

27 January 2014

Original: English

Economic Commission for Europe

Conference of European Statisticians

Group of Experts on Gender Statistics

Work Session on Gender Statistics

Geneva, 19-21 March 2014

Item 3 of the provisional agenda

Experiences in collecting and using gender indicators for policymaking

Economic independence of women in the Netherlands

Note by the Statistics Netherlands¹

Summary

Dutch policy emphasizes how important economic independence, especially of women, is. Financial dependence on others, such as a partner or the government, makes them vulnerable in case they are left to their own devices. In the Netherlands about half of the women aged between 20 and 65 are economically independent: their income from work exceeds the social benefit level. Men have a share of three quarters. Although this is a rather small gender gap compared to other European countries, it should be further reduced according to Dutch equal opportunity policy. In this article we ask who the economically dependent women in the Netherlands are. What is their motivation not to work or to work in small jobs? And is it possible to stimulate economic independence among them, even if their spouses make enough money to live well?

I. Introduction

1. Being economically independent has been high on the Dutch equal opportunity agenda (Ministry of Education, Culture and Science, 2013) since the year 2000. Someone is said to be economically independent if the income from work is high enough to get by (see definition in box). So economic independence is strongly related to having a job or being self-employed. Receiving benefits is not

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considered self-reliant, nor is living on the income of a partner. Although the labour participation of women in the Netherlands is high compared to other European countries (Eurostat Statistics), it is still lagging behind that of men. In 2012 about 70 percent of the women of working age had a job, against over 80 percent of the men. Moreover, most Dutch women work part-time. As a consequence, half of the women in the Netherlands appear to be economically independent, as opposed to three quarters of the men (www.cbs.nl/statline).

2. To raise economic independence among women, it is clear that more women should enter the labour market and also they should work more hours per week. Most Dutch women seem to be intrinsically motivated: almost 70 percent of them consider it important to be able to provide for themselves (Merens, Van den Brakel, Hartgers and Hermans, 2011). So what explains the big gap between the great importance that women attach to economic independence on the one hand, and the large number of financially vulnerable women on the other hand? To what extent do personal circumstances like the family situation keep women from being economically independent? Which role does the income of their spouses play? Would financially vulnerable women with a part time job want to work more hours? And what are the reasons that some women do not work at all? These questions are investigated in this paper by sketching a profile of economically dependent women.

Economic independence

Economic independence in accordance with policy is connected to the social benefit level. Someone is considered to be economically independent if the personal net income from work (employed as well as self-employed) is equal to or exceeds this level. In 2012 the level of economic independence came to 890 euros per month.

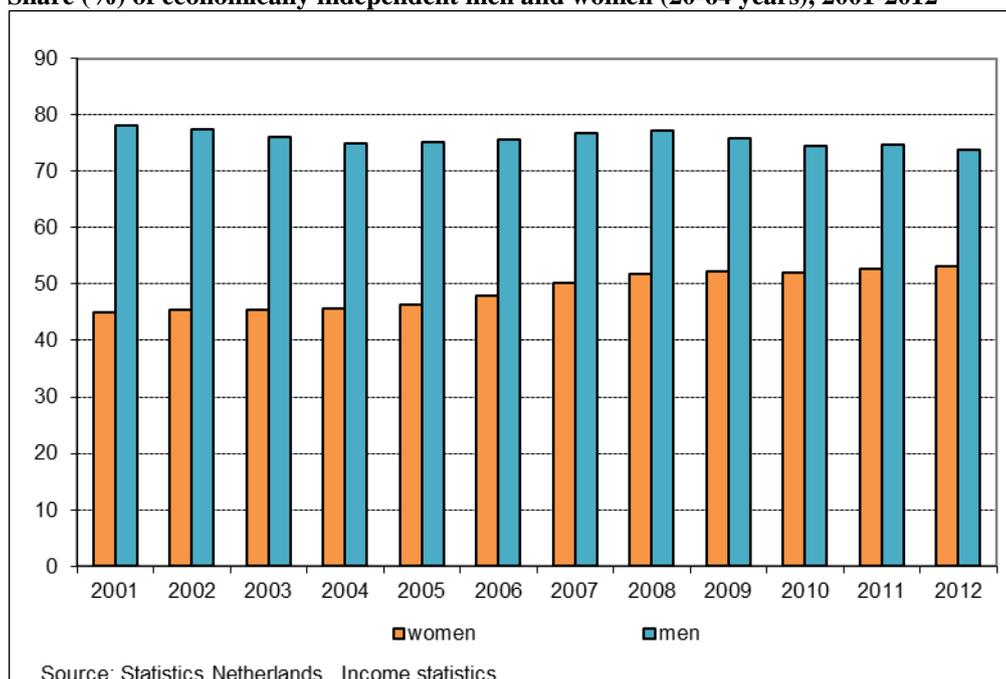
People who are not economically independent are indicated as *financially vulnerable*. They either do not have income from paid work, or their income from paid work is below the social benefit level.

