

Has the potential for compensating poverty by women's employment growth been depleted?

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Employment as instrument to combat poverty

- EU2020 Growth Strategy:
 - 75 % of the population aged 20-64 should be employed
 - 20 million less people should be at risk of poverty
 - “Targets are interrelated”
- ‘Jobs, Jobs, Jobs’ (Kok et al., 2003)
- Social investment package (Morel, Palier & Palme, 2012)
- Active labour market policies (Bonoli, 2013)
- Yet, ‘disappointing’ trends in poverty (Vandenbroucke & Vleminckx, 2011)

Why focus on *women's* employment growth?

- Most employment growth in OECD countries among women
- Women's rising earnings attenuate household inequality (Harkness, 2013; Nieuwenhuis, Van der Kolk & Need, forthcoming)
 - Focused on whole of the income distribution
 - Focused on coupled households
- Plateau in women's employment (Boushey, 2008; England, 2010)
 - Requires analysis of long-term trends

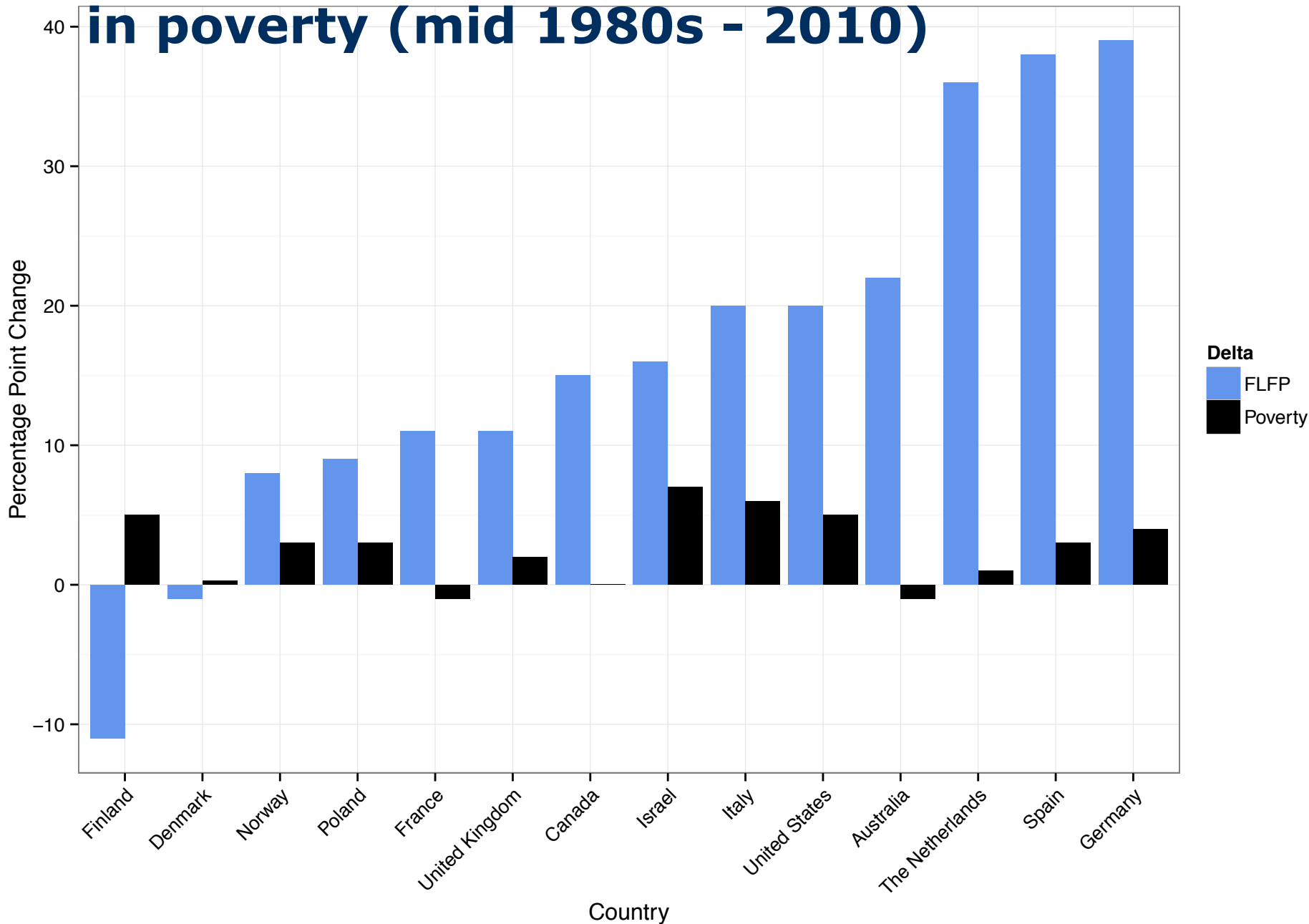
Question

To what extent have **trends in women's employment** affected working-age poverty rates in OECD countries between 1975 and 2013?

Distinguishing between trends in:

- Women's employment rates
(Jobs, jobs, jobs!)
- How well women's employment protects against poverty
(Making work pay enough)

Women's employment growth and trends in poverty (mid 1980s - 2010)



Paradox: How can women's employment protect households against poverty, while women's employment growth does not bring down poverty?

