



## FEMALES IN THE LABOUR MARKET

### **Achievements:**

- Labour market disparities between women and men have in general decreased in the past five years.
- Disparities between women of different ethnic groups have generally declined over the past five years with participation and unemployment rates between the groups converging.
- Female wages have been increasing steadily in the past 5 years.
- The disparity between male and female qualification levels has been reducing over the past 20 years and is likely to continue to decrease further as young women are more highly-skilled than their male counterparts.
- New Zealand compares favourably with other OECD countries in terms of female unemployment, participation and wages.

### ***Female labour market outcomes for the year to December 2007***



### **Labour Market Characteristics:**

- Women are more likely to work part-time than men and as a result work fewer hours on average, a pattern that has been relatively stable over the past five years.
- Female labour force participation rates are markedly lower than male rates for those aged 25–39 as females are more likely not to be in the labour force as they are caring for children. Female labour market participation rates increase considerably after age 40.

### **Challenges:**

- There is still a significant gender pay gap between men and women with estimates of the gap ranging from 12 - 16 percentage points.
- The majority of females work in semi-skilled occupations. Consequently females have a lower overall skill profile than males and thus receive lower wages. In addition, over the past five years there has been higher growth in semi and lower-skilled jobs for women than for males.



## FEMALE LABOUR MARKET OUTCOMES – MARCH 2008

### BACKGROUND

- 1 This is the second annual report on female labour market outcomes in New Zealand. It focuses on changes to female labour market outcomes over the past five years. Data are sourced from the quarterly Household Labour Force Survey (HLFS) from Statistics New Zealand and are averaged across a year to reduce sample errors and seasonal variation, unless otherwise specified. Terms are defined in Appendix I.

### Key Indicators

- 2 Labour market conditions in New Zealand continue to be generally favourable for female workers. Robust economic growth and increased flexibility in the labour market over the past five years have seen an increase in the number of females in work, fewer unemployed females and fewer females outside the labour force. Over the same period average wages for females have risen in real terms. Key data can be found in Table 1.
- 3 Female employment growth in the last quarter of 2007 was relatively high. In the year to December 2007, there were 994,800 employed females compared to 1,161,000 employed males. Employment growth for the year ending December 2007 was 2.1% for females compared to 1.6% for males. In the five years to December 2007, female employment grew by 14.3% or 2.7% per year which is higher than male employment growth of 11.9% or 2.4% per year.
- 4 Overall employment growth in recent quarters has been driven by changes in female employment. Annual female employment growth for the year end December 2007 was 2.1% compared to 1.6% for males (1.8% overall). Employment growth for females has been slightly greater than employment growth for males over the past 5 years.
- 5 The female labour force participation rate increased from 61.5% in the year to December 2006 to 61.9% in the year to December 2007. The recent increase follows increases in the female participation rate over the past five years, particularly for Maori females and females aged 30-34 and over 55. Since December 2002 the female participation rate has increased from 59.2% to 61.9%. Even with recent increases the female participation rate is still considerably lower than the male participation rate of 75.6% for the year ended December 2007. However, female participation has increased more rapidly than male participation so the gap was smaller in December 2007 than it was at any other time since the HLFS began in 1986.


**Table 1: Female labour market outcomes, year to December 2002 and 2007**

	2002 ('000)	2007 ('000)	2002-2007 change ('000)	2002-2007 change (%)	2002 – 2007 Male change (%)
<b>Labour force status</b>					
Employed	870.7	994.8	124.1	14.3%	11.9
Unemployed	49.0	40.0	-9.0	-18.4%	-18.4
Labour force	919.3	1034.8	115.5	12.6%	9.9
Not in the labour force	635.3	636.8	1.5	0.2%	4.3
Working-age population	1554.5	1671.5	117.0	7.5%	8.1
<b>Proportional measures</b>					
Employment rate (%)	56.0	59.5		3.5 <sup>a</sup>	2.2 <sup>a</sup>
Labour force participation rate (%)	59.2	61.9		2.7 <sup>a</sup>	0.9 <sup>a</sup>
Unemployment rate (%)	5.4	3.9		-1.5 <sup>a</sup>	-1.4 <sup>a</sup>
<b>Industry employment*</b>					
Primary	54.1	51.0	-3.1	-5.7	-0.6
Manufacturing (incl utilities)	84.8	77.4	-7.3	-8.6	-6.2
Construction	15.0	20.7	5.7	38.2	51.4
Trade & accommodation	209.9	245.3	35.5	16.9	11.0
Other services	165.2	188.4	23.1	14.0	16.0
Personal services	339.8	407.6	67.8	19.9	11.7
<b>Skill employment*</b>					
High-skilled occupations	237.3	303.7	69.3	29.6	25.6
Skilled occupations	125.7	151.0	25.3	20.1	20.3
Semi-skilled occupations	459.7	492.1	32.4	7.0	3.5
Low-skilled occupations	46.7	45.2	-1.5	-3.2	-5.6
<b>Wage growth (average hourly rate, \$)</b>	2002	2007	2002-2007 change	2002-2007 Annual average change (%)	
<b>June Years</b>	(\$/h)	(\$/h)	(\$/h)		
Females	15.37	19.50	4.13	26.9%	
Males	18.00	23.21	5.21	28.9%	

