2 Promoting gender equality to strengthen economic growth and resilience

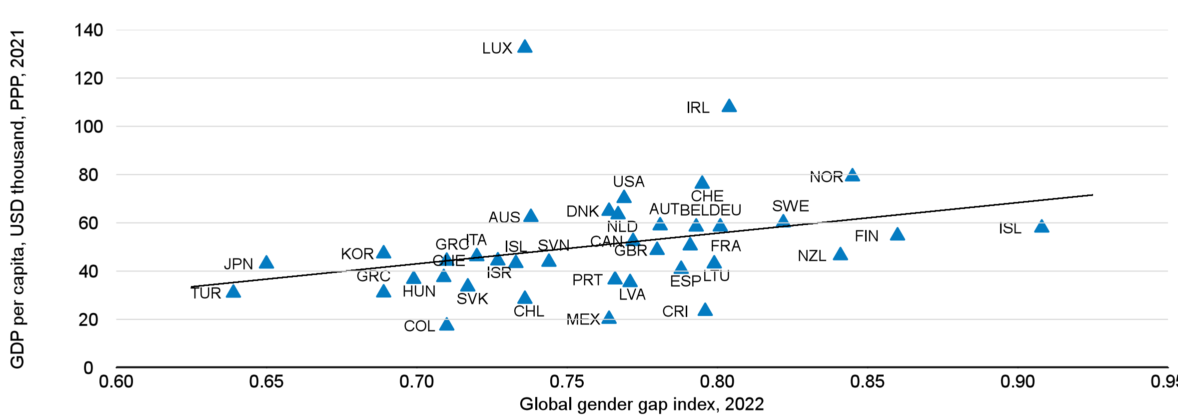
Introduction

The COVID-19 pandemic, Russia's war of aggression against Ukraine, and the current cost-of-living crisis have affected women's incomes, job opportunities and security (OECD, 2020a; European Parliament, 2023; Charlton, 2023). Long-standing factors such as climate change, the digital transition and population ageing also entail risks of widening gender gaps. Women are more vulnerable to economic shocks, may be less well-placed to seize the opportunities associated with the green and digital transitions as they tend to specialise less in scientific knowledge than men, and shoulder a disproportionate share of care for elderly relatives. This chapter draws on a wide range of previous OECD studies on gender equality to document employment and wage gender gaps across OECD countries, and their recent evolutions and underlying factors. It subsequently reviews policies put in place by governments to tackle gender inequality and outlines directions for further action.

Gender employment and wage gaps have generally narrowed at a relatively modest pace over the past decade and remain significant, calling for further policy action. Key areas for progress include: broadening access to quality childcare and early childhood education and making them more affordable; promoting better sharing of parental leave between parents and facilitating return to work through training; supporting gender-balanced career advancements through corporate disclosure; promoting women's access to management positions and entrepreneurship; addressing biases in the tax and pension systems; better integrating foreign-born women through tailored labour-market programmes; enhancing women's financial inclusion; and mainstreaming gender across policy domains.

Lower gender inequality, as measured by the World Economic Forum's Global Gender Gap index, is generally associated with higher income per capita (Figure 2.1). Causality between higher gender equality and higher incomes runs in both directions (Duflo, 2012). High incomes and living standards generate more opportunities for women, including better access to health and education, as well as financial inclusion, which are key to empowering women. Higher levels of economic development are also generally associated with more economic and political rights and opportunities for individuals, especially women. Gender equality contributes to higher well-being primarily by reducing gaps in education, health, labour participation and job quality. Greater equality of opportunities between men and women would enhance social mobility, foster inclusiveness and boost economic growth through better use of talent.

Figure 2.1. Gender equality is associated with high income per capita



Note: A higher score indicates a lower gender gap. The gender gap index is produced by the World Economic Forum to benchmark progress towards gender parity and compare countries' gender gaps across four dimensions: economic opportunities, education, health and political leadership.
Source: World Economic Forum; and OECD Productivity Database.

StatLink https://stat.link/o12kyc

The literature points to a strong effect of gender equality on national income. At the macroeconomic level, in a growth model with endogenous saving, fertility and labour market participation calibrated on the United States, a 50% increase in the gender wage gap eventually leads to a 35% decrease in income per capita in the steady state (Cavalcanti and Tavares, 2016). Gender inequality also explains a large part of some other countries' income gap with the United States. Another study finds that gender gaps cause an average income loss of 15% in the OECD, of which 40% is due to entrepreneurship gaps (Cuberes and Teignier, 2016). Across OECD countries, closing gender gaps in labour force participation and working hours could lift GDP by more than 9% by 2060, adding about a quarter of a percentage point to average annual growth (OECD, 2023a).

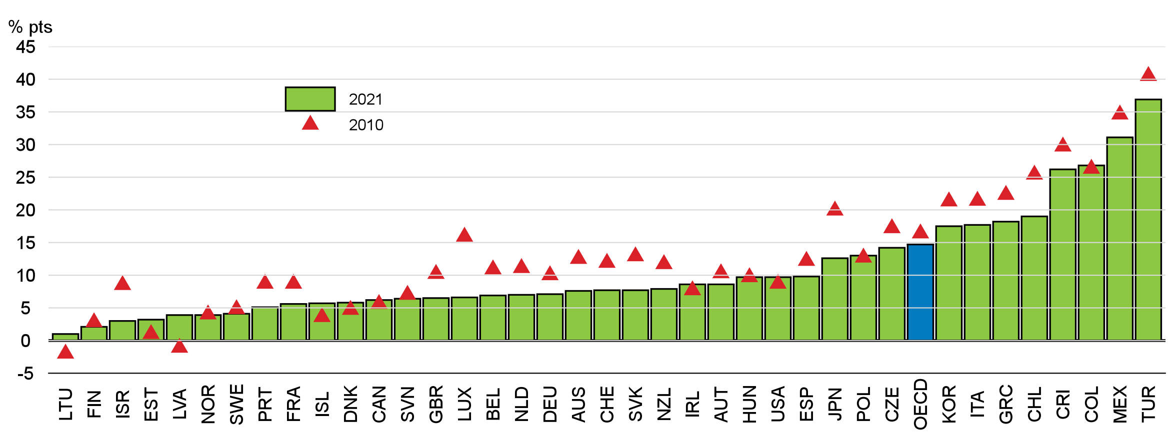
OECD research at the firm level shows that differences in gender diversity contribute significantly to the productivity gap between frontier firms, those with the highest productivity levels, and other firms (Criscuolo et al., 2021). Enhanced equality of opportunities and social mobility can foster more inclusive and stable growth. Given the relationship between parental or socio-economic background and the educational and wage outcomes of their offspring, better opportunities for women can enhance intergenerational social mobility (Causa and Johansson, 2010). This is crucial, as in an average OECD country it can take around four to five generations for children from the bottom earnings decile to attain the level of mean earnings (OECD, 2018a). Gender diversity can also help economies recover faster from shocks and more broadly strengthen economic and financial resilience. Public policy has a role to play in supporting more inclusive outcomes.

Women's employment is still lagging in many countries

A gender employment gap persists in all OECD countries, although it has narrowed in most of them since 2010. Differences across countries are large, with the employment gap ranging from one percentage point in Lithuania to nearly 37 percentage points in Türkiye in 2021 (Figure 2.2). Employment gaps tend to be wide in Latin America, Southern Europe and Asia, and small in Eastern and Northern Europe. Such gaps are the result of various factors, including cultural and social norms. However, a lack of equal opportunities, which is partly related to policy, contributes in many cases to women's lower employment rate.

Figure 2.2. Gender employment gaps vary widely across countries

Difference in employment rates between men and women aged 15-64



Source: OECD Employment database; and OECD calculations.

