

11. THE ROLE OF WOMEN IN THE ITALIAN ECONOMY

Notwithstanding the advances of recent decades, the economic participation rate of women is still considerably lower than that of men in Italy. In 2011 the country continued to be among the worst performers in the Global Gender Gap Index (ranking 74th out of 145 overall and 21st in the European Union), penalized above all by the economic participation and opportunity category (90th), while the gap in educational attainment was narrower (48th). Italy lags behind in women's access to the labour market, remuneration, career advancement, promotion to positions of leadership and new business initiatives.

The low participation rate of women has various causes. The lack of services for reconciling work and family life continues to hinder women's labour market participation in the early years of children's lives. Within families, even in couples where both partners work, domestic and childcare responsibilities weigh disproportionately on women. If left unacknowledged, attitudinal differences between women and men can lead to involuntary forms of discrimination.

International evidence shows the potential benefits of greater female participation in the labour market, in leadership roles and in boardrooms. A stronger female presence in the public administration coincides with lower levels of corruption and the allocation of resources oriented towards healthcare, social care services and education. Higher female employment is associated with purchases of goods and services otherwise produced at home, in particular for family care, stimulating the expansion of a market that is little-developed in Italy. It can increase the number of households with earned income and reduce the risk of poverty, with a rise in overall GDP. In the youngest segment of the labour force, the greater participation of women would have no negative effect on male participation rates.

The variety of the causes and the potential economic benefits suggest the need for broad-ranging interventions to reduce these gaps; the experiences of other countries in the areas of legislation, taxation and services can provide some useful indications.

The gender gap in the labour market and in firms

Employment and remuneration. – Last year in Italy the female employment rate among people aged 15-64 was 46.5 per cent, 21 percentage points lower than the male rate (the gap in 1993 had been almost 31 points). Even during the crisis the difference has continued to narrow, with a sharper fall in employment among men. The female employment rate is 55.1 per cent in the Centre and North; 30.8 per cent

in the South. The North-South divide has gradually widened since 1993, owing to the faster pace of employment growth in the Centre and North. The gender gap is larger in the South, by almost nine percentage points with respect to the Centre and North; it is greatest in the 35-54 age group and is inversely proportional to educational attainment.

Women are more likely than men to be in less stable forms of employment and in the lowest-paid sectors (horizontal segregation). According to the Bank of Italy's surveys on household income and wealth, from 1995 to 2008 the wage differential between men and women averaged 6 per cent; controlling for individual and firm characteristics, at the end of the last decade it was around 13 per cent.

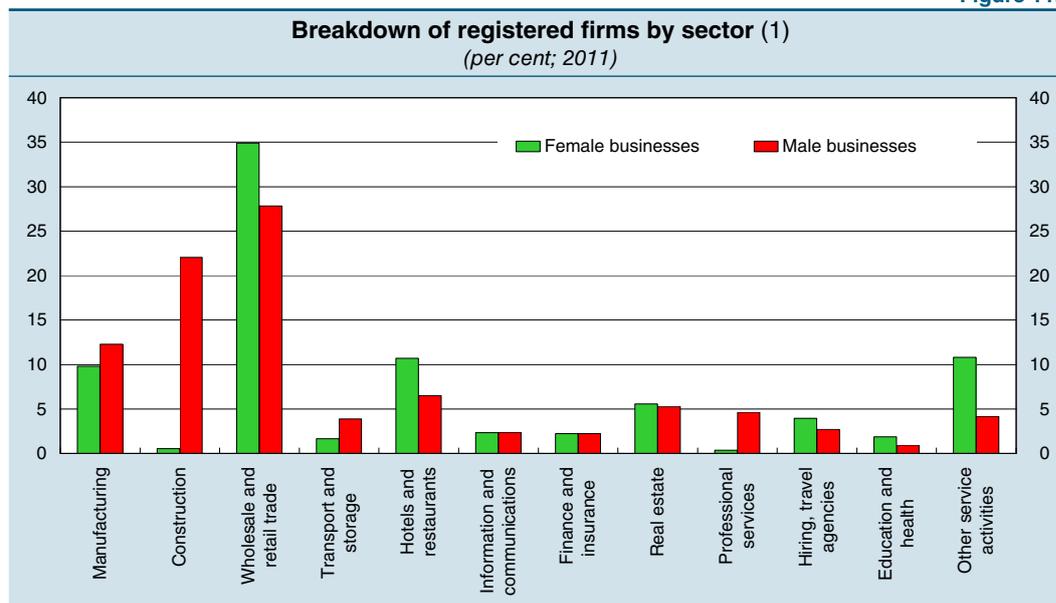
Top management. – Italian women are particularly underrepresented in management positions. Based on the Bank of Italy's survey of industrial and service firms, in firms with 50 workers or more women make up 33 per cent of the total staff, but only 12 per cent of managers. According to the Cerved Group, in the period 2008-11 the share of women board members in Italian firms with turnover in excess of €10 million held constant at around 14 per cent, with a greater proportion among the smaller firms. More modest, at around 9 per cent, was the share of women occupying "top management" positions (CEO or managing director, chair of the board of directors, sole director). Their presence was greatest in the personal services, tourism and fashion sectors, very limited in the finance and insurance sectors. In banks the share of women in the boards of directors, boards of auditors or in the post of director general rose from 2 per cent in 1995 to 7 per cent in 2011, mostly in the boards of auditors.

