

Chapter 8

Developing Strategies for Restoring the Affected Labor Force in the Post- COVID-19 Period in Rwanda

Eric Ruvuna

Kibogora Polytechnic, Rwanda

Celestin Pierre Rutayisire

Volgograd State University, Russia

Innocent Gahamanyi

Christian University of Rwanda, Rwanda

Fidele Tubanambazi Mweruli

Kibogora Polytechnic, Rwanda

ABSTRACT

This study assessed the impact of the COVID-19 pandemic on labor force and advocated the main strategies to be implemented to restore the affected areas of labor force in Rwanda. The study was guided by three objectives: to explore the status of labor force trends before and during COVID-19 in Rwanda and its implications to the Rwandan economy, to assess the factors that led to reduction in labor force in Rwanda, and thirdly, to determine the strategies to recommend the Government of Rwanda (GoR) to restore the affected labor force sub-sector in the post-COVID-19 period. The trend analyses of the labor force before and during COVID-19 pandemic were drawn and revealed that there were changes in labor force before and during COVID-19 pandemic. Statistics were employed to the data set from National Institute of Statistics of Rwanda (NISR). The multiple regression model was used to express the GDP as a function of employment rate and unemployment rate reveals that the unemployment rate has governed the period of COVID-19 pandemic, and it was statistically significant in contributing negatively to GDP.

DOI: 10.4018/978-1-7998-6896-5.ch008

INTRODUCTION

It was reported that the COVID-19 pandemic was the most global phenomenon disruption since the 1929 great depression and the 2007-2008 financial global crisis which was considered the worst economic disaster (Sogani, 2020). Though the current pandemic is considered as a health-related issue, it has touched the social and economic aspects of people's lives whereby the world labor market was not left behind. For instance, scholars reported that though COVID-19 disrupted many sectors of the global economy, employment was the most shocked sector (Kurmann, Lalé, & Ta, 2020). Thus assessing the effects of COVID-19 pandemic on the employment sector and proposing strategies to mitigate its short and long-term negative impacts is a significant study.

The underlying factor for employment disruption associated with COVID-19 pandemic is the high level of uncertainty. Where there is uncertainty, there is a corresponding level of suspended investment according to economic behavior. This explains the reason for higher labor disruption among the self-employed and informal sector than among wage earners. Noticeable specific impact has been identified among youth due to disrupted education and early/part time employment that favors job learning. The informal sector which constitutes the largest global labor market share of 62 percent (3.3billion) has been hit the most (Sue Enfield Institute of Development Studies, 2021). The highest shock of the impact in the informal sector has been felt in the developing economies. This is attributed to the limited social protection rights including health insurance, contracts at work among others (Sue Enfield Institute of Development Studies, 2021). Research has determined that the existing vulnerable groups including women, children, migrant workers and people with disabilities absorbed the highest shock of the impact (Sue Enfield Institute of Development Studies, 2021). Specific impact was noticed in retail trade, hospitality, service and industry subsectors of the economy.

At the global perspective, the World Economic Forum and IPSOS conducted a survey of 21,000 adults in 28 countries and found that 86 percent of people want to see a more equitable and sustainable world after the pandemic; the results revealed also that 79 percent agreed that they want a new approach to doing things.

A study conducted in the United States of America reports that employment declined by 0.7 million between mid-February and mid-March; Specifically, employment in leisure & hospitality and retail trade was 32.3 million in mid-February and 12.5 million by the end of April which implies a decline of 19.8 million jobs.

An experiment conducted by the congressional research services (CRS) of the U.S authored by Falk, 2020 indicated that respondents were asked whether members of their household experienced a loss in employment income since March 2020(Falk, 2020). Data from the survey showed that in mid-July 2020, half of all adults (18 years and older) lived in a household that had lost some employment income since March 2020.

Ramdoo, 2020 concludes that up to 305 million full-time workers in all economic sectors in the world would be laid off in the second quarter of 2020(Ramdoo, 2020). These losses could be more severe in lower-income countries, given their weaker health bodies, a high number of workers in the informal sector, subsistence salary, etc. She proposed such states should mitigate forthcoming recession for all the economic sectors including the labor market. This augurs well with this study's objective of proposing strategies that can improve the constrained labor industry.

In the U.S., as of the end of April, 2020,70 percent of the workers in hotels became unemployed. Hence, developing strategies that would lead to the betterment of the affected labor force sub sector in

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