

Lecture Note

Gender Economics (EE364)

Chapter 7 - Effects of COVID-19 on family and gender in the labor market.



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Chapter 7

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7.1 Women's Leadership Roles during the COVID-19 Crisis

Why do nations with female leaders respond better to COVID-19? The article of BBC World on, “Do female country leaders really handle the coronavirus pandemic better than male leaders?”¹ mentioned that countries with female leaders respond better in the fight against COVID-19. For example, countries with female leaders, including New Zealand, Germany, Taiwan, and Norway, have fewer deaths from COVID-19. Furthermore, they have been praised for their attitude and measures announced to deal with the crisis. A Forbes article described them as “true leaders.” While only 7% of the world's leaders are women, they have been the ones beating the COVID-19 crisis. What factors render female leaders more successful in the fight against COVID-19?

- **Solve problems fast** - Iceland's Prime Minister Kathryn Jacobsdottry enacted a policy of mass COVID-19 testing. A gathering of 20 people has been banned since late January 2020, although no cases have yet been found in the country. Taiwan's President Tsai Ing-wen rapidly established an epidemic control center, stipulated measures to control and track infected people, and accelerated the production of protective equipment such as masks. Jacinda Ardern, Prime Minister of New Zealand, intended to stop the epidemic altogether, announcing lockdown measures when there were only six deaths in the country. However, in addition to having a female leader, these countries have in common a developed economy. They have good welfare systems and better health systems to deal with emergencies.

- **Diversity** - The way women leaders operate in politics also plays a part. Geeta Rao Gupta is currently Executive Director of the 3D Program for Girls and Women and Senior Fellow at the United Nations Foundation, does not think women have a different management style than men. However, women leaders make decisions that are more open to diversity. This is unlike the decisions made by some male leaders.

- **Masculinity in politics** - According to Rosie Campbell, director of the Global Institute for Women's Leadership at King's College, The University of London, populist leaders tend to rely on “simple messages” to garner public support. Sometimes, male leaders blame “external

¹ Source - https://www.bbc.com/thai/international-52367595?at_custom1=%5Bpost+type%5D&at_custom3=BBC+Thai&at_medium=custom7&at_custom2=face_book_page&at_custom4=E061BF3A-AE60-11EA-944D-19BEFCA12A29&at_campaign=64

factors”—for example, stating that the virus was brought in by foreigners—rather than admitting it was their own mistake. Prof. Campbell said that women are less likely to have right-brained thinking. “Overall, it has to do with a masculine, individual style of political play.”

- **Is the leader’s gender a determining factor?** In some cases, a leader’s gender is not a factor. One reason each country is dealing with COVID-19 differently is because of their different socio-political status and resources. As a result, the male leaders in these countries do not meet the stereotype. In South Korea, the way President Moon Je-in handled the crisis helped his party win a landslide election on April 15, 2021. Kyriakos Mitsotakis, Prime Minister of Greece, has also been praised for managing the crisis well. There were relatively few deaths at 114 (as of April 2020) of 11 million people.

- **Open talk (to the public)** Decisive countermeasures such as country lockdowns stalled the economic system. According to Prof Campbell, this decreased leaders’ short-term political support is not what populist leaders want. Some female leaders have won people’s hearts by openly discussing the challenges faced by the nation. The PM of Germany, Angela Merkel, quickly highlighted COVID-19 as a severe threat. She rapidly organized the testing, tracking, and quarantining of those infected faster than in any other European country. More than 4,600 people have died in Germany from COVID-19, with a population of 83 million.

- **Better decisions** Worldwide, 70% of health workers are women. According to the Inter-Parliamentary Union IPU 2018, only 10 of the 153 elected leaders of the world’s 153 countries had female members in the House of Representatives. Dr. Kita Rao Gupta, who also chairs the Bill and Melinda Gates Foundation’s Women Lift Health program, called more women to be elected as leaders because it will improve decision-making. The social and economic impacts of COVID-19 on men and women differed. There was more violence at home, more people became poor, and the gender income gap, which had been improving, increased.

