

Impact of COVID 19 on Own Account Workers in Sri Lanka

D.N. Ranawaka¹ and I.S. Thennakoon²

^{1, 2} Centre for Poverty Analysis, Sri Lanka

Keywords: COVID 19; Own account workers; Entrepreneurs; Sri Lanka

Introduction

Entrepreneurs (hereafter defined as own account workers) are vital to the economy especially in the case of poverty alleviation and reducing inequalities in a post-war climate in a country. After slow recovery from the Easter Sunday attacks, COVID 19 is like a second wave of tsunami to the Sri Lankan economy. With a workforce of 8.6 million consisting of 64.5% males and 35.5% females (DCS, 2020), the economy faces a setback due to the onset of COVID 19. According to the World Economic Forum, start-ups had terminated more than 70% of their full-time employee contracts during the pandemic and more than 40% of the start-ups will have cash to run the business only for just less than three months (WEF, 2020). While the global lens indicates insecurity of the startups and small-scale businesses, the Centre for Poverty Analysis (CEPA) attempts to investigate the national level impact on own-account workers during the time of COVID 19 lockdown.

CEPA studied the livelihoods of 400+ households across 23 districts to understand the effects of COVID 19 on them. We were unable to make the survey representative due to data collection restrictions. In this paper, we will be analyzing the impact of COVID 19 on own account workers at three levels; the economic impact, COVID 19 and its impact on household activities and perceptions on economic burden in the household.

Objectives

The objective of the paper is to understand and evaluate the impact of COVID 19 on own account workers during the lockdown period in the month of April to June, 2020 in order to answer the following questions;

1. Has there been an economic impact on the households of own account workers during the lockdown period? If so, what is the nature of this impact?

2. Has there been an impact on the care work of the households during the lockdown period?
3. What has happened to perceptions on the economy of the household?

Methodology

This paper looks into analyzing a survey conducted by the Centre for Poverty Analysis during the COVID 19 lockdown period in the first quarter of 2020. The methodology consists of two parts; quantitative analysis of the survey and analysis of the existing literature. Due to word restrictions, the analysis of the existing literature is not included in the paper. Limitation of this study described below.

The survey does not consist of a representative sample due to data collection limitations during the COVID 19 lockdown period. Therefore, the surveyed population is highly skewed towards the populations who have access to internet connections as the data collection method was online.

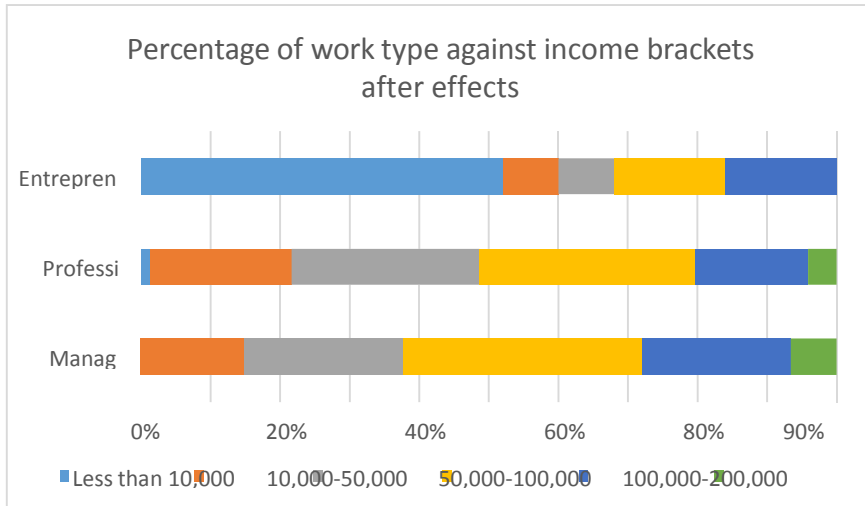
Results and Discussion

The survey looked into seven types of working categories such as managerial, professional, teaching, assistant, entrepreneurial and other (workers who does not fall under any of the above six categories). Due to lesser number of responses in certain work types, we have only analyzed three main work types; managerial, professional and entrepreneurial sectors for comparative purposes.

This analysis particularly looks into three distinct areas as previously mentioned, which are the economic impact, changes in care work during COVID 19 and perceptions of certain aspects related to the household economy among the own account workers during the lockdown.

First, we explained the economic impact of COVID-19. There are four characteristics which can be used to identify the economic impact on the own account workers from the survey. They are job assurance, income reduction, income brackets and financial management. According to the survey, 80% of the own account workers (entrepreneurs) have indicated that they are expecting an income reduction while 50% of them are unsure about their jobs. These percentages are drastically high when compared with other work types

where these percentages lie in-between 20-30% and 40% respectively. According to these statistics, it is possible to infer that own account workers are more worried about job insecurity compared to other work types.



Looking at the income brackets, more than 50% of the own account workers fall under the lowest income bracket; “less than 10,000”. Only 32% of the sample of own account workers have reported that their monthly income is between 100,000 – 500,000. Since majority of the own account workers indicate that they belong to the lowest income bracket, we can conclude that the own account workers are the most vulnerable of the work types as opposed to other work types who are unable to absorb external shocks such as the COVID 19 lockdown.

