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Topic 2: Measuring the dimensions of quality of work with statistical indicators: current national experiences, relevance and usability of the proposed set of statistical indicators and sources of data collection

VALIDITY OF INDICATORS OF WORKERS RIGHTS OF WOMEN

Invited paper by Statistics Netherlands ¹

I. INTRODUCTION

1. This paper deals with statistical indicators on the aspect of quality of work that addresses equality on the labour market for women. This aspect of quality of work has had attention of several institutes. The *European Commission* launched a work programme on equality of work. Several indicators were developed in this field. The Commission suggested two groups of statistical indicators on quality of work that are relevant for this specific issue: inclusion and access to the labour market and work organisation and work-life balance. Also within the *ILO* framework of decent work, indicators on the same issue were developed. Two dimensions are the most relevant in this respect: employment opportunities and balancing work and family. Finally, the *European Foundation on improvement of work and living conditions* also developed indicators in this field. They involve four conceptual dimensions, of which two are most relevant: career and employment security and reconciliation of working and non-working life.

2. Recently, a taskforce reported on their efforts to integrate the indicators on quality of work of the several institutes.² Section I of the proposed integrated list of deals with rights at work. Within this section two elements are distinguished: child labour and women in the

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² See: Igor Chernyshev *Towards an international quality of employment framework: conceptual paper of the task force on the measurement of quality of work*. Working paper no 1. International Labour Office, Febr 2007

workplace. For the issue of women in the workplace two indicators are proposed: female share of employment and gap between female and male labour participation rates. In this paper, some critical remarks are made on these indicators of workers rights of women. The most important question is that will be addressed is: do the indicators accurately measure inequality of work between men and women. An indicator can be problematic in two directions. Firstly, it could conceal inequality that exists but is not made visible by the indicator. Secondly, it can show inequality that does not exist. The inequality could be not as large as is suggested by the indicator. That both elements can play a role for these particular indicators is illustrated by applying it to the labour market situation of women in the Netherlands. This country is particularly interesting since it has specific labour market participation of women.

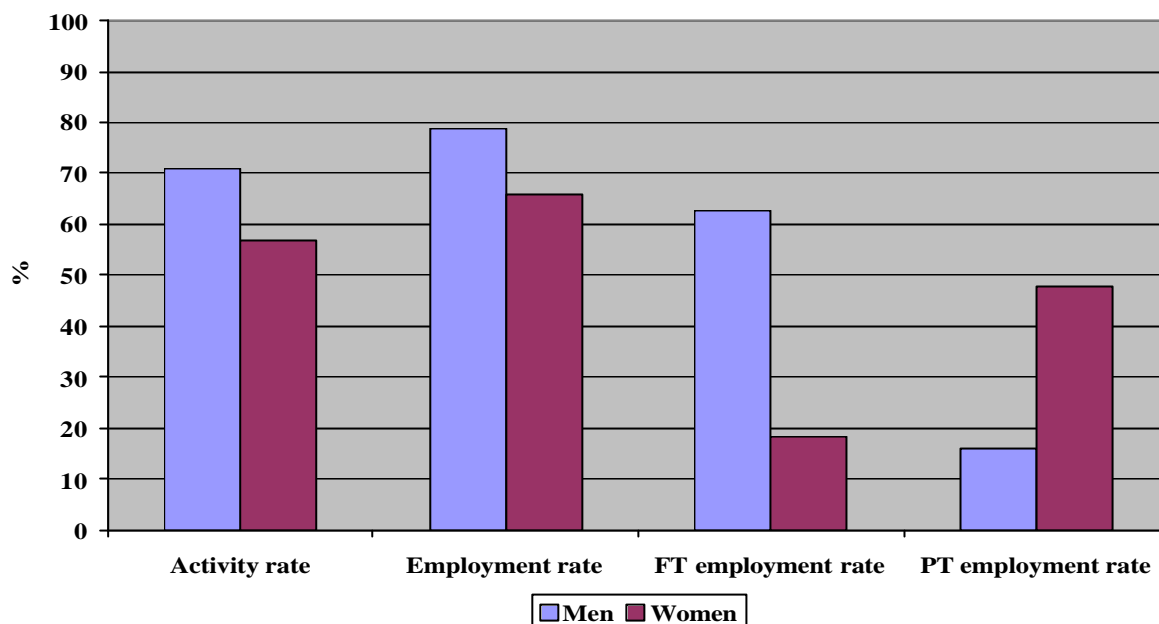
3. The data used in this study are annual averages of 2006 based on the Dutch Labour Force Survey. The population of 15-64 years old is considered.

