

## Research Insights

# Does job flexibility impact gender gaps in employment and wages?

Gender differences in employment and wages remain widespread in Australia, despite efforts to close this gap. By comparing how women and men respond to job losses, this study investigates whether women's tendencies to work fewer working hours with shorter commutes is one of the reasons behind the divide not narrowing.

# Gender gaps and job flexibilities

Gender gaps continue to be hotly debated in the media and among policymakers. On average, unemployment is higher among women and they earn lower wages than men (ABS 2019, WGEA 2020). Over a woman's life course, the missed opportunities to accumulate skills and experiences result in lower lifetime earnings, higher poverty, and lower superannuation (WGEA 2020).

Australian women and men not only differ in employment and income, but also in job flexibility outcomes (Wilkins et al. 2019), as measured by the number of working hours and the commuting distance from home to the workplace. Reasons why women are more likely to work shorter hours with shorter commutes may involve the need to balance home and work needs: women spend a relatively higher proportion of time on unpaid housework and childcare, leaving less time for paid working hours or travel to and from work (ABS 2019). Could this greater tendency by women towards job flexibility be a reason for the gender gaps in employment and wages not narrowing?

One way to study whether job flexibility affects gender gaps in employment and wages is to look at what happens to women and men after losing their jobs. Could female jobseekers be willing to endure longer periods of unemployment in exchange for a job that satisfies their wage expectations, preferred working hours and commuting distance? If job flexibility can explain part of the gender gaps, then we should see that women tend to seek roles with fewer working hours or shorter commutes but also remain unemployed longer than men, or experience higher wage losses.

A recent study by Meeke and Hassink (2020) investigates this for the Netherlands. Gender differences in labour force participation, wages, working hours, and commutes in Australia are very similar to those in the Netherlands (see Table 1). Although the study focuses on the Netherlands, it offers valuable insights on gender differences in labour supply that can help target policy on unemployment and gender gaps in Australia.

Table 1: Gender differences in labour market outcomes for Australia and the Netherlands

Country	Gender	Gross LFPR (%) <sup>a</sup>	Wages (%) <sup>b</sup>	Full-time job (%) <sup>c</sup>	Commuting distance (km) <sup>d</sup>
AU	Women	73.5	85.0	54.8	14.2
AU	Men	83.0	100.0	82.8	17.7
AU	Gap	9.5pp	15.0pp	28.0pp	3.5km
NL	Women	75.8	85.3	26.5	19.6
NL	Men	84.7	100.0	74.4	25.1
NL	Gap	8.9pp	14.7pp	47.9pp	5.5km

Notes: Descriptive statistics on labour market outcomes for Australia (AU) and the Netherlands (NL)

a Gross labour force participation rate (LFPR): employed plus unemployed relative to working population by gender, for people aged 15-64

b Women wages as percentage of male wages. Average Weekly Ordinary-Time Earnings for AU and hourly wages for NL, for all employees

c Full-time employment relative to total employment by gender, for people aged 15-64

d Commuting distance by gender, for all workers. 2016 data for AU

Sources: Australian Bureau of Statistics (ABS) 2018-2019 data unless noted otherwise for Australia and Statistics Netherlands (CBS) 2018 data for the Netherlands

# Key Insights

## 1 Large gender differences in the Australian and Dutch labour market

Table 1 provides an overview of the gender differences in labour market outcomes in Australia and the Netherlands. In 2019, the labour force participation rate for Australian women was 10 percentage points lower and the wage was 15 per cent lower than for Australian men (ABS 2019). The gender pay gap even holds when taking into account gender differences in lower-paid occupations or industries (ABS 2018b).

In 2019, only 5 in 10 employed women aged 15-64 in Australia were in a full-time job defined as working more than 35 working hours a week, compared to 8 in 10

employed men (ABS 2019). Women travel on average 14.2 kilometres to get to their place of work, which is much shorter than the 17.7 kilometres for men – a difference of 25 per cent (ABS 2018a).

Overall, relative to their male counterparts, Australian and Dutch women are more likely to be out of the labour force, earn lower wages, work part-time and have a shorter commuting distance from home to work (ABS 2018a, 2018b; ABS 2019; CBS 2020).

## 2 After job losses, women remain unemployed longer than men

Studying how women and men respond to job losses in the Netherlands, Meekes and Hassink (2020) found that the gender employment gap following unemployment is highest during the immediate year following job loss. Figure 1 shows that the negative impact of job loss for women equals 39 percentage points 6 months after losing their jobs, whereas this equals 31 percentage points for men. This implies the gender employment gap widens by 8 percentage points in this 6-month period.