StatLink https://stat.link/d53vfb

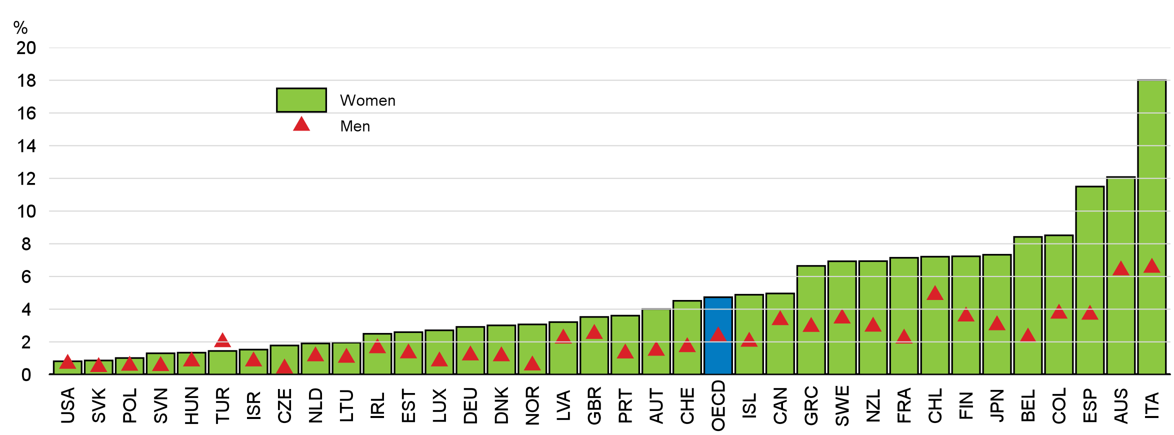
The prevalence of part-time work is also higher among women. On average, about one in four women in the OECD works part-time, with lower rates in most of Eastern Europe and higher rates in the Netherlands, Switzerland and Japan. In many cases, part-time work may reflect work-life balance considerations. Nevertheless, involuntary part-time employment represents a larger share of female than of male employment in most OECD countries and exceeds 10% in Australia, Italy and Spain (Figure 2.3). The over-representation of women in involuntary part-time work makes them vulnerable to reductions in working time (OECD, 2020b).

Employment of foreign-born women is particularly low in some countries (Figure 2.4). Differences in the gap with natives partly reflect differences in the skills of migrants across countries. The gap is especially wide where the employment rate of native women is high. One obstacle to the employment of foreign-born women in countries with a highly-skilled workforce is the lower average level of education among immigrants and the difficulty of getting foreign qualifications recognised.

The unequal burden of family-related work contributes to a higher propensity of women to drop out of the labour force than men. On average across European countries, around 1.7% of employed and 4.6% of unemployed women in a given year move to inactivity to fulfil domestic tasks, compared to less than 0.2% of employed and 1% of unemployed men (Causa et al., 2021). Long hours of unpaid work also reduce women's well-being disproportionately compared to men, who are relatively more likely to have long hours of paid work (OECD, 2020c). However, the COVID-19 pandemic has triggered a reassessment of career objectives and work-life balance, both for men and women, which could lead to a better sharing of family tasks and greater life satisfaction (Stevenson, 2021).

Figure 2.3. Involuntary part-time is more prevalent among women

Percentage of involuntary part-timers in total employment, 2021 or latest

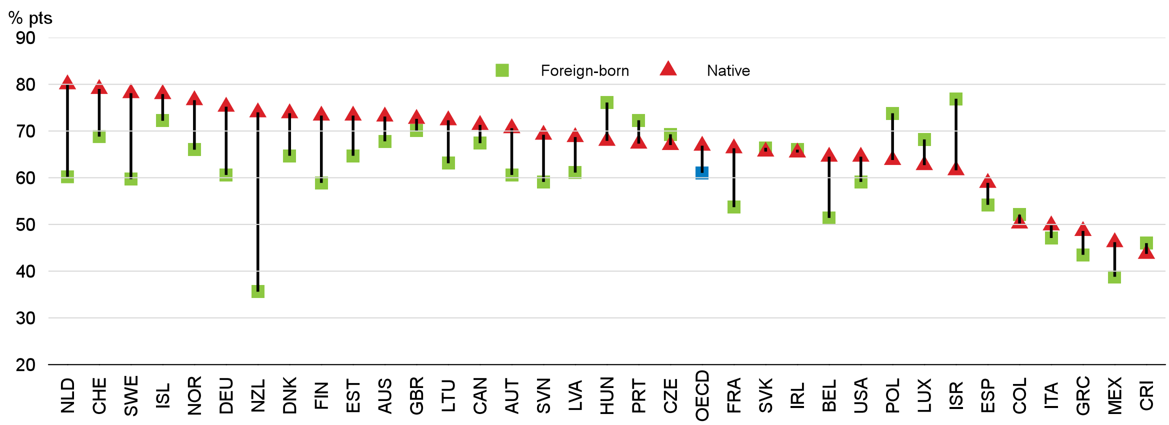


Note: Part-time employment is defined as people in employment (whether employees or self-employed) who usually work less than 30 hours per week in their main job. Employed people are those aged 15 and over who report that they have worked in gainful employment for at least one hour in the previous week or who had a job but were absent from work during the reference week while having a formal job attachment.
Source: OECD Labour Force Statistics.

StatLink https://stat.link/jfd3ze

Figure 2.4. Foreign-born women tend to have lower employment rates than natives

Women aged 15-64, 2021 or latest



Source: OECD Migration Statistics.

StatLink https://stat.link/lgyfpb

Gender wage gaps and glass ceilings persist

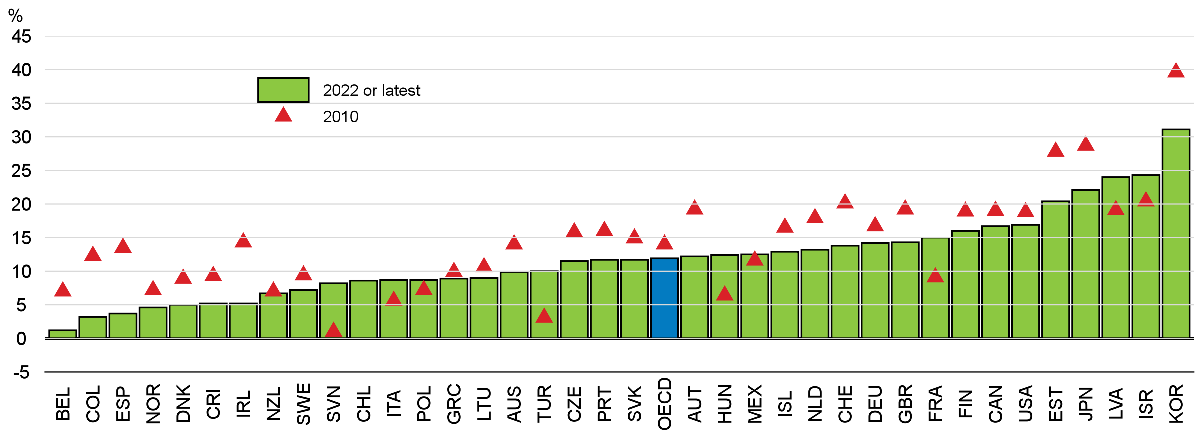
Wage gaps remain wide, even though they have narrowed in seven out of ten OECD countries since 2010 (Figure 2.5). On average, the gender wage gap was close to 12% in the OECD in 2022, but differences across countries were large. While the wage gap was around 1% in Belgium, it still exceeded 30% in Korea, despite significant progress over the past decade. Part of the wage gaps reflects factors like age, education, occupation, sector of employment and hours worked. However, they may also reflect discrimination against women.

Recent studies suggest that factors unrelated to skills and work experience account for a substantial share of the gender wage gap. About three-quarters of the gender wage gap results from the same firm paying men more than women with similar skills, mainly due to differences in task and responsibility assignments. The remaining quarter of the gender wage gap results from the concentration of women in low-wage firms and industries (OECD, 2022a). However, the relative impact of objective and subjective factors in wage differences is still insufficiently documented in many countries, which hinders corrective action.

Recent OECD research using individual-level data on 25 European countries suggests that factors related to social norms, gender stereotypes and discrimination, account for 40% of the gender wage gap on average, while a motherhood penalty hindering women's career and wage progression accounts for around 60% (Ciminelli et al., 2021). The first set of factors is predominant in most Northern and Western European countries, while the motherhood penalty dominates in most Central and Eastern European countries. This calls for policy action tailored to countries' specific challenges.

Wage and employment gaps translate into pension gaps, as career interruptions lower women's lifetime contributions to pension schemes. Women's longer life expectancy can also expose them to erosion in the real value of pensions. Pension payments to women aged 65 and over in the 34 OECD countries for which data are available are on average about 25% lower than for men and gaps vary widely across countries, ranging from 3% in Estonia to 47% in Japan (OECD, 2021a).

Figure 2.5. Gender wage gaps remain wide in most countries



Note: The gender wage gap is defined as the difference between the median earnings of men and women relative to the median earnings of men. Data refer to full-time employees.
Source: OECD Gender Data Portal.

