An Assessment of Job Retention Support During the COVID-19 Pandemic and its Aftermath in Belgium

An Assessment of Job Retention Support During the COVID-19 Pandemic and its Aftermath in Belgium

Please cite this publication as:
OECD (2026), *An Assessment of Job Retention Support During the COVID-19 Pandemic and its Aftermath in Belgium*, OECD Publishing, Paris, https://doi.org/10.1787/e138e541-en.

ISBN 978-92-64-68742-4 (print)
ISBN 978-92-64-54432-1 (PDF)
ISBN 978-92-64-45998-4 (HTML)

Photo credits: Cover © Andrii Yalanskyi/Shutterstock.com.

Corrigenda to OECD publications may be found at: https://www.oecd.org/en/publications/support/corrigenda.html.

Foreword

This report provides an in-depth assessment of job retention support during the pandemic and its aftermath in Belgium. It provides three main contributions: i) a systematic comparison of the job retention scheme in Belgium with that of other OECD countries based on a new synthetic indicator of job retention support; ii) an empirical assessment of the role of institutional design for the use of job retention support; and iii) an empirical evaluation of the effectiveness of job retention schemes in preserving jobs. Based on these contributions, it offers practical guidance for policymakers to inform the refinement of job retention support for the future.

Acknowledgements

This report was written by Jonas Fluchtmann and Alexander Hijzen (OECD, Jobs and Income Division) under the leadership of Stefano Scarpetta (OECD, Director of ELS) and Mark Pearson (OECD, Deputy-Director of ELS) and supervised by Stéphane Carcillo (OECD, Head of the Jobs and Incomes Division). Agnès Puymoyen (OECD, Jobs and Income Division) provided statistical assistance and Hanna Varkki (OECD, ELS) provided editorial support and prepared the report for publication.

We are grateful for helpful comments and suggestions from Tom Bevers, Ann Coenen, Lieve Rams (FPS Employment, Labour and Social Dialogue), Michiel Segaert, Marthe Didier, Nathalie Nuyts (ONEM / RVA), Yves Saks (National Bank of Belgium), Jarmila Botev (OECD Economics Directorate), as well as participants of the OECD Working Party on Employment on the 9th of November 2025. We are further grateful to Chris Brijs and Vivien Gain (KSZ / BCSS) for ensuring access to Belgian matched administrative data. The OECD gratefully acknowledges the financial support by FPS Employment, Labour and Social Dialogue.

Table of contents

Foreword 3

Acknowledgements 4

Executive summary 7

1 Overview and recommendations 9
1.1. Introduction 10
1.2. Key findings of the report 11
1.3. Recommendations for the temporary unemployment scheme 13
References 15
Notes 16

2 Job retention support in Belgium through the COVID-19 pandemic 17
In Brief 18
2.1. Introduction 18
2.2. An overview of job retention support in Belgium 19
2.3. Take-up of job retention support in Belgium 23
2.4. Labour market reallocation during the COVID-19 pandemic 32
References 36
Notes 38

3 The Belgian job retention scheme in OECD perspective 41
In Brief 42
3.1. Introduction 42
3.2. The Belgian job retention scheme in OECD perspective 43
3.3. Determinants of job retention scheme take-up 53
3.4. Employment effects of job retention support 59
References 64
Notes 65

Annex A. Additional Tables 66

FIGURES

Figure 2.1. The force-majeure scheme effectively replaced that for economic reasons during the pandemic 23
Figure 2.2. Temporary unemployment was concentrated in a handful of sectors 25
Figure 2.3. Temporary unemployment is concentrated among the least productive firms 28

Figure 2.4. Previous use of temporary unemployment schemes is associated with higher use during the pandemic 29
Figure 2.5. Job retention scheme use saw a disproportionately strong uptick among white collar workers during the early COVID-19 pandemic 30
Figure 2.6. The up-take of temporary unemployment differed especially by educational attainment 31
Figure 2.7. Growth-enhancing job reallocation is primarily driven by job-to-job mobility 33
Figure 2.8. Job retention schemes are likely to have shaped the pattern of employment mobility across firms during the pandemic 34
Figure 2.9. Productivity-enhancing job reallocation was slowed well into 2022 35
Figure 3.1. OECD countries quickly scaled up the generosity of job retention support 45
Figure 3.2. Many OECD countries scaled back their job retention scheme by the end of 2022 45
Figure 3.3. Eligibility for job retention support was largely unrestricted during the pandemic 47
Figure 3.4. Most countries permitted a full reduction in working hours at the height of the pandemic 48
Figure 3.5. The generosity of subsidies for hours not worked varies greatly across countries 49
Figure 3.6. Support for workers on reduced working hours is targeted to low-wage workers, particularly in Belgium 50
Figure 3.7. Belgium was not alone without employer contributions during the COVID-19 pandemic 51
Figure 3.8. The responsibility contribution provides strong incentives for work sharing 53
Figure 3.9. Take-up of job retention schemes differed widely across the OECD 54
Figure 3.10. Take-up of job retention schemes in selected OECD countries 54
Figure 3.11. Take-up was strongly correlated with effective generosity during the pandemic 56
Figure 3.12. Cross-country differences in take-up are mainly explained by the stringency of lockdown measures 59
Figure 3.13. Job retention reduced the negative employment effects of the COVID-19 pandemic 62
Figure 3.14. Job retention schemes avoided a considerable amount of employment losses during the peak of the COVID-19 pandemic, but became less efficient at later times 63

Figure A A.1. Selection by sector 69
Figure A A.2. In the accommodation and food sector prior JRS experience matter the least 70
Figure A A.3. Previous users retained elevated use even when the pandemic subsided 70
Figure A A.4. Worker composition among user and non-users of temporary unemployment 71
Figure A A.5. The increasing role of employment mobility during the pandemic was mostly driven by a decrease in separation 72
Figure A A.6. Job vacancy rate over time and across sectors 73
Figure A A.7. Event study regression of employment growth by teleworkability 74

TABLES

Table 2.1. Timeline of temporary unemployment in Belgium during the COVID-19 pandemic and beyond 21
Table 3.1. Regression analysis of job retention scheme take-up 58

Table A A.1. Forms of temporary unemployment in Belgium 66

Executive summary

Job retention support played a major role in preventing job losses during the COVID-19 crisis in Belgium, with almost one in three jobs supported at the crisis peak. Even though Belgium's scheme has shown to be highly effective, this report highlights some concerns related to the continued and elevated use of job retention support well after the COVID-19 pandemic subsided.

Job retention support was scaled up rapidly but its phase out was delayed

Belgium entered the pandemic with a well-established job retention support system ("temporary unemployment"). To address the COVID-19 crisis, the government rapidly introduced a "simplified" scheme which streamlined administrative procedures, removed notification periods, aligned access for blue- and white-collar workers, and increased income replacement rates. While this rapid scale-up of the system effectively averted large scale job losses, these emergency measures remained in place long after the peak of the pandemic. As OECD countries began reducing generosity or phasing out schemes as the main pandemic waves subsided, Belgium returned to its pre-pandemic framework only in mid-2022.

Support was concentrated among less productive firms

Job retention support was highest in sectors particularly exposed to containment measures (e.g. accommodation and food) as well as those with high historical usage, such as construction and manufacturing. Less productive firms used the scheme far more widely (17% of workers) than firms of higher productivity (6%). At the same time, 51% of firms with a prior history of job retention support used the system again during the crisis, compared to just 14% of new users. Combined with baseline take-up rates well above the OECD average, this suggests that many firms rely on job retention support for structural reasons driven by seasonal fluctuations rather than just unexpected shocks.

Job retention preserved employment, but may have dampened productivity-enhancing reallocation

While the scheme averted an estimated 13% loss in employment at the pandemic's peak, this job preservation may have slowed down productivity-enhancing job reallocation at later stages of the COVID-19 crisis. By reducing separations in less productive firms well beyond the acute crisis phase, the persistent use of job retention support likely slowed the reallocation of workers to more productive firms. While job reallocation effectively contributed to productivity growth before the pandemic, its slowdown may have hampered overall productivity growth well into 2022.

Containment measures drove take-up, while the absence of co-financing contributed to persistence

A cross-country analysis suggests that, while the severity of lockdowns was the primary driver of take-up, the design of the job retention schemes played a role as well. Specifically, the cost to firms for hours not worked was an important determinant of high take-up. In Belgium, such direct financial contributions from firms were largely absent during the crisis. This lack of cost-sharing, combined with the extended duration of the simplified scheme, likely contributed to the prolonged use of job retention support compared to countries where firms were required to contribute to the costs of job retention support.

Key Recommendations

Despite the relative success of job retention during the acute phase of the COVID-19 pandemic in Belgium, this report identifies several options that could help strengthening the effectiveness of job retention support in crisis times without undermining the normal functioning of the labour market.

Modulating the costs of job retention support to firms over time

Experience-rated employer contributions could reduce structural dependence on job retention support through seasonal and recurrent usage patterns. By linking the use of the scheme to future social security contributions, firms that frequently use temporary unemployment would contribute more to its financing. This would discourage the use of public funds for structural dependency, which is particularly prevalent in construction and manufacturing, without constraining liquidity-constrained firms during genuine crises.

Removing crisis-related increases in the generosity of support when the crisis subsides

Removing crisis-related increases in the generosity of job retention schemes once the severity of the crisis and its impact on the labour market have subsided is essential. This ensures that large employment losses are averted without disrupting normal labour market functioning. This could involve re-introducing firm eligibility requirements (e.g. a proof of declining turnover) earlier in the recovery phase, or adjusting firm eligibility requirements to specific sectors particularly exposed to the crisis (as attempted in September 2020).

Simplifying the fragmented menu of temporary unemployment schemes

A consolidation of the scheme by eliminating the distinction between blue- and white-collar workers for economic temporary unemployment would reduce administrative complexity and make the scheme more fit for purpose in a modern labour market. This would simplify the landscape for employers and align Belgium with the practices of other OECD countries.

Embedding training as an element of job retention support

Periods of reduced working hours offer a valuable opportunity to invest in human capital. Combining job retention schemes with training incentives, as in some OECD countries during the COVID-19 pandemic (e.g. Austria, Germany, France) can signal the long-term viability of jobs while effectively upskilling the workforce. Future reforms should ensure that workers acquire in-demand skills that provide clear added value during their absence from the workplace, potentially by making prolonged support conditional on training participation.

1 Overview and recommendations

This chapter provides an overview of the report, summarising its main findings on the design, uptake and effectiveness of the system, as well as its comparison to the schemes in other OECD countries. These findings offer practical guidance for policymakers to inform the refinement of job retention support for the future.

1.1. Introduction

Job retention schemes represent one of the key policy instruments to promote labour market resilience by preserving employment relationships and preventing widespread job losses during economic downturns. They do so simultaneously by reducing labour costs for firms and providing income support to workers. This reduces the risk that firms run out of liquidity and have to resort to layoffs, while at the same time preserves firm-specific human capital embedded in job matches that remain valuable in the longer term. As such, these schemes can effectively minimise the immediate social and economic costs of unemployment and might have saved an estimated 21 million jobs across the OECD (2021[1]).

During the COVID-19 pandemic, job retention schemes also played a particularly important role in supporting labour market resilience in Belgium. Job retention support was scaled up quickly following the first containment measures, reaching an unprecedented peak of 30% of salaried employment in April 2020, well above the OECD average of just under 20%. Moreover, effective support to firms was provided instantaneously as benefits were paid directly to workers with no need for firms to advance payments to workers for hours not worked, as was the case in most other countries with job retention schemes. The provision of timely support is likely to have played an important role in preserving jobs and preventing a surge in unemployment. However, there have also been concerns that the use of job retention support was more persistent in Belgium than in other OECD countries. Indeed, at the turn of the year 2024/25, take-up in Belgium stood around 3% of employment, whereas its use had declined to negligible levels in most other countries (less than 1%). There is a risk that the persistent use of job retention support in Belgium could slow job reallocation across firms, reinforce labour shortages and undermine the economic recovery.

To better understand the role of job retention support in Belgium, this review provides a detailed assessment of the role of the system by focussing on its design, its use and its effects during the COVID-19 crisis as well as its immediate aftermath. After providing a detailed overview of job retention support and take-up in Belgium, it makes key contributions. First, it provides a systematic comparison of the job retention scheme in Belgium with that of other OECD countries based on a new synthetic indicator of *de jure* job retention support. Second, it provides an empirical analysis of the importance of institutional differences in the design of job retention schemes for their use during COVID-19 with a focus on worker and firm eligibility, work-sharing requirements and the generosity of support for workers and firms. Third, it provides an empirical evaluation of the effectiveness of job retention schemes in preserving jobs by exploiting differences in the generosity of support between countries (and time) and differences in the need for support across occupations within countries (based on the lack of teleworkability).

The review complements various important ongoing and recent projects in Belgium and the OECD. First, it supplements Bermudez et al. (2025[2]) for Belgium by relying on cross-country analysis and a stronger emphasis on policy design, as well as research by the Belgian administration itself (e.g. ONEM (2024[3])). Second, it builds on recent OECD work on the effectiveness of job retention schemes including a recent evaluation for Spain (OECD (2024[4]) and a cross-country analysis of the role of job retention schemes for employment dynamics by Calligaris et al. (2023[5]). It further complements academic research on the effectiveness of job retention schemes, such as Giupponi and Landais (2023[6]), Montenegro and Hijzen (forthcoming[7]), among others (see e.g. Hijzen, Jongen and Montenegro (2024[8]), Cahuc (2024[9]) and Bermudez, Dejemeppe and Tarullo (2023[10]) for an overview).

1.2. Key findings of the report

1.2.1. The Belgian job retention scheme was scaled up in response to the COVID-19 pandemic

Belgium entered the COVID-19 pandemic with a well-established "temporary unemployment" (*chômage temporaire/tijdelijke werkloosheid*) system. This job retention scheme operated through a wide array of different modalities depending on circumstances, comprising of separate sub-schemes to deal with, among others, economic difficulty (accounting for 70% of claims pre-pandemic), force majeure events, and bad weather conditions (particularly important for construction). Notably, the scheme effectively distinguished between blue- and white-collar workers, the latter of which faced stricter firm-level eligibility requirements.

The pandemic prompted Belgium to rapidly scale up its existing framework by introducing a simplified *force majeure* scheme in March 2020, building on the regular force majeure variant of temporary unemployment. This new scheme streamlined administrative procedures, reduced notification periods, eliminated control card requirements, removed eligibility conditions requiring workers to qualify for full unemployment benefits, and was applied similarly to blue- and white-collar workers. The simplified scheme provided more generous support to workers at 70% of gross earnings plus daily supplements, compared to the standard 65% replacement rate before the COVID-19 pandemic.

While the simplified *force majeure* scheme was effective in quickly adjusting to labour market implications of the health situation and containment measures, it was kept in place for a particularly long time. With the exception for a short-lived tightening to most exposed sectors and firms in September 2020, the simplified variant remained active with minor modifications until June 2022, after which Belgium returned to its pre-pandemic temporary unemployment schemes (with small adjustments and simplifications). Unlike many other OECD countries, the crisis scheme did not incorporate training incentives.

1.2.2. Job retention support was concentrated among specific sectors, firms and workers

This report includes an empirical analysis of job retention scheme take-up in Belgium before during, and immediately after the COVID-19 pandemic. The analysis is based on administrative data from ONEM/RVA, which presents general trends in the use of job retention schemes, as well linked employer-employee data from the Crossroads Bank for Social Security and the Belgian National Bank. The latter provides novel insights on the selection of take-up across different groups of firms in terms of productivity and prior use.

Belgium reached an unprecedented peak of 30% of salaried employment placed on job retention support in April 2020, well above the OECD average of just under 20%. The use of temporary unemployment tended to be concentrated in specific sectors. Prior to the COVID-19 pandemic, it was concentrated in construction, where 10% of workers were placed on job retention prior to the pandemic, as well as manufacturing, administrative and support services. The use of job retention support during the COVID-19 pandemic was concentrated in sectors with high exposure to containment measures, which mostly also overlap with those with elevated take-up before the pandemic, such as construction, manufacturing, administrative support services, but also the accommodation and food services sector, which previously had minimal reliance on such schemes.

Less productive firms demonstrated substantially higher participation rates, with 16.6% of workers in the least productive firms placed on job retention support during the pandemic compared to 6.4% in the most productive firms. This pattern was consistent both before and during COVID-19, but the degree of selection across productivity levels increased. Overall, this suggests that financial constraints, which are likely to be more common among lower-productivity firms, drove much of the uptake.

Prior experience with job retention schemes emerged as a strong predictor of usage during the COVID-19 pandemic, with 51% of firms that had previously used temporary unemployment utilising support compared to only 14% of those without prior experience. This could either reflect familiarity with the scheme or the persistence of use for structural reasons among low-productivity firms. Firms with established knowledge of temporary unemployment schemes may have been better positioned to utilise these schemes, while structural users and less productive firms may have been more exposed to liquidity constraints during the COVID-19 pandemic.

White-collar workers comprised 43% of recipients at the pandemic's peak in Q2 2020, marking a significant departure from the historical concentration among blue-collar workers, who had previously accounted for over 90% of recipients. The use of job retention schemes varied considerably across educational groups, with low-educated workers experiencing substantially higher rates of temporary unemployment than their highly educated counterparts.

1.2.3. Job retention likely reduced separations, but dampened productivity-enhancing reallocation well beyond the acute crisis

Before the pandemic, labour market reallocation in Belgium consistently shifted employment from lower productivity firms to higher productivity firms, primarily through voluntary job-to-job mobility rather than employment mobility (workers entering or leaving employment). During the COVID-19 pandemic, this "job ladder" mechanism continued to operate but was significantly dampened by negative changes in the contribution of employment mobility to productivity-enhancing job reallocation, particularly affecting less productive firms. The analysis in this report suggests this disruption was likely influenced by the widespread use of job retention schemes, given that less productive firms tend to be the primary users of such support and saw reduced separations rather than increased hiring.

While these patterns were in part intended to reduce employment losses during the COVID-19 pandemic, the contribution of employment mobility to productivity-enhancing job reallocation remained negative well beyond the acute phase of the crisis, at a time when vacancy posting rose to record high levels. This persistent disruption continued to suppress productivity-enhancing reallocation into 2022 and beyond, suggesting that whilst job retention schemes may have successfully preserved employment during the crisis, their effects on labour market functioning persisted long after the pandemic had subsided, potentially dampening overall productivity growth.

1.2.4. Belgium adjusted job retention support slower than other countries after the crisis

This report develops a new synthetic indicator of *effective generosity* of job retention support, measuring support across three dimensions: eligibility, work-sharing (the maximum permissible reduction in working hours), and generosity (the cost covered by the government). Using this indicator, it compares Belgium's job retention scheme before and during the COVID-19 pandemic with the job retention schemes of other OECD countries.

Belgium's effective generosity of job retention support ranked in the lower third of OECD countries during the peak of the COVID-19 pandemic. This mainly reflects the modest generosity of the scheme in supporting the incomes of workers due to a low benefit cap, despite broad potential coverage. This suggests that the scheme was relatively well targeted among workers most in need for income support.

Pandemic-related adjustments to the temporary unemployment scheme remained in place for a considerable period, with the simplified scheme ending only in July 2022 and temporary unemployment returning to most of its pre-pandemic conditions by July 2023. Unlike Belgium, most other countries began reducing the generosity of their job retention schemes as their economies recovered or phased out their schemes entirely. By the end of 2022, the Belgian job retention scheme was therefore amongst the most

generous and widely used schemes across the OECD, likely contributing to the highest post-pandemic take-up rates of job retention across OECD countries.

Further empirical analysis of the drivers of job retention scheme take-up across countries suggests that the use of job retention support during the COVID-19 pandemic was influenced more strongly by the stringency of containment measures than by the effective generosity of the schemes. However, amongst the design features considered, the cost to firms for hours not worked was particularly important in driving take-up. For Belgium, such direct co-financing requirements were largely absent, potentially contributing to the recurrent use of the scheme and continued dependence on it.

1.2.5. Job retention support effectively avoided large employment losses

The report provides new evidence that shows that job retention schemes were successful in averting considerable employment losses, particularly amongst occupations most exposed to containment measures. The effects of job retention schemes on employment are analysed by exploiting differences in the generosity of support between countries (and time) and differences in the need for support across occupations within countries (based on potential to telework).

Job retention schemes proved highly effective at preserving employment at the peak of the COVID-19 pandemic, specifically in occupations that offered little possibility for telework and were therefore most vulnerable to lockdown restrictions. Conversely, job retention schemes had negligible effects on teleworkable occupations, which were less exposed to containment measures. Overall, the analysis shows that in the absence of job retention schemes, employment would have declined by approximately 8% on average across countries at the crisis peak.

With high take-up of job retention schemes, the Belgian scheme had particularly strong effects on preserving employment at the peak of the COVID-19 pandemic. It is estimated to have averted an employment loss of 12.9% at the pandemic's peak, substantially higher than the cross-country average. For every 100 workers placed on job retention schemes in Belgium, 55 jobs were preserved, resulting in a moderate deadweight effect of 45%. However, as Belgium maintained its expanded scheme provisions well beyond the acute crisis period, with minimal adjustments well beyond the acute COVID-19 crisis, the continued and potentially structural use of job retention support subsequently had small negative effects on employment as pandemic restrictions were lifted.

1.3. Recommendations for the temporary unemployment scheme

Overall, the Belgian temporary unemployment scheme was well placed to offer a rapid and effective response to the unprecedented impact of the COVID-19 pandemic. The simplified scheme was promptly deployed and reached broad coverage across workers and firms most exposed to the containment restrictions. As such, it averted significant employment losses. Despite the relative success of the temporary unemployment scheme during the COVID-19 pandemic, this report identifies several options that could help to strengthen the scheme while maintaining its effectiveness in responding to an acute and unprecedented crisis.

1.3.1. Modulating the costs of job retention support to firms over time

Outside of the COVID-19 pandemic, the Belgian temporary unemployment scheme is characterised by high take-up compared to other OECD countries. Even in normal times, take-up remains at 2-3% of employment, particularly in construction and manufacturing. This is well above all other OECD countries, who averaged at 0.2% of employment in December 2022 and suggests that the scheme has gone beyond its intended function as a crisis response mechanism and, at least for some firms, use it as a tool to address

structural weaknesses, distorting the normal functioning of the labour market and undermining productivity growth. By making firms that frequently use the scheme contribute more to its financing through an experience-rating system, which links the job retention scheme use with increases in future social contributions, the use for predictable and seasonal fluctuations would be discouraged, without re-enforcing liquidity constraints. This would reduce the risk of creating structural benefit dependency, while preserving it as a crucial safety net for unexpected economic shocks. While the current responsibility contribution disincentivises the continued placement of specific workers on job retention support, it does not prevent using it on a quasi-permanent basis at a low intensity (in terms of the share of workers placed on reduce working time), a practice that is quite common in Belgium. Instead, following the example of experience-rating used in France or the United States as part of their unemployment insurance, could provide the necessary disincentives to frequent use of job retention support.

1.3.2. Removing crisis-related increases the generosity of support when the crisis subsides

In contrast to many other OECD countries, the Belgian system saw very minor adjustments to the effective generosity of job retention support when the immediate crisis and its impact on the labour market subsided, potentially driving some of the persistence in use well after the end of the COVID-19 pandemic. For future shocks, it may therefore be useful to reduce the generosity of the scheme earlier and along with the changing conditions of the labour market. A part of this may be adjusting firm eligibility requirements to specific sectors particularly exposed to the crisis (as attempted in September 2020) or by re-introducing conditions on declining turnover (or production/orders) much earlier. This may help to avoid continued and potentially structural use among firms without acute need or future viability, which can undermine the normal functioning of the labour market.

1.3.3. Simplifying the fragmented menu of temporary unemployment schemes

Beyond the issue of persistent and structural use of the system, there is some scope to simplify its fragmented nature across sectors, workers and circumstances. The successful implementation of the simplified *force majeure* scheme during the COVID-19 pandemic, which applied uniformly to all workers, demonstrated that a unified system can be effective, even in times of profound crises. Furthermore, the goal of targeting support to more vulnerable workers is already achieved effectively through the scheme's low benefit cap, which makes the support for workers on reduced hours significantly more generous for low-wage earners than for those on the average wage. A potential reform could therefore be to eliminate the blue- versus white-collar distinction entirely, unifying the rules for temporary unemployment due to economic reasons. This would simplify the system for employers and align Belgium with the practices of other OECD countries, while also following the general, though incomplete, process of aligning the labour market status of blue- and white-collar workers in Belgium since the law of 26 December 2013.[1]

1.3.4. Embedding training as an element of job retention support

Periods of job retention can be a valuable opportunity to invest in upskilling, especially for workers with lower skillsets. The high concentration of usage among low-skilled workers, with 20% of low-educated workers receiving support in 2020 compared to just 3% of highly educated workers, reveals missed opportunities for addressing skills gaps and improving long-term employability. Training can improve the viability of current jobs, prevent skills from deteriorating during long absences from work, or improve the prospects of workers of finding a new job in expanding industries or occupations (e.g. France, Spain). Currently, the Belgian system of temporary unemployment does not include any direct incentives for training and efforts to introduce such measures have faced significant problems. Future reforms could create a clear framework for training within the Belgian temporary unemployment system. By incorporating training incentives, Belgium could not only preserve jobs but also support productivity and wages. This

would require a better co-ordination between national and regional authorities. Collaboration with existing vocational education infrastructure, sectoral training funds as well as social partners would also be essential to ensure workers receive high-quality training that is relevant to market needs. To avoid signalling that jobs are not viable, the focus should be on upskilling for current roles and future sectoral needs, rather than generic retraining that may suggest a job is at risk.

