

Responding to Covid 19: Findings on Employment Related Adjustments from Household Survey in Bangladesh

Mustafizur Rahman

Distinguished Fellow, Centre For Policy Dialogue (CPD) and
Core Group Member, Citizen's Platform for SDGs, Bangladesh

13 December 2021

Conference on

**Bangladesh Emerging from the Pandemic:
Coping Experiences and Policy Choices**

Organised by



Citizen's Platform for SDGs, Bangladesh
এসডিজি বাস্তবায়নে নাগরিক প্ল্যাটফর্ম, বাংলাদেশ

In partnership with



সেন্টার ফর পলিসি ডায়ালগ (সিপিডি)
Centre for Policy Dialogue (CPD)

In association with

act:onaid



christian
aid

FRIEDRICH
EBERT
STIFTUNG



COOPERATION

PLAN
INTERNATIONAL



WaterAid



Acknowledgement

This presentation is based on a special publication titled *COVID-19 and Employment Related Adjustments: Findings from Household Survey in Bangladesh*, by Mustafizur Rahman, Towfiqul Islam Khan, Muntaseer Kamal, Nawshin Nawar, Marfia Alam, Md Sabbir Hossain.

Rahman, M., Khan, T. I., Kamal, M., Nawar, N., Alam, M., & Hossain, M. S. (2021). *COVID-19 and Employment Related Adjustments: Findings from Household Survey in Bangladesh*. Dhaka: Centre for Policy Dialogue (CPD) and Oxfam in Bangladesh.

Structure of Presentation

- ❖ **Relevance of the Discussion**
- ❖ **Context of Discussion**
- ❖ **Analytical Framework**
- ❖ **Survey Methodology**
- ❖ **Answers to Seven Key Questions Based on Survey Results**
- ❖ **Lessons and Learnings**
- ❖ **Conclusion**

Relevance of the Discussion

- Bangladesh is prone to regular natural disasters
- The **Covid** is primarily a **health-induced disaster**
- However, both have some common consequences for:
 - **Economy**
 - **Employment**
 - **Earnings**
- Households try to adjust to these adverse consequences in various ways
- The study findings to be presented are based on a survey carried out following the **first wave of the pandemic (March 2020)**
- In view of the **second wave of the pandemic (April-August 2021)** and likelihood of future repeat, the findings of this study are reckoned to have important learnings for future
- Household adjustments in view of the pandemic, the focus of this study, will hopefully throw important insights, lessons, and learnings for disasters in general, and not only those originating from the pandemic

Context of Discussion

- Since the first detection of COVID-19 in March 2020 and in the backdrop of the upward trends in the number of infections and deaths, **Bangladesh** has **experienced stoppages and slowdown** of economic activities
 - This has resulted in **the loss of employment and income** for a large number of people in the work force
- The adverse implications of the pandemic will no doubt have **ramifications in terms of attaining the SDGs** in Bangladesh
 - Given its labour abundance, **decent employment** (as is conceptualised in SDG 8) has **emerged** as a **critical concern** in Bangladesh, alongside health, in view of the COVID-19 pandemic
- **Loss of employment and income** induced by the pandemic and **subsequent adjustments at the individual and household levels** are expected to have an **impact on the attainment** of a **number of other goals** apart from SDG 8 including elimination of hardcore poverty and reduction of income inequality

