

**AN OVERVIEW OF UNEMPLOYMENT CRISIS IN PANDEMIC TIMES**

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**Abstract:**

Covid-19 not only exposed the vulnerability of most industries but also resulted in the exponential increase of unemployment. The COVID-19 pandemic poses important risks for people's health and economic wellbeing. While the full socio-economic consequences remain uncertain, the pandemic's impact on the labour market has become an issue of global concern. Especially low-income earners with jobs in precarious, informal sectors of the economy, without unemployment insurance, limited access to healthcare, and no back-up savings, are most at risk. Already disadvantaged groups will suffer disproportionately from the adverse effects of the pandemic.

**Introduction:**

According to the definition of the International Labour Office (ILO), employment comprises of "work performed for others in exchange for pay or profit" (ILO 2013). With that, "employed persons include those who, in their present job, were 'not at work' for a short duration but maintained a job attachment during their absence" (OECD 2020). The ILO has reported that there are trends of income inequalities in terms of gender and age. However, different regions may vary in the level of differences for these criteria in the access to employment. For instance, the female labour force participation rate globally is 47% as compared to 74% for their male counterparts (ILO 2020). It should also be pointed out, that the youth face challenges in the labour market such as the growing trend of temporary employment. Unemployment involves individuals with the expected total duration of absence of more than three months or where there is no or unknown expected date for returning to work, and these individuals do not receive any portion of salary or wage from their employers (OECD 2020).

**What is Retrenchment?**

Retrenchment is the process of terminating an employees when the company is compelled to downsize its count of employees or due to excess of workforce or incompetency of employees to meet the performance standards of the organisation.

The Industrial Dispute Act, 1947 deals with disputes of employees in India and Section 2 of the Act states that 'retrenchment means termination of service of a workman by an employer for any reason whatsoever, otherwise than as a punishment inflicted by way of disciplinary action. However, the following factors are not included within the definition

- Voluntary retirement of a employee.
- Retirement of employee on reaching the age of superannuation
- Termination on chronic , persistent ill-health

Employee retrenchment is described as dismissal of employees in a critical situation, like facing a threat (Donovan & Ho, 2020). When the employers make mistakes that lead to unfair dismissals, a complicated and lengthy court procedure and often relatively high court favors the employees(Nor Azilah Husin, Aza Azlina Md. Kassim , Salina Rasli 2021)

**Impact of Covid on Retrenchment of employees:**

The sudden emergence of COVID-19-driven pandemic has ravaged the economy of the world led to loss of employment. The monstrous pandemic has resulted in economic contraction and shrinking of job opportunities wrapped with uncertainty among professionals. On March 11, 2020, the novel infectious Coronavirus disease (COVID-19) was declared as pandemic by the World Health Organization (WHO). India along with all countries imposed the stringent lockdown measures from the latter half of the march to control the deadly virus. The crisis has resulted in scarring effects on

almost all the sectors like agriculture, industry, education and even human health and emotional well-being of an individual.

**US:**

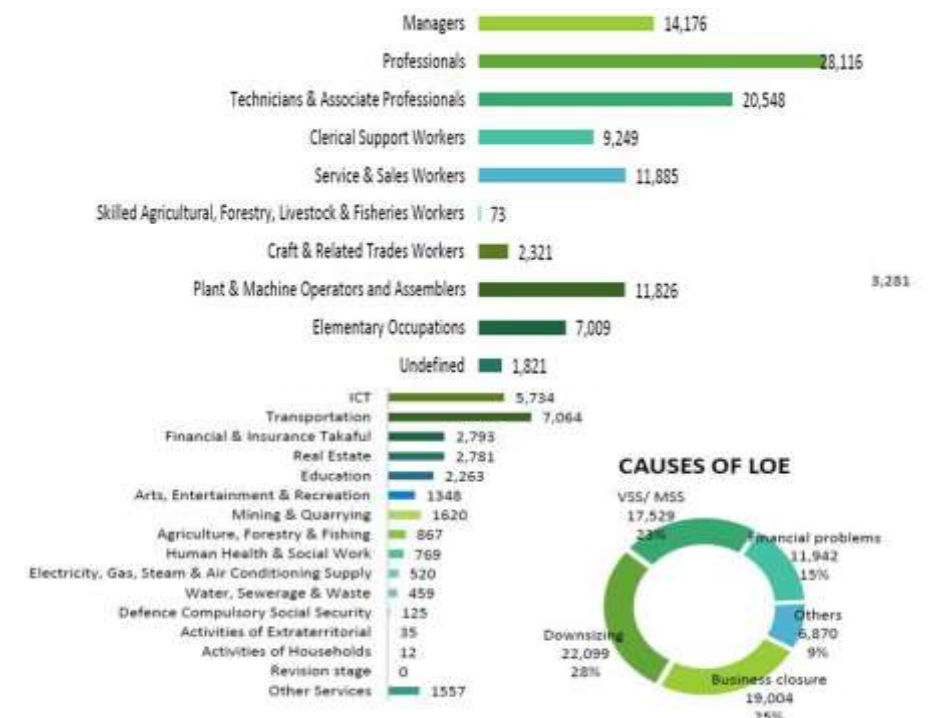
**Airlines:**

Scandinavian Airlines (SAS) temporarily lay off 10,000 employees about 90% of its staff on March 15. Norwegian Airlines too temporarily laid off 90% of its workforce on March 16, amounting to 7,300 employees. Air Canada laid more than 5,100, or 50%, of its flight crew on March 19.

