BRIEF - III

WORLD BANK GROUP

Poverty and Equity
Global Practice

COVID-19 Monitoring Survey in Poor and Slum Areas of Dhaka and Chittagong

Bangladesh Labor Market Situation as of Round 2

SEPTEMBER 2 - OCTOBER 11, 2020

To track the impacts of the COVID-19 crisis on labor markets and household coping strategies, a rapid phone survey was implemented on a representative sample of households living in poor and slum areas of Dhaka and Chittagong City Corporations (CCs). This brief, the third in the series, summarizes results from the first and second rounds of the rapid phone survey, conducted from June 10 to July 10, 2020, and from September 2 to October 11, 2020 (see annex 1 for details of the survey design). Ninety-four percent of respondents interviewed in the first survey round were reached in the second round. This brief focuses on how the labor market situation evolved between the two rounds.[1]

Main messages

By September 2020, Dhaka and Chittagong labor markets showed signs of recovery in employment. The share of adults working in the week preceding the interview rose 10 percentage points between July and September 2020, from 50 to 60 percent. Employment transitions between rounds 1 and 2 showed that the strong increases in employment were driven by respondents who had been unemployed or absent from work in round 1.[2] About 63 percent of the workers returning to work were in the same type of occupation as before the crisis. The gains were more pronounced in occupations outside the garment and transport sectors.

Employment recovered faster in Chittagong, reaching pre-COVID-19 levels, while Dhaka remained about 14 percentage points below pre-COVID-19 employment levels. In Dhaka, the share of adults reporting work in the week preceding the interview increased by 9 percentage points, while in Chittagong this share grew by 12 percentage points. By September-October, about 6 in 10 adults in both cities reported working in the week preceding the interview. Comparisons with pre-COVID-19 employment suggest that Chittagong had returned to levels similar to those seen before the crisis. This was not true for Dhaka, where pre-COVID-19 employment rates had been higher, at about 74 percent. Employment increases were seen for both slum and non-slum areas in both cities.

Substantial employment gains for women and men largely stemmed from reductions in unemployment and absenteeism. Despite the improvements, both men and women in Dhaka were still below the employment levels observed before the crisis, with women further behind. The share of males working increased by 16 percent between the two survey rounds (from 74 to 86 percent). In contrast, the share of women working rose by 33 percent, reaching 28 percent of adult females. Reductions in unemployment, absenteeism, and inactivity contributed almost equally to the employment growth seen for males. In the case of women, 75 percent of employment gains came from reductions in absenteeism and the remainder from declines in unemployment. Pre-COVID-19 employment shares suggest that employment for both genders in Chittagong had recovered to pre-COVID-19 levels. In contrast, men in Dhaka were still about 10 percentage points below pre-COVID-19 employment levels. Employment among women in Dhaka remained 20 percentage points lower than before the crisis, about 60 percent of pre-crisis levels.

Earnings and revenues have not recovered fully. For monthly wage and salaried workers, median earnings in September 2020 were 10 per-

[1] For more details, see https://worldbankgroup.sharepoint.com/sites/Poverty/Pages/SARDataLabBD-05112020-164923.aspx. The first labor market brief in this series can be accessed through this link. The second brief, on coping and safety nets, can be found here.

