

Covid-19's Effects on Service Sector And Unemployment

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Özet: Covid-19 has become a part of life as a natural disaster affecting the world since December 2019. Although it is not the first epidemic in the world, it can be said that it as already noted in history as the most serious epidemic. There have been many sectors affected by the economic crises experienced as a result of the epidemic. It is even possible to say that there is almost no sector that is not shocked. In this study, we focus on the tourism and education sectors, which we think are the most affected. The shock experienced by these two sectors and the accompanying unemployment problem creates a serious problem in the economy. The literature reviews made by us, also confirmed our ideas.

Keywords: Tourism Sector, Education Sector, Unemployment, Employment , Covid-19.

1. INTRODUCTION

The impact of the concept of globalization on the economy is an issue that is frequently discussed. For this reason, the positive and negative effects are evaluated one by one and the extent of the benefit to the economy is constantly investigated. As the global health disaster that has taken over the world, the Covid-19 outbreak has affected the whole world since December 2019. This global epidemic is thought to be the biggest health problem of the last century. Although there were some epidemics encountered before, such a collapse was not experienced globally before. When we look at the figures announced by the World Health Organization (WHO), we see death rates, financial losses and economic collapse, which show that almost the entire world is affected.

It is clear that the most affected sector in the global economy is the supply chain. This structure, which forms an important web in the world economy like a spider web, has received a serious blow with Covid-19. Although it has different spreading speed in each area, it has greatly reduced its production capacity. Automotive companies have stopped production due to a lack of parts, as in many different industrial sectors. Disruption in supply chains has increased the cost of work for manufacturing companies. Manufacturers that supply almost half of their products from China are on the brink of bankruptcy. As factories in China closed and transport routes are collapsed, it has become increasingly difficult to get products to the markets around the world. 75% of companies in the US reported disruptions in their supply chain. Many US companies have doubled their lead times from their routine before (Taylor and Schwartz, 2020). The quarantine processes experienced after the epidemic have also seriously distressed the intermediate and final goods market. In particular, markets based on products from China have come

to a halt in production. This created a fear of a global recession that further reduced the demand for Chinese products. Many different countries have started to implement risk reduction strategies due to the high costs that arise.

It is possible to say that every sector related to the supply chain industry and manufacturing has an infrastructure. For this reason, the industry and manufacturing sector were greatly affected by the shock experienced when Covid-19 first started to spread. In Turkey, during periods of increased propagation speed of Covid-19, Trust in the supply chain has declined with the panic atmosphere. For this reason, people moving with the instinct of stocking justified the panic atmosphere of short-delayed products. It is different from previous epidemics because it is not possible to compare this crisis with other global crises. Interest rates are the lowest that seen in history. Countries of the world are more connected and integrated with each other. The current crisis has spillover effects across supply chains and there is also a simultaneous supply and demand shock. Covid-19, which caused tremors in many areas, mainly socioeconomic and demographic, upset the whole world for more than a year. For this reason, although there is a short period to analyze, it is a period that needs to analyze the causes and consequences. This study is based on limited available literature, online information, and frontline experience of the authors.

2. RADICAL CHANGES IN THE SERVICE SECTOR AFTER COVID-19

Human needs and motivating and satisfying factors are important in the formation of the service sector. Service consists of a large whole and has parts of the whole. If we need to separate them, service sector areas; All companies and institutions related to transportation, communication, communication,

education, health, tourism and tourism can be given as examples. The education and tourism sector, which is mainly involved in the service sector and buried in employment-related problems after the epidemic, has significantly affected the economy. For this reason, in this part of the study, the process of the education and tourism sector in the Covid-19 process is examined together with some examples in the literature.

In just one or two months after the start of Covid-19, education life all over the world has come to a complete halt. Although this epidemic disease was thought to be temporary at first, the increasing number of cases changed the education process to to a different dimension. Although some countries found a solution by closing schools temporarily for a few weeks, new solutions were sought in education as the severity of the epidemic increased. With the shock effect of this global epidemic, each country has found different practices in the education system where instant solutions are sought. However, most countries are too desperate to think about the damage that may occur with the education system and with the students when the epidemic is over. Drawing attention to this detail, Daniel (2020) focused on finding solution to the problems that may occur after the pandemic.