7.2 She-cession - Women suffer most from Covid-19

Why is this crisis called she-cession? “Why the New York Times is calling this downturn a ‘shecession’” by Nicole Lyn Pesce². It was the first time since 1948 that women’s

² Source - <https://www.marketwatch.com/story/the-new-york-times-is-calling-this-downturn-a-shecession-2020-05-11>

unemployment rate was high. As reported by the New York Times, in April 2020, the crisis caused 20.5 million unemployed in the United States from the epidemic. The most affected workers are women, especially women of color. The country's unemployment rate is at least 14.7%. But classified by gender, the rate of women jumped to 15.5% in April, compared with 13% among men, and black women stayed at 16.4%.

She-cession vs. Man-cession – According to the Bureau of Labor Statistics, more than half (55%) of women lost more than 20 million jobs. Thus, the New York Times dubbed the economic downturn “shecession.” In comparison to, the 2008 downturn was a “mancession.” Men were employed 78% between the fourth quarter of 2007 and the first quarter of 2009, especially in the manufacturing and construction sectors. Before this COVID-19 epidemic, women were more advanced in the labor market than men as the only industries where women specialize, such as the service sector, are expanding, while the male-dominated industries, such as manufacturing, are shrinking. However, in just one month, the pandemic has affected women to a very great extent.

7.3 Gender equality in the labor market

7.3.1 The Article from the Economist - “This time is different. Downturns tend to reduce gender inequality, Not under covid-19”. During this crisis, women’s unemployment increased more than men’s. Women face the economic volatility caused by the pandemic. In the US, while women accounted for less than half of the workforce, they accounted for 55% of jobs lost in April. In the UK, the mother is 1.5 times more likely to lose or quit her job than the father during the lockdown. Women tend to do service work that requires interaction with people, such as hotels/shops, as their work cannot be done from home. Some women are out of work, and some work less to look after their children—job loss and productivity impact job advancement.

This crisis is different from the previous one in that men tend to suffer worse consequences because most workers work in the manufacturing and construction sectors, which are likely to be severely affected. Matthias Doepke & Michele Tertilt's Study – estimates that three-quarters of all cyclical employment volatility in 1989-2014 caused male workers to lose their jobs. In contrast, for the most part, female labor acts as stabilizer. Employment in the service sector (Sectors with a high percentage of female workers) tend to be less volatile. The wife is more likely to start working or increase hours when the husband loses his job.

Nicholas Bloom & Robert Fletcher's Study - In this crisis, industries involving face-to-face interactions, such as hospitality, suffered the most. In America, the healthcare and education sectors are also affected. Five times as many women lose their jobs as men. Women-run companies are also concentrated in the customer-facing industry. In the customer-facing area, women-owned small businesses have a more significant impact than men.

Vera Troeger mentioned, *“I fear we’ll see the impact in two to three years’ time in a widening gender pay gap.”* Furthermore, Abi Adams-Prassl’s study stated that women in the UK are also 15% more likely to lose their jobs and 8% more likely to be temporarily laid off. Women with higher skills are less likely to lose their jobs than women with lower skills. Because they can work from home and take care of children. According to IFS, work-at-home moms are 50% more likely to be interrupted than fathers. Women with higher incomes can have a negative impact on wages and promotions. Almudena Sevilla & Sarah Smith's study mentioned that British families with young children spend 40 hours a week supervising and tutoring. Mothers take on most of the burden.

Finally, Claudia Goldin mentioned that the gradual loosening of lockdowns could negatively affect women's careers. When the workplace reopens, married couples must decide who returns to work and who cares for their children. For low-income people, women tend to be at home. This crisis is different from the crises of the past. First, the pandemic has made it possible to work from home. Previously, only 1 in 50 Americans worked full-time from home. By April 2020, more than a third can do it. It will primarily benefit university graduates who can work from home. Women with low education and low-skilled work faced high impact.