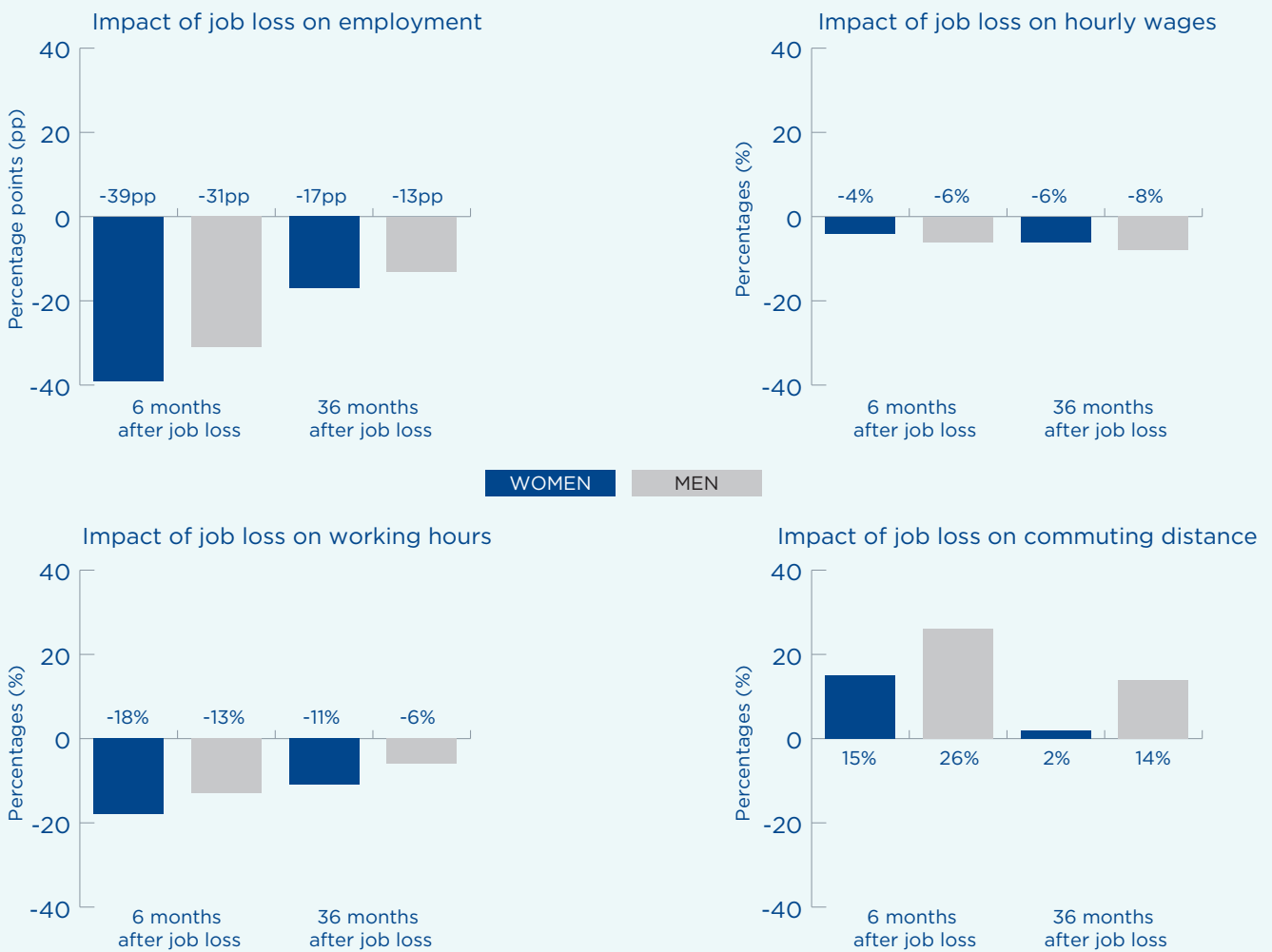
After three years, the negative effect of job loss is 17 percentage points for women and 13 percentage points for men – a difference of 4 percentage points. This evidence shows that women take longer to become re-employed after losing their jobs, further widening the gender employment gap.

