

# Gender diversity in the workplace: Is there a role for government?

The Women in Economics Network collaborated with the ESA-Monash Forum to create their first poll question on the issue of gender diversity. The question was presented to the National Economic Panel (NEP), which is comprised of 53 of Australia's most eminent economists:

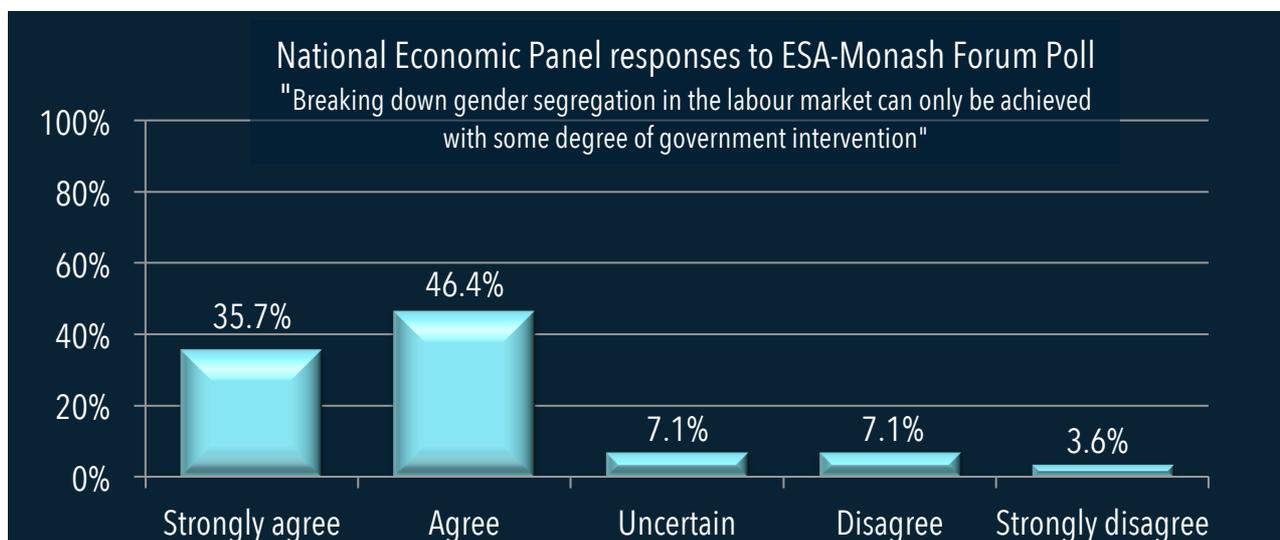
"The recent Parliamentary Inquiry into 'Gender segregation in the workplace and its impact on women's economic equality' was asked to examine measures to encourage women's participation in male-dominated occupations and industries. Although there is growing awareness of the productivity gains of gender diversity, the private market alone is unlikely to steer the Australian labour market toward gender equality in male-dominated industries. Breaking down gender segregation in the labour market can only be achieved with some degree of government intervention."

Of the total 28 NEP panelists who responded to the poll, 23 agreed or strongly agreed with the statement, 3 disagreed or strongly disagreed, while 2 were uncertain. Professor Alison Preston (University of Western Australia) and Associate Professor Andreas Leibbrandt (Monash University) were invited to offer their expert commentary on the NEP poll results.

Full results can be found on the ESA-Monash Forum Poll website: <http://www.monash.edu/business/economics-forum/polls/gender-diversity-in-the-workplace-role-of-government>

More information about the Parliamentary Inquiry can be found at: [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Finance\\_and\\_Public\\_Administration/Gendersegregation](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Finance_and_Public_Administration/Gendersegregation)

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# Gender diversity in the workplace:

## Overview of poll results

by Alison Preston



Recent decades have seen profound changes in the Australian labour market. Key amongst them has been the significant growth in women's participation in full-time employment and the growth in non-standard and more flexible forms of employment.

