

COVID-19 and urban households in Lahore, Pakistan

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C COVID-19 has led to increased levels of stress and deterioration in the economic situation of urban households in Lahore, Pakistan. Affected households plan to cope with the crisis by diversifying their income sources. In addition, an increased number of recent female public college graduates in our sample are moving towards post graduate study.

Introduction

We analyse the impact of the COVID-19 pandemic and the lockdown on a sample of women who completed their undergraduate degrees last year from public colleges in Lahore, Pakistan. We conducted phone surveys with 1,617 women from May to June 2020 collecting information on their own and household outcomes.¹ Pakistan imposed a strict lockdown in March 2020, following the first recorded death in the country in the same month. We survey the respondents, on average, 10 weeks after the lockdown was first implemented, when it was beginning to be eased. The country is currently implementing a policy of ‘smart lockdown’, imposing stricter safety and social distancing protocols in localized areas that are deemed to have high or rising infection rates.

We interview women belonging to urban, middle class households in Lahore. Our sample is unique

in that they are highly educated – all of the women in our sample are recent college graduates – when only about 10% of the women in urban areas of Pakistan have an undergraduate or higher degree (PSLM, 2015). Survey respondents are about 22 years old. Before the pandemic and resulting lockdowns, sample households have an average monthly household income of PKR 40,000.² One-third of the sample have a father who is a government employee and another one-third whose fathers are self-employed.

Household experience

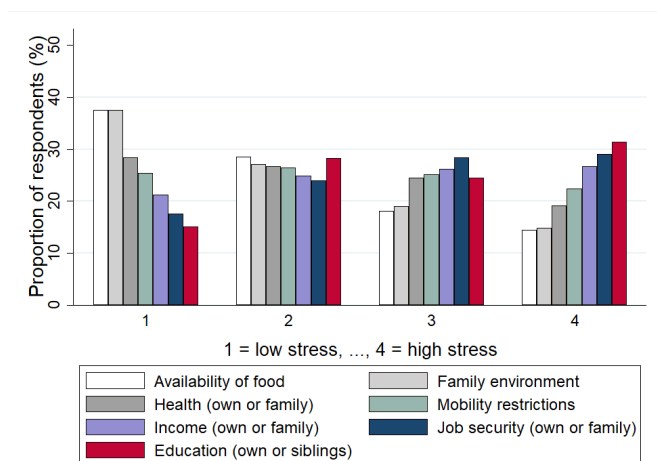
Two-thirds of the sample reported the main earner of the household had lost his/her job since the start of the COVID-19 lockdown. On average within this sample, job loss does not vary by parental education or household income levels. However, households where the head (respondent’s father) has a salaried, public job are 6 percentage points less likely to have experienced job loss than those where the household head is self employed/private employee.

Participants were asked to rank levels of stress in various domains, on a scale of 1 to 4, with 4 representing most stressed. In Figure 1, we show the the proportion of respondents who are stressed on a likert scale (1 = low level of stress, to 4 = high level of stress) across a range of dimensions. These dimensions, which include stress about availability of food, their own health or the health of family members, income earned by the household, their

¹This brief is part of a larger study that looks at the impact of exposure to role models on labor market outcomes of undergraduate female students in public colleges of Lahore. Please see <https://g2lm-lic.iza.org/thematic-areas/ta3/overcoming-constraints-to-female-labor-force-entry/> for details.

²Average monthly household income for urban households in Pakistan is reported at PKR 43,000 (Household Integrated Economic Survey 2018-19), which is just about the income being earned by an average household in our sample.

own or their siblings' education, environment in the household, mobility restrictions and job security, are shown by different colored bars in the figure. In line with household experience, reported stress levels about continuing education (respondents' own or their siblings) are the highest – average stress levels are [3, 4] for more than half (56%) of the respondents, followed closely by stress about job security and availability; and that for household income. Stress about availability of food, family environment, health concerns and mobility restrictions due to government lockdown are relatively low - the median stress level reported for these issues is low (2 or below).



Note: Each bar shows the proportion of respondents who report being stressed on a Likert scale of 1 (low stress) to 4 (high stress) for each dimension.

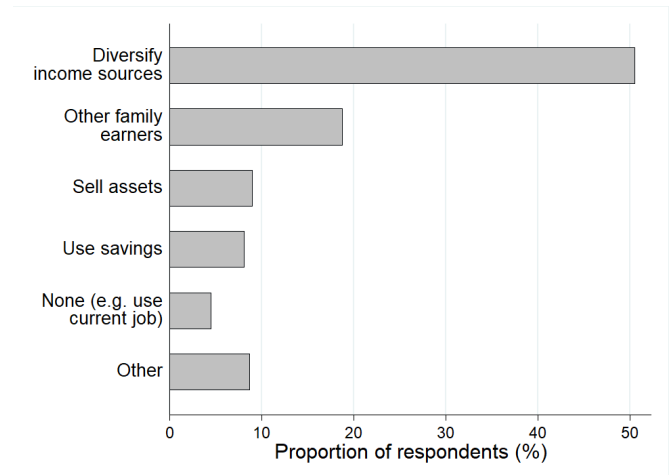
Figure 1: Reported stress levels

We asked respondents a number of questions about their main concerns during the COVID-19 crisis. Among a sample of 1233 respondents who indicated they were concerned about the three dimensions we asked about, 56% said they were most concerned about job security, 25% reported high levels of stress in the household and 19% reported being mainly concerned about availability of food. Job security in the future is the main concern for this sample, and one of the main factors on which respondents' report high levels of stress.

