

## More Women at Work: Historical Perspectives

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The first in a new Calvert series on gender diversity, this paper focuses on the historical background and driving forces behind improvements in the gender composition of the U.S. workforce from the 1940s to the 2020s. It also touches on how these trends apply generally to international markets as well.

This series explores Calvert's investment philosophy on diversity, equity and inclusion (DEI) and explains why we believe companies that are leaders in DEI practices—or are improving them—are positioned to excel in long-term value creation. Calvert values and considers the diversity of various sexual orientations and gender identities. Given the limited historical data available to us, however, this paper analyzes workforce trends based on biologically defined sex—male or female.



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In the United States, the women's rights movement started in the mid-19th century, marking the beginning of ever-greater numbers of women entering the U.S. workforce.\* Over successive decades, female representation in corporate America rose steadily, significantly contributing to the country's economic growth and impacting societal trends. Overall, we see three driving forces that are intertwined and played critical roles behind this megatrend:

- Labor force has become more diverse.
- Talent pool has become more diverse.
- Economy has shifted from resource-based sectors to service-based sectors.

### U.S. Labor Force Trends

Over the past seven decades, women have joined the U.S. labor market in droves. From just 33% in 1948, the female labor force participation rate grew to approximately 60% in 1998, then it leveled off (Exhibit 1). Both social and economic factors played a critical role in this change.

In the 1940s, while married men were usually the breadwinners for families, married women were largely expected to stay at home to provide unpaid care for children and other family members, and leave their jobs if they had one. Social expectations have shifted since then—in many cases, both men and women expect to work after marriage, and either may choose to leave temporarily for caregiving.

From an economic perspective, the 300% job growth in the U.S. economy since 1950 has mainly been filled by

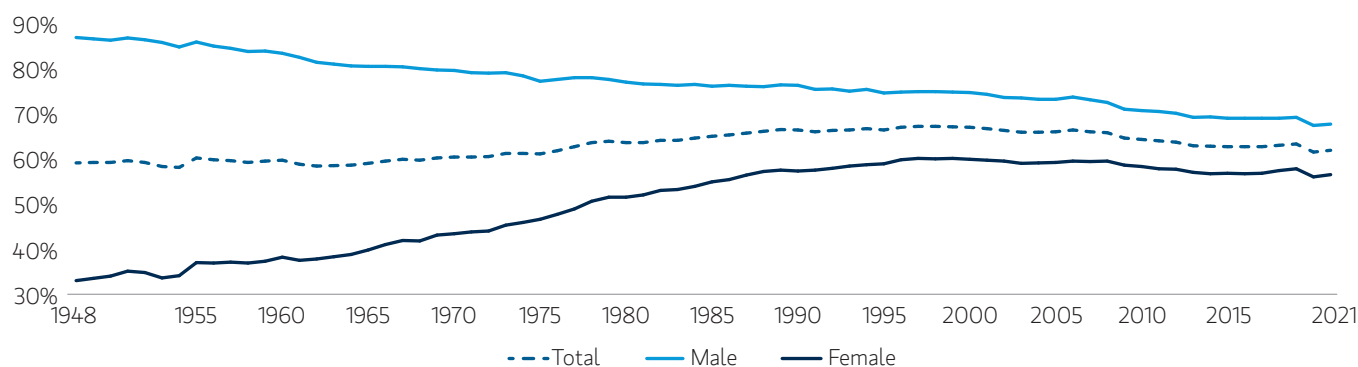
women,<sup>1</sup> with the majority of that growth coming from service-based sectors. With more women joining the workforce and earning income by themselves, women's economic status has progressed, and the gender wealth gap has narrowed. This has further elevated women's social status and has encouraged women at all age levels to join the labor force.

Since 2000, both male and female labor force participation rates have decreased overall, due in large part to the nation's aging population. According to U.S. census data, the share of the population older than 65 increased from 12.4% in 2000 to 16.8% in 2021. Baby boomers have been marching into their 60s since 2005, and gradually retiring from the labor force. Although the gap between the number of male and female U.S. workers has narrowed over the decades, the pace of convergence slowed after the 1990s, and today, the gap stands at 11%.