The proportion of women on boards in the subset of listed companies rose from 4.1 per cent in 2000 to 7.4 per cent in 2011. Last year's results may have been influenced by the provisions of Law 120 of 12 July 2011 on gender quotas which, starting in August 2012, requires listed companies to appoint at least 30 per cent of the less represented gender to their boards, albeit gradually (20 per cent in the first year) and temporarily (for three consecutive terms). A greater presence of women in the public administration could also have an impact on the use of public financial resources.

Firms. – At the end of 2011 the Observatory on Female Entrepreneurship established by Unioncamere identified 1,433,863 businesses owned or run by women, equal to 23.5 per cent of those registered (15.3 per cent for incorporated enterprises).

The largest share of women's businesses was in the South of Italy, notably in Molise (30.1 per cent), Basilicata (27.8 per cent) and Abruzzo (27.7 per cent), owing to the strong presence of female firms in the farm sector. By contrast Lombardy (20.2 per cent), Trentino-Alto Adige and Emilia Romagna (both at 20.7 per cent) recorded the lowest shares. The breakdown by sector of firms owned or run by women (Figure 11.1) may reflect differences in access to credit. Controlling for sector and size, the classification into male and female of corporations and partnerships active in Italy in the period 2005-10 does not reveal any significant differences in terms of profitability and productivity.

Figure 11.1



Source: Based on data from the Observatory on Female Entrepreneurship, Unioncamere.

(1) Female businesses are incorporated enterprises in which the simple average of the equity stakes of female shareholders and of female directors exceeds 50 per cent; partnerships and cooperatives in which female partners are a majority; sole proprietorships owned by a woman and the other legal forms in which female directors are the majority.

Credit. – The survey on SMEs’ access to finance in the euro area (SAFE) conducted by the European Central Bank provides some evidence on the financing conditions faced by these firms. From mid-2009 to mid-2011, data on over 26,000 non-financial firms in the main European countries are available. Firms in which the owner, director, or CEO is a woman are defined as *female*: these businesses make up about 12 per cent of the total. The data suggest that women’s businesses have less recourse to external financing and rely more frequently on simpler forms of financing such as overdraft facilities. They turn to banks less often; the fear of a funding request being rejected is stronger among women than among men. Female entrepreneurs obtain the total amount of funds requested less frequently and are more likely to have a loan application turned down or approved only on terms that they consider unacceptable. No significant differences across countries are observable.

These descriptive statistics do not take account of firms’ characteristics: on average those run or owned by women are younger; they operate primarily in the trade and services sectors; they seldom belong to groups; they are mostly small, and take the form of sole proprietorships. From the perspective of the lending bank, these characteristics are less desirable and may provide a plausible explanation for the gender differences in the probability of making a loan application, of obtaining the loan, and of rejecting the conditions offered by the bank.

Our analyses for Italy show that not only are sole proprietorships run by women more frequently obliged to provide personal guarantees, they also pay interest rates that are up to 30 basis points higher on overdrafts.

The roots of the gender gaps

Evidence of the magnitude and variety of gender gaps in Italy suggests a series of causes of varying degrees of persistence.

Education. – According to the population census conducted by Istat, in 1971 men aged 15-64 had on average one year more of education than women in the same age bracket; 40 years later, according to Istat's labour force survey, this gap had been closed. Less marked, but still observable, is the traditional concentration of women graduates in the humanities (47 per cent among women older than 44, 33 per cent among those younger); young female graduates display a greater preference for economics, law and social sciences, as well as for architecture and engineering.