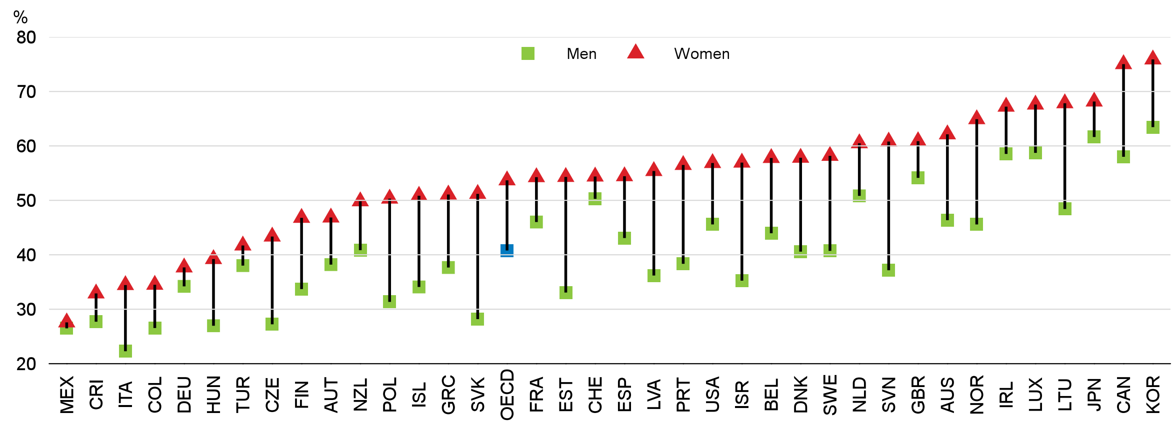
StatLink https://stat.link/9jqzuc

Girls' educational achievements in OECD countries are now generally better than those of boys (Figure 2.6). On average, 54% of 25-34-year-old women have attained tertiary education in 2021, compared to only 41% of men in the same age group (OECD, 2022b). However, girls are under-represented in some fields, such as science, ICT and engineering, that often lead to highly rewarding career opportunities (Figure 2.7). This is likely to reflect preferences, but also stereotypes. The specific impact of cultural norms is difficult to assess but studies have shown that girls, especially high-achieving ones, tend to underperform in mathematics because they generally have lower self-confidence in their ability to solve mathematics or science problems than boys. They are also more likely to express strong feelings of anxiety towards mathematics. This fear of failure and lack of confidence in their abilities is often exacerbated by the gender stereotypes that girls face at home, in school and within their communities (Carlana, 2019; Encinas-Martín and Cherian, 2023). Children and youth are affected by gender stereotypes from an early age, with parental, school, teacher and peer factors influencing the way students internalise their gender identities. This results in expectations that girls will follow career paths to become nurses or teachers, while boys will pursue goals involving science, engineering or business and will occupy positions of leadership (Brussino and McBrien, 2022).

Women may also be less well-placed than men to benefit from the opportunities offered by the green transition, although they will also be less affected by the disappearance of jobs in polluting activities. Fewer than one-third (28%) of green jobs in OECD countries are held by women (OECD, 2023b).

Figure 2.6. Girls perform better than boys in education

Per cent of 25-34-year-old population with tertiary education

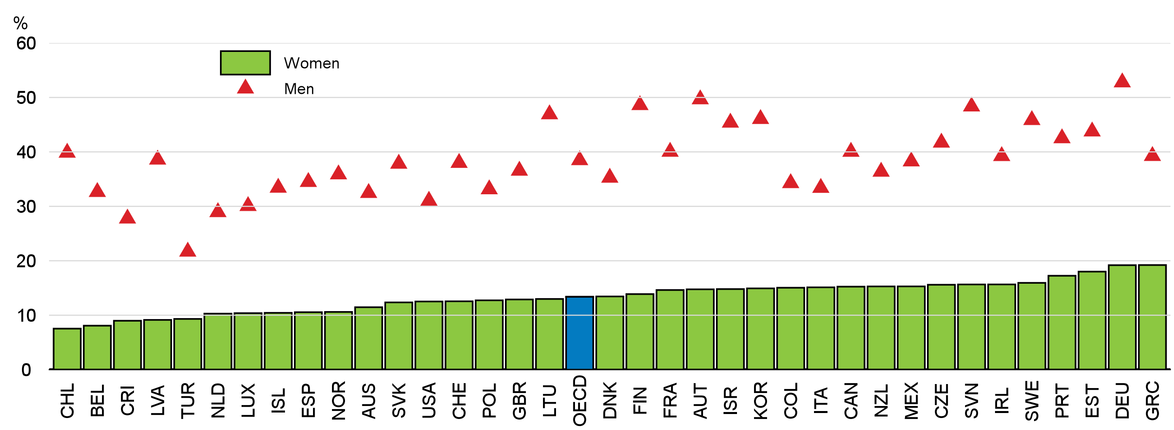


Source: OECD, Education at a Glance.

StatLink https://stat.link/7atxm8

Figure 2.7. Fewer women graduate in Science, ICT and engineering

Per cent of graduate gender group



Note: Includes natural sciences, mathematics and statistics, Information and Communication Technologies (ICTs) and engineering.
Reading note: In Greece, around 40% of tertiary graduate men graduate in Science, ICT and engineering, which contrasts with less than 20% of tertiary graduate women.
Source: OECD Gender Data Portal.

StatLink https://stat.link/solctz

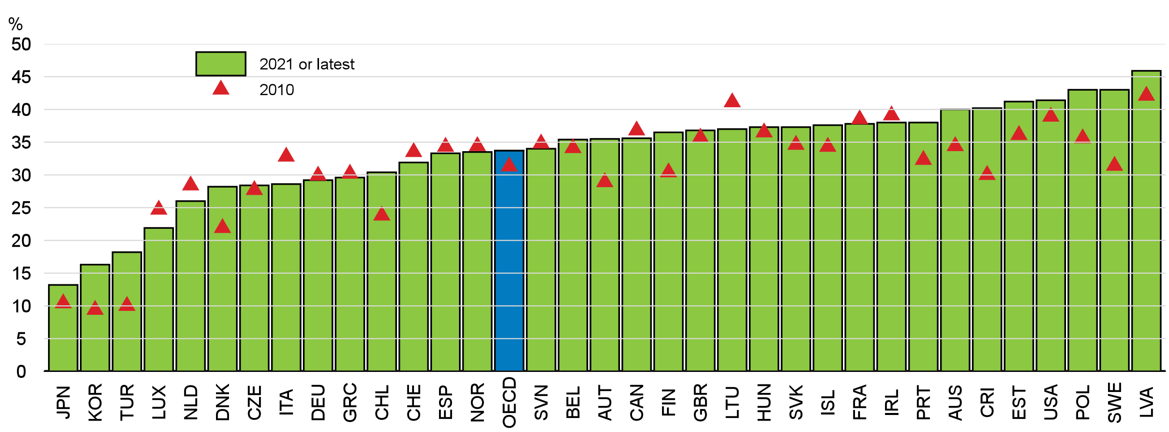
Women are generally over-represented in relatively low-pay activities, especially in the public sector. Wages also tend to be lower in professions with a high proportion of women than in male-dominated occupations. To some extent, lower pay may result from lower productivity in some female-dominated sectors, notably in services, than in male-dominated sectors. However, evidence from European countries and the United States suggests that lower wages in female-dominated professions could also result from undervaluation of the work done by women (Bettio and Verashchagina, 2009; Levanon et al., 2009). To the extent that lower wages in female-dominated professions make them relatively unattractive to men, gender imbalances may be perpetuated.

Women are still facing a glass ceiling. Even though it has increased in most countries over recent years, the average share of women on boards of listed companies in the OECD was only 28% in 2021. While this share is coming close to parity in countries like Iceland and France, it remains below 10% in Estonia, Hungary and Korea. Moreover, executive positions within boards are still rarely filled by women (Denis, 2022). Women also occupy less than a third of managerial positions on average (Figure 2.8). The under-representation of women in senior management warrants special attention not only from an equity point of view, but also because women in executive positions can have more of an impact on firm performance than as board members (Noland et al., 2016). Achieving parity in management positions, especially at the most senior levels, may be more challenging and take more time than parity for company board members. Many managers are promoted internally, and maintaining a balance between internal and external promotions is often necessary to preserve experience and staff motivation.

