



## Gender and Labor Markets

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### GLOSSARY

**Factors of production:** The natural, human, and capital resources that are available to make goods and services. Also known as productive resources.

**Labor force participation rate:** The number of people who are either employed or are actively looking for work, usually expressed as a percentage. Also known as the activity rate.

**Median earnings:** Typical earnings. Technically, median earnings means that half of the employees earn more than that amount and half earn less than that amount.

**Real value:** A measure of money that removes the effect of inflation.

**Recession:** A period of declining real income and rising unemployment; significant decline in general economic activity extending over a period of time.

**Unemployment rate:** The percentage of the labor force that is willing and able to work, does not currently have a job, and is actively looking for employment.

“Sure [Fred Astaire] was great, but don’t forget that Ginger Rogers did everything he did... backwards and in high heels.”  
—Robert Thaves<sup>1</sup>

### Introduction

In economics, labor is the human effort directed toward producing goods and services. Along with the other **factors of production**—land, capital, and entrepreneurship—it is a building block of the economy.

Employees exchange their labor with employers for wages, salaries, and other benefits such as health insurance and retirement benefits. These transactions take place in what is called the labor market and are worth more than half the total value of all the final goods and services produced in the economy during a given year.<sup>2</sup>

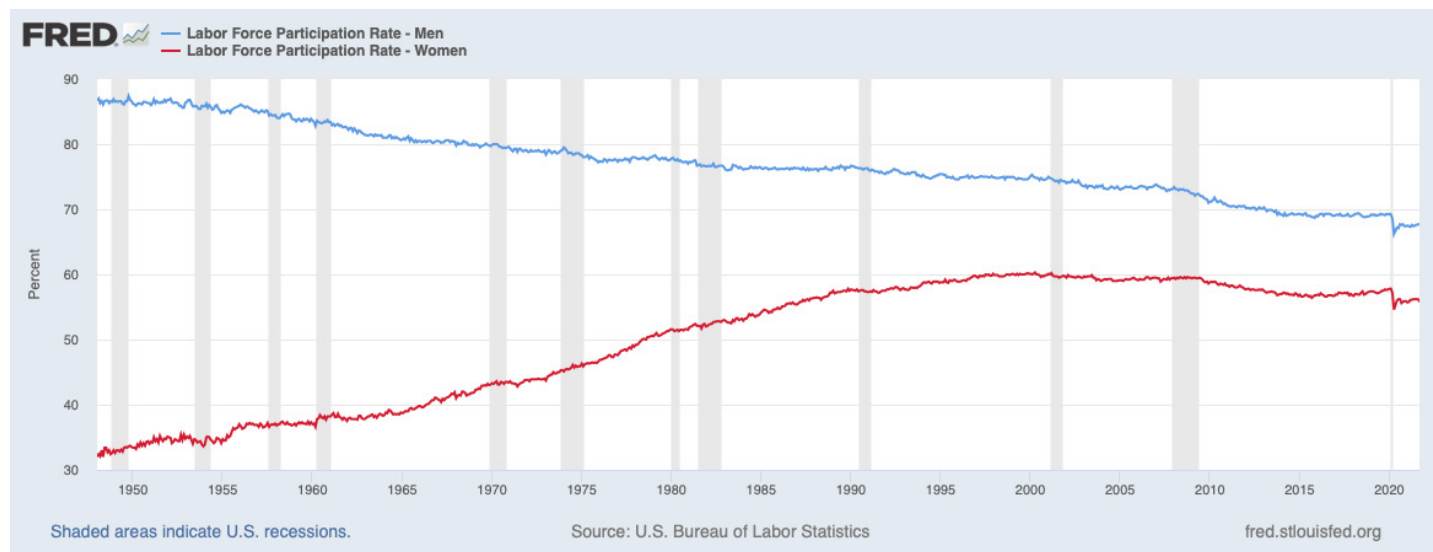
The labor market is so important that the U.S. Congress made promoting maximum employment part of the Federal Reserve’s mandate, along with promoting stable prices and moderate long-term interest rates. Monitoring how the labor market is doing is important to fulfilling that mandate. However, it is also valuable for the Fed to understand how various characteristics of individuals affect their participation in the market.

For example, workers’ gender affects their experiences in the labor market. These include their decisions to participate in the market, the types of jobs they hold, their decisions to exit the market, and ultimately their earnings. The following sections discuss these aspects of men’s and women’s experiences in the labor market.

