



RESEARCH NEWSLETTER

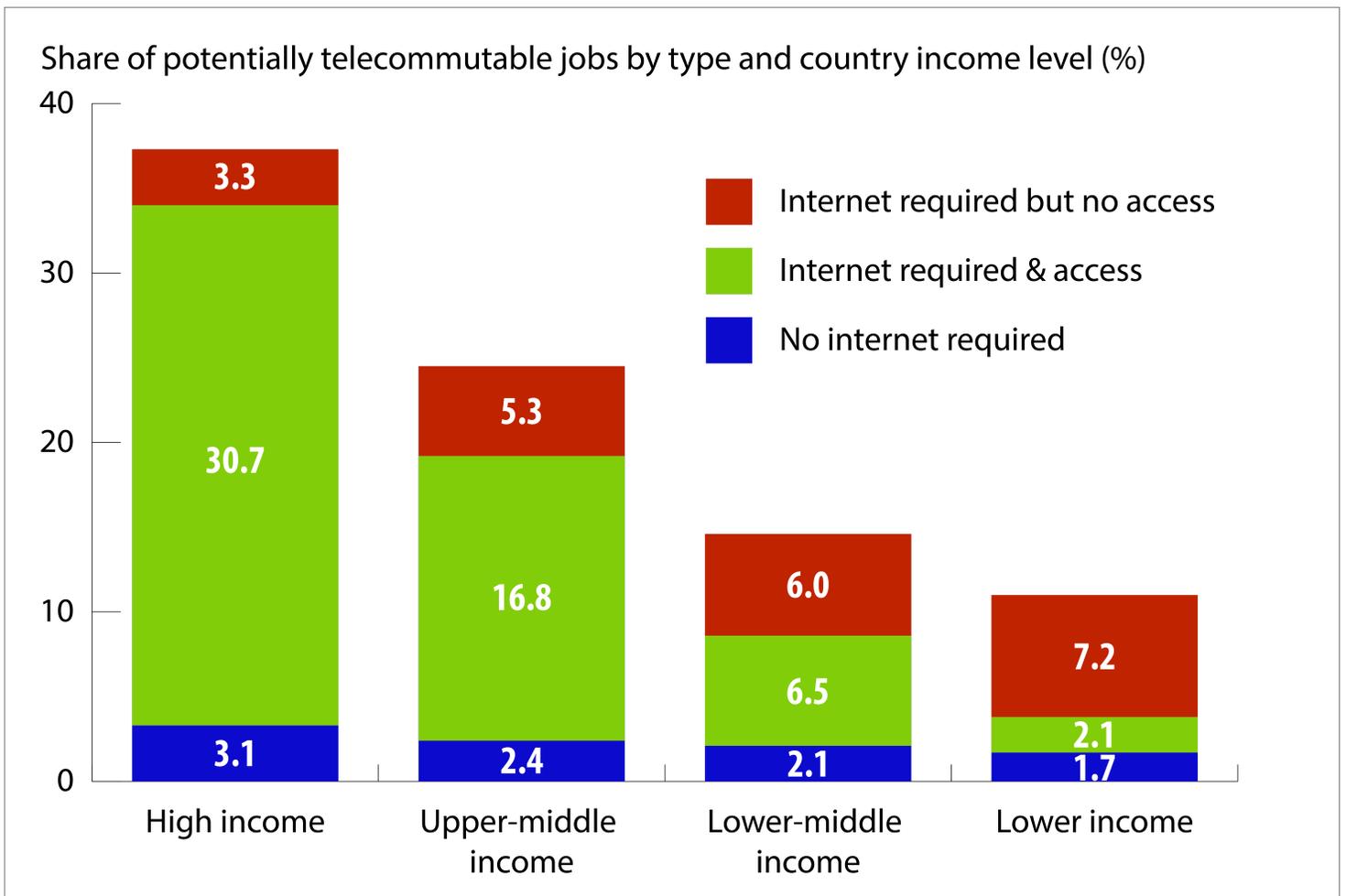
Labor Markets | July 2020

This month's newsletter rounds up recent research on labor markets and also highlights possible longer-term impacts of the COVID-19 pandemic on the structure of labor markets in developed and developing economies.

FEATURED

[Who on Earth Can Work from Home?](#)

Daniel Garrote Sanchez, Nicolas Gomez Parra, [Caglar Ozden](#), [Bob Rijkers](#), Mariana Viollaz, and Hernan Winkler, World Bank Policy Research Working Paper 9347, July 2020



This figure presents the share of telecommutable jobs by country income level, weighted by the size of their employed population and separating between types of home-based work. Developing countries are doubly disadvantaged; not only do they have fewer potentially telecommutable jobs, but internet access is also far more binding when compared to richer economies.