Context of Discussion *(contd...)*

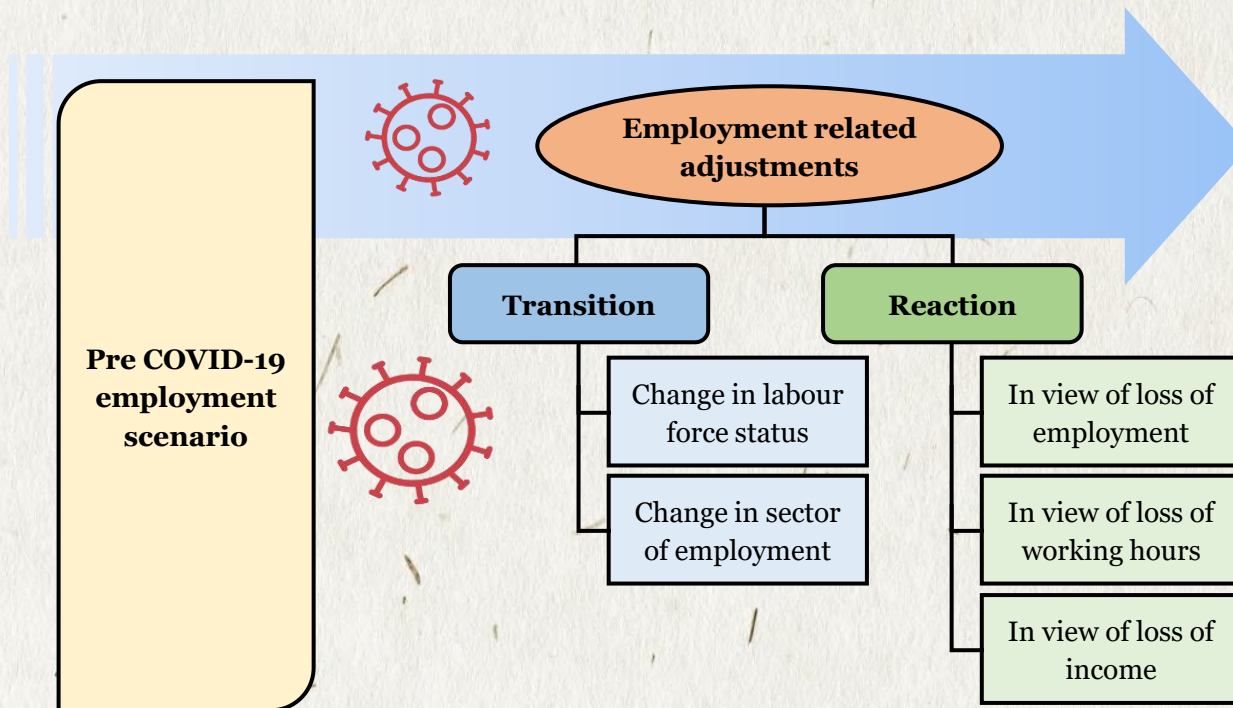
- The actual **impact of COVID-19 on employment** can be **best captured through** an in-depth study of the **adjustment processes pursued by individuals and households** concerning employment and income
- Study of these processes allows to have a **deeper understanding** of COVID-19-induced **vulnerabilities and risks, adjustments and opportunities**, and **efficacy of delivery of government policies**, as far as employment scenario is concerned
- Individual and household-level **adjustments in income and expenditure** critically **hinge on** the underlying **adjustments in terms of employment**
- An in-depth investigation into the employment adjustment processes could help **policymakers** to have **an informed understanding** as regards **what policies to pursue** to help those in the labour force who are vulnerable and at risk, to better adjust and cope with the emergent situation

Context of Discussion *(contd...)*

- The **primary objective** of the study was, thus, to **examine** in detail the **adjustment processes from the point of view of employment** as a consequence of the COVID-19 pandemic
- The study puts its spotlight not so much on labour market from a firm's perspective but on households as units of agents in the labour market
- In connection with the aforementioned objectives, the presentation seeks to answer the following seven key questions, as evinced from household survey
 1. *How the pandemic had impacted the employment scenario in Bangladesh?*
 2. *Where did the jobs get relocated?*
 3. *What happened to working hours?*
 4. *Did income and employment get restored to pre-COVID level?*
 5. *Were people satisfied with their present employment status?*
 6. *How did households try to cope with lower income?*
 7. *What does the impact of COVID-19 mean for income and inequality in the country and in going forward?*

