International Labour Organization

ILO brief

World Employment and Social Outlook: May 2025 Update

Key messages

- The economic and labour market outlook for 2025 is increasingly fragile, with global GDP growth recently revised down to 2.8 per cent from 3.2 per cent due to persistent geopolitical tensions, recent trade disruptions, and heightened uncertainty.
  - Slower economic growth is expected to reduce global employment growth from 1.7 to 1.5 per cent in 2025, corresponding to an increase in employment of 53 million, down from the previous forecast of 60 million.
  - Across 71 countries with data, around 84 million workers whose employment is linked to consumer demand in the United States face elevated risks of disruption due to higher tariffs and trade uncertainty.

- Labour markets remain resilient but show signs that labour demand is weakening: in countries with available high-frequency data (mostly high-income), low unemployment coexists with job vacancies below their long-term trend and declining business and consumer confidence in the first quarter of 2025.

- Over the past decade, global economic growth has been moderately employment-intensive, with productivity growth outpacing employment growth, but the persistence, and in some cases expansion, of informal employment remains a critical concern in developing countries.

- The labour income share fell from 53.0 per cent in 2014 to 52.4 per cent in 2024, reinforcing upward pressure on inequality.
  - Had the labour income share remained at its 2014 level, global labour income would have been $1 trillion (in constant PPP) higher in 2024, and each worker would have earned an additional $290 (in constant PPP) on average that year.

- Over the past decade, shifts in the occupational structure of employment were substantial.
  - Employment is shifting toward high-skill occupations, particularly in high-income countries. Middle-income countries are also experiencing a gradual occupational upgrading, with medium-skill occupations expanding as employment in elementary occupations and those related to agriculture declines.
  - Rising educational attainment has improved educational alignment but overqualification has also increased. Between 2013 and 2023, the share of under-educated workers relative to their occupations declined from 37.9 to 33.4 per cent, while the share of over-educated workers rose from 15.5 to 18.9 per cent.

- Generative AI is set to transform the labour market, though its future impact remains difficult to predict.
  - Nearly one in four workers is employed in occupations with some level of exposure to tasks that could be automated by AI.
  - 16.3 per cent of workers are in roles with medium exposure to generative AI and 7.5 per cent face high exposure – particularly in high-skill occupations – where generative AI could automate most tasks.

The macroeconomic and employment outlook under heightened uncertainty[1]

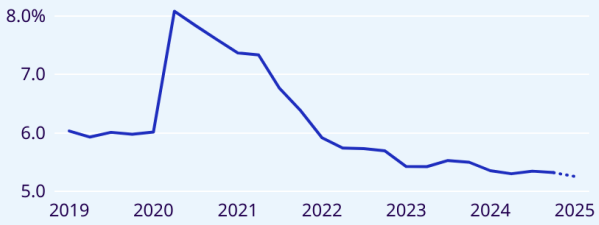
Global macroeconomic conditions

Economic uncertainty has been high in 2025, shaped by ongoing conflicts, geoeconomic realignments, and trade-related disruptions. While output continues to expand at a modest pace and inflationary pressures continue to ease, the combined weight of this uncertain landscape and systemic transitions – such as those related to climate, technology, and demographics – casts a long shadow over both growth trajectories and labour market dynamics.

Against this backdrop, the global economy is expected to grow by 2.8 per cent in 2025, according to the International Monetary Fund's (IMF) April 2025 World Economic Outlook (WEO) projections. This figure represents a downward revision of 0.4 percentage points compared to the IMF WEO October 2024 projections, highlighting the volatility that has characterised the past six months.[2,3] Inflation, while expected to fall across most regions, remains above target in many countries, with a projected global average of 4.4 per cent in 2025 compared to 5.8 per cent in 2024. Although the decline in inflation has created room for more accommodative monetary policy in some economies, disinflation gains have been offset by rising trade barriers, volatile capital flows, supply chain disruptions, and persistently high public debt levels.

High-frequency labour market indicators, available for mostly high-income countries, tell a similarly mixed story. **While unemployment rates in countries with early 2025 data remain at historic lows, job vacancies are slightly below their long-term trends, and business and consumer sentiment has declined in the first quarter of 2025** (see Figures 1 and 2). The low unemployment rates, coupled with leading indicators such as job vacancies and business confidence both below trend, may suggest that employers are more cautious about hiring new workers during this period of uncertainty, though they are retaining their existing employees. This potential slowdown in hiring could be

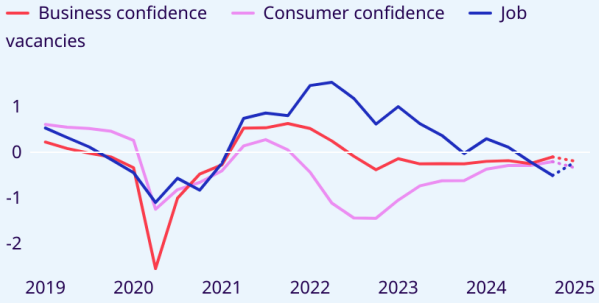
▶ **Figure 1. Unemployment rate, 2019 Q1-2025 Q1**



Note: The unemployment rate is calculated using the unweighted mean of seasonally adjusted unemployment rates from 54 countries (mostly high-income). The 2025 Q1 estimate is based on at least one month of available data for the quarter.

Source: Authors' computations based on ILOSTAT and Trading Economics data.

▶ **Figure 2. Standardised indices for business confidence, consumer confidence and job vacancies, 2019 Q1-2025 Q1**



Note: The business confidence, consumer confidence, and job vacancies indices cover 52 (mostly high-income), 55, and 39 countries (19 for 2025 Q1), respectively. All series are seasonally adjusted and standardized using data since 2002; job vacancies are also de-trended using a linear trend from 2002–2019. A value of +1 indicates that the number of job vacancies is one standard deviation above the trend.

Source: Authors' computations based on Trading Economics data.

[1] This section incorporates the IMF's WEO projections based on information available as of April 4, 2025. Additionally, the high-frequency data referenced extends through the first quarter of 2025 and reflects updates available as of April 30.

[2] The IMF's WEO projections from October 2024 are used as a reference point, as these provide full country-level yearly estimates. In contrast, the January 2025 WEO update only includes global and regional figures.

[3] Although GDP is unable to capture the many aspects of workers' well-being, it and other high-frequency indicators offer early signals of change emerging at the start of 2025, while more direct income measures more closely relate to household well-being often lag months or even years behind.

offset by the still prevalent labour shortages in many high-income countries; however, in some developing countries it could lead to higher unemployment and increased informality.

Trade policy developments are significantly influencing global economic prospects. The decision by the United States in April 2025 to introduce (and in part later pause) sweeping "reciprocal tariffs" has profoundly altered the global trading landscape. With new minimum duties of 10 per cent on all imports and tariff increases exceeding 40 per cent in various large Asian economies, trade flows are expected to contract (WTO, 2025), raising the risk of a synchronized global slowdown.[4] In response to growing protectionism, businesses are reassessing sourcing strategies. While there is no clear evidence of the overall direction that these new supply chain models might take, these reconfigurations may be unevenly distributed as they require high upfront investment, potentially excluding smaller economies and exacerbating regional disparities in employment and investment.

