



PIDE

COVID-19 BULLETIN

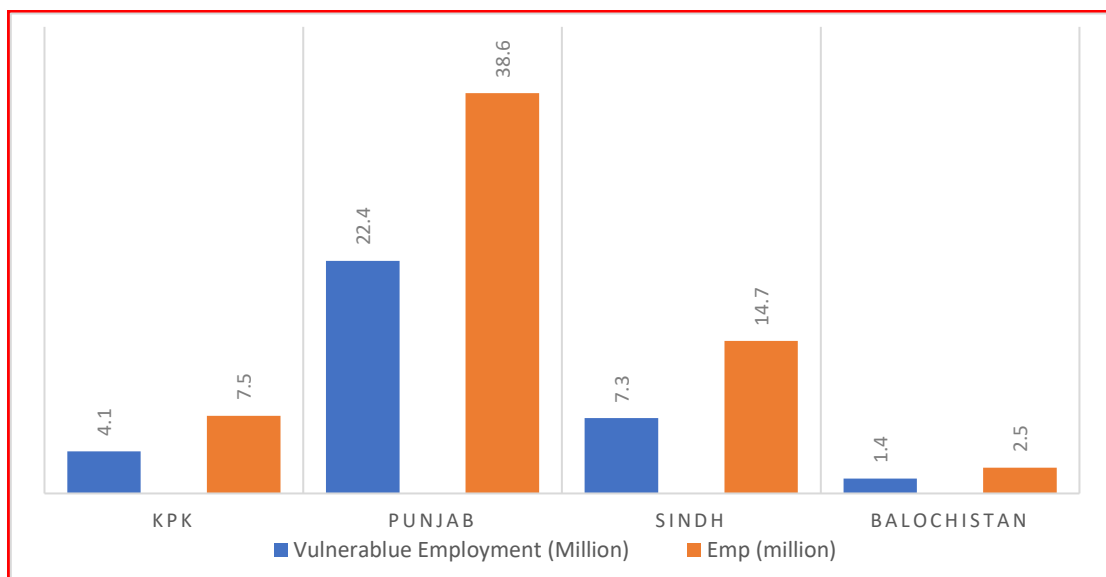
No. 13

Labour Market and COVID-19: Provincial-Level Analysis of Vulnerable Employment Across Sectors

PIDE COVID-19 Bulletin No. 4 identified the vulnerable employment in Pakistan across different sectors at the national level, and estimated the number that is potentially facing being laid off under different scenarios of a shutdown. For the relief packages announced by the federal and provincial governments to be effective, it is important to examine the employment vulnerability across the provinces.

Before we examine the potential layoffs among those who are vulnerably employed across sectors in provinces, it is important to first examine the variations in total and vulnerable employment. This is shown in Figure 1. Punjab has the highest total and vulnerable employment in absolute numbers. Being the most populated province, this is expected but we are concerned about numbers, and not just proportions, here because any relief that is provided should be according to the number of those affected across the provinces.

