

COVID-19 and the Low Paid

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Research Questions

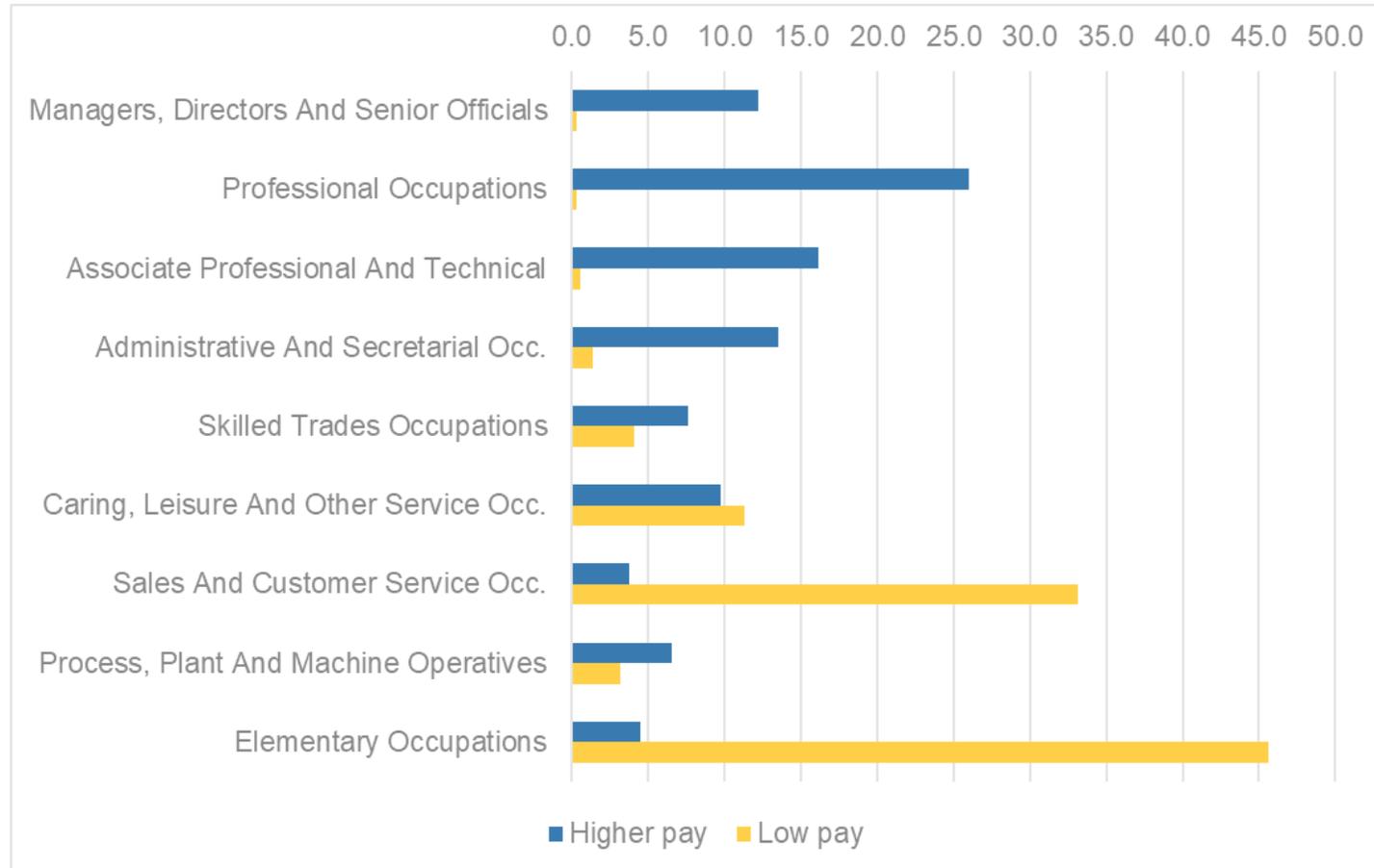
- How did the lockdown restrictions affect low-paid workers?
- How have labour market conditions for the low paid changed during the period March-September?

Acknowledgements: Parts of this presentation draw material from work funded by the Standard Life Foundation: “[Covid-19 and the Low Paid: Early analysis of Labour Force Survey](#)” and work funded by the Joseph Rowntree Foundation: “[Monthly vacancy analysis: Vacancy trends to week-ending 11 October 2020](#)”.

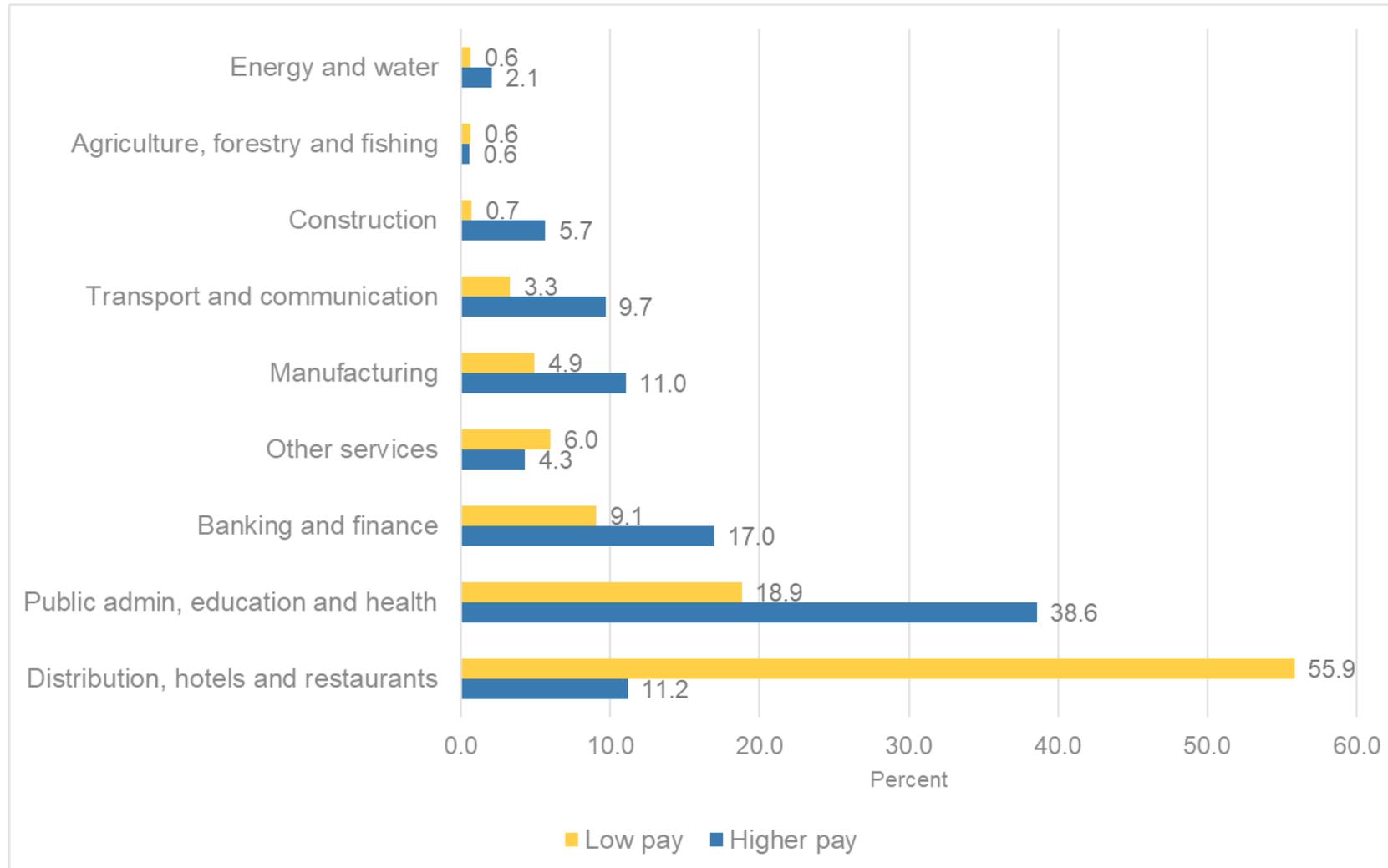
Low pay occupations – terminology and data

- Quarterly Labour Force Survey (QLFS), February – April 2020
- The sample is restricted to employees
- We define as low pay those workers who report earnings below the Real Living Wage, i.e. less than £9.50 per hour (or less than £10.45 per hour for those living in London)
- This question is only asked in the first and fifth quarter of the QLFS
- We used the estimated median wages by occupation (3-digit SOC), region of residence and gender from the Annual Survey of Hours and Earnings to impute wages for the empty cells

