

Chapter 2

Nature and extent of gender segregation in Australia

2.1 The composition of Australia's workforce has changed substantially over the past 40 years. As the Department of Employment noted in its submission:

[W]omen's labour force participation rates have increased from just under 45 per cent to almost 60 per cent. This increase has been particularly prevalent among married females. By contrast, the proportion of the adult male population participating in the labour force has been falling from just under 80 per cent to about 70 per cent.¹

Women's increased workforce participation has not been uniform across industries and occupations. Instead, women have been concentrated into particular jobs and sectors. Where women do work side by side with men, they are more likely to be working for them, as women find themselves restricted to more junior or poorly paid roles.

2.2 The result is workplace gender segregation, with identifiable and delineated zones of male and female workforce activity.

2.3 Workplace gender segregation is one of the most pervasive and persistent aspects of contemporary global labour markets. Gender segregation is common to most countries, even those with very different levels of economic development and distributions of employment.²

2.4 In the mid-1980's, Australia had the most gender-segregated workforce in the Organisation for Economic Co-operation and Development (OECD).³ Whilst Australia's ranking for gender segregation no longer exceeds that of the United States and the United Kingdom, it remains high and is a persistent trend.⁴

1 Department of Employment, *Submission 15*, p. 2.

2 Martha Fetherolf Looutfi, ed., *What is Equality and How Do We Get There? Women, Gender and Work*, International Labour Office, Geneva, International Labour Organization, 2001, p. 129.

3 OECD, *The Integration of Women into the Economy*, 1984, cited in B Pocock, 'All change, still gendered: The Australian labour market in the 1990s', *Journal of Industrial Relations*, vol. 40, no. 4, 1998, p. 590.

4 Kirsti Rawstron, University of Wollongong, 'Diverging Paths: Occupational Sex Segregation, Australia, and the OECD', The Australian Sociological Association Annual Conference 2012: Emerging and Enduring Equalities, TASA, 2012, p. 1, <http://ro.uow.edu.au/cgi/viewcontent.cgi?article=3039&context=artspapers>, (accessed 10 May 2017), cited in United Voice, *Submission 19*, p. 6; WGEA, *Gender Segregation in Australia's Workforce*, August 2016, p. 2, https://www.wgea.gov.au/sites/default/files/20160801_Industry_occupational_segregation_fact_sheet.pdf (accessed 5 June 2017).

2.5 This chapter explores the nature and extent of gender segregation in Australian workplaces.

Definition of gender segregation

2.6 Workplace gender segregation refers to the unequal distribution of women and men in certain occupations or industries, or in organisational hierarchies. It manifests itself in two distinct ways.

2.7 The Workplace Gender Equality Agency (WGEA) defines these dimensions as:

(Horizontal segregation is) under- or over-representation of women and men in certain occupations or industries.

(Vertical segregation is) the imbalance between women and men in leadership categories (occupational hierarchies)... men dominate leadership categories while women are concentrated in non-management roles.⁵

Horizontal segregation in Australia

2.8 Horizontal gender segregation is deeply entrenched in the Australian labour market, despite advances in female educational attainment, workforce participation and legislation prohibiting discriminatory behaviours.⁶

2.9 Horizontal segregation is more resistant to change than vertical segregation because it plays to our basic understandings of gender roles. Nurses and teachers are often pictured as women, whereas doctors and lawyers are often assumed to be men; these are visual examples of how highly engrained horizontal segregation is in our society.⁷

2.10 In 2015–16, six in 10 Australian employees worked in an industry which is dominated by one gender. To put it another way, 60 per cent of Australian workers don't know what it is like to work in an industry with balanced gender representation.

