

# Women and work after COVID-19

Special Report | September 2021



## Our authors

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Prior to her current role, Sonali was a member of the Global Demographics and Pensions Research team. Sonali joined Credit Suisse in 2009 after being awarded an MSc (Finance and Economics) with Distinction from the London School of Economics. She also has a BA (Honors) degree in Economics from the University of Delhi and is a CFA Charterholder.



**Solange Srouf**

Solange Srouf is the Chief Economist of Credit Suisse, Brazil since 2020, working with the Investment Bank and Wealth Management teams to provide analysis and scenarios on the Brazilian economy for our clients.

Solange holds an undergraduate degree and a master's degree in Economics from Pontifical Catholic University of Rio de Janeiro (PUC-Rio). She was professor of the economics department at that same college and received an Economics award from the Brazilian Development Bank (BNDES) (2002) and a Brazil Economics award from the Federal Council of Economics (2003). Solange joined Credit Suisse in 2020 from ARX Investimentos, where she had held the position of chief economist since 2008.

Dear readers

The COVID-19 pandemic has taken a particular toll on women, exacerbating its impact on economies and societies around the world. Many around the world have lost jobs or been forced to leave the workforce as they tend to be overrepresented in sectors such as services that have been negatively affected by the pandemic.

In just one sobering sign, the International Labour Organization estimates that 4.2% of women's employment worldwide was destroyed between 2019 and 2020 versus 3% of men's employment. That translates into millions and millions of lost jobs.

Women face the additional burden of home-schooling and unpaid care, on top of a typically larger share of domestic duties within the household. If left unaddressed, these trends could undo decades of progress for women.

For both economic and societal reasons, it is vital that women find their way back to the labor market as soon as possible. Women tend to live longer than men, and any period when they do not earn an income reduces their ability to adequately save and invest for retirement.

Fortunately, first indications are that the economic reopening is leading to a stronger increase in employment for women than for men, which follows a much steeper decline for women during the first few months of the crisis. Despite the recent good news, worldwide female employment will likely not return to pre-COVID levels before 2022 at the earliest.

In order to boost opportunities in the job market, the public and private sectors should do everything in their power to avoid further lockdowns. The remote and flexible working enabled by the pandemic may prove to be a meaningful catalyst for higher female labor market participation rates — at least in some professions — provided this new way of working becomes less stigmatized and more popular for all.

We are pleased to present this important new labor market study, which outlines key learnings for women and decision-makers, at the fifth Credit Suisse Global Women's Financial Forum. We are also proud that this report is the work of a female team of leading economists at our bank.

We wish you an enjoyable and interesting read.

Lydie Hudson

CEO Sustainability, Research &  
Investment Solutions

Nannette Hechler-Fayd'herbe

CIO International Wealth Management  
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# Deeply impacted by lockdowns, predominantly in services

By Sonali Punhani

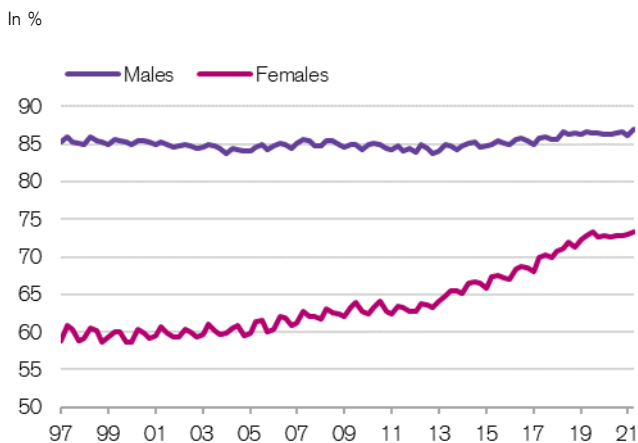
As COVID-19 prompted large-scale lockdowns globally, women's jobs and incomes were disproportionately hit given the pandemic's outsized impact on the services sector, which employs a large share of women. The International Labour Organization (ILO) estimates that 4.2% of women's employment worldwide was destroyed between 2019 and 2020 versus 3% of men's employment. Along with losing jobs, women also dropped out of the workforce in greater numbers as they dealt with multiple burdens due to home-schooling and unpaid care work, a development that threatens to reverse decades of progress. How persistent the drop in female participation rates and employment will be depends on future lockdowns and economic recovery policies.

## Female labor market participation on the rise prior to the pandemic

Across the Organisation for Economic Co-operation and Development (OECD) and a number of emerging countries, women's participation in the labor market has generally increased over the past decade. There are still large regional differences due to differences in sociocultural backgrounds, access to education and childcare models. In Europe, for example, Sweden stands out with one of the highest female labor market participation rates at above 80%, while Italy is at the lower end with around 55%, according to the OECD. In developed markets, typical female labor market participation is around 70%, whereas male labor market participation is between 70% and 85%. A case in point for the positive trend in female labor market participation is Japan, where population aging prompted the government to actively promote and incentivize women to work (Figure 1). As a result, women's labor market participation rose from 60% at the end of the 1990s to about 70% prior to the COVID-19 pandemic. In many countries including Germany (Figure 3), rising female labor force participation has been a key contributor to labor input growth and hence the growth potential of the economy over the past few decades.

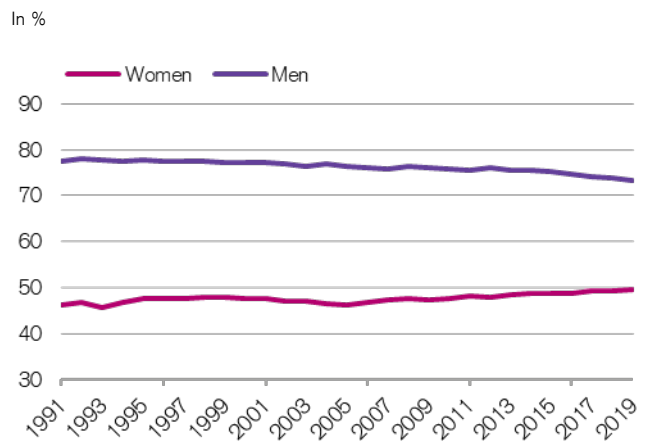
Such examples highlight why it is important to keep increasing female participation rates in the labor force, especially in light of demographic trends such as population aging. In emerging markets (EM), female labor market participation is around 50% (Figure 2), as women tend to be much more involved in self-sustaining activities than their counterparts in OECD countries.

Figure 1: Labor market participation rate in Japan (ages 16-64)



Last data point: 30/06/2021. Source: Haver Analytics

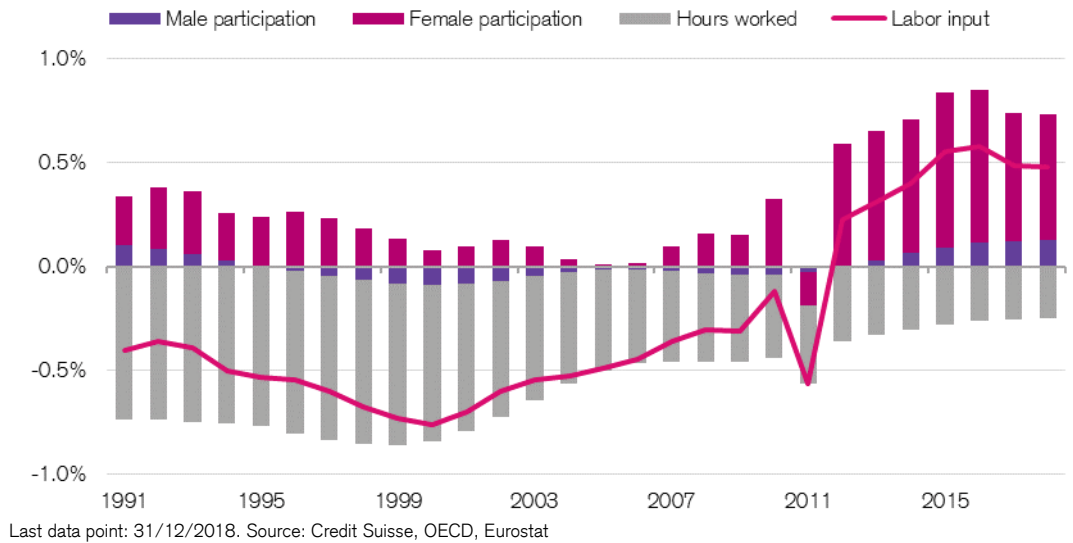
Figure 2: Labor market participation rate in emerging markets (ages 15+)



Source: International Labour Organization

**Figure 3: Rising female participation is a big contributor to labor input growth in Germany**

Contribution to labor input growth in Germany: Labor input is the product of the working-age population, participation rate and hours worked

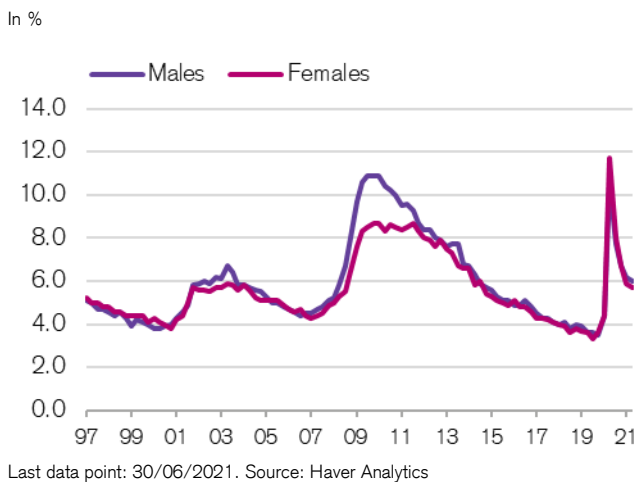


**Regional differences in unemployment linked to COVID-19 support measures**

The pandemic prompted large-scale fiscal and monetary policy responses globally to mitigate the impact of lockdowns on households and businesses. Support mechanisms differed by region, which meant that the impact of the pandemic and subsequent policy response on the labor markets varied across regions. Women fared considerably better in countries that took measures to prevent them from losing their jobs.

In the Eurozone and the UK, for example, generous short-time work and furlough schemes were used, which acted as automatic stabilizers. Through various job retention schemes, governments incentivized firms to keep workers employed by paying a part of their wages for hours not worked. This way, firms could furlough workers and keep them in their jobs. The rise in unemployment in the Eurozone and the UK was much more muted than in the USA and Canada — for men and for women (Figure 5). In the USA, the government significantly increased unemployment benefits and delivered stimulus checks to individuals in lieu of job retention schemes. As a result, even though household incomes were protected, unemployment rose sharply in the USA and Canada as lockdowns were imposed and subsequently fell as those economies recovered (Figure 4).

**Figure 4: In the USA, the rise in unemployment was much sharper during the pandemic**



**Figure 5: More muted rise in unemployment in the Eurozone**



**Women  
predominantly  
employed in services**

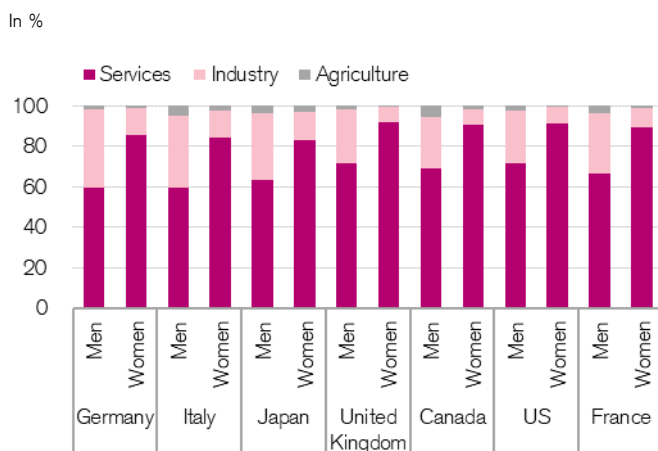
The pandemic revealed a gender distribution of jobs that is typical across most developed countries. Women are more prevalent in services, for example, than in industry or agriculture (Figure 6). In Germany, 85% of female employment is in services versus 60% of men, while only 14% of women are employed in the industrial sector versus 40% of men. In the USA, the share of women working in services is 91% versus 72% for men, whereas only 8% of women are employed in industry vs. 26% for men. Across the OECD, the share of male employment in industry is about twice as high as the share of female employment. The number of agricultural jobs tends to be tiny in northern industrialized countries compared with southern industrialized countries and EM. For example, the share of employment in agriculture in Greece, Portugal, Spain, Turkey and Eastern European countries is 5% or more for men, according to the OECD.