Low pay – Higher pay workers by occupation



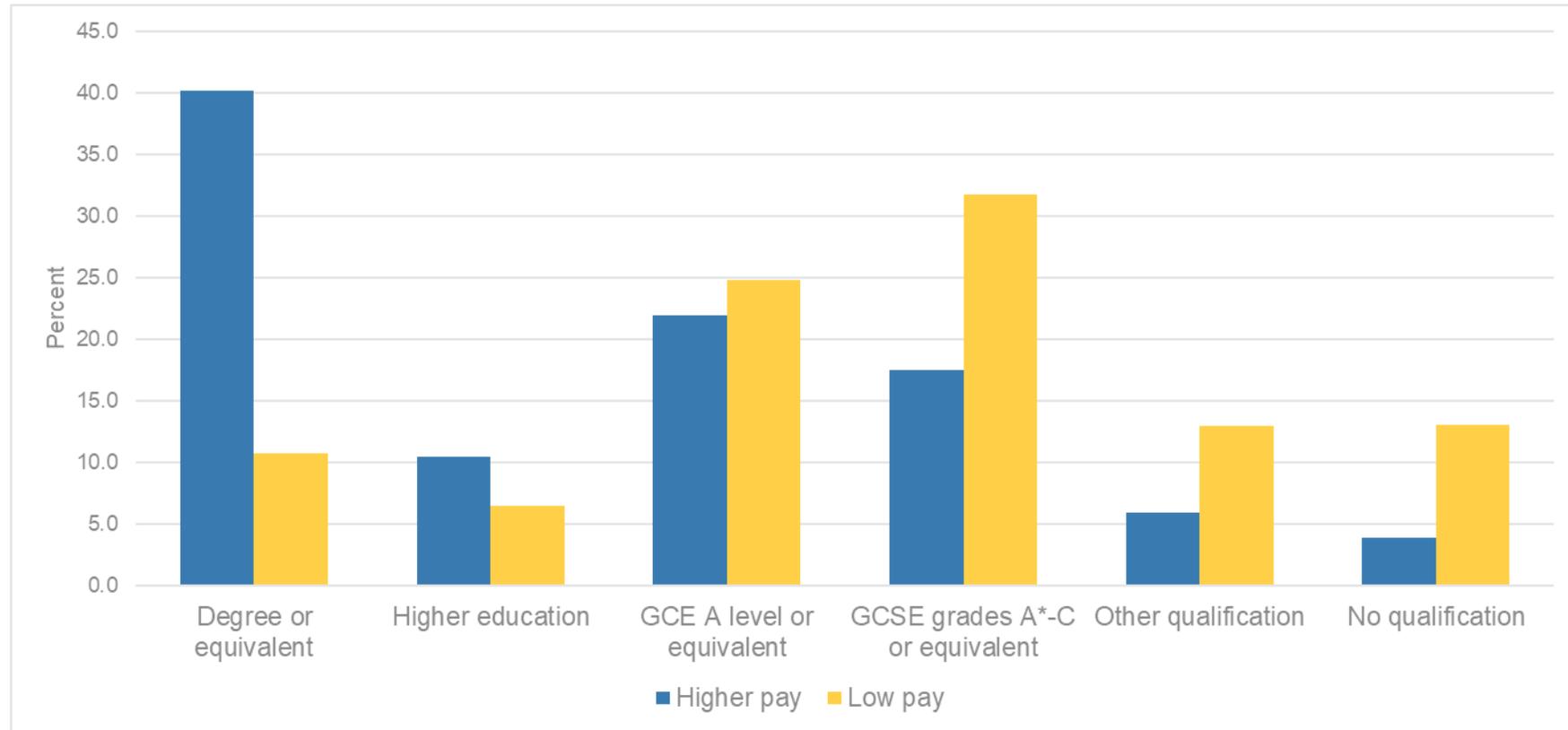
Low pay – Higher pay workers by industry



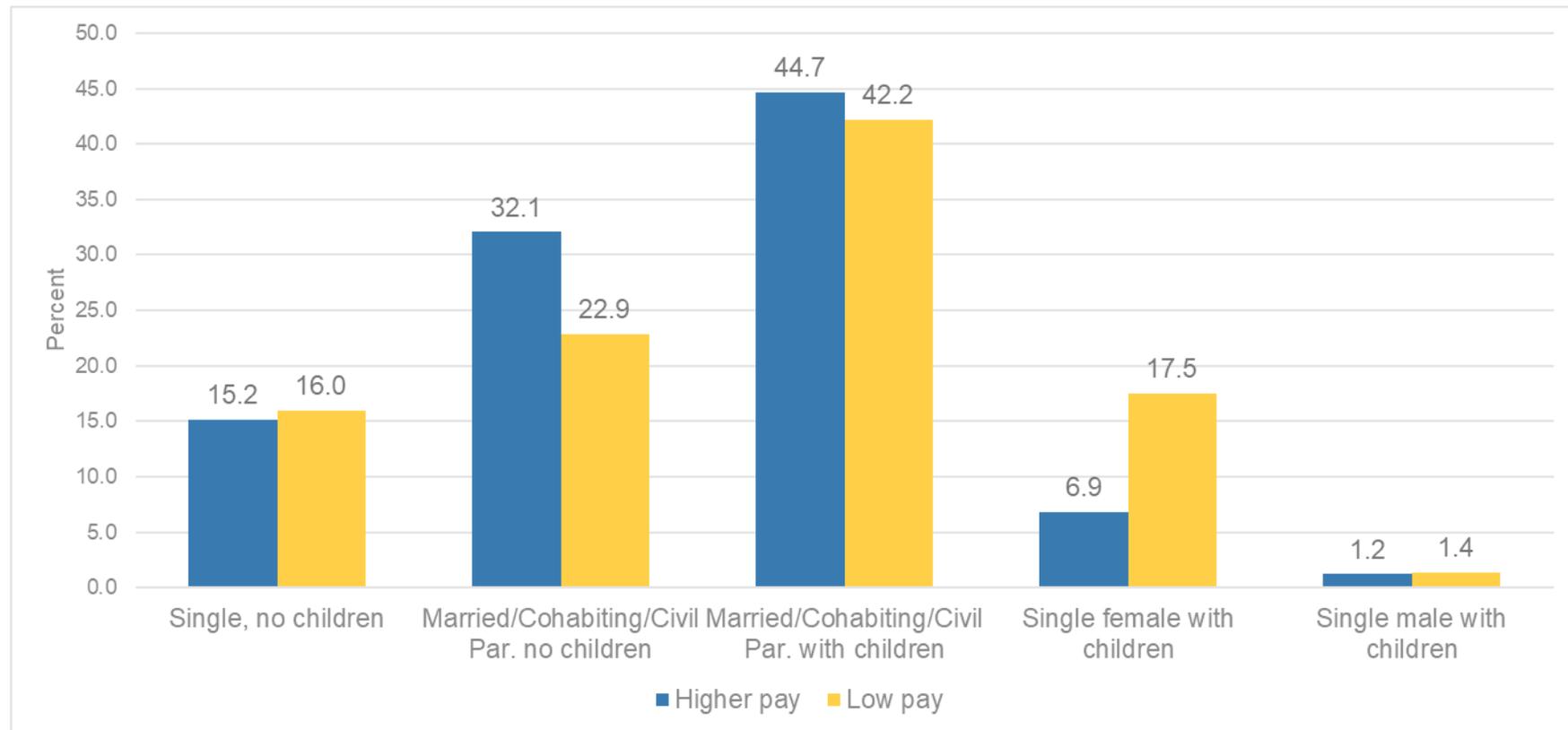
Demographic Characteristics

	Higher pay	Low pay
Gender		
Male	50.6	27.0
Female	49.4	73.0
Age Group		
16-24yrs	6.7	24.3
25-34yrs	18.8	18.6
35-44yrs	21.7	15.0
45-54yrs	21.7	15.3
55-65yrs	19.8	17.2
65+	11.3	9.6
Ethnicity		
White	84.6	15.4
Black	76.0	24.0
Asian	79.8	20.2
Chinese	86.4	13.6
Other	77.9	22.2

Highest qualification of low paid and higher paid employees



Family type of low paid and higher paid employees



Working patterns and employee preferences of low pay and higher pay employees

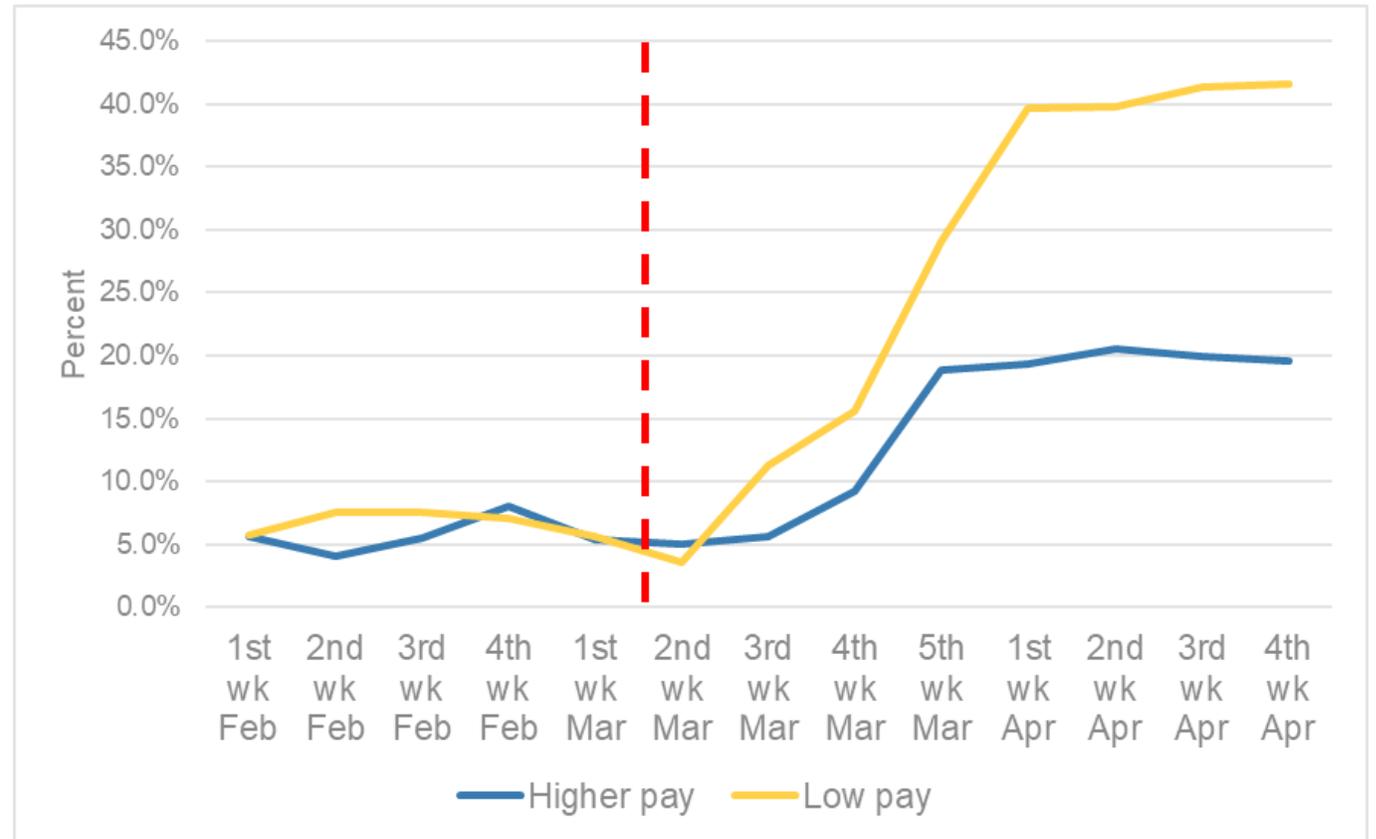
	Higher pay	Low pay
Shifts at work		
Most of the time	14.0	25.9
Occasionally	3.5	3.7
Never	82.5	70.4
Flexi-time		
Yes	14.6	5.6
Zero-hour contract		
Yes	2.1	9.2
Full-time/Part-time		
Full-time	78.6	39.3
Part-time	21.4	60.7
Permanent/non-Permanent		
Not permanent	4.9	7.8
Permanent	95.1	92.3
Looking for additional/different job		
Yes	4.7	9.2
Underemployment		
Not underemployed	93.2	82.9
Underemployed	6.9	17.1

