

Chapter 13

Barriers to women's career path and income mobility

Key findings

- Women's careers are one third shorter than men's and are much more likely to involve part-time work. Much of the difference in earnings progression is generated before age 40 as women miss many labour market opportunities during the early stages of their careers.
- Childbirth marks a crucial point in women's careers. Withdrawing from the labour market around childbirth can have long-lasting effects on women's labour force participation and earnings. Childbirth is also often accompanied by greater income vulnerability for women in many countries.
- Women experiencing job loss are subject to smaller household income losses than men. Lower earnings as well as the buffer role played by their partner's earnings underlie this result.
- After a divorce or a separation, women tend to suffer greater income losses than men. The loss of the income previously provided by a partner, the (potentially) increased difficulty of combining work and care commitments, the change in taxes paid and benefits received can lead to substantive income drops after a relationship ends.

Despite major improvements in young girls' and women's education (Chapter 7), sizable gains in female participation in the labour market (Chapter 11), and the development across decades of anti-discrimination legislation, the gender pay gap persists in OECD countries (Chapter 12). Frequent career interruptions help explain at least part of this observed gap: life and career events impact women's income mobility and earnings profile in ways they tend not to for men.

Women's careers are shorter than men's, with fewer opportunities

Women's careers are one third shorter, on average, than men's, and are much more likely to involve part-time work (OECD, 2018, forthcoming). Women are slightly less mobile than men on average, with significant cross-country and age differences. Every year, on average across OECD countries, 16% of the working-age population experiences a change in their professional situation. They change employer, change their working time (switching from full-time to part-time or vice-versa), lose their job, find a new one, become unemployed or inactive, or re-enter the labour market after a period of inactivity. Cross-country differences are large, with professional mobility ranging from 12% of the working age population or less in Italy, France, Greece, Ireland and Portugal, to more than 25% in Finland, Sweden and Iceland.

Gender differences in labour market transitions are rather small – on average less than half a percentage point. However, while women have on average the same number of labour transitions as men, the transitions are of a different nature. Women experience fewer episodes of unemployment, changes in employer, or changes in contract type. In almost all countries, women more often change working time than men, and women are also more likely to move in and out of the labour force. Age patterns of labour mobility are different for men and women and can partly explain the gender wage gap as women i) have more stable careers when they are young; ii) more often change their professional situation at prime age (driven by moves in and out of the labour force); and iii) less often go through a professional change when above 55 years old. The missing labour transitions (change of job, employer or contract type) at the early stages in their career significantly shape women's careers: job churn at this crucial time in one's career has the highest effect on wage growth and helps in finding the right job. These missed opportunities penalise women, as most of the gender pay gap is generated before age 40 (Chapter 12).