During the 2008 global financial crisis, employment was negatively affected in sectors that typically employ more men, such as manufacturing and construction (Figure 8). In contrast, during the COVID-19 pandemic, sectors such as healthcare, administrative services, education, hospitality, restaurants and the arts, as well as wholesale and retail trade and personal services suffered the most. These are the sectors that typically employ more women (Figure 9). So, the share of women employed in sectors affected negatively by the pandemic was nearly twice as high as the share of men (Figure 7). As a result of their overrepresentation in the hardest-hit sectors, women have suffered disproportionate job and income losses.

The same holds true in EM, where women also have a significant participation in the sectors that are most affected by the pandemic (e.g. services, please also see the chapter “A Latin American perspective”). However, due to a high ratio of women in the informal job market and less room for fiscal maneuvering in many EM, the long-term impact of the pandemic on female employment is likely to be stronger than in developed markets (DM). For example, the share of women employed in the informal market in countries like Bolivia, Indonesia, India, Peru and Paraguay is above 60%, according to the International Labour Organization. In larger countries such as Mexico and Brazil, this share is close to 50%.

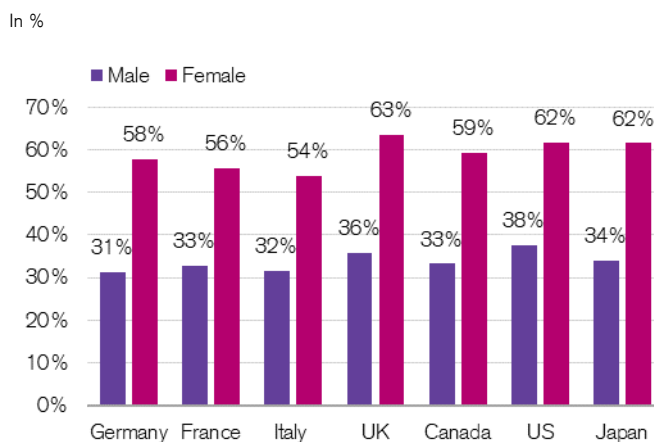
Furthermore, in 14 of the 18 major EM, the share of women in the informal job market is higher than that of men. The limited fiscal room of EM limits the scope for countercyclical measures. Government funding sources are scarce and, in most cases, have not been sufficient to minimize the impact of the pandemic on the general population (e.g. healthcare coverage, income transfers to households, tax cuts and job retention programs), much less implement targeted policies that could help counter the stronger impact on women than on men (such as support for caregivers and daycare centers). Due to the greater difficulty of reintegrating women into the labor market, the pandemic may intensify already high gender inequalities in employment in EM, where the median difference between the participation rate of men and women is 21.4 percentage points. For example, the female participation rate in countries like India, Pakistan, Morocco and Turkey is below 40%.

**Figure 6: High share of female employment in services**



Last data point: 31/12/2019. Source: OECD

**Figure 7: Female vs. male share of employment affected by COVID**

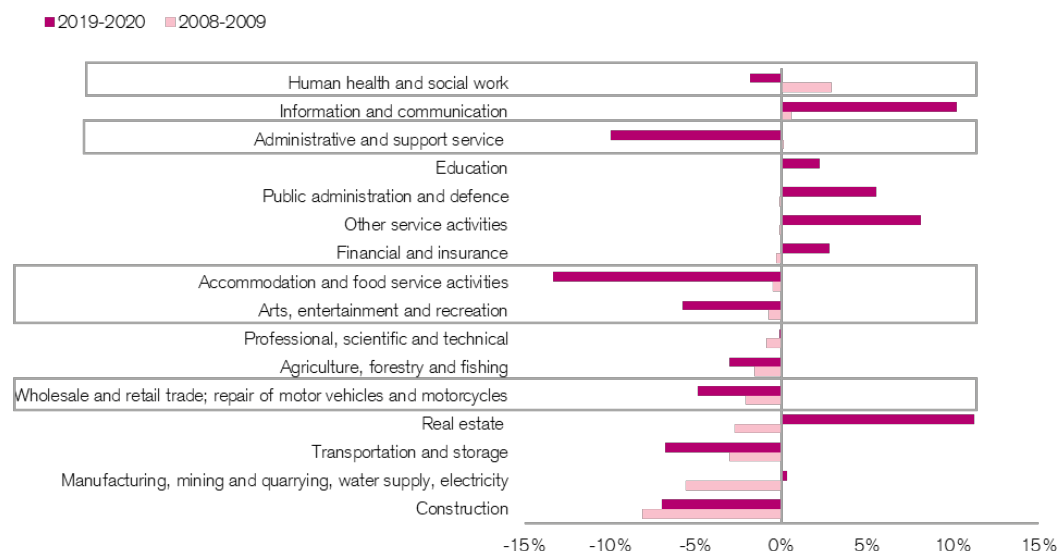


Last data point: 31/12/2019. Source: OECD, Eurostat, BLS



**Figure 8: Employment change by sector during the great financial crisis and the pandemic**

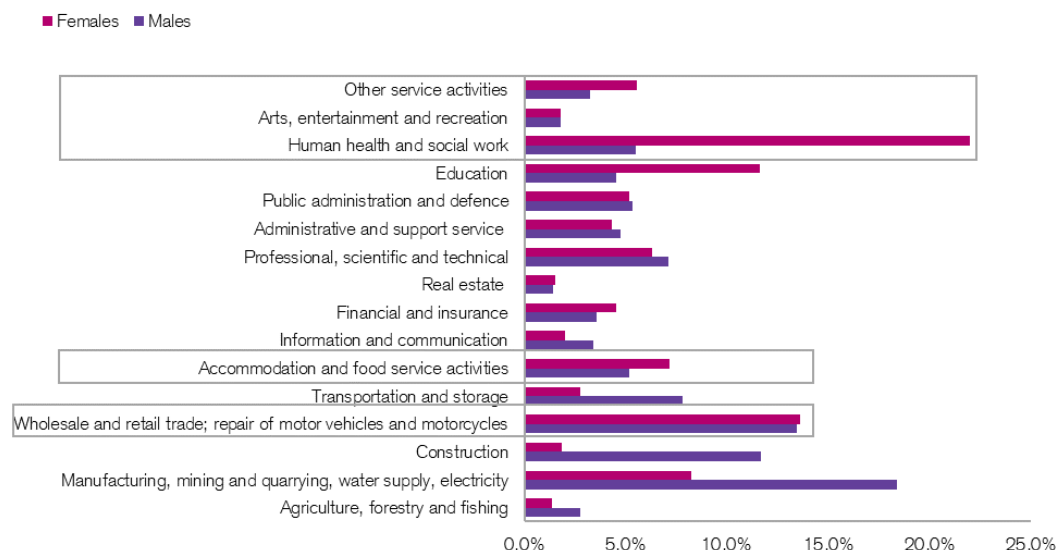
In %



Last data point: 31/12/2020. Source: Eurostat

**Figure 9: Employment by gender and sector**

In %



Last data point: 31/12/2019. Source: OECD, Eurostat, BLS

**Nearly twice as much job destruction for women as for men**

As discussed, women lost more jobs than men during the pandemic given their over-representation in the hardest-hit sectors. The ILO estimates that 4.2% of female employment worldwide was destroyed due to the pandemic between 2019 and 2020 (i.e. 54 million jobs) compared to 3% for male employment (i.e. 60 million jobs). The drop in women’s employment disrupted the progress made over the past 15 years.

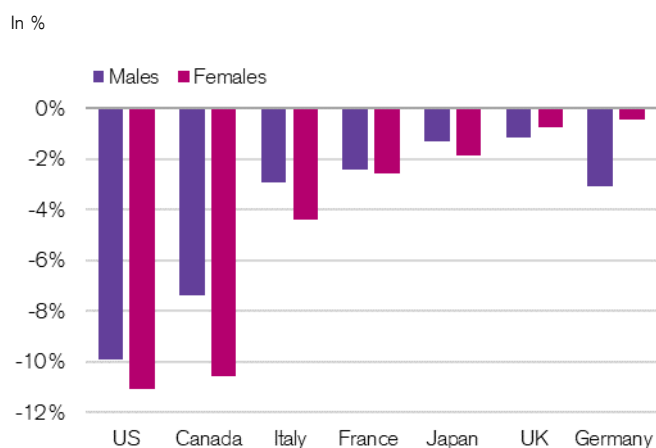
The Americas experienced the greatest reduction in women’s employment, down 9.4% in 2020 compared to a 7.0% decline for men. Women’s unemployment rate rose by 8.1 percentage points in the USA in the first half of 2020 compared with a 7.0 percentage point rise for men, though unemployment rates for both genders have recovered to some extent by now.

The second-highest drop in the number of employed women was observed in the Arab states. Women’s employment there declined by 4.1% versus a 1.8% decline for men. In Asia and the Pacific, the pandemic led to a 3.8% decrease in women’s employment compared to a decline of 2.9% for men. In Europe and Central Asia, the COVID-19 crisis curtailed women’s employment considerably more than that of men, leading to a 2.5% and 1.9% decrease, respectively. This

stands in contrast to the great financial crisis, when male employment was dramatically reduced (-2.3%), while women's jobs were affected much less (-0.5%). In the Eurozone, the unemployment rate for women has risen by 0.6 percentage point since the end of 2019, while the unemployment rate for men has risen by 0.4 percentage point. In Africa, men's employment experienced the smallest decline across all geographic regions with just a 0.1% drop between 2019 and 2020, while women's employment fell by 1.9%.

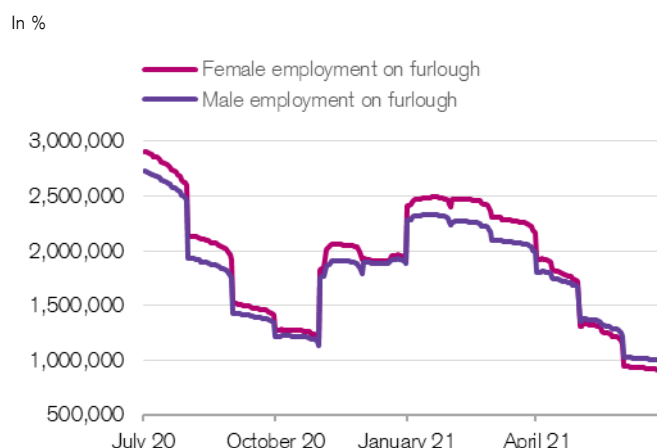
In the first half of 2020, when the lockdowns had the most severe impact on economic activity, women's employment fell more significantly than men's across almost all G7 countries (Figure 10). As discussed earlier, female employment fared considerably better in countries that took measures to prevent job losses such as the Eurozone and the UK, where furlough and short-time schemes were implemented. In countries using these policies, women were furloughed more than men. In the UK, for example, 184,100 more women were furloughed than men in July 2020 (Figure 11). In some months, the gap widened to more than 200,000.

**Figure 10: Employment change (H1 2020)**



Last data point: 30/06/2020. Source: Haver Analytics

**Figure 11: More women were furloughed in the UK than men**



Last data point: 30/06/2021. Source: HMRC

### Women bore the brunt of the lockdowns

Most G7 countries saw labor force participation rates fall during the pandemic as people dropped out of the labor force, potentially due to difficulties in finding a job during lockdowns and fears over COVID-19. But women saw a larger fall in labor force participation rates than men. Along with losing jobs, women also dropped out of the labor force in greater numbers. In countries like Germany and Italy, female labor force participation rates are now 1.8 percentage points below pre-pandemic levels (Figure 12 and 14).

The fall in women's participation in the labor market during the pandemic threatens to reverse decades of progress. As schools and daycare centers were shut, parents' childcare needs and demands multiplied. Women have provided the majority of additional childcare and housework during the pandemic, leaving many of them unable to work and forcing them to drop out of the labor force. This is particularly true for women employed in sectors heavily affected by the pandemic and where remote work is difficult to implement or cannot be implemented at all. As seen above, women are overrepresented in these sectors.

The gender gap in time spent in unpaid care work was already a reality prior to the pandemic. In Canada, France and Germany, women spent, on average, 8-10 hours per week more in unpaid work than men, 12 hours more in the USA and the UK, 20 hours more in Italy and 21 hours more in Japan (Figure 13).

