



*An Analysis of the Corona Crises and Its Effects
on Global Employment Growth Rates*

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Abstract:

The Corona pandemic (Covid-19) has caused a health and economic crisis, causing the world to lose its balance as a result of the drastic closure measures, resulting in a drop in economic activity. The purpose of this research paper is to explain the most significant effects of the Corona crisis on global employment growth. It also aims to highlight the various policies implemented by countries in response to the global economic crisis. After taking the measures of the great closure, the inductive analytical approach was followed by reviewing as many reports and statistics on the status of economic indicators as possible. In addition to using a descriptive analytical approach to determine the impact of the Corona pandemic on employment growth and levels of employment. In light of the decline in employment and employment rates, this research paper concluded by presenting measures to combat the crisis.

Keywords: Corona Pandemic Effects, Employment, Growth Rates.

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1. INTRODUCTION

There is no doubt that countries around the world share the main lines of the effects of the Corona pandemic on economic, social, and health conditions, as the pandemic revealed the fragility of labor markets in both developed and developing countries, though the intensity of this impact varies depending on the reality of economic performance and the organizational institutional framework. On the one hand, the labor market, and on the other, the labor market's ability to withstand supply and demand shocks associated with pandemic repercussions.

The pandemic triggered an economic crisis, which was accompanied by a sudden and severe recession. In this context, the International Monetary Fund considered that the current economic crisis is the worst in modern economic history due to the magnitude of the losses incurred by the world in a short period of time, causing increased uncertainty and weakness as a result of the closure of commercial activities, imposing travel restrictions and containment measures, and the short-term economic effects are imminent in terms of reduced production, investments, and profits in a way that leads to increased uncertainty and weakness.

1.2. Study problem:

The problem of this study can be formulated in the following main question:

What is the impact of the Corona crisis (Covid-19) on global employment growth rates?

1.3. Study Hypothesis:

This study proceeds from the following hypotheses:

- ❖ **The first hypothesis:** the Corona pandemic will have a severe and immediate impact on the global economy, causing economic stagnation and negatively affecting employment growth rates and employment.
- ❖ **The second hypothesis:** If a vaccine is discovered and the virus is contained, there will be a slow recovery in employment growth following the economic stagnation as a result of the gradual reopening of institutions and factories.

1.4. Study objectives:

- Understanding the direct consequences of the Corona pandemic on employment.
- The effects of the emerging corona virus pandemic on employment and employment are being monitored and tracked.

- Understanding the alternative solutions and policies used by some governments to confront the Corona crisis in light of the ongoing social and economic dangers to the labor market and employment.

1.5. Study Approach:

In this study, we will use a descriptive analytical approach by presenting all relevant data and information related to the subject of the study, with an attempt to analyze it economically in order to arrive at the expected study results and make the necessary recommendations.

1.6. Study Structure:

This study was divided into three parts:

- The concept of the Corona pandemic (Covid-19).
- An analytical study of the Corona crisis and its impact on global employment growth.
- Measures taken by some countries to mitigate the effects of the Corona crisis on employment and the labor market.

2. Conceptual framework of the Corona pandemic

2.1. Introduction to Corona Virus:

Corona virus is defined as "a new coronavirus discovered in 2019 (SAR-COV-2) caused by a respiratory disease that spreads from person to person through the respiratory system, either through coughing or sneezing of an infected person to a healthy person." It affects people of all ages, but adults over the age of 65 are the most likely to develop severe disease ([Prévention, 2021, p. 1](#)).

It is also defined as "a contagious pneumonia caused by a virus from the coronavirus family, currently known as SARS-coV-2." According to some studies and research, it is most likely to have been discovered in bats, though this cannot be guaranteed because the hypothesis of pangolins, a small mammal, has not been confirmed." It is popular in southern China ([pasteur, 2020, p. 1](#)).

According to the information provided above, the Corona virus is a type of coronavirus that first appeared in late December of each year in the Wuhan region (Hubei Province) of China. It infected 9,720 people in China and caused 213 deaths, with 106 people infected in 19 other countries as of January 31.

