



Coronavirus and the world of work*

By Monika Kiss

European Parliament

JEL-codes: J65, J81, J83, J88.

Keywords: Coronavirus, European Union, labour market, public policy, unemployment, working conditions, workers' rights.

Summary

The coronavirus pandemic and the measures taken to curb its spread have had far-reaching and lasting consequences in different sectors of the economy, in the form of job and income losses or significantly modified working conditions.

This briefing gives an overview of the host of problems confronting workers and employers due to the pandemic and its consequences, and presents possible solutions that can be applied at different levels. A set of solutions concerns the level of the individual worker or the company employing them. Certain types of occupations, for instance, allow 'going digital' (even if teleworking also has its challenges). In other cases, the company can pay partial or total wages or sick leave to its employees.

At yet another level, that of the Member States, short-time work schemes can be introduced or have their scope further extended. Governments can also regulate parameters of teleworking or extend income replacements to groups of workers benefiting from lesser social protection.

* Disclaimer and Copyright

This [note](#) was originally published on 23 April 2020 by the European Parliamentary Research Service (EPRS) as background material to assist Members and staff of the European Parliament in their parliamentary work. The content of the document is the sole responsibility of its author(s) and any opinions expressed therein should not be taken to represent an official position of the European Parliament.

© European Union, 2020.

Through initiatives such as the Support to Mitigate Unemployment Risks in Emergency (SURE) and the Coronavirus Response Investment Initiatives, the European Union is taking an active part in tackling the coronavirus crisis by supporting Member States, companies and workers to face the challenges. At its 16-17 April plenary session, the European Parliament voted on and adopted a number of important coronavirus-related proposals, concerning among others workers in certain sectors (healthcare, fishermen and aquaculture farmers) as well as more flexible use of the European structural and investment funds.

Introduction

The coronavirus outbreak and the ensuing health and economic crisis have posed challenges to people, households and businesses in many unprecedented ways. Containment measures, disrupted supply chains, limited social interactions, and closure of schools and childcare facilities have also had a strong influence on the world of work. Temporary or permanent job losses, limited or increased working time, income shortages, and significantly modified working conditions are confronting workers in many sectors of the economy in different ways and to varying extents.

Coronavirus-related problems on the labour market: An overview

Briefing notes of the Organisation for Economic Co-operation and Development ([OECD](#)) and the International Labour Organization ([ILO](#)) highlight a number of problems that the coronavirus pandemic has inflicted on the labour market. Below is an overview of those.

Since many companies have been forced to interrupt or significantly reduce their activities, they have lost their capacity to continue paying their employees; this has led to **income losses** (and, as a consequence, **in-work poverty**) or **unemployment**. The latter could be provisional but can also become permanent, if the company is unable to survive the crisis. Workers losing their purchasing power can contribute to a 'demand shock' that can put further economic pressure on other companies. US consulting company McKinsey [estimates](#) that the coronavirus crisis could place up to 59 million jobs across Europe at risk – at about 26 % of total employment.

Teleworking from home is a viable option for some, but it can have its own challenges. For example, homes are not necessarily equipped with the required technical devices (such as computers, telephones and cameras), or the same equipment may also need to be used by others living in the same household. The closure of schools, kindergartens and other childcare facilities forces workers with children to care for them at home and to help them with e-schooling while teleworking. This can lead to severe time management and **work-life balance problems**, especially for single parents, parents of young children, and those with large families.

Teleworking can also require specific software or applications needing installation and technical support, which the employer is not always able to provide.

People employed in **sectors that are considered essential** but are not suitable for teleworking (such as retail industries, energy supply, healthcare and emergency services), have to adjust to modified working conditions (for instance, longer working hours, less rest time, exposure to health risks, and mandatory and permanent wearing of uncomfortable protective equipment).

For **transboundary workers** living in one EU Member State and working in another, commuting on a daily basis has become difficult due to the closure of national borders, which means border control and long waiting times in

queues. Posted or seasonal workers working in EU countries other than that of their origin, as well as workers in road transport have similar problems.

