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

Bangladesh Labor Market Situation as of Round 3

JANUARY 13 – FEBRUARY 27, 2021

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 fifth in the series, summarizes results from the first, second, and third rounds of the rapid phone survey, conducted from June 10 to July 10, 2020, from September 2 to October 11, 2020, and from January 13 to February 27, 2021, respectively. Eighty-eight percent of respondents interviewed in the first and second survey rounds were reached in the third round (see annex 1 for details of the survey design and response rates). This brief focuses on how the labor-market situation evolved between the rounds a year after the onset of the crisis.[1]

Main messages

Labor market information collected between January and February 2021 showed continued improvements in employment in poor and slum areas of Dhaka and Chittagong CCs, compared to June 2020. The share of adults reporting work in the week preceding the interview increased by 16 percentage points, from 50 to 66 percent, between June 2020 and February 2021. On average, the share of respondents actively seeking jobs and absent from work fell to less than 2 percent by February 2021.[2] Employment increased in both cities, with the gains in Chittagong large enough to reach pre-COVID-19 employment levels.

The share of respondents employed recovered for both genders, though the employment level of women in Dhaka still lag far below their pre-COVID-19 levels, and inactivity rates for women have risen. Pre-COVID-19 employment shares,[3] though not strictly comparable, suggest that employment for both men and women in Chittagong has recovered to pre-pandemic levels. In contrast, women in Dhaka were still about 8 percentage points below their employment levels prior to COVID-19. In addition, inactivity rates among women increased from 62 to 67 percent between June 2020 and February 2021. 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 3.

About 2 in 3 adults who lost jobs due to COVID-19 and were still not working by Febru-ary 2021 were women. Despite improvements, around 24.5 percent of those who had lost their employment due to the pandemic were out of the labor force by February 2021. Importantly, 82 percent of those cases were women.

Around 4 in 10 of those who started to work again after being impacted by COVID-19 regained jobs by switching their occupation. For those who lost their employment due to COVID-19 and started work again, only 59 percent returned to the same occupation. Workers who are living in Dhaka, those in slum areas, and women, were more likely to return to the same occupation. Yet, about 76 percent of those who recovered their employment remained in the same employment category (daily, wage, or self-employed worker).

While revenues from self-employment have not recovered fully, median earnings for salaried and wage workers seem to have bounced back to levels commonly reported before the pandemic. For monthly wage and salaried workers, median earnings in June 2020 were 20 percent below the earnings reported before the pandemic. By February 2021, median earnings were 3 percent lower than the pre-COVID-19 amounts. A similar recovery is seen for daily workers' wages. However, for the self-employed and business owners[4], gains have been slower. Median revenues for these workers in June 2020 were about half the pre-COVID-19 amounts, and in February 2021, only recovered to the level 20 percent below the pre-crisis values.[5]

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[1] Previous briefs can be found here.
[2] Figures based on respondents interviewed in the three rounds. Comparisons using cross-sectional data on all respondents show very similar shares.
[3] Employment is calculated as the share of adults who reported work in the past week over all adults.

[4] Due to the nature of the survey, it is likely these are small business owners.
[5] 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 in-

