GREEK WOMEN RETURN TO WORK IN A CRISIS

Wives of Greek workers who have become unemployed are more likely to return to the labour market to support their families, with the effect particularly strong since 2008 and for poorer families. That is the central finding of research by Joan Daouli, Michael Demoussis and Nicholas Giannakopoulos, to be presented at the annual congress of the European Economic Association in Geneva in August 2016.

Analysing data from the Greek Quarterly Labour Force Survey between 2004 and 2015, the authors test the hypothesis known as the ‘added worker effect’, which argues that wives look harder for a job when their husbands become unemployed. They find that at a time when many married male workers became unemployed, non-employed wives whose husbands lost their job have, on average, 3% higher probability of being employed in any quarter compared with wives with continuously employed husbands.

The Greek crisis seems to have enhanced this effect: in the post-2008 sample, this higher probability of employment rises to 3.3%, and if men’s unemployment results from contract termination (rather than because of layoffs), the effect rises to 4.1%. Not surprisingly, the effect is also stronger for low-earning households.

The effect for families with an unemployed husband during the post-2008 crisis period is that monthly households earnings rise by 17% compared with households in which the wife does not look for work. This illustrates the importance of the added worker effect for maintaining living standards, the authors conclude.

More...

The researchers summarise their study:

The ‘added worker effect’ suggests that the wives of unemployed husbands increase their job-finding effort in order to maintain their families’ standard of living. We test this hypothesis in the Greek labour market which, during the debt crisis, is characterised by increased job separation rates, substantial employment exits of male spouses and persistently low job-finding rates.

Our findings suggest that wives whose spouses are displaced from their jobs during the crisis have indeed increased their labour force participation rates but this increase has not led to an analogous increase in employment. Thus, the number of families with both spouses in the unemployment pool has increased substantially with profound detrimental effects on their standard of living.

The profound importance of the added worker effect is confirmed since the monthly household income of those families whose wives (with non-employed husbands) were lucky enough to find a job during the crisis increased by 17%.

Using household/family data (Greek Quarterly Labour Force Survey, 2004-2015) we are able to identify whether non-employed wives become employed when their husbands lose their jobs (laid-off or due to contract termination) any time within a period of five quarters.
According to our findings, non-employed wives whose husbands lost their job have, on average, 3% higher probability of been employed in any given quarter compared with wives with continuously employed husbands.

Using information on the timing of the husband’s job loss, we find that wives of men who were unemployed (for whatever reason) in the post-2008 period have, on average, 3.3% higher probability of employment compared with those in the pre-2008 period (1.5%).

Furthermore, wives with jobless partners due to contract termination have, on average, 4.1% higher probability of being employed in the post-2008. The corresponding figure for wives with laid-off spouses is 0.5%.

We also find that wives’ employment rates increase more rapidly in quarters prior to husbands’ displacement compared with quarters following the displacement. This finding is more pronounced for the pre-2008 displacements, indicating the limited employment opportunities of the post-2008 period.

Examining the employment entry of wives with job-displaced husbands by their pre-displacement earnings, we find that the wives of low income husbands (below median monthly earnings) have, on average, higher probabilities of entering employment compared with those with high income displaced husbands (above median monthly earnings). This may indicate that the added worker effect hypothesis is valid in the Greek case as well.

We also find that the income position of the family is improved when the non-employed wife becomes employed. In particular, the household monthly earnings are 17% higher when the wife of the jobless husband becomes employed compared to those wives who do not enter employment. Lastly, it appears that the added worker effect became stronger in the post-2008 period.

ENDS

Contact:

Nicholas Giannakopoulos, Assistant Professor
Department of Economics
University of Patras
University Campus, Rio
26504 Patras, Greece
Tel.: 00302610969843
Fax.: 00302610997622
Email: ngias@upatras.gr
Web: https://sites.google.com/site/giannakopoulosnicholas/