The slow progress in gender equality within businesses runs against evidence that greater diversity, in terms of gender, ethnicity, and culture, can enhance firm performance. In a fast-moving business environment, more diverse groups are likely to be better at rapidly finding responses to problems and at spotting new opportunities. Woolley et al. (2010) find that collective intelligence, defined as the general ability to perform a wide variety of tasks, increases with the proportion of women in a group. Homogenous groups can suffer from narrowmindedness, groupthink – the tendency to agree with a group's consensus without critical thinking – and over-confidence, whereas diversity fosters creativity and innovation through enhanced information processing and complex thinking (Galinsky et al., 2015). In addition to improved group decision-making, gender diversity can offer access to a larger pool of talent, a wider span of management skills, a better understanding of customer preferences, and improved corporate governance (Curtis et al., 2012).

Figure 2.8. Women remain under-represented in management

Female share of employment in managerial positions



Source: OECD Gender Data Portal.

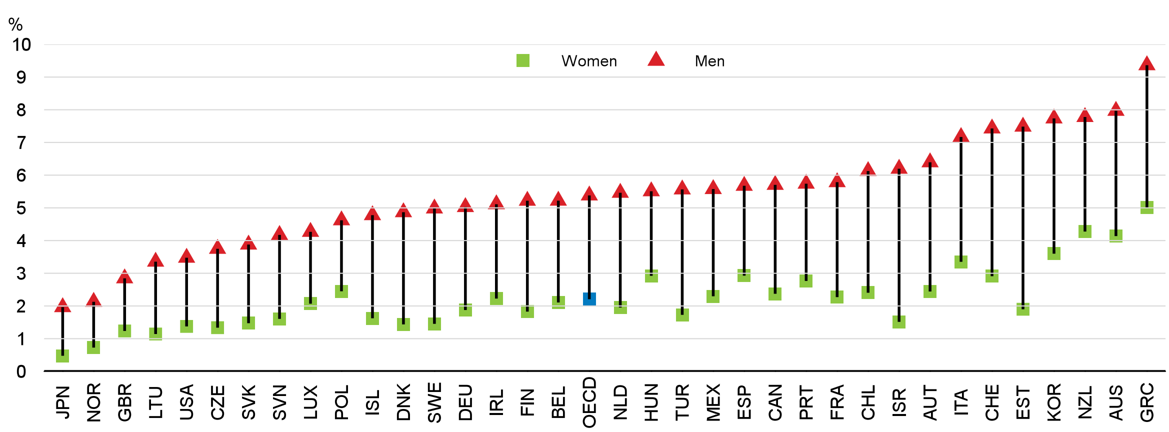
StatLink https://stat.link/51xum9

Women are less likely than men to become entrepreneurs. Self-employed women who are employers account on average for slightly over 2% of total female employment in the OECD, while the corresponding figure for men is around 5½ per cent. The gap is wide in all OECD countries (Figure 2.9). Women in OECD countries are also 1.5 times less likely than men to be working on setting-up a business start-up. Even though this gap varies greatly across countries, there are no OECD countries in which women are more active than men in business creation. Women also operate different types of businesses than men. In particular, women-run businesses are less likely to export and to introduce new products and services, and are often in personal service sectors, retail, tourism, health care and education (OECD, 2021c).

Many factors may contribute to the gender gap in entrepreneurship, including institutional barriers, such as family and tax policies that discourage labour market participation and entrepreneurship; negative social attitudes towards women's entrepreneurship; market failures; and personal choices (OECD, 2021c). Female entrepreneurs face higher barriers to access private finance compared to male colleagues, with the gap being particularly steep for high-potential innovative start-ups (Lassebie et al, 2019).

Figure 2.9. Fewer women than men are entrepreneurs

Percentage of self-employed who are employers in total employment



Source: OECD Gender Data Portal.

StatLink https://stat.link/qkmn41

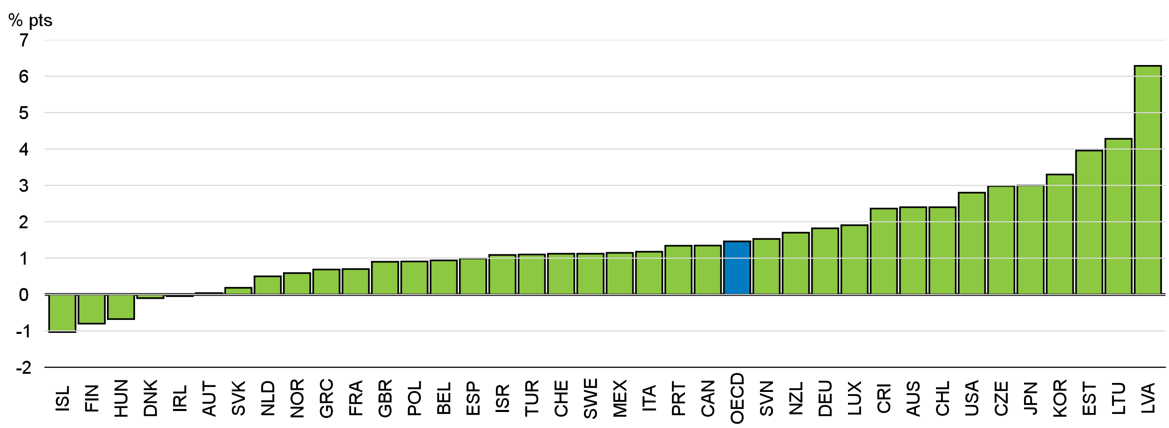
Women tend to be more vulnerable to economic shocks and poverty

Women are often more vulnerable to economic shocks than men, although this depends on the type of shock and the sectoral composition of employment (Périvier, 2014). In general, shocks primarily affecting industrial sectors tend to hit male employment, whereas shocks to service activities tend to hit women disproportionately. The COVID-19 pandemic is a case in point. Although women were at the core of the fight against COVID 19, as they account for about three quarters and two-thirds of health care and education employment respectively, they were also overrepresented in hard-hit industries that relied on travel and physical interaction. In addition, women tend to engage in involuntary part-time work more often than men, making them vulnerable to reductions in working time in period of economic duress (OECD, 2020d). Women also face increased risks of violence, exploitation, abuse or harassment during times of crisis (OECD, 2020a).

Women are at higher risk of poverty than men in most countries, especially in Asia and some Eastern European countries (Figure 2.10). This is particularly the case for single mothers, as just under one-third of single-parent families are income-poor, which is three times higher than the poverty rate for two-parent families (Adema et al., 2020), and for older women with low pensions (OECD, 2021a, b). The cost-of-living crisis is also affecting women disproportionately, as their financial buffers are reduced by the gender pay gap, the gender pension gap and more limited possibilities to work because of a higher burden of caring for children and other close relatives. Single mothers are particularly at risk of poverty resulting from higher energy and food prices. Older women, who generally live longer than men and on average receive lower pensions, are particularly at risk of energy poverty and health damage due to insufficient heating (European Parliament, 2023).

Figure 2.10. Women are at higher risk of poverty than men in most countries

Gender poverty gap



Note: Difference between the share of women and the share of men living with less than 50% of the median income.
Source: OECD Income Distribution Database and OECD calculations.

