

## The Effect of the COVID-19 Pandemic on Unemployment in the World

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### ABSTRACT

The primary objective of this study is to present a comprehensive overview of how the COVID-19 pandemic has impacted international unemployment rates. By delving into the underlying concepts, developments, and overall effects associated with this topic, the research investigates the fluctuations in unemployment rates prior to, during, and after the pandemic. Through the analysis of qualitative and quantitative data, the study sheds light on the broader global context. Employing the "Document Analysis Method," which involves scrutinizing relevant documents containing information pertinent to the research subject, this study aims to provide valuable insights into the current state of global labor markets.

**Keywords:** Globalization; COVID-19; Pandemic; Unemployment; World labor market; COVID-19 effects

### INTRODUCTION

COVID-19, which emerged in Wuhan, China in December 2019, continued to spread rapidly in many parts of the world, especially in China. The virus, first called "2019-nCoV", was later named Coronavirus. The disease caused by the Corona virus was named "COVID-19" on February 11, 2020, by the World Health Organization (WHO) and later declared as a "pandemic", which means a global epidemic.

COVID-19 still has a profound impact on business globally. It has changed the social fabric of the workplace and has significantly led to the loss of normalcy in the business world. COVID-19 has been seen to exacerbate existing cracks in the business world and its sustainability has affected workers' mental health and social relationships, escalating discrimination and unemployment globally.

COVID-19 is a global health and economic crisis that has dramatically changed the world of work. Millions of workers around the world have struggled with a loss of normalcy in their daily work lives. According to the International Labor Organization-ILO and the United Nations Global Compact (2020), the pandemic has profoundly affected business and the livelihoods of millions of people around the world, in addition to the threat to economic, public health and social disruption. As countries continue to mitigate the epidemic with quarantine measures, it has affected the supply and demand sides of the labor market, hindering decent work and full-time employment. While many women continue to work at risk to their health, particularly in the informal sector, some work in vulnerable jobs with a high risk of loss and reduced working

hours (ILO). This situation widened the existing discrimination gap against women and revealed a new gender inequality in working life. COVID-19 has not only impacted the business world, it has also had a profound impact on the physical and mental well-being of workers (World Economic Forum). In this study, the issue of unemployment during the pandemic process has been researched, its increasing and decreasing have been examined and analyzed. The aim of the study is to investigate the effects of the COVID-19 pandemic on unemployment in the world labor markets and to reveal the general situation in the world by analyzing the available data in the literature.

### METHODOLOGY

In this study, "Document Analysis Method" (DAM) was used, and qualitative and quantitative data were examined. Document analysis is the examination of documents containing information about the researched subject. In document analysis, sources such as written documents, films, videos, photographs are used as data sources [1]. In this context, within the scope of the study, Dergipark, Google Scholar, Google academic, YÖK thesis, Google sites were scanned using the keywords "COVID 19", "pandemic", "World", "politics", "unemployment", "labor market". A result was obtained by analyzing the existing data, comparing the data according to the years and researching all the articles, reports, papers and news written between those years. The documents that were previously available in the literature on the subject, published on different dates and in many languages, were examined in detail and systematically, and the results were conveyed.

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## Findings

Following the document analysis, the COVID-19 pandemic went beyond a global health crisis, deeply affecting the labor market, causing a global economic crisis. Unemployment rates have had a significant impact on labor market indicators. As a result of job losses in many countries due to the pandemic, the world unemployment rate rose from 5.36% in 2019 to 6.58% in 2020, reaching 6.2% in 2021 and 5.77% in 2022. The decline in unemployment rates in 2021 and 2022 is due to a number of factors, including the economic recovery from the pandemic, government stimulus measures and increased workforce participation. This increase was largely due to the COVID-19 pandemic, which has caused widespread job losses in many countries. As a result, although the effect of COVID-19 has decreased, it is observed that it still continues.

### Definitions of the COVID-19 pandemic and the emergency of the COVID-19 pandemic Definitions related to the COVID-19 pandemic

The COVID-19 pandemic is a global pandemic disease caused by a newly emerging virus. The disease was first detected in China in the last quarter of 2019 and spread all over the world in a very short time. Since the rapid spread of the virus poses a serious threat to human health, it was initially simply called a pandemic. However, due to its global spread, it has been considered a pandemic. In order to understand the COVID-19 pandemic, first of all, it is necessary to have knowledge about the concepts of virus, Coronavirus, endemic, epidemic, and pandemic.

