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Trends in women's labor force participation in Australia: 1984–2002

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Abstract

Women's workforce participation increased strongly over the 1980s and 1990s, especially among middle aged wives. Multivariate analysis of IsssA data ($N = 9412$) reveals large compositional changes and a trend for succeeding cohorts of women to work more than their predecessors, but few if any period effects. Among the compositional changes, rising women's education and falling fertility substantially elevate women's workforce participation and hours worked. No clear time effects were associated with particular policy initiatives. Importantly, interaction tests suggest that the effects of education and of family situation have *not* changed over time. Finally, family of origin and religiosity have both direct and indirect effects.

Keywords: Women's labor force participation; Female labor supply; Hours worked; Australia; Trends; Family background effects; Cohort effects; Age effects; Price effects; Income effects; Education; Life-course stage; Children; Marital status; Husband's income

1. Introduction

Women's labor force participation is a fascinating issue for both theoretical and policy reasons. Modernization theory has long predicted the convergence of gender roles, as rapid growth in industrial productivity and consequent strong wage gains have drawn first men and then women out of home and farm production and into work in offices and factories (Blumberg, 1984; Inglehart, 1997). And there is evidence that favorable labor markets do draw women into employment (Cotter et al., 1998). Nonetheless, other evidence suggests that this convergence is more apparent than real: the tempo and intensity of labor force participation are, for most women, still largely governed by family considerations (Hakim, 1998).

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1.1. Long term trends in Australian women's workforce engagement

1.1.1. All women

In a system familiar from northwestern Europe (Hajnal, 1982; Laslett, 1977), a typical life course for 19th century Australian women was leaving home for a series of posts as servant during adolesence and young adulthood, followed by marriage in their mid or late twenties, whereupon many in turn became employers of young household servants (Larson, 1994). Overall, from the mid 19th century to the mid 20th century, women's labor force participation held steady at about 30%, the vast majority of participants being unmarried (Jones, 1987).

Then after WWII, the higher wages and prestige of office and factory jobs drew Australia's increasingly highly educated young women into clerical and blue collar work, and domestic service dwindled to a niche market. Since the 1940s, at least 90% of Australian women held some paid employment during their early 20s, with recent cohorts working longer hours and more years (Santow and Bracher, 1994). Over the second half of the twentieth century, Australia's pattern is in the middle of the developed countries, with women's employment rates lower than the US, for example, but higher than the Netherlands (Jones, 1993; Kempeneers and Lelievre, 1993).

1.1.2. Marital status and women's workforce involvement

In 1950, only about 10% of Australian wives had paid jobs, but that rose sharply between the mid-1950s and the early 1970s; the increase slowed, or even stalled, in the late 1970s and early 1980s (Santow, 1990). Married women's labor force participation then climbed very gradually over the 1980s and 1990s, passing 60% by 2000 (Evans, 2003). Fig. 1 shows the trends for 1982–2002.

By contrast, single women's employment held constant or declined in the early postwar period (Bracher, 1990; Santow, 1991). Then, in the 1980s, unmarried women's labor force participation began to climb again, albeit more slowly than did wives' participation. Throughout the early 1980s, unmarried women's participation rates exceeded those of wives by 10 or 11 percentage points, age standardized (Evans, 2003). The participation gap then declined to 6 or 7 percentage points through the late 1980s and early 1990s, shrank to 4 or 5 percentage points in the middle and late 1990s, and finally dwindled to 2 points.[1]

1.1.3. The institutional setting

1.1.3.1. Legal framework. In Australia, substantial disincentives to wives' labor force participation were enshrined in law and custom until well after WWII. For example, job contracts in government and large private companies often specified lower pay to women than to men in the same job and termination of employment upon marriage. Then, in the late 1960s to early 1970s, a series of judicial initiatives and legislative decisions steadily removed the legal disincentives to women's employment, culminating in a framework mandating equal employment opportunity and equal pay for equal work.[2] Good estimates indicate that, by the 1980s, the reality was nearing the legal ideal: only a small wage gap separated men and women net of productivity-related factors (Marks and Fleming, 1998), despite persistent occupational segregation (Hayes, 1991).

1.1.3.2. Educational system. The postwar period has also been a time of erratically rapid educational expansion in Australia. Early in the postwar period most girls left school after year 8 (Kelley, 2001), so that wives' potential wages were low relative to the value of their homemaking, and the prestige of the jobs they could get was, on average, lower than that of being a housewife. Subsequent expansion of the educational system and education's continuing close connection with job quality and pay (Broom et al., 1980; Evans and Kelley, 2002a), make being a full-time homemaker "cost" today's young women much more than in prior cohorts.

[1] The trends would be more distinct if cohabiting women were classed with single women, but the Australian Government data group them this way in keeping with policies to minimize welfare payments.

[2] See (Young, 1989) for a detailed assessment of policies affecting women's employment in the postwar period in Australia; compare (Dex and Shaw, 1986) on Britain and the USA.