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Research Insights

The Ups and Downs of the COVID-19 Crisis: A Gender Divide?

Different pathways out of the labour market downturn for men and women. Do parenthood and relationship status play a role in the gender divide?

Employment trends between March and October 2020

The first few months of the COVID-19 crisis have seen ups and downs in the labour market, with different trends observed in the various states, and some groups more affected than others. This Research Insight highlights who, where and when people in Australia were most affected, and what the current situation looks like.

We use monthly labour force data collected by the Australian Bureau of Statistics (ABS, 2020) to describe employment trends since the start of the pandemic. Compared to March 2020, 600,000 fewer people were in employment in April (ABS 2020) and the drop was larger for women than men. When the first lockdown lifted in June, the following months saw recoveries from June to October, but Australia still had 200,000 fewer jobs in October than in March. The total loss was very similar for men and women by that point in time. The state of Victoria followed a different pattern, as its recovery only began in October, around the time the second lockdown for metropolitan Melbourne ended. As a result, Victoria had not recovered as well as the rest of Australia by the end of October, and women in this state are still worse off than men. For more detail, see the information box.

Family context impacts how one experiences the pandemic. For example, due to school and day care centre closures, 40 per cent of parents working from home, always or often “actively” cared for children during work (Hand et al. 2020). This highlights the dual role of parents as workers and carers. However, caring responsibilities are likely to be different for women and men. As Hérault et al. (2020) showed, women were more negatively affected by the pandemic in terms of labour market outcomes than men, but they were not more likely to receive support through JobKeeper and JobSeeker. In addition, parenting pressures may result in increased mental distress by those with children at home (Broadway et al. 2020). Finally, Meekes, Hassink and Kalb (2020) find that labour market impacts from the pandemic are larger for single parents than for partnered parents in the Netherlands, suggesting that a partner providing support in taking care of the household makes it easier to deal with COVID-19 in terms of balancing family and work lives.

This Research Insight investigates the effects of the pandemic on women and men and explores these differences based on household composition. We also compare the effects of additional lockdown time on individuals’ labour market outcomes by comparing Victoria to the rest of Australia.

Key Insights

1 Some positive initial signs for late 2020...

Overall, the COVID-19 crisis affected Australians in August to November in a similar way as in May (Figure 1). There are some positive initial signs for late 2020: August–November saw the proportion experiencing unemployment due to COVID-19 decrease by 3 percentage points compared to May.

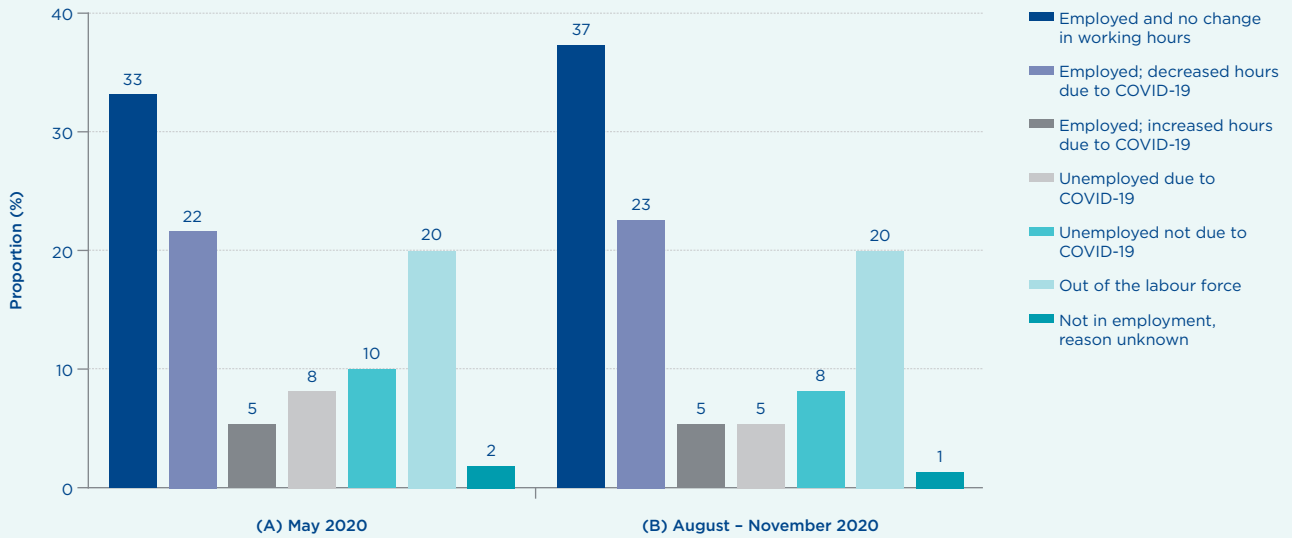
However, at the same time the number of people who experienced a reduction in hours has increased by 1 percentage point during this period. Taken together, these findings still provide a positive outlook, showing an improvement in the overall labour market, and especially so when considering that the Victorian government only began easing restrictions in metropolitan Melbourne from late October onwards.

