



Senate Finance and Public Administration Committees  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Friday 3<sup>rd</sup> March, 2017

**RE: GENDER SEGREGATION IN THE WORKPLACE AND ITS IMPACT ON WOMEN'S ECONOMIC EQUALITY**

Women in Super has prepared this submission in response to the call for submissions by the Senate Finance and Public Administration Committees.

**Women in Super**

Women in Super (WIS) is a national advocacy and networking group for women employed in the superannuation and financial services industries.

WIS advocates on behalf of its members and women generally to government, politicians, unions, employer organisations, regulators, and superannuation funds to improve women's retirement prospects and access to superannuation.

We know that one third of women retire in poverty and it is for this reason that WIS makes submissions to Parliament and has participated in previous Parliamentary and Treasury inquiries into the retirement income system and the role and objectives of superannuation in achieving financial security in retirement.

**Gender Segregation in the Australian Workplace**

WIS welcomes the Senate Inquiry into Gender segregation in the workplace and its impact on women's economic equality. WIS is particularly concerned about the occupational gender segregation in Australia as it is linked to wage inequality and female-dominated industries attract lower wages than male-dominated industries. Lower lifetime earnings restricts the ability of women to accumulation superannuation savings due to the intrinsic link between income earned and superannuation 'paid' by employers. We elaborate on this impact of occupational segregation later in this submission.

**The nature and extent of industrial and occupational gender segregation in Australian workplaces relative to comparable jurisdictions, including gender segregation in tertiary courses**

The Workplace Gender Equality Agency (WGEA) has collated data on the Australian labour market since 2012 and is best placed to give information on the nature and extent of industrial and occupational gender segregation and the data available. WIS is highly supportive of the WGEA data collection process for the very reason that it enables a detailed analysis of the Australian labour market to be undertaken and any changes to that data to be tracked and improvements made.

### Factors driving industrial and occupational gender segregation in the Australian context

In the recently published PwC report, Women in Work Index Closing the Gender Pay Gap, it is not pleasing to note that Australia has dropped further, from 15th to 16th position, due largely to the entrenched gender pay gap and low rate of female full-time employment, the third lowest in the OECD.<sup>1</sup>

The dominance of women in particular industries is intrinsically linked to the prevalence of part-time working amongst women in Australia and there are a number of factors at play which ensure that this industrial and occupational segregation continues. These factors include:

#### Culture

**Cultural views and perceptions** – There are deeply entrenched views in Australia regarding the types of careers that girls/women have traditionally been expected to do and what boys/men should do. Although this has changed somewhat over recent years, the gender segregation data produced by WGEA shows that it may well be the expectations of the workforce especially graduate and Gen Y's that has changed but not the workforce itself. Younger generations are educated to consider all career options whether that is to be a nurse, lawyer, doctor or banker. However, on entering the workplace female graduates immediately earn less than male graduates. We send a message that a male graduate is more valuable than a female graduate. Women leave full-time work and rewarding careers behind when they take maternity leave and career breaks and find that it is difficult to return to work in a fulfilling part-time role that enables them to combine motherhood and career advancement.

**Stereotyping of women and men at work** – We hold deeply entrenched views as to what we expect from women and men at work. Managers are males and the attributes we associate with management and leadership are typically male not female attributes. This leads to less women being retained and promoted to senior positions.

#### Workplaces

**Lack of role models** – The lack of female role models contributes to the subconscious decisions graduates make about entering particular industries as many may not even consider careers in particular industries if they are not aware of females working in that industry. Likewise, once in a male-dominated industry the lack of females in senior management and leadership roles is detrimental to the progression of women in that workplace. Formal and informal networks may not exist for women in the same way as they do for men in male-dominated industries. The 'tap on the shoulder' that acts

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<sup>1</sup> PwC Women in Work Index, Closing the Gender Pay Gap, Australian edition, February 2017

as the nod of encouragement for males to apply for promotion is often missing for women and subconscious biases act against women being recruited and promoted. Women who have broken the glass ceiling talk about how they have been viewed as aggressive and 'not stereotypically female' so this is not encouraging for women who are not prepared to change the way they behave and act in the workplace or for men who display typically female behavioural traits in the how they conduct business or manage people.

## Role of Caring

**Caring responsibilities** – An estimated 5.5 million Australians between the ages of 15 and 64 years had unpaid caring responsibilities and 72.5% of these are women<sup>2</sup>. The Australian Human Rights Commission's National Review into Pregnancy and Return to Work found that one in two (49%) mothers reported experiencing discrimination in the workplace at some point during pregnancy, parental leave or on return to work. It also revealed that men are not immune to this type of discrimination - over a quarter (27%) of the fathers and partners surveyed reported experiencing discrimination in the workplace related to parental leave and return to work.<sup>3</sup> Men and women, the report found, are better off hiding their caring responsibilities than embracing them. This does not encourage men to step up and take on more caring responsibilities thus enabling their partners to work more hours or accept different types of jobs other than those where caring is acceptable.

