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Low-income workers disproportionately affected by COVID-19

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Summary: Low-income workers in developing countries face a higher risk of income loss during the COVID-19 lockdown as it is less possible to conduct their jobs from home, suggests a new study.

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FULL STORY

Low income workers in developing countries face a higher risk of income loss during the Covid-19 lockdown as it is less possible to conduct their jobs from home, suggests a new study from UCL, Bank of Thailand, Universidad Carlos III de Madrid and GRIPS, Tokyo.

The study, published in *Covid Economics: Vetted and Real-Time Papers*, used Thailand as a case study but the findings are highly relevant for other countries with similar labour market structures -- specifically, those with a large share of self-employment and low social safety net.

Dr Suphanit Piyapromdee (UCL Economics) said: "The Covid-19 pandemic has disrupted working life in many ways, with the negative consequences around employment and pay, distributed unevenly under lockdown regulations.

"A substantially larger percentage of people in lower income groups have manual roles, such as construction (10% in Thailand; 11.5% in EU-27) or machine-based jobs, which means they can't work remotely and are without any income.

"Therefore without adequate government intervention to support income or employment for the poor, the adverse impact of Covid-19 could worsen income inequality."

The researchers found that low income workers, such as farmers and construction or factory workers, tend to work in jobs that require less physical proximity to other people at work than high income workers, such as office workers or school teachers.

However, as low income workers tend to be in occupations that are more machine-dependent and less ICT-enabled, this makes them less flexible to work remotely.

The findings provide useful insights for policymakers and leaders seeking to ease the lockdown, while carefully balancing pandemic containment and economic burdens.

Dr Nada Wasi (Bank of Thailand, Puey Ungphakorn Institute for Economic Research) said: "Our analysis suggests that workers in jobs which are not adaptable to work from home, but do not require frequent physical contact with others, should be allowed to return to their workplaces first. They account for one-third of workers from low income brackets.

"On the other hand, those who usually work in close physical proximity to others, but whose jobs are well-suited to work from home, may be the last to return to normalcy."

Dr Ponpoje Porapakkarm (GRIPS) pointed that: "Married couples from the lower income households are much more likely to be in similar occupations, and are highly concentrated in jobs not adaptable to work from home. Whereas, higher income workers have a lower correlation between husband and wife occupations."

Assessing occupational correlation, the study found 60% of couples from low income households are in similar occupations, such as manual labour, compared to 20% of high income households.

The researchers suggest that a means-tested emergency relief programs -- looking at household income as well as individual income -- would be more suitable than universal support programs in terms of targeting those working in most adversely affected occupations.

The research was carried out using data from Thailand's Labour Force Survey 2019 with information on various occupations and job requirements from the Occupational Information Network. This was used to evaluate the labour market risks arising from the Covid-19 crisis at both individual and household levels. They created a new set of pandemic-related categories, representing two important risks posed by the Covid-19 pandemic on workers: the risk of earnings losses when a worker is away from their regular workplace, and the risk of contracting or spreading the virus at the workplace. Workers in developing countries, like Thailand, also tend to be more exposed because of the jobs that they do.

Dr Warn N. Lekfuangfu (Universidad Carlos III de Madrid) said: "Our study takes the first step to analysing the impact of the pandemic from the labour supply side. Future research could also factor in labour demand, such as the decline in consumption and supply-chain effects, as well as worker re-distribution during the pandemic."

Story Source:

Materials provided by **University College London**. *Note: Content may be edited for style and length.*

Journal Reference:

1. Warn N. Lekfuangfu, Suphanit Piyapromdee, Ponpoje Porapakkarm, Nada Wasi. **On COVID-19: New Implications of Job Task Requirements and Spouse's Occupational Sorting**. *Covid Economics: Vetted and Real-Time Papers*, May 1, 2020; [link]
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