The survey also has included a section on financial management during the COVID lockdown period which ranks the choice of accessing finance during the COVID period. While almost all the work types have utilized cash in hand as their primary option, own account workers have opted for pawning and non-interest borrowings as their second and the third option. However, professions like managerial, professional and teaching have opted for pawning and non-interest borrowings as their third and fourth options and cash in bank as the second option. This further establishes the previous argument that was made; that own account workers are worse off financially during the COVID 19 period. This finding is significant as the Sri Lankan literature has not covered the impact of COVID 19 on any of impacts on the work types.

Second, we will explain the impact of COVID-19 on work hours of different types of work.

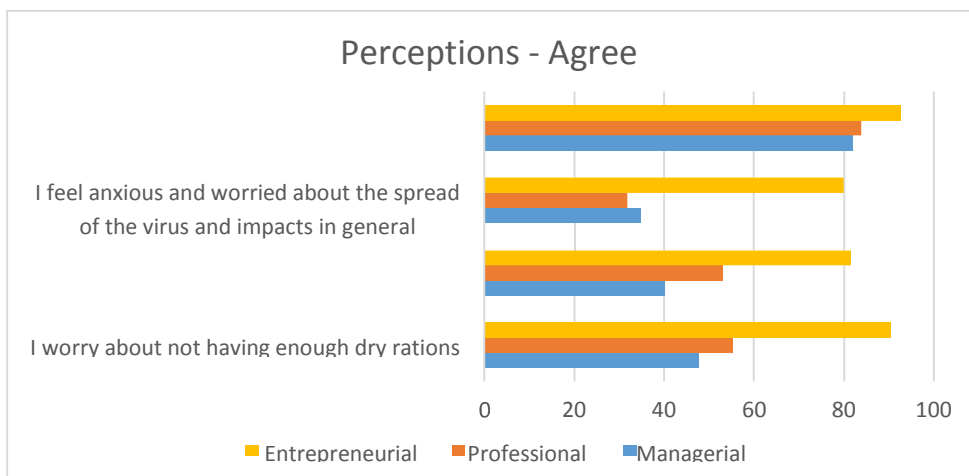
Table 1: Hours of Care Workers

Work Hours	Work Types		
	Managerial	Professional	Entrepreneurs
Change of Work Hours	77.35849	76.31579	58.82353
	13.20755	15.78947	17.64706
	9.433962	7.894737	23.52941
Change of HH Work Hours	3.773585	2.631579	9.090909
	29.24528	28.94737	18.18182
	66.98113	68.42105	72.72727
Change of Care Work Hours	0.943396	1.754386	2.941176
	55.66038	63.15789	50
	43.39623	35.08772	47.05882

Note: Figures are in percentages of the surveyed sample population.

Change indicates marginal number of people who were engaged in paid and unpaid work during and before the curfew period. On average, change of work hours had reduced and change of household work and change of care work hours in absolute numbers. However, 73% of the own account workers have indicated that they had allocated more time in household work in comparison to other work types (which averages around 60%) surveyed across. There is no major discrepancy in care work among work types.

Finally, we explain the perceptions of COVID-19. The result is given below:



While the statistics indicate that household work is burdened heavily on own account workers, looking into the perceptions according to the work type indicates

that the own account workers worry more about their family's finances, dry rations, and about the spread of the virus more than the other work types.

Conclusion

It is evident that the own account workers are the worse off during the first wave of the COVID 19 which reflects the social security network in the country. The own account workers were affected on three tiers; their economy, household activities and their livelihood which had indirect influence on their mental health (perceptions mentioned above). Furthermore, in spite of the activated COVID 19 relief package by the government, certain case studies along with the quantitative analysis proved that there were many left out specially in terms own account workers in the country. Given that entrepreneurs and own account workers could be the backbone of an economy, the government should mainly focus on the most desperate income earners of the economy by implementing representative and vulnerable groups in the economy.

References

- COVID-19 Outbreak Impact on Sri Lanka and Recommendations. (2020). [online] Available at: <https://www.pwc.com/lk/en/assets/COVID-19-Impact-on-Sri-Lanka-PwC.pdf>. [Accessed 22 Sep. 2020].
- COVID-Survey; Centre for poverty analysis (2020) data base. Centre for Poverty Analysis, Jawatta , Colombo.
- Wimalweera, A. (2020). COVID - 19 and beyond: The impact on the labour market of Sri Lanka. Survey Report of the e-survey, Department of Labour: Sri Lanka [online] Available at: http://www.labourdept.gov.lk/images/PDF_upload/notices/survey%20report%202020.pdf
- World Economic Forum, 2020. *Discovering the real impact of COVID 19 on entrepreneurship*. [Online] Available at: <https://www.weforum.org/agenda/2020/06/how-covid-19-willchange-entrepreneurial-business/> [Accessed 25 August 2020]