

# Research in Brief



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## Post-Covid-19 Income Changes among One-Person Households

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### Introduction

In 2020, covid-19 plunged the world economy into turmoil. The pandemic's economic shockwaves affected Korea too, making life even harder for its vulnerable groups. Protracted social distancing led to income declines for not only socially vulnerable households, but also a segment of high-income self-employed people, thereby creating new at-risk groups.

The structure of the Korean family has undergone significant changes since the 2000s. One-person households have increased over the years, with a majority of them comprised of either elderly persons or young people. Older adults and young people who live alone tend to be unstable in their economic participation. They are highly susceptible to changes in economic conditions and, in that sense, have come under the direct impact of covid-19.

The data on which this discussion is based come from Statistics Korea's Household Income and Expenditure Survey (HIES). This brief examines quarterly changes in income among one-person households between 2019 and 2020, and identifies groups that are particularly vulnerable to the economic impact of covid-19. Income in this brief refers to equivalised disposable income, i.e., a household's disposable income divided by the square root of the number of members in the household. The unit used here for analysis is the household.



## Income changes among one-person households

In the years 2019 and 2020, more than half of all households were either one-person or two-person households. One-person households accounted for the largest proportion of all households at about 30 percent; two-person households represented the second largest proportion at 26 percent.

[Table 1] Household distribution by household size, HIES (in %)

	2019				2020			
	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4
<b>1-person households</b>	29.7	29.9	29.7	29.7	30.2	30.2	30.3	30.3
<b>2-person households</b>	25.6	25.6	25.6	25.7	26.2	26.2	26.1	26.1
<b>3-person households</b>	21.6	21.5	21.5	21.6	21.4	21.5	21.4	21.6
<b>4-person households or larger</b>	23.1	23.0	23.2	23.1	22.2	22.2	22.2	22.1

Source: Statistics Korea, Household Income and Expenditure Survey, for 2019 and 2020

Unlike multiple-person households, one-person households saw their disposable income decline year-on-year in the first two quarters of 2020, during which the covid-19 pandemic was still in its early stages. Business income, assets and private transfer income all decreased for one-person households throughout 2020. From the third quarter on, however, both current income and disposable income increased for one-person households, as a result of increased government transfer payments. Meanwhile, multiple-person households saw their market income decline year-on-year from the second quarter of 2020 onward, during which their current and disposable income grew year-on-year with increased government transfer payments.

The economic recession that covid-19 had brought on persisted into the fourth quarter of 2020. The extended implementation of quarantine measures has inevitably led to a decline in business income. There is an urgent need for the provision of support to one-person households, for whom the decline in business income has been especially pronounced.

[Table 2] Quarterly year-on-year changes in income for one-person and multiple-person households  
(in KRW1000; in %)

One-person households	2019				2020				Difference (%)			
	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4
Market income	2,166	2,172	2,037	2,012	2,100	1,937	2,077	2,024	-3.0	-10.8	2.0	0.6
Labor income	1,523	1,504	1,477	1,359	1,548	1,459	1,607	1,562	0.9	-3.0	8.8	7.7
Business income	371	387	353	346	330	300	298	282	-11.1	-22.5	-15.6	-18.5
Assets & private transfer	260	280	207	216	221	177	173	173	-15.0	-36.8	-16.4	-16.7
Public transfer income	201	177	225	187	198	365	257	257	-1.5	106.2	14.2	15.5
Current income	2,367	2,349	2,263	2,199	2,297	2,302	2,334	2,240	-3.0	-2.0	3.1	1.9
Disposable income	2,137	2,129	2,044	2,002	2,093	2,103	2,100	2,034	-2.1	-1.2	2.7	1.6
Multiple-person households	2019				2020				Difference (%)			
	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4
Market income	2,665	2,650	2,728	2,671	2,517	2,697	2,697	2,663	1.8	-5.0	-1.1	-0.3
Labor income	1,956	1,932	1,992	1,995	1,824	1,971	1,971	1,938	2.0	-5.6	-1.1	-0.2
Business income	525	566	574	544	542	568	568	570	3.6	-4.2	-1.0	-6.3
Assets & private transfer	184	152	161	175	150	158	158	155	-4.9	-1.3	-1.9	28.1
Public transfer income	234	203	228	265	458	294	294	256	13.2	125.6	28.9	23.1
Current income	2,899	2,853	2,956	2,879	2,979	2,975	2,991	2,918	2.8	4.3	1.2	1.4
Disposable income	2,598	2,559	2,613	2,586	2,668	2,686	2,633	2,610	2.7	5.0	0.8	0.9

