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## Effect of Covid-19 Pandemic on Economic Growth in the World

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### Abstract

As national borders diminish in significance due to globalization, interdependence between countries has intensified. Covid-19 emerged as an acute respiratory disease in Wuhan, China in December 2019 and spread to all countries of the world in a short time. In this study, information is given about the concepts, developments, general impact, and impact on economic growth in the international market about Coronavirus. During the pandemic process, the issue of economic growth was researched, its increase and decrease were examined and analyzed. The aim of the study is to investigate the effects of the Covid-19 pandemic on economic growth in the world labor markets and to reveal the general situation in the world by analyzing the available data in the literature.

**Keywords:** Globalization, Covid-19, Pandemic, Economic Growth, World Labor Market

### Introduction

The COVID-19 pandemic has had widespread ramifications for economies and labor markets worldwide. Originating in Wuhan, China in late 2019, the coronavirus spread rapidly globally leading the WHO to declare a pandemic in February 2020 (Bruhn et al., 2023). Countries implemented quarantine measures to curb transmission, deeply disrupting supply and demand (Figiel et al., 2023).

This study aims to analyze the impact of the COVID-19 pandemic on economic growth within global labor markets (Wang & He, 2023). A substantial body of research highlights significant challenges. The ILO and UN Global Compact have documented severe consequences for businesses and livelihoods, jeopardizing stability, health, and social cohesion (Baky Haskuee & Asgary, 2023). Quarantines hindered employment and decent work while vulnerability grew for women and informal sector roles. Existing inequalities were exacerbated, and new issues arose regarding gender discrimination in the workplace (Ikram & Sayagh, 2023).

Beyond economic impacts, workers also faced substantial health and well-being challenges. As a result, growth has been adversely affected (Zhao et al., 2023). This research will investigate the effects through an examination of available literature and data. The goal is to better understand the far-reaching ramifications across economies and labor forces to inform sustainable recovery efforts going forward (Mallawaarachchi & Rahut, 2023). A thorough analysis of the current situation can offer valuable insights for balancing restarting activities with upholding health and social protections amid an ongoing crisis.

### **Literature Review**

#### **Overall Impact of Covid-19**

The COVID-19 pandemic has caused an unprecedented decline in global activity. Concentrating in developed and developing economies (Triono et al., 2023), the epidemic led to lockdowns and major disruptions in economic activity at an extraordinary speed and scale (Baldwin and di Mauro, 2020; Gopinath, 2020). For example, global GDP decreased by more than 4.9% in the second quarter of 2020 due to the economic deterioration. The decline in trade in goods and services was probably higher than in the 2007-08 global financial crisis (IMF, 2020). As a result, global trade contracted by 3.5% in the second quarter of 2020 due to weak demand and supply. The subsequent lockdown across economies due to COVID-19 has disrupted global supply chains, reducing aggregate demand (Vidya and Prabheesh, 2020). Consumption of goods and services fell markedly due to severe loss of income and weak consumer confidence. 3.3 billion workers, representing approximately 81% of the world's workforce (ILO, 07 April 2020b); in other words, 4 out of 5 employees were affected (Liew, 9 April 2020). 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, 2020). Working poverty has also increased significantly due to Covid-19 (ILO, 18 March 2020a:5).

Similarly, consumers have been reluctant to consume certain goods and services due to fear of COVID transmission (Eichenbaum et al., 2020). Due to the sudden drop in demand, supply disruptions and uncertain future earnings, firms had to cut back on their investments. The world lost nearly 300 million full-time jobs in the second quarter of 2020, down from 130 full-time job losses in the first quarter of 2020 (IMF, 2020). The fall in aggregate demand has resulted in lower inflation and fuel prices (IMF, 2020). According to the World Travel and Tourism Council (WTTC), there is a 25% drop in global travel in 2020 due to the COVID-19 pandemic. Developing economies have experienced significant capital outflows due to the pandemic, reducing investments and causing loss of production (BIS, 2019). During the COVID-19 era, the Russia-Saudi Arabia oil war has reduced the value of oil prices from \$31.05 per barrel on March 8, 2020 to \$19.23 per barrel on April 30, 2020. Similarly, stock markets around the world started to decline as of February 25. Wall Street, for example, witnessed a massive one-day drop in the stock price in the second week of March 2020 as investor confidence waned after the US travel ban announcement and the European central bank did not change its interest rate (Ghaleb, 2022). As a result, the ongoing pandemic has negatively

impacted the global economy; These consequences may be more severe in the future given the increasing number of deaths (Herlan et al., 2024).

