

Social inequalities, fertility and subjective well-being in Europe

Tatiana Karabchuk

tkarabchuk@hse.ru

LCSR Higher School of Economics, Moscow

BGSS Humboldt University, Berlin

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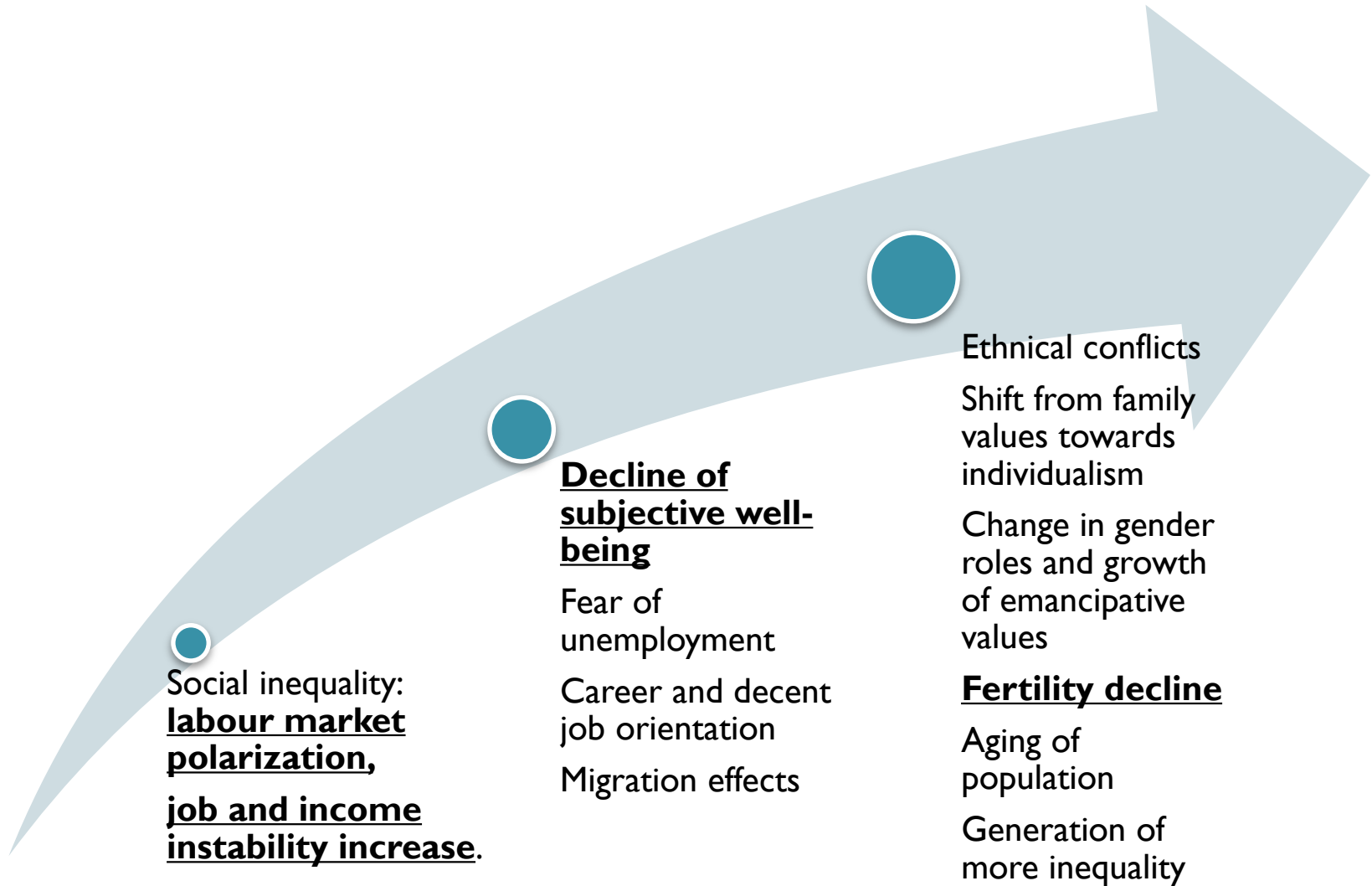
Presentation's roadmap

1. Problem and motivation
2. Theoretical explanation of income inequality via labour market polarization
3. Consequence 1. Labour market polarization, job instability and fertility
4. Consequence 2. Labour market polarization, job instability and subjective well-being
 - a) Employment type and SWB
 - b) What make females happier: job or children?
5. Conclusions
6. Policy implications



PROBLEM AND MOTIVATION

Motivation and problem





Current tendencies of labour markets in Europe lead to deeper social and economic inequalities

- The polarization of internal and external labour markets
- Growth of temporary employment
- Labour flexibility
- Raise of mobility



WHERE DOES INEQUALITY COME FROM?

Jobs differences: decent and precarious jobs

This theoretical debate on division for core and periphery of the labor market gave ground for the concept of decent and precarious jobs, developed by ILO, and well discussed in the literature (Beck 2000; Standing 2011; Kalleberg 2012).

Increasing polarization between the core and periphery brings inequalities, uncertainty, dissatisfaction and family postponing.

The core (good jobs)

- The core employees are well protected by the employment legislation,
- they have usually better positions,
- better bargaining power and
- **better payment.**

The periphery (bad jobs)

- Those workers in the secondary sector usually suffer from uncertainty and instability,
- no social benefits,
- no social guarantees lack of career opportunities,
- **less payment** and training,
- poor working conditions and etc.

Wage and income inequalities between permanent and temporary/informal workers in Europe

- According to the recent studies the average wage gap between part-time and full-time employees is 16% in Spain, 24% in Belgium, 28% in Denmark and Italy, 67% in Great Britain and 149% in Ireland (O'Dorchai, Plasman, Rycx, 2007).
- All the existed papers argue that temporary employees earn usually less than permanent ones (Segal and Sullivan, 1998; Booth, Francesconi and Frank, 2002; Hagen, 2002; Addison and Surfield, 2005).
- T.Hagen assessed the wage gap of temporary/permanent employees up to 23% in Germany. Addison and Surfield claim that temporary workers suffer from 7-12% loss in payments in UK, 4-12% in Russia.

What shapes the polarization of the labour market?