Note: 1) The figures show equivalised disposable households income

2) Market income = labor income + business income + asset income + public transfer

Current income = labor income + business income + asset income + private transfer + public transfer

Disposable income = current income - (tax and social insurance contributions)

3) There were sizeable changes in public transfer income in the second quarter of 2020, when the government implemented its first covid-19 emergency aid package.

Source: Statistics Korea, Household Income and Expenditure Survey, for 2019 and 2020

One-person households' business income declined steeply year-on-year for both men and women, though more steeply for men. In the first two quarters of 2020, one-person households of men saw their labor income also fall sharply. In the fourth quarter, both current and disposable incomes declined for one-person households of women.

[Table 3] Quarterly year-on-year changes in income for one-person households of men and women,  
between 2019 and 2020 (in %)

	Men				Women			
	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4
Market income	-8.8	-16.3	1.1	5.3	4.0	-5.5	5.0	-3.9
Labor income	-10.6	-12.1	8.3	18.3	21.1	9.3	12.0	-3.7
Business income	-8.7	-25.1	-18.7	-27.3	-16.8	-21.7	-7.9	-1.7
Assets & private transfer	24.0	-37.7	-29.9	-40.1	-24.9	-34.2	-12.3	-6.9
Public transfer income	-11.6	116.6	14.9	43.2	7.1	102.4	12.3	0.8
Current income	-8.9	-9.6	2.0	7.3	4.4	6.6	6.0	-3.3
Disposable income	-6.7	-8.4	1.2	5.9	3.0	6.6	6.1	-2.4

Source: Statistics Korea, Household Income and Expenditure Survey, for 2019 and 2020

By age group, the economic impact of covid-19 weighed particularly heavily on one-person households of people aged 35 to 64, whose business income declined year-on-year throughout the year 2020. One-person households of people aged 50 to 64 had a decline even in their labor income in the first two quarters of 2020. As government transfer payments increased from the second quarter onward disposable income turned upward for most of the examined age groups. However, one-person households of people aged 50 to 64 saw their disposable income decline throughout 2020. In the third and fourth quarters of 2020, disposable income also declined among one-person households of people aged 35 to 49.

**[Table 4] Quarterly year-on-year changes in income for one-person households, by age group, between 2019 and 2020 (in %)**

	~34				35~49				50~64				65+			
	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4
<b>Market income</b>	-2.1	-0.1	8.3	4.2	0.6	-0.8	-7.0	-29.1	-7.0	-29.1	0.1	-3.9	-0.9	-14.4	-1.8	36.6
<b>Labor income</b>	0.6	2.2	9.6	13.3	9.0	9.0	-7.5	-20.5	-7.5	-20.5	7.7	2.0	3.1	-9.9	15.4	59.9
<b>Business income</b>	-17.7	-21.9	5.2	-44.7	-19.5	-26.5	5.4	-16.5	5.4	-16.5	-13.3	-9.9	-3.4	-17.7	10.6	37.7
<b>Assets &amp; private transfer</b>	-8.4	7.3	-1.6	-16.4	-46.7	-32.3	-24.5	-67.3	-24.5	-67.3	-23.2	-24.5	-2.5	-16.8	-22.6	17.4
<b>Public transfer income</b>	17.1	655.8	27.6	-9.0	-9.1	296.7	7.1	151.0	7.1	151.0	8.5	12.0	-5.3	42.3	9.9	10.3
<b>Current income</b>	-1.7	5.4	8.8	4.1	0.3	4.8	2.0	-3.5	-5.9	-18.7	0.9	-2.7	-2.8	9.7	3.4	24.4
<b>Disposable income</b>	-1.8	5.4	8.9	3.3	0.7	2.7	-0.2	-4.4	-3.6	-15.2	1.8	-2.4	-2.1	10.1	2.5	23.3

