

More women seek paid work and will do so increasingly ^[1]

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EXCERPTS

American women have begun to "lean in," as the expression has it. After years, indeed decades of decline, women's participation in paid work has begun to rise again. The recent wage acceleration no doubt has prompted their return to the workplace, but demographic trends suggest that this recent turn has staying power.

Labor Department data offer considerable drama. Statisticians there calculate that the proportion of women in prime working years, ages 25-54, either working or seeking work outside the home has increased from 73.3% three years ago to 75.2% recently. At first blush, this change might seem small. The figure, after all, still falls far short of men's participation rate, which verges on 91%, but it nonetheless constitutes a significant move, adding some 1.5 million more women to the workforce an almost 1.0% increase in the amount of available labor.

This is all a remarkable turn from past trends. After 2000, American women bucked international trends and opted out of paid employment. Participation among prime-working age women dropped from 76.6% at the beginning of this period to a trough of 73.3% in 2015. That 3.3 percentage point drop removed some 2.4 million presumably talented workers from the American labor force. Especially interesting was how this long decline flew in the face of international trends. In every other developed country in the world, working-aged women opted for higher participation in paid employment. In the Euro area, for instance, women's participation rate rose 5 full percentage points. In the United Kingdom it increased some 3.3 percentage points, in Canada some 2.0 percentage points, and in Australia some 4.6 percentage points. Whereas 20 years ago American women led the world in workforce participation, the figures today, even with the relatively recent turn, show that women in most other developed economies now participate at higher rates.

The interaction of wage rates and the cost of childcare tell much about the recent change and the international differences. Though feminist trends have done much to induce a greater sharing of childcare responsibilities between men and women, there is no denying, in the United States and elsewhere, that women still bear much of this burden. If in a larger sense childcare is a joy and not a burden, it nonetheless closes down options for work outside the home unless the wages earned by the responsible parent can more than compensate for the cost of childcare. Until recently wages in this economy failed to meet that need, prompting many women to opt out of the picture. Between 2007 and 2016, for example, the Labor Department calculates that average hourly wages in the United States grew a mere 2.3% a year, while the average cost of childcare rose 3.3%, almost half again faster. Though the wage picture elsewhere in the world was no more robust than in the United States, the social welfare schemes pursued in those countries kept the cost of childcare lower, either through subsidies or paid leave or combination of these and other means. That, no doubt, made the difference.

In the last few years, however the picture in this economy has changed. As economic growth has brought unemployment rates below 4% of the work force, business now faces a shortage of workers, especially trained workers. Accordingly, wages have accelerated. After sluggish growth for years, average hourly wages during the last two years accelerated to an almost a 3.0% annual rate of increase, and in the 12 months through this past October, they rose more than 3.0%. For many women that has tipped the cost-benefit analysis enough to bring them back to paid work, full-time for some, part-time for others. No doubt this wage consideration accounts for much of the recent and dramatic participation change among women in this country. Since businesses still focus a growing need for skilled labor, the wage picture and the participation trend of the last few years seem set to continue for the foreseeable future, at least as long as the current economic expansion persists.

Even looking beyond the present expansion, demographic trends suggest that women's participation will continue to climb. The aging trend in this country, for both men and women, will continue to increase the absolute and relative numbers of retired people. As they remove themselves from active employment, the need for trained workers, as well as the unskilled, will intensify. It has already done so. Businesses across the country claim that they cannot find enough trained workers for their needs. Even if on the slim chance Congress managed to rationalize the nation's immigration laws, this demographic pressure will make the country and its employers increasingly desperate for trained staff and accordingly more inclined to accommodate women's needs in order to lure them into the workplace. The greater efforts of other countries thus far to ease the cost of child care may well simply reflect the fact that they are further along on the general aging trend than is this country and accordingly more eager to do what needs to be done to bring women into work force.

But now as the United States joins the rest of the developed world in the more extreme aspects of the aging trend, it, too, will make accommodations. These have already started. In typical American fashion, they center less on government than on private efforts. The wage gains, of course are a part of the picture. They are general, not directed at women's issues, but nonetheless have had their effect. Meanwhile, major firms have more directly addressed women's issues. Several blue-chip companies and tech giants have expanded paid leave for new parents as well as paid sick leave and part-time work options. Other firms, particularly those with rural or suburban campuses, have built childcare facilities for their employees on site, in some cases all day for younger children and after school for others. Some have made childcare a part of corporate life, others allow it only as a backstop for when a parent's care net faces temporary disruptions, as when a school holiday falls on a regular working day. Such accommodations, though they still remain more the exception than the rule, are nonetheless indicative of where things are going.

In some respects, the recent jump in women's participation may simply reflect the temporary impact of today's employment strains. No doubt, part of it does. But as the irrefutable and relentless demographic trends have effect, business' needs for capable workers will impel it to do more to accommodate women's needs, with higher wages to meet the costs of childcare but also with other facilities that mitigate the cost of those needs in ways less expensive to managements and shareholders than straightforward wage hikes. Such moves will turn what for now looks like a short-term statistical swing into a long-term trend that in time will make it so that women need not "lean in" to find a place in the workplace. Instead, the workplace will seek them out, perhaps raising their participation rates to those of men.

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