Source: Household Labour Force Survey and Income Survey, Statistics New Zealand

Notes: Figures may not sum to total due to rounding

\* - year to December data

a - percentage point change rather than percentage change



- 6 The unemployment rate for females decreased over the past year from 4.1% in December 2006 to 3.9% in December 2007. Over the past five years the unemployment rate for females has fallen by 1.5 percentage points, which is close to the 1.6 percentage points the male unemployment rate has fallen over the same period. As a result, females are slightly overrepresented amongst the unemployed, making up 46.3% of the labour force and 50.2% of all unemployed people. This result may be due to the strength of the labour market. Over the past 20 years during times of low unemployment the female rate was generally higher than the male rate while at times of high unemployment the male rate was generally higher. This pattern may be driven by males being overrepresented in industries that are more sensitive to external economic conditions, such as manufacturing.
- 7 The unemployment rate for females decreased over the past year from 4.1% in December 2006 to 3.9% in December 2007. Over the past five years the unemployment rate for females has fallen by 1.5 percentage points, which is close to the 1.6 percentage points the male unemployment rate has fallen over the same period. As a result, females are slightly overrepresented amongst the unemployed, making up 46.3% of the labour force and 50.2% of all unemployed people. This result may be due to the strength of the labour market. Over the past 20 years during times of low unemployment the female rate was generally higher than the male rate while at times of high unemployment the male rate was generally higher. This pattern may be driven by males being overrepresented in industries that are more sensitive to external economic conditions, such as manufacturing.
- 8 Females are less likely than males to be receiving the Unemployment Benefit. In the December 2007 quarter there were 7,700 female unemployment beneficiaries, making up just over one third of the total number of beneficiaries (22,700). However, females make up more than 62% of all working age beneficiaries, almost solely due to the much larger proportion of female Domestic Purpose Beneficiaries. The number of unemployment beneficiaries has dropped markedly over the past five years for both males and females. The number of females receiving the Unemployment Benefit dropped by 43% in the past year and 81% in the past five years which is higher than the decreases of 36.6% and 80.6% for males over the same time periods.
- 9 In general, labour market disparities between females and males have decreased in the past five years. Females have benefited from the strong employment growth in recent years with increases in the employment and participation rates for females outstripping corresponding rates for males. Conversely, mean hourly earnings for females have grown at a slower rate than males. Thus disparities do continue to exist with female participation remaining lower than males and mean hourly earnings for females growing at a slower rate than males.

## Wages

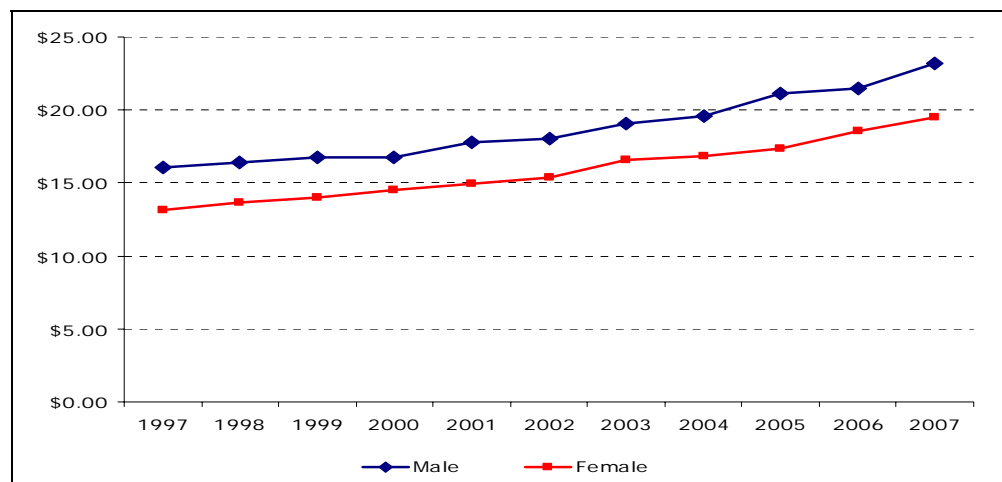
- 10 Information about wages is collected annually through the New Zealand Income Survey (NZIS), a supplement to the HLFS. Between June 2006 and June 2007 the average (mean) hourly wage for females increased by \$0.95 from \$18.55 to \$19.50, a 5.1% increase. This increase was lower than the increase of \$1.75 or 8.2% for males. Over the five years to June 2007 increases for males and females show a similar trend. Average hourly wages for females increased by \$4.13 or 26.9% while the average hourly wage for males increased by \$5.21 or 28.9% from June 2002 to June 2007. Results from the New Zealand Income



