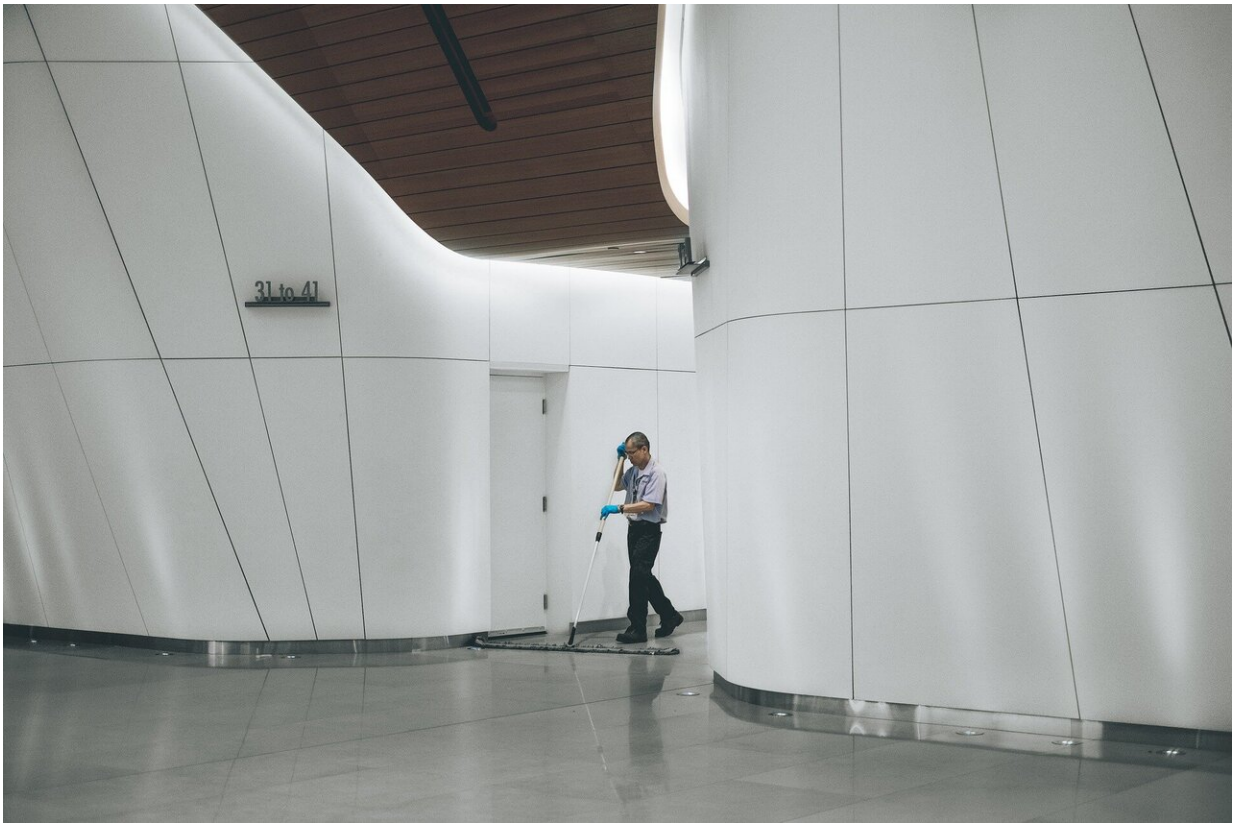


Low-income earners suffer most from the COVID-19 crisis

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Home office at full pay is not an option for all employees hit by the coronavirus crisis. To analyze changes in work arrangements during the pandemic, a team of economists from the Cluster of Excellence

ECONtribute in cooperation with the Institute of Labor Economics (IZA) surveyed around 5,500 individuals in the Netherlands from March 20-31. The results show that high-skilled workers spend more time in the home office, while less-skilled workers are more likely to work reduced hours or lose their jobs.