**Figure 12: Change in labor market participation rates (Q4 2019-latest)**

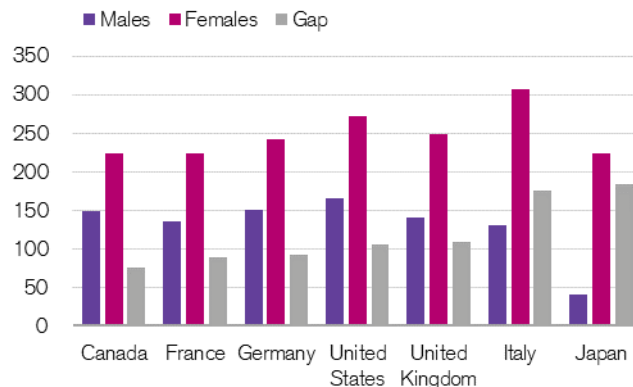
In percentage points



Last data point: 30/06/2021 for the UK, the USA, Japan and Canada and 31/03/2021 for Germany, France and Italy. Source: Haver Analytics

**Figure 13: Gender gap in time spent in unpaid care work**

In minutes per day, 2019

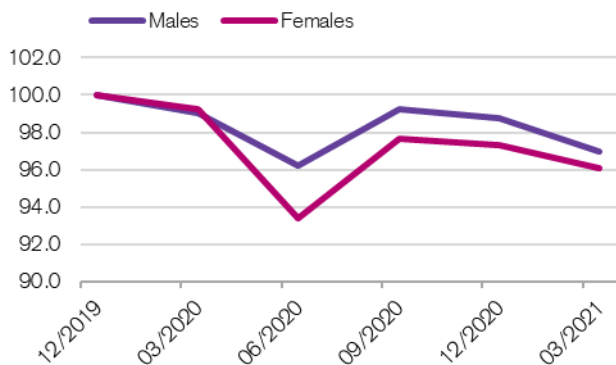


Last data point: 31/12/2019. Source: OECD

The UK was an exception in that regard. Though labor force participation rates for men fell during the pandemic, they were more or less unchanged for women (Figure 15). There has been a decline in the number of women reporting that they are inactive in the UK labor market due to family or housework responsibilities during the pandemic. It could be that women in the UK took advantage of the flexibility provided by homeworking in balancing work and family and as a result stayed in the labor force. This could provide a lesson to other countries in that the flexibility provided by working from home can be used as an opportunity to increase female labor market participation (for additional information, see chapter “Long-term outlook”).

**Figure 14: Women’s labor market participation in Italy (ages 15-64)**

Q4 2019 = 100

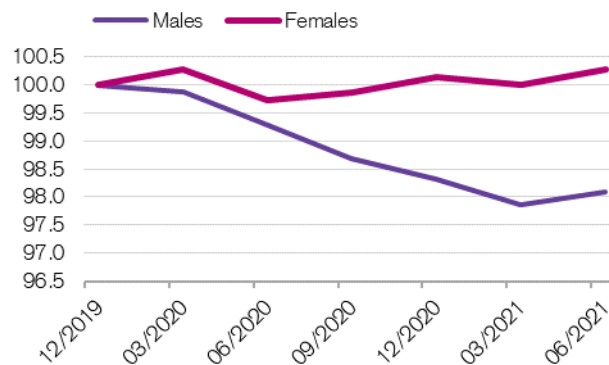


Last data point: 31/03/2021. Source: Haver Analytics

**Figure 15: The UK proved to be the exception**

UK labor market participation rate (ages 15 to 64)

Q4 2019 = 100



Last data point: 30/06/2021. Source: Haver Analytics

**In sum**

Overall, the pandemic and lockdowns have impacted women’s jobs and incomes to a greater extent than men’s. Women have also dropped out of the labor force in greater numbers as additional childcare and housework responsibilities during the pandemic fell more on women. How persistent the drop in female participation rates and employment will be depends on both lockdowns and economic recovery policies. While high rates of vaccination reduce the potential of additional lockdowns in developed countries, EM with low vaccination rates remain at risk of further lockdowns, which will likely continue to hit female jobs and incomes. But as we will discuss in the next chapter, employment and participation rates for women are recovering strongly in developed countries as they exit the lockdowns and the labor market recovers.



# Reopening drives up female employment

By Sonali Punhani

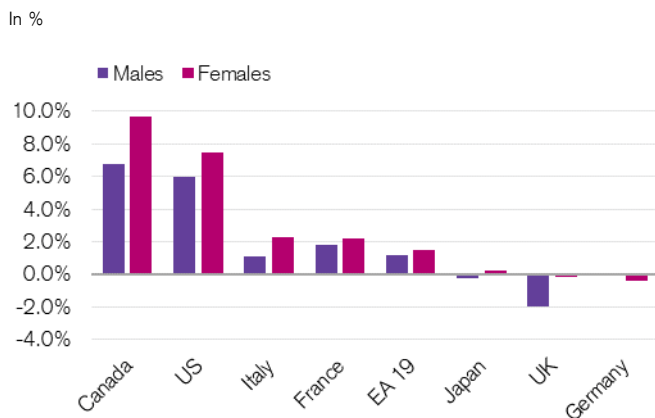
**As developed economies come out of lockdowns and the labor market recovers, employment and participation rates for women are recovering strongly. Encouragingly, first indications are that the economic reopening has led to a stronger increase in female employment than male employment. Yet, female employment remains further below pre-pandemic levels than that of men due to deeper employment losses among women in 2020. When workers lose their jobs, it is crucial to establish mechanisms early on for re-entry into the labor market to avoid reducing future opportunities.**

## Sharp fall, sharp recovery

Developed economies came out of lockdowns in the second half of 2020. In the winter of 2020, some countries reimposed restrictions as infection numbers increased, but relaxed them again in the spring of 2021. The reopenings are driving the economic and labor market recovery. Encouragingly the recovery for female employment in 2021 has been stronger than for male employment, but female employment experienced a sharper fall in the first place. ILO forecasts show that in 2021, global female employment is expected to rise by 3.3%, or 41 million, from 2020 levels, while male employment is expected to grow by 3%, or 59 million.

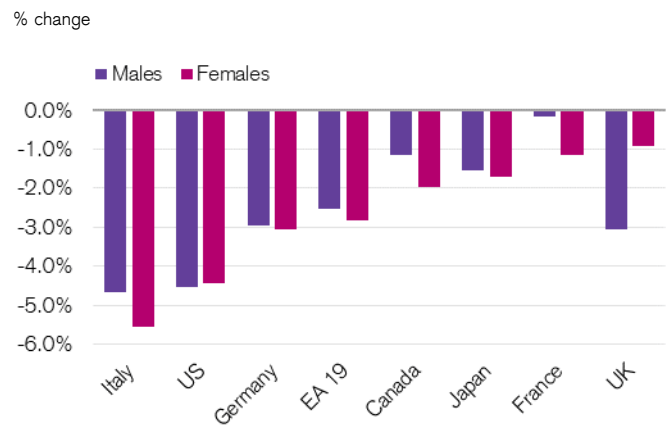
First indications are that the economic reopening has led to a stronger percentage increase in female employment than male employment. In the USA, Canada and Japan, female employment has recovered more than male employment since the second half of 2020 (Figure 16, 18 and 19). In Q2 2021, US female employment rose by 7.5% year-over-year (YoY), while male employment rose by 6.0% YoY. Even though the employment growth rate for women exceeds that of men, female employment is still further below pre-pandemic levels than male employment because of deeper employment losses experienced by women in 2020 (Figure 17). The exceptions are the USA, where both male and female employment are around 5% below pre-pandemic levels, and the UK, where male employment is much further below pre-pandemic levels than female employment.

**Figure 16: Female employment recovered more than male employment as restrictions were eased... (Q3 2020-Q2 2021)**



Last data point: 30/06/2021 for the UK, the USA, Japan and Canada; 31/12/2020 for Germany, France and Italy. Source: Haver Analytics

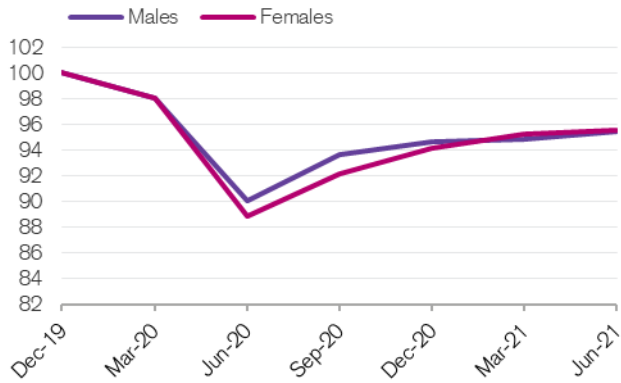
**Figure 17: ...but female employment remains further below pre-pandemic levels than male employment**



Last data point: 31/06/2021 for the UK, the USA, Japan and Canada; 31/03/2021 for Germany, France and Italy. Source: Haver Analytics

**Figure 18: The recovery of employment in the USA**

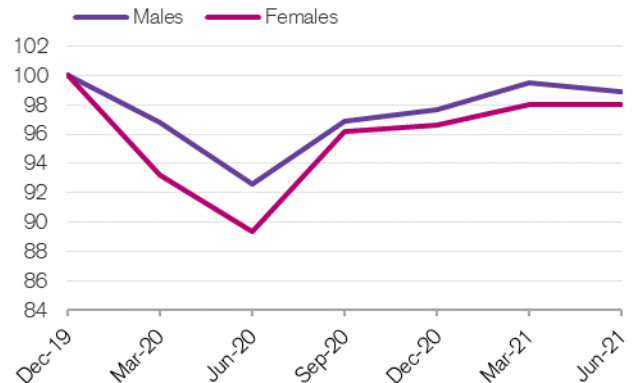
Q4 2019 = 100



Last data point: 30/06/2021. Source: Haver Analytics

**Figure 19: The recovery of employment in Canada**

Q4 2019 = 100

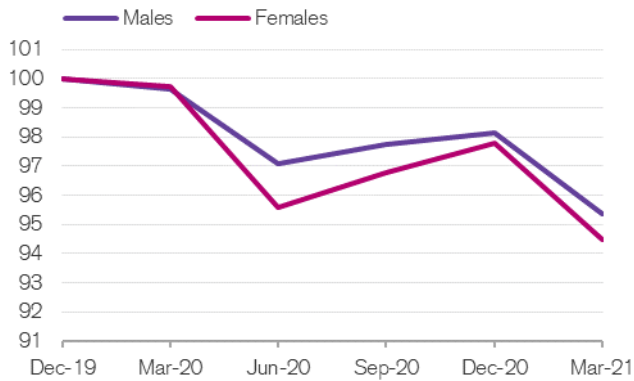


Last data point: 30/06/2021. Source: Haver Analytics

In European countries, employment by gender data is available only until Q1 2021, when restrictions were reimposed. In order to get a sense of how female employment recovered when restrictions were eased, we look at the employment recovery for Eurozone countries in the second half of 2020. In that period, the employment recovery was stronger for women than men in the Eurozone overall, including France and Italy (Figure 16 and 20), which was in line with other G7 countries. In Germany, however, female employment barely changed in 2020, but fell sharply in Q1 2021 (Figure 21) as restrictions were reimposed in European countries. Female employment in Eurozone countries in Q1 2021 was further below pre-pandemic levels than male employment, as was the case in other countries described previously.

**Figure 20: The recovery in employment in Italy**

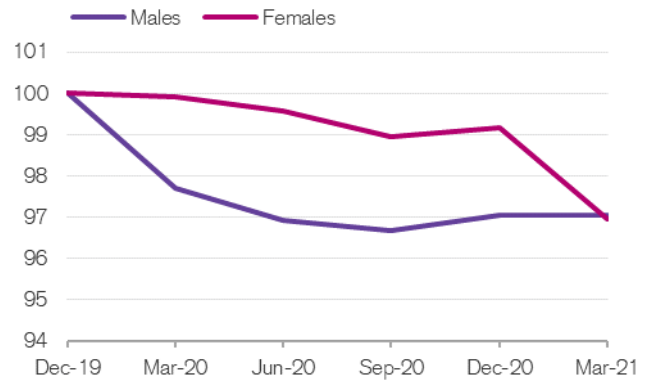
Q4 2019 = 100



Last data point: 31/03/2021. Source: Haver Analytics

**Figure 21: The recovery in employment in Germany**

Q4 2019 = 100



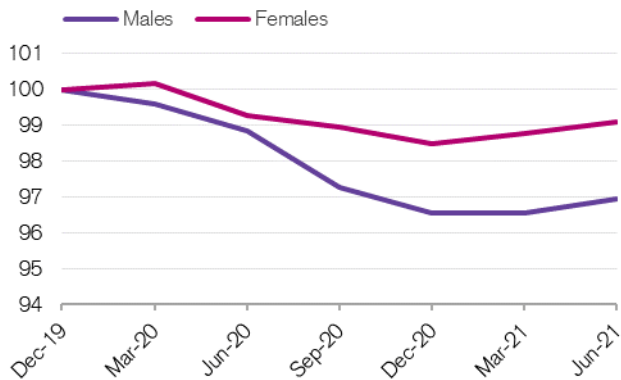
Last data point: 31/03/2021. Source: Haver Analytics

For the UK, we also look at the recovery in female workers on furlough. Female employment barely changed during the pandemic (Figure 22) and the bulk of the fall in UK labor demand during the pandemic was absorbed by the furlough scheme. The number of women on furloughed employment fell faster than the number of men on furloughed employment as the economy recovered, pointing to a stronger labor market recovery for women (Figure 23). In July 2020, 184,100 more women were furloughed than men in the UK. By June 2021, 87,200 more men (964,800) were furloughed than women (877,600).



