International Labour Organization

ILO Flagship Report

World Employment and Social Outlook

Trends 2025

EXECUTIVE SUMMARY

Employment growth remains steady, but labour market resilience continues to be tested.

In 2024, global employment expanded in line with a growing labour force, keeping the global unemployment rate steady at 5 per cent, similar to that of 2023. At the same time, employment growth remained too weak to have a significant impact on persistent decent work deficits around the world. Young people, especially, continue to face much higher unemployment rates – around 12.6 per cent – with few signs of improvements. With the return to pre-pandemic levels of informality and working poverty, the job recovery has lost much of its ability to generate further improvements and close the gap with the targets of the Sustainable Development Goals (SDGs). As the economic and social outlook remains highly uncertain – with geopolitical frictions, rising costs of climate change, and unresolved sovereign debt risks – the resilience of labour markets is being tested. Low-income countries appear to be particularly vulnerable, since progress in decent work creation has been slowest in these countries.

The economic recovery is losing steam …

The global economy continues to expand at a moderate rate, but it is projected to gradually lose steam, preventing a stronger and more durable labour market recovery. Economic growth stood at 3.2 per cent in 2024, down from 3.3 and 3.6 per cent in 2023 and 2022, respectively. A similar expansion is expected in 2025 and then a gradual deceleration to set in over the medium term. Rapidly decelerating inflation rates and strong growth in a few major economic centres have helped the global economy to stabilize. Headwinds have set in, however, as geopolitical frictions have risen and both monetary and fiscal policies have returned to pre-pandemic stances. Demographic shifts in advanced and some large emerging economies continue to be felt, while labour shortages have somewhat eased but not completely disappeared. Especially among European countries, labour hoarding remains high, preventing a faster return to pre-pandemic trends. Investment rates have fallen again and energy price hikes have taken a toll on industrial production. Except in Northern America, productivity growth shows no signs of acceleration despite major technological advances, especially in information technologies and medical research.

… which has helped bring inflation down …

On the back of weaker growth, inflation rates came down in 2024, approaching the target rates of most central banks. Monetary policy rates have started to decline again, after reaching levels last seen in the 1980s. After failing to properly anticipate the supply bottlenecks caused by the pandemic, central banks have managed to bring inflation rates down without causing a major labour market recession. Nevertheless, price levels remain elevated, and inflation rates have yet to drop to target rates in much of the developed world. However, further tightening, especially by fiscal policymakers, would run the risk of causing serious social disruption as some high-inflation countries have recently experienced while trying to bring down their inflation rates.

… but prevents real wages from recovering.

Although inflation rates have come down, wage growth has not fully caught up with the pandemic-related loss of earnings, in part because of weak employment growth. Global unemployment has remained steady, but real wage growth has picked up only in a few advanced economies with particularly strong labour demand. In most countries, real wages have not recouped the losses incurred during the pandemic years and the inflationary episode that followed.

Part of the reason that real wage growth has remained weak has to do with the shift in labour market power towards employers over the past decade. In countries for which data are available, rising market concentration correlates with a shift of labour market power away from workers towards employers, with particularly adverse effects for vulnerable groups and young people. Specifically, labour market concentration seems to have contributed to faster automation without leading to improved labour productivity.

Labour force participation continues to fall, adversely affecting young people.

Labour force participation has declined slightly, and this has weighed on employment growth. Large differences exist between low-income countries where participation rates have declined across the board and high-income countries where labour force participation has increased, especially among older workers and women. Rising old-age participation in advanced economies has compensated for an ageing working-age population, allowing the overall participation rate to increase by almost 1 percentage point over the past ten years in this country group, versus a drop in participation for the world as a whole.

Gender gaps in participation remain large, since significantly fewer women than men participate in the labour market, which means that countries forgo a significant potential for improvements in living standards. Where gaps have been falling, this has often come about not from improved female participation but from a continuous decline in male participation rates, especially among young men. Unfortunately, not all of this drop in young male participation owes to rising education levels. Indeed, the rate of young men not in employment, education or training (NEET) has increased over recent years in comparison with its historical average. In low-income countries in particular, there has been an increase of almost 4 percentage points in young men's NEET rate above the historical average, leaving many young men less well equipped to successfully participate in the labour market and more vulnerable to future shocks.

The global jobs gap has declined …

On the back of stable unemployment rates, the global jobs gap, ILO's summary estimate for the overall number of jobs missing, stood around 402.4 million in 2024. The jobs gap includes about 186 million who are unemployed, 137 million who are part of the potential labour force, mainly discouraged workers, and around 79 million who would like to work but who have obligations, such as care, that hinder them from taking up employment. Against a gradual decline in labour force participation, the jobs gap has continued its pre-pandemic downward trend but is expected to stabilize over the next two years.

… but with little progress to resolve decent work deficits.

Other social indicators have shown little sign of improvements since 2015. Working poverty, while improving globally, persists in low-income countries; extreme forms of working poverty affect 240 million workers or 7 per cent of the global workforce. Informality remains high and enduring in many parts of the world; more than half of the global workforce are not adequately covered by social security arrangements, legal protection or workplace safety measures. Inequality has increased. Reductions in working poverty and informality have been concentrated in a few countries in Eastern and South-Eastern Asia and Latin America. Many other countries have seen only limited reductions of informality and working poverty and continue to struggle to provide decent work.