## **Research Method**

This study employed a document analysis method to explore the research question. Document analysis is a systematic process that allows for the examination of both qualitative and quantitative data contained within various source materials (Karagöz, 2019). The following databases and platforms were systematically searched using keywords related to the topic: Dergipark, Google Scholar, Google Academic, YÖK Thesis Database, and Google Sites. Searches were conducted in English and other relevant languages. Keywords included combinations of terms such as "Covid-19", "globalization", "world labor market", and "economic growth". Documents retrieved from the searches, including academic articles, reports, papers, news articles, and other sources published between the start of the pandemic through the present day, were then analyzed. Only sources that were previously accessible and publically available were included.

A qualitative content analysis approach was used to categorize and identify trends in the data (Elo and Kyngäs, 2008). Documents were carefully examined to extract relevant information pertaining to the research question. Quantitative data obtained from sources such as statistical reports was also compiled and analyzed. Findings from the document analysis were systematically compiled and triangulated to develop comprehensive conclusions regarding the impact of Covid-19 on global labor markets and economic growth. The methodology allowed for a rigorous exploration of available literature from diverse sources and languages to understand the topic through multiple perspectives.

## **Results and Discussion**

Following the document analysis, the COVID-19 pandemic went beyond a global health crisis, deeply affecting the labor market, causing a global economic crisis (Harjoto & Rossi, 2023). Economic Growth rates have had a significant impact on labor market indicators; while there was a 2.8% growth in 2019, a negative growth of -3.1% was experienced in 2020 as a result of the measures taken due to the Covid-19 epidemic (Hasni et al., 2024). However, as a result of the implementation of vaccine studies and the realization of controlled liberalization in 2021, significant increases were experienced in the amount of production and consumption, and a positive growth of 5.9% was realized throughout the world (de Lucas Ancillo & Gavrilă Gavrilă, 2023).

### **Effects of the Covid-19 pandemic on economic Growth in the Labor Market**

The globalization movement causes the developments in one country to affect other countries in a short time (Pertuak et al., 2023). This is happening with the increase in international trade and communication and the disappearance of borders (Tupy et al., 2023). The Covid-19 epidemic also emerged in China and soon affected the whole world. As a result

of this global epidemic, countries have also affected each other economically (Lubis, 2023). When analyzed in the context of the classification in the table, while there was a 2.8% growth worldwide in 2019, a negative growth of -3.1% was experienced in 2020 as a result of the measures taken due to the Covid-19 outbreak. However, as a result of the implementation of vaccine studies and the realization of controlled liberalization in 2021, significant increases were experienced in the amount of production and consumption, and a positive growth of 5.9% was realized throughout the world. Growth forecasts for 2022 are expected to decrease by 1.0% compared to 2021 and realize as 4.9%. As a result, although the global economy has gone through a difficult period with the impact of the Covid-19 epidemic, it has entered a recovery process with measures such as vaccine studies and controlled liberalization.

#### **Economic Growth Rates According to the Development Levels of the Economies (%)**

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>World</b>	2,7	-3,1	5,9	4,9
<b>Developed Economies</b>	1,7	-4,5	5,2	4,5
<b>Emerging Economies</b>	3,7	-2,1	6,4	5,1
<b>Underdeveloped Economies</b>	3,5	-2,3	6,7	5,1

Figure 1: Economic Growth Rates According to the Development Levels of the Economies (%) [1].

When the economic growth data are examined in the context of developed, Emerging and underdeveloped countries, the group most affected by the Covid-19 epidemic was experienced in developed economies with a negative growth of -4.5% as of 2020. In 2021, developed-emerging (developing) and underdeveloped country groups got rid of the negative growth they showed in 2020 and switched to positive growth. However, as seen in the Table, the biggest growth data was experienced in underdeveloped economies and became 6.7%. Contrary to the situation, when compared to the previous year, it is that developed economies achieved higher growth rates.

