How Has COVID-19 Affected Women in the Workplace?

Rachel Greszler

The COVID-19 pandemic and resulting government restrictions affected women in the workforce much more than men due to higher job losses and more women leaving the labor force to care for children. While the initial differences were stark, the easing of societal restrictions and the reopening of most schools and daycares have caused this gap to narrow significantly—to the point that the changes between men’s and women’s labor market outcomes are nearly identical.

It does not make sense to enact permanent programs, such as government-run paid family and medical leave, subsidized childcare, and universal pre-K with the justification of fixing a COVID-19 disparity that no longer exists. Moreover, such programs have been ineffective, and have resulted in unintended consequences, such as adverse outcomes for participants’ health and family

KEY TAKEAWAYS

At first, COVID-19 disproportionately affected women because they lost more jobs and were more likely to stay home with children, but that is no longer the case.

It is illogical to enact permanent programs, like government-run paid family and medical leave and subsidized child care, based on a disparity that no longer exists.

A silver lining to the pandemic will conceivably be more workplace flexibility driven by private-sector responses, not by government intervention.
relationships. Policymakers can do far more to help women and families by removing government-imposed barriers to flexible work, to employer-provided paid family and medical leave, and to accessible and affordable childcare than by adding costly and bureaucratic new programs and upending the labor market in ways that would limit families’ incomes and choices.

**Men’s and Women’s Employment Since COVID-19**

Initially, the shutdowns and restrictions imposed in response to the COVID-19 pandemic had a disproportionate impact on women in terms of lost jobs and increased caregiving needs, limiting women’s work abilities.

**Employment.** Initially, women’s employment fell by 17.9 percent, and men’s employment fell by 14.3 percent, from February 2020 to April 2020.\(^1\) That gap quickly narrowed significantly, with some slight reversals that could have been related to school closures. In March 2021, women’s employment was down 4.9 percent, and men’s employment was down 5.0 percent, from what they had been in February 2020. This marks a significant swing, as women initially experienced 1.2 million more employment losses than men did, but now women’s employment losses are 500,000 fewer than men’s.

Employment figures capture both job losses and workers who drop out of the labor force. Yet, it can be useful to examine each of those measures individually to better understand the impacts of COVID-19 on workers’ job options and ability to work.

**Unemployment.** Part of the reason for COVID-19’s disproportionate impact on women’s employment was that women made up a majority of workers in some of the most heavily affected industries. While men and women each represented 50 percent of all payroll employees prior to the pandemic, women represented 53.3 percent of all leisure and hospitality employees. Between February 2020 and April 2020, the strict lockdowns resulted in a 16.0 percent reduction in total payroll employment, yet in a massive 48.6 percent decline in leisure and hospitality employment.

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It does not make sense to enact permanent programs, such as government paid family leave and subsidized childcare, in an attempt to correct a disparity that no longer exists.
This disparity contributed to higher increases in unemployment for women.² Between February and April 2020, men’s unemployment increased by 270 percent as women’s unemployment shot up by 343 percent.³ As of March 2021, however, the change in men’s and women’s unemployment levels are nearly identical, with women’s unemployment up by 67.7 percent compared to men’s 71.8 percent increase. Compared to the record-low unemployment rates that existed prior to COVID-19, men’s unemployment rate is 2.7 percentage points higher, and women’s unemployment is 2.5 percentage points higher.

**Labor Force Participation.** In addition to workers losing jobs, the COVID-19 lockdowns resulted in many workers losing the ability to work because they had to care for children who were no longer able to attend school and childcare. Between February and April 2020, the number of men participating in the labor force fell by 4.3 percent, while the number of women participating in the labor force fell by 5.5 percent.

The gap between men’s and women’s labor force participation changes narrowed, and actually reversed course temporarily in July 2020, when men’s participation had declined more than women’s. The gap then returned, with women’s labor force participation falling more than men’s,
and reaching its highest level to date in September 2020, likely a result of many schools providing virtual-only learning in the fall. As of March 2021, the change between men’s and women’s labor force participation was only one-tenth of one percentage point, with the number of men in the labor force down 2.3 percent (2.0 million) and the number of women down 2.4 percent (1.9 million).