Independent workers can face tough challenges if their activities cannot be carried out online; this is true for professionals such as hairdressers, beauticians, masseurs and physiotherapists, as well as other occupations necessitating physical contact with the client. Generally, they are not entitled to unemployment benefits for job loss occurring as a result of technical reasons or *force majeure*, and they do not receive income support from their central or local governments. The situation of small and medium-sized enterprises (SMEs) can be precarious as well, as their business decreases in volume or comes to a standstill as a consequence of containment and social distancing measures.

How have individual sectors been affected

Healthcare workers

The unprecedented increase in demand for intensive care as a result of the coronavirus pandemic is bringing healthcare systems across Europe to a breaking point. As a consequence, healthcare staff have had to work in conditions requiring supplementary working hours, less rest time and often downright hazardous to their health.

In addition, as mentioned in a European Policy Centre (EPC) [commentary](#), Member States have not been affected equally severely by the pandemic, and have highly divergent capacities to cope with it. For instance, they are differently equipped in terms of staff, medical appliances and facilities, and have different strategies for dealing with potential Covid-19 patients (for instance, with regard to testing suspect cases).

Hospital capacity varies greatly across EU Member States too. According to data published in a 2018 [OECD report](#), the number of curative (or acute) care beds per 1 000 inhabitants in the EU ranges from 6.0 for Germany and 5.5 for Austria at the top, to 2.4 for Spain and 2.6 for Italy, the two hardest-hit European countries so far. Staff shortages are also a problem in a number of Member States. According to Eurostat data, Greece and Austria, for example, have respectively 6.1 and 5.2 doctors per 1 000 inhabitants, while Poland and Romania have fewer than three. The above-mentioned OECD [report](#) also points out that countries with a higher number of doctors and nurses have a greater capacity to respond to the pandemic. By contrast, in countries with a lower number of medical staff, the existing workforce will be even more stretched to address the additional current demand for care. A March 2020 Eurofound [report](#) emphasises that health professionals, who are at the vanguard of the battle against the pandemic, have also complained of issues related to their mental health and emotional well-being, as a result of the higher workload and emotionally disturbing situations they have faced.

It is important to mention that the coronavirus crisis is affecting female workers much more adversely than male ones. According to an [EU labour force survey](#), in 2018, the human health activities sector in the EU employed over 12 million individuals, representing 6 % of the total employed population. Some 75 % of these were women.

Workers in the transport sector

The lockdown and the closure of Member States' borders have had huge implications on workers in the personal transport sector. Air transport has been affected the most, with many companies having had to halt their activity and release large numbers of employees. A Eurofound article highlights that temporary lay-offs and short-time working arrangements have been companies' principal recourse in dealing with the pandemic. This approach not only makes it possible to preserve the employment relationship but also facilitates resumption of activity once the crisis has abated. Austrian Airlines, for instance, has quickly introduced short-time working arrangements for 7 000 of its employees as aeroplanes remain grounded. Workers transporting essential goods, such as food or medical equipment, are in a better situation, as the EU guidelines concerning the exercise of the free movement of workers during the Covid-19 outbreak also apply to them. This means they can regularly cross borders because of a simplified procedure (for details, see section on transboundary workers below).

The commercial aviation sector

Activity in this sector has contracted dramatically, as freedom of movement has been limited in order to avoid transmission of the virus. In addition to the collapse of UK low-cost carrier Flybe, which will result in 2 000 direct job losses throughout the UK, significant job losses have been announced by airlines KLM and airBaltic in recent weeks, as well as at many airports, including the Budapest Airport (by Malév GH) in Hungary, and Gatwick and Edinburgh airports in the UK. Not just air travel has been affected. Ferry operator Stena Line has announced 950 job losses in its Swedish operations due to the anticipated impact of the pandemic on summer season sailings.

Source: [Eurofound](#).

Platform workers

The coronavirus pandemic has had severe consequences for platform workers as well, among them forced work stoppages due to self-isolation, or lack of sick pay in many cases. A March Eurofound [paper](#) points out that platform workers in the transport sector (ride hailing and food delivery) have been the most affected, while professional services performed online (such as remote consultations with health professionals) have been less affected and can even help to reduce the pressure on health systems. Platforms mediating on-location services (services delivered in person) are trying to cope with a decreased workforce, due to workers self-isolating or avoiding work for fear of contact with the virus. Platform workers rarely get paid sick leave, one such exception being those working for food delivery company Deliveroo in Belgium, which announced that it would exceptionally offer paid sick leave to workers who are self-isolating or ill.