### Women Overtake Men in Higher Education

Alongside increasing female participation in the U.S. labor force, more women have achieved higher-level degrees (Exhibit 2). The percentage of the U.S. female population with a bachelor's degree or higher increased from 3.8% in 1940 to 38.3% in 2020. The gap in higher education between men and women widened from the 1940s to the 1980s (7.3%) and then narrowed. Today, women make up approximately 50.5% of the U.S. population,<sup>2</sup> and are better educated than their male counterparts, holding more bachelor and graduate degrees. Observing these

**EXHIBIT 1**  
**U.S. Annual Labor Force Participation Rate, by Sex, 1948-2021**



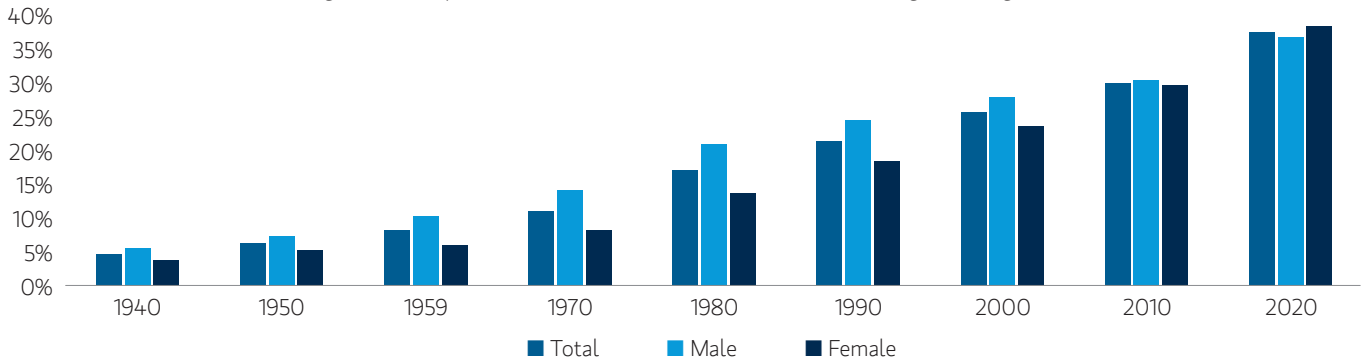
Source: U.S. Bureau of Labor Statistics.

<sup>1</sup> U.S. Census Bureau database. Retrieved September 2022.

<sup>2</sup> Ibid.

**EXHIBIT 2**  
**Higher Number of Women in Higher Education**

Percentage of U.S. Population 25 Years and Older with a Bachelor's Degree or Higher (1940 – 2020)



Source: U.S. Bureau of Labor Statistics.

trends, it's apparent that the talent pool for U.S.-based companies has become increasingly gender diverse.

**Economic Shift Toward Service-Based Sectors Supports Women**

Since the 2000s, the U.S. economy has become less dependent on resource-based industries and more reliant on service-based industries (Exhibit 3). On average, the total number of U.S. jobs in 2020 was around three-times greater than in 1950. However, the changes were not evenly distributed among sectors.

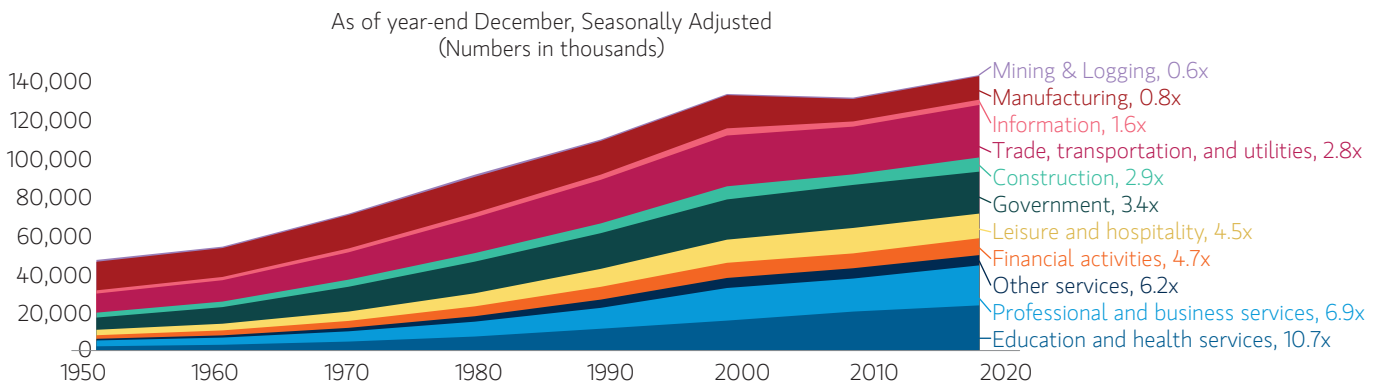
Resource-based sectors, such as mining, logging and manufacturing, have shrunk enormously over the past

