

Covid-19 and its Impact on Self-Employed Women

Jia Qi Cheong

Faculty of Business, Economics and Accountancy, Universiti Malaysia Sabah, Jalan UMS,
88400, Kota Kinabalu, Sabah, Malaysia
Email: cheongqi@ums.edu.my

Jacqueline Liza Fernandez

School of Social Sciences Universiti Sains Malaysia
Email: lfjacq@usm.my

To Link this Article: <http://dx.doi.org/10.6007/IJARBS/v12-i6/14024>

DOI:10.6007/IJARBS/v12-i6/14024

Published Date: 05 June 2022

Abstract

Debates and studies about self-employed women are very important during the Covid-19 pandemic in designing strategies to diminish the negative impact of the crisis on this particular group of workers. The methodology used for this paper consists of a library search and an evaluation of the literature. References are based on online databases. Women face various challenges when they are self-employed and the Covid-19 pandemic has aggravated their problems. This article studies the challenges encountered by self-employed women and discusses some of the initiatives to address the issues faced by them.

Keywords: Covid-19 Impact, Self-Employed, Women, Challenges.

Introduction

Self-employment takes various forms, i.e., those who are self-employed comprise independent contractors, sole proprietors of businesses, and individuals involved in partnerships (Dollarhide, 2020). A self-employed person refers to any individual who earns a livelihood from any independent pursuit of economic activity, as opposed to earning an income by working for a corporation or another individual (an employer). A freelancer or an independent contractor who performs all their work for a single client may be regarded as a self-employed person (Dollarhide, 2020).

In Asia, the coronavirus pandemic has hit many small businesses (ILO, 2021). An overwhelming 87% of women business owners across the world report they have been negatively affected by this pandemic (Beaumont and Monti, 2020; Bhatla, 2021). The incomes of home-based workers who are self-employed have declined because of lockdowns (WEIGO, 2021). Women entrepreneurs in Asia are affected by the Covid-19 crisis and many

are currently suffering serious setbacks in their line of work (ILO, 2021). In Malaysia, over one-fourth of employed women (i.e., 25.88%) fall under this group of vulnerable workers, as compared to the 20.9% of the male workforce that are in this group. The different types of work done by the self-employed group vary by gender and hence both gender groups may be impacted differently during crises, for example, the current Covid-19 pandemic (Women's Aid Organisation, 2020). The Covid-19 pandemic has impacted the lives of women entrepreneurs, both at the office/workplace and at home. Women entrepreneurs who are self-employed bear the brunt of the pandemic because they tend to operate small scale businesses that are less capitalized and tend to be concentrated in the service sector that has been hardest hit by the pandemic (Didyk, 2020). However, the various strategies (such as stimulus packages) that are outlined to tackle the pandemic tend to be gender-blind and ignore the fact that self-employed women are at most risk from the pandemic crisis (Al-Dajani et al., 2020).

Women entrepreneurs also typically have difficulty in coping with the influence of adverse economic shocks (ILO, 2021). In South Asia and Southeast Asia, the work of millions of women who do piecework for national and international brands are jeopardized as the Covid-19 continues to spread in this region. Those engaged in economic activities that rely on raw materials and resources from China have been unable to get supplies that they need for production (WEIGO, 2021). It is also noted that female representation is high in sectors that were badly hit by the economic recession as a result of the pandemic (Beaumont and Monti, 2020); this includes sectors involved in the production of garments as well as the assembly of electronics, games and other products (WEIGO, 2021). The marked digital gap between men and women in a progressively virtual universe and the rising pressures of childcare tasks have also left many women susceptible to the growing challenges in the world of work during the current pandemic (Beaumont and Monti, 2020).

One of the main problems, especially in the Asia-Pacific region, is the uneven rise in the burden of caregiving by women during the pandemic (Mukundan, 2020). Didyk (2020) argues that women entrepreneurs are having a tougher time doing labour market work during the pandemic because they frequently work in the service sector which generally needs face-to-face interaction. Furthermore, women's caregiving problems are exacerbated during the pandemic as an outcome of school closures and supporting aging parents through social distancing. Women entrepreneurs have to run their business and attend on-line meetings while taking care of their families, homeschooling their children, carrying out household tasks and providing meals for the family.