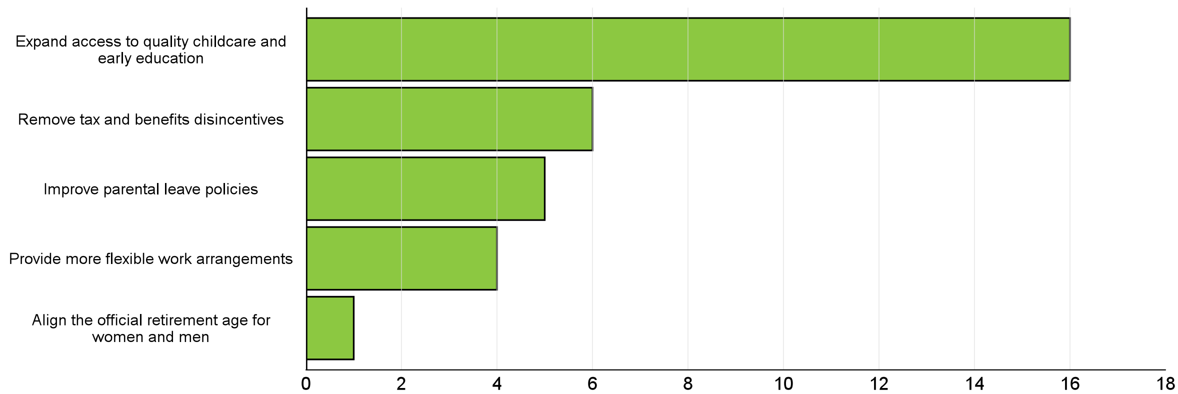
StatLink https://stat.link/46jsyp

Policies can support female employment and foster equal opportunities

A wide range of institutional and societal factors contribute to gender-related inequalities. These need to be tackled through a wide range of policies, including labour, family, childcare, pension, taxation, education, integration and entrepreneurship policies. Making the labour market more gender-inclusive is stated as a policy priority for about 20 OECD countries in the forthcoming edition of *OECD Going for Growth* (OECD, 2023c), with expanding access to quality childcare and early education, removing tax and benefits disincentives, improving parental leave policies and providing more flexible work arrangements identified as the main areas for action (Figure 2.11). Alongside such policies, mainstreaming gender into all policy fields is necessary to achieve gender equality. Specific policy recommendations to reduce gender imbalances are also made in the relevant country notes in Chapter 3.

Figure 2.11. More gender-inclusive labour markets is a priority for many countries

Number of OECD countries where given reforms are among top priorities



Source: Economic Policy Reforms 2023: Going for Growth, OECD Publishing, Paris, forthcoming.

StatLink https://stat.link/1kfsmh

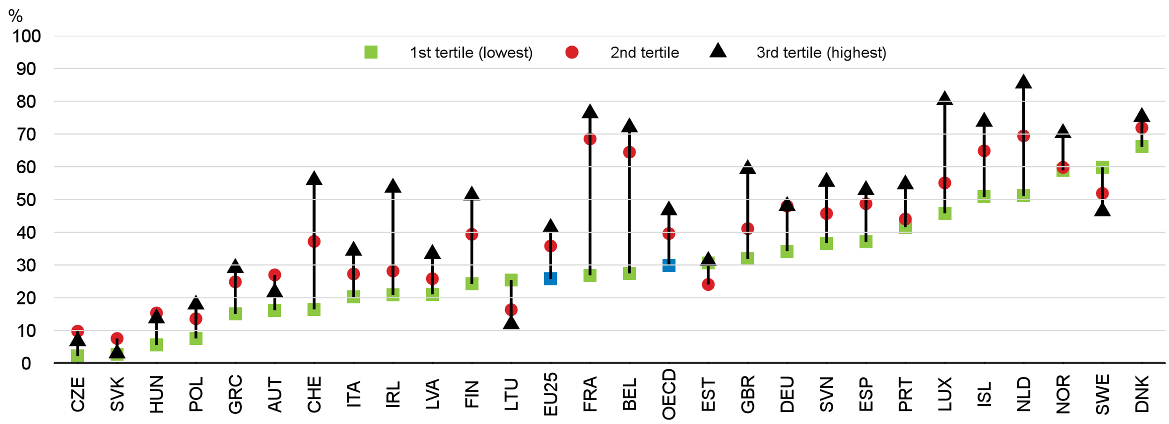
Broad and affordable access to childcare and early childhood education is crucial

Combining work and child-raising is often challenging. Low quality or unaffordable childcare can be a significant hindrance to women's labour market participation. Adequate childcare supply facilitates an earlier return to work after childbirth and provides the option for both parents to take on full-time work (OECD, 2022a). Although participation is not compulsory in all OECD countries, school enrolment between age 3 and 5 is significantly below 80% in only five countries (Costa Rica, Greece, Switzerland, Türkiye and United States). Conversely, on average only slightly over one in three children aged between 0 and 2 years participates in early childhood education and care services. The average hides large differences across countries, with extremely-low enrolment rates in some Eastern European countries and high rates in Scandinavia, and across income groups, with lower participation of children from less affluent families in most countries (Figure 2.12).

High childcare costs can make work financially unattractive, particularly for low-wage earners. On average, a parent of two children taking up full-time employment and using centre-based childcare loses about half of his/her earnings to either higher taxes or lower benefits. The loss is especially high for low-income earners and varies widely across countries (Figure 2.13). The United Kingdom has recently announced new policies to tackle barriers to parents working (Box 2.1). Beyond facilitating mothers' employment, access to affordable high-quality early childhood education can be decisive for children's development, especially for those from lower socio-economic background (OECD, 2018b). Well-developed elderly care can also favour female employment, as women are more likely than men to interrupt their careers or work part-time to care for family members (OECD, 2017).

Figure 2.12. Enrolment in early education varies widely across countries and income groups

Participation rates in early childhood education and care, 0- to 2-year-olds, by equivalised disposable income tertiles 2020 or latest

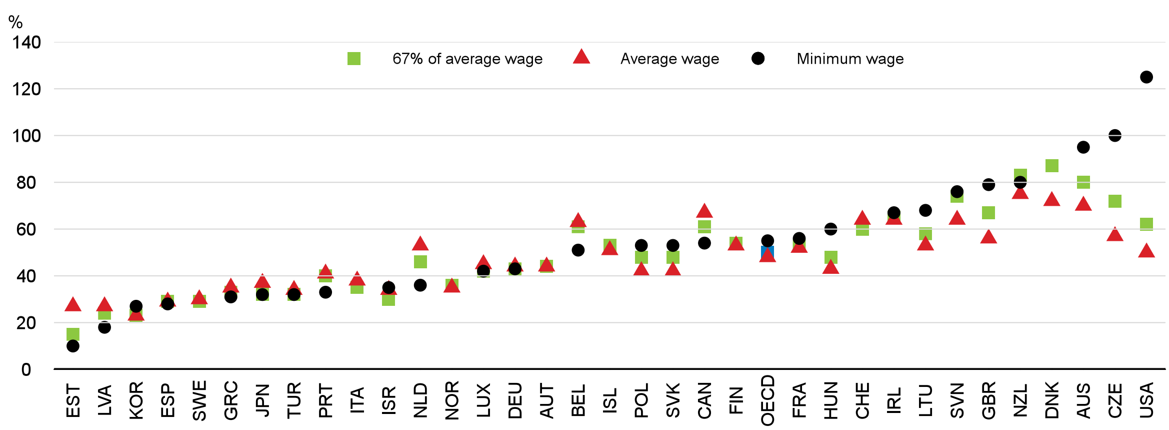


Note: OECD estimates based on information from EU-SILC. Data refer to children using centre-based services (e.g. nurseries or day care centres and pre-schools, both public and private), organised family day care, and care services provided by (paid) professional childminders, regardless of whether or not the service is registered or ISCED-recognised. Equivalised disposable income tertiles are calculated using the disposable (post tax and transfer) income of the household in which the child lives, and are based on the equivalised disposable incomes of children aged less than or equal to 12.
Source: OECD Family Database.

StatLink https://stat.link/zt5yq8

Figure 2.13. High childcare costs can generate high financial disincentives to enter employment

Per cent of earnings lost when entering employment and using childcare, 2021 or latest



Note: This indicator measures the percentage of earnings lost to either higher taxes or lower benefits when a parent of two children takes up full-time employment and uses centre-based childcare. Calculations refer to a couple with two children aged 2 and 3 where the other parent works full-time at 67% of the average wage.
Source: OECD (2023), Financial disincentive to enter employment with childcare costs (indicator, accessed on 13 April 2023).

StatLink https://stat.link/fm2j8y

Box 2.1. Addressing barriers to parents working in the United Kingdom

Although British women are highly educated, their skills are not fully utilised in the labour market and inequalities in earnings persist. Women adjust working hours to take over care responsibilities. Parental leave pay rates are low, providing little incentive to shift leave to fathers (OECD, 2022d).

The 2023 spring budget includes ambitious measures to remove barriers to parents working, to be fully implemented by September 2025. It substantially increases the amount of free childcare that working families can access. The government will provide over GBP 4.1 billion by 2027-28 to fund 30 free hours per week for working parents with children aged from 9 months to 3 years in England, matching the current eligibility for 3 to 4 year-olds.

The government is also providing additional funding to childcare providers, to help them provide sufficient capacity to deliver the free hours offered, manage cost pressures, and raise the quality of provision. Further flexibility in childcare provision will be introduced, notably by changing staff-to-child ratios from one-to-four to one-to-five for 2 years-olds in England and providing start-up grants for new child carers.