The distance education system, which was previously established for different reasons, has become a lifesaver with the rapid spread of Covid-19. Educational institutions trying to keep up with this system quickly made regulations for each level of education. Whereas educational institutions bring order to this distance education system, it is an inevitable fact that each student has different needs.

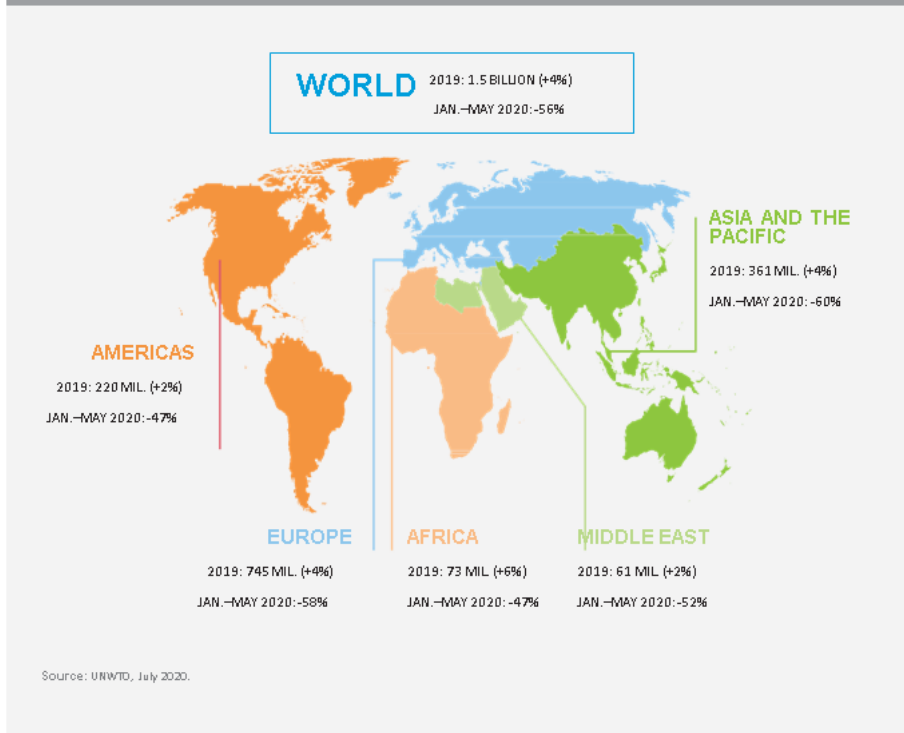
Azorin (2020) examined the reasons why the Spanish education system is excessively sensitive to the consequences of Covid-19. Some of these reasons are; Overcrowded classes that hindering quality education; an old curriculum; It can be expressed as the obligation of teachers to update their digital competencies.

Ainsworth and McKenzie (2020) suggested that the long-term impact of the Covid-19 outbreak on

higher education has the potential to be positive. It has been stated that there is a reduced burden on tax payers and that they can be employed better, unlike the studies on the negativities that may occur after the pandemic. Thus, it was mentioned that there could be more institutions that offer a wider range of courses to a wider range of students, including privileged people of all ages. While the severe impact of the crisis on the economy requires radical solutions, the greater acceptability of distance education makes room for new regulations. The situation in Germany, the United States and the United Kingdom, where the economic interests of institutions are in line with the interests of their students, the funding and institutional structure to achieve better results. It is also emphasized that this is an important opportunity for the needed transformation. The education system is the sector that received the first blow in the Covid 19 period. The reason for that is because of the possibility that students and teachers move in masses and accelerate the spread of the epidemic by this fact. Therefore, when the education sector turned its direction towards the distance education, education system is modernized substantially. This process is an economic crisis for educators who were unemployed, institutions whose capital remained in their hands. Also their future plans were gone nothing.

