

CHIEF INVESTMENT OFFICE

Impactonomics®

## Reality Check: The Promise and Plight of Women

March 2023

All data, projections and opinions are as of the date of this report and subject to change.

We have long argued that the steady advancement of women, and the propitious effects on economic growth and corporate earnings, represents one of the most powerful forces shaping the global investment landscape. We believe good things happen in a nation where women are generally educated, equally paid, and in better health. Economic growth accelerates; income inequalities narrow; the labor force expands; children grow up healthier; societies become more inclusive; and, the potential opportunities afforded to companies—in terms of supply (female workers), demand (female consumers) and earnings—expand significantly. Women, in other words, have the potential to be a key engine of future global growth. Their promise—in both the developed and developing economies—is immense.

That said, however, the plight of women remains challenging and precarious. For all the achievements and advancements of the past few decades, gender inequality remains a key challenge for rich and poor nations alike. The pandemic and global inflation pressures exacerbated the divide, widening the social and economic fault lines between males and females.

The plight of women matters because with the stalling or reversal of progress on gender equity, evident through charts below, opportunity costs mount. We have seen the long-term economic growth potential of a country slow; labor force participation rates decline; incomes and spending dwindle; gender inequality blossoms; and, the future of a young girl blighted since she is likely to miss out on school and/or be pressed to work in the informal economy. All of the above is an inauspicious backdrop for firms hoping to tap the power and potential of women.

As the following exhibits depict, women have made great economic and social strides over the past few decades, but much work needs to be done in the U.S. and around the world. Many of the charts are U.S.-centric but mirror underlying trends in nearly all parts of the globe.

### INVESTMENT SUMMARY

Around the world, more policies are being put in place to treat women more equitably as more girls are in school, more women are working, more females are leading firms.

Nations that prioritize a level gender playing field, in our opinion, will experience stronger long-term growth rates, while companies that cater to women—understand their needs and wants—and use their talents in the workforce, are best positioned for long-term growth. Along these lines, think global brand leaders across multiple sectors—ranging from Automobiles to Technology to high-end luxury. These firms are some of the best positioned to help tap one of the world’s most powerful macro forces: Women.

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### CIO VIEW

The global purchasing power of women has never been greater. Wealthier and healthier, influencers and creators—women represent one of the most powerful economic cohorts in the world. Leveraging the talent and resources of females is expected to be a key determinant of success for companies and countries.

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## These Pictures Tell the Story

Exhibit 1A: Female “Power of the Purse” vs the Largest Economies, 2022

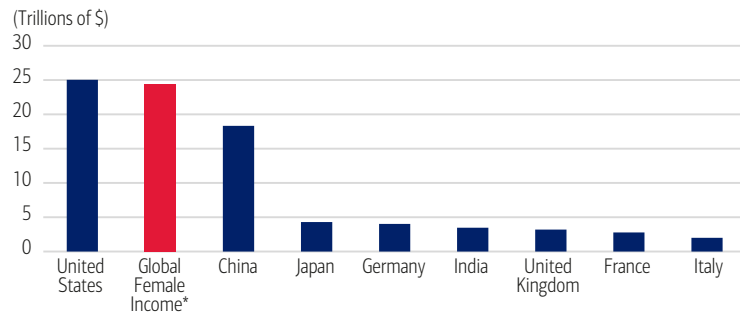
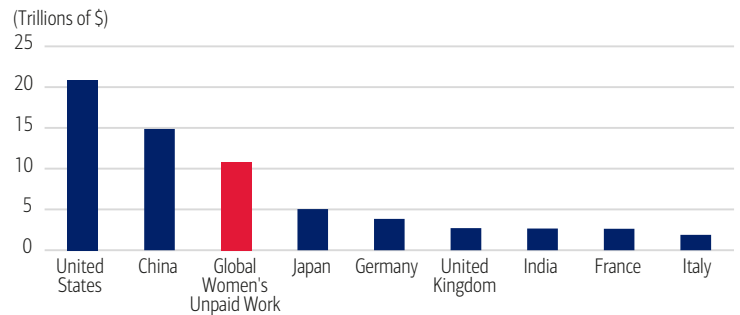


Exhibit 1B: Shouldering the Burden: Female’s Unpaid Work Globally



\*CIO estimate. (1A) Sources: World Bank, International Monetary Fund. Data as of 2022. (1B) Sources: IMF, Oxfam. Data as of 2020.