Changes in tariffs are disrupting supply chains and increasing inflation expectations across regions. In the Americas, GDP growth is expected to slow to 1.8 per cent in 2025, against a previous forecast of 2.3 per cent from October 2024, with downgraded forecasts for the US and neighbouring economies (see Figure 3a). Labour markets in the Americas have shown resilience, with unemployment rates remaining low by historical standards despite seeing an increase over the past two years. Yet, informality and fiscal pressures remain high in developing countries in the region.

Asia and the Pacific remains among the world's fastest-growing regions, with projected growth of 3.8 per cent in 2025 led by strong growth in South Asia. However, headwinds are intensifying as trade tensions are weighing negatively on regional prospects, particularly in China, Vietnam, Sri Lanka, and Cambodia. On the upside, disinflation and resilient electronics exports are supporting stable macroeconomic conditions.

The Europe and Central Asia region remains significantly affected by geoeconomic disruptions, with growth projected to remain sluggish (1.5 per cent in 2025), and consumer sentiment declining, reflecting political uncertainty and challenges associated with reducing dependence on external energy sources and advancing the green energy transition. The resurgence of trade protectionism and global fragmentation have led governments across the region to rethink industrial policy and supply chain dependencies (Hodge et al., 2024).

Africa's economic growth is projected to rise to 3.8 per cent in 2025 from 3.0 per cent in 2024. Despite this improvement, progress remains fragile. High inflation rates, debt vulnerabilities, and regional instability continue to constrain recovery. In addition, the current trade climate has generated new challenges for this region, which generally faces lower tariffs in developed country markets due to preferential trade agreements (UNCTAD, 2025).

In the Arab States, growth remains divided between oil-exporting and import-dependent economies, with the whole region now projected to grow at 2.3 per cent in 2025 (against a previous forecast of 4.1 per cent). While easing global energy prices are improving inflation dynamics, conflict spillovers continue to dampen confidence.

The employment outlook

The weakening of the global economy in 2025 has important implications for employment prospects worldwide, with lower economic growth likely to translate into slower employment growth in the short term. A key driver of the more pessimistic outlook is the recent shift in trade dynamics, which has heightened uncertainty around global demand. This is especially relevant for workers tied to US consumption and investment demand, who now face elevated risks of partial or total income loss due to higher tariffs and the unpredictability of future trade measures.

As of 2023, an estimated 84 million workers have jobs linked directly or indirectly through supply chains to final demand from the United States in the 71 countries with available data (see Table 1).[5] That amounts to 4.3 per cent of total employment in these countries. Most of those workers – 56 million – are in Asia and the Pacific, though the share of total employment is highest in Canada and Mexico, at 17.1 per cent. While

[4] The WTO report, released on 16th April 2025, notes these tariff changes, though trade policies remain fluid and subject to rapid developments.

[5] More details on the calculation of the number of workers with jobs that linked to final demand in the United States can be found in the Technical Annex.

some of those workers are already at risk of being affected by higher tariffs, a cloud of uncertainty is affecting a wider swath of workers. The final employment impact will depend on the evolution of US demand for imports, trade diversion effects and employment shifts into other sectors. The latter effect could cause a deterioration in employment quality, since trade-related sectors tend to have higher average job quality – measured by indicators such as lower informality – than many non-trade-related alternatives.[6]

▶ Table 1. Employment linked to United States final demand through trade and supply chains, 2023

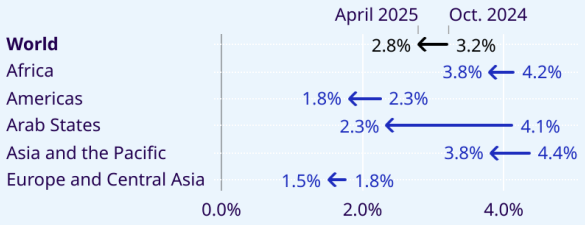
Region	Employment (millions)	Share of total employment (per cent)
Asia and the Pacific	55.9	2.9%
Europe and Central Asia	10.1	2.7%
Canada and Mexico	13.3	17.1%
Total (71 countries)	83.9	4.3%

Note: Employment estimates are based on input-output analysis covering 72 countries and 35 economic activities. The total also includes data from eight additional countries from the rest of the world (see https://kidb.adb.org/globalization for detailed country coverage). While the US is one of the 72 countries in the database, US employment driven by US domestic demand is excluded, as it is unrelated to international trade.

Source: Authors' calculations based on ADB multi-region input-output tables for 72 countries and ILO modelled estimates, November 2024.

Historical trends in the responsiveness of employment to GDP fluctuations can also shed further light on the projected changes in employment in 2025 that are due to the overall weakened economic outlook.[7] Globally, with GDP growth now estimated at 2.8 per cent for 2025, employment is forecast to increase by 1.5 per cent (see Figures 3a and 3b). **This corresponds to an increase in global employment of 53 million in 2025, a downward revision compared to earlier estimates from October 2024, which had projected an employment growth rate of 1.7 per cent (or 60 million new workers globally).**[8] The slowdown in economic growth is expected to reduce global employment growth by approximately 7 million workers this year. It is important to note that this projection does not imply a comparable rise in unemployment, as slower economic growth may reduce labour force entrants or increase exits.

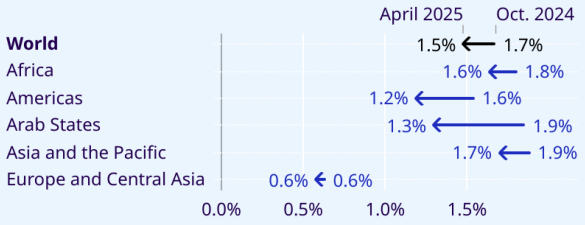
▶ Figure 3a. GDP growth rate under old and new GDP growth forecasts, 2025



Note: The GDP growth rates for 2025 are based on GDP forecasts from the October 2024 and April 2025 editions of the IMF World Economic Outlook.

Source: IMF World Economic Outlook, October 2024 and April 2025 editions.

▶ Figure 3b. Employment growth rate under old and new GDP growth forecasts, 2025



Note: Projected employment growth rates for 2025 are based on GDP forecasts from the October 2024 and April 2025 editions of the IMF World Economic Outlook.

Source: Authors' calculations using ILO Harmonized Microdata, ILO modelled estimates, and IMF GDP projections.

[6] Using the share of trade-related employment within each sector as weights, the average incidence of informality is 11 percentage points higher for non-trade-related employment than for trade-related employment in Asia and the Pacific in 2023.

[7] The response of employment to GDP growth is calculated considering the average employment to GDP growth elasticity over the period 2014-2024. More details about the methodology can be found in the Technical Annex.

[8] For more details on the ILO modelled estimates series, please refer to ILO (2025).

