

Opinion of the European Economic and Social Committee on ‘The female employment in relation to growth’ (exploratory opinion)

(2013/C 341/02)

Rapporteur: **Indrė VAREIKYTė**

In a letter dated 15 April 2013, Mr Vytautas Leškevičius, Vice-minister of the Ministry of Foreign Affairs of the Republic of Lithuania, asked the European Economic and Social Committee, on behalf of the Lithuanian presidency of the EU Council, to draw up an opinion on:

Female employment in relation to growth.

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee’s work on the subject, adopted its opinion on 5 September 2013.

At its 492nd plenary session, held on 18 and 19 September 2013 (meeting of 18 September 2013), the European Economic and Social Committee adopted the following opinion by 144 votes to 3 with 3 abstentions.

1. Conclusions and recommendations

1.1 Female employment should no longer be raised as another debate on gender equality, but instead as an economic imperative to bring prosperity and jobs to the European Union – a social necessity to face the challenges of demographics, social and environmental concerns to ensure sustainable growth.

1.2 The increase in the employment rate of women has already significantly contributed to growth over the last 50 years. Yet, in order to fully use the potential of women’s contribution to growth, more focused measures have to be implemented at both EU and national levels. It is nonetheless important to ensure that such policies are comprehensive and encompass not only the most obvious economic obstacles, but also tackle the domains of tax, benefit and pension systems, labour rights, decision-making, entrepreneurship, education, stereotypes and violence. It is also clear that both women and men must play their part if such multifaceted issues are to be solved. Women and men should also be involved in dialogue and cooperation among the relevant stakeholders and in the application of successful practices.

1.3 Alongside the specific recommendations below and throughout the text, key prerequisites for achieving more female participation in employment and contribution to growth are:

- integration of the gender dimension in all EU policies;
- gender disaggregated data in all statistical data collection, ensuring the minimum set of 52 gender indicators are in use ⁽¹⁾;

- gender sensitive allocation of EU funding, implementation of the recommendations set out in the Evaluation of the European Social Fund’s support to Gender Equality ⁽²⁾;
- diminution of gender segregation in education, allowing economies to make full use of their talent pool;
- support to the transition from education to the labour market through specific training and skills development;
- access to the labour market on equal terms and conditions (including gender diversity in the workplace and real equality in terms of working time and pay);
- decent work and job satisfaction, including access to services which enable work-life balance, whether provided by the State or the private sector;
- adjustment of tax and benefit systems, so as not to discourage second earners from working or from working more hours;
- empowerment of female entrepreneurs to grow their businesses and create jobs;
- equal participation of men and women in decision-making;
- provision of support services to single parents in difficulty;
- provision of qualitative, accessible and affordable full-time childcare facilities, as one of the main drivers to encourage female labour market participation;

⁽¹⁾ United Nations Economic and Social Council, Report of the Secretary-General of the Statistical Commission on Gender Statistics (E/CN. 3/2013/10).

⁽²⁾ European Commission, DG Employment, Social Affairs and Equal Opportunities, 2011.

- tackling all forms of gender stereotyping with policies securing equal opportunities in education, equal access to the labour market and career progression;
- prevention of discrimination and harassment in the workplace and combating gender-based violence.

2. Impact on growth

2.1 The Committee strongly believes that economic growth alone is no longer enough to ensure real progress of societies, unless it is inclusive and sustainable. Gender equality thus becomes an important condition for achieving such progress. At the same time, the measurement of GDP should no longer be exclusively based on the production/consumption paradigm, but should include indicators such as wellbeing and sustainability (in economic, social and environmental terms) in order to move "towards a more balanced policy" ⁽³⁾.

2.2 Gender equality is often viewed as a constraint or cost. It is necessary to recognise the cost of non-equality and the positive economic contribution of gender equality as an investment and a productive factor.

2.3 The Europe 2020 targets – in particular increasing the employment rate of 20-64 year-olds up to 75 % by 2020 and reducing the number of people in or at risk of poverty by at least 20 million people – are impossible to reach without stronger involvement of women in the labour market and in public life. Moreover, reaching full convergence in participation rates would represent an increase of around 12 % in GDP per capita by 2030 ⁽⁴⁾.

