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International Journal of School and Cognitive Psychology

Review Article

Brief Note on Long-Term Trends Triggered by the 2019 Pandemic

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ABSTRACT

Very few of us could have predicted the long-term trends that have been created anew, or accelerated by the pandemic, and that promised to linger for years to come. Consider the impact of three such developments the shift to work from home, remote learning, and the change in consumer behavior. It is likely that no one foresaw the massive migration, still unfolding, that has been taking place during the last three years as a consequence of the shift to work from home. Remote work meant the end of being compelled to reside closer to a workplace; it enabled many to relocate to other desired parts of the country. Similarly, very few predicted the negative effects that the shift to remote learning would have on student performance, and on the financial health of many institutions of higher learning. It is estimated that universities' debt burden exceeded $300 billion. A drop in enrollment coupled with a drop in room-and-board revenue from students who preferred remote learning, and a shrinking pool of foreign students accounted for the institutions' losses. And, with the change in consumer's behavior that is still evolving, the future of the Mall as a premier American icon is in danger.

Keywords: Remote work; Remote learning; Consumer behavior; Labor shortages; Interstate migration; Education related progress report

INTRODUCTION

Three years into the pandemic, numerous trends are emerging and continue to form, primarily as a consequence of the work from home movement and changes in consumer behavior. The impact of these trends is remarkably profound affecting both people's lives and organizations' future. We folded significant developments under three themes: Labor shortages and the workplace, remote work and remote learning, and changing of consumer habits. Among the most significant workplace developments predicted to continue well into the future is the unprecedented labor shortage. The 'Great Resignation' coupled with long COVID, that continues to inflict millions of individuals, and the dramatic drop in the labor force participation rate, have combined to negatively affect staffing levels in businesses large and small. In turn, labor shortages drive several related workplace trends such as a widespread automation and robotics across sectors, a shift in bargaining power of workers, the internal realignment of company roles, and the lessening of hiring/selection criteria.

Working from home has been the most prominent development that carries the utmost consequential implications for states, organizations, and individuals. Such implications are profound and promise to be with us for years to come. Noticeable trends created by the shift to remote work include a massive interstate migration, and with it, a significant wealth migration, widespread office redundancy, and a significant level of 'deurbanization' across large cities. Among the positive developments triggered by the shift to remote working are a rural boom in many parts of the country, the creation of new tech hubs, and the swelling of the 'gig economy.' We, likewise, identified several negative developments triggered by the shift to remote learning concerning institution of higher learning's financial viability, and the impact it has had on achievement scores of a whole generation of students, particularly those in early grades. These results are consequential in light of recent national reading and math scores. And as impactful and lasting is the change in consumer habits on the fortunes of companies and on the future of the mall. The shift from in-person shopping, to pure online and back to the current mix, or hybrid

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Received: 01-Mar-2023, Manuscript No. IJSCP-23-22003; **Editor assigned:** 03-Mar-2023, Pre Qc No. IJSCP-23-22003 (PQ); **Reviewed:** 17-Mar-2023, Qc No. IJSCP-23-22003; **Revised:** 24-Mar-2023, Manuscript No. IJSCP-23-22003 (R); **Published:** 31-Mar-2023, DOI: 10.35248/2469-9837.23.10.289.

Citation: Malka SC (2023) Brief Note on Long-Term Trends Triggered by the 2019 Pandemic. Int J Sch Cogn Psycho.10:289.

one-compelled many companies to adopt new digitized business models or else go under different ways.

LITERATURE REVIEW

Labor shortages: Related trends

The great resignation: A record number of American workers 4.5 million quit their jobs in November 2021, according to data from the Bureau of Labor Statistics. A year earlier, in November 2020, 3.2 million people had quit. And, BLS data suggests that another record 4.5 million Americans quit in March 2022 [1]. People are re-entering the workforce but companies continue to experience severe labor constraints. And, as we approach the tail end of 2022, the 'flight from work' is still underway. Since mid-2021, non-farm positions that have been unfilled averaged 11 million a month [1]. Two related developments long COVID and 'sheer idleness' further worsen the labor market situation.

Long COVID and pandemic related health challenges: Months after contracting the virus, millions have been experiencing troubling symptoms such as headache, shortness of breath, severe fatigue, and cognitive related issues. Records of Veterans Health Administration suggest that 4% to 7% of veterans infected with the virus developed long COVID. Given the vast number of Americans that contracted COVID, the estimate is that millions may suffer from long COVID, thus further jeopardizing their standing at their places of work [2]. As troubling, a recent report released by The National Center for Health Statistics, suggests that during the pandemic years of 2020 and 2021, the life expectancy in the U.S. declined by 2.7 years, from 78.8 to 76.1 years [3].

