Chapter I

INTRODUCTION

Situation Analysis

A cluster of cases of pneumonia of unknown cause in Wuhan, China, was first reported on December 31, 2019, and a week later identified as COVID-19. On March 11, the World Health Organization (WHO) declared COVID-19 a pandemic ([Alam et al., 2020](https://www.koreascience.or.kr/article/JAKO202106438543845.page#ref-2); [Khanet al., 2020](https://www.koreascience.or.kr/article/JAKO202106438543845.page#ref-18); [Khanthavit, 2020](https://www.koreascience.or.kr/article/JAKO202106438543845.page#ref-19)). Most of the economic impacts of COVID-19 will be from the actions people and governments take to avoid the virus and this response comes from three sources (Baldwin, 2020; Baldwin and di Mauro, 2020). One of the measures being taken by both developed and developing countries is lockdown. First, government imposes bans on certain types of activities (such as restaurants, shops, schools etc.). Second, firms and institutions take pre-cautionary measures including closures that result in lost wages for workers. Third, individuals reduce trips to the market, students fear to attend school, travel, going out, and other social activities, affecting the demand side.

Various economic recessions and spread of pandemics negatively affect the employment of a country as millions of people lose their jobs and graduates cannot find jobs in such situation. Economic recession is the contracting economic period in which businesses begin to lose profits due to fall in demand. In such situation unemployment rises and becomes high as firm’s cost increases, revenue falls and pressure of debt increases, which lead to lay-offs for cutting down costs. Businesses face the same situation during pandemic because the economic focus is given to coping with the pandemic situation rather than business growth. So, it becomes difficult for new graduate job seekers to find jobs. On the other hand, millions of people lose their jobs during the pandemic due to the contraction of the labor market and economic recession, which raised the rate of unemployment and graduate unemployment as well ([Ullah, 2020](https://www.koreascience.or.kr/article/JAKO202106438543845.page#ref-37)).

The unemployment rate in the Philippines in January 2019 was estimated at 5.2%. “Of the total unemployed, the age group 15–24 years comprised 43.7%, while the age group 25 to 34, 30.6%. By educational attainment, 20.9% of the unemployed were college graduates, 8.2% were college undergraduates, and 28.2% have completed junior high school. Graduates of junior high school include those high school graduates in the old curriculum” ([PSA, 2019](https://www.sciencedirect.com/science/article/pii/S2590291120300449#bib13)). On the preceding year, the country’s unemployment rate in July 2020 was estimated at 10.0% which is higher than the same month a year ago placed at 5.4%, but lower than the record high 17.7% during April 2020 (PSA 2020). And as of 2021, the country’s unemployment rate in August 2021 was estimated at 8.1% (PSA 2021). “Employability of graduates therefore has become an issue that is not easy to be ignored in the global economy” ([Misra & Khurana, 2017](https://www.sciencedirect.com/science/article/pii/S2590291120300449#bib10)).

The COVID-19 pandemic has plunged the global economy into panic and trouble. It has caused a large-scale shutdown of work and production in the whole society, which has impacted social and economic development and the overall employment environment, and has seriously affected the employment of college graduates. As employment is the foundation of people’s livelihood, steadying employment stabilizes the economy and people’s expectations, livelihood, and confidence. College graduates are the main force in the job market, so promoting their stable and smooth employment is an important part of the harmonious development of the current society and the stable operation of the economy.

In addition, if the unemployment of college graduates is not properly resolved, a waste of talents and social instability will take place. Social stability is a prerequisite for economic development, and social turbulence will inevitably affect the orderly development of the economy. For the above reasons, scientific evaluation of employment promotion policies for college graduates under the COVID-19 and corresponding suggestions are of important theoretical and practical significance.

According to the "2020 Freshmen Spring Recruitment Trend Report" issued by Boss Direct Employment, as of March 31, 2020, the scale of recruitment demand for the corresponding graduates of enterprises has dropped by 22% year-on-year. The epidemic situation continues to make enterprises suffer economic losses and bear great business pressure. With the continuous delay of resumption time, enterprises must ensure the rights and interests of existing employees while stopping production and business, which leads to the increase of employment costs, the decline of operating profits and the difficulty of capital turnover, so that the demand for new jobs will inevitably sharply reduce. However, the number of graduates has reached a record high this year. First, affected by the epidemic situation, the closure of small and medium-sized enterprises has resulted in a number of unemployed people who need to be re-employed.