2.4 In the light of a shrinking working age population ⁽⁵⁾, Europe will not reach the intended growth without increasing the labour market potential of women. In 2012, the employment rate for men (20-64) was 74,6 %, whilst it was only 62,4 % for women. When employment is measured in full-time equivalent, the situation is even worse, as the current level of employment of women is equal to 53,5 % of the total female workforce working full-time ⁽⁶⁾.

2.5 The increase in the employment rate of women has already largely contributed to growth over the last 50 years. Yet it is important to note that the family work done by women without pay is not taken into account as a contribution to the economy. Developing jobs to provide services to the families would contribute to the transformation of this invisible form of work into paid work and would create tax revenues, contributions to pensions, etc.

⁽³⁾ OJ C 181, 21.6.2012, p. 14-20.

⁽⁴⁾ "Closing the Gender Gap: Act Now", OECD, December 2012.

⁽⁵⁾ The population of working age is expected to shrink over the next three decades or so at the rate of between 1 and 1,5 million each year, recent Experiences from OECD Countries and the European Union, OECD, 2012.

⁽⁶⁾ "Female labour market participation", European Commission, 2013.

2.6 The Committee draws attention to the fact that unemployed women are not always included in statistics and are not registered as unemployed but are in effect untapped potential. The lower level of female employment does not directly translate into unemployment but, rather, into inactivity or undeclared work, owing to the low supply of female work that results from the "disincentive" effect. Therefore, the statistical data at national and European level cannot accurately depict the actual situation. The EESC calls for greater disaggregation of statistical data on female employment gathered and drawn up at European level, in relation to the private service sectors.

2.7 The EESC notes that the Annual Growth Survey should establish targets for women's employment ⁽⁷⁾ as focused policies can close gender gaps and promote inclusion, significantly increasing the growth potential of the EU economy ⁽⁸⁾. Such policies – including (but not limited to) provision of care services for dependent family members and removing financial disincentives to work for second earners – are essential to enhance women's participation in the labour market. Member States should use such policies to improve employability and to support access to jobs and a return to work.

2.8 Strict austerity leads to cuts in the public sector and services and women are more likely to lose their jobs as they form the majority of public sector workers. The groups suffering the greatest reduction in their standard of living due to cuts in public services are lone parents, the majority of whom are also women. At the same time, women are the majority of those providing unpaid care, so they are likely to be the ones picking up the pieces as social care services are cut ⁽⁹⁾. The Commission should prepare a comprehensive study on the impact of austerity on equal opportunities to envisage more qualitative solutions, and should research the way in which the austerity measures have impacted on the quantity and quality of female employment in both the public and private service sectors.

2.9 It is noteworthy that EU policy makers focus on general employability but do not identify measures to engage the potential of economically inactive women, who could be making substantial contributions to EU growth.

2.10 The EESC recommends allocating the EU funds in a more gender sensitive manner and encourages both the EU institutions and the Member States to implement the recommendations set out in the Evaluation of the European Social Fund's support to Gender Equality ⁽¹⁰⁾.

⁽⁷⁾ "Annual Growth Survey 2013", European Commission, 2012.

⁽⁸⁾ Commission Staff Working Document on Progress on equality between women and men in 2012 - Accompanying document to the Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – 2012 Report on the Application of the EU Charter of Fundamental Rights, SWD (2013) 171 final.

⁽⁹⁾ "TUC Women and the Cuts Toolkit", Trade Union Congress, 2011.

⁽¹⁰⁾ European Commission, DG Employment, Social Affairs and Equal Opportunities, 2011.

3. Education

3.1 Increases in educational attainment account for about 50 % of GDP growth in EU countries between 1960 and 2008; about half of this increase was due to improvements in women's educational attainment ⁽¹¹⁾.

3.2 EIGE ⁽¹²⁾ and OECD reports show that women are presented with less employment opportunities than men for a variety of reasons and face reduced earnings for the same work even though women today have higher educational attainment than men in most EU countries.

