

Gender equality

What if paid and unpaid work were distributed equally?

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Note: ¹ This document is a partial translation of the Dutch report *Gendergelijkheid; Wat als betaalde en onbetaalde uren gelijk verdeeld waren geweest?*. This translation only covers the summary and introduction. The full Dutch report contains additional chapters on the division of work and care, salary and income, and macroeconomic outcomes.

SUMMARY^(1/3)

A redistribution of the total volume of work increases GDP by EUR 10.8 billion (EUR 1051 per household) and reduces (income) inequality.

Study and methodology

We were commissioned by ABN AMRO to perform a simulation of what would have been the consequences of equal time allocation to paid and unpaid work by men and women.¹ Our instruction is based on the assumption of an *equitable distribution* where men and women have an *equitable share* in the total work volume without this affecting the total volume of work. This assumption constituted part of our instruction.

The simulation covers the period between 2010 and 2020 based on macrodata from CBS, TNO and SCP. Over this period, the simulation identifies the effects of a different distribution of work and background characteristics. The study has a limited scope in terms of effects. This scope is limited to a selection of outcome measures relating to work, income and assets, i.e.

- labour force participation, labour input and time use;
- salary and income;

- perceived well-being, opportunities in the housing market, pension accrual; and
- GDP.

Baseline situation and redistribution of hours

On average, women currently work fewer paid hours than men, i.e. 20.7 and 33.0 hours per week, respectively. On average, men devote fewer hours of unpaid work per week to care for children or housework, i.e. 17.4 hours versus 27.5 hours for women. However, the total amount of time they devote to such obligations is not significantly different between men and women.

Note: ¹ Following the employed macro-economic data of CBS, SCP and TNO, this study refers to 'men' and 'women' as the employed data does. The employed data could not be disaggregated to reflect for instance gender identity or sexual preferences. Gender diversity is the diversity of expressions and experiences within the aspects of gender identity and expression (SCP, 2018).

HIGHLIGHTS

GDP increases with a redistribution of paid and unpaid work.
There is redistribution between men and women.

10.8 B additional GDP

A redistribution of the work volume results in EUR 10.8 billion additional GDP as a result of a more efficient division of paid and unpaid hours.

Wage gap decreases

A redistribution of the work volume results in a reduction of the wage gap as a result of the parttime and worked hours effect.

Redistribution of time use

A redistribution of time spent across the entire workforce implies that men spent 6.1 hours less on paid work and women 6.1 hours more.

Financial independence

A redistribution of the work volume results in an increase of women's financial independence by over 13 percent.

Housing market

A redistribution of the work volume results in more equal opportunities on the housing market. An extra 10 percent of women can afford a mortgage equivalent to half the purchase price of an average owner-occupied home.

Healthcare

A redistribution of paid and unpaid work between men and women does not lead to more or less absenteeism or psychosocial workload.

SUMMARY (2/3)

A redistribution of the total volume of work increases GDP by EUR 10.8 billion (EUR 1051 per household) and reduces (income) inequality.

A more equal distribution of work and care means that men and women started doing the same amount of unpaid and paid work. The main variable is paid work: women work 6.1 hours more per week in a paid job and men less.

The effect of a more equal use of time is different for different age groups and different household compositions. The differences for young single adults are small, while the effects for older cohorts or couples with children are far more significant.

Such shifts in paid and unpaid work do not (by assumption) affect the total amount of working time per week for men nor women. Literature shows that no effects are expected to occur on perceived time constraints, perceived well-being or work-related stress as a result of a redistribution of working time per week between men and women.

Macro effects

In macro-economic terms, an equal redistribution of the work volume increases GDP by EUR 10.8 billion due to a more efficient distribution of paid and unpaid work. As a result, the income of the working population will increase on average by EUR 881/year or by EUR 1,051/year per household.

Hourly wage effects

A change in labour input by men and women can also reduce the gap in hourly wages between men and women. This study only calculates the effect on hourly wages through the 'part-time reduction'. Employees working part-time earn on average 6% less per hour. Part-time workers are predominantly women. A gendered redistribution of paid working time also translates into a more balanced part-time reduction, resulting in a slightly lower hourly wage for men and a slightly higher hourly wage for women. Further changes in hourly wages cannot be quantified without microdata (and are therefore beyond the scope of this study).

Income effects

Shifts in labour input have a significantly different impact on the incomes of men and women. More hours worked by women means higher income for women, but lower income for men. The gender income gap therefore shrinks in this study as a result of the redistribution of paid working time between men and women.

SUMMARY (3/3)

An equal redistribution of the total volume of work increases GDP by EUR 10.8 billion (EUR 1051 per household) and reduces (income) inequality.

