

Mind the gap: The widening post-pandemic gender divide*



By Joyce Chang and Amy Ho
J.P. Morgan

Keywords: Female labor force participation, employment rates, post-pandemic, gender-sensitive measures, gender pay gap, female board representation.

DM women's EPR and labor force participation have recovered more completely than men's with women's LFPR fully back to its pre-pandemic level compared to a lingering 0.5% shortfall for men. As DM unemployment levels are poised to reach 50-year lows, women in EM were hardest hit due to over-representation in informal labor markets and continue to lag DM countries on all gender metrics by an even wider margin post-pandemic. Gender-sensitive emergency measures are being rolled back and if no action is taken to institutionalize these policies, impact to global GDP growth in 2030 could be at least \$1trn but if action is taken now, \$13trn could be added. Female representation on boards made the most consistent gains globally, supported by government mandates with more pending. European countries remain in the lead with nearly 79% of companies with 30% or more women directors and almost no all-male boards (0.9%). The gender pay gap declined to 14.1% in the EU in 2019 from 15%, while the UK pay gap declined to 12.4% from 16%.

* Courtesy J.P. Morgan Chase & Co, Copyright 2022.

Disclaimer: This SUERF policy brief includes research content published by J.P. Morgan on March 2, 2022. J.P. Morgan has granted SUERF a limited right to re-publish this research on an information only basis. J.P. Morgan has no liability in any regard for the publication of this SUERF policy brief or SUERF's decision to reproduce any J.P. Morgan research content contained herein. It is not an offer to buy or sell any security/instruments or to participate in a trading strategy or trading activity; nor does it constitute any form of personal financial advice or investment recommendation by J.P. Morgan. This information should not be relied upon for any reason whatsoever by any natural or legal person. For important current standard disclosures that pertain to J.P. Morgan's research please refer to J.P. Morgan's disclosure website: <https://www.jpmm.com/research/disclosures>

Pandemic puts a spotlight on unpaid labor and the female burden of childcare

Female participation in the labor market declined at historic rates at the onset of the pandemic and is recovering but has left scarring that will outlast the pandemic, putting the spotlight on the disproportionate responsibility that women bear for childcare at all income levels. Concerns over labor market scarring have been especially pronounced for women, who experienced an outsized hit during the 1H20 recession compared to men, both in absolute terms and relative to previous recessions. 2020 was dubbed the year of the “She-cession,” representing the first time that female unemployment rose at a higher rate than male unemployment since 1982. In contrast, 2021 was a year of the “She-covery” as labor market conditions remain tight around the world and women returned to the workforce. As of 3Q21, DM women’s employment-to-population ratio (EPR) and labor force participation have recovered more completely than men’s, although the US remains an exception. EPR for DM women has surged back to 0.9% below its pre-pandemic level compared to a recovery for men that leaves the EPR 1.5% below its pre-pandemic level. For the labor force participation rate (LFPR), the recovery for women aged 16 years and over has been even more impressive as it is fully back to its pre-pandemic level compared to a lingering 0.5% shortfall for men. However, the slow recovery of US female employment and LFPR compared to other DM countries is notable and points to the lack of policies that support childcare.

EM economies are now facing slower recoveries and are more at risk of permanent scarring than developed markets. In 2022, employment rates for both sexes in EM are projected to lag pre-crisis levels, with the recovery among females notably weak. This is in contrast to developed markets where female employment is projected to be more resilient. Across EM and DM, women have a higher share of employment in service sectors, and due to the nature of their jobs, teleworking was not an option for many. The IMF points out that in the US, about 54% of women working in social sectors cannot telework. In Brazil, it is 67%, and in low-income countries, at most around 12% of the population are able to work remotely.¹ Women in EM also face greater labor informality and vulnerability amid larger domestic burdens.

We assess the challenges facing women as the pandemic enters an endemic phase. Labor market conditions are normalizing, but women of color and low-income households are facing greater setbacks, particularly as gender-sensitive emergency measures put in place during the height of the pandemic are rolled back. At the corporate level, female representation is making slow but steady progress in terms of leadership positions as measured by board representation, in large part due to government mandates. European countries remain in the lead, but meaningful gains for women in the C-suite and at CEO-level have been harder to achieve.

The World Economic Forum estimates that the pandemic has increased the global gender gap by a generation from 99.5 years to 135.6 years.² According to their Economic Participation and Opportunity sub-index for 2020, on average, only 55% of adult women are in the labor market versus 78% of men, while over 40% of the wage gap (the ratio of the wage of a woman to that of a man in a similar position) and over 50% of the income gap (the ratio of the total wage and non-wage income of women to that of men) are still to be bridged.³ Additionally, according to the International Labour Organization, 4.2% of women’s employment was destroyed globally compared to 3% of men’s employment. In 2021, there were 13mn fewer women employed compared to

¹ [The COVID-19 Gender Gap](#), Kristalina Georgieva et al., IMF, 21 July 2020.