COVID-19 has worsened inequality in the labor market, and the digital divide has exacerbated this effect. Jobs that can be done from home are less at risk but very scarce, especially in low-income countries where internet access is often severely limited and there are fewer theoretically telecommutable jobs to start with. Those already more vulnerable — the young, low-paid, and unskilled workers — will bear the brunt of labor market shocks from COVID-19.

Also see:

[The Labor Market Impacts of COVID-19](#)

The COVID-19 outbreak has sparked deep concerns about the effects of the pandemic shock on employment. In this webinar on July 6, panelists discussed new research on how COVID-19 is rapidly changing labor market outcomes around the globe. Chair: William Maloney. Panelists: Nicholas Bloom (Stanford University), Edward Glaeser (Harvard University), Bob Rijkers (World Bank), and David Autor (MIT).

[Video and Event Materials](#) | [Development Policy and COVID-19 eSeminars](#)

RESEARCH HIGHLIGHTS

✓ [Gender Pension Gaps in a Private Retirement Accounts System: A Dynamic Model of Household Labor Supply and Savings](#)

Clément Joubert, World Bank Policy Research Working Paper 9322, July 2020

Chile has one of the longest running nationwide private retirement accounts systems in the world. In operation since 1980, the system was reformed in 2008 to alleviate old-age poverty and reduce gender pension gaps. Three design features significantly reduced gender pension gaps: expanding minimum pension benefit eligibility, providing a per-child pension bonus, and increasing women's retirement age to be equal to men's.

✓ [Women in the Pipeline: A Dynamic Decomposition of Firm Pay Gaps](#)

Jishnu Das and Clément Joubert, World Bank Policy Research Working Paper 9295, June 2020

A new dynamic decomposition method that accounts for pipeline effects and a changing firm environment can help shed light on pay gaps within a firm. This method is applied to 27 years of personnel records from the World Bank Group and finds that 77 percent of the current aggregate gender pay gap comes from historical differences in the types of positions for which men and women were hired.

✓ [Measuring Employment: Experimental Evidence from Urban Ghana](#)

Rachel Heath, Ghazala Mansuri, Bob Rijkers, William Seitz, and Dhiraj Sharma, World Bank Policy Research Working Paper 9263, June 2020.

The way people are interviewed impacts labor market statistics. Interviewing people over the phone instead of in person reduces the reported incidence of employment by 8 percentage points, the number of days worked each week by 0.6, and the number of hours by 7. In addition, the commonly used reference period of one-week significantly underestimates the incidence of self-employment.

✓ [Software Adoption, Employment Composition, and the Skill Content of Occupations in Chilean Firms](#)

Rita K. Almeida, Ana M. Fernandes, and Mariana Viollaz, The Journal of Development Studies 56 (1): 169-185, 2020 | [Working Paper Version](#)

This study assesses the impact of the adoption of advanced software on the task content of occupations at the firm-level in Chile. The advanced software leads firms to reallocate employment away from professional and technical workers toward administrative and unskilled workers and is linked to the use of more routine and manual tasks and less abstract tasks. These findings suggest that the adoption of more advanced technologies has the potential to benefit lower-skilled workers.

✓ [Using Labor Supply Elasticities to Learn About Income Inequality: The Role of Productivities versus Preferences](#)

Katy Bergstrom and William Dodds, World Bank Policy Research Working Paper 9102, January 2020

This paper develops a method to assess how much cross-sectional labor income inequality is driven by productivity levels versus preferences for consumption relative to leisure. Essentially, labor supply elasticities allow us to infer how much individuals would work conditional on a common productivity level; this in turn allows us to infer individual preferences for consumption relative to leisure.

✓ [Childcare and Maternal Employment: Evidence from Vietnam](#)

Hai-Anh H. Dang, Masako Hiraga, and Cuong Viet Nguyen, IZA Institute of Labor Statistics DP 12814, December 2019

Access to childcare for pre-school children increases the probability of women in Vietnam having a wage-earning job by 41 percentage points and a formal job by 26 percentage points. These effects are particularly strong for younger, more educated women. Accessible childcare services, especially in areas with higher wages, can enhance women's labor market outcomes and reduce the gender gap.

✓ [Labor Supply Responses to Health Shocks: Evidence from High-Frequency Labor Market Data from Urban Ghana](#)

Rachel Heath, Ghazala Mansuri, and Bob Rijkers, World Bank Policy Research Working Paper 9046, October 2019

In urban Ghana, men are 9 percentage points more likely to work in weeks in which another worker in the household falls unexpectedly ill. Very risk-averse men, men in poorer households, and men who are the highest earners in their household respond even more strongly. By contrast, women increase caretaking work when a household member falls ill, leaving their labor supply relatively unchanged on average.