Possible solutions

Solutions at individual and company level

For both independent workers and companies in certain professions, '**going digital**' is a possible solution. Individual and collective courses, such as yoga or fitness classes, individual consultations or coaching can be organised via online applications. Courses and training not requiring physical presence, seminars and conferences can also be held online.

Restaurants and caterers might offer **take-away** meals or **food delivery** if they can solve the related digital and transport issues (such as creating a webpage, advertising or organising reliable and timely transport). Owners of non-food shops can try to apply similar solutions, but again, digital and logistical know-how and adequate transport solutions are needed, which could be a real challenge for independents and SMEs.

Employers (companies) may apply the following solutions:¹

- **continuing paying full or partial wages** to employees who are off work for health-related reasons, such as self-isolation;²
- furnishing the required equipment and IT support to teleworking employees;
- providing special leave to teleworking parents; in practice, however, such leave often remains unpaid;³
- adapting teleworking arrangements to workers' child-caring responsibilities in terms of working hours or workload;
- during the period of stoppage, promoting the uptake of online training to invest in the skills of their employees.⁴

Solutions at Member State level

In sectors where it is feasible, **short-time work schemes** (STW) can be introduced. Such schemes are already in place in some Member States, such as Belgium, France and the Netherlands.

In some Member States, quarantined workers can be covered by **sick pay**. Under Austrian and German legislation, for instance, quarantined workers who cannot work from home are treated as being on sick leave, even if they do not have health problems. They therefore continue to receive their salaries (for 4-12 weeks in Austria, for 6 weeks in Germany). In both cases, the government repays employers the costs made in this regard. The Netherlands offers quarantined workers similar treatment, though this may depend on the reason for the quarantine and the type of employment contract.

Simplifying **regulations on teleworking** at governmental level is another possibility to facilitate the situation of companies and independent workers. Furthermore, governments could provide financial assistance and technical support to SMEs to help them quickly develop teleworking capacities.

Short-time work schemes

These are public programmes that allow firms experiencing economic difficulties to temporarily reduce, either partially or totally, the hours worked by employees while providing them with income, also for the hours not worked, using support from the state or other special funds. Almost all EU Member States have a national public short-time work scheme in place, although considerable institutional variation exists in terms of coverage, types of income support, level of wage compensation, and financing and procedures for application.

Source: Centre for European Policy Studies ([CEPS](#)).

¹ Sources: OECD: [Supporting people and companies to deal with the COVID-19 virus: Options for an immediate employment and social-policy response](#), March 2020, and ILO: [COVID-19 and the world of work: Impact and policy responses](#), March 2020.

² As an [example](#), the French companies Chanel and Hermès committed to pay their workers their full salaries over three months.

³ This is the case, for instance, for certain companies in Poland, Slovakia, Austria and Germany.

⁴ In France, for instance, certain firms use a special training subsidy, the [FNE Formation](#), instead of the short-time working schemes.

Governments could offer **income replacement** to sick workers if it is not provided by their employers. This could be of particular importance to people working under non-standard contracts, such as part-time workers, workers with short-term contracts or with multiple employers, as well as platform workers. Ireland, for instance, has made sick pay and sick leave available for the self-employed. Governments could also offer insurance for income loss for the abovementioned workers or give them access to unemployment benefits.

Other Member States, such as Italy, offer hybrid solutions: quarantined working parents with children below 12 years of age can take 15 days of leave paid at 50 % of the salary, while parents with children above 12 can take unpaid leave. Alternatively, both sets of parents can also benefit from a €600 **voucher** (€1 000 for medical workers) in order to pay for alternative childcare arrangements.

Governments could come up with emergency measures to **help working parents**, for instance, by offering childcare solutions to those unable to telework. In France and in Belgium, schools have remained open and ensured the presence of skeleton staff to look after children whose parents work in the medical or the food supply sector.