Further easing of restrictions is expected to improve labour market outcomes in Victoria in the coming months in line with the recovery in the other states.

The main focus of the next key insights is on the Australian population aged between 18 and 64 who are in the labour force during the period August–November 2020, excluding everyone who is retired or out of the labour force for other reasons.¹

¹ Comparing pre-COVID-19 numbers of respondents out of the labour force to post-COVID-19 numbers, using monthly 2018–2020 data from Consumer Attitudes, Sentiments and Expectations in Australia Survey (CASiE), there is no evidence of an impact from COVID-19 on these numbers, as also is confirmed in this first key insight. For information on CASiE, see the notes on the data under ‘Further Information’ on the last page.

Figure 1: Labour Market Status in May 2020 (A) and August-November 2020 (B)



Note: Authors' calculations based on 2,828 observations from weeks 6, 7 and 8 (May) and 3,781 observations from weeks 17, 19, 21 and 23 (August-November) of the *Taking the Pulse of the Nation* survey. The sample is weighted to be representative of the Australian population on gender, age and location.

2 But Melburnians struggle in the labour market...

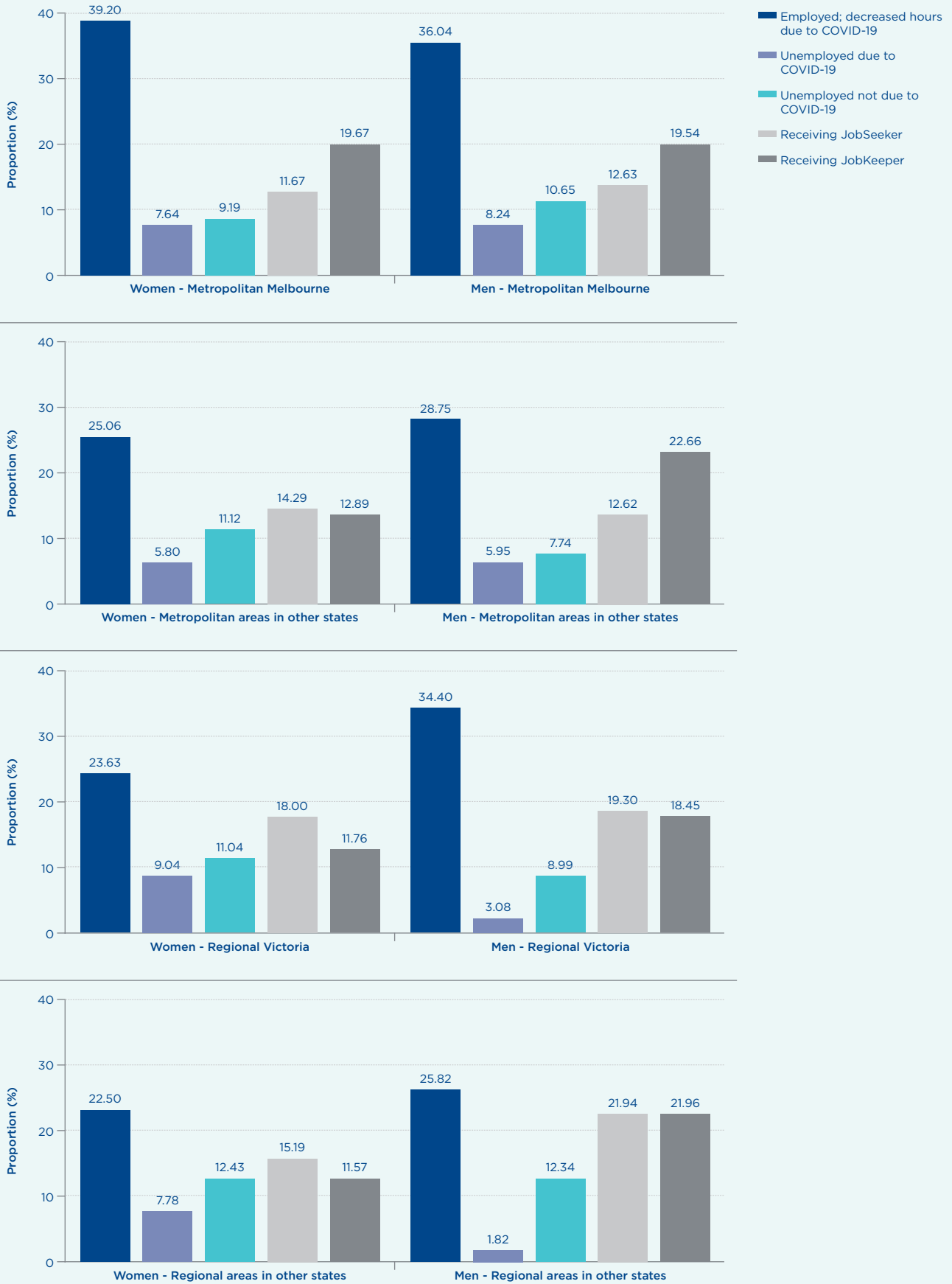
Given that metropolitan Melbourne was in a Stage Four lockdown from 2 August 2020, with retail and hospitality only re-opening on 28 October 2020, and regional Victoria was in a Stage Three lockdown, we compare differences in COVID-19 effects between Victoria and the other states separately by metropolitan and regional area, and separately by women and men.