References

Bermudez, N. et al. (2025), "Le chômage temporaire en Belgique : un outil efficace et bénéfique, à condition d'en maîtriser l'usage", *Regards économiques*, Vol. 190. [2]

Bermudez, N., M. Dejemeppe and G. Tarullo (2023), "Theory and Empirics of Short-Time Work: A Review", *GLO Discussion Paper*, Vol. 1348, https://www.econstor.eu/bitstream/10419/279649/1/GLO-DP-1348.pdf. [10]

Cahuc, P. (2024), "The micro and macro economics of short-time work", in *Handbook of Labor Economics*, Elsevier, https://doi.org/10.1016/bs.heslab.2024.11.011. [9]

Calligaris, S. et al. (2023), "Employment dynamics across firms during COVID-19: The role of job retention schemes", *OECD Economics Department Working Papers*, No. 1788, OECD Publishing, Paris, https://doi.org/10.1787/33388537-en. [5]

Giupponi, G. and C. Landais (2023), "Subsidizing Labour Hoarding in Recessions: The Employment and Welfare Effects of Short-time Work", *The Review of Economic Studies*, Vol. 90/4, pp. 1963-2005, https://doi.org/10.1093/restud/rdac069. [6]

Hijzen, A., E. Jongen and M. Montenegro (2024), "The effectiveness of job retention schemes during economic crises", in *Handbook on Labour Markets in Transition*, Edward Elgar Publishing, https://doi.org/10.4337/9781839106958.00021. [8]

Knoops, S. (2021), "Equality without improvement? A case study of the impact of the Belgian unified status among blue-collar and white-collar workers on their occupational pensions", *European Journal of Social Security*, Vol. 23/3, pp. 211-231, https://doi.org/10.1177/13882627211031932. [11]

Montenegro, M. and A. Hijzen (forthcoming), "Job Retention at Scale". [7]

OECD (2024), *Preparing ERTE for the Future: An Evaluation of Job Retention Support in Spain During the COVID-19 Pandemic*, OECD Publishing, Paris, https://doi.org/10.1787/a70bf8ec-en. [4]

OECD (2021), *OECD Employment Outlook 2021: Navigating the COVID-19 Crisis and Recovery*, OECD Publishing, Paris, https://doi.org/10.1787/5a700c4b-en. [1]

ONEM (2024), *Le chômage temporaire après la crise du coronavirus*, https://www.onem.be/file/cc73d96153bbd5448a56f19d925d05b1379c7f21/56b3ce93b30eb832bcabe25e6f5d83cdbf42ebd2/2024_11_21_etude_ct_post_corona_fr.pdf. [3]

Notes

[1] After decades of historical labour market discrimination between blue- and white-collar workers, the law of 26 December 2013 prescribes a harmonisation of the labour market status between the two by 2025, eventually extended to 2030 by agreement of the social partners (Knoops, 2021[11]). This primarily affects notice period, sick pay, and occupational pensions.

2 Job retention support in Belgium through the COVID-19 pandemic

This chapter provides an overview of the development of job retention support through the COVID-19 pandemic. Based on rich administrative data, it also provides information on the patterns of job retention support use across firms and workers and examines its implications for productivity-enhancing labour market reallocation.

In Brief

Job retention support in Belgium through the COVID-19 pandemic

Belgium entered the COVID-19 pandemic with a well-established, though fragmented, job retention scheme ("temporary unemployment") that primarily supported firms facing seasonal fluctuations and blue-collar workers experiencing economic difficulties. The scheme was rapidly simplified to ensure broad coverage, reaching a peak of 30% of dependent employment in April 2020, placing take-up in Belgium well above the OECD average.

Less productive firms demonstrated substantially higher take-up rates (16.6% of workers versus 6.4% in the most productive firms). Prior experience was a strong predictor of pandemic usage, with 51% of experienced firms utilising support compared to 14% without prior experience. Usage was concentrated in heavily exposed sectors, such as construction, manufacturing, administrative support, and accommodation services, with the latter becoming heavily dependent despite minimal pre-pandemic experience in the schemes use. White-collar workers comprised 43% of recipients at the pandemic's peak, departing from the historically high concentration among blue-collar workers. Educational differences were stark: 20% of low-educated workers received support in 2020 versus just 3% of highly educated workers.

While Belgium's typical "job ladder" from less to more productive firms continued operating during the pandemic, the overall process of productivity-enhancing reallocation of workers was slightly dampened by increased employment mobility (workers moving in and out of employment). This was mainly concentrated among the least productive firms, who saw decreasing separations rather than increased hiring, suggesting job retention schemes may have helped these firms retain workers they might otherwise have laid off. While this is partly intended, these negative effects of employment mobility on productivity-enhancing reallocation lasted will into 2022, when the acute phase of the crisis already subsided. As such, it likely dampened aggregate productivity growth.

2.1. Introduction

Belgium's "temporary unemployment" (*chômage temporaire/tijdelijke werkloosheid*) system represents one of the oldest and most extensively used job retention schemes across OECD countries. Originally developed to address seasonal fluctuations and economic difficulties through multiple sub-schemes, this system underwent rapid transformation in March 2020 to respond to the unprecedented challenges posed by widespread lockdowns and containment measures. Through administrative simplification and expanded eligibility, the scheme reached coverage levels well above the OECD average during the pandemic's peak.

This chapter begins by tracing the institutional evolution of the scheme's design, documenting how existing mechanisms were adapted and new provisions introduced to address pandemic-related disruptions. It then investigates participation patterns across different types of firms and workers, drawing on comprehensive administrative records from the National Employment Office (ONEM/RVA) and detailed linked employer-employee microdata from the Crossroads Bank for Social Security and the Belgian National Bank. The latter data in particular enable novel insights into how take-up varied across firms with different productivity levels and prior experience with the scheme. The chapter concludes by examining the broader implications

of the COVID-19 pandemic for labour market functioning, specifically analysing how it affected productivity-enhancing worker reallocation.

2.2. An overview of job retention support in Belgium

2.2.1. Belgium operates different forms of job retention support for different purposes

With temporary unemployment (*chômage temporaire / tijdelijke werkloosheid*), Belgium already had a job retention scheme (JRS) in place well before the COVID-19 pandemic. While it is difficult to trace its exact origins, it seems to have originated from the decentralised union unemployment funds.[1] Over time, it evolved to provide support during economic downturns and other external factors that impede the usual operation of business activities by offering partial earnings replacement for employees whose working hours are reduced or whose employment contract is temporarily suspended. During this period, the employer is not required to pay salaries, social security contributions or provide additional fringe benefits. Instead, workers on temporary unemployment directly receive benefits from the National Employment Office *ONEM/RVA,* which are processed by payment organisms, such as the respective trade union (or the Auxiliary Fund for Payment of Unemployment Benefits for non-unionised workers).[2] Initially, this system only existed for blue-collar workers, but it was extended to white-collar workers in response to the global financial crisis in 2009, albeit with stricter eligibility requirements.

At present, job retention support in Belgium takes different forms depending on the specific situation that affects business activity (see Annex Table A.A.1). Temporary unemployment work can, for example, be used for economic reasons to provide a buffer against temporary reductions in business demand (*raisons économiques / economische redenen*) or to bridge temporary business closures brought on by sudden and unpredictable outside events such as power cuts, bad or extreme weather, strikes or *force majeure*. Job retention support for economic difficulties was by far the most widely used scheme in Belgium in the years prior to the COVID-19 pandemic, accounting for 70% of job retention payments in 2011 and 2019, while the *force majeure* scheme only accounted for about 2% of claims. The coverage of bad weather events is particularly important for the construction sector, where it alone accounted for 20% of all job retention support payments between 2011 and 2019.

In response to the COVID-19 crisis, Belgium quickly scaled up job retention support by introducing a simplified *force majeure* coronavirus scheme to expedite the application process. Essentially all COVID-19-related temporary unemployment claims were treated under the *force majeure* modality, with simplified eligibility conditions and procedural requirements. With some modifications, this simplified scheme was active until June 2022.

Temporary unemployment for economic reasons can be used when there is a significant temporary reduction in sales, production or orders, while *force majeure* temporary unemployment can be used in the context of an unexpected and temporary event beyond the control of the firm (e.g. natural disaster, government action). In both cases, applications are made by firms via an electronic notification of the anticipated suspension to ONEM/RVA. Workers and the works council must be informed at least seven days prior to the beginning of temporary unemployment and are required to submit a monthly "control card" (C3.2A card[3]) that records days not worked at their firm to their respective trade union (or to the Auxiliary Fund for Payment of Unemployment Benefits for non-unionised workers). The control card allows comparing the number of suspended days anticipated by employers with the number of days not actually worked as reported by employees.

Employees placed on temporary unemployment for economic reasons had to be eligible for full unemployment benefits, but this condition was removed after the COVID-19 pandemic (see below). This effectively ensured that support was targeted towards workers with some tenure who are more likely to have accumulated some firm-specific knowledge that would be costly to rebuild if the worker were to be

laid off. However, it also risks exacerbating labour market duality by widening the gap in employment protection between tenured workers and recent hires or between permanent and temporary workers. While apprentices were eligible for temporary unemployment, students still entitled to child benefits who work part-time and do not pay full social security contributions did not qualify. In contrast, the *force majeure version* requires a full suspension of activity but does not require affected workers to meet the minimum contribution requirements for full eligibility to unemployment benefits.

For temporary unemployment due to economic reasons, the procedures and requirements differ between blue- and white-collar workers, which is not the case for the *force majeure* variant. Blue-collar workers can be placed on temporary unemployment if the firm is temporarily unable to maintain its level of work due to economic difficulties. There is no need for providing any economic justification or having a collective agreement (or, in its absence, an approved business plan). Instead, the trade unions monitor the appropriate use of temporary unemployment to ensure it complies with legal requirements and take action when misuse is suspected. By contrast, white-collar workers can only be placed on temporary unemployment for economic reasons when an economic justification is provided[4] and a collective agreement is in place that explicitly allows for this possibility or, in its absence, the employer has a business plan that has been approved by the FPS Employment, Labour and Social Dialogue. Other OECD countries typically do not differentiate procedures across groups of workers. Austria was a notable exception which limited the use of job retention support to blue-collar workers until 2018.

Temporary unemployment for economic reasons and *force majeure* replaces 65% of the gross monthly salary, capped at a maximum of 66% of the average gross monthly salary, similar to regular unemployment benefits during the initial three months of receipt. A tax of 26.75% is directly withheld from the temporary unemployment benefit, which typically exceeds the actual income tax due at the end of the year (NBB, 2020[1]). However, on top of the temporary unemployment benefit, there are sectoral- and firm-level top-ups paid by the employers, which can differ widely between and within sectors. For example, in the metal industry, specific agreements at the branch level provide for a daily supplement of EUR 12.07 (EUR 6.04 for part-time workers). For blue-collar workers, this supplement is covered entirely by sectoral funds financed through contributions from employers. Conversely, for white-collar workers, the employer is responsible for paying the supplement, but they receive a reimbursement for half of the cost from the sectoral fund (Serroyen, 2021[2]).[5]

The maximum duration with which temporary unemployment for economic reasons can be used depends on its intensity. Blue-collar workers can either be put under temporary unemployment for i) less than three working days per week for a maximum of 12 months (small suspension), ii) three working days or more every week for a maximum of three months (large suspension), or iii) under a full suspension for a maximum of 4 weeks (total suspension). At the end of a large or total suspension, a full working week at normal employment can reinstate the right to apply once more for temporary unemployment due to economic reasons as long as the eligibility conditions are still met. In the case of small suspensions, new applications can be made immediately after and, in the case of large or total suspensions, after a cooling period of one week, as long as eligibility conditions are still met. White-collar workers can be placed either on reduced working time with at least two days of work per week for a maximum of 26 weeks or be fully suspended for a maximum of 16 weeks. In contrast to temporary unemployment for blue-collar workers, suspensions are not renewable. *Force majeure* temporary unemployment is valid for a maximum of three months, but can be renewed as long as the *force majeure* event persists, without cooling off period.

2.2.2. The simplified force majeure variant during the COVID-19 pandemic and the subsequent energy crisis

From March 2020 to June 2022, Belgium operated a simplified *force majeure* variant, which was used for all COVID-19 related claims (only in September 2020 was it restricted to particularly hard-hit sectors) (Table 2.1). It eased the application procedure using simplified forms, suppressed the requirement to send

a notification to ONEM/RVA I, shortened the period for notifying workers or their representatives from seven to three days, and did no longer require the submission of control cards. These simplified procedures and reduced administrative requirements significantly reduced the time needed to process applications. Despite the surge in requests for temporary unemployment, 77% of claimants received payments within ten days after the month they became unemployed, and 97% within 30 days. In normal times, only 38% of recipients receive payments in the same timeframe (ONEM/RVA, 2021[3]).

The crisis variant did not impose any significant conditions on eligibility, its use or maximum duration. In contrast to the regular variant of *force majeure*, it could be used for both partial and complete suspensions and there were no limits on the receipt period. The only requirement for firms was to file a "social risk declaration" at the end of each month stating the number of hours of temporary unemployment in the firm. As in the regular variant of *force majeure*, worker eligibility did not require meeting the minimum contributions for unemployment benefits. This is in line with the international practice during the COVID-19 crisis (OECD, 2021[4]). This meant that workers on temporary contracts were eligible irrespective of their contribution history.

The simplified variant for *force majeure* also provided more generous support to workers. It provided benefits equal to 70% of previous gross earnings for hours not worked, under the same maximum ceiling as before the pandemic, alongside a daily supplement of EUR 5.63 from ONEM/RVA, instead of 65% and supplements by employers or from sectoral funds in the variants for economic reasons and normal *force majeure*. Additionally, the social partners agreed to provide top ups in some industries, with around 16% of all job retention support recipients receiving such top-ups (Thuy, Van Camp and Vandelannoote, 2020[5]).[6] In May 2020, the tax withheld from the temporary unemployment benefit was reduced from 26.75% to 15%, while it continued to be at 26.75% for employer supplements. In early 2022, the daily supplement to the temporary unemployment benefit was raised from EUR 5.63 to EUR 6.10.[7]

In contrast to several other OECD countries, the simplified *force majeure* temporary unemployment scheme did not include any direct incentives for training during the COVID-19 pandemic. A key obstacle for this was Belgium's fragmented labor market administration, which separates the national body handling job retention support payments from the regional Public Employment Services (PES) responsible for training (OECD, 2023[6]). This division created practical barriers. For example, when the Flemish region attempted to introduce training requirements for long-term recipients of job retention support, the national PES did not share recipient information. Employer organisations worried that promoting training might signal job insecurity to workers, potentially leading them to quit (OECD, 2023[6]).[8]

Table 2.1. Timeline of temporary unemployment in Belgium during the COVID-19 pandemic and beyond

Date	Adjustment
13 March 2020	ONEM/RVA applies the force majeure temporary unemployment scheme to all situations in relation to COVID-19, even if business operations are still possible on certain days. A simplification of the scheme removes the obligation to send notices of temporary unemployment to ONEM/RVA and introduces a simplified form for employees to claim benefits, removing to obligation to submit "control cards" (C3.2A card). The replacement rate of the temporary unemployment benefit is raised from 65% to 70%. Workers on temporarily unemployment receive a daily supplement of EUR 5.63.
01 May 2020	The tax withheld from the temporary unemployment benefit is reduced from 26.75% to 15%. For employer supplements, the withholding tax rate continues to be at 26.75%.
26 June 2020	The simplified force majeure (COVID-19) scheme is extended until 31 August 2020.
28 August 2020	The simplified force majeure (COVID-19) scheme is extended until 30 June 2021, but from September 2020, the scheme was adapted to continue simplified procedures for severely impacted firms. These firms had to demonstrate that at least 20% of total workdays were under temporary unemployment in Q2 2020. Specific sectors were automatically recognised, while others had restrictions. However, firms in sectors not eligible for the simplified force majeure (COVID-19) scheme could still access temporary unemployment under other schemes, as long as their eligibility conditions were met.
01 October 2020	The simplified force majeure (COVID-19) scheme is once more applicable to all firms, reversing the earlier adaption.
10 June 2021	The simplified force majeure (COVID-19) scheme is extended until 30 September 2021.

Date	Adjustment
27 September 2021	The simplified force majeure (COVID-19) scheme is extended until 31 December 2021.
11 December 2020	The government introduces an end-of-year supplement for temporary unemployment recipients. Those who received 52 days or more in 2020 receive EUR 10 for each day of temporary unemployment, with a guaranteed minimum payment of EUR 150.
20 December 2021	The simplified force majeure (COVID-19) scheme is extended until 31 March 2022.
01 January 2022	The daily supplement to the temporary unemployment benefit is raised to EUR 5.86.
01 March 2022	The daily supplement to the temporary unemployment benefit is raised to EUR 5.98.
14 March 2022	The simplified force majeure (COVID-19) scheme is extended until 30 June 2022 and extends to firms affected by the war in Ukraine and rising energy prices/
01 May 2022	The daily supplement to the temporary unemployment benefit is raised to EUR 6.10.
01 July 2022	The simplified force majeure scheme for COVID-19 ceases to exist. The regular system of temporary unemployment resumed, with replacement rates and withholding tax returning to pre-pandemic levels. Eligibility requirements for workers claiming temporary unemployment for economic reasons are removed. Between 1 July 2022 and 31 December 2022, there were transitional measures for temporary unemployment due to economic reasons: Workers still won't have to submit "control cards" (C3.2A card) or prove employment history of any length. Firms could base the required drop in firm turnover, production or orders on the corresponding quarter in 2019. For blue-collar workers, the requirement to introduce a full working week after four weeks of full suspension of employment or three months of a large suspension was made more flexible. Further, until 30 June 2023, firms seeking to place workers on temporary unemployment for economic reasons and which have no provision for this, nor an approved business plan, could still do so if the economic difficulties were originating from the COVID-19 pandemic
01 October 2022	Between October 2022 and March 2023, temporary unemployment for energy-intensive employers was introduced as part of the economic reasons scheme to respond to the needs created by the rising energy prices and the end of the simplified force majeure scheme.
01 July 2023	Temporary unemployment fully returns to its pre-pandemic conditions.
01 January 2024	The replacement rate of the temporary unemployment benefit is lowered from 65% to 60%, except in the case of force majeure. Employers must pay an additional amount of EUR 5 per day for white-collar workers and EUR 2 per day for blue-collar workers placed on temporary unemployment, except where temporary unemployment is due to force majeure. The replacement rate for temporary unemployment due to force majeure remains at 65%.

Source: ONEM / RVA, FOD Werk / SPF Emploi, Eurofound - EU PolicyWatch: Database of national-level policy measures, https://static.eurofound.europa.eu/covid19db/cases/BE-2020-11_380.html.

In light of the reduced number of COVID-19 cases in the summer of 2020, alongside persistently high levels of temporary unemployment use and high administrative pressure on ONEM/RVA and the payment organisms, the government decided to tighten the criteria for temporary unemployment from September 2020. Simplified *force majeure* was restricted to companies and sectors that were severely affected by the pandemic and related economic restrictions. This was considered to be the case for firms in which working time was reduced by at least 20% in Q2 2020 as well as the taxi, audiovisual, hotel, entertainment, socio-cultural, and tourist attractions sectors. Similar forms of targeting were introduced in several other OECD countries (e.g. France, Spain).

When the virus resurfaced, the simplified variant of temporary unemployment *force majeure* was extended again to all firms from October 2020 and was kept in place until June 2022. Consequently, the crisis scheme remained in place for significantly longer than crisis schemes in most other countries (OECD, 2022[7]). From April 2022 to June 2022, Belgium extended the simplified temporary unemployment for *force majeure* to firms affected by rising energy prices.

After the expiration of the simplified *force majeure* scheme, temporary unemployment for economic reasons became again the main variant. At the same time, pre-pandemic requirements of full unemployment benefit eligibility were removed. As several transitional measures remained in place until the end of 2022, the use of the control card, the requirement for an economic justification for white-collar workers and the one-week cooling off period for blue-collar workers were only re-introduced in the beginning of 2023. COVID-19 related claims moreover did not require having a collective agreement or approved business plan until mid-2023.

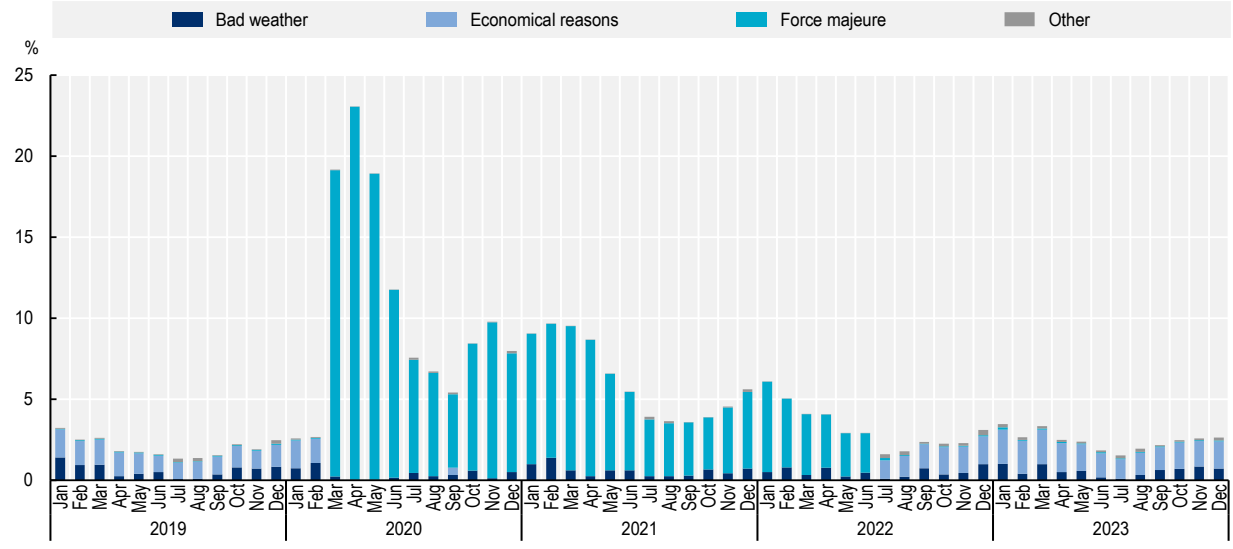
2.3. Take-up of job retention support in Belgium

Zooming in on the use of Belgium's temporary unemployment scheme across firms and workers can provide insights on who used the scheme. The analysis in this section draws on two complementary data sources. First, administrative data provides comprehensive coverage of all temporary unemployment payments, enabling analysis of aggregate trends, sectoral patterns, and the evolution of different scheme variants over time. Second, detailed linked employer-employee data[9] allows to examine firm-level take-up of job retention schemes, the relationship between productivity and take-up, and detailed characteristics of the workers that used job retention schemes. Together, these sources provide rich information on how Belgium's job retention scheme was used in practice.

The use of job retention support during the pandemic in Belgium was based on the force-majeure scheme, which effectively absorbed the scheme for economic reasons. Prior to the COVID-19 pandemic, the majority of job retention payments were disbursed through the scheme for economic reasons. A significant portion of payments during the fall and winter months were made through the scheme for bad weather events, particularly in the construction sector (Figure 2.1). From the start of the pandemic, the COVID-19 *force majeure* scheme, with its broad accessibility and weakened eligibility conditions, effectively absorbed the use of temporary unemployment for economic reasons,[10] while its use for weather-related reasons was not much affected.[11,12] Following the phase-out of the COVID-19 *force majeure* scheme, its use fell back to near zero, while that for economic and weather-related reasons picked up. Beyond normal seasonal patterns, the slight increase in the use of job retention support towards the end of 2022 is related to its use in energy-intensive sectors following the rise in energy prices.[13] In 2023, the use of temporary unemployment (on average 2.4% of employment) was only slightly higher as compared to 2019 (on average 2.0% of employment). This may stem from rising vulnerabilities in sectors like manufacturing, which experienced a renewed use of temporary unemployment due to declining activity (ONEM, 2024[8]).

Figure 2.1. The force-majeure scheme effectively replaced that for economic reasons during the pandemic

Temporary unemployment payments by type as a share of dependent employment



Note: In contrast to Figure 3.10 in the next chapter, which measures actual monthly take-up, the disaggregation by type of temporary unemployment scheme presented here refers to payments made. These payments can sometimes be made in different months than the actual take-up of temporary unemployment. For example, in 2020, 76% of all claims resulted in payments within a month, up from 38% in 2019 (ONEM/RVA, 2021[3]).
Source: OECD calculations based on ONEM/RVA data.

2.3.1. The use of job retention support across industries

The use of the job retention support before the pandemic was concentrated in the construction sector (Figure 2.2), particularly through seasonal uptake in winter months. This pattern of recurrent, seasonal use raises important policy questions about whether the scheme is creating unintended cross-subsidies to certain firms and sectors, potentially distorting the optimal allocation of resources. These concerns are explored in detail in Box 2.2. In other sectors like manufacturing as well as administrative and support services, the use of job retention support was also relatively prevalent before the COVID-19 pandemic. In contrast, job retention support was barely used in public administration, education, and the financial sector.

Box 2.1. Structural dependency on job retention support in Belgium

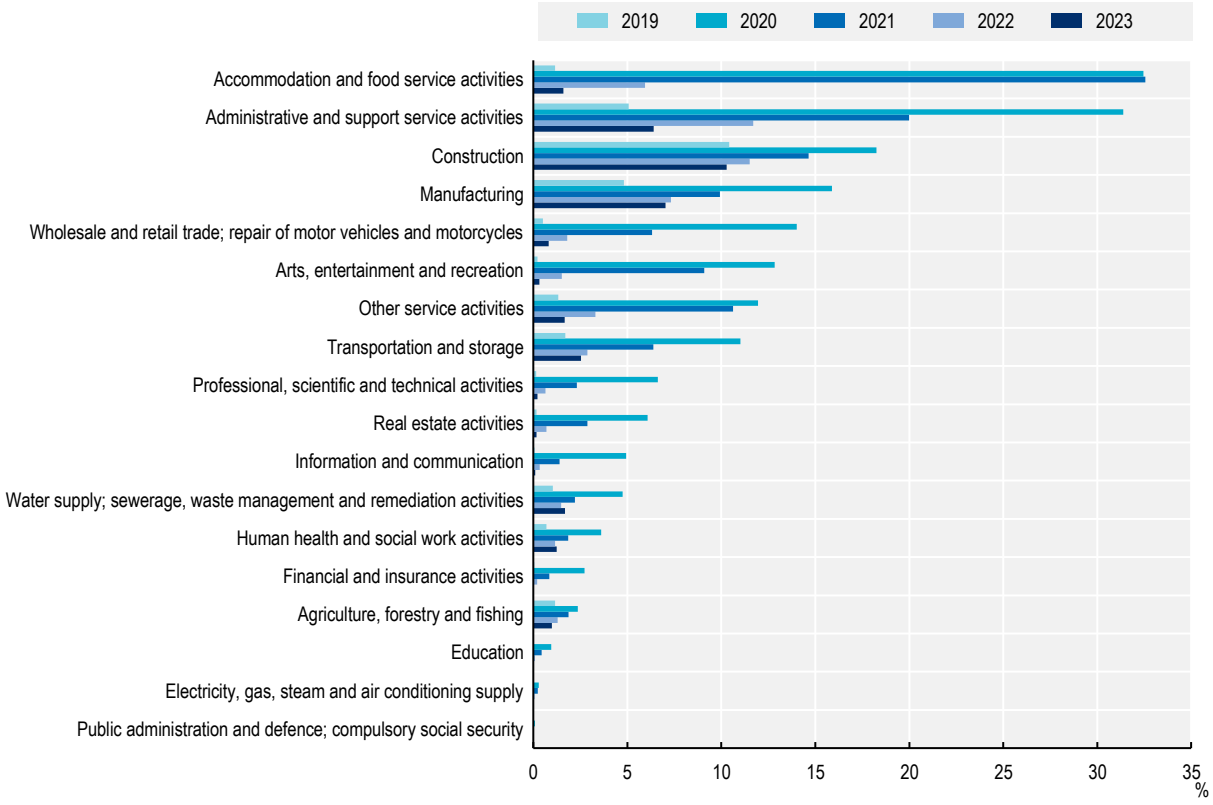
Many employers rely on job retention schemes as a buffer during economic difficulties. However, Belgium's system exhibits a distinctive pattern of structural use of temporary unemployment, treating it as a regular flexibility tool rather than as an emergency measure. A structural dependence on the temporary unemployment scheme, alongside seasonal dependence in certain sectors, may be one of the reasons for high take-up outside of crisis situations compared to other OECD countries.