² See the annual [Global Gender Gap Report](#) which benchmarks 153 countries on their progress towards gender parity.

³ See [Global Gender Gap Report 2020](#), WEF.

2019, while men's employment recovered to 2019 levels. A recent paper published by the National Bureau of Economic Research⁴ predicts that the pandemic could result in a widening of the gender earnings gap that is as great as 5%-pts compared to 2%-pts after a more typical recession.

Gender-sensitive emergency measures at the government level fading

Gender-responsive fiscal policies and budgets were impactful in tackling short-term impacts of COVID-19 but are still required to address long-term drivers of gender inequality. Many gender-sensitive measures were introduced at the onset of the pandemic between March and May 2020 as countries raced to contain the fall-out from the pandemic but have dropped markedly since. In the first year of the pandemic, an average of 266 gender-sensitive measures were adopted per month but then dropped to an average of 26 per month in 2021. By July 2021, 41% of gender-sensitive measures were already discontinued while 55% remain in place. No gender-sensitive measures have been introduced so far this year. Out of the 3,099 social protection and labor market measures that were adopted, 20% were gender-sensitive (i.e., either targeted women's economic security or addressed unpaid care) and out of the 1,016 fiscal and economic measures adopted, only 14% aimed to strengthen women's economic security through resources that went directly to female-dominated sectors⁵.

Within the EU, calls for gender-sensitive emergency and long-term responses led to the adoption of a resolution on January 21, 2021 with recommendations to include a gender perspective in the COVID-19 crisis and post-crisis period. As of February 2021, all EU members have adopted at least one gender-sensitive measure in response to the COVID-19 crisis with all but two EU members adopting at least one measure addressing violence against women. 20 members adopted measures that address unpaid care but only eight members adopted measures that support women's economic security. However, the UN's review of the measures adopted in the EU revealed major gaps in the response so far given the relatively low number of labor market, fiscal and economic measures focused on helping women keep their jobs or re-enter the labor market⁶. In March 2020, the EU Commission released a new EU gender equality strategy for 2020 to 2025 along with the adoption of an ambitious 2021-2027 EU budget and an extra €750 billion of Next Generation EU funding for a socio-economic recovery from the pandemic. Despite calls for swift implementation of the new EU gender equality strategy, there has not yet been much progress according to gender experts.

Amongst the social protection measures within DM countries, paid leave measures were the most prevalent while in EM countries, cash transfer programs dominated given the lack of social infrastructure in place (see Figures 1 and 2). Research released by the JPMorgan Chase Institute⁷ revealed that women depleted their balance gains from emergency pandemic stimulus programs more quickly than men when examining balance changes over the course of the pandemic. Due primarily to lower starting balances, women saw greater year-over-year percent growth in balances than men in the weeks after the first stimulus payment. However, tracking balance trajectories through the end of 2020, male-led households maintained a greater proportion of their post-stimulus balance gains than their female counterparts. This was true within each race group, and across income quartiles. Black and Latinx female-led households experienced the fastest depletion of their cash buffers, maintaining 42% and 37% of their post-stimulus balance gains, respectfully, compared with

⁴ [This time it's different: The role of women's employment in a pandemic recession](#), Titan Alon et al., NBER, August 2020.

⁵ See [Gender Equality and COVID-19: Policies and Institutions for Mitigating the Crisis](#), IMF, UNDP and UN Women, 29 Jul 2021.

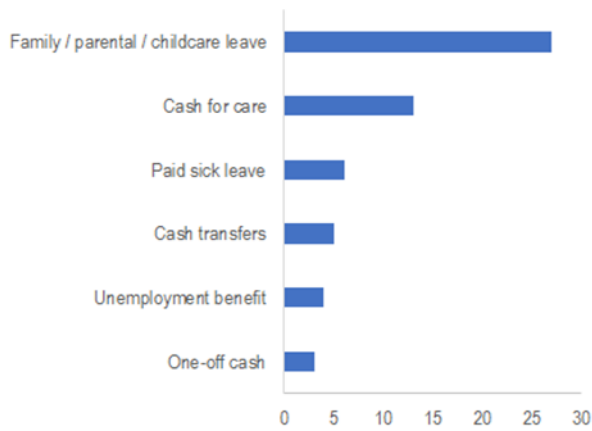
⁶ [Covid-19: The need for a gendered response](#), European Parliament, Rosamund Shreeves, Feb 2021.