II. BIAS INDICATORS ON INEQUALITY IN LABOUR PARTICIPATION OF MEN AND WOMEN

4. The key indicator that should measure unequal labour market situation of women within the section of worker's rights is the difference between the activity rates of men and women³. Labour market participation of women is typically less than that of men. This can be seen as an inequality. The difference in the activity rate of men and women is 13 percent in 2006 for the Netherlands. This is just below the EU average. For this reason, one could argue that the situation is relative good in the Netherlands. The high participation of women in the Netherlands coincides with an extremely high share of part-time work by women. This share is much higher for women compared to men. This kind of inequality is not made visible in the indicator.

5. To show what the effect is of the existence of part-time work, the employment rate is considered. The employment rate gives the same picture as the activity rate. One could even argue that this indicator is preferred since it also encompasses possible differences in unemployment between men and women. In 2006, the employment rate is 79 percent for men and 66 percent for women in the age of 15-64 years in the Netherlands. This means a difference of 13 percentage points. The employment rate can be differentiated by number of hours worked. If these rates are compared between men and women is it easily seen that the differences between men and women are larger than is visible with the original indicator. The share of the population that works full-time is for men 63 percent and for women 18 percent in 2006. This is a difference of 44 percentage points. The part-time employment rate is 32 percentage points higher for women compared to men.

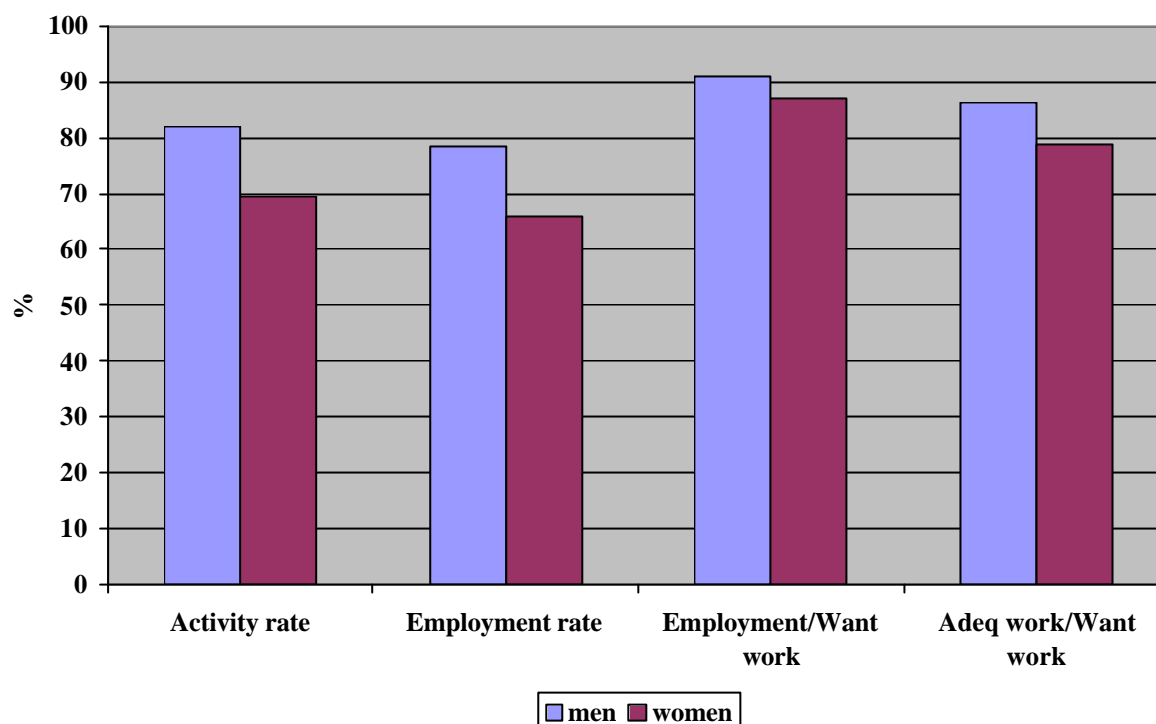
³ The other indicator, the female share of employment, can be considered as a different comparison of the employment rates of men and women, since the population of men and women 15-64 years of age are almost the of the same size. Hence it probably gives not a different picture that the gap in employment rate. Therefore this indicator is not included in the analysis.

