



# The unequal impact of COVID-19: A spotlight on frontline workers, migrants and racial/ethnic minorities

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The young, the low educated, migrants, racial/ethnic minorities and low-wage workers were over-represented in jobs that cannot be done remotely and were therefore exposed to a higher risk of infection or job loss when the pandemic began. Many of those employed in these at-risk jobs were the frontline workers who continued to work in their physical workplace and in contact with other people throughout the pandemic to deliver essential goods and services. Indeed, the crisis has highlighted the extent to which society depends upon frontline workers who are often employed in low-paid jobs whose quality matches neither the importance of the work, nor the hazards involved. Other workers in at-risk jobs suffered particularly large losses in employment and income. In particular, both migrants and workers from racial/ethnic minorities were hit harder initially and are recovering more slowly.

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## Key findings

The labour market impact of the COVID-19 crisis has differed substantially across groups of workers depending on the types of jobs they hold. The massive steps taken by OECD countries to improve access to, and the generosity of, out-of-work income support as well as job retention schemes, have only partially attenuated the unequal impact of the crisis. In fact, access to support has often been more difficult for workers from vulnerable groups, who are disproportionately employed in more precarious jobs with worse working conditions.

- Workers in jobs that could not be performed from home and required physical proximity to other people have paid a double price during the COVID-19 crisis in terms of being subjected to a higher risk of both income loss, when their hours were cut or their jobs terminated, and infection when they continued working. These workers were disproportionately young, low educated, migrants, ethnic minorities and employed in low-paid occupations.
- Frontline workers – who continued to work in their physical workplace and in proximity of other people during the pandemic – are often in lower quality jobs. During the crisis, they reported more job insecurity, and lower overall health and mental well-being. Statistics from several countries show that they were indeed much more likely than other workers to become infected with COVID-19.
- The crisis has highlighted the extent to which society depends upon the frontline workers who are often employed in low-paid jobs whose quality matches neither the importance of the work, nor the risks involved. Recovery plans could be leveraged to support progress in all three pillars of job quality identified in the OECD Job Quality framework, namely earnings quality, labour market security, and the quality of the working environment.
- Migrants were hit harder by the crisis and are recovering more slowly than the native-born. In Q2 2020, on average across 28 OECD countries, the employment rate fell relative to the same quarter of the previous year by 3.3 percentage points for the foreign-born and 2.3 percentage points for the native-born. By Q2 2021, migrants' employment was still 1.3 percentage points lower than two years earlier against 0.6 percentage points for native-born.
- In the United States, the crisis affected racial/ethnic minorities disproportionately, and their labour market recovery has been slower. In the United Kingdom, racial/ethnic minorities have recovered some of the ground lost at the beginning of the crisis when their unemployment rate increased more than for the rest of the population, but their labour market prospects remain highly uncertain. In Canada, racial/ethnic minorities and indigenous people have also seen their labour market outcomes deteriorate more. Few other OECD countries collect data which allows the impact of the crisis on racial/ethnic minorities to be monitored.
- Migrants and racial/ethnic minorities face particularly difficult challenges given their high concentration in specific low-skilled occupations and sectors. These are exacerbated by the lack of social networks that hampers not only job-search but also transitions across careers, and by the discrimination they often face.
- Policy actions must be devoted to making sure that these groups have the skills fit for the jobs of the future. Attention also needs to be paid to the specific challenges in geographical areas of high concentration of migrants and ethnic/racial minorities. Finally, policy must address the root causes of discrimination, which contributes to the persistent structural disadvantages faced by migrants and racial/ethnic minorities. While many OECD countries have put specific action plans in place and run information campaigns to tackle anti-migrant sentiment in the context of COVID-19, much more needs to be done to tackle the sources and consequences of discrimination and to provide equal opportunities for all.



## Introduction

The labour market impact of the COVID-19 crisis has differed substantially across groups of workers depending on the types of jobs they held. Workers in jobs that could not be performed from home and required close physical proximity and high interaction with other people have paid a double price in terms of both a higher risk of income loss, when their hours were cut or their jobs terminated, and a higher risk of infection when they continued working. Because the most disadvantaged socio-economic groups are over-represented in these types of jobs, the pandemic has exacerbated labour market inequalities. The massive steps taken by governments in OECD countries to improve access to, and the generosity of out-of-work income support as well as job retention schemes, have only partially attenuated the unequal impact of the crisis. In fact, access to support has often being more difficult for workers in vulnerable groups, who are disproportionately employed in more precarious jobs with worse working conditions.

The identification of the groups that have been hit harder by the crisis, their demographic characteristics, and their experiences is a prerequisite to assessing the inclusiveness and adequacy of labour market policy responses to the pandemic. In turn, this assessment will be critical to providing lessons to prepare for future crises. At the OECD, this assessment will unfold over the coming years in, among other outlets, the annual *Employment Outlook* and in the deliberations at the upcoming Labour and Employment Ministerial in June 2022.

This document first describes the characteristics of the workers who were employed in occupations that exposed them to a higher risk of income losses (through hours reductions or job losses) and, when they remained employed, to a higher risk of contagion. These occupations include health care workers, cashiers, personal care workers, food processing workers, building workers, and assemblers and throughout this document are referred to as “at-risk” occupations, similarly to Basso et al. (2020<sub>[1]</sub>). The document then focuses on the labour market outcomes of two demographic groups, i.e. migrants and racial/ethnic minorities, who were over-represented in these jobs and therefore were hit particularly hard by the crisis.

### The young, the low educated, migrants, ethnic minorities and low-pay workers are over-represented in jobs that cannot be done remotely

When the pandemic broke out, workers in jobs that were not amenable to remote working and that required the worker to perform job tasks in close physical proximity to other people were exposed to a higher risk of income losses (through hours reductions or job losses) and, when they remained employed, to a higher risk of contagion.<sup>1</sup> At the onset of the pandemic, across the OECD 44% of workers were in these “at-risk” jobs (Figure 1). The figure ranges from 40% or less in Lithuania, Germany, the Czech Republic and Luxembourg, to just over 50% in Spain, Ireland and Greece. Examples of these occupations include health care workers, cashiers, personal care workers, food processing workers, building workers, and assemblers.