**Virus:** Virus according to the Turkish Language Association (TDK), the dictionary meaning of the word virus is; it has been defined as "disease-causing, smaller than bacteria, a parasite that has to enter another cell to survive and can only be seen under an electron microscope". In much simpler terms, it is possible to express the virus as the microbe that causes infectious diseases.

Viruses are non-cellular, microscopic infectious agents that can only replicate within a host cell. Biologically, viruses cannot be classified as living or non-living. A virus can be an infectious agent that replicates only within a host organism. This is because living organisms and inanimate beings have certain defining characteristic features. In summary, a virus is a non-cellular, infectious entity composed of genetic material and protein that can only invade and reproduce living cells of bacteria, plants and animals.

**Coronavirus:** Coronavirus is defined by the World Health Organization (WHO) as "a large family of viruses that cause a wide range of diseases, from the common cold to more severe illnesses". Karagül and Arslan similarly explained Coronaviruses as a large family of viruses that can be detected in some animal species (cat, camel, bat) and cause disease in humans [2]. According to Karagül and Arslan, Coronaviruses are viruses that circulate among animals and can change over time and gain the ability to infect humans. The fact that viruses pose a threat to humans occurs after they acquire the ability to transmit from person to person. Some types of coronaviruses can cause simple colds in humans, as well as show clinical manifestations of different severity, such as Middle East Respiratory Syndrome (MERS-CoV) and Severe Acute Respiratory Syndrome (SARS-CoV).

**Endemic, epidemic and pandemic:** While epidemic refers to epidemics that occur in a certain geography and affect a significant part of the population, pandemic is a term used for epidemic diseases that spread across a continent or the world and affect a

large number of people. While a pandemic defines epidemics that spread worldwide or in a fairly wide area, epidemic is a term used for epidemic diseases seen in a region or society [3].

According to Tekin, the word "Pandemic" is formed by the combination of the word "pan" meaning "all" in Ancient Greek and "demos" meaning "human". According to the World Health Organization, the pandemic begins when three different conditions come together. First, a disease that has not been exposed before occurs. Secondly, the disease has a contagious nature and this can have dangerous consequences. Finally, the disease can be easily and consistently transmitted to other people.

Endemic is the spread among groups of people in a small area. According to the COVID-19 information platform, it is defined as the continuous occurrence of an infectious agent or disease in a certain geography or community. The COVID-19 information platform considers Tuberculosis (TB) as one of the endemic diseases.

The word "pandemic" is also expressed as "epidemic" in the Turkish language. According to the TDK, the word "epidemic" refers to a disease that affects a large part of the surrounding people, animals or plants in a short period of time. It is also defined as the simultaneous transmission, spread and epidemic of a disease or condition to many people, animals or plants.

**Emergence of the COVID-19 pandemic:** COVID-19 first emerged in Wuhan, the capital of China's Hubei province, on 8 December 2019, when a case of pneumonia (lung infection) of unknown cause was detected. On 31 December 2019, COVID-19 cases were found to be clustered around the "Huanan Market", which sells seafood and livestock products. On 31 December 2019, WHO was notified of the first pneumonia cases with pneumonia-like symptoms such as fever, cough and shortness of breath. These cases were thought to be pneumonia-like. On January 7, 2020, Chinese authorities determined that these cases were an unprecedented strain of coronavirus and tentatively named it "2019-nCoV".

The first place where the virus was seen after China was Thailand [4]. On January 13, the virus spread abroad for the first time with the first case in Thailand [5,6]. On January 30, 2020, the WHO emergency committee convened a meeting. The director general stated the following in his statements regarding the epidemic:

- We are facing an unprecedented pathogen, and it has turned into an unprecedented epidemic.
- Currently, there are 98 cases of human-to-human transmission in four countries such as Germany, Japan, Vietnam and the United States, and cases have been reported in a total of 18 countries.
- The total number of cases reported worldwide is 7834, and almost 99% of these cases, 7736, occurred in China.

Due to the pandemic, 170 people have died so far, all in China. According to the data of April 4, 2023, the number of people who caught the coronavirus disease worldwide is 684,165,170 and 6,832,776 people died due to the disease [4]. The number of people who recovered is 657,166,947 [7].

The country with the highest number of cases and deaths in the world was the USA, followed by India with the highest number of cases and deaths. The countries with the fewest cases and no deaths recorded in the world were the states of Micronesia and Tonga. It should be noted that the number of cases depends on

the number of tests performed. In other words, the higher the number of tests performed, the increase or decrease in the number of cases depending on it. As of 20.12.2021, the total number of tests conducted in the USA is 786.478.329, the total number of tests performed in India is 664.109.365, the number of registered tests in Micronesia and Tonga cannot be found [7] (Figures 1-6).