Survey can be volatile from year to year so trends should be examined over several years.

- 11 As at June 2007 there is still a pay gap between female and male wages. The difference in average wages in the NZIS in dollar terms was \$3.71 in June 2007 compared to \$2.63 in June 2002. In percentage terms the gap between male and female wages has also widened slightly. In June 2007 the average female wage was 84.0% of the male wage compared to 85.4% in June 2002. While the gender wage gap has increased in percentage terms over the past five years, it has decreased from 1997 (when the NZIS began) from 19.2% in June 1997 to 16.0% in June 2007.
- 12 In addition to mean hourly wages from the NZIS, a range of other hourly wage measures by gender are also available, such as median hourly wages from the NZIS and average hourly wages from Quarterly Employment Survey (QES). All of these measures show a gender pay gap and the scale of these gaps is relatively similar ranging from 12 - 16 percentage points. However, changes in the size of the pay gap over time vary between indicators. For example, while the NZIS shows that the mean hourly wage pay gap has widened slightly over the past five years, the gap in median hourly wages has remained relatively stable over the same period (12.2% in June 2002 and 12.1% in June 2007). Similarly, the QES shows that mean hourly wages have converged slightly over the past five years, falling from 15.5% in the year ended December 2002 to 13.5% in the year ended December 2007.
- 13 Some of the difference in male and female wages is due to females being overrepresented in certain types of jobs, demographic factors such as age, and the prevalence of part-time work for females. However, there is some evidence showing that even after controlling for differences in occupational employment and qualification attainment that a pay gap remains between female and male wages. For example the *NZ Uni Grad Report* found that 48.8% of female bachelor's degree graduates who had started working were earning \$35,000 or less six months after graduating compared to only 33.3% of males.

**Figure 1: Mean hourly wages by gender**



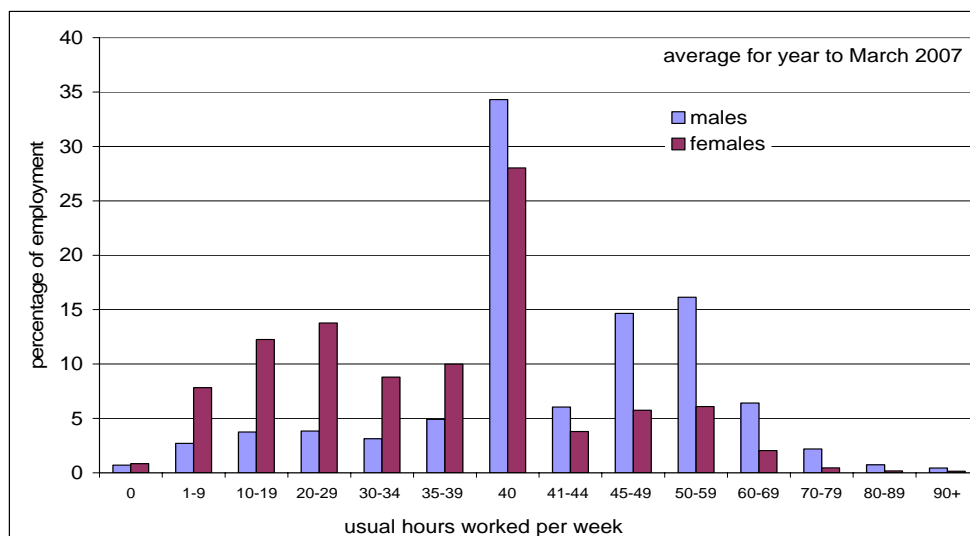
Source: Statistics New Zealand, New Zealand Income Survey