Chart 1. Participation rates by sex, 15-64 years NL LFS 2006

6. The difference between the activity rate of men and women hide some inequalities that exist, but one can also argue that it exaggerates some differences. The indicator should tell us something on workers' rights of women. What are workers' rights? In law a right is "the legal or moral entitlement to do or refrain from doing something or to obtain or refrain from obtaining an action, thing or recognition in civil society." If this applied to work, it would be the entitlement to work or to refrain to work. The indicator should capture the right to work. However, one could argue that there is also a right to choose *not* to work. Especially in the case of women with children, this right could be seen as important too. It is in any an essential element in the discussion of the issue of work-life balance.

7. The Labour Force Survey includes more information than the factual information on employment and unemployment in the reference week. It also measures if someone would like to work in the case of not working. This information can be used to produce an alternative indicator that better capture the idea that persons have a right to choose what they want with respect to the labour market. This indicator is the share of persons that work of the persons that would like to work. The latter category includes also the persons that work. If this indicator is constructed and applied in the case of the Netherlands the picture on equality between men and women changes considerably. The share of men that work of the population that would like to work is 91 percent in 2006. For women this is 87 percent. These percentages are both very high. So this would give a more positive picture for the Netherlands. The difference between men and women are minor: only 4 percent.

8. It can be concluded that this alternative indicator seems to capture better the theoretical concept of workers' rights. It also has a significant impact on the results. The inequality between men and women is not so large compared to the traditional indicators in the case of the Netherlands.

Chart 2. Alternative indicators of adequate work rates by sex, 15-64 years NL LFS 2006

9. In an earlier section was argued that the fact that many women work part-time in the Netherlands the employment rate underestimates the differences between men and women. This problem would also be the case if the employment is related to the population of persons that would like to work. To solve this problem a second alternative indicator could be constructed. In analogy of the choice to work one should try to capture the choice to work the number of hours that a person would like to work. This could be called 'adequate' work. The indicator would be the share of persons that work and do not want to work more hours within the population of the persons that would like to work. This indicator gives a slightly less overall positive picture than the former indicator, which is logical. This share is 86 percent for men and 79 for women. This means that the difference is 7 percentage points. The indicator still gives a much more positive picture compared to the activity rate or the employment rate.

III. INDICATORS OF LABOUR MARKET INEQUALITY FOR SUBPOPULATIONS

10. Indicators on workers' rights have the main function to compare countries. However they are also useful to detect the subpopulations for which inequality is larger than other. For which categories of women is the employment rate different than that of men? This information is essential in order to develop effective measures. In the last section some alternative indicators were presented. For those indicators is analysed what the indicators show for several subpopulations. The characteristics age, presence of children and educational attainment are included in this analysis.