2.2. Recovering from Corona Virus:

In the meantime, international organizations, laboratories, and international pharmaceutical companies are working to develop an effective vaccine to treat the virus, and treating mild cases relies on disease relief through ([Daily Medical Info, 2020](#)):

- ❖ Drink plenty of fluids and take pain relievers.
- ❖ Antipyretics are used in severe cases, and some drugs have proven effective in eliminating the virus and its resistance.
- ❖ If the person becomes infected, he will be required to stay at home, which will aid in his recovery. According to some international health organizations, such as the Centers for Disease Control and Prevention, an infected person recovers in 7-14 days. In severe cases, the affected person must report to the health authorities and be quarantined until his or her recovery is complete.

2.3. Symptoms of coronavirus-19:

According to the information agreed upon by doctors and specialists since the discovery of this strain on September 21, 2020, there is a set of symptoms and the most common clinical characteristics associated with a person's infection with this virus, and it is subject to updating as the surrounding situation of the Corona virus continues to evolve, and the most important of these symptoms are the following:

- ❖ Fever, the temperature should not be higher than 37.8°C/100.0°F.
- ❖ Severe coughing that is abnormal, including barking coughing and wheezing, and is unrelated to chronic lung disease or other known causes
- ❖ Breathing difficulties and shortness of breath that are not caused by heart disease, asthma, or chronic obstructive pulmonary disease.

The table below shows the number of confirmed coronavirus cases since April 23, 2020.

Table No. 01: The epidemiological situation in the world since April 23, 2020

Region	Confirmed cases	New cases	Total Deaths	New Deaths
Global	2.471.136	73.920	169.006	6.058
European region	1.219.489	32.302	109.952	3.618
Region of the Americas	925.291	32.172	44.775	2.089
Eastern Mediterranean	139.271	4.879	6.326	141
Western Pacific Region	136.271	1.765	5.793	108
South East Asian	33.912	2.242	1.427	86
African region	16.115	560	720	16

Source: world Health Organization

3. The global employment growth effects of the Corona pandemic

The effects of the Corona crisis on the size of the labor force and the labor market occurred following the large closure measures imposed by governments of countries as a result of the virus's rapid spread, as the proportion of the labor force constitutes 62% of global employment in the informal economy among the weakest groups in the labor market, with 1.6 billion of the volume of employment belonging to the informal economy. 54% of global employers account for nearly 30% of average GDP (Shrestha, et al., 2020, p. 3). For the first time since the start of collecting employment data in 1948, the unemployment rate has risen to an estimated 14.7%, exceeding the level seen during the Great Recession. The employment losses caused by the Corona pandemic can be classified as follows (Staboulis, 2020, p. 5):

- ❖ **Shorter hours:** through a reduction in average weekly working hours compared to pre-crisis levels.
- ❖ **Being employed but not working:** Employees remain committed to their current position and are unable to seek new employment.
- ❖ **Not to engage in any kind of business:** Are employed but not present at work or are absent from work temporarily (eg employees laid off and employees on sick leave)
- ❖ **Unemployment:** one of the most visible negative consequences of the crisis, owing to the total and partial closure of institutions and factories around the world. Inactivity also leads to withdrawal from the labor force.

As a result of the coronavirus crisis, it is estimated that workers under the age of 30 are twice as likely to work there. According to the Organization for Economic Cooperation and Development, job losses will disproportionately affect younger and less-skilled workers. With the threat of being trapped in unemployment for an extended period of time.

3.1. The impact of the Corona pandemic on global employment:

As a result of the sudden and severe turmoil caused by the Corona pandemic, various macroeconomic variables, including global labor and employment markets, have been disrupted. In the same context, we present the most significant negative consequences of the latter on global employment and employment (Boulares , 2020, p. 167).

3.1.1. The pandemic's impact on employment in organized sectors:

As a result of successive layoffs in exchange for wage cuts and reduced working hours, the services and manufacturing sectors, retail trade, and business and administration activities all experienced sharp declines. The number of workers in this sector has surpassed 1.35 billion worldwide, accounting for 38% of the global workforce. In this context, the World Bank deemed the tourism and retail sectors to be the most affected, and the table below depicts the distribution of employment in various sectors.