2.11 WGEA data in Figure 2.1 below shows that, between 1995 and 2015, there have been some positive signs in certain industries, but there is no pattern of desegregation in Australia across industries. Gender segregation remains a significant feature. The WGEA data found that:

- women are increasingly concentrated in two industries: Health Care and Social Assistance, and Education and Training;
- the proportion of women in male-dominated industries, including Electricity, Gas, Water and Waste Services, and Transport increased; and




















5 WGEA, *Submission 22*, p. 6.

6 BCEC, *Submission 39*, p. 22.

7 Addison Hanne, *Feminist Economics*, WFS Publishing, 2015, p. 74.

- among the mixed industries, Public Administration and Safety, Rental, Hiring and Real Estate Services, and Information Media and Telecommunications in particular have become gender balanced.⁸

Figure 2.1—Proportion of female employees by industry, 1995 and 2015

| Industry | Female employees, 1995 (%) | Female employees, 2015 (%) | Female employees, difference (.pp) | Gender dominance (2015) |
|---|----------------------------|----------------------------|------------------------------------|-------------------------|
|  Health Care and Social Assistance | 76.4 | 79.2 | 2.8 | Female-dominated |
|  Education and Training | 65.4 | 70.6 | 5.2 | Female-dominated |
|  Retail Trade | 54.1 | 54.5 | 0.3 | Mixed |
|  Accommodation and Food Services | 54.7 | 53.9 | -0.7 | Mixed |
|  Financial and Insurance Services | 58.1 | 51.1 | -7.1 | Mixed |
|  Rental, Hiring and Real Estate Services | 45.7 | 50.1 | 4.4 | Mixed |
|  Administrative and Support Services | 54.1 | 49.2 | -4.8 | Mixed |
|  Public Administration and Safety | 39.8 | 49.1 | 9.3 | Mixed |
|  Arts and Recreation Services | 48.8 | 46.1 | -2.7 | Mixed |
|  Information Media and Telecommunications | 39.7 | 44.5 | 4.8 | Mixed |
|  Other Services | 39.5 | 41.4 | 2.0 | Mixed |
|  Professional, Scientific and Technical Services | 43.5 | 40.4 | -3.1 | Mixed |
|  Agriculture, Forestry and Fishing | 31.9 | 33.7 | 1.7 | Male-dominated |
|  Wholesale Trade | 32.0 | 31.1 | -0.9 | Male-dominated |
|  Manufacturing | 26.3 | 27.9 | 1.6 | Male-dominated |
|  Transport, Postal and Warehousing | 20.6 | 23.4 | 2.8 | Male-dominated |
|  Electricity, Gas, Water and Waste Services | 15.5 | 20.8 | 5.3 | Male-dominated |
|  Mining | 12.0 | 12.9 | 0.9 | Male-dominated |
|  Construction | 14.8 | 12.0 | -2.8 | Male-dominated |

Source: WGEA, *Gender Segregation in Australia's Workforce*, August 2016, p. 5.

2.12 In occupational segregation WGEA data shows that there has been little change over the last two decades. Between 1995 and 2015, occupational gender segregation remained consistent, as illustrated in Figure 2.2:

Figure 2.2—Proportion of female employees by occupation, 1995 and 2015

| Occupation | Female employees, 1995 (%) | Female employees, 2015 (%) | Female employees, difference (.pp) | Gender dominance (2015) |
|--|----------------------------|----------------------------|------------------------------------|-------------------------|
| Clerical and Administrative Workers | 76.0 | 74.3 | -1.7 | Female-dominated |
| Community and Personal Service Workers | 66.2 | 68.2 | 2.0 | Female-dominated |
| Sales Workers | 59.0 | 59.1 | 0.1 | Mixed |
| Professionals | 47.1 | 54.6 | 7.5 | Mixed |
| Managers | 30.1 | 37.1 | 7.0 | Male-dominated |
| Labourers | 36.9 | 33.6 | -3.3 | Male-dominated |
| Technicians and Trades Workers | 12.4 | 14.7 | 2.3 | Male-dominated |
| Machinery Operators and Drivers | 14.1 | 9.2 | -4.9 | Male-dominated |
| Total employees | 43.1 | 46.0 | 2.9 | Mixed |

Source: Australian Bureau of Statistics, *Labour Force, Australia, detailed, quarterly*, May 2016, cat. No. 6291.0.55.003.⁹

2.13 Analysis by Work + Family Policy Roundtable (W+FPR) showed that, between 2006 and 2011, there was no substantial change in the feminisation rate of the largest 20 occupational groups (comprising about 50 per cent of all employees).

