

# Come le donne reagiscono all'instabilità lavorativa del partner. *L'added worker effect* in Italia

*Donata Favaro\**, *Anna Giraldo*<sup>§</sup>

\* Dipartimento di Economia e Management 'M.Fanno', Università di Padova  
email: donata.favaro@unipd.it

<sup>§</sup> Dipartimento di Scienze Statistiche, Università di Padova,  
email: anna.giraldo@unipd.it

ISTAT, 6 ottobre 2023

# Aim of the research

We study how female labour force participation reacts to changes in the employment status of the (male) partner, i.e. the **Added-Worker Effect (AWE)**

## Conventional AWE:

Incremental effect on unemployment that is given by the additional worker—the one who comes out of inactivity to look for work—in response to the transition of the partner from employment to unemployment

# Aim of the Research

Research questions:

- Does an AWE exist in Italy?
- Not only conventional AWE. What role do the partner's employment uncertainty and underemployment play?
- Extensive-margin or intensive-margin effect?
- If this effect exists, is it a short-term effect? Do households change their work decisions after a negative shock? 'Inverse AWE'

# The Data

- Longitudinal data from the Italian Labour Force Survey (ILFS), waves from 2004-05 to 2018-19. Rotating panel. Individuals are observed in the 1<sup>st</sup> quarter of entrance and in the 2<sup>nd</sup>, 5<sup>th</sup> and 6<sup>th</sup> quarter. Until 2012, the only data available are for the first quarter of each year.
- Each wave includes data for  $t_0$  and  $t_1$
- Thanks to the availability of a common household identifier and on the basis of individual characteristics, **we reconstructed family relationships**

## Our sample

- Nuclear households with unchanged composition between  $t_0$  and  $t_1$ , with partners not retired and not unable to work in the age range 25-54
- For comparison reasons, we only use the first quarter of each year
- Pooled sample: 109,711 households (about 7,300 households each panel)
- Year-by-year analysis

# The Econometric Model - AWE

- 'Treated' women: women whose partners moved between  $t_0$  and  $t_1$  from employment to unemployment or CIG/lost jobs/reduced hours of work
- The DiD methodology allows us to estimate whether 'treated' women have a higher probability to enter the labour market or to increase labour supply than the 'untreated'
- Linear probability model of the woman employment status across the two years

$$ES_{it} = \beta_0 + \beta_1 D_t + \beta_2 T_i + \beta_3 T_i * D_t + \beta_4 X_{it_0} + \varepsilon_{it}$$

$ES_{it}$	employment status of female $i$ at time $t$ (in $t_0$ and $t_1$ )
$D_t$	year dummy with value equal to 0 in $t_0$ and 1 in $t_1$
$T_i$	dummy that captures whether the woman is 'treated'
$T_i * D_t$	interaction between the treatment and $t_1$
$X_{it_0}$	covariates, all evaluated at $t_0$

Robust weighted estimates

Method: without matching, with matching, with matching restricted to the 'common support'

# Labour Market Transitions

ES - Outcomes	T - Treatments Partners' labour market transitions
ES1: captures females' transitions from inactivity to unemployment	T1: men's transitions from employment to unemployment
ES2: captures females' transitions from inactivity to unemployment or employment	T2: men's transitions from employment to CIG/reduced activity/lost jobs other than the main
ES3: females' transitions from inactivity "not searching" to inactivity "searching" or unemployment	
ES4: females' transitions from employment "not wishing more hours" to employment "wishing more hours of work"	
ES5: females' transitions from part time employment to full time employment	

# Main Results (pooled sample)

## An AWE in Italy exists

Extensive-margin effect (effect on Labour Force Participation)

- Conventional AWE (ES1-T1):

‘Treated’ women are **16-20% more likely** to move from inactivity to unemployment than ‘untreated’ women

- For households experiencing a risk of man’s unemployment or a worsening of the economic situation:

‘Treated’ women are **3.1-4.6% more likely** to move from inactivity to unemployment than ‘untreated’ women

# Main Results (pooled sample)

## Intensive-margin effect (effect on Labour Supply)

### - Intensive-margin effect - desired:

'Treated' women are **3.5% more likely** to wish more hours of work when their partner moves from employment to unemployment (T1) than 'untreated' women.