The estimated shortfall of 7 million workers is especially concerning considering the global jobs gap – defined as the number of people who would like a job but currently do not have one – which is estimated to reach 407 million people in 2025. Slower employment growth also raises concerns if it were to result in a greater share of workers taking lower-quality or more vulnerable jobs.

Looking at regional patterns of employment growth, the most significant changes in employment projections are concentrated in regions with the largest downward revisions in GDP growth. Asia and the Pacific remains the region with the fastest employment growth, followed by Africa. However, while employment in Asia and the Pacific region was previously expected to grow by approximately 1.9 per cent (or 38 million employed people) in 2025, the current forecasts predict employment will grow by a more modest 1.7 per cent (or by 34 million) in the current year.

Following a revision in economic growth forecasts from 2.3 to 1.8 per cent, employment growth projections in the Americas have also been substantially revised, from a previous forecast of 1.6 per cent in 2025 to a current projection of 1.2 per cent. Under these revised forecasts, the Americas is the region with the second-slowest projected employment growth, preceded only by Europe and Central Asia at 0.6 per cent.

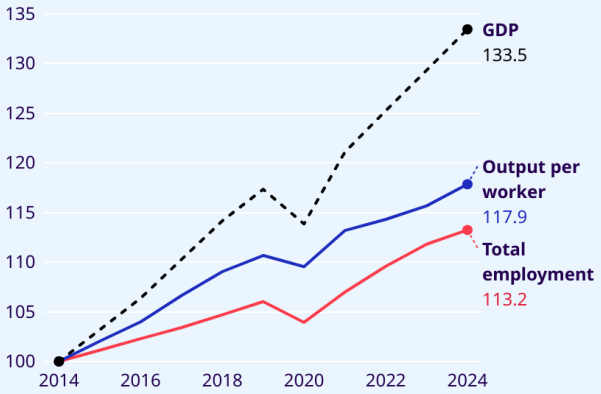
Economic growth, productivity and employment over the last decade

As the global economy is operating in a period of heightened geopolitical and economic uncertainty, it is timely to reflect on the key changes and transitions in the world of work over the past decade. Figure 4 presents the global evolution of GDP, total employment and output per worker between 2014 and 2024. Over this period, global GDP grew by 33.5 per cent. However, this solid trend was not without its setbacks. The COVID-19 pandemic triggered a global recession, generating profound disruptions in labour markets and challenging societies to strengthen and reform existing social protection policies. The post-pandemic economic recovery has been made more difficult by rising geopolitical tensions, conflicts across the globe and increased debt vulnerabilities due to large deficits accumulated during the pandemic.

Regionally, the strongest economic performance over the past decade was recorded in Asia and the Pacific, where GDP grew by 55.0 per cent (see Table 2). In contrast, the Arab States experienced the slowest growth, at 16.5 per cent.[9]

Looking at trends in total employment and output per worker from 2014 to 2024 can help better understand the nature of economic growth over the past decade. Employment growth remains a critical priority for many countries, particularly those facing underemployment, as it contributes directly to improved livelihoods and social stability. However, for gains in employment to translate into meaningful improvements in living standards, they must be accompanied by rising labour incomes. This, in turn, depends on sustained productivity growth and, crucially, on how the benefits of that growth are distributed.

▶ **Figure 4. Total employment, output per worker and GDP (index), 2014-2024**



Note: The graph shows the evolution of GDP (in constant 2021 international $ at purchasing power parity), output per worker and employment at the global level, over the period 2014-2024. The series are normalised: 100 = 2014 level.

Source: ILO modelled estimates, November 2024.

Globally, total employment has grown by 13.2 per cent over the period from 2014 to 2024, against more pronounced productivity growth (or growth in output

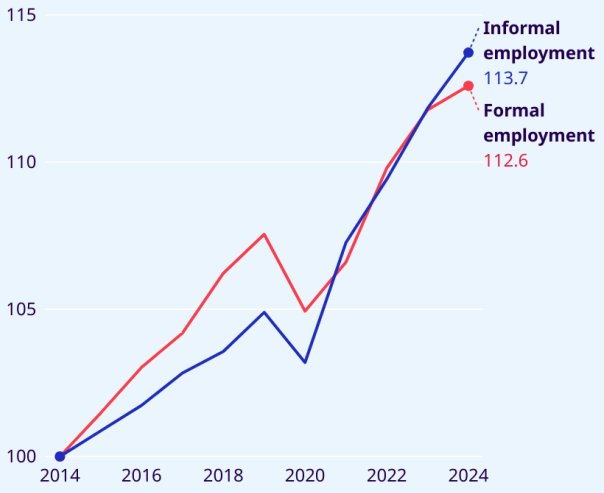
[9] The slow growth in the Arab States may at least in part be driven by a significant drop in oil prices from their 2014 level.

per worker) of 17.9 per cent. Productivity growth was highest in Asia and the Pacific (39.8 per cent), which is the region that also recorded the strongest GDP growth in the last decade (55.0 per cent) against more modest employment growth (10.5 per cent). In other words, economic growth in the region has been accompanied more by productivity improvements than by the creation of new jobs. This productivity-driven growth could be the result, among other factors, of a higher demand for high-skilled workers, as well as stronger growth in capital-intensive industries, and industries where automation is more likely to substitute labour.

At the opposite end of the spectrum, GDP growth in the Arab States was associated with even higher employment growth, but challenges related to economic diversification continue to hamper productivity gains.[10] Similarly, Africa also experienced strong employment growth over the last ten years, against a more modest increase in output per worker. The economic growth in these two regions over the past decade was therefore accompanied by more labour rather than higher productivity.

The creation of new jobs is an important target for policymakers, but even when strong economic growth translates into high employment growth, the quality of employment outcomes is not an automatic byproduct (Lee et al., 2020). As such, countries must also ensure that the newly created jobs offer decent wages and working conditions. An analysis of how formal and informal employment have evolved over the past decade is informative regarding job quality trends. Globally, formal and informal employment have grown at a similar pace over the past ten years (see Figure 5).[11] While at the beginning of the last decade formal employment growth slightly outpaced that of informal employment, informal employment proved more resilient during the COVID-19 pandemic, and rebounded more quickly thereafter. **As of 2024, formal employment worldwide increased by 12.6 per cent since 2014, while informal employment grew by 13.7 per cent over the same period.** The more rapid growth of informal employment over the last decade is at least in part attributable to differences in the employment composition of countries: on average, some of the countries with large employed populations and a high prevalence of informal employment also experienced significant growth in total employment.

▶ Figure 5. Formal and informal employment (index), 2014-2024



Note: The graph shows the evolution of formal and informal employment at the global level, over the period 2014-2024. The series are normalised: 100 = 2014 level.

Source: ILO modelled estimates, November 2024.

More than 2 billion people were in informal employment in 2024 – representing 57.8 per cent of all employed workers worldwide (see Table A1 in the Statistical Annex). In Africa, a region where around 85 per cent of workers were employed informally, informal employment expanded by 29.3 per cent over the past decade. In the Arab States, informal employment grew even faster – by more than 36.1 per cent – significantly outpacing the 22.3 per cent growth in formal employment. In contrast, Europe and Central Asia, where only 12 per cent of workers were in informal jobs in 2024, experienced a decline in informal employment of – 11.3 per cent over the past ten years, while formal employment recorded growth of 10.5 per cent. Similarly, in the Asia and the Pacific region, total employment was primarily driven by more formal employment opportunities, suggesting an ongoing shift toward more formal labour market structures in the region.