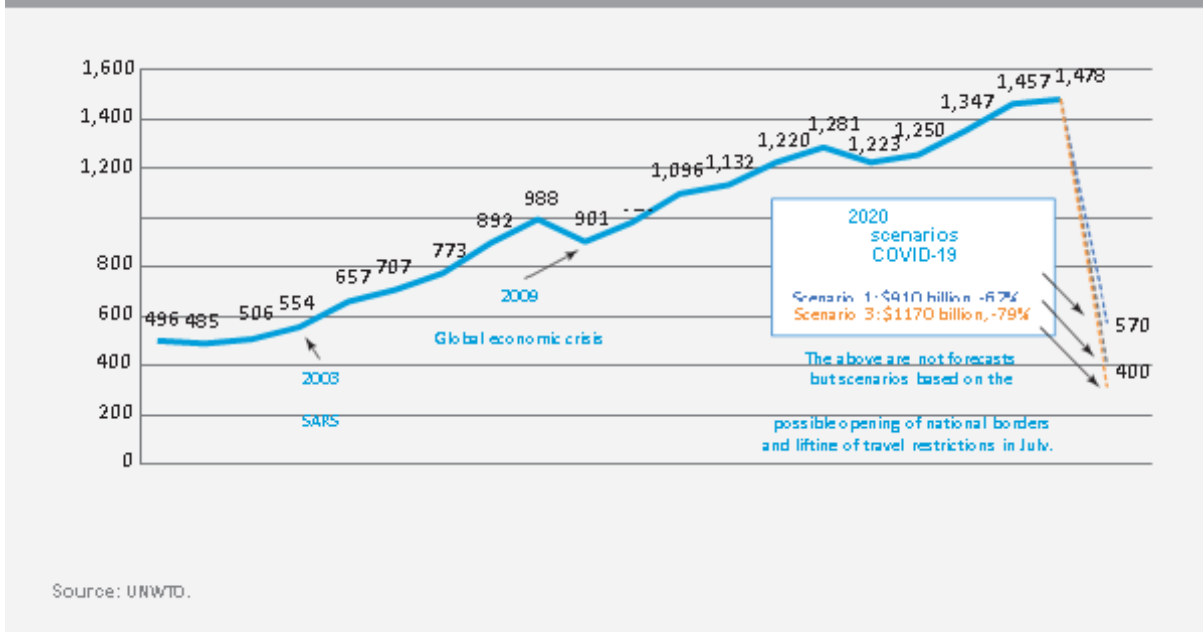
With the rapid spread of the epidemic, the tourism sector, as well as the education sector, entered the process with a serious crisis. Tourism sector, which is a sector based entirely on human workforce and mass gathering of people, is one of the first restricted sectors in the process. In the Globalizing World, tourism, which has an international movement, is the first sector that was banned suddenly with Covid-19 and lost its importance instantly. While it has a large share in the pie of global economy, the fact that this share suddenly decreased to a small piece and the lack of alternative ways as in other sectors resulted in a serious increase in unemployment rates.

FIGURE 1. INTERNATIONAL TOURIST ARRIVALS, JAN–MAY 2020
(percentage change)



Source: https://www.un.org/sites/un2.un.org/files/sg_policy_brief_covid-19_tourism_august_2020.pdf

FIGURE 2. INTERNATIONAL TOURISM RECEIPTS (EXPORTS), 2000–2019 AND 2020 SCENARIOS



Source: https://www.un.org/sites/un2.un.org/files/sg_policy_brief_covid-19_tourism_august_2020.pdf

The two graphs above show that when Covid-19 first started to spread, there was a serious decrease in the number of tourists and tourism revenues. Between the January-May period, which we can describe as the first wave of Covid-19, the number of tourists up to minus 50%, 60% has been given in graphs. This is actually an indication that the tourism industry is experiencing a serious collapse and causing a big hole in the economy.