Analytical Framework

Figure: Employment-related adjustments in view of COVID-19



Survey Methodology

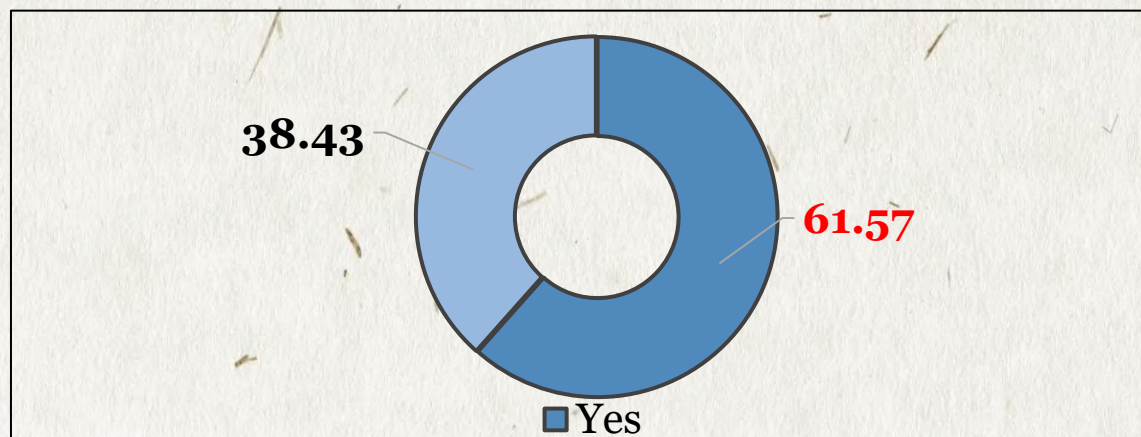
- The study employed an **integrated research approach** that involved **both quantitative** and **qualitative** tools and techniques
- A **nationally representative household survey** was conducted in **16 districts** of Bangladesh following the Labour Force Survey Framework
 - A total of **2600 households** were selected for the survey, ensuring **equal representation of rural and urban areas**
- **16 FGDs were conducted** as part of the qualitative research in order to draw additional insights, and complement the household survey findings
 - The FGDs were carried out with participation of **8 predefined groups** viz. RMG workers, returnee migrants, retail or sales workers, construction workers, transport workers, MSME entrepreneurs, hotel and restaurant workers, and domestic help (cleaners and housemaids)
- The **fieldwork** for the survey was conducted between **late January and early February 2021**
- **Did not capture the second wave of the pandemic**

Answers to Seven Key Questions Based on Survey Results

How the pandemic had impacted the employment scenario in Bangladesh?

- A large number of the employed population, i.e. more than 60%, lost their jobs at some point (mostly in April and May 2020 when the 'general holiday/lockdown' was in place) due to COVID-19

Figure: Respondents' perception (who were employed in February 2020) as regards becoming unemployed due to COVID-19 (in %, excluding not applicable responses)



Source: Calculated from household survey data.

Answers to Seven Key Questions Based on Survey Results *(contd...)*

How the pandemic had impacted the employment scenario in Bangladesh?

- **About 85% of the employed people in the pre-COVID period who had lost the jobs became unemployed for more than one month**
- **On a positive note, almost all these people were able to find a job by January-February 2021** when the adverse impact of COVID-19 started to recede

Table: Number of days respondents (who were employed in February 2020) remained unemployed as a result of COVID-19

| Days | Average days | Share of respondents |
|------------------|---------------------|-----------------------------|
| 1-30 | 27 | 15.15 |
| 31-60 | 57 | 32.35 |
| 61-90 | 89 | 24.48 |
| 91-120 | 120 | 14.01 |
| Above 120 | 181 | 14.01 |
| Total | 95 | 100.00 |

Source: Calculated from household survey data.

Answers to Seven Key Questions Based on Survey Results *(contd...)*

Where did the jobs get relocated?

- **Most of the incremental employment was generated in the agriculture sector.** At the same time, a **significant number of people left the services sector**
 - Given the **nature of economic recovery**, it is likely that **structural transformation went backwards**

Table: Share and growth of employed population aged 15 years and more, by broad economic sectors and rural-urban divide (in %)

| Sector | Share | | | | | | Growth | | |
|--------------------|---------------|--------|--------------|---------------|--------|--------------|------------------------------------|-------|--------------|
| | February 2020 | | | Survey period | | | Between Feb 2020 and survey period | | |
| | R | U | N | R | U | N | R | U | N |
| Agriculture | 31.03 | 7.43 | 24.31 | 34.89 | 8.91 | 27.54 | 17.66 | 24.36 | 18.24 |
| Industry | 18.65 | 25.36 | 20.56 | 18.32 | 25.88 | 20.46 | 2.80 | 5.84 | 3.86 |
| Services | 50.31 | 67.21 | 55.13 | 46.78 | 65.21 | 52.00 | -2.69 | 0.61 | -1.54 |
| Total | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 4.65 | 3.70 | 4.38 |

Source: Calculated from household survey data.

Note: 'R' indicates Rural, 'U' indicates Urban and 'N' indicates National

Answers to Seven Key Questions Based on Survey Results *(contd...)*

Where did the jobs get relocated?

