

# In the absence of other supportive measures, the UK's furlough scheme will reinforce gender inequalities



*[Rose Cook and Damian Grimshaw](#) discuss the potential long-term impact of the furlough scheme on women and argue that additional measures are needed to ensure a gender-sensitive recovery from the crisis.*

The UK government's furlough scheme helped stave off mass unemployment when the UK economy went into lockdown and has now been extended to March 2021. The scheme is an important innovation for the UK. In other European countries, analogous so-called Short Time Work schemes have a long history and were used to great effect to mitigate the job losses of the 2008-9 economic crisis. Such schemes are supposed to be a win-win: workers avoid unemployment, firms avoid bankruptcy and retain their high-skilled workers, while the state avoids mass unemployment. However, their institutional setup and the way employers use Short Time Work really matters for fair and decent outcomes and particularly for gender equality.

Indeed, faults in the UK scheme's design and implementation reveal gender discriminatory pitfalls that are frequently found in job protection schemes internationally. The result is that women again look set to be disproportionately excluded from receiving adequate support. Lessons from around the world suggest women face three major areas of risk associated with their over-representation in temporary and casual employment in hard-hit sectors, their concentration among the low paid, and still having to take up the burden of unpaid care work.

## Non-standard employment

We know that the female-dominated hospitality sector (pubs, cafes, restaurants and hotels) has been extremely hard-hit by the pandemic. Less well known is that women are also over-represented among the most vulnerable workers within this sector, employed on a temporary basis – including casually, on fixed-term contracts or through an agency – and therefore face a higher risk of job and income loss than male workers.

In terms of its design, the UK furlough scheme is in fact relatively inclusive. It is accessible to workers with non-permanent contracts and therefore in principle is not harmful for this specific feature of gender equality. The big potential risk for women in non-standard employment is instead their vulnerability to the way employers implement the scheme. Employers are able to exercise a great deal of discretion over who to put on the scheme and who to let go. Firms may use Short Time Work schemes to get rid of unwanted workers and retain those who managers perceive to have high-level and/or organisation-specific skills. Unlimited management discretion exposes those workers with least 'power' in the organisation – whether because they have a temporary, flexible attachment to the organisation, or have not established a close association with management – to high-risk of job and income loss. The evidence suggests we are already seeing this play out in the UK. While many workers on non-standard contracts were furloughed during the first wave, temporary workers – many of them women – were [more likely](#) than workers with permanent contracts to have simply lost their jobs.

A further issue is that women (and men) in temporary work who are furloughed may be less likely to retain employment at the end of the scheme, again potentially worsening gender equality. Research into job protection schemes in 16 countries after the 2008 financial crisis shows that while employment among permanent, full-time employees tended to return to pre-crisis levels, temporary workers were typically [not retained](#) once the scheme was wound down. However, this can potentially be mitigated by employers using the scheme more equitably. [Research from the Netherlands](#) found that its post-2008 Short Time Work scheme was more effective at protecting workers against unemployment when a company spread its use among many workers but did not reduce their working time considerably. While there is [evidence](#) that partial furlough is being used quite extensively in the accommodation and food sector, where many women work, we have yet to see whether those on partial furlough are more likely to keep their jobs and, more broadly, whether the UK's furlough scheme will prove successful as a genuine job retention strategy.

## Low wage workers

Women account for almost seven in ten low-wage workers in the UK and a majority of workers paid less than the national minimum wage. Now, as a result of the economic devastation caused by COVID-19, these women are facing a double penalty. First, the jobs most at risk and being either furloughed or made redundant as a result of the crisis are [overwhelmingly low wage jobs](#) so that women are penalised more than men. Second, under the terms of the furlough scheme, workers are [not entitled to](#) the minimum wage. This may lead to dangerously low levels of income for already low-paid women who are furloughed, risking a slide into poverty for some and, for others who are already poor, a worsening of their capacity to meet basic household expenses and debts. [Recent figures](#) suggest two million people have been paid less than the minimum wage since the pandemic began – many of these will be women. This is partly due to employers electing not to top up the government-provided 80% wage replacement for low wage workers while doing so for higher paid workers.

Several countries avoid this gender inequality trap by designing Covid-19 income protection to protect low paid workers' incomes. The scheme in Norway, for example, replaces a higher proportion of income for lower paid workers. Meanwhile schemes in Estonia, France, Lithuania, Luxembourg, Poland, Portugal and Slovenia set the minimum wage as [the lower limit for replacement income](#).

### Carer penalty

Another factor meaning women may not get the most out of the furlough scheme is their caring responsibilities. There is already evidence that some employers in the UK may have applied the furlough scheme in a discriminatory way against mothers. For example, in April and May, working mothers were [far more likely](#) than other groups to have lost their job permanently, instead of being placed on furlough or offered fewer or flexible hours.

A bill currently [being debated](#) in parliament seeks to tackle pregnancy and maternity discrimination – already [rife](#) before the current crisis – prohibiting redundancy for six months after pregnancy or maternity leave ends. While employers have discretion over who to keep on and who to furlough, and while this bill is still under debate, they may unfairly take caring responsibilities and maternity into account. This is all the more damaging in a context where little to no support has been provided for childcare or extra parental leave in the UK, in comparison to other countries that have provided far more support to working parents.

Indeed, evidence from other countries shows us that furlough and its impact on gender equality cannot be viewed in isolation. Short Time Work schemes are more likely to be successful at supporting women's employment when there are other supportive measures in place, such as family support policies, retraining programmes and high quality job search services. The UK is unfortunately still a laggard in each of these areas – childcare is still *the* most expensive among developed countries, expenditures on active labour market policy measures are among the lowest and the privatisation of job search services has met considerable criticism.

The UK was poorly prepared from the outset for responding to the jobs shock of COVID-19 and the need to protect women most at risk. Other countries, such as Denmark or Germany say, already had affordable childcare, mature training schemes requiring employers' financial and organisational support and very well resourced retraining and job search programmes. The challenge for the UK is therefore to consider with a far greater sense of urgency the implications of its income and job protection schemes for gender equality and to build on the most equality-inducing policy innovations in a way that, post-COVID-19, can embed new institutional measures for gender equality, whether through targeted or more general schemes.

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Note: the above draws on the authors' [published work](#) in *European Societies*.

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