- **Employment growth in 'non-poor' households**

- Incomplete revolution = Stratification + Homogamy (Esping-Andersen, 2009)
- Matthew effects of social policy (Van Lancker, 2014)

► We need to observe employment of partner in household

- **Employment growth in 'still-poor' households**

- In-work poverty (Lohmann & Marx, 2008)
- Single parents (Maldonado & Nieuwenhuis, 2014)

► We need to observe how well women's employment protects against poverty



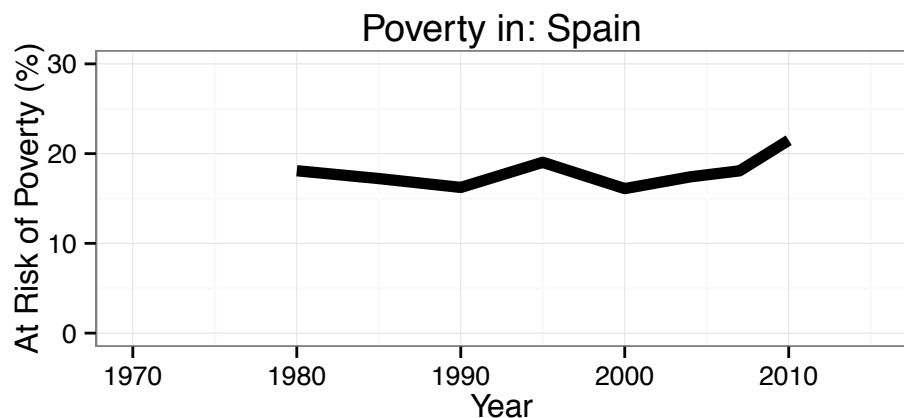
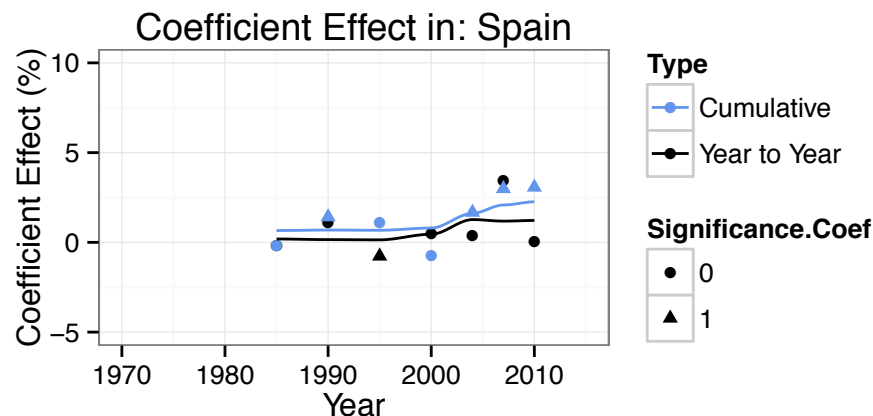
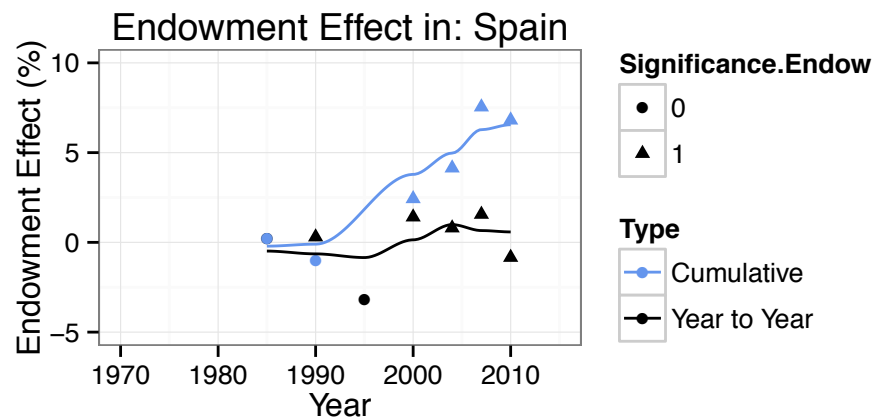
Data

- Luxembourg Income Study (LIS)
 - Harmonized data on income and demographics
 - 15 countries, 1975-2013
 - 2,129,193 household-level observations
 - Working age population
- Relative Poverty
 - 60% median
 - Disposable household income
 - Equivalized (modified OECD scale)

Method: Blinder-Oaxaca Decomposition

Decomposes difference in poverty across 2 years:

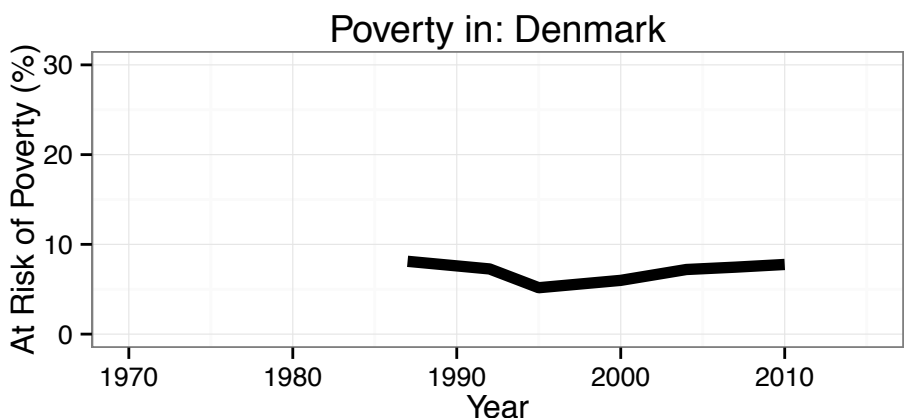
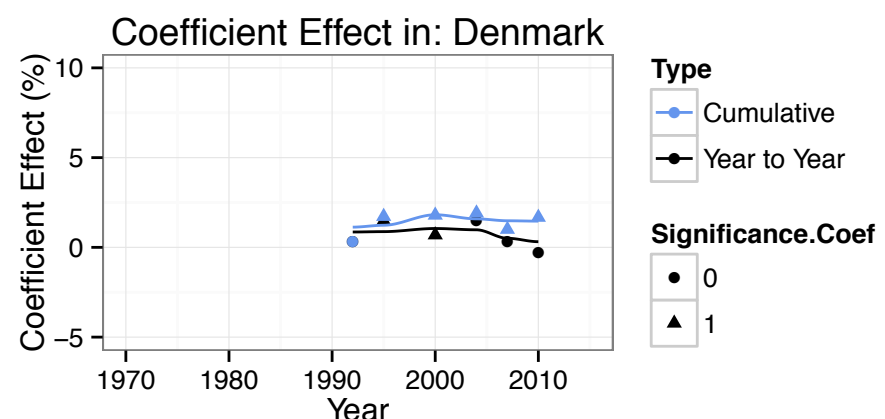
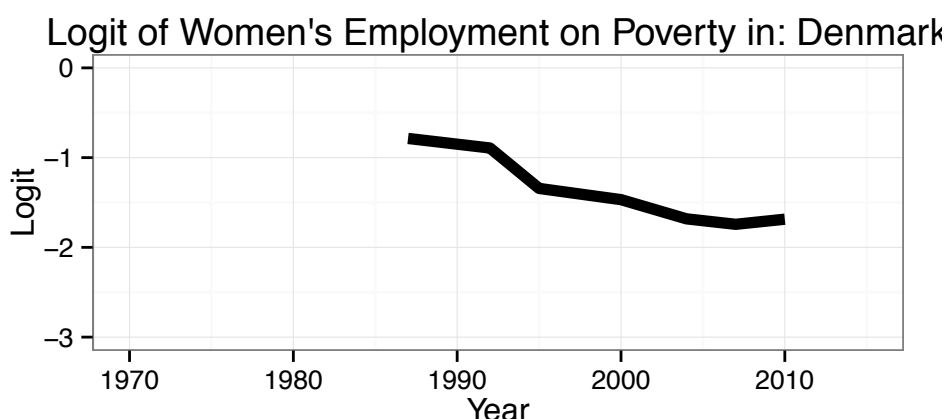
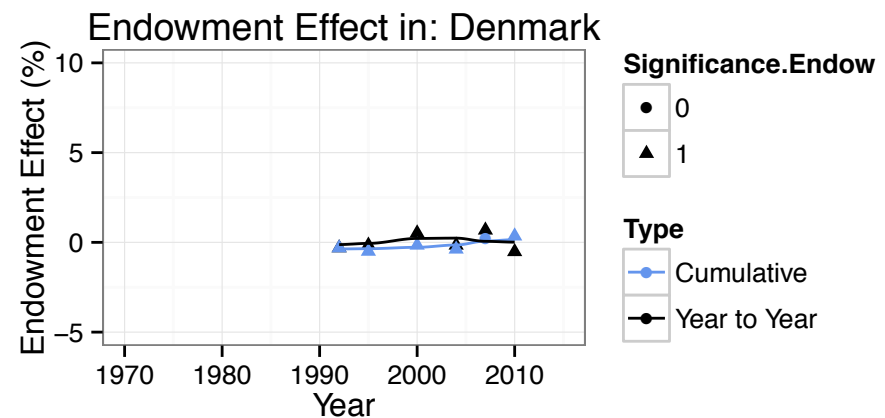
- **Endowment Effect:** What would poverty have been in 2010 if women's employment rate had not changed since 2005?
- **Coefficient Effect:** What would poverty have been in 2010, if women's employment still protected against poverty like it did in 2005?



Similar Patterns in:

Australia
France
Israel
Canada

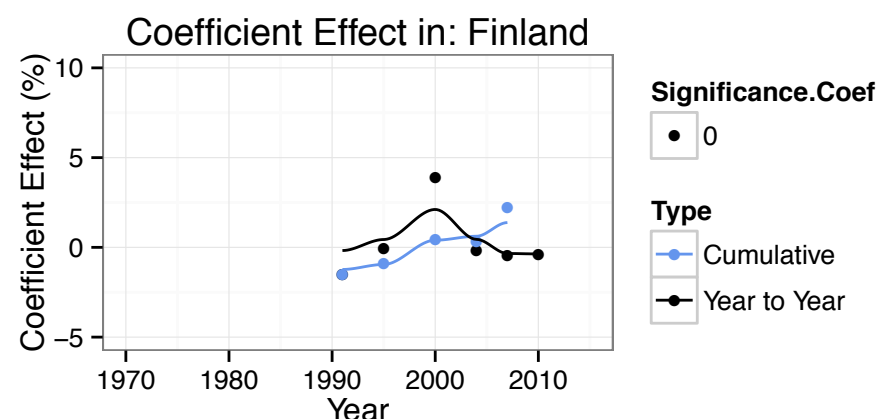
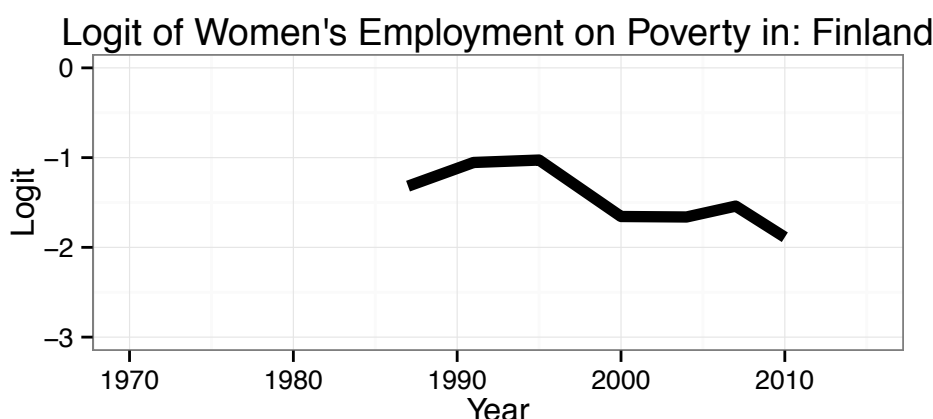
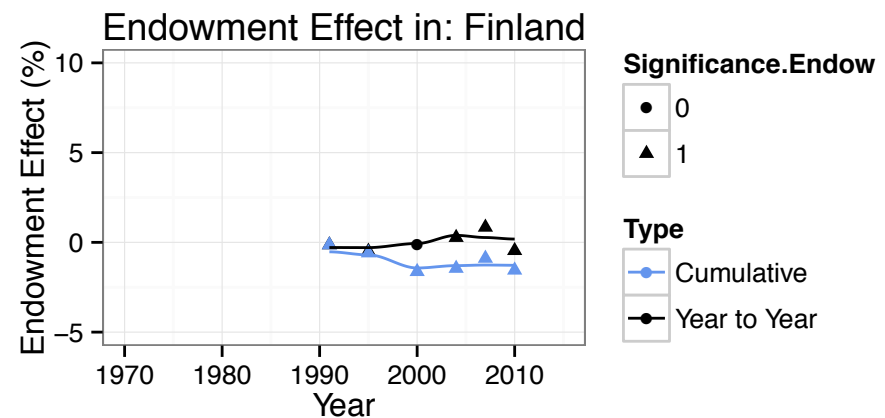
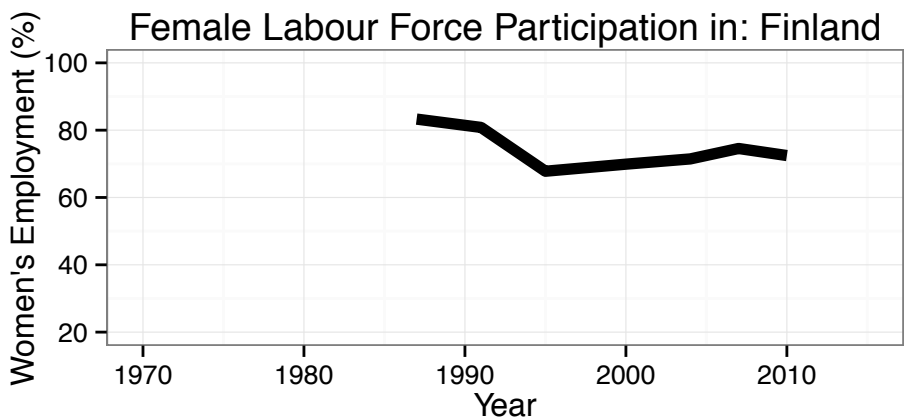