- Doeringer and Piore “Internal Labor Markets and manpower Analysis” (1971)
- Sorensen “Processes of allocation to open and closed positions in social structure” (1983)
- Lindbeck and Snower “The Insider-Outsider Theory” (2002)

Liberal labour markets

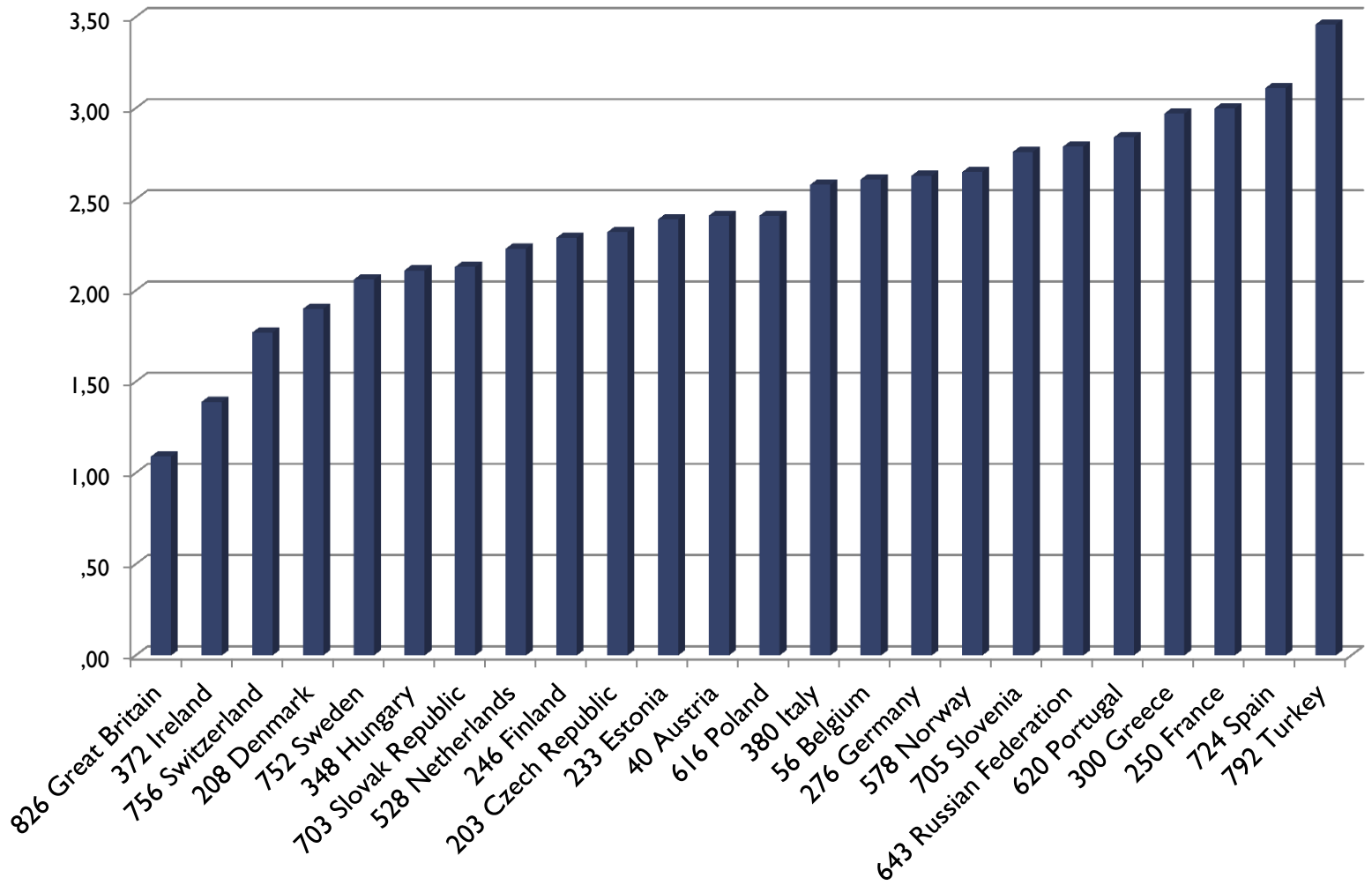
- Weak protection legislation
- Low firing and hiring costs
- No restriction in creation of vacancies
- No barriers to enter and REENTER the labour markets
- Low unemployment rate and low share of long-term unemployed

Rigid labour markets

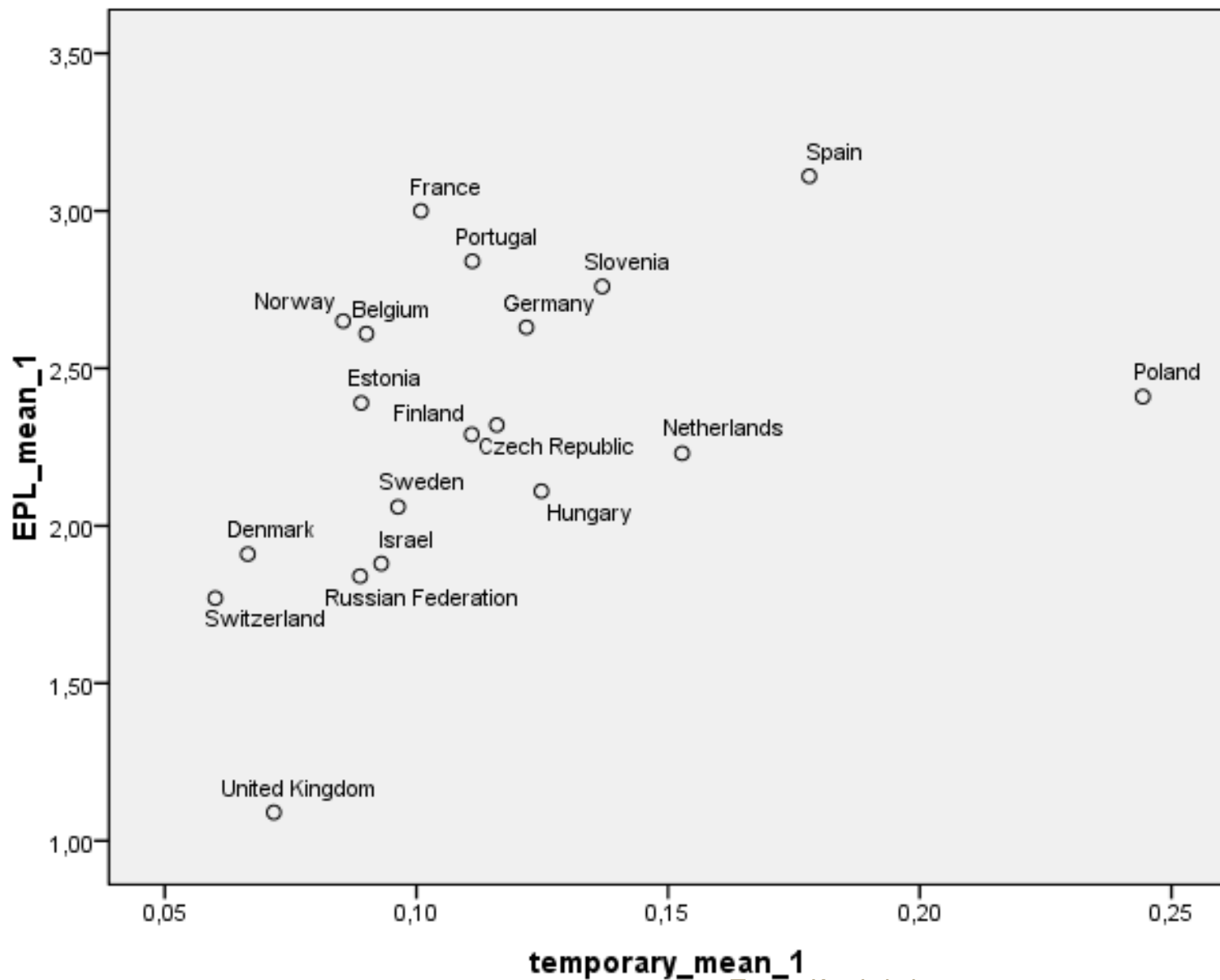
- Strong protection legislation
- High firing and hiring costs
- Restricted number of vacancies
- Difficulties to enter and REENTER the labour market
- Rather high unemployment rate and big share of long term unemployed