3.3 Systematic gender disparities ⁽¹³⁾ in subject choices prevent economies from making full use of their talent pool and therefore imply a misallocation of human capital and a loss in potential innovation and economic growth. The EU institutions and Member States should address gender disparities in education by promoting a change of attitude among students, teachers, parents and society at large. Such intervention should start early on in a student's life, before stereotypical perceptions and attitudes set in towards what boys and girls excel in and enjoy doing.

3.4 The Committee recommends paying special attention to initiatives and projects funded by EU instruments (ESF funding, LLL programmes, etc.). These instruments could be used to enhance the possibilities of women returners to regain skills and access employment and/or for women's career development.

4. Labour market

4.1 Most EU Member States face the dual problem of an ageing population and low fertility rates. These factors will imply a shrinking labour force over the next 20 years if the male and female labour force participation rates remain constant ⁽¹⁴⁾.

4.2 There is a need to sustainably change predominant gender inequalities in European societies. Supporting a better work-family balance for men is an important step to achieve a more equal distribution of paid and unpaid work between women and men. More equal sharing of parental leave between both parents would reduce the disincentives for employers to hire women of childbearing age.

⁽¹¹⁾ Effects of Reducing Gender Gaps in Education and Labour Force Participation on Economic Growth in the OECD, DELSA/ELSA/WD/SEM(2012)9, OECD, 2012.

⁽¹²⁾ Gender Equality Index Report, European Institute for Gender Equality, 2013.

⁽¹³⁾ In 2010, European women accounted for 77 % of the graduates in the field of education, 74 % in health and welfare and 65 % in humanities, yet only 25 % in the field of engineering and 38 % in science, maths and computer sciences, Report on the Gender Initiative: Gender Equality in Education, Employment and Entrepreneurship, OECD, 2011.

⁽¹⁴⁾ Drivers of Female Labour Force Participation in the OECD, DELSA/ELSA/WD/SEM(2013)1, OECD, 2013.

4.3 Changes in labour demand – with, for example, the emergence of new production methods and different working conditions and, especially, switching from manufacturing and agriculture to services – are important drivers for expanding female labour force participation and accounts for the growing demand for female workers.

4.4 Although part-time work has encouraged more women to join the formal labour force, in the long term, working part-time can reduce training possibilities, career prospects, affect the pension benefits of retirees and increase the risk of poverty both in the short term and in old age. This is particularly evident in the "involuntary" part-time work that has increased in recent years ⁽¹⁵⁾: in the wake of the crisis, women are offered part-time work and are obliged to accept it as they have no choice in terms of contract or do not want to lose their job. Attention should be paid to the large imbalance of women and men in part-time work (31,6 % and 8 % respectively). Any barriers to move from part-time to full-time employment should be removed.

4.5 The Committee notes that policies that encourage two-earner households and help working adults to cope with their family commitments are important factors for boosting female participation. An appropriate mix of both in-cash and in-kind support also plays an important role.

4.6 Higher tax rates on the second earner in a family can reduce female labour force participation as they discourage women's participation in the labour market ⁽¹⁶⁾. Thus the tax and benefit systems need to be adjusted so as not to discourage second earners.

4.7 Particular attention should be given to informal, precarious work, including pseudo self-employment. This affects women more than men, which makes them more prone to be exploited. EU Member States should ratify without delay the 189th ILO Convention on Decent Work for Domestic Workers ⁽¹⁷⁾, which sets labour standards for domestic workers.

5. Pay and pension

5.1 The EESC urges policymakers to reduce gender inequalities by closing the gender pay gap (which is 16,2 % on average) as equal pay will bring benefits not only to women but also to the whole society – according to the European Added Value Assessment, one percentage point decrease in the gender pay gap increases economic growth by 0,1 % ⁽¹⁸⁾.

⁽¹⁵⁾ Of the total number of part-time contracts held by women, 23,4 % are involuntary (EU average, 2011). Source: Lisbon Assessment Framework Database.

⁽¹⁶⁾ "Drivers of Female Labour Force Participation in the OECD", OECD, 2013.

⁽¹⁷⁾ International Labour Organization, C189 - Domestic Workers Convention, 2011.

⁽¹⁸⁾ European Parliament, Motion for a Resolution (B7-XXXX/2013), 17.6.2013.