[10] See for example Erumban (2023) for a discussion of the trade-off between productivity and employment growth in the region.

[11] Informal employment refers to working arrangements that, either in practice or by law, are not covered by national labour legislation, income taxation, or entitlements such as social protection or employment guarantees. The informal employment rate is calculated as the proportion of informal employment within total employment.

The persistence of informal employment – and in some regions its expansion – highlights the ongoing challenges of translating economic growth into formal and decent job opportunities. Regional disparities underscore the need for continued efforts to ensure that economic growth is not only employment-intensive, but also inclusive.

▶ Table 2. Growth rate in total, informal and formal employment, output per worker and GDP by region, 2014-2024

Region	Total employment	Informal employment	Formal employment	Output per worker	GDP
World	**13.2%**	**13.7%**	**12.6%**	**17.9%**	**33.5%**
Africa	28.6%	29.3%	24.8%	2.6%	32.1%
Americas	11.6%	12.0%	11.4%	6.8%	19.2%
Arab States	28.4%	36.1%	22.3%	-9.3%	16.5%
Asia and the Pacific	10.9%	10.0%	12.6%	39.8%	55.0%
Europe and Central Asia	7.4%	-11.3%	10.5%	11.5%	19.7%

Note: The table shows the 10-year growth rate in total employment, informal and formal employment, output per worker and GDP (in constant 2021 international $ at purchasing power parity) at the global level ad across regions, between 2014 and 2024.

Source: ILO modelled estimates, November 2024.

A downward trend in the labour income share

While GDP growth has been solid but uneven since 2014, the distribution of income between capital and labour has also undergone significant changes. A key metric to assess this evolution is the labour income share - the proportion of GDP that workers receive as income for their work. In contrast, capital income refers to the returns received by owners of assets such as land, machines, buildings or patents. Together, labour income and capital income make up the bulk of GDP generated within an economy.[12] Since capital income tends to be concentrated among wealthier individuals, the labour income share is widely used as an indicator of economic inequality, including for tracking progress toward Sustainable Development Goal 10: Reduce inequality within and among countries.

The updated ILO estimates of the labour income share include projections up to 2024, based on the latest macroeconomic data.[13] According to these estimates, the global share of labour income has declined from 53 per cent in 2014 to 52.4 per cent in 2024, contributing to upward pressure on inequality (see Figure 6). **If the labour income share had stayed at its 2014 level, labour income globally would have been $1 trillion (in constant PPP) higher in 2024 and workers would have earned about $290 more (in constant PPP) on average.** This downward trend in labour income share has been well documented since the 1980s, with studies showing a steady erosion in the proportion of income accruing to workers relative to capital owners.[14] A temporary increase in the labour income share occurred during the COVID-19

[12] Taxes on production and imports minus subsidies are also part of the income generated within an economy.

[13] The data used for projections include ILO wage data from the ILO Global Wage Report 2024/2025, GDP and inflation data from IMF WEO April 2025 data, and the unadjusted share of labour income from OECD annual national accounts. The estimates account for the labour income earned by the self-employed, which represent almost half of the global workforce. This group is particularly relevant in developing countries.

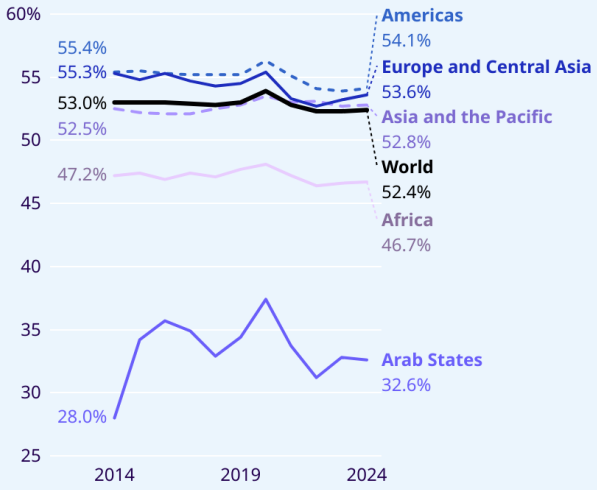
[14] See Karabarbounis, 2024; Dao, Das & Koczan, 2020; Karabarbounis & Nieiman, 2013.

pandemic, when profits and other forms of capital income declined more sharply than labour compensation. This pattern is consistent with historical responses of the labour income share during economic or financial crises. However, the rebound was short-lived: by 2022, the global labour income share had already fallen below its pre-pandemic level, reaching 52.3 per cent. Over the period from 2014 to 2024, the global labour income share declined by 0.6 p.p.

Between 2014 and 2024, regional disaggregation of the labour income share reveals divergent trends across the world. **Africa, the Americas, and Europe and Central Asia experienced notable declines, with the labour income share falling by approximately 0.5 p.p. in Africa, 1.3 p.p. in the Americas and 1.7 p.p. in Europe and Central Asia, respectively. In contrast, the Arab States and Asia and Pacific regions recorded increases of 4.6 p.p. and 0.3 p.p. respectively, over the same period**.[15] These regional patterns underscore the uneven evolution of the contribution of labour income to GDP across different parts of the world.

The global decline in the labour income share reflects the influence of multiple factors, including technological change, shifting market structures, labour market transformations, globalisation, and developments in capital markets.[16] To fully understand some of the forces behind this trend, it is important to examine occupational dynamics and the role of skills in shaping labour market outcomes. The next section turns to these questions.

▶ **Figure 6. Labour income share global and by region, 2014-2024**



Source: ILO modelled estimates, May 2025.

Occupational dynamics in the world of work

Over the past decade, significant shifts have occurred in the occupational composition of the world's employed population, partly driven by changing skill requirements and technological advancements. Before examining these shifts, it is useful to first understand the occupational composition of employment.[17] Figure 7 provides a snapshot of the occupational structure in 2023 using the ISCO-08 major group occupations (1 digit level).[18] Around four in ten workers globally (40.2 per cent) were employed in elementary occupations or skilled agricultural, forestry and fishery occupations, which are henceforth grouped into one category and labelled as low/medium-skill level occupations.[19] These occupations are often marked by limited formal education requirements and low wages. Other medium-skill occupations – including clerical support workers, service and sales workers, craft and related trades workers and plant and machine operators, and assemblers – accounted for 39.7 per cent of global

[15] The rise in labour income share in the Arab States during this period is partly influenced by the economic effects of the sharp decline in oil prices starting in 2014.

[16] As detailed in WESO September 2024 update; Karabarbounis, 2024; Grossman & Oberfield, 2021.

[17] The latest year with available data from the ILO modelled estimates of employment by occupation is 2023. All analyses in this section refer to occupational dynamics that have occurred between 2013 and 2023.

