



LISER-MEGA series

on gender dimensions of the COVID-19 pandemic

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Unemployment and working hours of women and men during the pandemic

The LISER-MEGA series on gender dimensions of the COVID-19 crisis highlights research on aspects of gender throughout the pandemic. We summarize key research results and present the views of selected national and international experts about what has occurred and what can be done now.

An international “shecession”

Nearly all modern recessions have had one thing in common: men’s employment has been affected significantly more than that of women. At least this was the case until 2020, with the recession caused by the COVID-19 pandemic. Not only has it been unique in terms of its origin, but also in terms of its impact on the labour market: for the first time women were significantly more likely than men to be laid off, furloughed or to experience a reduction in working hours. This has led some economists to coin the term “shecession” (she + recession) to describe the recent economic downturn.

As soon as drastic lockdown measures were imposed throughout the globe in the spring of 2020, analysts attempted to assess what the implications would be for the economy and employment. Three main questions emerged. The first was which sectors and occupations would be able to carry on during the lockdowns? The health sector was working at more than full steam. The grocery sector and other essential trade services remained active, very much as usual. However, for most other sectors lockdowns resulted either in a halt to activity or a change in working mode. Second came the question as to which jobs could be conducted through remote working. The key factor here was the type of employment able to switch swiftly to remote working arrangements, namely, most white collar and clerical jobs or “intellectual” activities. In contrast, most blue-collar jobs could neither be done remotely nor conducted in compliance with social distancing measures. The third question was therefore how many jobs, and which jobs, were furloughed – with workers made temporarily unemployed because of the impossibility of maintaining normal activity.

It did not take long for the potential gendered dimension of these questions to be recognized. It was clear that the health sector, along with other essential services, employed a large proportion of women. The many furloughed workers with blue collar jobs were generally overwhelmingly masculine. The gender dimension was much less clear

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for the perspective of “teleworkability”, however, on the whole, the forces at play seemed to be leading to yet another recession that would affect men disproportionately.

However, these arguments ignored an important fourth aspect: childcare. The closure of schools –which in some countries persisted over many months – made work very challenging for parents. Not only was it necessary to take care of children at home, but it also became parents’ responsibility to substitute (at least in part) for trained teachers and engage in home schooling. Consequently, some parents had to voluntarily reduce their working hours or take some form of parental leave (some countries, such as Luxembourg, offered special arrangements in these instances). Taking on these changes overwhelmingly fell on women’s shoulders.

A number of studies have shown that, taken together, women’s employment contracted more than men’s during the recession. Alon et al. (2020) documented this pattern in the United States where, in contrast to all recessions prior to 2020, women’s unemployment had risen by 2.9 percentage points more than men’s unemployment at the peak of the recession induced by the COVID-19 pandemic (*Figure 1*).

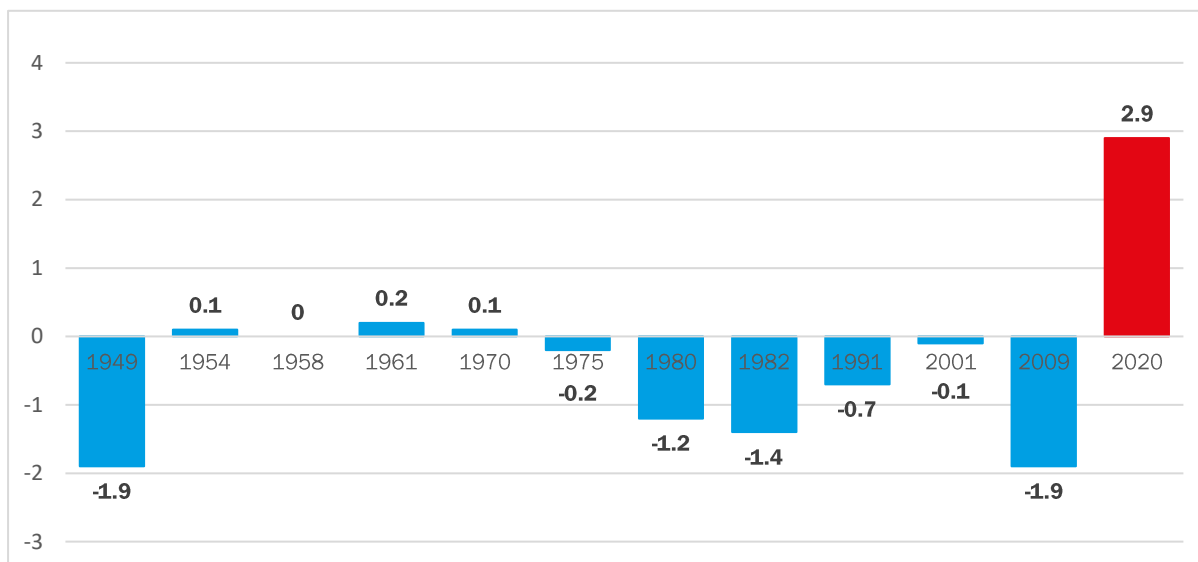
Comparing the U.S. and the U.K. to Germany, Adams-Prassl et al. (2020) showed that women were 7% more likely to lose their jobs than men in the two Anglo-Saxon countries. In Germany however, gender did not significantly affect job loss. The authors of the study attributed this discrepancy to differences in the type of working contracts prevalent in Germany and the two Anglo-Saxon countries. They noted that workers with permanent, salaried, and fixed-term contracts were less likely to be affected by the pandemic than those workers who were either non-salaried or on temporary or zero-hour contracts. The latter working arrangements were more common among women in the U.S. and the U.K. Similar patterns were reported by Reichelt et al. (2020) in the U.S., Germany and Singapore, in Spain by Farre et al. (2020), in Italy by Del Boca et al. (2020) as well as in Israel by Kristal et al. (2020).