Figure 1: Number of Total and Vulnerably Employed across Provinces

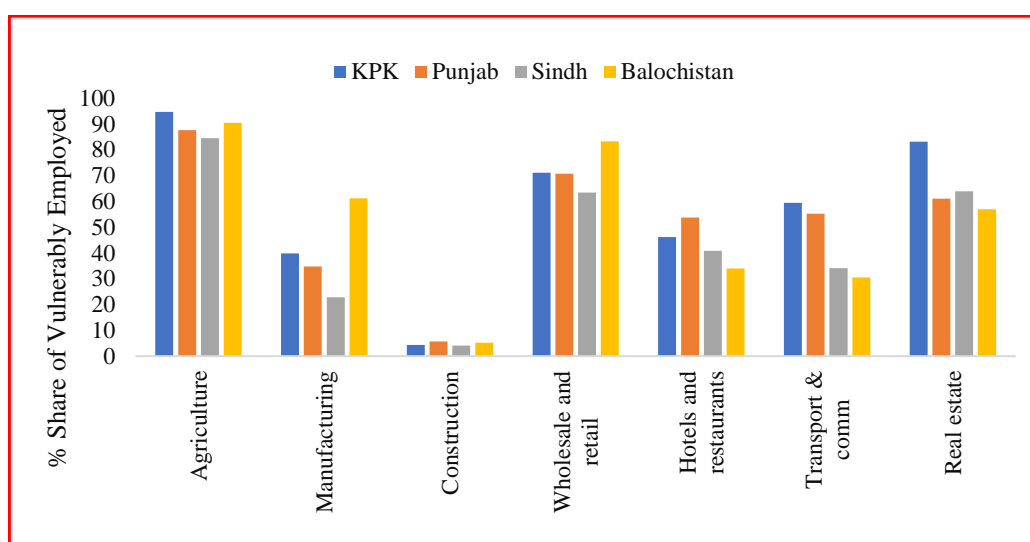


Source: Authors' analysis based on the Labour Force Survey, PBS 2017-18

Note: Employed refers to total employed. Vulnerable employment is a subset of it.

Proportionally, Sindh has the least vulnerability across 4 sectors – agriculture, manufacturing, construction, and wholesale and retail sector (see Figure 2). The vulnerability in hospitality, and transport and communication sectors is also lower in Sindh than in Punjab and KP. Overall the Sindh province is relatively less vulnerable in term of its share in employment. However, when it comes to the number of layoffs, the situation is not encouraging as will be shown in the next section.

Figure 2: Sectoral Vulnerability across Provinces (%)



Source: Authors' analysis based on the Labour Force Survey, PBS 2017-18

Figure 2 further shows that the share of vulnerable employment in different sectors varies across provinces. For instance, agriculture is the most vulnerable sector in the KP province, whereas the share of vulnerable employment in manufacturing and wholesale and retail sectors is highest in Balochistan. Likewise, the share of vulnerable employment in hospitality sector is highest in the Punjab province. Interestingly, the construction sector has the least vulnerable employment among all the sectors in all the provinces. Moreover, the variation in vulnerability across provinces is also small for this sector. Manufacturing and transport and communications sectors have the largest variations in vulnerability across provinces.

Provincial Analysis of Expected Layoffs of the Vulnerably Employed

We have already moved past stage I and 2 of the lockdown and are probably at stage 3¹. Let us estimate the probable layoffs for the last two stages. Table 1 provides the estimates on vulnerable employment and the potential layoffs for these two stages across provinces. Sindh, despite being the least susceptible province in terms of the share of vulnerable employment will have more than four million people losing their jobs. The absolute numbers of course are the highest for the most populated province of Punjab, with 13.5 million people projected to be laid-off. Protecting the affected households in these two provinces is therefore a difficult task and requires more focused interventions.

Table 1: Province-wise Expected Layoffs among the Vulnerably Employed (millions)

	KP	Punjab	Sindh	Balochistan
Provincial Employment	7.5	38.6	14.7	2.5
Vulnerable Employment	4.1	22.4	7.3	1.4
Stage II	2.0	10.1	3.3	0.6
Stage III	2.3	12.1	4.1	0.7

Source: Authors' analysis based on the Labour Force Survey, PBS 2017-18.

Note: Stage II = 50% and Stage III = 60% loss in Vulnerable Employment (Ref: PIDE Bulletin 04)

¹ Stage II refers to moderate shutdown and Stage III means complete shutdown.

Sectoral Analysis of Expected Layoffs of the Vulnerably Employed by Province

Table 2 provides the expected layoffs by employment status by sectors across provinces. Except for Punjab, where the agriculture sector employs the majority of those in the labour force, all other provinces are dominated by the service sector. Most layoffs in all the provinces, however, would be in the agriculture sector, followed by service sector. Consequently, the total layoffs across provinces are highest in the agriculture sector.