Source: Statistics Korea, Household Income and Expenditure Survey, for 2019 and 2020

As shown in Table 5, long-term contract employees and self-employed people had a decline throughout the year in their market income, current income, and disposable income. Those unemployed or economically inactive saw their market income decline year-on-year in the first three quarters of 2020. Their disposable income increased year-on-year over the last three quarters, thanks to increased government transfer payments.

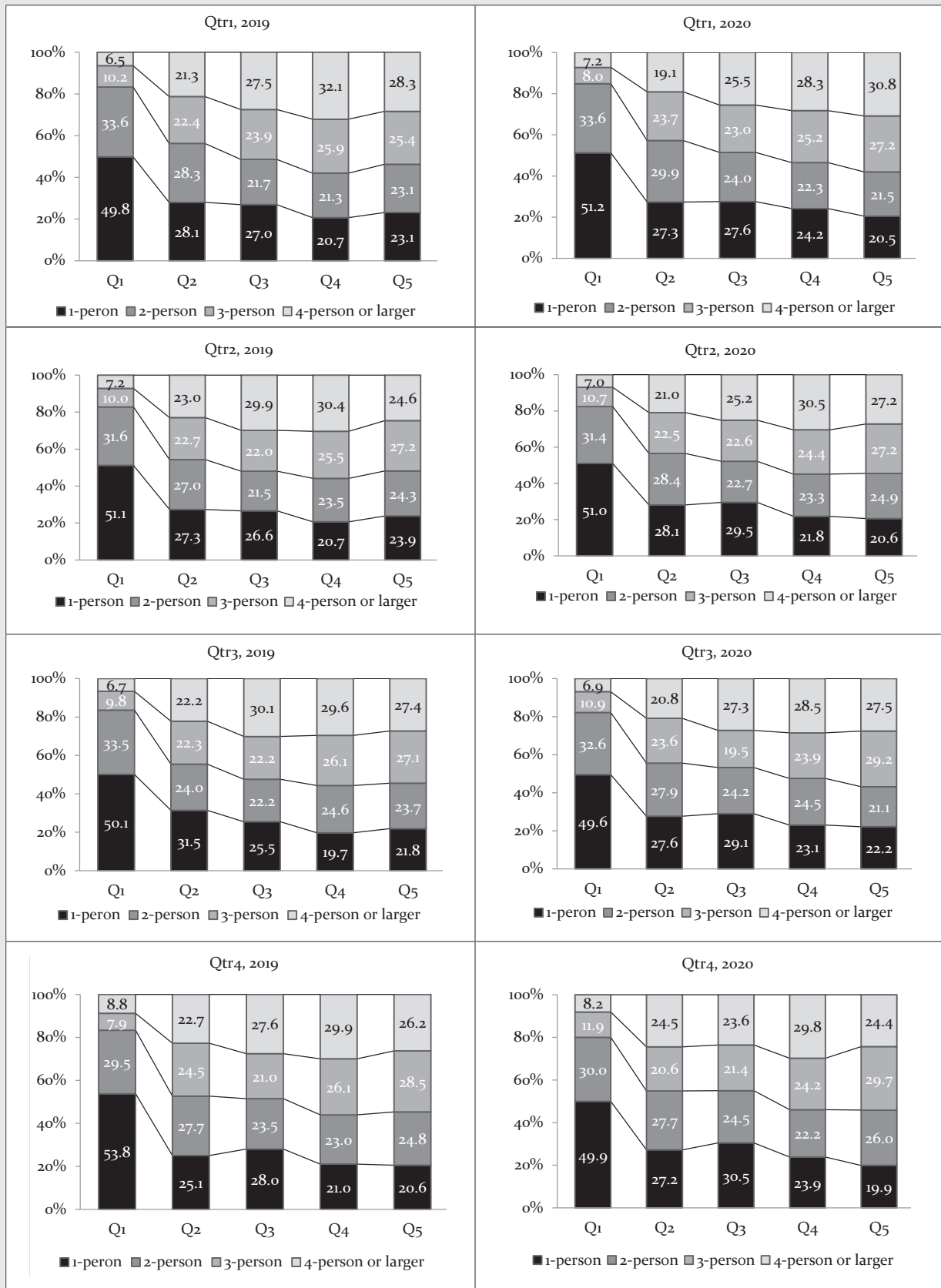
**[Table 5] Quarterly year-on-year changes in income for one-person households, by employment status, between 2019 and 2020 (in %)**