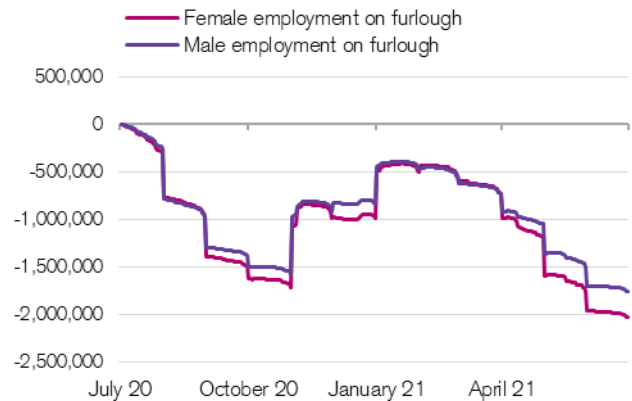
**Figure 22: The UK employment recovery**

Q4 2019 = 100



Last data point: 30/06/2021. Source: Haver Analytics

**Figure 23: Change in UK furloughed employment relative to July 2020**



Last data point: 30/06/2021. Source: HMRC

**Female employment is unlikely to return to pre-pandemic levels this year**

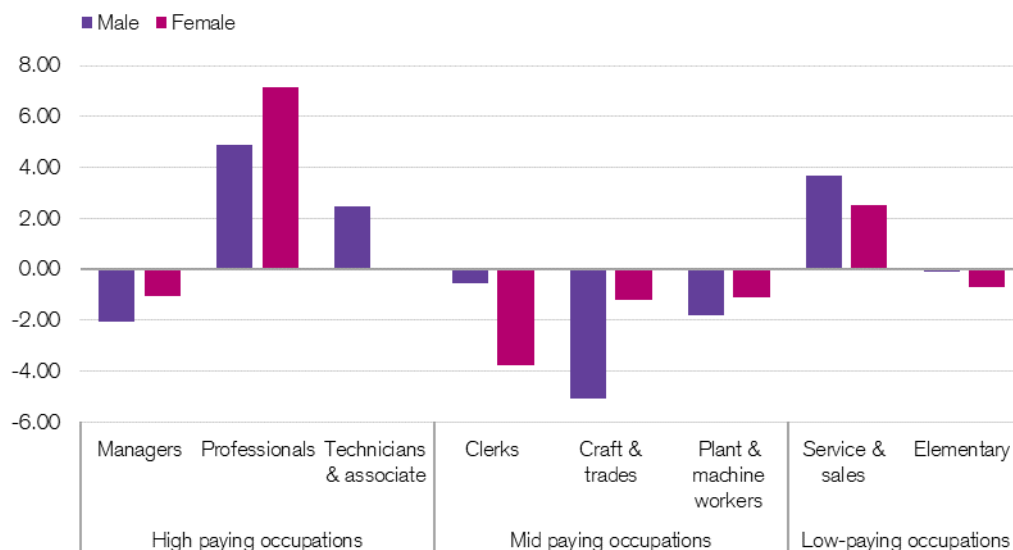
The ILO expects that even though the projected employment growth in 2021 for women will likely exceed that of men, it will prove insufficient to bring women’s employment back to pre-pandemic levels. Globally, female employment is not projected to return to pre-COVID-19 levels before 2022 at the earliest, while male employment is projected to return to pre-COVID-19 levels by the end of 2021, according to the ILO. In 2021, the number of employed women globally is projected to be 13 million less than in 2019, while the number of men in employment is projected to be about the same as in 2019, according to the ILO. This would imply that 43.2% of the world’s working-age women will be employed in 2021, compared to 68.6% of working-age men – a difference of 25.4 percentage points. In light of this significant gap, it is important to establish mechanisms for women’s re-entry into employment as early as possible. This is especially important as furlough schemes and other fiscal support measures that have supported workers’ jobs and incomes throughout the pandemic are expected to end in various countries over the next few months.

**In Europe, most job creation has been in low-skilled jobs**

The longer women stay out of employment, the deeper the impact on future earnings opportunities is likely to be. Evidence from earlier recessions shows that workers who lose employment during a recession experience highly persistent earnings losses. Even before the pandemic, women earned less on average than men given their high representation in low-paying occupations. Such occupations have seen an increase in their share in Europe over the past few years, with a large share of job creation concentrated in low-paying occupations for both men and women (Figure 24). Moreover, a large share of jobs performed by women is concentrated in low-paying occupations (Figure 25).

**Figure 24: A significant part of job creation in Europe has been in low and high-paying occupations, increasing inequality**

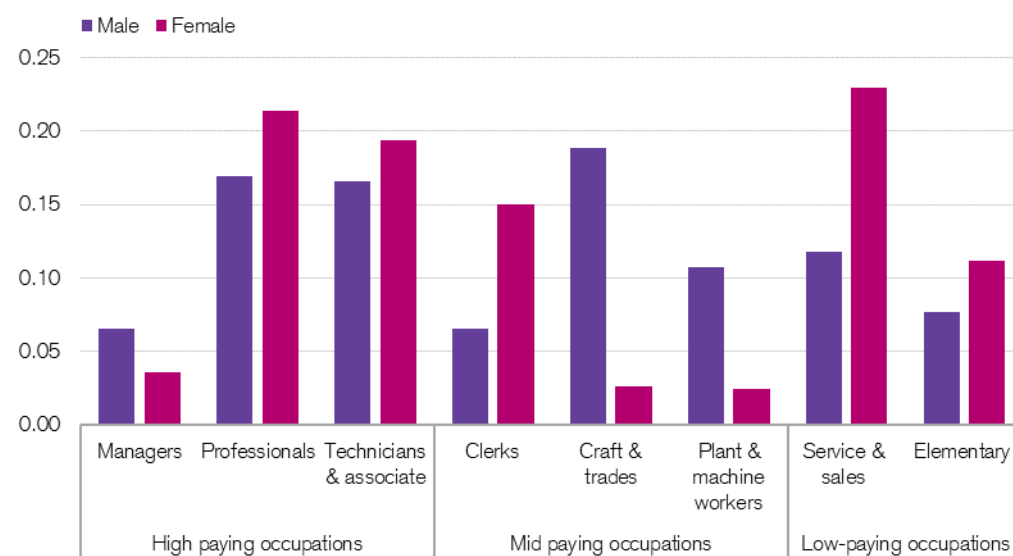
Change in share of European employment by occupation (2003-2019); occupation ranked by mean European wage, high to low (in %)



Last data point: 31/12/2019. Source: Eurostat

**Figure 25: Employment by gender and occupation, ranked by mean wage**

(Occupation ranked by mean European wage, high to low, in %)



Last data point: 31/12/2019. Source: Eurostat

The high share of women in low-paying occupations can account for the gender wage gap to some extent. Over the past few decades, the wage gap between men and women has been declining steadily (Figure 26 and 27), but it remains considerable. The highest gender wage gap among G7 countries exists in Japan, at 22% between median earnings of men and women, whereas the lowest gap is in Italy at 5.7%.

**Figure 26: Gender wage gap in G7 countries, 2020**

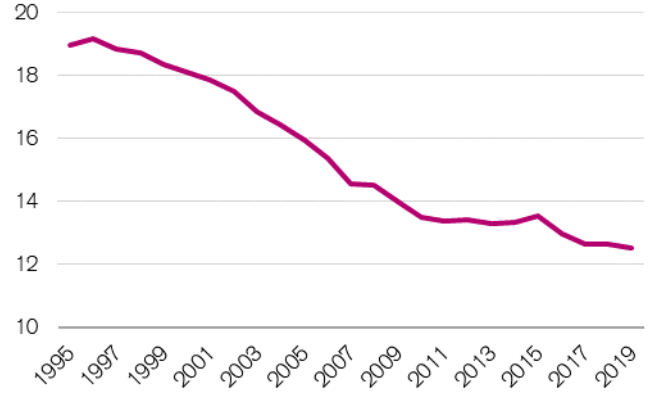
Difference between median earnings of women relative to median earnings of men (in %)



Last data point: 31/12/2020 for the UK, the USA, Canada, Japan; 31/12/2018 for Germany, Italy and France. Source: OECD

**Figure 27: Development of gender wage gap in OECD countries**

Difference between median earnings of women relative to median earnings of men (in %)



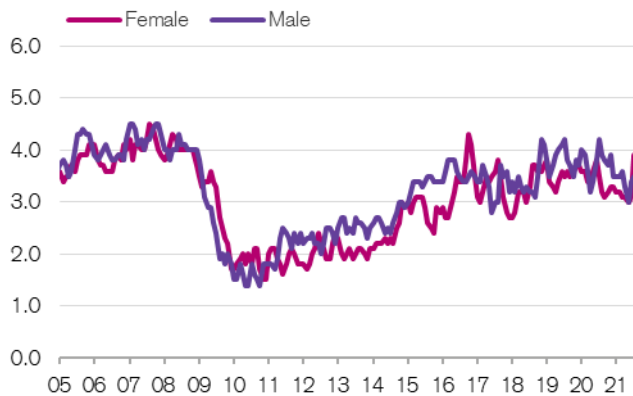
Last data point: 31/12/2019. Source: OECD

**COVID-19 pandemic has hurt women’s wages more**

The COVID-19 pandemic hit low-paying occupations the most. Those at the bottom of the wage scale have been hit harder than those at the top, particularly women, who are disproportionately represented in low-paying jobs. In the USA, wage growth for women was weaker than for men in 2020 (Figure 28). A survey conducted by Eurofound in July 2020 showed that women were more at risk of financial fragility than men, with 58% of women (compared with 48% of men) reporting that they would not be able to maintain their standard of living for more than three months and 36% (compared with 31% of men) being in a worse financial situation than in the previous three months in the EU 27.

**Figure 28: US wage growth weaker for women than men in 2020**

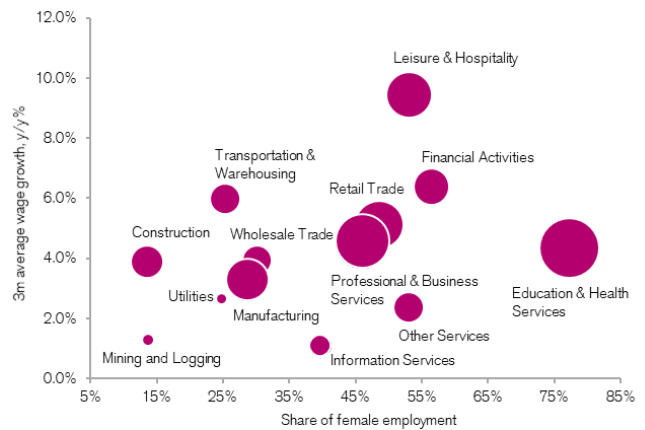
3-month moving averages of monthly median wage growth (in %)



Last data point: 31/07/2021. Source: Current Population Survey, Bureau of Labor Statistics, and Federal Reserve Bank of Atlanta calculations

**Figure 29: As the economy reopens, wages are growing in sectors that employ more women**

US wage growth by industry vs. share of female employment (in %; bubble size represents sector share of total employment)



Last data point: 31/08/2021. Source: Haver Analytics

**Occupations that employ a large share of women are experiencing wage growth**

As the economy recovers, however, wage growth is concentrated in sectors that employ more women. In the USA, low-paying sectors such as leisure, hospitality and retail trade have seen a big pick-up in wages, with the former experiencing 9.4% YoY wage growth in the three months to August 2021 (Figure 29). Financial services, which also employs a large share of women, is experiencing above-average wage growth as well. In the UK, accommodation and food, arts and retail services are experiencing above-average wage growth. They, too, employ a large share of women.

**Potential of economic recovery for women**

There is evidence that the USA and the UK are facing labor shortages in certain sectors as they emerge from the pandemic. These shortages could allow employers to expand their labor search pool and hire workers who belong to underrepresented groups such as women, leading to potentially higher wage growth for them. Overall, there is potential for women to reap the benefits of the economic recovery, but this requires avoiding further lockdowns and mechanisms to be established for their re-entry into employment, as well as broader acceptance of non-standard work arrangements, which can give women the flexibility to balance work and home life (see chapter “Long-term outlook” for further insights). In addition, upskilling and reskilling policies directed at women can enable many women to find new work opportunities.



# Broader acceptance of remote working: An opportunity for women

By Sara Carnazzi Weber

**Although women have borne the brunt of the COVID-19 crisis, they may eventually end up benefiting from the broader acceptance of non-standard work arrangements as a result of the pandemic. Provided that such arrangements are made available to both men and women and wage penalties for work flexibility are reduced, we can expect better labor market participation of women and reduced gender pay gaps in the future – at least in a number of sectors in developed markets.**

## **Flexible work arrangements: Traditionally a women's approach**

Labor regulations have traditionally focused on standard work relationships, which are defined as a direct and continuous full-time link between employee and employer. Yet, non-standard work arrangements lack these characteristics. The ILO identifies five categories of non-standard employment arrangements: temporary employment, part-time employment, multi-party employment, disguised employment and dependent self-employment.