- **Self-employed, contributing family members and day labourers have contributed to about 90% of the incremental jobs, indicating a substitution of formal by informal sector employment**

Table: Incremental share of employed population aged 15 and above, between February 2020 and survey period, by employment status, gender and location (in %)

| Employment status | Rural | | | Urban | | | National | | |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Employer | -0.22 | 1.66 | 1.44 | 1.61 | 0.00 | 1.61 | 1.39 | 1.66 | 3.05 |
| Self-employed | 7.20 | 17.44 | 24.64 | 5.02 | 7.00 | 12.02 | 12.21 | 24.44 | 36.66 |
| Contributing family member | 5.39 | 15.34 | 20.73 | 2.01 | 2.12 | 4.13 | 7.40 | 17.46 | 24.86 |
| Employee | 7.99 | 1.59 | 9.58 | -0.47 | 1.49 | 1.02 | 7.52 | 3.08 | 10.61 |
| Day labourer | 14.73 | 6.93 | 21.67 | 4.30 | 1.01 | 5.30 | 19.03 | 7.94 | 26.97 |
| Apprentice/intern/trainee | 1.20 | 0.15 | 1.35 | -0.08 | 0.00 | -0.08 | 1.12 | 0.15 | 1.28 |
| Domestic worker | N/A | -0.10 | -0.10 | N/A | 1.24 | 1.24 | 0.00 | 1.14 | 1.14 |
| Others | -0.87 | -2.51 | -3.39 | -1.60 | 0.42 | -1.18 | -2.47 | -2.09 | -4.56 |
| Total | 35.42 | 40.50 | 75.93 | 10.79 | 13.29 | 24.07 | 46.21 | 53.79 | 100.00 |

Source: Calculated from household survey data.

Answers to Seven Key Questions Based on Survey Results *(contd...)*

What happened to working hours?

- Although people could find employment, they are **working for a lower number of hours, on average, particularly in the agriculture sector, followed by the industry sector**

Table: Average weekly working hour per employed person, by broad economic sector

| Broad economic sector | Average weekly working hours | | | | | | Growth | | |
|-----------------------|------------------------------|----|----|---------------|----|----|---|--------|--------------|
| | February 2020 | | | Survey period | | | Between February 2020 and the survey period | | |
| | R | U | N | R | U | N | R | U | N |
| Agriculture | 37 | 34 | 37 | 35 | 29 | 34 | -5.41 | -14.71 | -8.11 |
| Industry | 56 | 53 | 55 | 54 | 50 | 53 | -3.57 | -5.66 | -3.64 |
| Services | 54 | 52 | 54 | 54 | 53 | 54 | 0.00 | 1.92 | 0.00 |
| Total | 49 | 51 | 50 | 48 | 50 | 48 | -2.04 | -1.96 | -4.00 |

Source: Calculated from household survey data.

Note: 'R' indicates Rural, 'U' indicates Urban and 'N' indicates National

- Despite absorbing a significantly higher number of jobs, **workers in the agriculture sector experienced the largest decline in average income**
- **Hidden unemployment has increased!**

Answers to Seven Key Questions Based on Survey Results *(contd...)*

Are incomes being restored to pre-COVID level?

- **Higher number of jobs failed to provide similar to pre-COVID or higher income.** There was income erosion
 - On average, **income loss was true for both individual and household levels.** About **45% of households had lower income compared to the pre-COVID-19 period**

Table: Growth rate of average monthly income of individuals, between February 2020 and the survey period, by sector of occupation and location

| Sector of occupation | Rural | Urban | National |
|---|---------------|---------------|---------------|
| Agriculture, forestry and fishing | -15.20 | -29.07 | -16.50 |
| Manufacturing | -13.83 | -10.68 | -12.75 |
| Construction | -5.54 | -12.94 | -8.39 |
| Other industries | 2.06 | 4.70 | 2.09 |
| Wholesale and retail trade, repair of motor vehicle | -12.73 | -15.57 | -13.86 |
| Transportation and storage | -7.39 | -11.02 | -8.66 |
| Accommodation and food services activities | 12.65 | -19.17 | -4.06 |
| Other services | -5.97 | -11.24 | -7.87 |
| Total | -11.31 | -12.97 | -11.92 |

Source: Calculated from household survey data.

Answers to Seven Key Questions Based on Survey Results *(contd...)*

Are incomes being restored to pre-COVID level?