Lockdown Timeline

- Timeline:
 - 16th March: “Unnecessary social contact” should be avoided
 - 20th March: Furlough scheme announced, backdated to 1st March
 - 23rd March: Some businesses close, people must stay at home
 - 1st June: Lockdown measures are eased
- Indications so far is that unemployment remains low (<5% Jun-Aug '20)
- Furlough scheme supports 80% of wages of employees not working

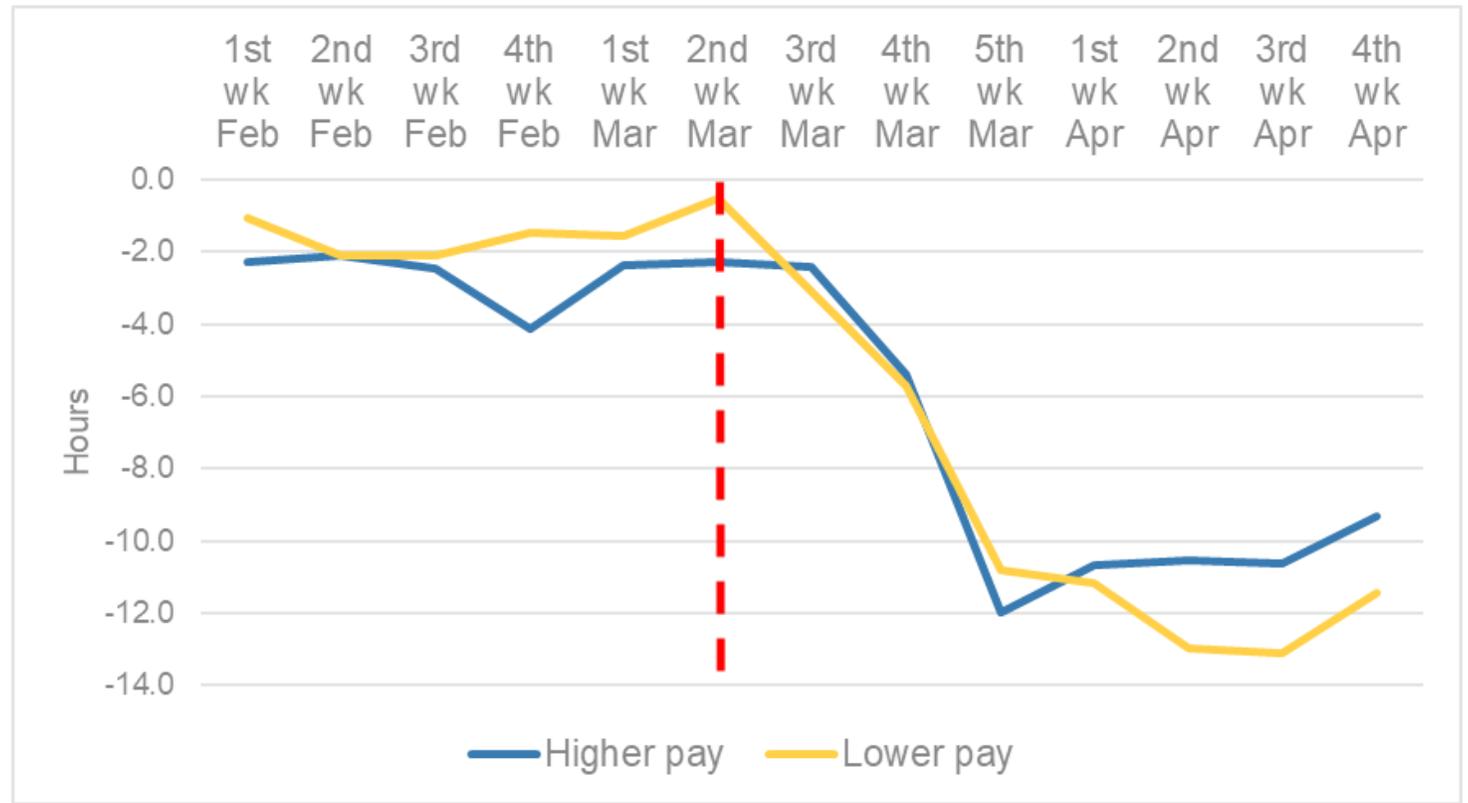
Percentage of workers reporting as being away from work