A. Age

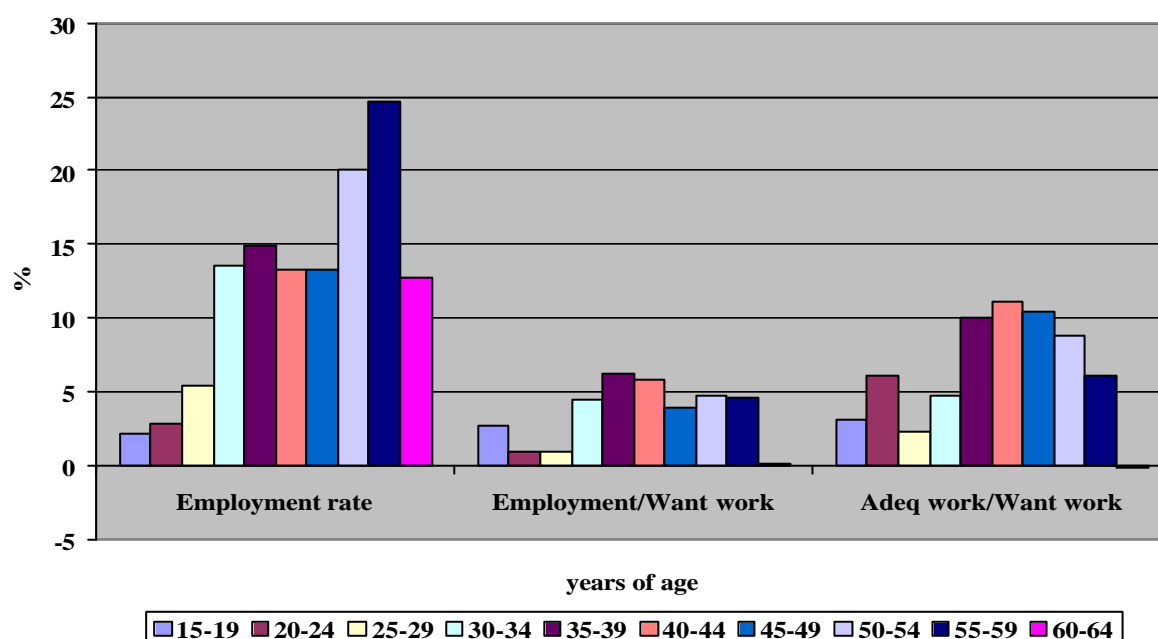
11. When age is considered in the case of the Netherlands, the difference in employment rates between men and women varies substantially. Under the age of 30 the difference is small: less than 5 percent in 2006. In for men and women of 30-50 years of age the difference is higher: about 13 percent. The difference is the highest in the age category 55-59 year of age: 25 percent. This percentage decreases for women of 60 years of age or higher. This is so because of the

strong decrease in labour market participation of men after the age of 60. The employment rate gives exactly the same picture.

12. When the first alternative indicator of the share of employment within the population of persons that would like to work is considered, this difference by age almost disappears. For persons between 20 and 30 there are virtually no differences between men and women. For the other ages the difference are also small: about 5 percent or less.

13. The second alternative that excludes persons that work but would like to work more hours gives a slightly different picture. Up to 35 years of age the differences are marginal. But for the ages 35-55 there is to be a bigger difference: 10 percent. In these ages it is apparently so that women more frequently would like to work more hours than men. For the ages of 55 and above the differences are small. For these cases, both alternative indicators give similar results.