**Hotel Industry:**

Marriott International, the world's largest hotel company retrenched nearly ten thousands of employees on March 17. Pebblebrook Hotel Trust, which owns more than 50 hotels in the US laid off 50% of its 8,000 employees on March 17.

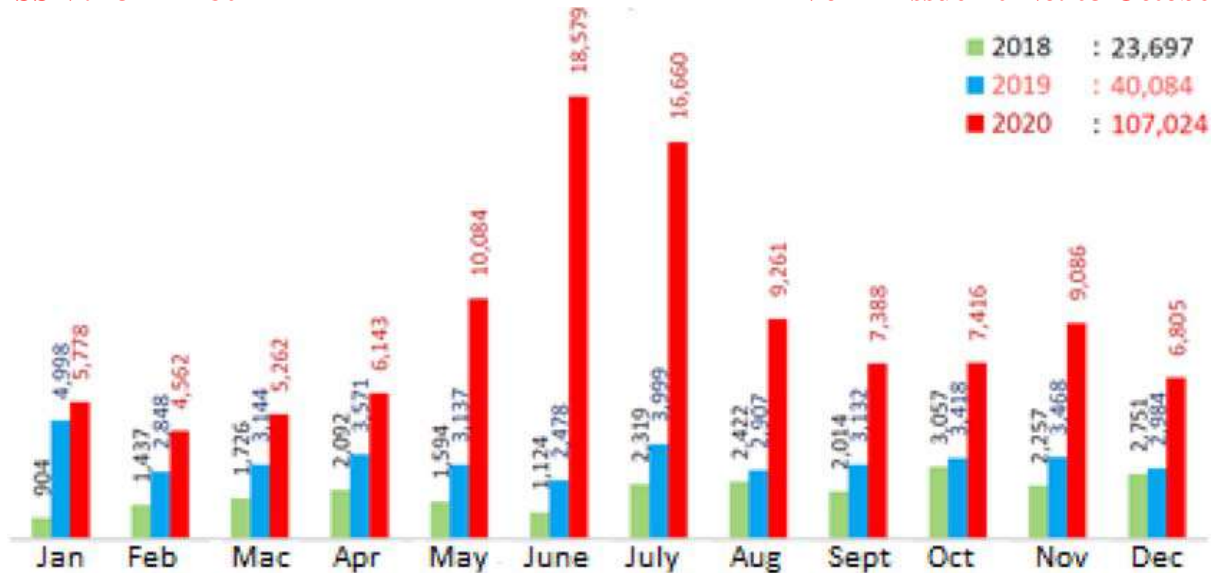
**Malaysia:**



The AirAsia Group Berhad has gone through several cycles of layoff. The first cycle of layoffs in Air Asia involved more than 333 employees to reduce operational cost under difficult circumstances (Aroff 2020, Bernama 2020). The 333 comprised 111 cabin crew members, 172 pilots and 50 engineers across Malaysia. From that number, it was reported 50 of the laid off staff were based in Sabah (Micheal 2020).

**Employment Situation in Malaysia**

In Malaysia, the Covid-19 pandemic has affected the labour market. Job losses and reduction in working hours implemented by employers as cost-cutting measures were observed in almost all industries affected by unemployment for the year 2020 at 711,000, increased from 508,200 for year 2019 or unemployment rate increases to 4.5% (2020) from 3.3% (2019) as reported by the Department of Statistics Malaysia (2020).



Monthly Loss of Employment in Malaysia, 2018 – 2020, Source: EIAS, 2020

**South Africa:**

The COVID-19 pandemic resulted in sizeable job losses in South Africa. This job losses impacted mental health. The lockdown in response to the COVID-19 pandemic resulted in sizeable job losses in South Africa (and around the world). This exogenous shock provided a natural experiment to investigate how job loss affects mental health. The labor market implications of the COVID-19 lockdown were also unique because many workers retained jobs to return to, but for the duration of the lockdown, they were neither working nor earning an income. This study showed that among a sample of adults who were employed before the lockdown in South Africa, those who lost their jobs or whose jobs were furloughed reported significantly more vulnerability to depression than those who retained employment

It is well documented that the COVID-19 pandemic has resulted in large increases in unemployment in many countries. South Africa is no exception: studies estimate that between 2.2 and 2.8 million adults in the country lost their jobs from February to April 2020, following the lockdown and the wide-scale suspension of economic activity . This loss of employment had significant implications for people’s access to economic resources and it may also be an important reason for why elevated depressive symptoms were reported among adults during the first months of the pandemic

**India:**

**Swiggy:** It laid off 1100 employees at all levels with focus on reduction of costs to obtain profitability. They have supported their employees with three months salary compensation in addition with health and insurance benefits.

**Zomato:** It reduced 15% of its man power and provided them all insurance, financial and outplacement services.

**Ola:** Because of subsequent lockdowns ola witnessed 95 % fall in its revenue and nearly 1400 employees across all business services have been laid off.

**Indigo:** In an initiative to survive the down turn, the Indigo took a step to decrease 10% of man power

### **Conclusion**

The pandemic of Covid-19 has affected working hours and the earnings of workers around the world. The International Labour Organization (ILO) has compiled the list of industries affected and urgent government policy is needed to address the situation. This crisis is expected to affect 6.7% of working hours around the world, which is equivalent to 195 million full-time workers (ILO 2020). Around 81% of the global workforce of 3.3 billion was exposed partially or fully by this pandemic. Thus, comprehensive policies are needed to focus on, but not limited to, the following four aspects: supporting enterprises, employment, and incomes; protecting workers in the workplace; stimulating the economy and jobs; and using social dialogue between government, workers, and employers to find the solutions.

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