The objective of this article is to give a broad sweep of the impact of the Covid-19 on self-employed women. The literature on this subject is still scarce and this article attempts to synthesize some of the available information and summarize key points about this issue. The information in this article serves to provide a basic understanding of the problems encountered by self-employed women during the Covid-19 pandemic that calls for the planning of effective programs which would enable self-employed women to deal with negative impacts of the current crisis. This paper is structured as follows. The next section is a discussion of the main challenges faced by self-employed women during the pandemic based on the literature review. Section 3 explains the methodology and Section 4 discusses the limitations of this article. Section 5 presents policies aimed at tackling the problems encountered by self-employed women and the last section is the conclusion.

Key Challenges for Self-Employed Women during the Pandemic

The devastating economic consequences of the Covid-19 pandemic have worsened for people from all walks of life around the world as the crisis continues and women seem to bear a bigger brunt of the pandemic. It is revealed that in the UK the economic implications on women are more significant, especially in the case of self-employed women. The COVID-19 pandemic has severely crippled women's self-employment to the point that only 33% of the UK's self-employed persons are women (Gosimpletax, 2021). In the case of Canada, Beland et al (2020) used the Canadian Labour Force Survey data to investigate the short-term effect of the coronavirus disease (Covid-19) on self-employed individuals who own small businesses in the country. It was found that despite the number of initiatives undertaken by the Canadian government, there were significant negative short-term impacts on small businesses, many of which are invariably owned by women. The following is a summary of some of the problems encountered by self-employed workers, particularly women.

In the case of the self-employed, one problem is the lack of savings for contingencies such as the present Covid-19 crisis. Researchers recommend that studies should pay careful attention to what happens to small businesses (many of which are operated by women) and examine whether the closures are temporary or permanent. Cowling et al (2020) used a survey of UK companies to examine this problem to determine how many businesses are at risk. They find that one in every 12 businesses was cash-strapped even before the recession hit, and only four out of ten had been saving for a 'rainy day' or an emergency over the past five years. Hence, having the right type of incentive is crucial in assisting SMEs in adapting to the new realities they are facing and remaining solvent during a prolonged recessionary period (Cowling et al., 2020). Their study also notes that small amounts of grant money can have a significant effect on small businesses' behaviour and strategies, which can help them improve their sales.

Another problem faced by self-employed women is the nature of their work which makes it difficult for them to adapt to the current Covid-19 situation. According to Dy and Jayawarna (2020), feminised service sectors such as education, social care, and cleaning are not only difficult to digitalize but have also been transformed from public sector jobs to agency-based work that is often characterized by a weak social safety net. Matthew et al (2020) report that women are typically self-employed in industries that include the purchasing and selling of products, which were heavily impacted by the Covid-19 pandemic lock-down. From their research, they also found inadequate food supply, hopelessness to revive their business, poor access to health services, psychological distress and challenges of holding children indoors were all factors that affected the self-employed women in the survey. It is critical that the government assist self-employed women in forming organizations that serve them in business and assist in securing funds during economic downturns such as the recession caused by the Covid-19 pandemic. More specifically, a campaign for fair representation of men and women in powerful financial institutions that provide loans to self-employed people is needed (Matthew et al., 2020).

Self-employment has enabled women to carve out a niche for themselves that they would not be able to do if they worked for anyone else (OECD, 2020); the downside, however, is gender inequalities in self-employment have become even more apparent due to the pandemic. According to the OECD Development Centre's Social Institutions and Gender Index,

women do ten times as much care work as men around the world. Based on interviews with women business owners in Bangladesh, Jaim (2020) shows the diverse gendered experiences of women in continuing their business operations during the pandemic period. Her research reveals patriarchal practices surrounding women's decision to stop or shut down businesses as a result of the Covid19 crisis, which strengthens the need for policymakers to empower women entrepreneurs in managing the struggles or difficulties caused by the pandemic. The study also reveals a few problem areas that policymakers can pay attention to, for example, issues with delivery services emerge as a significant impediment to women's ability to continue their businesses. Policymakers must solve this problem by taking steps to improve the distribution system (Jaim, 2020).

Another problem is the risk of loss of employment. According to Graeber et al (2020), self-employed people in Germany are far more likely than other workers to lose their employment. Women were 35 percent more likely than men to suffer income losses among the self-employed, according to their study, because women are disproportionately employed in industries that are more seriously affected by the Covid-19 pandemic. Future policy interventions aimed at mitigating negative economic shocks in similar crisis situations should take structural discrimination in economic distress into account (Graeber et al., 2020). Furthermore, the findings of the researchers proposed that potential bridging schemes for self-employed people in times of crisis should be expanded to cover income losses and living expenses. This is particularly important for microbusiness owners, particularly non-employers and freelance workers.