Effects of income changes

The redistribution of paid working time and hourly wages have wider effects than income alone. The higher income results in improved outcomes such as financial independence, opportunities in the housing market, and pension accrual. A simple redistribution of paid working time increases the share of financially independent women by 13 percentage points. However, this comes at a cost to men as their share shrinks by 6 percentage points. A similar pattern is seen in the housing market, where the number of women who can independently rent a home in the private sector increases by 9 percentage points. In addition, 10 percentage points of women can afford a mortgage equivalent to half the purchase price of an average owner-occupied home. For men, these shares narrow by 7 and 10 percentage points, respectively. More income for women now also means more pension for women later in life, i.e. EUR 81/month. Conversely, less paid working time for men means a lower pension income in retirement, i.e. EUR 104/month. Differences in the degree of financial independence, wealth through home ownership and pension decrease as a result.

1. INTRODUCTION

- Our instruction
- Brief research methodology
- Delimitation of simulations
- Illustration of (in)equality as a system

OUR INSTRUCTION

This study simulates the effects of greater gender equality in the labour market.

Our instruction

We were commissioned by ABN AMRO to perform a simulation of the effects of greater gender equality in the labour market. This simulation study is based on a different distribution of the total work volume in the labour market. In addition to this, we also considered the effects of a different distribution of background characteristics where possible.

The simulations are based on assumptions about the interpretation of this 'different' distribution. Our instruction is based on the assumption of an *equitable distribution* where men and women¹ have an *equitable share* in the total work volume without this affecting the total volume of work. This assumption constituted part of our instruction.

The simulation covers the period between 2010 and 2020. Over this period, the simulation identifies the effects of a different distribution of work and background characteristics. The study has a limited scope in terms of effects. This scope is limited to a selection of outcome measures relating to work, income

and assets, i.e.

- labour force participation, labour input and time use;
- salary and income;
- perceived well-being, opportunities in the housing market, pension accrual; and
- GDP.

Note: ¹ Following the employed macro-economic data of CBS, SCP and TNO, this study refers to 'men' and 'women' as the employed data does. The employed data could not be disaggregated to reflect for instance gender identity or sexual preferences. Gender diversity is the diversity of expressions and experiences within the aspects of gender identity and expression (SCP, 2018).

BRIEF RESEARCH METHODOLOGY

The present study is a simulation study based on macro-economic statistics and literature review.

Simulation is not a statement of fact

The present study is a simulation study that presents different choices of men and women as fact and makes no judgement about the desirability or feasibility of other different choices. Thus, the simulation shows counterfactual outcomes, even if there are (good) reasons why these counterfactual outcomes were not the actual outcomes. In the baseline situation, there are differences between men and women that can often be explained, at least in part. However, this calls for caution in interpreting the results. In practice, labour market adjustments are often slow, rarely frictionless, and usually result in adjustment costs. The 'simulated reality' cannot be achieved overnight, and the transition will not be without cost.

Partial effects

The study simulates changing outcomes for a selection of topics. As such, it is not a complete simulation of the effects of different choices for the distribution of the total work volume. Moreover, the reality of (in)equality is likely more complex than

the simulations can capture. As a result, the simulations often show only *partial effects*.

Literature review and macro statistics

The simulations were performed using macro-economic statistics and calculation factors obtained from economic literature. No new empirical research was performed. In that sense, the simulations simply serve as a first approximation of the effects, however, they provide scope for conducting further studies to better identify or break down effects for different groups using more detailed (micro) data.

Heterogeneity and individual choices

The use of macro-economic statistics inherently limits the scope for identifying the differences in individual choices. The same applies to identifying differences between groups with specific background characteristics. This study provides an abstract representation of individual choices and only identifies differences for a small selection of background characteristics.

DELIMITATION OF THE SIMULATION

The simulations are limited in scope. Inequality is more complex than the calculations. Data limitations allow only a partial calculation.

Inequality as a system

(In)equality (in the labour market) is a complex phenomenon in which a range of causes and effects are correlated. The illustration on the next page shows the correlation between various aspects of (in)equality in the labour market. Personal preferences, social expectations and norms, and policies have an impact on the choices that men and women make regarding their career path, number of work hours and where they work. At the same time, career opportunities for men and women may also be different, e.g. due to differences in access to networks, opportunities for advancement to a top position, or direct disadvantages (see Merens, A. (2013)). The effect of these differences is just as diverse: from differences in hourly wages, to opportunities in the housing market, pension accrual, or work-related health outcomes.

Conceptual delimitation of the simulations

This study does not pretend to offer a detailed account of the conceptual complexity of (in)equality in the labour market. Instead, it examines the correlation between choices in time use, labour force participation and labour input (paid work time) of men and women.

