

## Women in the workforce

# Female power

**Across the rich world more women are working than ever before. Coping with this change will be one of the great challenges of the coming decades**

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[Correction to this article](#)

THE economic empowerment of women across the rich world is one of the most remarkable revolutions of the past 50 years. It is remarkable because of the extent of the change: millions of people who were once dependent on men have taken control of their own economic fates. It is remarkable also because it has produced so little friction: a change that affects the most intimate aspects of people's identities has been widely welcomed by men as well as women. Dramatic social change seldom takes such a benign form.



C Dunlop

Yet even benign change can come with a sting in its tail. Social arrangements have not caught up with economic changes. Many children have paid a price for the rise of the two-income household. Many women—and indeed many men—feel that they are caught in an ever-tightening tangle of commitments. If the empowerment of women was one of the great changes of the past 50 years, dealing with its social consequences will be one of the great challenges of the next 50.

At the end of her campaign to become America's first female president in 2008, Hillary Clinton remarked that her 18m votes in the Democratic Party's primaries represented 18m cracks in the glass ceiling. In the market for jobs rather than votes the ceiling is being cracked every day. Women now make up almost half of American workers (49.9% in October). They run some of the world's best companies, such as PepsiCo, Archer Daniels Midland and W.L. Gore. They earn almost 60% of university degrees in America and Europe.

Progress has not been uniform, of course. In Italy and Japan employment rates for men are more than 20 percentage points higher than those for women (see chart 1). Although Italy's female employment rate has risen markedly in the past decade, it is still below 50%, and more than 20 percentage points below



those of Denmark and Sweden (chart 2). Women earn substantially less than men on average and are severely under-represented at the top of organisations.

The change is dramatic nevertheless. A generation ago working women performed menial jobs and were routinely subjected to casual sexism—as “Mad Men”, a television drama about advertising executives in the early 1960s, demonstrates brilliantly. Today women make up the majority of professional workers in many countries (51% in the United States, for example) and casual sexism is for losers. Even holdouts such as the Mediterranean countries are changing rapidly. In Spain the proportion of young women in the labour force has now reached American levels. The glass is much nearer to being half full than half empty.

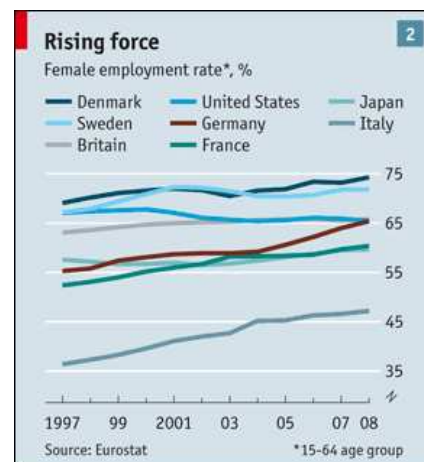
What explains this revolution? Politics have clearly played a part. Feminists such as Betty Friedan have demonised domestic slavery and lambasted discrimination. Governments have passed equal-rights acts. Female politicians such as Margaret Thatcher and Mrs Clinton have taught younger women that anything is possible. But politics is only part of the answer: such discordant figures as Ms Friedan and Lady Thatcher have been borne aloft by subterranean economic and technological forces.

The rich world has seen a growing demand for women’s labour. When brute strength mattered more than brains, men had an inherent advantage. Now that brainpower has triumphed the two sexes are more evenly matched. The feminisation of the workforce has been driven by the relentless rise of the service sector (where women can compete as well as men) and the equally relentless decline of manufacturing (where they could not). The landmark book in the rise of feminism was arguably not Ms Friedan’s “The Feminine Mystique” but Daniel Bell’s “The Coming of Post-Industrial Society”.

Demand has been matched by supply: women are increasingly willing and able to work outside the home. The vacuum cleaner has played its part. Improved technology reduced the amount of time needed for the traditional female work of cleaning and cooking. But the most important innovation has been the contraceptive pill. The spread of the pill has not only allowed women to get married later. It has also increased their incentives to invest time and effort in acquiring skills, particularly slow-burning skills that are hard to learn and take many years to pay off. The knowledge that they would not have to drop out of, say, law school to have a baby made law school more attractive.

The expansion of higher education has also boosted job prospects for women, improving their value on the job market and shifting their role models from stay-at-home mothers to successful professional women. The best-educated women have always been more likely than other women to work, even after having children. In 1963, 62% of college-educated women in the United States were in the labour force, compared with 46% of those with a high school diploma. Today 80% of American women with a college education are in the labour force compared with 67% of those with a high school diploma and 47% of those without one.