7.3.2 The Impact of COVID-19 on Gender Equality

According to Titan M. Alon, Matthias Doepke, Jane Olmstead-Rumsey, and Michèle Tertilt³, the economic downturn caused by the COVID-19 outbreak has significantly impacted gender equality. This is in comparison to “normal” economic crises, which have a more significant impact on the employment of men. Unemployment related to social distancing measures affects sectors with a high female employment rate. In addition, the closure of schools and daycare centers greatly increased the need for childcare, significantly impacting working mothers. However, the crisis may also have promoted gender equality, as some businesses have flexible jobs, and fathers could increase their childcare responsibilities. This could

³ Source - <https://www.nber.org/papers/w26947.pdf>

undermine social norms leading to the distribution of household chores and childcare responsibilities.

Impact of COVID-19 on employment - How does the effect of contraction in employment on female and male workers differ from that in previous economic downturns? In a normal recession, gender differences are apparent. In the Great Recession of 2008–2009, male employment was affected more than female employment.

Doepke and Tertilt (2016) summarize evidence of how women's and men's employment vary across business cycles. Overall, the labor supply for women is less volatile than for men. Working hours cycle for groups from 1960–2015, working hours for men is more volatile than that for women. Married women experience the least fluctuation in working hours. Why? Women's employment may be less affected by economic crises because married women enter the labor market to compensate for their husband's unemployment. Different components of employment for women and men: On average, males tend to be employed in highly cyclical sectors, while most women are employed in relatively stable ones.

Gender differences in COVID-19 - Differences in the impact of the COVID-19 crisis. In addition to employment in affected sectors, the effect depends on the nature of the work workers do in sectors that can use telecommuting. For example, 28% of male workers and 22% of female workers are in occupations that enable telecommuting. Men are more readily adaptable to a changing work environment during a crisis than women. How important is telecommuting for male and female workers?

Impact of COVID-19 on childcare needs - During the COVID-19 crisis, daycare centers and schools were closed, forcing children to stay at home with their parents, who had to provide care and education. For parents raising their children together, the division of time spent on childcare is based on the amount of work and job flexibility of each parent in terms of working from home and caring for the children. Family style plays a key role in this crisis. School closures affect families with children, especially single-parent families that have to deal with sudden and high demands for childcare, especially single mothers. The 15 million single mothers in the United States were most severely affected. It also affects the division of childcare responsibilities between spouses. One person usually assumes most of the primary childcare responsibilities if both spouses work. The increased need for childcare significantly impacts those providing direct care, primarily women.

Childcare responsibilities between spouses - Among married couples, who will bear the burden of providing the majority of care for the children because of school and nursery closures? In families with a traditional division of labor, husbands are less adaptable. The

growing need for childcare has hard hit this group. Even when both spouses work, one partner tends to take on most of the childcare burden. Increased childcare needs will significantly impact primary caregivers. Employment flexibility for men and women. Married men (45% can telecommute). The proportion of single parents, both males, and females is much less. Closing schools can be very difficult for single parents, especially women.

Impact of COVID-19 on the workplace - Flexibility and gender norms. Potential benefits: The crisis has led to the promotion of gender equality. Many businesses are adopting work-from-home and telecommuting modes to increase flexibility in the workplace of the future. Currently, mothers are experiencing an unbalanced burden of work and childcare. Women are more likely to benefit from the results of this crisis. Many fathers may need to take on the responsibility of providing additional care for their children. Ultimately, this will push for more equal social norms in childcare and household chores.

7.4 She-cession in Thailand

“A “She-cession”? The Impact of COVID-19 on the Labour Market in Thailand” by Sasiwimon W. Paweenawat and Lusi Liao.⁴

The impact of COVID-19 in Thailand - COVID-19 significantly impacts Thailand because the country is open to trade, and the economy depends heavily on the tourism sector. Adverse effects are not equal across populations. The impact can be distinguished by industry and occupation. Workers in specific industries are more severely affected (tourism and manufacturing). In addition, government lockdowns enable different work modes depending on occupation (e.g., work from home, dependence on ICTs). Occupations with a high rate of women employees, such as retail, travel, leisure, and hospitality, have been hit hard by the pandemic. The majority of occupations with a high rate of men, namely manufacturing and construction, have also been affected. Thailand has a high percentage of female workers in sectors highly impacted by COVID-19, such as wholesale and retail trade, accommodation, and food services.

