

The Pacific workforce and the impact of COVID-19

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WORK RESEARCH INSTITUTE**

Disclaimer

The results in this paper are not official statistics; they have been created for research purposes from the Integrated Data Infrastructure (IDI), managed by Statistics New Zealand (Stats NZ). The opinions, findings, recommendations, and conclusions expressed in this paper are those of the authors, not Stats NZ.

Access to the anonymised data used in this study was provided by Stats NZ in accordance with security and confidentiality provisions of the Statistics Act 1975. Only people authorised by the Statistics Act 1975 are allowed to see data about a particular person, household, business, or organisation, and the results in this paper have been confidentialised to protect these groups from identification. Careful consideration has been given to the privacy, security, and confidentiality issues associated with using administrative and survey data in the IDI.

Further detail can be found in the Privacy impact assessment for the Integrated Data Infrastructure available from www.stats.govt.nz.

Outline of the presentation

- Section 1 – Context and background
- Section 2 – Data
- Section 3 – Model
- Section 4 – Results

Section 1

Context and background

Existing labour market disparities

Clear ethnic disparities exist in the New Zealand labour market

Pasifika face **higher unemployment rates** and **benefit recipiency** numbers compared to NZ Europeans

Gender differences exacerbate existing ethnic disparities

Women more likely to be **employed part-time** and have **higher underutilisation rates** compared to men

Disparities even more so pronounced for Pasifika women

The COVID-19 pandemic

The government imposed far-reaching restrictions...

Such as working from home orders and closure of non-essential business

...impacting business and employees

Reduced working hours and wages, increased job losses, uptake of benefit reciprocity

Government introduced support schemes.

Labour market has fared well, in general falling unemployment rates and increasing labour force participation

...however, recovery rates have been heterogenous across industries, demographics and region

Our research questions:

Research aim 1:

Quantify the labour market disparities for Pasifika, relative to NZ Europeans, prior to COVID-19

Research aim 2:

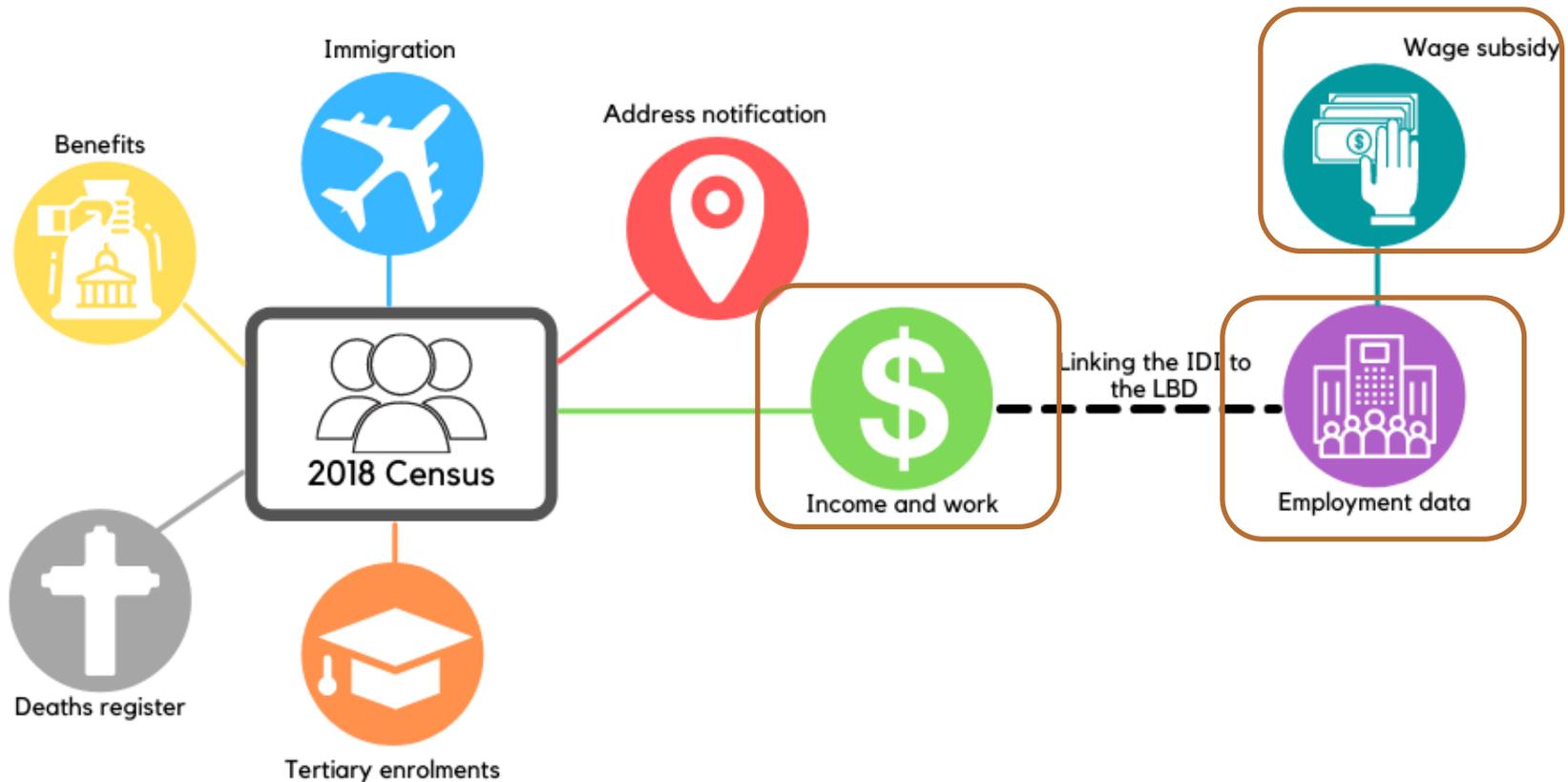
Estimate the impact of COVID-19 on Pasifika labour market outcomes