New policies will also aim to provide access to care in school from 8am to 6pm, to ensure that working parents are not forced to reduce their hours due to caring responsibilities.

Support for parents on Universal Credit (means-tested social benefit) who face the highest childcare costs will be increased and payments related to childcare costs will be brought forward to alleviate liquidity constraints faced by low-income households.

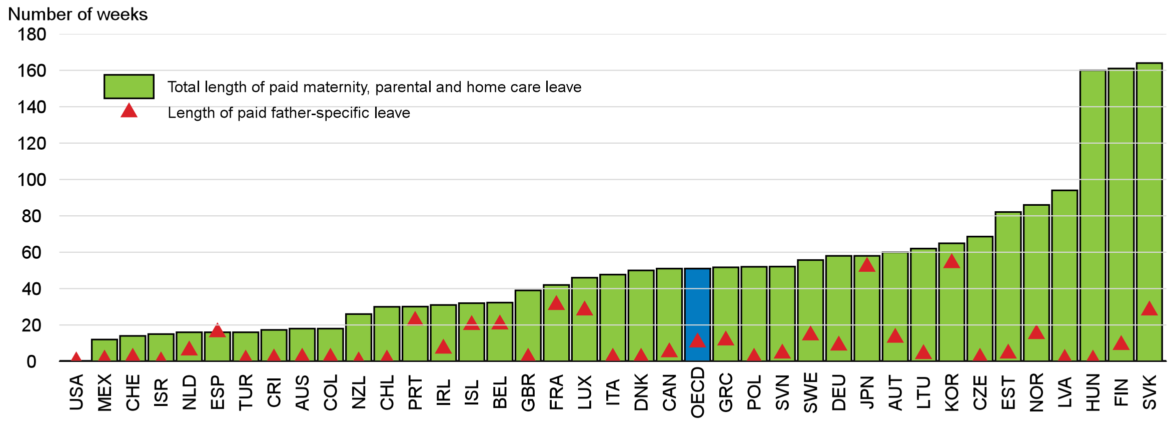
Source: *OECD Economic Surveys: United Kingdom 2022*, OECD Publishing, Paris; HM Treasury, Spring Budget 2023, Policy Paper.

Promoting work-life balance for both men and women through parental leave arrangements

Promoting work-life balance, which is an essential dimension of well-being, supports gender equality by making work more compatible with family care and allowing a better sharing of domestic tasks between men and women. Potential actions include: incorporating part-time and other time flexibility options in career patterns; ensuring that employees who use workplace flexibilities are not penalised for doing so; promoting part-time as a temporary rather than a permanent solution for employees with family obligations; and developing policies and transition paths supporting the move from part-time to full-time work (OECD, 2015). Although teleworking provides welcome flexibility, it has mixed effects on work-life balance inequalities, the gender wage gap, and gender disparities in career progression (Touzet, 2023).

Parental leave, which is still very unevenly split between parents, even where institutional settings encourage sharing, tends to slow women's career progression. While opportunities for young women have generally increased in OECD countries, mothers tend to lose ground after having children, sometimes even moving into lower quality jobs or exiting the labour market altogether. The "child penalty" associated with motherhood, defined as the long-run loss in gross labour earnings excluding taxes and transfers, that results from lower employment, hours worked and wage rates, has been estimated from around 20% in Denmark and Sweden to more than 50% in Austria and Germany, with the United Kingdom and the United States in between (Kleven et al., 2019). In recent years, policy reforms in many OECD countries have aimed to encourage fathers to take up parental leave through earmarked months or bonus systems. The number of OECD countries offering some parental leave reserved for fathers rose from seven in 1995 to 34 in 2020 (OECD, 2022a). Nevertheless, parental leave entitlements are still very uneven between parents in most countries (Figure 2.14), calling for further progress to encourage a more equal use of parental leave. For example, extending parental leave and making it more flexible is part of the broader Australian National Strategy for gender equality (Box 2.2).

Figure 2.14. Parental leave entitlements are still very uneven between parents



Note: Maternity leave refers to the number of weeks of job-protected leave available for mothers just before and after childbirth. For countries where there is no separate legislation for maternity leave, the weeks of parental leave reserved for the exclusive use of mothers around childbirth are reported. Parental leave with job protection refers to the number of weeks after maternity leave which a woman can take as parental leave with her job protected, disregarding payment conditions. Total duration of paid maternity and parental leave refers to the total number of weeks which a women can be on paid leave after the birth of a child combining both maternity, parental and home care leave. Paid father-specific leave refers to the number of paid weeks reserved for the exclusive use of fathers, including entitlements to paid paternity leave, 'father quotas' or periods of paid parental leave that can be used only by the father and cannot be transferred to the mother, and any weeks of paid sharable leave that must be taken by the father in order for the family to qualify for 'bonus' weeks of parental leave.
Source: OECD Family Database.

StatLink https://stat.link/p8d5hu

Box 2.2. The Australian National Strategy for gender equality

Improving gender equality is a key objective for the Australian government. A National Strategy to Achieve Gender Equality has been articulated that will be partly informed by the newly established Women's Economic Equality Taskforce.

Some reforms are already underway:

- The government paid parental leave schemes for mothers and fathers are being combined and the total amount of paid parental leave will increase from 20 weeks to 26 weeks by July 2026. In addition, increased flexibility is being introduced, with parents able to take leave concurrently and in blocks as small as one day at a time. Two weeks of leave will be reserved for each parent as a dedicated "use it or lose it" portion.
- The Child Care Subsidy was increased in the October 2022 Budget. However, an additional 39 000 early childhood care workers will be needed by 2023 to meet needs. The government has tasked the Australian Competition and Consumer Commission to undertake a 12-month inquiry into the cost of childcare (first report to be released in June 2023) and the Productivity Commission to conduct a comprehensive review of the childcare sector (to commence in July 2023).

The government's Employment White Paper (to be released by the end of September 2023), which will explore the policies needed for Australia's future labour market, will also put a strong emphasis on improving women's economic participation and equality.

Recent changes to industrial relations laws embed the principle of gender equality in the Fair Work Commission's decision-making processes. In addition, various changes have been made to labour market regulations to promote gender equity. These include provisions to increase pay transparency, the ability to request flexible work arrangements and punishment of employers when sexual harassment occurs in their workplace.

Source: OECD (2023d), OECD Economic Surveys: Australia 2023, forthcoming.

Facilitating the return to work after an extended parental leave through training

Mothers often face challenges upon returning from long parental leave. This is especially true in times when work practices and tools evolve rapidly. Training, re-skilling and upskilling schemes can help women re-engage in their careers and assist them in transitioning to new jobs. Digital skills can be decisive in that respect, as hurdles to access, affordability, lack of education and inherent biases and socio-cultural norms often curtail women and girls' ability to benefit from the opportunities offered by the digital transformation (OECD, 2018c, 2019). The green transition requires broadening the access of women to emerging green-task jobs, notably by encouraging early engagement in science, technology, engineering and mathematics, as well as providing career guidance, while offering retraining and upskilling opportunities to workers in polluting jobs, which are mainly held by men (OECD, 2023b; Causa et al., 2023).

Supporting gender-balanced career advancements through corporate disclosure

Female employment is often held back by a lack of opportunities to access sufficiently rewarding and well-paid jobs. As the bulk of the gender wage gap is concentrated within firms, i.e. the same firm pays men more than women with similar skills (OECD, 2022a), policies targeted at firms are key to promoting women's access to better jobs and reducing gender wage gaps. They include pay transparency measures, such as disclosure requirements, gender equality audits, job-classification systems, voluntary target setting and mandatory quotas for women in higher-level positions or company boards (OECD, 2022a). More than half of OECD countries now require private sector firms to systematically report their gender pay gaps. Many of the reporting schemes are embedded in extensive equal-pay audit systems. Governments should ensure that reporting schemes do not exclude SMEs and workers in precarious work arrangements, effectively enforce reporting rules, conduct more frequent and rigorous evaluations of their effects, and raise awareness of pay gap reporting rules and results among firms, employees, their representatives and the public (OECD, 2023e).

