



Position Paper

Impact of Covid-19 on Female Labour Participation

October 2020

Introduction

Dublin Chamber is the representative body for businesses in the Greater Dublin Area. Its cross-sectoral membership base spans the spectrum from small start-ups to major multinationals and represents a mix of sectors.

Dublin Chamber has a strong record of supporting policy measures to improve the female labour participation rate in Ireland and has in successive pre-budget submissions to Government recommended measures to improve childcare affordability, measures to support entrepreneurship, improve the marginal tax rate for second earners and include measures for employee upskilling and retention.¹

While it is clear that the impact of the Covid-19 crisis has had an almost universally catastrophic impact on Irish business and the economy, there are more nuanced impacts and side effects that must be considered in Government's policy response to the economic and social fallout. One such impact is the potential for a long-term increase in Ireland's female labour participation gap. When compared internationally, Ireland's rate of female participation in the labour force is low. Compared to the EU widely, Ireland's participation rate of 63.7% is not too far behind the EU average of 64.2%, however Ireland falls far below the more competitive economies in the union. Germany, for example, has a participation rate of over 72%.² Interestingly, these figures show that Ireland also has a comparatively high differential of more than 10% between male and female participation rates. Meanwhile, women are more likely to have a third level qualification than men. It is likely that due to public policy, talent with the benefit of third-level education is being lost from the labour pool.

¹ Dublin Chamber Pre-Budget Submission 2020

https://www.dublinchamber.ie/DublinChamberofCommerce/media/Policy-Documents/Dublin-Chamber-Budget-2020-Submission-DIGITAL_1.pdf

Dublin Chamber Pre-Budget Submission 2021

<https://www.dublinchamber.ie/DublinChamberofCommerce/media/banners/Dublin-Chamber-Submission-on-Budget-2021.pdf>

² CSO <https://www.cso.ie/en/releasesandpublications/ep/p-wamii/womenandmeninireland2019/work/>

In consideration of the significant economic challenge that the country now faces as a result of the Covid-19 crisis, investment in long-term thinking around human capital must remain a priority. In its 2018 mission to Ireland the International Monetary Fund (IMF) highlighted the country's labour participation gap, Dublin Chamber supports its assessment and recommendation that "*Ireland's gender employment gap is above that in peers, reflecting in part disincentives for women to participate in the labor force. {...} Attention should be given to providing affordable childcare, reducing high second-earner marginal tax rates, and eliminating gender pay gaps*"³

While Ireland's 2019 participation rate figures were not ideal, they did show a considerable improvement over the participation rates of 2012 when the last recession was clearly impacting on the labour force. Dublin Chamber urges policymakers to maintain investment in human capital and take action so that progress to improve the female participation rate is not lost as a result of Covid-19.

Expectations around balanced gender representation at the highest level has progressed. EU President Ursula von der Leyen's request for both a male and a female candidate for consideration to an EU commissioner position clearly indicates the direction of the EU. Such requests are likely to be replicated across the application for high level positions across Government and the private sector. In consideration of this, it is essential that Ireland retains its key talent throughout and beyond economic upheaval, ensuring that there is a presence of female talent at every level, and across industry.

Covid-19 Impact

Solas figures show that there are two specific cohorts that have been impacted by Covid-19 unemployment at a greater level, these are young men, under the age of 25, and women. In the first stage of restrictions being lifted, a significant proportion of the male under 25 categories returned to work. This is attributed to the return to work for the construction sector.

Those in the hospitality sector and retail sector have been acutely hit in Ireland, both sectors are female dominated. The same can be said for those in beauty and hairdressing. Research shows that in the last economic downturn, there was a negative impact on female participation because economic supports were more likely to be put in place to ensure infrastructure projects, thus supporting male dominated industries such as construction, while female dominated industries did not receive support. While in the Irish case, infrastructure projects were in fact left by the wayside as a result of the economic crash, Dublin Chamber is strongly in support of ensuring that the mistake of neglecting vital infrastructure projects does not happen again. However, in light of this, it is incumbent on policy makers to heed international evidence and make sure that supports are in place to aid labour participation in other, more diverse, and female skewed sectors. Further to this, research shows that SMEs owned by women

³ IMF Ireland: Staff Concluding Statement of the 2018 Article IV Mission
<https://www.imf.org/en/News/Articles/2018/05/14/ms051418-ireland-staff-concluding-statement-of-the-2018-article-iv-mission> May 2018

have fared worse than their male counterparts as a result of Covid-19 lockdowns.⁴ It is important that this is considered in entrepreneurship and innovation policy going forward.