So, in spite of what might have been expected, the bulk of international evidence indicates that female workers were more vulnerable to the COVID-19 crisis. Four main factors appear to account for this:

- Before the pandemic a larger proportion of women had part-time and alternative working arrangements, whereas companies tended to protect workers in permanent contracts more. This meant that women were hit by the negative employment shock first.
- A high percentage of women were employed in low- and medium-wage jobs before the pandemic and fewer women than men held managerial positions, roles which tended to correlate with the possibility of working remotely. In turn, this led to a higher likelihood of being laid off, furloughed, or having their formal working hours reduced.
- On balance, women tended to be over-represented in occupations that were hardest hit by lockdowns and social-distancing measures (e.g., hospitality, personal care and in-person services).
- Women had to resign from their jobs, go on maternity leave, or significantly reduce their working hours in much higher numbers than men due to increased childcare needs caused by school and nursery closures. Although the number of hours spent on childcare

by fathers has increased compared to pre-COVID-19 times, mothers have taken on most of the additional childcare during the pandemic.

Figure 1: Differences between rise in women's and men's unemployment in the U.S. from 1948 to 2020, Alon et al. (2020)
<https://voxeu.org/article/shecession-she-recession-2020-causes-and-consequences>

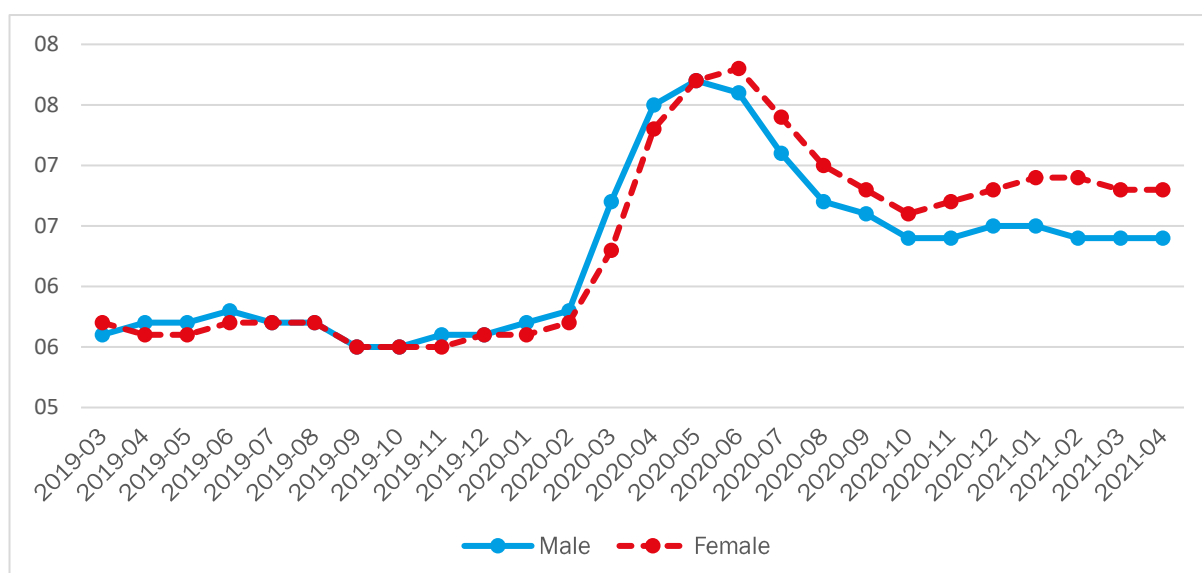


What about Luxembourg?