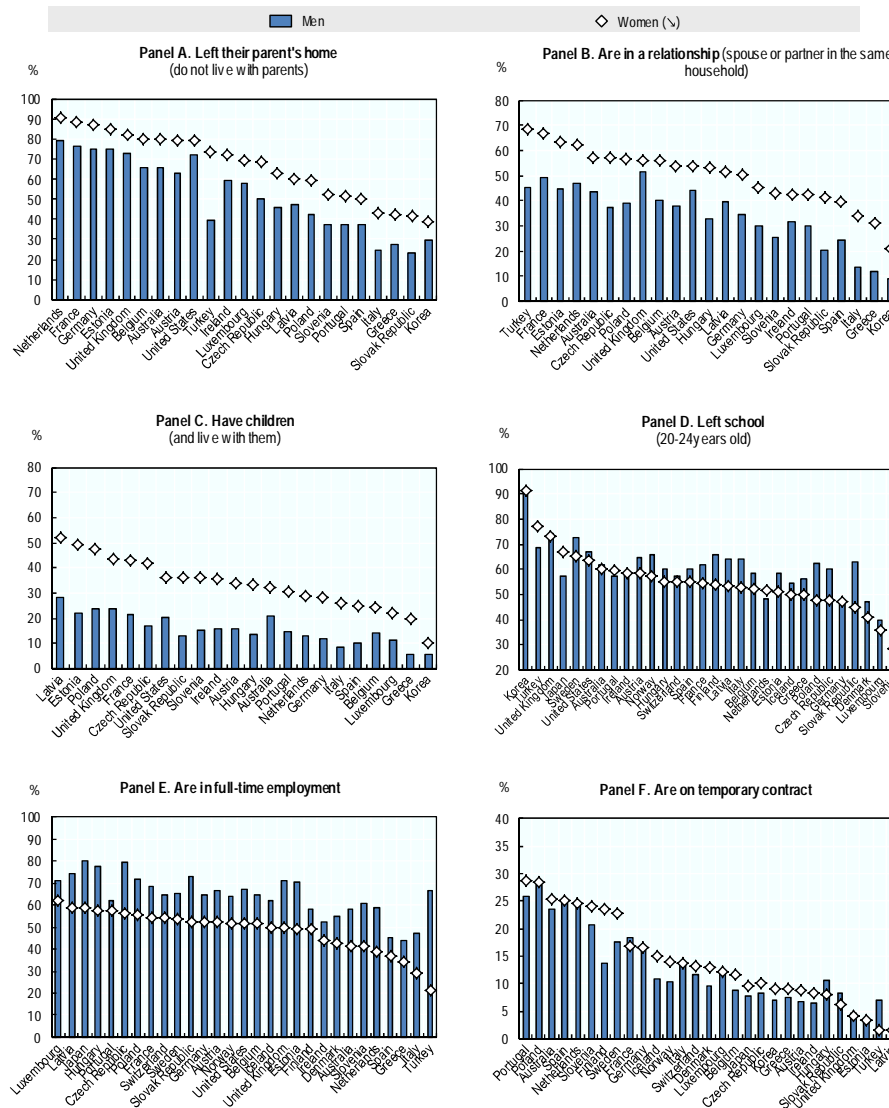
Women start their careers differently

Careers start differently for women and men (Figure 13.1). In all OECD countries, women leave their parent's home earlier than men, on average, and women also enter relationships earlier. They have children earlier and more often live with them. Women are also more likely to enter the labour market through temporary jobs than men. In all OECD countries except Japan, Portugal, the Netherlands and Turkey, women leave school later than men, delaying their entry into the labour market. In continental and southern European countries and in Korea, young adults stay longer in education before entering the labour market. In other countries, like Australia, Denmark, Finland, Germany, Iceland, the Netherlands, Norway and Switzerland, they enter paid work earlier, with a dual work/education approach (e.g., apprenticeship) playing a crucial role in bridging educational and professional aspects (Figure 13.A1.1 in Annex 13.A1). Interestingly, in the Nordic countries and the United Kingdom, this dual role at the earliest stage of their career is more frequent for young women, while in Finland and the United Kingdom, continued dual activity (education and work) is also fairly common at the very late stages of women's careers

(Figure 13.A1.1). The way women and men enter the labour market differs and impacts their future career evolution: women are much more likely to begin their careers in temporary jobs in Australia, Finland, Sweden, the Netherlands and Luxembourg (Figure 13.1).

Figure 13.1. Major life events at career start

Percentage of the population aged 25-29 (except Panel D, 20-24 years old), 2015 or latest available^a



Note: For each panel, countries are sorted from left to right in descending order according to the value for women on the given measure.

a) Data for Japan refer to 2012, for Turkey to 2013, and for Australia and Korea to 2014.

Source: OECD Secretariat calculations based on the European Union Labour Force Survey (EU-LFS) for European Union countries, Iceland, Norway and Switzerland, the Household, Income and Labour Dynamics Survey (HILDA) for Australia, the Korea Labor and Income Panel Study (KLIPS) for Korea, the Turkish Household Labour Force Survey (LFS) for Turkey, and the Current Population Survey (CPS) basic file for the United States. For Japan, data provided by R. Kambayashi based on the Japanese Labour Force Survey.

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Childbirth is a turning point in women's labour market activity