2.14 These horizontal segregation trends are consistent with international data. The International Monetary Fund (IMF) notes that women continue to be highly over-represented in clerical, service, and professional occupations, while men tend to be over-represented in craft, operator, and labourer jobs.¹⁰ The IMF notes that this was particularly prevalent across OECD countries:

Across the OECD membership, female employment is concentrated in the services sector, which accounts for 80 percent of employed women, compared to 60 percent for men. Within this sector, women fill a disproportionately high share of occupations in health and community services, followed by education.¹¹

9 Data is based on May as the reference period. Occupations are ranked from the largest proportion of female employees to smallest.

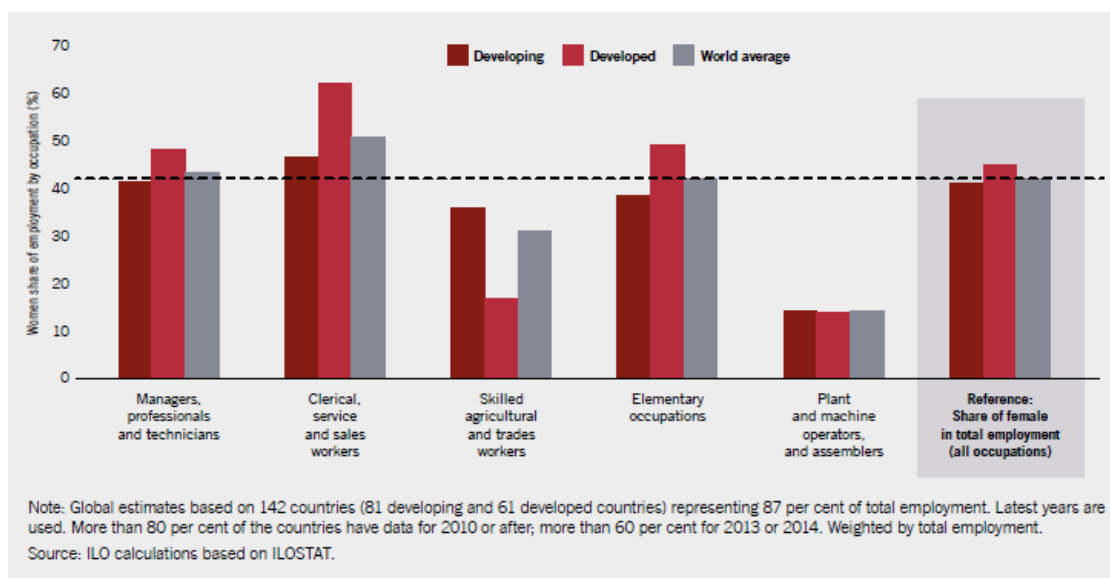
10 Katrin Elborgh-Woytek et al, *Women, Work and the Economy: Macroeconomic Gains from Gender Equity*, IMF Staff Discussion Note, SDN/13/10, September 2013, p. 6, <https://www.imf.org/external/pubs/ft/sdn/2013/sdn1310.pdf> (accessed 5 June 2017) ; See also Catalyst, *Women in Male-Dominated Industries and Occupations*, 20 October 2015, <http://www.catalyst.org/knowledge/women-male-dominated-industries-and-occupations>, (accessed 15 December 2016).

11 Elborgh-Woytek et al, *Women, Work and the Economy*, p. 6.

2.15 The International Labour Organisation's (ILO's) report, *Women at Work: Trends 2016*, shows that women tend to be over-represented in the lowest paid occupations across both developed and developing nations (see Figure 2.3 below):

Globally but in particular in developed countries, women are highly represented in "Clerical, service and sales" occupations—where they even outnumber men—and "Elementary occupations". Both are typically associated with part-time employment and low pay jobs.¹²

Figure 2.3—Occupational segregation, 142 countries (latest year available)



Source: International Labour Organisation, *Women at Work: Trends 2016*, Geneva, 2016, Figure III, p. xiv.