By way of some background, in the 30 years to May 2017 an additional 4.764 million persons have joined the Australian labour force, 58% of whom are women. Of all the new jobs created since 1987, 52% were full-time with half of them going to women; 64% of the new part-time jobs also went to women. Women are now significant and critical participants in the Australian labour market and, reflective of this, employment, wage and other related policies increasingly take into account gender equality considerations.

The application of a gender lens in policy making is important, since the experiences of women and men in the labour market are quite different and are shaped by differing economic and normative forces, including societal attitudes to women and expectations around family care provision.

In November 2016, the Parliament of Australia referred the question of gender segregation in the

workplace and its impact on women's economic equality to the Senate Finance and Public Administration Committee for inquiry. The report of this committee was released on the 7th June 2017. Amongst other things, the committee was asked to examine measures to encourage women's participation in male-dominated occupations and industries.

The Economic Society of Australia (ESA) Monash Forum also polled leading economists on the segregation topic with the proposition put that: "Although there is growing awareness of the productivity gains of gender diversity, the private market alone is unlikely to steer the Australian labour market toward gender equality in male-dominated industries. Breaking down gender segregation in the labour market can only be achieved with some degree of government intervention."

Of the 28 economists who responded to the ESA poll: 10 (36%) strongly agreed with the proposition; 13 (46%) agreed; two were uncertain; and three disagreed (one strongly disagreed).

The high share (82%) of poll respondents in agreement with the proposition reflects recognition that the Australian labour market is highly gendered and characterised by significant and persistent sex differentiated patterns of employment. To the extent that there has been some sex-integration, this has occurred in the part-time labour market, facilitated by the growth of male part-time employment opportunities. Data from the Workplace Gender Equality Agency (WGEA) show that, for Australia, around six in 10 employees work in industries that are dominated by one gender.<sup>i</sup> The Work+Family Policy Roundtable (W+FPR) group similarly highlight high levels of sex-segregation in the Australian labour market, noting that 97.8% of personal assistants and secretaries are women and more than 90% of midwifery and nursing professionals are women. At the other end of the scale bricklayers and carpenters and joiners have feminisation rates of less than 1%.<sup>ii</sup>

These sex-segregated patterns of employment are of concern since they are associated with significant gender wage gaps and gaps in lifetime earnings and superannuation entitlements. Segregation impacts on the wage gap in many ways including through the undervaluation of women's work, through facilitating sex differences

in the way work is organised and paid and through women's concentration at lower levels of the occupational hierarchy (vertical segregation).<sup>iii</sup>

In November 2016, the unadjusted (or raw) Australian gender wage gap in the full-time adult labour market was 17%, equating to a difference of around \$14,000 per year (estimated using a four-period average).<sup>iv</sup>

Within Australia, government intervention has had a demonstrable positive impact on gender equality in the past without adverse economic consequences (as noted by many of the economists polled). Moreover, there is no evidence that a continued expansion of women's employment will achieve gender equality without supportive policies and, as Uwe Dulleck notes "... the topic [is] important enough to merit government intervention to speed up an otherwise slow process."

Interventions which have positively impacted on gender equality in the past, include affordable, accessible and quality childcare (Alison Booth), paid parental leave (Uwe Dulleck) and equal remuneration provisions (such as the 1969 and 1972 Federal Equal Pay Principles) (John Quiggan).

Breaking down gender segregation by occupation and industry could, perhaps, be accelerated through imposing quotas, although the support for quotas amongst economists polled is relatively weak.

Lata Gangadharan suggests temporary quotas may help change institutional culture; Fabrizio Carmignani is less convinced that quotas will address the culture change required in male dominated industries. In the Australian Chamber of Commerce and Industry's (ACCI) submission to the Parliamentary inquiry they argue that it is for business to voluntarily decide on quotas and cite research suggesting that women appointed through quotas feel less legitimised.<sup>v</sup>

There is support for government interventions to encourage women to enter science, technology, engineering and math (STEM) occupations and industries (Julie Toth, Alison Booth). Alison Booth also calls for interventions to encourage women to stay in STEM fields. That they are leaving reflects upon the culture which, as noted by a number of poll respondents, is a major problem affecting integration. As Margaret Nowak notes "The market is not a friendly place for women in these male

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dominated occupations and there is a strong case to be made that this is indeed market failure ... don't blame the women, blame the market and those with the power to set and change the signals as to what will be rewarded."