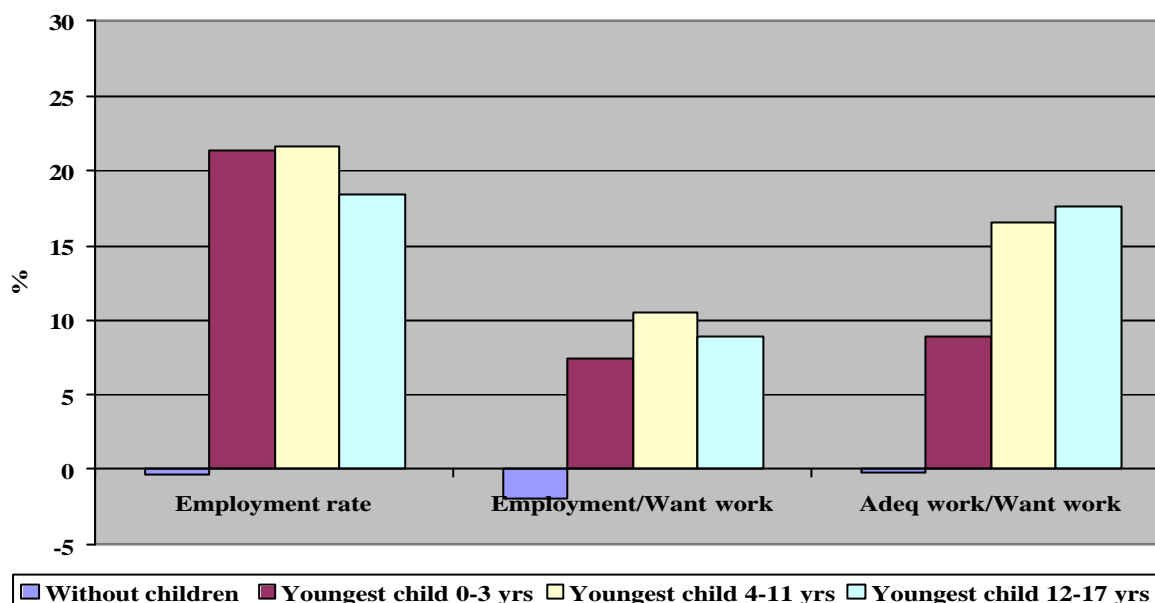
Chart 3. Difference of adequate work rates between men and women by age, 15-64 years NL LFS 2006



B. Presence of children

14. The difference in employment rate between men and women in the age 30-50 years is due to the presence of children. Most children are born in families in the Netherlands when the mother is about 30 years of age. Some women stop working when their first child is born. Analyses show that there are no differences in the participation rate between men and women 25-49 years of age without children. For men and women in the same age with children the difference in employment rate is about 20 percent in 2006.

Chart 4. Difference of adequate work rates of men and women by age youngest child, 25-49 years NL LFS 2006



15. The first alternative indicator, which relates employment to the number of persons who would like to work, shows much smaller differences in the case of parents with underage children. A difference of only about 10 percent remains. This percentage increases if inadequate hours are taken into account. This is mainly the case for parents with a youngest child in the age of 4-17 years of age. The difference in share between men and women is 16-18 percent for those cases. Apparently mothers with children in that age group relatively more want to increase the number of hours worked.

