

# New Developments in the Labor Market Amid the COVID-19 Pandemic

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## ABSTRACT

In the article, the authors aim to analyze the prospects and problems of the labor market caused by the epidemic. The authors emphasize that the pandemic has a great impact not only on production processes and on human economic life, but also significantly changes the structure of the labor market and forms of employment. To the factors traditionally characteristic of the labor market, serious structural changes have been added, expressed in the curtailment of some industries and types of activity and the expansion of others, the emergence of new professions, the establishment of new forms of employment, changes in the quality of services, making them more personalized, etc. The pandemic makes new demands to workers, leads to the proliferation of "uber-models" of hiring to solve a specific problem, prioritizes remote work (distance employment) and the predominance of temporary employment. The authors note that changes in the labor market should be under the control of the state.

**Keywords:** pandemic, labor market, digitalization, structural change, distance employment Introduction

## 1. INTRODUCTION

For more than a century, the world community has been testing the strength of all sorts of collisions and shocks. The world economy underwent serious trials in the late 90s of the XX century, at the beginning of the XXI century - in 2009 and 2015, Russia experienced a powerful transformation of the entire socio-economic system in the early 90s of the XX century. And now - a new, previously unprecedented test for living generations - the coronavirus pandemic. If the previous difficulties hardened people, helped to develop a certain pattern of existence in difficult conditions, then the pandemic radically changed the usual way of life and still forms new patterns of behavior, makes us look at something that once seemed insignificant, opens up new opportunities and perspectives

## 2. MATERIALS AND METHODS

The object of this study is a set of changes associated with the new realities of the labor market in a pandemic, which determine its further changes.

The authors studied factual materials and statistics on the labor market in a pandemic, identified emerging problems and institutional traps associated with changes in the labor market and its digitalization.

On the basis of the studied material, the main results of the study were formulated and conclusions were drawn about new structural changes in the labor market.

## 3. DISCUSSIONS AND RESULTS

The pandemic is already a fait accompli, therefore, it is necessary to understand its consequences, develop measures to minimize damage to the population. One of the main problems after taking care of maintaining health during this difficult period is the problem of economic survival. Forced isolation, quarantine, restriction of mobility and economic activity could not but affect the state of the labor market: the ratio of supply and demand, professional structure, unemployment.

Labor markets of foreign countries were seriously tested at the very beginning of 2020.

According to some forecasts, the number of unemployed in Germany due to the consequences of quarantine measures in the foreseeable future could reach up to 6 million people.

Investment bank Goldman Sachs estimates that Italy's unemployment rate could rise by 17% in the coming months as a result of economic suspension and a sharp drop in GDP.

Prior to the imposition of strict quarantine measures, the UK employment rate was 76.6% for those aged 16 to 64, and the unemployment rate was 4%. According to the forecast of the auditing company KPMG, the ranks of the unemployed may more than double and reach 9%.

In France, according to the Ministry of Economy, business activity after the announcement of quarantine decreased by 35%. 8.5 million French people (one third of the country's active population) were sent to temporary or, so-called,

technical unemployment, and the state has undertaken to pay them 84% of their salaries.

The number of registered unemployed in Israel exceeded 20%, although before the epidemic, unemployment did not exceed 3.7%.

In the United States, since the beginning of the pandemic, about one in seven working-age Americans have applied for unemployment benefits (that's almost 22 million people). Investment bank Goldman Sachs estimates that Italy's unemployment rate could rise by 17% in the coming months as a result of economic suspension and a sharp drop in GDP.

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According to forecasts of the Institute of Economic Policy, by the summer about 3 million Americans may lose their jobs [11]. Paradoxically, according to the Bureau of Labor Statistics, during the pandemic, the army of unemployed in the United States was replenished by more than 40 thousand medical workers - auxiliary personnel of private doctors' offices [6].

According to the International Labor Organization (ILO), by July 2020, about 305 million full-time jobs could be lost. At the same time, 1.6 billion people employed in the informal sectors of the economy, that is, almost half of the global workforce, could completely lose their livelihoods.

The ILO estimates that over 436 million enterprises worldwide are at high risk of major disruptions. These businesses operate in the worst-hit sectors of the economy, including around 232 million in wholesale and retail, 111 million in manufacturing, 51 million in housing and catering, and 42 million in real estate. and other types of entrepreneurial activity [14].

With regard to supply and demand in the labor markets of foreign countries, the trends were very similar. Employers need telephone and Internet operators, medical staff, nurses, supermarket workers, pharmacies. The demand has grown for programmers, system administrators, Web designers, marketers, real estate agents, security guards, and laborers.