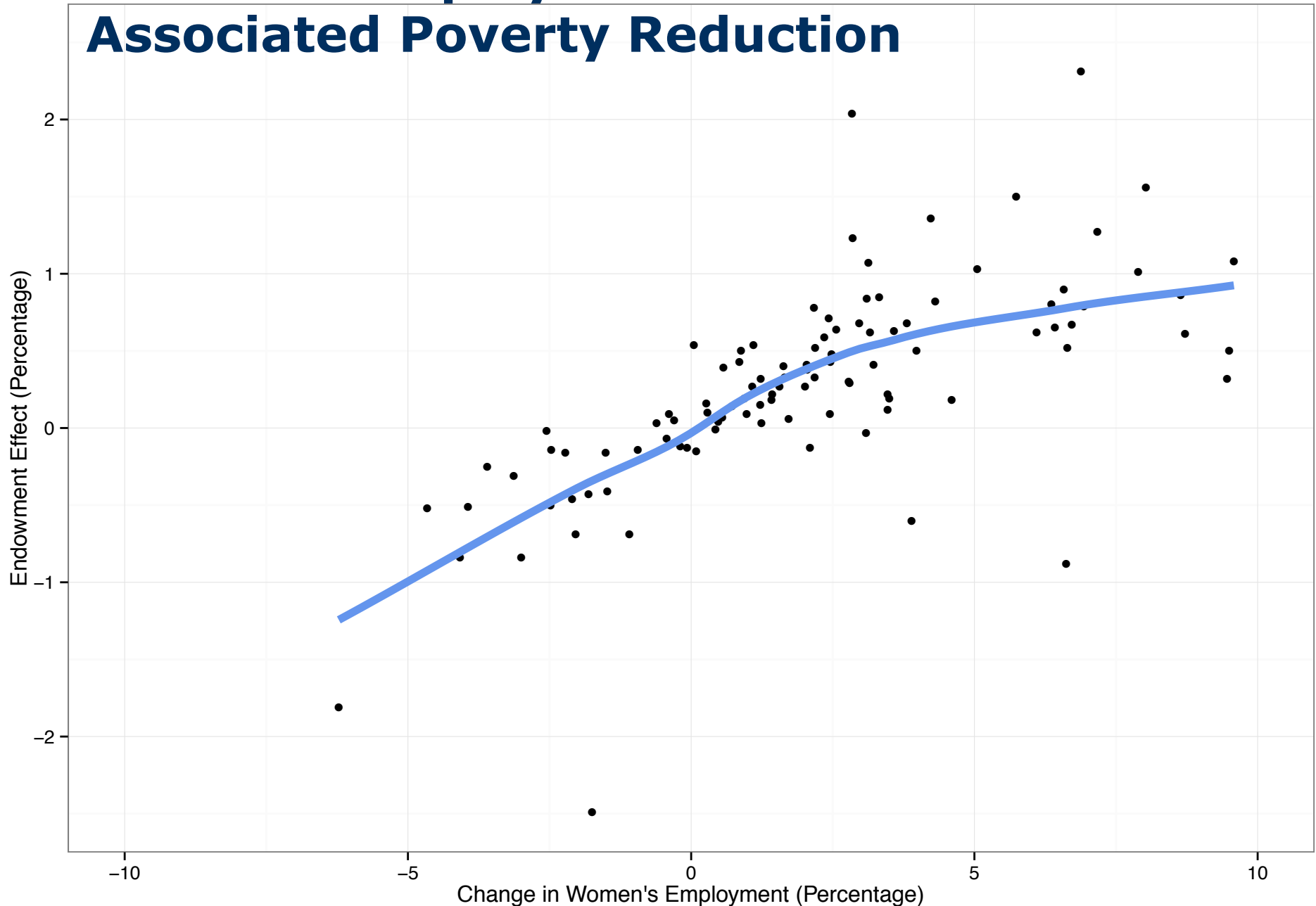
Similar Patterns in:
Norway
Sweden



Stockholm University



Women's Employment Growth and Associated Poverty Reduction



Conclusion

- **Women's employment growth reduced poverty**
 - Mostly due to employment growth; increased protective effect weak
 - Retrospectively: 1%-point less poverty with 10% more FLFP
 - Cumulative effect of up to 6 %-points
- **EU 2020 Growth Strategy - Women's employment as instrument against poverty?**
 - It worked, but many countries can't do it again
 - Many countries seem to have reached plateau in FLFP
 - Poverty-compensating mechanism of women's employment growth to an important extent depleted

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Method: Blinder-Oaxaca Decomposition

- Decomposes difference in mean score across 2 groups:
 - Mean scores of determinants
 - Regression slopes of determinants
- Based on 1 regression model for each group

$$\begin{aligned} \text{logit}(P_{\text{poor}}) = & \alpha + \beta_1 \times \text{WomanEmployed} \\ & + \beta_2 \times \text{ManEmployed} \\ & + \beta_3 \times \text{SingleWoman} \\ & + \beta_4 \times \text{SingleMan} \end{aligned}$$

Oaxaca Equation: Comparing 1995 to 2000

$$\Delta_{pov} = \bar{Y}_{95} - \bar{Y}_{00} = (\bar{X}_{95} - \bar{X}_{00})' \hat{\beta}_{00} + \bar{X}_{95}' (\hat{\beta}_{95} - \hat{\beta}_{00})$$

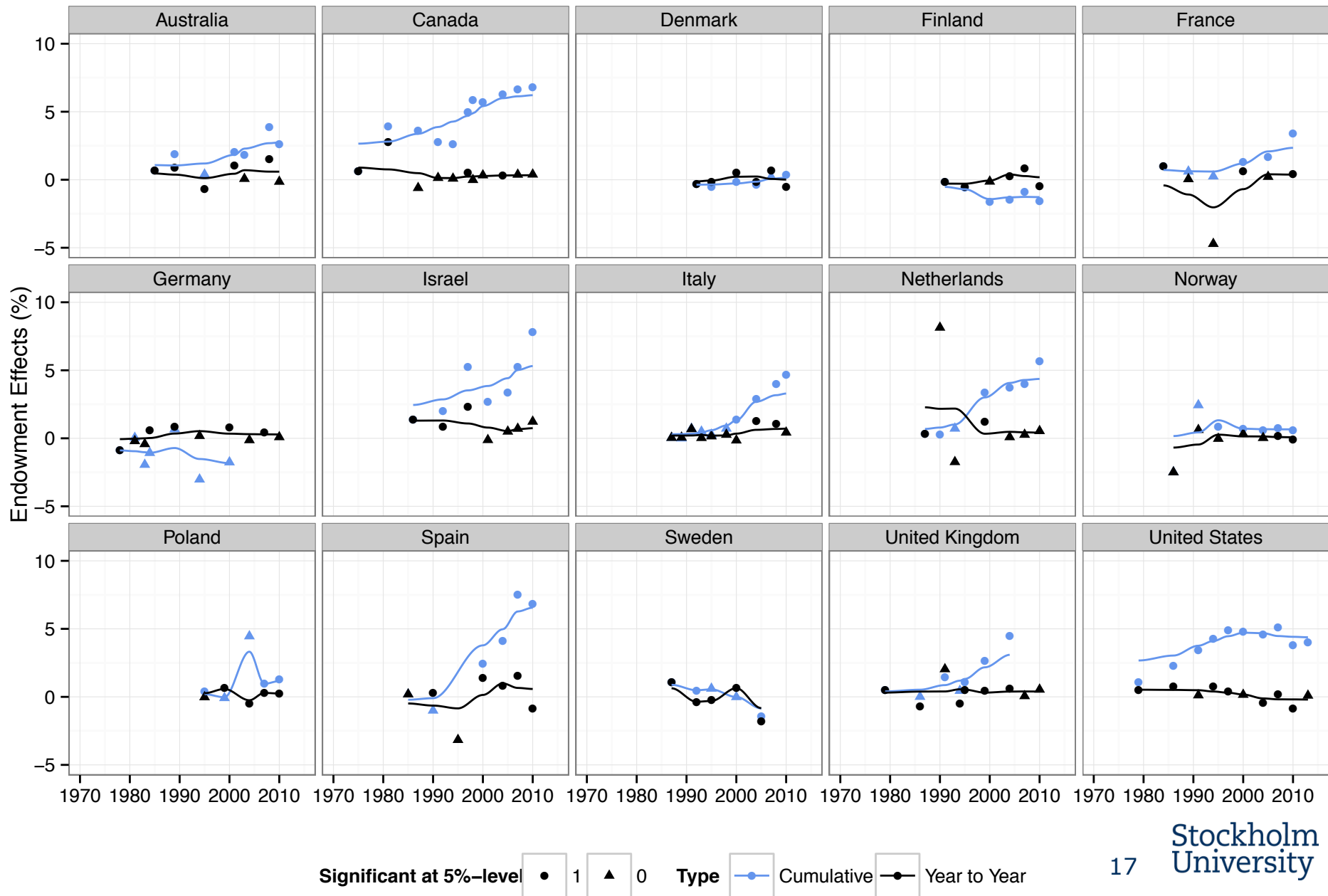
$$(\bar{X}_{95} - \bar{X}_{00})' \hat{\beta}_{00}$$

