

LABOUR MARKET INACTIVITY DUE TO FAMILY CARE IN LUXEMBOURG IN THE LIGHT OF THE LISBON EMPLOYMENT STRATEGY

Abstract:

The paper deals with an issue of de-familiarization of the female labour force in the Grand Duchy of Luxembourg in the context of the Lisbon Employment Strategy. We focus our attention on the Luxembourgish women in the age category 16-65 who are long-term inactive in the formal labour market due to family care. The core of our analysis lays firstly in answering the question who are these women who actually represent the biggest possibly mobilized reservoir of the female labour force and secondly in examining the influence of those characteristics on the women's choice not to participate in the labour market due to family care. In the end of the paper we suggest a set of policies which could help to mobilize this potential female labour force and comment briefly on economic, social and political challenges of their implementation in the particular context of the country.

1. Introduction

Given the Lisbon European Employment Strategy¹ which sees employment as a key player in the process of successful European integration and sets rather tough targets with respect to the female employment rates (60% female employment rate by 2010) for all the EU member states, we decided to examine potentials of the Luxembourgish female labour market and conduct analysis of the women who are inactive due to their family responsibilities - family carers². This category of female population counts for almost 30% of all Luxembourgish women in productive age (one of the highest numbers in the EU-15 countries) and represents a great potential female labour force. On the basis this in-depth analysis of female family carers we suggest a set of policies which might promote and improve position of women in the labour market.

The text of this article is structured as follows. Firstly, we introduce the reader into the general socio-economic situation in Luxembourg and sketch its possible challenges for the implementation of the Lisbon Employment Strategy, especially regarding the female employment targets. This general overview of the socio-economic situation covers a macro/structural/institutional level as well as a micro/individual one. At the macro level we describe a general institutional setting which defines the framework within which the Luxembourgish women can operate. It consists of analysis of the Luxembourgish labour market and the welfare model reflecting mainly upon position of women. At the micro level we show how individual women perceive the situation and what are their opinions and personal strategies with respect to the women's labour market participation. To pinpoint all specificities of Luxembourg that may have an impact on female labour market participation. To make our arguments more obvious we relate the situation in Luxembourg to a wider

¹ At the Lisbon European Council that took place in 2000 the strategy was designed to enable the Union to regain the conditions for full employment and to strengthen cohesion by 2010. The Council also considered that the overall aim of these measures should be to raise the overall EU employment rate to 70% and to increase the number of women in employment from an average to more than 60% by 2010. The Stockholm European Council (March 2001) added two intermediate and one additional target: the overall employment rate be 67% by 2005, 57% for women by 2005 and 50% for older workers by 2010. (http://europa.eu.int/comm/employment_social/employment_strategy/index_en.htm, 12.10.2004)

² Family care include all women who engaged full-time in household duties. Household duties may include housewifery, child care, care for other family members other than children or all these elements together.

European context. Then we focus our attention on one of the possible solutions of the low female participation rates is the country, on the family carers. We argue that this segment of the female population is a potential source of the labour force which could be mobilized in order to increase female labour participation rates. We run descriptive and explanatory analysis in order to understand them better. In conclusions we summarize our findings and suggest the most fitting policies for engaging these women in paid labour.

2. General context

Even if the focus of our paper is rather narrow, dealing mainly with questions who are the family carers and explaining what makes them not to participate in the labour market, we see it as absolutely necessary to start our paper with general description of important macro and micro level factors which shape the position of women in the labour market and stress particularities of Luxembourg which one should take into account while thinking about putting the Lisbon Strategy into practice.

