GLOBAL INSIGHTS

The Future of Work in a Post-COVID-19 World

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Authors: Joel Blit, Tom Parr, Toshiko Tsujimoto, Earl Anthony Wayne.

Editor: Oluwatobi Ogundele

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Panellists: Ann Fitz-Gerald (Moderator-BSIA), Joel Blit (University of Waterloo), Tom Parr University of Warwick, Toshiko Tsujimoto Ritsumeikan University, Earl Anthony Wayne (American University).

In the wake of the COVID-19 pandemic, every state has faced drastic changes and challenges to their established systems of work, production, finance, and exchange. The nature of work has changed, and as employees work remotely, their homes have become digital offices. Considering this, this panel discussion reflects on the future of work in a post-COVID-19 world from the perspective of remote work, labour migration and the labour market, and gender inequalities that could result from newer work processes. The panel was composed of five academics whose expertise includes economics, political theory, and labour migration. The collective thoughts of these panellists are presented in the following sections.

How has COVID-19 changed the way we work?

The most obvious change that has already been seen is a move to remote work. It is estimated that about 42% of Canadian jobs are now being done from home. Secondly, the structure of work and institutions of work have changed. The 'office' has taken on a new dynamic; what had previously been a social and economic institution that enabled employers to coordinate and monitor their staff, through both formal and informal interactions, has changed. Aside from the economic benefits to employers of an 'office' structure that no longer pays for rent, utilities, upkeep, etc., of brick-and-mortar offices, the social benefits that accrued to staff working together in an office building has been severely impacted by the pandemic. Thirdly, and of paramount importance, is automation, which would bring more of a permanent change to work processes in the economy. Artificial Intelligence (AI) and robotics have been discussed for years prior to the COVID-19 pandemic, but now, uptake and adoption of AI would be on a larger scale than previously thought. An Accenture report on a connected industrial workforce found that 85% of manufacturing CEOs said they foresaw an increase in investments in smart factories in the coming years that combine human and machine-centric work environments. (Note: An Accenture survey found that 84% of C-suite executives said they needed to deploy AI to meet growth objectives; 75% worried about going out of business unless they deploy AI to scale, and 76% noted that they struggled to deploy AI. Logistics firms were engaged in this already, with about half of them, even before the pandemic, adding more digital analytics to work processes. This has had huge impacts on the reallocation of work.)

How is remote work negatively impacting or worsening labour market inequalities between high- and low-skilled workers, and between men and women?

Staggering increases in economic inequality have been traditionally observed [between high-skilled and low-skilled workers](#) across the world. The gendered-nature of this pandemic would be seen mostly in the division of labour and a resulting gender-pay gap for women. The burden on the labour force will disproportionately impact society's least-advantaged members, and we must find ways to share this burden fairly amongst all workers, rather than the most vulnerable or precarious. Policymakers would have to ensure that those who are low-skilled, women, and those less equipped to deal with remote work and the associated technology adaptations required, do not end up bearing the brunt of the burden.

Remote work can significantly impact inequalities in three ways. Firstly, remote work benefits those who have access to economic resources. Employees who are lucky enough to have a comfortable home, perhaps with a private office and reliable internet connection, would fare better than those in shared accommodations. The latter are mostly at the lower end of the income scale and are more likely to have low-quality internet access and connection speed. This can significantly impact their productivity and delay the likelihood of achieving a promotion in their field, or a pay increase. Secondly, inequalities would be significantly exacerbated for low-income owners who may not have the option of 'working from home'. There are, for example, categories of workers who have to engage physically in their work (e.g. for many cleaners, the option of staying at home to protect one's health or the health of one's loved ones, is simply not affordable). They are also the most likely to be exposed to health risks associated with a pandemic.

Thirdly, job polarization affects inequality. This essentially means that jobs that are located towards the 'middle' of the general distribution of skills, disappear. As more jobs become automated or reallocated from less-productive to more-productive processes, firms use fewer workers, and job polarization would thus have a pronounced and permanent effect on inequality in both the short-run and the long-run. In the short-run, low-skilled jobs and jobs in the service sector with low pay, such as bookkeepers, and others in office support roles, manufacturing workers, etc., would disappear. Thus, in the short-run, higher-end white collar workers whose skills are complementary to new technologies, survive. However, in the long-run with AI, and with robotics which can replace white collar workers, the same kind of dynamics would occur. Workers who, in the future, have the types of skills complementary to AI, would earn more and would see an increase in their productivity to the detriment of workers who are less skilled in this regard.