**A need to combine caring responsibilities with work** – 58% of Australian women work part-time or on a casual basis and 42% are employed on a full-time basis. Men are more likely to work full-time (70.6%), just under one-fifth of men are employed casually and only around 10% work part-time.<sup>4</sup>

Australia does not currently provide the support network of access to affordable, high quality childcare that is provided in other countries. Furthermore, Australia has a high proportion of its population living outside the family support network so many working parents do not have access to informal parental support to enable them to work more hours when childcare is not available for the hours or number of days they require. Therefore working mothers choose industries and occupations where part-time or flexible work is acceptable even if these means accepting work that is less challenging, below their qualifications and experience and less financially rewarding than roles held prior to having children.

**Number of hours spent after work on caring and housework** – Many working mothers are reluctant to work full-time or take on demanding roles as post-work they need to devote a substantial number of hours caring for children, supervising homework, ferrying children to and from sporting commitments, preparing meals and undertaking general housework. Even if their partner, usually the main breadwinner, was keen to share more of this additional workload (and many men are), the workplace culture does not facilitate this easily. Men find they suffer the same consequences as women when they are perceived to have caring responsibilities - they are thought of as being less

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<sup>2</sup> Australian Human Rights Commission, Investing in Care: Recognising and valuing those who care, 2013

<sup>3</sup> Australian Human Rights Commission, Supporting working parents: Pregnancy and Return to Work National Review, 2014

<sup>4</sup> BCEC/WGEA Gender Equity Series, Gender Equity Insights 2016 – Inside Australia's Pay Gap – all numbers taken from the report and based on the WGEA Gender Equality data, 2014-15

committed to work and so miss out on promotion opportunities, challenging roles and financial rewards. The majority of Australian families cannot afford to outsource the extra help that they require with children and housework. Working families usually have one full-time worker and one part-time worker thus further entrenching women in particular industries and jobs.

## **Policies and Incentives**

**Lack of tax incentives for the second income earner** – Australia does not have a policy of actively encouraging the second working parent and there is little incentive to take up more days or hours when in fact any extra money earned will be spent on tax or childcare. To quote one of our members who has one school aged child, one kinder aged child and a toddler, “I’m working to pay for childcare. I have very little left after paying kinder fees and childcare fees. However, I keep working because at least I’m in the market and keeping my skills up-to-date.” A tough price to pay for remaining in the workforce and contributing to the economy.

## **Economic consequences of gender segregation for women, including the contribution of industrial and occupational gender segregation to the gender pay gap**

The highest base salaries based on 2014-15 data produced by WGEA were received by men and women in mining. Men received a total of \$119,731 whereas women received \$101,207. The lowest base salaries received by men and women were in the retail trade where men received \$62,174 and women received \$55,160. Other female dominated industries were amongst the lowest paid – accommodation and food services, administrative and support services and arts and recreation services<sup>5</sup>.

It appears that women pay a heavy discount for employment in industries that are female-dominated and that provide flexible work options, in addition to receiving less pay for fewer hours worked. Society it would seem does not value equality and there are industries that are regarded as more valuable than others and so pay higher salaries. The highest pay gap is in financial services and insurance where the gender pay gap sits at a staggering 27.3% and despite awareness and efforts by many in the industry this figure has remained consistently high.

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<sup>5</sup> BCEC/WGEA Gender Equity Series, Gender Equity Insights 2016 – Inside Australia’s Pay Gap – all numbers taken from the report and based on the WGEA Gender Equality data, 2014-15, Table 4 Full-time gender pay gap among industries, base and total, based on WGEA Gender Equality data, 2014-15

Even in female-dominated industries where there are apparent shortages of qualified staff both now and predicted over the coming decades, it appears that the industry as a whole is reluctant to pay higher salaries in response to the lack of supply. It is predicted that the health care and services industry will face increasing shortages of qualified employees over coming years. Yet this is not reflected in current salaries which remain amongst the lowest of any industry so therefore not attractive to large numbers of graduates or employees. 90% of graduates entering this industry are female yet it was only in April 2015 that one of the largest employers in the health care industry appointed two women to its Board of Management and it currently has only one female executive manager despite employing large number of women. This is typical of many female dominated industries where senior positions and therefore the highest paid roles are held by men not women.

### Impact of Gender Segregation on Women's Superannuation Outcomes

Australian women, on average, retire with just over half the superannuation savings of their male counterparts. More often than not, their super savings are well below what is considered necessary to provide a comfortable standard of living in retirement.<sup>6</sup>

We refer to this as the gender super gap and it currently sits at around 47% (the gender pay gap is 19.3%) and this results in women having \$97,000 less than men at retirement. By 2030 the retirement income gap is still expected to be 39% with average balances projected to be \$262,000 for women and \$432,000 for men<sup>7</sup>.