2.1. The Lisbon criteria, more European women in the labour market

The women's employment can be approached from many perspectives. We pay special attention to two of them: macro and micro approach. The former approach refers to the structural functions of the female participation in the labour market whilst the latter group is more focused on the individual level and stresses the importance of women's life strategies and values. The position of women in the labour market is becoming an important issue influencing the European Union's policy agenda. There are a couple of possible explanations for this phenomenon. Firstly, women's emancipation in the sphere of civil society has greatly improved women's political participation, as well as their role in professional employment. We argue that women should have a chance to enrich their civil and political independence with the independence in the sphere of formal work - formal employment. Secondly, it has been proven that double earner households (households where women participate in the labour market) are less likely to fall into poverty and social deprivation (Cook 2001). Moreover, in the context of the decreasing importance of the traditional family and increase in non-standard ways of cohabitation of partners and higher incidence of divorces, the fact that women work and have their own income may help them to avoid dependency on their spouses and consequently the risk of sudden change of their living standards after divorce or splitting up. Thirdly, the higher women employment rates may function as a safety belt which might prevent existing social systems from a financial crash. Women are a reservoir of the labour force which can be activated when ageing of the population is endangering the balance between an economically active part of the population and people in retirement age. Moreover, working women contribute to the system of social security which makes women more independent and at the same time it contributes the sustainability of social security schemes. (Valentova 2005)

In the light of the above arguments one could understand better why the intensity and quality of female labour participation is important element of the current European Union policies materialized for example in the official goals of the European Employment Strategies, mainly known as the Lisbon Strategy.

The goals of the Lisbon Strategy regarding female employment, as defined earlier, are clear; however, their implementation might not be that straight forward. There are many questions raising with respect to realizing female employment targets in a very diversified context of the EU countries: is it possible to employ more people in the existing labour markets; how can we create more working places; how to arrange that labour supply fits the

demand; when more and more women are pulled in paid labour who will take care of children, dependents individual; is it financially affordable and politically feasible to decide to reform labour market structures and recalibrate the welfare arrangements; are women willing to join the paid labour at the expense of their involvement in family life.

Each European country will give different answers to these questions because the core of their problems lays somewhere else and the elements of the labour market – family- state triad interact differently in different countries. The robust and lasting increase of female employment is not possible without taking into account multidimensionality of the problem reflecting upon particular situation in each country. The multidimensionality means that it is necessary to tackle different aspects of the problem, to operate simultaneously on different levels of social reality (labour market character, welfare state arrangements, macroeconomic situation and individual empowerment and emancipation of people - potential workers). It is impossible to increase employment rates without stimulating the demand for labour which should be realized not only via public investments and subsidised job creation but as well via stimulating macroeconomic growth and improving employability of the labour force and without recalibrating the welfare state provision in a way that they stimulate and allow people to enter the labour market.

In the following paragraphs we will deal with a very specific situation in Luxembourg where, despite the very optimistic prognoses of STATEC (2003) based on the assumption that the female employment will grow with the same pace like it has been growing during past decade (1% a year) that the country will manage to meet the Lisbon targets, one should not stop asking: what are particular obstacles which may come a cross while trying to reach the Lisbon criteria?

To answer this question we distinguish two main groups of these obstacles: macro and micro level ones. The macro level consists of: firstly, the existing welfare state arrangements (social benefits, services, tax relieves etc.) and secondly, the labour market characteristics (labour force demand and supply, work-family balancing arrangements). At the micro level we focus mainly on individual attitudes and preferences of women with respect to the labour market. It needs to be said that macro and micro factors are not independent entities and they do interact and influence each other, as we will clearly see later on.

In the following subchapter we elaborate a bit more of the above dimensions which will, besides providing necessary contextualization of the problem, help us to interpret the outputs of our analysis of long-term female inactivity due to the family care and draw relevant conclusions.

2.2. Macro level

2.2.1. Macro-economic situation

Employment rates and consequently female employment is very much dependent on the economic situation of a country. The growing economy is normally related to higher demand for labour force. Luxembourg is one of the countries that are experiencing long-term economic growth: the GDP per capita is the highest in all EU-15 countries, and the level of public debts is very low as well as inflations. The ageing process which is one of the most severe threats for national economies in the developed countries is not, thanks to extensive immigration, a pressing problem in Luxembourg (STATEC 2005). This sketchy overview implies that, macro-economically speaking, there are no evident pressures to restructure existing labour market and welfare system structures.

