

**The Promotion of Employment
and Earning Opportunity
of Women in Europe through
Gender Mainstreaming**

With Special Emphasis on Austria

Gudrun Biffl

The Promotion of Employment and Earning Opportunity of Women in Europe through Gender Mainstreaming

With Special Emphasis on Austria

Gudrun Biffl

WIFO Working Papers, No. 319
May 2008

The Promotion of Employment and Earning Opportunity of Women in Europe through Gender Mainstreaming, with special emphasis on Austria

Gudrun Biffl, Austrian Institute of Economic Research (WIFO)*

Abstract

The European Union goes beyond affirmative action programmes and legislation to promote the employment and earning opportunity of women, thereby acknowledging the multidimensional character of gender relations. It has also developed a complex strategy and policy coordination process to promote gender equality in all community policies through "gender mainstreaming". As most of the policies affecting gender relations are under the control of the individual member states (MS), a complex system of policy coordination and surveillance has been implemented to ensure equal opportunity of women and men – the open method of coordination (OMC). While every MS has to promote the policy objective of gender equality, the instruments implemented to that end may differ in the various MS. Different institutional structures and gender roles in the society may result in different outcomes of the same policy measure. Therefore every country has to choose those instruments best fitted to achieve gender equality. The EU provides funding to bodies and institutions to promote gender equality but may also penalise MS for not following EU objectives/guidelines.

This paper highlights EU equal opportunity legislation and the roadmap of the EU towards equality between men and women. It outlines the various positions of the individual MS relative to gender relations, with a special emphasis on Austria. Overall, it is the state and public sector institutions which tend to take a lead in implementing affirmative action programmes, in the main positive discrimination of women (quota regulations/targets) and enforcement of antidiscrimination legislation. Affirmative action programmes in private industry which aim to penetrate the "glass ceiling" that obstruct the career advancement of women, are not a universal feature in all EU-MS. In contrast, measures to facilitate the combination of family and market work, i.e., measures and institutional arrangements to overcome the problem of the "sticky floor" which tends to prevent women from entering and/or proceeding along career paths, are common in the EU.

* This Paper was presented at the International Conference for Promoting Equal Employment Opportunity for Women, 23 April 2008, Seoul, Korea

While gender equality is pursued as a moral issue in its own right, it is also an instrument to combat the negative impact of ageing of the European populations on welfare budgets, in particular on health and retirement expenditures, and economic growth.

Keywords

Gender Mainstreaming, equal opportunity, gender gap, models of social organisation, outsourcing of household production, gender segregation.

Introduction

The principle of equality between men and women is an integral part of European identity. It is enshrined in the Treaties creating the European Union and it is a core element of Europe's employment and social policy. In 1957, the Treaty of Rome included the principle of equal pay; subsequent legislation and policy extended the principle of gender equality to all areas of decision making and participation in the socio-economic, political, cultural and civic spheres¹. The rule of law, in the form of directives², had been the key instrument to ensure equal treatment until the mid 1990s. By then it was realised that the incorporation of European legislation into a country's national law may not lead to the same outcomes in every MS. This has to be understood in the light of diverse historically developed institutions of the labour market, which represent distinct models of social organisation – as was pointed out by *Esping-Andersen* (1996). Not surprisingly, the labour market and social policy outcomes differ between countries as a result of different incentive systems emanating from different institutional arrangements, taxes and socio-economic systems (*Biffi*, 2004, 2007A). Hence, in order for equal opportunity legislation to be effective in terms of access to employment and training, promotions and working conditions, including pay and social security benefits, a significant convergence of labour market and social institutional arrangements between the MS is required.

This cannot be achieved by directives in areas which remain under the sovereignty of the MS (subsidiarity of employment and social policy). Therefore, in the mid 1990s, as a runner-up of the Amsterdam Intergovernmental Conference in 1997, the EC was in search of innovative governance methods which could achieve convergence of policies and eventually, institutional arrangements in the labour market. This new form of governance was identified as the open method of coordination (OMC)³. It had been developed by the EC in order to ensure the successful implementation of the Euro, which had as a precondition economic convergence between the MS joining the European Monetary Union⁴. The new governance method was a process of multilateral surveillance, consisting of a system of national plans, Peer Reviews and recommendations. It lent itself for adaptation to employment, gender and labour market policy. By proposing this open method of coordination as a vehicle for coordination of employment policies, the chapter of employment in the Amsterdam Treaty could find acceptance by all MS. This was a breakthrough for equal opportunity policy. The

¹ For an overview of the major legislation on gender equality see the Appendix.

² Traditional European governance is built around the imposition of more or less uniform rules for all MS in the form of directives, EC (2001).

³ For more see *Sabel* (2000)

⁴ The Maastricht Treaty established convergence criteria which MS had to abide by if they wanted to become eligible for membership in the EMU. <http://europa.eu/scadplus/leg/en/lvb/l25014.htm>

latter became one of the four pillars of the European Employment Strategy (EES)⁵, the others being Employability, Entrepreneurship, and Adaptability.

The EES is a complex process of policy coordination, necessitating interactive, multi-level coordination and development of policies which engage many levels of government, social actors (NGOs), the Commission, the Council of Ministers and academics (*Biffi, 2007B*).

Every member state (MS) is required to draw up a National Reform Programme⁶ (until 2005, National Action Plans), incorporating instruments and methods to raise the employment rate and to promote gender equality. These programmes are planning documents, indicating the road to be taken in the next year, and reporting documents to evaluate progress made in the past year. The implementation of policies is monitored on the basis of annual country reports, which, by using common input and output indicators, render policies transparent. The efficiency of instruments and measures (inputs) and the success of the outcomes are carefully examined and evaluated by independent agents in the member countries. The policy input/output coefficients provide insight into the efficiency of various policy instruments. The reporting and monitoring system provides ample information on measures which work and which do not work, it raises awareness about problems which have not been taken into account to begin with and/or which evolve in the course of integration, globalisation, technical and socio-economic change. Consequently, the scope of the guidelines widens and the knowledge base on the functional mechanisms of labour markets and gender issues improves in time.

An annual Joint Report reflects on employment in Europe and the achievements of the EES, including the gender gap of employment and unemployment rates as well as the gender pay gap. In addition, since 2003 the Commission comes forward with a separate annual report on equality between women and men, reporting on the achievements in the area of gender mainstreaming supported by statistical evidence.

The Commission has significant power by guiding the process of co-ordination of gender issues in employment and integration policy. By 2000, i.e., at the occasion of the Lisbon Summit, the European Council went beyond giving policy guidelines by starting to set targets. The Council agreed upon the benchmark of a female employment rate of 60 percent (of the 15 to 64 year olds) by 2010 (currently 57.3 percent). Another target was an employment rate of mature workers (55 to 64 year olds) of 50 percent by 2010 (currently at 43.6 percent, in which women reach only 34.9 percent). Thus, the EU-employment strategy and gender mainstreaming introduce competition between the member states by developing benchmarks for employment creation, reduction of unemployment and gender gaps. This may be one objective of the European Commission, since research studies suggest that

⁵ For a list of reports see http://ec.europa.eu/employment_social/employment_analysis/employ_2005_en.htm.