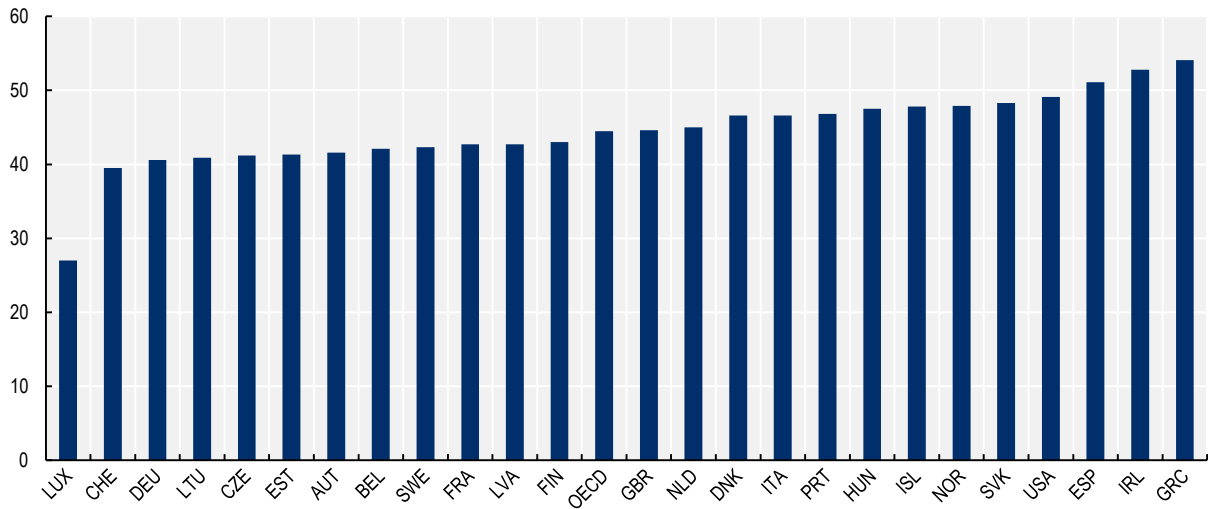
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<sup>1</sup> To characterise the workers in these jobs, this document replicates the work by Basso et al. (2020<sub>[1]</sub>) who kindly shared their code. The authors identify “at-risk” occupations as those that, *based on pre-pandemic information*, could not be performed remotely and involved considerable interaction with other people. See Basso et al. (2020<sub>[1]</sub>) for details on methodology.



## Figure 1. Many workers are in jobs that cannot be done remotely and require close physical proximity to others

Share of total employment accounted for by workers in at-risk occupations, Q4 2019



Note: At-risk occupations include jobs that were typically not done remotely before the pandemic and involved a considerable level of physical proximity to other people. See Basso et al. (2020<sup>[1]</sup>) for more details. OECD indicates the unweighted average of the countries included.

Source: EU-LFS for European countries, CPS, UK LFS.

### **Occupations at higher health and labour market risk employed more low-wage workers, young people, low educated, migrants and ethnic minorities**

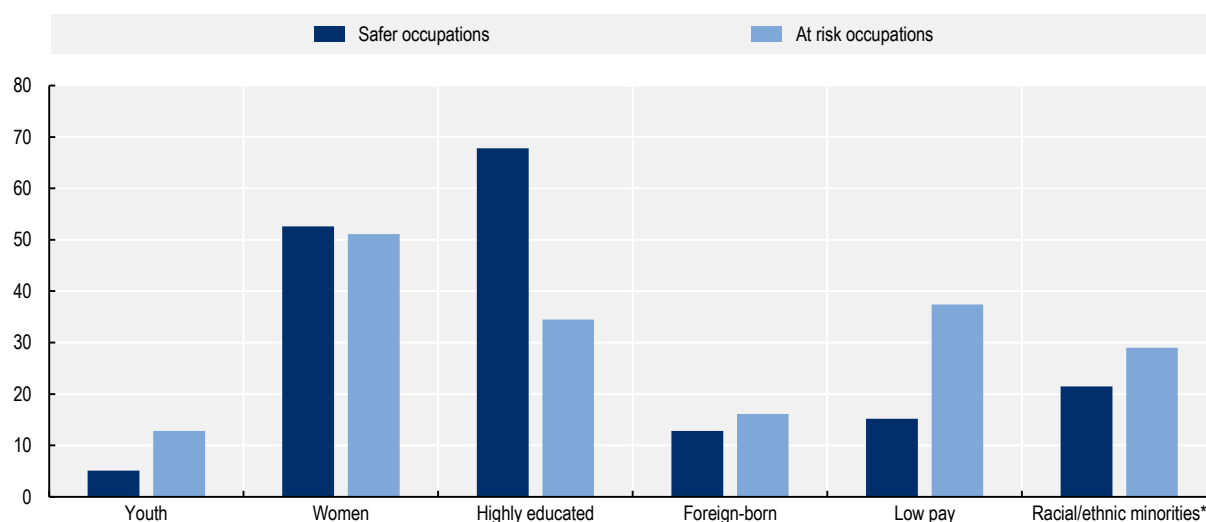
Compared to safer jobs that offered the possibility to telework already before the pandemic, on average across the OECD, these at-risk occupations employed more low-wage workers (37% vs 15%), more young workers (12% vs 5%) and a much lower share of workers with tertiary education (on average 34% vs 67%) (Figure 2). Foreign-born workers also accounted for a higher share of at-risk jobs than teleworkable ones in almost all countries (16% vs 13% on average), with the exceptions of Luxembourg and Portugal.