2.2.2. Welfare state model

According to some authors (Siaroff 1996, Schulze 1993 in Kunzler 2002) Luxembourg belongs, to a group of countries where welfare arrangements are strongly family-oriented (high family benefits and generous family related tax relieves, but which fail to provide sufficient incentives for women to join the labour market) and encourage certain categories of women to stay at home. Thus, the imposed attempts to increase female employment rates, to prolong the time spend in the labour market in case of female workers, and to engage women in higher quality jobs make us wonder whether the state (and mainly welfare state) is ready to cope with this withdrawal of women from the domestic sphere and whether in general governments' attempts to improve female labour participation figures does not actually contradict existing welfare (family) policies. Moreover, what forms of externalization of the traditional housewives' duties should be designed and arranged.

The existing welfare state in the Grand Duchy can be described by three following adjectives which to a great extend overlap: conservative, familialistic and male breadwinner oriented. Conservative welfare regime countries stress the importance of family and its traditional functions. Only if family is not able to provide enough of welfare for its members, the state steps in. Social rights depend on social class and employment status and they are income related (Esping-Andersen 1990). The concept of de-familiasation³ of women which means to unburdening/release the family in/from its caring functions like child care and care for elderly or disabled members of the family. Luxembourg belongs to the category of countries practising explicit familialistic policies⁴ e.g. the state is strengthening the family in its carrying function which is accompanied by the lack of public or communal alternatives to family care. (Leitner 2003)

One can make a very clear link between familialism and breadwinner model. In both concepts women and men perform completely different tasks while women play a very important role of family carers (see Lewis 1992, 2002, Sainsbury 1996, Pfau-Effinger 1998 and Han and Moen 2001 cited in Warren 2004). They occupy, to larger or lesser extend the domestic sphere, depending on a type of breadwinner model or familialism, and the labour market participation and financial support of family is left to the male spouse and in some countries to familialistic arrangement of the welfare state. The breadwinner model of balancing family and paid work is based on traditional gender division of labour where social and financial status of women is deduced from that one of their husbands both during active life as well as during retirement. Breadwinner model stresses the importance of traditional family and all arrangement such as tax benefits and tax contributions, health insurance and pension insurance benefit most married couples with one main earner and one family carer.

The breadwinner (familialistic/ conservative) model is being challenged by increasing educational attainment of women and consequent growth of their human capital, emancipation and growing empowerment of the female population and declining role of the traditional marriage (Pfau-Effinger 1998). The last mentioned element is particularly

³ Defamilialization is a concept introduced by Esping-Andersen. As an analogy to the concept of decomodification that was supposed to measure the extend to which a welfare state grants its citizens independence from labour market pressure. Defamilialization tries to answer the question whether independence from pressures of the labour market implies a stabilization of the position of women or perhaps even an increase in their dependence on husbands (Lewis 1992 in Kunzler 2002).

⁴ The author (2003) distinguishes four ideal types of de-familialisation: explicit familiarism (strengthening the family in its carrying function accompanied by the lack of public or communal alternatives to family care), optional familiarism (public or communal services as well as familiaristic policies are provided while "the right to care" is respected), implicit familiarism (neither de-familialising policies nor any statutory or communal support for the caring function of the family), de-familialism (externalization of the caring responsibilities from the family to the state or community in a form of various family services and arrangements allowing labour market participation).

important.. In all European countries more and more people stay single, diverse or cohabitate which significantly undermines the basis and consequently the balance of this model – the long-life legal companionship between man and woman. We can observe a growing number of dual breadwinner cohabiting families where both partners participate in the paid labour and contribute to household budget (Kaufman 2002) as well as single parents. Despite these ongoing changes, some countries, including Luxembourg⁵, tend to maintain their male breadwinner (familialistic, conservative) welfare state arrangements which to certain extent do not correspond to the real situation and can be seen as a very important obstacle for increase of the labour market participation of women. The structural changes in welfare provisions are needed before women, especially mothers, are really able and positively motivated to join the labour force.

