

A CRITICAL REVIEW ON IMPACT OF COVID-19: IN THE CONTEXT OF THE UNORGANISED SECTOR

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ABSTRACT

Coronavirus (COVID-19) pandemic mainly makes a severe impact on the daily life of the workers associated with unorganised sector. It also creates huge challenges, for the concerned workforce even to earn basic bread and butter for daily basis. The workers are also received less government assistance than those who are formally working. This paper explores some effects of the pandemic on the workers concomitant with the unorganised sector. The current study has been reported about the short and long-term consequences of the Covid-19 directly on the daily life of these workers. This unforeseen situation takes place because of the 'unsettled tensions rising from unorganised workforce' and their fear towards 'employment security'. The pandemic situation will still accelerate the current trepidation and also suggest new solutions which should have been implemented in order to protect the workers of the unorganised sectors and ensure their job security in the midst of extremely competitive market. As per the findings of our study, Government policies should be sufficient enough to ensure minimum income security, stability in the job, and impartiality compare to those who are working formally in order to develop an equitable, robust, and ethical systems for employees, enterprises, economies, and society as a whole.

Keywords: Informal economy, Unorganised Sector, Pandemic, Coronavirus.

Introduction

The mortality rate and rapid spreading power of COVID -19 virus forced WHO (World Health Organization) to report the virus as global pandemic in the end of March 2020. The strategy employed by the legislatures, including lockdown measure, subsequently make a great impact on the unorganised labour force and it creates a huge monetary plunge that especially influence on certain areas, which encompasses with enormous quantities of workers and independently employed persons, formal and as well informal business sectors. In many nations, like the UK, spine of the economic structure influenced drastically due to the 'COVID-19' phases and also, its severe impact extended on the low-wage areas of the society which tends to hire young workforce inexplicably (Papoutsaki, 2020). Furthermore, many people in these industries are employed informally and have been unable to access proper financial assistance from government compare to those working in the formal sector (Williams C. a., 2020a). Workforce of unorganized sector in developed nations, comprises approximately 18% of workers (Schneide, 2010). At a glance, the pandemic is most likely to harm unorganised work force and job aspirants who have very less social and employment securities. This

paper explores some of the pandemic consequences over the unorganised sector and its scope of employment, particularly in developed countries. Informal employment refers to operations that are illegal and it is not important for them to follow the embedded employment guidelines properly and as well tax standards but are otherwise lawful and legitimate. In USA (Katz L. a., 2019) it is concluded that current growth in available job opportunities generated mainly in unorganised sectors, which literally involves temporary help agency workers, contract-based employees and freelancers etc. The portion of these jobs (unorganized sector) grew up from 10.7% to 15.8% in between the span of 2005 to 2015. Lack of proper available transportation system (mainly train and other frequent modes) also pushed back the workers associated with this sector. These workers earned less per week compare to the workers attached with formal sectors with similar qualities of jobs. As most unauthorized segment is concomitant with poor employment quality and lack of social protection, which makes it difficult to improve their working conditions at their job site by the active participation of 'Trade Unionism'. It seems that the pandemic may have augmented a prevailing trend towards sustained "Decent" work (UN), (2017), which essentially integrates social

protection, fair working conditions and as well equal opportunities for all (EC), 2017).

Economical Perspective: Unorganised Labour force and their scope of Employment

Job opportunities in the unorganised sector can be enlightened as “unregistered by, or hidden from the state for tax and/or benefit purposes” (Williams C. a., “Do small business start-ups test-trade in the informaleconomy? Evidence from a UK survey”, 2014). Informal economic activities can be divided into two categories: first one is "legitimate", which would be lawful and embedded with relevant regulations and taxes, and second one; "illegal" and "illegitimate" informal activities, such as criminal activities (Williams C. a., 2016a). Moreover, the International Labour Organization (ILO) (ILO, 2018) conclude that there is a significant difference persist between informal sector and its scope of employment. The unorganized business is categorised by the various features involved in the place of work, i.e., reliant completely on the organisation or business. This ILO definition stresses the importance of state regulation at the place of work and employment relationship, that is, rules and restrictions to state the legal and allowed domains of various financial activities. The regulations regarding formal and informal sector restrained the true scope for self-regulation activities; the entire economy is more likely to violate the rule violation for yielding profit (p. 410) (Portes, 2005). As a result, the informal economy can be simply referred to as an income-generating tool that operates outside of legal and social institutional rules that govern through the similar production activities (Dell’Anno, 2003). As stated by Williams and Horodnic (2016a) informal economy is largely regulated with the cooperation of unorganised business industry rather than formal organizations. Activities followed will seem to be unlawful from the perspective of formal business sector, but they may be perceived as socially justifiable from the standpoint of work in the informal market and by the informal institutions. This creates an illegal environment in society, although there are a few permissible activities that operate in the informal sector, which mostly focus on identifying and exploiting economic prospects in the fields such as production and distribution (Castells M. a., 1989). It is also stated that, (Shapland, 2017) formalised work in the United Kingdom has become more lenient, in which it no

longer provides significantly greater advantages than informal work, blurring the line between the two once again. It has also been observed that students and independent professionals can work in flexible hours in unorganised sector, but it has also been criticised as a new kind of slavery and labour exploitation (DEBES, 2018).

Why do people make them involved with Unorganized Sector?