2.16 The ILO reported that there has been no 'substantial decrease in occupational segregation'.¹³ Researcher Dr Kirsti Rawstron, supported this finding and noted that, when comparing occupational gender segregation of OECD nations from 1984–2010:

Overall, no single pattern of changing levels of sex segregation is visible for all OECD countries. While some countries have shown a decrease in the levels of sex segregation (whether significant or not), others have shown an increase. What has emerged is a tendency for those countries with already low levels of sex segregation to have displayed decreasing sex segregation since 2000, while those with high levels of sex segregation have generally shown an increasing trend.¹⁴

Vertical segregation in Australia

2.17 Vertical segregation primarily describes the under-representation of women in senior positions. Data collected by WGEA indicates that the representation of women steadily declines with seniority so that most senior levels of management are heavily

12 ILO, *Women at Work: Trends 2016*, ILO, Geneva, 2016, p. 25.

13 ILO, *Women at Work*, p. 26.

14 Rawstron, 'Diverging Paths', p. 1.

male-dominated. This means that men dominate the senior levels of the occupation hierarchies across all industry groupings.¹⁵

2.18 WGEA data for 2015–16 shows the proportion and number of female Key Management Personnel (KMPs) and Chief Executive Officers (CEOs) in non-public sector reporting organisations with 100 or more employees (see Figure 2.4 below):

Figure 2.4—Proportion of female KMPs and CEOs, WGEA data, 2015–16

| | Female CEOs (%) | Female KMPs (%) | Female CEOs (No.) | Female KMPs (No.) |
|------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Female-dominated | 31.8 | 44.8 | 609 | 3,227 |
| Mixed | 10.8 | 27.0 | 131 | 1,729 |
| Male-dominated | 5.3 | 16.3 | 110 | 1,442 |
| Overall | 16.3 | 28.5 | 850 | 6,398 |

Source: WGEA, Agency reporting data.

2.19 There is a clear relationship between horizontal and vertical segregation. Research by Leanin.org and McKinsey & Company found that most CEOs are promoted from line or operational roles rather than staff roles such as Human Resources or Administration. Women are more likely to hold staff roles, and this study found that their chances of being promoted to senior positions were significantly reduced as a result. In the 2015 research, 90 per cent of CEOs were hired and promoted from line roles, and 100 per cent of those were men.¹⁶

2.20 Findings by Bankwest Curtin Economics Centre (BCEC) show a linear relationship between growth in the proportion of women in leadership positions, and a decline in the gender pay gap.¹⁷

2.21 Although in practice very few individuals are appointed to executive positions, vertical segregation at very senior levels can have an impact on the welfare of larger groups of women. Companies with few female executives had a higher pay gap than those with an equal share of women and men. Conversely, those that increased the share of female executives reduced their pay gap by up to three percentage points:

The strength of association between pay equity and women in leadership could reflect more the cultures and attitudes towards gender diversity

15 WGEA, *Submission 22*, p. 9. Also see WGEA, *Gender Segregation in Australia's Workforce*, p. 6.

16 Leanin.Org and McKinsey & Company, *Women in the Workplace*, 2016, <https://womenintheworkplace.com/> (accessed 27 April 2017); see also WGEA, *Submission 22*, p. 9.