⁶ For an overview of the pertinent EU documents, the National Reform Programmes since 1998, and the guidelines in the various pillars refer to: http://ec.europa.eu/employment_social/employment_strategy/national_en.htm.

intergovernmental competition increases governmental responsiveness to its citizens and creates more efficient state and local governments.

All that said, it becomes clear that gender mainstreaming goes beyond positive actions and the promotion of gender equality in the labour market. The Commission's Framework Strategy on gender equality 2001-2005 and the Roadmap for Equality of women and men (2006) for the period 2006-2010, aim at achieving gender equality in economic life, in decision-making, in social and civic life and, in so doing, change gender roles and stereotypes (EC, 2004). In 2006, the European Institute for gender equality was founded⁷, and the Pact for Gender Equality was adopted by the European Council, thereby providing yet another impetus to the policy of equality of women and men.

Further, it is the explicit aim of gender mainstreaming to raise the educational attainment level and the employment rate of women thereby contributing to the sustainability of economic growth and wellbeing otherwise jeopardised in an ageing Europe.

The strategy of gender mainstreaming

Following the UN Women's Conference in Beijing in 1995, the EC began to develop a more consistent and coherent approach to equality of women and men referred to as gender mainstreaming (GM). GM is a gender equality strategy, which by questioning the status quo (mainstream), aims to transform institutions and social organisation with the objective to establishing gender equality. Gender mainstreaming is thus not a replacement for affirmative action programmes but a complement (dual track strategy). It provides the structural and cultural basis for equal opportunity policy, by raising awareness for barriers to gender equality and by providing the tools to combat inequalities. An essential step towards gender equality is to discover the status quo by 'gendering' statistics and thereby providing quantitative and qualitative evidence about the differing roles and positions of men and women in the labour market and the society. This promotes understanding of differences between women and men in socio-economic integration and decision-making, and is a precondition for devising priorities of action. The priorities and the sequencing of actions may differ between MS as a result of differing systems of socio-economic organisation, technological and economic development stages, and cultural values and norms. Accordingly, all socio-economic actors in a MS have to be included in the decision making process on gender mainstreaming. This will facilitate the development of a general consensus on the issues and steps to be taken in shaping gender relations and thereby also the functional mechanisms of the society. In so doing, the impact of policy and institutional arrangements on men and women is assessed, grouped by the impact on participation (e.g., in the labour market), access to resources, implications for values and the legal status.

⁷ The Institute is to provide technical support for the development of policies on equality between women and men.

Consequently, GM looks not only into the gender gap in relation to employment, unemployment and income, but also into the impact of taxation and government expenditure on the employment and income of men and women in society. The analysis and eventual reform of public sector budgets – gender budgeting – is an integral part of gender mainstreaming. The goal of gender budgeting is to identify and monitor the flow of financial resources so that gender equity is achieved in the generation of revenue and the distribution of benefits and transfers through the various programmes and services. All EU-MS have decided to implement the principles of gender budgeting in all areas of the public sector budgets and at all levels by 2015 (*Friedrich Ebert Stiftung, 2007*)⁸.

New regulations of the Structural Funds and the strategic guidelines on cohesion for the period 2007-2013, require the explicit integration of the gender perspective in all actions, with special emphasis on reducing the disparities between women and men in social protection, in particular the reduction of poverty, which disproportionately affects single parent households (mostly women) and older women.

Gender statistics, indicators and benchmarks as tools of Gender Mainstreaming

As noted, gendered statistics are a precondition for monitoring the development of the situation of men and women in the various policy fields. Statistics are used as indicators in the area of employment and wage policy as well as social policy, in particular social protection and socio-economic inclusion. A significant indicator in that respect is the employment rate, in particular the gap between men and women. While an increasing employment rate of women is a major contributory factor to economic growth, it is also the best way to combat poverty and socio-economic exclusion, in particular in old age. In addition, promoting women's labour market participation can help ensure the sustainability of the social protection system, in short the European Social Model.

A second indicator is the gender gap of the unemployment rate, suggesting that it does not suffice to raise labour force participation. In addition, initiatives to promote the employability of men and women are needed to raise the probability of getting a job.

A third indicator is the gender pay gap⁹. Even though equal pay for work of equal value has been a longstanding principle of the EU, women continue to earn less than men, in 2006 on average 15 percent less (EU-27). Gender pay inequalities are smaller in the public sector than

⁸ Gender budgeting is also looked into as an instrument for budget planning in scientific research in order to promote equal opportunities for women and men. The aim is to develop strategies, instruments and measures to ensure gender equality in research in the public and private sector. Relevant indicators will eventually be included in the gender watch system. http://www.frauenakademie.de/projekt/eu_gender-budgeting/gender-budgeting_intro.htm

⁹ It is measured by the difference between the gross hourly earnings of men and women as a percentage of men's average gross hourly earnings.

in the private sector, partly due to the comprehensive implementation of affirmative action programmes in the public sector. In contrast, not all MS have put in place legislation requiring employers to develop affirmative action programmes for women.

Gender pay gaps are typically wider at the top of the wage distribution; this situation is referred to as the "glass ceiling", pointing at an invisible barrier to further advancement of women once they have attained a certain level in the workplace. In contrast, the 'sticky floor' is the opposite scenario. It refers to the situation that men tend to move up the career ladder faster than equally skilled women (*Booth et al., 2003*).

The earnings disparity has various underlying causes, some of the most important being career interruptions due to childcare, gender segregation by occupation and industry, differences in education and training, part-time work as well as traditions and social norms. Accordingly, trends in gender segregation, e.g., by occupations and industry, are monitored¹⁰. In addition, participation of women in top decision making positions is monitored. The EC finances a data base, which informs on the participation of women in leading positions in politics and big business, e.g., as members of parliament, of government, as CEOs or board members in publicly listed companies¹¹.

There is a dearth of women in high decision-making positions, partly due to gender stereotypes and discrimination, partly due to gender segregation in education and on the labour market, and partly due to the unequal distribution of household work. To resolve this imbalance and to eventually break the glass ceiling, a variety of transnational projects and programmes are co-financed by the EC, to raise awareness of public actors as diverse as local authorities, business, trade unions, and NGOs.

In order to combat the "sticky floor", the EC is promoting policies which help reconcile household/family and market work. One is the provision of adequate and affordable childcare facilities: Accordingly, in 2003, the European Council agreed on targets for the provision of childcare facilities (Barcelona targets). By 2010, the MS are to provide childcare to at least 90 percent of children between 3 years of age and the mandatory school age and to at least 33 percent of children under the age of 3. Currently, only 5 EU-MS reach the 33 percent target (Sweden, Denmark, France, Belgium and Netherlands), and 10 MS the 90 percent Barcelona target (Belgium, France, the Netherlands, Spain, Iceland, Denmark, Italy, Sweden, Norway and Germany). In order to be able to monitor the success of policies to raise the availability of child care services, efforts went into the development of harmonised statistics on childcare (*Applica Sprl, 2004*).

Other measures to combat the sticky floor are the promotion of sharing parental leave between both parents (financial incentives, legal rights to parental leave and the right to return to the job after childcare leave), and the provision of further education and training

¹⁰ While women tend to cluster into health and social services, education, clerical work and retailing, men are concentrated upon engineering and other technical professions, in financial services and management.

¹¹ http://ec.europa.eu/employment_social/women_men_stats/index_en.htm

after a period of leave to help parents reintegrate into employment. The EU sets some minimum standards which may be topped up by the individual MS.