Focussing on people in the labour force to ensure the proportions experiencing a negative labour market impact are comparable for men and women, Figure 2 shows that individuals in metropolitan Melbourne are most likely to report reduced hours.

Thirty nine per cent of women and 36 per cent of men in metropolitan Melbourne experienced reduced hours compared to 25 per cent of women and 29 per cent of men in other metropolitan areas. Furthermore, the probability of being unemployed because of COVID-19 was 2 percentage points higher in metropolitan Melbourne compared to metropolitan areas in the other states, for both women and men.

Overall, these results show that individuals living in metropolitan Melbourne fared worse in August-November 2020 than individuals living in the other metropolitan areas of Australia.

Figure 2: COVID-19 impact and government support by gender and location, for metropolitan and regional areas (August - November 2020)



Note: Authors' calculations based on the *Taking the Pulse of the Nation* surveys for August to November. Number of observations for metropolitan Melbourne: Women = 295, Men = 339; and for metropolitan areas in other states: Women = 615, Men = 669. Number of observations for regional Victoria: Women = 117, Men = 136; and for regional areas in other states: Women = 390, Men = 418. The number of observations for JobKeeper and JobSeeker is slightly less due to missing observations. The sample is weighted to be representative of the Australian population on gender, age and location.

3 ...And high COVID-19 impacts on unemployment for women in regional Australia

Conditional on being in the labour force, unemployment rates are higher for women in regional areas than in metropolitan areas (see Figure 2). In contrast, people in regional areas, and especially women in Victoria, are less likely to experience reduced working hours due to COVID-19 than their metropolitan counterparts.

In regional areas, gender differences in unemployment due to the COVID-19 pandemic are very pronounced. Despite high 'regular' unemployment, few regional Victorian men are unemployed due to COVID-19 (3 per cent) but a large proportion of women are (9 per cent).

In regional areas in the other states, a similarly strong gender difference in the likelihood of being unemployed because of COVID-19 is observed (8 per cent of women versus 2 per cent of men).

In regional Victoria we also observe that relative to men, women were less likely to experience reduced hours (24 per cent versus 34 per cent), but there is less gender difference in the proportion of men and women experiencing reduced hours in other states.