In the following paragraphs we present some figures describing both family and family-work balance related welfare state arrangements in Luxembourg in comparison to the rest of the EU-15 countries.

Luxembourg belongs to countries that spend relatively low proportion of their GDP on social security (only Ireland and Spain spend less, relatively speaking). However, given very high GDP per capita in Luxembourg one can assume that in absolute terms the Luxembourgish welfare state is very generous. The coverage of the family benefits is relatively high in Luxembourg as well, almost 40% of households receive family related financial support. With respect to generosity of the cash family benefits and their importance compared to other social benefits, Luxembourg is the second biggest spender (after Denmark) in the EU-15 zone. In Grand Duchy exists so called “baby years” policy which means that women who raised their children can claim those years as they were working and made contributions to the pension system (Berger et al 2002). The values of tax relieves as a percentage of the average income of man in a household are almost double compared to other countries (except Germany). A very clear indication of the male breadwinner character of the Luxembourgish society is the joined tax system (alike in Portugal, Ireland, Germany and France) (OECD 2001). Joined taxation means that a married couple is treated as one tax unit and there are rules which in a form of tax relieves and tax benefits favour for example married couples where women stay at home because the higher the income difference between the partners the higher tax contributions. This state’s indirect incentive to financially help traditional families might discourage some women, mainly those with lower potential income and smaller chances to succeed in the labour market, from joining the paid labour.

The usage of formal care for children under 3 years of age is the lowest in the EU-15 countries. It might be related to the fact that only since 1999 Luxembourg provides one of parents with universal parental benefits. These benefits are equal to 63% of the average earnings of salaried employees in manufacturing (which is more 100% of the average earnings of wage earners in manufacturing). This level of coverage is relatively high and very well compensates income losses for caring parents, mainly women (Gauthier 2000). It would be very interesting to have more comparable data concerning the usage of the formal care for persons other than children. Unfortunately we could not find much of comparable information to present it but we are fully aware of the fact that family care is not related only to the youngest members of households but to elderly and disabled as well. However, according to

⁵ According to report The social situation in the European Union 2003 (COM 2003) the crude marriage rate in Luxembourg in 2000 (the ratio of the number of marriages to the mean population in a given year, per 1000 population) was very similar to those of the rest of the EU-15 countries – 4.9. The crude divorce rate (per 1000 population) was equal to 2.3 while for example in Italy it is 0.6 (the lowest) and in Finland 2.7 (the highest figure out of all compared countries). 21.9 % of children in 2000 were born outside marriage which was not an outstanding proportion when we compare it to Greece (4%) or Sweden (55.3%). In 1998 7% of all couples (27% of couples consisting of people up to 29 years of age) in Luxembourg lived in consensual unions while in Greece and Italy it is not more than 2% and in Finland and Sweden it goes above 20%.

the document released by EUROFAMCARE (Ferring et al 2005) the formal care for elderly in Luxembourg is very advanced and formalized (only 0.2 % of adult women are involved in family care for elderly persons).

Table 1: Social benefits (family related benefits) in 2000 if not mentioned otherwise, value of tax relieves, parental leave, formal child care services

