

Unpacking the economic argument for gender equality

By Alex Talero, WA WEN committee member and economist at Deloitte Access Economics.

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In 2021, [women in Australia](#) make up 48 per cent of the Australian workforce, yet they are paid 13 per cent less than men on average and represent only 18 per cent of CEO positions. [Worldwide](#), the female labour force participation rate was more than 26 percentage points lower than the male participation rate. In some countries, this can be as large as 50 percentage points.



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This presents strong evidence that gender inequality exists in Australia.

Analysis from Financy demonstrates that one reason for the gender pay disparity is that women are more likely to work in [industries](#) that attract lower pay, such as healthcare and education services, while men are more likely to work in industries that attract higher salaries, such as mining and finance. More than 50 per cent of the Australian accommodation and food services; and retail trade workforces are female, which are lower paying industries in Australia. In contrast, 83 per cent of mining workers are male, [the highest paying industry](#).

Figure 1: Average weekly earnings are higher for male-dominated industries



Source: Australian Bureau of Statistics, Average Weekly Earnings, Australia November 2020

Women are also more likely to take on a [disproportionate share of domestic work](#), reducing hours worked in paid positions. In 2019, three in five employed mothers worked part-time compared to less than one in ten employed fathers, whose children were pre-school age. Further, 93 per cent of primary parental leave was taken by women in 2018-19.³

The data demonstrates that women are more likely to be out of the full-time workforce for extended periods of time – often at a pivotal time in their career. While the decision to take time off work considers a multitude of factors and the needs of individual families, extended time away from work can slow career progression, and delay opportunities to earn a higher income.

A strong economic argument exists for reducing these disparities in Australia, enabling significant benefits not only to women, but to society more broadly.

The *gender efficiency argument* speaks to the productivity gains from gender equality. Put simply, when women previously excluded from the labour force become active participants, they contribute to a greater supply of workers, which further increases the goods and services provided to the economy.

In addition, when women have the same access to education, jobs, credit and assets as men, they become economically empowered. Additional income earned by women translates into greater household expenditure, contributing to economic growth.

Japan is a primary example of the *gender efficiency argument* in action. Burdened with an ageing population, Japan has faced a critical labour shortage problem for several years. To reduce the supply shortage, Prime Minister Shinzo Abe introduced '[Womenomics](#)' – a policy to encourage more women to enter the workforce.

The country invested in an expansion of childcare facilities, generous paid parental leave, and gender diversity transparency - key 'Womenomics' policy initiatives to encourage women to return to the workforce. Shortly after its implementation, the country experienced a surge in the female labour participation from 63 per cent in 2013 to 70 per cent in 2019, surpassing female participation rates in the United States and Europe.

Enabling women to participate in the workforce unlocks 50 per cent of the population's skills, knowledge, and talent – leading to significant gains in productivity.

So what does this mean for Australia?

While the gender participation gap is only 10 percentage points (comparatively lower than other OECD countries), there is still progress to be made. Evidence suggests a 6 per cent increase in female workforce participation could [increase GDP by \\$25 billion](#).

There is a strong economic argument for achieving gender equality, presented here. However, the benefits of gender equality extend far beyond GDP growth and productivity.

Societies work best when all citizens – regardless of gender – have the skills, support and pathways to be their best self.

And the value of societal wellbeing, is priceless.