## Hours of Work

- 14 The proportion of women that are employed part-time has declined slightly over the five years to December 2007 with 36.4% of employed women working part-time in December 2002 and 35.3% in December 2007. However, the proportion of women employed part-time has been relatively stable since the HLFS began in 1986. Over the past 20 years the proportion of women employed part-time has ranged from 32.1% to 38.3%. In contrast, part-time employment by males became much more common in the late 1980s and 1990s although it has also remained relatively stable over the past five years at 11.5% December 2002 and 11.6% in December 2007.
- 15 The proportion of female workers that are underemployed decreased in the past five years but increased over the past year. In the year ending December 2007, 15.3% of female part-time workers would have liked to work more hours, an increase from 14.5% in the year ending December 2006, but down from 22.7% in the year ending December 2002. Underemployment measures the proportion of people who are currently employed part-time and would like to work more hours. The prevalence of underemployment for females is less than for males; this may be due to females being more likely to be involved in childcare responsibilities. In the year ending December 2007 the male underemployment rate was 21.0%, just under 6 percentage points higher than the female rate. The male and female underemployment rates have followed a similar trend over the past five years.
- 16 Females on average work fewer hours in paid work than males. In the December 2007 quarter females worked an average of 31.9 hours per week while males worked an average of 41.9. This is partially driven by a larger proportion of females working part-time but is also due to more males working very long hours. In the year to March 2007 25.9% of males worked more than 50 hours per week compared to only 8.9% of females. The proportion of people working more than 50 hours per week has decreased for both genders over the past five years while at the same time the proportion of both genders working very few hours has also decreased.

**Figure 2: Hours worked per week by gender**



Source: Statistics New Zealand, Household Labour Force Survey



- 17 Women who are not in the labour force are far more likely to be looking after children than their male counterparts. Of females not in the labour force in year to December 2007, 24.1% were looking after children compared to only 3.8% of males. On the other hand, males are more likely than females to be studying and more likely to be retired.

## Industries and occupations

- 18 The composition of female employment by occupation is different from that of males. In the year ending December 2007 the top five female occupations were service & sales workers (21.6%), clerks (20.5%), professionals (19.3%), technicians & associate professionals (14.2%) and legislators, administrators & managers (11.3%). In contrast the top five male occupations over the same period were trade workers (18.3%), legislators, administrators & managers (14.8%), professionals (14.3%), plant & machine operators (12.5%) and technicians & associate professionals (9.9%).
- 19 Females are somewhat more likely than males to be employed in high skilled occupations (30.5% compared to 29.0%) but less likely to work in skilled occupations (15.2% compared to 28.2%). A large proportion of females work in semi or lower skilled jobs (54.0% compared to 42.5% for males), leading to a lower skill level occupational profile for females overall. In addition, 41% of new employment for females over the past five years has been in semi or lower skilled jobs while only 19% of new employment for males has been in semi or lower skilled jobs.
- 20 The composition of female employment by industry, like the occupational composition, is different to that of males. Females are predominantly employed in tertiary related industries (personal services trade & accommodation and other services) with 85% of females working in these industries in the year to December 2007. Like females, males are also more likely to work in tertiary related industries, but to a much lesser extent. In the year to December 2007, 59% of males worked in tertiary related industries with 32% of males working in secondary industries (manufacturing, electricity, gas & water supply and construction).
- 21 Over the past five years, the share of employment in tertiary related industries increased for females and, to a lesser extent, males (2.7 percentage points for females and 0.8 percentage points for males). The share of female employment fell in both primary (-1.1 percentage points) and secondary (-1.6 percentage points) related industries over the same period.
- 22 Females are more likely than males to be employees rather than employers. In December 2007 87.2% of females were employees compared to 78.7% of males. Females are considerably less likely than males to be self employed, 8.0% of females compared to 13.3% of males, or employers, 3.2% of females compared to 7.2% of males. This pattern has remained largely unchanged since the HLFS began in 1986.

## Ethnic Differences

- 23 Labour market outcomes for females vary considerably by ethnic group. In the year to December 2007 European women had the highest participation rate



(63.1%) followed by Maori (61.9%), Pacific peoples (57.1%) and 'Other'<sup>1</sup> (56.5%) women. The pattern is slightly different for unemployment. European women had the lowest unemployment rate in the year ended December 2007 at 2.6% followed by 'Other' (6.6%), Pacific Peoples (8.2%) and Maori (8.4%). Detailed outcomes are shown in Table 2.