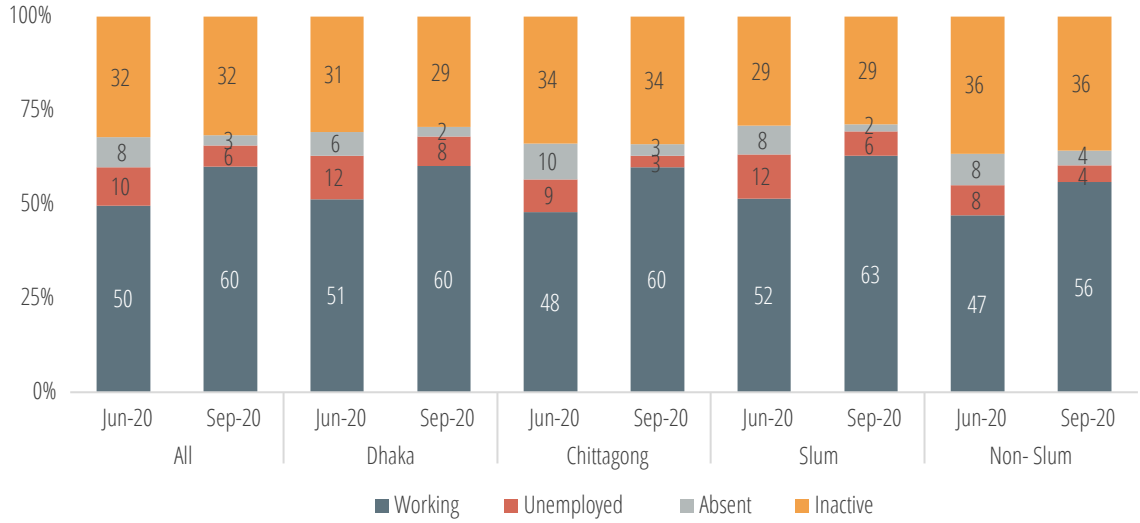
[2] In this analysis, respondents actively searching for jobs are classified as unemployed. Respondents are described as absentees if they are not currently working but are also not looking for jobs, because they expect to go back to their original employment. Respondents who are out of the labor force are classified as inactive.

cent below the usual pre-COVID-19 amounts. For self-employed workers and business owners, median revenues in September were two-thirds of the usual values before COVID-19.

Salaried and wage workers still report substantial uncertainty about keeping their jobs. For wage and salaried workers, in survey round 2, about 34 percent of respondents were not sure they would be able to keep their job the next month, and 4 percent indicated that they did not expect to have a job next month. Among self-employed workers, 15 percent reported not being sure that their business would still be operating the following month. These figures reflect some improvement in levels of reported uncertainty compared to round 1, particularly for self-employed workers.

Findings

Figure 1. Labor market status in the week preceding the survey
(% of respondents)



Note: 'Inactive' describes respondents out of the labor force. 'Unemployed' are those who are actively searching for jobs. Temporarily absent are those who are not looking for jobs because they expect to go back to their original employment.

Labor market information collected between September and October 2020 showed increases in employment in poor and slum areas of Dhaka and Chittagong CCs, compared to June-July 2020. The percentage of adults reporting work in the week preceding the interview increased by 10 percentage points, from 50 to 60 percent, between the first and second rounds of the monitoring survey. The gains in employment were associated with a reduction in the share of respondents unemployed or absent from work, and no change in the share of adults out of the labor force (figure 1). The share of respondents actively seeking jobs declined from 10 to 5.6 percent, and the percentage absent from work dropped from 8 to 3 percent between the two rounds. Meanwhile, the share of adults out of the labor force remained at around 32 percent in both survey rounds.[3]

Employment transitions between rounds 1 and 2 show strong increases in activity for those who were unemployed and absent from work. Around 56 percent of adults who were unemployed in June 2020 were working by September-October 2020 (table 1 and appendix table 1). Sixty-two percent of those who had a job from which they were absent

[3] This recovery is consistent with improved mobility trends during September and October. Based on Google Mobility Trends, mobility in workplaces recovered to levels observed before March 2020. Comparing with other countries in the region, workplace mobility trends in Bangladesh are in line with the recovery observed in Afghanistan and Pakistan.

Table.1 Labor status transitions between June-July and September-October 2020 (% of adults)

		Round 2 (September-October)				
		Working	Unemployed searching	Absent from work	Inactive	Total
Round 1 (June-July)	Working	90	3	3	5	**100**
	Unemployed searching	56	24	5	14	**100**
	Absent from work	62	15	6	17	**100**
	Inactive	14	2	2	83	**100**
	Total	60	6	3	32	100

Note: Table refers to all adults interviewed in both rounds 1 and 2. 'Inactive' describes respondents out of the labor force. 'Unemployed' are those who are actively searching for jobs. Temporarily absent are those who are not looking for jobs because they expect to go back to their original employment.

in June reported actively working again. For respondents who were out of the labor market in June, 80 percent continued in this situation during the second survey round, while 14 percent started work between the two rounds. Despite the positive signs pointing towards more employment, 10 percent of respondents who were actively working in June had stopped working by the second round. In addition, 14 percent of those who were unemployed in June reported being out of the labor force by the second round. Similarly, 17 percent of those absent from work in June reported being inactive in September-October. However, these movements into inactivity do not seem to reflect discouragement with the job-seeking process. For males, the main reported reasons for leaving the labor force were old age or sickness unrelated to COVID-19. Among females, the main reason for becoming inactive was family responsibilities.

