

# EUROPEAN POLICY BRIEF



## IMPACT OF LOCAL WELFARE SYSTEMS ON FEMALE LABOUR FORCE PARTICIPATION AND SOCIAL COHESION

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### INTRODUCTION

Increasing the participation to the labour market of women is considered as a key strategy in Europe not only to obtain gender parity, but also to reduce the risks of poverty and social exclusion in the overall population. However, not only is the female employment rate very unequal throughout Europe, but also employed women experience different situations in the labour market due to the variety of welfare regimes and gender segregation situations existing in the EU area. As a consequence, we can expect that the specific conditions women experience in the labour market critically affect the level of social cohesion, and that this impact is different throughout Europe.

The policy problem we address in this policy brief is related to the impact of different forms of female participation in the labour market on social cohesion. By social cohesion, according to the European Council, we mean a situation where society is able “to ensure the welfare of all its members, minimising disparities and avoiding polarisation; it takes in four aspects of welfare: equity in access to rights, the dignity and recognition of each person, autonomy and personal fulfilment, and the possibility of participating as a full member of society”. (Council of Europe, 2005: 40)

The main policy issues we address are the following:

- a) Are EU cities/countries with lower female activity/employment rates more affected by social cohesion problems? Is therefore female employment a key factor to improve social cohesion?
- b) What is the relevance of female unemployment and female temporary employment across Europe? In which EU cities/countries is this impact stronger?
- c) Can we explain such different impacts in different EU cities/countries as consequence of different welfare regimes?
- d) What has been the role of the current financial crisis in the relation between female labour market participation and social cohesion?

**Question A:** *Are EU cities/countries with lower female activity/employment rates more affected by social cohesion problems? Is therefore female employment a key factor to improve social cohesion in such contexts?*

Cities analysed in the Flows project differ in terms of protection against poverty and social vulnerability.

A special attention has been paid to the issue of feminization of poverty, on the basis that women are consistently more exposed to poverty than men. The feminization of poverty is affected by the intersection of economic, demographic and institutional factors. Three main results emerge from our research. First, being attached to labour market is still the main protection against poverty in all the cities analysed. Poverty rates increase in cities where female employment is lower, and women who are out of the labour market are more likely to become poor. A second factor is age: the elderly are actually more likely to be poor than working age adults. A third factor is finally related to the household structure, as long as the dual earner household model is a strong protection against the risk of poverty.

The level of social vulnerability is also different in Flows cities. We define “social vulnerability” as a situation of instability in a context of harsh constraints within the main systems of social integration: family, welfare, or labour market. It usually regards plural dimensions, such as risk of poverty, material deprivation and low work intensity. Considering all these dimensions, we found that women are proportionally more exposed to social vulnerability than men consistently across all countries in FLOWS, while men are more proportionately exposed to severe hardship in the same countries. In Eastern, Mediterranean and Anglo-Saxon countries, the share of females interested by social vulnerability is between 15% and 20% of the total population.

Comparing these results with the participation in the local labour markets registered in FLOWS countries, we can highlight that the lowest levels are in Spain, Italy, Ireland, Czech Republic and Hungary. Anglo-Saxon cities have the highest rate of female non-standard employment; Spanish and Italian cities show strong regional differences. We might therefore say that it is true that a lower participation to labour market exposes more to social vulnerability problems, but that fact it also mediated by welfare provisions (especially in Estonia, UK and Ireland) and the structure of local production systems (especially in Spain and Italy).

**Question B** *What is the relevance of female unemployment and female temporary employment across Europe? In which EU cities/countries is this impact stronger?*

The female participation to labour market has been growing in all European countries in the last two decades. In our localities we assisted to a general increase in the level of female participation to labour market, with the only relevant reduction in correspondence with the financial crisis.

While FLOWS cities show a wide activation of females, the employment gender gap is still consistent (68,01% women vs. 76,35% men). The higher activity rate of men is the result of two processes: on one side, females are more likely to be inactive than men in all the local contexts we have considered (31,99% vs. 23,65%); on the other, women are slightly more unemployed than men (11,37% vs. 11,23%). Unemployment might be considered an unreliable measure of gender disparity in the labour market: in many countries, there is no obligation of being registered as unemployed and usually discouraged women represent about one third of the total rate of inactive married women.