### The female “power of the purse” is simply staggering.

Buttressed by the educational achievements of women globally and the attendant rise in real income and wages over the past few decades, global female income topped \$24.5 trillion in 2022, by our estimates.\* That figure is roughly on par with the total size of the U.S. economy. At current levels, global female purchasing power is larger than China’s and Japan’s economies combined. An impressive figure in its own right, the U.S. female economy as an entity is worth nearly \$3.6 trillion—a number close to the total output of Europe’s largest economy: Germany. In the end, women have collectively become one of the largest economic forces in the world. That’s the encouraging news. The discouraging news: Women’s incomes could be even higher if they were compensated for their unpaid work.

### Unpaid work is a crushing tax and career burden on women around the world.

According to Oxfam America, unpaid work on a global basis adds up: If women were paid for their unpaid work, it’d amount to \$10.8 trillion annually, a figure classified in size between China’s and Japan’s economies. Around the world, women take on over 75% of the domestic burden of “unpaid work,” or activities not counted as value-added in the formal economy. While the amount varies country by country, women spend considerably more time than men doing unpaid household and care work—on average 4.5 hours a day on unpaid work, while men spend less than half that amount of time, according to the OECD. Many girls, rather than being in school, are tasked with unpaid work chores and effectively shortchanged of the lifelong benefits of education.

Exhibit 2A: The Income Scale of Wage Gaps Globally

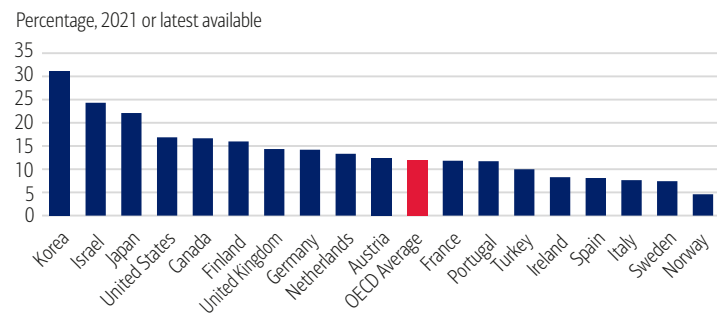


Exhibit 2B: Differences in the U.S. Pay Gap by Race



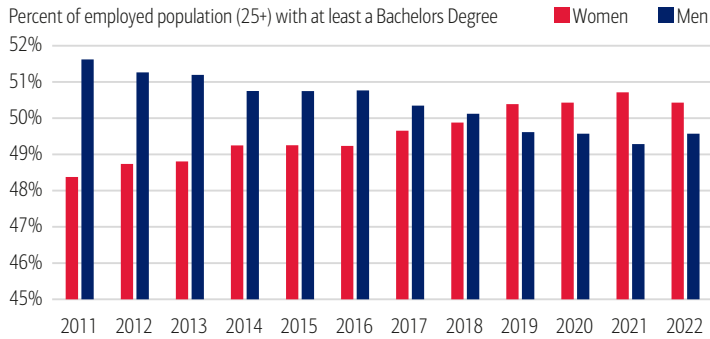
(2A) Organisation for Economic CO-operation and Development (OECD). Data for 2021 or latest available. (2B) U.S. Census Bureau. Data as of 2021.

**Not all workers are created equal.** Despite the fact that women have made gains in education and labor force inclusion over recent decades, the global gender wage gap persists. Women make 77 cents for every dollar earned by men on a global basis, according to figures from the United Nations (UN). Male workers among OECD members earn 12% more than their female counterparts. In South Korea, the divide is significant: Women made 31% less than men according to the latest figures. By region, the largest income gaps are in East Asia and North America, while the smallest gaps are found in the Nordic nations in general. As the OECD notes, the gender gap reflects, in part, the fact that women’s careers are one-third shorter on average than men’s. Most discouraging of all, at the current rate of progress, it is expected to take an estimated 132 years to close the gender income gap and achieve pay equity worldwide.