- People in employment who report being away from work in the reference week

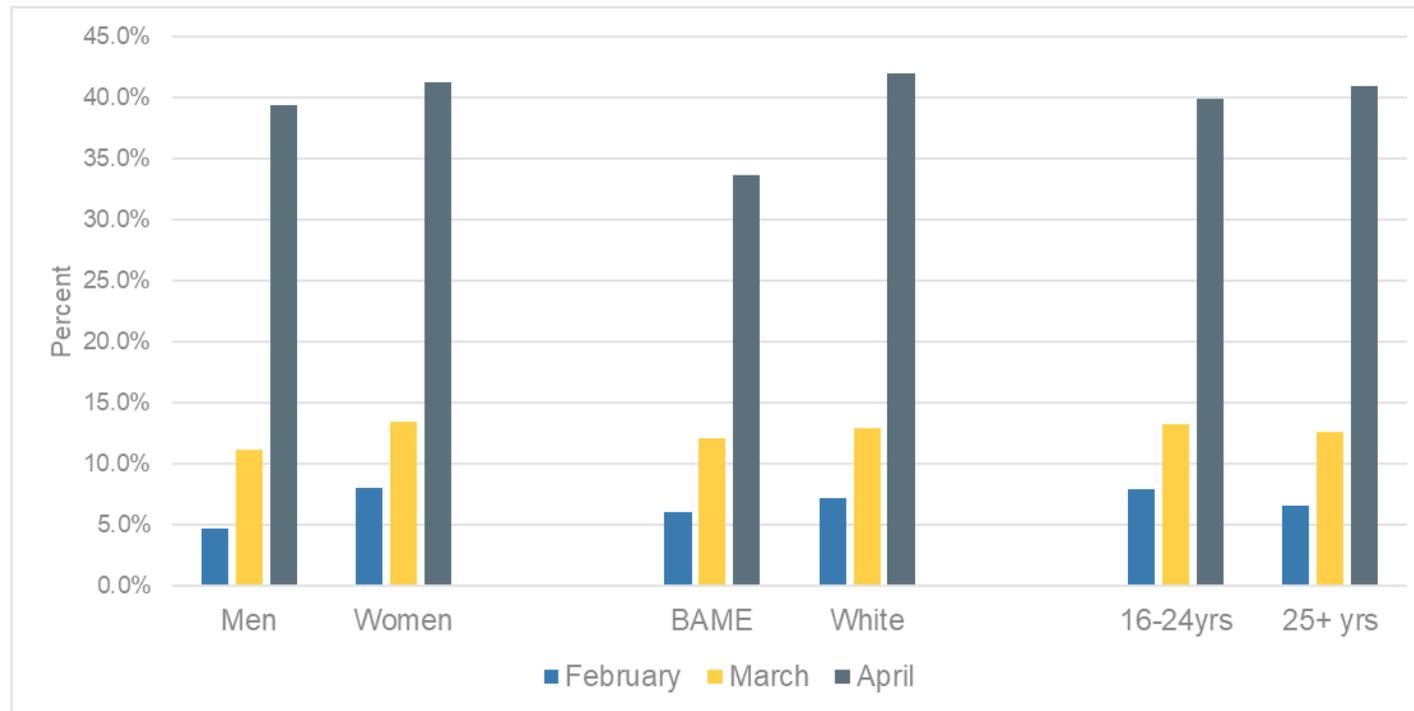


Difference between usual hours and total hours of work

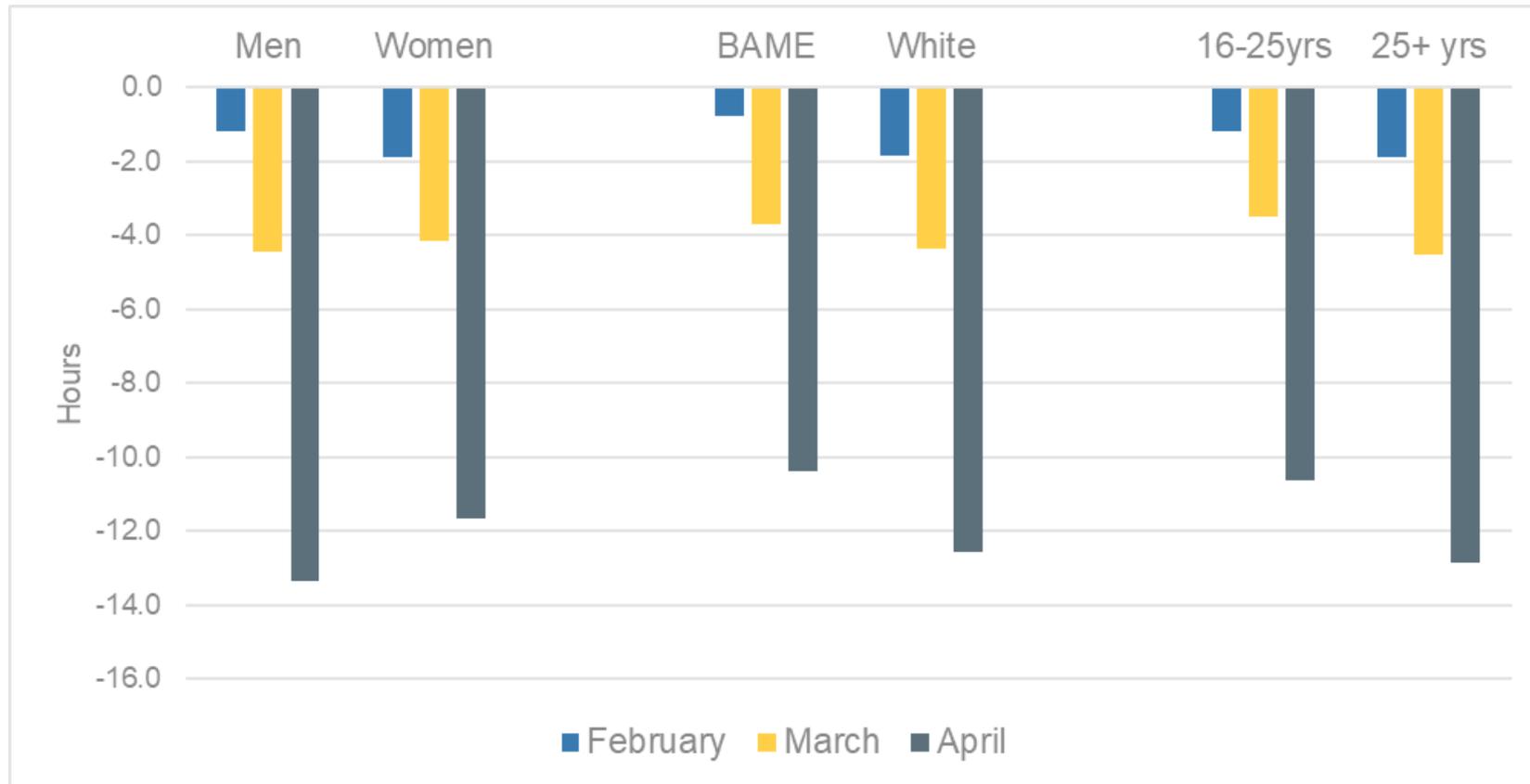
- Average difference between the usual working hours and the actual working hours by week and type of worker



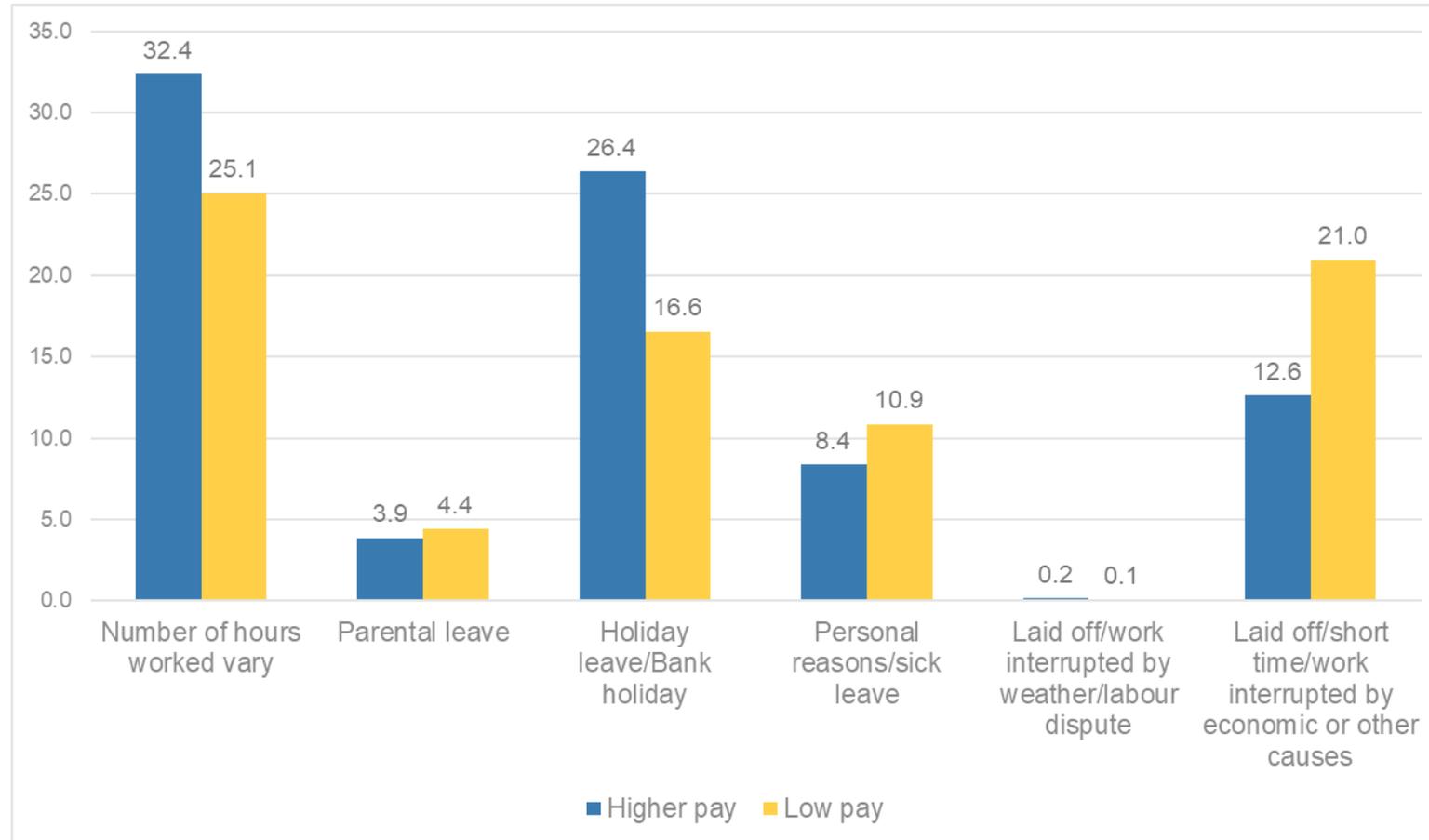
Percentage of workers reporting as being away from work – variations within the low pay group



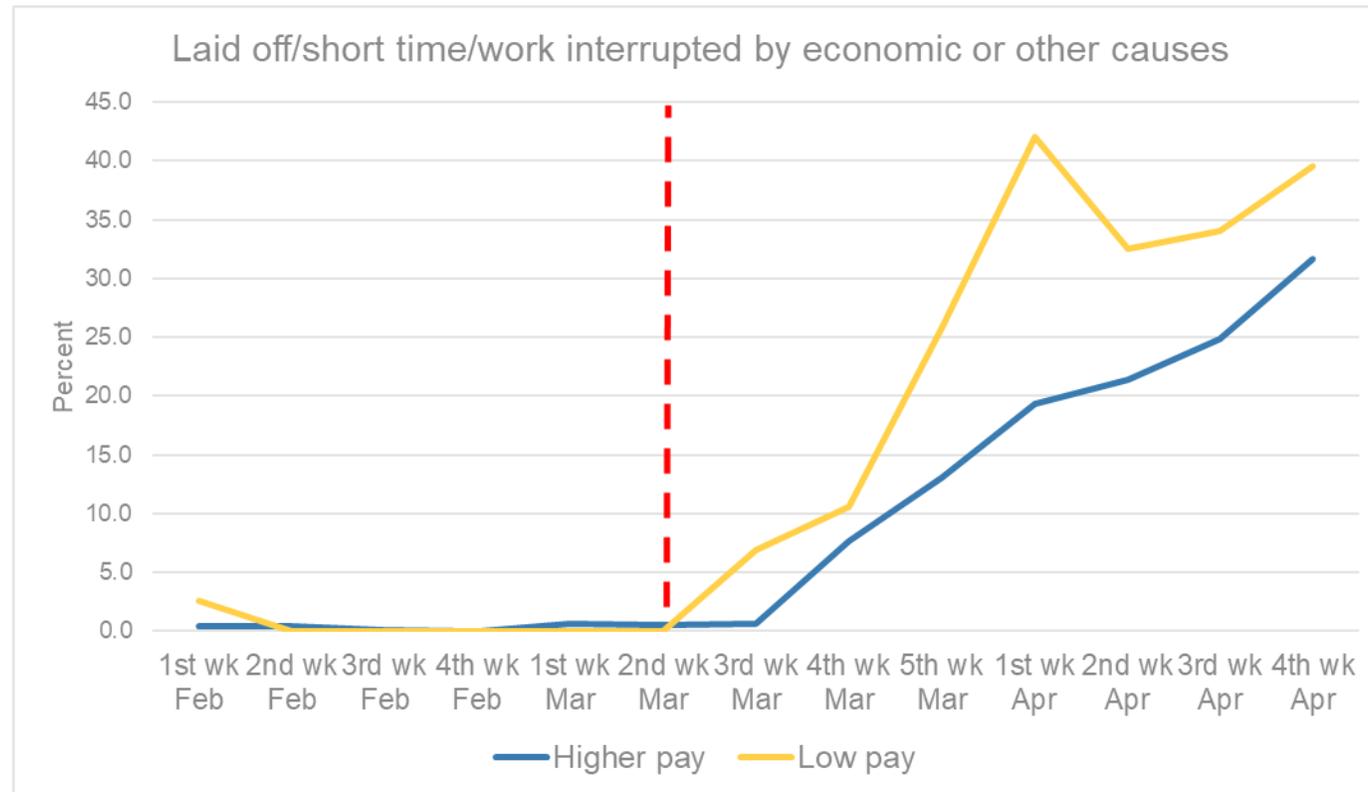
Difference between usual hours and total hours of work by gender, ethnic background, and age – within the low pay group