### How Many Men and Women Participate in the Labor Market?

To answer that question, the U.S. Bureau of Labor Statistics (BLS) uses data collected through its monthly Current Population Survey (CPS). This survey is administered by the U.S. Census, and it involves interviewing about 60,000 people who either live alone or as part of a household.<sup>3</sup> Survey respondents identify as either employed (holding a job) or unemployed (being out of work and actively looking for work). The sum of the employed and unemployed workers is called the labor force. Because the size of the labor force is related to the overall size of the population, it is helpful to

Figure 1  
Labor Force Participation Rates for Men and Women



SOURCE: U.S. BLS via FRED®, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/graph/?g=lm2s>, accessed October 20, 2021.

calculate the **labor force participation rate** by dividing the number of people in the labor force by the number of people in the population. Multiplying that rate by 100 expresses the rate as a percentage.

Figure 1 shows the different labor force participation rates for men (blue line) and women (red line) in the United States. A larger percentage of men than women participate in the labor force. Between 1960 and the late 1990s, the number of women in the labor force steadily increased, when more married women started to work outside the home. Factors that helped facilitate this change include delaying having children and using time-saving household technology, such as washing machines, vacuums, and dishwashers.<sup>4</sup>

Nonetheless, since 2000, the labor force participation rate for U.S. women has declined. Researchers have not identified a single reason for this decline, however. In other countries, such as Canada, the labor force participation rate for women continues to increase. More generous parental leave policies and tax incentives may play a role there.<sup>5</sup>

### Do Economic Shocks Impact Working Women and Men Differently?

The labor market is affected by the expansions and contractions in economic activity known as business cycles.

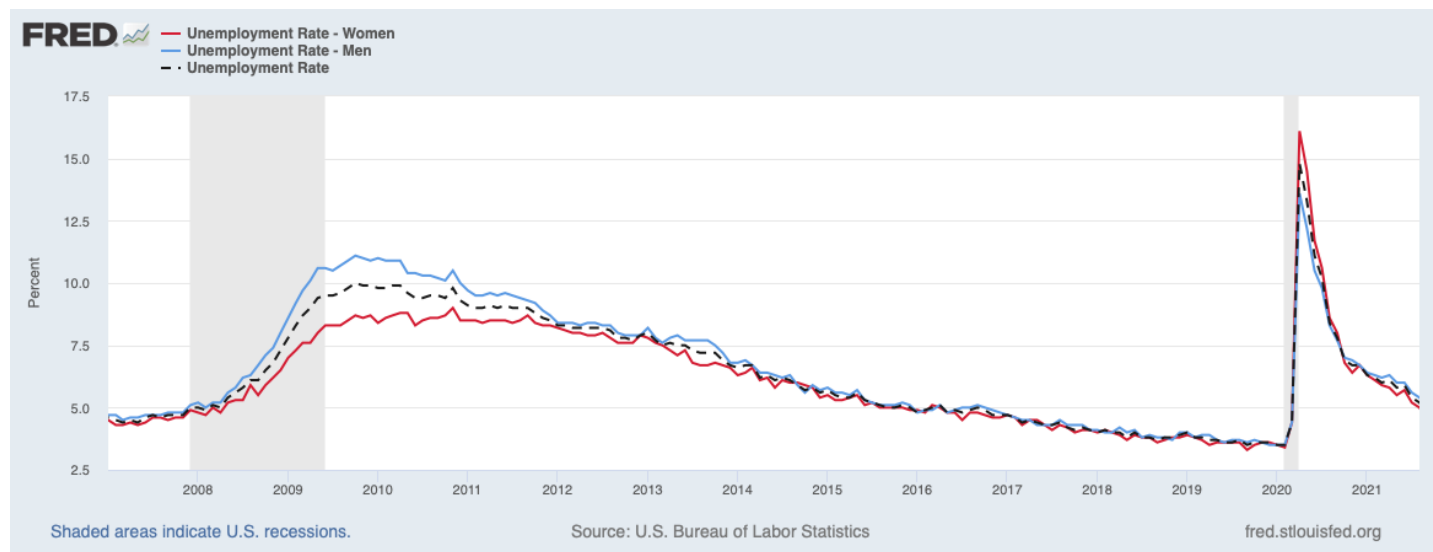
Figure 1 shows that the participation rates of both men and women decreased during the COVID-19-induced **recession** in 2020. At the time of this writing, those rates haven't fully bounced back. During contractions, known as recessions, there is less activity in the labor market (less hiring and moving from job to job) and more workers become unemployed. Recessions, however, can affect the employment status of men and women differently.