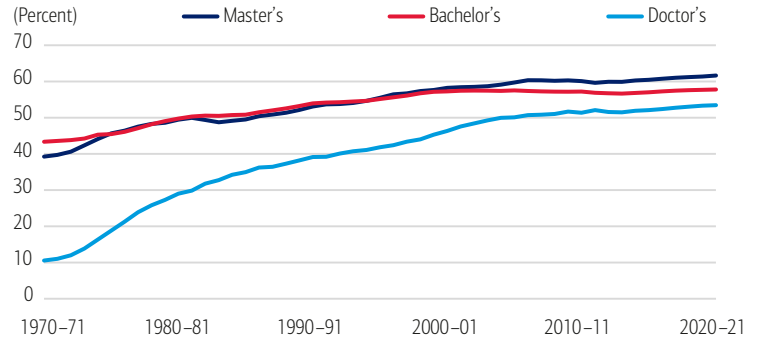
<sup>1</sup> National Women’s Law Center, September 2021.

**Women generally and consistently earn less than men in the U.S.** Although up from \$0.60 in 1980, women earned \$0.83 of every \$1 in earnings by men in 2021, the last year of available data. This reflects median earnings for full-time, year-round workers. In addition, there is greater dispersion for women of color with a higher-than-average gender wage gap compared to every \$1 earned by a white male, as the accompanying chart depicts. The upshot: Narrowing the pay gap would translate into \$11,782 more per year in median earnings and even more for women of color. The starkest: Latinas are shortchanged \$29,724 annually.<sup>1</sup> Women as a whole are overrepresented in lower-paying occupations relative to the share of the workforce, which translates into lower pay, fewer benefits, less health care benefits, and varied hours—all leading to lower wages relative to males.

**Exhibit 3A:**  
**Diplomas and Degrees: More Female Graduates in the Labor Force**



**Exhibit 3B:**  
**Women Receive the Majority of Post-Secondary Degrees**

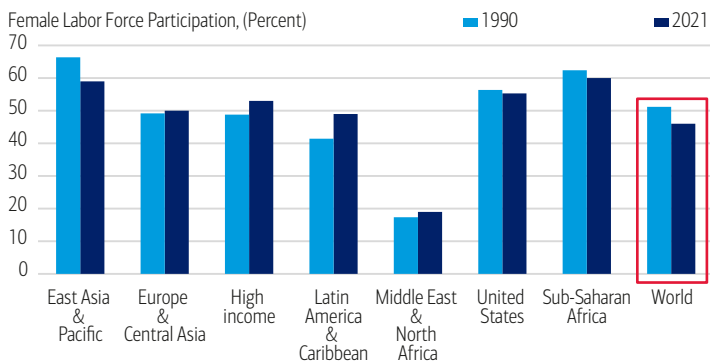


(3A) Source: U.S. Bureau of Labor Statistics (BLS). Data as of 2022. (3B). Source: National Center for Education Statistics. Data as of 2022.

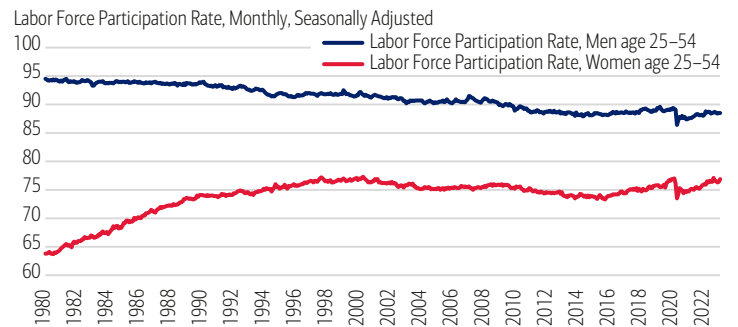
**Degree-holding women are more likely to be employed than degree-holding men.** When it comes to education, U.S. women are overachievers versus males, with more women likely to be enrolled in college today than men and subsequently, more likely to graduate. In 2022, of adults age 25 and older who completed a bachelor's degree or a more advanced degree, 50.4% were women and 49.6% were men. That share has been greater for women than men since 2019.