**Earnings.** Since the COVID-19 pandemic began, women’s earnings have increased by more than twice the rate of men’s. Between the first quarter of 2020 and the first quarter of 2021, the median usual weekly earnings of women increased by 5.3 percent, while men’s rose by 2.2 percent. The data are still fresh, and future economic analyses will be more concrete, but there are some logical explanations for women’s larger wage gains. Initially, the large job losses in lower-wage positions dominated by women meant that their median wages were skewed upwards more than men’s (because more low-wage jobs were eliminated from the calculation). This trend of higher wage gains for men than women narrowed over the summer, likely due to many government restrictions easing. At the end of 2020, women’s earnings again outpaced men’s earnings. One reason for this could have been the surge in COVID-19 cases leading to a nationwide competition for

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**TABLE 1**

**Summary of Men’s and Women’s Labor Market Changes Since COVID-19**

Data are for men and women 16 years of age and older for the period between February 2020 and March 2021.

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<th>CHANGE IN LEVEL</th>
<th>PERCENT CHANGE</th>
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* Median usual weekly earnings are for all full-time wage and salary workers and are based on quarterly averages, comparing the first quarter of 2020 to the first quarter of 2021.

health care workers, including some hospitals reportedly paying COVID-19 nurses up to 10 times their usual wages (and women make up more than 90 percent of nurses).^5

A Silver Lining for Working Women

Many women (this author included) have found increased workplace flexibility to be crucial for achieving their desired balance between work and family life. Even as employers were increasingly responding to workers’ desires for increased flexibility prior to the pandemic, certain industries and employers were reticent to allow more flexible work schedules and remote work options. Then came the COVID-19 shutdowns that forced most employers to implement technology for remote work and adopt more flexible workplace schedules in order to survive. Many companies found they could not only survive, but thrive, by embracing flexibility. The technological investments and shifts in workplace policies in response to the temporary COVID-19 lockdowns will undoubtedly lead to permanent increases in flexibility and remote work.

There have also been positive improvements in workplace awareness of individuals’ personal and family circumstances. Employers had to adjust schedules and assign tasks with workers’ unique personal and family situations in mind. In some cases, this meant that employers provided childcare for workers; and, virtually across the board, it meant increased access to family and medical leave—because employers adapted to workers’ needs, as well as due to federal coronavirus legislation that mandated that certain employers provide paid family and medical leave. Many family-friendly changes will remain after COVID-19 subsides.

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COVID-19 also broke down some of the barriers—perhaps even stigmas—that separated work life from family life. As anyone who has been on a professional Zoom call has experienced, it is no longer taboo to have
children or other family members (including pets) appearing on computer screens during work meetings. Scenarios such as shown in a viral 2017 BBC video, when a child walked in during her father’s television interview, are now commonplace. This reality has increased workers’ and employers’ awareness of one another’s non-work lives and likely led to greater empathy within workplaces. There have been some consequences to the blurring of work and family life, such as some people working at all hours of the day rather than within the traditional 9-to-5 window, but it has also allowed for the increased flexibility that many workers need and desire. That will help all workers—and most especially women and parents, who tend to place greater value on workplace flexibility.

At the household level, COVID-19 required more caretaking, which was disproportionately borne by women. More men working from home may have increased their role in caregiving activities—or at least increased their awareness of the at-home work that women disproportionately do on a daily basis.

Proposed Policy Responses to Gender Differences

Policymakers around the world, and most recently President Joe Biden, have pointed to differences in men’s and women’s labor market outcomes as a reason to enact policies that aim to make women and men more equal at work and at home. Setting aside the fact that enacting permanent programs to address bygone COVID-19 disparities is futile, the problem with many gender-oriented policies is that they focus on equality of outcomes instead of equality of opportunities. The reality is that nearly the entirety of differences between men and women in the labor market can be explained by the different choices they make, most notably by their different responses to parenthood. Thus, if policymakers want to make women more like men, or make men more like women, they will have to take away some of their preferred choices.