II. Characterization of economic dependency

3. Due to their increased labour participation the share of economically independent women has risen since 2001. Economic independence grew especially between 2005 and 2008: from 46 to 52 percent. After that the percentage stabilized. The share of economically independent men was about 76 percent between 2001 and 2012, apart from a small dip in 2010. Men suffered more from the economic crisis, since they work in branches that are more sensitive to economic trends (Janssen and Souren, 2011).

4. The gap in economic independence between the sexes has decreased, especially between 2005 and 2008. Not only because women in particular took advantage of the booming Dutch economy in those years (Merens and Hermans, 2009), but also because more and more women tend to keep working (the same number of hours) after the birth of their first child (Merens, Hartgers and Van den Brakel, 2012).

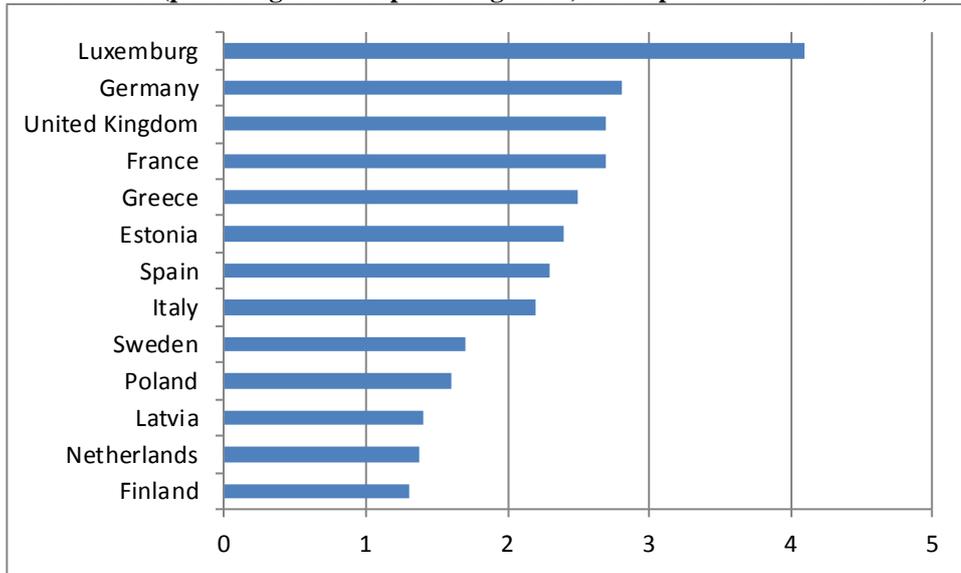
Figure 1
Share (%) of economically independent men and women (20-64 years), 2001-2012



5. Not only the trend characterizes the economic independence of a country, also the comparison with other countries does. Ponthieux (2010) examined 'poverty in earned income' for several European countries. Someone is said to be poor in earned income² if his or her income from work falls below the poverty threshold (i.e. 60 percent of the median equivalent disposable household income). Results of the Netherlands were added to compare the gender differences in financial vulnerability between countries. The highest gender gap appears to be in Luxemburg, followed by Germany, the United Kingdom and France. In Latvia, Sweden and the Netherlands the gaps are relatively small, although women in those countries still appear to be about 1.4 times more financially vulnerable than men.

² Note that this differs from the 'working poor' (see e.g. Bardone and Guio, 2005) because only the personal income from work is considered here, and not the household income.

