

## Chapter 7

# Challenges for Higher Education Graduates in the Post–Pandemic Labor Market

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### ABSTRACT

*The Covid-19 pandemic has brought widespread disruption to labor markets around the world. The pandemic has led to a dramatic shift in expected skill requirements, and it has forced people to acquire new demanded skills, including digital skills, to succeed in the workplace or find a job. Hence, the competition of higher education graduates in the labor market is now changing shape. Accordingly, young workers (15–24 years old) have a greater risk than older ones of being pushed out of the labor market since the current situation shows that higher education graduates do not have enough high-level digital skills in many countries. Although younger adults with a higher education degree are less likely to be unemployed than other educated adults, it is obvious the digital transformation in the workplace might affect them negatively if they cannot update their skills for the post-pandemic world.*

### INTRODUCTION

Globally, the rise of the knowledge-based economy has a critical role in a long-term competitive advantage for all sectors, including higher education. Hence, competition between countries in the era of the knowledge-based economy has become the driving force for higher education expansion since the 1980s (Liu et al., 2016). Therefore, human capital development for a knowledge-based economy has become a central component of economic and social policies for international competition worldwide in the last few decades (Organisation for Economic Co-operation and Development [OECD], 1996; Sum and Jessop, 2013).

National and international competition in higher education has led to a massive expansion in enrolment over the last decades. Today, the total number of higher education students globally has reached more than 227 million (United Nations Educational, Scientific, and Cultural Organization [UNESCO],

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2021). In recent years, the early cohorts of higher education students have experienced massification, flooding into the labor market and boosting the proportion of higher education degrees workers (Mok and Jiang, 2018). Higher education enrolments are less typical among the older population as students graduate and transition to the labor market. For example, the OECD average enrolment rate in all levels of education reached 16% among 25–29 years old, which is higher than 6% among 30–39 years old (OECD, 2021a). However, the increasing number of higher education graduates has negatively affected the labor market and national economic competitiveness since there are unemployment problems for many graduates (Mok and Wu, 2016; Mok and Jiang, 2018).

However, the Covid-19 pandemic, which emerged in December 2019 in China, has affected everyone worldwide. Globally, as of September 20, 2021, there have been 228,394,572 confirmed cases of Covid-19, including 4,690,186 deaths. As of September 19, 2021, a total of 5,776,127,976 vaccine doses have been administered (World Health Organization [WHO], 2021). It is not just a global health crisis; it has triggered the most severe economic recession in nearly a century and is causing enormous damage to people's jobs and well-being, along with their health. The global economy has been experiencing the deepest recession since the Great Depression in the 1930s, with GDP declines of more than 20% and a surge in unemployment in many countries in the early stages of the pandemic (OECD, 2020). The OECD projects that global output will rise by nearly 6% in 2021, an impressive surge after the 3.5% contraction in 2020. Although the OECD states that recovery will return most of the world to pre-pandemic GDP levels by the end of 2022, many OECD countries may not return to pre-pandemic levels as quickly as expected due to high unemployment rates (OECD, 2021b). Hence, the recovery will be long-lasting due to the unprecedented uncertainty characteristics of the pandemic (Altig et al., 2020; Açıkgöz & Günay, 2021).

The International Labor Organization (ILO) confirms that the pandemic caused massive disruptions in the labor market throughout 2020. At the end of 2020, globally, 114 million jobs disappeared compared to 2019. In contrast to previous crises, the bulk of employment losses in 2020 translated into rising inactivity rather than unemployment, leading to an additional 81 million people shifting to inactivity alongside 33 million additional unemployed (ILO, 2021a). In particular, workers like those in the hospitality, retail, service, travel, and tourism sectors, who have been displaced from their jobs in the short term and potentially in the future, have been affected most negatively by the Covid-19 pandemic (World Economic Forum [WEF], 2020a). The pandemic has accelerated digital transformation and automation in the workplace while widening wage disparities. Many jobs are fully or partially transformed into digital jobs, expanding the digital economy and related activities (OECD, 2021c).

The application of digital technology has already changed or destroyed many work environments, industries, and business activities (Nyiri, 2002). Also, while there is uncertainty about the speed of these changes, technology-intensive working life is spreading and constantly transforming. Also, the types of jobs that are being created are not the same as those that are being lost (OECD, 2018). As new technologies are adopted by enterprises globally, skills shortages for the jobs of tomorrow are set to become more pronounced as populations have switched to remote work during the Covid-19 pandemic. The WEF's Future of Jobs Report 2020 estimated that by 2025, 85 million jobs may be displaced by a shift in the division of labor between humans and machines, while 97 million new roles may emerge that are more adapted to the new division of labor between humans, machines, and algorithms (WEF, 2020a). This situation has also led to a dramatic shift in expected skill requirements, and it has forced people to have new skills to succeed in the workplace or find a job. Hence, this new transformation is

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