- 24 Disparities between females of different ethnic groups have generally declined over the past five years. The participation rates for females that identify themselves as Maori, and 'Other' ethnicities have increased faster than for European females. Over the same period, unemployment rates fell faster for females that identified themselves as Maori, Pacific peoples or 'Other' ethnicities than for European females.
- 25 Differences in labour market outcomes between females and males by ethnic group have generally converged over the past five years, particularly for European and Maori ethnic groups. Participation rate increases for European, Maori, Pacific Peoples and 'Other' females have been greater than the change in male participation in these ethnic groups. Over the same period, the decline in unemployment rate for European and Maori females has been larger than the decline in male unemployment rates in these ethnic groups.

**Table 2: Labour market outcomes by gender and ethnicity, years to December 2002 and 2007**

	Female % 2002	Female % 2007	2002–2007 Female change <sup>a</sup>	Male % 2002	Male % 2007	2002–2007 Male change <sup>a</sup>
<b>European</b>						
Labour force participation rate	61.0	63.1	2.1	75.8	76.3	0.5
Unemployment rate	3.9	2.6	-1.3	3.6	2.5	-1.1
<b>Maori</b>						
Labour force participation rate	58.1	61.9	3.8	75.6	75.2	-0.4
Unemployment rate	12.0	8.4	-3.6	10.6	7.1	-3.5
<b>Pacific Peoples</b>						
Labour force participation rate	55.1	57.1	2.0	69.8	71.4	1.6
Unemployment rate	9.9	8.2	-1.7	8.7	5.1	-3.6
<b>Other</b>						
Labour force participation rate	46.8	56.5	9.6	66.1	73.9	7.8
Unemployment rate	7.7	6.6	-1.1	9.5	4.7	-4.8

Source: Statistics New Zealand, Household Labour Force Survey

<sup>a</sup> - percentage point change

<sup>1</sup> The 'Other' ethnic group includes all those who do not identify as European, Maori, or Pacific Peoples.



## Qualifications

- 26 Qualification levels for females in the working age population are generally lower than men despite women's higher participation in tertiary education. In December 2007 25.0% of females in the working age population had no qualifications compared to 23.5% of males. At the other end of the spectrum 47.6% of females had some form of post-school qualification compared to 52.4% of males.
- 27 The disparity between male and female qualification levels has been reducing over the past 20 years and is likely to continue to decrease further as a larger proportion of young females obtain degree or higher qualifications compared to males. In 2006 22,000 females completed a degree or higher qualification compared to only 13,000 males. The gap between the numbers of females and males completing degrees has existed since the late 1980s and has been increasing ever since.
- 28 Qualification levels have a notable impact on participation and unemployment rates for both genders but they are different for males and females (see Table 3). In the year ending December 2007 participation rates were 30.2 percentage points higher for women with post school qualifications compared to those with no qualifications while for males the difference was only 23.8 percentage points. Five years ago these differences were even more pronounced with qualification level increases having raised female labour force participation more than for males.
- 29 The effect of qualification levels on unemployment levels is more similar for males and females. In December 2007 there was a 3.2 percentage point difference between unemployment rates for females with no qualifications and those with post school qualifications compared to a 3.8 percentage point difference for males. This is a much more equal situation than in December 2002 when the percentage point difference between no qualifications and post school qualifications was 3.2 for females and 5.0 for males.

**Table 3: Labour market outcomes by gender and qualifications, years to December 2002 and 2007**

	Female % 2002	Female % 2007	2002-2007 Female change*	Male % 2002	Male % 2007	2002-2007 Male change*
<b>Labour force participation rate</b>						
No Qualifications	40.0	42.2	2.2	60.1	59.8	-0.3
School Qualifications	57.4	61.6	4.2	70.8	73.8	3.0
Post School Qualifications	72.3	72.5	0.1	83.6	83.6	0.0
<b>Unemployment rate</b>						
No Qualifications	7.7	6.3	-1.5	8.5	6.0	-2.5
School Qualifications	5.3	4.1	-1.1	5.6	4.1	-1.5
Post School Qualifications	4.5	3.0	-1.5	3.5	2.2	-1.2

