



Labour force participation of women over 45 – Key points Productivity Commission Staff Working Paper December 2010

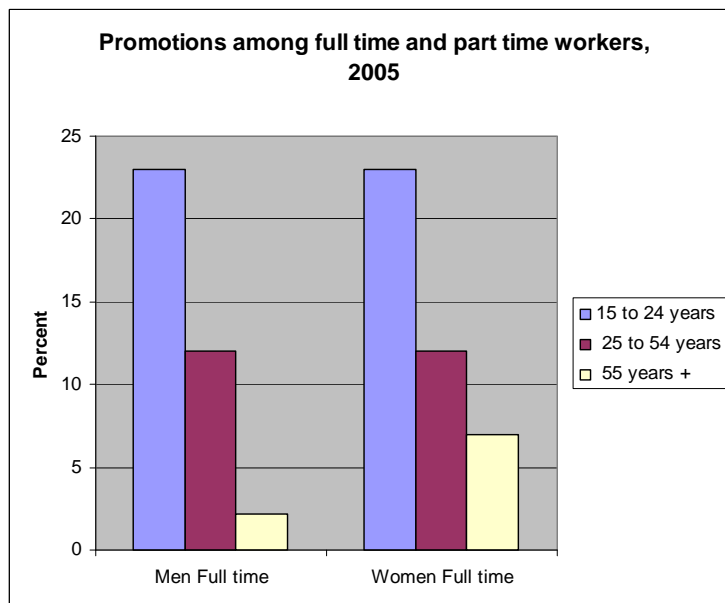
Participation rates over the past three decades for women aged 45 to 54 have increased significantly relative to other demographic groups. The participation rates of younger women have increased to a far lesser extent, while the participation rates for men in all age groups, except 60 to 64 years, have fallen over the period.

The returns from employment

Greater attachment to the workforce and rising educational attainment of mature aged women over the past two decades has boosted their earning potential.

Many mature aged women have a strong preference for part time hours and more flexible working arrangements. Some mature aged women may be prepared to **trade-off potentially higher wages for flexibility of hours** and conditions of employment including the number of hours they work and start and finish times.

The availability of more flexible working arrangements is likely to have contributed to mature aged women staying in the workforce longer as well attracting women back into the workforce after child caring responsibilities decline.



Source: Abhayaratna et al. (2008). Labour Force Participation of Women over 45, Dec 2010, Productivity Commission, p. 119

Mature aged women are more likely to have participated in training than men of the same age and mature aged women working full time are **more likely to be promoted than their male counterparts**.

Women's and men's wages initially increase at a similar rate as they age, but a gender wage gap begins to develop after 30 years of age.

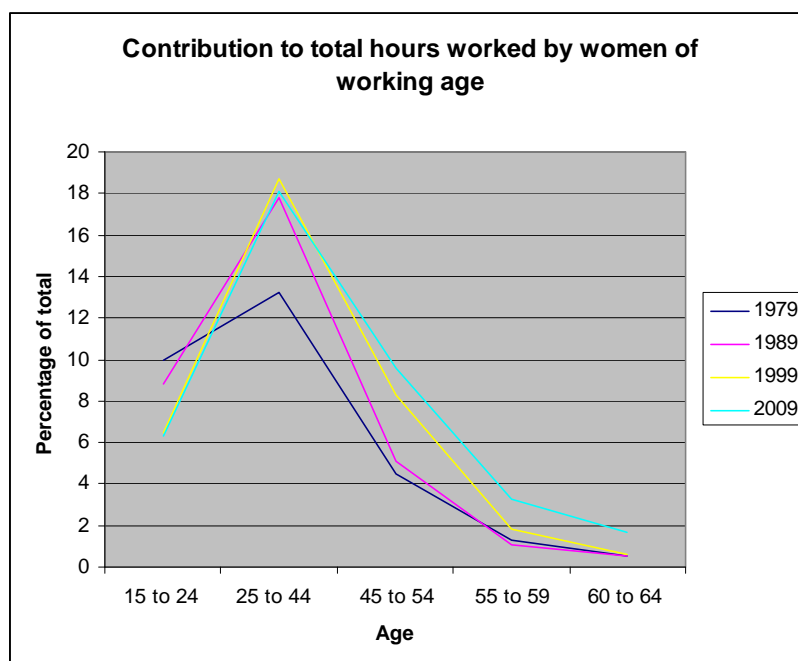
The breaks in women's employment to raise and care for children have an adverse impact on work experience, promotional opportunities and subsequent earnings capacity. **Conversely, the wage profile of women without children more closely resembles that for men.**