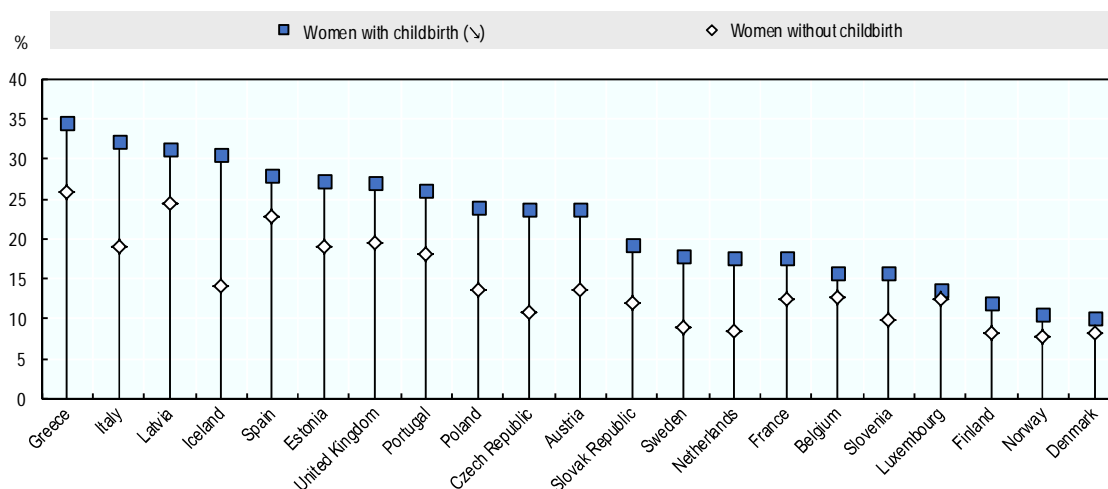
Childbirth often represents an important breakpoint for women's patterns of labour market activity. In many countries labour market activity among childless men and women is fairly similar, but large differences tend to emerge once women become mothers and men become fathers (OECD, 2016). Women in particular are likely to adapt their paid work according to the additional responsibilities that come with parenthood, especially when children are very young, but also as they get older, though the extent to which being a mother affects female labour market activity differs considerably across countries (OECD, 2016).

Practically all employed mothers take a break from work shortly before and during the first few weeks or months after childbirth but, after this period, differences in national parental leave support and childcare systems contribute to different labour market dynamics (OECD, 2016). While in some countries, like Portugal and the Netherlands, mothers frequently return to paid work after a few months of paid leave (OECD, 2007; Wall and Escobedo, 2013), in many others the share of mothers actually at work rebounds only once children start to enter pre-primary education at around age three or primary school at about age six (OECD, 2016). Women's withdrawal from the labour market upon childbirth, as measured by the gap in the participation rate between men and women with similarly aged children, can be: very common and for a long period of time (around three years or more), such as in Australia, Austria, the Czech Republic, the Slovak Republic and the United Kingdom; common but for only a relatively short period of time (a year or less), such as in Denmark, Iceland, Latvia and Luxembourg; or less common but for a very long period of time (roughly five years or more), as is sometimes found in Belgium, France, Greece, Ireland, Italy, Korea and Poland (OECD, 2018).

Withdrawing from paid work at childbirth can have serious consequences for incomes. In many countries, women who experience childbirth are far more likely than those who do not to suffer from a large drop in income from one year to the next (Figure 13.2). Indeed, in the Czech Republic, Iceland, the Netherlands and Sweden, women are approximately twice as likely to experience a year-on-year decrease of 20% or more in their household disposable income when they have a child. Only in Luxembourg and to a slightly lesser extent Denmark, are women who do and do not experience childbirth almost equally likely to suffer a large drop in income.

Figure 13.2. Childbirth leads to significant negative household income shocks

Percentage of women with and without childbirth experiencing a year-on-year decrease of 20% or more in their household disposable income, 2007-13



Note: Working-age population. Equivalised household incomes, in real terms. Year-on-year observations were pooled from 2007 to 2013 for each country. Following the birth of a child, household income may vary for two reasons: 1) total household income might change due to withdrawal of the mother from the labour market, to a change in her labour supply, to a change in the labour supply of the father, to a change of employer, to a change of contract, as well as due to new benefits or tax-credits linked to the childbirth; 2) the size (n) of the household increases, decreasing mechanically the total equivalised household income even without any change in total household disposable income (which is divided by the square root of (n+1) in t+1 while it was only divided by the square root of n in t).

Source: OECD Secretariat calculations based on the European Union Statistics on Income and Living Conditions (EU-SILC) survey.