	Long-term contract				Temporary/daily				Self-employed				Unemployed/ economically inactive			
	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4
<b>Market income</b>	-4.1	-11.9	-0.8	-5.8	-9.0	-2.4	0.1	11.2	-11.8	-21.4	-13.7	-6.5	-11.8	-29.9	-17.2	9.0
<b>Labor income</b>	-4.0	-7.3	-1.5	-3.7	-2.1	-0.3	6.0	16.8	-79.0	-60.6	-0.4	-5.6	-31.8	-71.0	28.2	37.7
<b>Business income</b>	-24.7	-5.4	13.5	-8.2	-55.8	-67.4	-46.2	-29.1	-11.8	-23.0	-15.1	-8.4	-14.3	-19.0	10.7	90.1
<b>Assets &amp; private transfer</b>	-0.8	-70.7	16.9	-50.5	-36.7	-7.2	-26.5	-13.0	16.6	27.8	19.0	49.4	-8.7	-26.9	-25.0	-4.6
<b>Public transfer income</b>	-12.8	294.6	0.0	15.7	43.9	155.5	-10.3	7.3	-3.3	240.5	131.4	85.3	3.6	58.3	21.7	15.8
<b>Current income</b>	-4.4	-7.9	-0.8	-5.6	-6.0	10.0	-1.3	10.8	-11.5	-13.5	-7.3	-3.9	-5.6	7.0	2.3	12.3
<b>Disposable income</b>	-2.1	-6.2	-0.4	-5.6	-6.0	10.2	-2.1	10.4	-13.1	-13.9	-6.7	-3.5	-4.9	6.4	1.3	11.2

Source: Statistics Korea, Household Income and Expenditure Survey, for 2019 and 2020

One-person households were found concentrated in the first quintile of the equivalised disposable income distribution. The percentage of one-person households belonging to the first quintile saw a year-on-year decrease in the second to fourth quarters, after having increased slightly in the first quarter. One-person households belonging to the third and fourth quintiles grew slightly in the second and subsequent quarters. The percentage of one-person households belonging to the fifth quintile declined throughout the year, except for the third quarter.

[Figure 1] Distribution of households across the income quintiles, by household size (in %)



Source: Statistics Korea, Household Income and Expenditure Survey, for 2019 and 2020

One-person households accounted for over 30 percent of first-quintile households and for 13-to-16 percent of fifth-quintile households. As a share of first quintile households, one-person households increased year-on-year by 0.5 percentage points. In the three quarters that followed, one-person households as a share of first quintile households declined, if to a small extent. In the fifth quintile, the percentage of one-person households decreased year-on-year throughout the year 2020 barring the first quarter, suggesting that covid-19 affected one-person households in the fifth quintile more than their first-quintile counterparts.