Figure 2 shows the **unemployment rate** for men (blue line), for women (red line), and across genders (black line). The BLS reports the unemployment rate in the CPS survey by dividing the number of people unemployed by the number of people in the labor force. Because there are different numbers of men and women in the labor force, calculating a rate for each allows us to compare their unemployment experiences. Multiplying that rate by 100 expresses it as a percentage.

During the 2007-09 recession, men experienced higher unemployment rates than women because more jobs were lost in occupations and industries that traditionally employ more men: namely, goods-producing manufacturing and construction.<sup>6</sup> (See the boxed insert for examples of jobs in each industry).

During the COVID-19-induced recession in 2020, women made up the majority of those who became unemployed

Figure 2  
Unemployment Rates for Women and Men



SOURCE: U.S. BLS via FRED®, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/graph/?g=HvNK>, accessed October 20, 2021.

and the majority of those who left the labor force. An unequal distribution of household responsibilities between men and women could explain this phenomenon. In fact, during the first few months of the pandemic, mothers decreased their work hours outside the home four to five times more than fathers did.<sup>7</sup> And research shows that women living with children under the age of six left the labor force in larger proportions than women with older children, suggesting that regular, reliable, and available childcare plays an important role in supporting women's continued participation in the labor force.<sup>8</sup>

However, recent research indicates that the unequal effects of the COVID-19 pandemic on the labor market experience of men and women were mostly temporary and that lingering differences are associated with age, race, ethnicity, and occupation.<sup>9</sup> The type of jobs men and women tend to hold can either shelter them from or expose them to an economy-wide shock.

### In What Industries Are Men and Women Employed?

The employment landscape for men and women is very different across industries.<sup>10</sup> Companies often focus on providing either goods or services, and jobs can be categorized along these lines. For example, since 1984, women employees have been the majority in both the government and the private (non-government) service-

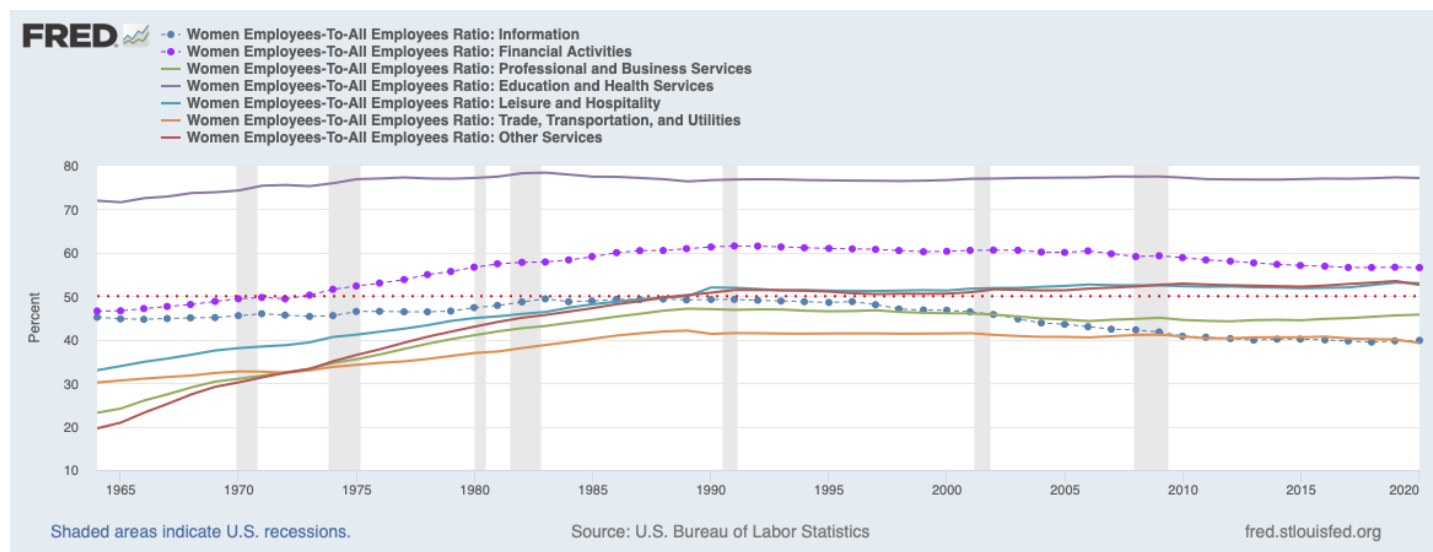
### Examples of Jobs by Industry

The U.S. BLS uses the North American Industry Classification System (NAICS) to group occupations by industry. Here are some examples:

- *Information:* newspapers, books, and software publishers; producers and distributors of music and movies; television and radio broadcasters; internet publishers and broadcasters; and telecommunication workers.
- *Financial activities:* finance and insurance workers; and real estate, rental, and leasing workers.
- *Professional and business services:* lawyers and paralegals; accountants; architects and engineers; computer service support; advertisers and marketers; and photographers.
- *Education and health services:* teachers, professors, and educators; and doctors, nurses, medical assistants, and social assistance workers.
- *Leisure and hospitality:* Spectator sports, museums, amusement park, and casino workers; and hotel, bar, and restaurant workers.
- *Trade, transportation, and utilities:* wholesale and retail sales workers; truck drivers; warehouse workers; electrical power generation and distribution workers; and water supply and sewage removal workers.
- *Other services:* repair and maintenance workers; personal care and funeral service workers; and religious, civic, and social organization workers.

SOURCE: U.S. BLS. "Industries by Supersector and NAICS Code." [https://www.bls.gov/iag/tgs/iag\\_index\\_naics.htm](https://www.bls.gov/iag/tgs/iag_index_naics.htm), accessed October 20, 2021.

Figure 3  
Percent of Women Employees in Private Service-Providing Occupations



SOURCE: U.S. BLS via FRED®, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/graph/?g=lhcy>, accessed October 20, 2021.

providing industry, yet they have never represented more than 28 percent of the employees in the private goods-producing industry. And even within the service-providing industry, the proportion of women employees varies across occupations.

Figure 3 shows the percentage of women employees in all private service-producing industries. The dotted red line at the 50 percent value helps compare employment trends across these industries. For example, women have historically represented more than 70 percent of all employees in education and health services (solid purple line) and a very large majority in financial activities (dotted purple line).

By contrast, women haven't yet topped 50 percent in the professional and business services (solid green line) or the trade, transportation, and utilities (solid orange line) sectors. Traditional cultural roles or ingrained professional practices might explain these percentages.<sup>11</sup> Finally, there are declining trends in some sectors such as information (dotted blue line) and financial activities (dotted purple line).

### Why Is There an Earnings Gap Between Men and Women?

Some jobs pay better than others, and for most people earnings are determined by their occupation. The trends

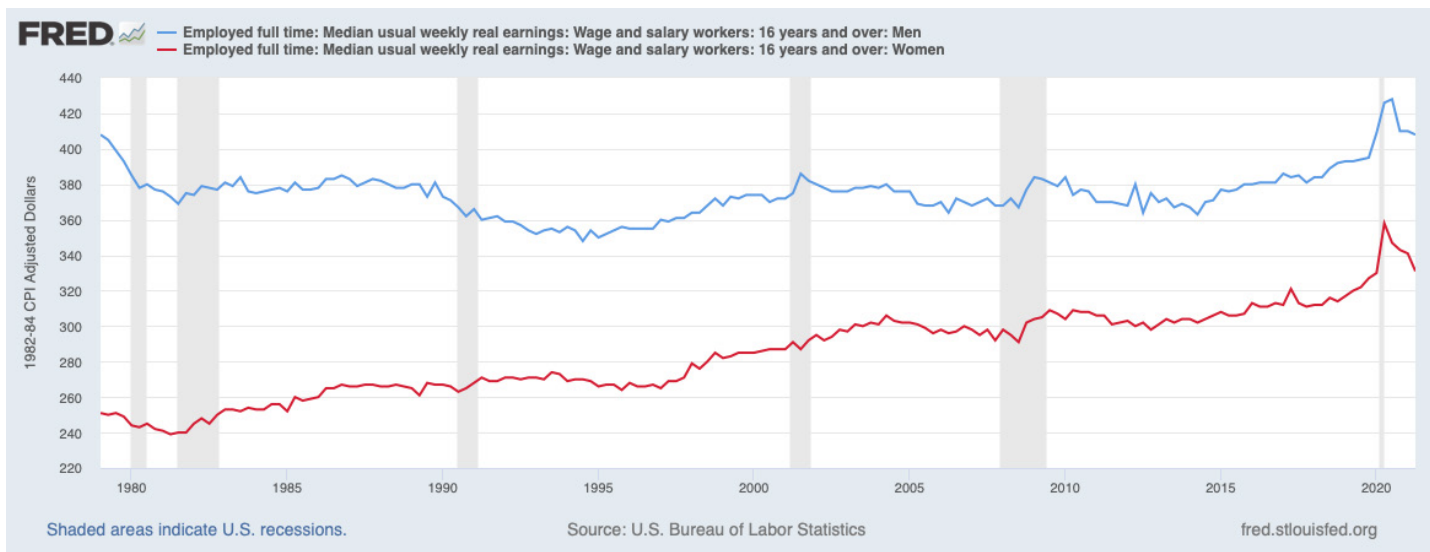
in the percentages of women employed across industries (described above) help explain, at least in part, the average difference in earnings between women and men.