According to ILO (ILO, 2015) worker’s motivations are typically driven with the aid of competitiveness, budgetary restrictions and a lack of consciousness and poor knowledge towards compliance, or a decisive decision not to cooperate. As an outcome, it is obvious that the economic operations in connection with unorganised labour force could be covered from different powers and organizations not just for monetary benefit, but as well to avoid regulatory laws and duties (Medina, 2019) (Williams C. , 2011). This encompasses entrepreneurial endeavour in the initial phases of product formation or trade-off, while there is a bigger threat of insolvency and as well monetary loss (Williams C. a., “Do small business start-ups test-trade in the informaleconomy? Evidence from a UK survey”, 2014). The thin line between the formal and informal economic sector is frequently blurred. As entrepreneurial process is generally aimed at identifying and manipulating business prospects, progressions and frequently lead to the processes on the peripheries onto the economy in connection with workers of unorganised sector (Webb, 2019). It is very critical to identify the reason of involvement with unorganised sector, but as per the study is concerned, it may be attributed that the participation within unorganised sector is not always a willing decision to be made, somewhat an outcome of informal institutions and practises (Williams C. a., 2020a) (Williams C. , 2020b). As explained early, these temporary/contractual or uncertain professions are defined by the absence of a contract and are completely provisional in nature. These are primarily unskilled, labour-intensive industries that employ poor and unskilled people (Schneider, 2011). The pandemic had an important impact on these types of deeds, which are usually "customer-facing," and hence, employees working in unorganized sector are expected to be severely influenced by the COVID-19 setting and its consequences, at least in the short and medium run.

Participation with the Unorganised Sector

Depending upon diversified sectors and scenario, there are several evidences that explain and workers and employer participation in the informal sector. Williams and Horodnic, exposed three challenging concepts, such as, 'Modernisation Theory' which explained about informal economy (Williams C. a., "An institutional theory of the informal economy: some lessons from the United Kingdom", 2016a), Second, "Neo-Liberal" discusses informal economical contribution, which is a response against excessive laws, exorbitant protocols, and perceived high taxes. Besides, 'Political Economy Theory', explains that the informal economy is instigated by inadequate state act and an absence of overall employee protection. (Castells M. a., 1989). These concepts are useful in making divisions between state regulations and financial measures, which have been criticized for not addressing the specific intrinsic motivation factors of individuals who likely to choose, or not, to contribute into the unorganised sector. When the payoff is better than the predicted cost or when the alternatives are worse (i.e., unemployment), some people may choose unorganised work field but as an outcome they may be trapped by golden handcuff and penalised as well (Kirchler, 2007). Though, the abnormalities between rational and irrational financial behaviours are performing as the motivational factors for involvement with the unorganised sector is considered limited. An alternative understanding also takes a parallel way which elucidates about the versatile behaviours of individual and group and proposed by the 'Institutional Theory' and the idea of "Tax Morale" (McKerchar, 2013). It usually explains the implementation and range of managerial structures, such as, written policies, guidelines, systems and ultimately new forms of organization (Williams C. a., 2016a). The principles and philosophies of an informal organization can either be consider as a complement of those of formal institutions or can be substituted by their rules if discrepancies are evolved with the formal organization (North, 1990).

Reducing dependency on unorganised Sector

As already communicated, engrossment with informal economic deeds has various possible adverse magnitudes for individuals compare to the formal economy. It results substantial tax loss, consistent reduction of public revenues and thus the obtainable income may be spend for the key services and support for the common citizen;

mostly who really needs the assistance, including social protection; it also added value towards the unhygienic working culture and unfair rivalry for legitimate businesses, fading trade union involvement and collective bargaining (ILO) I. L., 2014) (TUC), 2008). The first process is generally based on the idea of deterrents to preclude socially authentic but illegal deeds, i.e., by communicating and enlightening the probability of identification through inspection (Hasseldine, 2007). Though, such an attitude may be counterproductive since it might undermine respect for the justice and thus diminish voluntary compliance, which will result in the better commitment into the unorganised sector (Murphy, 2005). On the other hand, the second measure enlightens the necessity to exaggerate the preferred legal behaviours and as well activities (Mathias, 2015), for example, through direct and indirect tax enticements. However, this tactic may not likely to resolve the issues of compliance and morality.

Discussion and conclusions

This study discussed the unorganised sector, why individuals and organisations are actively involved in it, and how the COVID-19 pandemic has made an impact on these workers life. As there are potential of many waves of infection (currently 2nd wave is going on) and the availability of efficient medical remedies such as vaccines, proper treatment protocol are not determined yet properly as per 'WHO' and other relevant medical agencies guidelines, that's why it is too early to draw the pandemic's entire impact in long run. The Rapid spread of new variant of coronavirus has been blamed for the unexpected misery of the workers. In turn, the adverse conditions of work and wages are seemed to be a progressive schema of trade unions and other related organizations, even in the midst of the pandemic. The financial benefits of hiring inexpensive labour force, providing low wages, unhygienic working environment were identified as the drivers of some employers' behaviours and can be amplified even in this pandemic tenure. Rigorous research has been hardly explained how these constraints can be resolved for the informal economy by adopting different frameworks. Whilst the short-run impacts of the COVID-19 pandemic are still seemed to be complex and undefined yet, it is to be expected that long-run impact of the pandemic on both informal and formal employment in society will be

potentially influencing mainly on the financial polarisation; so from various available primary and secondary data source the impacts of the pandemic on different demographic aspect, cultural perspectives, and other relevant areas need to be explored systematically, which is also a time consuming framework. Further systematic exploration is needed to consider the advancement of distributional impacts on informal economy and

employment for our hypothetical comprehension of work. In general, the pandemic is introducing many changes into the equilibrium of advantages and expenses in connection with unorganised sector and their possible employment opportunities compared to the formal employment. Yet, the future ramifications for the overall outcome of the covid-19 on the life of casual workforce will also remain uncertain.

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