Other indicators which are closely monitored are working hours by gender, temporary work contracts, the proportion of women and men at risk of poverty, the educational attainment level by gender, the sex distribution of tertiary education graduates, the share of women in engineering and natural science, and the proportion of women and men in continued education and training programmes. All of these indicators provide relevant information on the role and status of men and women in the labour market (EC, 2008). They lend themselves to assess the impact of policies put in place to promote the equality of men and women.

The outcome of policies promoting equality of men and women

EU legislation and supplementary funding of measures targeting equal treatment of women and men in the labour market and in the society have contributed to the socio-economic transformation of Europe. The employment patterns as well as the degree of integration into the labour market of men and women are slowly converging within the EU. Women are increasingly in decision-making positions in politics, in business, and in civil society. But gaps continue to be prevalent in employment and pay, and in some EU-MS it is more difficult than in others to strike a balance between household and market work. Equality between women and men as far as opportunities to pursue their interests and to participate in work and society according to one's capabilities has not yet been achieved anywhere in Europe, but some countries are more advanced along this road than others.

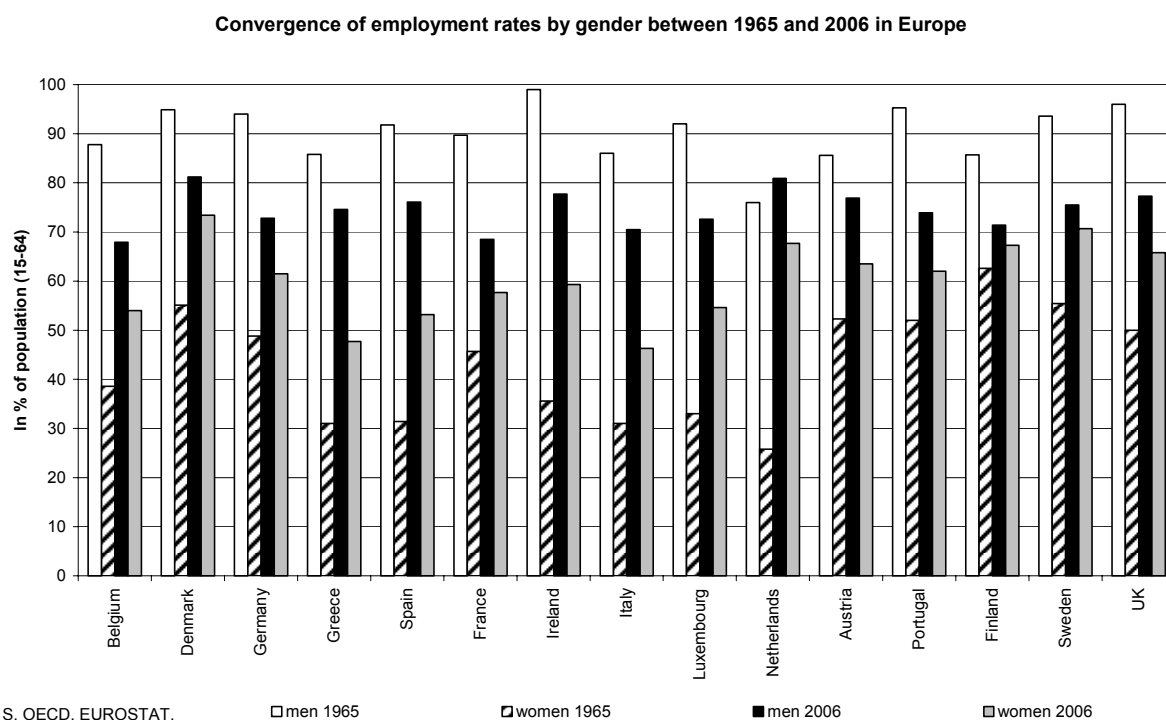
The employment rate of women follows a long-run positive trend in every EU-MS with the exception of countries of the former Eastern Block. They faced significant declines of female labour force participation and employment rates in the wake of the transition from a command economy to a market economy. After consolidation of economic and social systems, labour force participation and employment rates increased again in the course of the 1990s and early years of 2000. This is why some of the statistics presented here are restricted to the old EU-15-MS because only within this group can the long term impact and consistency of the equal opportunity strategy be assessed.

The spread in the employment rate of men and women between countries reflects differences in labour supply and demand by skills, industries and gender as well as institutional arrangements which promote equality between women and men. In 2006, the difference in the employment rate of women among the countries in Europe (EU-15) has a spread of some 20 percentage points compared to some 37 percentage points in the mid 1960s. The average difference between the employment rate of men and women (employment gap) in the EU-15 today is 15 percentage points, compared to some 45 percentage points in the mid 1960s (Chart 1).

With economic, social, educational and technological developments as well as equal opportunity legislation, women have been moving out of the household economy into the

market economy. The market has taken over an increasing proportion of household production, be it the production of consumer goods (food, clothing) or the provision of services like care work for children, sick or the elderly. The Scandinavian and Anglo-Saxon countries have had the fastest transfer of household production to the labour market and are therefore at the top end of the employment rate of women in Europe today, closely followed by the United Kingdom. The Southern European countries on the other hand have been comparatively slow in this transition process, together with a slow process of industrial restructuring and technological change. Outsourcing of services from domestic work to the market has contributed to the large rise in employment in the services sector over time (Chart 2).

Chart 1:

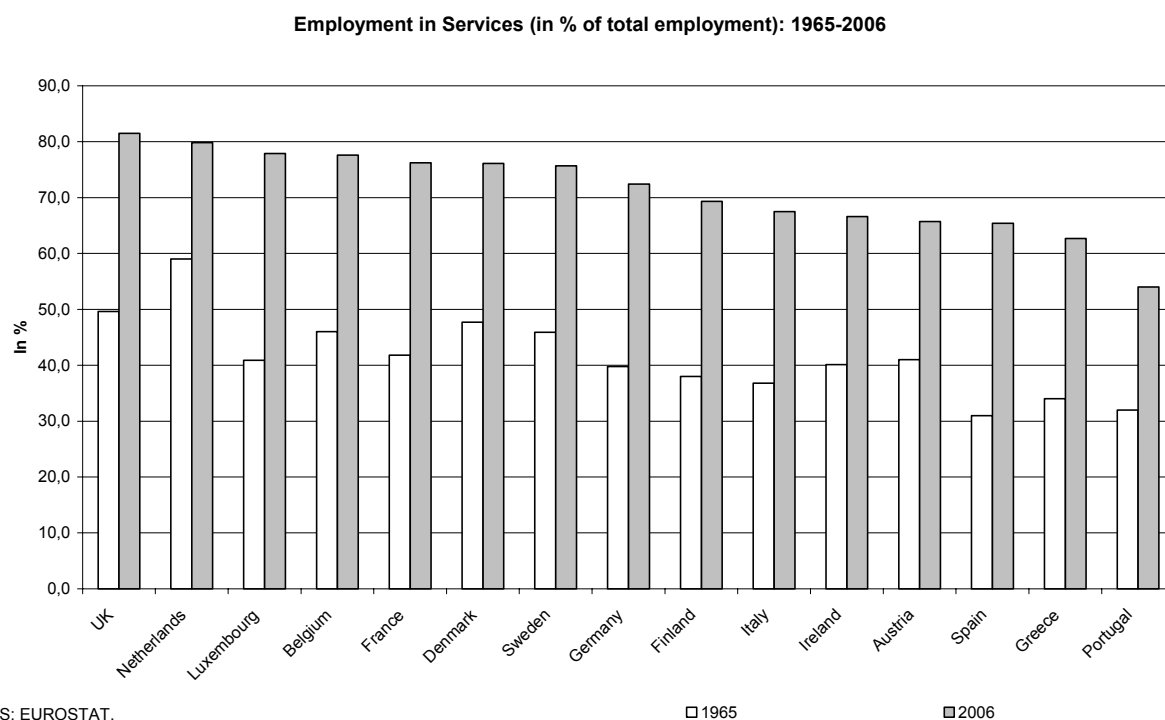


As can be seen from Chart 1, significant differences in the employment rate gender gap remain within the old EU-MS. In the EU, Denmark has the highest female employment rate at 73.4 percent (2006) while Italy has the lowest at 46.3 percent. Continental European countries like Austria take up an intermediate position. With a rate of 63.5 percent, Austria is slightly above the EU average (EU-15: 58.4 percent, EU-25: 57.3 percent). This is because social norms and cultural values are inherent in the legislation within a specific welfare system¹². The

¹² Pfau-Effinger (2004) argues that the roots of national gender cultures date back to the transition from agrarian to industrialised societies.

welfare model represents an institutional framework within which the state enters as an agent to stabilise socio-economic wellbeing of individuals and groups of individuals and complements the traditional risk and burden sharing within families (Orloff, 1993).

Chart 2:



The four European welfare models

The EU distinguishes between four different basic models of social organisation (welfare models) in Europe (EC, 2001)¹³:

1. The Anglo-Saxon Model (IE, UK)
2. The Continental European Model (AT, BE, DE, FR, LU, NL)
3. The Scandinavian Model (DK, FI, SE)
4. The Southern European Model (ES, GR, IT, PT)¹⁴.

These models differ by the different roles and weights assigned to the three main pillars of socio-economic development and wellbeing – the (labour) market, the state, and the family.

¹³ The EC bases its distinction on research by *Esping-Anderson et al.* (2001), and *Scharpf* (2000).

¹⁴ AT... Austria, BE... Belgium, DE... Germany, DK... Denmark, ES... Spain, FI... Finland, FR... France, GR... Greece, IE... Ireland, IT... Italy, LU... Luxembourg, NL... The Netherlands, PT... Portugal, SE... Sweden, UK... United Kingdom.

Countries which relegate a large portion of work, in particular social services, to the household sector, by tax incentives or transfer payments, have a lower employment rate of women than countries in which the state or the private sector are the major suppliers of these goods and services. The new EU-Member States (NMS) are very heterogeneous and do not fit into either model.

The Anglo-Saxon social model tends to be referred to as market led (liberal), the Scandinavian Model as social democratic and the continental European as corporatist (conservative)¹⁵, while the Southern European model of social organisation is not as homogeneous, combining elements of the three models with varying weights depending on the country concerned. The models differ in their priorities of protection against risks, their composition of social expenditure, their source of funding and the organisation of the provision of personal and social services.

The Anglo-Saxon (male breadwinner) Model, exemplified by the UK and Ireland, is basically run by the public sector and funded out of general revenue. Access to health services is universal; access to welfare is subject to means testing (residual welfare model). This basic scheme of social protection is complemented by private insurance (health and pension schemes), i.e., a system which allows those prepared to pay for it, to enjoy benefits above the minimum provided for by the state (*Biffi, 1999/2004, EC, 2001, OECD, 1998A, 1998B*).

In contrast, the continental European (Bismarck) Model is centred on a social insurance system, comprising health, unemployment and retirement insurance, which is funded out of contributions by employers and employees. This basic model is complemented by a system of tax benefits and/or transfer payments to families, based on the number and age of children. The family allowance scheme is paid out of a wage and income tax fund, thus keeping family policy separate from a market oriented wage system. Only a small proportion of the population is not covered by the social insurance scheme.

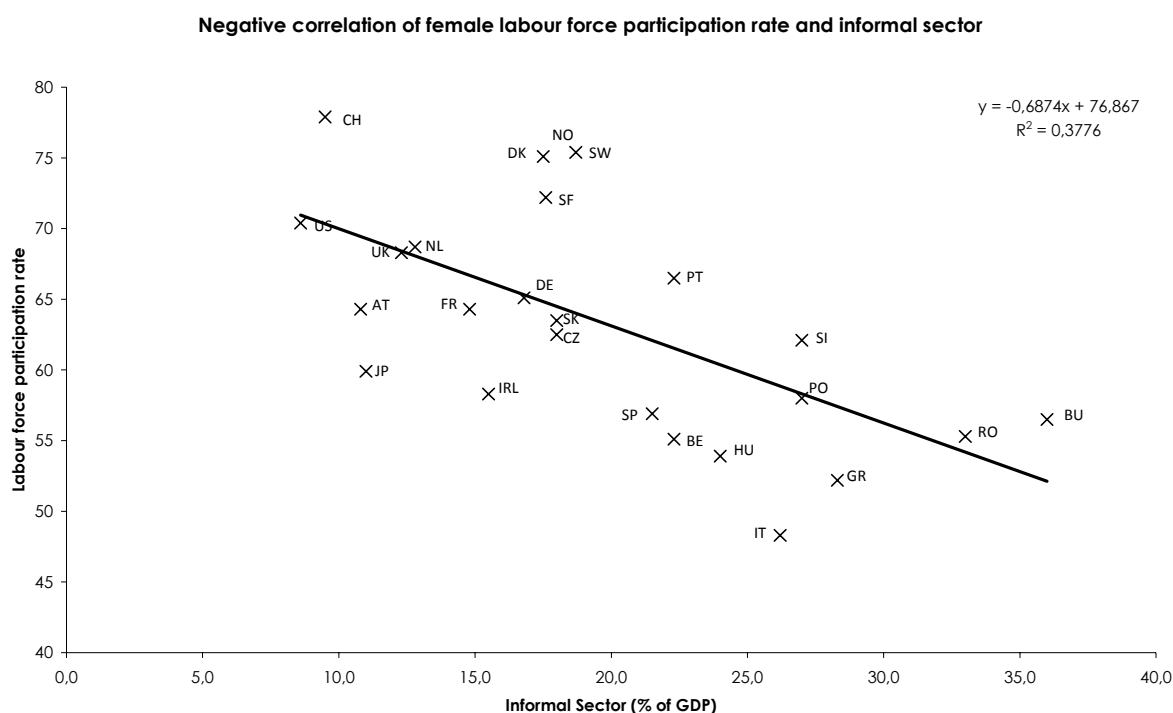
The Scandinavian model focuses on individual social rights and obligations. The system of social protection is employment centred. Work is not only the source of income but also the means through which the social dividend is distributed. Unemployment insurance is organised by the unions, which explains the high degree of unionisation in Sweden (*Gustafsson, 1996*). Thus, integration into the labour market is vital for the wellbeing of the individuals. Work related income and services are complemented by public sector services, like child and health care. The universal character of welfare services reduces the need for special, means tested integration measures.

