The Gender Employment Gap: Challenges and Solutions

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Gender Employment Gap

- **Difference** between employment rates of men and women

- **Importance** of closing the gender gap in employment participation, which shows the **need for policy intervention**

- **Economic independence** enables both women and men to exercise **control over their lives** and plan their families.
Increasing female employment is crucial to meet Europe 2020 goals

- Strategy for equality between women and men 2010-2015
- Social Investment Package
- Roadmap for ‘A new start to address the challenges of work-life balance faced by working families’
- Strategic engagement for gender equality 2016-2019
In 2015 the employment rate for men was 70.8% while for women it was only 60.4%.

Huge variation among Member States, from 42.5% of EL to 74% of SE.

A gender employment gap is recorded in all Member States.

Magnitude of this gap varies from 1.5% of LT to 25.2% of MT.

17,100,000
Closing the Gender Employment Gap

Economic  Social

objective
Gender Employment Gap: a huge economic loss for society

- How much is the cost of the gender employment gap?
- How much our societies are losing for the inability of integrating women into the labour market by providing equal opportunities to all?

Foregone earnings and unpaid taxes: €324 billion
Excess of welfare transfer: €46 billion

€370 billion (≈2.8% of EU GDP)
The costing framework

**Resource income**
(foregone earnings, unpaid taxes, unpaid social contributions etc.)

**Public finance income**
(public finance transfers and benefits from welfare state)
Matching models

For each country we run separate models for each age category and educational level.

- **Age group**
  - 20-34
  - 35-49
  - 50-64

- **Education**
  - ISCED 4 or less
  - ISCED 5-6
Cost of the gender employment gap as % of GDP by Member State

- Malta (8.2%)
- Italy (5.7%)
- Greece (5%)
- Cyprus and CZ (4.5%)
- Sweden (1.4%)
- Lithuania (1%)

Considering only inactive women who are willing to work, the total cost for EU-28 amounts to €169 billion.
Some important remarks

- The labour market do not get growing to accommodate all new entrants and some displacement can take place.

- There might be positive externality and spiral effects of the increase of female labour participation.

- A reduction of the gender gap in employment does not automatically imply a gender equal condition in the labour market.
Social effects of women’s employment participation

Work is the main source of income and main tool against deprivation and poverty, but also ensures well-being for the individual and for society.

**Women in employment** evaluate their lives in more positive terms than those outside the labour market.

They are more empowered because employment provides a network of social support and a source of independence and self-esteem.

Their level of social inclusion is higher, with lower probability of feeling left out of society, stronger network of contacts and more involvement in political actions.
Policies fostering participation

To encourage greater female labour supply and greater employer demand

Labour market policy measures

Childcare support measures

Leave policies

Flexible working time and work-family reconciliation

To offer support with costs and provision of childcare supporting labour market participation

For maternity and parenthood-related reasons and adult care

To combine work and family responsibilities and improve work-life balance
Lesson learned

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<tr>
<th>Labour market policy</th>
<th>Childcare support</th>
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<td>• Focusing on a <strong>clearly defined target group</strong></td>
<td>• <strong>Provision of formal childcare services</strong> is a main policy driver of female labour force participation</td>
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<td>• <strong>Attention</strong> to the way in which <strong>women’s decisions</strong> about re-entering work <strong>interact</strong> with their <strong>families’ demands</strong> and financial situation.</td>
<td>• Key <strong>success factors</strong> are on <strong>cost of childcare</strong>, its <strong>quality</strong> and <strong>compatibility</strong> with dominant patterns of working hours</td>
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Lesson learned

Leave-related measures

- **Flexibility** of parental entitlement and the extent to which **male partners take up** leave entitlements.

- Generous leave entitlements combined with generous income replacement measures

- **Care leave** allow women with care responsibilities to remain attached to the labour market

Flexible working and other reconciliation measures

- Presence of underlying **consensus** amongst social partners or employers that **flexibility is valuable**

- **Source of stigma**: if taken up predominantly only by women, employers may associate it with **reduced commitment**.
Conclusions

• The gender employment gap is a huge economic loss for society

370 billion Euro

• Increasing the labour-force participation and raising the employment rate of women is of paramount importance for Europe, for the individual and for the economy.

• Policies to promote flexible working hours, to back up better balance between work and other activities for working parents should be supported to ensure progress in female labour market participation.

• Essential to ensure the freedom of choice.
Thanks!