Endowment Effect: How much would poverty change in 2000, if women's employment rate had not changed from 1995 to 2000 (with logit of 2000)?

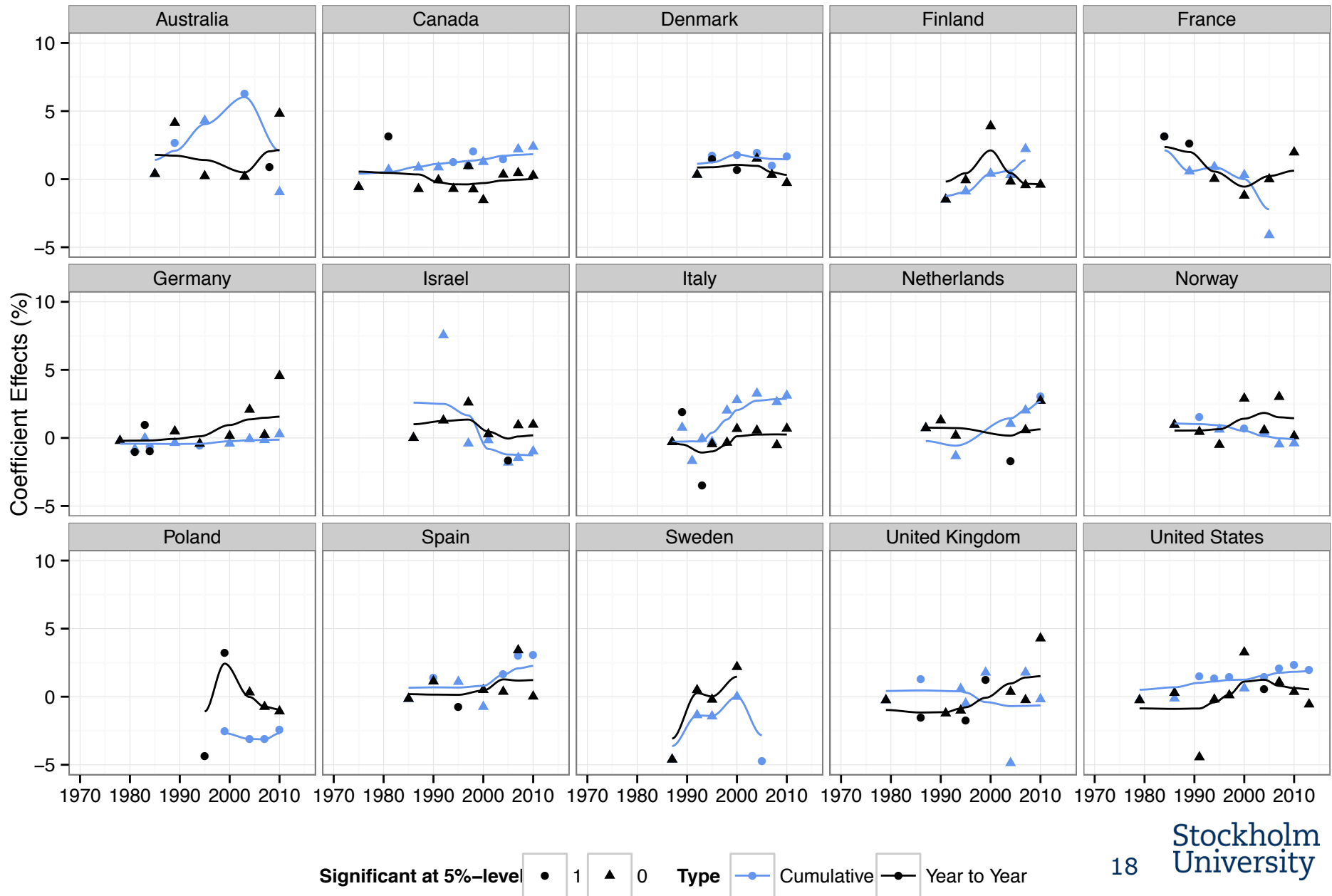
$$\bar{X}_{95}' (\hat{\beta}_{95} - \hat{\beta}_{00})$$

Coefficient Effect: How much would poverty change in 2000, if logit women's employment had not changed from 1995 to 2000 (for those employed in 1995)?