But also another factor, other than the welfare model, tends to have an impact on the degree of integration of women into the labour market and everything that flows from labour

¹⁵ For more details about the differentiation of social models see *Soskice (1999), Hollingsworth – Boyer (1997), Aoki (1995)*.

force participation, namely the size and role of the informal sector¹⁶ in the production of goods and services. Chart 3 indicates that there is a clear negative correlation between female labour force participation rates and the share of the informal sector (measured in percent of GDP) in the industrialised countries of the OECD. In Europe, it is the Southern and Eastern European countries which have high and rising shares of informal sector work – with Italy and Greece (about 28 percent of GDP) taking the lead in the South, and Bulgaria, Romania and Macedonia in the East with shares well over 30 percent of GDP. The Anglo-Saxon (UK 12.5 percent of GDP) and continental European countries like Austria (11 percent of GDP) tend to be at the lower end. The Scandinavian countries take up an intermediate position as far as informal sector work is concerned (18 percent in Denmark) (*Enste, 2003, World Bank Data*).

Chart 3:



S:EUROSTAT, OECD, World Bank.

While this paper does not examine the driving forces of informal sector work, we do want to point out that a large informal sector in which women tend to be the major workforce, is the

¹⁶ The International Labour Organization (ILO) introduced the concept of the informal sector more than 25 years ago. According to the ILO definition, the informal sector consists of small-scale, self-employed activities (with or without hired workers), typically at a low level of organization and technology, with the primary objective of generating employment and incomes. The activities are usually conducted without proper recognition from the authorities, and escape the attention of the administrative machinery responsible for enforcing laws and regulations. See also *Biffi (2002)*.

starting point of a vicious circle: women may stay at home to care for children, the sick and elderly because these services are too expensive in the market. In addition, these women represent the informal labour supply for other women, who are working full-time in the formal sector. By working in the informal sector and/or household, tax revenues are limited thereby preventing public funding and subsidisation of family-friendly policies which would create formal sector jobs and open up employment opportunities for women with children¹⁷.

Is there a trade-off between the gender gap in employment and the gender pay gap?

Having more women at work does not necessarily imply a more egalitarian distribution of pay between men and women. In fact, wage differentials between men and women are wider in countries with the largest female employment rates. Within the European Union, countries with the highest labour market participation of women, display some of the largest differentials in average pay between men and women. For instance, Denmark has double the gender wage gap of Italy, but has a female employment rate 27 percentage points higher than Italy. How can it be that the employment gap is narrowing down (EU-15: between 1995 and 2005 by 5.3 percentage points to 15.5 percentage points) just as the wage gap has hardly contracted (from 17 percent of average male wages to 15 percent), in spite of equal opportunity legislation and ongoing changes in social norms which recognize a greater role for women in the world of work? A key explanation is that a greater spread in wages is the result of outsourcing of household services as well as informal sector work to the formal sector. By allowing and even promoting more job creation in services, and enabling the startup of many low-skill self-employment activities, the employment rate of women rises together with the spread of wages. Thus, greater wage differentials, including relatively large gender pay gaps, are often the outcome of the same processes that reduce the gender employment gap.

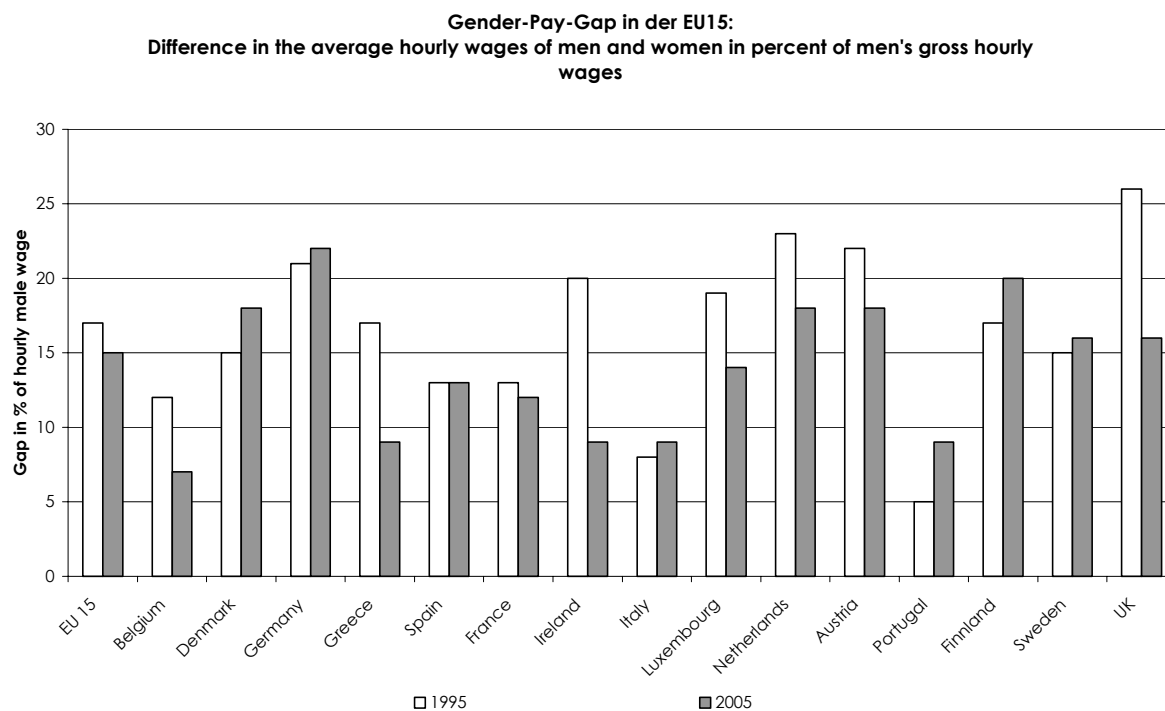
Chart 4 provides information about the development of gender-related pay discrepancies across the EU15 between 1995 and 2005, based on the difference between average gross hourly wages of men and women in percent of men's average gross hourly wages¹⁸. The choice of gross hourly wages takes into consideration quantitative differences, but it does not reflect gender-specific differences such as skill levels and occupational patterns¹⁹.

¹⁷ *Levenson – Maloney* (1998) argue that large informal sectors tend to be the result of distortions in labour or product markets, while *Braun – Loayza* (1994) stress high tax rates and overregulation of the formal sector and/or an inefficient and corrupt system of compliance control.

¹⁸ The international comparison is based on a range of data sources, including the European Community Household Panel (ECHP), the EU statistics on income and living conditions (SILC) and national sources, all for people aged between 16 and 64 working at least 15 hours a week. While the EU requires Member States to compile and publish data on the gender pay gap, the choice of data sources as a basis of calculation is up to the individual countries.

¹⁹ For an analysis of the development of the gender gap in Austria between the mid 1980s and mid 1990s see *Böheim et al.* (2005).