Sheer idleness: Less working-age people are at work today and not for lack of opportunities. The labor force participation rate has been continuously dropping standing at 61.9% in mid-year 2021, or 1.5 points below the pre-pandemic level rate of 63.4. Still today, as we approach the tail of 2022, millions fewer Americans are working or seeking works. Labor force today is about 600,000 smaller than in early 2020 when the pandemic triggered a deep but short recession. If we look back a couple decades ago, the labor force participation was 67% in 2000. In addition, keep in mind that the share of working-age Americans claiming SS Disability Insurance has doubled from 2.2% in 1977 to 4.3% in 2021.

Worker's moment: There is a clear shift in bargaining power in favor of workers, a trend that was upended by the pandemic due to labor shortages. The extreme mismatch between supply and demand of labor keeps driving up wages [4]. And, as profound as the labor shortages and the transfer of bargaining power are, similar other forces are slowly reshaping the new workplace. For instance, employers are advised to account for and be sensitive to employee related ambivalence to in-person work. The expectation for a new workplace that is more accommodating and supportive is shared by millions of employees. Not surprising, survey data suggests that 42 percent of people who found a new job after quitting say that the new work didn't live up to their expectations [5]. Thus, transformational leaders are presented with a unique opportunity to make the workplace a much more employee-centered, meaningful and a happier one.

Robotics: Labor shortages, primarily across manufacturing and logistics industries, compel companies to turn to robotics and automation. Also note that the current re-shoring of jobs by U.S. companies is another contributor to the automation drive as a way for employers to mitigate increases in labor cost. American companies ordered a record 11,595 robots, worth $646 million, in the first quarter of 2022, putting 2022 on pace to surpass last year's record numbers [6].

New Collar: The pandemic coupled with a tight labor market helped move Americans in low-paying roles into more upwardly mobile careers including jobs in the tech sector. Employers have dropped pre-qualifications for many job openings, like prior experience and a college degree. Companies such as Alphabet Inc.'s Google, Delta Airlines, Inc. and IBM Corp. have reduced educational requirements for many positions focusing instead on skills and experience. State governments adopted a similar approach; early in 2022, Maryland eliminated college degree requirement for many state government jobs [7].

Remote work: Related trends

Massive interstate migration: For many of us, work from home meant decoupling ourselves from the need to live near the workplace. Being able to work remotely freed many to relocate to other desired cities and states and such 'freedom' touched millions of Americans. By some estimates, 46 million people in the U.S. moved to a different ZIP Code in the year through February 2022, most than any other year going back to 2010. Moody's analysis of Equifax Inc. consumer credit report suggests that states that gained the most are Florida, Texas, and North Carolina. States that lost the most residents are California, New York, and Illinois [8]. According to the Census Bureau's annual assessment of US migration released in mid-December 2022, Texas and Florida make up about 15 percent of the US population but accounted for 70% of its population growth this past year [9].

Wealth migration: IRS 2020 data suggests a noticeable migration of taxpayers and wealth exodus from high to low-tax states triggered by lockdowns and the shift to work from home. More are fleeing to low-tax states now that many have the option to work from home. Biggest winners are: Florida ($23.7 Billion), Texas ($6.3 B), Arizona ($4.8 B), North Carolina ($3.8 B), Tennessee ($2.6 B), and Nevada ($2.6). And Biggest losers are: New York (-$19.5 Billion), California (-$17.8 B), Illinois (-$8.5 B), Massachusetts (-$2.6 B), New Jersey (-$2.3 B), and Maryland (-$1.9 B) [10].

Rural counties' boom: Triggered by the option of working from home and reinforced by the search for lower cost of housing, less congestion, relaxed lifestyle, and reduced crime rate-rural counties experienced a net gain in population from mid-2020 through mid-2021. Data from Lightcast's labor-analytics suggests that job postings in rural areas increased 52% from 2019 through 2021, compared with 11% growth in big cities, suggesting a migration to less populated areas has been under way [11].