Source: Statistics New Zealand, Household Labour Force Survey

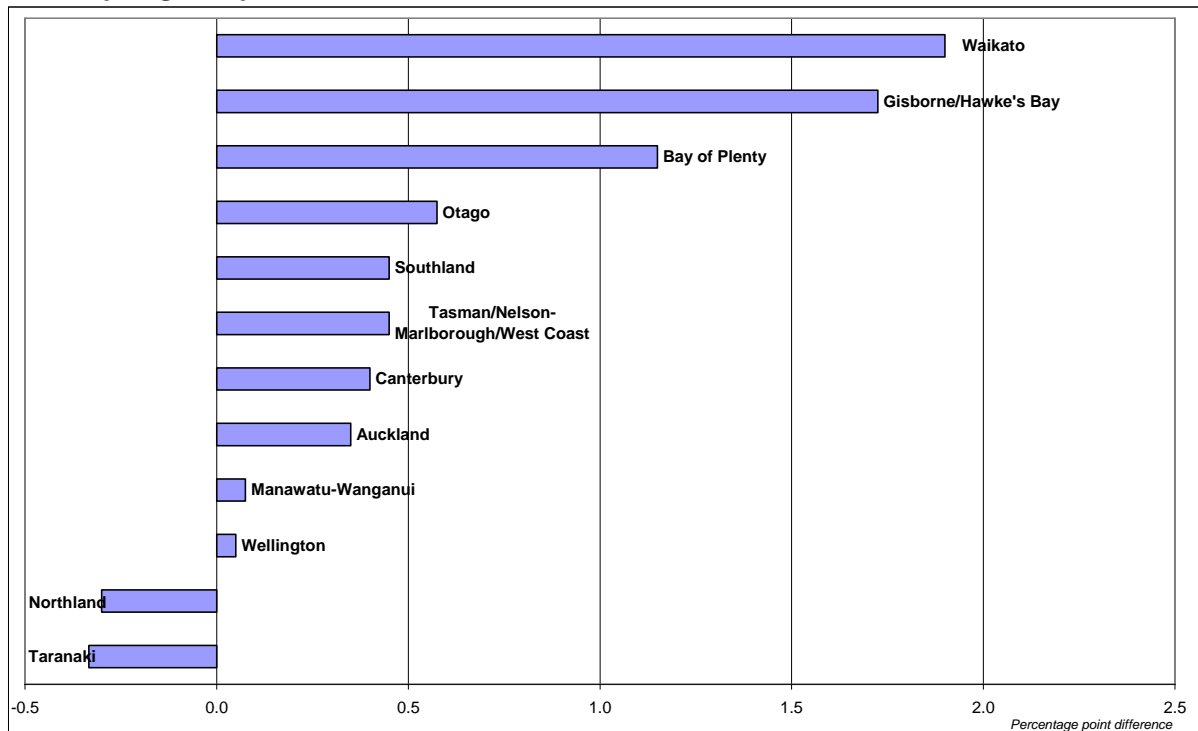
\* Percentage point change



## Regional Differences

30 The gap between male and female unemployment rates varies across regions. In the year to December 2007 only two regions, Taranaki and Northland, had a female unemployment rate lower than the male unemployment rate. In the other ten regions female unemployment rates were higher than male unemployment rates. In these regions the gap between male and female unemployment rates ranged from 1.9 percentage points in Waikato to a negligible difference in Wellington.