Paweenawat and Liao (2021) employed the 2018 and 2019 Labor Force Survey data using factors and rankings. Constructing a career-industry partner uses the data integration of industry risk and career flexibility and assesses the impact of COVID in the Thai context. The

⁴ Source – ERIA working paper: <https://www.eria.org/publications/a-she-session-the-impact-of-covid-19-on-the-labour-market-in-thailand/>

Note - This project has been funded by the Economic Research Institute for ASEAN and East Asia (ERIA)

occupational flexibility index was taken from the assessment. COVID-19-related job task requirements from O*NET coupled with industrial risk exposure by taking industries' COVID-19 risk degrees from the assessment of Thai employment by the International Labor Organization into consideration.

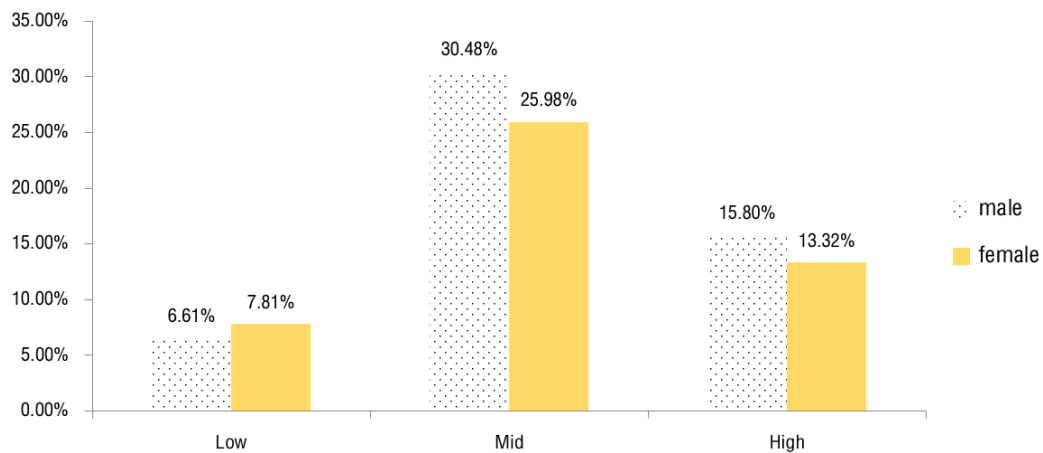
Their principal findings on the impact of COVID-19 on the Thai labor market are (1) There is a huge difference in various industries and professions; (2) There are differences across populations; (3) Workers with a low level of education, those in the informal sector or private sector, and youth are more likely to be negatively affected by the crisis; (4) The COVID-19 crisis has different impacts on men and women depending on marital status; (5) Women in the informal sector and people aged more than 60 years are at greater risk than men; (6) The recession caused by COVID-19 has different effects than the previous economic downturn in Thailand.

The impact of COVID-19 and gender differences on the labor market. Table 7.1 shows the aggregated indicators to measure the effect of COVID-19 based on both industries and occupational flexibility on a 0–1 scale