New tech hubs: Migration of people, and companies that follow in the footsteps of their employees, has left a particularly deep mark on the high tech industry. Some refer to it as a process whereby 'Silicon Valley is turning into Silicon USA' [12]. As millions of Americans are migrating so are the companies, particularly tech companies. Cities that until recently were considered hi-tech bastions, with long standing tradition of talent that tended to cluster in few superstar cities such as San Francisco Bay area and Seattle, are now facing a new reality. The pandemic accelerated this new tech hub trend. Consider that across the country, technology workers and companies are exiting San Francisco Bay area, Seattle, Boston, and New York and relocating to new superstar cities-Atlanta, Dallas, Denver, Kansas City and St. Louis according to Brookings Institute [12].

The gig economy: This trend involves many among the millions of workers who left their jobs during the pandemic, who became part of a growing flexible force in the American economy. Members of this group gave up a steady paycheck and turned to freelancing by joining the fast growing gig workers. The number of unincorporated self-employed in the US reached 10 million in February 2022, with 40000 more than when the pandemic first hit. Labor Department estimates that number to surpass 10.3 million during 2022.

Office redundancy: Working from home does not bode well with commercial office space and their landlords. Two-years into the pandemic, offices remain largely empty and the average occupancy in the US is about 42% according to Kastle Systems a swipe-card access manager. High office vacancies threaten the finances of building owners and their lenders. Vacancies also harm nearby shops and restaurants, as well as the economies of cities like New York and San Francisco who rely on their tax payments [13].

Deurbanization: Remote work has not only affected occupancy levels in commercial space, but has negatively impacted the economies of many American cities. Edward Glaeser, seen as America's most prominent Harvard economist of urban life, holds a pessimistic view. Glaeser contends that the pandemic and remote work have been a direct assault on American cities; their combined impact resulted in near 50% reduction in office attendance in US 10 largest cities. Glaeser's view is that cities being engines of innovation and entrepreneurship and economic growth have experienced a setback due to social distancing that affected density, proximity and closeness, and thus also causing deurbanization of our world [14].

Remote learning: Related drawbacks

Remote learning resulted in several discouraging and gloomy developments. As captured below, it affected elementary school students' performance, and triggered losses experienced by institutions of higher learning. It appears that school closing has burdened colleges and universities with unparalleled levels of debt. And more crucial, school closing has had a remarkable negative effect on the achievement scores of young school age students. Poor achievement scores, and the burden of revenue loss cannot simply be easily swept away or disappear overnight and their impact will be felt for years to come.

National progress report: A recent report by the National Assessment of Education Progress points to a historic drop in achievement among fourth-graders. Between 2020 and 2022, overall reading and math scores fell by 5 and 7 points respectively. Black student's lost 13 points and Hispanics students 8 points, compare with 5 points for white students [15]. Varying access to resources during periods of remote learning accounts for some of the differences in scores. Such resources include access to computers, high-speed internet, quiet learning space, and regular help from others. Of greater concern are findings of a more recent study suggesting that pandemic related learning loss has long lasting impact on children's wellbeing. This new 2022 study by a Stanford economist projects $70,000 loss to children's income over a lifetime [16]. And as discouraging, it appears that a drop has been recorded in some children's IQ scores as well. Children appear to be affected by COVID-19 more than any other age group, given that they are currently in the most formative years of their lives. With about two years into the pandemic, Sean Deoni, director of MRI Research at Rhode Island Hospital, has established that the IQ scores of 700 children from newborns up to the age of three fell to an average of about 80 from 100 in previous years. Deoni attributes the drop to lack of social interaction and to social isolation brought about by the pandemic during the critical period of the children's brain development [17].

Higher education: American universities recorded their largest drop in revenues in decades in 2020-2021. A drop in enrollment coupled will a drop in room-and-board revenue from students, who preferred remote learning, and a shrinking pool of foreign students, accounted for the institutions' losses. Today's enrollee is probably accustomed to online learning which changes the traditional operating model of most universities, mostly not-for-profit universities and those in the upper end. Together, they represent a formidable enterprise with combined revenues of over $670 billion, but with more than $300 billion in debt. As a result of the pandemic, these universities were compelled to cut 13% of their workforce during 2020 and 2021. For many universities, the future is less bright and less promising. The Federal Reserve Bank of Philadelphia estimated that universities will lose between $70 billion and $115 billion over the next five years. And, while the for-profits with their well-established online programs did well, hundreds of small institutions are facing precarious finances in the near and long future [18].