Using administrative data in the IDI on employment, earnings and benefit recipiency

Section 2

Data

Forming our panel



Pre-COVID time period

Jan 2017 – Dec 2019

COVID time period

Mar 2020 – Jun 2021

Demographic profile

Pasifika men

Average age: 38.2

65.5% of population in Auckland

73.4% living in high deprivation areas

Qualifications:

- 31.0% have no qualifications
- 9.7% have a Bachelors Degree
- 11.7% have a post-graduate degree

NZ European men

Average age 43.1

26.3% of population in Auckland

31.5% living in high deprivation areas

Qualifications:

- 20.9% have no qualifications
- 7.0% have a Bachelors Degree
- 23.4% have a post-graduate degree

Demographic profile

Pasifika men

Employment status (if employed):

- 93.3% paid employee
- 6.3% employer or self-employed
- 0.3% unpaid family worker

NZ European men

Employment status (if employed):

- 77.0% paid employee
- 23.3% employer or self-employed
- 0.8% unpaid family worker

Demographic profile

Pasifika women

Average age: 38.5

68.8% of population in Auckland

75.7% living in high deprivation areas

Qualifications:

- 24.4% have no qualifications
- 11.1% have a Bachelors Degree
- 13.3% have a post-graduate degree

Employment status (if employed):

- 96.0% paid employee
- 3.6% employer or self-employed
- 0.5% unpaid family worker

NZ European women

Average age 43.3

25.8% of population in Auckland

30.7% living in high deprivation areas

Qualifications:

- 18.8% have no qualifications
- 7.8 have a Bachelors Degree
- 12.8% have a post-graduate degree

Employment status (if employed):

- 84.2% paid employee
- 14.2% employer or self-employed
- 1.6% unpaid family worker

Pre-COVID labour market distribution

Pasifika men concentrated in...

- Manufacturing (26.9%)
- Construction (13.8%)
- Transport, Postal and Warehousing (10.2%)
- And Wholesale Trade (9%)

...and predominantly employed as:

Machinery operators and drivers (25.8%)
and labourers (24.2%)

With mean wage of:

\$4859 compared to \$5792 for NZ
European men

Pre-COVID labour market distribution

Pasifika women concentrated in...