Remote Working and Caring Duties

There is strong international indication that the periods of lockdown may have a long-term impact on female participation rates. Much of this reflects a resurgence in traditional unpaid labour and caring duties inequality.⁵ The UN, as well as a number of international studies, has highlighted that during various countries' periods of economic and social lockdown, women have shouldered the brunt of home and caring duties. In fact the UN states that globally, women work three times as many hours as men in unpaid care and domestic duties.⁶ Meanwhile, the European Institute for Gender Equality shows that pre-Covid, Irish women spent more time in unpaid care and domestic duties than men.⁷ If childcare facilities continue to function at low capacity, there is a risk of long-term reduction in female participation in the labour-force. Reopening business without addressing shortfalls in childcare may have a negative impact on female return to work as traditional division of labour issues again come to the fore.

CSO data on the social impact of Covid-19 indicates that the stresses around caring duties fell disproportionately on the female population, with concerns around health, maintaining social ties, and missed education impacting to a greater extent.⁸

Concrete actions need to be put in place to ensure that progress to increase female labour participation are not lost due to caring responsibilities specifically.

Flexible and Remote Working Policy

Support for flexible and remote working has the potential to be positive for improvement of female labour participation and greater work life balance for all. Dublin Chamber has been an advocate for the adoption of flexible and remote working practices having launched a *Smarter Working Guide* to help businesses integrate flexible and remote working options in March 2020. In response to the mass move to remote working during the Covid-19 lockdown, Dublin Chamber submitted a policy position paper to

⁴ Facebook Global State of Small Business Report https://about.fb.com/wp-content/uploads/2020/07/Global_State_of_Small_Business_Report.pdf

⁵ The Atlantic <https://www.theatlantic.com/international/archive/2020/05/france-women-workplace-coronavirus-pandemic/612136/>

McKinsey https://wiw-report.s3.amazonaws.com/Women_in_the_Workplace_2020.pdf

BBC <https://www.bbc.com/worklife/article/20200630-how-covid-19-is-changing-womens-lives>

⁶ UN The Impact of Covid-19 on Women <https://www.unwomen.org/en/digital-library/publications/2020/04/policy-brief-the-impact-of-covid-19-on-women> p13

⁷ European Institute for Gender Equality <https://eige.europa.eu/gender-equality-index/2019/domain/time/IE>

⁸ CSO Social Impact of Covid-19 on Women and Men <https://www.cso.ie/en/releasesandpublications/er/sic19wm/socialimpactofcovid-19onwomenandmenapril2020/>

Government to outline a number of key areas that needed to be addressed to ensure the long-term success of remote working in the Irish context long-term.⁹

The Chamber was then pleased to make a submission to the Department for Business, Enterprise and Innovation in response to its consultation on Remote Working.¹⁰ In brief, these recommendations included: providing guidelines for employers on liability and health & safety; reviewing the Working Time Act to reflect modern work practices; focusing on enabling digital up-skilling; improving communications and broadband infrastructure; providing best practice guidelines on internal communications for remote and flexible working to businesses; engaging in campaigns to educate businesses around GDPR and cyber security information in the remote working practices; and, supporting flexible working practices in their entirety in Government policy, recognising that remote working is an aspect of flexible working along with core working times, staggered working times etc.

Remote and flexible working options have the potential to enable better labour force participation by easing issues around work-life balance for parents – for example, the co-ordination of childcare and school drop-offs. However, as discussed above, and as has been reported widely by Dublin Chamber members during the Covid-19 crisis, remote working while taking care of children is not a long-term solution. Remote and flexible working cannot be viewed as a means to ameliorate the childcare affordability problem and we strongly discourage Government from considering it as such. Remote working and flexible working can only support an increase in the female participation rate if childcare is made significantly more affordable. Remote working itself can only be successful if it is afforded the necessary support at Government level.

Vitaly, in order to ensure that remote working does not become an option that side-lines working mothers, flexible working needs to be supported by businesses at a top level and business leaders of all genders need to lead by example by utilising flexible working practices. This can also aid in countering any culture of 'presenteeism' for promotion. Member feedback has indicated that in the return to office-based work at a senior level the return has been much slower for women than for men. Policy in this space needs to remain cognisant of possible unintended consequences for gender balance at a top level and in leadership positions, and on the gender pay gap generally.

⁹ Dublin Chamber Position Paper on Remote and Flexible Working

https://www.dublinchamber.ie/DublinChamberofCommerce/media/banners/Dublin-Chamber_Remote-Working-Policy-Paper_April-2020.pdf

¹⁰ Dublin Chamber Submission to Department of Business, Enterprise and Employment on Remote Working.