**The gender gap in higher education is one statistic working in women's favor.** Women accounted for the majority of degrees conferred in the graduation year 2020-2021, receiving 58% of undergraduate degrees, 62% of master's degrees and 54% of total doctoral degrees. That marked the 12th straight year women earned the majority of doctoral degrees, with last year marking the record-high majority. Previous milestones for women include earning the majority of master's degrees by 1981 and a majority of bachelor's degrees in 1982, according to the Department of Education.

**Exhibit 4A:**  
**Over Three Decades Time, Female Participation Went Down Globally**



**Exhibit 4B:**  
**Prime Age Labor Force Participation Rate for Men and Women**



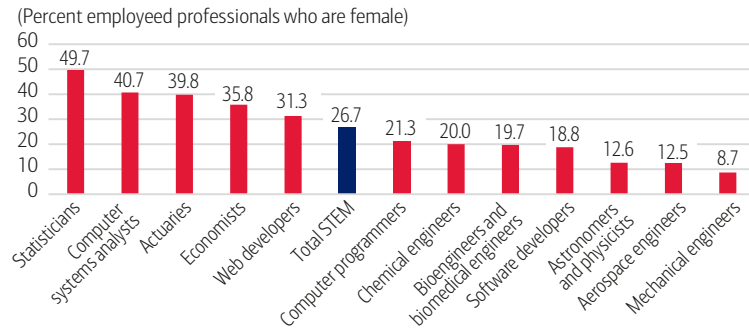
(4A) Source: International Labor Organization. Data for year 2021. (4B) Source: U.S. BLS. Data as of January 2023.

**On a global basis, women are woefully underutilized.** In 2021, less than half (roughly 46%) of all women participated in the labor force, down from 51% in 1990. In parts of the Middle East and Africa, the female participation rate is under 20%—a stunningly low level of involvement due in part to weak economic growth, stagnant job creation and social norms that disapprove of females working outside the home.

**U.S. female participation rates of the prime age population has been slow to recover, creating a headwind to U.S. economic growth.** The latest figure: 76.9% by January 2023, up from the pandemic lows of 73.5% in April 2020 for women, as the U.S. labor market shed 2 million more jobs than for men in the first months of the pandemic. Males have been slower to rejoin the labor force over the later half of the pandemic recovery not yet reaching pre-pandemic participation. More generally, men's prime age participation has been trending downward over the last four decades. The aftershocks of the pandemic and the fact that many women in the baby boom generation (women born between 1946 and 1964) are retiring have put downward pressure on the labor force participation rate. All of the above has impacted women's retirement savings and investing, further reducing the future income of women and sustaining the gender pay gap.

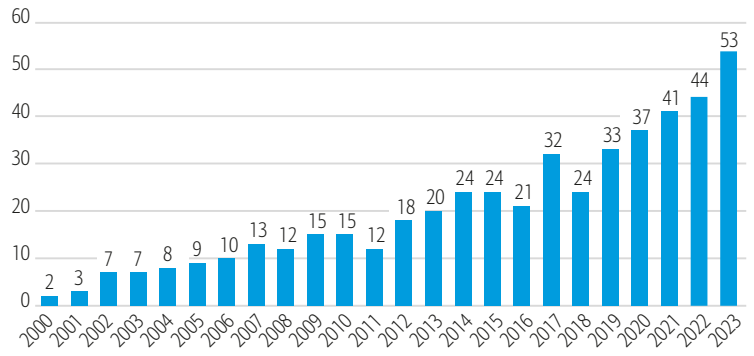
Based on estimates from Bloomberg Economics, India, Pakistan, Egypt, Turkey and Nigeria have the biggest barriers to women's economic participation—and therefore the biggest potential gains if those barriers were removed. Many nations around the world have yet to recover from the declines in labor force participation by women during the pandemic.

**Exhibit 5A: Mind the Science, Technology, Engineering, and Mathematics (STEM) Gap**



(5A) Source: U.S. Census Bureau. Data as of October 2021. (5B) Source: Fortune. Data as of January 12, 2023.