**[Table 6] Changes in one-person households as a percentage of all households in each income quintile (between 2019 and 2020)**

	2019					2020					Difference				
	Q1	Q2	Q3	Q4	Q5	Q1	Q2	Q3	Q4	Q5	Q1	Q2	Q3	Q4	Q5
<b>Qtr1</b>	33.5	18.9	18.1	14.0	15.6	34.0	18.1	18.3	16.1	13.6	0.5	-0.8	0.2	2.1	-2.0
<b>Qtr2</b>	34.2	18.2	17.8	13.8	16.0	33.7	18.6	19.6	14.4	13.6	-0.5	0.4	1.8	0.6	-2.3
<b>Qtr3</b>	33.7	21.2	17.2	13.3	14.7	32.7	18.2	19.2	15.2	14.6	-1.0	-2.9	2.0	2.0	-0.1
<b>Qtr4</b>	36.2	16.9	18.9	14.2	13.8	33.0	18.0	20.1	15.8	13.2	-3.3	1.1	1.2	1.6	-0.7

Source: Statistics Korea, Household Income and Expenditure Survey, for 2019 and 2020

One-person households of men as a share of all households in the first and second quintiles decreased in the second half of 2020, after having increased in the first half. One-person households of women as a share of all households in the middle three quintiles increased in the second half of 2020.

As a share of first-quintile households, one-person households of those aged 35 to 64 increased in the first and third quarters of 2020. For those aged 50 to 64 in particular, the same trend continued even into the fourth quarter. Meanwhile, one-person households of people aged 34 and younger and of people 65 and older decreased as a share of first-quintile households.

When examined in terms of employment status, there was a year-on-year increase throughout the year in one-person households of self-employed people as a percentage of the first quintile. In comparison, one-person households of temporary workers and daily wage earners as a percentage of the first quintile, after having increased year-on-year in the first and third quarters, declined in the last quarter, likely a result of seasonal effects.

[Figure 2] Changes in one-person households as a percentage of all households in each income quintile, by sex, age group, and employment status, between 2019 and 2020 (in %; in percentage points)







## Concluding remarks

One-person households saw a considerable year-on-year decrease in their business income, assets, and private transfer income in the first half of 2020. In the third and fourth quarters, however, their overall income turned to an increase. The economic impact of covid-19 on one-person households has been more acute for men than women, for those aged 35 to 64 than those younger or older, and for long-term contract employees and own-account workers than the rest.

While over 30 percent of one-person households were found in the bottom (equivalised disposable) income quintile, less than half of that proportion belonged to the uppermost quintile. One-person households as a share of first-quintile households decreased year-on-year from the second quarter onward, after increasing by 0.5 percentage points in the first quarter. Meanwhile, one-person households as a share of fifth-quintile households decreased year-on-year throughout the year 2020. This suggests that the economic impact of covid-19 has been more pronounced for fifth-quintile one-person households than it was for first-quintile one-person households.

This brief finds that covid-19 has left in its wake an economic impact on, among others, one-person households, in particular, of men in their 40s and 50s. The economic impact of covid-19 is likely to persist well into 2021, leading to household income declines, especially for one-person households. Those in atypical work who barely manage to make a living wage, including temporary workers and daily earners, are also at high risk of further income losses due to the continuing impact of covid-19. It is apt that the government is gearing up for a fourth emergency aid package targeting small businesses and own-account workers. It is important to note that the process of beneficiary selection should be made in such a proactive way as to ensure no delays in benefit payments and to leave no individual deserving of aid unaided. Also, in light of the fact that self-employment as a share of total employment is substantially higher in Korea than in other comparable countries and that self-employed businesses are more likely than other forms of employment to be susceptible to changes in economic conditions, ways need to be sought to reduce self-employment as a share of total employment. The findings presented in this brief are limited in that they are based on cross-sectional data, which, focused as they are by nature on one point of time, make it difficult to capture income changes over time and identify groups at high risk for income loss.