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## The Economic Cost of Ignoring Women Who Have Not Returned to the Workforce

We have a tremendous opportunity for economic growth in the US right now. It might surprise many business professionals to learn that this opportunity is often overlooked and untapped. This economic potential lies in the individuals who are not currently “working.”

### As We Begin 2023, The Pandemic Setback Is Still Impacting Women’s Return to Work

Falling from over 15% at the height of the pandemic, the US unemployment rate is now down to 3.4%. However, the unemployment rate does not tell the full story. We believe understanding the non-participation rate, or in this case millions of American women, is equally important.

The Bureau of Labor Statistics defines the ‘not in labor force’ category as retired persons, students, those taking care of children or other family members, and others who are neither working nor seeking work. Drill down into this category and nearly 60% are women<sup>1</sup>. That is around sixty million people. In a tight labor market, this represents a significant source of talent. Or, in other words, growth opportunity.

Data from the Council of Economic Advisers shows that women have added \$2 trillion to the US economy since 1970 by increasing their labor force participation<sup>4</sup>. Prior to the pandemic we were on the right track with the labor force participation rate among working age women at 76% and growing<sup>3</sup>. However, as explained in our Engage Insight, [For Many, It Doesn’t Feel Like “We Are All In This Together”](#)<sup>2</sup>, women had left the workforce at 4 times the rate of men. Still, 1.5 million women have not been swayed to return<sup>3</sup>.

As business professionals, we are always on the hunt for growth opportunities. Why isn’t the glaring opportunity within labor force non-participants the hottest economic pursuit of the new year?

### The Opportunity Cost to the US Economy Is \$789 Billion<sup>3</sup> And \$1.789 Trillion Globally<sup>5</sup>

Before attempting to capture the opportunity, it is important to understand the underlying reasons women choose to opt out of the conventional labor force.

### The Resume Gap Screens Women Out of The Candidate Pool

Consider the 2 million women who were forced to exit the workforce during the pandemic. As these women re-enter the work force after just 1-2 years out, many are faced with the misperception that they do not prioritize their careers. Statistically, employment candidates with any resume gaps have a 45% lower chance of receiving interviews than those without them<sup>6</sup>. That is just the interview.

Employment gaps are unavoidable for many, especially primary caretakers. Understandably, in industries with rapid changes, such as software development, innovative employers are utilizing “returns hip programs” as a hiring strategy aimed at professionals with a 2+ year resume gap. The firm iRelaunch, is a pioneer in employer return to work programs. Founded in 2007, the firm has grown their candidate pool to more than 100,000 highly educated, uniquely experienced, and extremely motivated individuals. Their vision is that every employer running an entry level university internship program has a mid-career reentry program running side by side. This makes a lot of sense to industry leaders like Lockheed Martin, JP Morgan Chase, Deloitte, Goldman Sachs, Amazon, just to name a few<sup>10</sup>.

### Compensation Inequities Are a Cost to Our Economy

On top of the resume gap penalty, there is the well-known pay gap dis-incentive. Some of the underlying causes of the stubborn pay gap include home responsibilities, the perpetual recycling of historical pay inequity and the lack of tools to present the data on paper.

Breadwinner moms have become the norm at 40% of US households with children<sup>3</sup>. Receptive men are sharing more home life responsibilities and finding themselves happier with it. The US Census Bureau reports that use of paid parental leave has risen among first-time fathers from 10.8% in 1980 to 38.3% in 2020 (up 255%) and half of working dads say they would like to stay home with their children<sup>3</sup>.

In the past two years, three states have passed salary history bans for hiring; four states have required transparency around salary ranges; two states have mandated pay reporting; and three states have protected the rights of employees who discuss their salaries<sup>3</sup>.

Technology and talent sourcing firms are lighting the path with tools to measure attrition, parity and candidate slates. A few examples are Pipeline Equity, Greenhouse, Audeless, Mathison and Rich Talent Group.

The US Government Accountability Office plans to issue a detailed report on the issue this Spring<sup>7</sup>. Let's hope we start seeing some real improvement because the economic opportunity of gender pay equity could be \$512 billion<sup>3</sup> in the US.

### Misuse Of Imbalanced Power Dynamics Are All Too Common

An environment where the balance of power between two or more people is used against any individual is obviously not a desirable environment. There are various forms of power in the workplace and the ways power is used can either crush or lift employee productivity. The under-representation of women in leadership positions creates an imbalance of power dynamics in the majority of manager-subordinate relationships. The commonality of male managers misusing positional power to exploit female subordinates is shameful.

As a result of both private company and government policy changes, the rates of worker exploitation and discrimination are decreasing. Two meaningful actions are the Ending Forced Arbitration of Sexual Assault and Sexual Harassment Act and the Speak Out Act, which voids NDAs in cases of sexual assault and harassment in the workplace.

### A Linear Career Path Is No Longer Practical Considering Extended Years In The Workforce

Traditional expectations of full devotion from employees with little room for co-priorities is a time-tested recipe for burnout. People are finding creative ways to earn money and fulfil their passions. Presently, there are thirteen million Americans who have at least two regular jobs. The fastest-growing population of multiple job holders is college-educated careerists who already hold high-earning jobs<sup>9</sup>. Not only do they "side hustle" for fun, they also have more financial freedom as a result.

Baby Boomer women represent the biggest growth opportunity of all US population groups. Of the total 'not in labor force' category, 20% are women between the ages of 50 and 69 years old. This is a complex cohort that is rich in education, talent and experience. Intellectually engaging activities, along with flexible work arrangements, can help to retain this demographic in the labor force.

Supporting multi-stage careers and mini retirements are ways employers can attract and hold onto employees for longer.

### To Boost Economic Growth, The Data Points To Women

The top-3 industries for growth projection reported by the Bureau of Labor Statistics are Leisure & Hospitality, Healthcare & Social Assistance, and Educational Services. All three of these industries are fueled by occupations held by mostly women. Healthcare support occupations are 85% women, personal care and service occupations are 77% women, and educational services are 73% women.

As organizations of all sizes are embracing adaptability, women in and re-entering the workforce will see more opportunities that fit their needs. Fiscally, this bodes well for the overall economy, federal budget, social security funding and our own personal finances.

## About ENGAGE

RiverFront founded Engage in 2019 with the goal of changing and improving the experience for women in financial services. The mission of Engage is to engage women in our Industry through mentorship, education, and support.

[View our full library of Engage articles here.](#)

## Sources:

<sup>1</sup> <https://www.bls.gov/web/empsit/cpseea38.htm>

<sup>2</sup> <https://www.riverfrontig.com/insights/for-many-it-doesnt-feel-like-were-all-in-this-together>

<sup>3</sup> [2023 Gender Retrospective](#)

<sup>4</sup> <https://fortune.com/2022/09/06/women-workforce-fed-rates-consider-full-employment-katica-roy/>

<sup>5</sup> <https://www.pipelineequity.com/press/fortune-these-5-gender-equity-events-impacted-the-u-s-economy-in-2022-addressing-them-in-2023-could-unlock-a-3-1-trillion-opportunity/>

<sup>6</sup> <https://hbr.org/2021/02/5-ways-to-bring-women-back-into-the-post-pandemic-workforce>

<sup>7</sup> <https://www.gao.gov/products/gao-23-106041>

<sup>8</sup> <https://info.pipelineequity.com/product>

<sup>9</sup> <https://fortune.com/2022/06/21/career-hoarding-rise-careers-cost-labor-side-jobs-tessa-west/>

<sup>10</sup> [Normalizing career breaks™ ...for everyone, everywhere. - iRelaunch](#)

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