This growing cohort of university-educated women is also educated in more marketable subjects. In 1966, 40% of American women who received a BA specialised in education in college; 2% specialised in business and management. The figures are now 12% and 50%. Women only continue to lag seriously behind men in a handful of subjects, such as engineering and computer sciences, where they earned about one-fifth of degrees in 2006.



One of the most surprising things about this revolution is how little overt celebration it has engendered. Most people welcome the change. A recent Rockefeller Foundation/*Time* survey found that three-quarters of Americans regarded it as a positive development. Nine men out of ten said they were comfortable with women earning more than them. But few are cheering. This is partly because young women take their opportunities for granted. It is partly because for many women work represents economic necessity rather than liberation. The rich world's growing army of single mothers have little choice but to work. A growing proportion of married women have also discovered that the only way they can preserve their households' living standards is to join their husbands in the labour market. In America families with stay-at-home wives have the same inflation-adjusted income as similar families did in the early 1970s. But the biggest reason is that the revolution has brought plenty of problems in its wake.

### **Production versus reproduction**

One obvious problem is that women's rising aspirations have not been fulfilled. They have been encouraged to climb onto the occupational ladder only to discover that the middle rungs are dominated by men and the upper rungs are out of reach. Only 2% of the bosses of *Fortune* 500 companies and five of those in the FTSE 100 stockmarket index are women. Women make up less than 13% of board members in America. The upper ranks of management consultancies and banks are dominated by men. In America and Britain the typical full-time female worker earns only about 80% as much as the typical male.

This no doubt owes something to prejudice. But the biggest reason why women remain frustrated is more profound: many women are forced to choose between motherhood and careers. Childless women in corporate America earn almost as much as men. Mothers with partners earn less and single mothers much less. The cost of motherhood is particularly steep for fast-track women. Traditionally "female" jobs such as teaching mix well with motherhood because wages do not rise much with experience and hours are relatively light. But at successful firms wages rise steeply and schedules are demanding. Future bosses are expected to have worked in several departments and countries. Professional-services firms have an up-or-out system which rewards the most dedicated with lucrative partnerships. The reason for the income gap may thus be the opposite of prejudice. It is that women are judged by exactly the same standards as men.

This Hobson's choice is imposing a high cost on both individuals and society. Many professional women reject motherhood entirely; in Switzerland 40% of them are childless. Others delay child-bearing for so long that they are forced into the arms of the booming fertility industry. Some choose not to work at all, representing a loss to collective investment in talent. But a choice must be made. A study of graduates of the University of Chicago's Booth School of Business by Marianne Bertrand and her colleagues found that, ten to 16 years after graduating, just over half of those who had chosen to have children were working full-time. About a quarter were working part-time and just under a quarter had left the labour force. It also leaves many former high-flyers frustrated. Another American study, this time of women who left work to have children, found that all but 7% of them wanted to return to work. Only 74% managed to return, and just 40% returned to full-time jobs.

Even well-off parents worry that they spend too little time with their children, thanks to crowded schedules and the ever-buzzing BlackBerry. For poorer parents, juggling the twin demands of work and child-rearing can be a nightmare. Child care eats a terrifying proportion of the family budget, and many childminders are untrained. But quitting work to look after the children can mean financial disaster. British children brought up in two-parent families where only one parent works are almost three times more likely to be poor than children with two parents at work.

A survey for the Children's Society, a British charity, found that 60% of parents agreed that "nowadays parents aren't able to spend enough time with their children". In a similar survey in America 74% of parents said that they did not have enough time for their children. Nor does the problem disappear as children get older. In most countries schools finish early in the afternoon. In America they close down for two months in the summer. Only a few places—Denmark, Sweden and, to a lesser extent, France and Quebec—provide comprehensive systems of after-school care.

Different countries have adopted different solutions to the problem of combining work and parenthood. Some stress the importance of very young children spending time with their mothers. Austria, the Czech Republic, Finland and Hungary provide up to three years of paid leave for mothers. Germany has introduced a "parent's salary", or *Elterngeld*, to encourage mothers to stay at home. (The legislation was championed by a minister for women who has seven children.) Other countries put more emphasis on preschool education. New Zealand and the Nordic countries are particularly keen on getting women back to work and children into kindergartens. Britain, Germany, Japan, Switzerland and, above all, the Netherlands are keen on mothers working part-time. Others, such as the Czech Republic, Greece, Finland, Hungary, Portugal and South Korea, make little room for part-time work for women. The Scandinavian countries, particularly Iceland, have added a further wrinkle by increasing incentives for fathers to spend more time caring for their children.

