

COVID 19 and the Changes in Global Labour Market

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Abstract: In the year 2020, the global growth is estimated to have shrunk by 4 percent due to the unprecedented changes caused by the Covid 19 virus. This situation represents the largest economic crisis of this era. The revenue from the retail and the recreation sector has declined dramatically since the onset of Covid. A full swing return to the normal life is still far away as countries were gripped by a second wave. The unemployment figures are not able to capture the entire scenario since many are not actively looking for jobs and therefore, they are out of the labour force in official statistics. Also, there is a decline in the total working hours as a result of the pandemic. According to the International Labour Organisation 495 million jobs were lost in the second quarter of 2020. This reduction in jobs have in turn led to reduction in global labour income by 4.4 percent of global GDP. The impact of the labour market changes have been highly unequal across country, income, gender, age and type of work. The analysis of the situation has reached under a conclusion that work pattern and life satisfaction has been seriously deteriorated since the arrival of the pandemic.

Keywords: Covid 19, unemployment, ILO, labour income, GDP

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I. INTRODUCTION

The consequences of the Covid 19 pandemic have great potential to affect the subjective well being of humans around the globe. The death of nearly two million people in 2020 represents a serious welfare loss. The year 2020 has gifted us economic insecurity, greater anxiety and disruption of every aspect of life. The covid 19 challenge was faced by different countries in their own way. But the life satisfaction of people declined in every country even though at different pace. The year 2020 gave great revelation to the world leaders on how unprepared their country is for fighting a pandemic. As global GDP shrunk by 5 percent, the job vacancies declined by 20% less than the normal levels. The changes in the labour market differed from country to country depending on their social mechanism. The labour force who remained at work had to work harder since the overall workforce declined. This paper discusses in detail the wellbeing impact of labour market changes across different dimensions.

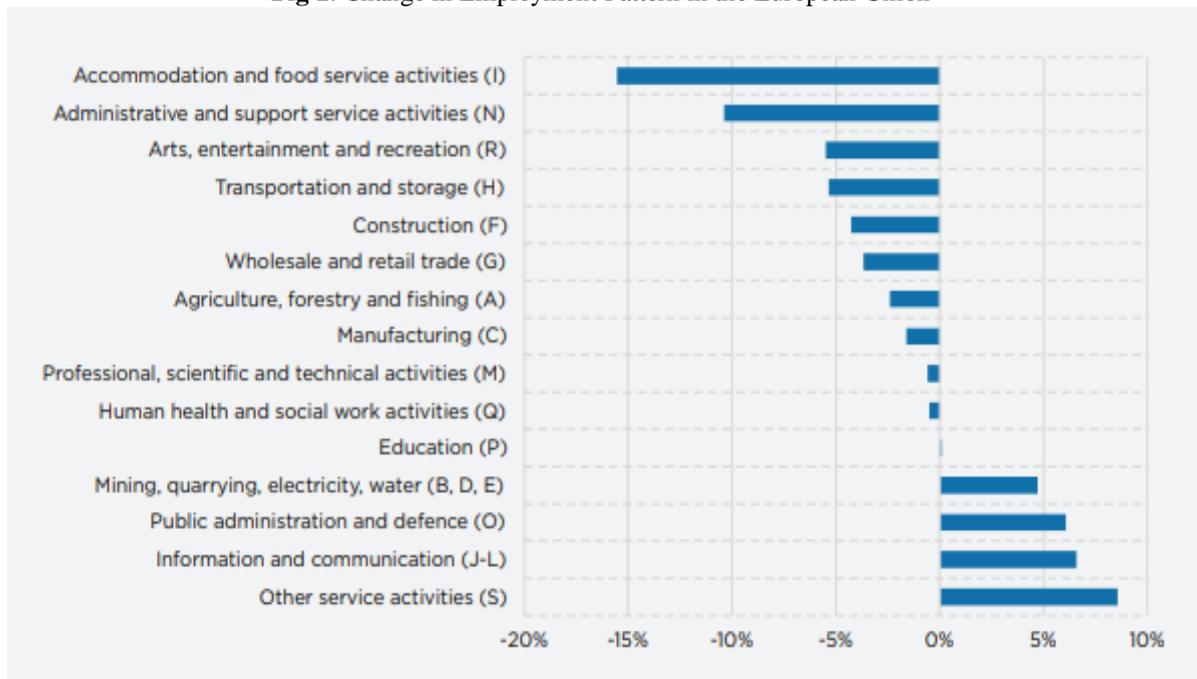
II. METHODOLOGY

This study has collected data from many sources and compiled it to give an analysis. The wellbeing of the people were analysed with the data from the Covid 19 behaviour tracker, a joint project between Imperial College London and YouGov and indeed.com. The labour statistics has been taken from International Labour Organisation and Eurostat. Many other journals, articles and reports have also been used to conduct the study.