Employment protection in OECD, 2008

Scale from 0 (least restricted) to 6 (most restricted)



Rigidity of EPL and share of temporary employment, ESS data, 2010



EPL affects job instability and fertility

- The previous research showed: that **the higher the EPL, the higher the share of temporary employment** (Cahuk and Postel-Vinay, 2001; Kahn, 2007) **that hampers long-run family planning** (special issue of the Economic Journal, 2002).
- Countries with strong protection of core full-time male employment **facilitate the trade-offs** connecting with child bearing for females (Adsera, 2005)

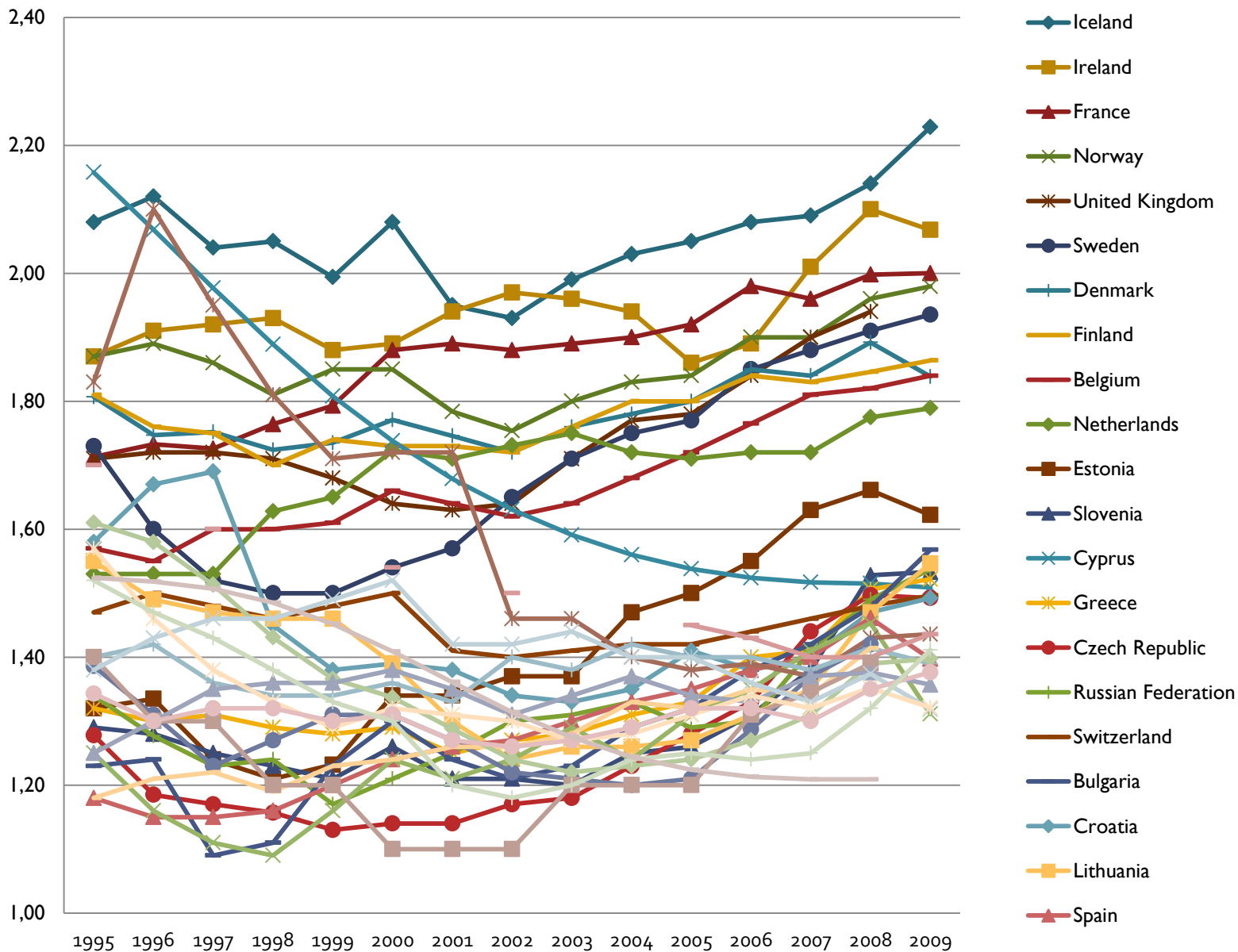


1. What are the consequences of the polarized labour market?
2. What is the impact from job instability?



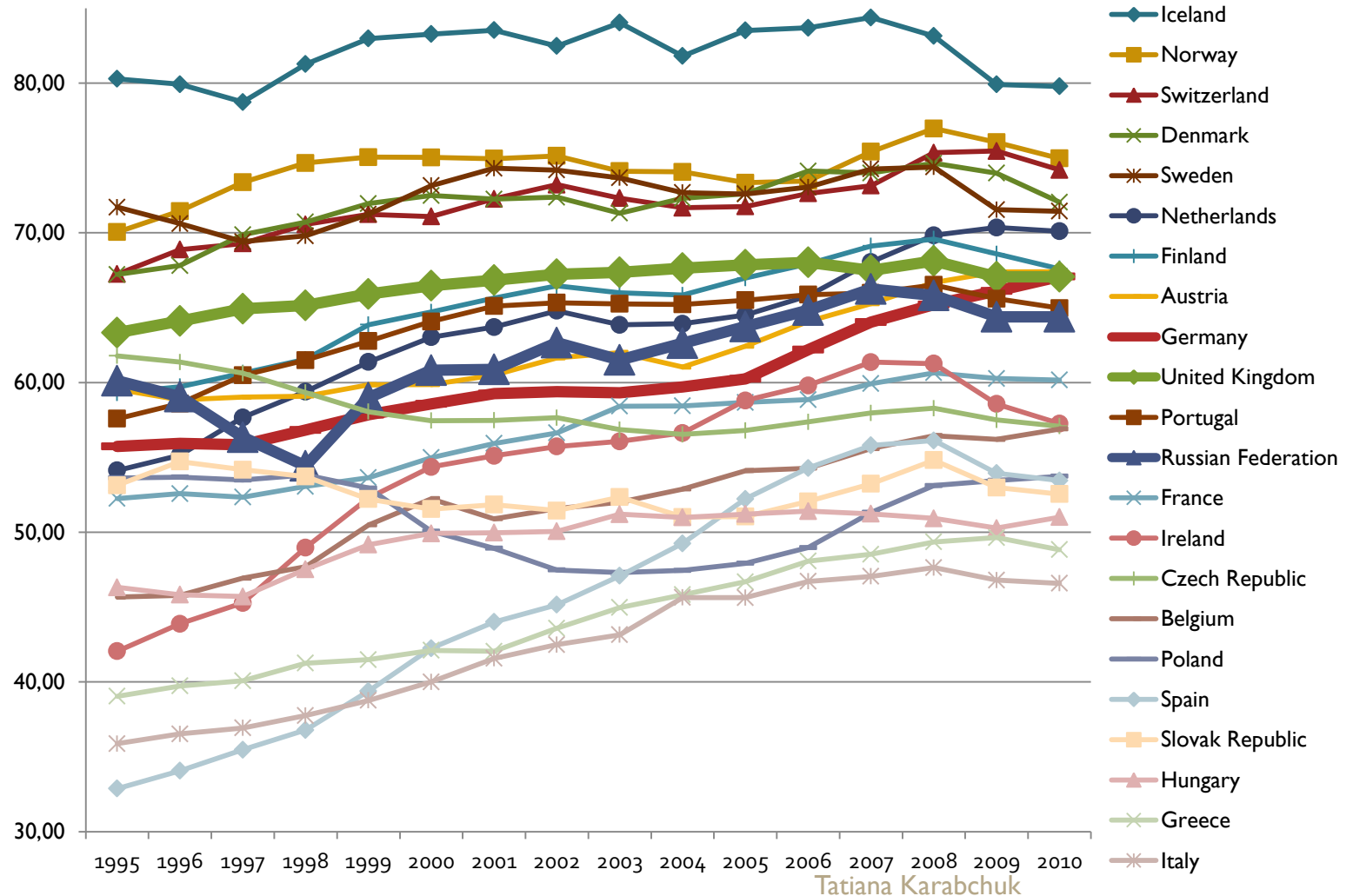
CONSEQUENCE I. LABOUR MARKET POLARIZATION, JOB INSTABILITY AND FERTILITY

European fertility rates, 1995-2010, World Bank data



What affects fertility?

Female employment in Europe, 1995-2009, World Bank data



Hypotheses

As Adsera (2005) declares “the change in the sign of the correlation between fertility and female participation coincides with a sharp rise in unemployment”. She concludes that the **female unemployment and atypical contract type relations negatively affect fertility through the income perceptions and human capital accumulations.**