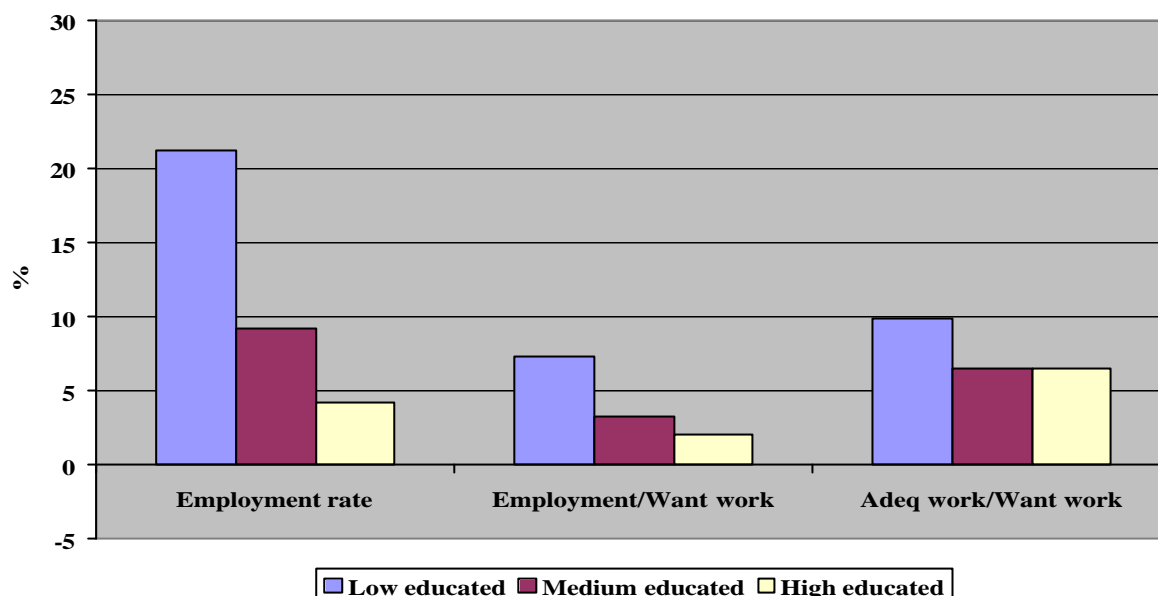
16. These results show that the indicator mentioned in section VI, *Balancing work and family life*, in the report of the taskforce on indicators of quality of work is also subjected to bias. As indicator is proposed: ratio of the employment rate for women with children under compulsory school age to the employment rate of all women aged 20-49 years. Since many women voluntarily choose not to work this indicator will overestimate inequality.

C. Level of education

17. In the Netherlands, labour market participation of women depends highly on the level of educational attainment. Higher educated women have a much higher participation rate than lower educated. This results in the fact that there is no difference in the activity rate of men and women with a high level of educational attainment. However, for low educated persons the difference is high. In 2006 was the difference 21 percent points.

18. The first alternative indicator is also higher for low educated persons. However, the difference is small: only 7 percentage points. For high-educated persons there is also virtually no difference. Interestingly, the alternative indicator that take into account workers that would like to work more as inadequate work give a much higher discrepancy for high educated persons. The difference is 6 percentage points in 2006. Still, the differences in educational attainment are much smaller compared to the employment rate.

Chart 5. Difference of adequate work rates of men and women by educational attainment, 15-64 years NL LFS 2006



IV. SUMMARY AND CONCLUSIONS

19. This analysis gives evidence that the indicator *Gap between male and female labour force participation rates* is not a fully valid indicator to show worker's rights of women in the case of the Netherlands. Two aspects are ignored in this indicator. Firstly, women tend to work part-time much more than men. The difference in activity or employment rates between men and women ignores this. For the Netherlands this has a significant impact. Secondly, persons could voluntarily choose not to work. This choice aspect is not contained in the activity rate or employment rate.

20. Alternative indicators are presented that take into account this choice aspect. These alternative indicators can be calculated with data from the labour force survey. The denominator is the number of persons that would like to work (including persons that work). If this is calculated for the Netherlands the gap between men and women is considerably lower compared to the activity rate or employment rate. So it gives a different and considerably more positive picture. It is also possible to include the choice aspect regarding the number of hours persons would like to work in case of part-time workers. The persons that would like to work more hours are not counted in the nominator, since it could be considered as inadequate work. This gives a slightly less positive picture than the other indicator but a more still positive picture than the original indicator.

21. The difference in employment rates between men and women also exaggerates also the differences for subpopulations, like age, presence of children or educational attainment. The alternative indicators show smaller differences between men and women. This implies that similar conclusions can be drawn for the indicators on balancing work and family life. The indicator proposed there is also based on employment rates without taking into account the choice aspect. This leads to an overestimation of the inequality of mothers with children. One could argue that especially for balancing work and family life the choice aspect should not be ignored.