Fertility. – Italy's low female labour market participation goes together with low fertility rates (1.4 children per woman, as in Germany, compared with 2.0 in France and Denmark in 2008). Based on the aggregate data, the employment rate is lower for women with children, by an average of about 6 percentage points for those aged 15-64. Analyses of individual data show, however, that in the long term and taking account of personal characteristics, in line with the estimates for the other countries, there is no negative causal link between motherhood and the female labour supply. The impact of fertility is negative when children are small; it persists in terms of employment type (qualification, working hours and contract) and career continuity.

Cultural factors. – By international standards, Italy is home to widespread prejudices which militate against women in the economy and society. An analysis of the distribution of care and domestic work, which is particularly uneven in Italy, provides further evidence on the role played by cultural factors. While in many other advanced economies, men and women work the same total number of hours – with men working more in the labour market and women more in the home – in Italy men work much less, because women devote more hours to domestic work, including by comparison with other European women. According to Istat's "time use" survey, in 2008-09 women did 76 per cent of work in the home, just 2 percentage points less than in 2002-03, and 9 points less than in 1989.

Our analyses show that work reduces the amount of time mothers spend with their children only marginally. Working mothers compress their free time and that spent on domestic tasks; by the same token, when mothers work, the time fathers spend with their children tends to increase. Work for mothers, therefore, appears to favour a more equitable distribution of childcare.

Reconciling work and family. – The availability of means of reconciling work and family commitments influences the decision on how much to work and where. Owing to the uneven distribution of roles between the sexes, shortcomings in the supply of care services (especially for the very young and the dependent elderly) have a greater impact on female participation choices. For instance, the availability of crèches is positively correlated with women's working hours outside the home.

Another decisive factor in the supply of labour is commute time, which is a work-related fixed cost. These costs can cause people to opt out of the labour market entirely, accept only very well-paid offers, or circumscribe their job search, inducing them to accept less favourable offers. The more pressing the requirements of family care, the greater the burden of home-work travel, as happens when there are small children and for women especially, who shoulder most of the housework. Again, according to Istat's "time use" survey, in 2008-09 working males on average spent 58 minutes commuting

to and from work every day, as against 52 minutes for working women and 47 minutes for working women with children. Analyses based on the two surveys conducted in 2002-03 and 2008-09 show that higher average regional commute times are associated with a significant reduction in labour market participation by both men and women, and are a stronger deterrent to women, especially mothers. The time it takes to reach the workplace can also influence the choice of how many hours to work. Our research estimates that the impact of commute times on hours worked is negative for women and null for men.

Attitudinal differences. – Be they biological or cultural, attitudinal differences between the sexes are amply documented. Women have greater risk aversion, less among those in leadership positions; lower self-esteem, leading to a more modest overestimation of their own abilities; and a stronger aversion to competitive environments, which – based on several experiments – is associated with poorer performance in highly competitive environments. In situations where the labour market awards traits more commonly found in men, even when unrelated to specific job requirements, it is possible that “implicit” phenomena of discrimination will be generated, which may explain both the difficulties women experience in gaining access to the labour market and their slower career progression.

Equal opportunities

Legislation. – In Italy equal opportunities legislation was launched following similar initiatives in other European countries and spanned three phases. In the 1970s the law sanctioned the principle of equality in the various spheres of social and working life; the focus was primarily on safeguarding maternity rights and repressing discrimination in the workplace. From the end of the 1980s more incisive measures promoted women’s participation in the labour market and active involvement in decision-making; the principle of equal opportunity progressively replaced the more “abstract” criterion of equality.