Table No. (02): The size of the most affected labor in the world

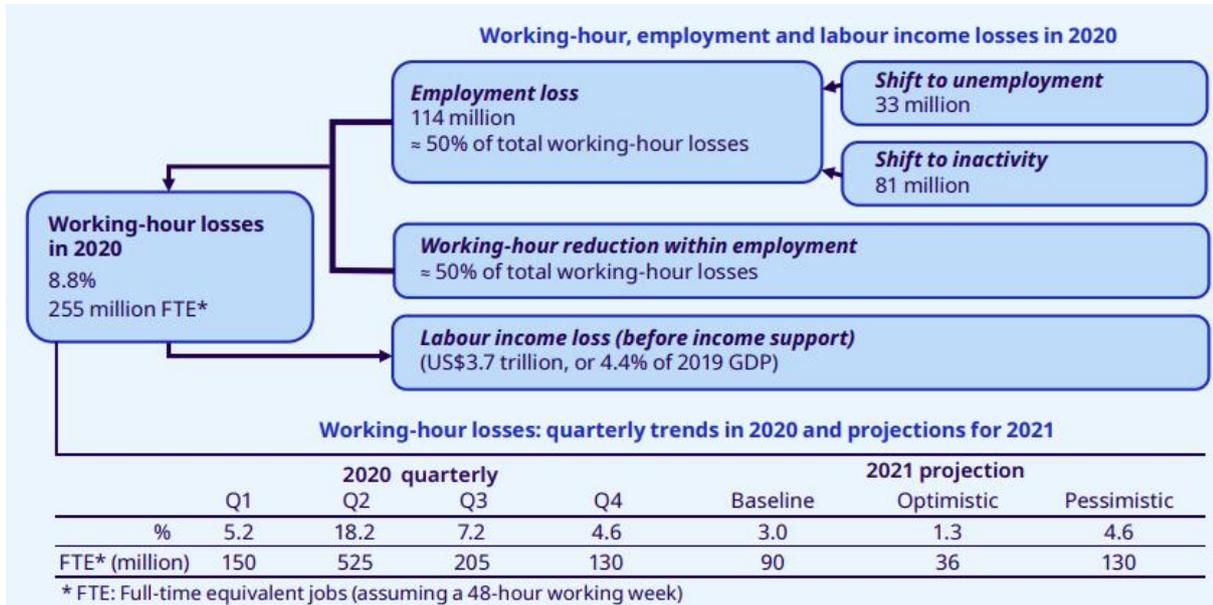
sectors	Laborers
Catering and hotel sector	144 million workers
Wholesale and retail sector	582 million workers
Business and Management Services Sector	157 million workers
manufacturing sector	463 million workers

Source: Made by the researcher based on (Giles Clarke, 2020)

3.1.2. The pandemic's impact on unorganized sector employment:

According to International Labor Organization estimates, there are 1.6 billion people working in the informal sector, the majority of whom are concentrated in developing and emerging countries, and it represents the group most vulnerable to the negative effects of the Corona crisis on employment due to a lack of social protection. The lack of looking for another job and the high population density as a result of the large closure procedures and quarantine, as illustrated by the following figure:

Figure No. 02: Estimates of the working hours, employment and labour income lost in