- **Negative impact on income is not an urban phenomenon only!**
- Distress related to **loss of income** has been **observed** in **both urban and rural** areas
 - While the **decline in income** has been **higher for urban** areas compared to rural areas, the **difference has not been significantly high**

Table: Growth rate of average monthly income of individuals, between February 2020 and survey period, by age groups, location, and gender divide

| Age group | Rural | | | Urban | | | National | | |
|--------------|--------|--------|---------------|--------|--------|---------------|----------|--------|---------------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| 15-29 | -10.49 | -8.00 | -10.96 | -8.75 | -8.49 | -8.61 | -9.96 | -8.67 | -10.20 |
| 30-64 | -9.53 | -14.04 | -11.14 | -12.24 | -12.61 | -13.29 | -10.57 | -13.53 | -12.02 |
| 65+ | -14.58 | -2.72 | -13.99 | -18.20 | -16.19 | -19.41 | -15.46 | -6.59 | -15.31 |
| Total | -10.08 | -11.59 | -11.31 | -12.35 | -11.19 | -12.97 | -10.86 | -11.54 | -11.92 |

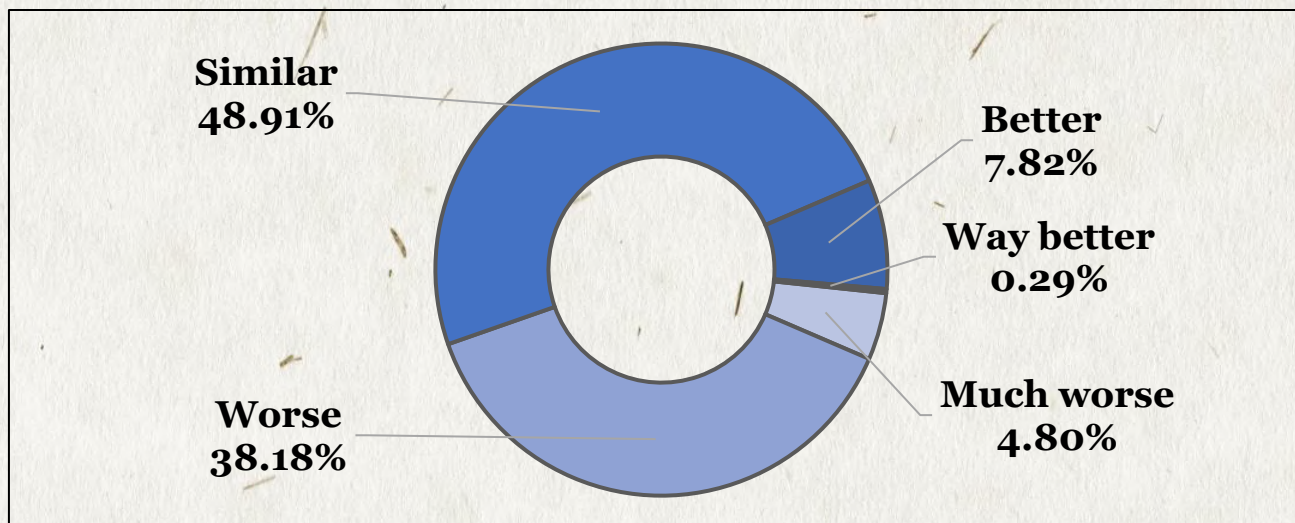
Source: Calculated from household survey data.

Answers to Seven Key Questions Based on Survey Results *(contd...)*

Are people satisfied with their present employment status?

- **More than 40%** of the **employed population** reported that their **employment situation** was **worse** than the pre-COVID-19 period
 - About **86%** of **individuals** reported that they are **not earning enough** to **meet their daily necessities**

Figure: Comparison between pre and post COVID-19 employment situation based on respondents' perception (excluding not applicable responses)



Source: Calculated from household survey data.

Answers to Seven Key Questions Based on Survey Results *(contd...)*

How did the households try to cope with lower income?

- **More people are looking for jobs;** there has been a **considerable surge in labour force participation**, including on the part of **women**
 - It is likely that **lower income** at the **individual** level **forced** a **higher number** of household members **to seek employment**. The **higher incremental contribution** of the **female** and **youth** cohorts in the labour force **confirms** this **phenomenon**
 - These **jobs** are **created mainly** in **agriculture** sector with lower pay and lower working hours

Table: Incremental share of labour force aged 15 years and above, between February 2020 and survey period, by age group, gender and location (in %)

| Age group | Rural | | | Urban | | | National | | |
|--------------|-------|--------|-------|-------|--------|-------|----------|--------|--------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| 15-29 | 24.79 | 14.59 | 39.38 | 16.92 | 8.40 | 25.32 | 41.71 | 22.99 | 64.70 |
| 30-64 | 6.57 | 23.62 | 30.19 | -3.58 | 6.08 | 2.50 | 2.98 | 29.70 | 32.69 |
| 65+ | 1.14 | 0.00 | 1.14 | 0.88 | 0.59 | 1.47 | 2.02 | 0.59 | 2.61 |
| Total | 32.50 | 38.21 | 70.71 | 14.22 | 15.08 | 29.29 | 46.72 | 53.28 | 100.00 |

Source: Calculated from household survey data.