Paid Family Leave. The President’s American Families Plan claims, “Parental paid leave has been shown to keep mothers in the workforce, increasing labor force participation and boosting economic growth.” That is not the whole picture, however. Studies consistently show that large government programs with extensive paid family leave actually reduce women’s long-term labor market prospects, and even smaller state-based U.S. programs have had some negative impacts for women.
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A study of New Jersey’s paid family leave program found that it reduced young women’s employment rates by an estimated 8 percent to 9 percent.\(^\text{11}\) A recent analysis found that new mothers who used California’s government-paid family leave program had 7 percent lower employment, and 8 percent lower annual earnings, six to 10 years after giving birth than new mothers who did not use the program.\(^\text{12}\) That study also made the surprising finding that California’s paid family leave program reduced women’s fertility rates.\(^\text{13}\)

**Government-Subsidized, Government-Directed Childcare.** President Biden’s plan also includes large taxpayer subsidies for childcare, arguing, “When a parent drops out of the workforce, reduces hours, or takes a lower-paying job early in their careers—even temporarily—there are lifetime consequences on earnings, savings, and retirement.”\(^\text{14}\) That argument wrongly discounts the incredible personal and societal value of parents who choose—without any taxpayer subsidies—to spend more time at home with their children. As J. D. Vance, author of *Hillbilly Elegy*, points out, universal childcare “is a massive subsidy to the lifestyle preferences of the affluent over the preferences of the middle and working class.”\(^\text{15}\)

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Arguing for more taxpayer-funded childcare ignores the potential lifetime consequences of trying to sway families’ personal choices toward maximizing government tax revenues and economic output. When the Canadian province of Quebec established a government-subsidized $5-per-day childcare program,\(^\text{16}\) it caused a 14.5 percent increase in the number of mothers of young children working outside the home. Researchers also
found “striking evidence that children are worse off in a variety of behavioral and health dimensions” and that “the new childcare program led to more hostile, less consistent parenting, worse parental health, and lower-quality parental relationships.”

Teens exposed to the program also had significantly higher rates of crime and anxiety and lower levels of health and life satisfaction. Analysis of a smaller-scale program in the United States noted that, “child care subsidies are associated with worse maternal health and poorer interactions between parents and their children,” including increased anxiety, depression, parenting stress, and physical and psychological aggression by mothers toward their children.

Government programs that add more regulations and restrict funding will also further drive up childcare costs and limit the availability of smaller and more flexible childcare providers. While shifting the cost of childcare from families who use it to those who do not may make childcare seem more affordable for those who use it, it will make it less affordable for society as a whole.

**Forcing More Workers into Unions.** In addition to a bold new vision for American families, the President has a bold new vision for America’s labor market—one focused on pushing more workers into unionized jobs by eliminating many non-unionized options. More unionization is the opposite of what workers want, as indicated by the fact that only 6 percent of private-sector workers belong to unions, and that, among private-sector union members, only 6 percent actually voted in favor of their unions (the rest either voted against unionizing or were grandfathered into a union without the chance to vote).

Unions have not adapted to workers’ increasing desire for greater flexibility and independence. Instead, unions remain stuck in rigid work regimes, prohibit individually tailored schedules or compensation packages, and often forbid performance-based pay. Women place a high value on flexible and independent work, but passing the Protecting the Right to Organize (PRO) Act, as called for by President Biden, would take away opportunities that have opened doors for women and lower-income workers.
It can be tempting to turn to government policies to address workers’ and families’ struggles, or to try to reduce gender-based differences that can appear problematic at first glance. But government interventions have had little, if any, progress toward their stated goals, and have often brought about unintended consequences. A recent study that examined six decades’ worth of ostensibly pro-family policies in Austria—including generous paid family leave and subsidized childcare—concluded that, “the massive expansion of family policies has had surprisingly little effect on the long-run evolution of gender inequality. If anything, it made things marginally worse.” The study’s authors estimated that women’s earnings would have been two percentage points higher were it not for the government’s family policies.

Pro-Family Policies That Support Women’s Choices

Labor economist Claudia Goldin’s decades of research led her to argue: “The solution [to gender convergence] does not have to involve government intervention.” Rather, she says, “What is needed are changes in how jobs are structured and remunerated, enhancing the flexibility of work schedules. To succeed, the changes must decrease employers’ costs in substituting the hours of one worker for another.”

