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Don’t Let the Pandemic Set Back Gender Equality

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Progress towards greater gender equality has been hesitant and halting over the past five years and the Covid-19 pandemic now risks sending it into reverse. Our analysis shows that women’s jobs are 1.8 times more vulnerable to this crisis than men’s jobs: Women make up 39% of global employment but account for 54% of overall job losses as of May 2020. At the same time, the burden of unpaid care, which has risen in the pandemic, falls disproportionately on women.

This backwards move is not just a blow to women and societal progress but also to the economy and business. If no action is taken to counter the regressive effects, we estimate that global GDP growth...
could be $1 trillion lower in 2030 than it would be if women’s unemployment simply tracked that of men in each sector. Conversely, taking action now to advance gender equality could add $13 trillion to global GDP in 2030, compared with no action. A middle path — taking action only after the crisis has subsided — would boost the economy but reduce the potential opportunity by more than $5 trillion.

Beyond the economic impact, business leaders have a strong interest in furthering gender equality during this crisis. McKinsey research has found that gender diversity is a key to financial success: Companies in the top quartile for gender diversity on executive teams were 25% more likely to have above-average profitability than companies in the fourth quartile. Moreover, companies now pulling back on diversity and inclusion may be placing themselves at a disadvantage by limiting their access to talent, diverse skills, leadership styles, and perspectives.

Reversing the regressive trend will require, among things, investment in education, family planning, maternal mortality prevention, digital inclusion, and unpaid care work. We estimate that incremental public, private, or household annual spending on these five areas would need to rise 20 to 30% in 2025 above the “business as usual” levels, or a total of $1.5 trillion to $2.0 trillion. By comparison, the economic benefits of narrowing gender gaps are six to eight times higher than the social spending required, we estimate. As we discuss below, investment is just the start.

**The Covid Setback Follows a Period of Scant Progress.**

Our estimates of the economics of gender parity date back to the McKinsey Global Institute’s (MGI’s) Power of Parity work in 2015, which analyzed 15 gender-equality indicators across four categories: equality in work, essential services and enablers of economic opportunity, legal protection and political voice, and physical security and autonomy. Using these indicators, MGI established a strong link between gender equality in society and gender equality in work — and has shown that the latter is not achievable without the former.

Despite growing awareness of and support for greater gender equality, tangible progress toward equality in work and society stagnated in the five years between 2014 and 2019. Some indicators did improve, such as maternal mortality, the share of women in professional and technical jobs, and political representation. Overall, however, gender equality in work continued to lag behind gender equality in society. The level of female participation in the labor force has not budged — it sits at about two-thirds that of men — although there are regional and country variations.

Now, with Covid-19, women have borne the brunt of the economic impact. Women’s employment is dropping faster than average, even accounting for the fact that women and men work in different sectors. The nature of work remains significantly gender specific, with women and men tending to cluster in different occupations. This shapes the gender implications of the pandemic: Our analysis shows that globally female jobs are 19% more at risk than male ones simply because women are disproportionately represented in sectors negatively affected by the Covid-19 crisis, such as accommodation and food service.
Yet the gendered nature of work across industries only explains one-fourth of the difference between job-loss rates for men and women. In the United States, for example, women made up 46% of workers before Covid-19. Factoring in industry-mix effects suggests that women would make up 43% of job losses. However, unemployment data indicate that women make up 54% of the overall job losses to date. In India, women made up 20% of the workforce before Covid-19, and their share of job losses resulting from the industry mix alone is estimated at 17% — they actually account for 23% of overall job losses.

What factors explain the other three-quarters? An important one is the burden of unpaid care, the demands of which have grown substantially during the pandemic. Women do an average of 75% of the world’s total unpaid-care work, including child care, caring for the elderly, cooking, and cleaning. As Covid-19 has disproportionally increased the time women spend on family responsibilities, women have dropped out of the workforce at a higher rate than explained by labor-market dynamics alone.

Another factor could be Covid-19’s disproportionate impact on female entrepreneurship, including women-owned microenterprises in emerging economies, where such enterprises account for a high share of female labor-force participation. The crisis may have made some family resources scarce, including investment capital or digital devices that families must now share as children’s schooling has gone online. Attitudes also shape how women experience the economic consequences of a crisis relative to men: Traditional mindsets may be reflected in current decisions, at the organizational level or even within the family, about who gets to keep their jobs. For example, according to the global World Values Survey, more than half the respondents in many countries in South Asia and MENA agreed that men have more right to a job than women when jobs are scarce. About one in six respondents in developed countries said the same.

**Three Areas for Action**

The strong message emerging from our research is that policy makers and business leaders need to act fast to push for greater gender equality. Overarching areas for action include reducing the gender imbalance in child care responsibility, for example through better recognition of unpaid work and rebalancing between men and women; closing the gender gap in digital inclusion, which is especially important as remote work and online shopping have become more prominent during the pandemic; and tackling attitudinal biases, potentially through campaigns and enlisting male champions to help drive home the idea that a larger number of women at work represents socially and economically beneficial progress.

We recommend CEOs start with these three actions:

1. **Track the data.**

   Business leaders will need transparency on gendered regressive impacts within their company. Are job losses or requests for leave higher among women? Have promotion rates of women slowed?
With new hiring, is the pre-Covid gender balance level being maintained, or is there slippage? Such information for the company as a whole can be accompanied by more detailed data by department and tenure band.

2. Take action.

Many companies have already put in place policies to enable flexible working, but as lockdowns extend in many parts of the world, they will need to more actively consider how to factor the pandemic’s impact into performance reviews, prevent employee burnout, and ensure that traditional diversity practices, such as sponsorship programs or employee resource groups, are reinvented for a virtual world.

Companies that are rehiring need to ensure that hiring practices consider gender diversity. Those investing in reskilling need to ensure female workers are actively encouraged to participate in such programs. In this Covid-19 period, leading by example can help, including encouraging employees to share the unpaid care burden openly and willingly, setting boundaries for those working remotely between office life and home life, and ensuring that your company shows care for the health and mental well-being of women employees.

3. Look for opportunities to increase gender equity throughout your corporate ecosystem.

How can your products and services help counter regressive effects? Deliberately identifying such impacts and potential interventions can make a difference. For example, financial services firms can ensure their products reach women entrepreneurs, and technology firms can ensure their products are designed with diverse perspectives in mind. Companies can also take action to encourage gender diversity not just within their organizations but also more broadly across their supply chains and distribution channels.

The evidence from our research is clear: Greater gender equality is good for the economy and society as a whole. If we act now to remove barriers to greater female labor-force participation and a bigger role in society, we can reap the economic and social benefits. If we delay, the benefits will be more meager, while allowing the disappointing status quo to continue will result in a backwards slide. Parity is powerful. It needs to move forward.

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