The first wave of the Socio-Economic Impact (SEI) project conducted by LISER and the University of Luxembourg documented the impacts of the pandemic on the labour market outcomes in the first half of 2020. Survey participants were asked to describe their employment experiences before, during and just after the first lockdown in Luxembourg in the spring of 2020 by choosing between six possible employment experiences (family leave, sick leave, short-time work, remote working, being at work and having been dismissed) in February (before the lockdown), in early April (during the lockdown) and at the end of May or early June (after the lockdown). The number of people “at work” remained constant throughout this period (*Figure 2*). Unsurprisingly, for many it took the form of increased hours working from home, something experienced by around 9% of employed resident respondents before the lockdown, jumping to 54% in the middle of the lockdown and remaining at a high 37% in June. 12% of respondents were on short term contracts (temporary employment) in April, but by June the proportion had already fallen to only 3.5%. Furthermore, in April, 14% of surveyed workers had been using the government’s COVID-19 leave support for family reasons, which had been available to workers with children under the age of 13 during school closures and periods of compulsory quarantine, while in the period between the end of May and early June this went down to 6% (Dijst et al., 2021). The government’s COVID-19 leave support for family reasons was taken in greater numbers by female respondents, yet in contrast, fewer women were put on temporary unemployment during the peak of the first lockdown. Similar results were found in the COME-HERE survey run by the University of Luxembourg (<https://www.en.uni.lu/research/fhse/dbcs/pandemic>).

The examination of monthly unemployment statistics by gender since the spring of 2019 reveals a striking pattern (see Figure 2). In the pre-pandemic period the unemployment rate was relatively stable at around 5.5% and there were no significant gender differences in unemployment. During the first months of the pandemic (March – June 2020) the unemployment rate increased by almost fifty per cent, up to 7.75%. The series reveals a twist, however: male employment was hit harder than women’s employment, with a larger increase among men between March and June. This was unlike the trends observed in other Western European countries. But then came another twist: the gradual recovery turned out to be much faster among men from July 2020 onwards. While unemployment – starting from a common level of 5.5% – stabilized at about 6.5% for men by April 2021, it was closer to 7% among women, showing signs of a “shecession” after all, despite of the initially weaker shock on women’s unemployment.

Figure 2: Monthly unemployment rate by gender in Luxembourg, March 2019 – April 2021, Eurostat



https://ec.europa.eu/eurostat/databrowser/view/UNE_RT_M_custom_977414/default/table?lang=en

Insights from the experts

In March 2021, researchers Titan Alon, Sena Coskun, Matthias Doepke, David Koll and Michèle Tertilt published a thorough examination of the now notorious “shecession” phenomenon in the IZA Discussion Paper 14223, “From Mancession to Shecession: Women's Employment in Regular and Pandemic Recessions”. Exploring data from labour workforce surveys across twenty-eight European and North American countries, they document the stronger impact on women of the economic downturn. Two authors of the study, Dr. Sena Coskun (University of Mannheim) and Dr. David Koll (University of Mannheim), have agreed to answer our questions and shared the highlights of their recent research with us.

1. **Research shows that, unlike in the Great Recession of 2007 - 2010, women's employment has been hit more strongly than men's employment in 2020. What are the reasons for this?**

Dr. Sena Coskun: I can give you two main reasons for this. First, while usual recessions affect sectors such as construction and manufacturing, in which many men work, the pandemic recession has had the biggest impact on sectors such as hospitality and tourism with high female employment shares. Second, the pandemic has also led to school and nursery closures which massively increased demand for childcare, and given that mothers provide more childcare than fathers do, this would constrain their ability to work more than is the case for men.