Temporary workers have an employment contract for a finite length of time (e.g. project or task-based contracts or seasonal work). Part-time workers work fewer hours than people in full-time employment, allowing them to reconcile work life with studies or family responsibilities. Multi-party workers are paid by one company – a temporary work agency or subcontractor – but perform work for another company at its place of business. There is typically no employment relationship between the worker and the company to which they provide the service. Disguised workers are hired as independent contractors, but these contractors are treated as if they were an employee of the end customer. Finally, dependent self-employed workers are legally independent but economically dependent. In particular, they perform services for a business under a commercial contract but depend heavily on a small number of clients for their income (e.g. gig workers).

Then there is informal employment, which comprises all remunerative work that is not registered, regulated or protected by existing legal or regulatory frameworks. According to ILO estimates, more than six out of ten workers globally operate in the informal economy, with the highest share in emerging and developing countries. In regions with a high incidence of poverty, rapid population growth and that lack social security protections, informal employment often offers a survival strategy and absorbs a large part of the expanding labor force.

Non-standard work arrangements have been available to both men and women in many companies for decades. However, it is predominantly women who make use of them, with the share of part-time workers typically higher for women than for men (Figure 30). In Switzerland, for example, the share of part-time working women was 44.9% in 2019 compared with 11.0% for men. The gap is also high in Germany, Japan and the UK, while it is much smaller in developing countries. In a 2010 paper, Lopez Boo et al. argued that working part-time is a luxury that many women in developing countries cannot or do not want to afford, often taking care of family while working full time.

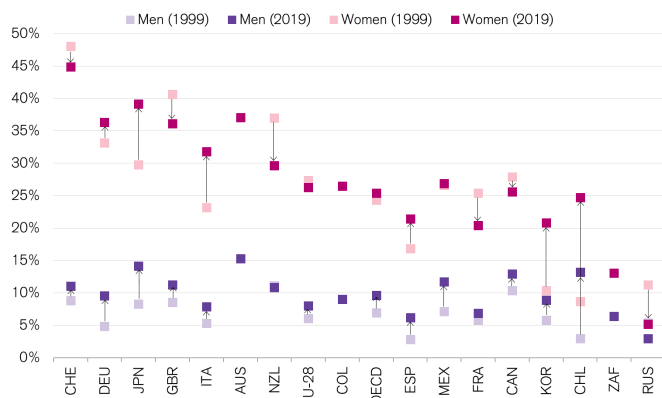
There are various reasons why part-time work is more widespread among women. The desire or necessity to reconcile family with working life is one reason why women are more likely to be in part-time work. Data for the European Union (EU) shows that women adjust their employment situation more often than men in order to facilitate childcare. In a survey from 2018, 39% of women but only 17% of men with childcare responsibilities said they had adjusted their employment to their family situation. Among women, the reduction of working time is the most



frequently chosen option (Figure 31). However, the differences between countries are considerable, with the Nordic countries standing out with a more balanced picture between men and women thanks to a combination of state support and family-friendly cultures. In Finland, the share of men who reduce working time to help with childcare is above 40%.

**Figure 30: Part-time work more widespread among women**

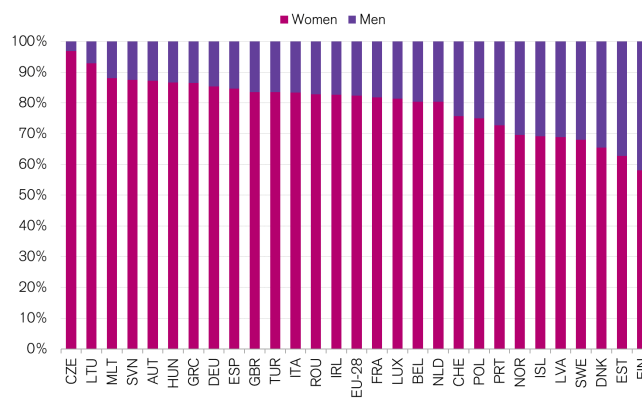
Share of part-time workers in total employment by gender, 1999, 2019, sorted by part-time gap between men and women in 2019



Last data point: 2019. Source: OECD

**Figure 31: Reduced working time — The gender gap**

Gender gap of persons in employment or with previous employment experience aged 18–64, having reduced their working time, by sex and country/region, 2018

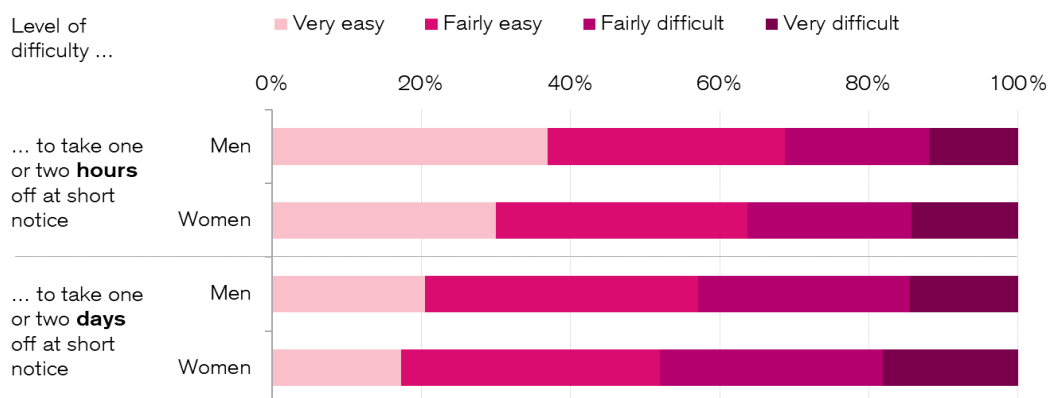


Last data point: 2018. Source: Eurostat

Some experts also argue that women are less likely to be employed in full-time jobs because they select occupations where part-time work is common. In other words, women forego better income in exchange for greater flexibility. This argument typically claims that women actively choose lower-paying occupations in order to facilitate their lifestyle, including childcare. This does not, however, imply that women are free to determine their own schedules at work — either in a part-time or a full-time job. Yet, this is also the case for men. Data for the EU shows that a sizeable proportion of men and women find it “fairly difficult” or “very difficult” to take one or two hours off on short notice, and the same applies to taking one or two days off — though men appear to perceive that they have more flexibility (Figure 32). One possible explanation for this result is the confidence gap: women are less self-assured at work and less likely to self-promote or self-advocate for fear of negative repercussions (Steinpreis et al. (1999)).

**Figure 32: Women perceive having lower work flexibility**

Employed persons by level of difficulty to take one or two hours/days off at short notice, by sex, in %, EU-27, 2019



Last data point: 2019. Source: Eurostat

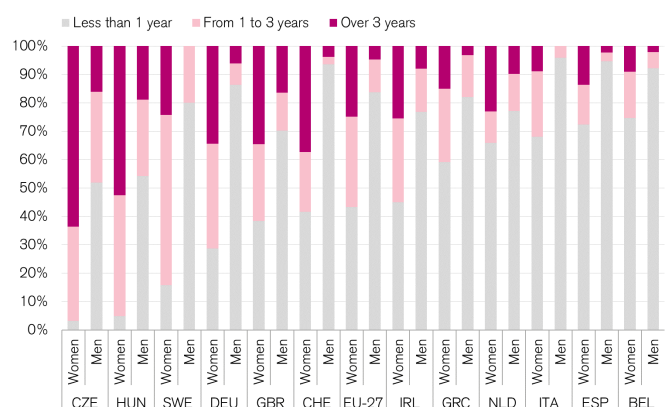
## Career breaks

Overall, the unequal distribution of duties at home means that women are more likely to be secondary earners in their households, which can further weaken their negotiating position compared to men when it comes to the allocation of intra-household resources between unpaid domestic work and paid work in the labor market. In other words, job flexibility may help women fulfil familial duties while being active in the labor market. However, patchy working careers

(Figure 33) or working at a reduced workload are obstacles to women’s career advancement. Unsurprisingly, women are underrepresented in senior roles. The lack of women in leading positions means fewer role models for younger women entering the labor market. Research shows that women avoid occupations where there are few female role models and where they fear they could experience bias and discrimination (Morgenroth et al. (2015)). Raising the visibility of female role models could help narrow gender imbalances, which remain substantial, as the still consistent gender pay gap shows (Figure 34, see also chapter “Coming out of the pandemic”).

**Figure 33: Women are out of work longer after a career interruption**

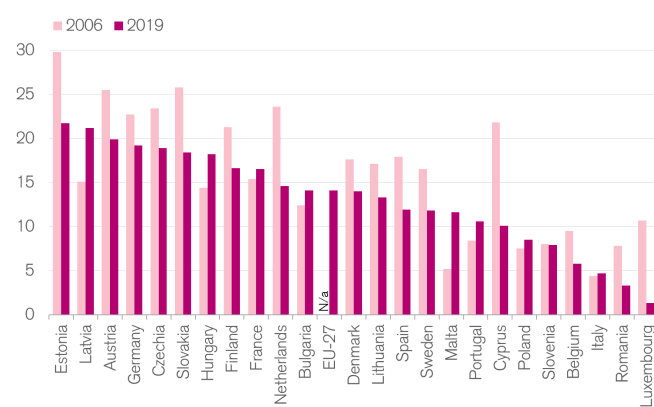
Population with work interruption for childcare by duration of interruption, 2018



Last data point: 2018. Source: Eurostat

**Figure 34: Despite progress in recent years, gender pay gaps remain considerable**

Difference between average gross hourly earnings of male and female employees, in %



Last data point: 2019. Source: Eurostat

### Demographic changes: From childcare to elder care?

Population aging affects dependency ratios (the ratio of the number of dependents versus the total working-age population), but may also induce changes in labor market structures with implications for women and work. In an aging society, the need for flexible work arrangements may shift from childcare-related reasons to elder care. In terms of caring for both children and older relatives, women (often in the role of secondary earners and primary care providers) generally adjust their employment more frequently than men or withdraw from labor markets — even when they are older. For example, EU data shows that women are more likely to take care of incapacitated relatives. In order to disburden women from their care responsibilities and help them re-enter the labor market, governments should consider scaling up interventions to support family caregivers. Some governments, for example, offer payments to previously unpaid caregivers to support and compensate them, at least partially, for potential lost earnings. Respite care is another form of support that allows unpaid caregivers to take a break from their task while someone else provides care on their behalf. In most countries, however, such interventions are small-scale and receive limited resources (ILO (2015), UN Women (2017)). Better access to care services for the elderly, be it retirement homes or home care services, would help working women entrusted with care responsibilities to achieve a better work-life balance.

### Destigmatizing flexible work for men lowers barriers for women in the labor market

The low societal acceptance of men working in non-standard work arrangements makes women more likely to work in such arrangements. Research by Meekes (2021) suggests that men working part time in the Netherlands suffer a higher wage penalty (i.e. a greater reduction in pay) than women when they start in a new role after a job loss. A possible interpretation of this result is that part-time employment might signal low productivity to an employer. Since part-time employment is less common among men, this signal could be stronger for men who choose to work part time.

In a similar study, Kopp (2021) finds supporting evidence that people who work part time face disadvantages in the Swiss job market. According to Kopp, male workers experience greater disadvantages than women: if a woman wants to work 90% instead of full time, her chances of finding a job drop by only 2%. In contrast, a man who wants to reduce his workload by the same

amount will find that his likelihood of finding a job decreases by 17%. A reduced workload can therefore lead to fewer career options, especially for men.

## The power of remote work

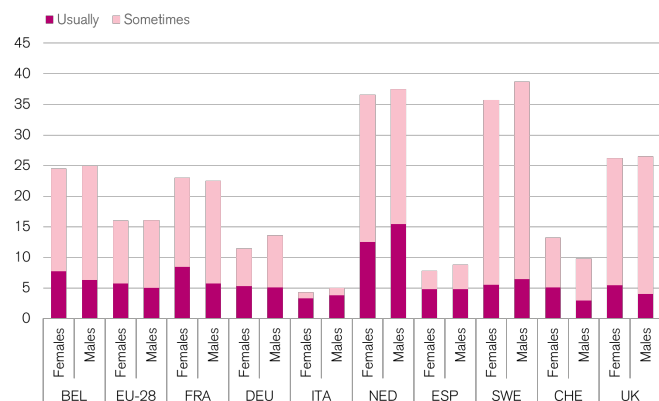
Remote work has become a highly attractive way of working that enhances flexibility for all employees. In contrast to non-standard work arrangements, remote work refers to the location of work, which is not the employer's premises but instead the worker's home or another location of their choosing. Remote work is therefore not considered a non-standard work arrangement, but it, too, is considered a diverse employment arrangement. Prior to the COVID-19 pandemic, 6% of women and 5% of men regularly worked remotely in the European Union (Figure 35). The difference is even narrower at approximately 16% for both sexes when also considering the share of people who sometimes worked from home.