Chart 4:



According to *Blau – Kahn (2003)* the major explanatory variables for international gender wage inequalities are gender differences in educational attainment level (human capital), sectoral male wage inequality and the net labour supply of women. Scandinavian countries are a particularly interesting case: one would expect the gender wage gap to be small due to the solidarity wage policy and centralised wage bargaining which results in a compressed wage distribution. However, the substantial outsourcing of household work, often at a low wage, and pronounced occupational gender segregation, resulted in a fairly wide wage distribution by gender. The situation is similar in the United Kingdom, a country with one of the highest female employment rates in Europe (2006: 65.8 percent) and one of the smallest gender gaps in the employment rates (11.5 percentage points). The gender pay gap remains, however, larger than on average in the EU15. But over time, the gender pay gap has declined significantly – between 1995 and 2005 by 10 percentage points. This goes to show that the UK has been particularly successful in striking a balance between work and pay. The UK demonstrates that there is a sequence between closing gender gaps. The first step involves closing the employment gap and the closure of the wage gap follows, through occupational change as well as increasing work experience on the part of women.

Thus, the increasing employment rate of women has to be seen in the light of a number of factors – changing expectations of women, changing wage determination mechanisms (equal opportunity legislation), and a change in the division of work between the household and market sector. Increasing geographic mobility and the physical separation of family

members from the household in different phases of personal development, diminish informal exchange and assistance between generations – parents and children – such that the state is drawn in as mediator through the provision and/or subsidisation of services (childcare, nursing homes). Many of the services which have been outsourced from the household sector to the market sector remain largely a female employment domain. This development is reminiscent of the transfer of the production of consumer goods (textiles, clothing, food, etc.) from the household to the market in the wake of industrialisation towards the end of the 19th century. The production spheres, which constitute the female domain of work in traditional societies, continue to do so in the developed industrial societies. Thus, pronounced outsourcing of household production of goods and services to the labour market results in an above average concentration of female labour in so-called 'female' occupations.

Chart 5:

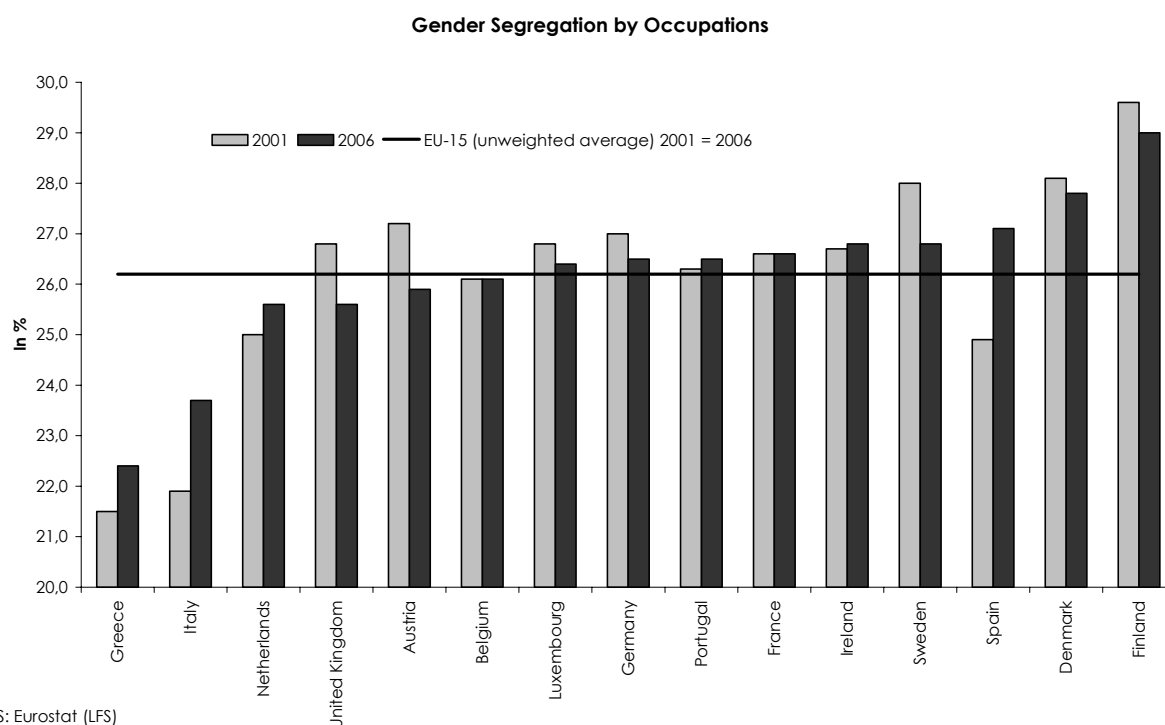


Chart 5 shows the gender segregation by occupations (ISCO 88 classification)²⁰ in the EU-15. For a better understanding of the Chart: the sum of the gender differences of employment shares in the various occupations is taken as a proportion of total employment. Thus, e.g., in the case of Austria in 2001, the coefficient of occupational concentration (with 27.2 percent of total employment) exceeds the EU-15 average of 26.2 percent. This is to say that gender segmentation by occupation was more pronounced in Austria than in the EU on average in

²⁰ International Standard Classification of Occupations (88) established by the International Labor Organization (ILO).

2001, only surpassed by the Scandinavian countries, where household production has been transferred to the market more than elsewhere, providing more jobs for women than men. With increasing equality between men and women the occupational gender segmentation declined in the Scandinavian countries, the UK and Austria. This is a result of the sequencing mentioned above, and results in a reduction of the gender pay gap.

In contrast, employed women in Southern European countries tend to have a fairly similar occupational structure as men and consequently the lowest gender pay gap in the EU (difference in hourly wages between men and women is less than 10 percent of the average hourly male wage). However, with rising employment rates in the Southern European countries, the occupational gender segmentation increases, as Chart 5 demonstrates. Thus, the level of occupational gender segmentation continues to be low in the Southern European countries because the volumes of female work remaining in the household and informal sector continue to be large. The degree of segmentation increases over time, however, as more women enter the labour market performing the selfsame jobs as formerly in the household and/or informal sector, thereby raising the gender pay gap.

The road towards equal opportunity in Austria

Austria has joined the European Union in 1995. However, well before that time, legislation to promote equality between women and men had been introduced.

- In 1979, the equal pay for equal work legislation was passed, which was directed towards employment in the private sector.
- In 1981, positive action programmes for women in the public sector followed.
- In 1982, Austria ratified the UN-Convention to eradicate all forms of discrimination of women.
- In 1985, the law on equal treatment of women and men in the labour market (pay) was extended to include voluntary social benefits, and the right to continued education and training in the enterprise; in addition, employers were obliged to gender neutral job advertisements, and sanctions were introduced in case of nonadherence to the laws; the newly established Equal Opportunity Commission was to be the mediator.
- In 1990, the equal opportunity law was amended by extending the right to equal treatment to the access to jobs and all aspects of working conditions, including termination of the employment relationship. The equal opportunity commissioner became the contact point for legal proceedings and arbitration.
- In 1992, the legal regulations of part-time work were improved; paid leave for caring for a family member including children in case of sickness was introduced; maternity leave was counted as a year of social security contribution for retirement pensions.
- In 1993, a special equal opportunity law was drawn up for the public sector, introducing an explicit requirement for affirmative action programmes of women in public sector

employment. This legislative reform was part of a whole package of legal amendments, among them the prohibition of indirect discrimination, penalisation of sexual harassment on the job, improved maternity leave, minimum wage regulations, introduction of affirmative action programmes (career promotion plans) for women in individual enterprises as an industrial relations scheme, adequate representation of women in enterprise councils, improved protection against dismissal and improvements for homeworkers.