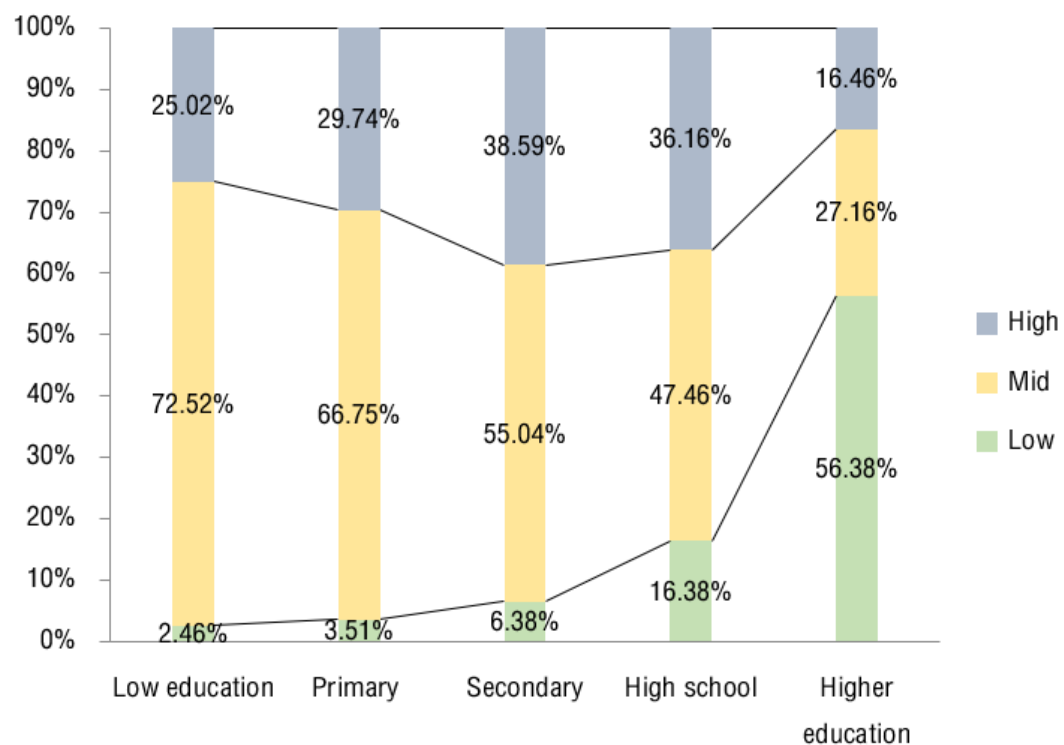
Table 7.1 – The impact of COVID-19 and gender differences on the labor market.

Occupation groups	Risk assessment of industrial sectors		
	High	Mid	Low
Manager&legislators	0.459	0.709	0.959
Professionals	0.500	0.750	1.000
Technicians	0.344	0.594	0.844
Clerks	0.389	0.639	0.889
Service workers	0.244	0.494	0.744
Agriculture	0.043	0.293	0.543
Craft worker	0.070	0.320	0.570
Plant&Machine	0.000	0.250	0.500
Unskilled	0.061	0.311	0.561

Source: Authors' calculations

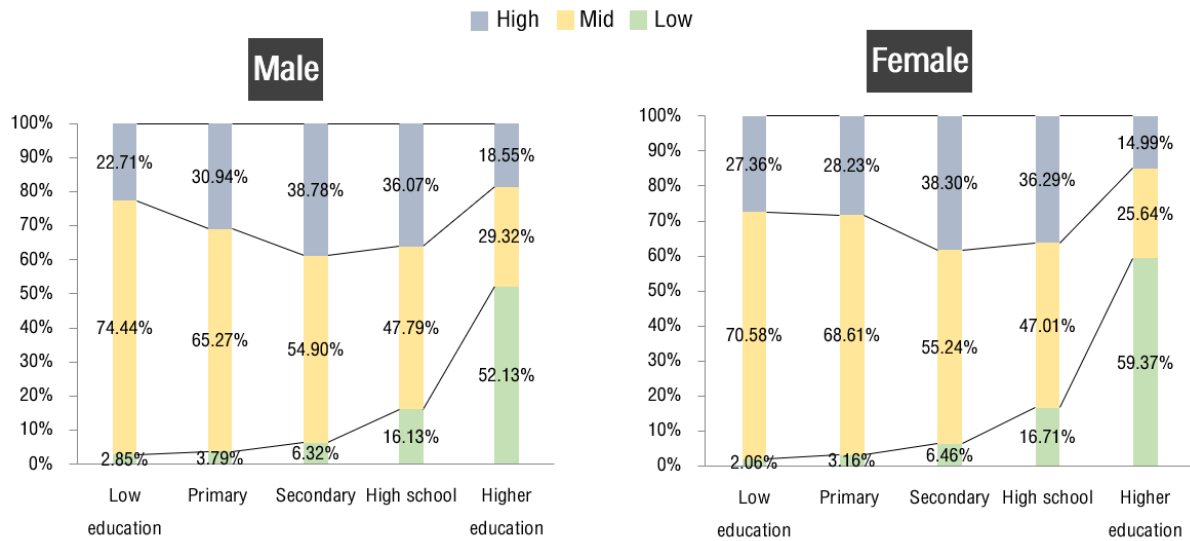
Figure 7.1 – Share of impact by gender (share of impact by gender in each of the three levels)