Due to the limited scope of the simulations, the effects described in this study are partial effects. The starting point of our engagement is that men and women allocate their time differently between paid and unpaid work. This study shows the direct effects of this allocation where they can be quantified using macrodata and the economic literature. This has implications for the interpretation of the results in each chapter:

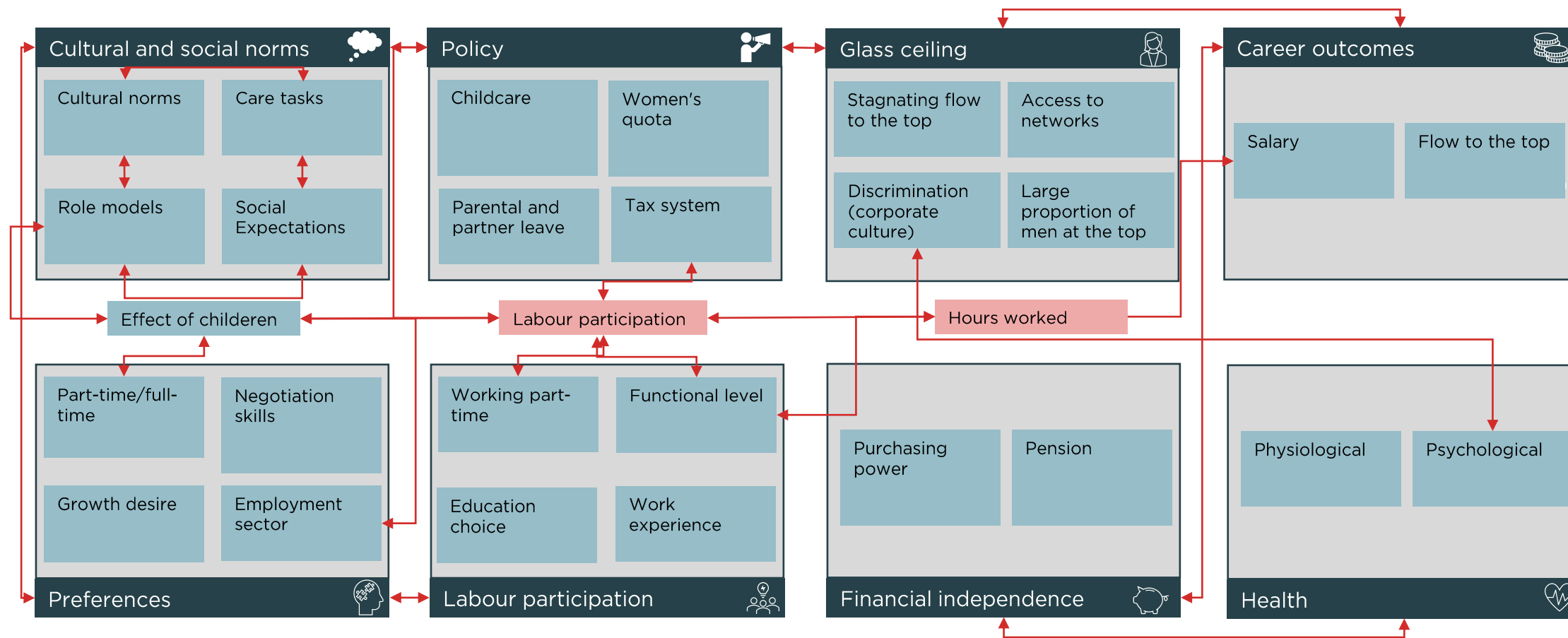
- The results in Chapters 2 and 3 are *bottom-up* and therefore *partial* due to data limitations, however they are partially decomposed by age and household type. Where relevant for the interpretation of the effect, this is indicated in the simulation results.
- The results in Chapter 4 are top-down and therefore neither partial nor decomposed by age, household type or other factors.

Thus, the chapters complement each other. Chapters 2 and 3 outline the distribution of effects without reflecting the overall effects, while Chapter 4 shows overall effects without decomposing them.

Note: Using a bottom-up approach means starting from changes at the individual level, whereas a top-down approach implies starting at the aggregated level (the economy as a whole).

ILLUSTRATION OF (IN)EQUALITY AS A SYSTEM Illustrative

(In)equality is a complex phenomenon of correlated factors such as individual choices, social norms, and policy.



Source: CPB The Child Penalty in the Netherlands and its Determinants (2021), CPB Gelijk Loon voor Gelijk Werk (2018) [CPB Equal Pay for Equal Work], SCP Ervaren Discriminatie in Nederland (2020) [SCP Discrimination Experienced in the Netherlands], SCP Werken Aan de Start (2018) [Working on the Start].