After joining the EU in 1995, Austria adopted the EU gender mainstreaming concept flowing from the Amsterdam Treaty. In 1997, a petition for a referendum on equal opportunity of women and men in all domains – economic, social, political and cultural – was signed by 645,000 persons, i.e., 11 percent of the people with voting rights. As a consequence, in 1998, the reference in the Federal Constitution relating to the equality of citizens before the law, which dated back to the year 1867 ("Alle Bürger sind vor dem Gesetz gleich"), was amended. Instead a passage was introduced stating that the achievement of equality of women and men is the duty of the State, also explicitly allowing positive actions to remedy unequal outcomes of at first sight gender neutral actions, e.g., taxes (*Ferrani – Nelson, 2002*).

In 2004, the equal opportunity law was amended by integrating two EU-guidelines into national law: antidiscrimination measures in the workplace in terms of gender, age, ethnic and religious group and sexual orientation.

This overview shows that Austria has not introduced compulsory affirmative action programmes in private industries but has trusted employers and the social partners to promote career opportunities of women. This is in stark contrast to some Scandinavian countries, which tend to oblige private industry to develop affirmative action programmes for women²¹.

It is the Scandinavian countries that have achieved the highest employment rates of women and the lowest gender employment gap. They have also been successful to raise the employment share of women in politics and the public sector – partly due to introducing a 40 percent target share. However, also in the Scandinavian countries men continue to have the highest posts in private industries and the glass ceiling prevails. This is even more so in Austria, a country in an intermediate position as to the integration of women in employment and the gender pay gap. Only about one third of all senior management and supervisory positions in Austria are occupied by women²². The low rate of Austrian women in top managerial positions can only to a limited extent be explained by the lower educational attainment level of women. It appears that part-time work, often half-time or less, hampers

²¹ In 2003, Norway has in addition introduced a target share of female board members of 40 percent for the 600 companies registered at the Norwegian stock exchange by 2005. In 2003 the proportion stood at 7 percent and has been rising sluggishly. As a result, in 2006, the Norwegian government has threatened the companies to take them off the stock register in case of non-compliance by 2008. For more detail see <http://www.eurofound.europa.eu/eiro/2006/02/feature/NO0602102F.htm>

²² See EC (2003:30).

access to career paths. Part-time work is commonly found in less demanding jobs and even if women re-enter into full-time jobs, they generally cannot regain lost terrain in career opportunities. Another aspect is the 'glass ceiling' women are faced with, particularly in the private sector. The public sector has more clearly defined career steps and the maximum income obtainable is transparent as well as the requirements to move up the career ladder. This is not the case in the private sector, in particular as far as the wages obtainable at the upper end of the career spectrum are concerned.

As to the occupational and industry structure of employment by gender, Austrian men tend to be concentrated in the well-paying manufacturing sector of above average firm size (OECD, 2005). Men are to a larger extent than the EU average educated in engineering sciences, natural sciences and information technology, which ensures well paying jobs due to a great potential for productivity increases. In contrast, women are crowded into care jobs as well as clerical and sales jobs, teaching and other personal services. Given their family obligations, women tend to be less mobile and more dependent on the local job market. Consequently, more women than men work in small and medium-sized enterprises (SMEs) in rural areas (Biffi, 2006). Since bigger companies can typically pay higher wages, this is an additional factor which impacts on the relatively large gender pay gap in Austria²³.

Conclusions

The rise in female employment rates is, at least partly, the result of an explicit policy towards the promotion of gender equity and equal opportunity. Membership to the EU has reinforced this policy, the vehicle being the European employment strategy and gender mainstreaming which engage every member state in a process of policy coordination, promoting policies to help parents to reconcile work and family and reduce the gender gap on the labour market. However, the conceptual division of paid work in the market and unpaid work in the household, which we have come to accept since the industrial revolution, and which has contributed to the exclusion of the household sector from economic analysis, is becoming less realistic. Technological change, in particular modern communication technology, allows the extension of market work beyond the realm of firms into the household (teleworking). At the same time large segments of household work are outsourced to the market, in particular to the public sector. The type of labour which is being transferred is largely care-work – it ranges from childcare to care for the sick and disabled and the elderly, and food preparation, cleaning and ironing. In addition, social change, in particular increasing individualisation of society, implies a growing responsibility on the part of women for their own livelihood. But increasing employment and income uncertainties of men also contribute to

²³ Research into the highly industrialised province of Upper Austria shows that the most peripheral districts tend to have a low share of female commuters and at the same time the highest gender pay gap (Biffi – Leoni, 2006).

the need for women to increasingly take up market work in order to stabilise the income flow of families over the life cycle.

Economic theory is not well adapted to provide a better understanding for the ongoing transformations as it tends to focus on market processes within a given legal and institutional social system. The role of the household sector in the provision of a constant flow of labour services, e.g., through child-rearing, basic education, nutrition, care, etc., comes to the fore only when the public sector is required to take over these functions in response to society's call to increase and streamline the human capital stock. The 'technology' of the provision of services differs between the market and household sector and so may their productivity and efficiency. In a reform of the welfare system it may be necessary to go beyond the breadwinner model if the objective is to ensure equality between women and men, social stability and a sense of security in an individualised society. The challenge of any reform lies, however, in the details of the system's design and the capacity to change gender stereotyping and traditional behaviour patterns and norms.

References

- Aoki, M., "Towards a Comparative Institutional Analysis", *Japanese Economic Review*, 1995, 47(1).
- Applica Sprl, "Development of a methodology for the collection of harmonised statistics on childcare", Working Papers and Studies of the EC, Theme 3, Luxembourg, 2004.
- Biffi, G., "Der Arbeitsmarkt der Zukunft, Implikationen für die Sozialpartnerschaft", in Karlhofer, F., Talos, E. (eds.), *Zukunft der Sozialpartnerschaft, Veränderungsdynamik und Reformbedarf*, ZAP, Wien, 1999.
- Biffi, G., "Labour Statistics – Towards Enlargement. Labour Market Flexibility: The Role of the Informal Sector in the Context of EU Enlargement and the Need for a Systematic Statistical Base", *WIFO Working Papers*, 2002, (190).
- Biffi, G., "Diversity of Welfare Systems in the EU: A Challenge to Policy Coordination", *European Journal of Social Security*, 2004, Volume 6/2.
- Biffi, G., "Mehr Jobs und bessere Einkommenschancen für Frauen: Eine gesellschaftspolitische Herausforderung für Österreich", *WISO*, 2006, 29(2), pp. 89-108.
- Biffi, G. (2007A), "The employment of women in the European Union", *WIFO Working Papers*, 2007, (297).
- Biffi, G. (2007B), "The European Employment Strategy: A new form of governance of labour markets in the European Union", *WIFO Working Papers*, 2007, (301).
- Biffi, G., Leoni, Th., *Handlungsoptionen für eine Erhöhung der Einkommensgerechtigkeit und Chancengleichheit für Frauen in Oberösterreich*, WIFO study commissioned by the Upper Austrian Chamber of Labour, 2006.
- Blau, F. D., Kahn, L. M., *Understanding international differences in the gender pay gap*, University of Chicago Press, *Journal of Labor Economics*, 2003, 21(1), pp. 106-144.
- Böheim, R., Hofer, H., Zulehner, C., *Wage differences between men and women in Austria: Evidence from 1983 and 1997*, IZA Discussion Papers, 2005, (1554).
- Booth, A., Francesconi, M., Frank, J., "A Sticky Floors Model of Promotion, Pay, and Gender", *European Economic Review*, 2003, 47, pp. 295-322.
- Braun, J., Loayza, N. V., "Taxation, Public Services, and the Informal Sector in a Model of Endogenous Growth", *World Bank Policy Research Working Paper*, 1994, (1334).
- Enste, D. H., *Ursachen der Schattenwirtschaft in den OECD-Staaten*, iw-trends 4/2003, Institut der deutschen Wirtschaft Köln, 2003.
- Esping-Andersen, G., "After the Golden Age? Welfare State Dilemmas in a Global Economy", in Esping-Andersen, G. (ed.), *Welfare States in Transition: National Adaptations in Global Economies*, Sage Publications, 1996.