On average across countries the share of at-risk jobs held by women was lower than that of teleworkable jobs (51% vs 53%). However, women held a higher share of teleworkable jobs than at-risk ones in Finland, Sweden, Denmark, Norway, Switzerland, the United States, the Netherlands and the United Kingdom. In the United States and the United Kingdom, ethnic minorities were disproportionately represented in at-risk jobs (14% compared to 12% in the United Kingdom, and 44% compared to 31% in the United States). For other countries, data are not available to determine whether, or the extent to which, ethnic minorities are in at-risk jobs.



**Figure 2. Occupations at higher risk of job loss or contagion during the pandemic employed more young people, low educated, foreign-born, racial/ethnic minorities and low-paid workers**

Share of total employment in each group of occupations held by workers with given characteristics in Q4 2019



Note: Safer Occupations include jobs that, based on pre-pandemic information, could be done remotely. At risk occupations include jobs that were typically not done remotely before the pandemic and involved a considerable level of physical proximity to other people. See Basso et al. (2020<sup>[1]</sup>) for more details. Low pay refers to share of workers who fall in the bottom three deciles of the overall wage distribution (for the United States and the United Kingdom) or the overall income distribution (for other European countries). The figure reports the unweighted average of Austria, Belgium, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Norway, Portugal, the Slovak Republic, Spain, Sweden, Switzerland, and The Netherlands. \*Information about racial/ethnic minorities is available only for the United Kingdom and the United States.

Source: EU-LFS for European countries, CPS, UK LFS.

The workers employed in these at-risk occupations experienced significantly worse labour market outcomes during the pandemic than the rest of the population. Basso et al. (2020<sup>[1]</sup>) find that they were more likely to be placed on job retention schemes in Italy and the United Kingdom. More broadly, younger workers, those with lower education and those in low-wage occupations also saw larger reductions in employment and hours worked in 2020 than other groups (OECD, 2021<sup>[2]</sup>).

### ***Many of the workers in the occupations at higher risk of contagion continued to work on the frontline of the battle against COVID-19***

The workers in these at-risk occupations who actually continued to work when the pandemic began were far more likely to do so in their physical workplace. In the United States, in the second half of 2020, only 11% of workers in these at-risk occupations who remained employed were able to telework. More generally, the types of workers over-represented in at-risk occupations, such as those with lower qualifications and lower earnings, were much less likely to telework in a number of countries (Ker, Montagnier and Spiezia, 2021<sup>[3]</sup>; OECD, 2021<sup>[2]</sup>).

This document refers to the workers who continued to work in their physical workplace *during* the pandemic as “frontline workers”. Many of these workers were involved in the delivery of essential goods and services and some of them were exempt from restrictions even under the strictest lockdowns. Some studies have used ad-hoc lists of “essential” occupations or industries to identify frontline workers, but this poses significant challenges in an international comparison. This is because the precise definition of essential workers is far from clear-cut and varies across – and even within – countries and over time, as it depends



on the evolving legal definition (and practical implementation) of categories of workers who are exempt from restrictions.

To identify the frontline workers who worked in their physical workplace and in close contact with other people *during* the pandemic, this document uses data from the Eurofound survey “Living, working and COVID-19” covering many European countries. A number of results confirm that this approach identifies a group of workers that broadly overlaps with those commonly referred to as “frontline workers” in the wider policy debate. In fact, while the Eurofound data do not detail workers’ occupations, the profile of the frontline workers identified in the Eurofound data matches that of workers in at-risk occupations in the Labour Force Survey data on the demographic characteristics available in both sources – suggesting that they are likely to be employed in those occupations (which include health care workers, cashiers, personal care workers, food processing workers, building workers, and assemblers etc.). Indeed, both groups feature higher shares of younger workers and workers with lower levels of education, while the gender composition is in line with that of other jobs. In their work on the United States, Blau et al. (2021<sup>[4]</sup>) use a list of essential industries issued by the federal government and offer a very similar characterisation of the group except for the higher representation of men. They also find that migrants and ethnic minorities are over-represented among frontline workers. While the Eurofound data do not provide information on these characteristics, minorities and migrants are over-represented in at-risk occupations in the United States and the United Kingdom, as noted above (Figure 2). Finally, the results presented below on some aspects of job quality of these workers are consistent with those of frontline workers in France reported by Amosse et al. (2021<sup>[5]</sup>).

### ***Frontline workers report lower job security, lower health and mental well-being and a much higher risk of contagion***

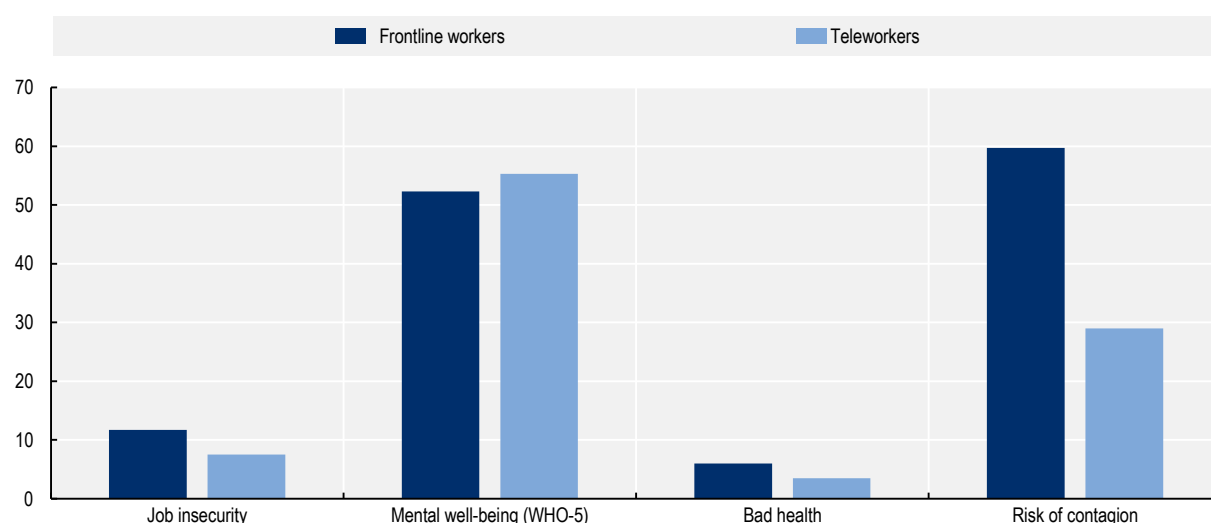
Frontline workers were more likely than teleworkers to feel that their job was insecure (12% vs 7%) and to report bad general health (6% vs 4%) (Figure 3). They also reported lower levels of mental well-being (55 vs 53), measured using the WHO-5 mental well-being scale (0-100 – with people with a score below 50 considered at risk of depression), based on the frequency of positive feelings over the previous two weeks (Eurofound, 2021<sup>[6]</sup>).