**Figure 3: Percentage point difference between female and male unemployment rates by region, year to December 2007**

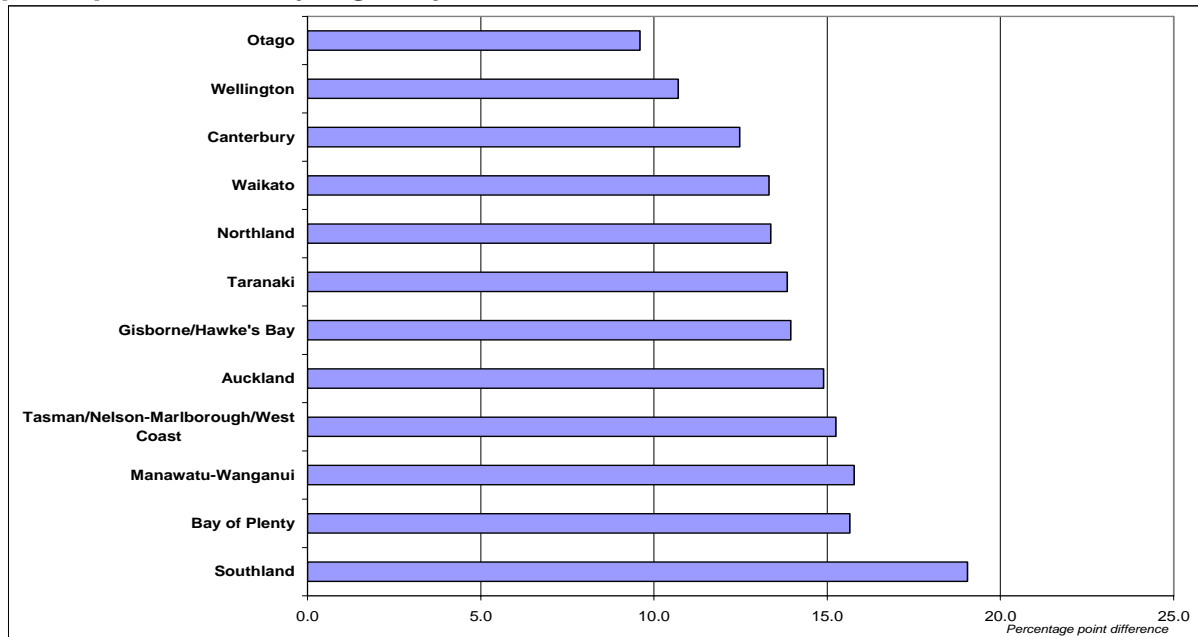


Source: Statistics New Zealand, Household Labour Force Survey

31 While labour force participation rates for females are lower than those for men in all regions in the year ending December 2007, regional variations still exist. Otago had the smallest difference between male and female participation rates with a 9.6 percentage point difference in December 2007. Southland had the most pronounced difference in participation rates for females and males with a gap of 19.1 percentage points.



**Figure 4: Percentage point difference between female and male labour force participation rates by region, year to December 2007**



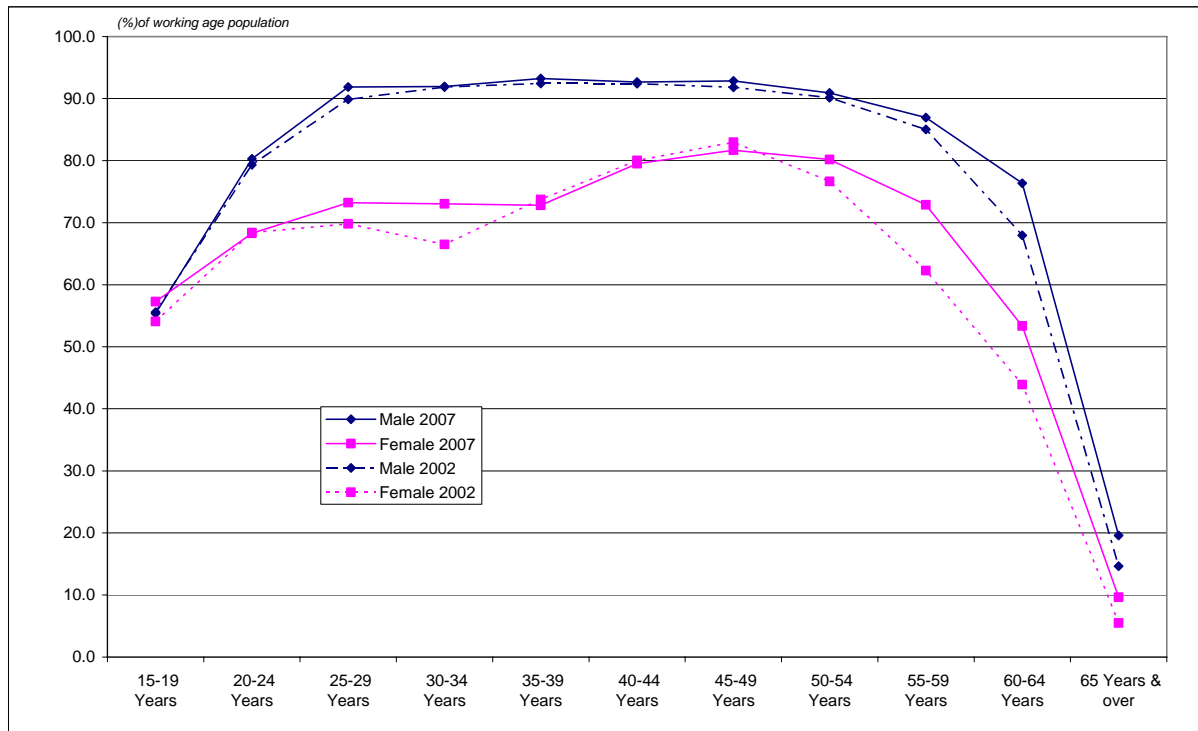
Source: Statistics New Zealand, Household Labour Force Survey