In bringing this overview to a close, it is important to reflect on the goal, that of economic equality. Desegregation will have pros and cons for women.

ACCI, citing the Government's 'Australian Jobs 2016' report, note: women are becoming increasingly more educated (over the 10 years to 2014 female university enrolments rose by 46% vis a vis 39% for males); the healthcare and social assistance sector will continue to grow strongly and over the next five years deliver more jobs than any other industry; manufacturing, mining and agriculture, forestry and fishing will experience net job losses; and women have a relatively high share of jobs in projected high growth occupations (e.g. general sales assistants; registered nurses; aged and disabled carers; child carers)<sup>vi</sup>

Horizontal desegregation may not necessarily benefit women since the job prospects in male dominated areas are poor. Furthermore, whilst gender wage convergence may be attained by men moving into poorer paid, lower quality, female jobs this is also not the goal.

Women may benefit more from policies which tackle organisational cultures and improve the pay, conditions and promotion prospects within existing structures. More attention needs to also be paid to reducing vertical segregation and improving employment conditions within jobs. In academia, for example, women are over represented at lower

levels of the occupational hierarchy and are over represented in fixed-term, sessional and casual appointments.

Government does have an important role to play in engendering gender equality.

The Senate Finance and Public Administration Committee also concur and, in their report recommend, amongst other things, reforms to flexible work provisions, extensions to the period for paid parental leave, improved access to affordable high-quality child care and recognition of career paths and qualifications for feminised industries, particularly the care industry. They have also recommended amendments to the Fair Work Act 2009, including the introduction of gender pay equity as an overall objective of the Act.<sup>vii</sup>

To this list Alison Booth might also add increasing government support for non-government organisations that support women and prioritising policies to improve gender outcomes within the public sector labour market. I would agree.

## References

<sup>i</sup> Workplace Gender Equality Agency (WGEA) (2016) *Australia's gender equality scorecard*, November, p.11. Available from [www.wgea.gov.au/sites/default/files/80653\\_2015-16-gender-equality-scorecard.pdf](http://www.wgea.gov.au/sites/default/files/80653_2015-16-gender-equality-scorecard.pdf) (Last accessed 26.6.17).

<sup>ii</sup> Work+Family Policy Roundtable (W+FPR) (2017) *Submission to the Inquiry by the Senate Finance and Public Administration Reference Committee into gender segregation in the workplace and its impact on women's economic equality*. Submission Number 33. Available from: [www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Finance\\_and\\_Public\\_Administration/Gendersegregation/Submissions](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Finance_and_Public_Administration/Gendersegregation/Submissions) (Last accessed 26.6.17).

<sup>iii</sup> Ibid p.13.

<sup>iv</sup> Australian Bureau of Statistics (ABS) (2017) 6302.0 *Average Weekly Earnings Australia*. Table 1 (Trend), 6302001.xls. Available from [www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6302.0Nov%202016?OpenDocument](http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6302.0Nov%202016?OpenDocument)

<sup>v</sup> Australian Chamber of Commerce and Industry (ACCI) (2017) *Inquiry into Gender Segregation in the Workplace*. Submission Number 30 (paragraph 58). Available from: [www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Finance\\_and\\_Public\\_Administration/Gendersegregation/Submissions](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Finance_and_Public_Administration/Gendersegregation/Submissions) (Last accessed 26.6.17).

<sup>vi</sup> Ibid paragraphs 37, 38, 39.

<sup>vii</sup> Parliament of Australia, Senate Finance and Public Administration Committee (2017) *Report: Gender segregation in the workplace and its impact on women's economic equality*. Available from: [www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Finance\\_and\\_Public\\_Administration/Gendersegregation/Report](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Finance_and_Public_Administration/Gendersegregation/Report) (Last accessed 26.6.17).

