard-hit sectors that are likely to see their activity decline even as the economy recovers. Likely examples include tourism, hotels and restaurants. While it is difficult to quantify the magnitude of potential job losses in different sectors at the current juncture, some job loss is likely to occur due to falling demand over the medium-term. Changes in the labour market may require workers to relocate from declining to expanding sectors and new jobs, potentially digitally-intensive jobs or jobs in the "gig economy".

The reallocation and matching between workers and jobs should be smooth and inclusive, that is, minimising labour market segmentation and inequality. This requires effective active labour market policies and requalification schemes, on top of adequate income support to help job search, for all workers. New training programs, digitally delivered, could be developed to provide the skills required for different jobs. Countries should also consider encouraging remote work, for instance, by ensuring that broadband access and other infrastructure are available for all households and businesses. This requires addressing digital divides, for instance between men and women, between regions and between small and big firms.

Women may also face higher risks of experiencing economic hardship in the event of a job loss as they are over-represented in many of the sectors most immediately affected by COVID-19 such as retail (OECD, 2020_[11]). Furthermore, they often work part-time because they could not find a full-time job or because they are the ones in the family taking care of the children and the elderly. Countries should reduce the risk that the crisis exacerbates gender inequalities by continuing to take appropriate policy action such as easier access to benefits targeted at low-income families, in particular single parents, who are predominantly women, and measures to narrow gender gaps in the labour market. Policy issues and recommendations in the area of gender in the context of the COVID-19 crisis are discussed in detail in (OECD, 2020_[11]).

Many OECD countries have temporarily expanded sick leave, health and unemployment benefits to non-standard workers. Consideration should also be given to introducing more permanent social protection schemes after the crisis, as well as the development of portable social benefits systems that move with workers. Equity in access to social protection across different categories of workers would increase job quality and contribute to the reduction of labour market segmentation and inequalities. Reforms in this area would also bring efficiency and equity gains.



Box 2. Policy options to protect non-standard workers during the COVID-19 crisis

Protect against the adverse economic effects of falling sick:

- Ease access and coverage of paid sick leave to include non-standard workers and extend benefit duration to cover the recovery period required from the COVID-19 infection.
- Promote the adoption of paid sick leave plans among employers and support those offering one to their workforce.

Tackle the risks of large losses in jobs and earnings:

- Extend unemployment benefit coverage and duration to non-standard workers who lose their jobs during the epidemic.
- Promote the adoption of short-time work schemes, allowing firms to adjust hours worked while preserving jobs and earnings. Direct wage subsidies can support those businesses and sectors where the continuation of activity is not possible. Encourage firms to include in such schemes all valuable employees, including those under temporary contracts.
- With high informality, introduce a temporary transfer to address poverty risks.

Support small businesses in coping with the fall in activity:

- Provide financial support to small firms via preferred access to credit lines, loans or grants. Introduce income support to the self-employed and small entrepreneurs forced to stop activity.
- Reduce liquidity pressures by allowing small firms/entrepreneurs to defer payments of social security contributions and taxes, especially in the hardest-hit sectors.

Reduce the risk of long-lasting adverse distributional effects:

- Consider introducing more permanent social protection schemes after the crisis that allow access and participation by non-standard workers. Introduce portable social benefits systems that move with workers.
- Scale-up active labour market policies and training programmes including digital ones and make sure that such programmes reach those workers more in need of requalification.
- Continue curbing gender gaps by for instance targeting support to single parents, who are predominantly women, and narrowing labour market inequalities between men and women.



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