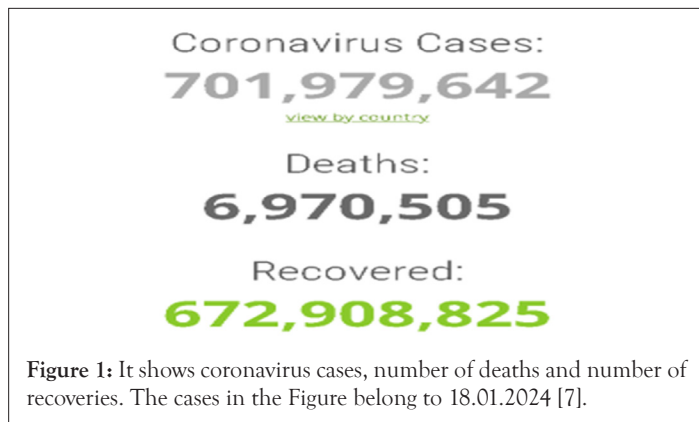


Figure 1: It shows coronavirus cases, number of deaths and number of recoveries. The cases in the Figure belong to 18.01.2024 [7].

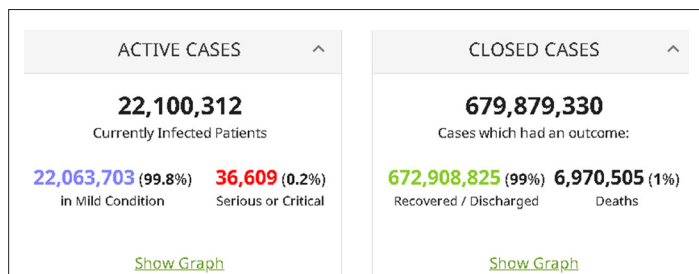


Figure 2: It shows the number of coronavirus active cases (currently infected patients, mild cases and severe cases) and closed cases (concluded cases, recovered cases and deaths). The cases in the Figure belong to 18.01.2024 [7].



Figure 3: It shows the statistical information in Figure 2 graphically. As seen in the graph, the cases are stable [7].

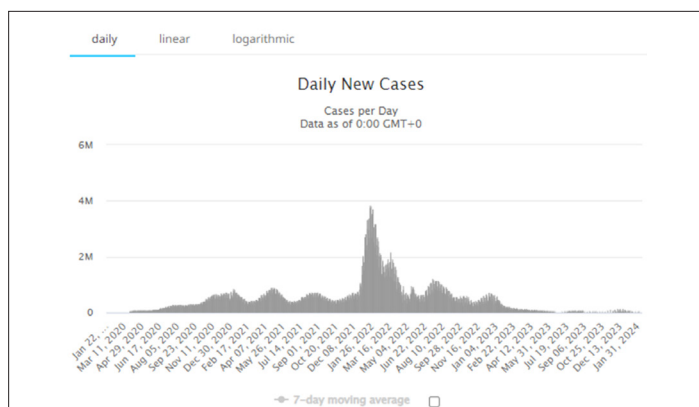


Figure 4: Shows the daily new cases from 22 January up to 20 December 2013 [7].

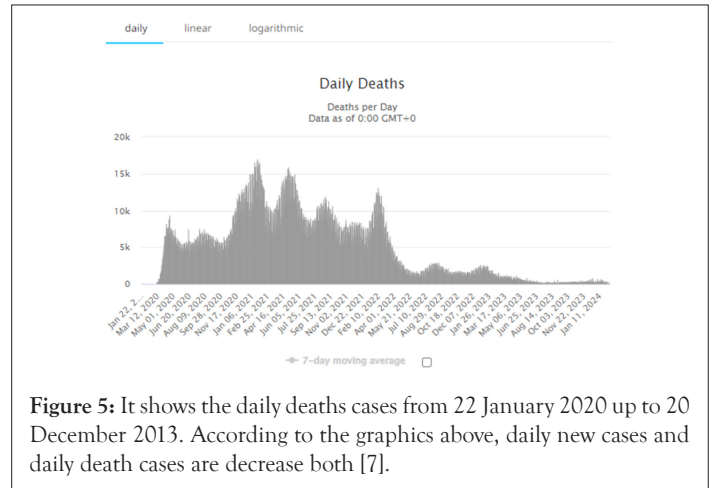


Figure 5: It shows the daily deaths cases from 22 January 2020 up to 20 December 2013. According to the graphics above, daily new cases and daily death cases are decrease both [7].