Reason for working fewer hours than usual in the reference week



Laid off/short time/work interrupted by economic or other causes



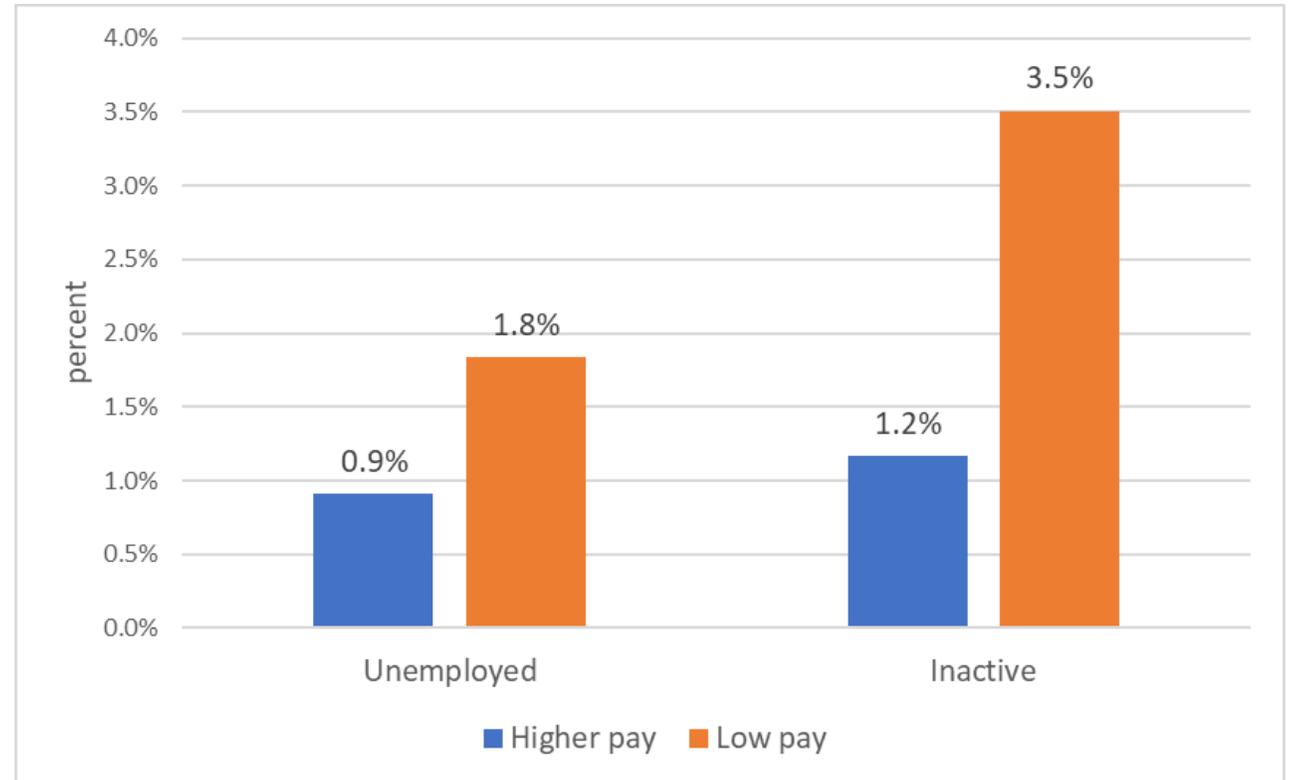
Change in working conditions between the first and second quarter of 2020

- Use of the two-quarter longitudinal Labour Force Survey, January-March 2020 / April-June 2020
- Not all variables are available
- Smaller sample size
- Helpful to understand transitions by employee type

People in work – Change in employment status

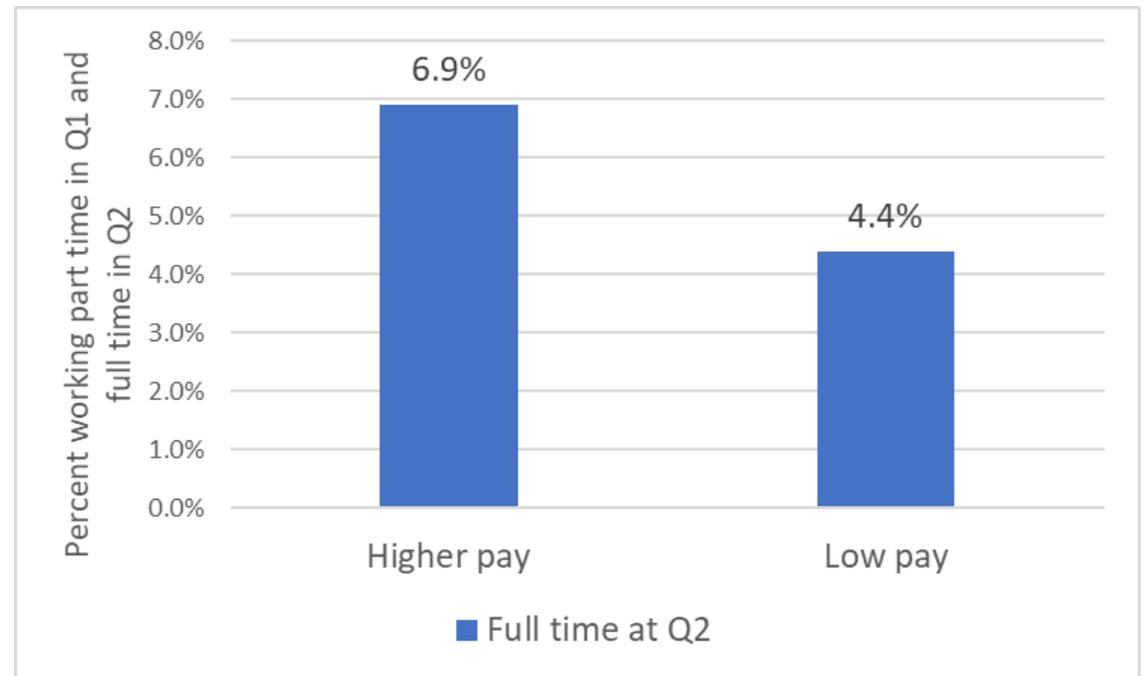
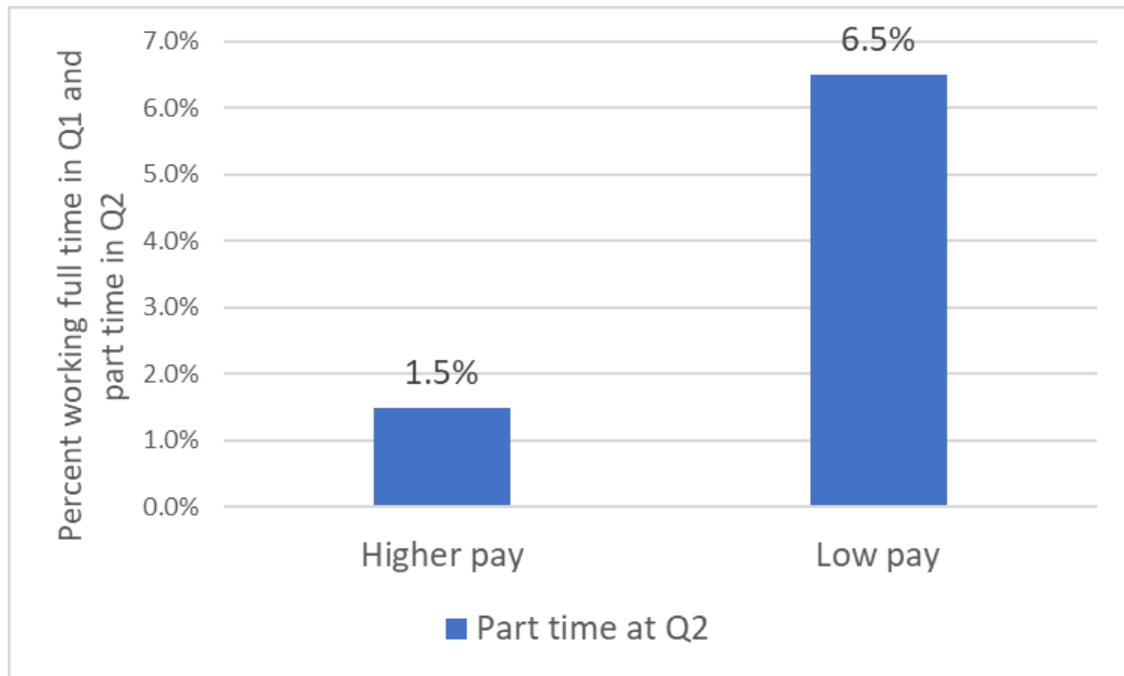
- Transition from Employment in the first quarter to Unemployment or Inactivity in the second quarter
- Change in low pay / high pay status for those who remain employed