<https://www.dublinchamber.ie/DublinChamberofCommerce/media/banners/Dublin-Chamber-Submission-on-Remote-Working-Consultation-to-the-Department-of-Business.pdf>

Childcare

Childcare costs in Ireland are among the highest in the EU and considering the relatively low level of entry to the higher tax bracket, this seems like poor value for money for working parents.¹¹ Research shows that Irish women with more than one child are less likely to return to full time employment after maternity leave.¹² Surveying shows that approximately half of working mothers have considered leaving the work force due to childcare costs.¹³ Further to this, single parents, of which the majority are female, face further barriers to maintaining full time employment in the face of high-cost childcare.

Meanwhile the early childcare sector is struggling. Despite the high cost to parents, early childcare workers are low paid, and insurance and overhead costs are high. Reports show that the impact of the Covid-19 lockdown has meant the closure of many crèches across the country, with more closures likely without Government support.¹⁴ Insurance costs for the childcare industry needs to be a focus of reform as the judicial system is acting as an impediment to possible viability through reduction of overheads for private childcare providers.

In the medium to long term view, the current system is not fit for purpose and greater state intervention in the sector is necessary to provide a steady supply of affordable, quality childcare. Statistics show that the increase in Early Childhood Education and Care (ECEC) over the last decade has been accompanied by an increase in female labour participation. It is important to note in this context, that Ireland has the highest rate of private ECEC provision in the OECD.¹⁵ Ireland's State contribution to ECEC provision is at the lowest end of the OECD scale along with the Russian Federation, Mexico, and Columbia.

Dublin Chamber recommends a number of measures to improve access to affordable childcare in the short term and within current structures. Investment in universal childcare subsidisation needs to be significantly increased. The Government's FirstFive 2018-2028 strategy commits to an increase in spending on the early years education and childcare offering and acknowledges that significant public investment and a new funding mechanism for early childcare and school age childcare is necessary in order to adequately provide for Irish families and children.¹⁶ However, action to increase public sector spending and intervention in the sector has been too slow.

¹¹ European Commission https://eacea.ec.europa.eu/national-policies/eurydice/sites/eurydice/files/infoecec_final.pdf

Independent.ie <https://www.independent.ie/business/personal-finance/latest-news/childcare-costs-here-among-the-most-expensive-in-europe-38290772.html>

¹² CSO

<https://www.cso.ie/en/releasesandpublications/er/eampb/employmentanalysisofmaternityandpaternitybenefits2016-2019/>

¹³ Irish Times <https://www.irishtimes.com/news/social-affairs/half-of-working-mothers-consider-giving-up-work-over-childcare-costs-1.4189580>

¹⁴ Independent.ie <https://www.independent.ie/world-news/coronavirus/creche-owners-predict-total-implosion-of-sector-without-state-cash-boost-39369149.html>

¹⁵ Oireachtas Research Paper https://data.oireachtas.ie/ie/oireachtas/libraryResearch/2020/2020-06-16_l-rs-note-public-provision-of-early-childhood-education-an-overview-of-the-international-evidence_en.pdf

¹⁶ FirstFive Strategy 2018-2028 <https://assets.gov.ie/31184/62acc54f4bdf4405b74e53a4afb8e71b.pdf>

International examples of childcare policy that works well points to universal offerings, for example, in Finland children are eligible for universal childcare from the age of eight months up to the age of 7, the time of entry to primary school education.¹⁷ Many point to the high rate of tax being the enabler for these universal offerings, however, it is important to note that Ireland's rate of income tax while progressive for low and middle earners by European standards, the entry level for the highest rate of income tax is very low. Ireland's marginal tax rate is thus acting as a deterrent to a second earner looking to re-enter the workforce whilst also paying for childcare.

In the immediate term, we recommend that Government increase the universal component of the National Childcare Scheme. The maximum Universal Subsidy should be doubled from €20 per week to €40 per week in 2021, with a commitment to achieve a Universal Subsidy level of €100 per week by 2023. Increasing the universal component is preferable to a more means-tested approach, as it prevents more families from facing very high marginal effect tax rates (with tax and the subsidy combined) of 80% or more.¹⁸

Longer term, Government should conduct a review of the National Childcare Scheme and move toward a more universal form of childcare, learning from the example of Nordic models where childcare is viewed more as a human right or state service rather than a private sector endeavour.¹⁹ Research from the Irish Government shows that this approach would have positive impacts for affordability, accessibility, child wellbeing, and maternal wellbeing.²⁰ Research by the Department of Children and Youth Affairs indicates that a public State run option could run at a cost of up to €2 billion annually, there are however a number of options to consider.²¹

The Government's response to the Covid-19 crisis showed that broad and sweeping progressive policy is possible, this needs to be the case for Ireland's childcare accessibility and affordability. While the cost to the exchequer to progress toward a state funded model is significant, the current private system represents a false economy whereby the service is not fit for purpose as it is unaffordable for working parents and resulting in a sector of low paid workers and failing private providers.