- Esping-Andersen, G., Gallie, D., Hemerijck, A., Myles, J., A New Welfare Architecture for Europe?, Report submitted to the Belgian Presidency of the European Union, 2001.
- European Commission, Beschreibung der sozialen Lage in Europa 2000, Luxemburg, 2001.
- European Commission, Gender Pay Gaps in European Labour Markets – Measurement, Analysis and Policy Implications. Commission Staff Working Paper, SEC(2003) 937, Brussels, September 2003, http://europa.eu.int/comm/employment_social/employment_analysis/gender/sec_03_937_en.pdf.
- European Commission, Interim Evaluation Report from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions Relating to the Community Framework Strategy on Gender Equality 2001 to 2005, Commission Staff Working Document, SEC(2004) 1047, Brussels, 2004.
- European Commission, A Roadmap for equality between women and men 2006-2010, SEC (2006)275, 2006, http://ec.europa.eu/employment_social/news/2006/mar/com06092_roadmap_en.pdf.
- European Commission, Report on equality between women and men 2008, DG Employment, Social Affairs and Equal Opportunities, Unit G.1, Luxembourg, 2008.
- Ferrari, T., Nelson, K., "The Impact of taxation on the equalising effect of social insurance to income inequality: A comparative analysis of ten Welfare States", Luxembourg Income Study Working Paper, 2002, (327).
- Friedrich Ebert Stiftung (ed.), Gender Budgeting – Neue Perspektiven für die Gleichstellungspolitik, Berlin, 2007, <http://library.fes.de/pdf-files/do/04423.pdf>.
- Gustafsson, S., "Tax regimes and Labour Market Performance", in Schmid, G., O'Reilly, J., Schömann, K. (eds.), International Handbook of Labour Market Policy and Evaluation, Edward Elgar, Cheltenham & Brookfield, 1996, pp. 811-839.
- Hollingsworth, J. R., Boyer, R., "Coordination of Economic Actors and Social Systems of Production", in Hollingsworth, J. R., Boyer, R. (eds.), Contemporary Capitalism, the Embeddedness of Institutions, Cambridge University Press, Cambridge, 1997.
- Levenson, A., Maloney, W. F., "The Informal Sector, Firm Dynamics, and Institutional Participation", World Bank Policy Research Working Paper, 1998, (1988).
- OECD (1998A), The Battle against Exclusion, Volume 1, Social assistance in Australia, Finland, Sweden and the United Kingdom, Paris, 1998.
- OECD (1998B), The Battle against Exclusion, Volume 2, Social assistance in Belgium, the Czech Republic, the Netherlands and Norway, Paris, 1998.
- OECD, Ageing and Employment Policies: Austria, Paris, 2005.
- Orloff, A. S., "Gender and the Social Rights of Citizenship. The Comparative Analysis of Gender Relations and Welfare States", American Sociological Review, 1993, 58(June), pp. 303-328.
- Pfau-Effinger, B., "Socio-historical paths of the male breadwinner model – an explanation of cross-national differences", The British Journal of Sociology, 2004, 55(3), pp. 377-399.
- Sabel, Ch., A Quiet Revolution of Democratic Governance: Towards Democratic Experimentalism, Paper presented at the EXPO 2000, OECD Forum on the Future, Conference on 21st Century Governance, Hannover, March 25-26, 2000.
- Scharpf, F. W., Sozialstaaten in der Globalisierungsfalle? Lehren aus dem internationalen Vergleich, Max-Planck-Gesellschaft zur Förderung der Wissenschaften e.V., Jahrbuch 2000, Köln, 2000, pp. 59-73, <http://www.mpg.de/doku/ahrbuch/2000/jahrbuch2000.pdf>.
- Soskice, D., "Divergent Production Regimes: Coordinated and Uncoordinated Market Economies in the 1980s and 1990s", in Kitschelt, H., Lange, P., Marks, G., Stephens, J. D. (eds.), Continuity and Change in Contemporary Capitalism, Cambridge University Press, Cambridge, 1999.

Appendix

Legislative action on gender equality by the EU²⁴:

Since the EC Treaty was signed in Rome in 1957, the European Union has adopted 13 Directives in the field of gender equality. These cover the right to equal treatment for men and women in areas of work, pay and social security and for access to goods and services.

Men and women must receive equal pay for doing the same work or work of equal value. This principle was set out in Article 141 of the EC Treaty in 1957. The notion of 'equal pay' includes social security benefits. The right to equal access and payment of these benefits has been addressed by Directive 86/378/EC – amended by 96/97/EC.

The EC Treaty also provided the basis for legislation on equal treatment of men and women in employment and occupation. This was taken up by Directive 76/207/EEC (amended in 2002), which implemented the principle of equal treatment regarding working conditions and access to employment, self-employment and vocational training.

A new Directive has been adopted in 2006 to consolidate and simplify all of these Directives. This new Directive will enter into force on 15 August 2009. From that date on, Directives 75/117/EEC, 76/207/EEC, 86/378/EEC and 97/80/EC will be repealed.

Vienna, 8 April 2008

Name: Univ.Prof. Dr. Gudrun Biffl
Austrian Institute of Economic Research
P.O. Box 91, A-1103 Vienna
Tel.: +43-1-7982601-259
Fax.: +43-1-7989386
Mail: Gudrun.Biffl@wifo.ac.at
<http://www.wifo.ac.at/Gudrun.Biffl>

also at

Danube University
Department of Migration, Integration and Security
Head of Department
Danube University
Dr.-Karl-Dorrek-Straße 30
A-3500 Krems
<http://www.donau-uni.ac.at/>

²⁴ The following text is taken from the EU-website: http://ec.europa.eu/employment_social/gender_equality/index_en.html.

© 2008 Österreichisches Institut für Wirtschaftsforschung

Medieninhaber (Verleger), Hersteller: Österreichisches Institut für Wirtschaftsforschung • Wien 3, Arsenal, Objekt 20 • A-1103 Wien, Postfach 91 • Tel. (43 1) 798 26 01-0 • Fax (43 1) 798 93 86 • <http://www.wifo.ac.at/> • Verlags- und Herstellungsort: Wien

Die Working Papers geben nicht notwendigerweise die Meinung des WIFO wieder

Kostenloser Download: http://www.wifo.ac.at/www/jsp/index.jsp?fid=23923&id=32339&typeid=8&display_mode=2