17 BCEC in association with WGEA, *Gender Equity Insights 2017*, p. 53.

embedded within companies—these cultures and attitudes vary according to their industry sector, scale and organizational setting. Companies with a positive attitude to gender diversity are likely to drive equity both in pay and in the progression of women into leadership positions, leading to a strong correlation between the two indicators.¹⁸

Measuring gender segregation

2.22 The quality and extent of Australia's gender data is widely acknowledged to be amongst the best in the world. Several witnesses testified to the importance of the various datasets available to policymakers, employers and employees in understanding the nature and extent of gender segregation and the pay gap in Australia's workplaces.¹⁹

Key sources of gender data

2.23 The Australian Government's WGEA dataset was a key source of data for submissions to this inquiry, providing the basis for analysis of the nature and extent of gender segregation and the pay gap in Australia. BCEC described it as 'unique and world-leading'.²⁰

2.24 The *Workplace Gender Equality Act 2012* requires non-public sector employers with 100 or more employees to annually report to the WGEA under six gender equality indicators, generating a standardised performance assessment that enables comparisons across industries and organisation sizes.

2.25 Reporting organisations also indicate whether they have conducted a gender pay gap analysis, and what actions have been taken to address gaps. WGEA provides reporting organisations with customised, confidential benchmark reports enabling employers to track their progress in reducing any gaps and how they compare with other employers.

2.26 The inquiry found that the process of reporting to WGEA can be an illuminating for employers, as it can reveal previously unrecognised gender pay gaps. Women in Super (WiS), for example, noted that some universities were 'extremely shocked' to discover how pay differences had crept into their remuneration packages, even though they had publicised pay scales, as a result of bonuses and other additional benefits negotiated by individual male employees.²¹

2.27 WiS noted that their own industry (financial services) has one of the highest gender pay gaps, yet there is little understanding of the nature and extent of the pay gap:

18 BCEC, *Submission 39*, pp. 20–21.

19 See for example, Associate Professor Rebecca Cassells, Principal Research Fellow, BCEC, *Proof Hansard*, 26 April 2017, p. 2; Mrs Jill Allen, Research Manager, Australian Federation of Employers and Industries, *Proof Hansard*, 10 April 2017, p. 55.

20 Associate Professor Rebecca Cassells, Principal Research Fellow, BCEC, *Proof Hansard*, 26 April 2017, p. 2.

21 Mrs Sandra Buckley, Executive Officer, WiS, *Proof Hansard*, 10 April 2017, p. 48.

You are talking about an industry here that should know its numbers inside out and upside down, yet it still has an extremely high pay gap. We have to collect this data, we have to analyse it and we have to have the discussions.²²

2.28 BCEC noted that there are several other valuable gender-related datasets available to Australian policymakers, including the Household, Income and Labour Dynamics in Australia (HILDA) Survey conducted by The University of Melbourne, the Australian Bureau of Statistics (ABS) Gender Indicators, and the Australian Census datasets.

2.29 However, it was noted that there is currently a gap in the data sources that 'limits our capacity to really identify all aspects of gender segregation'.²³ BCEC recommended that resources be made available to improve portability between datasets of employer information (such as those collected by WGEA) and employee information (such as those collected by HILDA).²⁴

2.30 W+FPR pointed to the need for revisions to current data collection protocols, to allow for increased granularity of occupational categories. It was noted that the standard format in the Australian and New Zealand Standard Classification of Occupations typically groups all professionals together. More finely grained data would enable researchers to 'cut through some of the tiering that occurs within the professional group':

There is a requirement for datasets that take into account a very finely grained occupational detail, so what we would think of as at least three-digit occupational data, and be able to meld that successfully with industry segregation as well...this would address some of the contest in the literature concerning the impact of occupational segregation.²⁵

2.31 W+FPR noted that, whilst some datasets such as HILDA offer more detail, there is still a need for coherent datasets to work at a more finely grained level and be able to address different types of gender segregation.²⁶

2.32 The National Foundation for Australian Women (NFAW) observed that the discontinuation of the Australian Bureau of Statistics Time Use study had created a significant gap in the available datasets relevant to this subject. It was described as:

...a vital record of women's work. It provided accurate data concerning the extent and distribution of unpaid work and its intersection with paid work.²⁷

22 Mrs Sandra Buckley, Executive Officer, WiS, *Proof Hansard*, 10 April 2017, p. 48.

23 Professor Alan Duncan, Director, BCEC, *Proof Hansard*, 26 April 2017, pp. 4–5.

24 Professor Alan Duncan, Director, BCEC, *Proof Hansard*, 26 April 2017, pp. 4–5; The University of Melbourne, *HILDA Survey*, <http://melbourneinstitute.unimelb.edu.au/hilda>; ABS, 4125.0 – *Gender Indicators, Australia*, <http://www.abs.gov.au/ausstats/abs@.nsf/mf/4125.0>; (accessed 28 April 2017).