5.2 The EESC also voices its concern at the extremely wide gender gap in pensions – the EU-27 average is 39 %⁽¹⁹⁾ – which is more than twice the figure of the gender pay gap. Especially unsettling is the lack of visibility of the problem. Not only do wide gaps exist in most EU countries, but they are also overwhelmingly complex as they depend on employment histories (in particular, gaps in pay, hours worked and years worked), on pension systems and, in particular, on the impact of career earnings on pension benefits and on the extent to which pension systems compensate for career interruptions to care for children or dependent relatives.

5.3 The EESC therefore believes that both closing the gender pay gap and adding the "family time" – child and elderly care, assisting a family member during a short and/or long illness, etc. – in the pension accumulation systems for both men and women (while ensuring the possibility for employees to obtain a family leave for care and assistance) would reduce the gender gap in pensions⁽²⁰⁾.

6. Entrepreneurship

6.1 A recent OECD study⁽²¹⁾ highlights that gender gaps in entrepreneurship are large and resilient across many dimensions, including subjective preferences for entrepreneurship, business size and financial performance, access to and use of financial capital. Women entrepreneurs have additional objectives to profit maximisation, and their wider measures of performance highlight their contribution to social and economic development.

6.2 Helping more women to start a business and supporting the growth of existing female-led firms can contribute⁽²²⁾ to more job creation, more innovation, increased competitiveness and economic growth, and reduce social exclusion. Significant measures are needed to capitalise on the full potential of enterprises for sustainable economic growth and job creation in Europe, especially following the crisis.

6.3 The EESC has already proposed the following steps to be taken for the promotion of female entrepreneurship on the EU level⁽²³⁾:

- the creation of an office of European Women's Business Ownership in order to establish infrastructure that supports female entrepreneurship;

⁽¹⁹⁾ "The Gender Gap in Pensions in the EU", European Commission, DG Justice, 2013.

⁽²⁰⁾ In its opinion "Links between gender equality, economic growth and employment rates" (SOC/338, OJ C 318, 23.12.2009, p. 15–21), the EESC defends that time taken for care purposes should be financed in the same way as retirement.

⁽²¹⁾ Women Entrepreneurs in the OECD: key evidence and policy challenges, DELSA/ELSA/WD/SEM(2013)3, OECD, 2013.

⁽²²⁾ World Bank, Female Entrepreneurship: Program Guidelines and Case Studies, 11/04/2013 – "In the United States, for example, women-owned firms are growing at more than double the rate of all other firms, contribute nearly \$3 trillion to the U.S. economy and are directly responsible for 23 million jobs".

⁽²³⁾ OJ C 299, 04/10/2012, p. 24.

- a Women's Enterprise Director to be appointed within the Commission and the Member States' enterprise ministries to raise awareness about the economic benefits of encouraging more women to start and grow businesses;

- the collection of gender-disaggregated data on women's enterprises across Europe.

7. Decision-making

7.1 International studies⁽²⁴⁾ confirm that women in management positions have a positive impact on corporate financial performance, corporate culture, management style and resilience to the crisis. Women take fewer risks and prioritise the sustainable development, but the barriers to achieving gender equality in decision-making are far deeper than openly admitted.

7.2 The EESC hopes that a minimum standard of equal participation in decision-making is adopted by all public and private decision-making bodies in the spirit of self-regulation. Listed companies and all public-sector bodies should promote transparent application and appointment procedures and a culture of inclusion and freedom of choice. Yet, little will ever be achieved without the willingness of both men and women to take positive action.

7.3 The EESC would recommend that policymakers and companies review the following issues to ensure that gender balance on all decision-making bodies is achieved:

- better visibility of women in senior roles;
- greater transparency in headhunting talent;
- building and retaining a critical mass;
- challenging stereotypes around gendered roles;
- leadership succession planning;
- creating a talent pipeline;
- supporting the establishment of mentoring networks in the public and private sectors;
- disseminating examples of good practice; and
- creating a European-wide coordinated database of qualified women for decision-making positions.

