

The COVID-19 crisis as a story of success for European employment and gender equality?

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Why is this issue important?

Despite its dreadful impacts on health and on so many aspects at the individual and societal level, the COVID-19 pandemic can be read in terms of success for the European Union. At least as far as employment is concerned.

Pre-existing gender inequalities have played a key role in buffering or amplifying the impacts of the COVID-19 crisis (Eurofound and EC Joint Research Centre 2021a, 2021b; Eurofound 2022; Fana et al. 2020), with mixed effects on work-life balance and gender equality (Cook and Grimshaw 2021; EIGE 2022; ILO 2022a). Notwithstanding, against the gloomy expectations that the COVID-19 crisis would be a "she-cession", with a strong impact on highly feminized sectors and a foreseeable overload of care work in the domestic sphere, the crisis has not only increased the number of women in the labor market but has also contributed to leveling their presence in relation to that of men, slightly reducing the gender gap.

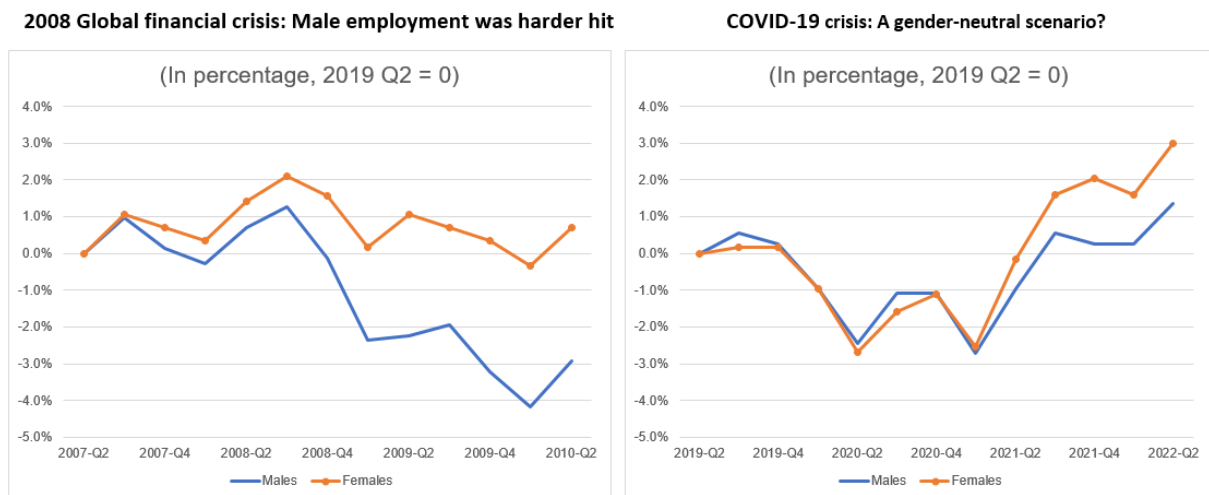


Figure 1: Two crises in contrast: Change in employment rates by sex. EU27, population aged 15-64. Source: Eurostat, Labour Force Survey [lfsq_ergan]

In contrast to the strong gender biases that economic crises usually bring along with them -as in the previous global financial crisis of 2008-, the huge employment losses occurred at the onset of the pandemic (2020Q2) were almost evenly distributed by gender (Figure 1), ending up with a clear advantage towards women in 2022Q2.

However, when we consider changes in the volume of actual hours worked, the first effects of the crisis are revealed much more dramatically, with a sharp fall of 14.6% for men and 15.6% for women in 2020Q2 (in contrast to only 3% for employment rates) (Figure 2). The disadvantage for women is also more evident, and is only reversed in 2021Q4.

Although both widespread vaccination and stimulus packages facilitated a rapid revival of economic activity and employment at EU level from the beginning of 2021, the recovery in terms of actual hours worked remained below trends in the number of persons employed. Thus, while employment rates showed an almost complete recovery already from 2021Q2, employment in terms of hours actually worked remained below pre-crisis values for men throughout the whole period, and were only surpassed by women in 2022Q1.

