



Close the Gap briefing for Scottish Government Debate COVID-19 Next Steps - Economy

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Close the Gap is Scotland's expert policy and advocacy organisation working on women's labour market participation. We have 19 years' experience of working with policymakers, employers and employees to influence and enable action to address the causes of women's inequality at work.

1. Introduction

The COVID-19 crisis has resulted in a rapid, and unprecedented shift in the economic landscape in Scotland. The Scottish Government estimates that during the current lockdown, output in the Scottish economy could fall by 33%.¹ One of the early implications of the ongoing crisis has been to further highlight women's labour market inequality. COVID-19 is likely to have long-term consequences for women's equality and there is an urgent need to integrate gender perspectives and women's needs into response measures.

As women and men had different levels of economic wellbeing before Covid-19, that have subsequently been deepened by the crisis, the principle of equality and non-discrimination must be core to the economic recovery.² Scottish Government must not implement a recovery that merely facilitates a return to the status quo, cementing women's labour market and economic inequality in the process. Instead, Scotland's economic recovery should focus on rebuilding and transforming the economy to realise women's equality in the labour market, and more widely. The idea of building back better and promoting a better recovery must mean building a labour market and economy that values and counts women's work, and recognises the complexities of their lives.

2. Gender and Economic Recovery

Close the Gap and Engender have today published *Gender and Economic Recovery* which details the principles for a gender-sensitive economic recovery.³ The principles describe features of an economy that works for women as well as men, and develops Scotland's existing commitment to inclusive growth so that women are not left behind.

The nine principles are a set of ideas, challenges, and calls that are rooted in evidence. For example, the COVID-19 crisis has illuminated the critical role "women's work" plays in

¹ Scottish Government (2020) *State of the Economy*

² Close the Gap and Engender (2020) *Gender and Economic Recovery*

³ Close the Gap and Engender (2020) *Gender and Economic Recovery*

Scotland's economy, and one of the principles highlights that "women's work" in care, cleaning, catering, retail, and clerical roles have for too long been undervalued, underpaid, and under-protected. This principle highlights the importance of addressing the systemic undervaluation of "women's work" as a key priority of economic recovery, through measures such as using state and public body wage setting powers to increase pay in these sectors and improve their conditions of work.

The remaining principles range from specifying that gender-sensitive inclusive growth is about the pattern of growth and not its rate, to stipulating that unpaid domestic and care work needs to be recognised, reduced, and redistributed from the household to the state by an increase of accessible, good quality childcare and social care. Pivotaly, one of the principles highlights that while equality is good for growth, the converse isn't necessarily true. The principles will create better jobs, better decision-making, and a more adequate standard of living for us all. These principles should be adopted by the Scottish Government as a starting point for the design and delivery of economic recovery policymaking, in order to ensure that the economic recovery is gender-sensitive and addresses pre-existing gender inequality.

Women's employment will be disproportionately impacted by COVID-19 jobs disruption

Research published by Close the Gap concluded that women will be disproportionately impacted by job disruption as a result of COVID-19, and women are also more likely to lose their job in the anticipated "jobs recession".⁴ The key findings of *Disproportionate Disruption* are:

- Because of occupational segregation, women, particularly Black and minority ethnic women and young women, are more likely to work in a sector that has been shut down (18% compared to 14% for men).
- Women are the majority of zero-hour contract workers and part-time workers; 45% of workers on zero-hour contracts and 30% of part-time workers work in shut down sectors.
- Women are four percentage points more likely to have lost their job than men, and are also more likely to have had their hours cut, or to have been furloughed.
- Women make up the majority (77%) of key workers in care, early years and childcare, nursing and in supermarkets, but are undervalued, underpaid and under-protected.
- Women are bearing the brunt of the increase of childcare and care for adults in the home, making it difficult to do their paid work from home, where this is required by their employer. Women across the UK are typically providing at least 50% more childcare, as well as spending around 10% to 30% more time than fathers home-schooling their children.
- Women account for the majority (51.5%) of those in jobs that are deemed to be at high exposure to job disruption. Women in low-paid jobs will be particularly affected by job disruption, placing them at greater risk of poverty.

⁴ Close the Gap (2020) *Disproportionate Disruption: The impact of COVID-19 on women's labour market equality*

- Women are more likely to lose their jobs in the recession, and be affected by underemployment.

These findings render it essential that labour market and economic recovery policymaking integrate gender equality and address the inequalities women face at work as a core aim. Otherwise, one of the key long-term impacts of COVID-19 will be to exacerbate gender inequality in the labour market. The lack of consideration afforded to gender in the aftermath of the 2008 financial crisis resulted in the recession having a disproportionate impact on women's employment.⁵ To prevent similar disproportionate impacts on women, it is essential that the Scottish Government implement a gendered response to the anticipated jobs recession, which includes interventions specifically designed to tackle the causes of women's inequality at work.