Figure 4 shows the median usual weekly real earnings of wage and salary male workers (blue line) and female workers (red line). **Median earnings** are typical earnings, where half of the employees earn more than that dollar amount and half earn less than that dollar amount. The real in real earnings indicates that the effect of general and sustained rising prices—inflation—has been removed from this measure, giving the **real value**. Figure 4 shows women's earnings are consistently lower than men's earnings. This is known as the gender earnings gap.

Researchers can explain about 75 percent of the average gender wage gap. Unequal wages between men and women are generally attributed to differences in educational attainment, work experience, occupation, career interruption, part-time status, and overtime hours worked.<sup>12</sup> For example, if a woman stops working for a few years to care for young children, this interruption in her career path means that she will have less work experience than her male counterparts of similar age.

Recent research suggests that the key to understanding at least part of the unexplained portion of the gender wage gap might have to do with marriage. Although

Figure 4  
**Median Usual Weekly Real Earnings of Wage and Salary Male and Female Workers**



SOURCE: U.S. BLS via FRED®, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/graph/?g=lmD6>, accessed October 20, 2021.

the gender wage gap between never-married men and never-married women is small, married men earn much higher wages than everybody else in the labor force.<sup>13</sup> It is not immediately clear why married men earn more than single men, but the fact that they do earn so much more than other workers helps explain, at least in part, the presence of a wage and earnings gap between genders.

**Conclusion**

The labor market is central to the economy because the exchange between employees and employers—labor for wages, salaries, and other benefits—underpins all production activities. Workers’ gender affects their experiences in the labor market, including their decisions to participate in the market, the types of jobs they hold, their decisions to exit the market, and ultimately their earnings. ■

## Notes

<sup>1</sup> Thaves, Robert. *Frank and Ernest* (comic strip). Image #69155; May 3, 1982; <https://frankandernest.com/search/index.php?pm=&pd=&py=1982&kw=Fred&submit=Search>.

<sup>2</sup> The following FRED® graph shows the relative sizes of the four main components of gross domestic income, reported by the U.S. Bureau of Economic Analysis since 1929: <https://fred.stlouisfed.org/graph?g=14PM>. The largest component is "Compensation of Employees, Paid."

<sup>3</sup> For a description of the methodology of the CPS, see <https://www.census.gov/programs-surveys/cps/technical-documentation/methodology.html>.

<sup>4</sup> For more on changes in the labor force participation rate, see the following article: Engemann, Kristie M. and Owyang, Michael T. "Look Who's Working Now." Federal Reserve Bank of St. Louis *Economic Synopses*, 2006, No. 9; <https://research.stlouisfed.org/publications/economic-synopses/2006/04/02/look-whos-working-now>.

<sup>5</sup> For more about the comparison between the United States and Canada, see the following post: Federal Reserve Bank of St. Louis. "What's Different for Working Women in Canada." *FRED® Blog*, July 1, 2021; <https://fredblog.stlouisfed.org/2021/07/whats-different-for-working-women-in-canada/>.

<sup>6</sup> For more on the impact of the 2007-09 recession on the unemployment rate of men, see the following article: Contessi, Silvio and Li, Li. "From 'Man-Cession' to 'He-Covery': Same Old, Same Old." Federal Reserve Bank of St. Louis *Economic Synopses*, 2013, No. 3; <https://research.stlouisfed.org/publications/economic-synopses/2013/01/18/from-man-cession-to-he-covery-same-old-same-old/>.

<sup>7</sup> For more on the COVID-19 pandemic-related changes in the labor force participation rate, see the following article: Jefferson, Nathan. "Post-Pandemic Activity Rebounds, but Many Remain Outside the Labor Force." Federal Reserve Bank of St. Louis *Economic Synopses*, 2021, No. 18; <https://research.stlouisfed.org/publications/economic-synopses/2021/07/14/post-pandemic-activity-rebounds-but-many-remain-outside-the-labor-force>.