Findings

Figure 1. Labor market status in the week preceding the survey *(% of respondents)*
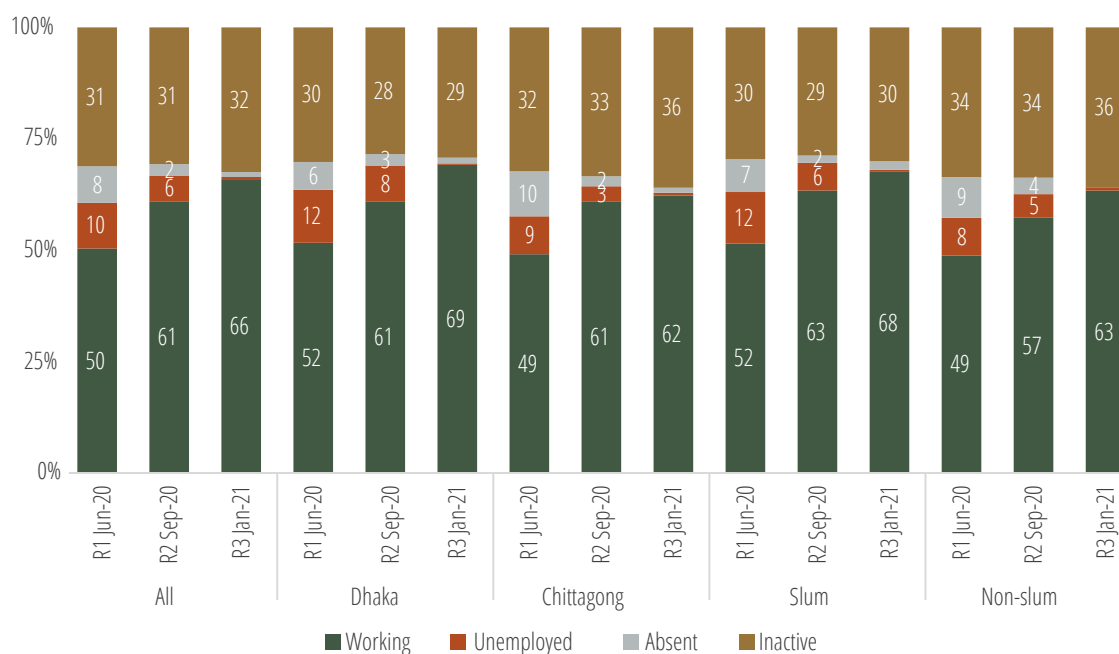
Note: Figures based on all adults interviewed in the three rounds. 'Inactive' describes respondents out of the labor force. 'Unemployed' are those who are actively searching for jobs. Temporarily 'absent' describes those who are not looking for jobs because they expect to go back to their original employment.

Labor market information collected between January and February 2021 showed continued improvements in employment in poor and slum areas of Dhaka and Chittagong CCs, compared to June 2020 (Figure 1). The percentage of adults reporting work in the week preceding the interviews increased by 16 percentage points, from 50 percent in June 2020 to 66 percent in February 2021. The gains in employment were accompanied by 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. On average, the share of respondents actively seeking jobs and absent from work fell to less than 2 percent by February 2021. Meanwhile, the share of adults out of the labor force remained at around 32 percent.[6]

The employment transition data between June 2020 and February 2021 shows that not all the reductions of absenteeism and

unemployment translated into employment because of those who exited the labor force since June. Among those adults who were unemployed in June 2020, around 82 percent of them had resumed working by February 2021 (table 1), but 15.5 percent had exited the labor force. Sixty-nine percent of those who were employed but were absent from their jobs in June 2020 reported actively working again by February 2021, but 29 percent exited the labor force. In addition, 6 percent of respondents who were actively working in June 2020 had exited the labor force by the third survey round. These labor market exits were offset by new entrants (17.6 percent of adults who were inactive in June 2020), keeping the overall inactivity rates relatively constant across the three survey rounds.

Employment increased in both cities, largely coming from reductions in unemployment and absenteeism. Between June 2020 and February 2021, the percentage of adults reporting work increased by 17 percentage points in Dhaka, while in Chittagong this share grew by 13 percentage points. By February 2021, about 69 percent of adults in Dhaka and 62 percent of adults in Chittagong reported working in the week preceding the interview.

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terview. 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.

[6] Figures based on respondents interviewed in the three rounds. Comparisons using cross-sectional data on all respondents show very similar shares.