While it is certainly plausible that the pandemic might have exacerbated existing differentials in job security and well-being, the hypothesis cannot be tested due to the lack of comparable information for the same workers from before the pandemic. Whether or not the hypothesis holds, however, these results do support the general observation that workers who are likely to have been on the frontline during the pandemic have lower quality jobs and well-being in general. This is consistent with the results for France by Amosse et al. (2021<sup>[5]</sup>) who find that frontline workers have a (historically) higher risk of job loss and enjoy limited opportunities for career progression. Indeed, low wages and poor job quality (including a high incidence of non-standard forms of employment such as shift or temporary work) have been linked to labour shortages in the long-term care sector, an important “frontline” sector typically included in the list of essential ones in all countries (OECD, 2020<sup>[7]</sup>).





**Figure 3. Frontline workers reported more job insecurity, lower overall health and mental well-being, and a much higher risk of COVID-19 infection**



Note: Frontline workers are defined as those answering “Always”, “Most of the time” or “Sometimes” to the question: “In your work, are you currently in direct physical contact with people (colleagues, customers, passengers, pupils, patients, etc.)?” and who do not report “home” as a location of work during the pandemic. Job insecurity refers to the share answering “Very likely” or “Rather likely” to the question: “How likely or unlikely do you think it is that you might lose your job in the next 3 months?”. The WHO-5 mental well-being scale ranges from 0 to 100, with people with a score below 50 considered at risk of depression. The score is built from a battery of questions on the frequency of positive feelings over the previous two weeks (Eurofound, 2021<sup>[6]</sup>). Bad health refers to the share answering “Bad” or “Very bad” to the question: “In general, how is your health?”. Risk of contagion refers to the share answering “Yes” to the question: “Do you think you are currently at risk of contracting the COVID-19 virus because of your job?”. The figure reports the unweighted average of Austria, Belgium, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, and the Netherlands. Source: Eurofound (2020<sup>[8]</sup>), “Living, working and COVID-19”, <https://doi.org/10.2806/467608>.

The workers who worked in their physical workplace and in proximity to other people certainly felt like they were on the frontline of the battle against COVID-19. Indeed, they were much more likely to feel at risk of contracting the COVID-19 virus because of their job than teleworkers (60% vs 29%) (Figure 3). This was far from an exaggerated perception. In Italy, COVID-19 work injuries claims processed by the national Work Injury Insurance (INAIL) were strongly concentrated in at-risk occupations (Basso et al., 2020<sup>[11]</sup>). Similarly, sick leave claims increased at the same time as COVID-19 cases only in industries characterised by a high incidence of at-risk jobs (Basso et al., 2020<sup>[11]</sup>). In the United Kingdom, those working in occupations requiring close physical proximity to others had higher COVID-19 death rates, with the highest rate found for men in elementary occupations<sup>2</sup> (Windsor-Shellard and Nasir, 2021<sup>[9]</sup>). In the United States, workers in essential business were far more likely to test positive for COVID-19 – an effect that was not driven by health workers only (Song et al., 2021<sup>[10]</sup>). While the scientific evidence is clear that physical proximity to other people increases the risk of contagion, these correlations are likely also influenced by wider socio-demographic factors that correlate with being employed in low-skilled occupations, such as poor health, housing conditions etc. However, recognising the heightened risk of contagion for these workers, the US Centre for Disease Control included “frontline essential workers” in the second priority group for vaccination along with persons aged 75 and over and after health care personnel and long-term care facility residents.<sup>3</sup>

<sup>2</sup> Elementary occupations consist of simple and routine tasks which mainly require the use of hand-held tools and often some physical effort. Most occupations in this major group require skills at the first ISCO skill level.

<sup>3</sup> <https://www.cdc.gov/vaccines/covid-19/categories-essential-workers.html>.



## The crisis has put an end to a decade of progress for migrants in the labour market

The global health and economic crisis that began in 2020 put an end to a decade of progress for migrants in the labour market. In all OECD countries except Turkey and Colombia, which had seen large inflows of forced migration, immigrants became more successful in finding and keeping jobs over five years before the crisis, although they were still lagging behind the native-born.

### *Migrants were hit harder by the crisis*

The COVID-19 crisis hit hard employment of both native and foreign-born workers, but the negative effect was generally stronger for the latter. In Q2 2020, on average across the 28 countries considered, employment (as a proportion of the working age population) fell relative to the same quarter of the year before by 3.3 percentage points for the foreign-born and 2.3 percentage points for the natives (Panel A of Figure 4). There was however significant variation across countries. In Canada and the United States, employment of foreign-born fell by more than 11 percentage point while declines (for both migrants and natives) were generally smaller in European countries that relied heavily on job retention schemes. Nevertheless, migrants saw large drops in employment in some European countries as well. In Spain, for example, where migrants are particularly overrepresented in temporary jobs, their employment fell by more than 8 percentage points – against a drop of just over 3 percentage points for the native-born. In France and Switzerland – two countries with some of the highest use of job retention schemes in the OECD (OECD, 2021<sup>[2]</sup>) – the initial fall in employment was smaller for foreign-born than native-born. By contrast, the considerable use of job retention schemes (and a ban on layoffs) did not prevent employment of foreign-born from falling 4 percentage points in Italy, against 1 percentage point for natives. The initial impact of the crisis was smaller for migrants than for the native-born only in 9 of the 28 countries considered. In three of these countries (the Netherlands, Latvia and the United Kingdom), migrant employment was actually slightly up in Q2 2020 relative to the year before. In the United Kingdom, in particular, the increase in employment rate is mostly due to selective departures of non-employed migrants during the pandemic (OECD, 2021<sup>[11]</sup>).