## 3 Job loss does not widen the gender gap in hourly wages

Even though women have more difficulties than men in finding new jobs, they tend to gain employment with hourly wages close to what they had previously made. In their new roles, women earn 6 per cent less than if they had not been laid off, whereas men earn 8 per cent less (see Figure 1). This higher loss in hourly rates for men is explained by the subgroup of male employees who used to work part-time prior to being unemployed: they see the greatest wage drop, earning on average 10 per cent less per hour. One interpretation of this finding is that, from the employer's perspective, a part-time job could signal low productivity. This signal is likely to be much stronger for men as part-time employment is relatively uncommon for men (see Table 1).

Conversely, the group of male employees who worked full-time when job loss occurred experience a loss comparable to women who were in part-time or full-time jobs. This shows that male workers who were in part-time jobs fare worst after unemployment in terms of wage losses, and that being laid off does not widen the gender pay gap in the period three years post job loss.

Figure 1: Impact of job loss, by gender and by time since job loss



Notes: The graph bars show the impact of job loss by gender (for women in dark shade of blue and for men in light shade of grey) and by time since job loss (left-side and right-side of each subgraph for 6 and 36 months after job loss, respectively).

Source: Authors' calculations based on administrative data from Statistics Netherlands.

#### 4 Women experience a larger reduction in working hours but a smaller increase in commuting distance after losing their job

Three years after losing their jobs, women experience a reduction in working hours of 11 per cent, whereas men's working hours are reduced by 6 per cent (see Figure 1). The study is not able to distinguish between involuntary part-time employment and voluntary part-time employment. However, Dutch involuntary part-time employment as a percentage of total part-time employment is relatively low, ranging from 4 to 9 per cent for women and 5 to 12 per cent for men in the period 2006-2017 (OECD 2019).

In addition, Figure 1 shows that after three years, the increase in the commuting distance for women is close to zero, whereas men experienced a 14 per cent or 3-kilometre increase. A 14 per cent change in commuting is quite large: this change after job loss is comparable to the increase in average commuting time that individuals in metropolitan Melbourne and metropolitan Sydney experienced over the period 2002 to 2017 (Wilkins et al. 2019). The results suggest that women tend to put more emphasis on job flexibility than men.

# More effective policies to narrow gender gaps

The insights show that after experiencing job loss, relative to men, women tend to remain unemployed longer, experience a modest-to-average wage loss and work in a relatively flexible job characterised by a limited number of working hours and a short commute. One interpretation of these findings is the costs of job flexibility for female workers are experienced through longer unemployment durations instead of higher wage losses, widening both the gender employment gap and, possibly, through missed opportunities to accumulate skills and experiences while being unemployed, the gender pay gap in the long run.

In recent decades, governments and employers have put a lot of effort into narrowing the gaps between women and men in employment and wages, for example, by implementing gender pay equity and anti-discrimination legislation. Other policies aimed at narrowing gender gaps focus on women's work-family balances by reducing the cost of flexibility and promoting flexible working arrangements, such as by making it easier for women with young children to take leave and to transition from a full-time role to a part-time one.

However, such policies may in fact widen gender gaps in employment and wages in the long term. For instance, longer paid parental leave and more part-time employment for mothers but not for fathers limits the accumulation of skills and experiences by women, and encourages traditional division of responsibilities within the household. In contrast, more effective policies may involve providing more affordable childcare, encouraging men to share household responsibilities, and improving infrastructure. By improving infrastructure, the time cost of commuting will be lower, thereby leaving more time for working hours. Better infrastructure might also prove to be more important for women as they place a relatively higher value on working close to home.

So far, much of the policy discussion on how to narrow gender gaps has been about changes for women, not for men. By contrast, both government and employers could play roles in encouraging men to share childcare responsibilities. This could be implemented by increasing men's access to parental leave or by promoting flexible working arrangements for men. By considering how to target policy on job flexibilities in Australia, progress can be made in further closing the gender gaps in employment and income.

# Further Information

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## Datasets

The study uses administrative monthly micro data from Statistics Netherlands over the period 2006-2017 on the entire Dutch population. The data cover individual-level information on demographic (gender, age and country of birth), household (marital status, having a child and home location) and job characteristics (wages, working hours, tenure in the job, firm size, economic sector and work location). The study uses a universal reason for job loss, that is closure of a company because of bankruptcy, to ensure both women and men are unemployed for the same reason. The study compares the outcomes of individuals losing their jobs with similar individuals whose companies did not go bankrupt and thus did not lose their jobs. Both groups of individuals had been in their jobs for at least three years and are followed for three years after the month of actual/potential job loss.

## Authors

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### Jordy Meekes

Melbourne Institute: Applied Economic & Social Research, University of Melbourne

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