Work culture and well-being during Covid 19

The global impact of the crisis has been highly unequal in different countries depending on the pre-existing conditions. The workers in the lower-middle income countries have encountered a 43 percent higher reduction in working hours and income from employment than in the developed nations. The governments in the low-income countries are financially incapable to provide support for these workforces. Even among high income countries the impact of the pandemic has been different. The GDP growth was decreased by 22 percent in Spain and UK, while the decrease was only 5 percent in South Korea, Finland and Norway. In Europe the economic repercussions of the pandemic have been larger in countries with already risky labour market conditions. The workers working in food and accommodation were the most vulnerable at the beginning of the crisis. According to ILO data the employment losses were more prominent in UK and US since the onset of the pandemic. The governments around the world have announced several income replacement and job retention schemes to provide financial relief to the workers. The ILO statistics says that 1 in 4 of the young adults were unemployed in US between February and July 2020. The inactivity rates among youth have outpaced the inactivity rates among adults. The delays in completing the education programs and obstacles to find work are the two primary reasons for this stark difference.

Fig 1: Change in Employment Pattern in the European Union



Source: Eurostat 2021, Note: It includes data from EU-27 minus Germany. Sectors are broken down by NACE categories.

Globally speaking, women have been working in sectors that were hard hit by the pandemic including food, travel, accommodation, domestic work and services. Even this scenario has mixed results depending on the respective countries. Considering Europe alone, Finland, France and Belgium had more job losses for women but not in Sweden, Portugal and Denmark. The reduction in the labour supply of working mothers can be due to the childcare responsibilities emerged because of the closure of schools. In a study conducted by the Imperial college between unemployed and employed people in 22 countries, it was found that on a scale from 0 to 10 the life satisfaction of employed respondents is 6.4 while that of the unemployed is 5.2. This is equivalent to 60% of standard deviation in life satisfaction. Also, it was seen that the life satisfaction of unemployed men tends to be more severely affected than that of the females. The youth between the age group of 18-24 reported higher level of dissatisfaction than any other age group. These results are notably different from the past studies conducted before the crisis. To counter the adverse effects of the pandemic and to improve the wellbeing different countries have adapted different kinds of labour policies. For example, Germany focused on short term job retention policies, United Kingdom on job retention using wage subsidy schemes and United States on income replacement. The well being of the employed have also changed dramatically during the Covid time due to change in the work atmosphere and working hours. Those workplaces with better level of communication had a better rapport among themselves. It was seen that there has been a consistent difference in the happiness trajectories of people who hold white collar and blue collar jobs during the pandemic. The anticipated future lockdowns and uncertain employment prospects were the two main driving forces affecting the wellbeing of blue collar workers. Many of the workers who were employed had to work for shorter periods due to virus exposure or because of the workplace restrictions. So, the daily wage workers had a reduction in their income due to these temporarily closures. It is crucial to observe these changes in the work culture to understand the impact of covid 19 on employee's wellbeing.

III. CONCLUSION

The work life dynamics has been thoroughly changed in the wake of the crisis. The impact of the pandemic can result in a change in the work values and expectations in the year to come. The global economy has been witnessing issues due to job loss as well as sudden change in the mechanism of existing jobs. The most salient feature brought by the pandemic is the work from home culture. This could be a new start to workplace revolution as workers experience greater autonomy. However, this could undermine the social and intellectual capital which could cause negative impact in the long run. The building up of a meaningful relationship with colleagues is always not possible in a work from home scenario. Even though governments have been trying hard with stimulus packages for compensating for the job loss, the mental well being is still affected. The return to the pre pandemic times is still a long way to go.

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