Table 1. Labor status transitions between June-July 2020 and January-February 2021 (% of adults)

		Round 3 (Jan-Feb 2021)				
		Working	Unemployed searching	Absent from work	Inactive	Total
Round 1 (Jun-Jul 2020)	**Working**	92.1	0.4	1.5	6.0	**100**
	Unemployed searching	82.1	0.4	2.0	15.5	**100**
	Absent from work	68.6	0.6	1.5	29.4	**100**
	Inactive	17.6	0.6	0.3	81.5	**100**
	Total	65.9	0.5	1.2	32.4	100

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

Before COVID-19, about 74 and 62 percent of respondents in Dhaka and Chittagong, respectively, were engaged in an income-generating activity in the month preceding their baseline surveys.[7] [8] For both cities, the gains in employment between rounds 1 and 3 came from large reductions in unemployment and absenteeism. The percentage of respondents absent from their jobs declined from 6 to 1 percent in Dhaka, and from 10 to 1 percent in Chittagong. Unemployment fell 8 percentage points in Chittagong and 12 percentage points in Dhaka, reaching less than 1 percent in both cities.

Both slum and non-slum areas showed improvements in employment. The percentage of adults working increased from 52 to 68 percent in slums and from 49 to 63 percent in non-slum poor areas between June 2020 and February 2021. The share of unemployed respondents decreased to less than 1 percent in both areas, while the share out of the labor force remained around the same levels, compared to the first round of the survey. Appendix figure 1 confirms that the employment recovery has been seen across slum and non-slum areas within both cities.
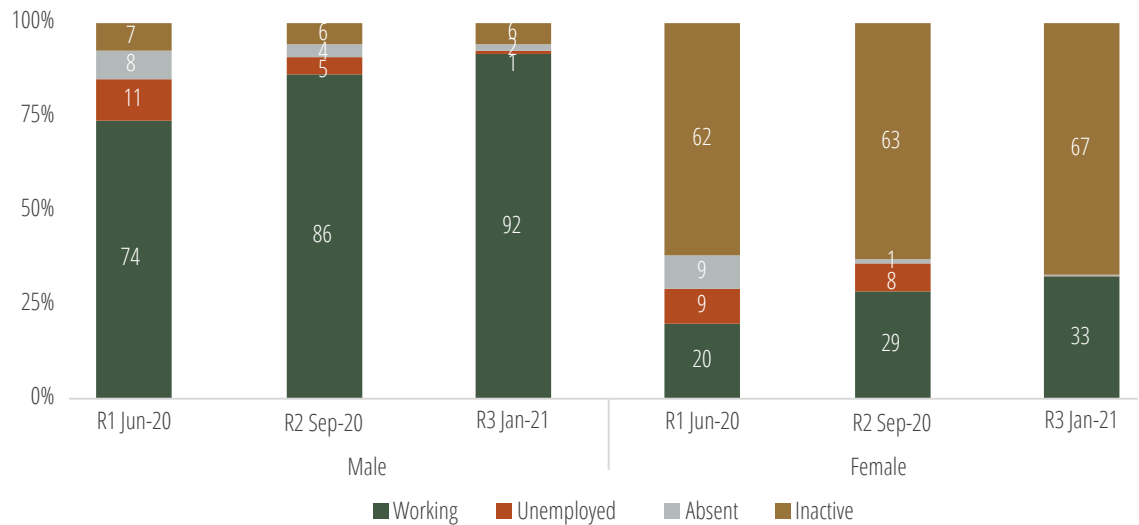
The share of respondents employed has increased for both genders, though the share of women employed in Dhaka still lags far below their pre-COVID-19 level. The share of men working increased by 18 percentage points between June 2020 and February 2021 (from 74 to 92 percent). In contrast, the share of women working rose 13 percentage points from 20 to 33 percent over the same period (figure 2). Between June 2020 and February 2021, employment in Chittagong increased by 19 and 6 percentage points for males and females, respectively. In Dhaka over the same period, employment increased by 17 and 18 percentage points for males and females, respectively. Figure 3 compares employment across time for the same respondents across cities and by gender.

