International Labour Organization

Executive summary

World of Work Series

Employment and Social Trends

2026

Executive summary

Steadiness amid high uncertainty

Progress in employment quality has stalled

Globally, improvement in the quality of employment has slowed over the past two decades. Between 2015 and 2025, the share of workers living in extreme poverty declined by only 3.1 percentage points, to 7.9 per cent, compared with a decline of 15 percentage points in the previous decade. This leaves 284 million workers living in extreme poverty – that is, less than US$3.00 a day. Moreover, both extreme and moderate working poverty rates increased in low-income countries between 2015 and 2025, with almost 68 per cent of workers living in extreme or moderate poverty in 2025.

The global rate of informality increased by 0.3 percentage points between 2015 and 2025, after having declined in the previous decade. By 2026, 2.1 billion workers globally are projected to be informally employed. Informality is typically associated with lower job quality due to limited access to social protection, rights at work, workplace safety and job security. This increase largely reflects the growing share of employment in countries with higher rates of informality, chiefly in Africa and Southern Asia, making efforts to reduce informality in these economies critical. In addition, the incidence of own-account work, which in low- and middle-income countries is often low paid and undertaken out of necessity, rose again between 2015 and 2025.

The slowdown in the transformation of economies towards sectors with more productive workers and better working conditions acts as a major roadblock in ensuring steady progress in narrowing decent work deficits. The process of workers moving across economic activities over time has halved globally over the last two decades. The slowing transition of workers towards sectors with higher formality and employee status is not only a major driver of the global deceleration in improvements in work quality but also of weakening productivity growth.

Unemployment shows no signs of change, albeit looming risks exist

The global economy and labour markets remain resilient in the face of heightened uncertainty and an evolving policy landscape. Projected GDP growth for 2025 to 2027 has barely changed compared to the outlook in 2024. In 2025, trade diversion and rerouting helped cushion the immediate impact of trade disruptions, while businesses and households front-loaded consumption and investment, which boosted activity in the first half of the year. Whereas higher uncertainty and lower business and consumer confidence can weigh on aggregate demand, falling inflation, supportive fiscal and monetary policy, and investment into artificial intelligence (AI) technologies are all expected to support growth in 2026. Yet, the outlook continues to include significant risks relating to mounting sovereign debt, trade policy uncertainty and AI-driven disruptions. The materialization of these risks could have non-negligible consequences not only on the employment growth prospects but also on key dimensions of work quality, such as informality, working poverty and real wages.

Slower labour force growth amid demographic shifts is stabilizing unemployment rates despite weak employment growth. The global labour force participation rate is projected to decline by around 0.2 percentage points each year, reaching 60.5 per cent in 2027. This structural downward trend, driven in part by the growing number of retirees as populations age, has accelerated once again due to the halt in the moderating effect of rising participation rates for women in lower-middle- and high-income countries between 2015 and 2025.

The global unemployment rate was estimated at 4.9 per cent in 2025, unchanged from 2024, and is projected to remain at a similar level until 2027. Global unemployment is forecast to reach 186 million in 2026, while the broader measure of labour underutilization – the jobs gap – is projected at 408 million. Regional patterns vary, with Latin America and the Caribbean poised to further reduce its overall unemployment rate in the medium term, whereas unemployment in Northern America is expected to worsen.

Global employment growth, projected at 1.0 per cent in 2026, is slightly below the average of the preceding decade, with demographic shifts accounting for significant variation across countries. Employment is forecast to decline in high-income countries in 2026, a sharp turnaround following the 1.1 per cent average annual growth in the decade 2010 to 2019. Upper-middle-income countries are set to experience relatively low employment growth of 0.5 per cent due to demographic change, while lower-middle-income countries are projected to reach 1.8 per cent. Thanks to strong population growth and a large youth cohort entering the labour market, employment in low-income countries is expected to grow at 3.1 per cent in 2026, following an average growth rate of 2.3 per cent from 2010 to 2019. However, weak productivity growth and a shortage of decent work opportunities risk preventing these countries from capitalizing on a potential demographic dividend.

In 2025, women represented only two fifths of global employment, indicating significant barriers to accessing employment. Women were 24.2 percentage points less likely than men to be in the labour force, while young women were 14.4 percentage points more likely than young men not to be in employment, education or training (NEET). The global unemployment rate for women is only slightly above that of men, indicating that they primarily face barriers to accessing the labour market rather than to finding a job. In addition, the jobs gap rate continues to be higher for women relative to men, with an anticipated gap of 4.3 percentage points in 2026. Gender gaps vary greatly by region, but much less so by country income group, highlighting the role of social norms and stereotypes in shaping these patterns. Furthermore, gender gaps have not narrowed in indicators such as the incidence of contributing family work and the proportion of workers living in extreme poverty.

Productivity and labour income growth are insufficient to advance decent work

Growth in both GDP and labour productivity continues to underperform in low-income countries, hindering progress in reducing decent work deficits. High population growth, combined with lackluster productivity gains, is slowing the convergence of living standards in low-income countries towards those observed in more advanced economies. Regional patterns vary, with labour productivity growth projected to be lowest in Latin America and the Caribbean, at 1.0 per cent, and highest in Southern Asia, at 3.9 per cent in 2026. With appropriate labour market institutions, gains in productivity generally lead to higher wages and, over time, contribute to stronger employment growth.

