

## Global unemployment remains elevated at more than 190 million : World Employment Social Outlook 2018

According to the International Labour Organization's Report on World Employment Social Outlook 2018, the global unemployment rate is expected to fall slightly to 5.5 % in 2018 (from 5.6 % in 2017), marking a turnaround after three years of rising unemployment rates. However, with a growing number of people entering the labour market to seek employment, the total number of unemployed is expected to remain stable in 2018, above 192 million. In 2019, the global unemployment rate is expected to remain essentially unchanged, whereas the number of unemployed is projected to grow by 1.3 million.

Unemployment, vulnerable employment and working poverty trends and projections, 2007–19							
Country/region	Unemployment rate 2007–19 (percentages)				Unemployment 2017–19 (millions)		
	2007–16	2017	2018	2019	2017	2018	2019
<b>WORLD</b>		5.6	5.5	5.5	192.7	192.3	193.6
Developed countries		5.7	5.5	5.4	34.1	32.8	32.4
Emerging countries		5.6	5.5	5.5	143.0	143.4	144.6
Developing countries		5.3	5.3	5.3	15.6	16.1	16.6
Vulnerable employment rate 2007–19 (percentages)							
Country/region	Vulnerable employment rate 2007–19 (percentages)				Vulnerable employment 2017–19 (millions)		
	2007–16	2017	2018	2019	2017	2018	2019
<b>WORLD</b>		42.5	42.6	42.7	1391.3	1409.0	1426.4
Developed countries		10.0	9.9	9.9	56.7	56.5	56.3
Emerging countries		46.2	46.2	46.3	1122.8	1134.0	1144.8
Developing countries		76.5	76.4	76.4	211.8	218.5	225.3
Extreme working poverty rate 2007–19 (percentages)							
Country/region	Extreme working poverty rate 2007–19 (percentages)				Extreme working poverty 2017–19 (millions)		
	2007–16	2017	2018	2019	2017	2018	2019
<b>Total emerging and developing countries</b>		11.2	10.7	10.2	300.9	290.8	281.2
Emerging countries		7.7	7.2	6.7	186.8	176.2	166.4
Developing countries		41.2	40.1	38.9	114.1	114.6	114.9
Moderate working poverty rate 2007–19 (percentages)							
Country/region	Moderate working poverty rate 2007–19 (percentages)				Moderate working poverty 2017–19 (millions)		
	2007–16	2017	2018	2019	2017	2018	2019
<b>Total emerging and developing countries</b>		16.0	15.5	15.1	430.2	421.8	414.0
Emerging countries		14.7	14.1	13.6	357.5	346.9	336.7
Developing countries		26.2	26.2	26.2	72.7	74.9	77.3

*Note: Throughout this report, figures for 2017 are preliminary estimates and figures for 2018 and 2019 are projections. Moderate and extreme working poverty rates refer to the shares of workers living in households with income or consumption per capita between US\$1.90 and US\$3.10 per day, in purchasing power parity (PPP), and less than US\$1.90 per day (PPP), respectively. For a detailed list of regional, country and income groups, see Appendix A.*

Source: PHD Research Bureau, compiled from ILO

### Key findings

#### Global economic growth has rebounded and is expected to remain stable but low

Global economic growth increased to 3.6 % in 2017, after hitting a six-year low of 3.2 % in 2016. The recovery was broad

based, driven by expansions in developing, emerging and developed countries alike. Future growth is likely to stay below 4 %, as economic activity normalizes in most major economies without significant stimulus and fixed investment remains at a moderate level.

### **Vulnerable employment is on the rise**

With these improvements in employment projected to be modest, the number of workers in vulnerable forms of employment (own-account workers and contributing family workers) is likely to increase in the years to come. Globally, the significant progress achieved in the past in reducing vulnerable employment has essentially stalled since 2012. In 2017, around 42 % of workers (or 1.4 billion) worldwide are estimated to be in vulnerable forms of employment, while this share is expected to remain particularly high in developing and emerging countries, at above 76 % and 46 %, respectively.

### **The pace of working poverty reduction is slowing**

The global labour market has seen only weak progress in the area of working poverty. In 2017, extreme working poverty remained widespread, with more than 300 million workers in emerging and developing countries having a per capita household income or consumption of less than US\$1.90 (PPP) per day. Overall, progress in reducing working poverty is too slow to keep pace with the growing labour force in developing countries, where the number of people in extreme working poverty is expected to exceed 114 million in 2018, or 40 % of all employed people.

