The Nordic countries are leaders on gender equality. Today, on average across the Nordic countries, almost three in every four working-age women are in paid employment, and Nordic gender employment gaps are among the OECD’s smallest.

Because current gender gaps in labour market participation are relatively small, further closing participation gaps will likely have only a small effect on GDP per capita growth in the Nordics.

This brief summarises the OECD’s report Is the Last Mile the Longest? Economic Gains from Gender Equality in Nordic Countries. The report looks at how past improvements in gender equality in employment have contributed to economic growth in the Nordic countries, and how much more could be gained from closing gender gaps still further. Findings suggest that past increases in women’s headcount employment, in particular, have made large contributions to economic growth in the Nordics. It also finds that, while closing remaining gender participation gaps would have only a comparatively small effect on future growth, considerable gains could still be made by closing gender gaps in working hours.

The Nordic countries are leaders on gender equality

The Nordic countries – Denmark, Finland, Iceland, Norway and Sweden – have long been international champions of gender equality. They explicitly support gender equality at home, at work, and in public life, and have often moved earlier and faster than most countries in taking action to promote this goal. They were among the first countries in the world to provide women with full voting rights, for example, and some of the earliest to introduce legislation prohibiting dismissal from employment on the grounds of marriage or parenthood (Hilson, 2007; Statistics Sweden, 2016).

More recently, the Nordic countries have become leaders in the development of modern family and gender-equality policy. They were some of the earliest to establish comprehensive public early childhood education and care (ECEC) services, for instance, and the very first to introduce the so-called “mother and father quotas” as part of paid parental leave systems (OECD Family Database). These days, gender equality lies right at the heart of the wider Nordic social policy model – a model that combines tripartite cooperation between employers’ organisations, trade unions, and the state, and provides universal health, social protection, education and labour market supports.

These policies have proven effective. Today, the Nordic countries boast some of the most gender-equal labour markets in the OECD. Gender gaps in labour market participation and employment are among the OECD’s smallest, particularly for highly-educated men and women (Table 1). Mothers are more likely to be in work than elsewhere (OECD Family Database), gender differences in working hours are comparatively small (Table 1), and couples tend to share paid work more equally than in almost all other OECD countries (OECD, 2017a).

Yet, even the Nordics have still not achieved full gender equality. Some large gender gaps persist and need tackling. Foreign-born women are under-represented in paid work (OECD, 2016a), occupational sex-segregation may be falling but is still high (Ellingsæter, 2013; Teigen and Skjeie, 2017), and many women still find it too hard to progress to management positions (Table 1). Gender pay gaps vary – from roughly 6% in Denmark to 18% in Finland for full-time employees – but in any case remain too large (Table 1).

Promoting gender equality is likely to carry a number of benefits for societies and economies. Providing girls and women with equal opportunities is an issue of human rights and holds intrinsic value in and of itself, but there are also social and economic effects that mean wider society is better off when women are treated fairly. Societies that are more gender-equal tend also to be happier (Loos et al., 2017), healthier (Van de Velde et al., 2013; Holter, 2014), and more trusting (Cho, 2016), for example. They are often also more equal and inclusive. Previous work by the OECD, for instance, has shown...
that having more women in work can help reduce income inequality, especially when it involves full-time work by low-skilled women (OECD, 2015).

There are also strong economic reasons to strive for gender equality. More gender-equal economies tend to be more prosperous economies (Goldin, 1995; Klasen, 1999; Klasen and Lamanna, 2009), for various reasons. Promoting women’s employment and hours can help boost labour supply (Østbakken, 2016), while making better use of the increasingly-well-educated female talent pool and improving job match can help deliver productivity gains (Esteve-Volart, 2004; Hsieh et al., 2013; Cuberes and Teignier, 2015). Indeed, OECD (2012) found that gains in educational attainment can account for roughly half of all economic growth in OECD countries over the 1960-2007 period – much of which can be traced back to increased educational attainment among girls and young women and the associated benefits for employment and productivity. Put simply, gender equality is good not only for women, but also for men and for families, for growth, and for society as a whole.

The Nordic approach to family- and gender-equality policy

All OECD countries provide family and gender-equality policies in at least some form, though the types and intensity of support often differ. Differences in countries’ histories, labour markets, attitudes towards families and gender norms, the role of government, and the relative weight given to the various underlying policy objectives all mean that each country takes its own approach to family and gender policy (Thévenon, 2011; Adema, 2012).