I'd like to facilitate this conclusion by adding the countries' context on labour market polarization (the strictness of EPL) across Europe.

1. **H1: *In European countries with rigid employment legislation where employees are well protected those employed on temporary or informal work or unemployed will be less likely to plan kids in the near future***
2. **H2: *In countries with liberal labour legislation instable jobs less affect planning of having children (should not be significant as the differences between the permanent and temporary employment are quite vanish).***

Data and methodology

Data set: European Social Survey 2010, 27 countries but EPL reduces sample to 21 countries, age limits of 17-45 years old.

Methods: Multilevel modeling (and probit regression with clustered errors for robustness checks) was done separately for men and women, for those having no children and those having at least one child.

Dependent variables:

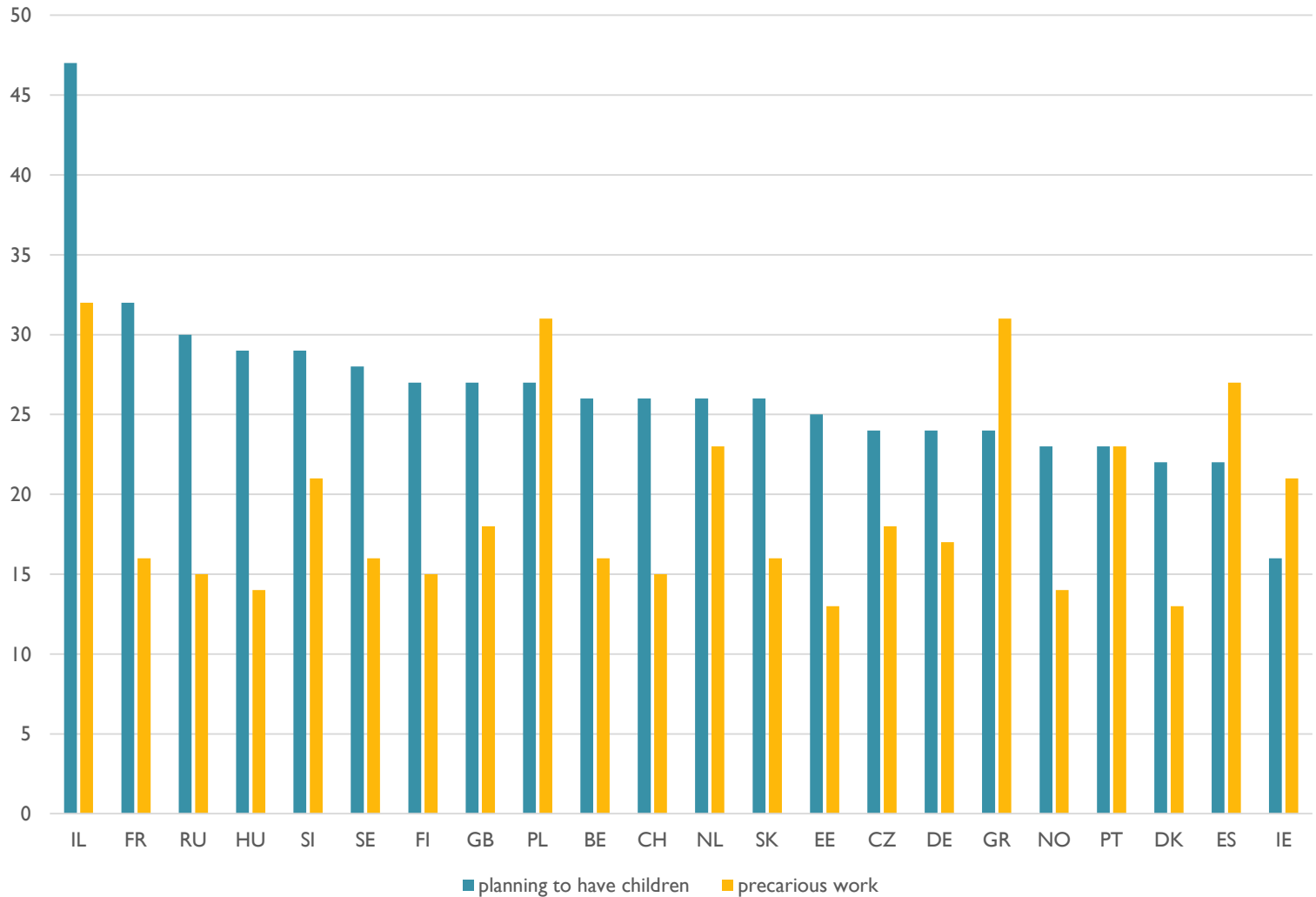
Planning to have a child within next 3 years