	Higher pay in Quarter 2	Low pay in Quarter 2
Higher pay in Quarter 1	97.6%	2.4%
Low pay in Quarter 1	19.3%	80.7%



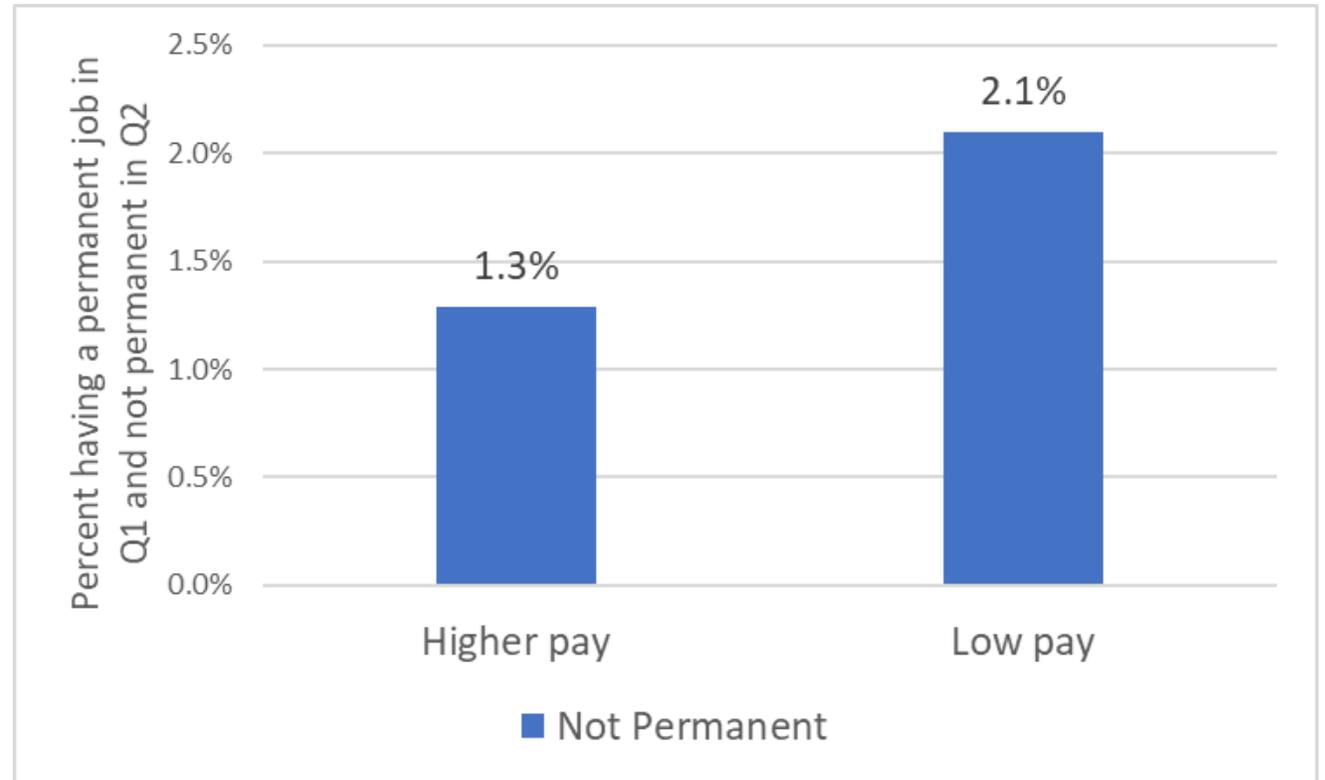
People in work – Change in working conditions

- Employed in the first quarter and didn't change higher pay / lower pay status between the two quarters
- Working full time in the first quarter and part time in the second quarter (left hand side graph)
- Working part time in the first quarter and full time in the second quarter (right hand side graph)



People in work – Change in working conditions

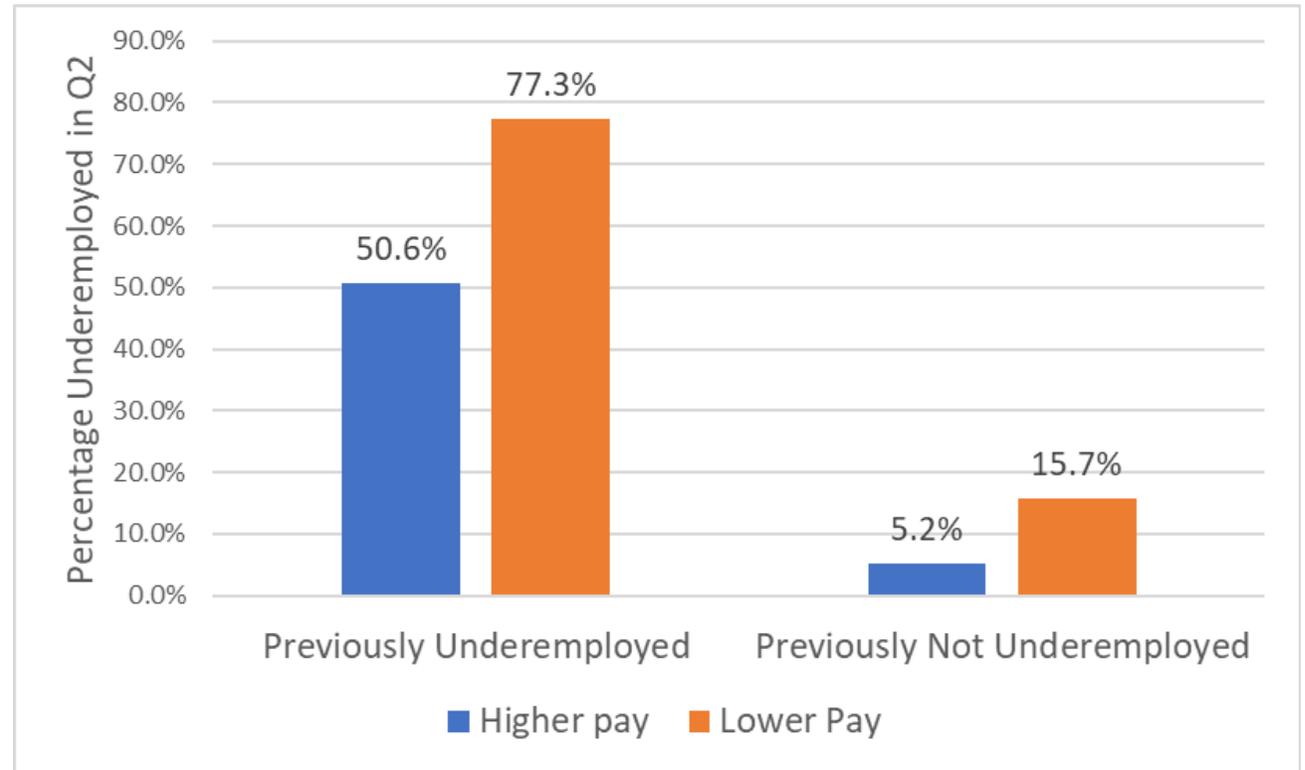
- Employed in the first quarter and didn't change higher pay / lower pay status between the two quarters
- Having a permanent job in the first quarter and a not permanent job in the second quarter
- Small sample size for transition from not-permanent to permanent