Consumer behavior: Related change

The pandemic has changed our shopping behavior. Judging from the continued struggles of E-Commerce companies, this trend is profound and lasting. Take Amazon.com as an example, it has been the leader in online shopping. This market behemoth has experienced a continuous growth for years, and well into the first years of the pandemic. But, not any longer and this E-Commerce giant is not doing well. As we approached the tail end of 2022, Amazon.com announced its third-quarter results for the year, and results are as dismal as the first two quarters and it is not alone. High flying E-commerce companies that flourished before and during the early years of COVID-19, have since tumbled hard and lost market cap and market share. A few, like Peloton, are about to go under consumer changes in shopping habits-from in-person prior to the pandemic, to online shopping during the pandemic, has changed again to an unpredictable hybrid pattern that compels those companies to revisit and revise their digitized business models. The change in consumer behavior affected one particular institution the American Mall. Consider that 2021 saw a record number of retail related bankruptcies including major mall-based anchors Neiman Marcus, JCPenney, J Crew and Brooks Brothers. And worse yet, according to Green Street, a real-estate research firm, near half of all remaining mall-based department stores are expected to close by 2025 [19]. Malls are facing several issues across the country. A couple news bites, for illustration, highlight the ongoing challenges. The Emerald Square Mall in North Attelborough, Mass., was once a bustling shopping hub. It is now about 65% occupied. Its owner defaulted on close to $100 Million in debt in mid-2020. The mall, valued at $167 million in 2012, was recently bought for $29 million [20] and, American Dream, the most expensive U.S. Mall failed to meet for the second time its quarterly payment to East Rutherford, NJ. In both malls and has been the same situation in other malls, the pandemic along with a change in shopping habits resulted in delayed store openings, loss of rent payments, and store closings [21].

DISCUSSION

Talent transition, role realignment, shifts in bargaining power, robotics and AI, automation and remote work are all but a few of the visible developments underway. The COVID-shaped workplace is likely to be different than the pre-pandemic one. The magnitude of these shifts carries profound implications for manager and worker alike, and calls for a renewed relationship driven contract between employers and employees. The new workplace realities also call for an internal assessment of key practices that companies have been using including but not limited to their hiring practices. We assert that the longer such labor shortages linger, the more profound will their impact be on individuals and organizations, and society at large. Related developments promise to be more enduring and widespread, affecting millions of individuals and their organizations alike, and profoundly impacting many of our states' economies.

For the remote workers the implications are critical. Remote work is the most prominent, profound, and widespread phenomenon born out of the pandemic; it has reshaped our experiences at work and home; and it touches millions of us. Thus, if a remote worker keeps in mind the following three points:

Remote resume

Things have changed and they should adjust to the new reality in the marketplace. It starts with an updated resume i.e., a 'remote' resume. Whether remote work or hybrid works, companies are fast establishing new hiring criteria that include the ability to be productive and collaborative while remote working. Samuel suggests that such a resume should include a relevant new section detailing any remote or hybrid roles as part of prior job experiences [22]. It should highlight one's remote skills i.e., being self-motivated, time management, use of digital collaboration tools, writing skills, and the ability to lead people that are not with in the office. The 'remote' resume should highlight tech skills and digital competencies, and, spotlight on infrastructure at home office like privacy, soundproof, tech tools, webcam and lighting, and other hardware.

Proximity bias

Such bias does exist. It is real and may affect one's career. Here is a related fact: With the spread of remote work, and despite companies promising "hybrid equity" for those working from home or the office, career coaches insist that one is likely to get noticed and be rewarded if they are in the office. Surveys suggest that the salaries of remote workers grew more slowly, and at companies where remote work was less common, remote workers won less promotion [23].

Generation Z

Gen Z is a generation that graduated during the pandemic, and may never work in an office as working from home is becoming widespread and prevalent. Born after 1997, members of this cohort grew up with the internet and are well versed with screens and digital devices. For most, working from home is just fine. But related 'costs' must be considered. Primarily, 'proximity bias' can negatively affect those workers for the long period. Missing the traditional office experiences such as mentorship, interacting with peers and co-workers, being noticed by the boss, and learning from more experienced and senior colleagues all carry a 'price'. The implications for Gen Z may be profound and keep in mind the fact that this cohort is expected to account for about a third of the US civilian labor force by 2030 [24].

CONCLUSION

Our cursory review of labor shortages and related trends triggered and accelerated by the pandemic, offers a glimpse into the tectonic shifts that are currently shaping up the marketplace and by extension the office of today and beyond. The fact that remote work prompted an immediate change in behavior at work from home and at the office is unique and unprecedented. The pandemic has probably changed our buying habits beyond return, hitting particularly hard malls as retail centers. We succinctly touch on these and on other notable pandemic driven long-term trends, and conclude with several workplace-remote work related takeaways.

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