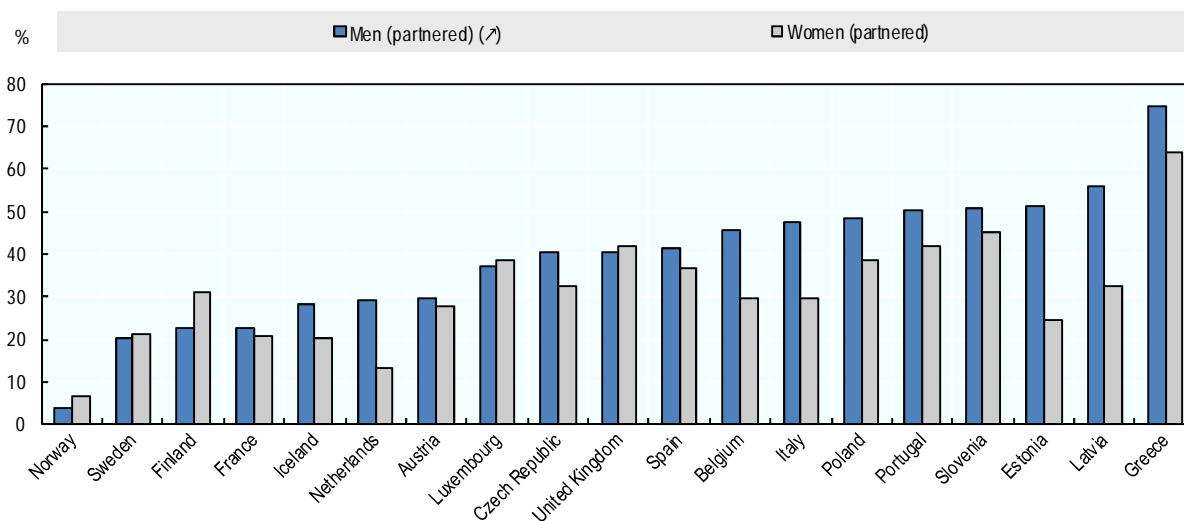
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Financial consequences of job losses are smoothed by pooling resources

Because of their different roles in the labour market and in caregiving, women and men tend to be impacted differently by events such as job loss. Women who lose their jobs lose less household income than men (Figure 13.3). Lower earnings might explain this result, as well as the buffer role played by their partner's income: as men tend to earn higher wages, on average, than women, job loss by the male partner implies on average a greater income loss for the household budget. For instance, in the Netherlands, where 75% of women with dependent children work part-time, only around 15% of partnered women who lose their job also experience a significant loss of income (of 20% or more). For partnered men, this figure is roughly twice as high. Countries where women's participation in the labour market is high – or where the gender pay gap is limited – tend to have more equal results.

Figure 13.3. Household income drops less through the loss of women's jobs

Share of the recently unemployed population experiencing a year-on-year decrease of 20% or more in their household disposable income, individuals living with a spouse or partner, by sex, 2010-13



Note: Working-age population. Equivalised household incomes, in real terms. Year-on-year observations were pooled from 2010 to 2013.

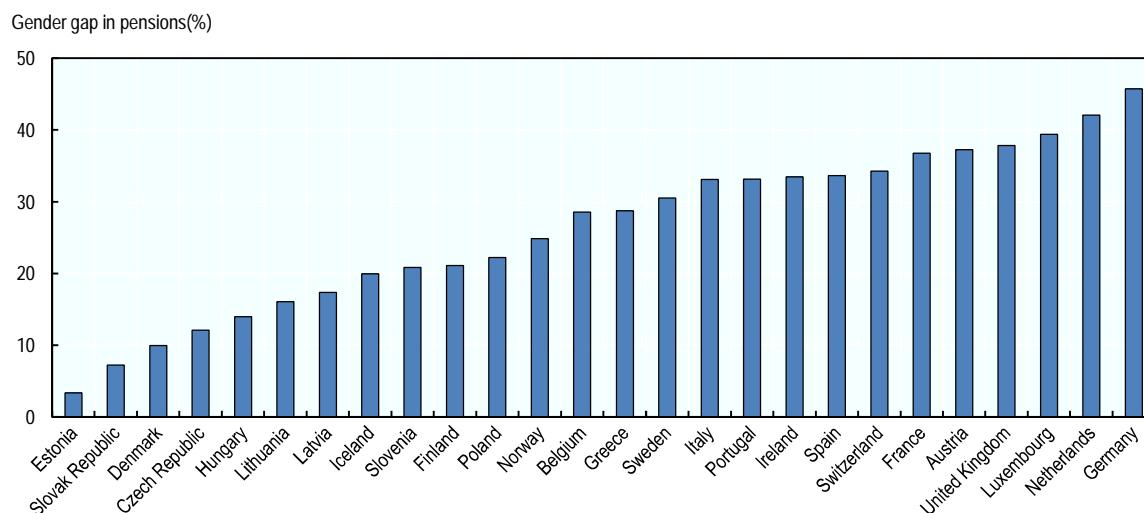
Source: OECD Secretariat calculations based on the European Union Statistics on Income and Living Conditions (EU-SILC) survey.