Data from the UK's Office for National Statistics (ONS) indicates that people who worked mainly from home were on average paid 6.8% less than those who never worked from home prior to the pandemic, after controlling for relevant factors such as age, occupation and industry. However, the difference between those who mainly work from home and those who never work from home narrowed between 2013 and 2019, as Figure 36 shows. One explanation for this result is that working from home has become a more commonly recognized and promoted type of flexible work arrangement. Interestingly, Figure 36 shows that there was a wage penalty for those working mainly from home and a wage premium for those who more frequently combined home and office work.

In 2020, those people who mainly worked from home were paid 9.2% more, on average, than those who never worked from home, as they were better able to continue working despite lockdown restrictions. This is especially the case for employees in higher-paying jobs, meaning that the observed rise in remote working during the pandemic contributed to the increase in the average pay of those who mainly worked from home.

**Figure 35: Work from home more equally distributed among sexes**

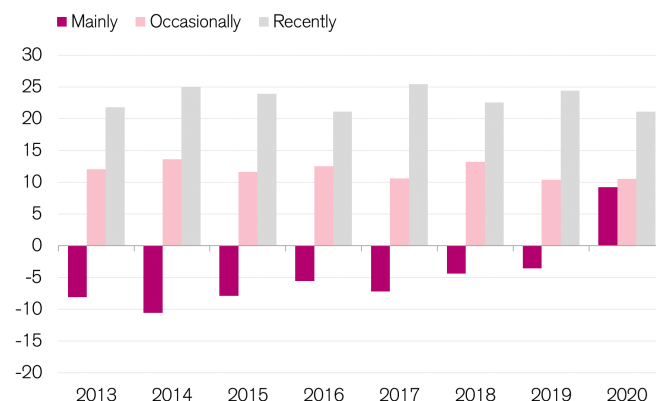
Share of people between 15 to 64 years who usually and sometimes work from home, in % of employed persons, by sex, selected countries, 2019



Last data point: 2019. Source: Eurostat

**Figure 36: The difference between those who mainly work from home and those who never work from home has narrowed**

Regression coefficients, percentage difference in gross weekly pay, in %, relative to never working from home, United Kingdom, 2013–2020



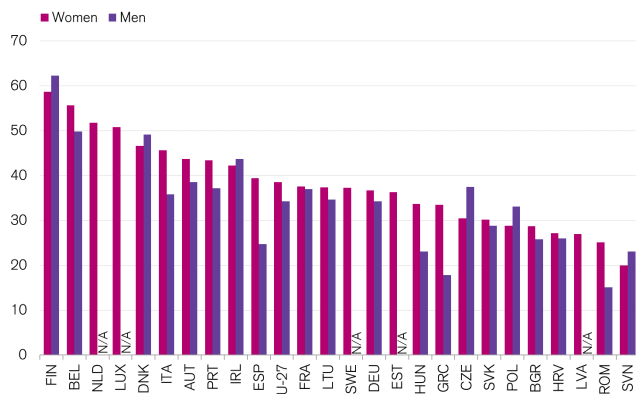
Last data point: 2020. Source: ONS

## Is COVID-19 a game changer?

Firms have largely embraced flexible work arrangements such as working from home during the pandemic, and this is expected to continue beyond COVID-19. During the lockdowns, a large proportion of Europe's workers – men and women alike – were compelled to work from home (Figure 37 and 38). Remote work allows individuals with childcare responsibilities to better reconcile their work and family life. Based on a survey of more than 7,400 employees worldwide, non-profit organization Catalyst found that women with childcare responsibilities are 32% less likely to report that they intend to leave their job if they have access to remote work compared to women with childcare responsibilities who do not have access to remote work. This finding suggests that long-term remote work arrangements beyond the COVID-19 crisis may be a powerful way to retain more women in the workforce over their lifetime and improve continuity in their income, as well as allow them to increase their savings and retirement contributions.

**Figure 37: People starting to work from home due to COVID-19**

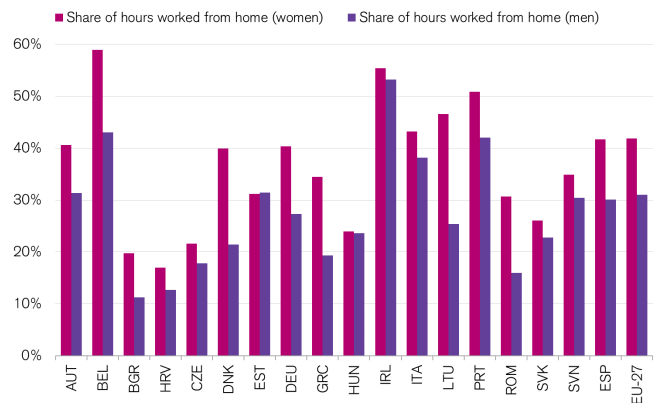
Share of female and male respondents stating when asked: Have you started to work from home as a result of COVID-19? in %, spring 2021



Last data point: February/March 2021. Source: Eurofound

**Figure 38: Share of hours worked from home in spring 2021**

Share of female and male respondents stating when asked: Last month, how many hours per week did you work on average and, out of these, how many did you work from home?; in %, spring 2021



Last data point: February/March 2021. Source: Eurofound

If remote work becomes more widespread among men and women, it could also have beneficial effects in terms of how non-standard work arrangements are perceived. In particular, part-time jobs could lose their negative reputation as a model chosen by low-productive individuals. This could incentivize men to demand non-standard work arrangements, as they no longer have to fear a wage penalty. Additionally, if men have greater job flexibility, there could be a more equal distribution of childcare and housework duties at home (Ruppanner & Meeke (2021)).

Indeed, if more fathers take on more childcare responsibilities, this may gradually erode social norms and lead to further improvements in the division of labor at home. In other words, children grow up with both their father and mother at home, changing entrenched social norms and gender stereotypes that have prevented men from assuming equal care responsibilities (Ferrant et al. (2014)). Fernández et al. (2004) show that boys who grow up in a family where the mother works are more likely to eventually be married to women who also work. These boys observed an equal sharing of duties at home and in the labor market between their parents compared to single-earner families, which was a source of influence when they later had a family.

### Broadening of non-standard work arrangements

In summary, the pandemic has offered an opportunity to tackle entrenched social norms by forcing both men and women to work from home and thus share their overall responsibilities more equally. The signals this sends to the next generation are important. Such social change is more likely to unfold in countries where both men and women have equal access to flexible work. It is important that employers embrace flexible work, including destigmatizing flexible work arrangements for men. In other words, flexible work arrangements help women, but only if they are offered to all people.

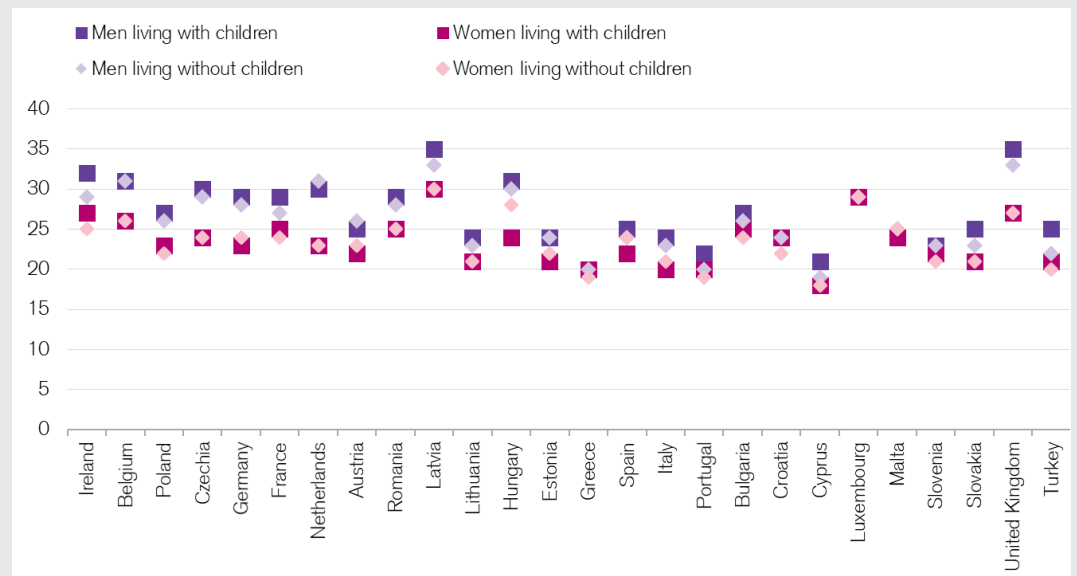
## Commuting distance becomes less relevant with more widespread remote working

Prior to the pandemic, men typically had longer commute times than women (Figure 39). Shorter commute times may mirror women’s childcare and household responsibilities, which make them – voluntarily or involuntarily – choose workplaces closer to their place of residence than men.

If women are limited to shorter commutes, it implies that they have fewer job options, which will likely impact their salaries and other labor market opportunities. Since the pandemic forced both men and women to work from home, we may see an expansion of remote working arrangements in the future because employees and employers increasingly favor them. People new to remote working have discovered some of its advantages, such as the flexibility allowing them to reconcile their professional and personal lives. Furthermore, the prospect of more time working from home is likely to increase the willingness of some commuters to take on longer commutes on individual workdays in the future.

**Figure 39: Women have shorter commute times than men**

Average commute time for women and men living as a couple with or without children, in minutes, by country, 2019



Last data point: 2019. Source: Eurostat

While women working remotely may now look for workplaces farther away from their place of residence, the same is true for men. The deciding factor in determining whether the situation of women improves through an expansion of remote work is the relative change in commuting distance compared to men. In other words, if the increase in the commuting distance is of the same magnitude for both women and men, the relative advantage gained through the expansion of work from home vanishes. This is because women would continue to be closer to home than men and therefore more able to react in case of unforeseeable events during workdays, such as a child falling sick. This example underscores the very essence of gender equality: non-standard work arrangements, remote work and flexible labor market policies need to be equally accessible to women and men in order to close the gender pay gap. The same goes for childcare and household responsibilities, which are often considered women’s domain.





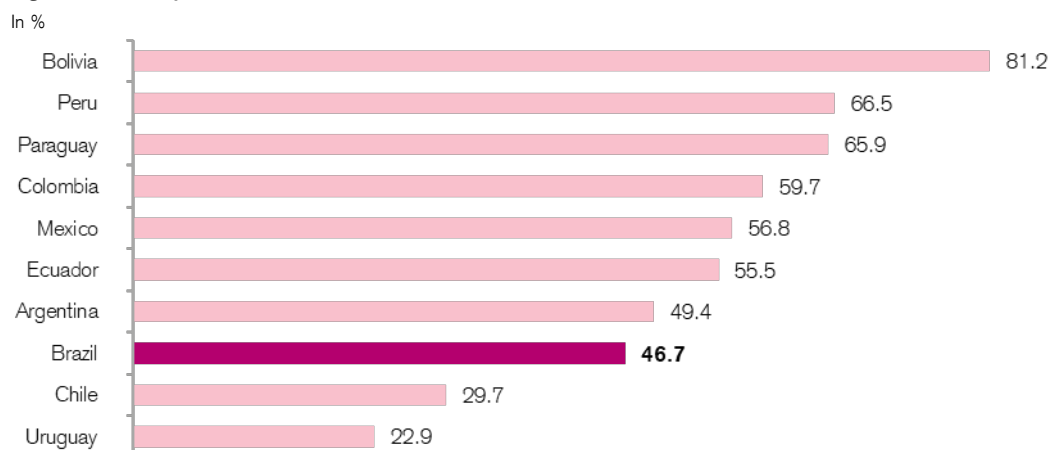
# Greater repercussions

By Solange Srour

**The short- and long-term repercussions of the pandemic for working women are likely to be different in emerging markets (EM) than in developed markets (DM), for example because of a greater prevalence of informal employment and more limited remote working opportunities. We look at Latin America as an example.**

As in other EM, women in Latin American countries faced a stronger negative impact of the pandemic. The average participation of women in the informal labor market in the region was 53% in 2019, and more than 60% in countries like Bolivia, Peru and Paraguay (Figure 40). The precarious working conditions of informal employment (e.g., lack of social security coverage, poor compliance with labor laws, limited access to credit) coupled with more limited remote working opportunities and little government support during the crisis due to scant sources of funding and a lack of government measures designed for informal workers had a stronger negative impact on women in the region compared to their counterparts in DM. For example, countercyclical fiscal measures (e.g. cash transfers and programs to support employment) in countries such as Mexico, Ecuador and Uruguay were equivalent to less than 3% of gross domestic product (GDP). Government measures targeting women were non-existent or very limited. In the following paragraphs, we detail the dynamics of the women's labor market in Brazil, the largest country in Latin America.