Part of the overexposure of migrants to the crisis is explained by their higher concentration in sectors hit harder by the crisis, such as domestic services and hospitality. In the EU, for example, immigrants account for about 12% of the population, but for more than a quarter of employment in the hospitality industry (OECD, 2020<sup>[12]</sup>). But migrants were also disproportionately affected by job losses within the sectors that saw larger employment losses. In the EU, the number of migrants employed in hospitality dropped by nearly 15% between 2019 and 2020, compared with 12.5% for the native-born. In the United States, the fall in employment in domestic services was respectively -28% for migrants compared with -12% for the native-born (OECD, 2021<sup>[11]</sup>).

Besides their sectoral concentration, migrants face a number of additional vulnerabilities in the labour market. They are overrepresented among employees with temporary contracts and low wages and typically have fewer networks to rely upon in times of economic downturn. There is also evidence that discrimination is more pronounced in times of slack labour markets (OECD, 2020<sup>[12]</sup>; OECD, 2021<sup>[11]</sup>).

Most of the decline in employment at the start of the pandemic translated into an increase in inactivity for both migrants and the native-born (+1.8 percentage points and +2.3 percentage points respectively). This is largely due to the fact that workers were discouraged (or even prevented) from searching for new opportunities due to sanitary restrictions and the general fall in economic activity as measures to contain the spread of the virus were introduced in all countries (OECD, 2021<sup>[2]</sup>). The proportion of inactive migrants decreased only in a few countries (Latvia, The Netherlands, Lithuania, United Kingdom, Hungary and Slovenia), a phenomenon often observed when a crisis prompts certain people who were previously unlikely to seek work (most often women) to look for additional household income (OECD, 2021<sup>[11]</sup>).