Answers to Seven Key Questions Based on Survey Results *(contd...)*

How did the households try to cope with lower income?

- The **decline in income led to lower expenditure** of households
 - About **78%** of the surveyed **individuals** had **reduced expenditure** to cope with the impact of the COVID-19 pandemic, while **52% households** **changed dietary pattern involuntarily**
- About **half of households** experienced a **decline in savings**
- **More than half** of the **households** had to **resort to borrowings**. The **average loan** size of the households has **doubled** in the last year
- **Support** from the **government** was **limited**
 - Only **20% of the households** could **receive** some form of **government support**, as was found in the survey. Indeed, a **higher number** of households **received support from private sources**, i.e. friends, family, neighbours and private charity

Answers to Seven Key Questions Based on Survey Results *(contd...)*

Table: Household level coping strategies of respondents who became unemployed, or whose working hours have reduced or whose income has decreased due to COVID-19

| Household level coping strategies | Of the respondents who became unemployed | Of the respondents whose working hours decreased | Of the respondents whose income decreased | All households |
|--|--|--|---|----------------|
| Obtained credit | 60.91 | 59.17 | 61.69 | 56.42 |
| Changed dietary pattern involuntarily | 55.31 | 55.91 | 56.23 | 52.84 |
| Relied on savings | 52.09 | 50.64 | 54.18 | 46.94 |
| Unconditional help provided by relatives/friends | 51.53 | 46.12 | 46.16 | 46.39 |
| Unconditional help provided by government | 23.23 | 25.51 | 24.23 | 20.37 |
| Reduced expenditure on health and education | 13.13 | 12.14 | 14.04 | 12.78 |
| Received support from private transfers | 6.50 | 5.62 | 6.35 | 5.40 |
| Sale of assets | 4.84 | 5.86 | 6.34 | 5.40 |
| Did not need any help | 3.83 | 3.87 | 2.47 | 7.70 |

Source: Calculated from household survey data.

Answers to Seven Key Questions Based on Survey Results *(contd...)*

What does the impact of COVID-19 mean for income and inequality in the country?

- The **decline in income** has pushed a **significant number** of people **into lower-income groups** - indicating a **higher poverty incidence**

Table: Income category wise distribution of individuals during February 2020 and survey period (in %)

| Income Category (in Tk.) | Share | | | | | | Growth | | |
|-----------------------------|---------------|-------|-------|---------------|-------|-------|--|--------|--------|
| | February 2020 | | | Survey period | | | Between Feb 2020 and the survey period | | |
| | R | U | N | R | U | N | R | U | N |
| 0-2500 | 18.75 | 9.05 | 15.99 | 22.03 | 12.78 | 19.41 | 22.92 | 46.5 | 26.72 |
| 2600-5000 | 10.83 | 10.72 | 10.80 | 13.70 | 12.32 | 13.31 | 32.44 | 19.13 | 28.67 |
| 5100-7500 | 13.32 | 12.97 | 13.22 | 15.43 | 15.83 | 15.54 | 21.15 | 26.58 | 22.67 |
| 7600-10000 | 28.46 | 29.13 | 28.65 | 26.46 | 29.30 | 27.26 | -2.70 | 4.29 | -0.68 |
| 10100-15000 | 22.05 | 23.18 | 22.37 | 18.07 | 19.94 | 18.60 | -14.25 | -10.79 | -13.23 |
| 15100-20000 | 4.85 | 8.69 | 5.95 | 3.39 | 4.90 | 3.82 | -26.8 | -41.54 | -32.94 |
| 20100-30000 | 1.46 | 4.72 | 2.39 | 0.77 | 3.83 | 1.63 | -45.17 | -15.93 | -28.72 |
| 30100-40000 | 0.16 | 1.12 | 0.43 | 0.11 | 0.77 | 0.30 | -25.94 | -28.73 | -28.00 |
| 40100-50000 | 0.06 | 0.17 | 0.09 | 0.05 | 0.28 | 0.11 | -24.98 | 74.18 | 25.58 |
| 50000+ | 0.05 | 0.25 | 0.11 | 0.00 | 0.06 | 0.02 | -100 | -75.91 | -83.77 |

Source: Calculated from household survey data.