Other initiatives, such as **temporary employee transfers** from more affected to less affected sectors, could also help. For instance, more than 500 workers from Nordic Choice Hotels have been temporarily assigned to work with PostNord, a Scandinavian postal operator.⁵

Initiatives at EU level

Transboundary and posted workers

The coronavirus crisis has led to the introduction of unprecedented measures across Member States, including reintroduced checks at internal borders. This has posed some challenges for frontier, posted and seasonal workers, who live in one country but work in another. Many of them play an essential role in their host Member States, for instance, as healthcare staff or providers of other essential healthcare-related services, including the setting-up and maintenance of medical equipment and infrastructure, or transport staff in charge of goods supply. A coordinated approach at EU level, allowing such workers to continue to cross the internal borders, has therefore been of key importance. On 30 March, the European Commission published its [Guidelines concerning the exercise of the free movement of workers during Covid-19 outbreak](#), to serve as 'an integrated approach to effective border management to protect public health while preserving the integrity of the internal market'. According to these guidelines, 'Member States should permit and facilitate the crossing of frontier workers, in particular but not only those working in the healthcare and food sector, and other essential services (e.g. child care, elderly care, critical staff for utilities) to ensure continued professional activity'. Host Member States should allow such workers to enter their territory and have unhindered access to their place of work. Member States are urged to establish specific burden-free, fast procedures for border crossings with a regular flow of frontier and posted workers. Health screening for frontier and posted workers must be carried out under the same conditions as for nationals exercising the same occupations, and done before or after they cross the border. Concerning seasonal workers in agriculture, in the case of labour shortages in the host Member State and if they perform critical harvesting, planting or tending functions, they should be treated in the same manner as the workers that exercise critical occupations mentioned above.

⁵ Eurofound: [Coronavirus: A labour market earthquake](#), April 2020.

The SURE instrument

Since the first cases of the coronavirus contagion were established, the Commission has come up with several financial initiatives to help Member States address the crisis. On 1 April, the European Commission President, Ursula von der Leyen, proposed the establishment of a temporary instrument called [Support to Mitigate Unemployment Risks in an Emergency](#) (SURE). It would provide financial assistance of up to €100 billion in total, in the form of loans to Member States facing a sudden increase in public expenditure to preserve employment. The [SURE instrument](#) would act as a second line of defence, supporting short-time work schemes and similar measures, to help Member States protect jobs, and thus employees and the self-employed against unemployment and income loss. The Commission presented SURE as an operationalisation of the longer-term European Unemployment Reinsurance Scheme (EURS) proposal, announced in January 2020 and hoped to be finalised by the end of 2020. Even though both instruments share the objective of supporting income stabilisation during major downturns, they target different groups: SURE focuses on employers, employees and the self-employed, and EURS on the unemployed.

A key characteristic of SURE is its focus on short-time work schemes. As this instrument is centrally managed by the Commission, it should allow to provide quasi-immediate support to Member States experiencing budgetary difficulty in implementing national short-time work schemes. SURE covers all Member States, not just those in the euro area, and is unconditional. It envisages controls and audits ensuring that the financing provided has been properly used to support short-time work schemes. Another important characteristic of SURE is that it explicitly extends coverage to self-employed workers. A Centre for European Policy Studies [analysis](#), however, points out that three factors may reduce the instrument's impact: the (short) duration, the cost and the overall size of the loans granted under it. Consequently, SURE can provide support to the Member States hit most hard by the crisis, but its impact may be limited to the short term. National public debt will continue to increase and may do so sharply once the support comes to an end. Potentially, the most important feature of SURE is that it is explicitly referred to as the forerunner of a future EU unemployment insurance scheme.

The Coronavirus Response Investment Initiatives

In order to mobilise cohesion policy to respond to the emerging needs in the most vulnerable sectors and to help the most affected territories in the Member States, the Commission launched a package of measures – the [Coronavirus Response Investment Initiative](#) (CRII) – which entered into force on 1 April. The Initiative makes it possible for Member States to immediately address three key priorities in the fight against the current emergency and its economic consequences: spending on health care, support to short-time work schemes, and support to restock SMEs with working capital. To make this money available, the Commission proposes to quickly mobilise cash reserves from the EU funds. This will provide immediate liquidity to Member States' budgets as well as helping to unblock the so far unallocated €37 billion of cohesion policy funding within the 2014-2020 cohesion policy programmes, thus providing a much-needed boost to economic investments.