- Healthcare and Social Assistance (16.1%)
- Manufacturing (13.3%)
- Administrative and support services (9.8%)
- And Retail Trade (9.5%)

...and predominantly employed as:

Clerical and administrative workers (20.6%), labourers (19.9%) and community and personal services workers (19.1%)

With mean wage of:

\$3854 compared to \$3846 for NZ European women

Section 3

Model

Outcomes of interest

Job accession and benefit dependence

Individuals non-employed
12 months before:

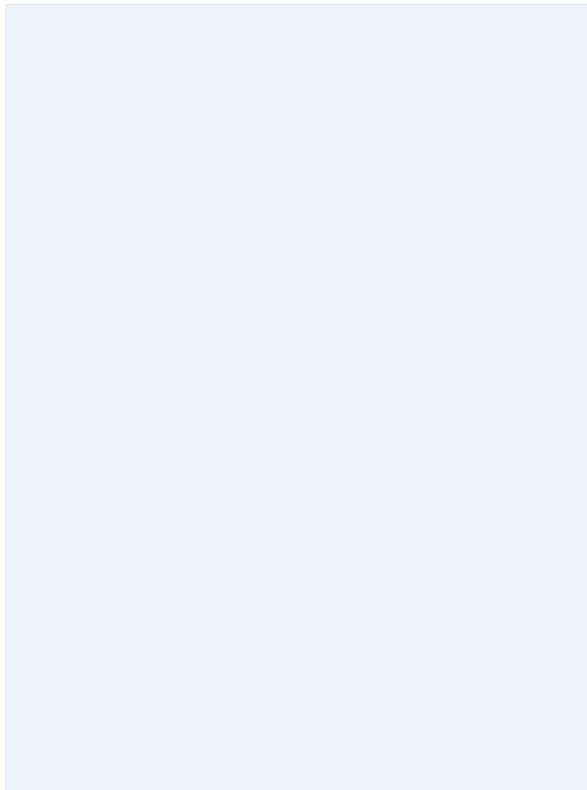
- Labour market entry
- Wage scarring
- Low-pay risk entering employment
- Any benefit dependence
- Unemployment – related benefit dependence

Job and wage mobility

Job separation

Outcomes of interest

Job accession and
benefit dependence



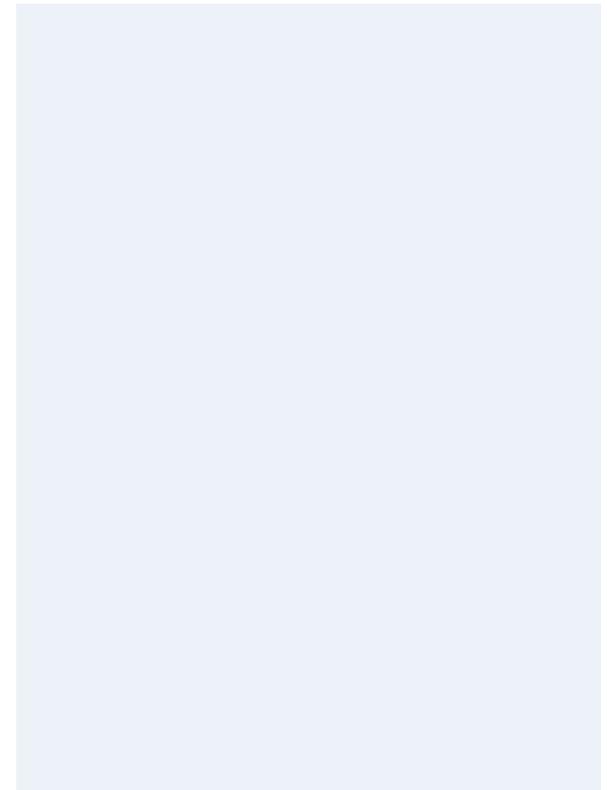
Job and wage
mobility

Individuals employed 12
months prior and currently:

- Wage progression
- Low-pay risk in employment
- Job stability
- Industry stability