## Gender diversity in the workplace: Overview of poll results by Andreas Leibbrandt



Government interventions to address labour market gender imbalances are often contentious. In a new working paper ("The Support for Gender Quotas in Hierarchical Relationships: Complementary Evidence from a Representative Survey and Labor Market Experiments" by Ip, Leibbrandt, Vecci), we show that in a representative sample 42% support gender quotas to increase female leadership in organisations, whereas 39% oppose such an intervention (only 20% are indifferent). Such low levels of agreement for gender quotas are common and point to the need to investigate the opposing opinions before their implementation.

The question asked of the panellists is significantly different: "Although there is growing awareness of the productivity gains of gender diversity, the private market alone is unlikely to steer the Australian labour market toward gender equality in male-dominated industries. Breaking down gender segregation in the labour market can only be achieved with some degree of government intervention."

First, it does not specify the type and extent of government intervention (are we talking about

simple nudges or mandated quotas?). Second, it does not ask for the level of support but only whether government interventions are needed to increase gender diversity.

Given the generality of the proposition, some panellists noted difficulties in responding (Harry Bloch, Abigail Payne, Fabrizio Carmignani, Matthew Butlin, Gigi Foster), suggesting that the quantitative findings have to be carefully interpreted.

In general, the panellists report to be pretty supportive of the statement. 82.1% agree (35.7% strongly), whereas only 10.7% disagree (3.6% strongly). In addition, the panellists report to be pretty confident about their responses (83.9% confidently agree or strongly agree).

Interestingly, female panellists were much more likely to voice their opinion (11 out of 12 female members responded; 17 out of 41 male members responded) and their opinions tend to be more confident (5 out of 11 female members responded with '10' vs 1 out of 17 male members).

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Several arguments in favour of government interventions were brought forward by the panellists.

There is a very large consensus exemplified by Allan Fels' comment "(We) have heard claims for many years that this does not require intervention as the private sector will take care of the problem. Not enough has happened and we now need intervention."

Similarly, Alison Booth mentions that the public sector has failed less in relation to gender equity than the private sector, suggesting it is qualified to intervene. And Peter Abelson suggests, that "Government might have to start by nudging itself."

However, while there is overall clear support for government interventions to increase gender

diversity, there seems to be less agreement about type and level of government intervention.

Abigail Payne, for instance, agrees that the government can assist. But, she is critical about the government playing a heavy hand. Several panellists view the role of government intervention primarily in the area of education (Julie Toth, Joaquin Vespignani), others in the area of parental leave conditions (Gigi Foster, Uwe Dulleck).

There are also some concerns about the undesirable impacts of government interventions to break down the gender segregation in the labour market.

The concerns range from distractions of the meritocracy principle (Matthew Butlin) to the risk of 'very badly run organisations' (Brian Dollery).

There is some hope that government interventions can alleviate challenging workplace environments for women in male-dominated industries (Margaret Nowak). However, it is also possible that government interventions deteriorate workplace environments (see e.g. "Gender Quotas, Competitions, and Peer Review: Experimental Evidence on the Backlash Against Women", by Leibbrandt, Wang, Foo; published online in July 2017 in *Management Science*).

Other panellists are less concerned about productivity losses and mention the importance of gender equity, fairness concerns, and additional 'desirable' impacts ("(...) it's a matter of societal preference who we want to see at the top", Paul Frijters).

In sum, a large majority of the panellists – female and male members – feel that some type of government intervention should be in place to disrupt the male monoculture. There is agreement that interventions should allow for some flexibility and not be too heavy handed; e.g., they might come in the form of subsidising initiatives (Alison Booth), or in form of a significant push (Lata Gangadharan suggested a temporary quota). However, perhaps there is even clear support for significant interventions such as mandated quotas in certain environments.

In our survey on gender quotas for leadership positions (Ip, Leibbrandt, Vecchi above), we find that the support almost doubles to 73% if they are implemented in environments where individuals believe that there is a bias against females in the selection process.