

# Women's labor force participation and life satisfaction

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## Research Question & Motivation

- How satisfied with their lives are women who do not participate in the labor market compared to working women (full-time / part-time)?
- If an individual voluntarily does not participate, her life satisfaction should not systematically differ from working individuals' life satisfaction.
- If, however, women face constraints in entering the labor force and if work is substantial to well-being, those non-participating women experience decreased levels of life satisfaction.
- Possible constraints to entering the labor force can exist on the demand side (poor labor market prospects – even if not being unemployed by definition) as well as on the supply side (family responsibilities such as child care).
- This study empirically investigates life satisfaction of non-participating women compared to working women (with different working hours). In a second step, different groups of non-participants are distinguished.

## Previous studies

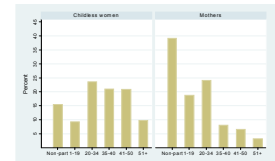
- So far, the work-life satisfaction literature mainly focuses on unemployment. Unemployment is found to substantially reduce life satisfaction, even if income losses were compensated (Clark/Oswald 1994; Winkelmann/Winkelmann 1998; Clark 2003).
- There is not much research on non-participation and life satisfaction yet.
- Winkelmann/Winkelmann (1998) find significant negative effects from non-participation on life satisfaction, although the effects are not as pronounced as those of unemployment.
- Booth & Van Ours (2008a), using British panel data, find non-significant effects from employment (reference category is non-employment encompassing unemployment as well as non-participation) for childless individuals and significantly positive effects for parents.
- Booth & Van Ours (2008b), using Australian panel data, find a positive association between being employed and life satisfaction for men, whereas for women the related coefficients are negative.

## Data and Method

- SOEP, 1994-2006, Women 25-55, who are not in education and not registered as unemployed
- Linear regression model controlling for individual fixed effects

## Descriptive figures

- Distribution of average weekly working hours:



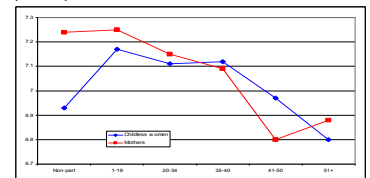
→ Non-participation is especially prevalent among women with children.

- Distinction between different groups of non-participants:

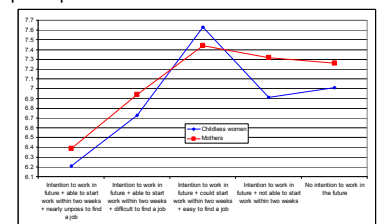
| Percent (absolute number)                                                                                         | Childless women | Mothers       |
|-------------------------------------------------------------------------------------------------------------------|-----------------|---------------|
| NO INTENTION to work in the future                                                                                | 68.2% (1,983)   | 28.5% (2,634) |
| Intention to work in future + NOT ABLE to start work within next two weeks                                        | 11.7% (339)     | 52.9% (4,899) |
| Intention to work in future + able to start work within next two weeks + would be nearly UNPOSSIBLE to find a job | 5.5% (159)      | 2.3% (212)    |
| Intention to work in future + able to start work within next two weeks + would be DIFFICULT to find a job         | 13.1% (382)     | 13.4% (1,237) |
| Intention to work in future + able to start work within next two weeks + would be EASY to find a job              | 1.5% (43)       | 2.9% (272)    |
| Total                                                                                                             | 100% (2,906)    | 100% (9,254)  |

- The reason for mothers not participating is mostly that they are currently not able to work.
- As this is much less the case for childless women, this inability to work is likely to be due to children.
- The reason for childless women not participating is mostly that they do not want to work any more.