Adaptation strategies in the household

Respondents were asked about the assistance, formal (e.g. government assistance or aid from NGOs) or informal (e.g. help from family and friends) that has been offered to them under the current situation. A large proportion, almost four-fifth of the sample,

reported they had received none. Of the remaining, reliance on family and friends was low (2%) given the widespread adverse affects of the current pandemic. Approximately one out of ten respondents had received assistance from either the government or private NGOs. A small, but non-negligible proportion (8%) of the households had taken on new loans since the lockdown began.



Note: Each bar shows the proportion of respondents who report a particular strategy to adapt to the COVID-19 pandemic and any resulting adverse effects.

Figure 2: Reported household adaptation strategies

We ask respondents what their households plan to do to adapt to the adverse effects of the COVID-19 pandemic. Figure 2 summarizes the response from 1244 survey participants. Adaptation strategies primarily involve diversifying income sources: 51% intend to diversify sources of income (e.g. another job) and 19% intend for more family members to find work and start earning. Intention to use existing savings (8%) or sell household assets (9%) is still relatively rare; and 5% households do not intend to change anything and will rely on the existing income coming into the household.

Effect on recent women graduates

Finally, respondents were asked about their own experience and adaptation strategies. We asked if the respondent, a recent graduate from public, undergraduate college in Lahore, was working before the start of the COVID-19 crisis. The labor force participation rate in the country is at 22%³ but for graduates, it is higher at nearly 35%. In line with

³From The World Banks' Open Knowledge Repository: <https://openknowledge.worldbank.org/handle/10986/30197>.

this, in our sample of highly educated recent graduates more than a third of the sample (35%) said that they were working before the crisis, in February 2020. Two-thirds of these women were working as tutors, one-fifth were employed at other salaried work, and a tenth of the working sub-sample of women said that while they were not fully employed, they were working part of the day. Relative to February 2020, the total proportion of working women falls sharply in our sample to 22% in April 2020. This is in line with the overall high levels of stress and concern shown for job security in this sample. In addition, fewer respondents are likely to be looking for work - 13% in February 2020 to only 5% in April 2020.

Conclusion

Some key insights which emerge from this analysis are:

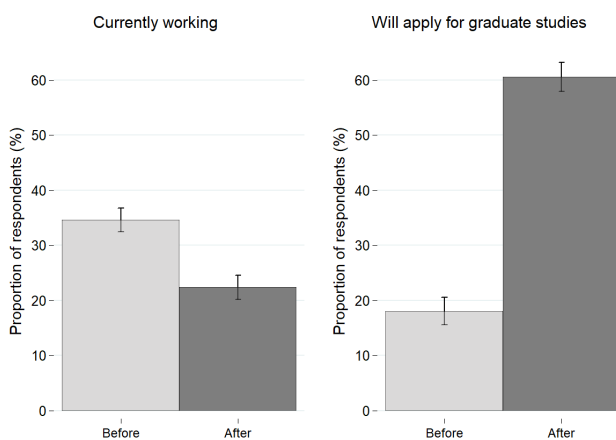
The economic situation of women and their families has deteriorated; Two thirds of the sample reported that the main earner, particularly self-employed and privately employed, lost his/her job since the lockdown in March. This is coupled with a drastic reduction in the proportion of women (i) working; from 35% before lockdown to 22% percent after lockdown and (ii) looking for work; from 13% before lockdown to 5% after lockdown.

Women substitute away from the labour market and towards the education market. The reduction in women working and looking for work is coupled with an increase in the proportion of women applying for postgraduate study. Therefore, all is not bleak. However, as existing evidence has shown, graduates in a recession suffer adverse health effects, loss of skills and underemployment (Schwandt et al., 2020, Oreopoulos, 2020).^{4,5} This calls for a need for employing strategies to minimize loss of human capital.

Not surprisingly, high levels of stress are widely prevalent; more than half of the sample report that they are often or very often stressed. The largest stressors are continuing education and future job security followed by smaller stress points such as family environment and food availability.

There is limited access to formal and informal assistance (such as government assistance, aid from NGOs and help from family and friends); only 10% report receiving assistance from the government or private NGOs and a mere 2% rely on family and friends for assistance.

With limited external assistance, *households plan to cope by diversifying income sources* (e.g. another job) *and/or involving more family members in work*, to manage the adverse economic effects of the COVID-19 lockdown. These findings indicate that there is a need for expanding the scope of existing social insurance programmes and safety nets for this population.



Note: We ask if respondents were working in February 2020 and in April 2020, that is 'before' the first COVID-19 cases in Pakistan and nation-wide lockdown in March 2020, and 'after'. In an earlier survey, conducted in December 2019, we asked the same sample if they intend to apply for graduate studies ('before'). We repeat this question again in the current survey ('after'). Whisker plots represent the 95% confidence intervals.

Figure 3: Reported labor force participation and intention to apply for graduate studies

At the same time that we see a significant decrease in employment, we see a dramatic, corresponding increase in the proportion of students who plan on enrolling in a postgraduate degree. We report averages from two different rounds of phone survey. In December 2019, we had asked the same sample if they intended to apply for postgraduate studies in the future. Approximately 18% answered in the affirmative. By April 2020, when we interview these respondents again, the proportion of women who were planning to apply for postgraduate studies had increased substantially to 61%, implying that for many respondents, the crises may have provided the impetus to continue their education, rather than attempt to join the labor force.

⁴Schwandt, H., von Wachter, T. M. (2020). Socioeconomic decline and death: Midlife impacts of graduating in a recession (No. w26638). National Bureau of Economic Research.

⁵Oreopoulos, P. (2020, May). Graduating during the Covid-19 recession. IZA opinion pieces. Retrieved from <https://wol.iza.org/opinions/graduating-during-the-covid-19-recession>

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