[18] The International Standard Classification of Occupations – ISCO-08 – offers four different levels of granularity, from major group occupations with ten categories to more specific sub-occupations. Most of our analysis focus on the ten ISCO-08 major groups. Because of the small coverage for the "Armed Forces Occupations" category within the ISCO-08 classification, this group is excluded from the analysis.

[19] Each major group occupation is classified based on their skill requirements. Due to issues related to the classification of workers between occupations within major group 6 (Skilled agricultural, forestry and fishery workers) and 9 (Elementary occupations), for all analyses in this section, these two major groups are merged. Occupations in major group 6 are classified as medium skill, whereas occupations in major group 9 are classified as low skill. Hence, the last occupational group by skill is labelled "low/medium-skill". More information about the skill levels for ISCO-08 major groups can be found at this page.

employment. Finally, high-skill occupations – managers, professionals, and technicians and associate professionals – made up around a fifth (20.1 per cent) of workers, reflecting the growing labour demand for specialised talent and competencies.

▶ Figure 7. Global employment shares by major occupation, 2023

Source: ILO modelled estimates, November 2024.

An uneven transition towards high-skill occupations

Understanding how the distribution of employment across occupations with different skill requirements has changed over time is crucial for assessing progress towards more inclusive and resilient labour markets. As economies evolve, changes in the composition of the employed population reflect broader structural transformations – driven by technological advancements, demographic changes, education expansion, globalization, and shifts in labour demand, among other factors.

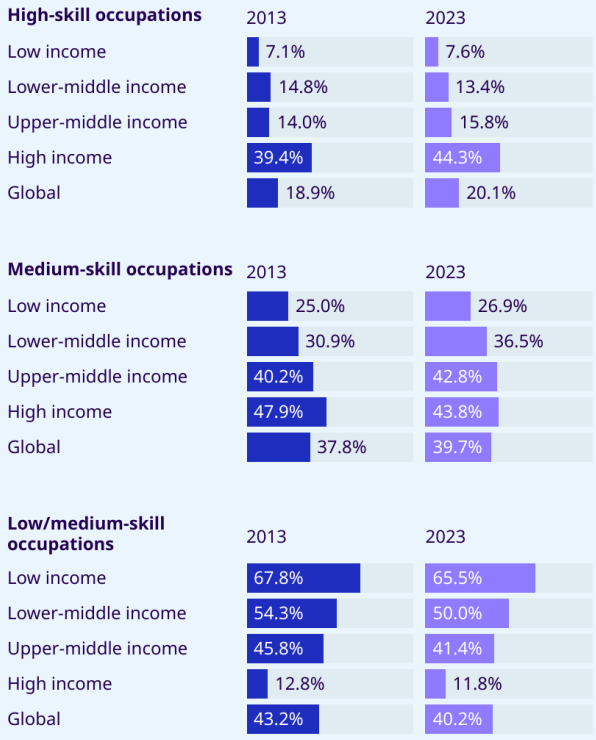
Over the past ten years, the world has undergone notable shifts in its occupational structure: ILO estimates indicate that 6.5 per cent of workers in 2023 are employed in different occupations than they would have been if one were to hypothetically replicate the occupational distribution of a decade prior.[20] This transformation has been significantly more pronounced among women than among men (see Box).

Figure 8 presents occupations grouped by their corresponding skill level, and reports information on the share of workers employed in each category of occupations in 2013 and 2023 globally, and by country income group. The occupational structure of the employed population differs markedly across country-income groups, with the distribution of workers by skill level closely linked to the stage of economic development. **Low-income countries remain heavily reliant on elementary occupations and occupations related to agriculture, forestry and fishery (low/medium-skill occupations), which accounted for 65.5 per cent of total employment in 2023 – down slightly from 67.8 per cent in 2013.** In these countries, lower-skill employment remains prevalent because of slow progress in moving away from agriculture and other low-productivity sectors. This highlights the need for policies that support structural transformation and create more diverse job opportunities.

At the opposite end of the spectrum, high-income countries have maintained a consistently low share of low/medium-skill employment – around 12 per cent – and record the highest proportion of workers employed in high-skill occupations among all income groups (44.3 per cent in 2023). The higher prevalence of high-skill jobs in high-income countries is at least in part because these countries have more skilled workers. This underscores the importance of investing in education and training systems to help workers build the skills they need for better jobs and support economic development.

[20] In practice, over the last decade, new workers entered employment, and some left the employed population, with positive overall growth in employment between 2013 and 2023. The computation of the share of the employed in 2023 that would need to change occupation to keep the same compositional structure as in 2013 follows Elvery (2019). While the occupational distribution of 2013 is not necessarily a desirable target, it is taken as reference to discuss broad occupational shifts from the starting point to the end of the past decade.

▶ Figure 8. Global employment shares by occupation skill level and country income group, 2013 and 2023



Source: ILO modelled estimates, November 2024.

Occupational dynamics have been characterised by a general shift towards high-skill employment, although progress across country-income groups has been uneven. The share of employment in high-skill occupations (i.e. managers, professionals, and technicians and associate professionals) was 18.9 per cent in 2013, and it increased to 20.1 per cent in 2023. High-income countries have been driving this trend, with the share of high-skill employment rising from 39.4 to 44.3 per cent, against declines in both medium-skill and low/medium-skill employment. This general shift towards high-skill occupations has been particularly pronounced for women (see Box) and is in line with a global pattern of upskilling (Pérez et al., 2025). Over the past decade, in countries with available data, the share of workers with an advanced educational qualification has increased from 25.7 to 29.8 per cent, with significant improvements in workers' educational levels observed across all major occupational groups.[21]

The growth in high-skill occupations was primarily driven by workers employed as professionals.[22] Their share within total employment increased from 8.7 to 10.4 per cent, reaching as high as 21.7 per cent in high-income countries. Among professionals, those working in the information and communications technology sector have experienced the fastest growth, with their share of total employment (in countries with available data) going from 0.8 per cent to 1.3 per cent over the past decade.

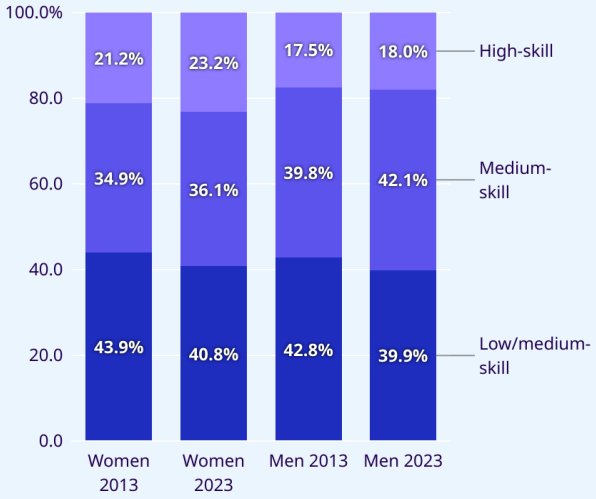
Lower- and upper-middle-income countries are instead undergoing a gradual transition towards medium-skill occupations. The share of employment in medium-skill occupations has risen from 30.9 to 36.5 per cent in lower-middle-income countries, and from 40.2 to 42.8 per cent in upper-middle-income countries, although lower-skill roles continue to dominate the occupational structure of the employed population in lower-middle income countries. This shift towards medium-skill employment has occurred alongside a decline in low/medium-skill employment – from 54.3 to 50.0 per cent in lower-middle-income countries and from 45.8 to 41.4 per cent in upper-middle-income countries – suggesting a steady occupational upgrading due to improvements in education and skill development, and economic restructuring.