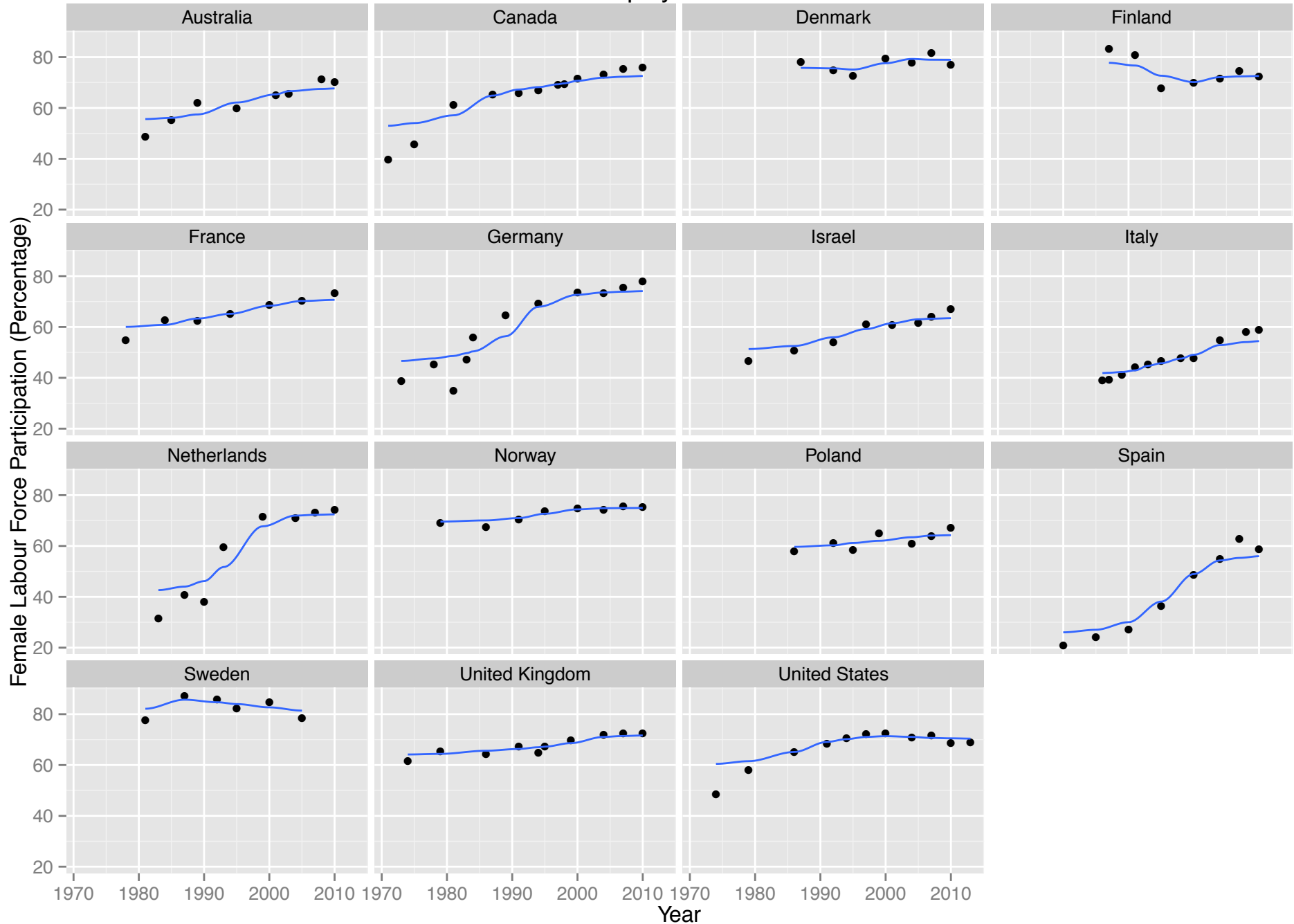
Endowment Effects



Coefficient Effects

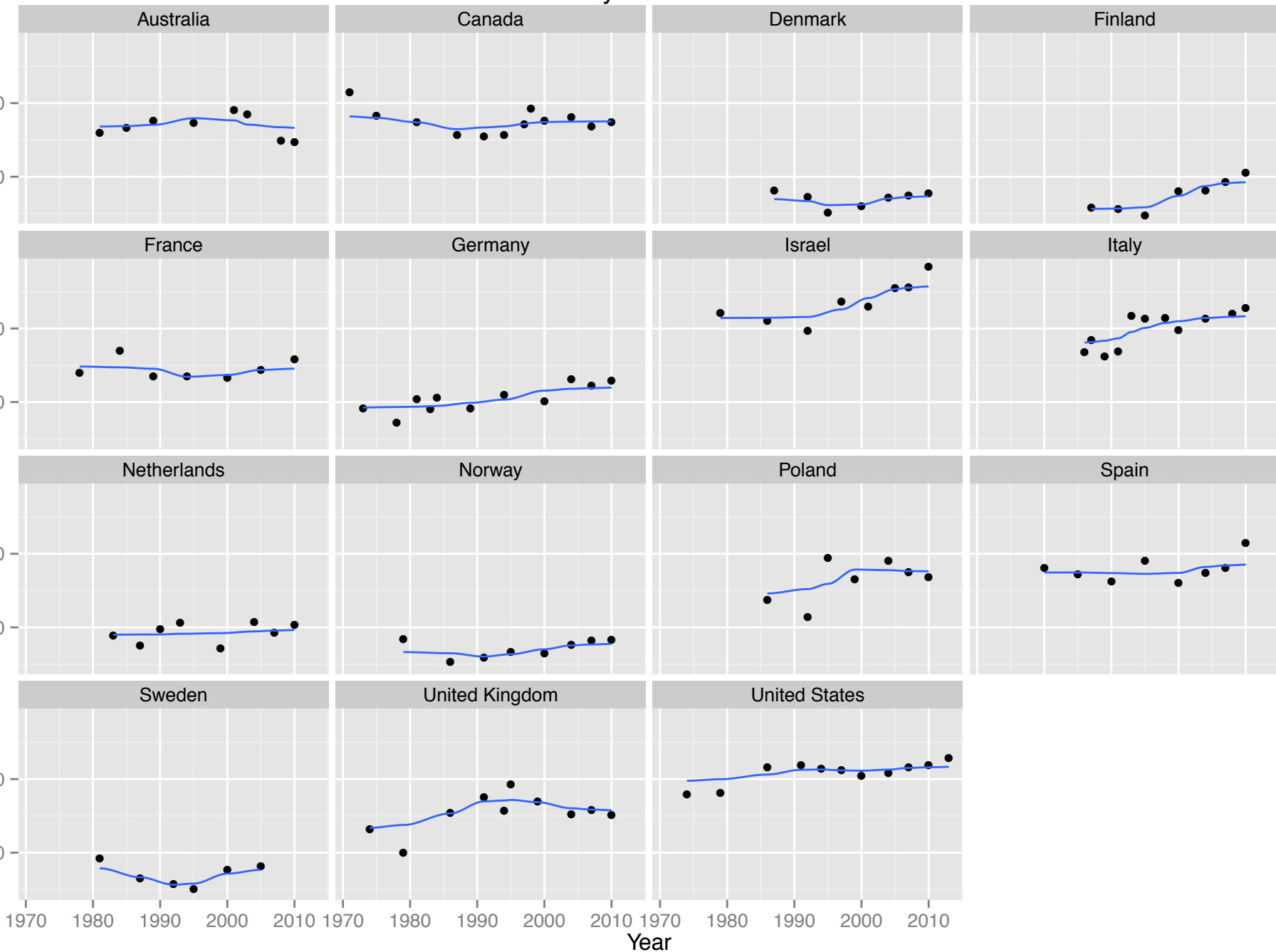


Trends in Women's Employment in 15 OECD Countries

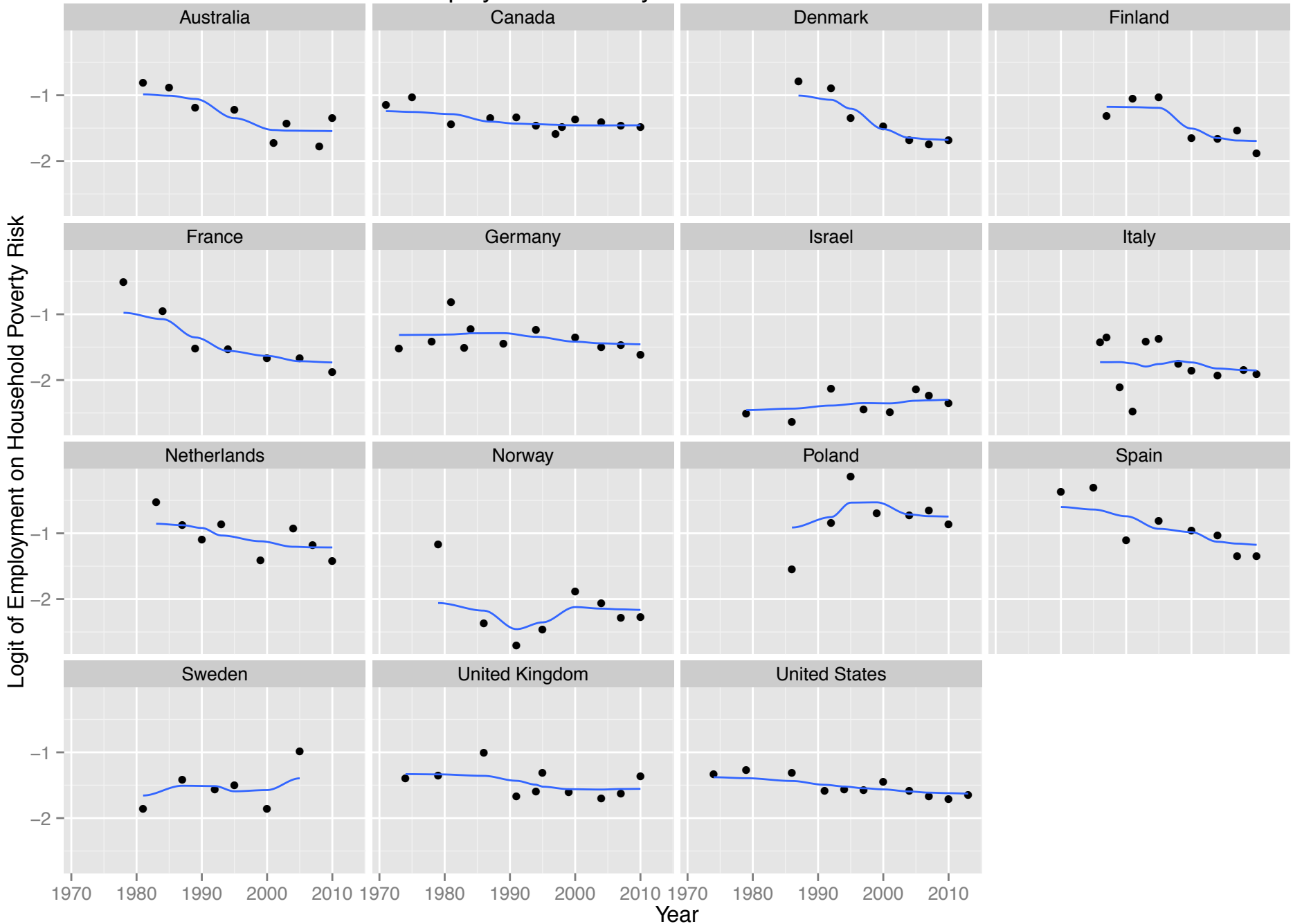


Trends in Poverty in 15 OECD Countries

Percentage Households (At Risk of) Poverty



Trends in Employment–Poverty Association in 15 OECD Countries



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Presented Paper

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