

Increasing productivity through the incorporation of females to full-time work

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Australia needs to utilise the skills of its most talented individuals – regardless of gender – for the economy to grow at its full potential and therefore ensure Australia’s future prosperity. However, current policy settings together with the expectation of employers and society at large that mothers will be the primary carers of children make it more difficult for the talents of Australian women to be realised. These policy settings are: limitations on parental leave for fathers, insufficient full-time child care and the need for parent involvement in public schools. Employer expectations - reinforced by policy settings - result in statistical discrimination against women: given the high change of women having children and then switching to part-time work, such that it makes less sense for an employer to invest in women’s careers.

1. Introduction

Female labour force participation in Australia is substantially higher than in other developed countries, at 71.2 percent in 2015, compared to the OECD average of 63 percent.² However, many of these women work part-time - almost 40 percent compared to just 14 percent of Australian men.³ As a result women are 50 percent more likely to work part-time in Australia than in the OECD as a whole. Female part-time work is also more prominent in Australia than in similar countries such as New Zealand or Canada. It is also quite clear that the high rate of women working part-time is mainly driven by motherhood. Often, women will leave the work force for a couple of years after giving birth to return on a part-time basis.⁴

The prevalence female part-time work in Australia does not only affect productivity by reducing labour inputs per capita. Note that although Australian females are, on average, better educated than their

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² OECD 2015 data retrieved from https://stats.oecd.org/Index.aspx?DataSetCode=LFS_SEXAGE_I_R.

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⁴ Australian Bureau of Statistics, *Labour force participation, an international comparison*, available at: <http://www.abs.gov.au/ausstats/abs@.nsf/0/0CBA37179F1B71BACA25732C00207901?opendocument>.

male counterparts⁵ their ability to reach top managerial positions, which is closely related to hours spent at work, is hampered by the expectation that women will choose to work part-time if and when they become mothers. Indeed, the International Labour Organization states that the top barrier to women's leadership is 'women having more family responsibilities than men.'⁶ Furthermore, statistical work place discrimination may be at play. That is, employers may be discriminating against women because of the high proportion of females becoming mothers and switching to part-time work. This means an employer seeking just to maximise profits may choose to promote a mediocre male rather than a brilliant female due to the high likelihood of the brilliant female working only part-time after she gives birth. Even worse, statistical discrimination could discourage women's efforts: why trying hard if the bloke always gets the promotion after all? The current situation is neither good for career committed females nor for the Australian economy as a whole.

2. Possible policy changes

We argue that current policy settings in Australia regarding paid parental leave, childcare subsidies, and public school organisation strongly reinforce the expectation that mothers will work part-time, which fosters statistical discrimination in the work place. If policy settings were adjusted to allow women to work full time the rationale of statistical discrimination would be undermined. That is, if mothers could be reasonably expected to come back to full time work a year or two after giving birth more employers would be more often open to invest in women's careers.

2.1. Paid parental leave

The current parental leave scheme in Australia is targeted to mothers and leads to the expectation that women will take considerable time off after the birth of their child, while men will not. The Australian Government offers 18 weeks of paid parental leave paid at the national minimum wage to mothers.

⁵Australian Bureau of Statistics, *Education differences between men and women*, available at: <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Main+Features20Sep+2012>; Martin, S., *Gender gap widens as women graduates outpace the men*, 17 August 2015, available at: <http://www.theaustralian.com.au/higher-education/gender-gap-widens-as-women-graduates-outpace-the-men/news-story/654602edef0f1d3ee230fa82cc58a798>

⁶ International Labour Organization (2015) *Women in business and management: gaining momentum*, available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_334882.pdf.

Some employers offer additional parental leave, but generally restricted to mothers. In contrast to this, Sweden provides 240 days of paid parental leave to both parents including three months of leave exclusively reserved for each parent, non-transferrable to the other.⁷ This policy setting promotes gender equality in the workplace and lessens statistical discrimination by increasing the expectation of male employees to take substantial leave after becoming fathers. We would like to see a similar policy considered for Australia. Critically, parental leave should be also made available to fathers and a number of weeks should be reserved exclusively by fathers.