Growth in global real wages and labour income remains insufficient to offset the real income losses caused by the surge in inflation in 2022 to 2024. The global labour income share, at 52.6 per cent in 2025, remained below its 2019 level of 53.0 per cent, indicating that real wage growth has not kept up with labour productivity growth. Even though aggregate real wages in 2024, measured using the consumer price index, were below their 2019 level in high-income countries, producers faced higher real labour costs in terms of the producer price index.

Challenging labour market conditions for youth could be compounded by AI adoption

Labour market conditions for young people remain problematic, especially in low-income countries. In 2025, the global youth unemployment rate crept up to 12.4 per cent, from 12.3 per cent in 2024, while the share of youth with NEET status rose slightly to 20.0 per cent, from 19.9 per cent. This is concerning, since 257 million young individuals with NEET status missed out on the opportunity to gain valuable education, skills and experience to improve their future labour market prospects. The situation is especially problematic in low-income countries, where NEET rates were as much as 17 percentage points higher than in high-income countries.

While higher education holds the promise of obtaining better jobs more easily, it does not always lead to lower youth unemployment rates. Young persons with advanced degrees in high-income countries have lower unemployment rates than their peers with less education. However, this pattern does not hold in low- and middle-income countries. While young women on average face lower unemployment rates than young men, their unemployment rates are higher in certain country income groups and for certain education levels.

Concerns have recently emerged about the impact of AI adoption on young workers, particularly those seeking their first job in high-skilled occupations. Preliminary evidence for high-income countries suggests that youth with advanced education entering the labour market may face greater difficulties because of AI adoption. An analysis by risk of exposure to AI shows that younger individuals (aged 15 to 24) with an advanced education level face a greater risk of automation than their less educated counterparts. While the full impact of AI on youth employment remains uncertain, its potential magnitude warrants close monitoring.

Disruptions and shifting patterns in trade affect employment outcomes

Recent disruptions caused by trade uncertainty, combined with ongoing long-term transformations in global trade, could significantly affect labour market outcomes. ILO modelling suggests that a moderate increase in trade policy uncertainty may reduce returns to labour and, as a consequence, real wages for both skilled and unskilled workers across all sectors. The estimated income losses are greatest in regions deeply integrated into global supply chains – up to 0.45 per cent in South-Eastern Asia, and up to 0.3 per cent in Europe and Southern Asia.

The potential of trade to generate new employment opportunities is also being challenged by these disruptions. Globally, around 465 million jobs in 80 countries and territories in 2024 depended on foreign demand through exports of goods and services and their related supply chains. Asia and the Pacific accounted for more than half of these jobs, at 278 million, followed by Europe and Central Asia, at 96 million. Trade-linked employment reflects global trade patterns: it declined during the COVID-19 pandemic, recovered thereafter and had remained relatively stable overall, representing approximately 15.3 per cent of global employment in 2024.

Trade has the potential to drive decent work, particularly in low- and middle-income countries. Sectors with a higher share of trade-linked employment tend to have lower informality rates, better pay and more employment opportunities for women and youth, compared to sectors that depend less on foreign demand. The slowdown in trade growth and in the implied halt in the further deepening of global supply chains reduce the pace at which workers transition to other sectors, thereby contributing to the slowing of global improvements in decent work indicators.

Among all trade-linked sectors, the share of employment in market services has been rising at an accelerated pace, increasing from 35.9 per cent in 1995 to 48.6 per cent in 2022. This aligns with the growing importance of services in international trade, which account for approximately one quarter of international trade flows. One of the fastest-growing segments – trade in digitally delivered services – has more than doubled over the past decade – representing 14.5 per cent of global exports in 2024.

Leveraging trade to create more and better jobs remains uneven, with low-income countries largely excluded from cross-border trade and investment flows, and at risk of being left behind as global supply chains reconfigure. Trade and investment flows among low- and middle-income countries expanded from 6 per cent in 2005 to 14 per cent in 2024. However, the share of trade-related employment linked to intraregional trade was only around 5 per cent in Africa and the Arab States and 9.5 per cent in Southern America, compared with much higher levels in regions dominated by high-income countries – 47.1 per cent in Canada, Mexico and the United States and 57.4 per cent in Europe and Central Asia.

Faster growth and stronger institutions are needed to address decent work deficits

Despite the resilience of global unemployment rates amid economic uncertainty, the world continues to fall short in achieving meaningful reductions in decent work deficits. Given demographic shifts in global labour markets, decent work deficits are set to increase again after a prolonged period of improvement. Yet, rising AI adoption, trade policy uncertainty, low foreign direct investment and stagnant trade growth render improvements in working conditions through an expansion of employment in trade-related sectors more difficult. In times of sluggish global growth and falling levels of official development assistance, countries will need to increasingly rely on domestic policies and drivers of economic transformation to promote decent work.

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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