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Career breaks lead to gender gaps in pension entitlements

Career interruptions and/or withdrawing early from the labour force also affect women's pensions. Shorter working careers and constrained career and earnings profiles, relative to men, help explain why on average women's pensions are of smaller value than men's. Figure 13.4 shows that among pension recipients in 2013/14 the gender pension gap was less than 10% only in Estonia, Denmark and the Slovak Republic. In most other countries gender pension gaps range from 10% to 40% and are close to 45% in Germany and the Netherlands. The pension gaps presented in Figure 13.4 only concern pensioners and thus reflect employment and lifestyle behaviours of past decades. Older generations of women often started a family earlier and generally spent less time in paid work than working women nowadays. Furthermore, until recently women's pensionable age was lower than that of men in many pension systems across the OECD. Pension reform means that pensionable ages in future are projected to be the same for men and women in all OECD countries, except for Chile, Poland, Israel and Switzerland (OECD, 2015).

Notwithstanding these reforms and the reduction in gender employment gaps, as long as women are over-represented in occupations and jobs that are less well paid and/or in part-time employment – which underlies the huge pensions gap in Germany and the Netherlands – gender pension gaps are likely to remain an important outcome of gender inequalities in labour markets.

Figure 13.4. Most countries have a large pension gapGender gap in pensions, 65+ year-olds, 2014 or latest available^a

Note: The gender gap in pensions is defined as: $(1 - (\text{women's average pension} / \text{men's average pension})) * 100$. "Pensions" include public pensions, private pensions, survivor's benefits and disability benefits. The gender gap in pensions is calculated for people aged 65 and older only.

a) Data for Austria, Denmark, Greece, Finland, Hungary, Iceland, Latvia, the Netherlands, Norway, Slovenia and Spain refer to 2013

Source: OECD Secretariat calculations based on the European Union Statistics on Income and Living Conditions (EU-SILC) survey for all countries except Germany; European Commission calculations based on EU-SILC for Germany.

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Key policy messages

- Policies should take a life-course approach and consider the different barriers present at different stages of women's lives. Women often miss out on crucial labour market mobility opportunities during the early stages of their careers as this period coincides with the arrival of children in the household. Policy can limit the loss of labour mobility opportunities by taking measures that facilitate employment and make work financially attractive even when combined with care commitments. Child and out-of-school hours supports, in-work credits and policies that promote leave-taking among fathers (Chapters 16-18) can help to reduce gender participation gaps.
- Childbirth represents a critical point in a women's career and can affect not only labour force participation, but also current income. Financial supports within the tax-benefit system such as paid leave, childcare supports, and other in-work benefits can help smooth income shocks occurring at that time.
- The main barriers to equal pension entitlements lie in women's work and earnings patterns. However, pension systems can help narrow the pension gap by compensating women in retirement for career interruptions related to childbirth; have the same pensionable ages for men and women; and have minimum entitlements to limit poverty risks in old age.

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Annex 13.A1

Women's detailed activity status across the life course

Figure 13.A1.1. Distribution (%) of women by detailed activity status, by five-year age group, 2015 or latest available year^a