On the one hand, we observe job losses around the world due to the pandemic. On a global level, gross domestic product is expected to shrink by 3%, “much worse than during the 2008-9 financial crisis” [[International Monetary Fund 2020]](https://www.sciencedirect.com/science/article/pii/S2667096821000070#bib0048). The International Labour Organization (ILO) estimates nearly half of the global workforce in danger to lose their livelihoods and hundreds of millions of companies confronted with bankruptcy [[International Labour Organization 2020]](https://www.sciencedirect.com/science/article/pii/S2667096821000070#bib0047).

However, countries like Germany, which reacted in time with drastic measures, are apparently getting through the corona crisis comparably better [[Bennhold, 4 April 2020](https://www.sciencedirect.com/science/article/pii/S2667096821000070#bib0006), [Fairless, 2020](https://www.sciencedirect.com/science/article/pii/S2667096821000070#bib0036), [Wieler et al., 2020](https://www.sciencedirect.com/science/article/pii/S2667096821000070#bib0081)]. In Germany as in an increasing number of countries, public and economic life was shut down to slow down the spread of the coronavirus. A large number of organizations switched as many jobs as possible into working from home [[Fadinger and Schymik, 2020](https://www.sciencedirect.com/science/article/pii/S2667096821000070#bib0035), [Brynjolfsson et al., 2020](https://www.sciencedirect.com/science/article/pii/S2667096821000070#bib0010)]. These changes resulted in many challenges both for workers adapting to their new environment and for organizations to technically enable the employees to work remotely. But it also led to cancelled or at least changed recruiting activities [[Bartik et al., 2020](https://www.sciencedirect.com/science/article/pii/S2667096821000070#bib0004), [Montenovo et al., 2020](https://www.sciencedirect.com/science/article/pii/S2667096821000070#bib0062)].

On the other hand, we see that more and more people work from home [[Waizenegger et al., 2020](https://www.sciencedirect.com/science/article/pii/S2667096821000070#bib0080), [Venkatesh, 2020](https://www.sciencedirect.com/science/article/pii/S2667096821000070#bib0078)]. Organizations react on the Covid-19 pandemic with investments into information technology (IT) [[Dwivedi et al., 2020]](https://www.sciencedirect.com/science/article/pii/S2667096821000070#bib0031). Video conference solutions are in huge demand, as schools and universities invest in distance learning techniques and companies rely on working from home and have to cancel business trips [[Neate, 31 March 2020](https://www.sciencedirect.com/science/article/pii/S2667096821000070#bib0063), [He et al., 2021](https://www.sciencedirect.com/science/article/pii/S2667096821000070#bib0042), [Iivari et al., 2020](https://www.sciencedirect.com/science/article/pii/S2667096821000070#bib0045)]. The usage of the internet changed and simultaneously intensified [[Koeze and Popper, 7 April 2020]](https://www.sciencedirect.com/science/article/pii/S2667096821000070#bib0054). To avoid network problems, regulators in Europe urged providers of the most traffic-causing online applications such as Netflix and Amazon to temporarily decrease their used streaming quality and bandwidth [[Kang et al., 26 March 2020]](https://www.sciencedirect.com/science/article/pii/S2667096821000070#bib0050).

Along with the facts and information collected and presented above, this research will pursue a study on the effect of employment in our country most specifically with the Graduates of Don Mariano Marcos Memorial State University in the Province if La Union. The Province of La Union is known for its soft broom and tourism industry with an economy diversified with service, manufacturing and agricultural industries spread throughout the province and is one of the fastest developing provinces in the country. DMMMSU on the other hand, is the main provider of graduates in the province since it is the only state university system serving the Province of La Union.

The emergence of COVID-19 pandemic has brought dire changes and challenges to the people of La Union and everyone in the planet and almost all aspects of our lives were affected, however the nations’ economy were the ones threaten the most by the pandemic which further affected its people. The occurrence of the pandemic with all the drastic changes and challenges it brought upon the province had jeopardized the lives of its people. A lot of people have suffered from loss of love ones, food and monetary shortage, mental distress, missed opportunities, business shut downs and job losses. Hence, the conduct of this study is fitting and relevant; mainly to determine the extremities of the effect of the pandemic on job employment in the Province of La Union most specifically with the graduates of DMMMSU.