Between 2012 and 2019, approximately 19% of employers using the scheme for economic reasons did so for at least two-thirds of the time. A total of 382 companies even used temporary unemployment continuously throughout this entire eight-year period. However, these companies do not necessarily use job retention support very intensively, as the share of firms using temporary unemployment particularly intensely (in terms of worker-days supported) is highest among sporadic users of the scheme. This structural usage pattern is fairly consistent across most sectors, with the exception of the manufacturing sector, where companies use temporary unemployment structurally about 50% more frequently than firms in other sectors. However, the analysis of structural use is limited to the temporary unemployment scheme for economic reasons, and therefore ignores schemes that specifically apply to certain sectors (e.g. construction). Firms in these sectors might primarily resort to these schemes or alternate between these and the one for economic reasons, which may mask patterns in structural dependence on temporary unemployment in this analysis.

Source: ONEM/RVA (forthcoming[9]), *Employers With Economic Difficulties – Focus On Economic Temporary Unemployment*.

Figure 2.2. Temporary unemployment was concentrated in a handful of sectors

Average monthly temporary unemployment payments as a share of dependent employment by sector



Source: OECD calculations based on ONEM/RVA data.

During the COVID-19 pandemic, the take-up of job retention schemes increased considerably across the board, as pandemic-related lockdown and other containment restrictions severely curtailed economy activity across sectors. As such, the sectoral pattern of take-up appears to be broadly consistent over time. For example, relatively high take-up during the COVID-19 pandemic tends to be associated with relatively high pre- and post-pandemic take-up in construction, administrative and support services as well as manufacturing. Accommodation and food services is a notable exception, with a relatively high use during the pandemic and its aftermath due to forced closures during lockdown, and other restrictions and a relatively low use before the pandemic. It is also the only sector where job retention schemes were used to a similar extent in 2021 as during the onset of the COVID-19 pandemic in 2020. Overall, the sectoral pattern during the pandemic was driven by the degree to which sectoral activity was affected due to the need for in-person contact, the difficulty of adapting to telework, or disruptions in output demand or the supply chain.

Box 2.2. Job retention support, seasonal work and experience rating

The evidence suggests that the use of job retention support for seasonal reasons is quite important in Belgium (see e.g. Cahuc and Nevoux (2017[10]) and Bermudez, Dejemeppe and Tarullo (2023[11])). While its use may seem limited in the aggregate, it is very large once one realises that seasonal work largely concerns construction, where in 2022 one in eight workers was placed on support in any given

month. There are several other countries where the use of job retention support work for seasonal reasons is quite common, such as France and Germany, but little is known about its economic consequences.

Cahuc and Nevoux (2017[10]) show based on an analysis for France that the use of job retention support for seasonal reasons induces a recurrent use among a specific group of firms and effectively acts as a cross-subsidy to recurrent users. They argue that this distorts the optimal allocation of resources across firms in the economy and reduces aggregate output. To enhance overall efficiency the recurrent use of job retention support could be discouraged by requiring firms to cover some of its costs for hours not worked. This could take the form of direct co-financing or a bonus-malus system based on experience-rated social security contributions in which employers pay back a fraction of the cost of hours not worked through higher social security contributions in the future. Experience-rating is preferred to direct co-financing since it allows to effectively support job retention in financially constrained firms while reducing the adverse impact of recurrent job retention support on aggregate production. To avoid that such as a system simply leads to a shift from seasonal job retention support to seasonal unemployment insurance, social contributions for unemployment should be experience-rated as well. In the end, the key question is whether employers should be held accountable for the use of job retention or unemployment benefits by their employees.

Only few countries operate experience-rated employer contributions for unemployment insurance or job retention support. The United States had such a system for a long time, while it was introduced in 2022 in France for unemployment insurance. One reason why few countries operate such systems may be that they tend to be difficult to implement. With the advancement of digital technologies, this argument has become less important.

- Unemployment insurance benefits in the **United States** are primarily financed through experience-rated employer contributions for unemployment insurance. Each employer has a fictional account that is credited with their contributions and debited with claims from its ex-employees. The balance relative to the wage bill of the employer (highest over the past three to five years) determines the level of contributions subject to a floor and a ceiling. The actual rates vary across states and time. According to the Department of Labor, about 60% of unemployment claims is individualised such that the employer pays for the fiscal cost of layoffs of its own workers, while the other 40% is shared evenly across firms due to the role of floors and ceilings.
- **France** introduced a “bonus-malus” system for unemployment insurance in selected sectors in September 2022. The main rationale of the reform was to limit the excessive use of short-term contracts. This bonus-malus modulates the rate of the employer’s unemployment insurance contributions, depending on the number of workers in a firm whose contract is terminated and subsequently registered with the public employment services as a share of its workforce. Firms with a separation rate above the median will see an increase in their contributions up to a ceiling of 5.05% of the wage bill, while firms with a lower rate will experience a reduction down to a floor of 3%. The bonus-malus system applies to firms with more than ten employees in sectors with an average separation rate of more than 150% of the national rate and is calculated based on the separation rate during the previous year. An evaluation by UNEDIC suggests that even small differences in contribution rates can induce significant changes in firm behaviour (Brembilla et al., 2025[12]).

Source: Cahuc and Nevoux (2017[10]), *Inefficient Short-Time Work*, https://www.iza.org/de/publications/dp/11010/inefficient-short-time-work and OECD (2024[13]), *Preparing ERTE for the Future: An Evaluation of Job Retention Support in Spain During the COVID-19 Pandemic*, https://doi.org/10.1787/a70bf8ec-en.

Even after health-related restrictions were withdrawn, take-up of temporary unemployment remained elevated in administrative and support services, manufacturing as well as construction, where respectively

6%, 7% and 10% of jobs were still supported by job retention schemes. While this level is comparable to the pre-crisis period in construction, about 25% more workers remain on temporary unemployment support in administrative and support services than prior to the pandemic and 50% more in manufacturing. Several other sectors, such as transport and storage, as well as water supply and waste management, also saw higher take-up rates of job retention schemes in 2023 than prior to the COVID-19 pandemic. This may suggest that the pandemic-related expansion of temporary unemployment created a new-found dependence on job retention support for some firms.

2.3.2. Which firms used job retention support?

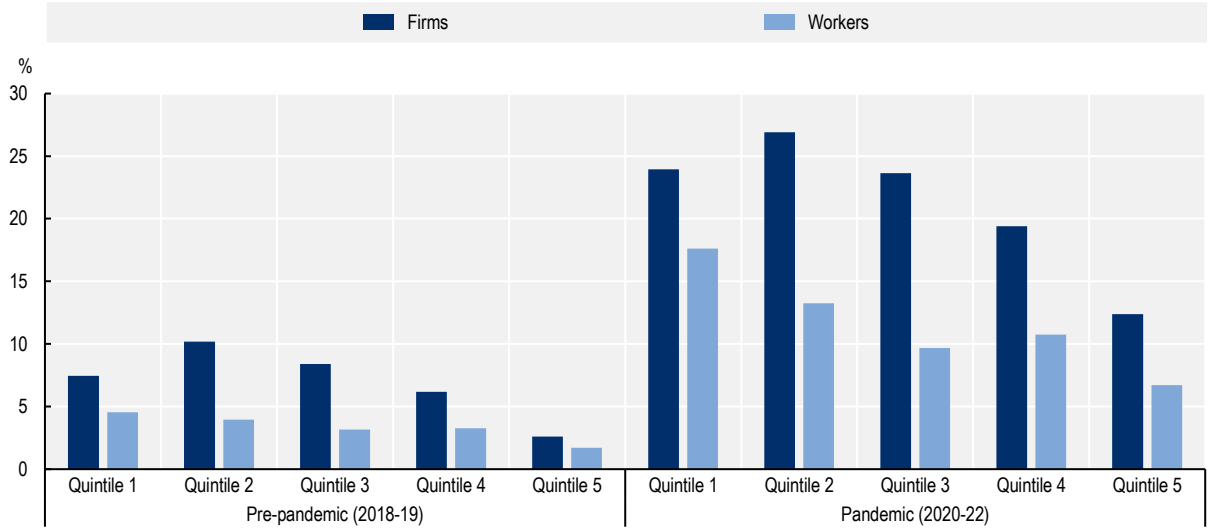
It is not immediately obvious whether more or less productive firms would be more likely to use these programmes in the context of a pandemic. On one hand, more productive firms often invest more strongly in training their workers, creating strong incentives to keep employment relationships, rather than to lose such investments in their workforce. On the other hand, firms that are already struggling financially might find subsidised worker retention especially attractive when they cannot afford to keep paying wages during a downturn. Using microdata from the Belgian Crossroads Bank for Social Security, as well as information on firm-level value-added per worker from the Belgian National Bank, it is possible to investigate which types of firms adopted job retention schemes and how the use varied along the distribution of firm productivity.

The evidence from Belgium shows a clear pattern: less productive firms were much more likely to use temporary unemployment, both before and during the pandemic (Figure 2.3). Prior to the pandemic, 7.3% of firms and 4.5% of workers in the 20% least productive firms used job retention schemes on average per quarter, while among the 20% most productive firms, only 2.5% of firms and 1.6% of workers used temporary unemployment on average per quarter. The overall negative relationship with productivity was preserved during the COVID-19 pandemic and even increased in strength.[14] The first quintile of the firm productivity distribution again showed the highest take-up at 16.6% of workers (22.7% of firms) while 6.4% of workers took up job retention schemes in the top quintile (11.7% of firms). These findings suggest that financial constraints, which may be more prevalent among less productive firms, drove most decisions to use job retention support.[15]

The accommodation and food services sector was a notable exception during the COVID-19 pandemic, showing the opposite pattern where higher productivity firms were more likely to take up job retention support (see Figure A.A.1). This likely reflects sector-specific factors: more productive hospitality businesses tend to be larger establishments (hotels, restaurant chains) with valuable skilled staff worth retaining, whilst lower productivity establishments often rely more on easily replaceable casual labour where the benefits of keeping workers during a temporary closure are more limited.

Figure 2.3. Temporary unemployment is concentrated among the least productive firms

Average quarterly share of firms and workers on job retention schemes by quintile of the firm-distribution of average productivity



Note: The figure shows the average quarterly share of firms using job retention schemes at least once and workers placed at least once on job retention schemes across quintiles of the employment-weighted distribution of average pre-pandemic labour productivity. It is based on employment-weighted firm-level regressions of the intensive margin of job retention schemes use on quintile dummies, firm size and quarter fixed effects (Equation 2). Firm labour productivity and firm size are measured as the average between 2018 and 2019. As an example, it shows that an average of about 20% of workers in the least productive firms was placed on job retention schemes during the COVID-19 pandemic.
Source: OECD calculations based on microdata from the Belgian Crossroads Bank for Social Security and the Belgian National Bank.

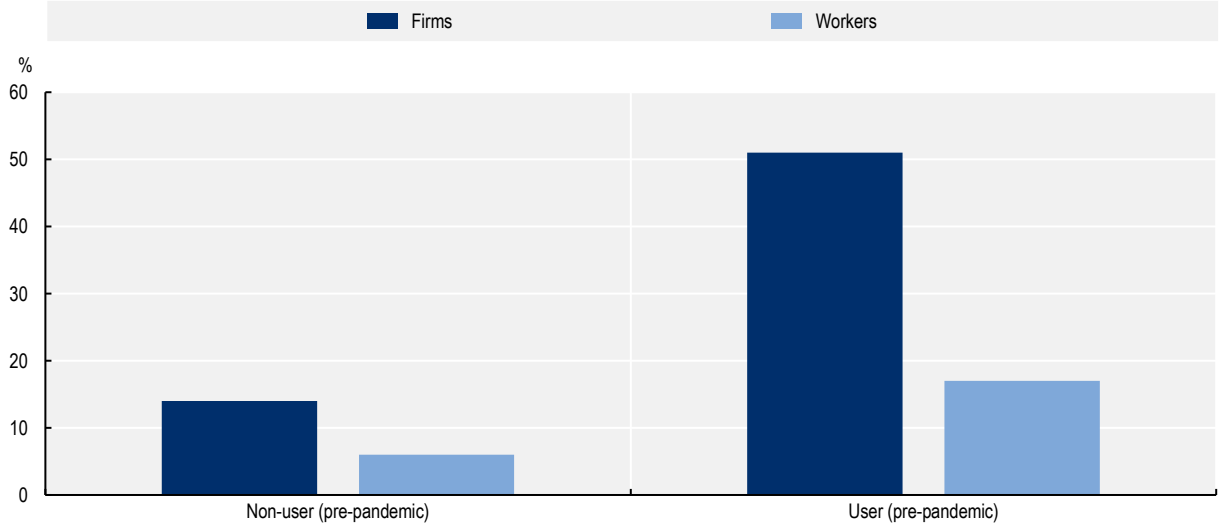
Interestingly, prior experience with job retention schemes is strongly associated with the use of temporary unemployment during the COVID-19 pandemic. Indeed, About 51% of the firms that had used temporary unemployment before the pandemic (in 2017 to 2019) made use of this support scheme on average per quarter during the COVID-19 pandemic, considerably more than the 14% firms that did not have temporary unemployment experience before the pandemic (Figure 2.4).[16] This could either reflect familiarity with the scheme or the persistence of use for structural reasons among low-productivity firms. While the pandemic created widespread need for employment adjustment, firms with established knowledge of temporary unemployment schemes may have been better positioned to utilise these schemes as a primary adjustment tool. On the other hand, structural users and less productive firms may have been more exposed to liquidity constraints during the COVID-19 pandemic and therefore made more use of job retention support.

The association of prior experience with the use of job retention scheme during the COVID-19 pandemic varied considerably across sectors. For the accommodation and food services sector, which was among the hardest hit sector by the lockdown restrictions, the difference between experienced and inexperienced firms was relatively modest (43% of workers among experienced firms and 36% among inexperienced firms, see Figure A.A.2). This contrasts with all other sectors, where firms with pre-pandemic experience had significantly higher uptake, and by the end of 2022, the accommodation and food services sector's usage had fallen to the low levels of inexperienced firms elsewhere (Figure A.A.3). Firms with and without prior experience in the accommodation and food services sector used job retention schemes at similarly high rates almost throughout the entire pandemic, only meaningfully diverging from another from mid-2021. In contrast to other sectors, where take-up rates were only comparable in the initial months of the pandemic

(e.g. in construction, administrative and support services) or remained noticeably different throughout (e.g. manufacturing).

Figure 2.4. Previous use of temporary unemployment schemes is associated with higher use during the pandemic

Average quarterly share of firms and workers on job retention schemes during the pandemic (Q1 2020 – Q4 2022) by previous JRS use of firms between 2018 and 2019



Note: Non-users refer to firms that did not use job retention schemes once between 2017 and 2019. Users refer to firms that placed at least one worker on job retention schemes between 2017 and 2019.
Source: OECD calculations based on microdata from the Belgian Crossroads Bank for Social Security.

Taken together, these patterns suggests that the use and persistence of these schemes were driven by a combination of acute necessity and pre-existing structural dependence, with a strong distinction emerging between experienced and inexperienced firms over time. For sectors hit by a severe shock, such as accommodation and food services, the sheer necessity of survival drove widespread of job retention scheme adoption among most firms, largely erasing the advantage of pre-pandemic experience. However, in most other sectors, previous experience was a key determinant; firms that had used job retention schemes before the pandemic were significantly more likely to use them again and more intensively. The most crucial difference lies in persistent use, as for firms without prior experience, of job retention schemes were largely a temporary tool that was eventually abandoned as the crisis faded. In contrast, for firms with pre-pandemic experience, the schemes acted as a readily available and embedded operational tool, with their usage remaining elevated long after the initial shock.

2.3.3. Which workers were placed on job retention support?

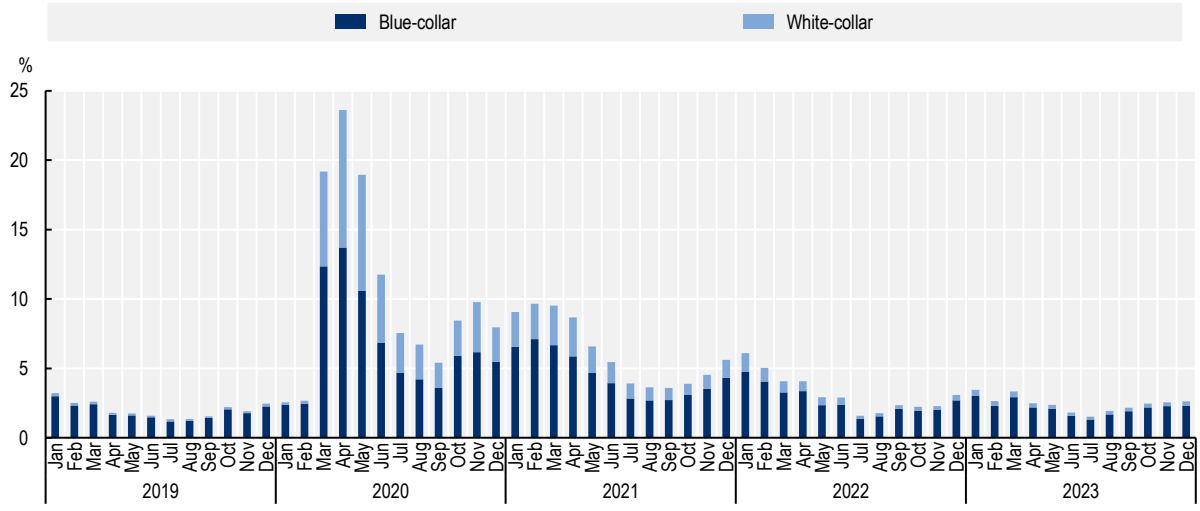
Prior to the COVID-19 pandemic, temporary unemployment schemes in Belgium were predominantly used by blue-collar workers, in part due to easier firm-level eligibility requirements as well as their concentration in sectors like construction and manufacturing which regularly face seasonal or cyclical downturns. For example, in 2019, blue-collar workers made up more than 90% of recipients of job retention support (Figure 2.5). However, the onset of the COVID-19 pandemic in 2020 triggered a massive surge in job retention uptake across many types of workers, including those in white-collar employment. At the peak of the pandemic in Q2 2020, white-collar workers made up about 43% of all job retention support recipients.

As the COVID-19 pandemic progressed beyond the initial lockdown restrictions, the number of both blue- and white-collar recipients of job retention support fell, but disproportionally so for white-collar employees, with their share of recipients falling to 27% in 2021, 17% in 2022 and 12% in 2023. However, the number of white-collar workers in job retention schemes in 2023 is still about twice as high as in 2019, and their share among all job retention support recipients about 50% larger than before the pandemic. This may suggest a minor paradigm shift, where some firms have gotten used to placing their white-collar workers on job retention support after they gained practice with this during the COVID-19 pandemic.

The legal distinction between blue- and white-collar workers, a remnant of historical labour market structures where their legal status was not harmonised, is also embedded in Belgium's system of temporary unemployment. This distinction adds administrative complexity and may no longer be fit for purpose in a modern labour market.

Figure 2.5. Job retention scheme use saw a disproportionately strong uptick among white collar workers during the early COVID-19 pandemic

Temporary unemployment payments by worker type as a share of dependent employment

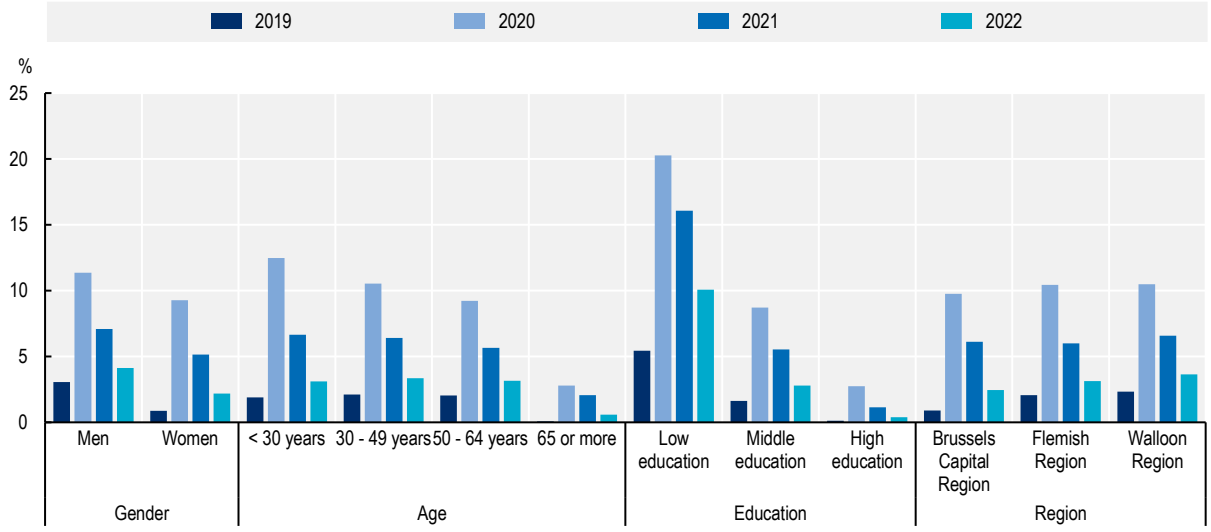


Note: See note to Figure 2.1.
Source: OECD calculations based on ONEM/RVA data.

Beyond worker types, the uptake of temporary unemployment payments varied significantly by educational attainment and gender, whereas it tended to be more evenly distributed by age and region (Figure 2.6).[17] This unequal use of job retention support across education groups and gender tended to be particularly pronounced before and after the pandemic when the use of job retention support was strongly concentrated among low-skilled men. For example, before the pandemic 3% of men in dependent employment were receiving temporary unemployment benefits against 1% of women. Similarly, just 0.1% of the highly educated received temporary unemployment benefits, whereas 2% and 5% of middle- and low-educated workers did so, respectively. To some extent, this may reflect an overlap with the group of blue-collar workers and the concentration of support in construction and manufacturing in normal times.

Figure 2.6. The up-take of temporary unemployment differed especially by educational attainment

Average monthly temporary unemployment payments, percentage of dependent employment



Source: OECD calculations based on data from ONEM/RVA, StatBel and Eurostat.

During the pandemic, differences in the relative use of support between skill and gender groups narrowed but remained sizeable, particularly across skills groups. This high concentration among lower educated workers mirrors experiences in other OECD countries, where job retention schemes typically support workers in sectors and occupations with lower educational requirements. The heavy concentration of temporary unemployment among workers with low educational attainment suggests that times of job retention could offer an opportunity improve the skills and future employability of the workforce. Several countries have recognised this, incorporating explicit incentives and support for training during periods of job retention support (see Box 2.3).

Box 2.3. Linking job retention support and training

While job retention schemes provide crucial income support, their often passive design represents a missed opportunity to improve the skills and future employability of the workforce. This is particularly the case for the over-represented group of workers with low educational attainment. Several OECD countries successfully integrated training into their job retention schemes, for example:

- **Germany:** Starting in January 2021, the German Government paid for up to 100% of the training costs for employees on short-time work (*Kurzarbeit*), with the exact coverage depending on firm size. Firms that provided training also received an additional 50% discount on their social security contributions. This training-specific discount was stacked on top of the standard exemptions for the program, meaning that between January and March 2022, firms training their workers paid no social security contributions at all (OECD, 2024[13]).
- **France:** The existing *FNE-Formation* programme was adapted specifically for the COVID-19 pandemic. The French Government agreed to cover up to 100% of the costs for training undertaken by employees placed on the *activité partielle* scheme (depending on firm-size) from March 2020 to March 2021, with partial coverage thereafter. Workers could further use their

individual training accounts (*Compte Personnel de Formation – CPF*) for reimbursement of training expenses (DARES, 2021[14]; OECD, 2024[13]).

- **Austria:** The Public Employment Service (AMS) reimbursed 60% of training costs for employees on the scheme (75% from later parts of the pandemic) during the COVID-19 pandemic. The time spent in training was counted as working time for the employee but as lost hours for the employer, and therefore subsidised by the government (Bundesministerium der Finanzen, 2025[15]).

In some other countries, like Hungary and the Netherlands, participation in training was also a formal requirement for receiving job retention support during the COVID-19 pandemic (OECD, 2020[16]).

2.4. Labour market reallocation during the COVID-19 pandemic

While job retention schemes are a vital mechanism for preserving employment during crises and downturns, they may hinder the process of productivity-enhancing job reallocation, thereby disrupting the normal functioning of the labor market. As workers are retained in their current positions, they are prevented from moving to more productive firms. Since less productive firms tend to be the primary users of such support, more productive firms may struggle to recruit the workers they need to grow, as the available workforce is effectively "stuck" in less productive roles (Cahuc, 2024[17]; Andrews, Charlton and Moore, 2021[18]).

The reallocation of workers from less to more productive firms is a key driver of economic dynamism and aggregate productivity growth (OECD, 2025[19]). This process operates through two primary channels: voluntary job-to-job mobility and employment mobility. By subsidizing existing employment relationships, job retention schemes can suppress both channels.[18] It may reduce voluntary mobility because workers remain attached to their jobs and decreases involuntary mobility because firms are able to retain workers they might otherwise lay off, ultimately slowing the reallocation of labor toward more productive firms.