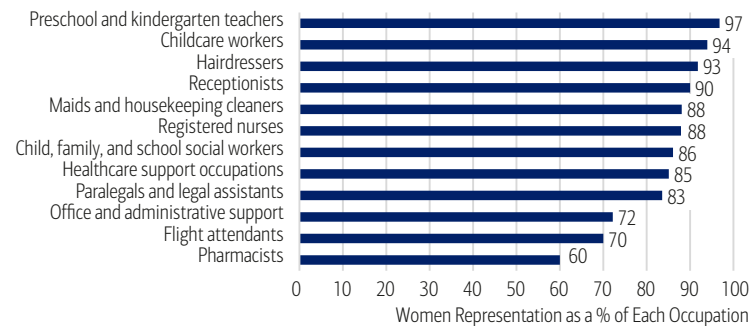
**Exhibit 5B: Fortune 500 Female Chief Executive Officers (CEOs) Have Hit New Highs in Each of the Last Five Years.**



**Women are underrepresented along the STEM spectrum—** from majoring in a STEM field to publishing research literature on these topics, men vastly outnumber women. Offering some of the fastest-growing and highest-paying jobs of the future, women are increasingly left behind in this field. Male graduates outnumber women in nearly every science, with women earning only 20% of STEM bachelor degrees. Therefore, representation in the workplace is meek—with statisticians nearly at parity, women computer systems analysts at 40.7% of those employed, 20% of chemical engineers, etc. All in all, 26.7% of STEM professionals are female.

**The number of female CEOs is at an all-time high—but still only makes up 10% of the Fortune 500.** While representing almost half of the U.S. workforce, women still account for only 53 chief executives on the Fortune 500 ranks as of January 2023. For the first time in history, women CEOs run more than 10% of Fortune 500 companies. Lack of gender diversity continues to be a challenge at all rungs of the corporate ladder. According to a McKinsey report *Women in the Workplace 2022*, women hold 48% of entry-level roles and 40% of manager positions in the pipeline overall. Better news among Chief Financial Officers (CFOs), with the percentage of female CFOs hitting an all-time high of 16% in 2022, up from 6.3% in 2004 according to a Crist Kolder Associates report.

**Exhibit 6A: Women Represented the Majority of Many Pandemic-Disrupted Job Categories.**



**Exhibit 6B: No Country Has Achieved the Promise of Gender Equality Envisioned in the SDGs.\***

Rank	Country	Score
1	Denmark	90.4
2	Sweden	90.3
3	Norway	90.2
4	Iceland	89.0
5	Finland	88.9
6	Austria	88.7
7	Netherlands	88.3
8	Switzerland	87.8
9	Luxembourg	86.7
10	Ireland	85.5
38	United States	76.6

(6A) Source: U.S. BLS. Data as of January 2023. (6B) \*SDGs: Sustainable Development Goals. Source: Equal Measures 2030 report. Data as of 2022.

**Not all job categories are created equal... Neither have been their recoveries.** Differences in educational attainment and caregiving responsibilities have led to clear gender segregation in job categories as Exhibit 6A highlights categorically the jobs women disproportionately hold. Per the BLS, women made up 97% of preschool and kindergarten teachers, 90% of receptionists, 88% of registered nurses and 60% of pharmacists. The overlay: With the world on pause through various pandemic shutdowns, many of these jobs were highly disrupted—from hairdressers, flight attendants to paralegals and legal assistants. These categories are unlike other recession which disproportionately impacted male-heavy industries like construction or manufacturing.

**Much progress has been made over the past decade in narrowing global gender inequality.** But more work is needed. The world is not on track to meet the 2030 deadline for the achievement of gender equality as outlined in the UNs Sustainable Development Goals (SDG). According to the latest SDG Gender Index, a quarter of the nations in the world are making “fast” progress toward gender equality, while a third are making no progress at all or going into reverse. No country has achieved the promise of equality, and as the accompanying table depicts, the U.S. has a long road ahead, ranked 38th in overall SDG Gender Index. The bottom line: Despite signs of progress, more than 3 billion girls and women live in countries with “poor” or “very poor” scores for gender equality in 2020. The figure neatly captures the plight of women around the world.

## Index definitions

**Securities indexes assume reinvestment of all distributions and interest payments. Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index. Indexes are all based in U.S. dollars.**

**Sustainable Development Goals (SDGs) Gender Index** evaluates progress of states and Union Territories (UTs) on various parameters including health, education, gender, economic growth, institutions, climate change and environment.

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