4 Parents more likely to face reduced hours and singles more likely to be unemployed

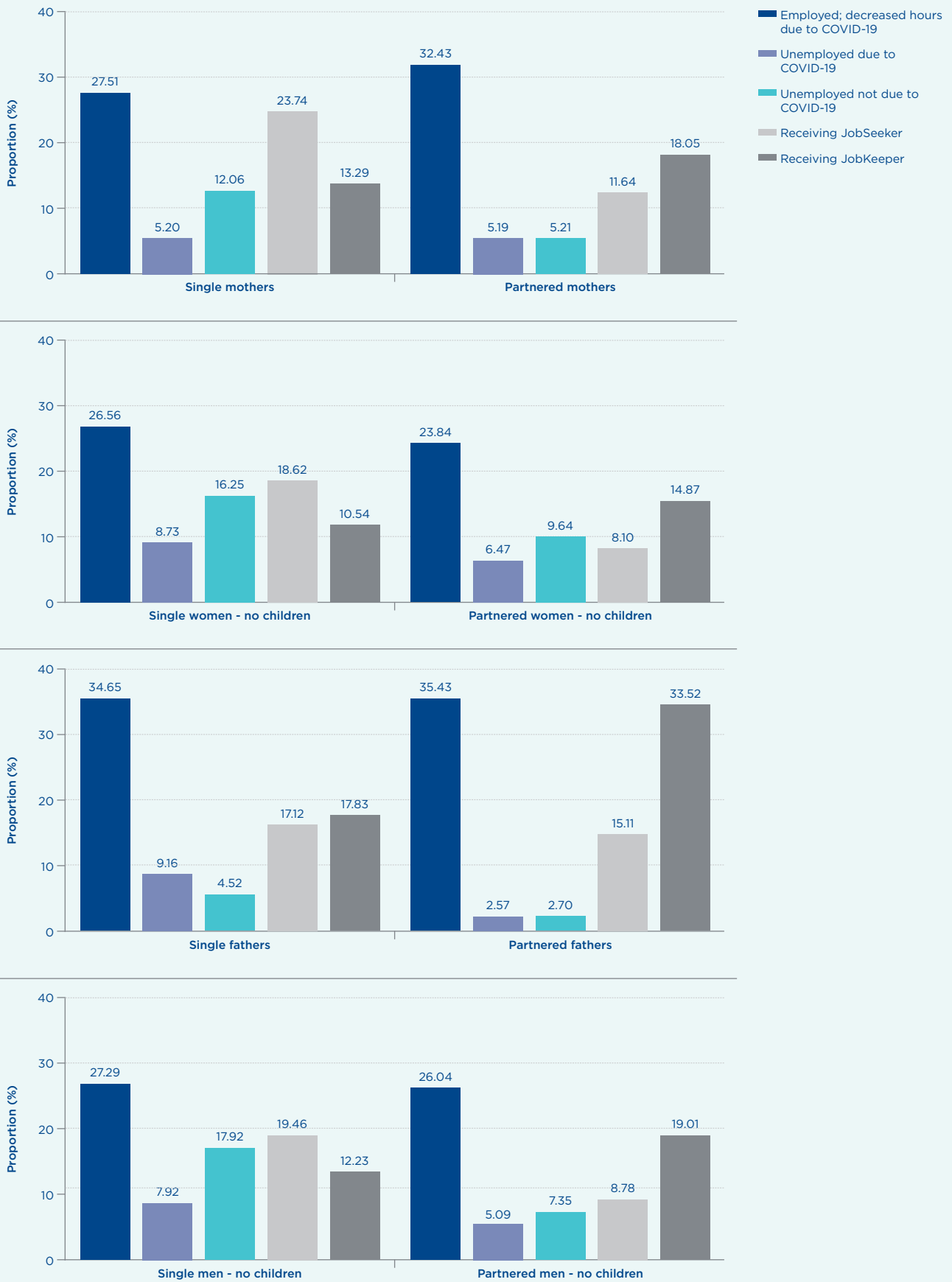
The patterns observed for women versus men are very similar amongst couples without children under 18 living at home, single parents and partnered parents. That is, women/mothers are more likely to be unemployed than men/fathers, but less likely to face reduced hours due to COVID-19 (see Figure 3). In contrast, single women and single men without children under 18 living at home are affected to the same extent.

Individuals with children under 18 living in their household are less likely than individuals without children under 18 to be unemployed, and this is independent of gender and partner status. Except for single mothers compared to single women without children under 18, the proportion with reduced hours

is clearly much larger for parents than for individuals without children under 18. Perhaps surprisingly, the proportion of single mothers who face reduced hours is 4 percentage points lower than for partnered mothers (28 per cent versus 32 per cent). However, on the downside, single mothers are much more likely to experience unemployment (17 per cent) than partnered mothers (10 per cent).