Another problem is the loss of earnings and reduction of working hours. According to Reuschke et al (2021) women are more likely to experience decreases in hours worked and earnings. When contemplating crisis assistance for the self-employed, policymakers must take into account the gendering of earnings and hours worked (Reuschke et al., 2020). The researchers also mentioned that it is necessary to develop both short-term and long-term interventions to counter these gendered reductions. Popovic-Pantic (2020) found that the Covid-19 pandemic had a negative impact on 76 percent of women-owned businesses, and that women compensated for the lack of hours spent at work by working at home and caring for family members. According to the report, the most important issues women entrepreneurs faced during the COVID-19 pandemic were sales decline and demand reduction. To counter the crisis, the Government of the Republic of Serbia has proposed a set of policies to help offset the economic effects of the COVID-19 pandemic (Popovic-Pantic, 2020). Additionally, the crisis provided new opportunities for many women entrepreneurs, such as expanding into new markets, adding new items to the assortment of goods sold, and increasing online sales.

Finally, another challenge encountered by self-employed workers is the ability to navigate the effects of Covid-19 on their businesses. Some literature suggests that women and men respond differently to stress and external shocks by managing their firms differently. The traditionally gendered conceptions of crisis response are that men tend to seize opportunities while women attempt to lower the risks in doing business. Prior research has suggested that women tend to be more adversely affected by economic downturns and natural disasters and are more likely to adopt a defensive crisis response stance (Manolova et al., 2020). According to the findings, policymakers and investors should concentrate on effective business model

pivots, especially in the face of economic shocks like Covid-19, which require them to simultaneously reduce risk and capture opportunities.

Research Methodology

The methodology used for this paper consists of library search and an evaluation of the literature. References are based on online databases. The articles that were reviewed were those that were focused on self-employed women and self-employment issues in the face of the Covid-19 pandemic.

Limitations

There were restrictions in our approach which need to be recognized as they have an influence on the usefulness of the work. It is likely that there are numerous articles on the topic of self-employed women but we limited our explorations to those articles in English, and we are aware that there are many publications in other languages as well.

Policy

There are several policies that ensure women's representation in the Covid-19 response planning and decision-making (UN Women, 2020). There are whole ranges of economic policies that comprise both the public and private spheres. This includes eliminating barriers that hinder full participation of women in economic activities, providing equal opportunities, designing social protection schemes that address prevailing gender biases, financing for women entrepreneurs and mechanisms to promote women's self-employment (United Nation, 2020).

It is noted that unpaid care work is globally dominated by women - even in most developed countries - especially during the current pandemic. There is a need to go beyond the reallocation of unpaid care responsibility to enable women to earn a living in order to avoid financial hardship during the pandemic. It is necessary to ensure to make certain flexible work arrangements and affordable child care support are put in place to ease the burden of unpaid care that is disproportionately shouldered by women. To tackle this problem, UNDP highlights the need for gender-sensitive readiness and policy responses to decrease the burden on women, and appropriate government interventions to achieve these goals (Mukundan, 2020). Policies should be designed in a way that accounts for how unpaid care responsibility affects both men and women and put measures in place to make certain that men allocate permissible time for unpaid care responsibility (mandatory paid paternal leave, for example).

Specific policies are also needed to address the problems of women who are self-employed. There are initiatives that generate pathways for underserved and underprivileged groups that allow women entrepreneurs to grow their digital abilities, better adapt to a fast-moving virtual environment, and reconstruct their business to be extra sustainable and hardy in a crisis situation (Cheong, 2022b). Supporting programs will provide women-owned small businesses to improve and be hardier, by assisting them to harness digital technologies along with obtainable support services (ILO, 2021; Cheong et al., 2020). This is to drive transformative change for equality by addressing the care economy (paid and unpaid) and targeting women and girls in all efforts to address the socio-economic impact of Covid-19.

In the case of Malaysia, government agencies such as the Ministry of Entrepreneur Development and Cooperatives (MEDAC) and *Kementerian Pembangunan Wanita Keluarga dan Masyarakat* (KPWKM) have outlined strategies to reinforce the labour force participation of women as well as other vulnerable groups (for example the elderly, B40 and disabled individuals) with the objective of upgrading their socio-economic status through opportunities to raise their income and living standards, particularly for those affected by the current crisis. The proposed plans include training and leadership to contributors which include the following: women entrepreneur development and business financing programs; 2 Years Exit Programme (2YEP) 2.0; INSKEN Business Coaching in the field of post-natal care; training and certification in elderly care; authorization of training and guidance in the field of child care (Bernama, 2021).