Table 2: Expected Layoffs among the Vulnerably Employed by Province (million)

	KP	Punjab	Sindh	Balochistan	Sector Layoffs
Provinces Employment	7.5	38.6	14.7	2.5	
Industry (% share)	26.0	25.0	22.2	13.4	
Industry Employment	2.0	9.7	3.3	0.3	
Industry Vulnerably Employed (%)	15.9	10.6	9.2	22.1	
Stage II: Layoffs	0.2	0.5	0.1	0.0	0.8
Stage III: Layoffs	0.2	0.6	0.2	0.0	1.0
Agriculture (% share)	31.7	39.0	35.8	39.0	
Agriculture Employment	2.4	15.1	5.3	1.0	
Agriculture Vulnerably Employed (%)	94.7	87.7	84.6	90.5	
Stage II: Layoffs	1.1	6.6	2.2	0.4	10.4
Stage III: Layoffs	1.3	7.9	2.7	0.5	12.5
Services (% share)	42.4	35.9	42.0	47.6	
Services Employment	3.2	13.9	6.2	1.2	
Services Vulnerably Employed (%)	41.5	43.1	32.8	32.3	
Stage II: Layoffs	0.7	3.0	1.0	0.2	4.8
Stage III: Layoffs	0.8	3.6	1.2	0.2	5.8

Source: Authors' analysis based on the Labor Force Survey, PBS 2017-18.

Note: Figures may not add up due to rounding off.

Now we look at within the vulnerably employed by their status of employment. We see that for Stages II and III, the majority of the layoffs across all provinces would be of the daily-wage workers and the workers paid by piece rate simply because they constitute the bigger proportion in these employment groups. The vulnerability in terms of employment status remains the same in the four provinces as was observed in the national level analysis (see PIDE COVID-19 Bulletin No.4).

Table 3: Expected Layoffs among the Vulnerably Employed by Employment Status and Province (million)

	KP	Punjab	Sindh	Balochistan	Total Layoffs
Stage II: Layoffs					
Daily Wage paid employee	1.4	5.1	3.4	0.3	10.1
Paid worker by piece rate or work performed	0.3	3.9	0.5	0.2	4.9
Paid non-family apprentice	0.1	0.2	0.0	0.0	0.3
Stage III: Layoffs					
Daily Wage paid employee	1.7	6.1	4.1	0.4	12.2
Paid worker by piece rate or work performed	0.4	4.7	0.5	0.3	5.9
Paid non-family apprentice	0.1	0.2	0.0	0.0	0.3

Source: Authors' analysis based on the Labour Force Survey, PBS 2017-18.

Note: Figures may not add up due to rounding off.

Concluding Remarks

This Bulletin first estimates the vulnerable employment across sectors at the provincial level, and then see how many of them can be facing lay-offs under the two scenarios of moderate to complete lockdown. Our analysis shows that in Punjab 10 to 12 million of those who are vulnerably employed can face losing their jobs in Stages II and III, respectively. The same numbers for Sindh are 3.3 to 4.1 million, and around two million for KP and under a million for Balochistan.

In all provinces, the daily wage workers are most vulnerable and hence should be put on priority for any social protection interventions that are being designed at the federal and provincial levels. Service sector, which has the largest number of the vulnerably employed, need special attention. It is a trend found across all provinces. Hence, any relief package for business sector to encourage them to retain their employees must take these factors into account. These packages should vary across provinces to prioritize the most vulnerable sectors in the province accordingly.

By:
Naseem Faraz
and
Muhammad Nasir
PIDE

PIDE COVID-19 Bulletin is an initiative by the Institute in response to the current pandemic, which is bound to have serious consequences for the country, specifically for its economy. The Bulletin would carry research that would aid in an informed policymaking to tackle the issue.

Pakistan Institute of Development Economics

Web: www.pide.org.pk, Twitter: @PIDEpk, Facebook: PIDEIslamabad