**Figure 40: Participation of women in the labor market**



## Pandemic was a stumbling block for women in Brazil's workforce

Before the COVID-19 crisis, participation of women in the labor force in Brazil was converging with that of men. The rise in women's participation in the workforce in the past five decades has been one of the biggest revolutions in the Brazilian economy. Between 1970 and 2020, the proportion of women in the working population grew from 19.8% to 41.7%. When looking at the five best-paid occupations, the proportion of women rose from 8.36% to 53.6% in that same period.

However, the pandemic was a stumbling block in this trajectory. One reason for its disproportionate impact on women in the labor market was the sectoral distribution of the recession. As in other countries, the pandemic heavily affected the services sector, which has a high share of female employment. In Brazil, a country with a massive informal market (typically concentrated in services such as domestic workers and commerce) that employs 47% of women versus 43% for men, the situation was even more dramatic. These factors could indicate the following outcomes: women will be more affected than men in terms of their job opportunities – indeed, the decline in the number of employed women was sharper than of employed workers in general until Q2 2021; and that low-skilled women will likely be more exposed to and affected by this crisis (lower-income women were much more impacted than both higher-income women and lower-income men).

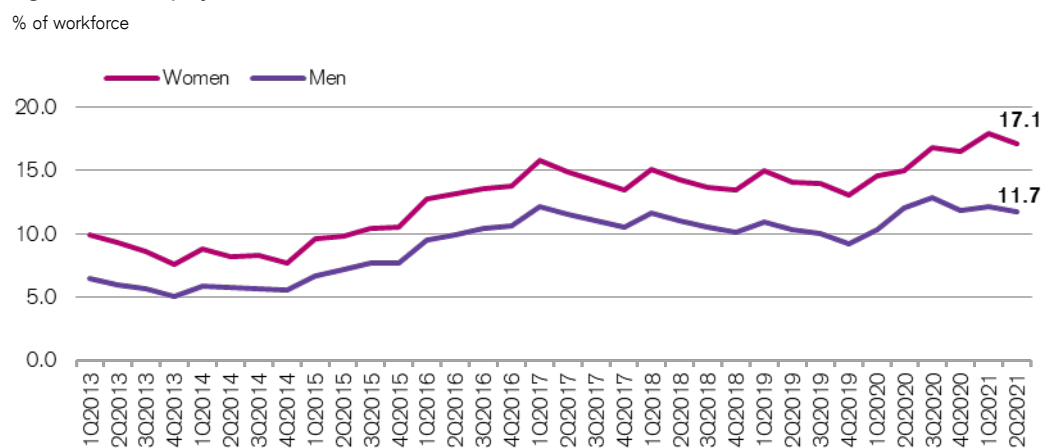
As a result of the widespread crisis caused by the COVID-19 pandemic in Brazil, many informal workers and people in vulnerable situations faced a sharp drop in income, mainly due to job losses. In order to mitigate the effects of this crisis, a federal government income transfer benefit, the Emergency Aid Transfer (EAT), was introduced in April 2020. EAT was targeted exclusively at informal low-income workers and the unemployed who met certain criteria. The initial monthly benefit was BRL 600 (57% of the minimum wage) and limited to two people in the same household. For single-mother households, the amount was doubled to BRL 1,200. The benefit was intended to last for three months, but was extended twice with different parameters.

EAT was very important for supplementing the income of women in particular, especially for women in informal jobs. The end of EAT, which is expected to happen in October 2021, will force the most vulnerable families to rely solely on the labor market. Considering that the pandemic is still ongoing, the Brazilian government needs to plan a proper transition or an alternative basic income program to avoid a negative income shock among the most needy, in our view. At the end of this chapter, we discuss some other measures that could help women return to the job market and continue to increase their participation rate, especially in the formal market.

## Impact of the pandemic on the Brazilian labor market

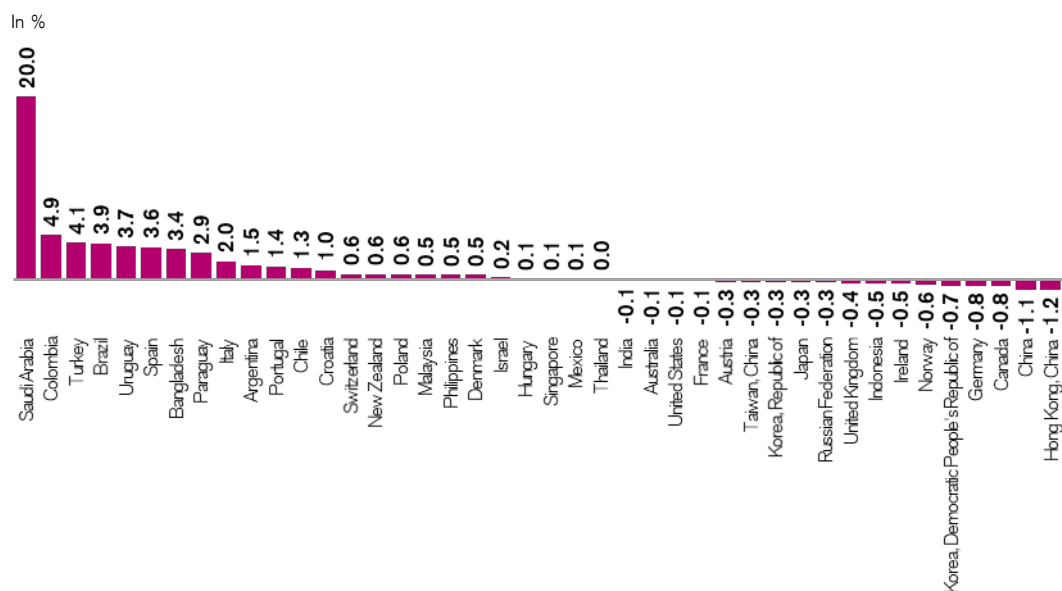
The unemployment rate among women rose 4.1 percentage points (pp) between Q4 2019 and Q2 2021, while the rate among men rose just 2.4 pp (Figure 41). Thus, the difference between the unemployment rate for women and men rose from the historical average of 3.1 pp to 5.4 pp (2019 level was 3.9 pp). Compared with other EM, Brazil had the fourth-largest difference in unemployment between women and men (Figure 42) in 2019, surpassed only by Saudi Arabia, Colombia and Turkey.

**Figure 41: Unemployment rate of men and women in Brazil**



Last data point: Q2 2021. Source: Brazilian Statistics Bureau (IBGE), Credit Suisse

Figure 42: Difference between unemployment for men and women in 2019

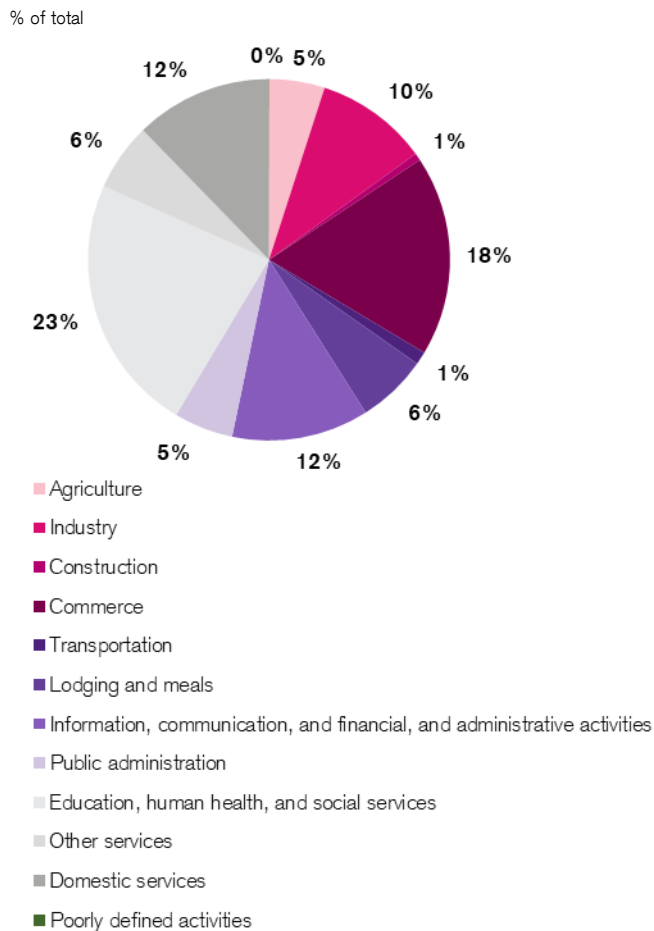


Period observed: 2019. Source: International Labour Organization, Credit Suisse

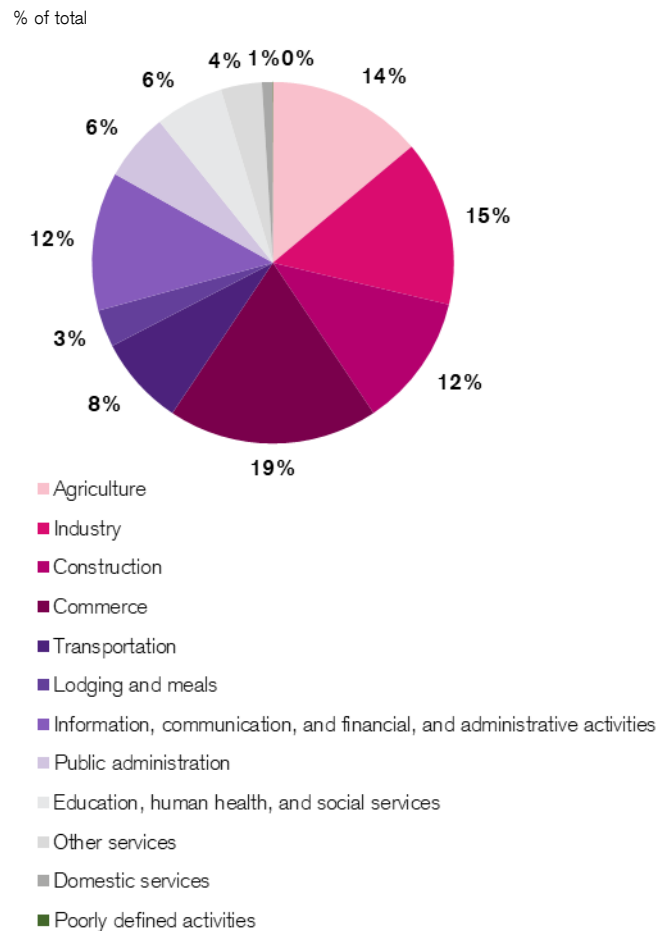
The deterioration of the unemployment rate differential during the pandemic was explained by the greater contraction among employed women than employed men. Since the beginning of the pandemic, the female working population has declined by 9% in Brazil, while the male working population has diminished by 6%. This is due to different factors:

1. A greater proportion of women in sectors that were most affected by restrictive measures: 12% of women work in domestic services, significantly above the level of 1% for men; and 23% of women work in education, healthcare and social services versus 6% for men (Figure 43 and 44). Since the beginning of the pandemic, some 0.9 million and 0.8 million women have lost their jobs in domestic work and commerce, respectively. These numbers are much higher than the loss of jobs among men in these sectors (0 and 0.5 million, respectively).