NGOs in Malaysia are also instrumental in highlighting the need to address the needs of self-employed women in the country. The Women's Aid Organisation (WAO) has criticized the gender bias embedded in the stimulus package that has been rolled out by the Malaysian government during the pandemic. WAO emphasises that the government has to strengthen the stimulus package through additional measures that reach groups that are the most at-risk, regardless of their employment status and take into account the struggles faced by female heads of household and self-employed women. By doing so, the aid given by the government will reach individuals who encounter dual problems due to their gender as well as employment status as self-employed workers (Women's Aid Organisation, 2020).

The private sector is also playing its role in promoting women's entrepreneurship in Malaysia. One such example is Exabytes which has 20 years of experience in enabling more than 160,000 businesses to grow online, and it is set on its mission to harness the aptitudes and creativity of women in entrepreneurship. As Southeast Asia's principal cloud, eCommerce and digital solutions provider, Exabytes recently launched a program known as Women Entrepreneurship with Exabytes. It aims to showcase the capabilities of women and encourage female entrepreneurship by providing a platform for women entrepreneurs in Malaysia to transform their business ideas into concrete plans. Exabytes is committed to setting aside a sum of RM350,000 in the form of products and services for this initiative. Exabytes have also been undertaken to provide selected women entrepreneurs with a free website or online store setup (Kua, 2021). Using government funds in a more useful way, helps the small entrepreneurs survive and sustain their businesses during an economic crisis (Cheong, 2022a).

Conclusion

Self-employed women are highly affected due to the Covid-19 pandemic. This paper has established a basic understanding and framework that allows future investigation in this area. This article provides insights on the challenges of self-employed women from diverse angles and identifies ways to assist small businesses to weather the pandemic. Governments, financial institutions, and business organizations need to make sure they are providing the right support programs, solutions, and innovative strategies to allow female entrepreneurs the chance to succeed in the world's new normal. More information on self-employed women would help to establish a greater degree of accuracy in policymaking. If this agenda is to be moved forward, a better understanding of self-employment for both males and females needs to be developed.

References

- Beaumont, R., and Monti, J. (2020). New Report Reveals How the Covid Crisis Could Set Back a Generation of Women in Business. Retrieved from <https://www.businesswire.com/news/home/20201122005086/en/New-Report-Reveals-How-the-Covid-Crisis-Could-Set-Back-a-Generation-of-Women-in-Business>.
- Beland, L. P., Fakorede, O., & Mikola, D. (2020). Short-Term Effect of COVID-19 on Self-Employed Workers in Canada. *Canadian Public Policy*, 46(s1), S66–S81. <https://doi.org/10.3138/cpp.2020-076>
- Bernama. (2021). Entrepreneur Development and Women Ministries team up to empower socio-economy of women, B40 and PwD. Retrieved from <https://www.malaymail.com/news/malaysia/2021/01/07/entrepreneur-development-and-women-ministries-team-up-to-empower-socio-econ/1938360>
- Bhatla, P. (2021). COVID-19 Has Inordinately Affected Women In Business: Report. Retrieved from <https://www.entrepreneur.com/article/366367>
- Cheong, J. Q. (2022a). A Global Review of COVID-19 Assistance Program for Small Business, J. Bus. Econ. Review, 6(4), 30–39. Retrieved from [https://doi.org/10.35609/jber.2022.6.4\(4\)](https://doi.org/10.35609/jber.2022.6.4(4)). SSRN: <https://ssrn.com/abstract=4071429>
- Cheong, J. Q., (2022b). Covid 19: Impact of E-commerce on Small and Medium-Sized Enterprises in Sabah. Book chapter 117 in Springer. <https://doi.org/10.1007/978-3-030-93869-7>
- Cheong, J. Q., Lee, N. F. C., Fadzlee, M., & Mansur, K. H. M. (2020). A Systematic Literature Review of Covid-19 Impact to Sme's Adoption Of E-Commerce. *Journal of BIMP-EAGA Regional Development*, 6(1), 19–33
- Cowling, M., Brown, R., & Rocha, A. (2020). Did you save some cash for a rainy COVID-19 day? The crisis and SMEs. *International Small Business Journal: Researching Entrepreneurship*, 38(7), 593–604. <https://doi.org/10.1177/0266242620945102>
- Didyk, L. (2020). Resilience will help women entrepreneurs as the economy reopens. Retrieved from <https://www.bdc.ca/en/articles-tools/blog/resilience-will-help-women-entrepreneurs-economy-reopens>
- Dollarhide, M. (2020). Guide to successful self-employment (2020). Retrieved from <https://www.investopedia.com/terms/s/self-employed.asp>.
- Gosimpletax. (2021). Self-employment during covid-19. Retrieved from <https://www.gosimpletax.com/insights/self-employment-statistics>
- Graeber, D., Kritikos, A. S., & Seebauer, J. (2020). COVID-19: a Crisis of Female Self-Employed. *Deutsches Institut Für Wirtschaftsforschung*, 1. Retrieved from <http://www.diw.de/discussionpapers>
- Hamzah, S. R. (2020). Women Entrepreneurs the busiest people during MCO. Retrieved from https://www.bernama.com/en/general/news_covid-19.php?id=1842687
- ILO. (2021). The ILO and JPMorgan Chase Foundation join forces to support women entrepreneurs impacted by COVID-19. Retrieved from https://www.ilo.org/asia/media-centre/news/WCMS_767793/lang--en/index.htm
- Jaim, J. (2020). Exist or exit? Women business-owners in Bangladesh during COVID-19. *Gender, Work & Organization*, 28(S1), 209–226. <https://doi.org/10.1111/gwao.12546>
- Kua, J. (2021). Women Entrepreneurship with Exabytes. Retrieved from <https://www.exabytes.my/blog/women-entrepreneurship-with-exabytes-2/>
- Manolova, T. S., Brush, C. G., Edelman, L. F., & Elam, A. (2020). Pivoting to stay the course: How women entrepreneurs take advantage of opportunities created by the COVID-19