50 years relative to others. In many cases, workers in these industries have been replaced by technology and machines that have proven more productive and efficient than human labor. Historically, revenues from these traditionally more male-dominated sectors have been more dependent on access to natural resources and less dependent on talent.

In contrast, service-based sectors, such as education, health care and finance, have burgeoned. The total number of service-providing jobs was **4.5 times higher in 2020 than in 1950.**<sup>3</sup> Such massive growth demands considerable inputs from talent, including both essential and higher-skilled workers. Compared to resource-based sectors,

**EXHIBIT 3**  
**Number of U.S. Jobs (Non-Farm), by Sector, 1950–2020**

The chart shows the change in the number of U.S. jobs, by sector, from 1950 to 2020. The notes on the right side display the increase (multiplier) of the number of jobs in 2020 compared to 1950.

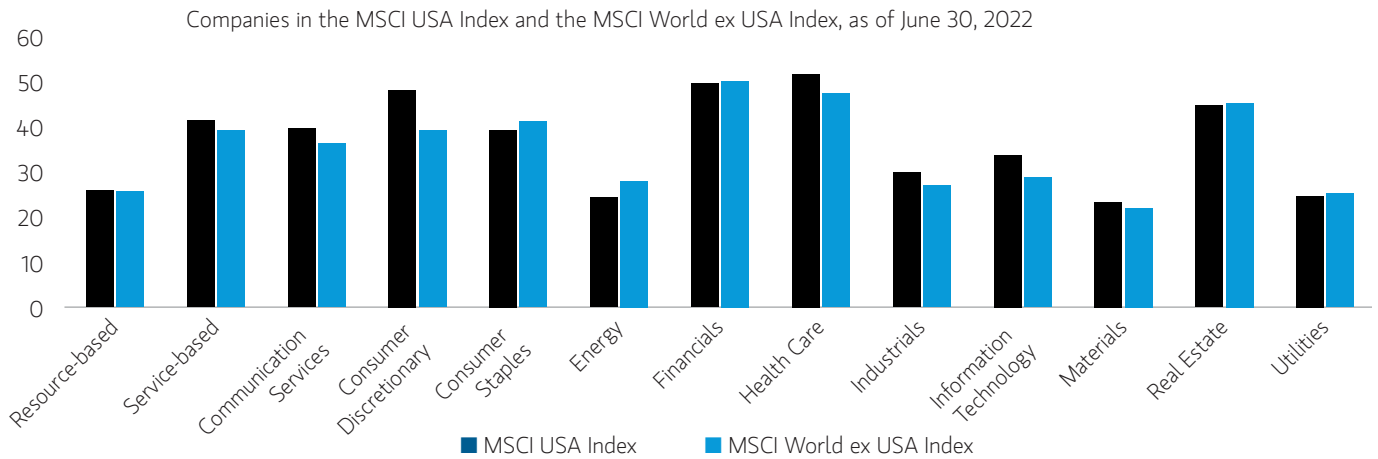


Source: U.S. Bureau of Labor Statistics.

<sup>3</sup> U.S. Census Bureau database. Retrieved September 2022.