Independent testing variables:

- Individual (micro) level:
 - Status on the labour market (permanent job, precarious job, self-employed, unemployment, non-active)
- Country (macro) level:
 - EPL
 - Interaction effects: EPL with dummies for status on the labour market

Controls: gender, age groups, education, marriage/partnership, religiosity, HDI

Percentage of those planning to have a child in the next 3 years and percentage of precarious work, ESS data 2010, aged 17-45



Marginal and conditional effects from probit with clustered errors on Planning to have a child in the next 3 years, for those having no children, ESS data, 2010 (labour market status)

For all population aged 17-45 years old:

- Precarious job (-) (without other controls)
- Unemployment (-) (without interaction terms)
- Self-employment (+) (without interaction terms)
- Non-activity (-) (without interaction terms)

For men aged 17-45 years old:

- Age 15-25 (-)
- Age 36-45 (-)
- High education (+)
- Marriage (+)
- Religiosity (+)

For countries with **highest EPL** – **non-active and unemployed** men are less likely to plan children in the near future, specially those with partners/married

For women aged 17- 45 years old:

- Age 15-25 (-)
- Age 36-45 (-)
- High education (+)
- Marriage (+)
- Religiosity (+)
- Self-employment (+)

For countries with **lowest EPL self-employed** women are more likely to have plans for having children within next 3 years. If they are married/having partner their **precarious jobs negatively affect** child planning

In countries with **highest EPL** – **non-active** females are less likely to plan kids in the near future.

Marginal and conditional effects from probit with clustered errors on Planning to have a child in the next 3 years, for those having at least one child, ESS data, 2010 (labour market status)

For men aged 17-45 years

old:

- Age 36-45 (-)
- High education (+)
- Marriage (+)
- Religiosity (+)
- EPL (-) (without interaction terms)

No significant conditional effects

For women aged 17- 45 years old:

- Age 15-25 (+)
- Age 36-45 (-)
- High education (+)
- Marriage (+)
- Self-employment (+)
- Unemployment (-)

Conditional effects:

For countries with **lowest EPL** (liberal labour legislation) **self-employed** or **non-active** women are more likely to have plans for having children within next 3 years, the same result is valid for married women

In countries with **highest EPL** – **unemployed** females are more likely to plan kids in the near future, specially if they are married but in case they are **self-employed** they are less likely to plan children

Summary I

1. Different patterns for those having at least one child and those having no children.
2. Those having no children are more likely to plan kids if they are self-employed women in countries with liberal employment legislation. Non-activity, unemployment and job instability decreases chances for planning children both for men and women.
3. In case a woman has got at least one child her fertility intentions are positively correlated with non-activity and self-employment but in countries with low EPL. In countries with High EPL unemployment increases chances for child planning (may be because they are already out of the labour force and have no career orientation). Strong EPL negatively affect males' fertility intentions in case they have already had at least one child.



CONSEQUENCE 2.

**LABOUR MARKET POLARIZATION,
JOB INSTABILITY AND SUBJECTIVE
WELL-BEING**



2.1. EMPLOYMENT CONTRACT AND SUBJECTIVE WELL-BEING

Previous research findings

- Previous research showed that precarious jobs are associated with lower wages, a lack of career development, more income inequality, and higher earnings polarization as well as lower job and life satisfaction (*Warr and Parry 1982; Menaghan and Parcel 1990; Fumham 1991; Secret and Green 1998; OECD 2000; Kalleberg 2000; Guell 2000; Houseman 2001; Booth et al. 2002; Kapeliushnikov et al. 2006; LaRochelle-Côté and Uppal 2011; Author DATE; Kalleberg 2012; Lukyanova 2013*)
- Temporary work, casual and seasonal jobs, or work with a temporary agency were negatively correlated with job satisfaction and subjective well-being (*Bardasi and Francesconi 2004, 2011; De Graaf-Zijl 2012*).
- Further, studies have demonstrated the negative effect of temporary and informal employment on wages, earnings and income inequalities (*Rosser et al. 2000; Gustafsson et al. 2001; Booth et al. 2002; Hagen 2002; De Graaf-Zijl 2005; Krstic and Sanfey 2007, 2011; Author DATE; Yu 2012, 2013; Lukyanova 2013*)
- Nonstandard employment (mainly fixed-term contracts and workers from temporary agencies) negatively affects wages, promotion possibilities and life-satisfaction at the firms' level (*Yu 2013*)

Data and methodology

- **Hypothesis:**
- **Data set:** ESS 2010, 27 countries with EPL indicator, men and women aged 15-65
- **Methodology:** multilevel modeling.

Dependent variables:

Subjective well-being index (comprised from life satisfaction and happiness)

Independent testing variables:

- Individual (micro) level:
 - Status on the labour market (permanent job, temporary job, informal work, self-employed, unemployment, non-active)
- Country (macro) level:
 - EPL
 - Interaction effects: EPL with dummies for status on the labour market

Controls: gender, age groups, education, marriage/partnership, religiosity, family income, HDI

Employment type and SWB: results from Multilevel modeling

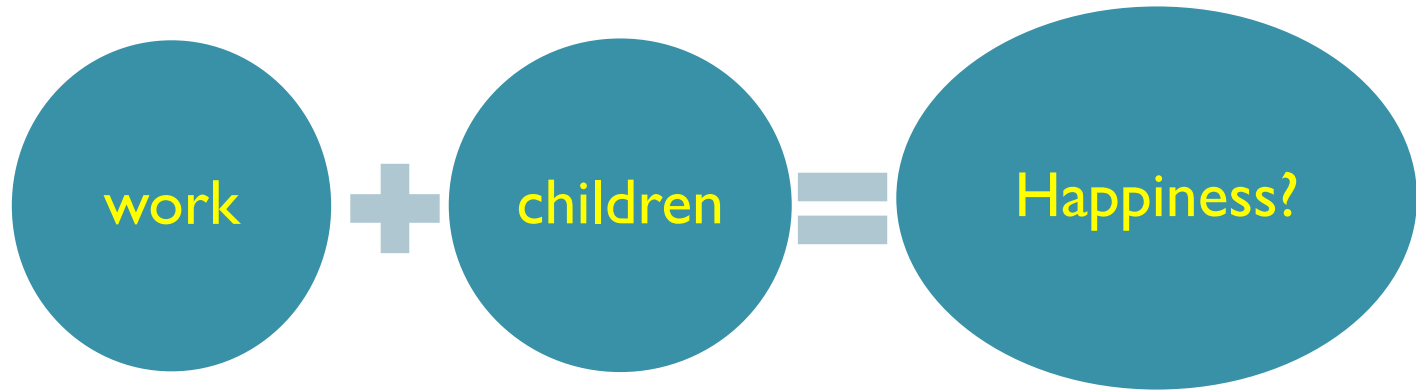
Employment type effects on subjective well-being in European countries in accordance with EPL rates, ESS data, 2010