	% of households receiving benefits related to family	Benefits for family and children per head (Euro)	Benefits for family and children as % of all social benefits	Benefits for family and children as % of GDP	Social security expenditure as % of GDP	Child benefits - % of average salary of man in a household 2+1/ 2+2	Value of tax relief conc. children - % of average income of man in a household 2+1/ 2+2	Duration of maternal + parental leave - weeks/benefits during parental leave as a % av. Female salary in manufacturing	Usage of child care - children under 3
Belgium	38.3	557.4	9.1	2.3	26.7	4.0/11.3	1.1/2.8	67/37	30
Denmark	29.9	989.4	13.1	3.8	28.8	2.5/5.0	-	82/63	64
Germany	33.7	715.7	10.6	1.9	29.5	1.6/3.2	1.8/3.6	162/24	10
Greece	6.7	288.9	7.4	1.8	26.4	0.3/1.0	0.1/0.3	42/0	3
Spain	4.7	97.7	2.7	0.5	20.1	-	0.9/1.9	164/0	5
France	24.6	617.6	9.6	2.8	29.7	0.3/7	2.2/2.2	162/39	29
Ireland	46	589.0	13.0	1.6	14.1	1.3/2.6	0.6/1.1	42/0	38
Italy	7.8	219.5	3.8	1.0	25.2	0.8/3.1	0.5/1.0	64.5/30	6
Luxembourg	37.6	1475.8	16.6	3.4	21.0	3.2/8.9	3.3/4.0	68/63	2
Netherlands	29.4	299.3	4.6	1.1	27.4	-	-	68/0	6
Austria	40.9	762.6	10.6	2.9	28.7	nd	nd	112/31	4
Portugal	44.6	180.6	5.5	1.2	22.7	2.0/4.0	1.0/2.0	128.3/0	12
Finland	27.7	720.7	12.5	3.0	25.2	nd	nd	164/66	22
Sweden	27.7	781.0	10.8	2.9	32.3	nd	nd	85/nd	48
Great Britain	29.4	410.5	7.1	2.2	26.8	3.5/6.3	-	44/0	34

Source: Venturini (2003) – the first column calculations based on the ECHP data from 1998

Eurostat, European social statistics. Social protection. Expenditure and receipts

OECD (Benefits for families and children as % of GDP in 2001)

Bradshaw et al. 1993, Gauthier 2000

Note: Family related benefits contain child benefits, family benefits, benefits for mothers, birth benefits, benefits for lonely parents etc.

While interpreting the second column one should take into account differences in life standards and life expenses in different countries

Complying with the Lisbon Strategy will mean that more women, who would normally stay out of the labour market, very often as housewives, will join the labour force. This will inevitably increase the importance of work-family balancing policies. The need for these policies will not be possible to neglect in the long run, however their implementation will be slowed down by a system's path dependency (tendency of the existing institutions to maintain them self). Deeply rooted welfare institutions are strong and tend to sustain as there are. Possible changes depend very much on overall economic and political situation in a country. It is very likely that the better and the more stable economic situation the less pressure to reform or to retrench on the existing welfare system and that political elites will have a tendency to avoid dramatic changes of existing social institutions. More in detail we will deal with this issue in the subchapter on micro level and individual values.

2.2.3. Labour market characteristics

Other factors which may be interpreted as obstacle in pushing ahead the idea of higher female labour market participation stem from the existing labour market setting.

Employment to population ratio figures (the proportion of an economy working age population that is employed) suggest that the women in Luxembourg work less than in other countries, with exception of the Southern European countries and Belgium⁶. Women in Luxembourg spend approximately 17 years in employment which is a relatively small number compared to for example Sweden and Great Britain (32 and 26 years respectively). A shorter duration of time spent in employment than in Luxembourg can be found only in Italy, Greece, Spain and Ireland. (ILO 2002)

The low female labour participation in the labour market is due to the strikingly big number of women who are inactive. Even if the labour market inactivity rates (the proportion of women in the age group 25-54 that is not in the labour force) dropped from 61% in 1980 to 35% in 2001, the Grand Duchy still belongs to a group of countries with the lowest female labour participation rates together with Italy, Spain and Greece (ILO 2003). More detailed analyses of women 16-64 years old⁷ inactive in the labour market (based on PSELL3 EU-SILC data from 2003) show that full 47% of all Luxembourgish women in this age category were out of the labour market while the inactivity rate of men was equal to 21%. Family responsibilities were the main reason for female inactivity: 62% out of all surveyed inactive women, which represent 29% of the whole population of working age women, did not participate in the labour force due to their family duties. 24% of inactive women were engaged in education, 5% of observed women were out of the official labour force because of retirement (4% in retirement and 1% in early retirement schemes) and 7% of female inactive respondents were invalid.