Source: Authors' calculations

Figure 7.2 – Share of workers in each impact degree by education levels (the share of workers in each impact degree by education levels)

Source: Authors' calculations

Figure 7.3 – Share of workers in each impact degree by education levels (the share of impact by education levels for males and females, respectively)



Source: Authors' calculations

Table 7.2 – Share of workers in each impact degree by education levels by marital status (the distribution of impact levels by gender and marital status, age-restricted between 25 to 45 years old)

Impact level	Single men	Married men	Single women	Married Women
Low	12.59%	12.76%	30.93%	13.95%
Mid	50.43%	59.53%	39.66%	58.58%
High	36.98%	27.72%	29.41%	27.25%

Source: Authors' calculations

Table 7.3 – The COVID-19 impact on workers in formal and informal sectors

	Low	Mid	High
Formal sector			
Single men	20.11%	29.89%	50.01%
Married men	28.41%	30.71%	40.87%
Single women	45.51%	28.70%	25.79%
Married women	34.99%	30.67%	34.33%
Informal sector			
Single men	4.60%	73.16%	22.24%
Married men	4.23%	75.93%	19.84%
Single women	7.73%	56.66%	35.61%
Married women	3.10%	73.28%	23.63%
Public sector			
Single men	75.74%	22.01%	2.24%
Married men	77.18%	21.48%	1.34%
Single women	94.78%	4.80%	0.42%
Married women	89.77%	9.42%	0.82%
Non-public sector			
Single men	6.25%	53.28%	40.47%
Married men	5.18%	64.00%	30.82%
Single women	14.70%	48.53%	36.78%
Married women	5.11%	64.56%	30.33%

Source: Authors' calculations

Table 7.4 – The COVID-19 impact distribution by age group.

		Low	Mid	High
(A)				
Age≤20				
	Male	1.97%	55.58%	42.45%
	Female	4.97%	52.82%	42.21%
Age 21-30				
	Male	10.50%	46.73%	42.77%
	Female	23.29%	41.75%	34.95%
Age 31-40				
	Male	13.57%	50.21%	36.22%
	Female	24.32%	46.54%	29.14%
Age 41-50				
	Male	15.43%	56.10%	28.47%
	Female	16.18%	57.62%	26.20%
Age 51-60				
	Male	15.64%	62.67%	21.68%
	Female	13.61%	62.54%	23.85%
Age>60				
	Male	4.80%	75.33%	19.86%
	Female	3.09%	66.18%	30.73%
(B)				
Age≤20				
Urban				
	Male	2.70%	46.35%	50.95%
	Female	6.43%	49.95%	43.62%
Rural				
	Male	1.34%	63.56%	35.10%
	Female	3.41%	55.86%	40.72%
Age>60				
Urban				
	Male	6.66%	67.56%	25.78%
	Female	4.38%	58.35%	37.27%
Rural				
	Male	3.06%	82.61%	14.33%
	Female	1.61%	75.13%	23.26%

Source: Authors' calculations

Comparison between the COVID-19 crisis and previous crises - The impact of previous financial crises, such as the 2008 financial crisis, was more significant for men than women. However, due to the coronavirus outbreak, there has been a “she-cession” in which women are more negatively impacted in the labor market. Most work in heavily affected sectors, and the crisis has increased childcare demand. The impact on Thai workers is more pronounced than in the past crisis. The past crisis demonstrated few gender differences.

The 1997 financial crisis had similar effects on men and women. The construction industry was hit the hardest. Low-skilled workers lost their jobs in the formal sector and shifted to informal work. Compared to the previous crisis, the COVID-19 pandemic has had unprecedented impacts. High outbreak rates affect the ability of workers and companies to produce incentives for consumers and companies to invest. The effect of lockdown measures and social distancing has been significant in industry and various occupations.