What Goldin is talking about here is temporal flexibility—the ease with which a given occupation can substitute one worker for another. Goldin finds that industries in which it is easier to substitute one worker for another have virtually no pay gaps, while those in which it is harder to substitute workers have significant gaps. For example, pharmacists are easily substitutable, and Goldin finds no pay gap, but doctors and lawyers need to stick with their individual patients and clients—often requiring long hours and on-call work, to which women are more averse—which has contributed to pay gaps in those industries. The added technologies and workplace practices brought on by COVID-19 will almost certainly increase temporal flexibility. For example, increased virtualization of medical records, medical visits, and business meetings and events will reduce time demands and make it easier to transfer important information between one worker and another.

In addition to riding the increased flexibility wave of COVID-19, there are specific actions that policymakers should and should not take to further improve women’s—and all workers’—flexibility and opportunities in the workplace.

For starters, policymakers should do no harm, and therefore should:

* Reject policies, such as the PRO Act, that shut out independent work opportunities that are especially valuable to women.
• **Reject** a one-size-fits-all government-paid family leave program that would inhibit growth in more flexible and generous employer-provided policies, force more workers to go through a bureaucratic program instead of working directly with their employers, fail to benefit most low-income families, and potentially impose unintended consequences on women’s employment and earnings.27

• **Reject** a nationwide $15 minimum wage that would cut off opportunities for younger and less-educated workers—both women and men—to get their foot in the door and gain the experience they need to climb the income ladder.28

Policymakers should also help to spur greater flexibility and opportunities for workers to pursue the work and life balance they desire by:

• **Allowing** low-wage private-sector workers to choose between paid time off and pay when they work overtime hours, as proposed in the Working Families Flexibility Act.29

• **Clarifying** the definition of “independent contractor” so that anyone who wants to be her own boss can do so.

• **Enacting** universal savings accounts so that all Americans can use their money when they want, for what they want (including paid family leave and childcare costs), without penalties or double taxation.30

• **Eliminating** unnecessary regulations so that employers have more resources to offer paid family leave benefits and flexible work arrangements.

• **Making it easier** for workers and employers to engage directly with each other on issues such as schedules that could improve flexibility and create more family-friendly workplaces. The Teamwork for Employees and Managers (TEAMS) Act would eliminate the current prohibition on employee involvement in such issues.31

• **Applying** broad-based and low taxes so that families can spend more of their money on the things they value most.
Conclusion

Initially, COVID-19 had disproportionate impacts on women’s employment—including greater job losses and a larger decline in labor force participation due to women’s caregiving roles. Data from March 2021 show that men and women are now on virtually equal footing relative to their pre-pandemic labor market outcomes. The solution to reducing the initial disparities was easing economic restrictions and reopening schools.

Even amid massive labor market disruptions, the COVID-19 pandemic has a silver lining: The pandemic caused a massive leap forward in technology that has likely resulted in a larger increase in workplace flexibility and family-friendly policies over the course of one year than would otherwise have been achieved over an entire decade. Lasting achievements in family-friendly policies that particularly benefit women are inevitable, as employers will have a hard time competing if they fail to provide them.

Policymakers have long sought to reduce gender-based differences in the labor market by enacting family policies, such as government-paid family leave and government-subsidized childcare. These attempts to sway families’ choices in certain directions have mostly been ineffective at reducing gender-based differences and have often resulted in unintended consequences for women and families.

In addition to riding the increased flexibility wave of COVID-19, policymakers should further improve women’s and all workers’ flexibility and opportunities in the workplace while rejecting one-size fits-all, top-down regulations and programs.

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Endnotes


2. The unemployment rate measures workers who do not have jobs and are looking for work. It does not include those who left or lost jobs and were not looking for work for reasons such as staying home with children.

3. This analysis compares percentage changes in employment and unemployment because men’s and women’s employment started at different levels, and thus net changes are not the best measure. Comparisons of net levels actually show larger reductions in employment and larger increases in unemployment for men versus women when comparing current March 2021 levels to February 2020.

4. The unemployment rate for women ages 16+ was 3.4 percent in February 2020 and 5.9 percent in March 2021. The unemployment rate for men ages 16+ was 3.5 percent in February 2020 and 6.2 percent in March 2021.


13. Ibid.


16. Quebec’s childcare rates are now adjusted annually for inflation, and the cost was $8.35 per day in 2020, compared to $5 per day at the program’s inception and throughout the period of the study cited in this report.