### **Significant variations in employment outcomes continue to exist between regions and countries**

The world continues to experience diverse trends in employment outcomes. Developed countries are expected to enter their sixth consecutive year of decreasing unemployment rates, falling to 5.5 % in 2018, the lowest rate since 2007. Unemployment in developing countries is expected to increase by half a million per year in both 2018 and 2019, with the unemployment rate remaining at around 5.3 %. For many developing and emerging countries, however, persistent poor-quality employment and working poverty pose the main challenges.

### **Inequalities in labour market outcomes persist**

Underlying these aggregate labour market and social trends are disparities across a number of demographic groups. Gender disparities are of particular concern. These gaps are particularly wide in Northern Africa and the Arab States, where women are twice as likely to be unemployed as men. The lack of employment opportunities for youth (i.e. those under 25 years of age) presents another major global challenge. The challenge is particularly acute in Northern Africa, where almost 30 % of young people in the labour market are without a job. Importantly, gender inequalities are already established among young workers, rendering future progress in reducing gender gaps even more difficult.

### **Regional trends:**

#### **a) Employment and social trends in Africa**

The economic outlook for Africa is set to improve, with growth projected to reach 3.7 % in 2017, up from 2.1 % in 2016. This anticipated improvement is highly dependent on a recovery in commodity prices, which demonstrates the diverging growth pathways for commodity-exporting and non-exporting countries in the region

#### **b) Employment and social trends in America**

Unemployment in the region is expected to decline from 4.7 % in 2017 to 4.5 % in 2018. This is driven by a drop in the unemployment rate in both Canada and the United States. unemployment rate for the region is projected to decrease over the forecast horizon, going from 8.2 % in 2017 to 7.7 % by 2019, but remaining considerably higher than the low point of 6.1 % recorded in 2014. The relatively slow pace of unemployment reduction at the regional level is dictated by the varying labour market outlooks across countries in the region.

#### **c) Employment and social trends in Arab**

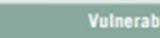
Labour market conditions are expected to remain relatively stable, with the regional unemployment rate projected to

decline slightly to 8.3 % in 2018 and to edge upward again in 2019. As a result, it is anticipated that almost 5 million people will be unemployed in 2018, with women accounting for almost one-third of the unemployed pool, despite representing only 16 % of the regional labour force. In fact, large gender disparities persist in the Arab States

#### d) Employment and social trends in Asia and the Pacific

Unemployment levels in the Asia and Pacific are expected to remain low relative to other regions, and constant over the forecast horizon at around 4.2 %. This is largely due to the fact that employment growth in the region is expected to remain strong, with the number of employed persons projected to grow by some 23 million (or 1.2 %) between 2017 and 2019. Southern Asia, due to its rapid labour force growth, is expected to account for close to 90 % of the total employment growth in Asia and the Pacific. Conversely, employment growth in Eastern Asia is expected to be marginal, mainly as a result of the shrinking workforce in China.

**Unemployment, vulnerable employment and working poverty trends and projections, Asia and the Pacific, 2007–19**

Country/region	Unemployment rate, 2007–19 (percentages)				Unemployment, 2017–19 (millions)		
	2007–16	2017	2018	2019	2017	2018	2019
<b>Asia and the Pacific</b>		4.2	4.2	4.2	82.9	83.6	84.6
Eastern Asia		4.5	4.5	4.6	41.8	41.8	42.0
China		4.7	4.7	4.8	37.4	37.6	37.8
Japan		2.8	2.6	2.6	1.9	1.8	1.7
Korea, Republic of		3.8	3.7	3.7	1.0	1.0	1.0
South-Eastern Asia and the Pacific		3.4	3.4	3.5	11.7	12.0	12.4
Australia		5.7	5.6	5.4	0.7	0.7	0.7
Indonesia		4.3	4.4	4.6	5.4	5.7	5.9
Southern Asia		4.1	4.1	4.1	29.5	29.7	30.2
India		3.5	3.5	3.5	18.3	18.6	18.9
Country/region	Vulnerable employment rate, 2007–19 (percentages)				Vulnerable employment, 2017–19 (millions)		
	2007–16	2017	2018	2019	2017	2018	2019
<b>Asia and the Pacific</b>		48.6	48.7	48.7	929.8	936.8	943.7
Eastern Asia		31.2	31.1	31.0	276.6	275.1	273.5
South-Eastern Asia and the Pacific		46.2	46.1	46.0	154.5	156.1	157.6
Southern Asia		72.1	72.0	71.9	498.7	505.7	512.6
Country/region	Extreme working poverty rate, 2007–19 (percentages)				Extreme working poverty, 2017–19 (millions)		
	2007–16	2017	2018	2019	2017	2018	2019
<b>Asia and the Pacific</b>		7.5	6.9	6.4	144.3	133.5	124.3
Eastern Asia		3.5	3.3	3.1	31.3	29.0	27.2
South-Eastern Asia and the Pacific		5.6	5.2	4.7	18.9	17.5	16.2
Southern Asia		13.6	12.4	11.3	94.1	87.1	80.9
Country/region	Moderate working poverty rate, 2007–19 (percentages)				Moderate working poverty, 2017–19 (millions)		
	2007–16	2017	2018	2019	2017	2018	2019
<b>Asia and the Pacific</b>		15.8	15.2	14.5	302.9	291.8	281.1
Eastern Asia		6.2	5.5	4.8	54.8	48.3	42.7
South-Eastern Asia and the Pacific		14.0	13.3	12.7	46.7	45.0	43.4
Southern Asia		29.1	28.2	27.4	201.4	198.4	195.0

