

# The gender pay gap by age group

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## Key findings

- Gender pay gaps favouring men exist in every age group. WGEA data shows that the gender pay gap is 2.5% for employees under 24 years old, and it increases at a constant rate before peaking at over 30%, an earnings difference of over \$40,000 per year, for employees ages 45-64.
- Although women complete higher education and enter the labour market at a higher proportion than men, they are still substantially less likely to work full-time across all age groups and less likely to reach the highest earning levels.
- To attract and retain talent from diverse backgrounds and of all ages, employers must offer flexible working arrangements, be creative about what it takes to be a leader and create part-time management roles.

## Introduction

Over the last decade, women's workforce participation and engagement in higher education has increased. Women represent 60% of all higher education enrolments and outnumber men in higher education completion rates.<sup>1</sup> Although women's workforce participation remains below that of men's workforce participation, it increased to a record high at 62.4% in February 2022.<sup>2</sup> In spite of these gains, the gender pay gap persists and women continue to remain underrepresented in positions of leadership and in full-time employment.

The Australian workforce is also becoming more age diverse. Over the past 20 years, the proportion of workers over the age of 55 has doubled.<sup>3</sup> This is attributed to women re-entering the workforce at higher rates than they were previously and people delaying retirement.<sup>4</sup> This is also, in part, a financial necessity as Australians live longer and require the means to be self-sufficient.<sup>5</sup> While the age of retirement is increasing, a quarter of working Australians over the age of 50 also anticipate that they will never retire.<sup>6</sup>

New WGEA data shows workplace outcomes and inequalities at the intersection of gender and age. WGEA data confirms that, while women and men in the youngest age cohorts were in more similar positions within the workforce, gender differences in pay, employment status<sup>i</sup> and leadership generally grew as employee age increased. The gender pay gap is 2.5% for employees under 24 years old, and it increases at a constant rate before reaching 30.2% for employees ages 45-54 and peaking at 31.9% for employees ages 55-64. The proportion of women working full-time decreased with age, never reaching 50% in any age group, while the majority of men work full-time beginning at age 25. In addition, the gender gap in senior leadership increased with age.

Women are overrepresented in part-time and casual employment, and are twice as likely as men to be working part-time and casually from age 35.<sup>7</sup> This is indicative of women's and men's different experiences of paid and unpaid work throughout the course of their lives. Women are more likely to have interrupted careers and reduce their participation in the workforce to care for children and other family members, while men are less likely to have access to or utilise parental leave and flexible working arrangements. Differences in how women and men can manage paid and unpaid responsibilities can impact opportunities for advancement into more senior and highly paid roles. These,

<sup>i</sup> Employment status refers to whether an employee is employed on a full-time, part-time or casual basis.

and other social and economic factors that shape different employment trajectories, can compound overtime, impacting women's and men's lifetime earnings and the gender pay gap.

The data further highlights the importance of workplace policies and practices that enable equal participation of women and men throughout their working lives. This includes addressing bias and discrimination in the workplace; creating part-time managerial roles, gender neutral parental leave, and inclusive flexible working policies and practices; and assisting with access to affordable early childhood education and care.

## Gender gaps in pay, labour market participation, and progression

WGEA's data by age group shows that women and men in the youngest age groups were in generally equal positions within the workforce, but that gender differences in pay, employment status, and progression widened as employee age increased.

The majority of women worked in part-time and casual positions across all age groups, while the majority of men worked full-time. The data shows that the majority of women in Australia participate in the labour market on a part-time basis throughout their working lives.

The data also highlights that the overwhelming majority of managers, whether a woman or man, worked full-time across all age groups. This is indicative of a prevailing view that management responsibilities cannot be done on a part-time basis. Given that full-time manager roles do not align with most women's employment status, it is likely that more women are passed over for promotions into leadership.