By discussing the conditions and questions posed by Covid-19, with questions of why and how, Sigala (2020) has worked on the tourism industry to advance and reset the boundaries of research and practice. The study examined the interactions of three major tourism stakeholders (tourism demand, supply and destination management organizations, and policy makers) during three Covid-19 phases (response, recovery, and reset). Strielkowski (2020) stated that the coronavirus epidemic will deeply affect the tourism and travel industry and its impact will be worse than the results of Severe Acute Respiratory Syndrome (SARS) epidemic that emerged in 2002. In this epidemic, he argues that tourism organizations may become a key element of post-virus recovery strategies, with most people recovering from the disease and developing antibodies that can protect them from re-infection. However, with some follow-up systems that can be done, he gives suggestions on methods that will include people to tourism sector who recovered from the disease. Gössling et. al. (2020) state that Covid-19 is challenging the world and unprecedented global travel restrictions and stay at home orders have caused the most serious disruption of the global economy since the Second World War. Due to international travel bans, widespread restrictions on community mobility, affecting almost the entire population of the world, tourism appears to cease to a great extent in March 2020. It was emphasized that tourism sector may be insufficient to take measures against epidemics due to limited mobility and social distance. Thus, by comparing the effects of Covid-19 with previous epidemics and other types of global crises, he explores how the pandemic can change society, economy and tourism. To prevent the spread of the epidemic, many countries have implemented quarantine and tried to establish a procedure for stopping the chain of infection for the new disease. The restrictions imposed by the government forced billions of economic downturns. The supply and demand curve is shown as the biggest evidence to determine the economic changes in the tourism industry with the significant increase in unemployment, which is one of the macroeconomic factors. The panic situation and restrictions, which

contributes to the decrease in demand in the tourism industry, indicates that the customer contributes to the reduction of the demand price. In the study, the price of the tourism sector continued to decrease in parallel with the decrease in demand and reached the bottom. Government support is essential in preventing and stopping the decline of demand in the tourism industry. In this process, if the government don't develop a mechanism that improves the economy, the tourism sector will indirectly experience a long-term collapse otherwise (Bakar & Rosbi, 2020). In another study examining how global tourism was affected regionally in the Covid-19 process, approximately 75,000 data were examined. When filtering these cases, duplicate records and comments posted, and specified dates are excluded from the study. As a result of filtering, it worked with 32,122 unique cases. Most of these cases have been obtained from the US, European and Asian forums. It was stated that cases recorded from other regional forums were not included in the study because their representation power was low. After the regions of the cases were determined, timeline was limited.

Accordingly, 23.515 cases recorded between 01.01.2020–15.03.2020 were evaluated in the study. The study results show that the tourism industry is easily affected by global crises and that with the outbreak, travelers started to cancel or delay their travels. When looking at the details, it was stated that the comments about benefiting from travel insurance and refunds due to travel cancellations came to the fore. As a result of the research, it has been suggested to work on a way to revitalize the sector by offering travel insurance, travel packages, including travel insurance services (Uğur & Akbıyık, 2020).

Another study on the tourism sector stated the importance of travel for tourism activity and therefore any factor that hinders travel can have a profound impact on the tourism industry. For this reason, it has been stated that crisis management should be done well to reduce the impact of Covid-19. In this study, reports have been made by conducting interviews using a qualitative method. Result shows that open communication is the key to successfully tackling the pandemic, and state-sponsored loans are crucial for the survival of the tourism industry. (Yeh, 2020).