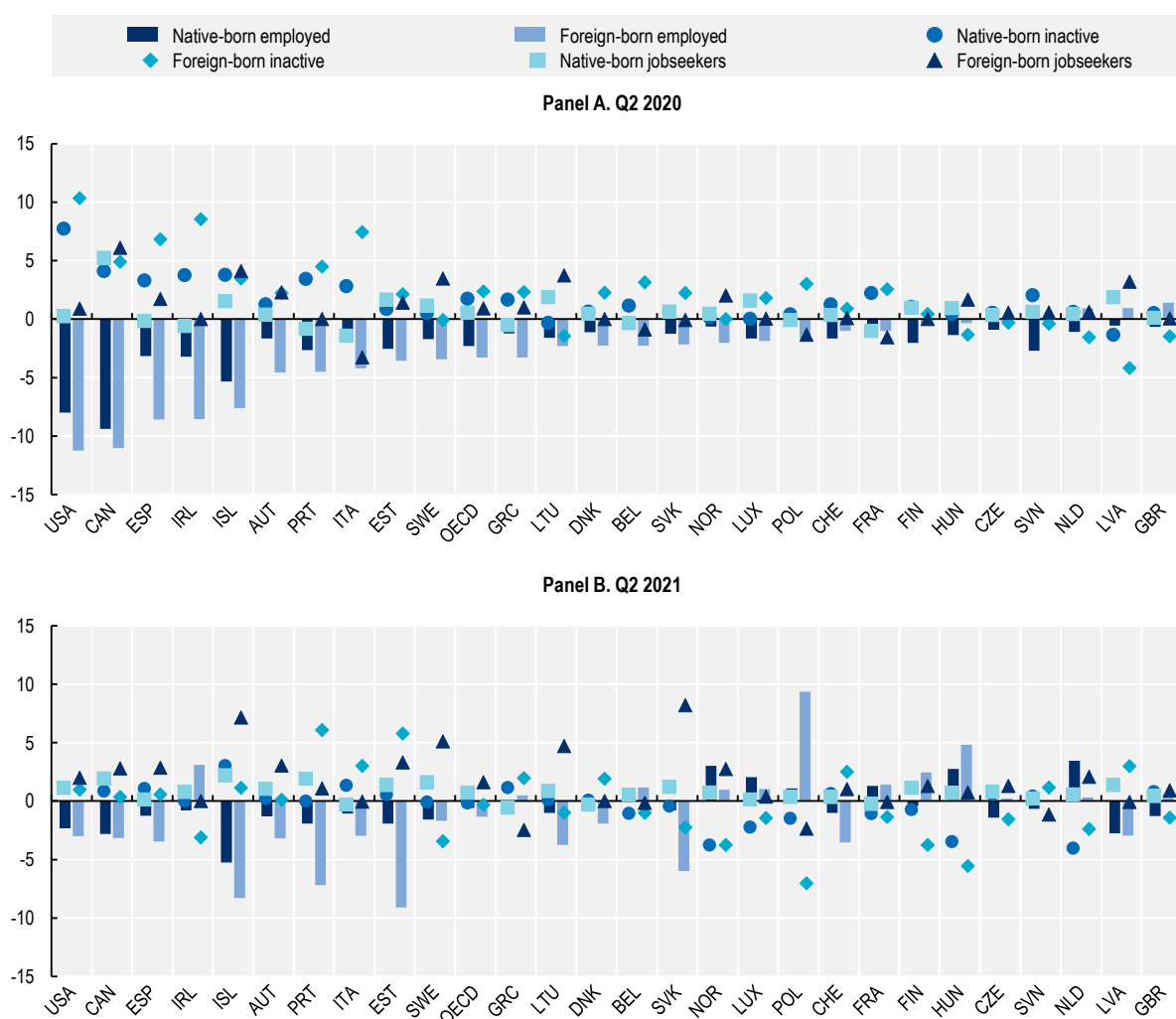




On average across countries, the increase in unemployed jobseekers at the start of the pandemic was modest, standing at 0.9 percentage points for foreign-born and 0.6 percentage points for the native-born. The proportion of migrants actively looking for employment declined only in 6 of the 28 countries considered. In the other countries, the increase in the proportion of jobseekers was generally larger for foreign-born than for native-born. While the largest absolute increase in the proportion of migrants looking for employment took place in Canada (+6 percentage points), the largest increases relative to native-born occurred in Sweden, Iceland, Spain, and Austria – where the differential in the growth of jobseekers between the groups was at least 1.9 percentage points.

#### Figure 4. Migrants were hit harder at the start of the crisis and are recovering more slowly

Percentage point changes as share of working age population by country of birth. Changes relative to Q2 2019



Note: The figure reports changes in the number of employed, inactive and unemployed jobseekers as a fraction of the working age population by country of birth. All changes are relative to Q2 2019 and sum up to zero for each country-group providing an indication of the shifts of the distribution of the working age population across different labour market states. OECD indicates the unweighted average of the countries included.

Source: EU-LFS for European countries, CPS, UK LFS, Canadian LFS.



### ***Migrants have been lagging behind in the recovery***

Migrants continued to lag behind even as the economy and labour markets improved with easing or lifting of restrictions in many countries and vaccination campaigns gathering pace. By Q2 2021, on average across the 28 countries, their employment was still 1.3 percentage points lower than the pre-crisis level, compared against 0.6 percentage points for native-born (Panel B of Figure 4). In most countries where overall employment was still below pre-crisis levels, migrants' losses were larger than those of the native-born, with particularly large differentials in Estonia, Iceland, Portugal and the Slovak Republic.

The improvement of the labour market situation encouraged active job search, resulting in a partial reabsorption of the initial increase in inactivity and an increase in the proportion of unemployed jobseekers. As a result, one year after the start of the crisis, on average across the 28 countries, the fraction of inactive foreign-born individuals was marginally lower than before the crisis (-0.3 percentage points vs -0.2 for the native-born) while that of jobseekers was 1.6 percentage points higher (against 0.7 for the native-born). The proportion of foreign-born jobseekers was at pre-crisis levels or above in almost all countries, with the two most notable exceptions being the United Kingdom and Poland where the population of migrants (especially non-employed) declined considerably since the start of the pandemic. The increase in unemployed jobseekers was larger for migrants in the vast majority of countries, with the largest increases relative to the native-born exceeding 3 percentage points in the Slovak Republic, Lithuania, Sweden, and Iceland.

### ***Migrants have been at a disadvantage during the pandemic on several other dimensions***

Due to a range of vulnerabilities such as higher incidence of poverty, overcrowded housing conditions, and high concentration in jobs where physical distancing is difficult, immigrants are at a much higher risk of COVID-19 infection than the native-born. Studies in a number of OECD countries found an infection risk that is at least twice as high as that of the native-born (OECD, 2020<sup>[13]</sup>).

The school closures and distance learning measures put in place to slow the spread of COVID-19 also put children of immigrants at a disadvantage, in several ways. Their parents tend to have fewer resources than native-born parents to help them in their homework, and 40% of native-born children of immigrants do not speak the host-country language at home. Children of immigrants are also less likely than students with native-born parents to have access to a computer and an internet connection at home or to a quiet place for study (OECD, 2020<sup>[13]</sup>).

### **The crisis has affected racial/ethnic minority workers disproportionately**

Racial/ethnic minorities face historically persistent labour market disadvantages in the countries for which data are available (Cajner et al., 2017<sup>[14]</sup>; Manning and Rose, 2021<sup>[15]</sup>). The COVID-19 crisis has hit them disproportionately more and in a more persistent way than non-minorities, raising the spectre of long-lasting negative effects. Because most OECD countries do not collect data on race or ethnicity, it is difficult to understand the true extent of persistent labour market disadvantages faced by racial/ethnic minorities in these countries, including where best to start addressing this problem.

### ***In the United States, the crisis affected racial/ethnic minorities disproportionately, and their recovery has been slower***

In the United States, the two largest racial/ethnic groups – Blacks and Hispanics – were more affected by the initial impact of the crisis, and are lagging behind in the recovery. In the second quarter of 2020, employment fell by over 10 percentage points for Blacks and Hispanics relative to a year before, compared to 7.3 percentage points for Whites (Figure 5). A year later, in 2021, Whites had recovered three-quarters