Building on the work developed for the *OECD Employment Outlook 2025* (OECD, 2025[19]) this section documents how growth-enhancing job reallocation evolved in Belgium during the COVID-19 pandemic (see Box 2.4 for cross-country evidence on growth-enhancing reallocation before the COVID-19 pandemic).[19] It documents the process of net job reallocation along the distribution of firms in terms of their labour productivity levels. This section therefore seeks to identify which specific channels of reallocation were most affected and whether the traditional "job ladder" from less to more productive firms continued to operate effectively throughout and beyond the COVID-19 pandemic.

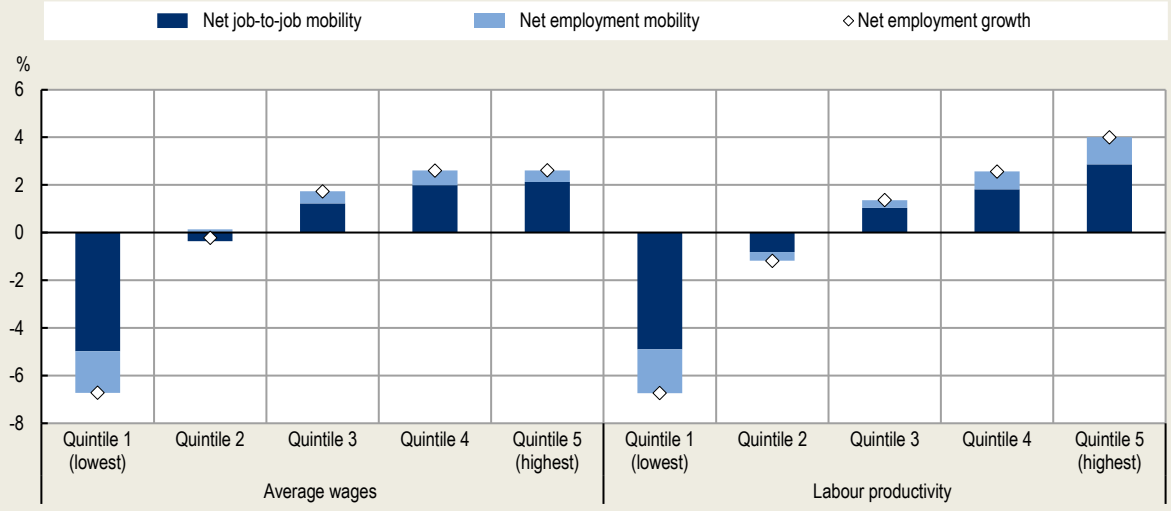
Box 2.4. Growth-enhancing reallocation across OECD countries before COVID-19

Chapter 5 of the OECD Employment Outlook 2025 (OECD, 2025[19]) presents cross-country evidence on the process of growth-enhancing reallocation for 17 OECD countries on average between 2000 and 2019 based on annual, rather than quarterly, data (see Fluchtmann, Hijzen and Puymoyen (2025[19])). Figure 2.7 illustrates the key result from this chapter, which shows that job reallocation tends to redistribute employment towards firms with higher wages and productivity. The difference between average annual employment growth in the bottom 20% of firms (in terms of wages and productivity) and aggregate average annual employment growth is consistently negative, whilst it is consistently positive amongst the top 20% of firms. Put differently, employment is continually being reallocated from firms with low wages and productivity to those with high wages and productivity, thereby contributing to higher aggregate wage and productivity growth. This happens primarily through job-to-job mobility, with

employment mobility playing a relatively minor role, despite both being roughly equal contributors to overall gross mobility.

Figure 2.7. Growth-enhancing job reallocation is primarily driven by job-to-job mobility

Average annual net employment growth and its components due to net job-to-job and employment mobility by quintile of the firm-distribution of wages and productivity, relative to average employment growth

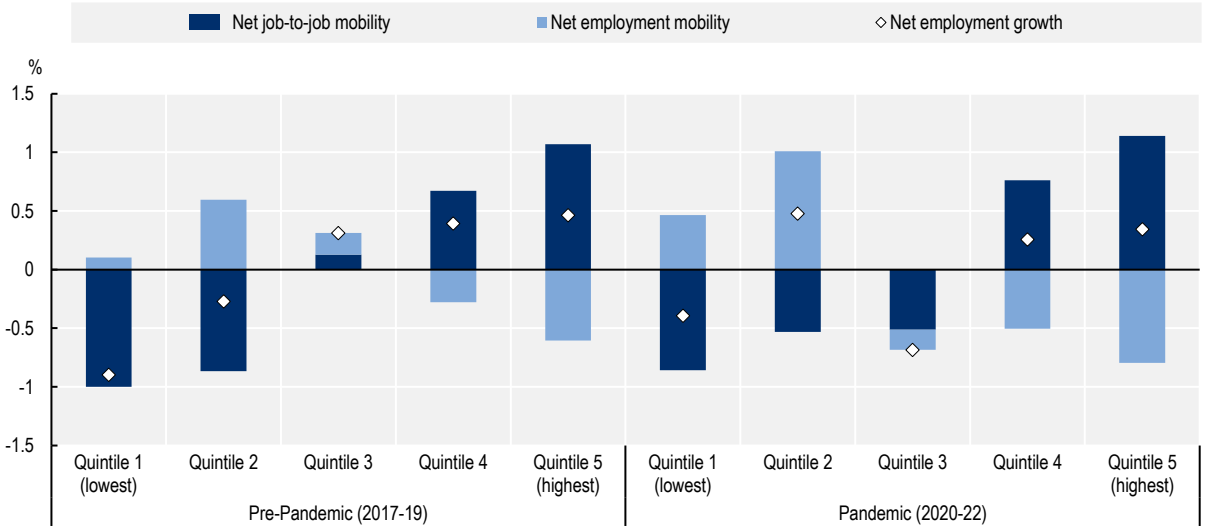


Notes: **Net employment growth**: average annual employment-weighted growth rate in employment among incumbent firms between one year and the next in deviation from aggregate employment growth rate. **Net job-to-job mobility:** average annual employment-weighted growth rate employment among incumbent firms due to workers changing employer from one year to the next in deviation from aggregate employment growth rate. **Net employment mobility:** average annual employment-weighted percentage change in employment among incumbent firms due to workers entering or exiting employment from year to the next in deviation from aggregate employment growth rate. Unweighted average across countries. Firm-level average wages (17 countries): Austria, Belgium, Canada, Denmark, Estonia, Finland, France, Germany, Hungary, Italy, Lithuania, the Netherlands, New Zealand, Norway, Portugal, Spain and Sweden. Firm-level labour productivity (9 countries): Canada, Denmark, Finland, France, Hungary, Italy, the Netherlands, Portugal and Sweden.
Source: Fluchtmann, Hijzen and Puymoyen (2025[19]), *OECD Employment Outlook 2025: Can We Get Through the Demographic Crunch?*, https://doi.org/10.1787/194a947b-en.

Figure 2.8, Panel A, shows that prior to the COVID-19 pandemic, between 2017 and 2019, job reallocation consistently shifted employment from lower productivity towards higher productivity firms. Indeed, the difference in average quarterly net employment growth in the bottom 20% of firms in terms of productivity is negative, whereas it is positive in the top 20% of incumbent firms. In other words, employment was reallocated from low-productivity firms to high-productivity firms, contributing to higher aggregate productivity growth. When decomposing overall net employment growth into (voluntary) job-to-job mobility and (involuntary) employment mobility, it is evident that most of this growth-enhancing reallocation was achieved through job-to-job mobility, while the role of employment mobility was much less pronounced and generally worked in an opposite direction. This suggests that growth-enhancing reallocation in Belgium mostly happened through a “job ladder”.

Figure 2.8. Job retention schemes are likely to have shaped the pattern of employment mobility across firms during the pandemic

Average quarterly net employment growth among pre-pandemic active firms and its components due to net job-to-job and employment mobility by quintile of the firm-distribution of labour productivity, relative to average employment growth



Notes: **Net employment growth**: average quarterly employment-weighted growth rate in employment among pre-pandemic active firms between one-quarter and the next in deviation from aggregate employment growth rate. **Net job-to-job mobility:** average quarterly employment-weighted growth rate employment among pre-pandemic active firms due to workers changing employer from one-quarter to the next in deviation from aggregate employment growth rate. **Net employment mobility:** average quarterly employment-weighted growth rate employment among pre-pandemic active firms due to workers entering or exiting employment from quarter to the next in deviation from aggregate employment growth rate.
The figure shows the average quarterly change in the structure of private sector non-agricultural dependent employment across quintiles of the employment-weighted distribution of labour productivity and the extent to which this is driven by job-to-job mobility and employment mobility. It is based on employment-weighted firm-level regressions of employment growth on quintile dummies, average pre-pandemic firm size and quarter fixed effects (Equation 1).
Source: OECD calculations based on microdata from the Belgian Crossroads Bank for Social Security and the Belgian National Bank.

During the COVID-19 pandemic, the job ladder worked in essentially the same way as before, with an exception of negative net job-to-job mobility in the third quintile of the firm-productivity distribution. As such, workers continued to move from less- to more productive firms (Figure 2.8, Panel B). However, these patterns were dampened by a considerably more pronounced role of net employment mobility, which, for example, led to positive net employment growth in the second quintile of the productivity distribution, and therefore overall weaker growth-enhancing reallocation during the COVID-19 pandemic. In general, however, changes in the role of net employment mobility were more strongly concentrated at the lower end of the firm productivity distribution, suggesting that particularly the least productive firms saw changes in employment growth through transitions in and out of employment.[20]

With the wide-spread use of job retention schemes across the Belgian labour market, it may be the case that the change in the role of net employment mobility is a result of a decline in employment separations. In particular, it may be that the least productive firms are also more likely to struggle with acute liquidity constraints that complicated labour hoarding during the pandemic-induced economic downturn. Theoretically, the high use of job retention schemes may then manifest in a declining rate of separations among less productive firms, rather than increased hiring. To investigate this, Figure A.A.5 further decomposes the net employment mobility component of into its components related to hires and

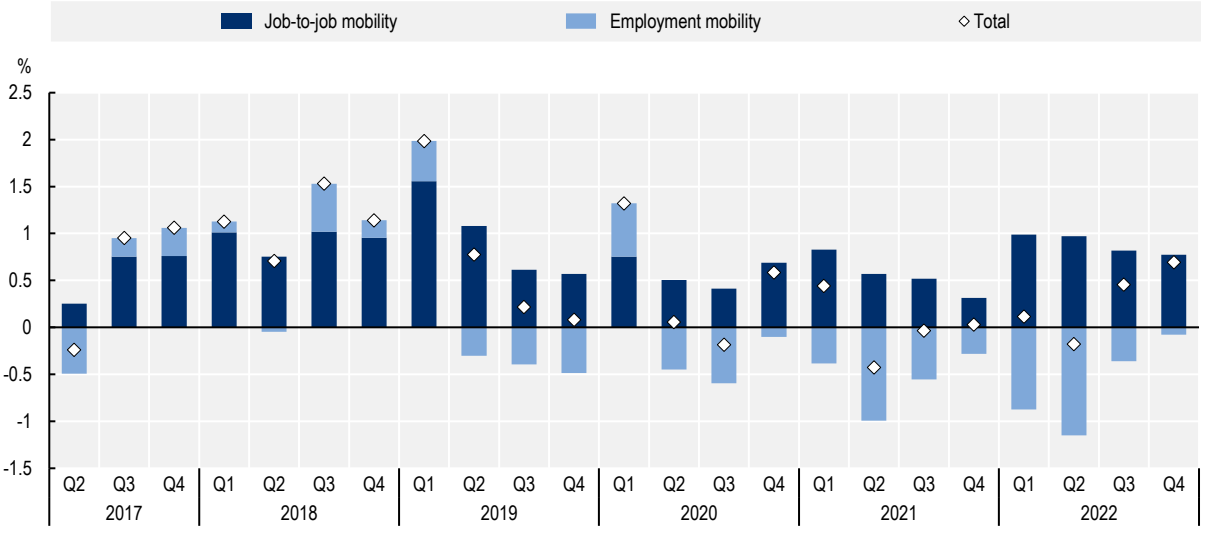
separations, and confirms that about two-thirds of the relative increase in net employment growth through net employment mobility among the lower two quintiles is a result of decreased separations, rather than increases in hiring.

While the effects on net employment mobility at the lower end of the firm-productivity distribution are partly intended, they can become detrimental to reallocation and the normal functioning of the labour market if they persist well beyond the acute phase of the crisis and slow job creation in high productivity. To examine whether this was the case in Belgium, the results in Figure 2.9 present the evolution of firm-level responsiveness of net employment growth to labour productivity between Q1 2018 and Q4 2022.[21]

The results show that the role of job-to-job mobility remained fairly stable over time, positively contributing to productivity-enhancing job reallocation by reallocating workers from lower to higher productivity firms. While there were some declines in the strength of this process already in 2019 and through 2020 and 2021, the contribution of job-to-job mobility to productivity-enhancing job reallocation fully returned to the higher pre-2019 levels by 2022. In line with the previous evidence, the patterns for employment mobility are different. While it initially contributed positively to productivity-enhancing job reallocation for most of 2017 to early 2019, it turned negative from the second quarter of 2019 and remained so afterward, with the exception of Q1 2020. Most notable, these negative effects on productivity-enhancing job reallocation tended to increase until mid-2022 and continued to contribute negatively afterwards.[22] This happened despite a considerable increase in vacancy postings from early 2021 onwards, especially in sectors that used job retention schemes the most (Figure A.A.6). This suggests that productivity-enhancing job reallocation remained suppressed well after the COVID-19 pandemic had mostly subsided, likely dampening overall productivity growth.

Figure 2.9. Productivity-enhancing job reallocation was slowed well into 2022

Productivity-enhancing reallocation among pre-pandemic active firms as measured by the employment-weighted impact of firm-level labour productivity on net employment growth across firms, percentage points (p.p.)



Notes: **Total:** responsiveness of net employment growth to firm quality. **Net job-to-job mobility:** responsiveness of net job-to-job mobility to firm quality. **Net employment mobility**: responsiveness of net employment mobility to firm quality.
The figure shows the coefficients of employment-weighted firm-level regressions of employment growth among pre-pandemic active firms on average log labour productivity. A positive coefficient indicates that job reallocation shifts the structure of employment towards better firms and is productivity-enhancing. Coefficients are normalised with respect to the standard deviation in firm-level productivity.
Source: OECD calculations based on microdata from the Belgian Crossroads Bank for Social Security and the Belgian National Bank.

References

Andrews, D., A. Charlton and A. Moore (2021), "COVID-19, productivity and reallocation: Timely evidence from three OECD countries", *OECD Economics Department Working Papers*, No. 1676, OECD Publishing, Paris, https://doi.org/10.1787/d2c4b89c-en. [18]

Bermudez, N., M. Dejemeppe and G. Tarullo (2023), "Theory and Empirics of Short-Time Work: A Review", *GLO Discussion Paper*, Vol. 1348, https://www.econstor.eu/bitstream/10419/279649/1/GLO-DP-1348.pdf. [11]

Bevers, T. et al. (2020), "The End of the World as We Know It? L'Impact de L'Epidemie de COVID-19 Sur Le Marche du Travail Belge", https://socialsecurity.belgium.be/sites/default/files/content/docs/fr/publications/rbss/2020/rbss-2020-1-the-end-of-the-world-as-we-know-it-l-impact-de-l-epidemie-de-covid-19-sur-le-marche-du-travail-belge.pdf. [21]

Brembilla, L. et al. (2025), *Réforme 2019-2021 : premiers résultats d'évaluation du bonus-malus*, https://www.unedic.org/publications/reforme-2019-2021-premiers-resultats-d-evaluation-du-bonus-malus. [12]

Bundesministerium der Finanzen (2025), *COVID-19 Förderung von Schulungskosten für Beschäftigte in Covid-19-Kurzarbeit*, https://transparenzportal.gv.at/tdb/tp/leistung/1054238.html. [15]

Cahuc, P. (2024), "The micro and macro economics of short-time work", in *Handbook of Labor Economics*, Elsevier, https://doi.org/10.1016/bs.heslab.2024.11.011. [17]

Cahuc, P. and S. Nevoux (2017), "Inefficient Short-Time Work", *IZA Discussion Paper*, Vol. 11010, https://www.iza.org/de/publications/dp/11010/inefficient-short-time-work. [10]

DARES (2021), *Rôle de la formation pendant la crise sanitaire : quelle articulation avec le chômage partiel ?*, https://dares.travail-emploi.gouv.fr/publication/role-de-la-formation-pendant-la-crise-sanitaire-quelle-articulation-avec-le-chomage. [14]

Decker, R. et al. (2020), "Changing Business Dynamism and Productivity: Shocks versus Responsiveness", *American Economic Review*, Vol. 110/12, pp. 3952-3990, https://doi.org/10.1257/aer.20190680. [20]

FPS Employment, Labour and Social Dialogue (2022), *Labour Market and Origin*, https://employment.belgium.be/sites/default/files/content/publications/Monitoring%202022%20ENG%20AS_0.pdf. [22]

Gelade, W. and Y. Saks (2024), "Rising number of sick pay recipients in Belgium: causes and results of reintegration policies", *NBB Economic Review*, Vol. 3, https://www.nbb.be/doc/ts/publications/economicreview/2024/ecorevi2024_h03.pdf. [23]

NBB (2020), *Covid-19 : simulation de la perte de revenu pour quelques situations-types de chômage temporaire pour force majeure*, https://www.nbb.be/doc/ts/enterprise/press/2020/cp200429fr.pdf. [1]

OECD (2025), *OECD Employment Outlook 2025: Can We Get Through the Demographic Crunch?*, OECD Publishing, Paris, https://doi.org/10.1787/194a947b-en. [19]

OECD (2024), *Preparing ERTE for the Future: An Evaluation of Job Retention Support in Spain During the COVID-19 Pandemic*, OECD Publishing, Paris, https://doi.org/10.1787/a70bf8ec-en. [13]

OECD (2023), *Evaluation of Belgium's COVID-19 Responses: Fostering Trust for a More Resilient Society*, OECD Publishing, Paris, https://doi.org/10.1787/990b14aa-en. [6]

OECD (2022), *Riding the waves: Adjusting job retention schemes through the COVID-19 crisis*, https://www.oecd.org/content/dam/oecd/en/publications/reports/2022/03/riding-the-waves-adjusting-job-retention-schemes-through-the-covid-19-crisis_9c5e78fe/ae8f892f-en.pdf. [7]

OECD (2021), "Job retention schemes during the COVID-19 crisis: Promoting job retention while supporting job creation", in *OECD Employment Outlook 2021: Navigating the COVID-19 Crisis and Recovery*, OECD Publishing, Paris, https://doi.org/10.1787/c4c76f50-en. [4]

OECD (2020), "Job retention schemes during the COVID-19 lockdown and beyond", *OECD Policy Responses to Coronavirus (COVID-19)*, OECD Publishing, Paris, https://doi.org/10.1787/0853ba1d-en. [16]

ONEM (2024), *Le chômage temporaire après la crise du coronavirus*, https://www.onem.be/file/cc73d96153bbd5448a56f19d925d05b1379c7f21/56b3ce93b30eb832bcabe25e6f5d83cdbf42ebd2/2024_11_21_etude_ct_post_corona_fr.pdf. [8]

ONEM/RVA (2021), *L'ONEM en 2020: Volume 1*, https://www.onem.be/file/cc73d96153bbd5448a56f19d925d05b1379c7f21/5176f29a5893f01483007755a4afa5ecef836127/rapport_annuel_fr_vol1.pdf. [3]

ONEM/RVA (forthcoming), *Employers With Economic Difficulties – Focus On Economic Temporary Unemployment*. [9]

Serroyen, C. (2021), "Job retention schemes in Europe", *ETUI Working Paper*, Vol. 7, https://www.etui.org/sites/default/files/2021-09/Job%20retention%20schemes%20in%20Europe%20-%20Belgium_2021.pdf. [2]

Thuy, Y., G. Van Camp and D. Vandelannoote (2020), "Crise COVID-19 : simulation de l'impact de la perte de salaire en cas de chômage temporaire en cas de force majeure et de la perte de revenu en cas de droit passerelle", *Revue belge de sécurité sociale:*, https://socialsecurity.belgium.be/sites/default/files/content/docs/fr/publications/rbss/2020/rbss-2020-1-crise-de-la-covid-19-simulation-de-l-impact-de-la-perte-de-salaire-et-de-la-perte-de-revenus.pdf. [5]

Notes

[1] Statistics on temporary unemployment go back as far as 1921: https://www.onem.be/statistiques/series-historiques/chomage-temporaire-et-allocations-connexes.

[2] In most other countries, firms receive subsidies to pay a replacement income to workers for hours not worked. The practical difference is unlikely to be important as long as payments, whether in the form of benefits or subsidies, are processed without significant delays.

[3] From 1 September 2023, workers had the option to submit an electronic control card for temporary unemployment (eC3.2A). This electronic version became mandatory on 1 January 2025, with a transitional period allowing the continued use of paper cards in case of difficulties until 30 June 2025.

[4] A proven reduction of at least 10% in turnover, production or orders during one of the 4 quarters preceding the request (e.g. demonstrated through the firms VAT declaration) or if at least 10% of blue-collar workers have already been placed on temporary unemployment in the preceding quarter. The Minister of Employment can waive the need for an economic justification for specific firms or sectors. A minimum 14 days after filing for temporary unemployment, can white-collar workers enter JRS (if approved by ONEM/RVA).

[5] However, since the beginning of 2024, workers placed on temporary unemployment receive an additional EUR 5 per day for white-collar workers and EUR 2 per day for blue-collar workers placed on temporary unemployment, except where temporary unemployment is due to force majeure (or annual vacation and strike/lockout).

[6] With 18% receiving top-ups, blue-collar workers were more likely to receive these additional payments than the 11% of white-collar workers.

[7] At the end of 2020, the government also disbursed an additional support of EUR 10 for each day of temporary unemployment in 2020, with a guaranteed minimum payment of EUR 150.

[8] Despite these barriers, around one in three long-term job retention support recipients still participated in training voluntarily (OECD, 2023[6]).

[9] The linked employer-employee data is a rich quarterly panel dataset provided by the Belgian Crossroads Bank for Social Security (KSZ/BCSS), covering private sector non-agricultural dependent employment and spanning 2017Q1 to 2022Q4. The dataset comprises matched employer-employee administrative records covering a representative 10% sample of workers. Information on firm-level labour productivity, measured as value-added per worker, is supplemented through data from the Belgian National Bank.

[10] Note the uptick in the use of for economic reasons in September 2020 when access to the JRS coronavirus scheme was temporarily restricted to particularly hard-hit sectors.

[11] The ease of access and the enhanced flexibility of the force majeure coronavirus variant may also have crowded out other benefits. For example, the inflow of sick pay insurance recipients fell by more than two-thirds at the start of the pandemic and remained at this lower level throughout 2020. While social distancing and teleworking may have reduced the incidence of certain infectious diseases and commuter-related road accidents, it is likely that the flexibility and broad accessibility of the simplified force

majeure variant contributed to a substitution of sick pay insurance benefits with job retention benefits (Gelade and Saks, 2024[23]).

[12] As the temporary unemployment bad weather scheme's design and eligibility criteria are tailored to address the specific and recurring disruptions caused by adverse weather in the construction sector, including defined triggers and required documentation directly related to weather conditions, it likely remained the go-to scheme for construction firms during the pandemic. This preference was reinforced by the familiarity with the scheme and its conditions.

[13] This was also associated with the extension of new force majeure scheme to the energy crisis, representing about 12% of force majeure claims from October to December 2022.

[14] The correlation between job retention scheme take-up and firm productivity, measured similar to the correlation between employment growth and firm productivity as in (OECD, 2025[19]), increased from 0.06 to 0.21.

[15] Note that while Figure 2.3 presents global quintiles of the firm productivity distribution, the same qualitative patterns hold when instead considering within-industry quintiles.

[16] The differences were relatively similar for the share of workers covered: experienced firms covered 17% of their workforce on average each quarter during the pandemic, compared to only 6% for firms without prior experience with temporary unemployment.

[17] Additional evidence from Belgian microdata also reveals that workers placed on schemes were less likely to be full-time employees compared to those not placed on temporary unemployment. This holds within the same firms that used temporary unemployment and compared to firms that did not use it (see Figure A A.4). Further, persons with a foreign nationality were overrepresented among beneficiaries of temporary unemployment during the COVID-19 pandemic in Belgium (FPS Employment, Labour and Social Dialogue, 2022[22]; Bevers et al., 2020[21]).

[18] Job-to-job mobility refers to direct flows between jobs in different firms, which is more likely to be voluntary and often driven by career considerations, and employment mobility refers to flows in and out of employment, which is more likely to be involuntary or driven by personal considerations (e.g. labour force participation).

[19] Growth-enhancing job reallocation is defined as the change in the structure of employment from less to more productive firms. In practice, it is measured by the coefficient from an employment-weighted firm-level regression of employment growth on firm-level labour productivity, after controlling for firm-level employment and a set of fixed effects. The analysis is restricted to firm active before the COVID-19 pandemic. This methodology is based on Decker et al. (2020[20]) and applied in a similar framework on annual cross-country data in (Fluchtmann, Hijzen and Puymoyen (2025[19]).

[20] Note that while Figure 2.8 presents global quintiles of the firm productivity distribution, the same qualitative patterns hold when instead considering within-industry quintiles.

[21] This is done by focussing on the responsiveness of quarterly employment growth to productivity levels in a similar framework as used for Figure 2.8, while replacing coefficients on the quintiles of the firm-productivity distribution with coefficients directly on the productivity level of firms (see also Fluchtmann, Hijzen and Puymoyen (2025[19])). A positive correlation between firm employment growth and firm-level

labour productivity levels suggests that the structure of employment shifts towards more productive firms and hence that reallocation is productivity-enhancing. The results are very similar when focussing on employment growth by quintile of the firm-level labour productivity distribution as done above.

[22] Chapter 3 also considers the employment effects of job retention support during the COVID-19 pandemic, and shows that while initially successful in preserving employment, the elevated take-up of the Belgian job retention scheme had negative effects on employment as the crisis subsided.

3 The Belgian job retention scheme in OECD perspective

Based on a new synthetic indicator of *de jure* job retention support, this chapter systematically compares of the job retention scheme in Belgium with that of other OECD countries and explores which design features drove job retention support take-up during the COVID-19 pandemic. It further evaluates how effective job retention schemes were in preserving employment relationships during the COVID-19 pandemic.