Addressing biases in the tax and pension systems

Wage disadvantages can be compounded by the tax and benefit system. The role of taxation of second earners, who are often women, in creating work disincentives has long been recognised. Empirical evidence points to a strong responsiveness of second earners to these disincentives (OECD, 2011). The progressivity of the tax system eases the burden on part-time workers, among which women are over-represented. However, when coupled with the removal of tax credits and allowances once a part-time worker enters full-time work, progressivity creates disincentives for part-time workers to move to full-time work (Harding et al., 2022). Moving from household-based towards individual taxation would help to remove negative work incentives for second earners. Among the OECD countries that responded to the OECD Tax & Gender Stocktaking Questionnaire 2021, 18 reported applying individual taxation, five household-level taxation and six providing an option between the two (OECD, 2022c). In the same survey, countries identified the gender impact of tax credits and allowances, tax system progressivity and social security contributions as key areas for future work to improve tax systems and enhance gender equality.

Lower wages and career breaks translate into lower pensions for women. While addressing the root causes is key, some adjustments to retirement savings arrangements could ensure that they do not compound existing inequalities in women's retirement benefits and could even help reduce them. In some cases, particular features of retirement plans disadvantage women, for instance when eligibility criteria are based on working hours or earnings, or when contributions stop during periods of maternity leave, or when women do not get their share of retirement benefit entitlements upon divorce (OECD, 2021a).

Better integrating foreign-born women through tailored labour-market programmes

Effective integration of foreign-born women is crucial to achieve broader equality objectives, including the reduction of gender gaps and the successful inclusion of children of migrants. Many women come to OECD countries via family migration and have a weak connection to the labour market. They often struggle to have foreign qualifications and skills recognised in the host country. Programmes to reach out to migrant women, integration courses, and participation of migrant women in training and other active labour market policies can enhance economic and social integration (OECD, 2020e). For example, initiatives such as the Swedish *Establishment Programme* for recently arrived immigrants and the pilot project *Equal Establishment,* which aims to improve job matching for foreign-born women, show that well-tailored active labour policy measures can have a significant impact on immigrant women's employment (OECD, 2021d, 2023f).

Promoting women's access to management positions and entrepreneurship

Many countries have put in place policies to increase the proportion of women on company boards and management, including quotas, targets and disclosure requirements. For example, quotas are in place in Austria, Belgium, France, Germany, Greece, Iceland, Israel, Italy, Korea, Netherlands, Norway and Portugal. Countries that have initiated quotas or targets for board composition in listed companies have on average achieved a greater level of board gender diversity than other countries. However, such measures have often led to a small group of women serving on multiple boards or an increase in family-related appointments. Moreover, there seems to be no strong link between the share of women on company boards and the proportion of women in management positions. This calls for complementary initiatives to strengthen the pipeline for leadership positions, such as programmes to strengthen the professional and leadership skills of women, and advocacy and awareness-raising initiatives (Denis, 2022).

Policies to support women's entrepreneurship need to be strengthened. Recent OECD analysis suggests that mainstream entrepreneurship policies and programmes are not gender-neutral (OECD, 2021c). Explicit approaches are therefore needed to address barriers to entrepreneurship that are experienced differently by men and women, and to ensure that women have equal access to policy support for entrepreneurs. Widely-used policies to enhance gender equality include actions on entrepreneurship culture, skills development, access to finance, and the promotion of entrepreneurship networks and ecosystems. However, measures supporting women's entrepreneurship are often insufficient, calling for further action on three priorities: introducing overarching policy frameworks for women's entrepreneurship; better adapting women's entrepreneurship policy interventions to institutional, cultural and social contexts; and reinforcing policy evaluation as a foundation for scaling policy initiatives. Creating targeted financial instruments for female entrepreneurs is one concrete action that would support women-owned businesses.

Enhancing women's financial inclusion

Financial literacy is essential to improve women's financial empowerment, opportunities, and well-being. In many countries, women have less financial knowledge than men, are less confident in their financial knowledge and skills, and enjoy lower access to formal financial products (Lusardi and Mitchell, 2008; Maravalle and González Pandiella, 2022). They are more likely to experience difficulties in making ends meet, saving, and choosing financial products (OECD, 2013a, b). Gender differences are driven by several potentially interrelated factors, including differences in socio-economic conditions, skills, attitudes, and opportunities (Hung et al., 2012). Policies to enhance women's financial literacy generally target sub-groups, such as low-income women or micro and small entrepreneurs, and aim at improving women's financial inclusion and use of formal saving products, preventing over-indebtedness, helping women planning for retirement, and supporting female entrepreneurship. Programmes need to be tailored according to the specific needs of women and girls with respect to their financial knowledge, confidence and financial strategies, with a particular focus on their ability to make ends meet, save, choose and use financial products, and seek information and advice. They need to involve all stakeholders and the results should be systematically monitored and evaluated (OECD, 2013b). It is also necessary to ensure that women are not unduly denied access to credit or charged higher interest rates than men for the same risk level. Evidence from the US mortgage market points to better performance of loans to women, compared to men with similar credit profiles, which are not reflected in pricing and acceptance rates (Goodman et al., 2016).

Mainstreaming gender across policies

The multiple dimensions and root causes of gender inequality underscore the benefits of mainstreaming gender across policy domains. Gender mainstreaming can involve the introduction of laws or requirements for public servants to promote gender equality. Between 2017 and 2022, nine OECD countries introduced new legislation or regulation underpinning gender mainstreaming in at least one policy area. Strategic planning, as reflected in documents, formal government commitments and dedicated programmes, is another powerful avenue for gender mainstreaming. Countries such as Austria, Denmark, Iceland, Lithuania, Luxembourg and the Netherlands have introduced requirements to advance gender equality priorities in government programmes. Gender budgeting, which is now used in over 60% of OECD countries, is also a powerful tool to guide gender equality policies (OECD, 2023g). The OECD has developed a comprehensive Toolkit on Mainstreaming and Implementing Gender Equality, designed to help policymakers identify weaknesses and opportunities in their country and work contexts, and highlight approaches available to advance gender equality (OECD, 2015).

Gender-disaggregated data are key to raising awareness of gender issues and designing adequate, evidence-based policies to fight inequality. For example, gaps have been identified in data needed to assess the gender impact of taxation (OECD, 2022c). The sources of gender wage gaps are often difficult to assess. Detailed and timely information, such as that provided by the Swedish National Mediation Office annual report, which separates differences related to age, education, occupation, sector of employment and hours worked from gender discrimination, can facilitate corrective action (Swedish National Mediation Office, 2021). Such examples illustrate the benefits of expanding gender-related data collection and dissemination. Civil society organisations, including NGOs and women's groups, can help to gather information about the potential or actual impact of government policies, and should be consulted regularly. Surveys, interviews, reviews, opinion polls, focus group discussions and benchmarking are also effective methods for obtaining and analysing data on diversity policies. Actions to be considered include ensuring wide access to gender-disaggregated data at national and sub-national levels, using public consultations to collect missing information, and enhancing public officials and statisticians' awareness of gender issues through information campaigns and trainings (OECD, 2015).

Bibliography

Adema, W., Clarke, C., Thévenon, O. (2020), "Family Policies and Family Outcomes in OECD Countries", In: Nieuwenhuis, R. and W. Van Lancker (eds), *The Palgrave Handbook of Family Policy,* Palgrave Macmillan, Cham.

Bettio, F. and A. Verashchagina (2009), Gender Segregation in the Labour Market, Root Causes, Implications and Policy Responses in the EU, European Commission, Directorate-General for Employment, Social Affairs and Equal Opportunities.

Brussino, O. and J. McBrien (2022), "Gender stereotypes in education: Policies and practices to address gender stereotyping across OECD education systems", *OECD Education Working Papers*, No. 271, OECD Publishing, Paris.

Carlana, M. (2019), "Implicit Stereotypes: Evidence from Teachers' Gender Bias", *The Quarterly Journal of Economics*, 134(3), 1163-1224.

Causa, O. et al. (2023), “Lost in the green transition? From measurement to stylized facts”, *OECD Economics Department Working Papers*, OECD Publishing, Paris, forthcoming.

Causa, O., N. Luu and M. Abendschein (2021), "Labour market transitions across OECD countries: Stylised facts", *OECD Economics Department Working Papers*, No. 1692, OECD Publishing, Paris.

Causa, O. and Å. Johansson (2010), "Intergenerational Social Mobility in OECD Countries", OECD Journal: Economic Studies, vol. 2010/1.

Cavalcanti, T. and J. Tavares (2016), “The Output Cost of Gender Discrimination: A Model-Based Macroeconomics Estimate, *The Economic Journal*, 126, 109-134.