In terms of overall unemployment, single men and single women without children under 18 are equally affected to the same large extent, far exceeding any other group's unemployment rate, while partnered fathers are least affected.

Figure 3: Labour market impact and JobSeeker/JobKeeper receipt for women and men (August - November 2020)



Note: Authors' calculations based on the *Taking the Pulse of the Nation* surveys for August to November. Number of observations for metropolitan Melbourne: Women = 295, Men = 339; and for metropolitan areas in other states: Women = 615, Men = 669. Number of observations for regional Victoria: Women = 117, Men = 136; and for regional areas in other states: Women = 390, Men = 418. The number of observations for JobKeeper and JobSeeker is slightly less due to missing observations. The sample is weighted to be representative of the Australian population on gender, age and location.

5 How do JobSeeker and JobKeeper receipt compare to labour market impacts?

Firstly, geographical location: despite the worse labour market conditions experienced by women and men in metropolitan Melbourne, the proportion of individuals receiving JobSeeker government support is similar for men and women across all metropolitan areas (see Figure 2). Compared to men in other metropolitan areas who appear to be the least affected in the August-November 2020 period, men and women in metropolitan Melbourne who faced the worst labour market conditions did not receive JobKeeper and JobSeeker payments to an extent corresponding to these conditions.

Government support in terms of JobSeeker and JobKeeper in regional Victoria is comparable for women and men, and more or less in line with the labour market impacts these two groups are facing, although women seem slightly more likely to be affected in the labour market and slightly less likely to receive government support (see Figure 2). In contrast, in regional areas in the other states, men were much more likely to receive support than women despite facing smaller labour market impacts. The evidence shows that women in regional areas of Australia, despite facing higher unemployment rates than men, were not more likely to receive JobSeeker payments.

The TTPN data suggest that this is likely because partnered men (including fathers), who are unemployed, are more likely to have an unemployed partner than partnered women (mothers) who are unemployed.

Secondly, partner and parent status: in line with their higher likelihood of being unemployed, single mothers, and single men and single women without children under 18 at home are substantially more likely to receive JobSeeker than partnered mothers, partnered men and partnered women (see Figure 3). However, despite substantially higher unemployment rates for singles without children under 18 at home, they are equally or less likely to receive JobSeeker than single parents. The most striking observation is that partnered fathers are far more likely than any other group to receive JobKeeper. This indicates that they are more likely than other groups to remain employed by businesses eligible (and applying) for this payment, and less likely to be in short-term casual employment, as they do not appear to be much more likely than other groups to be affected by reduced hours.

6 Financial stress and mental distress follow labour market impacts

Labour market impacts have had a toll in terms of financial stress and mental distress. Women in Victoria (metropolitan and regional) are slightly more financially stressed than women in other states, while men in metropolitan areas across Australia are slightly less financially stressed than men in regional areas. Women in Victoria also experience higher levels of mental distress. Considering the impact of labour force status, we find the highest average levels of mental distress for people with increased or decreased hours of work, followed by people in unemployment (especially if they were unemployed due to COVID-19 in Victoria).

Amongst different household types, single mothers face the highest financial stress, followed by single fathers and partnered parents (mothers and fathers). This is despite the financial support provided to parents appearing to be relatively generous. Broadway et al. (2020) revealed a high level of mental distress in this group, indicating that other types of support may be particularly relevant. With the latest data enabling us to consider partnered and single parents separately, we find that single mothers are most likely to experience mental distress, followed by partnered fathers and partnered mothers.

Is more support needed, and if so, where?

In line with the Government's justification for reducing JobSeeker payments further from 1 January 2021, overall unemployment has decreased in the past few months. However, further analyses reveal the existence of large differences between groups. Although women in many parts of Australia are recovering well after the initial large labour market impact they faced, and are no longer worse off than men, on the whole this is not true for women in Metropolitan Melbourne, and women in regional areas in Australia. We may well expect women in metropolitan Melbourne to catch up now that the restrictions have been relaxed, but this is by no means certain and may still take some time.