In Brief

The Belgian job retention scheme in OECD perspective

Using a newly developed synthetic indicator of *effective generosity* of job retention support, Belgium's job retention scheme ranked in the lower third of OECD countries during the peak of the COVID-19 pandemic. The government covered 57% of labour costs for hours not worked at average wages, though a relatively low benefit cap resulted in higher effective income replacement rates for lower-wage workers.

Unlike most other countries that reduced scheme generosity as their economies recovered or phased out newly established programmes entirely, Belgium maintained its expanded provisions largely unchanged until July 2022, with full return to pre-pandemic conditions only by July 2023. This meant that by end of 2022, Belgium operated one of the most generous and widely used job retention schemes across the OECD.

Cross-country analysis shows that containment stringency influenced job retention scheme take-up more strongly than effective generosity during the COVID-19 pandemic. Nevertheless, amongst design features, the cost to firms for hours not worked proved a particularly important factor in driving take-up, with Belgium's absence of direct co-financing requirements potentially contributing to persistent usage patterns.

Employment analysis across European OECD countries demonstrates that job retention schemes successfully averted considerable employment losses, particularly amongst occupations that could not be performed remotely. Without these schemes, employment would have declined by approximately 8% on average at the crisis peak. Belgium's scheme was particularly effective, averting an estimated 12.9% employment loss. However, the scheme's persistence beyond the acute crisis period resulted in small negative employment effects, as continued usage potentially hindered normal labour market adjustment processes.

3.1. Introduction

The COVID-19 pandemic prompted an unprecedented expansion of job retention schemes across OECD countries, with governments rapidly scaling up existing programmes or introducing entirely new schemes to preserve employment relationships during widespread economic disruptions. However, these schemes varied considerably in their design, generosity, and usage patterns (DG EMPL, 2025[1]). This chapter places Belgium's job retention scheme within the broader OECD context by developing a new synthetic indicator of effective generosity combining three key dimensions: eligibility (the share of workforce potentially covered), work-sharing arrangements (maximum permissible reduction in working hours), and financial generosity (government subsidy for hours not worked). It then systematically compares Belgium to other countries across all dimensions of this new indicator.

This chapter further investigates the determinants of scheme take-up through cross-country regressions that relate usage rates to both the stringency of COVID-19 containment measures and the effective generosity of job retention support. As such, it seeks to identify whether differences in take-up reflect

economic necessity driven by lockdown restrictions or institutional factors related to the design of job retention schemes.

Lastly, the chapter evaluates how effective job retention schemes were in preserving employment relationships during the COVID-19 pandemic. The analysis exploits variation in scheme generosity across countries and time, as well as differences in teleworkability across occupations within countries. This methodology enables to identify employment effects by comparing outcomes in occupations most and least exposed to containment measures across countries with varying levels of job retention support.

3.2. The Belgian job retention scheme in OECD perspective

3.2.1. A new synthetic indicator of job retention support

This section situates the Belgian job retention scheme in OECD perspective based on a new synthetic indicator of the *de jure* level of support provided by job retention schemes. The indicator consists of three dimensions: i) eligibility expressed in terms of the number of workers that is potentially covered; ii) the share of working hours per worker that is potentially supported as measured by the maximum permissible reduction in working hours; and iii) the generosity of support by the government for hours not worked. Together these dimensions provide an indication of the maximum share of the overall wage bill in a country that can be subsidised by governments through job retention schemes. The indicator is available for each month from January 2020 to December 2022 for 27 OECD countries. The indicator relies as much as possible on official information based on OECD questionnaires completed by member states and the OECD Taxes and Benefits Model for the calculation of the generosity component. For more details on the construction of the synthetic indicator, see Box 3.1.

Box 3.1. A new synthetic indicator of the *de jure* effective generosity of job retention support

The new synthetic indicator of the *de jure* effective generosity of job retention support has three dimensions related to eligibility, work-sharing and generosity. Formally, **effective generosity** (EG) is measured as follows:

$$EG = E * H * G. \qquad \text{Equation 3.1}$$

where E refers to the share of the workforce that is eligible for support, H the share of working hours per workers that is potentially support and G the generosity of support for hours not worked.

Eligibility (E) is measured in terms of potential take-up as a share of private-sector dependent employment (0-1). It includes restrictions on workers like minimum contribution requirements for unemployment benefits (tenure) and contract status (temporary contracts) and restrictions with respect to the size or sector of firms. The eligibility component excludes restrictions related to the economic or financial performance of firms.

Work-sharing (H) is measured as the share of working hours per worker that is potentially supported, as defined by the maximum permissible reduction in working hours (0-1). While most countries do not impose any such restrictions, some have used limits to promote work-sharing. The work-sharing component excludes restrictions to promote work-sharing related to the minimum number of workers in the firm that is covered, since this does not constrain potential coverage.

Generosity (G) is expressed as the cost of hours not worked for governments, as a share of labour costs, evaluated at the average wage at the maximum permissible reduction in working time (usually a

complete work stoppage) (0-1). It uses information on (gross) policy replacement rates, caps and ceilings, and requirements for paying employer social security contributions for hours not worked. The methodology is fully consistent with the OECD Tax and Benefits Model (OECD, 2024[2]). It is assumed that suspensions do not affect worker entitlements to social security and that contributions are paid either by governments or firms.

The resulting indicator measures the generosity of job retention support from a scale from 0 to 100. Countries without job retention schemes necessarily are assigned a value of zero. For countries with job retention schemes, it provides an indication of the maximum share of the wage bill that can be subsidised by governments through job retention support. The indicator therefore naturally accommodates job retention schemes in the form of wage subsidies and job retention programmes.

The information on each of the three dimensions is collected at monthly frequency for the period from January 2020 to December 2022 for 27 OECD countries.[1] Policy information is obtained through two *ad hoc* questionnaires to OECD delegates from member countries: the *OECD Policy Questionnaire on Working Time Regulation and Short-Time Work Schemes* which collected information for January 2020 and May/June 2020 and the *OECD Questionnaire on Policy Responses to the COVID-19 Crisis,* which collected information for November 2021. Information for the remaining months is obtained through desk research. Labour force surveys are used to translate eligibility rules into potential coverage rates.

The new synthetic indicator of the *de jure* generosity of job retention support builds on previous work by Calligaris et al. (2023[3]) who developed a similar indicator that takes account of generosity and eligibility for 12 OECD countries for 2020-2021. The present indicator extends coverage to all European OECD countries as well as the United States, and measures policy changes during the entire COVID-19 pandemic and beyond. Moreover, it relies on information validated by OECD Member countries through official OECD questionnaires and the policy rules recorded in the OECD Tax and Benefits Model. Finally, it offers a tractable way to account for the effective generosity of job retention support by focussing on easily measurable factors, without the need for strong assumptions (e.g. weights, functional form) when translating eligibility into potential coverage.

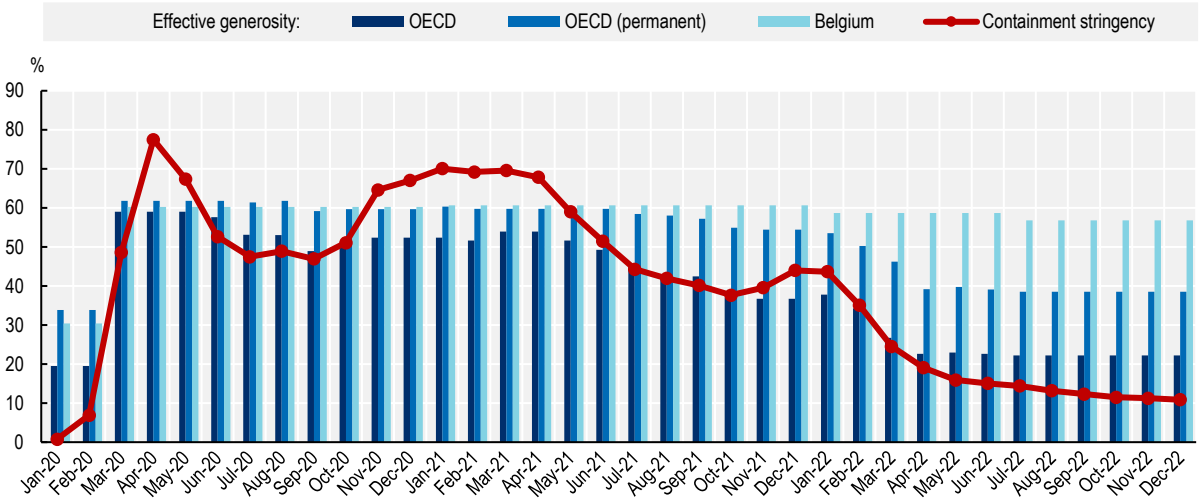
1. This includes Belgium, Switzerland, Czechia, Germany, Denmark, Estonia, Greece, Spain, Finland, France, Hungary, Iceland, Ireland, Italy, Lithuania, Luxembourg, Latvia, the Netherlands, Norway, Poland, Portugal, Sweden, Slovenia, the Slovak Republic, the United Kingdom, and the United States.

3.2.2. The overall degree of job retention support

While Belgium scaled up support in response to the pandemic similarly quickly as many other OECD countries with pre-existing schemes, support in Belgium was much more persistent. In Belgium as well as in other countries with pre-existing schemes, the effective generosity of support increased from about 30% of normal labour costs before the crisis to about 60% in March-May 2020 (Figure 3.1 and Figure 3.2). Countries that introduced entirely new schemes in response to the crisis provided similar levels of generosity initially. However, while the level of support in Belgium remained broadly constant until the end of 2022, support was gradually reduced in other countries as economic activity was resuming. In countries with permanent schemes, support was gradually withdrawn from the middle of 2021 onwards, reaching 40% by the end of 2022. In countries with temporary schemes, support was withdrawn even more quickly, with a first stepdown after the first wave of the virus in the summer of 2020 and further declines starting from the summer of 2021.[1] As a result of these adjustments, the average effective generosity of support across countries was only marginally higher by the end of 2022 than before the pandemic.

Figure 3.1. OECD countries quickly scaled up the generosity of job retention support

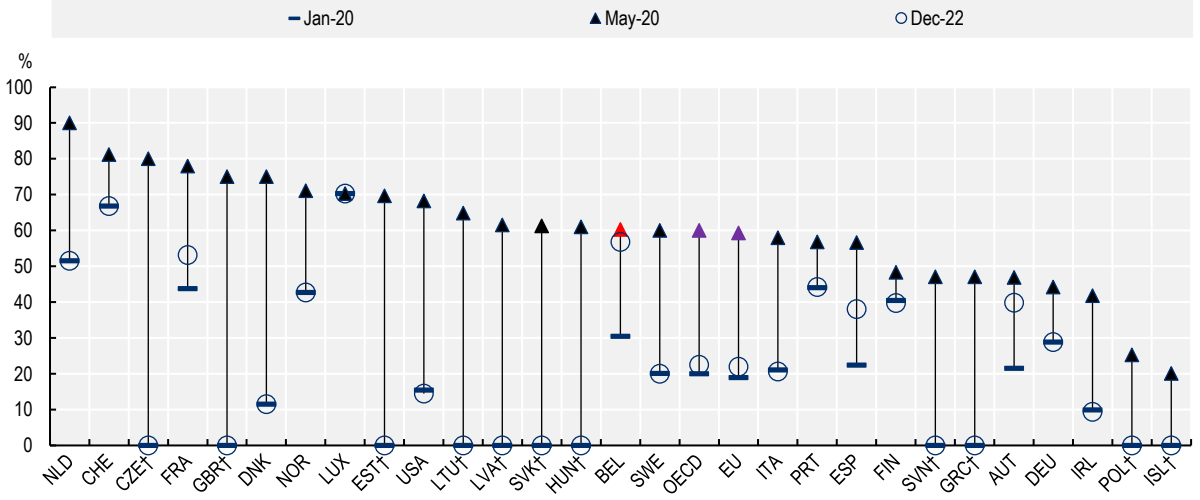
Effective generosity of job retention support (% of normal labour costs) and average monthly containment stringency



Note: Effective generosity measures generosity, eligibility and the maximum permissible reduction in working hours (see Box 3.1). Permanent schemes refer to those in place before the COVID-19 pandemic and still operational in December 2022. The average monthly containment stringency refers to the average of the index for the stringency of containment and closure policies as recorded in the Oxford COVID-19 Government Response Tracker (OxCGRT) (Hale et al., 2021[4]).
Source: OECD calculations based on national JRS regimes and the Oxford COVID-19 Government Response Tracker (OxCGRT).

Figure 3.2. Many OECD countries scaled back their job retention scheme by the end of 2022

Effective generosity of job retention support, percentage of normal labour costs



Note: Effective generosity measures (generosity, eligibility and the maximum permissible reduction in working hours (see Box 3.1).
† Countries in which job retention support was temporary. Before refers to January 2020.
Source: OECD calculations based on national JRS regimes.

The remainder of this section discusses the different dimensions of the effective generosity of job retention support in terms of eligibility, work-sharing and generosity.

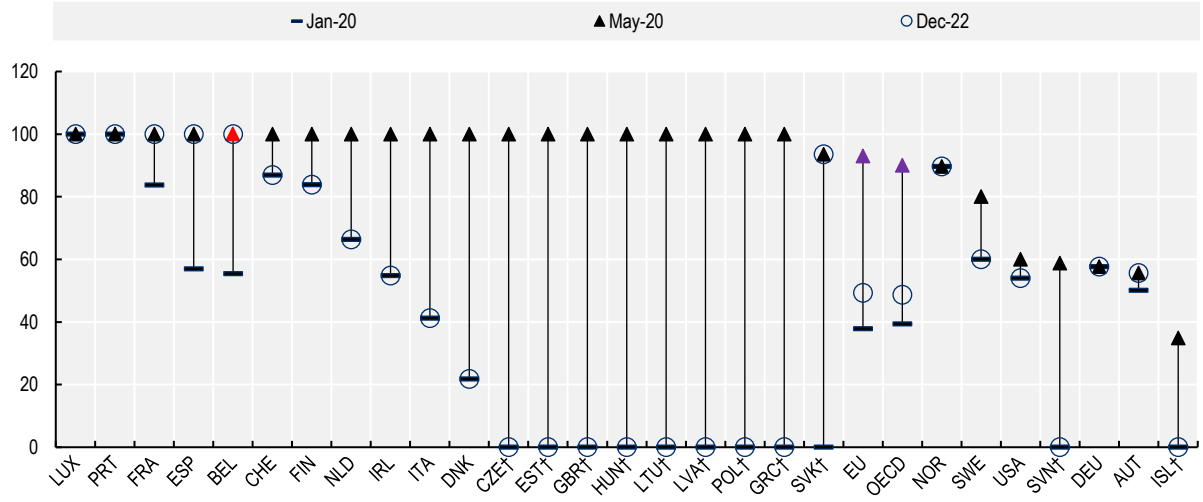
3.2.3. Eligibility

Restrictions on **firm** eligibility are unlikely to have played much of a role in explaining the use of job retention schemes during the COVID-19 crisis (OECD, 2022[5]; 2021[6]).[2] While job retention schemes in OECD typically exclude public-sector firms, as they are less susceptible to economic shocks and operate under different financial constraints compared to private enterprises, restrictions for private sector firms in terms of firm size or economic activity are rare. Before the COVID-19 crisis, Italy was an exception, limiting job retention support eligibility to firms with a minimum number of 15 employees until 2015 and 5 employees until the start of the pandemic, but removed size restrictions in response to the pandemic. Indeed, throughout the period from January 2020 to December 2022, no OECD country restricted eligibility in terms of size or sector.[3] Eligibility requirements related to the economic need for support tended to be modest and have been weakened further in response to the COVID-19 crisis. When they existed, they typically took the form of reductions in sales or working hours and most likely played a limited role in explaining take-up during the COVID-19 crisis. Since the role of such restrictions for potential take-up is not easily quantifiable and their economic impact is likely to have been small, this is not taken into account in the eligibility component of the synthetic indicator of job retention support.

During the COVID-19 crisis, eligibility for **workers** to job retention support was largely unrestricted as several countries temporarily lifted restrictions (OECD, 2022[5]). In normal times, worker eligibility tends to be restricted to insured workers, who meet the minimum contribution requirements for unemployment benefits, or those with open-ended contracts. The idea of such restrictions is to target support to workers with important firm-specific human capital that would be costly to rebuild after layoffs. For example, before the crisis, Germany limited eligibility for *Kurzarbeit* to insured workers with permanent contracts. In response to the COVID-19 crisis, most OECD countries broadened worker eligibility to include temporary (e.g. Germany, Spain) and uninsured workers (e.g. Spain) or introduced new schemes without eligibility restrictions (e.g. Netherlands). In Belgium, the general applicability of the *force majeure* scheme effectively meant that worker eligibility was no longer restricted to insured workers as was the case under the regular scheme for economic difficulties. The loosening of eligibility requirements at the height of the pandemic, was a result of extending the rationale of job retention schemes from the classic “automatic stabilizer” to also contribute to the protection of public health by making a containment restrictions possible without incurring large or insurmountable economic pressures for workers and firms. Nevertheless, workers on short-term contracts, particularly many young people, often did not qualify for job retention support and frequently didn’t receive unemployment insurance benefits or minimum income support (OECD, 2023[7]).

Figure 3.3. Eligibility for job retention support was largely unrestricted during the pandemic

Potential coverage of job retention support, percentage of dependent private sector employment



Note: Potential coverage of job retention support takes account of restrictions on workers in terms of minimum contributions requirements for unemployment benefits (tenure) and contract status (temporary contracts) as well on firms in terms of size or sector. For the United States, it is assumed that entitlement to unemployment compensation, which is a pre-requisite for participation in the Short-Time Compensation (STC) program, follows the covered employment rate (see FRED (2023[8])). This may overstate eligibility, due to specific state-level eligibility requirements.

† Countries in which job retention support was temporary.

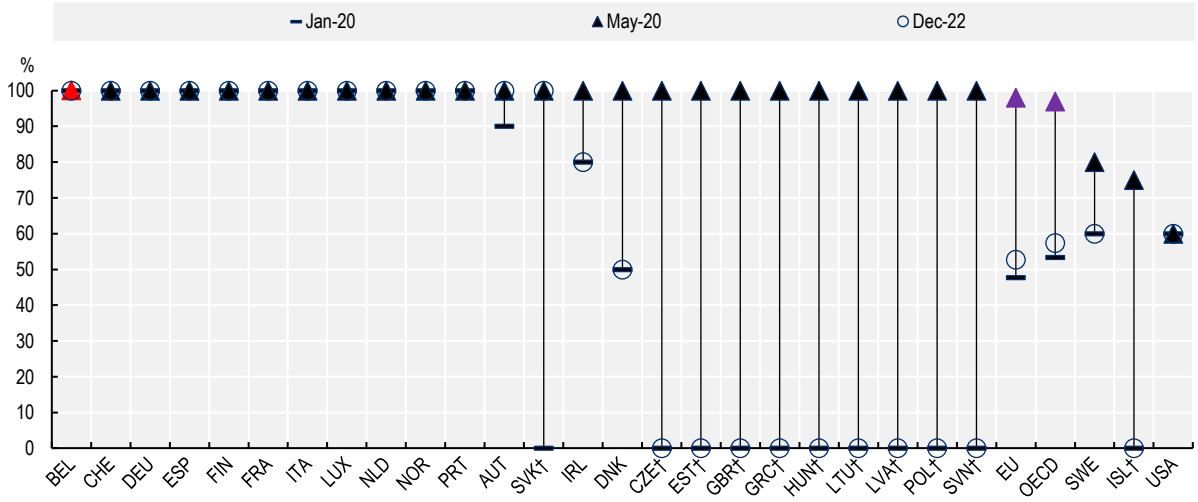
Source: OECD calculations based on national JRS regimes.

3.2.4. Work-sharing

Restrictions on the maximum permissible reduction in working time to promote work-sharing tend to be rare, but when they are present, they can considerably reduce the use of job retention support (OECD, 2021[6]). Work-sharing restrictions on the maximum permissible share of working hours were in place before the pandemic in a number of countries including Denmark, Ireland, Sweden and the United States. While most countries allowed for a full suspension at the height of the pandemic, the STC programme in the United States continued to restrict the programme to reduction of in working hours of at most 60% (Figure 3.4).[4] For full suspensions, the United States instead mainly relied on temporary layoffs, that is layoffs with a high probability of recall without preservation of the contract, while providing support to such workers through unemployment benefits. Right after the first wave of the pandemic, Greece introduced the *Syn-Ergasia* mechanism, under which employers could reduce weekly working hours of their employees by at most 50%. Alternative ways of promoting work-sharing relate to the minimum share of workers or entire units that participate in job retention schemes. For example, Germany requires a minimum share of workers to participate in job retention, while France used to require firms to apply job retention support equally within units before introducing more flexibility in response to the crisis. These additional forms of work-sharing are not taken into account in the synthetic indicator of effective job retention support as they do not restrict potential coverage. Belgium did not impose any requirements to promote on work-sharing at any time.

Figure 3.4. Most countries permitted a full reduction in working hours at the height of the pandemic

Maximum permissible reduction in working hours, percentage of usual working hours



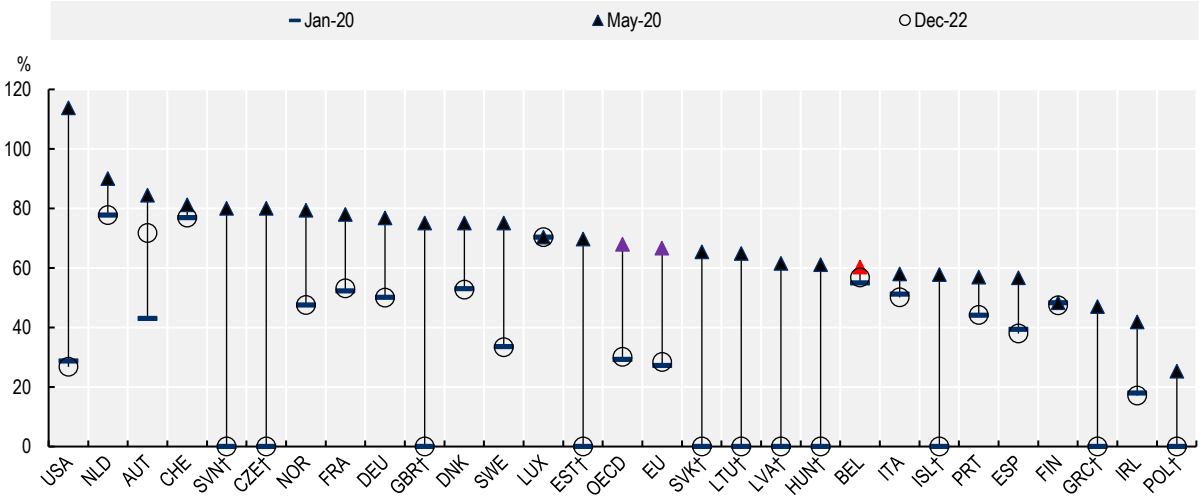
Note: † Countries in which job retention support was temporary.
Source: OECD calculations based on national JRS regimes.

3.2.5. Generosity

Most of the variation across countries and over time in the synthetic indicator of job retention support comes from differences in the generosity component (Figure 3.5). For the purposes of the indicator, the generosity of support for hours not worked is evaluated at the average wage for the maximum permissible reduction in working time. The costs of hours not worked that are not subsidised by the government are either borne by firms (sometimes referred to as co-financing) or workers, resulting in lower earnings. On average across OECD countries, the share of labour costs for hours not worked subsidised by governments increased from about 30% before the pandemic to almost 70% at the peak of the crisis before reverting back to 30% by the end of 2022. There is considerable variation in the generosity of job retention support across countries, ranging from 114% of labour costs in the United States, where job retention support was temporarily increased through lump-sum subsidies (more below), to 25% in Poland. With 57% of labour costs for hours not worked financed by the government, the generosity of job retention support in Belgium is among the lower third of OECD countries during the peak of the crisis, but well above average before and after the COVID-19 pandemic.[5]

Figure 3.5. The generosity of subsidies for hours not worked varies greatly across countries

Costs of job retention support for hours not worked borne by the government, percentage of normal labour costs at average wage for the maximum permissible reduction in working time



Note: It is generally assumed that employer social security contributions for hours are not worked that are not paid by employers are by paid by the government so that work entitlements to social security (e.g. pensions) are not affected by the time spent on job retention support. † Countries in which job retention support was temporary.
Source: OECD calculations based on national JRS regimes.