Figure 2
Gender ratio (percentage women/percentage men) of the poor-in-earned-income, 2007

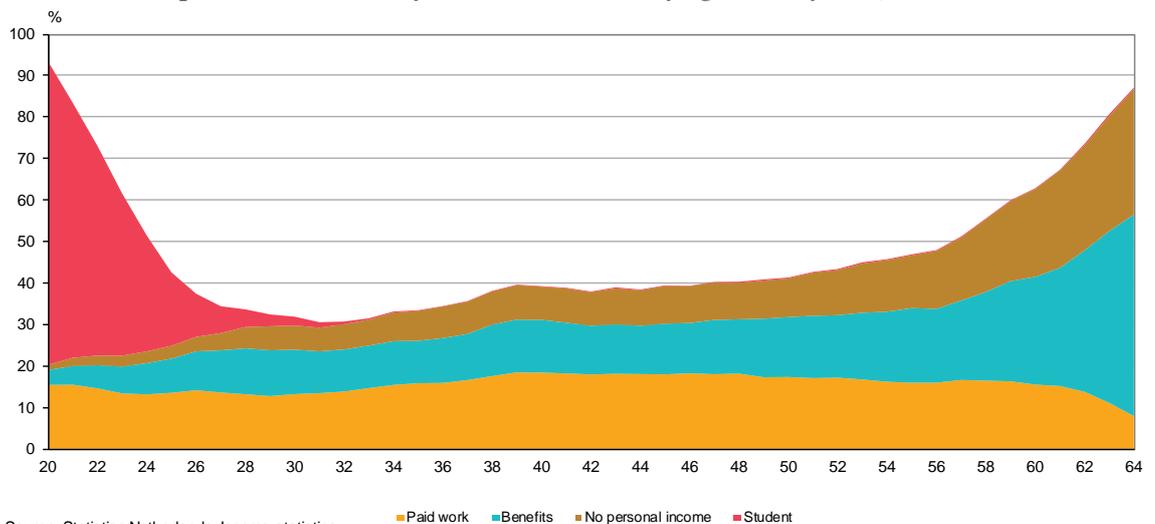


Source: Ponthieux (2010); for the Netherlands: Income Statistics of Statistics Netherlands

6. The share of women in the Netherlands whose income from work did not exceed the social security level equalled 47 percent in 2012, which comes down to over 2.3 million women. More than one third of them did have paid work, but earned too little to be economically independent. Again one third received benefits for unemployment, disability or (early) retirement. The remaining women had no income of their own or were students.

7. Especially younger and older women are financially vulnerable: more than half of them are not economically independent (figure 3). Young women are mostly still studying, whilst benefits mainly explain the economic dependence of the older women. Mostly they receive benefits because of disability or, in case of women over 60, early retirement. These women also often lack an income of their own.

Figure 3
Socio-economic position of financially vulnerable women by age (20-64 years), 2012



Source: Statistics Netherlands, Income statistics

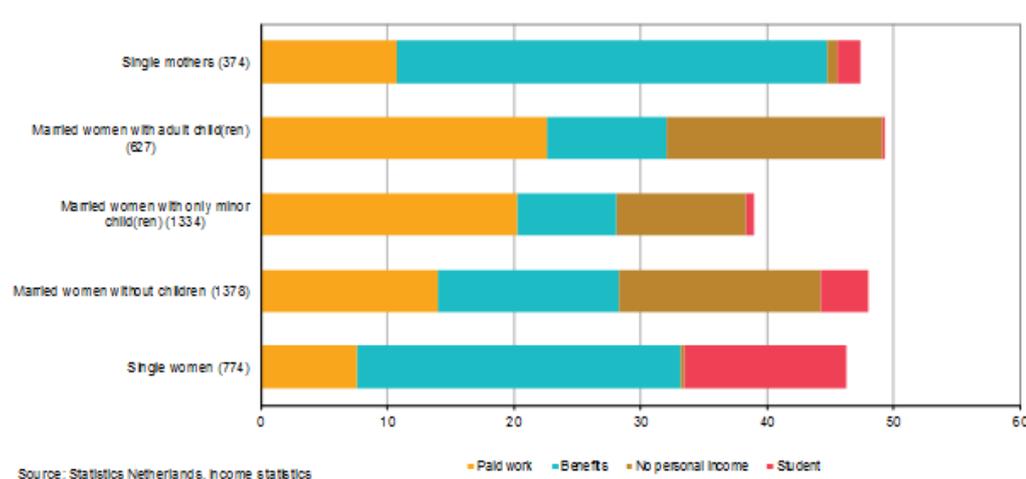
■ Paid work ■ Benefits ■ No personal income ■ Student

8. Women aged between 35 and 50 relatively often have a paid job without being economically independent. Mostly it concerns part-time working mothers with a partner and young children. Also married³ mothers with older kids regularly work without being economically independent (figure 4). Financially vulnerable single mothers frequently depend on social security. This is also the case for single women, who often receive surviving relatives' pension or early retirement benefits.