Faster productivity growth is needed to resolve decent work deficits.

Slowing productivity growth remains a major bottleneck with respect to expanding the opportunities for decent work. As highlighted in previous *World Employment and Social Outlook: Trends* reports, productivity growth continues to follow a secular downward trend after a short blip during the pandemic. Global labour productivity growth has fallen by half a percentage point from the pre-pandemic long-term average. Many countries that have yet to reach high-income status have seen their productivity growth rates fall rapidly.

Countries are searching for answers to address this slowdown. Part of the slowdown is linked to slowing structural transformation towards manufacturing and highly productive services. Moreover, productivity growth within sectors has weakened as well, especially in industrial and modern services, despite significant investment in robotization over the past decade. Major industrial powerhouses are facing serious difficulties in achieving further industrial growth. High (and rising) energy prices as a result of international conflicts and the energy transition are only part of the problem, since weak industrial production pre-dates recent difficulties. At the same time, productive services are struggling to make up the shortfall left by industry. More than industry, (modern) services such as business services and information and communications technology (ICT) rely on a well-educated workforce and well-maintained public infrastructure. Absent such a skilled workforce and developed infrastructure, large spatial inequalities emerge that prevent more equitable growth across a country's territory.

Even within countries that have undergone a transformation towards manufacturing and modern services such as ICT and business services, inequality has not systematically declined. Such spatial inequalities within countries can account for the lack of convergence in living standards and productive employment between developing and advanced economies. In many emerging and developing economies, both manufacturing and modern services are failing to produce sufficient spillovers to generate productive employment outside a few advanced hubs. Without sufficient infrastructure investment, quality education and other public services, a few highly productive agglomerations will become congested and will not generate positive spillovers throughout the country's territory.

To spread the benefits of development more widely, countries have further explored the role of industrial policies. With the rapid rise of new digital technologies, many countries are trying to tap into the developmental potential of artificial intelligence by designing – and often implementing – specific industrial policies geared to local digital ecosystems. However, given the significant requirements in terms of skills, digital infrastructure and energy cost, few countries and jurisdictions are able to tap into the high-value-added end of the digital economy. In contrast, in many countries – including some of the digitally advanced countries in South-Eastern Asia – a rising number of workers are being absorbed by data and gig platform work in which they face poorer working conditions and fewer prospects of occupational progression.

New opportunities for decent jobs are emerging with the green transition.

Increased investment to accelerate the transition towards green energy and mobility has caused policymakers to focus their industrial policies in these areas. Since 2023, there has been a further increase in renewable energy jobs to 16.2 million, more than half of all jobs in the energy and utilities sector. Large-scale subsidies and expansion of public infrastructure, with respect to electric charging stations and the electricity grid, have contributed to a surge in solar and hydrogen power generation that has helped to promote a rapid increase in the number of electric vehicles. However, job creation in renewable energy production is unequally distributed around the globe. Almost half of new green job opportunities have been in Eastern Asia; there have been few decent work benefits in other developing and emerging economies. Northern America and Asia and the Pacific have attracted the bulk of new job creation in renewable energy, China alone accounting for 46 per cent of all renewable energy jobs.

To accelerate progress towards social justice and the SDGs will require innovative solutions.

New ways of leveraging the substantial private funds available for local economic development are needed. One possible avenue, especially for low-income countries, that has yet to be exploited is to leverage the large and growing inflows of remittances. Some countries in sub-Saharan Africa started to explore diaspora funds as part of their attempts to strengthen healthcare financing during the pandemic. As developed economies are likely to resort increasingly to regular work migrants from developing countries, remittances – already the largest private funds, ahead of foreign direct investment – are likely to become even more important. Besides the macroeconomic challenges that the inflow of private funds through remittances creates for recipient countries, remittances are often used only for consumption or unproductive investment. Offering vehicles to consolidate them as a fund would give resources to countries to promote private sector investment.

Decent work and productive employment remain the cornerstone of achieving the SDGs by 2030. Yet, progress has stalled over the past ten years and, although economic growth has proved to be steadfast globally, signs of weakness and uncertainty are starting to reappear, especially in low-income countries. The report identifies key bottlenecks in the acceleration of structural transformation, including in some advanced economies that would benefit from a larger productive services sector. High and rising spatial inequalities within countries seem to indicate that workers face barriers to transiting to job opportunities with higher wages and better working conditions. Moreover, labour market concentration prevents new technologies from boosting productivity growth, especially among small- and medium-sized enterprises, thereby limiting the potential for faster wage growth, improved working conditions and the reduction of informality. Finally, bottlenecks resulting from an absence of structural transformation need to be removed, including by providing skills and education for young people to participate successfully in the labour market.

Advancing social justice, promoting decent work

The International Labour Organization is the United Nations agency for the world of work. We bring together governments, employers and workers to drive a human-centred approach to the future of work through employment creation, rights at work, social protection and social dialogue.

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