The Nordic approach grew largely out of the principles of ‘work friendliness’ and full participation embedded at the centre of the wider Nordic welfare state (Kuhne and Hort, 2004; Brandth et al., 2012; Pedersen and Kuhne, 2017). The model is geared towards facilitating employment for all adults where possible, with the state expected to provide them with the services and supports necessarily to do so – including family supports like childcare and paid leave needed to help men and women find and stay in paid work after becoming
The Nordic model has helped deliver large gains in gender equality in employment over the past half-century

The Nordic policy approach has helped deliver and sustain large improvements in gender labour market equality over recent decades. The scale of some of the gains made in the Nordic countries, especially on women’s employment, is remarkable. In Sweden, for example, the working-age (15–64) female employment rate increased by almost 30 percentage points (from 52.8% to 81.0%) over the 25 years between 1965 and 1990 (OECD Employment Database) – equivalent to jumping from a level that would today be one of the OECD’s lowest to its second highest in just 25 years. Female employment has fallen slightly since, but remains more than 20 percentage points higher than it was in the mid-1960s (Figure 1). Denmark, Iceland and Norway have made similar gains since the mid-1960s or early-1970s. Finland, which already had a high female employment rate in 1970, has made smaller gains (Figure 1). In 2016, on average across the Nordic countries, almost three in every four working-age women were in paid employment (Figure 1).

What is particularly impressive about these gains is that they occurred on top of initial rates that were already comparatively high. Some other OECD countries have also seen female employment increase by the same or sometimes even greater amounts over similar periods, but for the most part they started from a lower base (Figure 1). For

**Figure 1. The Nordic countries have seen large increases in women’s employment in recent decades, and from a base that was already high**

Female employment rate, 15–64 year-olds, earliest available year and latest available year (2016), Nordic and selected other OECD member countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Earliest available year</th>
<th>Latest available year</th>
</tr>
</thead>
</table>

Notes: For countries marked with an *, data for the earliest available year are estimates. See Annex B in the full report for more detail. For Germany, the earliest year (1991) is much later than for the other countries so should not be compared directly.


Summary of Is the Last Mile the Longest? Economic Gains from Gender Equality in Nordic Countries© OECD 2018 3
example, France, the United Kingdom and the United States have all seen the working-age female employment rate increase by between 15 and 25 percentage points since the early-1960s or 1970s, but they all started the period on rates of roughly 45% (Figure 1). Denmark, Iceland and Sweden, by contrast, built their gains on female employment rates that were already around 55% – rates that are higher than several OECD countries, including Chile, Italy and Mexico, even today (OECD Employment Database).

Gains in women’s employment can account for a large portion of economic growth in the Nordic countries

Gains in gender equality, and especially gains in female headcount employment, have made a substantial contribution to economic growth in the Nordic countries over the past 50 years or so. Growth accounting estimates produced for “Is the Last Mile the Longest? Economic Gains from Gender Equality in Nordic Countries” suggest that, in Denmark, Iceland, Norway and Sweden, increases in women’s employment account for around 0.25-0.40 percentage points of the annual GDP per capita growth rate since the mid-1960s or early-1970s – roughly equivalent to 10-20% of the overall average annual growth rate. The contribution in Finland is smaller, at 0.05 percentage points on average over the years since 1970 (Figure 2).

As always with this kind of exercise, these estimates should be interpreted with a certain degree of caution. In this instance, it is important to recognise they are based on a mechanical decomposition of the drivers of growth only, and do not account for any gender differences in productivity. Also, differences in the length of the available time-series mean that estimates are not fully comparable.

Nonetheless, these estimates are large. Converting to equivalent cash amounts, current GDP per capita in Denmark and Sweden would be around USD 5 000-6 000 (2010 PPP) smaller if the parts accounted for by increases in women’s employment were removed from the historic growth rate. In Iceland, current GDP per capita would be roughly USD 7 500 smaller, while in Norway (mainland) it would be close to USD 9 000 smaller. Even in Finland, current GDP per capita would be about USD 1 500 smaller if the (comparatively small) contribution from changes in women’s employment was removed from historic growth. Losing these amounts would be equivalent to seeing GDP per capita return to levels last seen in the late-1990s or early-2000s across all five of the Nordic countries.