**2.2%** when households experience a higher risk of male unemployment or worsening economic situation.

### - Intensive-margin effect - actual:

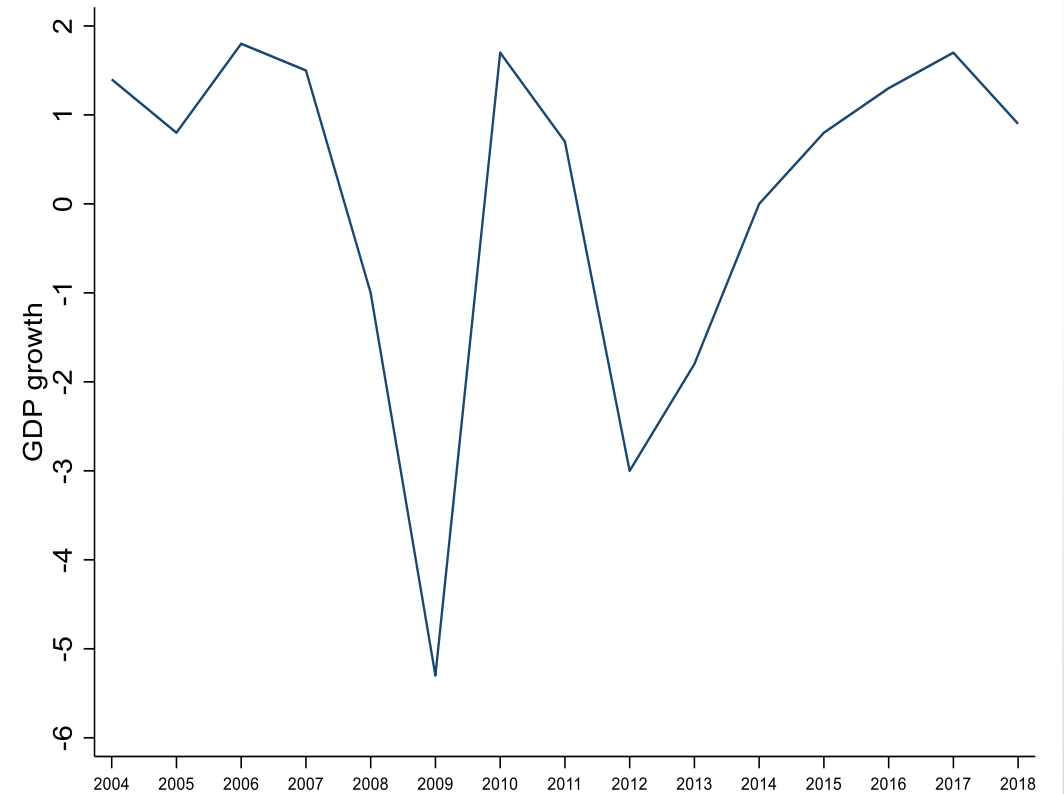
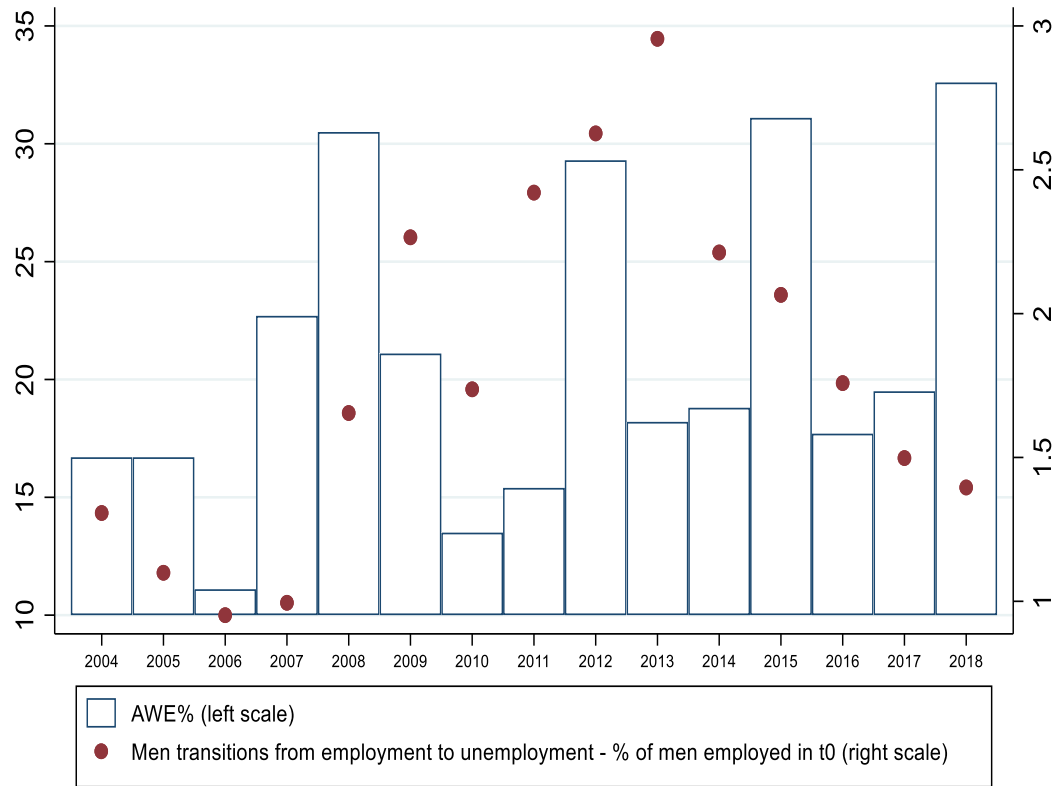
The probability of switching from part-time to full-time is non-significant in the case of T1 treatment.

**Significant result for treatment T2 (5.6%).**



# Year-by-year analysis

**AWE is countercyclical (except in latest years)**



World Bank Data

# Is AWE a short-term effect? The 'Inverse AWE'

Do females return to inactivity when the partner is reemployed?

- 'Inverse AWE' measures the transition from unemployment to inactivity of women whose partners move from unemployment to employment (between  $t_0$  and  $t_1$ )
- DiD methodology
- 'Treated' women: women whose partners move from unemployment to employment between  $t_0$  and  $t_1$

An 'inverse AWE' exists in Italy

'Women are 10% more likely to move from unemployment to inactivity when 'treated' (partners moving from unemployment to employment)

**Grazie per l'attenzione!**