Inactivity rates for women have also risen since June 2020. Improvements in employment mask different transitions in and out of the labor force by gender (appendix table 1). Between June 2020 and February 2021, about 4 percent of men who were unemployed, and 19 percent of men absent from work exited the labor force, while 65 percent of those inactive in June started work. In contrast, 34 percent of unemployed women and 41 percent of women absent from work in June 2020 exited the labor force by February 2021. Only 10 percent of women inactive in June 2020 subsequently entered the labor force. Thus, overall inactivity rates increased for women from 62 to 67 percent over this period. 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 (e.g., housewife, caretaker).

[7] Baseline surveys took place between July and September 2018 in Dhaka and between September and October 2019 in Chittagong.
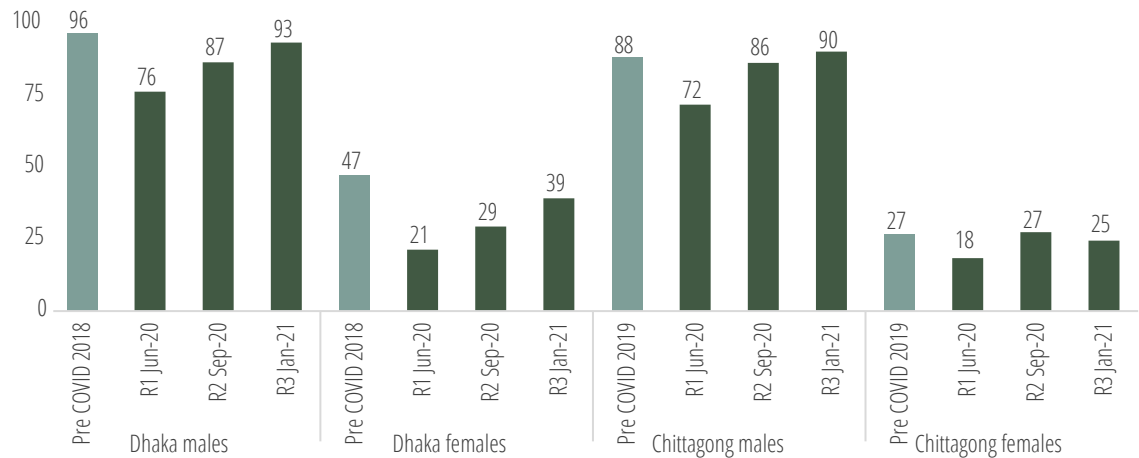
[8] Note that the reference periods in the baseline and first follow-up surveys are different (30 days versus 7 days, respectively); thus, an exact employment change cannot be calculated. Since the employment rate with a longer reference period would be higher, it is reasonable to conclude that employment levels in Chittagong were returning to pre-COVID-19 levels by the time of round 3.

Figure 2. Employment status by gender (%)

	Working	Unemployed	Absent	Inactive

Male — R1 Jun-20: Working 74, Unemployed 11, Absent 8, Inactive 7
Male — R2 Sep-20: Working 86, Unemployed 5, Absent 4, Inactive 6
Male — R3 Jan-21: Working 92, Unemployed 1, Absent 2, Inactive 6
Female — R1 Jun-20: Working 20, Unemployed 9, Absent 9, Inactive 62
Female — R2 Sep-20: Working 29, Unemployed 8, Absent 1, Inactive 63
Female — R3 Jan-21: Working 33, Inactive 67

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

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

Dhaka males — Pre COVID 2018: 96, R1 Jun-20: 76, R2 Sep-20: 87, R3 Jan-21: 93
Dhaka females — Pre COVID 2018: 47, R1 Jun-20: 21, R2 Sep-20: 29, R3 Jan-21: 39
Chittagong males — Pre COVID 2019: 88, R1 Jun-20: 72, R2 Sep-20: 86, R3 Jan-21: 90
Chittagong females — Pre COVID 2019: 27, R1 Jun-20: 18, R2 Sep-20: 27, R3 Jan-21: 25

Note: Pre-COVID-19 baseline data refer to employment in the past 30 days. Round 1, 2, and 3 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.