Gaps between genders are also evident taking in account part-time employment. Gender gaps are highest in the cohort 25-39 years old (10,24 p.p.), when the probability of having young children to take care is highest. The highest value of female part-time employment in FLOWS cities has been found in Anglo-Saxon cities, where almost half of the employed women have part-time contracts, while it concerns just a minority of them in Eastern Europe cities. Younger worker are more likely to

be employed part-time compared to other age groups (41,52% vs. average value of 25,61%). For all age groups, part-time employment is highly gender segregated, with the exception of Finland.

Temporary employment follows the same trend, even if female segregation is less strong compared to part-time employment. The situation is highly differentiated among countries due to the different regulation of temporality. Especially the youngest cohorts (15-24 years old) are strongly affected by those types of contracts, as it happens in Italy (64,69%), France (51,80%), Spain (55,39%), and Ireland (38,10%).

**Question C** *Can we explain such different impacts in different EU cities/countries as consequence of different welfare regimes? Should we consider further relevant factors?*

Different impacts of non-standard employment on social vulnerability of women depend on two basic aspects of welfare systems: capacity for de-commodification and potential for de-familisation.

De-commodification plays a relevant role as social vulnerability of women is greatly in relation with different systems of protection against unemployment. Only in Nordic cities we found universalistic schemes by which unemployment benefits are not related to the previous work position. In all the other localities the main approach derives from an occupational system in which the amount of unemployment benefits depends on the previous earnings of workers. In France and Italy it also depends on the length of the previous contract, while in some other countries it is means-tested. Women with long career breaks, a job experience mainly characterised by part-time jobs and a slow career, will be quite penalised in occupational systems both in terms of benefits associated to the position in the labour market and of their exposure to social vulnerability.

Regarding de-familisation, cities can be distinguished into two main poles: cities that have a strong orientation toward collectivisation of care (like Nordic and French cities) and cities in which familisation is still strongly characterising the policy approach. Among the last group, Mediterranean cities have a similar model, in which female employment is mainly supported by the informal care provided within the extended family. Continental cities combine the generosity of tax credit, family allowances and long parental leaves with a system of public childcare services that allow women to choose their care strategy among using public services and parental care. Lastly, we can identify a strong commodified system in Anglo-Saxon cities where childcare services are available on the private market and accessible only to those who can pay for them, contributing to discriminate women in part-time or temporary jobs as their income often is not sufficient to acquire full-time care.

**Question D** *What has been the role of the current financial crisis in the relation between female labour market participation and social cohesion?*

In the last five years female employment has inverted its tendency to grow and has suffered a reduction in almost all the localities considered in the FLOWS research. Only in Finland, France and Germany employed women have increased during the last years, while in Italy, Czech Republic, and Estonia the level of female employment has not changed significantly. Our results are consistent with national trends that exposed Spain, Ireland and Estonia to the worst consequences of the crisis. Despite the general stagnation of female employment (62,30% in average in 2007 compared to 60,7% of 2012), the consequences of crisis were lighter for females than for males, who lost about 3,5 p.p. among employed workers. An unintended effect has been thus the reduction of gender gaps in employment in most of FLOWS cities.

However, female employment is not as stable as we might suppose. As a partial confirmation, apart from Spain where temporary employment has been generally downgraded by the crisis, in all the other FLOWS young cohorts had increased the quota of temporary employment between 2007 and 2012.

Finally, the crisis has brought about a new orientation towards expenditure for social benefits. Social programmes that have been implemented across Europe under austerity affected more females than males as females are more frequently welfare recipients than men. The effect has

been different from locality to locality, but the main consequences have been the following: the most vulnerable groups, as women or migrants, have been losing consistently the sustain of social protection; middle income groups saw a reduction in their disposable income, both for less generosity in the tax credits and severe cuts in the public expenditure; and lastly, cuts in public employment and in public programs had a primary effect on female employment.

## POLICY IMPLICATIONS AND RECOMMENDATIONS

Many policy implications emerge from our analysis. We consider here four main aspects.