3. UNEMPLOYMENT AND COVID-19

The problems experienced in the education sector in this process actually shocked the entire economic system. The fact that a sector, which is heavily dependent on human workforce, was suddenly

started to run just by technology. This fact has returned to the market as unemployment. It has been observed that the at first place education sector and then all other sectors were seriously affected consequently. According to the studies, those who employed in sectors that production activities were highly affected by the crisis are facing the facts as; risk of losing their job, being on unpaid leave and decreasing weekly work hours. Another changed routine that was adapted in the Covid-19 period is the option of working from home. After the epidemic, working from home will be encouraged or required in future. However, it cannot be said that every sector can keep up with this working system. For this reason, there are many business lines that have come to a standstill in the service and production sectors which are cancelled. Most of the studies focusing on which sectors are affected the most in the literature have been found to be the sectors where the economic crisis that emerged after the epidemic will be most affected by the employment, the service sector and transportation where production is most affected.

Borjas and Cassidy (2020) show in their study that employment rates in the US fell significantly between February 2020 and April 2020. The study emphasized that the decline in employment is particularly is a serious situation for immigrants. Historically, it has been stated that immigrant men are more likely to be employed than native men.

However, it has been seen that with Covid-19, the employment advantage of immigrants is disappeared. As of April 2020, it has been determined that the employment rates of immigrant men have reached lower levels than native men and that the rate of job loss of immigrants has increased significantly.

Another study on the United States, which is one of the countries most affected by Covid-19, examines the short-term consequences of Covid-19 and investigates the effects of stay at home orders on employment and wages. Four sections were created to examine the impact of Covid-19 that are; exposure to disease, closeness to colleagues, distance working, and critical workers. Unemployment effects are significantly greater for states that enforce stay at home orders (Beland et.al.2020).

When the limited studies conducted for a limited period of time are analyzed, it is clear that employment has reached the bottom globally. There are studies examining this situation by region or country by country. In general, if we want to summarize the employment situation, we can look at the results in Table 1. In Table 1, which summarizes the employment situation, it is seen that unemployment rates have increased significantly since July.

Tablo 1: Employment Situation Summary Table Household Data, seasonally adjusted (Numbers in thousands)

Category	Jan. 2020	Nov. 2020	Dec. 2020	Jan. 2021
Employment status				
Civilian noninstitutional population	259,502	261,085	261,23	260,851
Civilian labor force	164,455	160,536	160,567	160,161
Participation rate	63.4	61.5	61.5	61.4
Employed	158,659	149,809	149,83	150,031
Employment-population ratio	61.1	57.4	57.4	57.5
Unemployed	5,796	10,728	10,736	10,13
Unemployment rate	3.May	6.Tem	6.Tem	6.Mar
Not in labor force	95,047	100,548	100,663	100,69
Unemployment rates				
Duration of unemployment				
Less than 5 weeks	2,071	2,455	2,904	2,278
5 to 14 weeks	1,752	2,404	2,222	2,528
15 to 26 weeks	881	1,875	1,572	1,346
27 weeks and over	1,163	3,929	3,956	4,023

Source:<https://www.bls.gov/news.release/empsit.a.htm#>

4. CONCLUSION

There is no country or sector that is not affected by Covid-19, which has turned into a global disaster in about 15 months. Although it does not have a deep time frame to research, it has already formed a certain volume of literature due to its effects and results. As a result of the studies examined in this study, tourism and education sector which are one of the most affected sectors in the service sector, has been the subject of the study.

When the education sector is examined, it is seen that this sector quickly continues after a short waiting period and after the shock that is experienced. However, this continuity in education has been achieved in a completely different way, and in fact, it has been seen that an era has closed and a new era has started in the education system. This renewed system brought along serious unemployment and problems in employment.

It is possible to say that the tourism sector is among the first sectors which is collapsed enormously. While this sector, which is completely labor-oriented, was the source of employment for many people, it needed to close its doors all of a sudden. In the graphs reported by some sources, we can state that the tourism industry stopped completely after a few months with the spread of Covid-19.

It is a fact that these two sectors, which are in need of alternative solutions and innovations, needed to be completely revised. In addition, many different studies have stated that it is not possible to exit this process without state support. It seems that the first solution that comes to mind is; governments have to make serious reforms and provide resources especially in these two sectors. Besides, in the world, which is entered a era called 'new normal', it is important to revive these sectors together with socialization by adapting the framework of this normalization.

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