### Gender pay gap

WGEA data shows that the gender pay gap generally increased with age in 2020-21, and that gender pay gaps favouring men existed at all ages. This aligns with other research and analysis, which finds that the gender pay gap increases with age.<sup>8</sup>

While the gender pay gap was small for those women and men who were likely just beginning a professional career, it grew with employee age. Women under 24 years of age earned on average \$1,413 per year less than men, with an average remuneration gender pay gap of 2.5%. The gender pay gap increased at a consistent rate with employee age, peaking for employees aged 55-64 at 31.9%. The gender pay gap remained high at 25.3% for employees aged 65 years and over.

Several factors contribute to the increase in the gender pay gap with age. The data confirms that the gender pay gap increased during those years that women would be more likely to reduce participation in the workforce due to care for children, between 25-44 years of age. The impact of this continues into the next decades as the pay gap continues to increase. As a result of the extra time women spend in unpaid care work for children and other family, they have delayed or reduced promotion opportunities and are less likely than men to hold highly compensated jobs.

The data also shows that women are underrepresented in full-time positions and management across age groups. These factors contribute to the gender pay gap and are likely due to women's ongoing responsibilities for care for children as well as other family members. Relatedly, ABS data shows that women are more likely to be carers,<sup>ii</sup> and the rate of caring generally increases with carer age.<sup>9</sup> Discrimination and bias related to age also contributes to older women workers having lower average weekly earnings than men.<sup>10</sup>

These and other factors contribute to the gender pay gap and mean that women have lower lifetime earnings when compared to men. This results in women retiring with less superannuation savings than men and facing more financial insecurity in retirement and higher levels of poverty.<sup>11</sup>

### Employment status

WGEA data shows that, in every age cohort, less than half of women were employed full-time in 2020-21. Women's representation in part-time and casual work increased with age, with women ages 55 and over the most likely to work in part-time and casual work (65% of women ages 55 and over were employed in part-time and casual positions). In contrast, the majority of men worked full-time from ages 25 and over.

The differences between women's and men's employment status began in the younger age cohorts. The proportion of women and men employed full-time, part-time and casually was generally the same for employees under 24 years, with the majority of women and men under 24 years of age employed casually. When compared to this youngest cohort, there was a sharp increase in the proportion of women and men employed full-time at age 25-34. Yet, over half of women were employed on a part-time and casual basis in this cohort, while over half of men were employed full-time. As employee age increased, the share of women employed full-time decreased while the share of men employed full-time generally increased.

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<sup>ii</sup> The ABS survey on Disability, Ageing and Carers defines carer as "a person who provides any informal assistance (help or supervision) to people with disability or older people (aged 65 years and over)."

Women's overrepresentation in part-time and casual work likely reflects their balancing care for children and other family members while they work. This relates to societal expectations and gender norms about the division of labour for working families. Recent employment patterns within working families have been described as the "modified male breadwinner model," where women are more likely to balance part-time work with caregiving responsibilities and men maintain full-time employment hours.<sup>12</sup> WGEA data shows that women accounted for the majority of primary carers (88%) in 2020-21, with only 12% of men taking primary carers leave.<sup>13</sup> Women also account for the majority of providers of eldercare, based on global research.<sup>14</sup> When compared to previous generations, women are more likely to be employed while managing eldercare.<sup>15</sup> WGEA's analysis suggests that women's overrepresentation in part-time and casual work has implications for progression into management positions.

### **Manager positions**

In 2020-21, the majority of managers, whether a woman or man, worked full-time across all age groups. However, WGEA data indicates that this is not compatible with women's overall employment status, where over half of women are employed in part-time and casual roles across all age groups.