With respect to part-time employment, which can be understood as a possibility for women to balance their family and work, the country meets the EU-15 average. Almost every third employed woman (30%) in the Grand Duchy works part-time. More than a half of female part-timers working less than 30 hours a week motivate their choice for non-standard engagement in paid labour by caring responsibilities for their significant others. It needs to be added that only 8% of employed women work less than half-time (less than 20 hours a week). On the basis of these facts we can claim that in Luxembourg, unlike for example in the Netherlands and Great Britain. Female unemployment in the Grand Duchy is the lowest in Europe it does not go beyond 3% while the EU-15 average is close 11%. The same goes for long-term unemployment. Not even 1% of employed women remains unemployed for more than one year. Given the fact that the relatively low number of Luxembourgish women work

⁶ Esping-Andersen (2001:122-123) relates the low female employment to the existing welfare state and states that : "...What is common to all welfare states with low levels of female employment is the almost total absence of care provisions for working mothers, and often quite discriminatory tax treatment of dual earner couples , and a strong account of familism in social policy. This type of welfare state remains very much built around the traditional male breadwinner family model according to which family dependant welfare is delivered from the breadwinner. And, where care services for children and the aged are absent, the result is that welfare responsibilities weigh heavily on the family it self . Since women desire careers in any case, this kind of welfare state is very likely to produce low fertility equilibrium. Women will seek employment, but are thereby constrained to delay and reduce fertility." The fertility equilibrium is still not be out balanced in Luxembourg due to the high inflow of immigrants.

⁷ ILO analyses of female inactivity (ILO 2003) are normally based on the prime age population of women (25-54 years of age). Respondents younger than 25 years of age are mostly inactive their educational engagements/ preparing for their participation in the labour market. The women older than 55 are more likely to be in pension. However, we chose to work with the whole working age population (16-64 years of age) in order to give a full picture concerning female inactivity in the country.

less than half time, it is not very surprising that women do not feel underemployed. Only 2,5% of female workers in Luxembourg feel that they actually work less than they would like and could. Once more again, this is the most satisfying number in the EU-15.

To make the picture concerning the female labour market participation in the country complete, one should not forget to mention a very important role of cross-boarder workers⁸. This cross-border labour force, non-Luxembourg citizens working on the territory of the Grand Duchy commuting every day between the country of their permanent residence and their work places, play a very important role in the economy, and to a great extent in the labour market of the country. According to the EURES report (2004), 39% of all paid workers in the Luxembourg come from abroad, mainly from the surrounding countries such as France, Belgium and Germany. This elastic labour force attracted by a relatively high level of gross salaries (especially remarkable is the difference between gross salaries in France and in Luxembourg) and by very low level of obligatory social contributions and income taxes⁹ has a very significant influence on labour demand as well as on labour supply in the country. The presence of abroad labour force which is very skilful and motivated creates the situation in which Luxembourg nationals work under rather stable and safe conditions (one fifth of the citizens of Luxembourg work in the public sector) because the consequences of big changes in labour demand are to a great extent absorbed by the cross-boarder workers. A very important aspect of the cross-border labour supply is that if a cross-border is dismissed, he/she will become unemployed in his/her country of residence, not in Luxembourg (outsourcing of unemployment).

Other point is the matter of nationality and labour market performance. Luxembourg is very multicultural society with a high proportion of national minorities (around 30% of the population). The most numerous is the Portuguese minority (Guastelli et al 2002). Portuguese women participate in the labour market by almost 15% more than Luxembourg nationals. Their labour market strategies deviate significantly from those of majority female population and this tendency sustains over time.

2.3. Micro level

For purposes of this article we distinguish two kinds of micro-lever factors: preferences and values. Analysis of the female employment can not be complete without reflecting upon women's individual life preferences. In the previous subchapters we have suggested that high participation of women in the paid labour can be seen as a positive and desirable thing. However, it would not be correct to automatically assume that all women want to participate in the labour market and that a job career is their dominant life strategy. For example Hakim (2000) distinguishes existence of three main ideal-type strategies showing how women deal with the family-work dilemma: family-oriented, work-oriented and adaptable type. Women oriented on family and housewifery see children as their life priority which can not be endangered by any career ambitions. Consequently, they do not enter the labour market unless it is necessary. They profit from the social provisions targeted to housewives and mothers staying at home (tax relieves etc). On the other hand, they do not use social benefit related to employment and they do not profit from formal child care services. The adaptable type of women tries to combine both work and family. They often work part-time and profit from labour market regulations concerning female workers, equal opportunity and state employment arrangements. Work-oriented women prefer a career over family life.