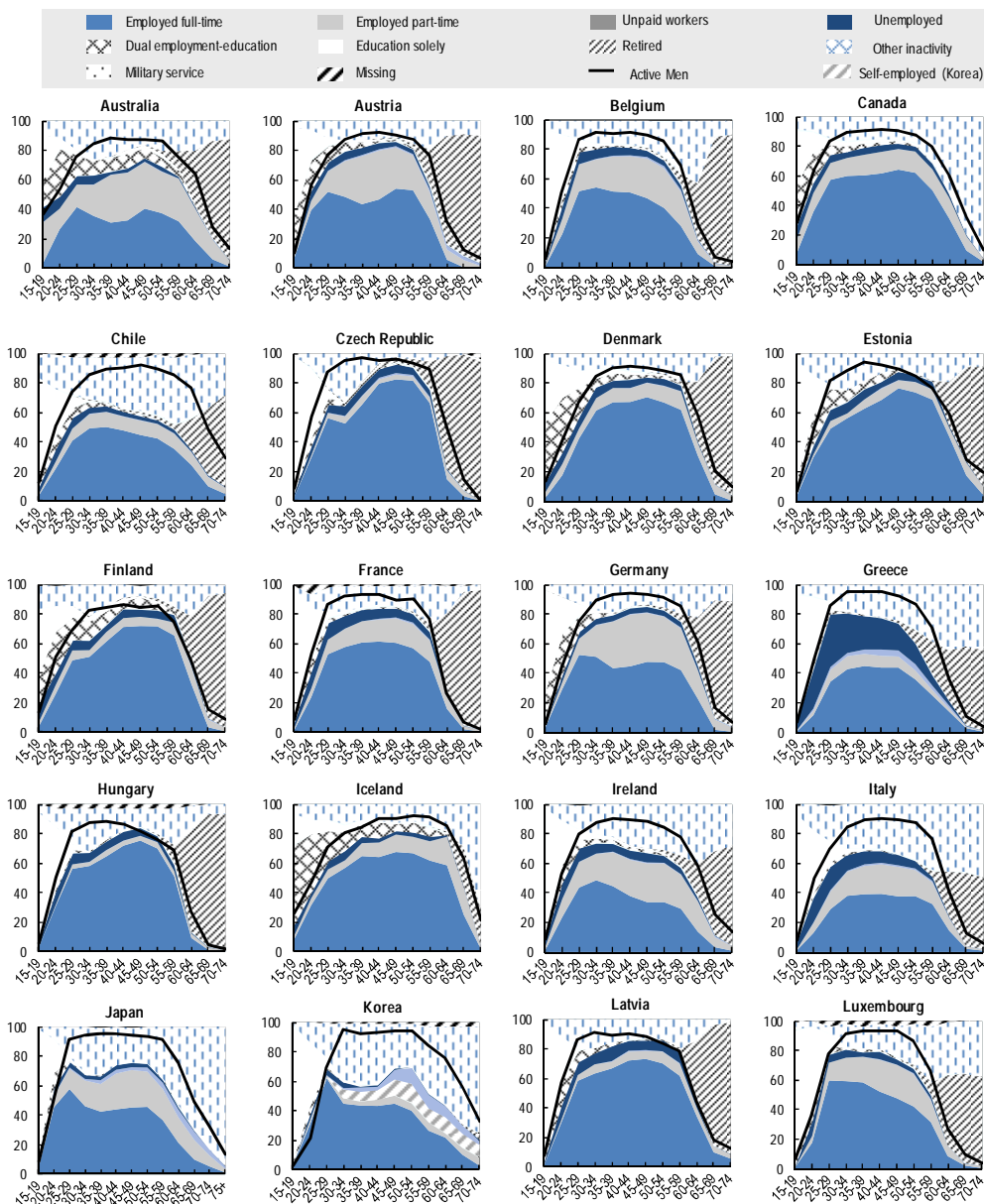
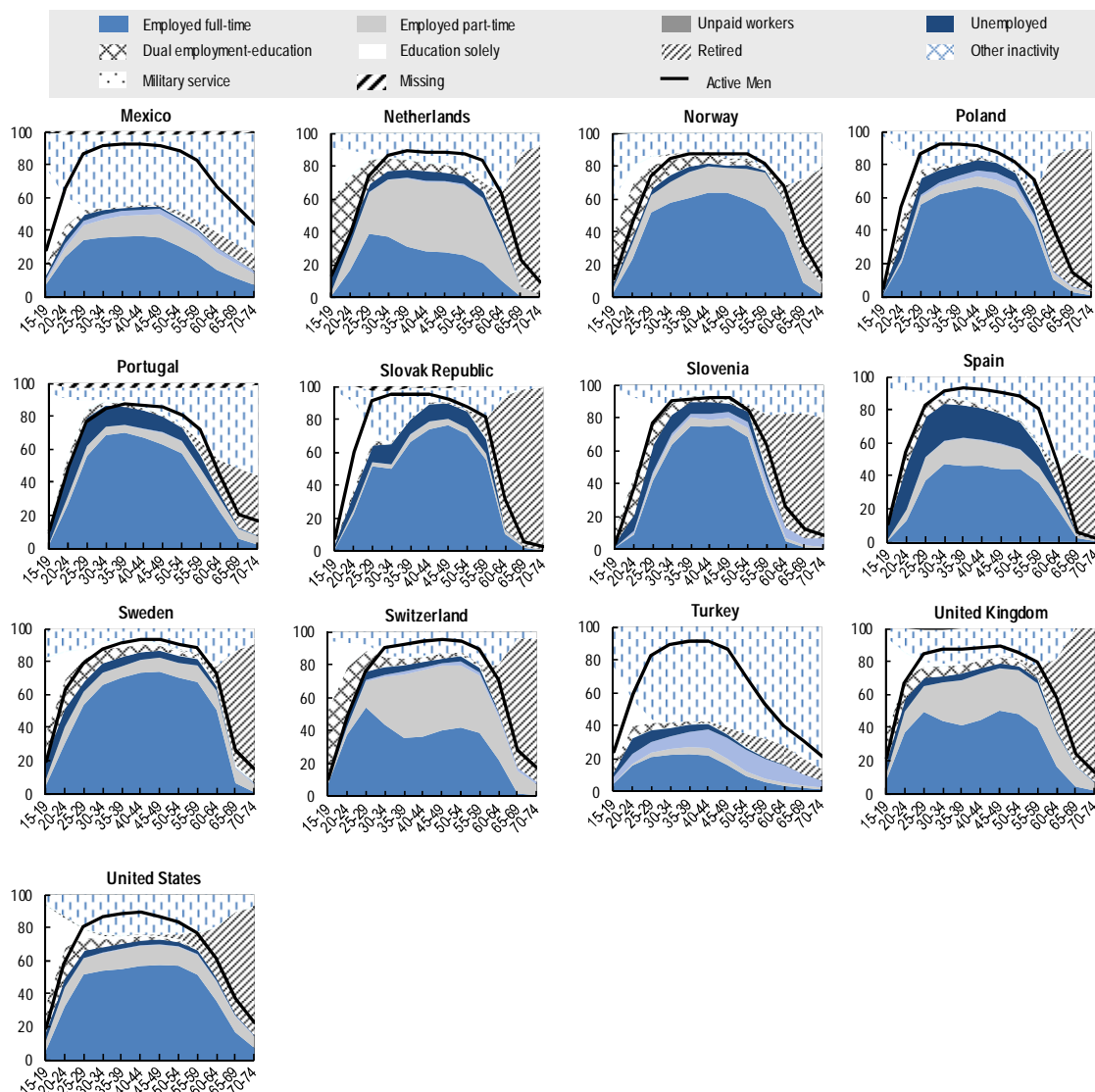