## Age Profile

- 32 One major difference between male and female labour market outcomes is the way that participation changes with age. In December 2007 male participation rose to above 90% in the 25-29 age group and remains relatively constant at that level up to and including the 50-54 age group. The pattern of female participation is markedly different. For the age groups 25-29, 30-34, and 35-39 female participation in December 2007 was about 73% or around 20 percentage points lower than the male participation rate. The female participation rate rises sharply to around 80% or 10 percentage points below the male level for the age groups 40-44, 45-49, and 50-54. This is shown in figure 5 below.
- 33 The pattern of lower levels of participation for women in their late 20s and 30s is largely due to women looking after children. This phenomenon has existed for decades but the age ranges most affected have changed over time. In the initial years of the HLFs participation rates were considerably lower for women in the 25-29 age group followed by increasing participation in the 30-34 and 35-39 age groups. In recent years relative participation rates have increased for women in the 25-29 age group and decreased for those in the 35-39 age group. This shift is likely to be due to women having children later; 20 years ago, when the HLFs began, the median age of mothers giving birth was 26.8, by 2007 the median age had increased to 30.1.
- 34 The main change to participation patterns over the past five years has been strong growth for females in all age groups over 50. There are a variety of reasons for this increase. Changes in the 1990's abolished compulsory retirement and raised the age of eligibility for superannuation to 65. This has led to a gradual increase in the proportion of both males and females that are working. In addition, baby boomers have begun reaching these age groups and their different perceptions and attitudes towards work and gender roles may also be driving the increases in female participation.



**Figure 5: Labour Force Participation rates by age and gender, years to December 2002 and 2007**



Source: Statistics New Zealand, Household Labour Force Survey

## International Comparisons

- 35 Female unemployment rates in most Organisation for Economic Co-operation and Development (OECD) countries are reasonably similar to unemployment rates for males. In 9 of the 30 OECD countries unemployment rates for females are lower than or equal to the male rate. In all but 4 of the remaining countries the female unemployment rate is within 3 percentage points of the male rate. In New Zealand the female and overall unemployment rate is very low by international standards. The female unemployment rate in New Zealand is 0.6 percentage points higher than the male rate which is the 13th smallest percentage point difference out of 30 OECD countries.
- 36 Participation rates for females vary widely across the OECD, ranging from 83.9% in Iceland to 26.7% in Turkey, while variations in male participation rates across countries are much smaller<sup>2</sup> New Zealand's female participation rate of 71.4% in 2006 is the 8th highest out of 30 OECD countries. However, the difference between male and female participation rates is higher in New Zealand than in about half of OECD countries. The gap between male and female participation rates in New Zealand was 13.8 percentage points in 2006 or 17th out of 30 OECD countries. The gap is smallest in Finland at 2.9 percentage points followed closely by the other Nordic countries and largest in Mexico (39.7 percentage points) and Turkey (48.9 percentage points). While female participation in New

<sup>2</sup> OECD participation rates are for ages 15-64 rather than 15 and over and so participation rates reported here are higher than the standard participation rates reported in New Zealand.



Zealand is high, a relatively large proportion of females in employment are working part-time, 34.5% compared to the OECD average of 26.4%.

- 37 Lower levels of participation for women in their late 20s and 30s are evident across a range of OECD countries. New Zealand, the United Kingdom, Australia and Switzerland all show a dip in participation around the peak childbearing years. On the other hand, Nordic countries, France and Austria do not have a noticeable dip in participation for women in their late 20s and 30s. These countries are renowned for having high rates of public spending on childcare and generous paid parental leave which might contribute to the lack of volatility in the participation rate.



## Appendix I: Labour Market Terms and Definitions

The main terms from the Household Labour Force Survey (HLFS) that we use in this report and a chart that shows how they relate to each other are provided below.

**Working-age population:** the number of usually resident non-institutionalised civilians aged 15 years and over. All labour market figures relate to those aged 15 years and over.

**Employment:** the number of people in the working-age population who work one hour or more per week.

**Full-time/part-time employment:** full-time workers usually work 30 hours or more per week and part-time workers usually work less than 30 hours per week.

**Unemployment:** the number of people in the working-age population who are not in work, but who are available for and actively seeking work.

**Labour force:** the number of people in the working-age population who are either in work or are available and actively seeking work (that is, employed or unemployed as defined above).

**Not in the labour force:** the number of people in the working-age population who are not in work and are either not available or not actively seeking work (ie they are not employed and not unemployed). For example, people who are retired, studying, or at home looking after children.

**Labour force participation rate:** proportion of the working-age population in the labour force.

**Unemployment rate:** the proportion of the labour force that is unemployed.

**Employment rate:** the proportion of the working-age population that is employed.

**Ethnicity:** ethnicity is self-perceived and people can belong to more than one ethnic group. In the HLFS, people with multiple responses to the ethnicity question are assigned to one ethnic group using this prioritisation: Maori; Pacific peoples; Other ethnic groups; European.