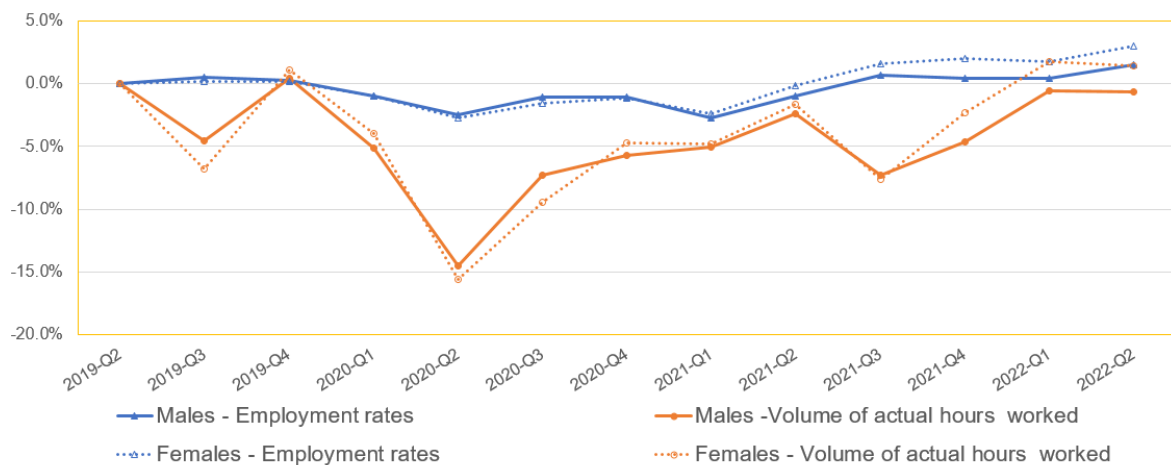


Figure 2: Change in employment rates and the volume of actual hours worked on the main job by sex (2019Q2-2022Q2). EU27, population aged 15-64. (In percentage, 2019 Q2=0). Source: Eurostat, Labour Force Survey [Ifsq_ergan] and ad hoc extraction on volume of actual total hours worked on the main job in the reference week.

Moreover, the pandemic has had differentiated effects according to educational attainment as evidence by trends in actual hours worked (Figure 3). The first shock of the crisis was considerably milder for the more educated, while the impacts were greater among those with a low level of education (compulsory secondary education or lower).

Indeed, employment impacts were much more negative and long-lasting for women with elementary education than for men, leading to a sharp reduction in the number of hours (29.3% and 23.5%, respectively). In 2022Q2, the balance was also more unfavourable for women with low educational attainment than for men, with a loss of -7.6% versus -3.7%.

In contrast, high educational attainment not only significantly reduced the effects of the first pandemic shock, virtually neutralising the gender bias in the hardest moment of the crisis (around -7% in 2020Q2), but experienced also a strong recovery with women leading the way, with a final increase in the volume of hours worked of 10.5% compared to 6% for men in 2022Q2.



Figure 3: Change in the volume of actual hours worked on main job by sex and educational level (2019Q2-2022Q2) EU27, population aged 15-64. Source: Eurostat, Labour Force Survey. Ad hoc extraction on volume of actual total hours worked on the main job in the reference week.

Key Insights

- According to the volume of actual hours worked, employment impacts were harsher in the early moments of the pandemic and upward trends in the recovery were more moderate than when measured by changes in employment rates. This suggests that the crisis may have been more intense and the recovery less complete than currently assumed.
- Despite the apparently gender-neutral nature of the early impacts of the COVID-19 crisis on employment rates, the volume of hours worked clearly shows how those

impacts were to the disadvantage of women, particularly among those under 30 years of age (analysis not included, see Eurofound 2023b).

- While educational attainment may have acted as a protective shield against the effects of the crisis for women with higher levels of education, it may also have increased the risks of job loss among those with lower levels of education, reinforcing internal polarisation in the female labour force. Thus, given the higher labour force participation intensity of highly educated women, a composition effect could help explain the overall positive balance of the pandemic for female employment.

Policy Recommendations

In the exceptional pandemic and post-pandemic context, the number of actual hours worked may be a more accurate indicator than employment rates, facilitating also a better understanding of changing social conditions of work and working life patterns. They not only help to circumvent the impact of broadly implemented job containment measures in the EU,ⁱ but show evidence of gender differences that would otherwise remain hidden when taking employment rates as an indicator.

A less complete recovery of the intensive than of the extensive margin of employment highlights the need to cautiously assess employment gains during the recovery at the EU level, something particularly relevant in relation to EU employment targets for 2030.

Also, these mismatches point to a redistribution of labour with consequences for labour productivity with possible implications for the prospects of a balanced recovery (ECB 2020; ILO 2021, 2022b). Due to the higher incidence of the crisis on small firms, with lower productivity and located in lower-paying sectors, these mismatches could in turn evidence a compositional effect, further widening the "productivity gap" between low- and high-income economies at the country and EU level.

However, the lack of readily available Eurostat data on the volume of actual hours worked makes it difficult to monitor these trends, which are nevertheless the focus of attention for international organisations as a key indicator for a proper forecasting of the European and global economy (ECB 2020; OECD 2022).

Finally, profound changes in the organisation of work, driven partly by the exceptional measures implemented to cope with the spread of virus and partly by ongoing structural and demographic trends such as digitalisation, population ageing, etc., together with the sectoral nature of the crisis, may have reinforced the role of education as a modulating factor of the effects of the pandemic on labour market dynamics. Indeed, lower-paid, less educated and blue-collar workers were more likely to suffer the early impacts of the pandemic (Eurofound 2023).

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ⁱ In contrast to the United States, active job containment measures were largely implemented in the EU27, preventing unemployment figures from rising (ECB, 2020). According to IMF estimates (2022), by April 2020, employment retention schemes supported more than 20 million jobs in four European countries alone, France, Germany, Italy and Spain, representing more than three quarters of euro area take-up.