People in work – Change in working conditions

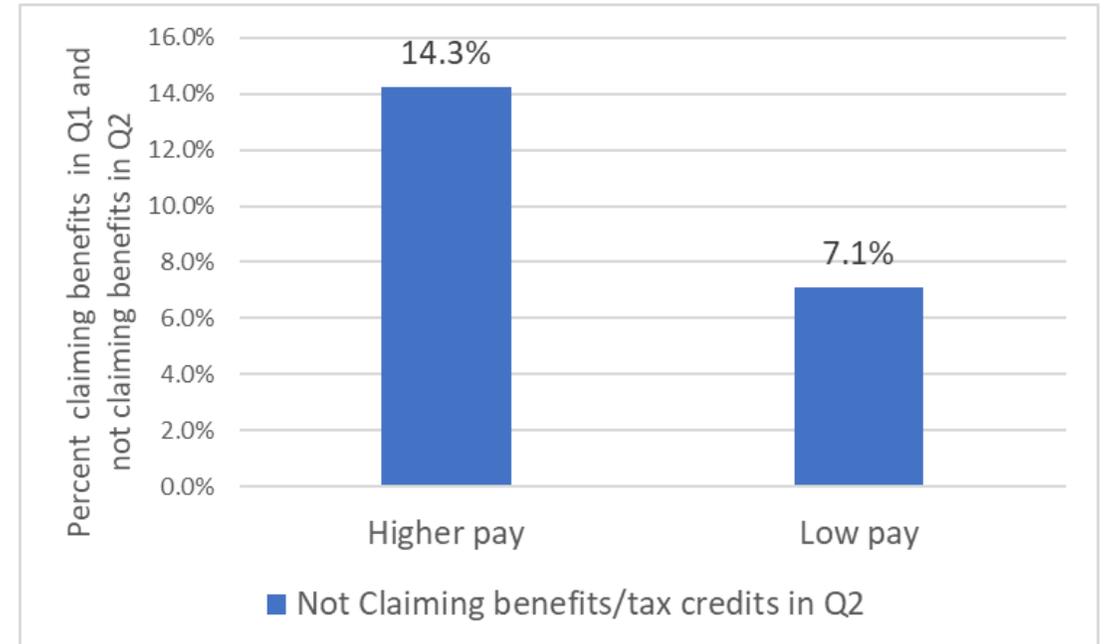
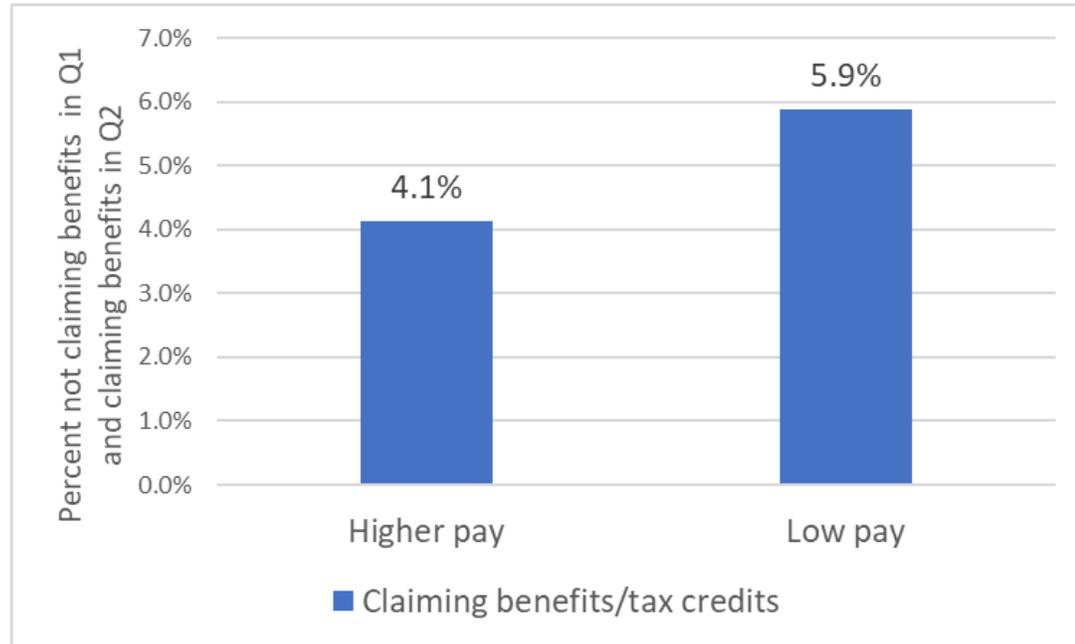
- **Sample:** Employed in both quarters and didn't change higher pay / lower pay status
- **Previously underemployed:** Percent of people who were underemployed in the first quarter
- **Previously not underemployed:** Percent of people who were not underemployed in the first quarter

Underemployed workers in second quarter by pay and previous underemployment status



People in work – Change in working conditions

- People not claiming benefits in Q1 but claiming benefits in Q2 (graph on the left hand side)
- People claiming benefits in Q1 but not claiming benefits in Q2 (graph on the right hand side)



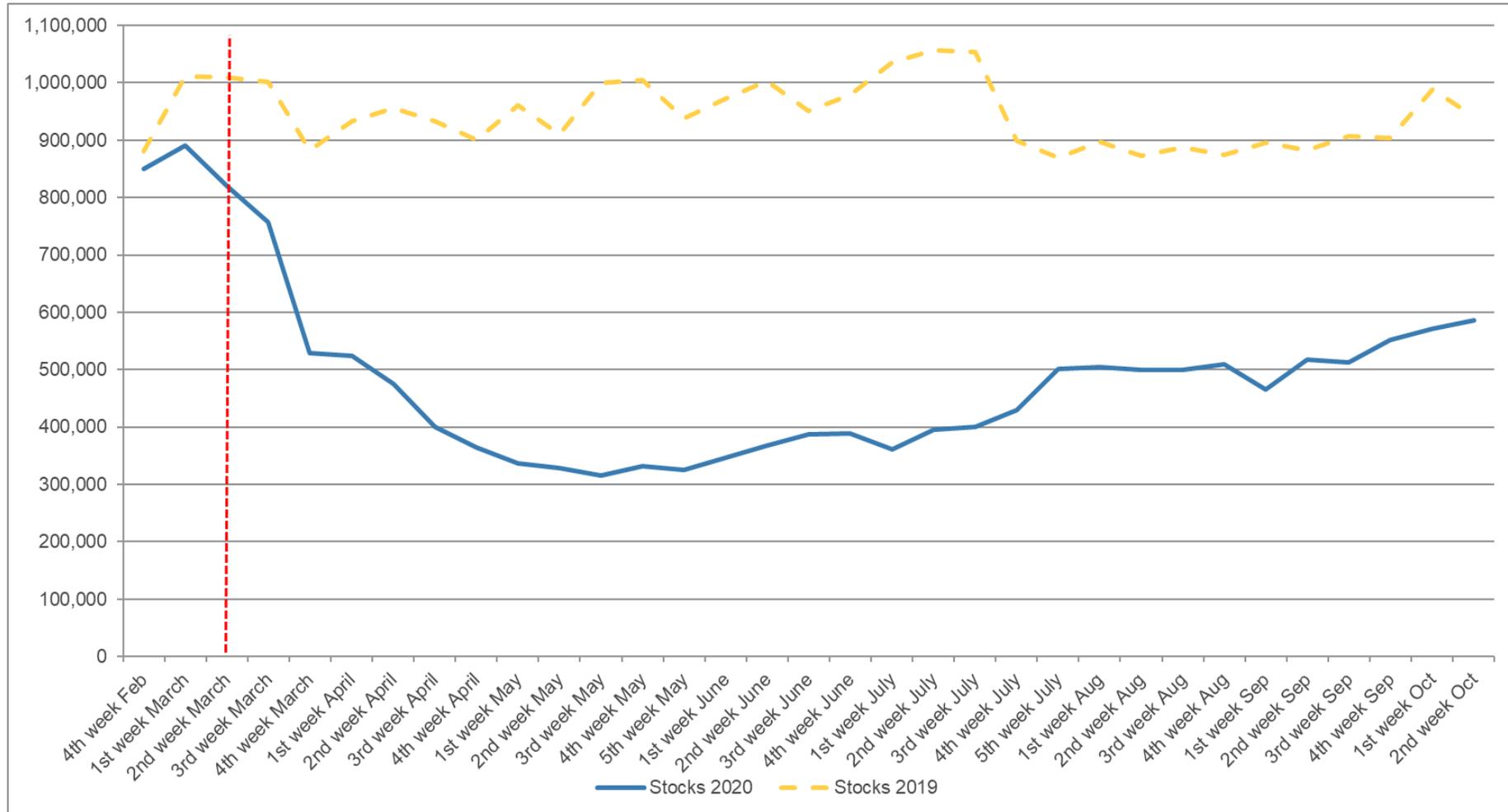
Summary of Findings

- Even before the pandemic wage growth has been slow and in work poverty was an issue
- Low pay workers more likely to be women, young, from a minority, to have lower qualifications and be underemployed
- Early evidence from the LFS suggest that effects of the pandemic disproportionately affecting low paid:
 - Low pay group more likely to become unemployed
 - Low pay group in more precarious conditions; more likely to be part-time, non-permanent or on zero-hour contracts
 - Low pay more likely to be “away” from work and work fewer hours than usual
 - Low pay group also more likely to remain or become underemployed and more likely to be looking for a new or additional job

Vacancy Data

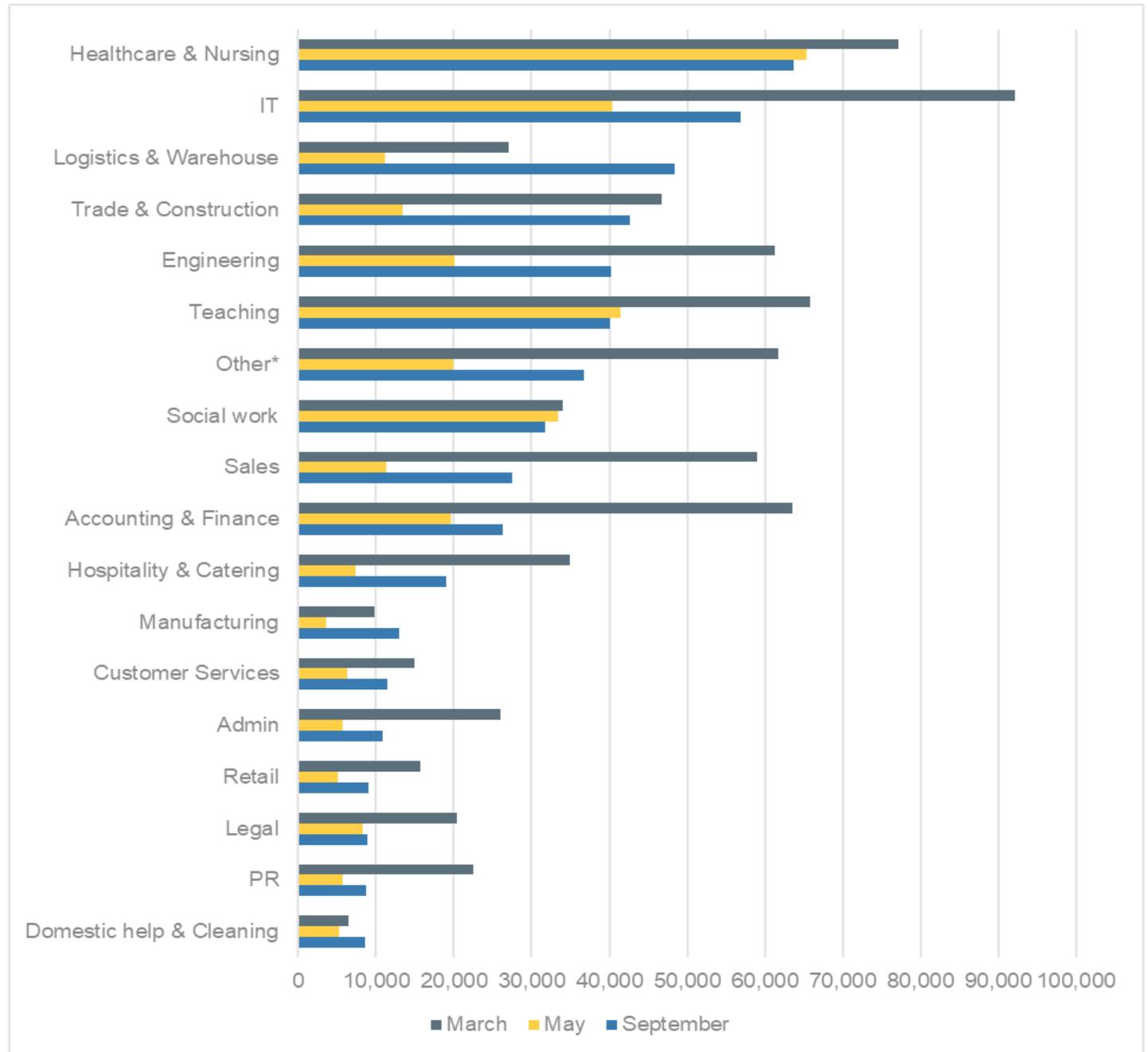
- Vacancy data collected by Adzuna (www.adzuna.co.uk) one of the largest online job search engines in the UK
- Weekly analysis of stocks and flows of vacancies
- Vacancies by region and local authority on a best match basis