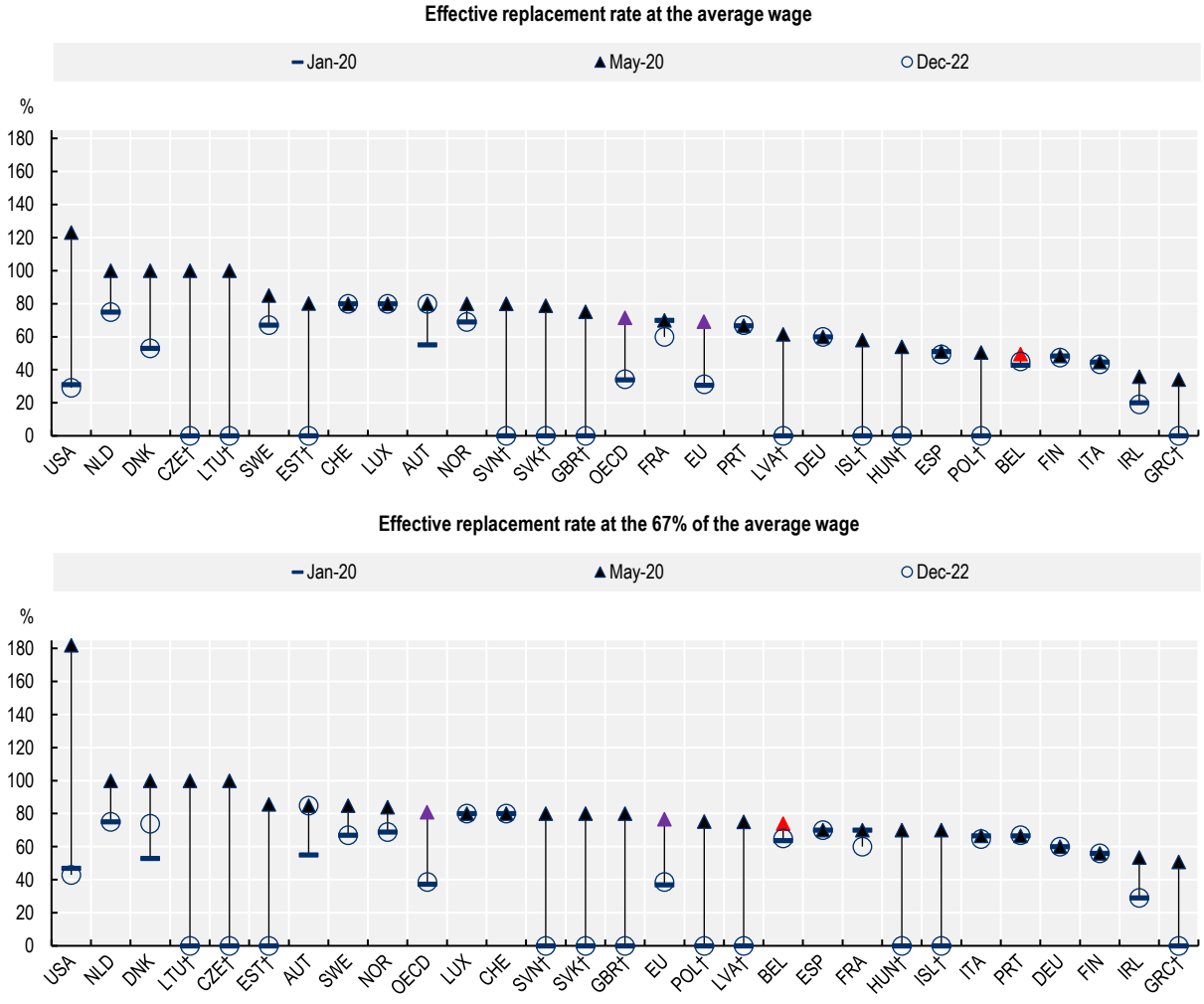
Cost for workers

The replacement rate for hours not worked for **workers** is important for smoothing consumption over periods of reduced working time and alleviating financial hardship, particularly in low-income households. In most countries, the replacement rate for hours not worked is either similar or higher than for unemployment benefits (OECD, 2021[6]). This means that workers on job retention scheme tend to be better off than workers on regular benefits because they combine full earnings for hours worked and higher replacement earnings for hours not worked. Moreover, and like unemployment benefits, replacement rates for hours not worked tend to be targeted at low-wage workers due to the use of benefit caps.

Differences in benefit caps across countries generate important differences in the country ranking of effective replacement rates and this is particularly relevant for Belgium (Figure 3.6). On average across countries, the replacement rate for hours not worked of average-wage workers was 71% at the peak of the crisis (about 34% before the crisis and at the end of 2022), while it was 81% for workers at 67% of the average wage. By comparison, in Belgium it was 45% for average-wage workers and 74% for low-wage workers. The presence of a low benefit cap in Belgium drives a large difference between the replacement rate at 100% and 67% of the average wage. It also implies that the generosity of support for workers in Belgium is closer to the average among OECD countries when focussing on low-wage workers.

Figure 3.6. Support for workers on reduced working hours is targeted to low-wage workers, particularly in Belgium

Effective replacement rates of hours not worked in the case of the full suspension*



Note: The effective replacement rate refers to wage replacement for average wage earners as a percentage of previous earnings, after accounting for caps and ceilings on the disbursed benefit.
† Countries in which job retention support was temporary.
Source: OECD calculations based on national JRS regimes.

The time variation in effective replacement rates for hours not worked mainly reflects the introduction (and termination) of temporary schemes in response to the pandemic, put in place either as a complement to pre-existing schemes (e.g. Denmark, Ireland or the Netherlands) or because no pre-existing scheme was available (e.g. Australia, Slovenia, the United Kingdom, New Zealand). Adjustments in replacement rates over time within a given scheme were relatively rare and typically quite small. The most notable change was in the United States, where a weekly lump-sum of initially USD 600 was paid temporarily irrespective of the reduction in working time, resulting in a replacement rate of more than 100% during its operation.

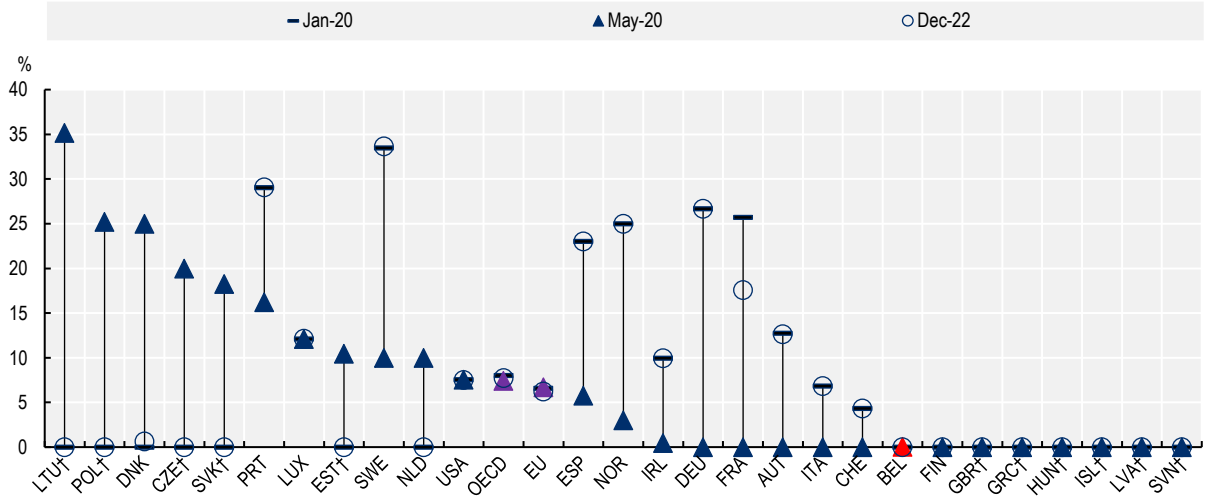
Cost to firms

The cost to **firms** for hours not worked determines the extent to which firms can reduce labour costs in line with declining business activity by reducing working time and hence the number of jobs at risk of being terminated as a result of acute liquidity problems in firms. The cost for firms is also an important parameter for modulating the level of support to firms over the course of a crisis to jobs that are temporarily at risk but remain viable in the medium term.

During the early stage of the COVID-19 crisis, most countries set the cost of contractual hours not actually worked to zero, allowing firms to adjust labour costs in line with the decline in working time (Figure 3.7). For example, several countries eased the burden on firms, by reducing (e.g. Norway, Spain, Sweden) or removing (e.g. Austria, France, Germany, Italy) direct employer contributions for hours not worked. In some countries, employers have continued to bear some of the cost of idle workers. In Denmark and the Netherlands, employers are required to contribute respectively 25% and 10% of regular labour costs to ensure no change in income for workers. The schemes in Estonia, Portugal and Poland do not fully protect worker's income, but still require employers to pay part of the income of workers on zero hours, i.e. who are temporarily not working. However, even in these countries JR schemes allowed for significant adjustments of labour costs during the crisis.

Figure 3.7. Belgium was not alone without employer contributions during the COVID-19 pandemic

The cost to employers of hours not worked in the case of the full suspension of a worker at the average wage



Note: † Countries in which job retention support was temporary.
Source: Calculations based on national JRS regimes.

As lockdown restrictions were withdrawn and economic activity could resume several countries increased or reintroduced requirement for firms to share in the cost of not ours not worked subject to job retention support. Such co-financing requirements help ensure that support is used for jobs temporarily at risk that are likely to return after the crisis instead of jobs that have become permanently unviable. The re-emergence of co-financing reflected concerns that as economic activity was allowed to resume job retention support was increasingly used to support jobs that had become unviable in firms with structural difficulties. This not only adds to the fiscal burden of these schemes but may also impede the economic recovery by delaying the reallocation of workers from less productive to more productive firms and worsening labour shortages (OECD, 2021[6]).

In Belgium, direct co-financing requirements play only a limited role, and if they exist, they tend to be regulated by collective bargaining rather than by the government. For example, in the case of temporary unemployment for economic reasons for white-collar workers collective agreements typically require firms to pay additional supplements to workers on reduced working time. Since these supplements are not government-imposed and vary by collective agreement, they are not taken into account in the synthetic indicator. However, in the case of temporary unemployment for economic reasons for blue-collar workers, employers are required to pay a "*responsibility contribution*" that is triggered when a worker is placed on job retention support for an extended period of time (Box 3.2). The main intention of this contribution is to promote work-sharing after prolonged use rather than to target support to jobs temporarily at risk. Since the contribution only kicks in after 110 days it is not taken into account in the synthetic indicator.

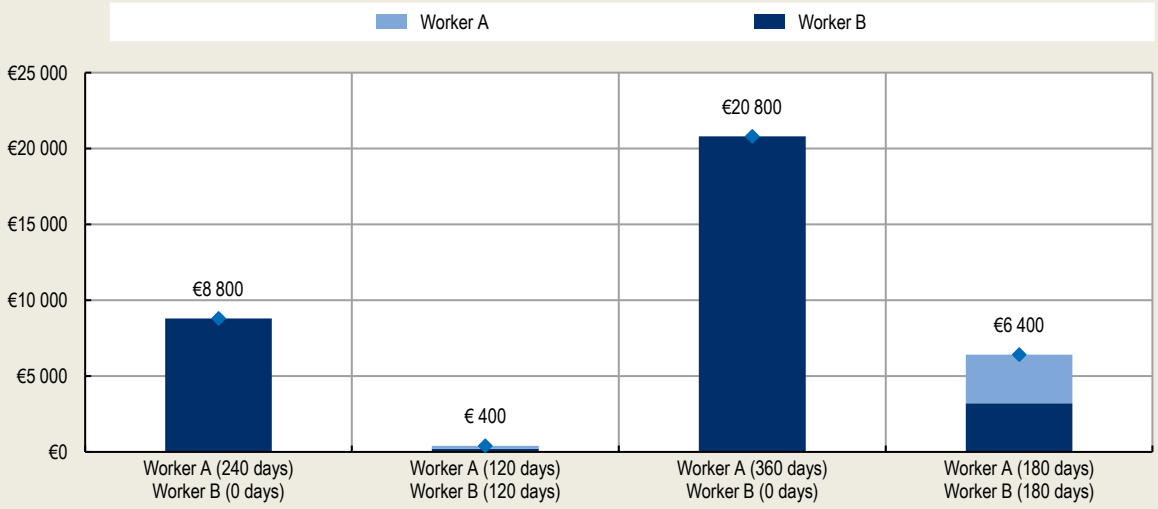
Box 3.2. The responsibility contribution

Temporary unemployment for economic reasons for blue-collar workers includes a "responsibility contribution" that is triggered when a worker is on temporary unemployment for more than 110 days over the preceding three-quarters. The precise contribution depends on the total number of days of temporary unemployment over the past three-quarters as well as during the current quarter. When the total number of days ranges between 110 and 130 days, it is EUR 20 per day, while it increases to EUR 100 per day if it is more than 200 days. This system allows firms to reduce their responsibility contributions by distributing the days of temporary unemployment more evenly over different quarters and workers through work-sharing. The responsibility contribution may be reduced or waived in specific circumstances.[1,2]

To illustrate how the responsibility contributions promote work-sharing, Figure 3.8 compares the contribution that is due under different scenarios of using temporary unemployment for economic reasons in a hypothetical firm with two blue-collar workers. In a first scenario, only one worker is placed on temporary unemployment for 240 days, costing the firm EUR 8 800 of responsibility contribution in total. If the 240 days are instead shared between two workers, the firm pays as little as EUR 400 (i.e. EUR 200 per worker). In another scenario, one worker is placed on temporary unemployment for 360 days, costing the firm EUR 20 800. If these 360 days are equally shared between the two workers, the firm's contribution is reduced to EUR 6 400 (i.e. EUR 3 200 for each worker). These illustrative simulations highlight that there are strong incentives for work sharing if blue-collar workers are placed on temporary unemployment for longer periods of time.

Figure 3.8. The responsibility contribution provides strong incentives for work sharing

Scenarios of the effective responsibility contribution for blue-collar workers placed on temporary unemployment for economic reasons



1. Firms in particular difficulties can apply for a 50% reduction on the contribution upon a request to the General Directorate of Collective Labor Relations at the FPS Employment, Labour, and Social Dialogue. A royal decree may also provide a temporary exemption of the contributions for entire sectors under particular risks, or for all firms when the economy faces exceptional circumstances.
2. Temporary unemployment for economic reasons in construction prescribes a contribution of EUR 46.31 for each day of temporary unemployment that exceeds 110 days in the previous calendar year.
Source: OECD calculations.

3.3. Determinants of job retention scheme take-up

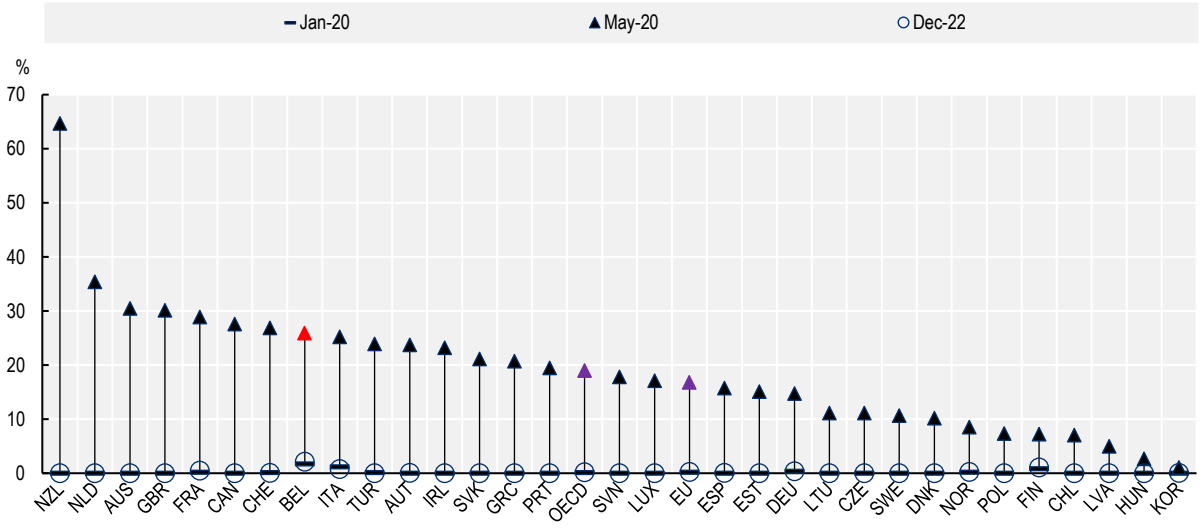
The previous section has shown that the extent of containment measures as well as the generosity of job retention schemes evolved rapidly through the COVID-19 pandemic and its aftermath. To identify to what extent both factors drove the actual take-up of job retention schemes, this section presents an empirical analysis of take-up across countries.

3.3.1. Take up during the COVID-19 crisis has been unprecedented

During the COVID-19 pandemic, take-up of job retention schemes reached unprecedented levels, even though it differed widely across OECD countries (Figure 3.9). From negligible levels, OECD-wide take-up increased to a peak of almost 20% in May 2020, supporting approximately 60 million jobs – significantly more than during the global financial crisis (OECD, 2021[6]) (see also Box 3.3). Countries with general short time work and wage subsidy schemes saw higher take-up rates, often exceeding 30%, while those only allowing for partial reductions in working time, such as the United States, had lower rates and relied more on unemployment benefits (OECD, 2021[6]). In Belgium, take-up increased from about 2% before the crisis to 26% in May 2020. By the end of the COVID-19 in December 2022, take-up of job retention schemes had largely returned to its pre-COVID level in all countries. In Belgium, take-up was highest, at 2%, similar to its level before the crisis, compared with 0.2% for the OECD as a whole.

Figure 3.9. Take-up of job retention schemes differed widely across the OECD

Take-up of job retention schemes, percentage of dependent employment



Source: OECD calculations based on national sources.

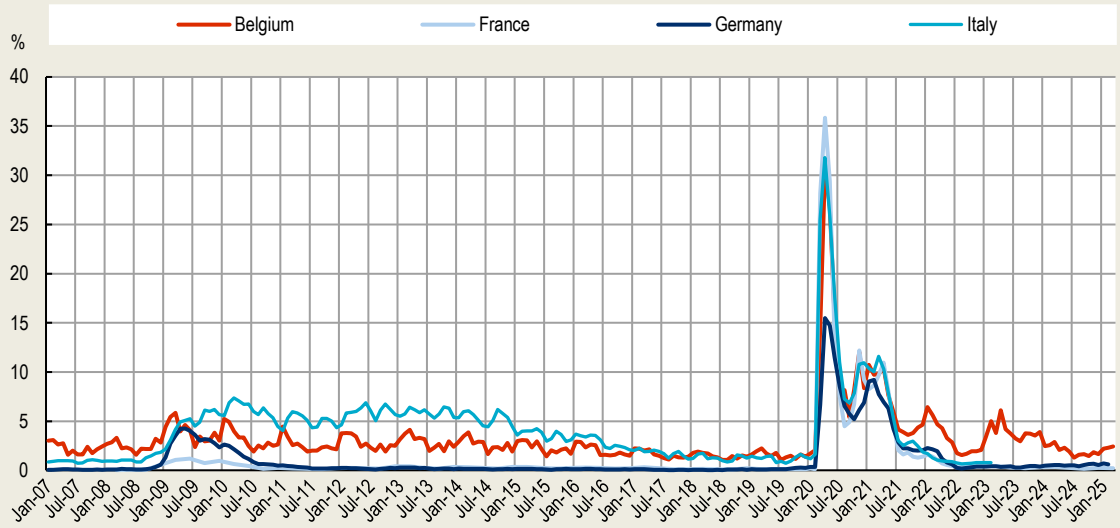
Box 3.3. The use of job retention support during the global financial crisis and the COVID-19 crisis in Belgium and selected countries

This box documents the evolution in the use of job retention schemes since before the start of the global financial crisis to the most recent period for which data are available (early 2025) for four selected countries with pre-existing job retention schemes, i.e. Belgium, France, Germany and Italy (Figure 3.10). This provides the following insights:

- Job retention support saw a significantly higher peak during the COVID-19 pandemic than during the GFC. On average, across the four countries examined (France, Germany, Belgium, and Italy), the peak was seven times greater during the pandemic. France is a notable example, as its programme played a minor role during the GFC but was greatly simplified and expanded for the COVID-19 crisis.
- Following the GFC, the use of job retention support persisted longer in some countries than others. For instance, France and Germany saw a return to pre-crisis levels within two years, while Belgium and Italy experienced a more protracted use. After the COVID-19 pandemic, take-up had returned to or was below pre-crisis levels in all countries by December 2022, except for Belgium.
- In Belgium, take-up of job retention support remained elevated through early 2025, with strong upticks in 2023 and 2024. This extended use may be due to the prolonged maintenance of simplified job retention provisions related to COVID-19, the use of schemes for energy-related reasons in late 2022 as well as the renewed use of job retention support in manufacturing due to declining economic activity (ONEM, 2024[9]).

Figure 3.10. Take-up of job retention schemes in selected OECD countries

Percentage of dependent employment



Note: Italy: Data before 2018 are based on the number of authorised hours (estimated number of employees using the ratio of total hours authorised under the quarterly average hours worked by employee) and spliced using the actual number of participants from January 2018. Data from mid-2023 is not available. The absence of a persistent pattern following the COVID-19 in Italy reflects the role of reforms to its job retention schemes. The Jobs Act of 2015 shortened the maximum duration of support, particularly for workers on zero hours, and increased the use of co-financing by firms for the costs of hours not worked.
Source: OECD calculations based on national sources.

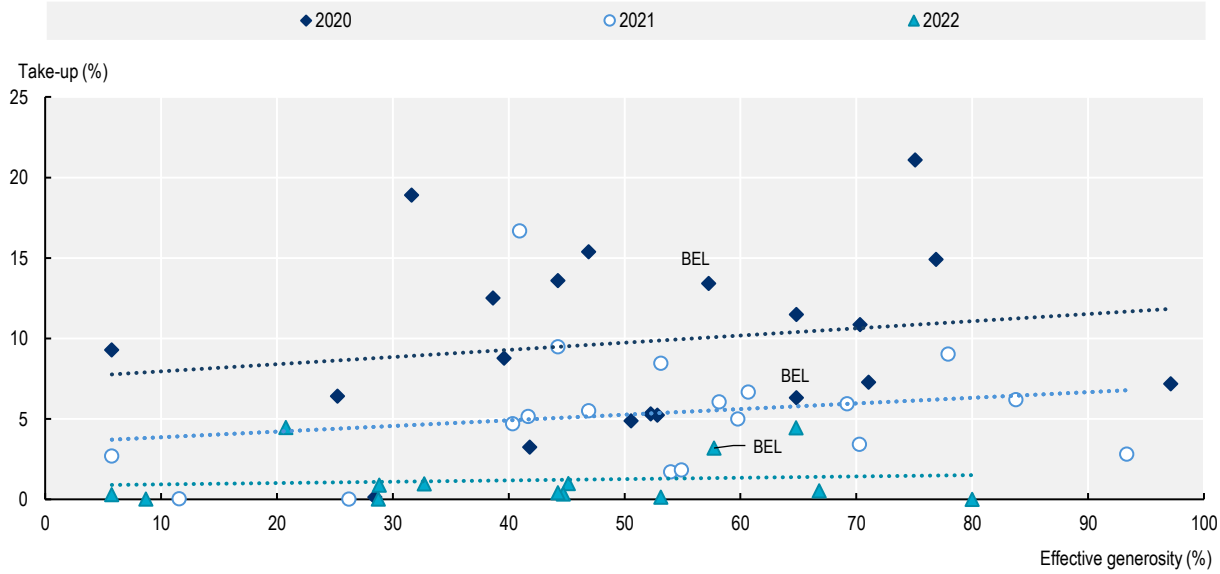
3.3.2. Take-up mainly depends on economic conditions but also on the design of job retention support

As laid out in the previous sections, both the institutional design and the level of take-up of job retention schemes differ widely across OECD countries. Figure 3.11 shows that there was a modest correlation between the effective generosity and the take-up of job retention schemes across countries, especially in 2020. Indeed, countries with more generous schemes, saw higher take-up rates throughout the pandemic- and immediate post-pandemic period. However, the relationship became weaker as the years progressed and take-up reduced considerably, effectively vanishing in 2022. Nevertheless, the precise relationship between effective generosity and take-up may also be tainted by the stringency of containment measures as well as the prevailing economic conditions, both of which may influence effective generosity and take-up of job retention schemes.

A natural question is therefore whether the institutional design of job retention schemes is related to the use of take-up and its persistence, after controlling for the stringency of COVID-19 containment measures, and which of the design features are the most critical ones. To this end, this section presents results from cross-country panel regressions, relating job retention scheme take-up to various dimensions of policy generosity and its components as well as the stringency of COVID-19 containment measures (see Hale et al. (2021[4])). Box 3.4 lays out the details of the methodological approach. The results based on equation Equation 3.2 are presented in Table 3.1 for the various models and visually in Figure 3.12.

Figure 3.11. Take-up was strongly correlated with effective generosity during the pandemic

Take-up (% of dependent employment) and effective generosity of job retention schemes (%) across countries, annual average



Note: The 2020 average refers to the March-December period only. Data includes Belgium, Switzerland, Czechia, Germany, Denmark, Estonia, Greece, Spain, Finland, France, Hungary, Ireland, Italy, Lithuania, Luxembourg, Latvia, the Netherlands, Norway, Poland, Portugal, Sweden, Slovenia, the Slovak Republic, the United Kingdom and the United States.
Source: OECD calculations based on national sources.

Box 3.4. Empirical model to estimate the determinants of job retention support take-up

This analysis investigates the factors driving the uptake of job retention schemes during the COVID-19 pandemic across countries. It utilises cross-country data on job retention scheme participation alongside key policy determinants, as measured by the effective generosity indicator detailed in Box 3.1.

The core regression model is run over the period between 2020 and 2022 and specified as:

$$\mathrm{JRS}_{\mathrm{ct}} = \alpha + \theta X_{ct} + \mu \mathrm{P}_{\mathrm{ct}} + \gamma_{\mathrm{t}} + \epsilon_{\mathrm{ct}} \qquad \text{Equation 3.2}$$

where, *c* denotes countries and *t* denotes months. The dependent variable, $\mathrm{JRS}_{\mathrm{ct}}$, represents the percentage of dependent employees on job retention support in a given month. X_{ct} is the stringency of health-related economic restrictions during the COVID-19 pandemic, obtained from the Oxford COVID-19 Government Response Tracker (Hale et al., 2021[4]), including mandated workplace closures and limitations on travel, amongst others. The effective generosity of job retention support, or its sub-components from Box 3.1, is captured by P_{ct}. Common trends across countries over time are accounted for through the time fixed effects in γ_{t}. Robust standard errors are calculated and clustered by country.

The analysis is conducted by running a series of eight different models on data for 25 European OECD countries[1] to explore the influence of various policy combinations on job retention scheme take-up.

Iceland is excluded from the analysis due to a lack of data on job retention scheme take-up. The United States are excluded as data refer to short-time compensation benefits only, while many workers were instead covered by the *Paycheck Protection Program* (PPP).

1. This includes Austria, Belgium, Switzerland, Czechia, Germany, Denmark, Estonia, Greece, Spain, Finland, France, Hungary, Ireland, Italy, Lithuania, Luxembourg, Latvia, the Netherlands, Norway, Poland, Portugal, Sweden, Slovenia, the Slovak Republic, and the United Kingdom.

Take-up of job retention support depends mainly on the ability to continue working as measured by the stringency of containment measures but also to some extent on the design of job retention. A 10-percentage points (p.p.) increase in effective generosity is associated with a 0.2 p.p. increase in take-up (Model 1). Looking at the different components of the synthetic indicator suggests that the financial generosity of support is particularly important, while worker eligibility also plays a role. The absence of restrictions on work-sharing (maximum permissible reduction in working hours) either plays no role for take-up or may even reduce it (Model 2-5). Looking at the generosity of support for firms and workers, both the replacement rate for workers and the cost to firms for hours not worked play a role. Differences in the costs to firms for hours not worked appear to be particularly important, as a 10-p.p. increase in these costs is associated with a 1 p.p. decrease in take-up (Models 6-8). The latter is consistent with the focus of policymakers on co-financing for the modulation of support over the course of a crisis. Overall, Figure 3.12 shows that over the COVID-19 crisis, containment measures contributed considerably more to take-up than the generosity of job retention support.