Among adults who lost jobs due to COVID-19 and were still not working by February 2021, 2 out of 3 were women. About 73 percent of respondents who had lost their jobs due to COVID-19 in June 2020 were working by February 2021 (appendix table 2). However, around 24.5 percent of those who had lost their employment by round 1 were out of the labor force by round 3, while the remaining were either absent or unemployed. Importantly, 66 percent of those still not working were women, and 82 percent of those who were out of the labor force were women. A regression analysis indicates that impacted workers living in non-slum areas and female respondents were significantly less likely to be employed by round 3 (appendix table 3). Most occupations showed significant increases in employment (conditional on place of residence, gender, and age).[9]

About 4 in 10 of those who gained employment after being impacted by COVID-19 changed their occupation. A comparison of occupations indicates that, for those working in both round 1 and round 3, 77 percent were working in the

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

Figure 4. Share of workers reporting the same occupation in round 3 as in round 1, by round 1 labor market status and occupation
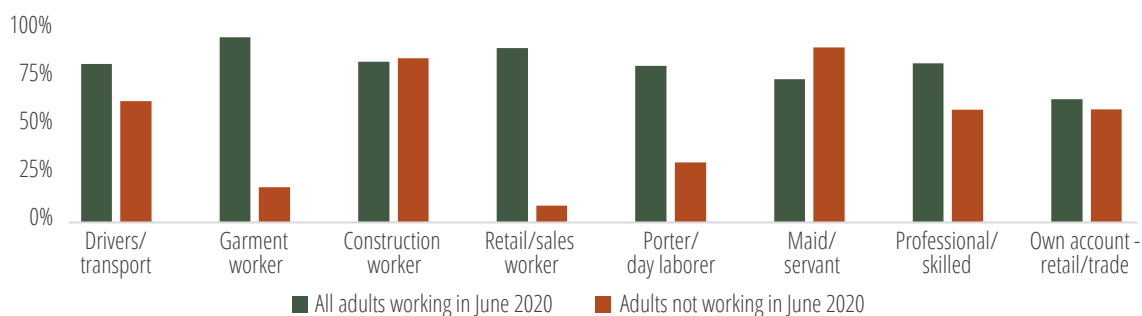
Note: Figure shows the percentage of workers who remained in the same occupation in February 2021 (survey round 3) as in June 2020 (round 1), across a range of occupations. Green bars indicate percentages for respondents who reported working in June 2020. Orange bars show results for those who reported not working in June 2020. Thus, the orange bars represent workers who initially lost their employment due to COVID-19, then began working again by February 2021.

Figure 5. Median earnings across rounds, by employment category, in Takas
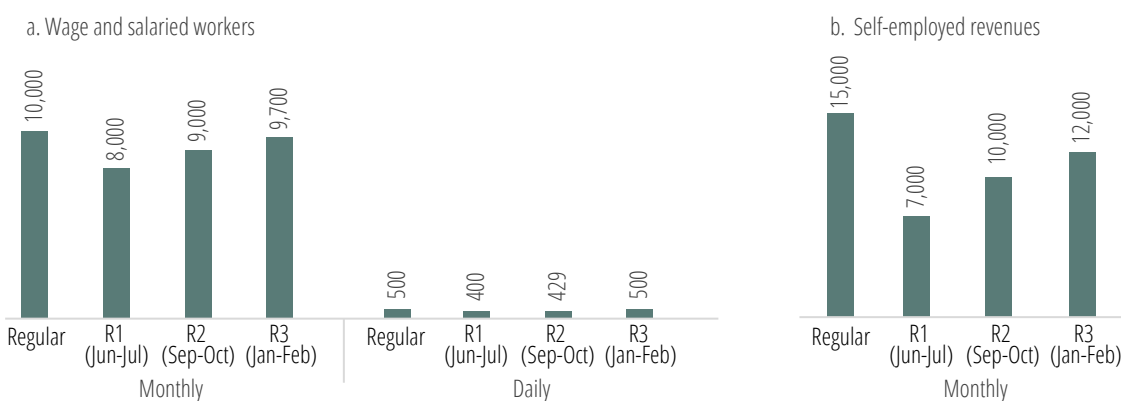
Note: Figures based on cross-sectional data.