Employment increased in both cities, but the gains in Chittagong were large enough to reach pre-COVID-19 employment levels. In Dhaka, the percentage of adults reporting work increased by 9 percentage points, while in Chittagong this share grew by 12 percentage points. By September-October, about 6 in 10 adults in both cities reported working in the week preceding the interview. Before COVID-19, about 74 and 61 percent of respondents in Dhaka and Chittagong, respectively, were engaged in an income-generating activity in the month preceding their baseline survey.[4] This suggests that poor areas of Chittagong have recovered to employment levels similar to those observed before COVID-19, while Dhaka remains at least 14 percentage points below pre-COVID-19 employment levels.[5] For Chittagong, the gains in employment between rounds 1 and 2 came from large reductions in unemployment and absenteeism, with no change in the share of those out of the labor force. In the case of Dhaka, the gains in employment were accompanied by declines in unemployment and absenteeism and a slight decline in inactivity. Unemployment fell 5.5 percentage points in Chittagong and 4 percentage points in Dhaka. The percentage of respondents absent from their jobs declined from 6.4 to 2.5 percent in Dhaka, and from 9.6 to 3 percent in Chittagong.

Both slum and non-slum areas showed improvements in employment. The percentage of adults working increased from 52 to 63 percent in slums and from 47 to 56 percent in non-slum poor areas. The share of unemployed respondents decreased by half in both areas, while the share out of the labor force remained the same, compared to the first round of the survey.

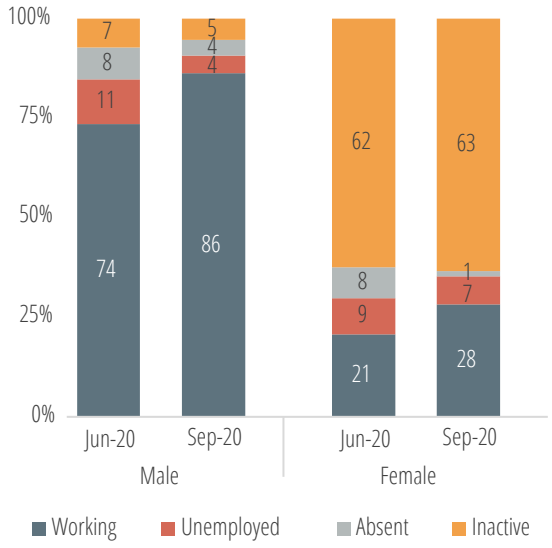
The share of respondents employed has increased for both genders. The percentage of

[4] Baseline surveys took place between July and September 2018 in Dhaka and between September and October 2019 in Chittagong.

[5] Note that the reference periods in the baseline and first follow-up surveys are different (30 days versus 7 days, respectively); thus, an exact employment change cannot be calculated. Since the employment rate with a longer reference period would be higher, it is reasonable to conclude that employment levels in Chittagong were returning to pre-COVID-19 levels by the time of round 2.

men working increased by 16 percent between the two rounds (from 74 to 86 percent). In contrast, the share of women working rose by 33 percent, reaching 28 percent of adult females (figure 2 and appendix table 2). Reductions in unemployment, absenteeism, and inactivity contributed almost equally to the employment growth seen for males. In the case of women, 75 percent of the employment gains came from reductions in absenteeism and the remaining change from declines in unemployment. Despite employment gains for women, there was also a slight increase in inactivity, by 1 percentage point. Family responsibilities (e.g., housewife, caretaker) were the main factor cited by women who were unemployed or absent from their jobs in round 1 and then left the labor force altogether by round 2.