One of the biggest drivers of the gender super gap is the gender pay gap but it is perhaps not widely known that resolving the gender pay gap will not resolve the gender super gap. The gender super gap is the result of a complex number of issues but as reported by the recent Senate Inquiry into women's economic security in retirement, at its heart, however, is the fact that women and men experience work very differently. Women are more likely to work in lower paid roles and lower paid fields, are more likely to work part-time or casually, and are more likely to take breaks from paid employment to provide unpaid care for others. Over their lifetimes, as a consequence, they will earn significantly less than men<sup>8</sup>.

The more years an individual has of contributions and investment earnings the higher their account balance. Disparities between men and women in average balances begin to emerge at relatively early ages. For instance, for those 30 to 34 years of age in 2013/2014 average balances were around \$36,400 for men and \$25,550 for women<sup>9</sup>.

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<sup>6</sup> Association of Superannuation Funds of Australia (ASFA), *ASFA Retirement Standard*, current figures available at: <http://www.superannuation.asn.au/resources/retirement-standard/>. Presently, ASFA estimates that annual spending for a comfortable lifestyle in retirement rests at nearly \$42,000 for a single, and around \$57,000 for a couple.

<sup>7</sup> Industry Super Australia, *Closing the Gender Superannuation Gap*

<sup>8</sup> 'A Husband is not a retirement plan', *Achieving economic security for women in retirement*, Commonwealth of Australia, April 2016

<sup>9</sup> Superannuation account balances by age and gender, Ross Clare, Director of Research, ASFA, December 2015

The gender segregation of the Australian workforce therefore impedes women in their attempts to save for their retirement. We know that the gender pay gap in female dominated industries is small and sometimes negative in favour of women<sup>10</sup> but this is in fact of no comfort to the women in these industries. What is clear is that men and women in female dominated industries receive low salaries relative to other industries and low salaries mean little if any disposable income so little or no ability to make additional superannuation contributions. In fact, 1 in 2 working women are paid less than \$37,000 per annum so receive the Low Income Superannuation Tax Offset (LISTO) and for the majority of these women the LISTO is their only superannuation contribution.

In many cases the economic insecurity faced by women in retirement is as a consequence of all or some of the following issues:

- Women earn less than men over their lifetime
- Women accumulate less superannuation than men at all stages of their careers
- Women have less disposable income than men over their lifetime so have less flexibility to use their income to invest in their superannuation accounts, to buy property or shares so do not have the same opportunity to grow their wealth as men
- The onset of 'child bearing' and 'child rearing' responsibilities which typically last 15-20 years (more if caring for a disabled child, sick partner or elderly parent) coincides with a reduction in disposable income and ability to save for retirement
- Women perform unpaid caring work to their financial detriment
- Returning to work on a part-time or in a flexible working arrangement works against many women and contributes to the stereo typing and gender segregation of the workforce. Men appear to be reluctant or unable to reduce their working hours and work commitments to enable women to take on more work related hours
- One in three Australian women currently retire in poverty and this is unlikely to change anytime soon
- The majority of women are dependent on the Age Pension as their main source of income in retirement
- Women are less likely to own their own house in retirement which leads to a dependency on the rental market and single women with no property (i.e. house to live in) are at greatest risk of poverty in retirement

The gender super gap, like the gender pay gap, and the gender segregation of industries and occupations is not likely to improve in the near future unless a concerted effort is made by all stakeholders to undertake systemic change and put women at the heart of policy decisions by introducing a gender analysis and gender lens of all policies so the impacts on women's economic outcomes is understood before the implementation stage.

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<sup>10</sup> BCEC/WGEA Gender Equity Series, Gender Equity Insights 2016 – Inside Australia's Pay Gap

## Other consequences of gender segregation for women – effects of gender bias on women’s occupational well-being

An excellent paper published by the University of Melbourne<sup>11</sup> in 2013 found that harmful workplace experiences were independent from and as negative as job stressors in their impact on women’s occupational well-being. Harmful experiences are not just general and sexual harassment but can come from a range of sources and take many different forms and include frequent use of sexist language and sexist jokes.

All such harmful experiences impact on the health and well-being of women at work and if they are subjected to it over a long period they are unlikely to remain engaged with their employer and likely to change industries rather than remain and seek promotion. According to the report, women are more likely than men to be subjected to harmful workplace experiences, particularly women in male dominated industries. This appears to be because women in male dominated industries have less power and lower status and this increases the risk of women being seen as “easy targets” for harmful experiences. Interestingly, the report notes that women who work in male dominated occupations are often perceived as counter stereotypical yet women who behave counter-stereotypically (e.g., express feminist views, display masculine traits) are more likely to be harassed.