Total number of vacancies per week

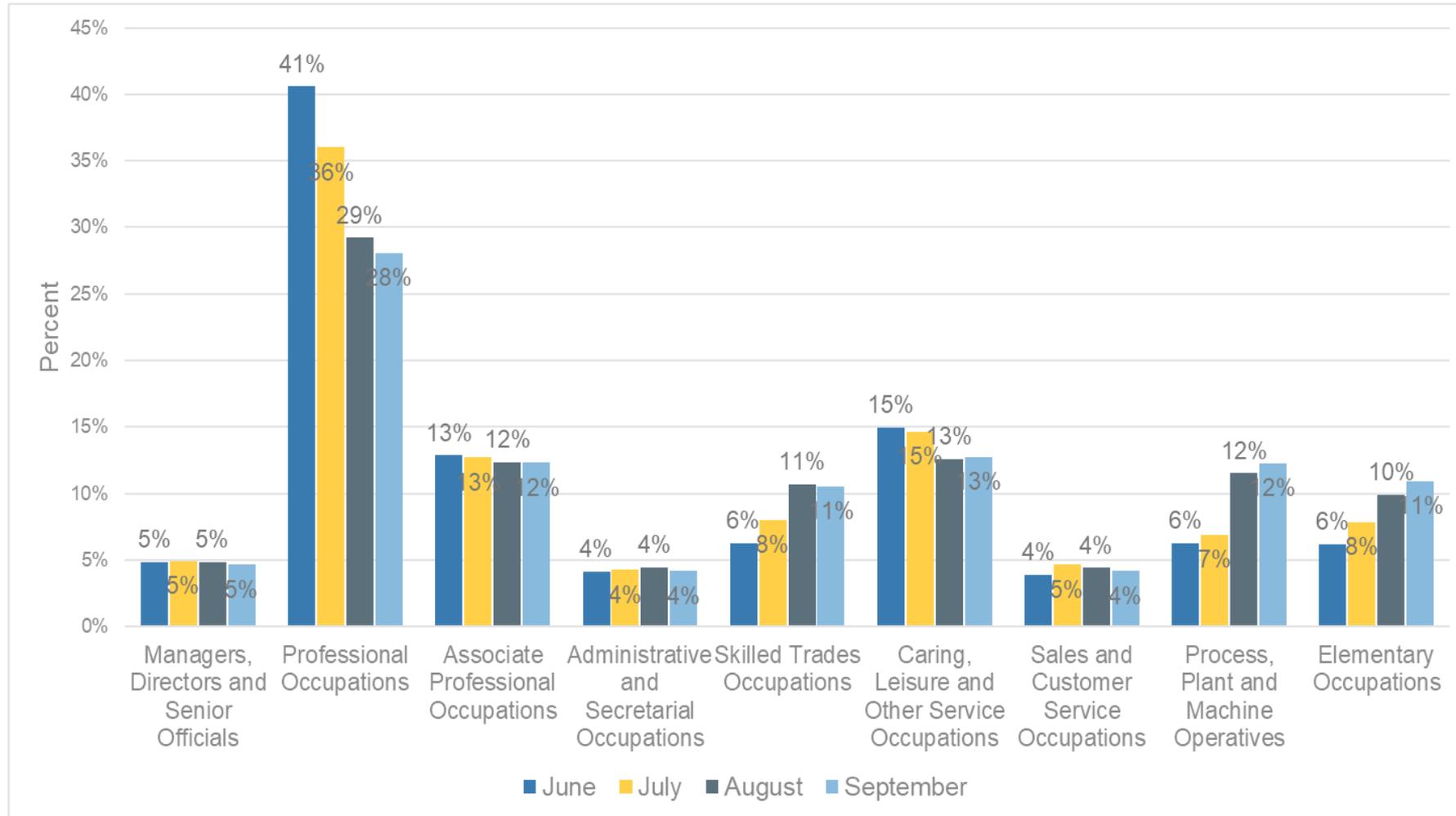


Vacancy levels by high level job type – March, May and September 2020

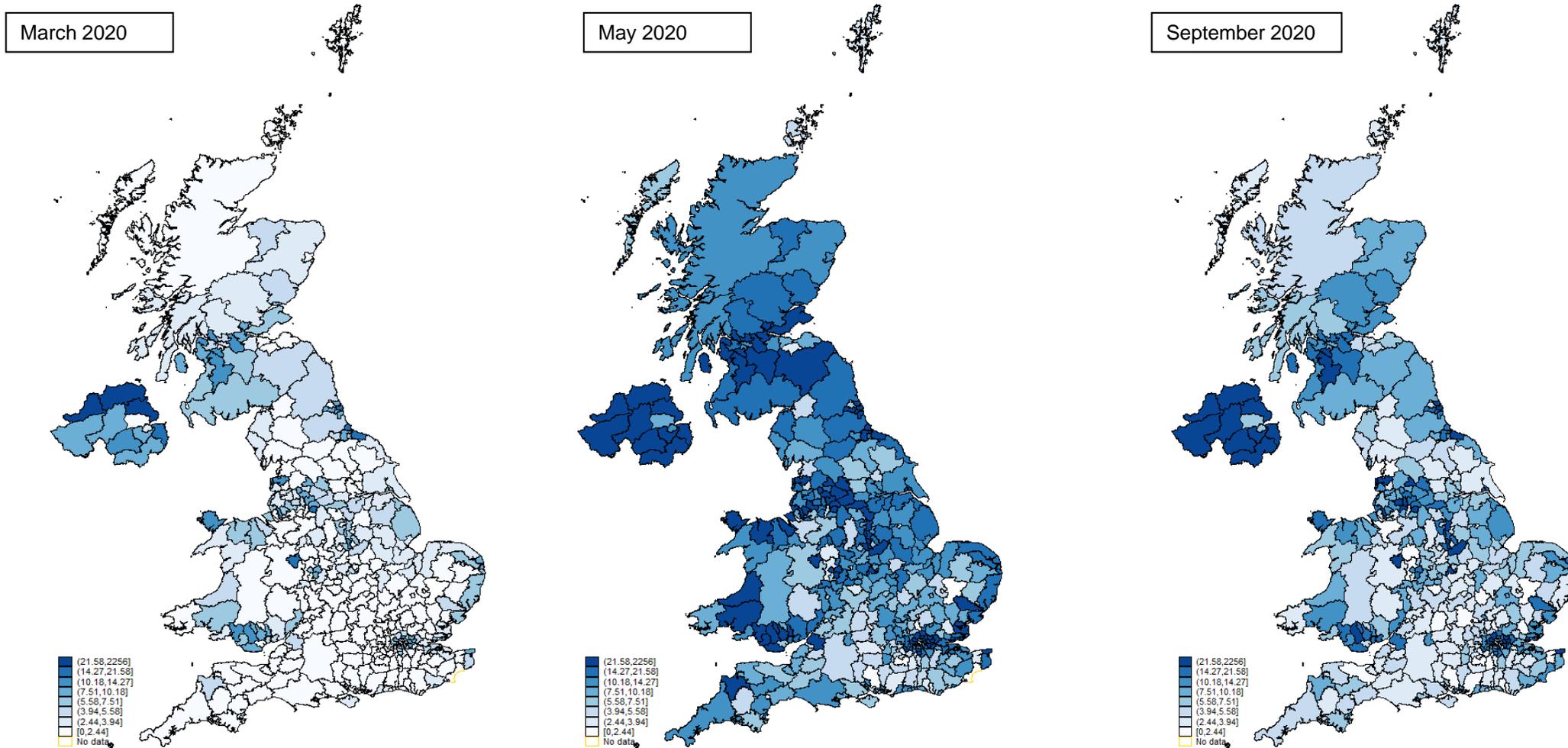
- Adzuna data categorises vacancies into one of 27 high level ‘job types’, reflecting the broad occupational category for that work.
- This figure shows how the levels of vacancies by high level job type has changed over the crisis



Percentage of jobs by occupation by month



Claimant count per vacancy, by local authority



Summary of Findings from Vacancy data

- Strong variation by sector
- Mixed picture for low pay workers:
 - strong decline in hospitality and catering vacancies
 - little change for health and social care
 - large rebound in logistics and warehouse work in September
- Geographic pattern of disadvantage reinforced
- Distribution of vacancies shifts towards lower pay occupations
- Looking ahead, importance of supporting those in lower paid work, and address the quality and security of low paid work

Thank you