Figure 2. Employment status by gender (%)

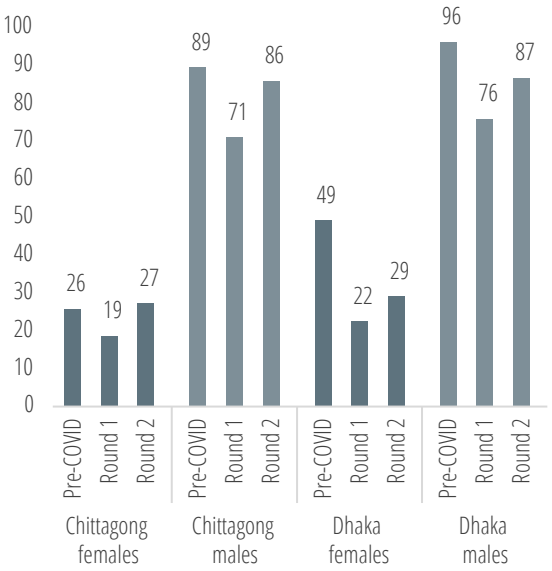


Note: 'Inactive' describes respondents out of the labor force. 'Unemployed' are those who are actively searching for jobs. Temporarily absent are those who are not looking for jobs because they expect to go back to their original employment.

Pre-COVID-19 employment shares, though not strictly comparable, suggest that employment for both men and women in Chittagong has recovered to pre-COVID-19 levels. In contrast, both men and women in Dhaka were still below the employment rates observed before the pandemic, with women farther behind. Between rounds 1 and 2, employment in Chittagong increased 21 and 45 percent for males and females, respectively. In Dhaka over the same period, employment increased 14 and 30 percent for males and females, respectively. Figure 3 compares employment across time for the same respondents. It shows that, in Chittagong, the shares of men and women working in round 2 had reached levels similar to those observed before the crisis. In the case of Dhaka, both men and women were below pre-COVID-19 figures, with women's employment in Dhaka in September-October 2020 standing at about 60 percent of the pre-crisis rate.

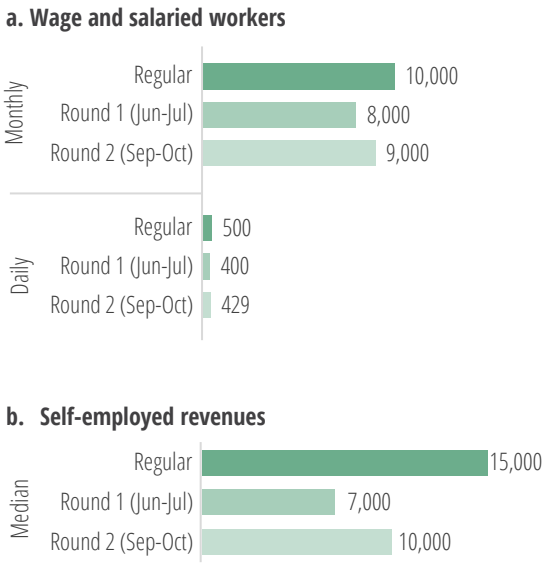
Of respondents who reported losing their employment due to COVID-19 in round 1, some 57 percent reported working by the second-round interview and 63 percent of them returned to the same occupation. Gains in employment were observed for absent, unemployed, and inactive respondents (appendix table 3). However, around 23 percent of those who had lost their employment by round 1 were inactive in round 2, 15 percent were still looking for a job, and another 6 percent were absent from their job. A regression analysis indicates that impacted workers living in Chittagong, those living in slum areas, and male respondents were significantly more likely to

Figure 3. Percentage of adults working, by city and gender



Note: Pre-COVID-19 baseline data refer to employment in the past 30 days. Round 1 and 2 data refer to employment in the past 7 days. Baseline data for Chittagong was collected between September and October 2019. Baseline data for Dhaka was collected between July and September 2018.