COVID-19 impacts on labour migration

According to the [World Bank](#), due to the changing face of physical to remote work, remittances to migrant-sending countries will decrease by 20 percent. Experts say that the effect on labour migration is expected to be more advanced compared to the global financial crisis in 2009, when the impact on labour migration was relatively small. International migration can institutionally and dramatically change in the post-COVID world. Generally, the pandemic impact on labour migration is projected to be huge, but with differentiated effects. In Asia, for example, where the region increased migration globally in recent years, Asia has been a global centre for sending out migrants -- and the Asian Development Bank forecasts that migrant workers from countries in Asia whose GDPs comprise significant shares of remittances from abroad, would face severe economic conditions. These countries include China, India, and the Philippines, Pakistan, Bangladesh and Vietnam. Also, migrant host countries would witness significant social and economic effects which would deepen overtime. Agriculture and other essential service sectors in host countries will suffer from labour shortages. Service sectors where international students work while studying abroad have

also been impacted due to the restriction on the entry of international students to the country of their academic institution, beginning from March 2020.

Specifically, if one were to observe the supply and demand chain dynamics, impact on labour migration would vary per sector. The quarantine regulations have imposed complex and bureaucratic processes upon the timely arrival of new entrants. This may slow and delay labour migration for years to come, or even lead to the decay of certain migrant-dependent sectors (e.g. migrant domestic workers). However, evidence suggests that essential sectors would stay intact as they witness increased competition among migrant workers and host countries for jobs in this sector. This is because many countries are still in need of migrant workers in health, agriculture, and fisheries. Demand in these industries is acute, especially in the sectors which are difficult to automate.

What sectors of the economy have been hit the most by the pandemic?

The discussion revealed that two broad sector categories have been most affected. Firstly, sectors with the highest health risks, and secondly, sectors that cannot be feasibly automated. Analysing at the task level per sector, sectors with high health risks, and that have task components that may not be easily automated, are retail, accommodation, and food services. These are the sector types that have experienced the biggest change and will continue to be severely affected. Due to the health risks, we might also see significant changes in two big sectors: health and education. These are areas where the health risks are high, and are not easily automatable.

Furthermore, the lockdowns and ban on travel in many countries affected service sectors that are migrant dependent. These service sectors, such as hotel, retail, and food services, as well as hospitality and tourism sectors, employ a vast majority of migrant workers to meet the workforce and market demand. Migrant workers in this sector are traditionally engaged in face-to-face service activities such as staffing hotels, restaurants, cruise ships, and airport services. According to the report of the Asian Development Bank, many countries were dependent on Asian migrant workers for their leisure and hospitality needs before the pandemic began. However, due to the decrease in travel, Asian migrant workers, who are mostly informal workers, were terminated from their employment as demand for their services declined significantly. Also, migrant domestic worker services in Hong Kong, Singapore, in the Middle East, and in other parts of the world, have been negatively impacted by the pandemic, as more people work from home, are quarantined and/or isolated, and are spending increased time indoors and with their families.

Recommendations

Below are some itemized recommendations to mitigate the impact of transformed work and labour force processes resulting from the COVID-19 pandemic.

1. Country-level preparedness is required for developing a resilient economy. To develop this resilience, government actors (national, state and local) need to work in partnership with academia and business to devise effective workforce development partnerships tailored to regional market needs. Without effective coordination between these stakeholders at national, regional, and local levels, success would be much more difficult to achieve.
2. There is the need for investments in technology and financial support to help struggling businesses and to enhance the adoption of automation and innovation in work processes, post-COVID-19.
3. It is necessary to address and remedy existing social inequalities, such as accessibility to technology, stable internet, and workspaces.
4. There is the need for social protection and social safety nets for the most vulnerable and those who lack the capacity to fully participate in automated work processes.

5. Government has a role in making substantial investments in the labour market to not only take care of people in the short-term, but also to deal with the long-term effects of job polarization and inequality. This can be achieved by re-educating and retraining people, as well as up-skilling workers through various labour support programs.
6. There should be educational and training programs to prepare the future labour force through education reforms. Universities and community colleges need to produce students that reflect labour market demands and skills needed and sought-after by employers. This can be achieved by enhanced educational, institutional, and business sector partnerships.
7. Government should re-evaluate policies in the labour market and remove restrictive policies that do not encourage firms to invest in technology-enhancing work processes.
8. Government should be prepared for significant mental health crises resulting from remote work and diminished social interactions at work. Appropriate health policies are required to mitigate these effects, in both the short-term and the long-term.