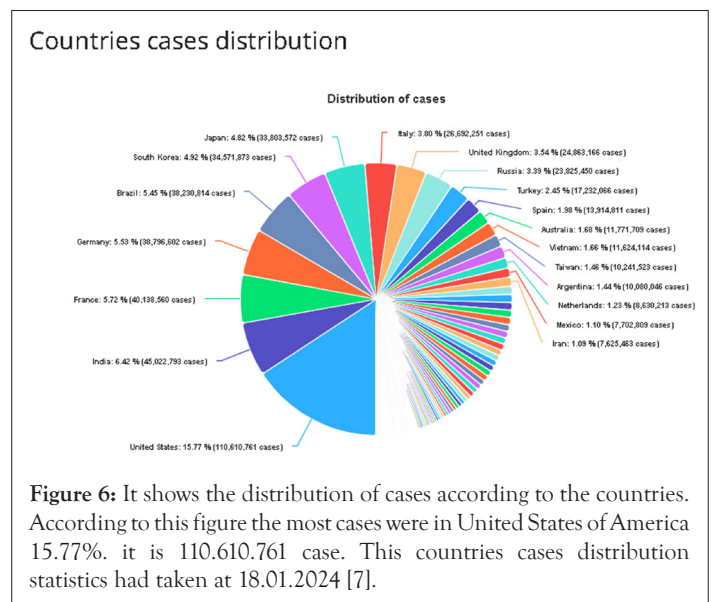


Figure 6: It shows the distribution of cases according to the countries. According to this figure the most cases were in United States of America 15.77%. it is 110.610.761 case. This countries cases distribution statistics had taken at 18.01.2024 [7].

### Overall impact of COVID-19

The COVID-19 pandemic triggered an unparalleled downturn in worldwide activity, impacting both developed and developing economies. Swift and extensive lockdown measures brought about significant disruptions in economic operations, a phenomenon observed at an unprecedented pace and magnitude. Notably, global GDP experienced a steep decline of over 4.9% in the second quarter of 2020, marking a severe economic downturn. Trade in goods and services suffered a probable decline surpassing that of the 2007-08 global financial crisis, with global trade shrinking by 3.5% in the same period, primarily due to subdued demand and disrupted supply chains caused by COVID-19-induced lockdowns (IMF). These measures disrupted global supply chains, leading to a decrease in overall demand, while the consumption of goods and services markedly declined due to income loss and a notable drop in consumer confidence.

3.3 billion workers, representing approximately 81% of the world's workforce (ILO); in other words, 4 out of 5 employees were affected [8]. Currently, approximately 37.5% of the world's workforce is employed in risky sectors. The sectors most at risk include accommodation and catering, aviation, manufacturing, retail and commercial-administrative activities (ILOSTAT). Working poverty has also increased significantly due to COVID-19 (ILO, 18 March).

Similarly, consumers have been reluctant to consume certain

goods and services due to fear of COVID transmission. Due to the sudden drop in demand, supply disruptions and uncertain future earnings, firms had to cut back on their investments.

In the second quarter of 2020, the world saw a staggering loss of nearly 300 million full-time jobs, a substantial increase from the 130 million jobs lost in the preceding quarter (IMF). The drop in overall demand contributed to reduced inflation and a decline in fuel prices, as highlighted by the IMF. The global travel sector faced a significant setback, with a reported 25% decrease in travel activity in 2020 due to the impact of the COVID-19 pandemic, according to the World Travel and Tourism Council (WTTC). The repercussions extended to developing economies, witnessing considerable capital outflows amid the pandemic. This led to diminished investments and a consequent loss in production, as noted by the Bank for International Settlements. Moreover, the Russia-Saudi Arabia oil conflict during the COVID-19 period resulted in a drastic reduction in oil prices, plummeting from \$31.05 per barrel on March 8, 2020, to \$19.23 per barrel by April 30, 2020. Concurrently, global stock markets commenced a decline from February 25 onwards. Notably, Wall Street experienced a significant one-day plunge in stock prices during the second week of March 2020, driven by dwindling investor confidence following the US travel ban announcement and the European central bank's decision to maintain its interest rate. The ongoing pandemic has undeniably exerted a negative impact on the global economy, with potential for more severe consequences looming, particularly considering the escalating number of fatalities.