9. Married women frequently lack an income of their own, whether they have children or not. These women are entirely financially dependent on their partner, which makes them vulnerable in case of a separation or job loss or, even worse, the death of their partner. It is however striking that married mothers with young kids are most frequently economically independent: almost 60 percent. The lowest share is found among married mothers with older children. Nevertheless, economic independence has grown considerably among married mothers since 2000. An explanation for this is that family responsibilities are less often given as a reason to work less or not at all (Merens et al., 2012).

Figure 4

Financially vulnerable women (20-65 years) by socio-economic position and household type¹⁾, 2012



¹⁾ Only the head of the family or the partner is considered here. The total number of women per household type is given between brackets (x 1,000 persons)

10. For financially vulnerable women with small jobs the key to economic independence is working more hours a week. Women without a job should at least enter or re-enter the labour market to become economically independent. What are the main reasons for financially vulnerable women that keep them from working more? Family responsibilities are most mentioned by women without a personal income (35 percent, see figure 5) and by those with a small job (20 percent), although this reason is mentioned less over the years. Not surprisingly, the reasons women living on benefits give most often are illness or disability (48 percent). These women would want a job more often than women without a personal income. About a quarter of the financially vulnerable women working in a small job (< 12 hours per week) would like to work more hours a week. The conclusion is that at least a part of the financially vulnerable women have the will to work (more).

³ Or living together.

Figure 5
Financially vulnerable women (20-64 years) by socioeconomic position and their relation to the labour market, 2012

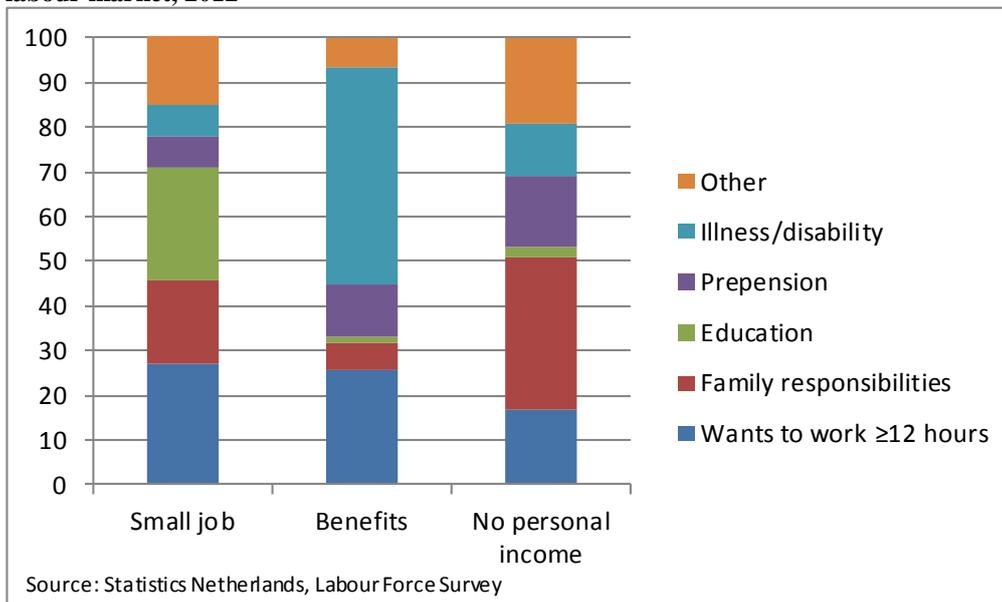


Table 6
Economic independence and risk-of-poverty¹⁾ by household type, women²⁾ 20-64 years, 2012

