Consequences of Couple Separation on French Women's and Men's Labor Force Participation

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Extended abstract

Background and general problematic

Few studies have been carried out in France on the economic consequences of couple separation (Villeneuve-Gokalp, 1994) while research in other countries has shown a decline in economic status for women who experience marital instability (Hoffman and Duncan 1989, Burkhauser and al. 1991, Smock 1993). We also found very few facts on the impact of separation on labor supply. Some French researchers have studied the effect of people's employment positions on separations (Herpin, 1990, Solaz, 2002), but very few have analyzed the effect of separation on employment. And yet, marital dissolution in France is becoming more and more frequent: between 1975 and 2002, divorce rates (for 100 marriages) have risen from 10% to 39,2%.

The aim of our paper is to study the impact of couple dissolution (mainly divorce and separation) on French women's and men's labor force participation (out of work periods, unemployment). We also study the timing of the impact of separation on labor supply. Do changes occur the year immediately following the event? Later on? Before separation? Indeed, american studies (Johnson and Skinner, 1986) indicate that women anticipate a break up and enter the labor market one or two years before effective separation.

Data used

Three French household surveys are used (*Histoire Familiale, Jeunes et Carrières and Histoire de vie*). Couple separation is a relatively rare event and we wanted to check the consistency of the three surveys' results. We do not have any panel data in France (one survey is available but the sample is not large enough), which would better suit our project. We managed using surveys including biographical information (professional and family histories). The topics of these surveys differ: one deals with the various components of individuals' identity, another with social inclusion and the beginning of professional careers. The third one asked few questions but the sample was very large (145 000 men and 235 000 women).

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Two different approaches

First, we look at global rates of unemployment, employment (secure and insecure) and the proportion of persons out of the labor force. We also try to determine whether these changes are significantly more frequent among people who experienced a recent separation, using logistic regressions. In the second part of the research, we analyze individual work patterns. How many people experience different kinds of changes in their workforce behavior (for example, a shift from work to unemployment)?

Results

Global rates of employment and unemployment

Results point to large changes in women's labor market participation after separation. The proportion of women out of the labor force decreases from 19.5% one year prior to a split to 13.4% one year after and 11.4% two years after. This depends in part on whether the woman has found a new partner or not: one year after separation, 17% of women in a couple are out of the labor force versus 12% of women living alone. It also depends on the number of children. In the logistic analysis, we find that the proportion of unemployed women increases when separation is recent, while the proportion of those out of the labor force decreases. On the other hand, the proportion of women who actually have a job is not affected. Moreover, women who find a new partner seem to quit the labor market, especially when they are unemployed. Women who stay single are not so inclined to exit the labor force. This could explain why their rate of unemployment stays high, even some years after separation.

Part of this rise in the labor force participation of women after separation may be the result of selection effects. Women who have a secure job may separate from their partner more easily, while those outside of the labor force may tend not to separate because they think that they will not be able to find a job after separation. Even if we do not observe a rise in the employment rate before separation, this does not mean that women do not anticipate the event.

Among men, unemployment seems to be more frequent after separation: the rate increases from 2 to 6% (We must be cautious in interpreting this finding since these rates are low and calculated on a small sample.) We have seen that separation does not appear to affect women's employment rate. For women, inactivity seems to be inversely related to unemployment. Using logistic regressions, we find that, for men, there appears to be an inverse relation between employment and non-employment (unemployment or inactivity). For men who stay single, unemployment and exit from the labor force are all the more frequent the more distant the separation in time. On the other hand, for those who find a new partner, the more distant the separation, the less frequent are unemployment and non participation. To sum up, separation appears to be a disruptive event, but the fact of living alone or in a couple afterwards is even more important. Being employed and finding a new partner seem to be substitutes for women. These seem to be complementary goods for men: finding a job is easier when one has a partner, or the other way round...

<u>Analyse of individual work patterns</u>. How many people experience different kinds of changes in their workforce behavior (for example, a shift from work to unemployment)?

We note that very few women exit the labor force. On the contrary, half of the women who were non-working before separation had joined the labor force one year after and 60% two years after. Yet, many (about half) of the women who enter the labor force find themselves unemployed or in insecure jobs. Very few unemployed men leave the labor force after separation. And very few enter the labor market by being unemployed. The increase in unemployment after separation we noted previously is mainly due to people staying in the same situation and to people who lose their jobs.

We focus lastly on the characteristics of people with certain types of employment trajectories. We begin with women who were not working the year prior to a separation in order to study the factors associated with entering the labor market. We find that repartnering decreases the probability of joining the labor market, which is consistent with our other results. We find also that the regression parameter for age is large; it is more difficult for older women to join the labor market. Caring for a child under three years of age decreases the probability of reentering the labor market. This is partly due to French social legislation: parents with children under three years old can qualify for an allowance if they quit the labor market. Further research is needed to deal with difficulties arising from concomitance of events. For example, some women join the labor force when their youngest child reaches the age of three because they do not benefit from an allowance anymore. The same women may separate from partners at the same time. It is not easy to distinguish the two effects.

We conclude the paper by broadening this study of labor supply after separation to inequalities in women's and men's retirement pensions. Indeed accumulation of pension rights depends on labor force participation but also on partnership status (survivor's benefits) (Price and Ginn, 2003). Although the French retirement system includes elements that compensate for women's shorter careers as well as a spouse's death, it seems relatively inadequate to cope with the consequences of marital dissolution

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