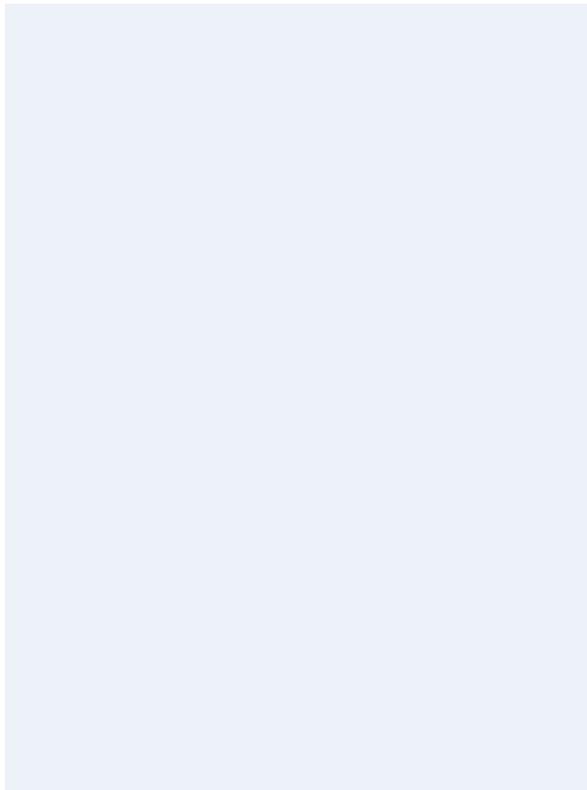


Job separation

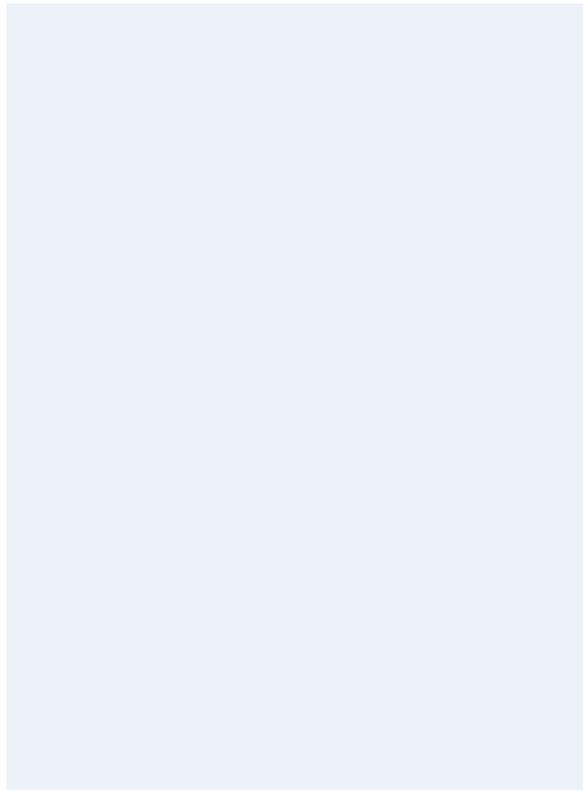


Outcomes of interest

Job accession and
benefit dependence



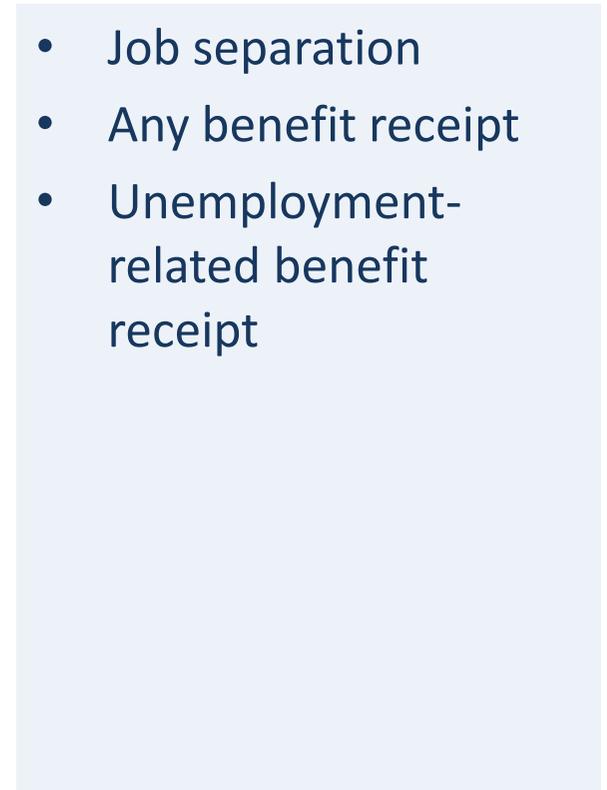
Job and wage
mobility



Job separation

Individuals employed 12
months prior and non-
employed currently:

- Job separation
- Any benefit receipt
- Unemployment-
related benefit
receipt



Our model

- We first estimate disparities pre-COVID between Pasifika and European
- We then estimate how these disparities changed for the population during COVID
- and then measure the Pasifika-specific effect during COVID

Controlling for:

- Education
- Age
- Occupation
- Smoking status
- Disability status
- Social marital status
- Region of residence
- Employer characteristics (for those employed at t-12)

Section 4

Results

Job accession: labour market entry

Men			Women		
Pre-COVID (2017-19)	COVID (2020-21)	COVID Change	Pre-COVID (2017-19)	COVID (2020-21)	COVID Change
Labour market entry (in percentage points)					
0.003	0.007***	0.004	-0.004*	-0.010***	-0.006***

Other outcomes

For individuals not employed 12 months before

- Significant wage scarring for Pasifika men pre-COVID, which continued during the pandemic.
- Pasifika women earned slightly more when entering employment compared to NZ European women pre-COVID; but this relationship reversed during COVID.
- Drop in the likelihood of exiting benefit reciprocity during the pandemic, for both genders.

Other outcomes

For individuals employed 12 months before

- Lower wage progression for Pasifika men pre-COVID, which continued during the pandemic.
- No difference in wage progression for Pasifika women pre-COVID, but an ethnic divide appears during the pandemic.
- Economically small shifts in job stability and industry stability due to COVID.
- And similarly for job separation

Sub-population analysis

Restricted samples:

1. Below the age of 30
2. Above the age of 50
3. Individuals without school qualifications