2020, and projections for 2021

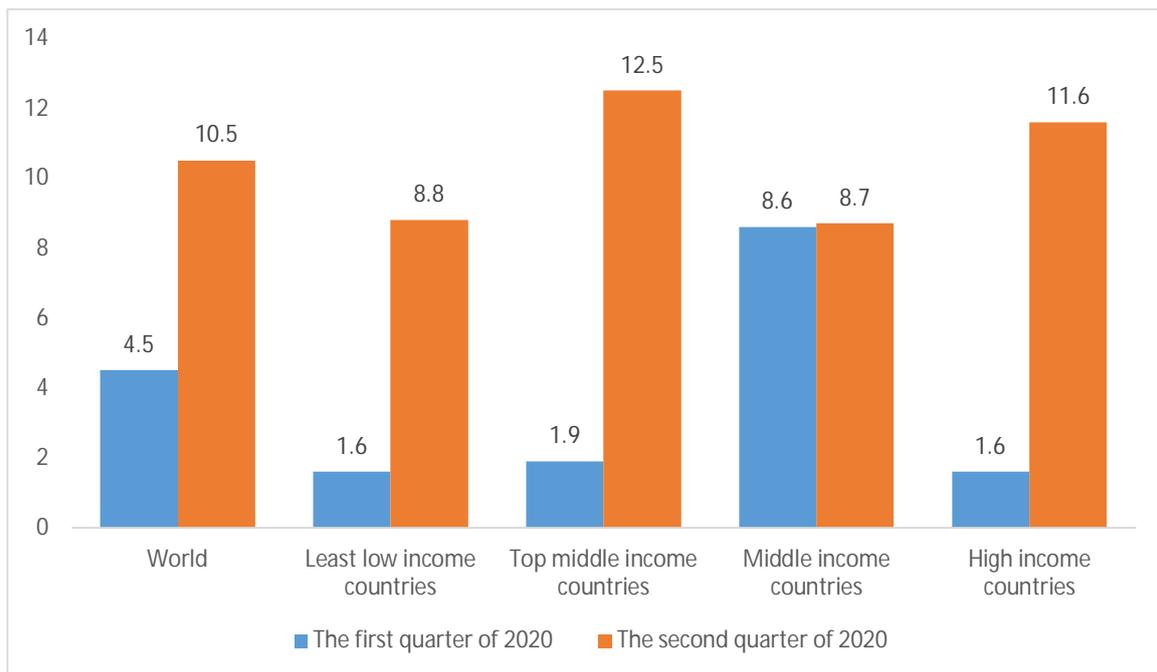
Source: Made by the researcher based on (ILO, 2021)

3.2. Impact on labor markets and employment:

The repercussions of the Corona crisis affected four out of every five people as a result of the closure procedures, during which nearly 80% of workers in the informal economy, or 1.6 billion people, faced difficulties earning a living. As a result, it contributed to a global unemployment crisis in April 2020, according to International Labor Organization estimates, 81% of the global workforce faces this economic and social phenomenon, which drops to 68% after China lifts major closure measures.

Thus, the extent to which labor and employment markets have been affected at the global level as a result of the pandemic's repercussions appears through these analyses and in light of the ratios and developments of the variables related to the subject of our study (global employment). Based on economic variables and labor market data, the International Labor Organization developed a model that predicts a reduction in working hours. Working hours decreased by 4.5% in the first quarter of 2020, continuing the decline by 10.5% in the second quarter (Ahmed & Taher , 2020, p. 139), as illustrated by the graph below.

Figure No. (03): Evolution of the number of working hours at the global level



Source: Made by the researcher based on (Angela Me, Haishan Fu, p. 20)

Figure No. (02) Shows that the model's estimates result in a 10.5% decrease, which is equivalent to approximately 305 million full-time workers working 48 hours per week. Working hours are expected to increase in the second quarter of 2020 compared to the first quarter of the same year, based on these findings. It also states that, in comparison to other countries, lower middle-income and high-middle-income countries will face a severe unemployment crisis. Furthermore, the consequences of this phenomenon will exacerbate social disparities, particularly among workers who do not have social protection.