⁸ According to the regulation No 1408/71, one can be considered as a cross-border worker if he/she is employed on the territory of one of the EU member states and reside permanently on the territory of another EU member state.

⁹ Luxembourg 22,3%, Germany 40,7%, Belgium 41,8% and France 26,8%

They are more likely to be childless than other women and they invest a lot in their human capital. They work full-time much more compared to the women from the other two categories.

Having said this, one should keep in mind there are women who prefer family and child care over paid employment and the male breadwinner model is an ideal setting for them. Thus, the higher participation of women in the labour market should not be presented as a norm with which women have to comply but more as a chance. Women should be empowered to participate in the labour, have equal chances to join the labour market at the same time should be allowed to choose to withdraw from the labour market and focus on family duties.¹⁰

The issue of preferences is very much related to issue of values e.g. postulates according to which people perceive and assess the world. Speaking about values, one should keep in mind that they do not “appear out of the blue”. They, to certain extend, stem from cultural and institutional context of a country. Existing institutions shape individual values and other way around (see problems of path dependency mentioned earlier).

After having a brief look at the values of the Luxembourgish women based on the data coming from the European Value Study from 1999. We can claim that in the European context they belong to the most conservative/familiaristic populations regarding the work-family balance¹¹. Luxembourgish women show strongest agreement with the statement “being a housewife as meaningful as being employed” and disapproval with the claim “both partners should contribute to the household budget”. Luxembourgish women tend, in relative terms, to think more than their EU-15 counterparts that child/ren can suffer if the mother is working. On the other hand, women in the Grand Duchy are very convinced that employment plays a very important role in the process of female emancipation. They strongly support the statement “employment is a way for women to reach independence” from all EU-15 countries. Of course, these general figures become less clear cut when we break them down by age categories. The younger generation of women (16-35 years old) seem to be less conservative/familialistic than their older counterparts. Younger women, compared to those beyond age of 35 years, see female employment and consequent financial independence as more appealing life strategy than housewifery. We could go much further into this analysis and examine differences with respect to educational and economic background, but this is not the aim of this article. The only point we want to make here is that position of women in the labour market on the one hand and values and approaches of women towards female

¹⁰ In spite of the fact that the preference category was presented very briefly and in a very fragmented manner, one can come up with a couple of critical remarks which are stemming either from our previous findings or from a common sense. The preference theory is applicable only in advanced industrialized countries where a social support for mothers is well established and institutionalized, where the labour market is flexible enough to accept women and allow them to work part-time.

The part-time work is not available for women in all EU-15 countries to be able choose for the adaptable life strategy. Therefore, even if women in some countries would like to work part-time they will not be able to do so. Systemic pressures prevent people from implementing their individual/private strategies. Another very important argument which calls the preference theory into question are problems of low income and poverty, as Hakim (2002) admits herself. Certain women can not afford to stay at home even if they would prefer that. They have to help to maintain the living standard of their families by joining the labour market. Additionally, some of the women/housewives would like to work but they are prevented from doing so by limited systemic labour demand, no available formal child care, access discrimination, low pay (which can not compensate for the cost of formal child care etc.).

¹¹ However, one must be very careful while interpreting the data based on value surveys and subjective indicators. Forma and Kangas (1999) speak about the “institutional nationalism” on public opinion. The main idea of this concept is that existing institutions and societal structures how the power to shape indirectly public opinion and in its consequence, the public can not express its “independent and value-free opinions” on institutions and structures they live in. The public always tends to support institution and policies which are common and well institutionalized in the country.

participation in the labour market on the other hand are closely linked. In general, Luxembourgish women show strong conservative/familialistic tendencies, the most pronounced ones in the EU-15 context.

