

Over 54% Pakistanis face pay cuts or layoffs

KARACHI: More than half the working-class has either taken a pay cut or lost a job - or both - because of the Covid-19 outbreak, while others' confidence remains downbeat on fears of unemployment prospects in the near future.

"54% respondents have either faced salary cuts or have been laid off by their employers in an attempt to reduce operational expenses," according to Dun & Bradstreet (D&B) Pakistan and Gallup Pakistan joint report on 'Impact of Covid-19 on Consumers in Pakistan', incorporating views of 1,291 residents via a telephonic survey conducted between June 04 to June 16, 2020.

The report said that millions of jobs were lost in Pakistan as businesses were not allowed to operate during the lockdown. Some employees were laid off while others were sent on paid or unpaid leaves; creating panic amongst the working class. Some 18% of the respondents have already lost their jobs due to the pandemic.

Furthermore, it was observed that the impact of job loss was primarily faced by low-income workers. Additionally, 59% of the respondents were concerned about losing their jobs shortly in the wake of Covid-19.

Due to the fear of job loss, consumer expenditures have shifted from non-essential items to essential items, the survey suggested. 33% of the respondents cited an increase in grocery expenditure, 32% recorded an increase in household cleaning items and 32% cited an increase in medical expenditure. Additionally, 39% of the respondents claimed to have reduced expenditure on apparel and footwear.

Nearly 80% of respondents were currently worried about the spread of Covid-19 as it continues to affect their daily lives, as per the report. However, a vast majority of the respondents, around 41%, expect the situation to normalise within the next six months. Respondents in Pakistan were most concerned about securing their family's health, managing their finances and having an impact on savings.

During the month of June, consumer spending on entertainment and education declined severely, while consumer spending on medicines and household cleaning items increased, even high-income consumers recorded a sharp decline in expenditure on luxury items ie 53% decline in travelling, 51% on apparel and footwear and 49% on outdoor entertainment.

Despite the closure of brick-and-mortar stores, only 15% of consumers have moved to digital payments, as per the survey. Even though the movement of population is restricted due to the outbreak, citizens were reluctant to use digital payment options.

However, Sindh has been quick to adopt digital payments as 21% respondents were first time users, said the report. Around one in five respondents in the province have used digital payments for the first time due to coronavirus outbreak.