⁷ See [Financial outcomes by race during COVID-19](#), JPMorgan Chase Institute, June 2021.

56% for White male-led households. The fact that Black and Latinx female-led households depleted their cash balances faster than White households may indicate that families of color – and particularly female-led families – faced circumstances that made it more difficult to maintain a cash buffer.

Figure 1: Paid leave measures were deployed more prevalently in DM economies

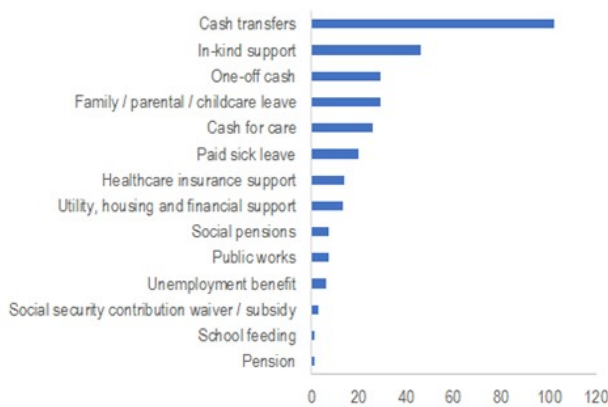
of social protection measures by sub-category within DM



Source: UNDP-UN Women COVID-19 Global Gender Response Tracker, J.P. Morgan.

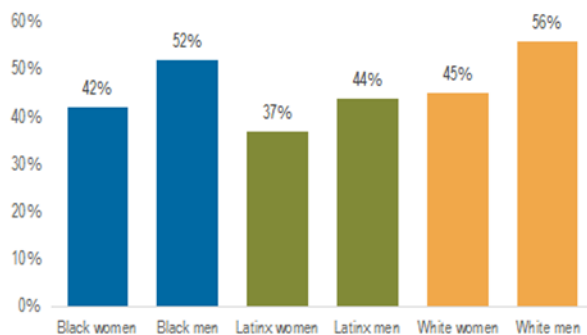
Figure 2: Cash transfer measures were particularly prevalent in EM where social insurance is less prevalent

of social protection measures by sub-category within EM



Source: UNDP-UN Women COVID-19 Global Gender Response Tracker, J.P. Morgan.

Figure 3: Percent of April 2020 balance gains remaining in December 2020, by race and gender



Source: JPMorgan Chase Institute

Increasing evidence reveals that gender-responsive policies are essential to mitigating the risks of long-term scarring from the pandemic's disproportionate impact on women in addition to ensuring that women are not left behind in the recovery. If no action is taken to incorporate a gender-responsive recovery, impact to global GDP growth in 2030 could be at least \$1trn but if action is taken now, \$13trn could be added to global GDP growth in 2030.

Gender pay gap: Modest improvements in the US, EU and UK

Pay transparency legislation, considered critical to closing the gender pay gap, is mandated in 18 out of 38 OECD member countries with routine reporting of the gender pay gap by private sector employers required. It is gaining some traction in the US, and New York City has become the latest municipality to implement pay disclosure requirements. In the US, the unadjusted gender pay gap declined to 16.9% in 2021 after being stagnant for much of the last decade, while in the EU, the gap declined to 14.1% in 2019. However, even for women in the US who are college educated and pursue employment in high wage industries, they earn 92 cents to the dollar to men⁸. Early reporting on gender pay gaps by UK companies for the current reporting year suggests the pay gap declined to 12.4% from 13.9% the previous year. Few companies in emerging markets disclose compensation data, but our Latin America equity analysts found that within the Financials sector, women on average earn 10% less than men while LatAm telcos' female employees earned 89% of the men's compensation.

Women on boards an improving trend while little change in metrics for women in the C-suite

Government mandates have been effective at increasing gender diversity on corporate boards at the US state-level and in Europe. In 2021, 51.6% of the constituents of the MSCI World Index, many of which were subject to mandatory gender quotas, had reached a critical mass of at least 30% women representation at the board level, up from 44.8% in 2020. The percentage of women on US corporate boards increased across all sectors, with women accounting for 25.6% of director seats across Russell 3000 companies in 2021, up from 22.6% in 2020 and 20.4% in 2019. European countries continue to show the highest percentage of companies with at least 30% women directors (78.7%) and almost no all-male boards (0.9%). However, it could take until 2027 and 2042 to reach the targets to achieve 30% and 50% female board representation targets, respectively. Australia in particular has made some of the largest gains for female representation at the board level, which has moved from a low of 8.4% in FY09 to over 30% of board seats across the ASX 200.