## RESULTS AND DISCUSSIONS

### Effects of the COVID-19 pandemic on unemployment in the labor market

During the COVID-19 pandemic, government interventions such as closing businesses and schools, banning large gatherings and mandating stay-at-homes have slowed the spread of the infection, but have left potential damage to the economy [9]. The global pandemic has simultaneously affected both the supply and demand sides of the global economy. In terms of supply-side effects, disruptions caused by infection suppressed labor supply and demand. On the demand side, investments by firms and household consumption decreased due to quarantines, diseases and worsening economic expectations [10].

So much so that, according to the studied, the COVID-19 pandemic has affected the economy through many channels [11]. Among them:

- Decline in direct employment.
- Increase in international transaction costs.
- A sharp decline in travel; and a fall in demand for services that require proximity among people. The decrease in employment caused a decrease in output by reducing capital demand, while the increase in import and export prices of goods and services suppressed foreign trade and caused productivity losses. The COVID-19 pandemic has caused a sharp decline in international tourism activity, resulting in reduced revenues and reduced production. In addition, the contraction in foreign direct investment, the real economic effects of financial shocks and falling oil prices caused economic costs to increase [12]. Therefore, the pandemic has caused a major contraction

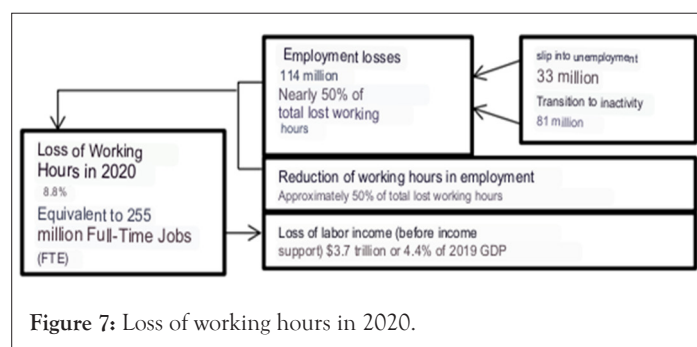
in important economic activities such as the tourism sector and foreign investments and seriously threatened economic stability. The impact of the COVID-19 outbreak on the Labor market has generally occurred in two ways. First, because of the fear of infection, consumers and businesses have begun a particularly voluntary reduction in contact-intensive activities. Second, its impact has increased through various social distancing measures and restrictions specifically targeting jobs classified as "non-essential activities" [13]. Therefore, the pandemic has had a severe impact on the labor market, making it difficult for businesses to continue their operations and keep workers in their jobs [14].

This table shows that the world unemployment rate rose from 5.36% in 2019 to 6.58% in 2020, falling to 6.2% in 2021 and 5.77% in 2022. This increase was largely due to the COVID-19 pandemic, which has caused widespread job losses in many countries (Table 1). The decline in unemployment rates in 2021 and 2022 is due to a number of factors, including the economic recovery from the pandemic, government stimulus measures and increased workforce participation.

**Table 1:** The world unemployment rate rose from 5.36% in 2019 to 6.58% in 2020, falling to 6.2% in 2021 and 5.77% in 2022.

Year	Unemployment rate in the world %
2019	5.36
2020	6.58
2021	6.2
2022	5.77

According to the Figure 7: As of 2021, approximately 93% of the world's workers live in countries with workplace closures. These measures resulted in an 8.8% reduction in global working hours in 2020 (Figure 7).



**Figure 7:** Loss of working hours in 2020.

These losses are about four times the losses in the 2008 Global Financial Crisis. In addition, global job losses in 2020 amounted to 110 million, and these losses were higher for some groups such as women and youth. According to the ILO (2021), Global labor income losses also fell by 8.3% in 2020, which corresponds to about 4% of World GDP. Although there was an improvement in the labor market data in 2021 due to the recovery in the economy, the losses still continue. Therefore, the impact of the pandemic continues to be felt in the long term, with continued losses in the global economy and job markets.

## CONCLUSION

COVID-19 is a global health and economic crisis that has

dramatically changed the world of work. COVID-19 is not only a global health crisis that threatens public health, but also deeply affects the labor market, and this situation has gone towards a global economic crisis.

Due to the fact that it is a global crisis, it has affected the entire world economy; unemployment, etc., has deeply affected the labor markets. In this study, the issue of unemployment was researched, and its rise and fall were examined and analyzed. The unemployment rate rose from 5.36% in 2019 to 6.58% in 2020, falling to 6.2% in 2021 and 5.77% in 2022. This increase was largely due to the COVID-19 pandemic, which has caused widespread job losses in many countries. The decline in unemployment rates in 2021 and 2022 is due to a number of factors, including the economic recovery from the pandemic, government stimulus measures and increased workforce participation.

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