**Figure 43: Female employment by sector in Brazil in Q2 2021**



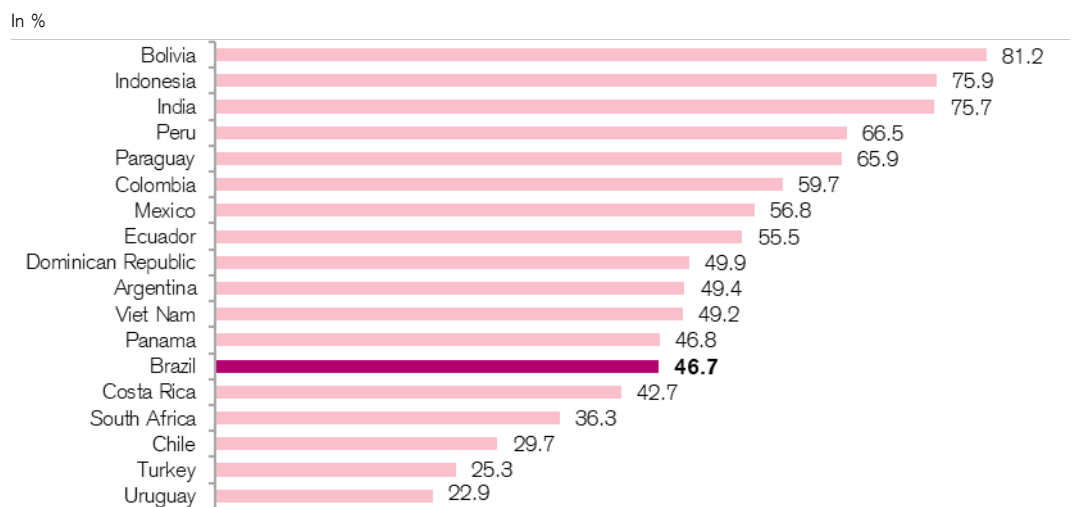
**Figure 44: Male employment by sector in Brazil in Q2 2021**



Source: Brazilian Statistics Bureau (IBGE), Credit Suisse

- As mentioned earlier, a greater proportion of women work in informal jobs than men: In 2019, 47% of women held informal jobs versus 43% for men in Brazil (Figure 45 and 46). In addition to the more precarious structure of informal jobs compared with formal employment, the unique program for the support and maintenance of employment ("Bem") implemented by the government was concentrated on the formal job market.<sup>1</sup>

**Figure 45: Proportion of women employed in informal jobs**



Source: International Labour Organization, Credit Suisse

<sup>1</sup> In this program, the employer can enter into individual or collective bargaining agreements with its employees, with terms of up to 120 days: to reduce working hours and salary; or to suspend the employment agreement. In the event of a reduction in working hours, the government repays part of the salary that the employee has failed to receive.

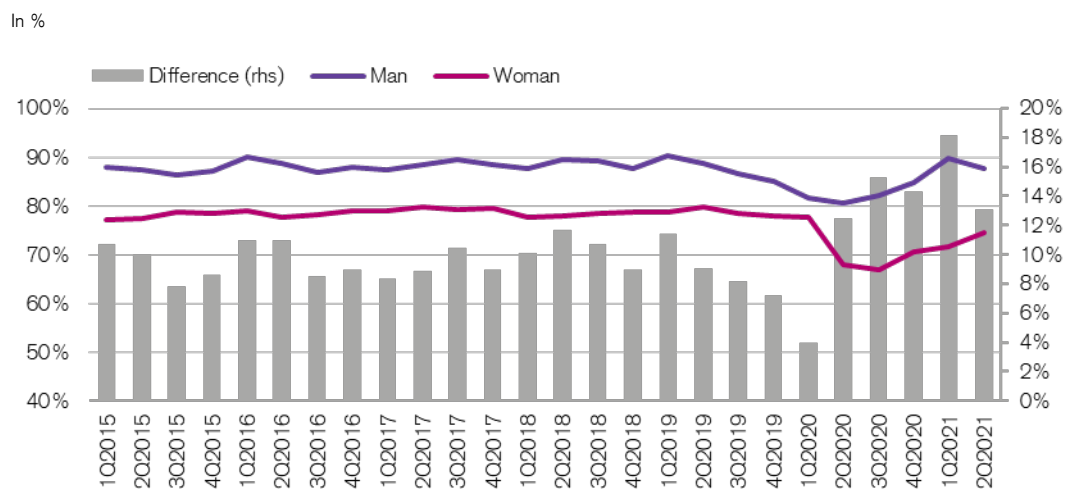
**Figure 46: Ratio of proportion of informal employment in total employment of women and men**



Source: International Labour Organization, Credit Suisse

- Long periods in which schools were closed, which significantly increased parents' childcare needs: The fact that mothers in Brazil shoulder a much larger share of childcare than fathers has likely constrained women's ability to work more than men's. This is more evident among single parents, who have more difficulty in delegating childcare to someone else. Single mothers of children aged ten years or less saw a sharper decline in the labor participation rate than single fathers (Figure 47).

**Figure 47: Labor force participation of single parents of children aged 10 or less in Brazil**



Source: International Labour Organization, Credit Suisse

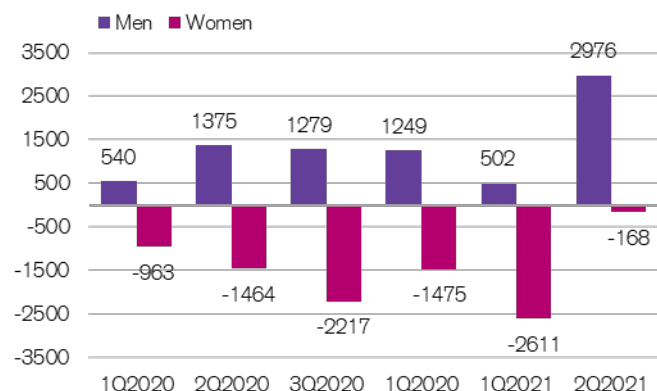
### Labor force participation of single parents

During the pandemic, the amount of household work performed by women in Brazil rose, as did the time dedicated to caring for other family members — all at the cost of their participation in the labor force. Indeed, labor force participation of women with children aged 10 or less decreased from 78% in Q4 2019 to 75% in Q2 2021, while men with children aged 10 or less saw an increase from 85% to 88% during the period (Figure 47). Furthermore, women with low incomes had more difficulty reallocating during the pandemic due to their higher workload at home. From Q4 2019 to Q2 2021, 0.2 million women earning up to two times the minimum wage lost their jobs, while the number of jobs for men in the same pay bracket rose by 3 million (Figure 48).

The absence of women with a low level of education from the labor market tends to lead to a reduction in the accumulation of experience and training, which in turn lowers women's chances of progression and pay raises in the future, causing gender disparities to snowball. The historical gender wage gap dropped at the beginning of the pandemic due to the wage composition effect, with lower-income women leaving the job market. Recently, the gap started to widen with the reopening of the economy (Figure 49).

**Figure 48: Working population earning less than twice the minimum wage in Brazil**

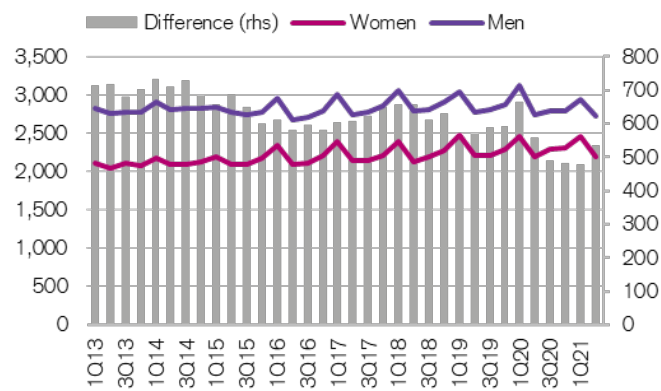
Absolute change from Q4 2019, '000



Source: Brazilian Statistics Bureau (IBGE), Credit Suisse

**Figure 49: Wages of women and men and gender wage gap in Brazil**

BRL, in real terms

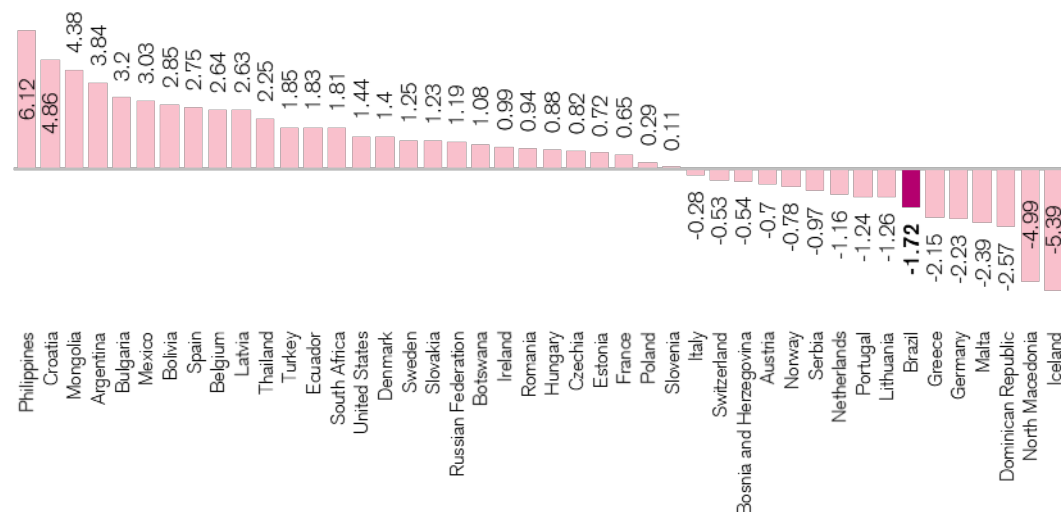


Source: Brazilian Statistics Bureau (IBGE), Credit Suisse

Women in Brazil at the top corporate levels, such as upper and middle management, were also negatively impacted by the pandemic. The already low participation rate of women in senior and middle management saw a sharp decrease compared with other countries (Figure 50 and 51). The participation of women in these roles in 2019 was 38.6%. Amid the pandemic, it fell by 1.7 percentage points. Compared with other countries, Brazil saw the greatest decline in this participation rate. The low level is linked to the previously discussed cultural factors, specifically responsibilities concerning childcare and home.

**Figure 50: Change in women's participation in senior and middle management between 2019 and 2020**

In percentage points



Source: International Labour Organization, Credit Suisse



**Figure 51: Women's participation in senior and middle management in 2019**



Source: International Labour Organization, Credit Suisse

### Challenges to reintroduce women in the labor market and reduce the damage of new shocks

The increased use of new technology and changes to working arrangements that offer greater flexibility and reduced commute times, which is especially important in big cities, can be a positive catalyst for women in the workforce, as we explain in the chapter “Long-term outlook.” More flexible working relations lend themselves to occupations in which women can progress more and the salary difference is smaller. Yet, this development will likely remain restricted to professions that require higher qualifications and education levels, which are generally found in the formal job market. In the wake of the COVID-19 pandemic, public policies need to be redesigned to enable the reintegration into the labor market of women who cannot work remotely or whose jobs have been permanently eliminated through the acquisition of new skills in new sectors.

Policies that can facilitate the return of women to the labor market include:

1. The expansion of daycare supply. This measure is very progressive, as an investment in public daycare would reach mothers working in the informal labor market without the right to paid leave and who do not have help from family members. Such a policy could contribute to the cognitive development of children, especially those from low-income families. Despite having tripled in the past 15 years, the availability of public daycare in Brazil (calculated as the ratio of the number of enrolments to the population aged 0 to 3 years) is still low, reaching just 29.8% of these children.
2. A redesign of maternity and paternity leave. The current system reinforces stereotypes that women are the ones responsible for childcare. In Brazil, mothers and fathers are allowed to take six months and five days of leave, respectively. This has long-term consequences for women, as 40% of women who take maternity leave are still out of the labor force one year later. In many DM, both parents receive paid leave after the birth of a child, a measure that is effective and important in many ways: i) it helps challenge the notion that women are the main or even sole caregivers; ii) it equalizes the employment of men and women from the company's perspective, as both parents would be able to take leave after childbirth and thus the financial impact would be the same; iii) paternity leave could then serve to reduce women's time out of the labor market and thus lower the chances of their skills and knowledge being obsolete once they return to work; and iv) from a child development perspective, having close contact with both parents is beneficial, as many studies have shown.
3. The pursuit of changes in social norms to reduce the proportion of women who are out of the labor market because of housework or child care.

4. An acceleration of labor market reforms to make the hiring of formal employees less expensive in Brazil. Policies to promote the formalization of the labor force should include strategies to increase productivity, improve rules and regulations and enhance the government's capacity to enforce compliance. This would be beneficial for women, as they account for a greater share of the informal labor market than men.

When considering these measures, the country's current fiscal situation must be taken into account. In the past, most programs that aimed to reduce informal working and indirectly reduce the gender gap have not been successful. The biggest problem is that employers are reluctant to hire formally because the costs (payroll taxes) are so high. At the moment, Brazil has limited room to implement measures that increase expenditures or reduce tax revenues due to the high primary deficits recorded in the past eight years and the current level of debt, which is among the highest in EM.

### **A starting point**

One starting point that could reduce social and gender inequalities without leading to a further deterioration in the fiscal accounts is to make welfare programs more efficient. Current social programs represent a high share of the budget and have many inefficiencies that could be addressed including: the overlapping of goals (e.g. enhanced education and health for children, an end to extreme poverty); beneficiaries receiving more than one benefit; and limited study of the costs and benefits. For example, the current EAT was helpful during the pandemic, but it lacks design mechanisms to improve the longer-term perspective of beneficiaries, such as an increase in family savings and a better education for children.

Ideally, redesigning public policy would require a complete survey of households (monthly income, family members and number of children), detailed studies of costs and benefits, the consolidation of several social programs into a single program that establishes a minimum income; and the creation of education and saving incentives. That kind of survey could also be used in specific programs for women who are at a disadvantage to men, such as those in low-income brackets in the informal market and single mothers.

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