25 Associate Professor Meg Smith, Member, W+FPR, *Proof Hansard*, 26 April 2017, p. 4.

26 Associate Professor Meg Smith, Member, W+FPR, *Proof Hansard*, 26 April 2017, p. 4.

2.33 The NFAW recommended that the regular undertaking of the Time Use Survey recommence.²⁸

Transparency of reported pay gap and segregation information

2.34 Currently, data reported to WGEA is only published on an anonymous basis, and aggregated and analysed by occupation, industry, seniority and other dimensions. Some witnesses raised the issue of the transparency and accessibility of gender data.

2.35 The United Kingdom recently decided to extend its existing gender data reporting model, to require all employers with 250 or more employees to publish and report figures about their annual gender pay gap, together with a 'supporting narrative' to explain why the gap is present and what the organisation intends to do to close it.²⁹

2.36 W+FPR argued that the current WGEA gender equality reporting requirements could be expanded along the lines of the UK model:

Further to the policy measures and in addition to the current annual gender equality reporting to WGEA, we submit that there are advantages in the public reporting of individual employer's gender pay gaps. A scheme could be devised that would allow employers to accompany their gender pay gap data with an explanation of why a gap exists and their action plans to overcome it.³⁰

2.37 This view was not shared by all witnesses. Ai Group argued that the current reporting system is working well and that no further increase in the level of mandatory reporting by employers is necessary.³¹

2.38 At the company level, it was noted that new provisions to achieve transparency of individual remuneration could support gender equity, because pay secrecy obscures the relationship between pay and performance.

2.39 Victorian Women Lawyers recommended removing pay confidentiality clauses from new employment contracts and enterprise agreements.³²

2.40 Level Medicine recommended introducing pay auditing or disclosure of salaries in organisations employing doctors to draw attention to pay gaps where they exist.³³

27 NFAW, *Submission 6*, [p. 9].

28 NFAW, *Submission 6*, p. 7.

29 Associate Professor Rebecca Cassells, Principal Research Fellow, BCEC, *Proof Hansard*, 26 April 2017, p. 4; W+FPR, *Submission 33*, p. 23; also see United Kingdom Government, *Gender pay gap reporting: what employers must publish*, 6 March 2017, <https://www.gov.uk/guidance/gender-pay-gap-reporting-what-employers-must-publish> (accessed 28 April 2017).

30 Associate Professor Meg Smith, Member, W+FPR, *Proof Hansard*, 26 April 2017, p.2.

31 Ai Group, *Submission 11*, p. 7.

32 Victorian Women Lawyers, *Submission 29*, [p. 4].

33 Level Medicine, *Submission 24*, [p. 8].

2.41 The Shop, Distributive and Allied Employees' Association (SDA) recommended that the *Workplace Gender Equality (Minimum Standards) Instrument 2014* be amended to require companies to report the base salary and total remuneration for all levels, including CEOs.³⁴

2.42 PROGRAMMED, which employs 20,000 staff in maintenance and facility management, undertakes annual pay equity reviews and has reduced the pay equity gap from 26 per cent in 2013–14 to 17.8 per cent in 2015–16 (the gap is 23.1 per cent Australia-wide).³⁵

Conclusion

2.43 The committee accepts the evidence that Australian gender segregation is significant, and that high rates of industrial and occupational segregation are associated with high rates of vertical segregation and gender pay gaps.

34 SDA, *Submission 20*, p. 37.

35 PROGRAMMED, *Submission 31*, p. 6.