Table 3.1. Regression analysis of job retention scheme take-up

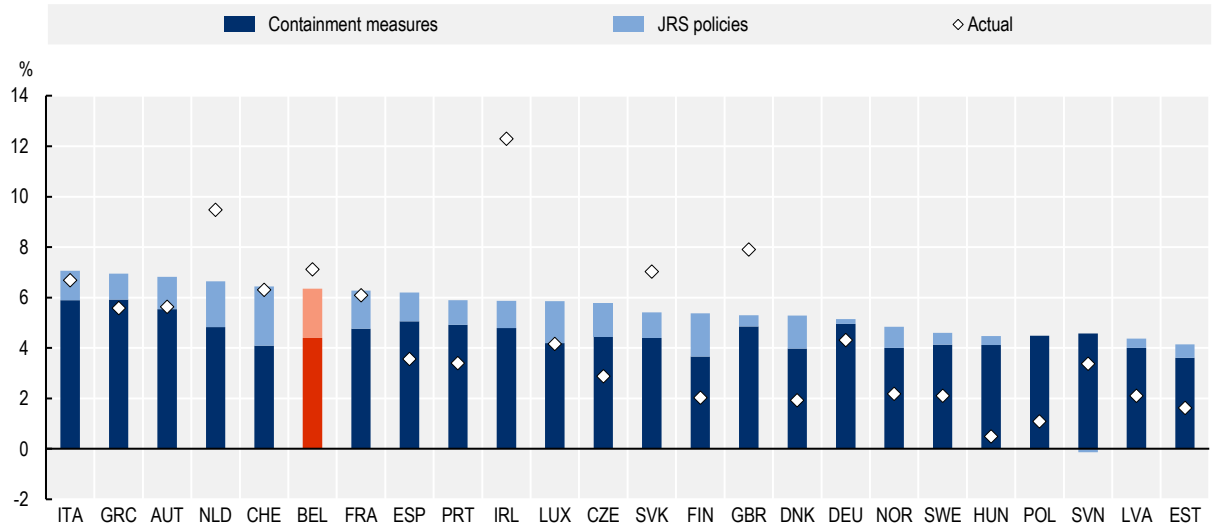
Regression of monthly JRS take-up on JRS policies and COVID-19 containment stringency, 2020 M1- 2022 M12

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Containment stringency	0.132***	0.123***	0.136***	0.135***	0.126***	0.134***	0.131***	0.127***
	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)
Effective generosity (%)	0.022***							
	(0.006)							
Costs borne by government (%)		0.028***			0.048***			
		(0.005)			(0.009)			
Workers covered (%)			0.008*		0.033***			0.033***
			(0.004)		(0.007)			(0.007)
Maximum reduction in hours (%)				0.005	-0.046***			-0.033***
				(0.003)	(0.008)			(0.008)
Replacement rate (%)						0.012**		0.038***
						(0.005)		(0.009)
Costs borne by employers (%)							-0.042***	-0.101***
							(0.012)	(0.015)
Constant	-0.017*	-0.018**	-0.016*	-0.013	-0.016*	-0.016*	-0.005	-0.015*
	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)
Observations	900	900	900	900	900	900	900	900
Adjusted R-squared	0.553	0.559	0.548	0.547	0.567	0.549	0.551	0.568

Note: Each regression controls for year by quarter fixed effects. The average monthly containment stringency refers to the average of the index for the stringency of containment and closure policies as recorded in the Oxford COVID-19 Government Response Tracker (OxCGRT) (Hale et al., 2021[4]). Regressions are run over data on Austria, Belgium, Switzerland, Czechia, Germany, Denmark, Estonia, Greece, Spain, Finland, France, Hungary, Ireland, Italy, Lithuania, Luxembourg, Latvia, the Netherlands, Norway, Poland, Portugal, Sweden, Slovenia, the Slovak Republic, and the United Kingdom. The United States and Iceland are excluded from this exercise.
Source: OECD calculations based on national sources.

Figure 3.12. Cross-country differences in take-up are mainly explained by the stringency of lockdown measures

Components of take-up explained by containment measures and the overall generosity of support



Note: The figure presents the contribution of the policy and containment components in Model 8 of Table 2. Each of the two components is based on a partial prediction over the 2020 to 2022 period. The figure also shows average actual take-up over the same period as a reference. The difference between actual and predicted take-up is accounted for by the time-fixed effects and the residual in Model 8 of Table 2.
Source: OECD calculations based on national sources.

3.4. Employment effects of job retention support

The COVID-19 pandemic had potentially devastating effects on employment given widespread restrictions on economic activity and travel. Job retention schemes were the instrument of choice of governments to protect workers and firms against the fall out of the pandemic by allowing firms to adjust labour costs in line with economic activity, while supporting the earnings of workers on reduced work schedules. The objective of this section is to assess the effectiveness of job retention schemes during the COVID-19 pandemic in supporting employment. More precisely, it analyses how employment evolved in response to the stringency of lockdown measures and how this depended on the degree of job retention support. Moreover, the analysis is conducted separately for teleworkable and non-teleworkable occupations to assess whether the role of job retention schemes was more important in occupations where the scope for teleworking was more limited. The analysis is implemented using quarterly data from the European Labour Force Surveys with the information on employment dynamics by detailed occupation. Box 3.5 lays out the empirical approach used to estimate the role of job retention schemes for employment dynamics during the COVID-19 pandemic.

Box 3.5. Estimating the effect of job retention schemes on employment during the COVID-19 pandemic

The impact of job retention schemes on employment is analysed using a triple difference-in-differences approach that compares the employment response to a change in lockdown restrictions across countries that differ in the effective generosity of job retention support and across occupations that differ in their teleworkability. The employment response to a change in lockdown restrictions is expected to

be larger in countries with more generous job retention support in occupations where telework is not feasible. Calligaris et al. (2023[3]) use a similar approach but instead of focussing on occupations directly, they focus on differences in the share of teleworkable occupations across 2-digit industries.

The employment response to changes in containment stringency is characterised by means of an impulse response function estimated using the local projection method following Jordà (2005[10]). This allows for the robust estimation of the impulse response function by estimating its coefficients directly for each period rather than from a specific dynamic model, which can be sensitive to misspecification. The role of job retention support is analysed by interacting changes in the stringency of lockdown measures with the use of job retention support instrumented by effective generosity. The impulse response functions are estimated separately for teleworkable and non-teleworkable occupations.

Formally, the empirical model can be represented as follows:

$$y_{oct+k} - y_{oct} = \alpha + \beta_k \Delta X_{ct} + \gamma_k \hat{S}_{ct} + \theta_k \Delta X_{ct} \hat{S}_{ct} + \rho \Delta y_{oct} + \pi_o + \mu_c + \vartheta_t + \varepsilon_{oct} \quad \text{Equation 3.3}$$

$$k = \{1, 2, 3, 4\}$$

where $y_{oct+k} - y_{oct}$ is the change log employment in occupation o, which may be teleworkable or non-teleworkable, in country c between quarters *t+k* and *t-1*. The change in the stringency of health-related economic restrictions is captured by ΔX_{ct}. $\hat{S}_{ct}$ captures predicted take-up of job retention support in dependent employment in the private sector as a function of its generosity following an extended and quarterly version of Model 8 in.[1] Occupation fixed-effects enter as π_o, country fixed-effects as μ_c, and year times quarter fixed effects are captured by ϑ_t. Finally, Δy_{oct} is lagged employment growth. The impulse response function of employment growth with respect to changes in the stringency of COVID-19-related containment measures is evaluated for a scenario where job retention scheme take-up is zero in the quarter of the change in severity as well as a scenario where job retention scheme take-up was at the average level during the COVID-19 pandemic. The impulse response functions are estimated over four quarters and weighted by occupation size.

The empirical model is estimated using data for 22 European OECD countries, with information for the period from 2020 to 2022.[2] Quarterly employment growth by country and 3-digit ISCO occupation is obtained from the EU Labour Force Survey. Information on the stringency of health-related economic restrictions is obtained from the Oxford COVID-19 Government Response Tracker (Hale et al., 2021[4]). Occupations are ranked according to the intensity of telework in the period after the pandemic and key occupations are omitted (following the classification of Fasani and Mazza (2020[11]). The threshold for teleworkability is set to match the observed intensity of telework during the pandemic in 2020 on average across countries (almost 50% teleworked at least once). Figure A A.7 shows that the pre-trends are reasonably flat and the differences between employment growth in teleworkable and non-teleworkable occupations prior to the COVID-19 pandemic was mostly not statistically different.

1. To improve the take-up prediction, the first stage model adds country fixed-effects and additional interactions of stringency with each generosity measure to Model 8 of Table 3.1. Further, while Table 3.1is based on monthly data, the analysis of employment dynamics is limited to quarterly level. As such, the first stage prediction is also estimated on the quarterly level. The model has an adjusted-R^2 of 0.84.
2. This includes Austria, Belgium, Switzerland, Czechia, Denmark, Estonia, Spain, Finland, France, Hungary, Ireland, Italy, Lithuania, Luxembourg, Latvia, the Netherlands, Norway, Poland, Portugal, Sweden, Slovenia, and the Slovak Republic. While part of the effective generosity indicators, Iceland, Germany, the United Kingdom and Greece are excluded from the analysis. For Iceland, information on JRS take-up is lacking. For the other countries, employment levels are missing for a considerable amount of occupation-year pairs.

While most of the population was affected by the strict containment measures during the COVID-19 pandemic, labour markets simultaneously saw a strong shift to telework, with many employees performing their work from home. However, in many occupations telework was not possible, so job retention schemes were necessary to shield their workers from losing their employment. As such, one would expect different employment dynamics for occupations with activities that are, in principle, able to be performed at home

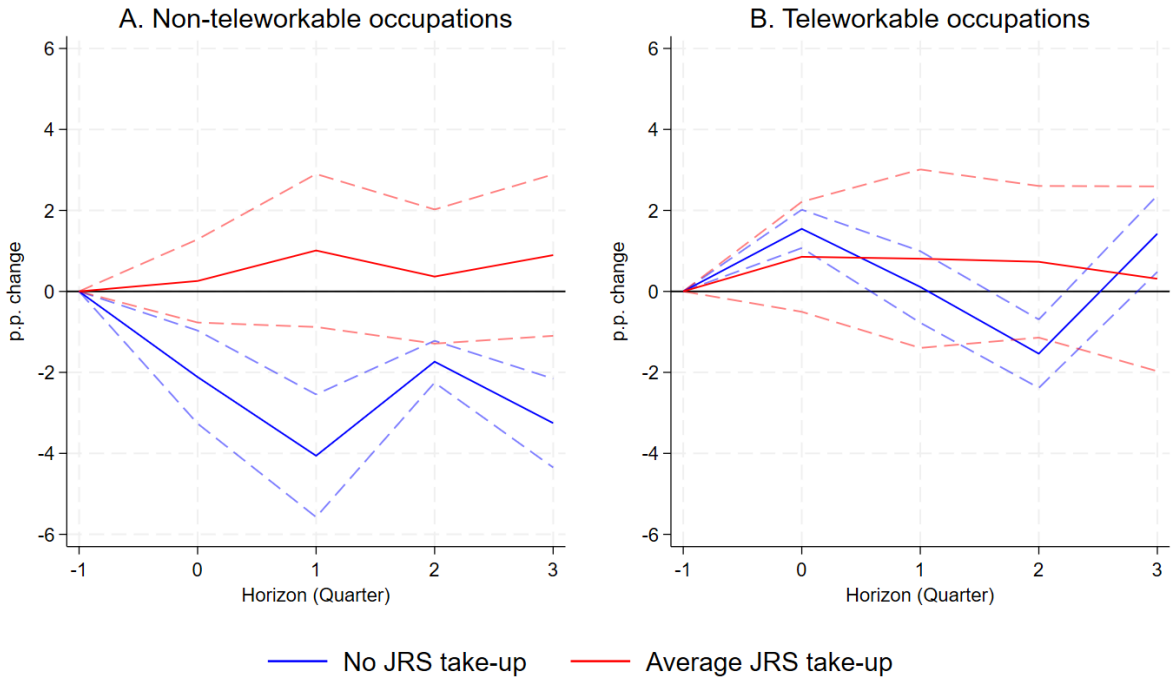
(i.e. teleworkable occupations) and those that require the presence of workers at the employer's premises (i.e. non-teleworkable occupations), while job retention schemes should only have a discernible effect on non-teleworkable occupations. These expectations follow also directly from the aims of job retention support in preserving employment in exposed jobs. A simple event study in Figure A.A.7 also shows that employment growth was not only developing relatively similarly for teleworkable and non-teleworkable occupations before the COVID-19 pandemic, but teleworkable occupations were initially also much less effected by the COVID-19 shock than non-teleworkable ones. To illustrate the role job retention schemes had in cushioning this effect on the most exposed occupations, Figure 3.13 shows employment dynamics following changes in COVID-19 containment stringency. These are separately computed for teleworkable and non-teleworkable occupations and linked to the prevalence of job retention support.

The results of this exercise show that job retention schemes can indeed cushion the impact of COVID-19 containment measures on employment in occupations that are not teleworkable, and therefore more exposed to the containment restrictions (Figure 3.13, Panel A). In the absence of job retention scheme take-up, employment decreases by about 2 p.p. in the quarter the stringency of COVID-19 containment measures increased by one standard deviation, reaching a cumulative employment decline of just above 3.2 p.p. 3 quarters after the change in containment stringency. A one standard deviation increase in the stringency of containment measures across included countries does not reduce employment when there is job retention scheme take-up in the initial quarters following a one standard deviation change in containment stringency.[6]

As expected, changes in the stringency of pandemic containment measures had only minor effects on occupations that are able to be performed from home (Figure 3.13, Panel B). This also only differed marginally if job retention schemes were used or not. For example, in the absence of job retention support, teleworkable occupations saw no statistically significant employment effects of a one standard deviation change in the stringency of COVID-19 containment measures. With job retention support, there just a small positive as well as a small negative change in employment at different points over the observed horizon, without any clear meaningful patterns. Overall, these results suggest that job retention scheme were indeed successful in preserving employment in jobs exposed to COVID-19 containment measures and had little to no effect on barely exposed occupations.

Figure 3.13. Job retention reduced the negative employment effects of the COVID-19 pandemic

Effect of a tightening in the COVID-19 containment stringency index on cumulative employment growth, 22 OECD-EU countries



Note: The lines represent the effect of a one standard deviation increase in the containment stringency index after the change for two JRS take-up scenarios. The no take-up scenario models partial predications of equation 2, where S_{ct} is set to zero, while the average take-up scenario sets S_{ct} to the average predicted take-up during the COVID-19 pandemic. The dotted lines represent the 90% confidence interval around the estimates based on standard errors clustered at the country-occupation and country-time level. Panel A presents the effect of a change in the severity of the pandemic after the change estimated through Equation 2 for 2-digit occupations that tend not to be teleworkable. Panel B presents the same effects for 2-digit occupations that tend to be teleworkable. Teleworkability for 2-digit ISCO occupations is defined based on the share of workers occasionally teleworking. The countries included in the regression are Austria, Belgium, Switzerland, Czechia, Denmark, Estonia, Spain, Finland, France, Hungary, Ireland, Italy, Lithuania, Luxembourg, Latvia, the Netherlands, Norway, Poland, Portugal, Sweden, Slovenia, and the Slovak Republic.
Source: OECD calculations based on national sources, the quarterly EU-LFS data, and the Oxford COVID-19 Government Response Tracker (Hale et al., 2021[4]).

The estimated effect of job retention schemes in preserving employment when containment measures tightened suggests that these schemes were able to save jobs that would have otherwise been destroyed. In order to get a sense of the number of jobs saved during the peak periods of the COVID-19 pandemic, Figure 3.14 presents estimates on the difference in employment levels in counterfactual situations with and without job retention schemes given the containment measures in the country and the use of job retention schemes based on the estimated model coefficients of the model laid out in Box 2.4 and presented in Figure 3.13. The results suggest that the use of job retention schemes at the peak of the COVID-19 pandemic in the second quarter of 2020 averted the loss of 9.5% of employment in countries with permanent job retention schemes and 6.2% in countries with newly established and temporary schemes (8% on average across countries). These effects subsided quickly with a less drastic pandemic situation and lower containment stringency, turning even marginally negative in some countries. Overall, the findings suggest that the presence of established job retention schemes can help in allowing for a quick

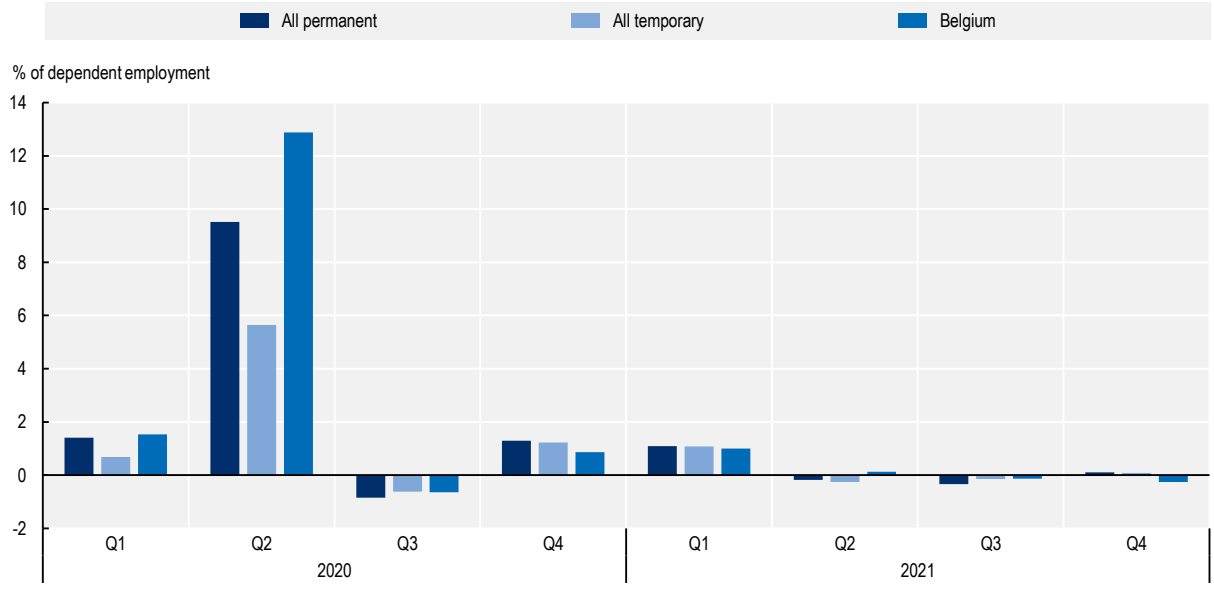
scaling up of job retention support use among affected firms, who may already have the relevant administrative familiarity with said schemes.[7]

In Belgium, where take-up was particularly high, the use of job retention schemes averted losses of about 12.9% of employment at the peak of the pandemic. This is considerably higher than in many other countries, in line with the high take-up of job retention schemes at the peak of the COVID-19 pandemic. As the scheme saw no major adjustments through the end of 2021, the take-up of job retention schemes was still considerably higher in Belgium well after containment measures were relaxed, which meant that their use had small negative effects relative to an absence of job retention scheme use.

Taking account of the level of take-up in Belgium, for every 100 workers placed on job retention schemes at the peak of the crisis, 55 jobs were preserved (52 jobs across all countries). Abstracting from working time and assuming fulltime for each worker, this implies that upper bound estimates of the deadweight effects associated with jobs being supported that would have been retained anyway or could not be retained even with support, amount to about 45% (48% across all countries). This is relatively modest, especially as these estimates do not take intensity of work into account, and is comparable to earlier estimates that placed deadweight losses at about one-third across countries during the Great Recession (Hijzen and Venn, 2011[12]; Hijzen and Martin, 2013[13]). However, these deadweight costs are higher than estimates of 25% for Spain during the COVID-19 pandemic (OECD, 2024[14]).

Figure 3.14. Job retention schemes avoided a considerable amount of employment losses during the peak of the COVID-19 pandemic, but became less efficient at later times

Jobs saved as a share of dependent employment, Q1 2020 to Q4 2021



Note: The jobs saved measure is the difference in counterfactual employment trajectories following country-specific changes in containment stringency under country-specific job retention scheme take-up and in absence of such take-up cumulated over three-quarters following a change in containment stringency. Counterfactual employment trajectories are calculated using the estimated coefficients on job retention scheme take-up, changes in containment stringency and their interaction, following the model laid out in Box 3.5. The countries included in these estimates are Austria, Belgium, Switzerland, Czechia, Denmark, Estonia, Spain, Finland, France, Hungary, Ireland, Italy, Lithuania, Luxembourg, Latvia, the Netherlands, Norway, Poland, Portugal, Sweden, Slovenia, and the Slovak Republic.
Source: OECD calculations based on national sources, the quarterly EU-LFS data, and the Oxford COVID-19 Government Response Tracker (Hale et al., 2021[4]).

References

Calligaris, S. et al. (2023), "Employment dynamics across firms during COVID-19: The role of job retention schemes", *OECD Economics Department Working Papers*, No. 1788, OECD Publishing, Paris, https://doi.org/10.1787/33388537-en. [3]

DG EMPL (2025), *Job Retention Schemes in Perspective: Lessons Learnt And*, https://employment-social-affairs.ec.europa.eu/labour-market-and-wage-developments-europe_en. [1]

Fasani, F. and J. Mazza (2020), "Immigrant Key Workers: Their Contribution to Europe's COVID-19 Response", *IZA Policy Paper*, Vol. 155, https://www.iza.org/publications/pp/155/immigrant-key-workers-their-contribution-to-europes-covid-19-response. [11]

FRED (2023), *The insured unemployment rate*, https://fredblog.stlouisfed.org/2023/12/the-insured-unemployment-rate/. [8]

Hale, T. et al. (2021), "A global panel database of pandemic policies (Oxford COVID-19 Government Response Tracker", *Nature Human Behaviour*, https://doi.org/10.1038/s41562-021-01079-8. [4]

Hijzen, A. and S. Martin (2013), "The role of short-time work schemes during the global financial crisis and early recovery: a cross-country analysis", *IZA Journal of Labor Policy*, Vol. 2/1, https://doi.org/10.1186/2193-9004-2-5. [13]

Hijzen, A. and D. Venn (2011), "The Role of Short-Time Work Schemes during the 2008-09 Recession", *OECD Social, Employment and Migration Working Papers*, No. 115, OECD Publishing, Paris, https://doi.org/10.1787/5kgkd0bbwvxp-en. [12]

Jordà, Ò. (2005), "Estimation and Inference of Impulse Responses by Local Projections", *American Economic Review*, Vol. 95/1, pp. 161-182, https://www.aeaweb.org/articles?id=10.1257/0002828053828518. [10]

OECD (2024), *Preparing ERTE for the Future: An Evaluation of Job Retention Support in Spain During the COVID-19 Pandemic*, OECD Publishing, Paris, https://doi.org/10.1787/a70bf8ec-en. [14]

OECD (2024), *TaxBEN: The OECD tax - benefit simulation model - Methodology, user guide and policy applications*, https://www.oecd.org/content/dam/oecd/en/topics/policy-sub-issues/income-support-redistribution-and-work-incentives/OECD-TaxBEN-methodology-and-manual.pdf. [2]

OECD (2023), *Evaluation of Belgium's COVID-19 Responses: Fostering Trust for a More Resilient Society*, OECD Publishing, Paris, https://doi.org/10.1787/990b14aa-en. [7]

OECD (2022), *Riding the waves: Adjusting job retention schemes through the COVID-19 crisis*, https://www.oecd.org/content/dam/oecd/en/publications/reports/2022/03/riding-the-waves-adjusting-job-retention-schemes-through-the-covid-19-crisis_9c5e78fe/ae8f892f-en.pdf. [5]

OECD (2021), "Job retention schemes during the COVID-19 crisis: Promoting job retention while supporting job creation", in *OECD Employment Outlook 2021: Navigating the COVID-19 Crisis and Recovery*, OECD Publishing, Paris, https://doi.org/10.1787/c4c76f50-en. [6]

ONEM (2024), *Le chômage temporaire après la crise du coronavirus*, https://www.onem.be/file/cc73d96153bbd5448a56f19d925d05b1379c7f21/56b3ce93b30eb832bcabe25e6f5d83cdbf42ebd2/2024_11_21_etude_ct_post_corona_fr.pdf. [9]

Notes

[1] For example, the job retention scheme in Estonia already ended before May 2021, while the schemes in Czech Republic, Denmark, Estonia, the United Kingdom, Greece, Hungary, Iceland, Lithuania, Latvia, the Netherlands, Poland, the Slovak Republic and Slovenia ended before June 2022.

[2] However, several countries effectively differentiated the degree of support across firms by restricting eligibility to additional support measures based on sector, firm size or firm performance. Belgium briefly restricted the use of the simplified coronavirus force majeure scheme to firms in severely impacted sectors in September 2020, while all other all firms continued to have access to temporary unemployment through other schemes (see OECD (2022[5]), for a discussion).

[3] While this report only considers the permanent *Short-Time Compensation* (STC) scheme for the Unites States, the US Government also introduced the temporary and restricted *U.S. Paycheck Protection Program* (PPP) between April 2020 and May 2021. The PPP was effectively restricted to small and medium-sized businesses with fewer than 500 employees and offered forgivable, low-interest loans so they could maintain their payrolls even without active work. Between April and June 2020, the PPP provided over USD 500 billion in support, amounting to about 2.5% of GDP (see OECD (2021[6])). Moreover, Canada Emergency Wage Subsidy (CEWS) programme was replaced in October 2021 by more targeted schemes focussed either on specific sectors such as tourisms and hospitality or the hardest hit firms.

[4] Under the *Paycheck Protection Program* (PPP), small- and medium-sized enterprises also had access to full temporary suspension (see OECD (2021[6])).

[5] Note that this includes the policy replacement rate for hours not worked subject to a cap and social security contributions for hours not worked usually paid by employers.

[6] In Belgium, containment stringency peaked at 81% during the period of the first lockdown, closely mirroring the average patterns across countries presented in Figure 3.13.

[7] At the same time, take-up quickly increased to high levels even in some countries with newly established schemes in some countries, such as the Netherlands and Denmark.