[21] For this analysis, country coverage includes 59 countries with information on both the occupation and educational attainment of workers. These 59 countries represent 22.0 per cent of global employment in 2023. An advanced educational qualification refers to short-cycle tertiary education and bachelor's, master's or doctoral degrees or degrees of equivalent levels. For more information on the International Standard Classification of Education (ISCED), please refer to this page.

[22] The category "Professionals" includes, for example, medical doctors, university and higher-education teachers, mathematicians and actuaries, and software developers. More information on the structure and group definitions of ISCO-08 occupations can be found in ILO, 2012.

▶ Box. Women leading growth in high-skill occupations

▶ Figure B1. Global occupational distribution by skill and gender, 2013 and 2023



Source: ILO modelled estimates, November 2024.

Although women remain underrepresented in most occupations primarily because fewer women are employed globally compared to men, it is important to understand ongoing changes in terms of which occupations women and men are engaged in. Looking at occupational dynamics by gender provides insights on the direction along which gender sorting has evolved over time.

In 2013, there were notable differences in the occupational distribution of men and women across major occupational groups. For example, women were 65.2 per cent more likely than men to work as clerical support workers, while men were almost three times more likely to be employed as plant and machine operators or assemblers. To provide perspective on gender differences using a single figure: 21.0 per cent of women would have had to change major group of occupation in 2013 to hypothetically replicate the occupational distribution of men within each country.

By 2023, gender differences in the occupational distribution had grown slightly: 22.0 per cent of women would now need to change occupations to replicate the male distribution within each country. This shift is largely driven by changes in high-skilled occupations. While both women and men experienced increases in high-skill employment – mainly at the expense of medium-skill jobs – women's gains were greater. In 2013, the share of women in high-skill employment was already higher than that of men (21.2 vs 17.5 per cent). By 2023, women's share had risen to 23.2 per cent, outpacing the increase for men, whose share reached 18.0 per cent (see Figure B1). Within high-skill roles, the most significant gains for women occurred in professional occupations.

Crucially, gender occupational segmentation becomes even more pronounced at the minor (more detailed) occupational group level. For instance, in countries with available data at the ISCO minor group level, women made up 85.0 per cent of all nursing and midwifery professionals in 2023, whereas men made up 94.7 percent of mining and construction roles. These findings highlight both encouraging progress in women's access to high-skill roles and the continued existence of stark gender disparities in occupational sorting. This, in turn, calls for continued efforts to promote more inclusive occupational pathways for women and men alike.

More than half of workers are mismatched to their job

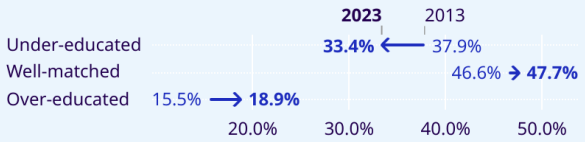
Comparing the qualifications required by each occupation with the educational qualifications held by workers provides insights on the degree of educational (mis)match in the labour market – or in other words, whether workers are on average under-educated, well-matched, or over-educated for their job.[23] For this analysis, the report leverages the ILO Harmonized Microdata collection, focusing on surveys with detailed information on workers' occupations and educational attainment. The sample includes 59 countries with comparable data for survey years between 2010-2014 and 2020-2024.[24]

Surprisingly, at the beginning of the past decade less than half of workers (46.6 per cent) in the analysis sample had an education level that appropriately matched the requirements of their jobs (see Figure 9). In other words, most workers across all major occupation groups were mis-matched, mostly because they were under-educated. The mismatch is largest in low-income countries, where only 19.4 per cent of workers in 2013 had an education that appropriately match the skill requirements of their job. The degree of mismatch is similar across genders, except for high-skill occupations where women tend to be better matched to their job. **In 2023, educational mismatch is still prevalent: only 47.7 per cent of the employed population was well-matched to their occupation.**

Over the past ten years, the share of under-educated workers decreased from 37.9 to 33.4 per cent. In low-income countries, this decrease was especially pronounced – from 76.2 to 63.9 per cent. This shift has occurred in parallel to a rising educational attainment of workers, alongside other structural changes in labour markets. The share of under-educated workers has decreased across nearly all occupational major groups – except for plant and machine operators, and assemblers (see Figure A1 in the Statistical Annex). The most notable progress within an occupation has occurred among professionals, where the share of under-educated workers declined from 49.8 per cent in 2013 to 28.9 per cent in 2023.

At the same time, rising education levels have contributed to growth in both the share of workers with the appropriate qualifications for their jobs (from 46.6 to 47.7 per cent), and the share of workers who are over-educated for their occupation. This is even though high-skill occupations have experienced the highest employment growth over the past decade. Across the countries in the sample, the share of workers whose educational qualifications exceed the requirements of their job has increased for all occupations where it is possible to be over-educated – from 15.5 to 18.9 per cent between 2013 and 2023.[25] Leading this trend are technicians and associate professionals, where the share of over-educated workers went from 20.9 per cent in 2013 to 31.2 per cent in 2023. Looking at differences across country income groups, the largest increase in the share of over-educated workers has occurred in high-income countries.

▶ Figure 9. Employment shares by educational matching, 2013 and 2023



Note: Data coverage includes 59 countries, representing 22.0% of total employment in 2023.

Source: Authors' calculations based on the ILO Harmonized Microdata collection.

Beyond these broad trends in educational matching, critical challenges remain related to the skills developed through education and training, including their labour market relevance, their transferability across jobs and their portability across national contexts. Labour market relevance of skills refers to how well a given training or

[23] Workers are defined as under-educated if their educational qualifications are below the requirements for their job. Similarly, over-educated workers are defined as those whose educational qualifications exceed the requirements of their job. For a correspondence table between education and occupations, please refer to this page.

[24] Although not globally representative, the sample covers 22.0 per cent of global employment. For more information on how our 59-country sample compares to global labour market estimates, please refer to the Technical Annex. All figures in this section represent a weighted average based on the total employment values across all countries in the sample, rather than a simple arithmetic mean of country-level rates.

[25] Managerial and professional occupations are assumed to require at least some tertiary education and as such the methodology does not include the possibility of classifying workers as "over-educated" for managerial and professional jobs.

educational qualification equips individuals with the required competencies for their job. While rising global education levels support progress towards Sustainable Development Goal 4,[26] educational policies should also target skill obsolescence – particularly in fast-evolving fields such as data science and computer science, where the educational content often lags behind rapidly changing industry demands (Li et al., 2021). Similarly, skills transferability and skill portability remain key goals to allow workers to move towards occupations that are fast-growing or migrate across countries with different skill requirements.