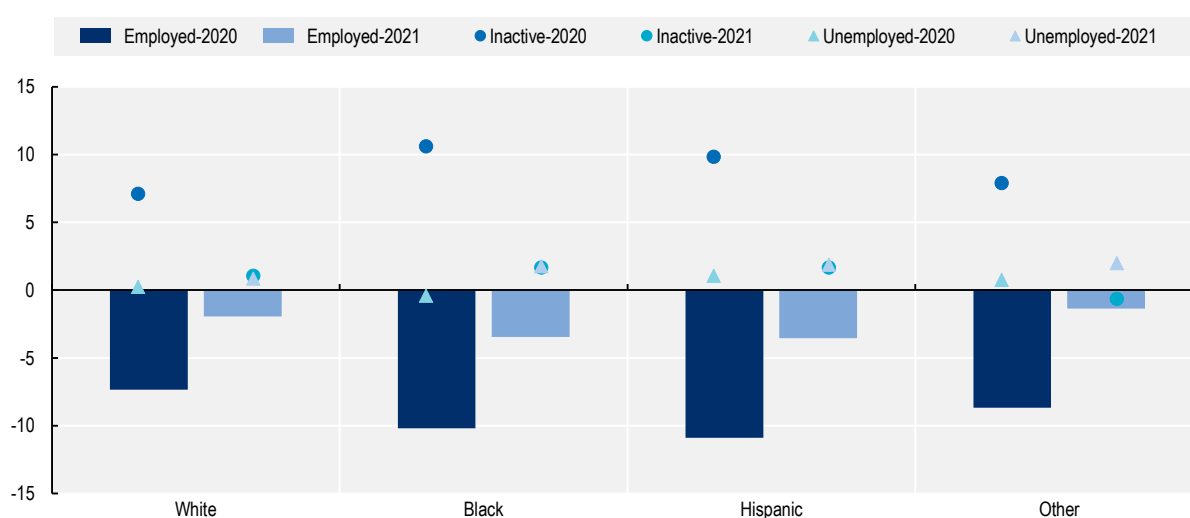
of the lost ground, as their employment loss had shrunk to 1.9 percentage points, while the two minority groups had reduced the losses by two-thirds, with their employment still standing about 3.5 percentage points below pre-crisis levels.

As observed in many countries, in the context of a deteriorating health situation that discouraged job search, initially the fall in employment translated into an increase in the number of inactive people (rather than unemployed jobseekers) for all groups. By the second quarter of 2021, however, the lower levels of employments were linked to similar increases in the share of inactive people and unemployed jobseekers for all groups. The increase in the share of unemployed jobseekers among the working age population relative to the pre-crisis benchmark was around 1.8 percentage points for Blacks and Hispanics, and 0.9 percentage points for Whites. Women and young people belonging to racial/ethnic communities in the United States were particularly hard hit by the pandemic, experiencing exceptionally high levels of unemployment, and slow employment gains in the recovery (OECD, 2021<sup>[16]</sup>).

The higher likelihood of employment loss for racial/ethnic minorities was only partially explained by their sectoral and occupational concentration, i.e. minority workers were more likely to lose their employment than white workers in the same industries and occupations (Cortes, Forsythe and Forsythe, 2021<sup>[17]</sup>). Indeed, more generally, observable characteristics can explain very little of the highly persistent labour market disparities between Blacks and whites in the United States (Cajner et al., 2017<sup>[14]</sup>).

### Figure 5. In the United States, minorities were impacted more by the crisis and recovered more slowly

Percentage point changes in shares of working age population, Q2 of 2020 and 2021 relative to Q2 2019



Note: The figure reports changes in the number of employed, inactive and unemployed jobseekers as a fraction of the working age population by racial/ethnic group in the United States. All changes are relative to Q2 2019 and sum up to zero for each group in each year, providing an indication of the shifts of the distribution of the working age population across different labour market states.

Source: CPS.



***In the United Kingdom, racial/ethnic minorities have recovered some of the ground lost at the beginning of the crisis, but their labour market prospects remain highly uncertain***

In the United Kingdom, racial/ethnic minorities suffered more at the beginning of the crisis.<sup>4</sup> While they appear to have subsequently regained some of the lost ground, the most recent data point to a volatile and uncertain situation. The unemployment rate of minorities peaked at 9.8% in Q4 of 2020, with an increase of 3.6 percentage points (0.9 for whites) relative to Q2 of the same year, more than double the increase between the same quarters of the year before. The unemployment rate for minorities declined more quickly than for whites as the economy reopened, and by Q2 2021, the differential between the two groups was actually slightly smaller than in Q2 2019 (ONS, 2021<sup>[18]</sup>). In addition to these results based on the Labour Force Survey (LFS), other high quality household survey data also show a stronger initial impact of the crisis on employment of minorities that had largely abated by March 2021 (Low et al., 2021<sup>[19]</sup>; Crossley, Fisher and Low, 2021<sup>[20]</sup>). However, the latest LFS data for Q3 2021 again point to an increase in unemployment for minorities relative to the white majority even as most restrictions were lifted (ONS, 2021<sup>[18]</sup>).

The vulnerability of some minority groups to the economic consequences of the pandemic is linked to their high concentration in the occupations most affected by social distancing rules, with Bangladeshi and Pakistani men particularly likely to be employed in occupations directly affected by the UK lockdown (Platt and Warwick, 2020<sup>[21]</sup>). In addition, racial/ethnic minorities are much more likely to hold these jobs at a later age than the general population (Mai and Cominetti, 2020<sup>[22]</sup>). This places them at a disadvantage in a time of crisis, since younger people can more easily cushion the negative impact of the crisis through living with less affected household members (Platt, 2021<sup>[23]</sup>). More generally, differences in household structures and inequalities in access to savings mean that a number of minority groups are less able to weather short-term shocks to their income (Platt and Warwick, 2020<sup>[21]</sup>).

The occupational concentration of minorities in the United Kingdom is the result of longstanding patterns of immigrant settlement, geographical clustering, and niche and secondary economies as responses to labour market exclusion (Platt, 2021<sup>[23]</sup>). This may pose a strong challenge on the route to a full recovery for these groups since it might make transitions to different and expanding occupations and sectors particularly difficult.

***In Canada, racial/ethnic minorities have also seen their labour market outcomes deteriorate more***

In Canada, from January 2020 to January 2021, the unemployment rate increased by 5.3 percentage points among Black Canadians, compared to 3.7 percentage points among non-visible minority<sup>5</sup> Canadians (excluding Indigenous people). In the three months ending in January 2021, the unemployment rate among Black Canadians (13.1%) was about 70% higher than that among non-visible minority Canadians (7.7%) (Statistics Canada, 2021<sup>[24]</sup>).