The proportion of women and men in manager and non-manager positions was equal in the younger cohorts. This likely reflects that many individuals are starting out in their careers and most do not yet hold the seniority and experience to progress into manager positions. From age 35, a higher proportion of men became managers and progressed into higher positions of management, such as Chief Executive Officer (CEO), Key Management Personnel (KMP) and other executive. The proportion of men in manager positions peaked at age 45-54, and the proportion of men in management was almost twice that of women at ages 55-64 and 65 and over. The proportion of men in the highest levels of management (CEOs, KMPs, and other executives) was greatest for men 55 years and over. This pairs with other research, finding that women in senior leadership remain underrepresented in line roles to the CEO and are more likely to hold functional roles from which progression to CEO is less common.<sup>16</sup>

The 2020-21 data on gender and age builds on findings from the last eight years of employer reporting to WGEA. The data shows that most manager positions are full-time, most men work full-time, and therefore, more men are managers. Expectations for manager positions can be based on assumptions and stereotypes about the "ideal worker," which disadvantage women because they spend less time in the workforce.<sup>17</sup> Women's career progression can be limited when a workplace culture equates flexibility with lack of commitment, or when higher-level positions are perceived as less flexible.<sup>18</sup> Research finds that women view high-level positions as attainable but less desirable when compared to men due to having to make trade-offs and experiencing more conflict with other life goals.<sup>19</sup>

Although few managerial positions are part-time,<sup>20</sup> the data also suggests that there are even less part-time or casual manager positions available to men when compared to women. This is less compatible with shifts in current gender norms that see men wanting to work more flexibly.<sup>21</sup> At the same time, the proportion of employers in WGEA's dataset that set targets for men's engagement in flexible work remains low in 2020-21, at 7%. However, this is a 4.7 percentage point increase from the previous reporting period, the largest increase since employers began reporting this data.<sup>22</sup> This could potentially reflect the impact of the COVID-19 pandemic on where and how employees work, with 65% of employers being more likely to approve formal flexible working arrangements for women and men since the pandemic.<sup>23</sup>

## **Conclusion**

During the 2020-21 reporting period, WGEA collected data on employee age from relevant employers for the first time on a voluntary basis. Over 70% of relevant employers reported data on the year of birth for nearly 3 million employees.<sup>iii</sup>

Findings from this WGEA data reinforce other analysis and research on the intersection of gender and age in the workplace. In 2020-21, gender differences in pay, employment status, and progression widened as employee age increased. In general, the gender pay gap increased, the proportion of women employed full-time decreased, and women's representation in leadership decreased with age.

The data also shows that the majority of managers are employed full-time. This suggests that many women are limited in their progression to management by virtue of their part-time and casual employment status. The data also demonstrates unequal utilisation of flexible working arrangements between women and men.

Employers have an important role in addressing the gender norms and biases that contribute to differences in pay, employment status, and progression and in supporting a gender and age diverse workforce.

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<sup>iii</sup> For the first time in 2020-21, employers could submit voluntary data on non-binary employees. Non-binary employees made up <0.1% of all employee data collected in 2020-21. Due to the small sample size, non-binary employees could not be statistically analysed for the purposes of this analysis.

## WGEA's gender equality data

Since 2014, WGEA has collected data from relevant employers with 100 or more employees against six gender equality indicators through an annual census. During the 2020-21 reporting period, WGEA collected data on employee age from relevant employers for the first time. Employers could provide data on an employee's year of birth on a voluntary basis.

Over 70% of relevant employers reported data on the year of birth for nearly 3 million employees. 99.7% of employee records with a year of birth had an age of between 16 and 75 years of age (inclusive). The data provision across industries varied. For example, around 50% of organisations in the Information Media & Telecommunications and Financial & Insurance Services industries provided the data, while over 70% of organisations in Mining, Construction, Arts and Recreation Services and Healthcare and Social Assistance provided the data. The present analysis draws on this voluntary data.

Importantly, this is a point in time analysis, meaning that different employees compose the different age groups. It is not a longitudinal or life course analysis tracking employees' engagement in the workforce over time.

Gender and age intersect and can inform an individual's experience and interaction with the workplace. As WGEA's dataset on gender and age grows, WGEA will contribute to the research on intersectionality in the workplace.

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