The European Commission's official statement on early childcare education systems outlines in its first recommendation that provision must be available and accessible to all, at the moment this is not the case in Ireland.²²

¹⁷ World Economic Forum <https://www.weforum.org/agenda/2019/03/nordic-nations-best-places-for-parents-children/>

¹⁸ Dublin Chamber Pre Budget Submission 2020 https://www.dublinchamber.ie/DublinChamberofCommerce/media/Policy-Documents/Dublin-Chamber-Budget-2020-Submission-DIGITAL_1.pdf

¹⁹ World Economic Forum <https://www.weforum.org/agenda/2019/03/nordic-nations-best-places-for-parents-children/>

²⁰ Oireachtas Research Paper https://data.oireachtas.ie/ie/oireachtas/libraryResearch/2020/2020-06-16_I-rs-note-public-provision-of-early-childhood-education-an-overview-of-the-international-evidence_en.pdf

²¹ Irish Times <https://www.irishtimes.com/news/social-affairs/annual-cost-of-providing-state-run-childcare-could-top-2bn-1.4309217>

²² European Union Lex https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.C_.2019.189.01.0004.01.ENG&toc=OJ%3AC%3A2019%3A189%3ATOC

Recruitment Practices & Unconscious Bias

Greater data collection on recruitment practices needs to be promoted, based on the principle that what gets measured gets improved this will aid businesses to address any structural or unconscious bias issues that are forcing a gendered impact on promotions and recruitment. Dublin Chamber member feedback indicates that the visibility of women in the workplace at the top level specifically, has remained low in the office at a time when their male counterparts returned to the office setting.

Active promotion of recruitment and HR practices to support inclusive recruitment practices, for example a gender-balanced interview panel, will also be essential to retain and encourage the female participation rate. In the mitigation of any negative impacts of embracing and utilising flexible working practices. Additionally, more training is needed at the HR level to adequately equip firms with the skills to navigate flexible working dynamics with employees,

For women that are in the process of returning to the workplace, consideration needs to be made around the cost of upskilling. While there are several upskilling options targeted at those aiming to return to work, these offerings are basic and not applicable to those that are planning to return to a highly skilled position. For returners with significant professional experience, the upskilling for return can be a daunting expense.

EU Directive on Work Life Balance

The EU Directive on Work Life Balance which was passed in April 2019 and came into effect in August 2019 is part of a measures to improve labour participation through bolstering rights and supports for those with caring responsibilities through more flexible work practices and parental leave variations.²³ Member States have three years to implement the directive. It is essential that as Irish policy makers work to enforce the Directive that it is implemented for all parents. Research shows that less than half of Irish fathers take up the paternity leave to which they are entitled.²⁴ Dublin Chamber recommends that Government engage in campaigns to encourage male take up of parental leave and paternity leave options, this should include efforts to communicate the value and importance of shared parental responsibility, as well as, the leave allowance itself.

In addition to work that needs to be done to support the EU Directive on Work Life Balance, Dublin Chamber argues that a review of the Organisation of Working Time Act (1997) needs to be reviewed to reflect modern working practices.

Research from the European Commission on uptake of paternity and parental leave shows that increased uptake of parental and paternity leave by fathers has been shown to have positive

²³ Ronan Jermyn Daly https://www.rdj.ie/insights/the-juggling-act?_af=0.81061020495

²⁴ Irish Times <https://www.irishtimes.com/news/social-affairs/less-than-half-of-fathers-entitled-to-paternity-leave-took-time-off-work-1.4269046>

impacts/correlations to the share of unpaid work being done in the home.²⁵ In Ireland, the take up of paternity leave remains low, CSO figures show that in 2018, 45% of fathers that were entitled to paternity leave did not take it.²⁶ If progress is to be made in balancing home caring duties, fathers must be enabled to take leave.