While female representation in EM boardrooms has improved, women hold only 13.5% of all board seats across MSCI EM as of 2020, lagging DM at 26.2%. The average board diversity ratios for most EM Asian countries are below 15% vs. the global average of 25-30%. Across markets, South Africa (28%) and Malaysia (27%) have the highest share of female directors. However, Qatar has no female directors across its 12 companies listed in MSCI EM. Female presence in leadership positions is still low in Latin America, with ~11-18% participation on Board of Directors and ~7-16% on Executive Committees.

Women CEOs only capture 8.2% of the Fortune 500; 7.3% in the Fortune 1000; 6% in the S&P; 5.6% across the Russell 3000; and 7.4% at private companies with revenue over \$1bn. Women of color hold even less, making up only 1% of CEO positions across the Fortune 1000. As of 2020, women accounted for only 17% of all CEOs across EM despite representing a little under a third of the workforce.

⁸ [Why has COVID-19 been especially harmful for working women?](#), Nicole Bateman and Martha Ross, Brookings, Oct 2020.

Implementation gap remains high despite government-mandated targets

There has been a substantial disconnect between government-mandated targets versus reality for a number of countries throughout emerging markets. A number of EM governments have imposed mandates, including India, Malaysia, South Korea and UAE, which require companies to have at least one woman on the board. Pakistan has similar rules for all new directors. Turkey has a comply-or-explain system with the requirement for women's representation at 25%. South Africa and Brazil have mandates pending that would see the minimum representation of women being pushed up to 50% and 40%, respectively. For state-owned enterprises, Chile, Greece, Taiwan, Colombia and South Africa require at least 30% or more of all board seats to be held by women. ■

About the authors

Joyce Chang is Chair of Global Research for J.P. Morgan's Corporate and Investment Bank, a global leader in Banking, Markets and Investor Services. J.P. Morgan's Global Research professionals study all sectors in which the firm does business, including equities, fixed income, currency and commodities, emerging markets, derivatives and structured finance. Joyce was most recently Global Head of Research, a role she held for more than five years (2014-2019). She was previously Global Head of Fixed Income Research and began her career as an Emerging Markets Strategist. From 1997 through 2012, Joyce held top rankings in Institutional Investor surveys for Emerging Markets research, earning 25 #1 individual rankings. In 2014, she was inducted into the Fixed Income Analyst Society Hall of Fame. Joyce was a Managing Director at Merrill Lynch and Salomon Brothers prior to joining J.P. Morgan Chase in 1999. She serves on the Board of Directors of Trickle Up and Girls Inc. and is a member of the Council on Foreign Relations and the Inter-American Dialogue. She is the Senior Sponsor for J.P. Morgan's Corporate and Investment Bank Women on the Move Network, the network for employees of Asian heritage (AsPIRE) and Nonprofit Board Service. She has been named as one of Top 25 Most Powerful Women in Finance by American Banker since 2012 and was included in Barron's inaugural 2020 list of the 100 Most Influential Women in Finance. Joyce holds an M.P.A. from Princeton and serves on its External Advisory Council for the Center for Public Policy, and has a B.A. from Columbia from where she was awarded the John Jay award for professional achievement and serves on its Board of Visitors.

Amy Ho is a Vice President on the Strategic Research team based in New York. She provides analysis and insight on strategic, longer-term and thematic issues relevant to clients across the J.P. Morgan Chase platform and frequently publishes on geopolitical perspectives. Amy previously held responsibilities in Emerging Markets Cross-Product and Sovereign Debt Strategy, where she authored research notes on EM sovereign bond issuance and technicals. She holds a B.A. in International Area Studies and B.S. in Economics from Drexel University and is currently an MBA candidate at Columbia Business School.

SUERF Publications

Find more **SUERF Policy Briefs** and **Policy Notes** at www.suerf.org/policynotes



SUERF is a network association of central bankers and regulators, academics, and practitioners in the financial sector. The focus of the association is on the analysis, discussion and understanding of financial markets and institutions, the monetary economy, the conduct of regulation, supervision and monetary policy.

SUERF's events and publications provide a unique European network for the analysis and discussion of these and related issues.

SUERF Policy Briefs (SPBs) serve to promote SUERF Members' economic views and research findings as well as economic policy-oriented analyses. They address topical issues and propose solutions to current economic and financial challenges. SPBs serve to increase the international visibility of SUERF Members' analyses and research.

The views expressed are those of the author(s) and not necessarily those of the institution(s) the author(s) is/are affiliated with.

All rights reserved.

Editorial Board

Ernest Gnan
Frank Lierman
David T. Llewellyn
Donato Masciandaro
Natacha Valla

SUERF Secretariat
c/o OeNB
Otto-Wagner-Platz 3
A-1090 Vienna, Austria
Phone: +43-1-40420-7206
www.suerf.org • suerf@oenb.at