⁽²⁴⁾ "Women Matter", McKinsey; "Do Women in Top Management Affect Firm Performance?", Smith and Verner; "Diversity and gender balance in Britain plc", TCAM; "Mining the Metrics of Board Diversity", Thomson Reuters; etc.

7.4 In order to implement the Strategy for Equality between Women and Men (2010-2015) ⁽²⁵⁾, the EESC encourages the equal representation of men and women in public life and, especially, in politics, as current under-representation limits women's participation rights ⁽²⁶⁾. The EU institutions and Member States, as well as the social partner organisations, should lead by example and introduce gender equality targets in their political and administrative bodies, especially at the highest levels.

8. Childcare

8.1 An important factor influencing the participation of women in the labour market is access to full-time childcare facilities in particular for young children. Increases in public spending on childcare services are directly linked to increases in the full-time employment of women ⁽²⁷⁾.

8.2 Achieving the Barcelona targets is therefore a necessity. However, according to a recent report from the Commission, in 2010 only 10 Member States had achieved the Barcelona target for children under 3. In the same year, in the category of children between 3 and the compulsory school age only 11 Member States achieved the objective of 90 % ⁽²⁸⁾.

8.3 As Member States with the highest birth rates are also those which have done the most to facilitate the work-life balance for parents and which have high rates of female employment ⁽²⁹⁾, Member States should provide more effective, affordable, accessible and qualitative support for families with children through policies ⁽³⁰⁾, such as:

- *Investing in children* – through early childhood intervention programmes, particularly the ones that deliver family-focused, home and centre-based services to families.
- *Reconciling family and work responsibilities* – through co-ordination across a range of areas such as childcare provision, parental leave and family-friendly workplaces.

- *Creating a framework favourable for raising fertility rates* – in addition to reconciliation policies, through tax efficiencies (e.g. Childcare Voucher Scheme in the UK) and policies aiming at sharing the costs of childrearing more broadly, and allowing young couples to obtain access to affordable housing and a secure footing in labour markets.

9. Stereotypes and discrimination

9.1 Although the increase in girls' educational attainment over recent decades has boosted female earning potential, society's attitudes to women's work and the clash between family values and equality remain an obstacle to gender balance in the labour market.

9.2 The EESC is particularly concerned with discrimination against women who happen to be disabled, migrant, or belong to an ethnic minority. In this sense, it calls for speedy implementation of the equal treatment directive ⁽³¹⁾.

9.3 Violence against women is not only an unjustifiable social issue, but also has a high economic cost. It is estimated that violence against women has an annual cost of at least EUR 32 billion in the 47 member states of the Council of Europe ⁽³²⁾. Public policies to counter gender-based violence have an important role to play; the traditional image of women's role in society will only change when women have access to power on an equal footing with men.

9.4 The role of the media industry is crucial for the promotion of gender equality. Media not only reflects but also creates sociocultural patterns and norms and is a powerful actor in shaping public opinion and culture. Also, it is precisely media content that fosters a broad understanding of the complexities of gender equality across all players in society, including policymakers and the public, thus it is urgent to tackle the persistent inequalities in the form of under-representation (especially at higher levels), barriers to advancement and low pay (compared to men) within the media sector ⁽³³⁾.

Brussels, 18 September 2013.

The President
of the European Economic and Social Committee
Henri MALOSSE

⁽²⁵⁾ "Strategy for Equality between Women and Men (2010-2015)", European Commission, 2010.

⁽²⁶⁾ "Database on women & men in decision making", European Commission, DG Justice.

⁽²⁷⁾ "Closing the Gender Gap: Act Now", OECD, 2012.

⁽²⁸⁾ "Barcelona objectives", European Commission, 2013.

⁽²⁹⁾ OJ C 318, 23.12.2009, p. 15-21.

⁽³⁰⁾ "Extending opportunities: How active social policy can benefit us all", ISBN 92-64-00794-6, OECD, 2005.

⁽³¹⁾ COM(2008) 426 final, 2.7.2008.

⁽³²⁾ OJ C 351, 15.11.2012, p. 21-26.

⁽³³⁾ EIGE, "Review of the implementation of the Beijing Platform for Action in the EU Member States: Women and the Media — Advancing gender equality in decision-making in media organisations", 2013.