<sup>8</sup> For more on the labor force participation of women during COVID-19, see the following article: Lim, Katherine and Zabek, Mike. "Women's Labor Force Exits during COVID-19: Differences by Motherhood, Race, and Ethnicity." Board of Governors of the Federal Reserve System *Finance and Economics Discussion Series (FEDS)*, October 2021; <https://www.federalreserve.gov/econres/feds/womens-labor-force-exits-during-covid-19-differences-by-motherhood-race-and-ethnicity.htm>.

<sup>9</sup> For more on the recovery from the COVID-19-induced economic shock, see the following article: Lee, Sang Yoon; Park, Minsung and Shin, Yongseok. "Hit Harder, Recover Slower? Unequal Employment Effects of the COVID-19 Shock." Federal Reserve Bank of St. Louis *Review*, Fourth Quarter 2021, 103(4), pp. 367-83; <https://doi.org/10.20955/r.103.367-83>.

<sup>10</sup> For more about the proportion of women in a variety of occupations, see the following post: Federal Reserve Bank of St. Louis. "Working 9 to 5: Woman Make Up More of the Workforce." *Fred® Blog*, January 16, 2020; <https://fredblog.stlouisfed.org/2020/01/working-9-to-5-women-make-up-more-of-the-workforce/>.

<sup>11</sup> In the discipline of economics, for example, women are underrepresented in comparison with other academic fields. For more on this topic and to learn about St. Louis Fed initiatives to address it, see this article: Bullard, James. "The St. Louis Fed Focus on Women in Economics." Federal Reserve Bank of St. Louis *Regional Economist*, April 5, 2019; <https://www.stlouisfed.org/publications/regional-economist/first-quarter-2019/bullard-women-in-economics>.

<sup>12</sup> For more on the gender wage disparity, see the following article: Kolesnikova, Natalia A. and Liu, Yang. "The Gender Wage Gap." Federal Reserve Bank of St. Louis *Economic Synopses*, 2011, No. 25; <https://research.stlouisfed.org/publications/economic-synopses/2011/08/29/the-gender-wage-gap/>.

<sup>13</sup> For more on the differences between married and single men and women, see the following article: Vandenbroucke, Guillaume. "Married Men Sit Atop the Wage Ladder." Federal Reserve Bank of St. Louis *Economic Synopses*, 2018, No. 24; <https://research.stlouisfed.org/publications/economic-synopses/2018/09/14/married-men-sit-atop-the-wage-ladder/>.

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Name \_\_\_\_\_ Period \_\_\_\_\_

Federal Reserve Bank of St. Louis *Page One Economics*®:**“Gender and Labor Markets”****After reading the article, answer the following questions:**

1. The four factors of production are
  - a. labor, land, capital, and entrepreneurship.
  - b. wages, rent, dividends, and royalties.
  - c. educational attainment, work experience, seniority, and age.
  - d. effort, ability, timing, and luck.
  
2. The labor force participation rate for women in the United States
  - a. has remained constant since the year 2000.
  - b. peaked in the year 2012.
  - c. has been lower than the labor force participation rate for men since 1948.
  - d. has been equal to the labor force participation rate for men since 1995.
  
3. Country-wide economic shocks such as recessions
  - a. can have unequal effects on the unemployment rates for men and women.
  - b. generally increase unemployment among men more than among women.
  - c. frequently have almost identical effects on both the employment status of men and women.
  - d. generally increase unemployment among women more than among men.
  
4. Which of the following industry sectors experienced the largest losses of employment during the 2007-09 recession?
  - a. Leisure and hospitality
  - b. Goods-producing manufacturing and construction
  - c. Education and health services
  - d. Information
  
5. Which of the following groups had the largest percentage of workers leave the labor force during 2020?
  - a. Married women with no children
  - b. Women living with children over the age of six
  - c. Single women with no children
  - d. Women living with children under the age of six

6. As of 2020, in which of the following industry sectors do women represent a majority of employees?
  - a. Professional and business services
  - b. Trade, transportation, and utilities
  - c. Education and health services
  - d. Information
  
7. What does “gender earnings gap” mean?
  - a. On average, men earn less in their jobs than women do.
  - b. Typically, half of all employed women earn less than the median wage.
  - c. On average, women earn less in their jobs than men do.
  - d. Due to inflation, the earnings of employed women and men are unequal.
  
8. Which of the following groups reports the highest wages?
  - a. Married women
  - b. Single men
  - c. Married men
  - d. Single women