There is less evidence of large contributions from changes in women’s working hours. Gender differences in working hours have actually fallen slightly in the Nordic countries in recent decades, but this is due more to a decline in men’s hours (a common trend in most OECD countries) than any real increase in women’s average working hours. And estimates produced for “Is the Last Mile the Longest?” suggest changes in women’s working hours in paid work account for only a fairly small portion of average annual GDP per capita growth in the Nordic countries. Of the five Nordic countries, changes in women’s hours have made the largest contributions to growth in Iceland and Norway, where they account for the equivalent of roughly 8-9% of the overall average annual GDP per capita growth rate. Contributions from changes in women’s hours are much smaller in Denmark and

Figure 2. Gains in women’s employment account for a large portion of economic growth

<table>
<thead>
<tr>
<th>Average annual rate of growth in GDP per capita and disaggregation of growth into its primary components, longest available series, Nordic and selected other OECD member countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP per capita, average annual growth rate (%)</td>
</tr>
</tbody>
</table>

Notes: Estimates based on the decomposition of national accounts data using labour force survey estimates. Differences in the time periods covered mean estimates are not fully comparable across countries, especially for Germany (1991). See Section 3 and Annex B in the full report for more detail.

Box 1. Estimating the economic gains from gender equality

The results published in “Is the Last Mile the Longest? Economic Gains from Gender Equality in Nordic Countries” are based on two main exercises – a growth accounting exercise for the backwards-looking estimates of the contribution of changes in women’s employment and hours to past economic growth, and a projection exercise for the forward-looking estimates of how much more could be gained from closing remaining gender gaps.

Growth accounting is a procedure used in economics to separate and identify the sources of economic growth. The basic idea is to use information on observed trends in macroeconomic indicators to split growth into its main component parts – that is, under standard macroeconomic theory, into labour, capital, and total factor productivity. Data permitting, the contribution of each of these main components can then be further decomposed into their own sub-components. In “Is the Last Mile the Longest?”, the main focus is on the contribution of women’s labour input. The contribution of labour as a whole is identified first, and then this is further broken down by gender. The resulting estimates provide an indication of the portion of economic growth that can be linked to changes in women’s labour input.

The projection exercise draws on a combination of the OECD’s in-house labour force projection model and a modified version of the OECD’s long-term growth models (as presented in OECD Economic Outlook No. 93). Estimates take the OECD’s standard baseline projections for both the size of the labour force and economic output, and adjust them based on a given set of assumptions about changes in gender gaps in labour participation and working hours. The projection period runs until 2040 – a moderate period that stretches far enough into the future to allow for major changes in gender gaps to be feasible, at least.

Both of these exercises have their limits. For example, as discussed in more depth in the main report, both take no account of the possible effects of changes in paid work on unpaid work within the home, and both assume that worker productivity is identical across all workers regardless of characteristics. They are also purely mechanical, and assume that changes in labour participation and working hours do not interact with or have any indirect effects on any other inputs (like physical or human capital).

More detailed information on both of these methods and their limits can be found in Section 3, Section 4, and Annex B of the full report.

Sweden, and even slightly negative in Finland, where female average weekly working hours have declined by just over two hours per week since 1990.

However, it is important to point out that these working-hours estimates are based on a much shorter time-frame than those for the contribution of headcount employment. Data on average working hours split by gender are comparatively scarce and, depending on the country, these working-hours estimates are based on data that stretch only from the mid-to-late-1980s or early-1990s onwards. Those for headcount employment start instead in the mid-1960s or early-1970s. It remains possible that changes in women’s hours might have contributed more to economic growth in the Nordic countries during earlier decades.

**Future gains from closing remaining gender participation gaps are limited, but potential gains from closing Nordic working hours gaps are larger**

Because current Nordic gender participation gaps are relatively small, closing any remaining gaps is likely to have a fairly limited impact on future GDP per capita growth. OECD projections produced for “Is the Last Mile the Longest?” suggest that, for the Nordic countries, even fully closing remaining gender participation gaps by the year 2040 would provide an estimated boost to projected annual GDP per capita growth of only roughly 0.05-0.10 percentage points, with the largest potential gains in Denmark (Figure 3). These potential gains are small compared to the historic gains related to increases in female employment over the past half-century, and pale in comparison to the potential gains still on offer in countries with larger participation gaps, such as Italy.