	OLS with standard errors	Multilevel modeling	Conditional effects
Temporary employment	0.0980*	0.0878***	-0.0457** Significant negative effect in countries with highest EPL_dismissals
Temporary *EPL_dismissals	-0.0464**	-0.0418***	



2.2. WHAT MAKES FEMALES HAPPIER: JOB OR CHILDREN?

What makes females happier?



- My focus here is to trace the effects of females' labour market status and number of children on their subjective well-being.
- Comparative research  the main idea is to identify the differences for the countries in terms of institutional background.

Theoretical background

Consequences from overregulated labour markets:

Deep segmentation of the labour market

Wage gap and income polarization

Difficult access to “good” jobs

Unhappiness of those in the secondary labour markets (comparison with reference group of decent jobs)

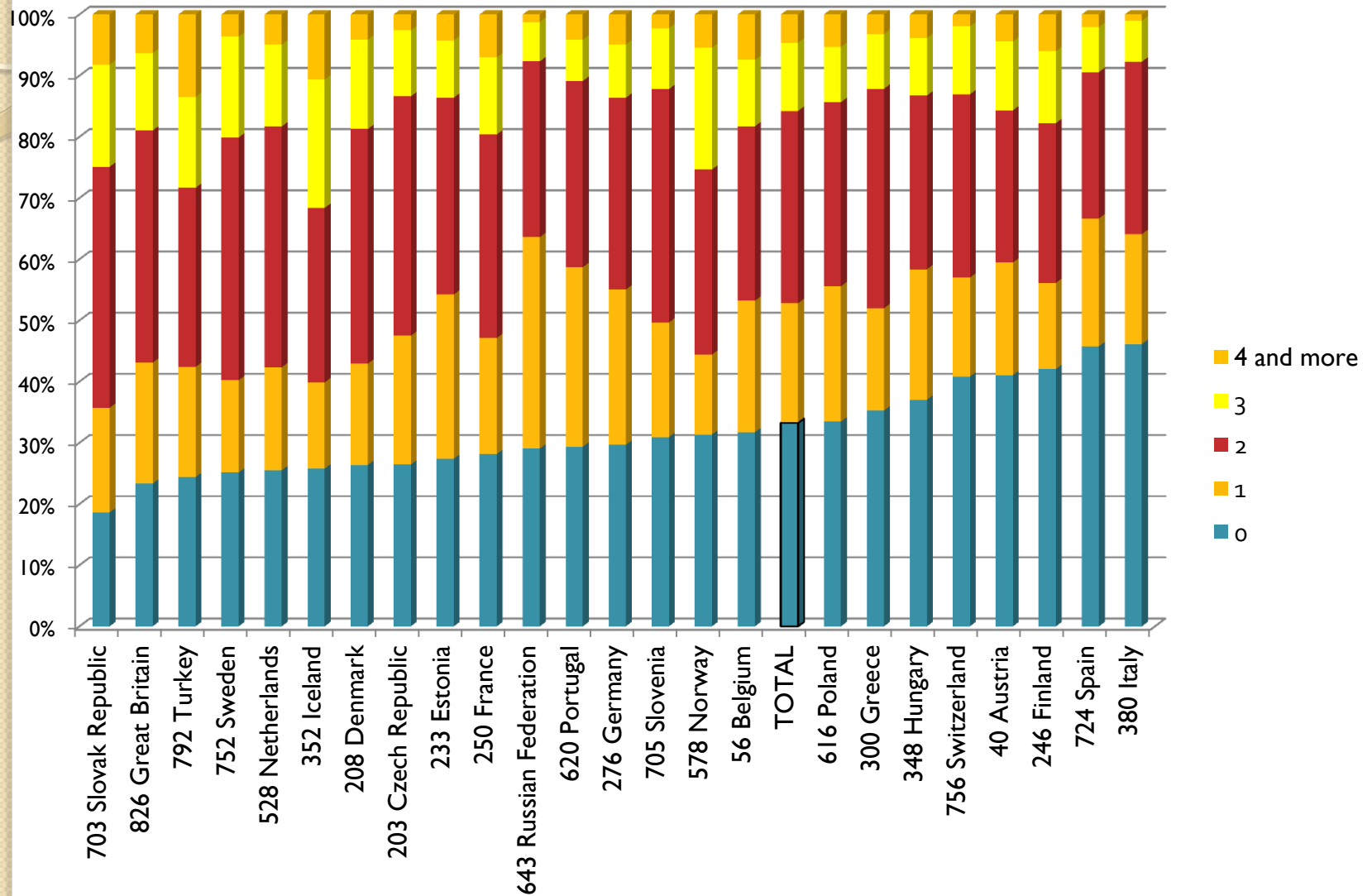
Unhappiness in combining job and childbearing

Hypothesis: In countries with liberal/open labour market (with low EPL) the rates of subjective well-being for females with children will be higher. While in countries with extremely strict labour legislation (with high EPL) employed females with children would be unhappy and unsatisfied.