In Canada, Indigenous and non-Indigenous people were similarly impacted in terms of unemployment initially, but greater disparities appeared as the pandemic progressed. From the three months ending in

<sup>4</sup> The race/ethnic groups included are Indian, Pakistani, Bangladeshi, Chinese, Black/African/Caribbean/Black British, and people reporting mixed/multiple ethnic groups.

<sup>5</sup> The term “visible minority” is used here because it is the official demographic category defined by the Canadian Employment Equity Act and is used by Statistics Canada in their surveys. The Employment Equity Act defines visible minorities as “persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour”. The visible minority population consists mainly of the following groups: South Asian, Chinese, Black, Filipino, Latin American, Arab, Southeast Asian, West Asian, Korean and Japanese. The question of appropriate terminology is currently being reviewed in Canada, in the context of a task force on modernising the Employment Equity Act.



February to the three months ending in May 2020, the unemployment rate of Indigenous people living off reserve and non-Indigenous people both increased by a similar amount and stood at 16.6% and 11.7%, respectively. However, employment among Indigenous people has been slower to recover. Year-on-year, the employment rate in June-August 2020 was down 6.9 points among Indigenous people living off reserve and down 5.0 points among non-Indigenous people (OECD, 2021<sup>[16]</sup>; Bleakney, Masoud and Robertson, 2020<sup>[25]</sup>).

### ***COVID-19 has disproportionately impacted racial/ethnic minorities beyond their employment***

There is evidence that racial/ethnic minorities have been particularly affected by the pandemic in domains other than labour market as well (OECD, 2021<sup>[16]</sup>). In the few OECD countries with data, COVID-19 mortality rates for some racial/ethnic minorities have been more than twice those of other groups and, while mental health deteriorated for almost all population groups on average in 2020, gaps by race and ethnicity are also visible. The relationship between well-being, race and ethnicity is complex – and a broader range of socio-economic factors, including living and working conditions as well as deep-seated forms of racism and discrimination, can help explain why different racial and ethnic minorities have experienced divergent outcomes during COVID-19 (OECD, 2021<sup>[16]</sup>).

## **Conclusions**

The pandemic has affected different groups of workers to a very different extent. While the unprecedented policy responses adopted by governments in OECD countries have helped cushion the impact on many, the crisis has nevertheless exacerbated some existing inequalities in the labour market – affecting disproportionately already-disadvantaged groups, such as the young, the low educated, migrants and ethnic minorities.

### ***The recovery plans must help improve job quality for frontline workers...***

The crisis has highlighted the extent to which society depends upon the frontline workers who have continued to work throughout the pandemic to deliver essential goods and services, exposing themselves at higher risks of infection. These workers are, as this document shows, disproportionately young, low educated, foreign-born and from racial/ethnic minorities. They are often employed in low-paid jobs whose quality matches neither the importance of the work, nor the risks involved. Non-standard employment (e.g. shift or temporary work) is also common in these occupations (OECD, 2020<sup>[7]</sup>). Recovery plans could be leveraged to support progress in all three pillars of job quality identified in the OECD Job Quality framework, namely earnings quality, labour market security, and the quality of the working environment.

Building on the emergency measures put in place at the height of the crisis, recovery plans could contribute to improve job quality and social protection for workers in non-standard forms of employment (such as on-call or zero-hours contract work, as well as various forms of own-account work), whose ranks have been increasing in many countries. Proactive action is needed to extend the reach of programmes that often exclude specific categories of workers, to boost the portability of entitlements between social insurance programmes, and to ensure a more neutral treatment of different forms of work to prevent arbitrage between them.

Improving the job quality of frontline workers also requires ensuring their access to collective bargaining mechanisms. Compared to workers in similar occupations on standard contracts, non-standard workers are 50% less likely to have access to collective bargaining. This is the case of many essential workers, such as home care workers. Addressing this gap will be an important part of policies to rebuild better and



more sustainable jobs in the recovery in order to ensure that the growing number of workers in non-standard work are not left behind.

### **...and improve labour market outcomes for migrants and racial/ethnic minorities**

The pandemic has accelerated the underlying changes in the nature and organisation of work. In this context, migrants and racial/ethnic minorities face particularly strong challenges given their high concentration in specific occupations and sectors. These are exacerbated by the lack of social networks that hampers not only job-search but also transitions across careers, and by the discrimination they often face.

Against this backdrop, specific attention needs to be devoted to making sure that these groups have the skills to fill the jobs of the future so that they can benefit from new opportunities arising from technological change and the green transition. This requires addressing training gaps, notably those between migrants and native-born (OECD, 2021<sup>[11]</sup>).

Attention also needs to be paid to the specific challenges in geographical areas of high concentration of migrants and ethnic/racial minorities. Recent OECD work has shown that migrants living in such neighbourhoods tend to accumulate disadvantages, including through poor housing and infrastructure and these disadvantages tend to reinforce one another (Liebig and Spielvogel, 2021<sup>[26]</sup>). The pandemic has also highlighted specific health challenges in such areas related to these factors. Policy action should thus not only enhance integration offers in such neighbourhoods but also promote social and geographical mobility, which are closely interlinked. To enhance opportunities of those who remain, improving housing and broader local infrastructure need to be an integral part of recovery programmes.

Finally, policy must address the root causes of discrimination. This is the source of many – though certainly not all – structural disadvantages faced by migrants and racial/ethnic minorities. The period 2020-21 has seen unprecedented policy action to address the issue of discrimination against these groups. Many OECD countries have put specific action plans in place and run information campaigns to tackle anti-migrant sentiment in the context of COVID-19 (OECD, 2021<sup>[11]</sup>). However, much more needs to be done to tackle the sources and consequences of discrimination and to provide equal opportunities for all.

To conclude, comprehensive and co-ordinated action is required to avoid that the pandemic leads to a lasting setback on the integration of disadvantaged groups. Given the large numbers concerned, such a setback would not only entail negative economic consequences, but also threaten social cohesion at large. Better inclusion of migrants and ethnic/racial minorities thus needs to be an integral part of recovery programmes.

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