

# **Impact of COVID 19 on Own Account**

## **Workers in Sri Lanka**

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### **Introduction**

Entrepreneurs (hereafter defined as own account workers) are vital to the economy specially 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 and 64.5% of males and 35.5% of females (DCS,2020), the economy is at 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 only have cash to run the business just for less than three months (WEF, 2020). While the global lens indicates insecurity of the startups and small-scale businesses, Centre for Poverty Analysis (CEPA) attempts to investigate the national level impact on own-account workers during the strenuous time of COVID 19 lockdown.

CEPA studied the livelihoods of 400+ households to understand the effects of COVID 19 on them across 23 districts. 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 on 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 this year in order to answer the following questions;

1. Has there been an economic impact to 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 had 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 the 2020. The methodology consists of two parts; the quantitative analysis of the survey and the analysis of the existing literature. Due to word restrictions, the analysis of the existing literature is not included in the paper.

### **Limitations**

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 population who have access to internet connections as the data collection method was online.

### **Results**

The survey looked into seven types of working categories; 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.

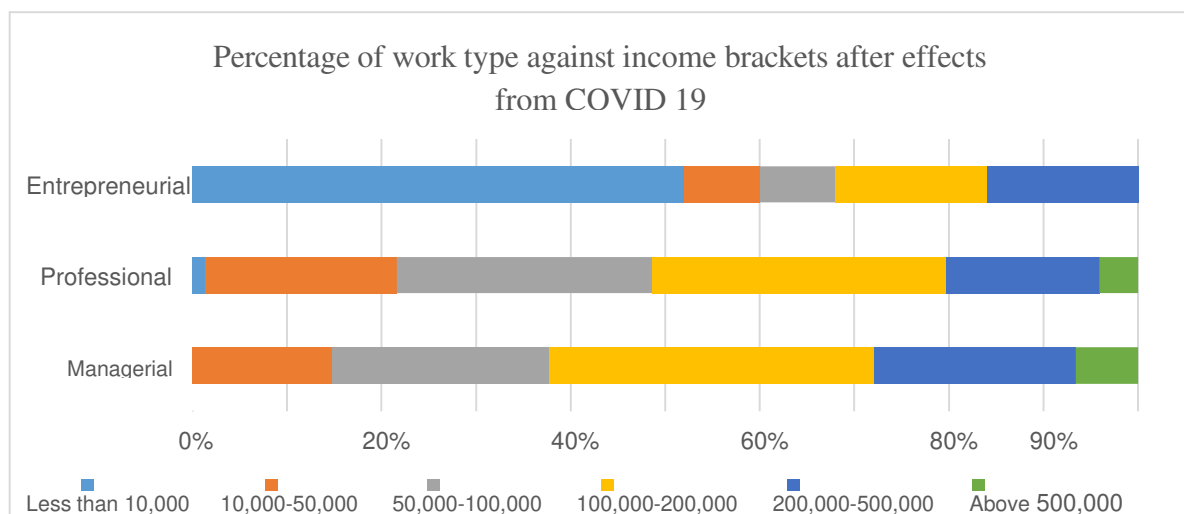
This analysis particularly looks into three distinctive areas as previously mentioned;

the economic impact, changes in care work during the COVID 19 and perceptions of certain aspects related to the household economy among the own account workers during the lockdown.

### 1) Economic impact

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 in comparison to 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 have an insecurity about their job 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 a 32% of the sample of the own account workers have reported that their monthly income is between 100,000-500,000. Since majority of the own account workers indicates 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 pawning and non-interest borrowings as their second and the third option. However, professions like managerial, professional and teaching have opted 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.

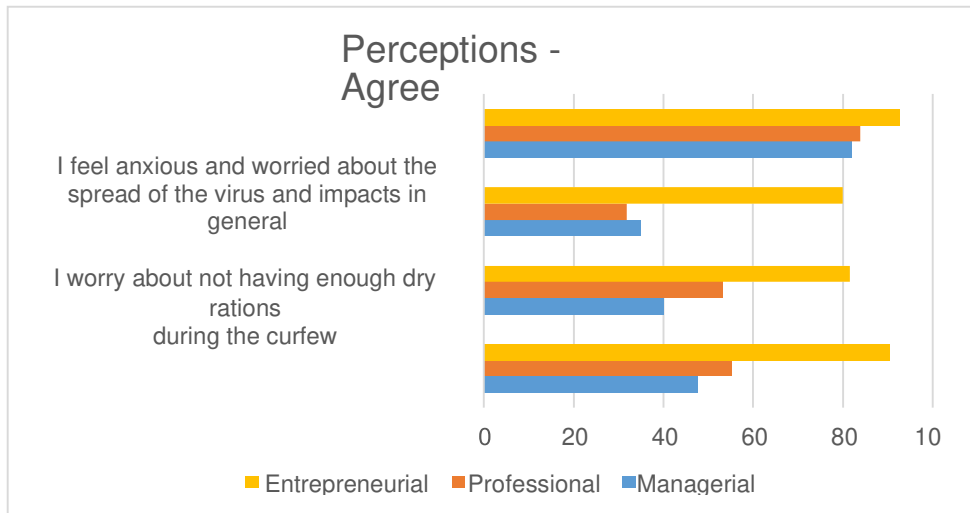
1) Care work

	Change of work hours by work type			Change of HHwork hours by work type			Change of care work hours by work type		
	Managerial	Professional	Entrepreneurs	Managerial	Professional	Entrepreneurs	Managerial	Professional	Entrepreneurs
<b>Less number of hours</b>	77.35849	76.31579	58.82353	3.773585	2.631579	9.090909	0.943396	1.754386	2.941176
<b>Equal</b>	13.20755	15.78947	17.64706	29.24528	28.94737	18.18182	55.66038	63.15789	50
<b>More number of hours</b>	9.433962	7.894737	23.52941	66.98113	68.42105	72.72727	43.39623	35.08772	47.05882

\*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.

## 2) Perceptions



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 and Policy Recommendations**

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.

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