As for the women in regional Australia, more support is likely needed as they are much more likely than men to remain in unemployment due to COVID-19. Although the situation in the other regional areas is better than in regional Victoria, the impact from COVID-19 remains much higher for women than men outside the metropolitan areas. This suggests a need for a closer look at the businesses and sectors that these women were employed in to understand what more could be done to assist them. For example, it may be the case that this large difference in employment is driven by the hospitality sector which has been particularly affected by the COVID-19 crisis. With a transition to a COVID-normal situation and state government's packages to boost (intrastate) travel some of that employment may return, but the question is whether there are other opportunities that could be created specifically for women in regional areas.

The other group that is affected to a large extent are single men and women without children under 18, who are substantially more likely to be unemployed, but are less likely to receive support than other groups.

This is at least partly due to the fact that this group is more likely to be young and fall into the 18-24 age category (33 per cent of singles without children under 18 versus 16 per cent or less for any of the other household types), and therefore they are more likely to live with parents. However, their current unemployment spell may affect them in the longer term. For example, they may take longer to build their careers and to start independent lives. The JobMaker initiative can hopefully prevent long-term unemployment for this group but they may need more financial support while they are unemployed. However, the JobMaker initiative may make it harder for older people out of employment to be re-employed. This potential unintended consequence should be addressed, ensuring the government supports all residents of Australia in need.

Employment trends from March to November 2020

Compared to March 2020, overall about 200,000 fewer people were in employment in October (ABS, 2020). The largest decrease was observed in the first two months, with around 600,000 fewer people in employment in April. The relative impact of this first decrease was smaller for men (-4.08%) than for women (-5.33%). May saw a smaller further reduction of around 200,000 in May, with the overall reduction -5.86 per cent for men and -7.65 per cent for women. With the first lockdown lifted in June, the following months saw recoveries from June to October, but we witnessed a small fall-back in September of nearly 30,000, mostly driven by Victoria, which experienced decreases in employment between July and September. It is clear from the October numbers that women's employment has recovered better than men's employment with the reduction in employment in October relative to March very similar for men and women: -1.41 per cent and -2.06 per cent, respectively.

Due to Victoria's most recent lockdown from July to October, employment did not recover as well there. However, Victoria largely recovered in October. During the first COVID-19 wave the impact on employment was less in Victoria than in Australia overall. In May, the decrease in employment in Victoria (relative to March) was -5.23 per cent for men and -6.33 per cent for women, while in October the situation had improved for men to a -1.87 per cent decrease in employment but for women employment had further deteriorated to a -6.61 per cent decrease. For men, there was a substantial recovery in October after a low in September of -5.07 per cent, narrowing the difference with other states, but for women, the recovery from the low of -7.80 per cent was much smaller.

Further Information

Datasets

This analysis has been based on *Taking the Pulse of the Nation* – Melbourne Institute’s survey of the impact of COVID-19. The aim of the weekly survey is to track changes in the economic and social wellbeing of Australians living through the effects of the coronavirus pandemic whilst adapting to various changes in Federal and State government policies. Each week, the survey contains responses from 1,200 persons, aged 18 years and over. The current analysis draws on the weeks six to eight and on the weeks 17, 19, 21 and 23 of the survey and therefore includes data from up to 8,400 Australian adults. Sample weights are used to make the sample representative of the Australian population on gender, age and location. Three questions in weeks 17, 19, 21 and 23, relating to the presence of a partner, the partner’s labour force status and the partner’s receipt of JobSeeker or JobKeeper, were funded by the Australian Research Council Centre of Excellence for Children and Families over the Life Course (CE140100027). Guyonne Kalb is a Chief Investigator and Jordy Meekes is a Research Fellow in the Life Course Centre.

These data have been complemented by historical information on employment and income drawn from the Consumer Attitudes, Sentiments and Expectations in Australia Survey (CASiE) for the January to September months in 2018, 2019 and 2020. The *Taking the Pulse of the Nation* survey in the first week of each month is combined with the CASiE survey.

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Glossary of terms

The ABS defines an unemployed person as someone who is not in employment and who is actively looking for work and currently available to take up a job opportunity.

In the CASiE survey, respondents are asked the following, if they are not working ... Are you currently unemployed but looking for work?

The CASiE question uses a less strict definition of unemployment, and as a result a larger proportion of respondents self-reports as unemployed. These numbers are therefore not directly comparable to the ABS numbers.

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