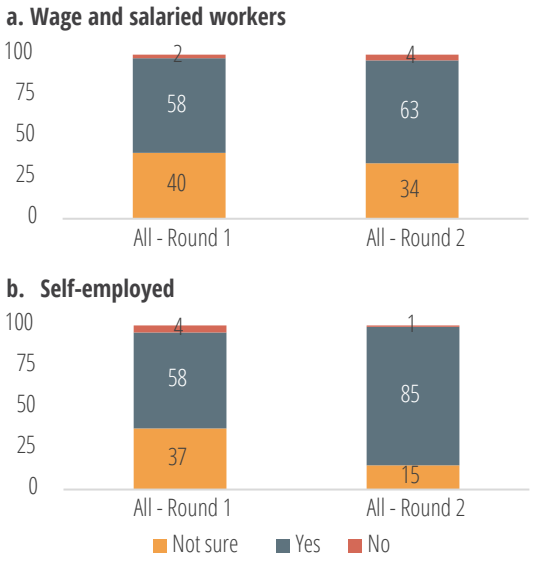
Figure 4. Median earnings across rounds, by employment category, in Takas



Note: Figures based on cross-sectional data.

Figure 5. Expectations about keeping current employment or business running next month, rounds 1 and 2

(% of adults who worked in the past week)



start employment by round 2 (appendix table 4). A comparison of occupations, indicates that 63 percent of those who lost their employment due to COVID and started working again returned to the same occupation.[6]

Gains were more pronounced in occupations outside the garment and transport sectors. Regression analysis presented in appendix table 1 indicates that most occupations showed significant increases in employment (conditional on place of residence, gender, and age). Gains were slightly smaller for workers who were originally in the garment and transport sectors (excluding rickshaw drivers).[7]

Earnings and revenues have not recovered fully. Figure 4 shows median earnings for self-employed and wage/salaried workers across rounds. The figures indicate some recovery compared to the period June-July 2020. However, earnings are still below the usual amounts reported before COVID-19. For monthly wage and salaried workers, median earnings in June 2020 were 20 percent below the usual earnings reported before the pandemic. By September, median earnings had risen somewhat but remained 10 percent lower than the pre-COVID-19 usual amounts. A similar change was seen for daily workers. For the self-employed and business owners, median revenues in June were about half the usual amounts, while by September they had risen to two-thirds of the usual values before COVID-19.[8]

Overall, salaried and wage workers still report substantial uncertainty about keeping their jobs (figure 5)**.** In round 2, about 34 percent of salaried and wage workers were not sure that they would be able to keep their jobs for the next month, and 4 percent stated that they did not expect to have a job next month. Among self-employed workers, 15 percent indicated not being sure that their business would still be operating the next month. These results indicate some improvement in levels of uncertainty compared to round 1, particularly for self-employed workers. However, respondents' uncertainty about future employment remains high.

[6] Same occupation does not necessarily imply the same job as before, as workers may have switched employers or some aspects of the work.

[7] The occupation variable in this regression refers to the occupation of the adult respondent before job loss due to COVID-19.

[8] Comparisons based on values for usual earnings and revenue need to be interpreted with care, as respondents' recollection of usual amounts may differ from the actual amounts received in the week or month preceding the interview. In addition, the values in Takas are obtained from simple questions that can be asked in a phone survey. They may not align with figures from more detailed and face-to-face surveys.

APPENDIX 1.

Survey Details

The monitoring survey built on baseline surveys conducted before the COVID-19 crisis. The monitoring survey sample for Dhaka is a follow-up of the DIGNITY (Dhaka low Income area GeNder, Inclusion, and poverTY) survey, which was representative of low-income areas and slums of the Dhaka City Corporations and an additional low-income site from the Greater Dhaka Statistical Metropolitan Area, following a two-stage stratification design. The primary sampling units were selected during the first stage using probability proportional to size (PPS), stratified by the poverty headcount ratio estimated using small-area techniques. All the households in the selected enumeration areas were listed during the second stage, from which 20 households were selected for interviewing based on demographic stratification. The second level of stratification was defined as follows: (i) households with both working-age male and female members; (ii) households with only a working-age female; (iii) households with only a working-age male. Households were randomly selected from each stratum with the predetermined ratio of 16:3:1.[9] The DIGNITY survey, administered between July and September 2018, collected information from 2,376 individuals across 1,302 households.

The monitoring survey in Chittagong is a follow-up of the CITY (Chittagong Low Income Area Inclusion and PoverTY) survey carried out in Chittagong City Corporation following the same sampling strategy as in the DIGNITY survey. Data was collected from 1,289 individuals across 805 households between September and October 2019.