There are many vacancies in Italy for doctors and nurses (this is, among other things, the result of the fact that over the past 10 years, 46 thousand specialists in the medical sector have been laid off in the country), pharmacists,

warehouse managers, transport workers, logisticians, call center employees, cleaners, seasonal workers (according to the calculations of the agricultural association Coldiretti, the country is in dire need of 200 thousand such workers)

The US labor market also saw an increase in demand for workers in pharmacies, hospitals, internet and grocery stores. Couriers, sorters, cleaners, seasonal workers are required everywhere. According to various estimates, the pandemic will create about 3 million of these jobs. Amazon alone, the largest online retailer in the United States, hired over 100,000 people in less than a month to meet the increased demand for product delivery. [6] The largest private employer in the United States, the retail chain Walmart, announced the additional hiring of 150 thousand new employees [11].

According to a study on the demand for professions during a pandemic, presented on the Glassdoor job search site in March 2020, those in foreign markets turned out to be: a health communications specialist, a medical data analyst, an organizer of social assistance programs in an emergency, laboratory technicians and technicians, nurses [3].

In Russia, the labor market is showing the same trends as in the markets of foreign countries.

The country was the first to experience difficulties in tourism and hospitality business (all foreign tours were canceled, then inbound tourism was limited, and now domestic tourism is also limited until June 1). Since March 30, when tough restrictive measures began to be introduced in the country, vacancies began to decline in such areas as: fitness, beauty industry; car business; education (we are talking about private schools, institutions of additional education); transport; building.

Employees from the service sector, event management, air transportation and entertainment entered the labor market (some of them may find themselves in related fields, but the demand for jobs will still exceed supply for now).

Many companies have suspended the search for personnel and even began to lay off or transferred employees to part-time work in order to minimize losses in business [3]. R. Kapelyushnikov, Deputy Director of the Center for Labor Research at the Higher School of Economics, rightly notes that Russians already have experience of behaving in a crisis and therefore, even if demand for products falls, firms will not fire people, but send them on forced leave, reduce the duration working week or salary, thereby maintaining employment [4].

A number of companies have transferred employees to "remote" work. This happened quite quickly where there was such an opportunity and where such a practice had already existed (for example, in the field of ICT, services for business, digital marketing, education, where distance technologies were used).

The pandemic is a serious blow to small and medium-sized businesses. If in 1990 the majority of workers worked in large and medium-sized enterprises, now in the public sector, as well as in all large and medium-sized enterprises of the country, about 32 million people are employed, of which half are state employees. The remaining 40 million are individual entrepreneurs and those who work for them

for hire, self-employed, including those who work informally [7]. As a result, several million people may lose their jobs. Small business will not be able to survive in conditions of self-isolation of citizens [9].

According to the Chamber of Commerce and Industry, which conducted a survey among representatives of small and medium-sized businesses, about 3 million entrepreneurs may terminate their activities, and more than 8.6 million people risk losing their jobs due to the economic consequences of COVID-19 [1].

According to specialists of the recruiting agency ProPersonnel, the number of unemployed will grow in the near future. Experts believe that about 9 million unemployed will soon appear on the labor market. The situation will be aggravated by seasonal fluctuations, as university graduates will enter the labor market in the summer. It will be more difficult for them to find a job due to the lack of experience and the presence on the market of unemployed with experience [9]. HSE experts believe that unemployment in Russia can grow 6 times [14].

In the coming months, the companies that will be able to quickly adapt to new realities and offer services in a remote format, for example, the entertainment sector - online cinemas, online concerts, online exhibitions, online fitness, will remain operational in the coming months. In the context of the pandemic, online sales, consulting, delivery, pharmaceuticals, personalized services (for example, psychologist, personal growth consultant), etc. will grow.

The number of vacancies in the agro-industrial complex may increase due to the fact that the decrease in income of the population can increase the purchase of locally produced goods.

The crisis will survive the monopolists and the business that operates in segments with low competition, large market players or companies with state support.

For a number of companies, now is the time when they can hire more qualified personnel for less wages.

According to the researchers, the labor market has begun to notice a tendency toward lower wage requirements for job seekers themselves. They began to settle for much smaller amounts. On average, salespeople, customer service employees began to agree to a salary cut by 10-15%, and marketing and Internet promotion specialists, PR specialists - even a 15-20% reduction in salary [8].

So, in general, the following trends appeared in the labor market as a result of the pandemic:

1. Reducing vacancies, reviews of offers (for a number of positions, in particular managers).
2. Increase in the time of looking for a job (this is due to crisis phenomena and the impossibility of organizing a personal meeting with a representative of the employer).
3. Reduction of personnel (this mostly affected employees with duplicate functionality,

ineffective, conflicting, and highly paid employees are no exception) [2].

4. Reduction of wages.
5. The emergence of new forms of employment - distance.
6. Increase in the number of unemployed.
7. Changing the structure of employment.

Sooner or later, the pandemic will end, researchers are already making predictions about the future features of the labor market. At the same time, everyone, of course, agrees that he will no longer be able to fully recover.