**EXHIBIT 4**

**Average Percentage of Female Employees by GICS Sector**



Sources: Equileap and Calvert Research and Management

service-based-sector companies are more dependent on talent with higher levels of education and associated intellectual capital. Talent-based workers both male and female have joined companies to fill the ever-increasing demands. That is why these sectors have achieved relatively higher female representation in their workforces, which is more aligned with overall gender representation in the U.S. labor force (Exhibit 4).

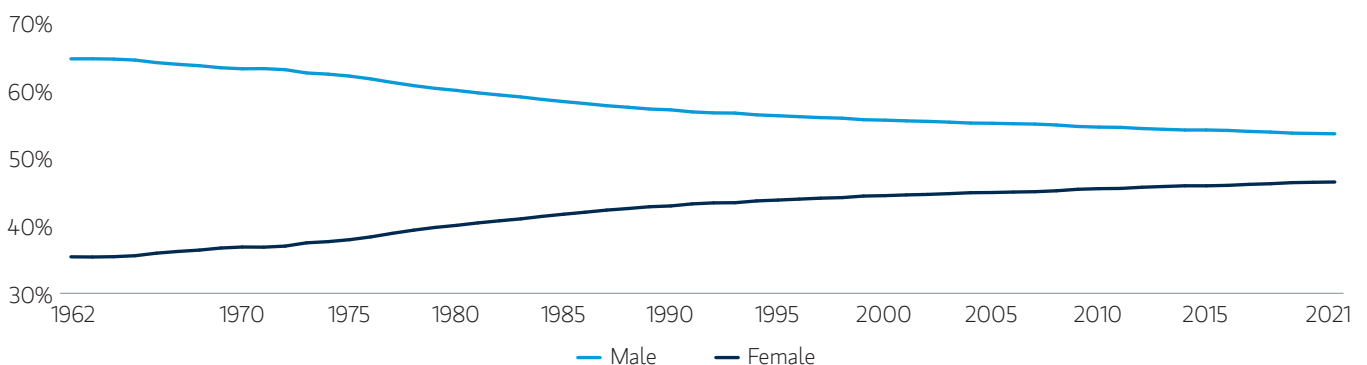
An outlier in the service-based sectors, information, which is a “super sector” based on the North American Industry Classification System (NAICS), has seen slower growth in female representation. The sector includes business activities such as publishing, software, motion picture and sound

recording, broadcasting, telecommunications, data processing, data hosting, internet and other related services—which corresponds to the information technology and communication services sectors under the GICS classification.

The information sector plays an ever-greater role in our media-oriented society, growing from 2.8% of gross domestic product (GDP) in 1947 to 5.6% in 2020.<sup>4</sup> The number of jobs in the information sector increased from 1950 to 2000, but went down afterward (Exhibit 3), possibly with the shrinking of some subsectors and job outsourcing to other markets in the world. And, thus, female representation within communication services and information technology sector companies

**EXHIBIT 5**

**Males Continue to Dominate Labor Force in G7 Countries, but Gap is Shrinking: 1962-2021**

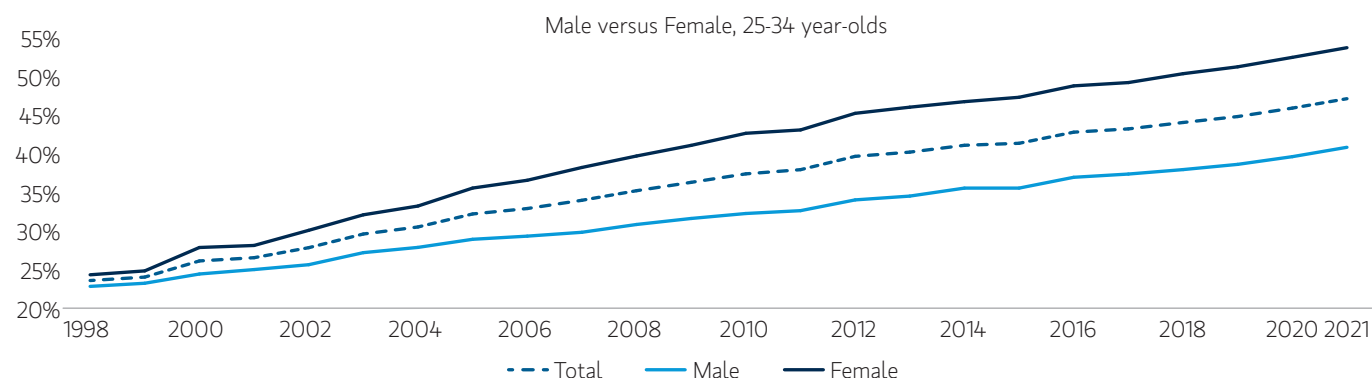


Source: OECD data.