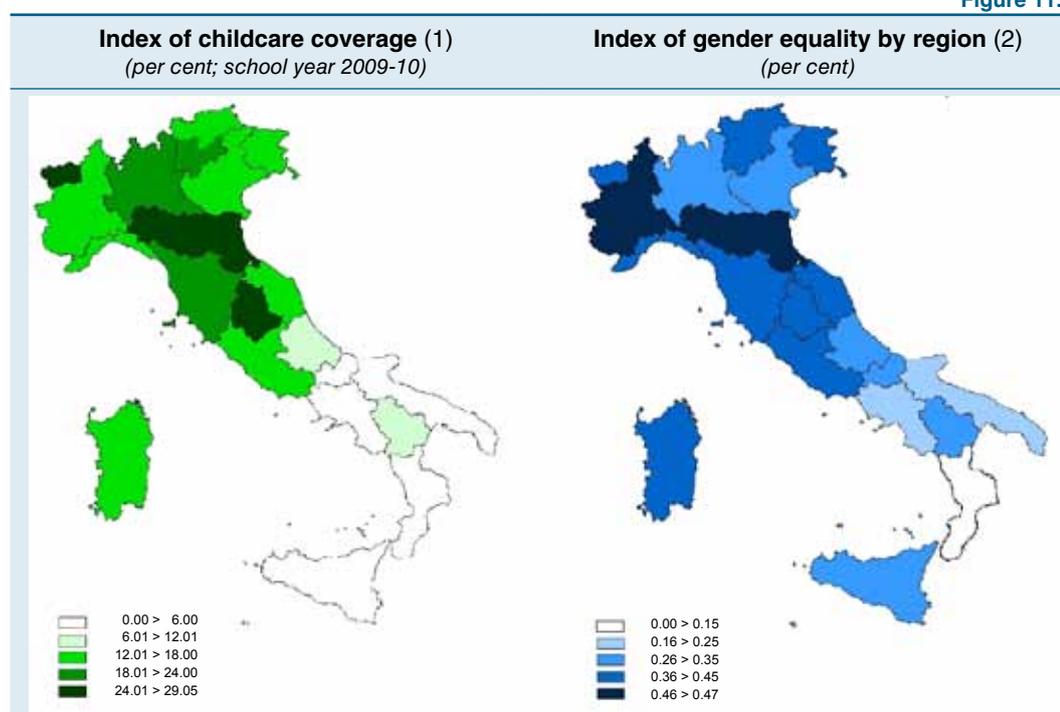
Finally, in the last decade Italy formally transposed the established European principle of gender mainstreaming, whereby equality is not an objective in itself but must be pursued in all areas. The Italian legislative framework is now formally aligned with that of the other European countries but significant differences remain in terms of actual implementation and therefore in how effectively the law combats gender disparities.

Experiences in other countries demonstrate the important role that certain policies can play in removing obstacles still present in Italy. Compulsory parental leave and educational programmes attentive to gender can attenuate the cultural obstacles: the availability of gender statistics can foster awareness and sensitivity to the issues. Outside of Italy an important role has been played by policies aimed at increasing the availability of care facilities for young children and the elderly (the index of childcare coverage for children aged under 3 is greater than 40 per cent in Belgium, Norway, Denmark, Sweden, France, and the Netherlands) and at creating incentives for the development of private sector services to households, by promoting the supply of quality services at low prices (the voucher model introduced in France, Belgium and the United Kingdom).

Taxation. – Italy taxes income on an individual basis, irrespective of sex or marital status. Tax credits for dependent family members, family allowances and means-tested income support measures can nonetheless be an employment disincentive to married women, increasing the tax rate of the household's second income earner. Estimates based on a structural model of labour supply show that taxation systems can influence female participation rates in the labour market.

Regional policies. – With the constitutional reforms of 2001 and 2003, the regions were given the power to introduce legislation to remove all obstacles to genuine equality between the sexes. The measures taken by the regions are often disjointed and only in some instances part of a comprehensive legislative framework. Policies for salaried employment, female entrepreneurship and reconciling work and family life also vary greatly from region to region.

Figure 11.2



Source: Istat, municipal supply of crèches and other socio-educational services for pre-school infants.

(1) Places available in crèches as a share of the population aged less than 3.

Sources: Based on Interior Ministry data; the Regions' websites; Istat, *Time Use Survey* and labour force surveys.

(2) The range of the indicator is from 0 (absence of parity) to 1 (full parity).

With the recession, the emphasis of the policies on employment has gradually shifted from support for women to more generalized help for disadvantaged workers, including women. Policies on start-ups have instead maintained more pronounced gender connotations. Among the conciliation policies, special importance has been assigned to crèches. However, the European objective of 33 places for every 100 resident children aged less than three is still far from being achieved, and the geographical divide has not narrowed; throughout the whole of southern Italy, with the sole exception of Sardinia, levels of coverage remain under 10 per cent (Figure 11.2). The recent Cohesion Action Plan approved by the Government rightly made significant allocations to extend the coverage of childcare services to the southern regions and to

improve its quality. Among the other initiatives already in place almost all the Regions have adopted childcare voucher schemes, not least because they are mainly funded by the European Union.

While it is difficult to isolate policy effects, an indicator of the regional situation was constructed (which may also reflect the effectiveness of past regional policies), based on the differentials in labour market participation rates, remuneration, representation in leadership positions (separately for local politics and corporate management) and the use of time within the home. The 2010 indicator (Figure 11.2) shows that all of Italy's regions are far from assuring equality (if the Italian average is compared to that estimated for the other European countries, Italy ranks 21st out of 25) and vary considerably: Piedmont and Emilia Romagna are closest to the European average, Calabria furthest behind. A comparison with the 2005 results reveals only limited progress.