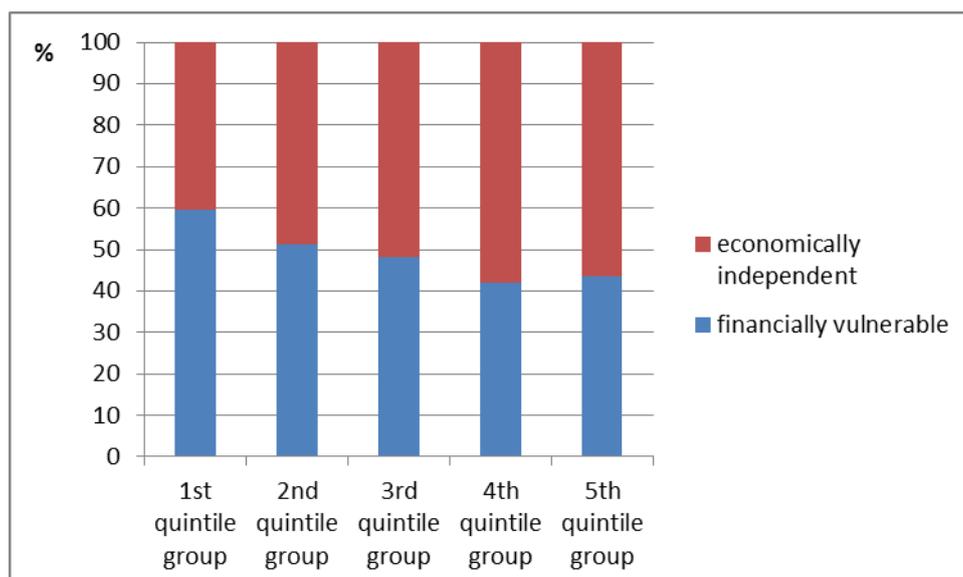
	Economically independent	Financially vulnerable
	%	
Single women	2.5	56.3
Married women without children	0.7	7.6
Married women with only minor child(ren)	1.6	16.5
Married women with adult child(ren)	0.7	6.8
Single mothers	7.8	50.3

¹⁾ Based on the low-income level.

²⁾ Only the head of the family or the partner is considered here.

11. Is there a relationship between economic independence of married women and the income of their partner? It turns out that the higher the personal income of their partner, the more economically independent the women are. Almost 60 percent of the women whose spouses are in the highest income quintile group are economically independent. In the first quintile group only 40 percent are. This is mainly because both partners have higher education levels in the higher quintile groups. In general, the education levels of partners correspond fairly well (Dirven, 2011) and economic independence grows with a higher level of education (Van den Brakel and Leufkens, 2011).

Figure 7
Share of economically independent married women (20-64 years) by income position of their partner¹⁾, 2012



¹⁾ Only the head of the family or the partner is considered here. Partners with no personal income are left out.

IV. Conclusion and discussion

12. In the Netherlands nearly half of the women aged between 20 and 65 turn out to be economically dependent: they do not have an income of their own, or they depend on social security, or their earned income is less than the social benefit level. The share among men is 25 percent, which comes down to a relatively small gender gap in economic independence compared to other European countries. Economically dependent women depend entirely or in part on others (partner, family or the government) to provide for them, which makes them financially vulnerable. In the Netherlands, married mothers with adult children and older married women without children living at home in particular seem to be economically dependent.

13. Married economically dependent mothers are in a vulnerable position if they get divorced, or if their partner loses their income or dies. But on the other hand, economic independence does not guarantee that a woman is able to support herself and her children if the income of her partner is lost. Besides the amount of her personal income, this also depends on the alimony or surviving relatives' pension she would receive. In any case, women are better off when they are more economically independent. In the Netherlands working women earned on average 1.5 times the social benefit level in 2012. For men this ratio is 2.4, indicating quite a gender gap.

14. It is clear that women should increase not only their labour participation but also their working hours in order to raise the degree of economic independence. Dutch policy aims to counterbalance the loss of labour force due to aging by stimulating women to work more. Successfully increasing economic independence depends on many factors. Obviously a boom period is very helpful: in 2006 and 2007 many women entered or re-entered the labour market. Also, women should be intrinsically motivated to gain (more) economic independence. Merens et al. (2012) established that over half of all women consider it essential to be able to provide for themselves and their children. Furthermore, about a quarter of the women working in small jobs would like to work more. Also, 4 out of 10 economically dependent women are willing to work more if their partners' income drops or is lost (De Hoog and Van Egten, 2012).

15. Basically, many women seem to have the intention to work more. But for a married woman whose family gets by very well on the spouse's income there is no urgent need to do so. In the Netherlands, most financially vulnerable married women appear to live above the poverty level. This makes it hard for the government to intervene, also because relatively many women feel that family responsibilities are quite an important reason to work little or not at all in a paid job. More generally, the work-life balance plays a significant role (Merens et al., 2012). Furthermore, women's perception of economic independence does not necessarily correspond with that of the policy aim. De Hoog and Van Egten (2012) showed that women with only a limited income of their own and otherwise dependent on their partner's income often consider themselves 'financially independent'. It is therefore not only a matter of stimulating labour participation (in people as well as in working hours) but also of making women more aware of their vulnerable financial situation.

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