4. Individuals living in Auckland
5. Excluding the year 2020

Results

Sub-population analysis

- Effects larger if younger, if living in Auckland, and in 2021.
- Particularly for wage progression and wage scarring
- If we combine restrictions, i.e. for those below 30, living in Auckland, and limit focus to 2021
 - Wage scarring increases from 5% to nearly 20% for Pasifika men; and from no difference to 23% for Pasifika women
 - Wage progression improved slightly for Pasifika men (drop from 7% lower to 5% lower), but deteriorated for women (4% lower increasing to 8% lower).

Employer characteristics

Industry-specific wage progression during the pandemic

Findings: positive relationship between industries that experienced significantly lower wage growth due to COVID and industries where Pasifika are most prevalent (i.e., manufacturing, construction, accommodation and food services).

For example, 10% of Pasifika women work in Administrative Services which saw a 4.5% drop in wage growth (relative to Agriculture)

Role of wage subsidy scheme

Findings: Sizable impact on both wage scarring and wage progression for workers in a firm that received the subsidy versus firms that didn't.

Firms that received the subsidy were those that experienced at least a 30 percent drop in revenue compared to the same month in the previous year.

Effects larger in Auckland.

Conclusion

- Significant pre-pandemic labour market disparities between NZ European and Pasifika
- COVID amplified disparities for some sub populations: women, those below 30, living in Auckland, and for 2021.
- Largest impacts on wage progression and wage scarring
- Industries hit the hardest by the pandemic positively correlate with where Pasifika are prevalent:
 - Pasifika men: manufacturing and construction
 - Pasifika women: manufacturing and healthcare

Policy needs to tackle recent COVID-impacts and be long-term focussed to address entrenched disparities pre-COVID

Thank you!

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