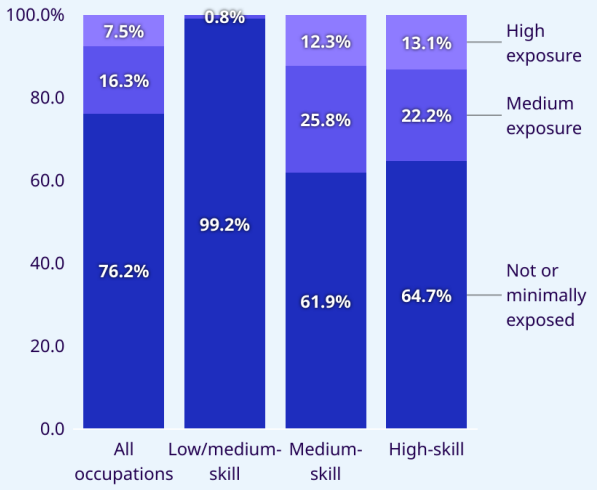
Generative AI exposure and the changing employment structure

Artificial Intelligence (AI) – particularly generative AI (GenAI)– is emerging as a transformative force in the world of work (ILO, 2024; World Economic Forum, 2025). To better understand this transformation, research by Gmyrek et al. (2025) develops a continuous, occupation-level measure of GenAI exposure based on the existing task composition of occupations and the potential for GenAI to replace humans across tasks. While this measure reflects the potential for automation of current tasks, it does not necessarily predict full job automation, as roles may evolve and be complemented by GenAI technologies.

Based on this measure, occupations can be classified into three broad categories considering two things: the average exposure of all tasks in the occupation, and the variability in task scores within an occupation. The categories are: (i) occupations that are not or minimally exposed to GenAI, (ii) occupations with medium exposure, and (iii) occupations with high exposure.[27] Occupations with no or minimal AI exposure involve tasks that GenAI is unlikely to automate. Medium-exposure occupations include a mix of tasks – some automatable, others not – despite overall low-to-moderate exposure. High-exposure occupations consist mostly of tasks with high automation potential and low task variability.

Gmyrek et al. (2025) merge their GenAI exposure measure with ILO Harmonized Microdata for 113 countries that have sufficiently granular details on occupations.[28] Their estimates of the share of current employment affected by GenAI (see Figure 10) reveal that most workers (76.2 per cent) are in occupations classified as not exposed or minimally exposed to GenAI. At the same time, 7.5 per cent of workers are employed in occupations deemed to have high exposure to GenAI, and 16.3 per cent are in roles considered to have medium exposure. **These figures suggest that nearly one in four workers could see their role significantly transformed by generative AI technologies.** The share of employment that is exposed to GenAI is higher among women than among men and increases with country income levels.

▶ Figure 10. Employment shares by type of AI exposure and skill level



Note: Data coverage includes 113 countries, using the latest available survey year. The sample represents 58.6% of total employment in 2023.

Source: Authors' calculations based on ILO Harmonized Microdata collection and Gmyrek et al. (2025) occupational AI exposure measure.

As labour markets continue to shift towards medium- and high-skill employment, understanding AI exposure by occupational skill level is crucial (see Figure 10). **Based on the latest estimates, workers in medium-skill occupations face the highest risk of overall generative AI-induced impacts, with 38.1 per cent employed in occupations with some degree of exposure.** Within

[26] SDG 4: "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all."

[27] The medium-exposure category represents a combination of Gradients 1 and 2 from Gmyrek et al. (2025), while the high-exposure category is a combination of Gradients 3 and 4.

[28] For more details on the mapping between the AI exposure measure and occupations, please refer to Gmyrek et al. (2025).

medium-skill occupations, 25.8 per cent of workers are employed in roles with medium GenAI exposure, and an additional 12.3 per cent of workers are employed in roles with high exposure, such as general office clerks and contact centre salespersons.

High-skill occupations are also significantly affected, with 35.3 per cent of employment within these occupations exposed. **Notably, workers in high-skill occupations have the largest share of employment with high exposure to generative AI technologies, at 13.1 per cent.** These include occupations like accountants and software developers. Additionally, 22.2 per cent of workers are employed in roles with medium exposure to GenAI. However, most employment in both high-skill and medium-skill occupations remains in roles with limited exposure to GenAI. Low/medium-skill occupations are likely to be largely shielded from AI impacts, with 99.2 per cent of workers having minimal to no exposure.

Crucially, the measure of exposure to generative AI does not imply that jobs in occupations with high exposure will necessarily disappear. Rather, it provides an indication of which occupations might see existing tasks automated or transformed more quickly. Moreover, the currently available data may not fully capture the broader shifts that GenAI could introduce in the coming years, including the emergence of new tasks where it may not be able to substitute human labour, and impacts driven by further technological development. As such, ongoing monitoring will be essential to manage the longer-term transitions in a timely manner and ensure that the adoption of GenAI supports inclusive employment opportunities.

Conclusions

The global macroeconomic and employment outlook for 2025 is one of slowing growth, intensifying trade volatility, and heightened geopolitical tensions, all of which are contributing to increased uncertainty. This uncertainty is reflected in leading indicators such as declining consumer and business confidence; however, unemployment figures remain stable, with no current signs of upward pressure. Despite this, slower global economic growth in 2025 is expected to result in more modest employment gains than previously anticipated: the ILO has downgraded its global employment growth forecast for 2025 from 60 million to 53 million. This downgrade reflects not only trade tensions, but also increased caution among enterprises. Moreover, approximately 84 million workers across 71 countries, mostly in Asia and the Pacific, hold jobs that are directly or indirectly linked through supply chains to final demand from the United States and are therefore at risk of being affected by uncertain US tariff measures. In this context, countries may consider policies that support productive diversification, including strategies that strengthen domestic and regional demand. These approaches could enhance employment resilience and reduce vulnerability to global trade disruptions.

In terms of longer-term labour market developments over the past decade, global economic growth has led to moderate employment gains, with significant regional variation in how growth translated into employment or productivity improvements. The persistence and, in some regions, expansion of informal employment highlights ongoing challenges in ensuring that economic growth delivers formal and decent employment opportunities for all. Promoting the formalisation of work and investing in skill development is essential to ensure that economic growth translates into quality employment for workers. Moreover, there is a continued need to improve data collection efforts to better capture metrics related to the quality and inclusiveness of employment outcomes.

The labour income share, which represents the total income earned by workers in an economy as a share of GDP, has experienced a 0.6 percentage point decline during the past decade. Had the labour income share remained at its 2014 level, each worker would have on average earned an additional US$290 in 2024. To ensure that the gains of economic progress are fairly shared, it is essential to strengthen labour market institutions that uphold fundamental principles and rights at work, promote social dialogue, and reinforce collective bargaining. These institutions are not only key to reversing the decline in the labour share of income, they are also fundamental for inclusive, equitable, and sustainable economic growth.