The world's biggest economy has adopted an idiosyncratic approach. America provides no statutory paid leave for mothers and only 12 weeks unpaid. At least 145 countries provide paid sick leave. America allows only unpaid absence for serious family illness. America's public spending on family support is low by OECD standards (see chart 3). It spends only 0.5% of its GDP on public support for child care compared with 1.3% in France and 2.7% in Denmark.

It is difficult to evaluate the relative merits of these various arrangements. Different systems can produce similar results: anti-statist America has roughly the same proportion of children in kindergartens as statist Finland. Different systems have different faults. Sweden is not quite the paragon that its fans imagine, despite its family-friendly employment policies. Only 1.5% of senior managers are women, compared with 11% in America. Three-quarters of Swedish women work in the public sector; three-quarters of men work in the private sector. But there is evidence that America and Britain, the countries that combine high female employment with reluctance to involve the state in child care, serve their children especially poorly. A report by Unicef in 2007 on children in rich countries found that America and Britain had some of the lowest scores for "well-being".

### A woman's world

The trend towards more women working is almost certain to continue. In the European Union women have filled 6m of the 8m new jobs created since 2000. In America three out of four people thrown out of work since the recession began are men; the female unemployment rate is 8.6%, against 11.2% for men. The Bureau of Labour Statistics calculates that women make up more than two-thirds of employees in ten of the 15 job categories likely to grow fastest in the next few years. By 2011 there will be 2.6m more women than men studying in American universities.

Women will also be the beneficiaries of the growing "war for talent". The combination of an ageing workforce and a more skill-dependent economy means that countries will have to make better use



of their female populations. Goldman Sachs calculates that, leaving all other things equal, increasing women's participation in the labour market to male levels will boost GDP by 21% in Italy, 19% in Spain, 16% in Japan, 9% in America, France and Germany, and 8% in Britain.

The corporate world is doing ever more to address the loss of female talent and the difficulty of combining work with child care. Many elite companies are rethinking their promotion practices. Addleshaw Goddard, a law firm, has created the role of legal director as an alternative to partnerships for women who want to combine work and motherhood. Ernst & Young and other accounting firms have increased their efforts to maintain connections with women who take time off to have children and then ease them back into work.



The next generation Rex Features

Home-working is increasingly fashionable. More than 90% of companies in Germany and Sweden allow flexible working. A growing number of firms are learning to divide the working week in new ways—judging staff on annual rather than weekly hours, allowing them to work nine days a fortnight, letting them come in early or late and allowing husbands and wives to share jobs. Almost half of Sun Microsystems's employees work at home or from nearby satellite offices. Raytheon, a maker of missile systems, allows workers every other Friday off to take care of family business, if they make up the hours on other days.

Companies are even rethinking the structure of careers, as people live and work longer. Barclays is one of many firms that allow five years' unpaid leave. John Lewis offers a six-month paid sabbatical to people who have been in the company for 25 years. Companies are allowing people to phase their retirement. Child-bearing years will thus make up a smaller proportion of women's potential working lives. Spells out of the labour force will become less a mark of female exceptionalism.

Faster change is likely as women exploit their economic power. Many talented women are already hopping off the corporate treadmill to form companies that better meet their needs. In the past decade the number of privately owned companies started by women in America has increased twice as fast as the number owned by men. Women-owned companies employ more people than the largest 500 companies combined. Eden McCallum and Axiom Legal have applied a network model to their respective fields of management consultancy and legal services: network members work when it suits them and the companies use their scale to make sure that clients have their problems dealt with immediately.

Governments are also trying to adjust to the new world. Germany now has 1,600 schools where the day lasts until mid-afternoon. Some of the most popular American charter schools offer longer school days and shorter summer holidays.

But so far even the combination of public- and private-sector initiatives has only gone so far to deal with the problem. The children of poorer working mothers are the least likely to benefit from female-friendly companies. Millions of families still struggle with insufficient child-care facilities and a school day that bears no relationship to their working lives. The West will be struggling to cope with the social consequences of women's economic empowerment for many years to come.

**Correction:** We originally wrote that according to the study by Marianne Bertrand and her colleagues, about half of the female MBAs who had chosen to have children remained in the labour force. In fact,

just over half were working full-time. More were working part-time. This was corrected on January 5th 2010.

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