same occupation. However, for those who lost their employment due to COVID-19 and then started work again, only 59 percent returned to the same occupation. A conditional regression indicates that workers living in Dhaka, those in slum areas, and women were more likely to return to the same occupation. Workers engaged in garments, retail and sales, and day labor before losing their jobs due to COVID-19 were significantly more likely to change occupation (Figure 4).[10] However, about 76 percent of those who recovered their employment remained in the same employment category (daily, wage, or self-employed worker).

While revenues from self-employment have not recovered fully, median earnings for salaried and wage workers seem to have bounced back to levels reported before the pandemic. Figure 5 shows median earnings for self-employed

and wage/salaried workers across rounds. The figures indicate a considerable improvement compared to June 2020. Median earnings have reached amounts closer to the amounts reported before COVID-19. For monthly wage and salaried workers, median earnings in June 2020 were 20 percent below the earnings reported before the pandemic. By February 2021, median earnings for these groups were just 3 percent lower than the pre-COVID-19 amounts. A similar recovery is seen for daily workers' wages. However, for the self-employed and business owners, gains have been slower. These groups' median revenues in June 2020 were about half the usual amounts, and in February 2021 their revenues remained 20 percent below the usual pre-crisis values.[11]

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[11] 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.

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[10] Due to small sample sizes, there is no clear pattern regarding job-switchers' new occupations.

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.[12] The DIGNITY survey, administered between July and September 2018, collected information from 2,376 individuals across 1,302 households.

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[12] Kotikula, A., Hill, R., and Raza, W.A. 2019. *What Works for Working Women? Understanding Female Labor Force Participation in Urban Bangladesh*. Washington, DC: World Bank.

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 the 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 took place between September 2 and October 11, 2020. The third tracking survey, conducted from January 13 to February 27, 2021, aimed to reach all respondents interviewed in the first tracking survey. The final recontact rate was 88 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 178 respondents. Analysis of selection indicates that missing respondents were significantly more likely to live in Chittagong. However, the numbers of observations missing across key categories (area and gender) are too small to affect inferences at that level.

APPENDIX TABLES

Appendix table 1. Labor status transitions between June-July 2020 and January-February 2021 (% of adults), by gender

Males		Round 3 (Jan-Feb 2021)				
		Working	Unemployed searching	Absent from work	Inactive	Total
Round 1 (Jun-Jul 2020)	Working	95	1	2	2	100
	Unemployed searching	95	1	0	4	100
	Absent from work	78	1	3	19	100
	Inactive	65	4	3	29	100
	Total	92	1	2	6	100

Females

|		Round 3 (Jan-Feb 2021)				
		Working	Unemployed searching	Absent from work	Inactive	Total
Round 1 (Jun-Jul 2020)	**Working**	76	0	0	24	100
	Unemployed searching	62	0	4	34	100
	Absent from work	59	0	0	41	100
	Inactive	10	0	0	90	100
	Total	33	0	0	67	100

Note: Table refers to all adults interviewed in both rounds 1 and 3. 'Inactive' describes respondents out of the labor force. 'Unemployed' are those who are actively searching for jobs. Temporarily 'absent' describes 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 2020 and January-February 2021: Adults who stopped actively working during round 1 due to COVID-19 (% of adults)