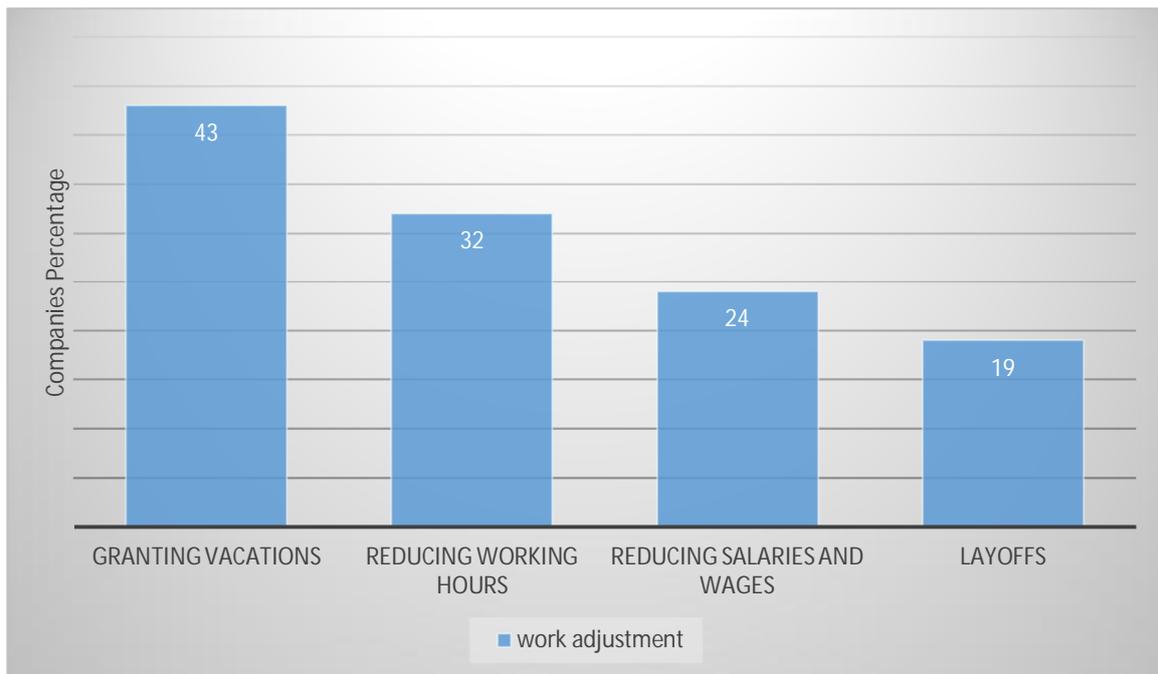
According to the preceding, we followed the path of economic developments and the resulting decline in employment and employment rates during previous crises. However, compared to previous crises, this pandemic had a much greater impact because it caused a sudden and unexpected halt in employment and labor markets.

3.3. The impact of the Corona pandemic on employment in businesses and organizations:

Less than 20% of firms laid off workers, and the majority (64%) adjusted wage rates by reducing working hours and wages, or granting workers paid or unpaid leave (Figure 03).

A quarter of companies cut wages by a quarter, and the likelihood of large companies cutting wages was about 10% higher than that of micro-enterprises (28% of large companies versus 19% of micro companies). Furthermore, the most affected sectors, such as tourism, made the most adjustments, and this sector was more likely than others to lay off workers (19%), grant vacations (51%), and reduce wages (33%). The following diagram exemplifies this:

Figure No. (04): Companies that reduce working hours or wages instead of firing workers



Source: Made by the researcher based on [\(Caroline Freund, 2020\)](#)

3.4. The pandemic's impact on global unemployment:

There were 190 million people out of work prior to the outbreak of the Corona pandemic, so the Corona crisis caused an unexpected shock to the world of employment, with a global decline of between 158 million and 242 million jobs. Global labor income was estimated to be \$1.2 trillion to \$1.8 trillion, and it is expected that global unemployment rates will rise by about 25 million by the end of 2020, as various economic sectors are affected [\(Gene Falk, Romero, Nicchitta, & Nyho, 2021\)](#). In the fourth quarter of 2020, the number of unemployed people reached 10.8 million, up 4.9 million from the previous year. After the outbreak of the epidemic, the number of unemployed averaged 20.6 million in the second quarter of 2020, far exceeding the

peak achieved in the aftermath of the Great Depression, when the unemployment rate reached 15.2 million in the fourth quarter of 2009. It also increased by 13.0% in the second quarter of 2020 (stastics, 2021, p. 4), as shown in the graph below:

Figure No. (05): The evolution of the unemployment rate for people aged 16 and higher



Source: Made by the researcher based on (U.S Bureau of Labor Statistics, 2021)

According to the foregoing, governments face enormous challenges in developing public policies capable of absorbing additional unemployed and addressing social and economic problems during the post-crisis period. It should be noted that groups working in temporary jobs are more vulnerable to a drop in labor demand.