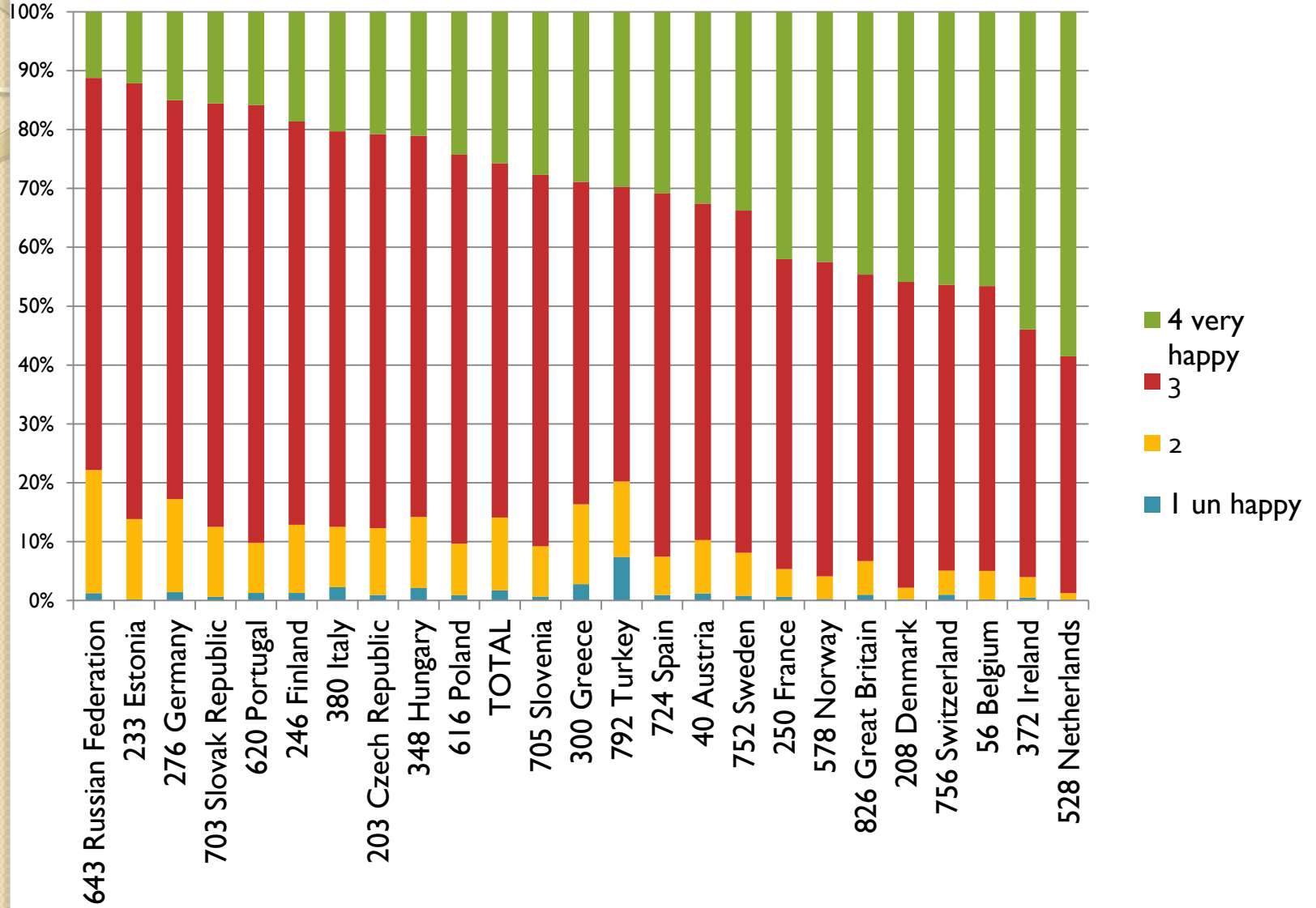
Explanation:

More liberal employment laws cause less barriers for reentering the labour market, women are not afraid to lose their jobs as it is easy for them to find a new one. Women can easily re-enter the labour market in countries with low EPL. In case of highly regulated labour market the employers bear heavy labour costs and this enhances strong barriers of reentering the labour market. That is why working mothers from such countries as Spain, France, Russia and Germany facing all these difficulties could be unhappy with having both jobs and children.

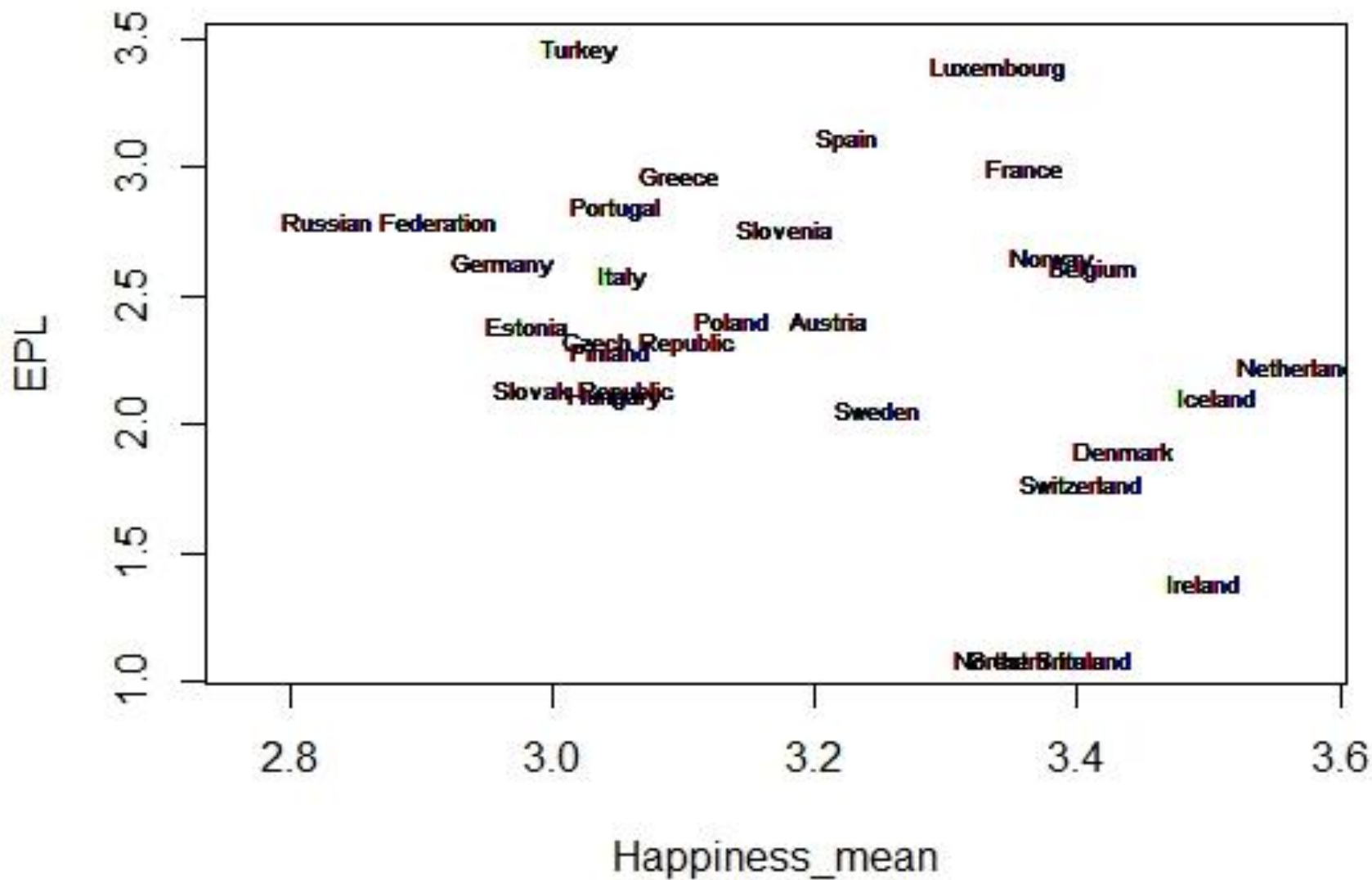
Number of children women have by country, EVS, 2008