		Round 3 (Jan-Feb 2021)				
		Working	Unemployed searching	Absent from work	Inactive	Total
Round 1 (June-July 2020)	**Unemployed searching**	84	0	2	14	100
	Absent from work	71	1	0	28	100
	Inactive	59	3	2	36	100
	Total	73	1	1	25	100

Appendix figure 1. Percentage of adults working, by city and area
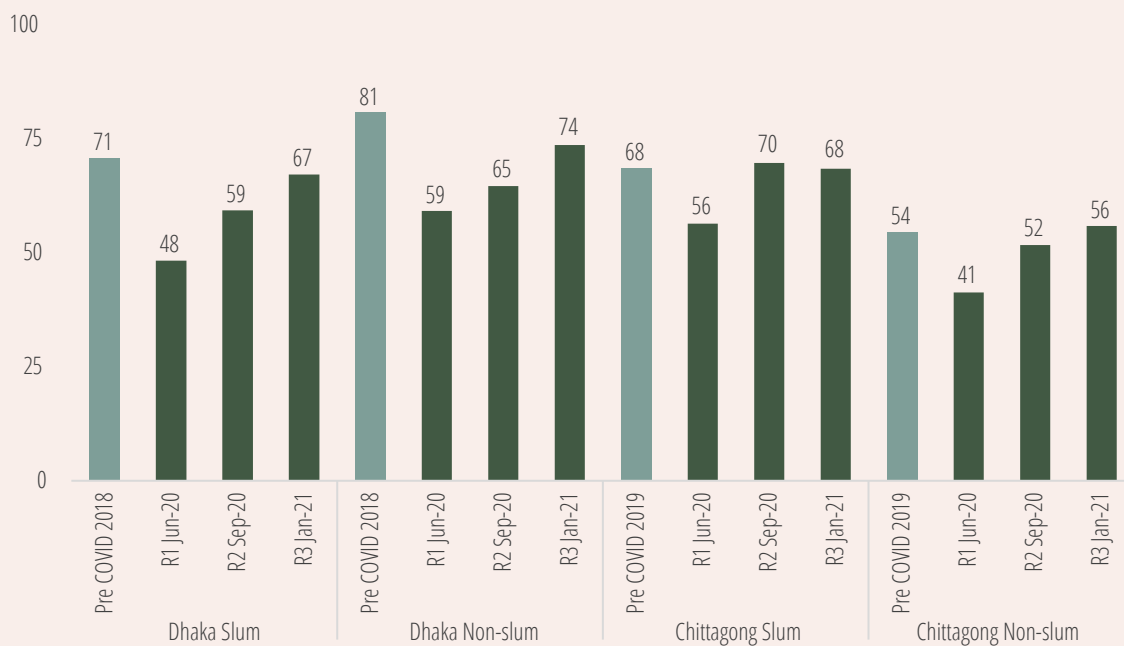
Appendix table 3. Linear probability model for being employed in round 3 for those who stopped actively working due to COVID-19 in round 1

	Base	With occupation
VARIABLES	(1)	(2)
Dummy Dhaka	0.124*	0.043
	(0.068)	(0.060)
Dummy Slum	0.179***	0.127*
	(0.064)	(0.067)
Dummy Female	-0.286***	-0.334***
	(0.066)	(0.086)
Age	0.018***	-0.000
	(0.002)	(0.003)
Occupation		
Driver		0.742***
		(0.146)
Garment worker		0.510***
		(0.149)
Transport worker		0.779***
		(0.136)
Construction worker		0.769***
		(0.173)
Retail/sales worker		0.763***
		(0.193)
Porter/day laborer		0.897***
		(0.111)
Cleaning/housemaid		0.792***
		(0.167)
Wage other		0.802***
		(0.197)
Professional/skilled		0.912***
		(0.171)
Own account - retail/trade		0.797***
		(0.140)
Own account - other		0.826***
		(0.156)
Observations	333	332
R-squared	0.713	0.789
Constant	NO	NO

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