3.5. The global impact of the pandemic on the number of working hours:

The reduction in working hours will have a direct impact on work productivity and thus a sharp decrease in output, as illustrated in the table below:

Table No. (03): Percentage of decrease in working hours at the global level

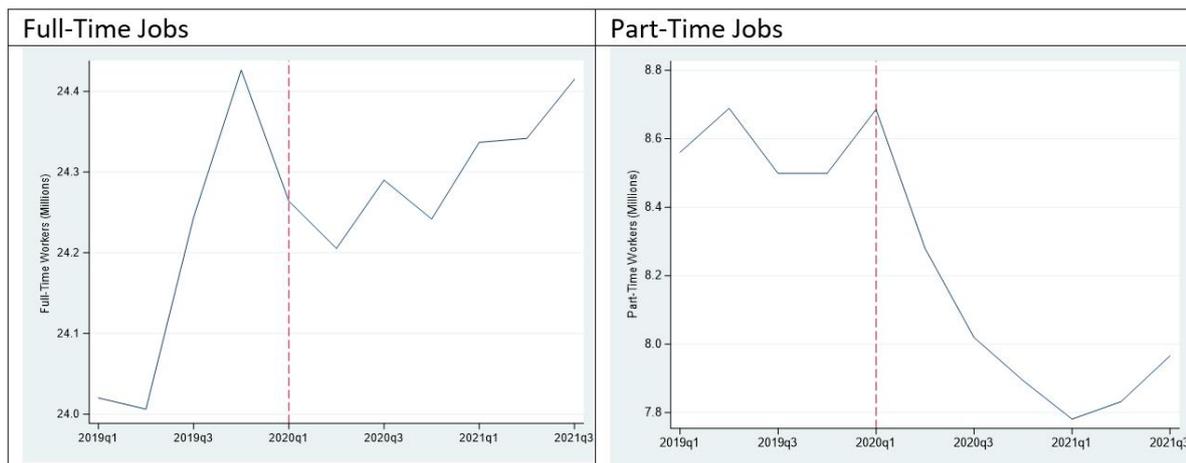
Countries	Decrease
Arab countries	10.3%
Africa	9.6%
Europe and Central Asia	11.8%
Asia and the Pacific	12.4%
Americas	9.6%

Source: Made by the researcher based on (ILO, 2021)

Approximately 5.4% of workers globally (equivalent to 155 million full-time jobs) were lost in the first quarter of 2019. Working-hour losses in the second quarter of

2020 were estimated to be 14.0% higher than in the fourth quarter of 2019. (Equivalent to 400 million full-time jobs). Working day the graphs below depict the evolution of full-time and part-time employment since the start of the Corona crisis.

Figure No. 06: The global expansion of full-time and part-time employment during the period (2015-2021)



Source: Labor Force Survey

Figure 5 shows that there was a slow recovery in job growth in relation to the economic downturn caused by the Corona pandemic, as it had profound effects on the global labor market. With 90% of the world's workforce still living in countries under lockdown, the trend in job vacancies fell by more than 50% in 2018 and is expected to remain much lower in 2019. According to the International Labor Organization, the impact of the pandemic on jobs can be concluded by looking at the decrease in the number of working hours. Global working hours fell by 17.3% in the second quarter of 2020, resulting in the loss of 495 million full-time jobs. By the end of the year, these cuts had approached an 8.3% drop in global labor income in 2020, equivalent to a \$3.7 trillion loss.

4. Policies and proposals to address the effects of the crisis on labor markets in Arab countries

4.1. The Algerian government's precautionary measures in response to the effects of the Corona crisis on the labor market:

This is accomplished through a series of decisions and decrees, such as the Executive Decree No. 20-69 2020, which, as a precautionary measure, also provides for the granting of financial aid to reduce the effects of the Corona crisis on workers in various sectors through the following (Zahra Syed & Asma , 2020, p. 154):

- ❖ Algeria has implemented a series of measures to mitigate the effects of the pandemic on the labor market and wages, beginning with allocating funds to assist low-income groups and, in this context, Executive Decree No. 20-69 dated March 21, 2020, containing instructions to place 50% of workers. On an exceptional paid holiday, public institutions and administration were encouraged to engage in remote work to maintain health measures that excluded the economic and financial sectors.
- ❖ Allocating financial aid for the benefit of users of regional groups and their public institutions, as well as recruits, in the framework of the Corona pandemic prevention, so that this allowance is paid every month to workers who practice cleansing and hygiene activities, the allowance has been set at an arbitrary amount of 5,000 Algerian dinars from the Corona crisis.
- ❖ According to Executive Decree No. 20-211 of July 30, 2020, financial assistance will be provided to those affected by the Corona pandemic. Granting financial assistance to affected employers in the amount of 30 thousand Algerian dinars, to be paid for three months during the quarantine period, provided that this assistance is not subject to social security or taxation.