However, the Nordics could make larger gains from closing remaining gender working hours gaps. These gaps, while small in comparison to some other OECD countries, are still considerable and offer much more scope for progress. Across all five Nordic countries, fully closing gender gaps in both labour participation rates and average weekly working hours through increases by women could add as much as 0.25-0.40 percentage points to the average annual rate of GDP per capita growth over the period to 2040 (Figure 3) – the equivalent of boosting the projected annual GDP per capita growth rate by roughly 15-30%, depending on the country.

The largest potential future gains from closing gender gaps in participation and hours, ranging from 0.35 to 0.42 percentage points, can be made in Denmark and Norway – where women’s current average working hours are relatively low at around 30 to 32 hours per week – and in Iceland, where men’s working hours are relatively high at over 43 hours per week. In terms of overall gains over the 2013-2040 period as a whole, these potential gains are equivalent to boosting cumulative GDP per capita growth by somewhere between 12 (Finland and Sweden) and 19 percentage points (Denmark). In dollar terms, they would translate by 2040 into increases in GDP per capita (relative to the baseline) of around USD 3 900 (2005 PPP) in Finland, USD 4 300 in Sweden, USD 5 600 in Iceland, USD 6 100 in Denmark and USD 8 200 in Norway.

Whether or not it is feasible or even desirable to fully close gender gaps in this manner is a matter for debate. In recent years, much of the discussion in the Nordic countries has centred on the possibility...
of further reducing working hours to promote well-being – see the 2016/17 six-hour workday experiments in Sweden, for instance – but closing gaps just by raising women’s participation and hours would actually involve a considerable increase in overall hours worked. In Iceland, for example, it would mean both men and women working an average of roughly 43 hours per week. This would limit time available for unpaid work and put strain on families’ abilities to juggle work and care. Closing gender gaps in a more gender-balanced way – say, with men reducing their working hours to some extent, in addition to increases from women – might provide a more realistic middle-ground (though likely with smaller economic gains). Nonetheless, the scenarios summarised above provide at least an illustration of the potential room or scope for further economic gains from closing gender gaps in the Nordic countries.

**The last mile might just be the longest**

Despite the progress made over the past few decades, there should be no complacency going forward. The Nordic countries are closer than most others to achieving gender equality in the labour market, but the last mile may well prove to be the longest.

For example, even in Iceland and Sweden – where fathers are more likely to take parental leave than anywhere else in the OECD – fathers still use less than 30% of all paid leave days, and mothers continue to be the main users of sharable leave. Might policy move towards fully-individualised paid parental leave – with both parents given their own individual entitlement to leave, with no sharable period and no option to transfer days to the other parent – to generate an even better sharing of paid and unpaid work?

It will also take time to address gender stereotypes at large and, for instance, deconstruct gender norms that discourage girls and young women from pursuing a career in the fields of science, technology, engineering or mathematics. To make further progress, a continued assessment of the effectiveness of existing policies and pay transparency initiatives, such as the recently introduced mandatory pay certification in Iceland, is needed to see how workplace practices can be improved. Only with resolve and a continued focus can Nordic countries ensure that men and women have equal labour market opportunities and career prospects and contribute to their economies and societies in gender equal measure. Completing the last mile would not only bring economic and social gains to the Nordic countries, but also provide important lessons for policy development across the OECD and beyond.
References


Citation


Is the Last Mile the Longest?
Economic Gains from Gender Equality in Nordic Countries

This brief summarises the OECD’s report *Is the Last Mile the Longest? Economic Gains from Gender Equality in Nordic Countries*. The report looks at how past improvements in gender equality in employment have contributed to economic growth in the Nordic countries, and how much more could be gained from closing gender gaps still further. Findings suggest that past increases in women’s headcount employment, in particular, have made large contributions to economic growth in the Nordics. It also finds that, while closing remaining gender participation gaps would have only a comparatively small effect on future growth, large gains could still be made by closing gender gaps in working hours.

Consult the full version of this publication: [http://dx.doi.org/10.1787/9789264300040-en](http://dx.doi.org/10.1787/9789264300040-en)