To this end, in *Disproportionate Disruption*, Close the Gap made a number of recommendations to Scottish Government including:

- ensuring that that gender-sensitive sex-disaggregated data informs future labour market analysis;
- ensuring policymaking to address COVID-19 labour market disruption addresses occupational segregation as a central aim;
- integrating gender-sensitive data analysis and gender mainstreaming approaches into labour market and economic recovery policymaking, and programme and service design; and
- addressing the undervaluation of women's work should be core to labour market and economy recovery policy responses.⁶

It is also necessary to adopt an intersectional approach to economic recovery policy making. Our evidence highlights that some groups of women are at particular risk of job disruption and, in line with the multiple labour market barriers experienced by different groups of women,⁷ COVID-19 also leaves some groups of women at even greater risk of poverty.⁸ For example, Black and minority ethnic (BME) women are more likely to work in a sector that has been shut down; more likely to be in insecure work which puts them at increased risk of loss of hours and earnings; and are concentrated in low-paid service sectors which are more susceptible to redundancies over the course of the crisis. This has the potential to further entrench labour market inequality for BME women who already face multiple barriers to good quality employment.⁹

3. Women are likely to face a rising tide of poverty as a result of COVID-19

⁵ Close the Gap (2010) *Women in Recession: Making gender equality a priority for economic recovery*

⁶ Close the Gap (2020) *Disproportionate Disruption: The impact of COVID-19 on women's labour market equality*

⁷ Close the Gap (2018) *Women, Work and Poverty: What you need to know*

⁸ Close the Gap (2020) 'Women, work and COVID-19: The stark implications for women's poverty' available at <https://www.closesthegap.org.uk/news/blog/women-work-and-covid-19-the-stark-implications-for-womens-poverty/>

⁹ Close the Gap (2019) *Still Not Visible: Research into Black and minority ethnic women's experience of employment in Scotland*

Prior to the outbreak of COVID-19, poverty in Scotland was gendered. Women were more likely to be in poverty; more likely to experience in-work poverty; and were more likely to experience persistent poverty than men.¹⁰ Women's experience of poverty is directly linked to their experience of the labour market. That one of the key consequences of COVID-19 is labour market disruption and an expected 'jobs recession' is therefore particularly problematic for women's poverty. Women are therefore expected to experience a rising tide of poverty as a result of COVID-19.

Women comprise the majority of low-paid workers, and work that is seen as "women's work", such as care, cleaning and retail, is systematically undervalued in the labour market. The majority of the key worker jobs identified by the Scottish and UK Governments are undervalued female-dominated occupations including nurses, carers, early learning and childcare workers and supermarket workers. Many of these keyworker jobs, such as those in adult social care, childcare and retail, are characterised by low pay, and poor terms and conditions. Research by the Women's Budget Group's found that women account for 98% of the workers in high exposure jobs earning 'poverty wages'.¹¹ The undervaluation of "women's work" results in the low pay associated with those jobs and sectors and has lifelong impacts for women such as having less access to resources and assets, including occupational pensions, and a higher risk of in-work poverty. As highlighted by *Gender and Economic Recovery*, addressing the undervaluation of "women's work", including in social care and childcare, should be core to labour market and economic recovery policymaking in response to COVID-19.

Many of the shutdown sectors where women are concentrated, such as retail and hospitality, are notoriously low paid and characterised by job insecurity. For example, four in ten of those working in retail and wholesale are paid less than the real Living Wage¹² and 80% of people working in hospitality reported that they were already struggling with their finances before going into lockdown.¹³ Women in these low-paid, high-risk sectors are already more likely to be experiencing in-work poverty and are therefore less likely to have savings to fall back on. Women account for two-thirds of workers earning less than the living wage, and receiving only 80% of their usual salary through the Job Retention Scheme could push these women into poverty. For women who have had their hours reduced, the loss of earnings will have a profound impact on their financial security.

Evidence highlights that fears around 'making ends meet' is a key source of stress and anxiety for women during this crisis, particularly for women with caring responsibilities.¹⁴ Direct financial boosts for women on low incomes will therefore likely be an important

¹⁰ Close the Gap (2018) *Women, Work and Poverty: What you need to know*

¹¹ Women's Budget Group (2020) 'It is women, especially low-paid, BAME & migrant women putting their lives on the line to deliver vital care'

¹² Resolution Foundation (2020) *Risky Business*

¹³ IPPR (2020) *COVID-19: What's the outlook for Scotland's workforce?*

¹⁴ Women's Budget Group (2020) "Half of parents with young children 'struggling to make ends meet'" available at <https://wbg.org.uk/media/half-of-parents-with-young-children-struggling-to-make-ends-meet/>

aspect of recovery support.¹⁵ Women who were already struggling are now under enormous financial pressure, being pushed into further and deeper poverty.

Ultimately, without specific interventions to promote women's equality and a gendered response to the crisis, COVID-19 will exacerbate the gendered nature of poverty in Scotland. COVID-19 has made it even more pivotal that the Scottish Government prioritise action to tackle women's in-work poverty when trying to meet their child poverty targets.

Conclusion

There are a number of uncertainties around the medium-term outlook and Scotland's economic recovery. Ultimately, this means there remains a lack of clarity on the full extent of labour market disruption, and how long the disruption will last. However, the extant predictions imply that there will be far-reaching implications for Scotland's labour market. Applying a gendered analysis to these predictions highlights that women are likely to be disproportionately impacted by this disruption in a range of ways.

Overall, it is critical that gender analysis and gender-sensitive sex-disaggregated data on the impacts of COVID-19 are incorporated into labour market and economic recovery policymaking. Economic recovery needs to focus on rebuilding and transforming the economy to further gender equality and tackle pre-existing inequalities.

¹⁵ Poverty Alliance (2020) 'Campaigners call for emergency cash boost to prevent child poverty' available at <https://www.povertyalliance.org/campaigners-call-for-emergency-cash-boost-to-prevent-child-poverty-crisis/>