1. Gender parity and female participation to the labour market are crucial ingredients for preserving social cohesion in all European countries. Higher female employment is not only functional to broaden the occupational basis of countries, but it also greatly contributes to reduce inequality and social vulnerability. Political effort to sustain the participation to the labour market of women is therefore beneficial both to competitiveness and social cohesion in European countries. Differences among countries and regions should be reduced in order to give women equal opportunities across Europe.
2. Reconciliation policy must be considered as a key policy strategy especially in countries with lower female activity rates. Most of women not employed in working age are inactive across Europe and are not registered nor accounted as unemployed. There is evidence that most of them have been discouraged to participate in the labour market because of lack of jobs, low qualification, and difficulties to conciliate care and work. Reconciliation policies are very crucial not only to sustain women who are already employed, but also to activate women who are discouraged. Consequently reconciliation policies should allow the access to benefits and services also to women/mothers who are not in the labour market. Eligibility criteria and provision of services should address the needs of discouraged women in working age.
3. Non-standard employment is more widespread among women than among men across Europe. The financial crisis has increased short term contracts and flexibility on working conditions especially for women. These facts can decrease the female participation to the labour market as lower wages can increase the opportunity costs of working in respect of caring. Moreover, in occupational regimes access to welfare benefits for non-standard employees is not guaranteed, or is guaranteed in a lesser amount than for standard employees. There is therefore a need to increase universalism in family policies and safety net measures in order to entitle (female) non-standard workers to access welfare benefits. A core strategy of Europe should be avoiding that increase in non-standard employment could produce a dualization in the access to welfare benefits. This fact could also decrease female employment as long as it increases the opportunity costs of part time or short term work contracts.
4. Attention should also be paid to the quality of female employment. There is evidence from our research that women still experiment worst working conditions than males with same qualification and age. This fact explains why women are consistently more vulnerable and at risk of poverty than men. Further efforts should be developed by the European Union to increase gender parity in working conditions. A relevant factor contributing to this situation is the segregation of women in specific sectors and specialisations. A better focus on these sectors should allow actions to monitor levels of wages, access to benefits, contractual arrangements mainly affecting female employment.

### Objectives of the research

The overall aim of the FLOWS project is to analyse (1) how local welfare systems in interaction with other factors support female labour market participation and (2) the extent to which female labour market integration has contributed to strengthening social cohesion (and under which conditions).

The present Policy Brief focuses on one of the objectives of the project, which is to improve our understanding of the impact of different levels and forms of female labour market participation on social cohesion. Social cohesion is understood here, according to the EU perspective, as the integrative capacity of specific local contexts, and is composed by three main elements: equality, protection of the vulnerable population, and social participation. The expected result is that higher and/or better employment of women would determine higher social cohesion. However, the intensity and shape of such relationship can change according to specificities of local contexts, including access to citizenship and women segregation in the local labour market.

### Scientific approach / methodology

This research has combined together the already produced materials in the FLOWS research project in order to come full circle on the interrelations between female labour force participation and social cohesion. FLOWS adopted a multi-method approach, including literature review, analysis of policy documents, local area case studies, interviews with key informants about local policy processes, survey analysis on a sample of the local female population, focus groups analysis, in 11 European cities: Aalborg (DK), Bologna (IT), Brno (CZ), Dublin (IR), Hamburg (DE), Jyväskylä (FI), Leeds (UK), Nantes (FR), Szekesfehervar (HU), Tartu (EE) and Terrassa (SP).

The FLOWS activities that have been used in this research step are the following:

- a secondary analysis of local data that had permitted to evaluate main differences across cities in the female participation to labour market
- analysis of the local production systems and local welfare systems in order to evaluate which are the main influence on the female labour participation in the local contexts of FLOWS.
- a survey study and focus groups to study respectively how women's attitudes and behaviour interact with welfare systems in the local context and the process of women's decision making in care and in participation to labour market.

This research has put in relation all these empirical materials in order to point out how different welfare regimes interacts with female inequalities in structuring the general level of social cohesion for the whole local community. As we compared the local welfare systems not only between the 11 European cities but also in relation to the national welfare system in each country, both local and national data were gathered. All these data from different sources were gathered and analysed according to the same procedure, used in each country and city, in order to maximise the comparability of the findings from different cities. The data were analysed first by local research teams and reported in local reports. A database including a list of indicators has been also prepared. The data and the local reports of all partners were further analysed by the leaders of this study and reported in the final WP report.

## PROJECT IDENTITY

<b>PROJECT NAME</b>	Impact of local welfare systems on female labour force participation (FLOWS).
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