2. **Do you find different effects in different countries? What could be the explanation for this?**

Dr. David Koll: Yes, we do find different results in different countries. We start out by doing cross-country analysis, and we see that the pandemic recession has indeed had an unusually large impact on working women across a large set of countries. We find some heterogeneity in the magnitude of impact which also points to different channels underlying this. We then actually move on and use micro-survey data from six different countries: the U.S., Canada, Germany, Netherlands, Spain and the UK. We find that in the U.S., Canada and Germany there is a substantial gender gap in the response of hours worked, which includes both intensive and extensive margins. In the U.S. there is also a large gender gap in terms of employment changes, but this is not the case in Germany. This is interesting and already points towards the role that short-time schemes could have played during the crisis. In the Netherlands, Spain and the UK, we find generally smaller gender gaps in both employment and hours worked. What we do find is that the largest impact on the gender gap is actually for parents with school-aged children. That is true in all countries, so it points towards the role of school closures and increased need for childcare. We also find that the ability to work from home mitigates the gender effects in the reduction of working hours. When we carry out a cross-country analysis, we find that countries that have a larger share of jobs that can be done from home experience a smaller gender gap in the reduction of hours, but also a smaller overall reduction of hours.

3. **Why is it important to think about the different impact that usual recessions and pandemic recessions have on men's and women's employment?**

Dr. Sena Coskun: Previous recessions which we call ‘men-cessions’, and the current recession which we call a ‘she-cession’, could have very different effects for two reasons. First of all, female labour supply is more elastic, which means that it usually reacts more strongly. For many reasons female’s attachment to the labour market is weaker than that of men. A ‘she-cession’ could lead to more women leaving the labour workforce or working part-time in the future. As a result, a ‘she-cession’ might cause a more persistent decline in the aggregate labour supply compared to ‘men-cessions’. Secondly, women tend to provide insurance within the household by adjusting their labour supply in economically difficult times. However, this channel is expected to be less effective in a pandemic recession because there are many families in which both partners lose their jobs and most men are already working full-time, and there is not much scope to increase their labour supply further, as they cannot provide active insurance.

4. Could such gender difference in the shock to employment have been mitigated? How?

Dr. David Koll: Our evidence shows there are two ways to achieve mitigation. The first is furloughing and short-time working schemes. For example, in the U.S. we have seen a large gender gap in the reduction of working hours and employment. In Germany we only find a gender gap in reduced hours. That basically shows that furloughing and short-time working schemes are able to decrease a gender gap in employment so as to protect formal employment relationships. The second measure is the implementation of flexible work schemes. We also believe that this has certainly helped mitigate the detrimental effects of the labour market on women.

5. Did the ability to work from home help to mitigate the discussed effects?

Dr. Sena Coskun: Yes, definitely. We find work flexibility in the form of the ability to work from home greatly reduces the impact of the pandemic on gender gaps. The gender gaps in terms of hours worked induced by the pandemic arise almost entirely among workers who are unable to work from home. In the UK, for instance, we find that this effect is particularly present for mothers with school-aged children. This suggests therefore that those mothers, who weren’t able to work from home, reduced their hours significantly. To frame it differently, this evidence suggests that flexible working greatly reduces gender differences in the labour market during the pandemic. On the other hand, there is also evidence that among those working from home, mothers experience a larger decline in productivity, because they undertake work and childcare simultaneously more often than fathers do.

6. What are the possible implications for the post-pandemic labour market?

Dr. David Koll: We expect working from home to stay. It has been argued that remote working or some other forms of flexible working have a high potential to drastically reduce gender inequality in the labour market. Because much of the gender inequality arises from 'mother penalties'. If flexible working could actually result in childcare being more equally divided, along with other domestic chores, this could actually mean that there would be less of a conflict for a mother having both a family and career. This could lead to smaller 'mother penalties' in the future and the reduction of gender inequality. There is one caveat, however: it needs to be recognized that it is very important that flexible working does not result in a differential impact on productivity of parents at home, something we have seen in the Netherlands during the crisis. It would be necessary to recognize that the equal sharing of childcare at home is a crucial ingredient for this channel to actually work.

7. Is more research needed? Where?

Dr. David Koll: In our analysis for the U.S., a sizeable gender gap between men and women who do not have children and work in the same occupations and industries can still be found. It basically implies then, that there is another, additional channel in place which is driving this effect. This would definitely be worth investigating. There are some further leads too, such as three-generation households, in which grandparents step in to take care of the grandchildren, for example. Alternatively, it could be that women actually have a stronger labour market response to decreasing the infection risk to a family. Or there is an increased need for home production, which is taken on by women during the pandemic, thereby reducing the labour supply. Or finally, perhaps women have had to start taking care of elderly people living in their household because external care staff have stopped visiting homes to take care of the elderly. These are all possibilities which could be investigated further because of the remaining sizeable gender gap of people without children working in the same occupations and industries. In addition, we also believe that, in general, this interaction of business cycles and household decision-making is very important and should be investigated in more depth as much of decision-making takes place within a household, something which certainly impacts the business cycle.

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