The existence of a gender wage gap does not appear to have acted as a significant disincentive to the workforce participation of mature aged women. The participation rate for mature aged women has grown strongly over the past three decades despite the persistence of the wage gap.

	Female Hourly Rate	Male Hourly Rate	Ratio of female to male earnings	Gender pay gap	Female share of total employment ^b
	(\$)	(\$)	(%)	(%)	(%)
Professionals	35	42.6	82.2	17.8	51.2
Technicians and trade workers	23.2	28.8	80.6	19.4	13.3
Community and personal services workers	23.5	29.1	80.8	19.2	69.2
Clerical and administrative workers	24.8	28.6	86.7	13.3	75.6
Sales workers	21.7	26.6	81.6	18.4	61.8
Machinery operators and drivers	24.9	26.8	92.9	7.1	8.2
Labourers	19.7	22.7	86.8	13.2	35.6
TOTAL	27.6	31	89	11	45.7

Source: Source: ABS (Employee Earnings and Hours, Cat. no. 6306.0) and ABS (STEO5_Aug94, 2009). Productivity Commission, p. 163

Trends in labour force engagement



Source: ABS (Labour Force, Australia, Cat. no. 6291.0.55.001, Data Cube EM1). Productivity Commission, p. 10

The contribution of mature aged women (aged 45 to 64 years) to total hours worked in the economy by people of working age has **increased from 6 per cent in 1979 to 15 per cent** in 2009. This growth is mostly (40 per cent) due to an increase in the share of mature aged women in the working age population; the rest is due mainly to a steady increase in the labour force participation rate.

The 45 to 54 years age group has the highest rate of participation of all age groups of women (at **78.0 per cent**) in 2009. Women in this age group are more likely to work full time and work slightly longer hours than older women.

Participation rate gaps have narrowed considerably in recent decades between mature aged women and mature aged men in Australia and mature aged women in other OECD countries. Both these comparisons suggest that further growth in participation may be more limited than over the past three decades.

Demand influences on participation decisions of mature aged women

Employed mature aged women are concentrated in a select number of:

- Industries – just under one half are employed in health care and social assistance, education and training, and retail trade
- Occupations – just under two thirds are employed as clerical and administrative workers, professionals, and community and personal service workers.

Between 1985 and 2009, employment of mature aged women grew by 7 per cent per annum. Just over 4 percentage points of this growth was due to mature aged women increasing their share of employment within industries, 1 percentage point was due to the strong growth in employment.

The share in employment accounted for by mature aged women has increased across nearly **all industries**, including those where they have traditionally not been employed in large numbers.

Supply influences on participation decisions of mature aged women

Decisions to participate in the labour force appear to be taken earlier in life. The longer a woman has participated in the labour force the more likely she will be in the labour force when she reaches mature age. In contrast, if women have a short or an intermittent work history they are less likely to participate later in life.

The positive and significant impact of the increase in educational attainment on labour force participation is stronger for women than men.

Younger women today have both **higher levels of education and labour force participation** than mature aged women had when they were younger. It is likely, therefore, that participation rates for mature aged women will continue to rise as these younger women enter older age groups.

A woman's health status and caring responsibilities also influence her likelihood of participating in the labour force in later life. A mature aged woman is more likely to be in the labour force the longer her previous period of labour force engagement.

Existing the labour force

As in most OECD countries, women retire earlier than men, although the gap is narrowing. The decision to retire is influenced mainly by considerations of financial security and health/physical ability.

Conclusion

Over the next couple of decades, the contribution of mature aged women to total hours worked will continue to rise steadily. However, the potential for additional growth in participation and average hours worked for the *current* cohort of mature aged women appears limited.