- pandemic. *International Small Business Journal: Researching Entrepreneurship*, 38(6), 481–491. <https://doi.org/10.1177/0266242620949136>
- Martinez Dy, A., & Jayawarna, D. (2020). Bios, mythoi and women entrepreneurs: A Wynterian analysis of the intersectional impacts of the COVID-19 pandemic on self-employed women and women-owned businesses. *International Small Business Journal: Researching Entrepreneurship*, 38(5), 391–403. <https://doi.org/10.1177/0266242620939935>
- Mathew, N., Deborah, I., Karonga, T., & Rumbidzai, C. (2020). The impact of COVID-19 lockdown in a developing country: narratives of self-employed women in Ndola, Zambia. *Health Care for Women International*, 41(11–12), 1370–1383. <https://doi.org/10.1080/07399332.2020.1823983>
- Mukundan, R. S. (2020). Care Work in the Time of COVID-19: Women’s Unpaid Care Burden in Four Charts. Retrieved from <https://www.my.undp.org/content/malaysia/en/home/blog/2020/care-work-in-the-time-of-covid-19--womens-unpaid-care-burden-in-0.html>
- OECD. (2020). *Women at the core of the fight against COVID-19 crisis*. Retrieved from <https://www.oecd.org/coronavirus/policy-responses/women-at-the-core-of-the-fight-against-covid-19-crisis-553a8269/>
- Popovic-Pantic, S., Semencenko, D., & Vasilic, N. (2020). Women Entrepreneurship in the Time of COVID-19 Pandemic: The case of Serbia. *Women’s Entrepreneurship and Education*, 23. Retrieved from <https://doi.org/10.28934/jwee20.34.pp23-40>
- Policy Brief: The Impact of COVID-19 on Women. (2020). Retrieved from <https://www.un.org/sexualviolenceinconflict/wpcontent/uploads/2020/06/report/policy-brief-the-impact-of-covid-19-on-women/policy-brief-the-impact-of-covid-19-on-women-en-1.pdf>.
- Reuschke, D., Henley, A., Daniel, E., & Price, V. (2021). Testing the Differential Impact of COVID-19 on Self-Employed Women and Men in the United Kingdom. *IZA – Institute of Labor Economics*, 1. Retrieved from <http://ftp.iza.org/dp14216.pdf>.
- UN Women. (2020). Policy Brief: The Impact of COVID-19 on Women. Retrieved from <https://investinginwomen.asia/knowledge/unwomen-policy-brief-impact-covid-19-women/>
- WIEGO. (2021). Home-based workers: A New Kind of Isolation. Retrieved from <https://www.wiego.org/home-based-workers-new-kind-isolation>
- Women's Aid Organisation. (2020). Letter: Prihatin stimulus package does not reach women who are most at-risk. Retrieved from <https://www.malaysiakini.com/letters/518631>