For the monitoring survey, a representative sub-sample of 1,500 households out of a total 2,107 baseline households was targeted. The recontact rate was 1,483 households (99.5 percent). In this first tracking survey, 1,483 out of the 3,665 adults surveyed in baseline were covered. The first tracking survey was conducted between June 10 and July 10, 2020. The second tracking survey aimed to reach all the respondents interviewed in the first tracking survey. The final recontact rate was 94 percent. The main reason for non-response was the inability of interviewers to reach respondents by phone. The number of observations lost due to attrition was 89 respondents. Analysis of selection indicates that missing respondents were more likely to be males and to live in Chittagong. The numbers of observations missing across key categories (area and gender) are too small to affect inferences at that level.

[9] Kotikula, A.; Hill, R.; Raza, WA (2019). What Works for Working Women? Understanding Female Labor Force Participation in Urban Bangladesh. Report. Washington, DC: World Bank.

APPENDIX TABLES

Appendix table. 1 Labor status transitions between June-July and September-October 2020 (% of adults)

		Round 2 (September-October)				
		Working	Unemployed searching	Absent from work	Inactive	Total
Round 1 (June-July)	Working	45	1	1	2	50
	Unemployed searching	6	3	1	1	10
	Absent from work	5	1	0	1	8
	Inactive	5	1	1	27	32
	Total	60	6	3	32	100

Note: Table refers to all adults interviewed in both rounds 1 *and* 2. 'Inactive' describes respondents out of the labor force. 'Unemployed' are those who are actively searching for jobs. Temporarily absent are those who are not looking for jobs because they expect to go back to their original employment.

Appendix table. 2 Labor status transitions between June-July and September-October 2020 (% of adults) by gender

Males

		Round 2 (September-October)				
		Working	Unemployed searching	Absent from work	Inactive	Total
Round 1 (June-July)	Working	69	1	2	1	74
	Unemployed searching	7	2	1	1	11
	Absent from work	6	1	1	0	8
	Inactive	4	0	0	3	7
	Total	86	4	4	5	100

Females

		Round 2 (September-October)				
		Working	Unemployed searching	Absent from work	Inactive	Total
Round 1 (June-July)	Working	16	1	0	3	21
	Unemployed searching	4	3	0	2	9
	Absent from work	3	1	0	3	8
	Inactive	5	1	1	55	62
	Total	28	7	1	63	100

Note: Table refers to all adults interviewed in both rounds 1 *and* 2. 'Inactive' describes respondents out of the labor force. 'Unemployed' are those who are actively searching for jobs. Temporarily absent are those who are not looking for jobs because they expect to go back to their original employment.

Appendix table. 3 Labor status transitions between June-July and September-October 2020: Adults who stopped actively working during round 1 due to COVID-19 (% of adults)

		Round 2 (September-October)				
		Working	Unemployed searching	Absent from work	Inactive	Total
Round 1 (June-July)	Unemployed searching	58	23	5	14	100
	Absent from work	63	14	6	17	100
	Inactive	47	5	6	43	100
	Total	57	15	6	23	100

Appendix table 4. Linear probability model for being employed in round 2 for those who stopped actively working due to COVID-19 in round 1

VARIABLES	Basic (1)	With occupation (2)
Dhaka	-0.0979	-0.140**
	(0.0686)	(0.0665)
Slum	0.241***	0.228***
	(0.0688)	(0.0712)
Female	-0.323***	-0.339***
	(0.0647)	(0.0873)
Age	0.0165***	0.00331
	(0.00157)	(0.00271)
Occupation		
Rickshaw drivers		0.669***
		(0.147)
Garment worker		0.424***
		(0.135)
Transport worker		0.356*
		(0.190)
Construction worker		0.484***
		(0.186)
Retail/sales worker		0.688***
		(0.177)
Porter/day laborer		0.640***
		(0.138)
Maid/servant		0.475***
		(0.156)
Other wage worker		0.436**
		(0.179)
Professional/skilled		0.711***
		(0.183)
Own account - retail/trade		0.610***
		(0.143)
Own account - other		0.636***
		(0.147)
Observations	352	351
R-squared	0.605	0.666

Note: Robust standard errors in parentheses. Variables used as controls were measured in round 1. Occupation refers to activity before losing employment.

*** p<0.01, ** p<0.05, * p<0.1