



Close the Gap briefing for Members' Debate: The impact of COVID-19 on Women in the 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 been working with policymakers, employers and trade unions since 2001 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, with men and women being impacted by the pandemic in different ways. Women's employment has been disproportionately impacted by the crisis, and this contributes to women being adversely affected economically. **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.**¹

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. 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".² The key findings of *Disproportionate Disruption* are:

- **Because of occupational segregation, women are more likely to work in a shutdown sector such as hospitality and retail, and this is especially the case for BME women and younger women.**

¹ Close the Gap and Engender (2020) *Gender and Economic Recovery*

² Close the Gap (2020) *Disproportionate Disruption: The impact of COVID-19 on women's labour market equality*

- **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's poverty rates, and subsequently child poverty rates, will rise as a result of **low-paid women being particularly affected by job disruption**;
- **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 are more likely to lose their jobs over the course of the recession.**³

Labour market data shows that **since July, women have accounted for the majority of furloughed workers in Scotland**. Two female-dominated sectors, wholesale and retail, and accommodation and food services have the highest rates of furlough in the latest data release, increasing the likelihood of furlough for women and heightening women's risk of redundancy over the course of the crisis.⁴

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 and economic wellbeing.**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.

The Gender Equality Index finds that **85% of people aged 16-64 who were "economically inactive" due to caring were women** and Scotland's overall score on the measure of inactivity due to caring is low, leading Scottish Government to conclude that "Scotland is a long way from full gender equality in this area."⁶ These gendered patterns of care have been exacerbated by the current crisis. Evidence from the Institute of Fiscal Studies highlights that women with caring responsibilities in paid work have reduced their paid working hours substantially, and by more than their male counterparts.⁷ In addition, 78% of unpaid carers report having to provide more care than they were prior to the coronavirus outbreak.⁸ **There is a significant risk that the increase in caring responsibilities will force many women to leave their jobs, affecting their income and career prospects, and ultimately placing women and their children at greater risk of poverty.** Providing additional support for women with caring responsibilities in returning to work should be a key priority for the Scottish Government, local authorities and employers as the crisis is managed.

³ Close the Gap (2020) *Disproportionate Disruption: The impact of COVID-19 on women's labour market equality* available at <https://www.closesthegap.org.uk/content/resources/Disproportionate-Disruption---The-impact-of-COVID-19-on-womens-labour-market-equality.pdf>

⁴ HMRC (2021) *Coronavirus Job Retention Scheme Statistics – January 2021*

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

⁶ Scottish Government (2020) *Gender Equality Index*

⁷ Institute for Fiscal Studies (2020) *How are Mothers and fathers balancing work and family life under lockdown?*

⁸ Engender (2020) *Gender and Unpaid Work: The Impact of COVID-19 on Women's caring roles*

3. Gender and Economic Recovery

Last year, Close the Gap and Engender published *Gender and Economic Recovery* which details the principles for a gender-sensitive economic recovery.⁹ 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 Scotland's economy, and one of the principles highlights that work in care, cleaning, catering and retail 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. Indeed, **research by Close the Gap concluded that effective utilisation of women's skills and talents is also catalyst for economic growth, worth up to £17bn to Scotland's economy.**¹⁰

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.

4. Striving for a more equal wellbeing economy

There are increasing calls for the reorientation of the economy towards the wellbeing of citizens, focused on the equitable distribution of wealth, health and wellbeing and the protection of the planet.¹¹ However, gender equality has not yet formed a central part of conceptualisations of the wellbeing economy. *Gender and Economic Recovery* highlights that economic success should not only be measured by GVA or GDP but by an increase in wellbeing of the people of Scotland. Gendered wellbeing indicators should take a human rights approach and measure the extent to which all groups of women and men have an adequate standard of living, including access to housing, social protections, and health.

Care is as essential to our economy as bricks, steel, and fibre optic cable. Inclusive growth means investing in a care economy. **Investment in childcare and care for disabled people and older people should be considered as necessary infrastructure for a sustainable wellbeing economy and a good society.**

⁹ Close the Gap and Engender (2020) *Gender and Economic Recovery*

¹⁰ Close the Gap (2016) *Gender Equality Pays: The economic case for addressing women's labour market inequality*

¹¹ Wellbeing Economy Alliance (2019) *What is a wellbeing economy?*

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

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.¹² 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 a "jobs recession" is therefore particularly problematic for women's poverty. **Women, and their children, will experience a rising tide of poverty as a result of 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 Wage¹³ and 80% of people working in hospitality reported that they were already struggling with their finances before going into lockdown.**¹⁴ 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.

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.¹⁵ Forthcoming research from Close the Gap and Engender found that **women are more likely to report that they are struggling to make ends meet than their male counterparts and women were also less likely to say that they were better off now than at the start of 2020 than men.**¹⁶ In addition, **women are twice as likely as men to be forced to take unpaid leave to self-isolate or do childcare during school closures.**¹⁷ Direct financial boosts for women on low incomes will therefore likely be an important aspect of recovery support.¹⁸ Women who were already struggling are now under enormous financial pressure, being pushed into further and deeper poverty.

Child poverty is inextricably interlinked with women's poverty and 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. Prioritising action to address women's labour market inequality in order to tackle child poverty is a key policy recommendation in both Close the Gap's manifesto¹⁹ and the End Child Poverty Coalition's

¹² Close the Gap (2018) *Women, Work and Poverty: What you need to know*

¹³ Resolution Foundation (2020) *Risky Business*

¹⁴ IPPR (2020) *COVID-19: What's the outlook for Scotland's workforce?*

¹⁵ 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/>

¹⁶ *Close the Gap and Engender Forthcoming research*

¹⁷ Thomas, Daniel and Jones, Laura (2020) "I quit my job to home school my son", *BBC NEWS*, 5th February 2021, available at <https://www.bbc.co.uk/news/business-55935119>

¹⁸ 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/>

¹⁹ Close the Gap (2021) *The Gender Pay Gap: Realising Fair Work for Women in Scotland* available at <https://www.closesthegap.org.uk/content/resources/The-Gender-Pay-Gap-Manifesto---2021-Scottish-Parliament-elections.pdf>

manifesto²⁰ for the 2021 Scottish Parliament elections. Women's pre-existing inequality in the labour market puts them at particular risk of unemployment and reduced working hours, with clear implications for women's earnings. COVID-19 job disruption is having a disproportionate impact on low-paid women, BME women's and young women's employment. This is particularly significant as these groups of women were already more likely to be experiencing in-work poverty prior to the crisis. COVID-19 has therefore placed these women, and their children, at even greater risk of poverty, adding to a growing child poverty crisis.

Conclusion

Women's employment has been disproportionately impacted by COVID-19, and women's economic wellbeing has been adversely affected by the social, economic and labour market implications of the crisis. It is therefore vitally important that the Scottish Government adopt a gendered approach to economic recovery policymaking. 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. In addition, tackling occupational segregation and the undervaluation of "women's work" should be core aspects of 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.

²⁰ End Child Poverty Coalition (2021) *A Manifesto for Ending Child Poverty*