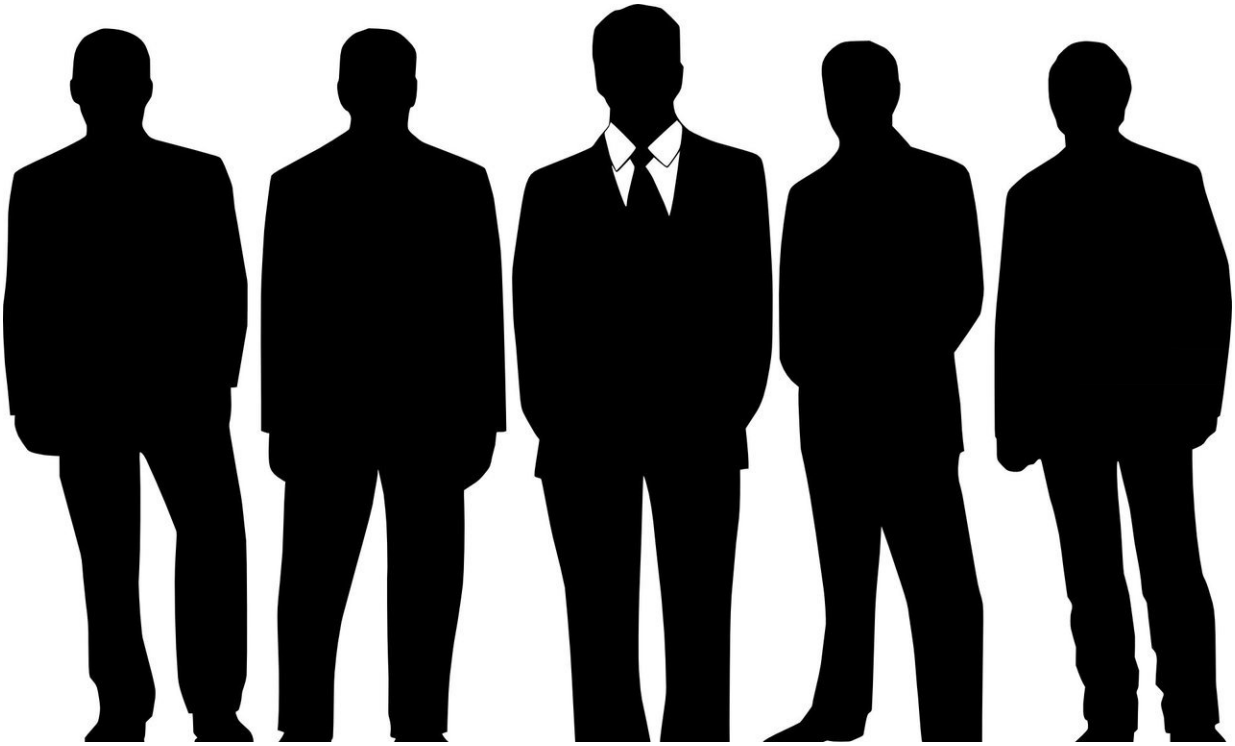
Deep economic divide found even among employed people during COVID-19

July 11 2022



Credit: CC0 Public Domain

An exploratory study with implications for the growing gig-economy indicates there were only two kinds of workers during COVID-19: the haves and the have-nots.

Using data collected from 315 employed adults across 45 U.S. states and

the District of Columbia, researchers examined how workers were affected by precarity—a persistent insecurity in employment or income. They looked at a range of measures related to precarity including job insecurity, financial insecurity, prior unemployment, household income and underemployment.

What they found was that most employees either had all positives or all negatives on these measures with little in between.

"We were expecting to find different nuanced groups. We didn't. We only found two: those that were doing well and those that were doing really poorly," said lead author Andrea Bazzoli, a Washington State University psychology doctoral candidate. "It's a sign of a two-speed economy and the K-shaped economic recovery: some people are being left behind. That is pretty concerning as we recover as a nation from the COVID 19 pandemic."

The study, published in the *International Journal of Environmental Research and Public Health*, looked only at data from employed people recruited through Amazon's crowdsourcing site MTurk in October and December of 2020. The sample did not include currently unemployed people, and most of the participants had traditional employment rather than freelance or contract-work typical of the gig economy—yet the researchers still found this divide with about 25% of workers falling in the have-not category.

There was little difference demographically among the haves and have-nots in terms of gender, race and age. The only difference was that the haves were somewhat better educated than the have-nots; among employees who were doing well 50% had college degrees compared to 35% of the workers who were faring poorly.

The have-nots also reported a host of negative outcomes including worse

physical health, life satisfaction and work-family conflict as well as lower job satisfaction and commitment to their employers.

Precarity can create a spiraling effect, said co-author Tahira Probst, a WSU psychology professor. For instance, if employees have insufficient income, they may not be able to afford doctor's visits or medications leading to poor health, which can make them less fit for their jobs, which then increases their job insecurity, which can further deteriorate their health.

"These cycles have implications for organizations as well as for the employees themselves," Probst said. "This serves as a warning: as we see increasing reliance on non-standard employment relationships in the gig economy that by definition, contractually, have higher levels of precarity, we're going to see more people falling into this group with more instances of these negative outcomes. Therefore, it is important for companies and society at large to identify places where we can short-circuit these loss spirals."

More research needs to be done, Bazzoli and Probst said, including replicating these results with a broader, more representative group of U.S. workers and extending the analysis to data from Europe to see if countries with stronger safety nets have different outcomes for employees.

In the meantime, the researchers suggested that organizations consider all the effects of relying on precarious work arrangements such as those in the gig economy, which Bazzoli called a "double-edged sword."

"Organizations might see some benefits from non-standard work arrangements because they save money, but it comes with side effects of a less healthy, less productive and less committed workforce," he said. "Is it worth prioritizing the short-term goal of saving money by using

those type of arrangements? Because there are long-term consequences."

In addition to Bazzoli and Probst, co-author Jasmina Tomas from University of Zagreb in Croatia worked on this study as part of a Fulbright fellowship at WSU.

More information: Andrea Bazzoli et al, A Latent Profile Analysis of Precarity and Its Associated Outcomes: The Haves and the Have-Nots, *International Journal of Environmental Research and Public Health* (2022). DOI: 10.3390/ijerph19137582

Provided by Washington State University