Annex A. Additional Tables

Table A A.1. Forms of temporary unemployment in Belgium

Type of Temporary Unemployment	Firm-Level Conditions	Worker-Level Eligibility	Suspension regimes	Income replacement rate	Employer contribution
Force majeure – General	Unexpected and temporary event beyond control (e.g. natural disaster, government action) making work impossible.	All workers and apprentice workers who are following work-study training	Full suspension for a maximum of 3 months. Renewable.	65% (capped at 66% of the average gross monthly salary)	No
Force majeure - Medical reasons	For companies with workers unfit to perform their duties.	Workers declared fit for work within the meaning of sickness and disability legislation, but still unfit to perform their duties.	Full suspension for a maximum of 6 months, but dependent on placement in reintegration process and/or monitoring from an ONEM approved physician.	65% (capped at 66% of the average gross monthly salary)	No
Force majeure - Coronavirus (March 2020 – June 2022) & Force majeure - Energy crisis (April 2022 – June 2022)	For companies affected by lockdown measures or if the COVID-19 pandemic forces operation to stop. No specific minimum required reduction. September 2020: Only available in hard-hit sectors.	All workers and apprentice workers who are following work-study training	Full or partial suspension with no time limit if conditions continue to be met.	70% (capped at 66% of the average gross monthly salary) plus a daily supplement of EUR 5.63 from ONEM/RVA	No
Economic difficulties – Blue collar workers	Non-structural reduction in turnover, production, or orders. No specific minimum required reduction.	Workers with eligibility for full unemployment benefits. Extends to apprentice workers who are following work-study training and temporary workers who are supposed to start or end during the shut-down period	i) less than three working days per week for a maximum of 12 months ii) three working days or more every week for a maximum of 3 months (renewal: 1 full working week) iii) full suspension for a maximum of 4 weeks (renewal: 1 full working week).	60% (capped at 66% of the average gross monthly salary) plus a daily supplement of EUR 2	Triggered if days of temporary unemployment in the three preceding quarters exceed 110 days. Daily contribution then calculated based on the sum of temporary unemployment days in these prior 3 quarters AND the reporting quarter: - 20 EUR if days > 110 and ≤ 130 - 40 EUR if days > 130 and ≤ 150 - 60 EUR if days > 150 and ≤ 170 - 80 EUR if days > 170 and ≤ 200

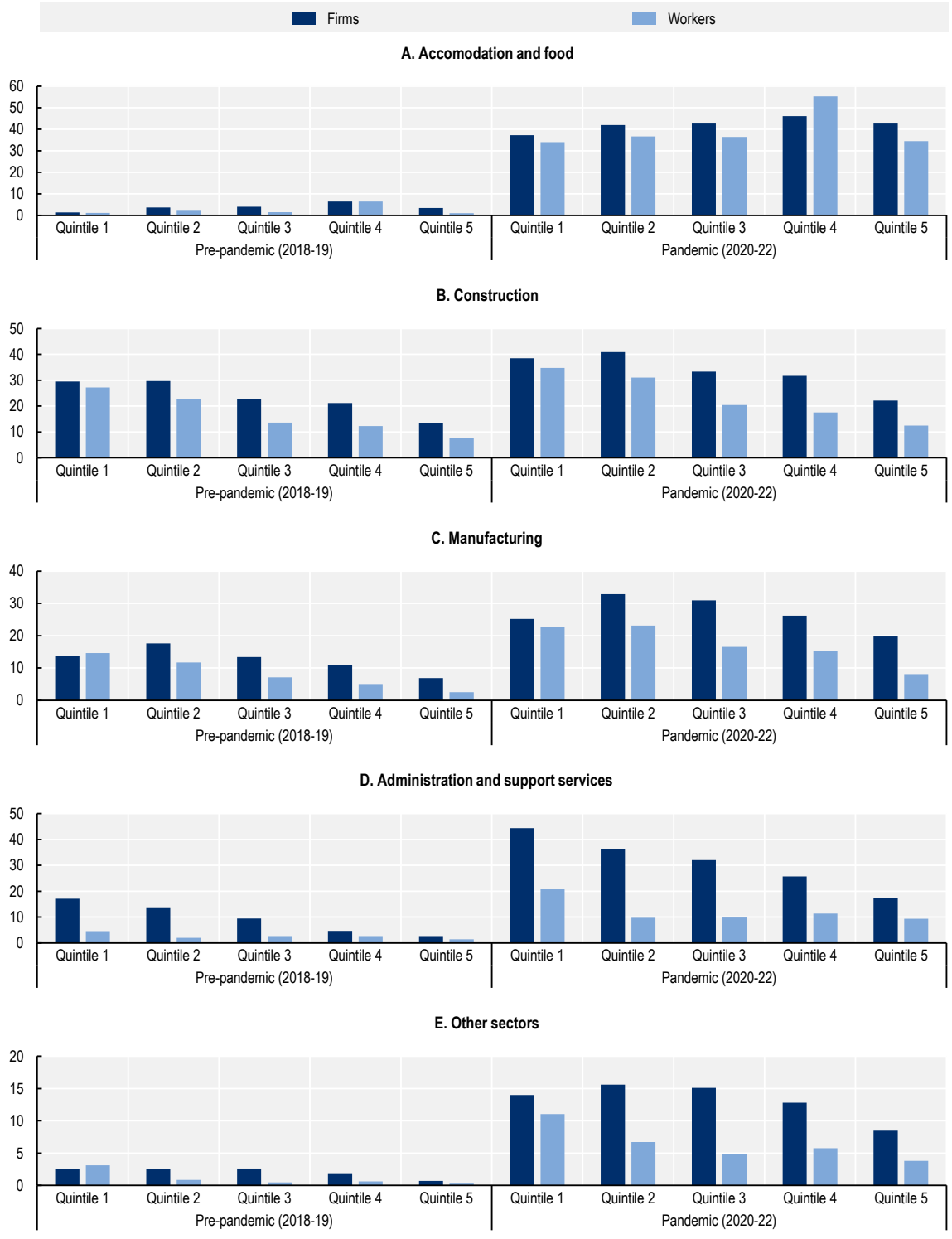
Type of Temporary Unemployment	Firm-Level Conditions	Worker-Level Eligibility	Suspension regimes	Income replacement rate	Employer contribution
					- 100 EUR if days > 200.
Economic difficulties – Construction sector	Non-structural reduction in turnover, production, or orders. No specific minimum required reduction.	All construction workers with eligibility for full unemployment benefits. Extends to temporary workers hired to replace others, and apprentice workers who are following work-study training.	i) less than three working days per week for a maximum of 12 months ii) three working days or more every week for a maximum of 3 months (renewal: 1 full working week) iii) full suspension for a maximum of 4 weeks (renewal: 1 full working week).	60% (capped at 66% of the average gross monthly salary) plus a daily supplement of EUR 2	46.31 EUR per worker per day of JRS exceeding 110 days per year.
Economic difficulties – White collar workers	Collective bargaining agreement or SPF/FOD approved business plan. Reduction of at least 10% in turnover, production, or orders or if at least 10% of blue-collar workers already on JRS.	All white-collar workers eligible for full unemployment benefits.	i) less than three working days per week for a maximum of 26 weeks ii) full suspension for a maximum of 16 weeks.	60% (capped at 66% of the average gross monthly salary) plus a daily supplement of EUR 5	No
Technical accident	Work stoppage due to unforeseen technical issues, machinery breakdown, or other accidents impacting production.	All workers, including, temporary workers hired to replace others, and apprentice workers who are following work-study training	Full suspension for a maximum of 3 months. JRS only available from the 8th day following the accident.	60% (capped at 66% of the average gross monthly salary) plus a daily supplement of EUR 2	No
Bad weather - General	Severe weather conditions such as storms, heavy rain, or snow making it unsafe or impossible to work.	All workers, including, temporary workers hired to replace others, and apprentice workers who are following work-study training	Full suspension until weather conditions allow work to resume. Only available if workers are informed before coming to work.	60% (capped at 66% of the average gross monthly salary) plus a daily supplement of EUR 2	No
Bad weather – Construction sector	Adverse weather conditions specific to construction, such as heavy rain or snow affecting site safety or workability.	All construction workers, including, temporary workers hired to replace others, and apprentice workers who are following work-study training	Full suspension until weather conditions allow work to resume. Also available if workers are informed only upon arrival at the construction site.	60% (capped at 66% of the average gross monthly salary) plus a daily supplement of EUR 2	No
Annual vacation closure	Firms with company-wide annual vacation period during which operations are closed	Workers without sufficient annual vacation days to cover the company-wide annual vacation period.	Full suspension for the company-wide annual vacation period, reduced by the workers annual vacation entitlement.	60% (capped at 66% of the average gross monthly salary)	No

Type of Temporary Unemployment	Firm-Level Conditions	Worker-Level Eligibility	Suspension regimes	Income replacement rate	Employer contribution
Strike or lock-out	Work stoppage due to industrial action that affects the possibility to carry out work or employer-initiated lock-out.	Workers who are not part of the striking unit and do not have a stake in the strike's success.	Full suspension for the strike- or lock-out period.	60% (capped at 66% of the average gross monthly salary)	No

Note: The information presents the schemes characteristics as of August 2024.
Source: ONEM/RVA.

Figure A A.1. Selection by sector

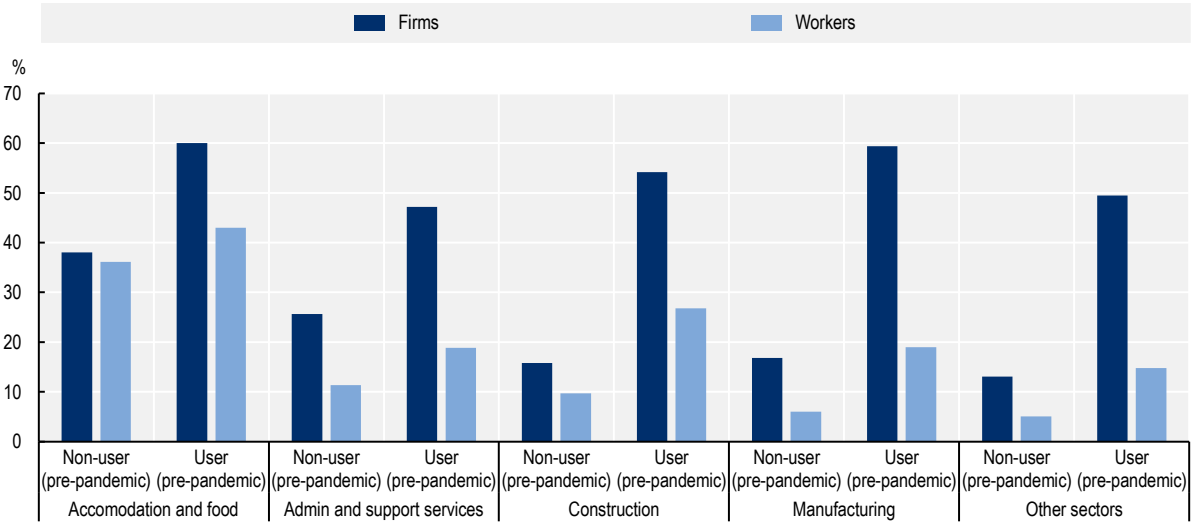
Average quarterly share of firms and workers on job retention schemes by quintile of the firm-distribution of average pre-pandemic productivity



Note: See note to Figure 2.3.
Source: OECD calculations based on microdata from the Belgian Crossroads Bank for Social Security and the Belgian National Bank.

Figure A A.2. In the accommodation and food sector prior JRS experience matter the least

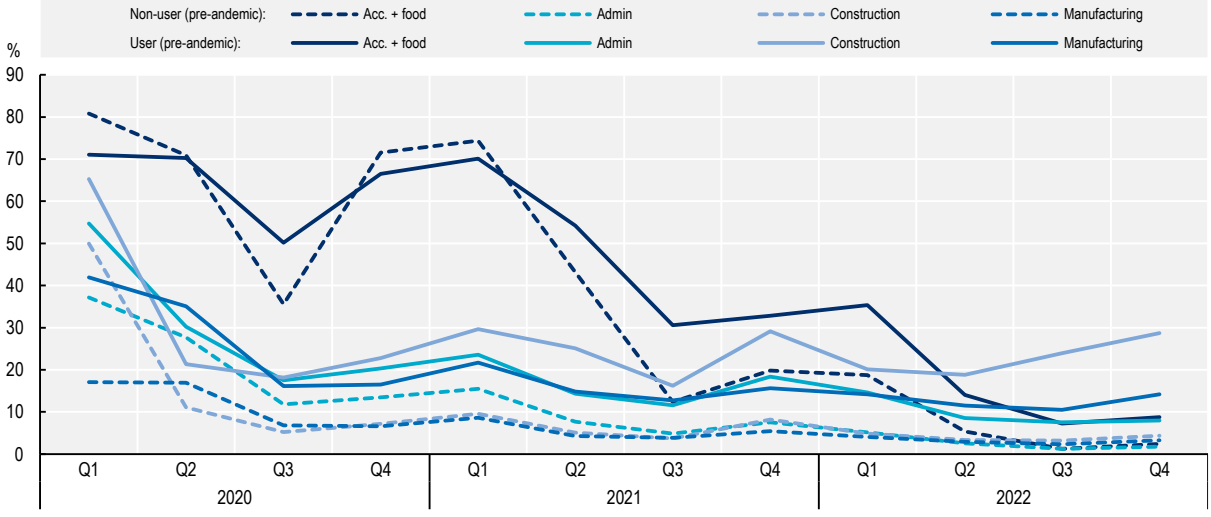
Average quarterly share of firms and workers on job retention schemes during the pandemic (Q1 2020 – Q4 2022) by previous JRS use of firms between 2017 and 2019, by sector



Note: See note to Figure 2.4.
Source: OECD calculations based on microdata from the Belgian Crossroads Bank for Social Security.

Figure A A.3. Previous users retained elevated use even when the pandemic subsided

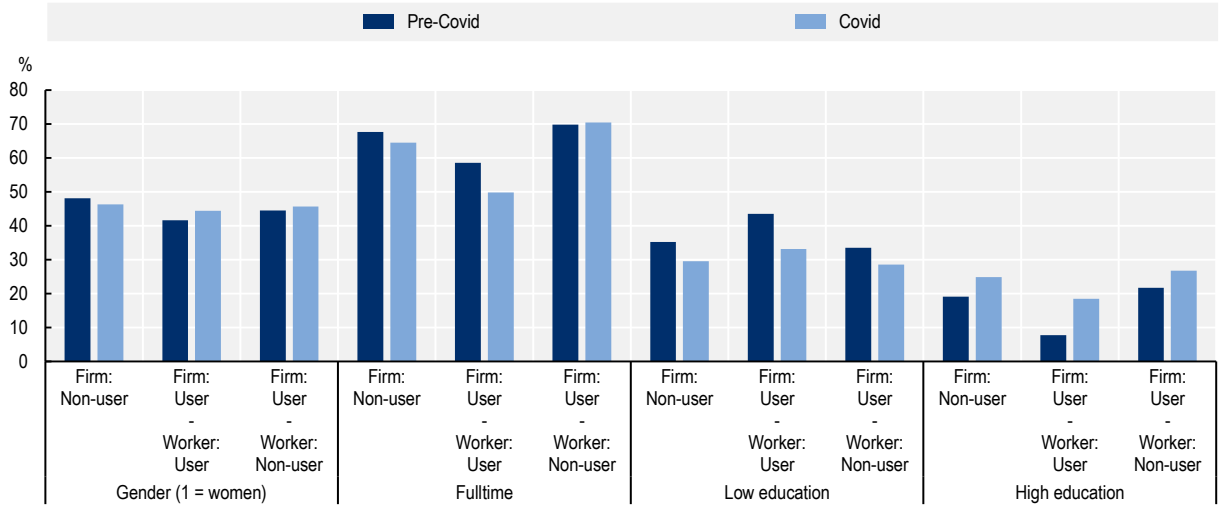
Quarterly share of workers on job retention schemes during the pandemic (Q1 2020 – Q4 2022) by previous JRS use of firms between 2017 and 2019, by sector



Note: See note to Figure 2.4.
Source: OECD calculations based on microdata from the Belgian Crossroads Bank for Social Security.

Figure A A.4. Worker composition among user and non-users of temporary unemployment

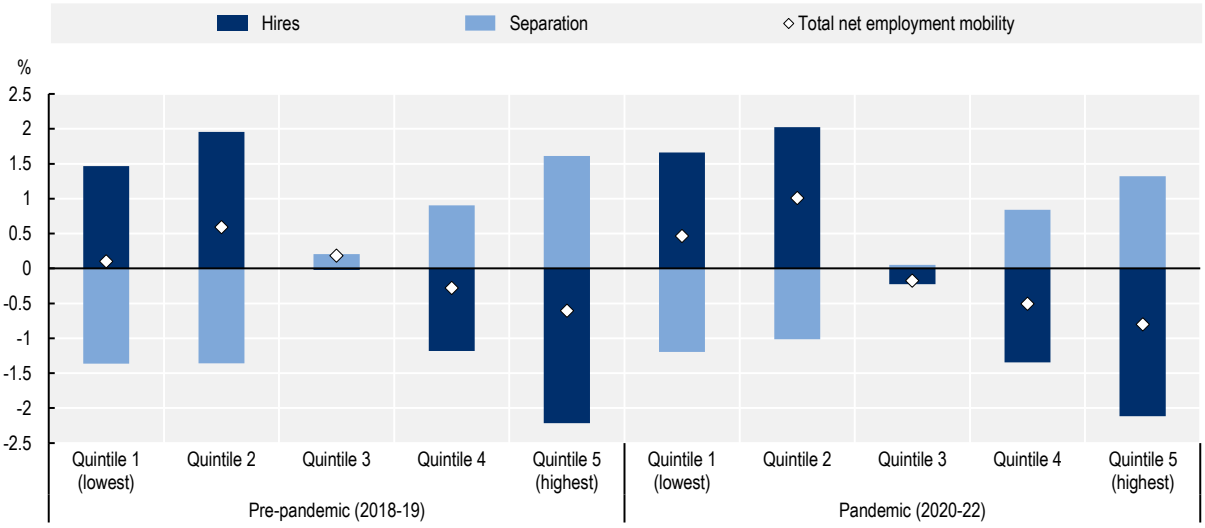
Worker characteristics users and non-user of temporary unemployment, by workers placed and no placed on temporary unemployment, before and during COVID-19



Note: The data refers to the share of certain characteristics among workers that are either placed o job retention schemes or not. Characteristics of workers that are not placed on job retention schemes are split by firms that place no workers on job retention schemes and those that place at least one worker on these schemes.
Source: OECD calculations based on microdata from the Belgian Crossroads Bank for Social Security.

Figure A A.5. The increasing role of employment mobility during the pandemic was mostly driven by a decrease in separation

Average quarterly net employment growth through net employment mobility among pre-pandemic active firms and by quintile of the firm-distribution of labour productivity, relative to average employment growth



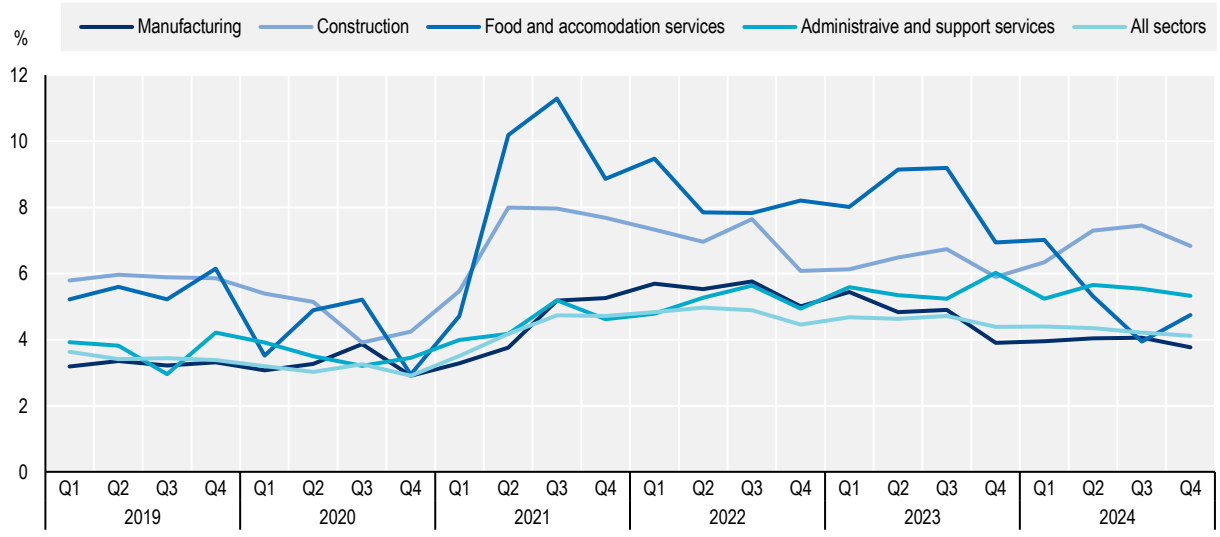
Notes: **Total net employment mobility:** average quarterly employment-weighted growth rate employment among pre-pandemic active firms due to workers entering or existing employment from quarter to the next in deviation from aggregate employment growth rate. **Hires**: average quarterly employment-weighted growth rate employment among pre-pandemic active firms due to workers entering employment from quarter to the next in deviation from aggregate employment growth rate. **Separations**: average quarterly employment-weighted growth rate employment among pre-pandemic active firms due to workers exiting employment from quarter to the next in deviation from aggregate employment growth rate.

The figure shows the average quarterly change in the structure of private sector non-agricultural dependent employment across quintiles of the employment-weighted distribution of labour productivity to the extent of which this is driven by employment mobility and its components of hiring and separations. It is based on employment-weighted firm-level regressions of employment growth on quintile dummies, average pre-pandemic firm size and quarter fixed effects (Equation 1).

Source: OECD calculations based on microdata from the Belgian Crossroads Bank for Social Security and the Belgian National Bank.

Figure A A.6. Job vacancy rate over time and across sectors

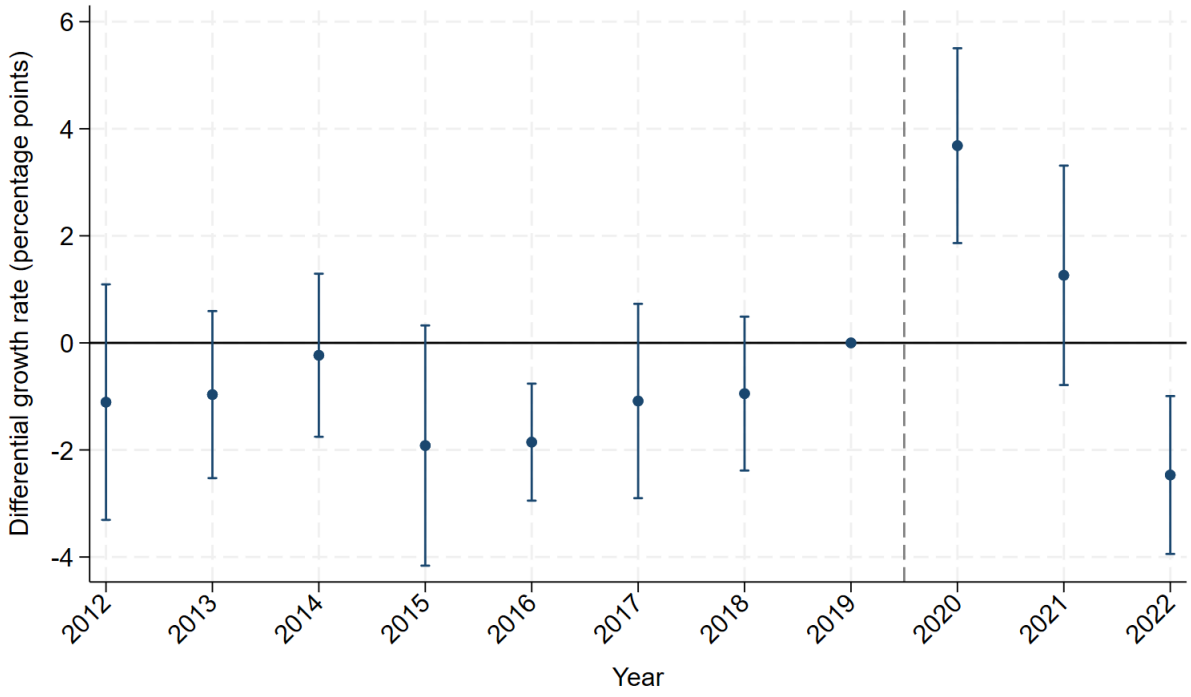
Share of vacant jobs among all jobs, 2019 to 2024, Belgium



Source: STATBEL – Job vacancy survey.

Figure A A.7. Event study regression of employment growth by teleworkability

Employment growth rates, difference between teleworkable and non-teleworkable occupations, 22 European OECD countries



Note: The points represent the differential employment growth rate (in p.p.) between teleworkable and non-teleworkable occupations relative to the reference year 2019, which is normalised to zero. The vertical lines represent the 95% confidence interval around the estimates based on standard errors clustered at the country-teleworkability level. The specification includes country fixed effects. The countries included in the regression are Austria, Belgium, Switzerland, Czechia, Denmark, Estonia, Spain, Finland, France, Hungary, Ireland, Italy, Lithuania, Luxembourg, Latvia, the Netherlands, Norway, Poland, Portugal, Sweden, Slovenia, and the Slovak Republic. See Box 3.5 for more information.
Source: OECD calculations based on national sources, the quarterly EU-LFS data.

An Assessment of Job Retention Support During the COVID-19 Pandemic and its Aftermath in Belgium

Belgium deployed job retention schemes on an unprecedented scale during the COVID-19 pandemic, supporting nearly one in three jobs at the crisis peak. This review provides an in-depth assessment of job retention support during the pandemic and its aftermath in Belgium. It analyses the take-up of support throughout the pandemic, examining which types of firms and workers used the scheme most as well as its effects on the reallocation of workers to more productive firms. The review also provides a systematic comparison of Belgium's scheme with those of other OECD countries based on a new indicator of effective job retention support. With a focus on eligibility, work-sharing requirements and the generosity of support for workers and firms, it assesses the importance of policy design features for take-up during the pandemic. Drawing on occupation-level variation in exposure to containment measures, it evaluates the effectiveness of job retention schemes in preserving jobs. The findings offer practical guidance for policymakers to inform the refinement of job retention support for the future.

PRINT ISBN 978-92-64-68742-4
PDF ISBN 978-92-64-54432-1