Happiness of women by country, EVS, 2008



Happiness_EPL, 2008



Methodology

DEPENDENT VARIABLE:

Subjective Well-being index

Level 1 (individual)

Level 2 (country)

INDEPENDENT VARIABLES:

Main tested variables:

- Number of children (4 dummies: 0 children, 1 child, 2 children, 3 and more children)
- Employment status (4 dummies: full-timers, part-timers, unemployed, non-employed)
- Interactions of number of children dummies and employment status dummies

Controls:

- Age groups (17-27, 28-44, 45-54)
- Subjective Health (dummy)
- Marital status (married, divorced, single)
- Education level (primary, middle, upper)
- Household monthly income ppp
- Importance of religion in your life

Main tested variables:

- EPL (from 1,09 to 3,46)

Controls:

- HDI

Results on multilevel modeling on females SWB with combinations of having jobs and children

- Unemployed (-0.0933^{***})
- EPL (-0.0204^{*})

Conditional effects:

- In countries with liberal EPL:
 - Full-time employed women with one child are happier than unemployed without children or unemployed with two kids
- In countries with strict EPL:
 - Full-time employed women with one child are less happy than part-timers with 2-3 children and unemployed with 2-3 children as well as non-active women

N countries	25
N cases	12514

Summary 2

- The effect of the EPL is negative on the country level for females' happiness. As well as EPL negatively affect subjective well-being of atypical workers.
- In countries with highest EPL those women unemployed and having 2 children are more happy than those in full-time positions and having one child. As well as part-time employed females with 3 and more children are happy than those on full-time contract with one child. Those who are already out of “good” jobs seem to be more happy. Does it mean that high protection (strict EPL) stimulates for career oriented behavior?
- Liberal employment legislation contributes to combination of family and work roles for women and that makes them happier. As unemployment decreases females subjective well-being irrespective with the number of children (in comparison with full-time employed women with one child). Those who combine full-time position with one child are happier than unemployed with or without a child.



CONCLUSIONS

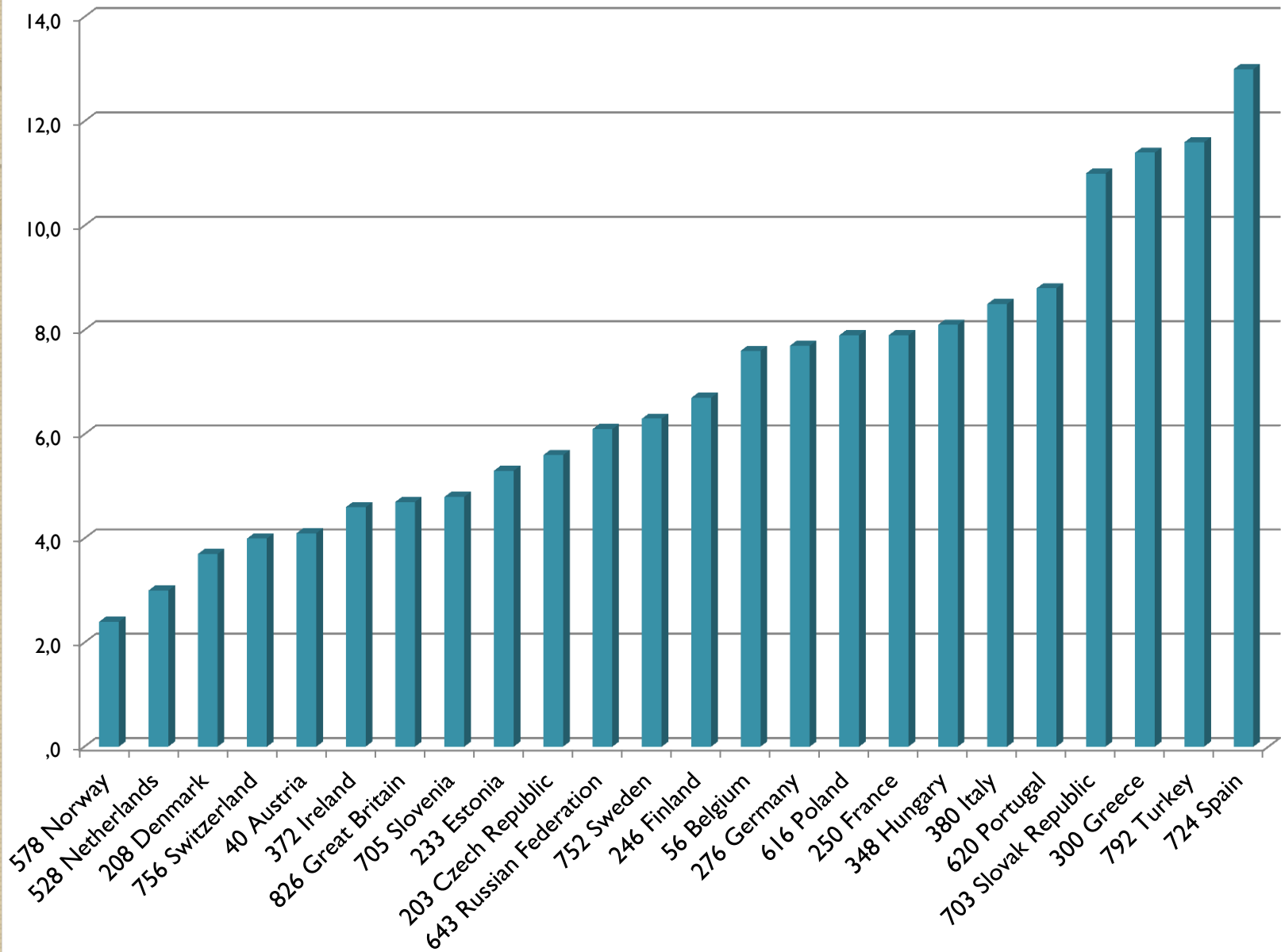
Conclusions and Policy Implications

1. Job instability have negative impact on SWB and Fertility but only in countries with strict EPL, where the labour market is highly regulated and polarized.
2. We need the programs towards market liberalization but should be careful with social polices for vulnerable groups (refer to the concept of flexicurity)
3. **Policy recommendations could be:**
 - Steps towards liberalization of labour market for those European countries with rigid EPL.
 - Social policy towards improving employment conditions (decent work concept)
 - Competitive but “good weal” values for employees to make their adaptation process and increased mobility easier for them.
 - Family values (stable marriages and more kids)
 - Social policy for working mothers



Thank you for your attention

Female unemployment rate, ILO 2008



Long-term unemployment (2010)