2.2. Provision of full-time childcare

The provision of full-time childcare is not common in Australia, unlike comparable developed countries. In Canada, about 60 percent of children who attend childcare are enrolled in a full-time basis, in contrast to Australia, where the figure is only about 11 percent.⁸ Australian childcare centres cater mainly to the needs of part-time working mothers, with children attending 2 to 3 days a week. This creates a matching problem – it is very hard to match available childcare vacancies to with the demands of part-time workers. For instance, it may be extremely difficult for a mother who wants to change the days she works, or work an additional day, to find the necessary slot in the childcare centre her child attends. This matching problem increases inefficiency⁹ and exacerbates the undersupply of childcare slots in many urban areas and may generate long waiting lists. The matching problem also severely hampers the provision of full-time childcare.

The provision of childcare in Australia is subsidised by the Federal Government through the both the means-tested Child Care Benefit and the non means-tested Child Care Rebate. The Child Care Rebate is conditional on parents passing the so-called ‘Work, Training, Study test’. The rebate covers 50 percent of the childcare fees and is capped at \$7,500 per child per year. Given the high cost of childcare in urban areas (up above \$100 per day) the Child Care Rebate used for full-time care would run out in just about

⁷ See <https://sweden.se/society/sweden-gender-equality/>

⁸ Full-time basis is defined as 30 or more hours a week. Statistics Canada, *Child care in Canada, 2014*, available at: <http://www.statcan.gc.ca/pub/89-652-x/89-652-x2014005-eng.htm>; Australia Bureau of Statistics, *Childhood education and care, 2014*, available at: <http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/4402.0Main%20Features2June%202014?opendocument&tabname=Summary&prodno=4402.0&issue=June%202014&num=&view>

⁹ So that a childcare centre may have vacancies for unwanted days.

30 weeks. On the other hand, the Child Care Rebate would more than suffice to cover 50 percent of the childcare cost throughout the year for children attending 2 to 3 days a week.

We would like to see a substantial increase in childcare provision with particular emphasis in full-time childcare. Subsidies and rebates should at least not discourage full-time work.

2.3. Reduce the burden of public schools on families

In Australia, public schools rely heavily on the community (ie, families, and most typically mothers) to provide educational services that are taken for granted as being provided by schools in other countries. For instance, chronic underfunding¹⁰ puts pressure the Parents and Citizen's Associations to run fundraising campaigns. Parents are also called on to help with excursions, run canteens, tidy up schools and run reading groups in early primary school. Parents feel obliged and become to be expected to provide their children with the lessons that schools should be independently teaching. These demands undoubtedly put pressure on mothers, forcing many of them out of the full-time work and into less demanding jobs. We would like to see the public system reorganised so schools would be able to work more independently from the community.

3. Possible side effects of the proposed policy changes

The policies drafted here would, most likely, require the federal and/or state governments to increase expenditure. A serious cost-benefit analysis would be required to check whether the increase in productivity resulting from the increase of women working full-time outweighs the costs of implementing policies in the medium to long term. The policies may also lead to indirect positive and negative 'side effects'.

Positive side effects to be taken into account include:

- Fostering gender equality (a valuable goal on itself for parts of Australian society).

¹⁰ The OECD 2015 report *Education at a glance* puts Australian expenditure per student in primary and secondary expenditure below the OECD average and well below comparable countries, available at: http://nces.ed.gov/programs/coe/indicator_cmd.asp

- Promoting equal opportunity across social classes. Note that the current policy arrangements mean that children from disadvantaged backgrounds, living in disadvantaged communities attend schools that receive fewer resources from parents in terms of both monetary and time donations. Therefore, schools working more independently from the local communities would essentially promote more equitable educational outcomes.
- Increasing employment opportunities in childcare and schools.

Possible negative side effects:

- Displeasing members of the community who enjoy fundraising activities and involvement in schools.

4. Conclusion

The current policy settings on parental leave, childcare, and the organisation of public schools are supported by essentially incompatible social expectations. That is, a general desire of mothers to be primary carers is incompatible with gender equality in the workplace. Employers will statistically discriminate against women because of the high probability they will become busy with parental obligations once they become mothers. Politicians and policy makers should point out these contradictory, but not obvious, social expectations to the community and implement appropriate policy changes to address the problem. In a nutshell, women cannot 'have it all' if neither society nor men are taking part of the burden.