Education plays a key role in terms of being able to work from home, according to new data from the COVID Impact Lab, a joint research project by the University of Bonn's "ECONtribute: Markets & Public Policy" Cluster of Excellence and the IZA Institute of Labor Economics. The researchers compared work arrangements at the onset of the crisis and shortly after social-distancing policies were implemented. Their data are the first to show detailed changes in the proportion of telework among different groups of employees.

High-paid workers benefit from the home office option

The total share of employees who work from home at least two hours a day has doubled from 27 to 54 percent. This is mainly driven by high-[skilled workers](#) (76 percent) while only 31 percent of low-skilled workers report at least two home office hours per week since the beginning of the crisis. For university graduates, switching to telecommuting seems relatively easy: While their share of home office hours increased from 11 to 68 percent, the share among the low educated is only one fifth. The latter group, instead, experienced a much larger drop in total hours (see Figure 1).

Double impact of the crisis on low-income earners

The main reason may be that less qualified workers are more often found in occupations where remote work is impossible, such as transportation, retail, or catering. This makes them more prone to job

loss or substantial working hour reductions. At the same time, they are less likely to have savings or assets to compensate for income loss, which makes them particularly vulnerable to the crisis and more in need of government support. Lower educated workers are also found in essential occupations, such as nursing care or grocery retailing. While their jobs are currently safe, they are at higher risk of infection. Home office workers, on the other hand, are protected against both infection and income loss. This aggravates the labor market segmentation into office jobs, characterized by higher education levels and home office rates, and lower-skilled jobs with no home office option (see Figure 2).

Transferability of the findings to Germany

"The data currently available for Germany are less detailed, but preliminary findings suggest that the situation is very similar. Although the increase in the share of home office hours seems somewhat less pronounced than in the Netherlands, it is clear that workers without higher education are less likely to be able to work from home. Both countries have also implemented similar restrictions on social contacts, which creates a comparable setting," says Hans-Martin von Gaudecker, ECONtribute Professor for Applied Microeconomics at the University of Bonn and research team leader at IZA.

Impact Lab with current data on the crisis

Together with his research team from Bonn and the Dutch University of Tilburg, the economist wants to analyse the effects of the current crisis and measures to counteract it. To this end, he has, together with other scientists, set up the COVID Impact Lab. The aim is to quickly generate helpful data in the current crisis and make it available to the public and decision makers. In the medium term, more in-depth analyses are then to be carried out. The project is supported by the Cluster of Excellence ECONtribute: Markets & Public Policy Cluster of Excellence.

ECONtribute: The only Cluster of Excellence in economics

ECONtribute is the only Cluster of Excellence in economics that is funded by the German Research Foundation (DFG) and a joint initiative of the universities of Bonn and Cologne. The Cluster's research focuses on markets at the interface between business, politics and society. The Cluster aims to advance a new paradigm for the analysis of market failure in light of fundamental societal, technological and economic challenges, such as increasing inequality and political polarization or global financial crises.

Information on the data set:

The data were collected with the help of the Dutch LISS panel. The LISS (Longitudinal Internet Studies for the Social Sciences) panel has been asking 4,500 households regularly on a variety of topics for over ten years. The households are representative of the Dutch population and answer the questionnaires online. For the current wave of the LISS panel, the research team designed a new module to ask panel members about behaviors, beliefs and expectations during the Corona epidemic. The first wave of this module was fielded between March 20 and March 31, LISS participants aged 16 and over were surveyed. The response rate was over 80 percent which translates into a sample of 5,544 individuals. Comprehensive data are not yet available for Germany, but initial trends can be seen. The German data is also being collected via an online survey with the help of GESIS, the Leibniz Institute for the Social Sciences.

More information: Labour supply in the early stages of the CoViD-19 Pandemic: Empirical Evidence on hours, home office, and expectations: [selten.institute/wp-content/up ... Corona_Gaudecker.pdf](https://selten.institute/wp-content/uploads/2020/04/Corona_Gaudecker.pdf)

Provided by University of Bonn

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