

Vaccination Mandates and Labor Market Participation: Evidence from Peru's COVID-19 Employment Requirement

Abstract:

This paper estimates the causal effect of COVID-19 vaccination on labor force participation in Peru, where a December 2021 mandate required vaccination for on-site work in firms with 10+ employees. Using nationally representative household survey data and a recursive bivariate probit model with conservative ideology as an instrument for vaccination, I find that vaccination increased labor force participation by 17.8 percentage points on average with slight difference by gender. The magnitude reflects Peru's strict enforcement environment and high opportunity cost of non-compliance for workers in precarious employment. Robustness checks confirm the findings across alternative specifications and instrumentation strategies. These results demonstrate how health mandates can serve as labor market interventions in high-informality settings, though they raise questions about equity and the distribution of compliance costs across formal and informal sectors.