

The Underworked Solution: Women and the Talent Crunch



Women have made dramatic strides in the workforce across the globe, but as study after study has documented, they still lag men significantly.

“The rate of female participation in the labor force is significantly lower than that of men in all countries,” notes a 2008 report from the Organisation for Economic Cooperation and Development (OECD). “On average in OECD countries, about 60 percent of women are employed.”¹ (See chart on page two.)

The implications of this fact go beyond issues of gender equality. Two trends are now reshaping the world of work: the growing dominance of the service sector and the shrinking working-age population. These two trends add up to one indisputable fact: the global talent squeeze will only get tighter, especially so after we emerge from the current financial crisis. The recession doesn’t mitigate matters over the long term. Even now, positions at all levels continue to go unfilled in such service-sector fields as engineering, IT and healthcare. To address the problem, governments and enterprises must figure out how to expand their workforces now. And to do that, they should look to one particular demographic group that is woefully underrepresented in the formal economy and has much more to contribute: women.

The benefits of their participation are striking. “Better use of the world’s female population could increase economic growth, reduce poverty, enhance societal well-being, and help ensure sustainable development in all countries,” says a report from the OECD. They are already moving into service-sector jobs with relative ease and would probably do so in greater numbers if they could. But there are many barriers to their participation.

Some of those barriers are cultural and therefore difficult to address at the policy level. But many are structural – vestiges of an age when the five-day, 40-hour week was the norm, men were the primary wage earners and few women sought work outside the home. That model is impractical for many women who bear primary responsibility for childcare and other family obligations. We must revise outdated job structures – along with the policies that reinforce them – and move toward true employment flexibility.

What women need now is what the workforce as a whole will demand later as young people – Gen Y or the “Net Generation” – start working in greater numbers. “Evidence is mounting that when firms can create highly customized job descriptions, work systems



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and compensation plans, it pays off. This is especially true for the Net Generation,” says Don Tapscott, the author of *Grown Up Digital*.² In other words, those companies and countries that evolve quickly to bring women into the workforce today give themselves a better chance to prosper over the long term. Those that don't will struggle to stay competitive.

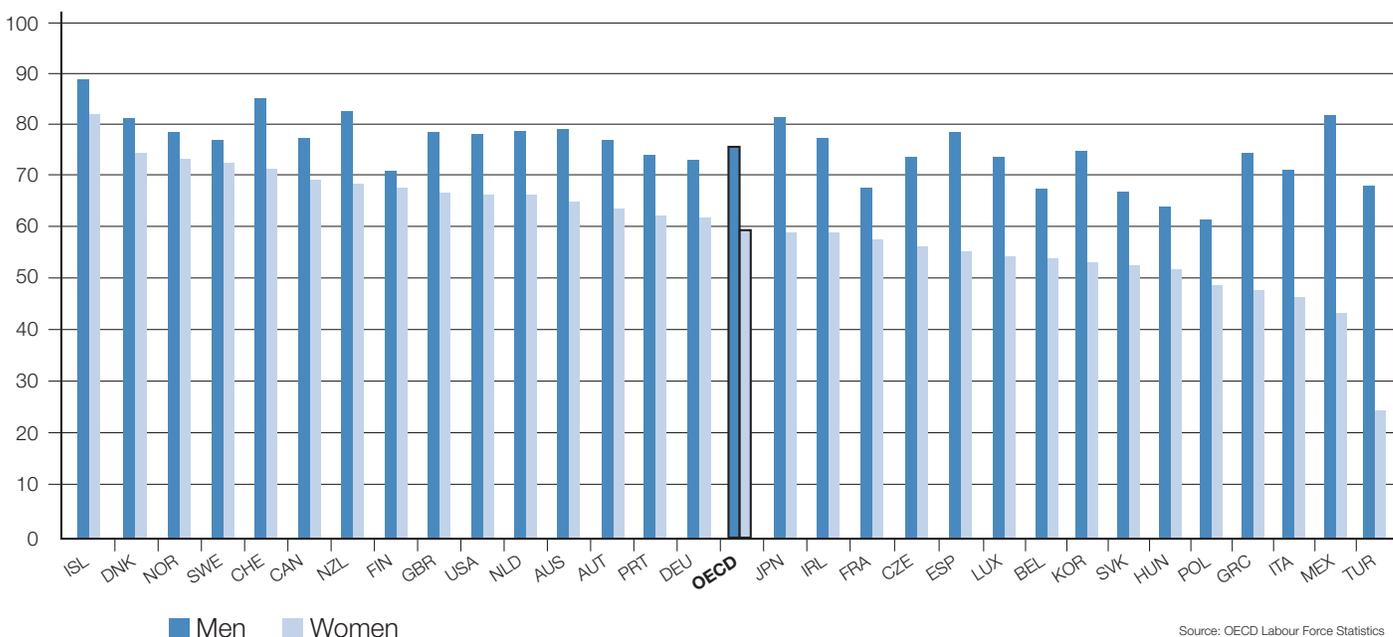
Italy, Germany and Japan will be similarly hard-hit. In fact, no economy in the developed world will escape this trend. Europe, the Americas and parts of Asia are facing an economic time bomb: there simply will not be enough qualified workers to fill the jobs that will drive growth. We must expand the labor pool.