<sup>4</sup> U.S. Bureau of Economic Analysis database. Retrieved September 2022.

## EXHIBIT 6

### OECD countries, 1998–2021: Average Percentage of Population with Higher Education



Source: OECD data.

is, on average, higher than companies in resource-based sectors (Exhibit 4), but it is relatively low among service-based sectors.

Benefiting from more highly educated women in the workforce, large- and mid-cap companies in service-based sectors (for example, consumer discretionary, financials, and health care in Exhibit 4) display a more gender-balanced workforce than resource-based sectors, such as energy, industrials and materials. This observation is valid not only in the U.S., but also in developed markets outside the U.S. Companies in the MSCI World ex USA Index, on average, demonstrate a similar pattern of female representation in the workforce.

#### A More Gender-Balanced International Workforce

The same driving forces that have promoted a more gender-balanced workforce in the U.S. have also operated internationally. There are minor differences in the time frame and across various countries, but the overall trends are similar. Given data limitations, the only data currently available are the labor force composition of G7 countries from 1962 to 2021 (male versus female), and educational attainment, by sex, of OECD countries from 1998 to 2021.

Among G7 countries, the percentage of women in the labor force increased from 35.3% in 1962 to 46.4% in 2021 (Exhibit 5). As for the talent pool in OECD countries, the percentage of the population with higher education doubled for both men and women. While the female rate of increase has been higher than the male rate, **the gap between the percentage of women and men with higher education has widened from 1.5% in 1998 to 12.9% in 2021** (Exhibit 6).

#### Conclusion

This paper explores the three driving forces behind greater female representation in the workforce over the last several decades, both in U.S. and international markets:

- Global labor force has become more diverse as female representation in the labor force increased.
- Talent pool has become more diverse as more women have achieved higher education degrees.
- Global economies have shifted from resource-based sectors to service-based sectors. Given the ever-expanding job market in the service sectors, both male and female workers have joined these companies to form a workforce with better gender diversity.

In the majority of developed markets, a great deal of progress has been made in achieving a gender-balanced workforce. Structural economic changes in society have played a pivotal role in this progress, while efforts from individuals and corporations have also been valued but less influential. While this progress is encouraging, we believe the greater representation of women in the workforce is just a first step toward a more diverse, equal and inclusive corporate culture.

Today, we believe one of the top remaining gender gaps in the corporate world is what we refer to as the “pipeline issue”—where female representation at the board and employee levels is much higher than at the executive and senior management levels. This is a critical issue as it relates to companies’ employee recruiting, retention and turnover—and potentially affects promotion equity and pay equity. We will discuss the corporate pipeline issue more closely in following papers of this series.

## \*DEFINITIONS (Workforce and Labor Force)

**Workforce:** The workforce only includes people who are employed.

**Labor Force:** Conceptually, the labor force level is the number of people who are either working or actively looking for work. According to U.S. Census Bureau, the labor force includes all people age 16 and older who are classified as either employed or unemployed. Persons are classified as unemployed if they do not have a job, have actively looked for work in the prior 4 weeks, and are currently available for work. Persons who were not working and were waiting to be recalled to a job from which they had been temporarily laid off are also included as unemployed.

## INDEX DEFINITIONS

**MSCI USA Index:** The MSCI USA Index is designed to measure the performance of the large and mid-cap segments of the U.S. market.

**MSCI World ex USA Index:** Captures large and mid-cap representation across 22 of 23 developed markets (DM) countries, excluding the United States. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

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Source of all data: Calvert Research and Management as of December 31, 2022, unless otherwise specified.

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