✓ [Self-Employment and Migration](#)

Samuele Giambra and David McKenzie, World Bank Policy Research Working Paper 9007, September 2019

Descriptive data for 140,000 individuals across a range of countries show that the self-employed are less likely to migrate internally or internationally than either wage workers or the unemployed. However, data from seven randomized experiments on the causal effects of promoting self-employment on migration show only modest effects. This could be because the programs failed to create entrepreneurs or because efforts to stimulate self-employment did not target individuals with a high likelihood of migrating.

✓ [The Large-Firm Wage Premium in Developing Economies](#)

Tristan Reed and Trang Thu Tran, World Bank Policy Research Working Paper 8997, September 2019

In developing economies, the large-firm wage premium is comparable to the average gap between male and female wages, or two-thirds of the gap between urban and rural wages. This paper offers the first systematic comparison of the large-firm wage

premium across 25 developing economies. The comparison suggests five stylized facts and several hypotheses about differences between labor markets in developing and advanced economies.

✓ [Are labor supply decisions consistent with neoclassical preferences? Evidence from Indian boat owners](#)

Xavier Giné, Monica Martinez-Bravo, and Marian Vidal-Fernández, Journal of Economic Behavior & Organization 142: 331-347, October 2017 | [Working Paper Version](#)

This study on the labor supply of 247 south Indian boat owners using daily labor participation decisions over seven years finds that their labor supply conforms well with the standard neoclassical model. A boat owner's decision to work depends positively on expected earnings, but also on accumulated earnings, albeit weakly.

To access the latest Policy Research Working Papers from the Development Research Group, click [here](#).

UPCOMING EVENTS

- **September 22:** [Policy Research Talk: Electricity Availability and Economic Activity: Lessons from Developing Countries](#)
- **October 27:** [Policy Research Talk: Taxation, Inequality, and Development](#)
- **November:** [Policy Research Talk: Making Banks Work for Development](#)
- **December:** [Policy Research Talk: The Implications of Behavioral Economics for Public Utility Policies](#)

To see more events, please click [here](#).

SOCIAL MEDIA

Mangroves and coastal protection: A potential triple-win for Bangladesh

Susmita Dasgupta, Md. Istiak Sobhan, Mainul Huq, Zahirul Haque Khan | End Poverty in South Asia | July 16, 2020

While evidence shows that [mangroves help protect millions of people](#) and save billions of dollars in property damage from flooding globally, there was scarce data—[until our research came out](#)—to measure the protective capacity of this unique ecosystem in Bangladesh.

[Read the blog.](#)

Some things to think about when conducting information experiments

David McKenzie | Development Impact | July 13, 2020

One of my early posts on this blog (in 2013) was titled [The Illusion of Information Campaigns: Just because people don't know about your policy, it doesn't mean that an information campaign is needed](#). The basic point still stands – there are many cases where information is not the binding constraint, and we need to think about how easy it is for people to find the correct information if they really want it. That said, information experiments are increasingly used, and so it was nice to come across a [new working paper](#) by Ingar Haaland, Christopher Roth, and Johannes Wohlfart that reviews methodological issues in designing information experiments.

[Read the blog](#)

Can group testing help us get back to the office?

[Berk Özler](#) | *Development Impact* | July 07, 2020

If we are going to go back to our offices at some point before there is a vaccine, it is almost certainly going to have to be in a low prevalence SARS-COV-2 environment accompanied with measures to keep incidence also low. One of those measures is testing and testing frequently. If we are going to back to the office, our partners back to teaching in person on campus, our children to daycare centers and schools, there will have to be testing and lots of it.

[Read the blog](#)

Banerjee on RCTs and big question existentialism, average treatment effect interpretation, the enemies you face when working from home, and more

[David McKenzie](#) | *Development Impact* | July 07, 2020

This week's links include summaries of the AER Nobel lectures from Banerjee, Duflo and Kremer; Nick Bloom's evolving thoughts on working from home; new COVID-19 survey results and more...

[Read the blog](#)

To read more of our blogs, see: [Let's Talk Development](#) | [Development Impact](#) | [All About Finance](#)

To read previous editions of the newsletter, see: [Research Newsletter Archive](#)

This newsletter is produced by the Development Research Group, part of the Development Economics Vice Presidency of the World Bank Group. To learn more about us, click [here](#).

Follow us on 