#### **Economic Growth Rates in Developed Countries (%)**

<b>Country</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Germany</b>	1,1	-4,6	3,1	4,6
<b>France</b>	1,8	-8	6,3	3,9
<b>Italy</b>	0,3	-8,9	5,8	4,2
<b>Japan</b>	0	-4,6	2,4	3,2
<b>UK</b>	1,4	-9,9	6,8	5,0
<b>Canada</b>	1,9	-5,3	5,7	4,9
<b>China</b>	6,0	2,3	8,0	5,6
<b>Russia</b>	2,0	-3,0	4,7	2,9
<b>USA</b>	2,2	-3,4	5,9	5,1

Figure 2: Economic Growth Rates in Developed Countries (%) [1].

When we examine the table, as of 2019, the economic growth rates in the countries mentioned are quite low, excluding China. The largest growth rate was 6.0% in China, and the smallest growth rate was in Japan.

When we look at the data of 2020, a significant economic contraction has been observed within the scope of the countries mentioned. The biggest reason for this situation is the decrease in production due to the decrease in consumption and the interruption of international mobility in line with the measures taken as a result of the addition of the Covid-19 epidemic to the bad economic conditions (Bachtiar et al., 2024). In this sense, the biggest negative growth data in 2020 was in England with -9.9%. Italy followed England with a negative growth of -8.9%.

Despite the emergence of the Covid-19 case in China, the biggest growth rate of 2020 was in China with 2.3%. When the 2021 data are examined, positive growth was achieved in the countries mentioned with the active implementation of vaccine studies, and the largest growth rate was realized in China (Paudel et al., 2023). England followed China with a growth rate of 8%. In line with the estimated growth data for 2022, although the highest growth rate decreased compared to the previous year, it is expected to occur in China with a growth of 5.6%. However, the highest increase is expected to occur in Germany with 4.6% and in Japan with 3.2% compared to the previous year.

## **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; Economic growth has deeply affected the labor markets. In this study, the issue of economic growth was researched, and its rise and fall were examined and analyzed. Economic Growth rates have had a significant impact on labor market indicators; while there was a 2.8% growth in 2019, a negative growth of -3.1% was experienced in 2020 as a result of the measures taken due to the Covid-19 epidemic.

However, as a result of the implementation of vaccine studies and the realization of controlled liberalization in 2021, significant increases were experienced in the amount of production and consumption, and a positive growth of 5.9% was realized throughout the world. While trying to analyze Economic Growth Rates (%) in Developed Countries; In 2019, the economic growth rates in the mentioned countries, except for China, were relatively low. China recorded the highest growth rate at 6.0%, while Japan had the smallest growth rate. However, in 2020, there was a significant economic contraction across the mentioned countries due to various factors related to the Covid-19 pandemic. The decrease in consumption and disruptions in international mobility, resulting from measures taken to control the spread of the virus, led to a decline in production. Among the countries mentioned, England experienced the highest negative growth rate at -9.9%, followed by Italy with a negative growth rate of -8.9%.

## ***Effect of Covid-19 Pandemic on Economic Growth in the World***

Despite being the epicenter of the Covid-19 outbreak, China managed to achieve a positive growth rate of 2.3% in 2020, indicating its resilience. In 2021, with the active implementation of vaccine studies, the countries mentioned saw positive growth rates. China continued to lead with the highest growth rate, and England followed with a growth rate of 8%. Looking ahead to 2022, China is expected to maintain its position as the country with the highest growth rate, but at a slightly lower rate of 5.6%. Germany and Japan are projected to experience significant increases with growth rates of 4.6% and 3.2% respectively, compared to the previous year. Overall, the data highlights the severe economic impact of the Covid-19 pandemic in 2020, with most countries experiencing negative growth rates. However, as vaccine efforts progressed, positive growth rates were achieved in 2021, and the outlook for 2022 shows a potential recovery and growth for several countries, with China, Germany, and Japan being prominent examples.

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As An author of the manuscript, I have read and agreed to its content and are accountable for all aspects of the accuracy and integrity of the manuscript; b) The submitted article IS original work that is not being considered or reviewed by any other publication and has not been published elsewhere in the same or a similar form.

### **Conflict of Interest**

I declare that, during this study, from any institution or business that has a direct connection with the subject of the research, a company that provides and/or produces tools, equipment and materials, or any commercial company, During the evaluation process of the study, no material or moral support was received that could negatively affect the decision to be made regarding the study. I also declare that, regarding this study, the authors and/or their family members do not have any relationships with scientific and medical committee members or members, consultancy, expertise, employment in any company, shareholding or similar situations that may have a potential conflict of interest.

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