Global occupational structures have shifted considerably over the past decade. Employment is shifting toward high-skill occupations, particularly in high-income countries, due to evolving skill demands and increasing educational levels. Yet, low-income countries remain reliant on low/medium skill occupations, while lower-middle-income

and upper-middle-income countries are gradually transitioning toward medium- and high-skill occupations.

Surprisingly, less than half of workers (47.7 per cent) in a sample of 59 countries with available data had an educational attainment that appropriately matched the requirements of their jobs. From 2013 to 2023, the share of over-educated workers increased from 15.5 to 18.9 per cent, particularly in high-income regions, reflecting rising education levels and potential skill mismatches. Although the share of under-educated workers declined from 37.9 to 33.4 per cent, many workers still lack adequate alignment between their education and job requirements. These dynamics highlight the need for policies that support both skill upgrading and better alignment between education systems and labour market demands.

Moreover, in a context of slower employment growth and heightened economic uncertainty – and given the relatively modest progress seen in long-term labour market trends over the past decade – active labour market policies, social protection measures and robust public employment services could serve as important tools for countries aiming to stabilise labour market transitions and support jobseekers. These measures not only assist workers in accessing decent employment but also help employers by expanding the pool of skilled labour, improving workforce adaptability, and reducing the costs associated with high turnover or skill mismatches.

Promoting dialogue between governments, employers, and workers is also essential to align training systems with evolving business needs, ensure fair working conditions, and foster resilient and productive enterprises. Additionally, effective monitoring of employment conditions remains vital to ensure that labour markets continue to generate opportunities for decent work, as opposed to informal and lower-quality employment.

Finally, the rapid development and adoption of generative AI technologies is likely to reshape the world of work in the years ahead, albeit to a yet unknown degree. The latest available data show that most workers (76.2 per cent) are employed in occupations with minimal or no exposure to generative AI technologies. In lower-skill occupations, nearly all workers are shielded from direct impacts. However, the remaining 23.8 per cent of workers face varying degrees of exposure. A larger share of jobs in medium-skill occupations have some degree of exposure to generative AI than those in high-skill occupations, but a larger share of jobs in high-skill occupations have high exposure whereby most existing tasks could be automated. As countries continue to transition towards more skill-intensive occupations, it is critical to manage this shift proactively to ensure that the integration of generative AI supports decent employment opportunities for all.

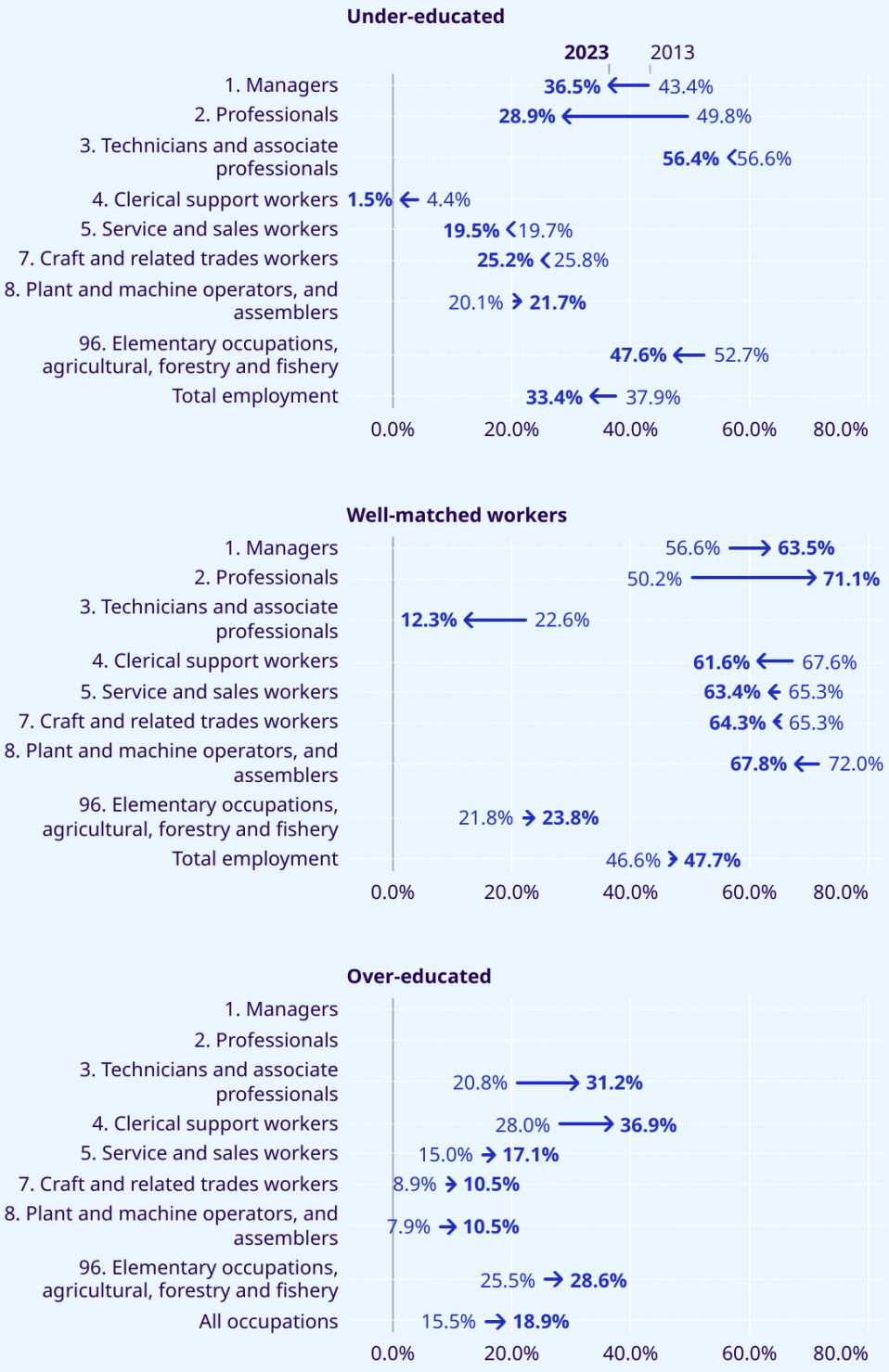
Statistical annex

▶ Table A1. Informal employment as a share of total employment by region, 2014 and 2024

Year	2014	2024	Change in share (2014-2024)
World	**57.5%**	**57.8%**	**0.2 p.p.**
Africa	84.8%	85.3%	0.5 p.p.
Americas	34.4%	34.5%	0.1 p.p.
Arab States	43.9%	46.5%	2.6 p.p.
Asia and the Pacific	66.4%	65.9%	-0.5 p.p.
Europe and Central Asia	14.5%	12.0%	-2.5 p.p.

Source: ILO modelled estimates, November 2024.

▶ Figure A1. Employment shares by major occupation and educational matching, 2013 and 2023



Note: Data coverage includes 59 countries, representing 22.0% of total employment in 2023.

Source: Authors' calculations based on ILO Harmonized Microdata collection.

Technical annex

The technical annex is available at this link.

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