Women experience gender-based discrimination in the workplace in many ways and at many stages of their careers and it can include the following:

- (i) **Recruiting** – women commonly experience questions about their competencies to perform their jobs despite being highly qualified.
- (ii) **Salary** – women commonly receive less pay than similarly qualified men for doing the same job and often this is exacerbated by additional non-salaried job entitlements given to men (parking place, higher bonuses, higher pay rises, higher defined benefit contributions).
- (iii) **Promotion** – women, especially those with children, are often overlooked for promotion for many reasons including - working on a part-time basis or working flexible hours so regarded as not committed and therefore overlooked irrespective of whether or not they work full-time but even more so when they work part-time or access a flexible working arrangement (the same applies to men in similar situations).
- (iv) **Locked out of networks** – women are often excluded from important networks and ‘groups’ where important work information is shared or future career opportunities are discussed thus limiting their ability to advance and access managerial roles.
- (v) **Performance evaluations** – women often lose out in performance evaluations as higher ratings are given to those employees displaying attributes such as assertiveness and , typical male attributes and regarded as necessary for a leader to display, and lower ratings given to attributes such as inclusive behaviour and emotional intuitiveness, typical female attributes. Even when men and women receive similar negative ratings in performance

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<sup>11</sup> Harmful Workplace Experiences and Women’s Occupational Well-being: A Meta-Analysis, Victor E. Sojo, Robert E. Wood, and Anna E. Genat, University of Melbourne, 2013

evaluations, women are often compensated less than men at year end - possible receiving 35% less than men with a similar rating.

- (vi) **Lack of challenging roles** – women working part-time or accessing flexible work arrangements often complain about the lack of challenging roles and so are forced to take roles that are below their qualifications or with lower salaries than what they performed previously.
- (vii) **Hostile organisational culture** – sexist jokes and comments at work that are so normal that they are considered the norm. Flexible work arrangements are not supported nor are caring responsibilities.

Many women talk about becoming immune to discrimination because it is so pervasive and they have experienced it constantly throughout their working lives. However, the harmful impact of gender-based discrimination does not stop at hindering women's career progression and economic wellbeing. It has been shown to have a negative effect on women's work attitudes and health.

### Approaches to addressing gender segregation as it relates to economic inequality and the gender pay gap in comparable jurisdictions

In recent years there has been a focus on encouraging young girls into university degree courses that have not seen large numbers of girls apply in the past. These include STEM and IT undergraduate degrees but also postgraduate degrees such as MBAs.

Whilst these efforts are to be applauded, as hopefully they will translate into more women applying for jobs in male-dominated industries with higher salaries, there is not a reciprocal focus on encouraging men into female dominated industries such as education, health and community services.

We cannot absorb all our graduates and employees in the same industries although the benefits for women working in the higher paid male dominated industries are clear. Australia is likely to face increasing numbers of ageing population and therefore face a higher demand on products and services tailored to the elderly so in fact needs more employees in these traditionally low paid industries. Who will perform these roles in the future if girls and women choose other industries in large numbers? Perhaps we should be considering a two pronged approach and making the traditionally low paid industries more attractive to female and male employees.

### Remedies appropriate for Australia

Addressing the factors that lead to gender segregation in Australia will lead to higher levels of participation by women in the economy and workplaces across the country. It will also lead to higher levels of financial security, levels of retirement and levels of health, happiness and wellbeing.

In summary, WIS considers the following remedies appropriate for Australia:

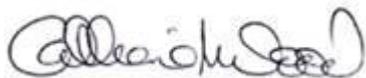
- Promote the economic value to the economy of having women participate in the workforce (on a full-time and part-time basis)

- Promote the value to the economy and population of the unpaid caring responsibilities and volunteer work undertaken by women (and men)
- Tackle the stereotypes that exist about what types of industries, careers and jobs that are suitable for women and men
- Raise awareness of non-traditional career paths for females but also encourage men to apply for jobs in female-dominated industries
- Encourage the adoption of programs to educate employees, especially middle and senior managers, about 'covert' and 'overt' gender discrimination
- Introduce direct action policies and legislation that act to reduce the pay gap (and therefore by extension the gender super gap)
- Continue to promote gender equality in organisations through the collation of data such as that collected by WGEA so that the gender pay gap can be monitored and targeted improvements made
- Encourage organisations to embrace flexible working for women and men
- Encourage organisations to publish pay scales (to include total remuneration) and eradicate the secrecy that currently surrounds pay scales in the private sector
- Introduce a gender analysis of all policy decisions to understand how they impact women – tax/economic/social and fiscal

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Yours sincerely,



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