Note: 'R' indicates Rural, 'U' indicates Urban and 'N' indicates National

Answers to Seven Key Questions Based on Survey Results *(contd...)*

What does the impact of COVID-19 mean for income and inequality in the country?

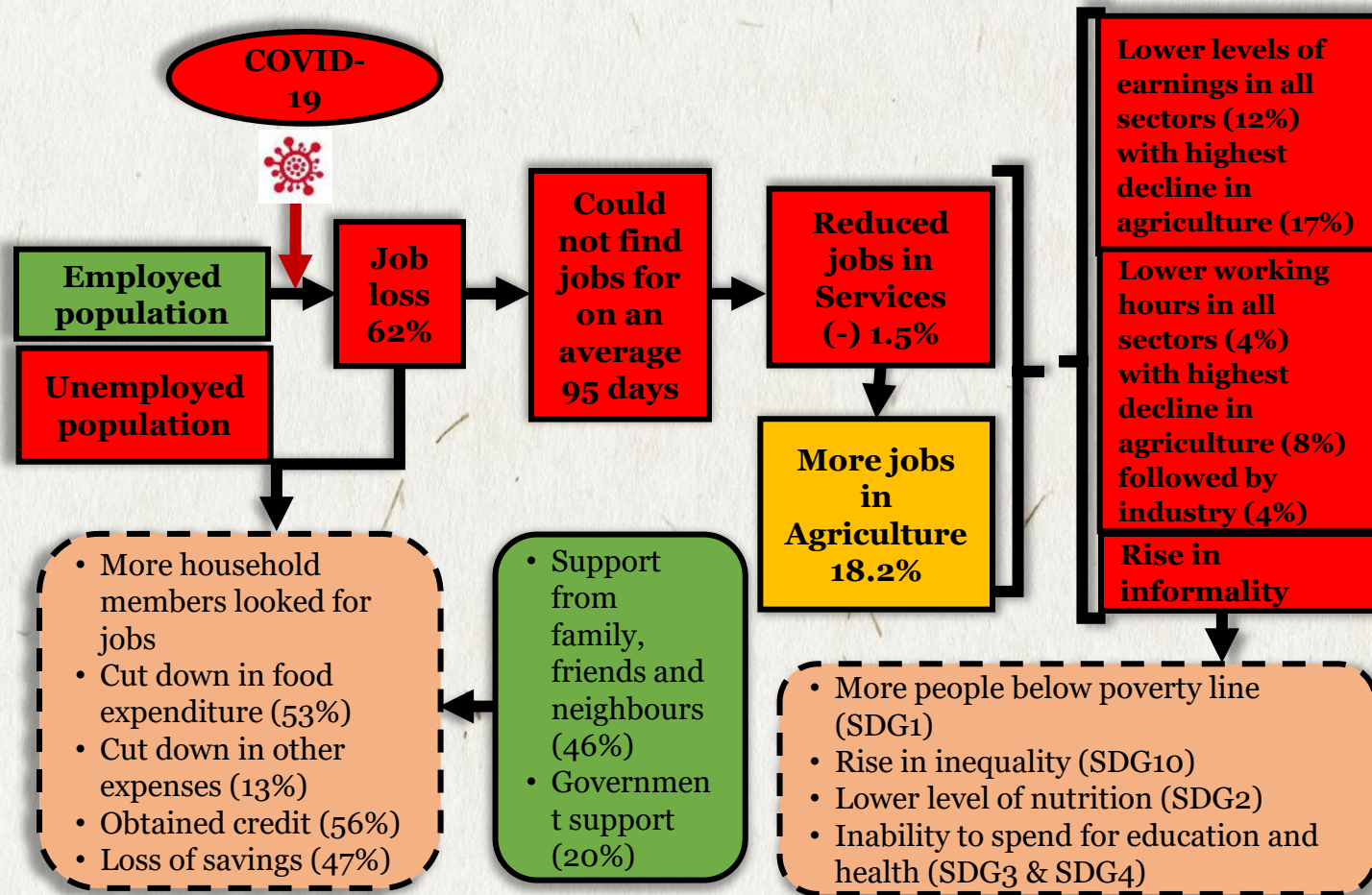
- **Income inequality** also **worsened** as manifested by lower income share of the bottom half of the population in terms of income

