



Close the Gap briefing for Scottish Government Debate: Economic Recovery

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Close the Gap is Scotland's policy advocacy organisation working on women's labour market participation. We have been working with policymakers, employers and employees for 20 years to influence and enable action that will address the causes of women's labour market inequality.

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 has driven the differential economic impact for women. **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. **Economic 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 has been disproportionately impacted by COVID-19 jobs disruption

Women's labour market participation has been significantly adversely impacted by COVID-19 job disruption. Women are more likely to work in a shutdown sector, such as hospitality and retail; 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 have borne the brunt of the increase in childcare and care for adults in the home, making it difficult to do paid work; and women are more likely to lose their jobs over the course of the recession.

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

In March, Close the Gap published new research on how the pandemic was impacting women's employment in Scotland one year on from the first lockdown.² Key findings include:

- Job disruption has disproportionately affected women because men and women tend to work in different jobs and sectors.
- **Women's unemployment in Scotland rose twice as fast as men's at the start of lockdown** (March-May 2020), a rise of 1.5% on the previous year compared with 0.7% for men.
- **Since July 2020, women are more likely to have been furloughed than men**, and been furloughed for a longer period of time.
- **The female-dominated hospitality and retail sectors have the highest rates of furlough in Scotland**, accounting for just under half (45%) of furloughed jobs.
- **More than a third (39%) of young women workers under 18 were furloughed in the UK, compared with 29% of male workers** of the same age.
- Women accounted for only **33% of Self-Employment Income Support Scheme claims in Scotland received by 31st January 2021**.

It is therefore 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.**³ To prevent women's inequality being further entrenched as a result of COVID-19, it is essential that the Scottish Government implement a gendered response to economic recovery, which includes interventions specifically designed to tackle the causes of women's inequality at work.

3. Gender and Economic Recovery

Last year, Close the Gap and Engender published *Gender and Economic Recovery* which sets out principles for a gender-sensitive economic recovery.⁴ 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,

² Close the Gap (2021) *One Year On: How COVID-19 is impacting women's employment in Scotland* available at https://www.closesthegap.org.uk/content/resources/1617267711_One-Year-On--How-COVID-19-is-impacting-womens-employment-in-Scotland.pdf

³ Close the Gap (2010) *Women in Recession: Making gender equality a priority for economic recovery*

⁴ Close the Gap and Engender (2020) *Gender and Economic Recovery*

catering and retail have for too long been undervalued, underpaid, and under-protected. Addressing the systemic undervaluation of “women’s work” in sectors such as childcare and social care should be a key priority of economic recovery. Close the Gap and Engender call for state and public body wage setting powers to be used 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. Importantly, **while equality is good for growth, the converse is not necessarily true.** Indeed, **research by Close the Gap concluded that tackling the gender gap in employment is catalyst for economic growth, worth up to £17bn to Scotland’s economy.**⁵

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. 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.⁶ 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 is therefore particularly damaging 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 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 Wage⁷ and 80% of people working in hospitality reported that they were already struggling with their finances before going into lockdown.**⁸ 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 60% 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. **Child poverty is inextricably interlinked with women’s poverty and COVID-19 has made it even more pivotal that the Scottish**

⁵ Close the Gap (2016) *Gender Equality Pays: The economic case for addressing women’s labour market inequality*

⁶ Close the Gap (2018) *Women, Work and Poverty: What you need to know*

⁷ Resolution Foundation (2020) *Risky Business*

⁸ IPPR (2020) *COVID-19: What’s the outlook for Scotland’s workforce?*

Government prioritise action to tackle women’s in-work poverty when trying to meet child poverty targets.⁹

5. 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 to labour market and economic recovery policymaking. If the economic recovery is to promote fairer and greater prosperity for women and men, the Scottish Government must prioritise rebuilding and transforming the economy to further gender equality, provide fair and secure employment for women, and tackle gendered inequalities in the labour market.

⁹ Close the Gap (2020) *The Gender Pay Gap Manifesto* available at <https://www.closesthegap.org.uk/content/resources/The-Gender-Pay-Gap-Manifesto---2021-Scottish-Parliament-elections.pdf>