4.2. Measures to address the effects of the Corona crisis on the Arab labor market:

Before the Corona crisis, there were 14.3 million unemployed people, and it is estimated that 17 million jobs were lost during the second quarter of 2020 ([Hadifi , 2020, p. 20](#)). The Arab region is expected to lose a large number of jobs, with unemployment rising by 1.2%, particularly in the service sector. The International Labor Organization predicts that 5 million full-time jobs will be lost in the Arab world.

The Arab region also has the world's highest unemployment rate, which was estimated in 2012 at 19.5% and is expected to rise by 23% by 2020, indicating the difficulty of returning to the labor market in the medium term, and the problem is exacerbated by the presence of 25 million people who are out of work, training, and education ([Arab Trade Union Federation, 2020, p. 20](#)).

4.3. Arab governments' reactions to their societies:

As a result of the tense reality and rapid development of the crisis, Arab governments did not sit idly by, but took exceptional and swift economic, social, and health measures to address the ramifications of this pandemic and its dire consequences, including the following ([Arab Labor Organization, 2020, p. 25](#)):

- ❖ Attempting to stimulate the economy and employment: Arab countries have implemented economic policies (expansionary fiscal policies), while financial assistance has been allocated to pandemic-affected sectors in order to maintain an active workforce.
- ❖ Supporting economic projects and preserving jobs and incomes: The measures aimed to keep the workforce in the market by providing credit to finance working capital to pay the salaries of company employees, as well as procedures for disbursing irregular employment grants, disbursing emergency subsidies to workers affected by the crisis, and working to update and develop a labor market database. The Arab countries also strengthened occupational health and safety standards in order to adapt to emergency conditions by changing the method of work in terms of reducing working hours, the mechanism of completing jobs remotely, and the provision of paid vacations and holidays, particularly for working women and the most vulnerable groups.

5. Conclusion

The Corona crisis caused global turmoil at the level of labor and employment markets, as it witnessed the repercussions and effects of mass layoffs as a result of the exposure of various sectors to complete paralysis, such as the tourism and aviation sectors, which negatively impacted the social conditions of employment at the global level due to reduced working hours and wage cuts. Low-income groups are thought to have difficulty earning a living.

5.1. Results:

- ❖ Based on the foregoing, the first hypothesis, which revolves around the negative impact of the Corona crisis on the global labor market in exchange for a decline in employment growth, was confirmed, resulting in a multipolar impact economically (economic stagnation), socially (poverty and unemployment), and health-wise (high injuries and deaths).
- ❖ Based on the analyses of the various labor market variables we discussed earlier, the second hypothesis was also confirmed: in the medium term, if a vaccine is discovered and the virus is contained, there will be a slow recovery in employment growth following the economic stagnation as a result of the gradual reopening of institutions and factories.
- ❖ The spread of the Corona crisis had a negative impact on employment growth rates, as demand for labor increased in exchange for a sharp decrease in supply

of labor, resulting in an imbalance represented by a decline in productive activity.

- ❖ The Coronavirus (Covid-19) pandemic has caused an unprecedented labor market shock and unemployment crisis, with significant structural changes, long-term disruption to jobs and skills in the short term, and a disproportionate impact not only on economic activities in the labor market, but also on Diverse workforce.

5.2. Recommendations:

- ❖ Mitigating the crisis's effects by injecting a stimulus package within the framework of an expansionary monetary policy to meet the crisis's challenges
- ❖ Rethink employment strategies and programs, and work to accommodate the social groups that lost their jobs during the crisis, as well as to prepare them through training programs.
- ❖ Encouraging and assisting the private sector in dealing with the effects of the crisis on the economy, labor market, and worker conditions in order to assist them in moving toward suitable alternatives for work.
- ❖ Giving attention to the activation of flexible social security mechanisms for affected workers to keep up with the necessities of living in the face of poverty and a lack of job opportunities.

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