The Commission then proposed a further set of measures – the [Coronavirus Response Investment Initiative Plus](#) (CRII+) - aimed at introducing extraordinary flexibility and allowing for the mobilisation of any unused support from the European structural and investment funds. Voted by Parliament on 17 April, the CRII+ will provide support to the most deprived, by changing the rules for the [Fund for European Aid to the Most Deprived \(FEAD\)](#). It will, for instance, be possible to deliver food aid and basic material assistance to the most deprived through electronic vouchers, as well as to provide them with protective equipment to lower the risk of contamination.

The role of the European Parliament

As part of the EU's joint response to the coronavirus outbreak, at its extraordinary plenary session of 26 March, the European Parliament adopted [three proposals](#) to help people and businesses tackle the crisis. In regard to the labour market, the approved measures include the [Coronavirus Response Investment Initiative](#), as well as the [extension of the EU Solidarity Fund](#) to cover public health emergencies.

At its 16-17 April plenary session, the Parliament voted on and adopted a number of important coronavirus-related proposals, including on the labour market. As regards working conditions in the healthcare sector, the EP adopted a [resolution](#) on the [Emergency Support Instrument](#), which dedicates [€3 billion in emergency support](#) to the health sectors of the most affected EU countries, as well as a [resolution](#) on a scheme to procure medical supplies for Member States facing shortages.

At its April plenary session, the Parliament also adopted a [resolution](#) on the introduction of [exceptional measures](#) to allow greater flexibility in the use of the [European structural and investment funds](#) to alleviate the effects of the coronavirus. Another [resolution](#) the Parliament adopted aims to give Member States [financial assistance](#) to protect [hard-hit fishing communities and aquaculture farmers](#).

References

Alcidi C., Corti F., [Will SURE shields EU workers from the corona crisis?](#), Centre for European Policy Studies (CEPS), April 2020.

Beblavy M., [Protecting employment in the time of coronavirus. What is the EU's €100 billion going to buy?](#), CEPS, April 2020.

Dhéret C., Guagliardo S., [Boosting Europe's resilience with better health systems: Lessons from the Covid-19 crisis](#), European Policy Centre (EPC), April 2020.

International Labour Organization, [Covid-19 and the world of work: Impact and policy responses](#), March 2020.

OECD, [Supporting people and companies to deal with the Covid-19 virus: Options for an immediate employment and social-policy response](#), March 2020.

About the author

Monika Kiss is as a Policy Analyst in the Economic Policies Unit of the European Parliamentary Research Service (EPRS), focussing on employment, social affairs and demography. She previously worked for ten years at the European Economic and Social Committee and undertook six years of academic research and educational activities at the Institute for German Studies of the Eötvös Loránd University in Budapest. She studied at the Eötvös Loránd University in Budapest and the Friedrich Schiller University in Jena.

SUERF Policy Notes (SPNs)

No 158	Overview of Central Bank Digital Currency - State of Play	by Johannes Duong
No 159	Embedded supervision: how to build regulation into Libra 2.0 and the token economy	by Raphael Auer
No 160	Interlinking Europe's recovery plan and the next EU budget	by Kevin Körner and Barbara Böttcher
No 161	Shh, don't say it! ECB Helicopter Money: Economics and Politics	by Donato Masciandaro
No 162	How large is the coronavirus macro shock? Putting the near-term record-breaking shock in the long-term context	by Elga Bartsch, Jean Boivin, and Philipp Hildebrand



SUERF is a network association of central bankers and regulators, academics, and practitioners in the financial sector. The focus of the association is on the analysis, discussion and understanding of financial markets and institutions, the monetary economy, the conduct of regulation, supervision and monetary policy. SUERF's events and publications provide a unique European network for the analysis and discussion of these and related issues.

SUERF Policy Notes focus on current financial, monetary or economic issues, designed for policy makers and financial practitioners, authored by renowned experts.

The views expressed are those of the author(s) and not necessarily those of the institution(s) the author(s) is/are affiliated with.

All rights reserved.

Editorial Board:
Natacha Valla, Chair
Ernest Gnan
Frank Lierman
David T. Llewellyn
Donato Masciandaro

SUERF Secretariat
c/o OeNB
Otto-Wagner-Platz 3
A-1090 Vienna, Austria
Phone: +43-1-40420-7206
www.suerf.org • suerf@oenb.at