

Making a Difference

Coronavirus (COVID-19): The effect on self-employed women

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The Problem

Self-employment among women has increased dramatically in recent years but pay and security is low, suggesting a policy priority of shaping good and productive self-employment for women. Yet, COVID-19 creates multiple vulnerabilities that further threaten women's enterprise. Most businesses are highly resource scarce and a high proportion operate in sectors vulnerable to downturn due to the pandemic. Entrepreneur mothers are fast becoming collateral damage of COVID-19 as they are drafted in to care for children during school and nursery closures. As semi-lockdown is going to be a chronic problem this poses a deep threat to many women-led businesses.

The research

UK women's enterprise has increased significantly since the 2007 recession and the rate of change has been faster than for men. Women were disproportionately negatively affected by job cuts in the public and third sectors and it seems likely that austerity has contributed to rapid growth in women's self-employment. However, the quality of self-employed work is often poor, with often low and precarious pay and a wide gender pay gap.

The real policy problem prior to COVID-19 was not low rates of women's enterprise but low-quality women's self-employment, so in order to encourage good and productive self-employment for women, women's businesses need protection to survive COVID-19.

We know that women's entrepreneurial labour is constantly up for negotiation within families, particularly when they trade from home (as most do). The UK has 0.6 million self-employed mothers (ONS, 2020) and 25,000 mothers have entered self-employment in the last year. Many of these

enterprises work around the rhythms of partners leaving for work, children going to school and nursery and the elderly being cared for by others. Yet all of these conditions are terminally disrupted by lockdown, and when we consider that women are also being relied upon to pick up the extra work of home-schooling, women's businesses then become the collateral damage of COVID-19.

From a previous longitudinal study of self-employed women and maternity, it was found that after childbirth, self-employed women most commonly return to work within 2 weeks but trade on a skeleton basis before increasing their trade in phases. They do this because of the damage that being pregnant poses to business reputation, to sustain business networks and to pay business costs. We fear that women trying to re-build businesses following maternity will be further setback by COVID-19 as their route back to work is effectively blocked and this problem will last for as long as the nursery sector is disrupted and they cannot access grandparent care.

The Institute for Fiscal Studies identified sectors directly affected by the lockdown as non-food, non-pharmaceutical retail; passenger transport; accommodation and food; travel; childcare; arts and leisure; personal care and domestic services. The self-employed are more at risk than employees (one fifth or over 1 million in at-risk sectors) and women are at much higher risk than men due to self-employment concentration in sectors such as childcare, personal care and domestic services. Indeed, almost a third (or approximately 545,000) of the female self-employed are in vulnerable sectors.

With the real threat that many nurseries will close, the ability for the self-employed to plan a return to trade is made even more difficult when they don't know when – or if – childcare providers will survive.

Finally, we note that uncertainty around the lockdown timetable and the inevitable protracted semi-lockdown of schools and nurseries makes it very difficult for women to plan business recovery. They need to understand how social distancing will affect provision in order to know what work they can take on. For women with children in different year groups or with special needs such as autism, these arrangements are likely to be particularly disruptive.

Despite the policies introduced by the Chancellor at the beginning of the COVID-19 pandemic to support small firms and the self-employed, the support schemes have excluded many women by:

1. Excluding the mass of women who entered self-employment in recent years (who did not report self-employed earnings in a 2018-19 Self-Assessment return because their business was too early stage to generate profits or because it was established after April 5 2018) and the many who trade part-time alongside a job, from the Self-employment Income Support Scheme (SEISS).
2. Excluding most women from the Future Fund by making it dependent on securing private investment when we know women struggle to gain angel and venture capital due to investor bias.
3. Excluding home-based businesses (so most women-owned businesses) out of the main COVID-19 grants scheme, so they have no compensation for businesses losses.
4. Ignoring evidence that women are reluctant to borrow (and trade in sectors with low profits where borrowing is unwise) when designing the Bounce Back Loans and Coronavirus Business Interruption Loan Scheme.
5. Failing to compensate business directors for their dividend income even when they are precluded from trading due to school and nursery closures.

We fear that inequalities in entrepreneurship will be widened and that the policy problems of 'good self-employment for women' and 'productive self-employment for women' that existed prior to COVID-19 will be an even greater challenge if government does not produce gender-sensitive business policies.

Recommendations

- Publish a strategy for Women's Enterprise under COVID-19 with the Women's Enterprise Policy Group and other stakeholders.
- Publish gender disaggregated data on all of the self-employment and SME funds on a regular basis and an Equalities Impact Assessment of the policies as part of the Women's Enterprise Policy.
- Ensure that new policy supports innovation in women-led businesses by commissioning empowering business support during COVID-19 by:
 - (i) enabling strategising of childcare and business;
 - (ii) developing digital skills for online trading;
 - (iii) facilitating the formation of entrepreneurial teams to build capacity in women-led businesses, and;
 - (iv) supporting safe business exit and career development.
- Continue to compensate women for lost earnings and business costs in recognition of the market conditions of COVID-19 and mothers' particular work in caring for children, the disabled and elderly under lockdown AND semi-lockdown; ensure all self-employed women are included and so avoid problems with the SEISS.
- Develop health and safety support that will enable women keyworkers who are self-employed to trade safely or to have a real

option of refusing to work unsafely.

- Consider building capacity in women-led businesses affected by school and nursery closures by teaming them with virtual apprentices.
- Ensure that women-led businesses are enabled to serve public sector markets by building their capability in public sector tendering, potentially in collaborative teams.


Further information

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Rouse, J. (2020): *UK Parliament Women and Equalities Committee Inquiry – Unequal impact: Coronavirus (COVID-19) and the impact on people with protected characteristics* Full Select Committee Report

The Gender and Enterprise Network (2020): *'Stay Home' and Work? Implications of COVID-19 and the UK Governmental Response for Self-Employed Women*

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