- Mean life satisfaction by working hours / non-participation:



- Mean life satisfaction by groups within non-participants:



## Results

- Basic model estimating employment effects (different working hours categories) versus non-participation status

|                                                                          | Childless women | Mothers       |
|--------------------------------------------------------------------------|-----------------|---------------|
| No. of weekly working hours, ref category is 0 hours (non-participation) |                 |               |
| 1-19 hrs                                                                 | 0.07 (0.08)     | 0.02 (0.03)   |
| 20-34 hrs                                                                | 0.19* (0.09)    | 0.11** (0.04) |
| 35-40 hrs                                                                | 0.25** (0.09)   | 0.20** (0.06) |
| 41-50 hrs                                                                | 0.27** (0.10)   | 0.19** (0.07) |
| 51+ hrs                                                                  | 0.19+ (0.10)    | 0.13 (0.08)   |
| No. of obs                                                               | 17434           | 23209         |
| No. of groups                                                            | 3922            | 4242          |
| R2                                                                       | 0.027           | 0.028         |
| Adjusted R2                                                              | 0.025           | 0.027         |
| F                                                                        | 12.514          | 14.969        |

\* p<0.10, \*\* p<0.05, \*\*\* p<0.01

Note: Fixed effects regression, dependent variable is life satisfaction, further covariates are age2, log of exogenous household income, being self-employed, disability, dummy if a person in need of care is living in the hh, no partner, partner outside the hh (ref category is partner in the hh), living in East Germany, year before birth (pregnancy), age of the youngest child, no. of children, year effects.

- Working women (part-time and full-time) are more satisfied with their lives than non-participating women (childless women as well as mothers).

- Model including set of dummies for different groups of non-participants

|                                                                                                                              | Childless      | Mothers        |
|------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| No. of weekly working hours (ref category is not participating + no intention to work in the future)                         |                |                |
| 1-19 hrs                                                                                                                     | -0.00 (0.09)   | -0.07 (0.05)   |
| 20-34 hrs                                                                                                                    | 0.13 (0.09)    | 0.01 (0.05)    |
| 35-40 hrs                                                                                                                    | 0.19+ (0.10)   | 0.10 (0.07)    |
| 41-50 hrs                                                                                                                    | 0.21* (0.11)   | 0.08 (0.08)    |
| 51+ hrs                                                                                                                      | 0.13 (0.11)    | 0.02 (0.09)    |
| Not participating, intention to work in future + NOT ABLE to start work within next two weeks                                | -0.13 (0.12)   | -0.10* (0.04)  |
| Not participating, intention to work in future + able to start work within next two weeks + would be DIFFICULT to find a job | -0.49** (0.15) | -0.33** (0.13) |
| Not participating, intention to work in future + able to start work within next two weeks + would be EASY to find a job      | -0.18 (0.11)   | -0.16** (0.06) |
| No. of obs                                                                                                                   | 17341          | 22919          |
| No. of groups                                                                                                                | 3901           | 4213           |
| R2                                                                                                                           | 0.028          | 0.029          |
| Adjusted R2                                                                                                                  | 0.027          | 0.027          |
| F                                                                                                                            | 11.437         | 13.506         |

\* p<0.10, \*\* p<0.05, \*\*\* p<0.01

Note: Fixed effects regression, dependent variable is life satisfaction, further covariates are age2, log of exogenous household income, being self-employed, disability, dummy if a person in need of care is living in the hh, no partner, partner outside the hh (ref category is partner in the hh), living in East Germany, year before birth (pregnancy), age of the youngest child, no. of children, year effects.

- Constraints to enter the labor force (not being able to start work) deteriorate mothers' life satisfaction; not so for childless women.

## Conclusion

- The majority of non-participating mothers is not in the labor force because of individual constraints that are likely to be family responsibilities (dependent children).
- Non-participating childless women mostly have either poor labor market prospects (which has significantly neg. effect on life satisfaction) or they have left the labor market without intention to reenter in the future.
- Mothers who are prevented to enter the labor force as a consequence of individual constraints report significantly lower levels of life satisfaction.
- Hence, supporting mothers in combining work and family would substantially increase mothers' life satisfaction as they would be able to choose their preferred labor force status.

## Further steps

- Analysis of the linkage between child care availability, mothers' non-participation, and life satisfaction
- Relevance of social norms: Effect of regional female labor force participation.

## References

- Clark, A.E., A.J. Oswald 1994. Unhappiness and Unemployment. The Economic Journal 104(424, May): 648-659.
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