The Case for Change

The world of work is undergoing a transformation. As the service sector continues its ascent, the need for workers is great and growing – even now. Economists say the number of service-sector jobs will grow by at least 500 million between 2004 and 2015, with the vast majority of them in Asia, and tens of millions each in Europe, the Americas, and the Middle East.³ In the developed world, meanwhile, the population is aging and the number of young people entering the workforce is shrinking. By 2015, the number of workers below the age of 34 will fall by three percent in the UK, 11 percent in France and 25 percent in Spain.⁴ Russia's working-age population is expected to plummet 10 percent by 2020, with more than 95 percent of that drop coming from the 15-to-39 age group.⁵

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Women in the Workforce – Percentage of Men and Women of Working Age in Employment: 2006



Source: OECD Labour Force Statistics

Women's labor force participation is consistently lower than that of men.

Now, consider the enormous under-tapped resource that women represent. In 2008, the International Labor Organization (ILO) found that at the global level, the employment-to-population ratio – an index to how well economies are taking advantage of the productive potential of their working-age population – was 49.1 percent for women in 2007 compared to 74.3 percent for men. The lowest rates of female participation in the workforce are in central and southeastern Europe, south Asia, the Middle East and North Africa.

The gap becomes all the more intolerable when you consider that service-sector jobs, where the greatest need will be, lend themselves to exactly the kind of flexibility women need. In such fields as sales, real estate and consulting, the work can often be done from anywhere and at any time. The contemporary world of work sorely needs women to participate in higher numbers and appears to offer greater potential for the kind of flexibility that women so often need. Yet all too often women can't, or won't, participate.

Toward True Flexibility

Inflexible work structures are the biggest global barriers. Many women cannot be office-bound for eight consecutive hours Monday through Friday. They need work that lets them choose where and when they get their jobs done. This fact has not gone unnoticed and many companies across the globe have adopted such women-friendly policies as job sharing, “flex time” and telecommuting. But most of these initiatives are little more than variations on the 40-hour workweek. And labor laws tend to reinforce this outmoded concept.

Truly flexible work practice must allow people to set their own schedules and escape the office if that's practical. Jobs in the service sector – where the need for new workers is greatest – can often accommodate this kind of arrangement. To be sure, we're already seeing this sort of behavior emerge in knowledge-economy strongholds like Silicon Valley. If governments and enterprises want to bring more women into the workforce, this practice must become the rule rather than the exception. Moreover, flexibility alone isn't enough. Employers still tend to see work done outside the 40-hour-a-week model as less valuable – a “holding pattern” for women as they throttle down to attend to family concerns. That attitude must change.

A paradigm shift is in order. We must do away with time-tracking and leverage the technology that allows individuals to work and collaborate with ease over distance

and time. And we must create paths toward advancement for women – and others – who do not sit in an office five days a week, eight hours a day, so that they can achieve success at a pace that works for them and, in turn, for everyone. To reach that goal, policymakers can start by revisiting two areas that reflect the old way of thinking about work and discourage women from participating:

- **Policies that reinforce obsolete work structures.** Pay, benefits, security and retirement rules are almost always based on the old 40-hour-a-week model. What if we recalibrated the way we value work to consider the tasks accomplished rather than the time spent? And shouldn't benefits be as flexible as the work they reward and the employees they cover? Employment security should take the place of job security.
- **Policies that deter women from returning to work.** More than 93 percent of women in the U.S. who take a career break – usually to have children – want to return to work, but only 74 percent do.⁶ There are a number of reasons for this, including the duration of protected maternity leave, the availability of part-time work, the ability to work from home and the freedom to avoid overtime.⁷ True flexibility would address these concerns.

Getting women into the workforce is vital, but it's just as important to keep them there. Pay inequity continues to be a problem. Women in OECD countries earn an average of 17 percent less than men. In the U.S. the difference is 20 percent.⁸ The good news is that many governments have taken steps to promote parity, including the U.S. where the House of Representatives just voted to give women new tools to challenge employers who pay them less than men. The “glass ceiling” also continues to be a problem. While it is true that women have moved to the top of many companies, there is still a broad perception that they don't get as many chances for advancement as men and this perception may be a deterrent to participation.⁹ And “flexibility” must extend beyond structures to attitudes: We must value work for the skills and experience that people bring to it. We must value results and knowledge gained rather than time spent in the office. Moreover, we must clear paths toward rewarding work done flexibly with career advancement. If we don't, the drive to “flexibility” can too easily end up relegating women to less secure, low-paying jobs with few or no options for advancement. Regardless of the job level or type, policies that support the rights of women and allow them to develop professionally while balancing work and home duties will reward organizations with higher employee engagement and retention levels.

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Finally, governments and enterprises can't do it all. Women themselves must take initiative. Education and training programs are obvious points of entry and women have made much progress there: Across the globe, more women than men are graduating from university.¹⁰ (We should note that there's plenty of opportunity for women without a university degree, especially in such growth industries as tourism and healthcare.) And for many women, entrepreneurship is a solution. Across the world, women business owners are rewriting the rules of work and reshaping economies, especially in developing regions. According to the *Global Entrepreneurship Monitor*, "Female entrepreneurship is an increasingly important part of the economic makeup of many countries and might be a key contributor to economic growth in low/middle-income countries."¹¹

The facts are clear: For countries and companies to flourish, women must play a bigger role in the workforce. With the talent shortage sure to gain urgency as the global economy recovers, failure to attract more women into the ranks of the employed could lead to crisis. But we can avoid this predicament if we move now to address the barriers that discourage women from participating. Contemporary work practice must embrace true flexibility to expand the labor pool. Indeed, for countries and companies alike, any long-term competitive advantage depends on enabling more individuals – women now, the Net Generation soon – to take part in the workforce in a sustainable way.

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