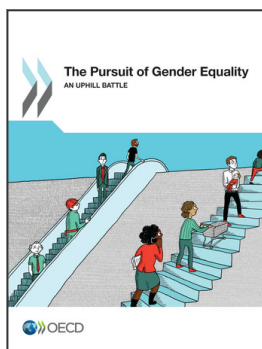
Figure 13.A1.1. Distribution (%) of women by detailed activity status, by five-year age group, 2015 or latest available year^a (cont.)



Note: The solid line displays the proportion of active men; “active” includes the categories “employed full time”, “employed part time”, “unpaid workers” and “unemployed”. This activity rate for men may differ from official figures due to distinction of the separate category “dual employment-education” that helps identify how men and women enter the labour market. The activity rates presented here are in fact “activity rates with achieved education”. “Part time” is defined as less than 30 hours worked per week. For Korea, data on working hours are available for employees only; the self-employed appear as a separated category. For Canada and Japan, “retired” are included in “other inactivity”. For Japan, the unpaid workers category is in fact “family workers”.

a) Data for Israel to 2011, for Japan refer to 2012, for Chile and Turkey to 2013, and for Australia and Korea to 2014.

Source: OECD Secretariat calculations based on the European Union Labour Force Survey (EU-LFS) for European Union countries, Iceland, Norway and Switzerland, the Household, Income and Labour Dynamics Survey (HILDA) for Australia, the Canadian Labour Force Survey (LFS) for Canada, the Encuesta de Caracterización Socioeconómica Nacional (CASEN) for Chile, the Israeli Labour Force Survey (LFS) for Israel, the Korea Labor and Income Panel Study (KLIPS) for Korea, the Encuesta Nacional de Ocupación y Empleo (ENOE) for Mexico, the Turkish Household Labour Force Survey (LFS) for Turkey, and the Current Population Survey (CPS) basic file for the United States. For Japan, data provided by R. Kambayashi based on the Japanese Labour Force Survey.



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