Charlton, E. (2023), “This is why women are bearing the brunt of the cost of living crisis, according to research”, World Economic Forum.

Ciminelli, G., C. Schwellnus and B. Stadler (2021), “Sticky floors or glass ceilings? The role of human capital, working time flexibility and discrimination in the gender wage gap”, *OECD Economics Department Working Papers*, No. 1668, OECD Publishing, Paris,

Criscuolo, C, P Gal, T Leidecker and G Nicoletti (2021), "The human side of productivity: Uncovering the role of skills and diversity for firm productivity", *OECD Productivity Working Papers* No. 29, OECD Publishing, Paris.

Cuberes, D., and M. Teignier (2016). “Aggregate Effects of Gender Gaps in the Labor Market: A Quantitative Estimate”. *Journal of Human Capital*, 10(1), 1-32.

Curtis, M., C. Schmid and M. Struber (2012), “Gender diversity and corporate performance”, Credit Suisse Research Institute, Zurich.

Denis, E. (2022), “Enhancing gender diversity on boards and in senior management of listed companies”, *OECD Corporate Governance Working Papers*, No. 28, OECD Publishing, Paris.

Duflo, E. (2012), “Women empowerment and economic development”, *Journal of Economic Literature*, 50(4), 1051-79.

Encinas-Martín, M. and M. Cherian (2023), Gender, Education and Skills: The Persistence of Gender Gaps in Education and Skills, OECD Skills Studies, OECD Publishing, Paris.

European Parliament (2023), “Gender aspects of energy poverty”.

Galinsky, A. et al. (2015), “Maximizing the gains and minimizing the pains of diversity: a policy perspective”, *Perspectives on Psychological Science*, 10(6).

Goodman, L., J. Zhu and B. Bai (2016), “Women Are Better than Men at Paying Their Mortgages”, *Urban Institute Research Report*, Washington, DC.

Harding, M., D. Paturot and H. Simon (2022), "Taxation of part-time work in the OECD", *OECD Taxation Working Papers*, No. 57, OECD Publishing, Paris.

HM Treasury (2023), Spring Budget 2023, Policy Paper, London.

Hung, A., J. Yoong and E. Brown (2012), "Empowering Women Through Financial Awareness and Education", *OECD Working Papers on Finance, Insurance and Private Pensions*, No. 14, OECD Publishing, Paris.

Kleven, H., C. Landais, J. Posch, A. Steinhauer and J. Zweimüller (2019), “Child Penalties across Countries: Evidence and Explanations”, *AEA Papers and Proceedings*, 109, 122-26.

Lassébie, J., et al. (2019), “Levelling the playing field: Dissecting the gender gap in the funding of start-ups”, *OECD Science, Technology and Industry Policy Papers*, No. 73, OECD Publishing, Paris.

Levanon, A., P. England and P. Allison (2009), “Occupational feminization and pay: assessing causal dynamics using 1950-2000 U.S. Census data”, *Social Forces,* 88(2), 865-892.

Lusardi, A. and O.S. Mitchell (2008), “Planning and Financial Literacy: How Do Women Fare?”, *American Economic Review*, 98 (2), 413-17.

Maravalle, A. and A. González Pandiella (2022), “Expanding access to finance to boost growth and reduce inequalities in Mexico”, *OECD Economics Department Working Papers*, No. 1717, OECD Publishing, Paris.

Noland, M., T. Moran and B. Kotschwar (2016), “Is gender diversity profitable? Evidence from a global survey”, Peterson Institute for International Economics Working Paper Series, No. 16-3, Washington DC.

OECD (2023a), Joining Forces for Gender Equality: What is Holding us Back?, OECD Publishing, Paris.

OECD (2023b), Job Creation and Local Economic Development 2023: Bridging the Great Green Divide, OECD Publishing, Paris.

OECD (2023c), *Economic Policy Reforms 2023: Going for Growth*, OECD Publishing, Paris, forthcoming.

OECD (2023d), *OECD Economic Surveys: Australia 2023*, OECD Publishing, Paris, forthcoming.

OECD (2023e), Gender pay gap reporting in OECD countries: Guidance for implementation and monitoring, OECD Publishing, Paris, forthcoming.

OECD (2023f), *OECD Economic Surveys: Sweden 2023*, OECD Publishing, Paris, forthcoming.

OECD (2023g), “OECD Best Practices for Gender Budgeting”, *OECD Journal on Budgeting*, Vol. 23/1.

OECD (2022a), “Same skills, different pay: Tackling Gender Inequalities at firm level”, OECD, Paris.

OECD (2022b), Education at a Glance 2022: OECD Indicators, OECD Publishing, Paris.

OECD (2022c), Tax Policy and Gender Equality: A Stocktake of Country Approaches, OECD Publishing, Paris.

OECD (2022d), OECD Economic Surveys: United Kingdom 2022, OECD Publishing, Paris.

OECD (2021a), Towards Improved Retirement Savings Outcomes for Women, OECD Publishing, Paris.

OECD (2021b), Pensions at a Glance 2021: OECD and G20 Indicators, OECD Publishing, Paris.

OECD (2021c), Entrepreneurship Policies through a Gender Lens, OECD Studies on SMEs and Entrepreneurship, OECD Publishing, Paris.

OECD (2021d), OECD Economic Surveys: Sweden 2021, OECD Publishing, Paris.

OECD (2020a), “Women at the core of the fight against COVID-19 crisis”, *OECD Policy Responses to Coronavirus (COVID-19)*, OECD, Paris.

OECD (2020b), OECD Employment Outlook 2020: Worker Security and the COVID-19 Crisis, OECD Publishing, Paris.

OECD (2020c), How's Life? 2020: Measuring Well-being, OECD Publishing, Paris.

OECD (2020d), “Distributional risks associated with non-standard work: Stylised facts and policy considerations”, *Tackling Coronavirus Series*, OECD, Paris.

OECD (2020e), “How to strengthen the integration of migrant women?”, Migration Policy Debates, N°25, OECD, Paris.

OECD (2019), The Role of Education and Skills in Bridging the Digital Gender Divide, Evidence from APEC Economies, OECD, Paris.

OECD (2018a), A Broken Social Elevator? How to Promote Social Mobility, OECD Publishing, Paris.

OECD (2018b), Early Learning Matters, OECD, Paris.

OECD (2018c), Bridging the Digital Gender Divide, Include, Upskill, Innovate, OECD, Paris.

OECD (2017), The Pursuit of Gender Equality: An Uphill Battle, OECD Publishing, Paris.

OECD (2015), OECD Toolkit for Mainstreaming and Implementing Gender Equality, Implementing the 2015 OECD Recommendation on Gender Equality in Public Life, OECD, Paris.

OECD (2013a), Women and Financial Education: Evidence, Policy Responses and Guidance, OECD Publishing, Paris.

OECD (2013b), Addressing women's needs for financial education, International Network on Financial Education (INFE), OECD, Paris.

OECD (2011), Taxation and Employment, OECD Tax Policy Studies, No. 21, OECD Publishing, Paris.

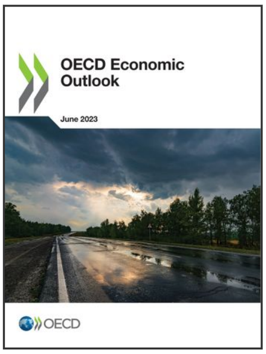
Périvier, H. (2014), "Men and women during the economic crisis. Employment trends in eight European countries", *Revue de l'OFCE*, 133(2), 41-84.

Stevenson, B. (2021), "Women, work, and families: recovering from the pandemic-induced recession", Economic analysis, Hamilton Project, Washington DC.

Swedish National Mediation Office (2021), Wage Differences Between Women and Men 2020, Stockholm.

Touzet, C. (2023), "Teleworking through the gender looking glass: Facts and gaps", *OECD Social, Employment and Migration Working Papers*, No. 285, OECD Publishing, Paris.

Woolley, A. et al. (2010), "Evidence for a collective intelligence factor in the performance of human groups", *Science*, Vol. 330(6004).



From:

OECD Economic Outlook, Volume 2023 Issue 1

A long unwinding road

Access the complete publication at:

https://doi.org/10.1787/ce188438-en

Please cite this chapter as:

OECD (2023), “Promoting gender equality to strengthen economic growth and resilience”, in *OECD Economic Outlook, Volume 2023 Issue 1: A long unwinding road*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/f8c02d70-en