Table: Percentage distribution of income accruing to household in groups (deciles) in February 2020 and survey period

| Decile group | February 2020 | | | Survey period | | |
|--------------|---------------|--------|----------|---------------|--------|----------|
| | Rural | Urban | National | Rural | Urban | National |
| Decile-1 | 4.47 | 2.33 | 3.35 | 3.91 | 2.24 | 3.04 |
| Decile-2 | 6.73 | 4.19 | 5.40 | 6.28 | 4.13 | 5.17 |
| Decile-3 | 7.77 | 5.30 | 6.48 | 7.32 | 5.43 | 6.34 |
| Decile-4 | 7.88 | 6.89 | 7.36 | 8.41 | 6.17 | 7.25 |
| Decile-5 | 8.56 | 8.09 | 8.32 | 8.07 | 8.19 | 8.13 |
| Decile-6 | 10.66 | 7.60 | 9.07 | 9.25 | 9.35 | 9.30 |
| Decile-7 | 10.68 | 10.54 | 10.61 | 10.82 | 9.66 | 10.22 |
| Decile-8 | 12.14 | 11.60 | 11.86 | 13.21 | 11.26 | 12.20 |
| Decile-9 | 13.51 | 15.62 | 14.61 | 15.31 | 14.40 | 14.84 |
| Decile-10 | 17.60 | 27.85 | 22.94 | 17.42 | 29.18 | 23.53 |
| Total | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |

Source: Calculated from household survey data.

Lessons and Learnings



Conclusion

- **Disasters**, be it **natural-disaster** induced, **economic crisis** induced or **health risk-**induced, leave footprints of different intensities over **prolonged period**
- While **immediate support measures** help to **mitigate the urgent needs of individuals and households**, for the **marginalised groups**, **restoration and rejuvenation of labour market** is one of the key pathways to **sustainable recovery of the marginalised and the 'pushed behind'**
- Accordingly, **policy responses** in view of employment scenario and the labour market need to be **designed** considering **immediate, short term and medium term ramifications** of the pandemic. As we have seen from the survey, these have varied in terms of nature, intensity and impact
- **In view of the immediate challenges**, there is an **urgent need to enhance cash transfers** to the **marginalised and affected households**
 - **Households urgently need to withstand the immediate loss** of income and reduced expenditure. **Higher consumption expenditure** will also help to **boost domestic demand** and **create opportunities for employment**
 - **Higher coverage and budgetary allocation** are **required** for SSNPs in the form of cash transfer
 - **Investment in labour-intensive rural road and infrastructure** would be **beneficial** to stimulate the **rural economy**
 - **Public investment projects** need to be **prioritised** to **address the vulnerabilities in the labour market**, **depressed state of private investment** as also to **prepare for sustainable recovery**

Conclusion *(contd...)*

- Over the **short term**, the **stimulus packages** will need to be **redesigned in view of the pandemic experience** (lower access and availability as borne out by the survey)
- High cost borrowing will likely put many families into the debt trap. More **credit at a subsidised rate** required for farmers and low-income people
 - **More importance** should be **given** to extending support **through NGOs** and **microfinance institutions**
- Over the **medium term**, the aspiration of '**build back better**' ought to **guide the path** to economic **recovery**
 - To **sustainably enhance decent job opportunities**, private sector will need to play a **more strong role**. For this to happen, **investment in infrastructure, strengthening of labour market institutions, emphasising skill development** and **reforms in doing business** will be called for **to attract private investment** from both domestic and foreign sources

Conclusion *(contd...)*

- **The overall employment scenario, going beyond unemployment rate, should be a critical metric to assess the level, nature, trend and success of recovery from the crisis**
 - **The COVID-19 pandemic and its impacts are still unfolding. There is a heightened need to monitor the impacts of attendant developments on the labour market scenario on a continuous basis. In view of repeat waves, this need has become both necessary and urgent**
- **The overwhelming majority of work force in Bangladesh is employed in the informal economy, majority in CSMEs. One lesson that can be drawn from the study, and which will be pertinent and relevant in dealing with any future risks of similar type, is to keep the CSMEs at the centre of any plan which aims at sustainable recovery from the crisis**

Thank You



cpd.org.bd



[cpd.org.bd](https://www.facebook.com/cpd.org.bd)



[cpdbd](https://twitter.com/cpdbd)



[CPDBangladesh](https://www.youtube.com/CPDBangladesh)



www.bdplatform4sdgs.net



[BDPlatform4SDGs](https://www.facebook.com/BDPlatform4SDGs)



[BDPlatform4SDGs](https://twitter.com/BDPlatform4SDGs)



[Citizen'sPlatformforSDGsBangladesh](https://www.youtube.com/Citizen'sPlatformforSDGsBangladesh)