Source: PHD Research Bureau, compiled from ILO

Note: The vulnerable employment rate is defined as the share of own-account workers and contributing family workers in total employment. Moderate and extreme working poverty rates refer to the shares of workers living on income or consumption per capita

between US\$1.90 and US\$3.10 per day (PPP) and less than US\$1.90 per day (PPP), respectively. Working poverty figures exclude high-income countries in the regional and subregional aggregates. The unemployment rate for countries shown in this table could differ from that reported by national statistical offices in cases where their definition of unemployment differs from the standards established by the International Conference of Labour Statisticians.

#### **e) Employment and social trends in Europe and Central Asia**

Sustained by better-than-expected economic activity, the unemployment rate in the region is projected to have dropped from 9.2 % in 2016 to 8.5 % in 2017 – the lowest rate since 2008. The pace of improvement in the regional labour market is anticipated to decelerate only slightly over the next couple of years, during which time the regional unemployment rate should decrease further to reach 8.1 % in 2018 and 7.8 % in 2019. This translates into a decline in the number of unemployed people of around 1.5 million by 2019

#### **d) Employment And Social Trends In Eastern Europe And Central And Western Asia**

Following the considerable economic growth rebound in Eastern Europe, the unemployment rate is projected to decline, but only modestly, from 5.5 % in 2017 to 5.3 % in 2018. This scenario reflects the falling unemployment rates in a number of countries, including Poland, Ukraine and Slovakia, which are only partly offset by the expectation of growing unemployment in the Czech Republic.

#### **Outlook for India**

According to ILO's report, India's economy, which is anticipated to expand by 7.4 % in 2018 (up from 6.7 % in 2017), is contributing to the pick-up in economic activity in Southern Asia. Real GDP in this region is projected to grow by 6.7 % in 2018 and by 7.0 % in 2019, up from 6.2 in 2017.

The report highlights that over the last 20 years, more of informal and vulnerable jobs have been created in the country. While talking about strong job creation in some ICT-intensive services, the report states that in India 'a significant portion of the jobs created in the services sector over the past couple of decades have been in traditional low value added services, where informality and vulnerable forms of employment are often dominant. Also, the report notes that the rapid growth of ICT services in recent years in some emerging countries, notably India, has not generated enough employment opportunities for the large majority of the population.

While talking about the Vulnerable and informal forms of employment, the report states that in India, the share of informal employment has risen within almost all manufacturing industries, partly as a result of labour market rigidities preventing modern manufacturing from creating employment opportunities..

#### **Conclusion**

Going ahead, the projected structural shifts to the service sector could create complex pressures on job quality. Internal and external forces, such as technological progress, capital accumulation, globalization, demographics and government policies, are expected to continue to spur the reallocation of employment across sectors of production. Across all income groups, an ever-increasing number of workers are projected to be employed in the service sector, while the employment share in agriculture is set to continue its long-term downward trend.

Furthermore, the share of manufacturing employment is expected to continue its decline in upper middle-income and developed countries, and to grow only marginally in lower middle-income ones. This confirms the ongoing trend of "premature deindustrialization", whereby lower-income countries are seeing declining shares of industrial employment at earlier stages of development compared to developed countries.

This phenomenon could render the positive impacts of structural transformation in reducing informal and vulnerable employment smaller than commonly expected, given that most workers moving out of agriculture are anticipated to find employment in a range of market services, where the incidence of poor working conditions is higher than in industry.

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