7.5 Lockdown Generation

Latest International Labor Organization (ILO) report mentioned “Lockdown generation” is the young people aged between 15-24 years. Currently, 13.6% of the world's 267 million young people are unemployed or did not receive an internship by the end of this year. There is a greater risk of layoff than in any other age group in society. The impact of COVID-19 is more severe than it was during the 2008 financial crisis. The new generation of women is more at risk of losing their jobs from the COVID-19 crisis than men.

The lockdown generation may be excluded from the labor market in the long term because of a lack of skills training and not doing organizational internships during the epidemic. As a result, it will be more difficult to find a job, although they may be able to find low-wage work. The COVID-19 crisis has affected the new generation of workers through three channels: (1) Barriers to learning and internships; (2) The sluggish economy leads to the risk of job layoffs; (3) Reduced job vacancies and increased barriers to entry into the labor market.

Labor market during COVID-19 - The Thai economy contracted. The number of unemployed people in the formal labor market may increase. No expansion of new positions means that recent graduates are less likely to find a job. Research by Kiatnakin Phatra Financial Group: Only 1 in 3 new graduates can find work tailored to their skill level. This group studied the profession of technology because it is also a requirement of many business sectors, especially in the information and communication business sector.

The new generation is most at risk of being replaced by advanced technology. Lower-level positions are likely to be replaced by technology first. Lower-level positions are routine

rather than problem-solving positions (problem-solving or creativity). Emerging jobs are more specialized and require a higher level of technology skills.

Long-term effects - Impact assessment on graduating workers during the economic crisis. In addition to the short-term impact on finding work, graduating in a crisis period has long-term effects. The path of career advancement and future income. This group of workers tends to find employment inconsistent with their level of education. Jobs tend to be below the level of completed education or not in the field studied. Compared to workers who graduated during a period with good economic conditions, those who graduated during the crisis are more likely to start working in companies with a low quality of employment. Working in a company that offers below-average wages and a lack of career growth opportunities negatively affects future workers' income. Next, we will study the paper - “Unlucky Generation” by Sasiwimon Warunsiri Paweenawat and Lusi Liao, 2022.

Exercise

- 1) According to the BBC News article “Why nations with female leaders are better at coping with COVID-19,” countries with female leaders—New Zealand, Germany, Taiwan, and Norway—have handled the COVID-19 crisis better than countries with male leaders. Do you agree with this conclusion? Women leaders are the main factor in solving problems better.
- 2) Why is the economic crisis resulting from the COVID-19 outbreak called a “she-cession,” and why is its impact on the labor market different from past economic crises? What is a “man-cession”? In addition to women and men, how does this crisis affect various labor groups? Discuss this issue.
- 3) In addition to the impact of COVID-19 on women in the labor market, give an example and discuss other effects related to women in Thailand, such as the increasing problem of domestic violence, mental health, poverty, or other issues like a higher rate of women than men in the public health sector.
- 4) If you were a government policymaker during the COVID-19 pandemic, what policy proposals would you advance to help women workers, especially mothers with young children, who are most likely affected by the crisis through economic and government measures, including the closure of schools and childcare centers. Briefly design and discuss a policy you would advance.
- 5) Do you agree that the changes brought about by this crisis benefit women more than men? Many fathers may need to take on the burden of providing additional care for their children. These changes tend to push social norms to be more equal. Using basic economic theories, discuss the behaviors of men and women that will likely change in this crisis.
- 6) From the World Bank VDO Expert Answers: Why are Women and Girls Uniquely Threatened by the Coronavirus (<https://www.worldbank.org/en/news/video/2020/05/22/why-are-women-and-girls-threatened-by-coronavirus>). Discuss the issues females face during the COVID-19 crisis. Do you agree that “This pandemic will reverse the progress toward gender equality”? Why? Using a country as an example, explain what policies the government of that country has implemented to address this problem.

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