According to experts, immediately after the crisis, the labor market will be characterized by:

- high competition between applicants, especially in areas affected by quarantine measures;
- trade and the service sector will become more customer-oriented and will focus their efforts on improving the quality of service;
- the level of wages, at best, will remain at the same level [3], working conditions may become less attractive;
- in the affected industries (tourism, travel, hospitality, museums, exhibition halls, etc.), a rise in demand is possible;
- the growing popularity of "remote" work, both on the part of employees (in terms of convenience and the ability to independently manage time) and employers (in terms of cost optimization). Thus, a survey conducted by the IZI portal in cooperation with the Comin Partners agency showed that 37% of Italian residents are ready to completely give up part of their salary in order to continue working remotely. At the same time, more than a third of respondents explained that they save time, which is usually required to go to work and find parking, and almost 15 percent admitted that working from home frees them from transportation costs [6];
- new professions will appear, such as digital curator (helps people to use the achievements of digital technologies such as online banking and telemedicine); organizer of virtual business tours (helps to get acquainted with some business products online); organizer of online business processes, etc .;
- there will be an oversaturation in the market of temporarily demanded professions (couriers, sellers, sorters), as a result some of them will lose

their jobs, while others will return to their "pre-crisis" sphere;

- the requirements for job seekers will become more stringent: employers will pay serious attention to the availability of practical experience, soft skills (flexible skills), such as the desire to work in changing conditions, develop their abilities, learn, show initiative, etc. [3]
- availability of free time, opportunities to study online encourages employees to improve their qualifications, master new professions, types of activities; helps to see opportunities and calculate prospects, likely scenarios and measures that need to be taken now [2];
- the so-called "people-combs" will be appreciated - specialists who are able to perform a number of similar tasks at the same time, and not the one in which they traditionally specialized; these are those who can painlessly move from one industry to another; those who have a sufficient amount of knowledge, have a broad outlook and are open to everything new;
- demand for the following professions may grow: crisis manager, HR transformation expert (plans which employees to fire, which to hire, what to train staff, what schemes to use to organize work in new conditions and what IT solutions to use to support these schemes), digital transformation expert, programmer, Big Data expert, Product designer (digital product developer); organizer of VR / AR-broadcasts, call center operator, care assistant [3];
- the demand for such Internet professions as SMM-managers, copywriters, content producers, targetologists, development specialists in Java, Python, C ++ languages, mobile and front-end developers, blockchain specialists will increase [8].

According to experts, the projected trends in the labor market will not change such its fundamental foundations as a shortage of blue-collar jobs, young personnel, IT specialists, etc. [5].

Modern labor market upheavals are extremely extraordinary and very significant. In such conditions, when serious structural transformations are taking place, active state intervention is required.

According to scientists, the main challenge is to enable those who have lost their jobs and income to survive this crisis and then quickly return to paid work. Mass destruction of the specific human capital that has been created over the years must not be allowed, otherwise the subsequent recovery will be very long.

It is necessary to preserve the potential of the existing business so that it can return to normal functioning, otherwise unemployment will be long-term and large-scale.

The authorities in all countries are trying to curb the growth of unemployment by supporting small and medium-sized businesses, using such instruments as interest-free loans, tax holidays, reducing and postponing rental payments, minimizing control and supervisory measures, etc. At the same time, the regulator in Russia lowered the key rate to slightly warm up the economy. The maximum amount of benefits to the unemployed has been increased to the minimum wage level (12,130 rubles) [10]. All these are serious costs for the state. According to available data, in the United States, the size of only urgent and unconditional assistance amounted to 5.5% of GDP, and the full package of measures is measured in tens of percent of GDP. In Western European countries, the amount of aid is smaller. The Russian government has reserves in the form of the National Welfare Fund to support the population and business [7].

#### **4. CONCLUSION**

Summing up the overall result, it should be noted that modern environmental phenomena have led to dramatic changes in the functioning of socio-economic systems. Serious tests have fallen on the labor market of the entire world community.

To the factors traditionally characteristic of the labor market, serious structural changes have been added, expressed in the curtailment of some industries and types of activity and the expansion of others, the emergence of new professions, the establishment of new forms of employment, a change in the quality of services, making them more personalized, etc.

New trends are forcing employees and employers to think about their next actions and deeds. For employees, prospects open up relatively quickly and cheaply to improve their qualifications, promote computer skills, get a new profession without leaving home, develop flexible skills that are so popular with employers, and become the versatile person who will be in demand anytime, anywhere.

Employers have the opportunity to take a closer look at new forms of employment and take advantage of their advantages for rational business, think over reasonable options for using remote forms of work, profitable wage options in order to keep the business in difficult conditions.

These efforts of workers and employers must be supported by the state. Partnership between the state, business and the population will reduce risks and minimize losses in overcoming the crisis.

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