Summary and Recommendations

Ireland's participation rate was already lagging in comparison to Europe prior to the Covid-19 crisis and evidence suggests that the impact of the lockdown will threaten to reduce the number of women in the Irish labour force further, due to the complexity of factors including caring responsibilities, sectoral differences, and childcare, the full impact internationally and for Ireland will not be seen for some time yet. It is essential that the progress that was being made in relation to the female participation is not lost, and crucially, it is essential that the skills and expertise of women currently in the labour pool are not lost for good due to the circumstances of the Covid-19 crisis.

The Programme for Government states that policy will focus on a 'jobs led recovery' this must include consideration of retaining women in the labour pool. One way in which to tackle this is through targeted supports to those who worked in sectors worst hit, including retail and hospitality. It is also important to tackle factors such as childcare and flexible working policy so that female labour participation is enabled across all levels.

Research indicates that greater government support for childcare costs will increase employment. Childcare costs are a greater barrier to employment for households with lower incomes, indicating that targeted supports are required for low-income families. Policies to address childcare costs are also important from a poverty perspective, as exclusion from the labour market due to childcare costs is associated with poverty risks and household joblessness. Additionally, increased female employment contributes to the sustainability of the welfare state through increased tax receipts.²⁷

Remote and flexible working in many ways poses a positive for working parents, this however can only be the case if it is supported at Government level as an option for all, not just mothers. This sentiment also extends to the use of paternity leave and parental leave by fathers, fathers should be encouraged and enabled to take up the paternity leave of two weeks to which they are entitled.²⁸

²⁵ European Commission <https://op.europa.eu/en/publication-detail/-/publication/a8464ad8-9abf-11e8-a408-01aa75ed71a1/language-en>

²⁶ CSO Employment Analysis of Maternity and Paternity Benefits 2016-2019 <https://www.cso.ie/en/releasesandpublications/er/eampb/employmentanalysisofmaternityandpaternitybenefits2016-2019/>

²⁷ ESRI <https://www.esri.ie/news/high-childcare-costs-linked-to-lower-employment-among-mothers>

²⁸ Citizens Bureau https://www.citizensinformation.ie/en/employment/employment_rights_and_conditions/leave_and_holidays/paternity_leave.html

A clear impact of the Covid-19 crisis and subsequent lockdown measures is that the failings of the early childcare structure particularly came to even greater light. The childcare offering is not suitable to support working parents and in turn the labour pool and economy.

In order to ameliorate the impact of Covid-19 on female participation rates, Dublin Chamber recommend that Government:

- Consider the development of a Government Taskforce to review the issues contributing to the female labour participation rate thus ensuring its consideration in policy responses to the Covid-19 impact. This Taskforce should focus on the female participation rate and on female entrepreneurs, taking into account any unintended consequences of policies in relation to remote and flexible working policies, and gendered impact of Covid-19 and response policies, for example. As the factors that impact on the female labour participation rate span the spectrum across Government departments, the taskforce should include representation from the relevant Government departments, the education sector, and the business community. This Taskforce would act to further the goal on participation as outlined in the programme for Government to ensure *“women’s full and effective participation and equal opportunities for leadership at all levels of decision making in the workplace, politics, and public life”*.²⁹
- Support the integration of remote and flexible working practices, taking measures to ensure this does not become a female centric option. This should include a review of the Organisation of Working Time Act (1997) to make it more suitable for modern working practices as currently it is not suitable for the progression to flexible working practices that exist outside of the 9am-5pm or onsite norms.
- Conduct a review into use of parental and paternity leave by fathers with a view to promoting uptake.
- Ensure that schools remain open.
- Address childcare affordability and accessibility– working from home cannot continue as a means through which to address childcare. As Covid-19 restrictions are to range across the Levels 1 – 5 of Government’s Framework for restrictive measures until April 2021 at the earliest, the requirement for those who are able to, to work from home will remain, In this scenario, it is important that childcare access and affordability does not force parents to reduce formal childcare in favour of attempting to engage in childcare when working from home.
- Investigate the opportunities for utilising national school infrastructure to include more pre and after school programmes such as breakfast clubs and homework clubs.
- In advance of providing a more universal childcare support, increase the universal component of the National Childcare Scheme. The maximum Universal Subsidy should be doubled from €20 per week to €40 per week in 2021, with a commitment to achieve a Universal Subsidy level of €100 per week by 2023.
- Incrementally, and with a clear timeline of actions, move toward a more universal state funded model of childcare provision, this should be enabled by researching the sum of state funding

²⁹ Programme for Government p 120

required to bridge the gap between a professional salary for early-childcare providers, and, the affordability cap for parents.

- Actively market modern, consortium led apprenticeships, these being apprenticeships in professions such as recruitment and outside of the traditional 'trade' options, to women that have been displaced from their sector.