3. Analysis

Whether the Lisbon employment targets will be met and how depends on the fact how countries will be able to stimulate labour demand and attract women to join the labour market and how ready a national economy, labour market and political authorities are to respond to these challenges. Given the above description of the labour status of women in the Grand Duchy presented earlier in the text, we can see that female unemployment and underemployment rates that can be understood as proxy variables for didability of the labour market to cope with labour supply (ILO 2003), are very low. This implies that the Luxembourgish labour market is ready to absorb currently available female workers without any serious problems. Labour supply, that can be defined as ability and motivation of women to participate in paid labour (Cotter et al 198), is a bit more exciting part of the Luxembourgish reality. We can see that the very high number of women in 2003 actually could not or preferred not to participate in the labour market (24% of them were still studying, 5% of observed women were out of the official labour force because of retirement, 7% of female inactive were invalid and 62% out of inactive women that stands for 30% of the working age female population, did not participate in the labour force due to their family duties).

3.1. Analysis of the possible reservoirs of the female labour force – women inactive due to family care

Now we can tackle the question which segments of the female population should be approached and what should be done to speed up the process of including more women into the official labour market in the Grand Duchy.

As mentioned earlier, the most relevant numbers are those regarding women inactive due to the family duties. These women are employable, they do not suffer from ill health, they have not reached retirement age yet and they have already obtained their education. Thus, in our analysis we focus mainly on this group of women, in particular on long-term carers e.g. women 16-64 years old who have been inactive due to their family responsibilities for at least 14 months (the whole year 2002 and January and February in 2003). There are two main reasons for this definition. The first one is that this way we will be able to analyze women who are captured in the housewifery routines and not only temporal labour market drop outs, such as women on parental leave and temporal carers. The second reason is more technical and has to do with the way the income data has been collected. The income information has got a retrospective character, which means that income variables in the data set from 2003 describe the situation in 2002 while all other variables reflect the current situation in 2003. To match the income information with other variables we decided to work with female family carers who were in this status during the first months of 2003 and the whole year 2002.

At this point we examine in depth who are those women who do not join or prefer to withdraw from the formal labour market in favour of the domestic sphere and long-term caring duties. In the following paragraphs we provide the reader with a socio-economic description of this particular population of women. To improve the clarity of our arguments, we decided to compare figures regarding the family carers to those of women in paid labour (women who have been working either full or part-time during whole year 2002 and in January and February 2003).

3.1.2. Who are they?

To analyse the socio-demographic characteristics of the female family carers in the working age category (16-64 years of age) in the Grand Duchy, we opt for the following variables at the individual level (personal characteristics): age category, educational attainment, family status, nationality of the women, number of children. At the household level we examine: household disposable (both total and equivalent¹²) income, household (total and equivalent) income coming from social benefits¹³ and last but not least level of tax contributions.

Table 2: Socio-economic characteristics of long-term family carers and active women in the productive age

Variable	Categories	Long-term family carers (%)	Long-term active women (%)
Marital status	Single	3.3	25.9
	Married	86.1	59.6
	Separated	0.2	0.9
	Widow	8.3	2.7
	Divorced	2.1	10.9
Presence of children	Yes	93.4	68.4
Number of kids	1	19.7	36.1
	2	44.4	45.0
	3 and more	24.9	18.9
Age category	16-24	2.0	6.9
	25-34	14.5	29.8
	35-49	40.2	46.6
	50-64	43.2	16.7
Nationality	Luxembourgish	30.6	41.3
	Portuguese	15.5	61.2
The higher educational level obtained	Primary and lower secondary	62.1	40.3
	Higher secondary	27.9	34.1
	Postsecondary	10.0	25.6
Household disposable equivalent income	Mean	17768	24382
	Median	15601	21674
Household equivalent tax contributions (gross income minus disposable income)	Mean	4576	8881
	Median	2266	5207
Household equivalent social income (all social benefits)	Mean	2453	1261
	Median	1038	585
Household disposable income	Mean	50109	58740
	Median	45138	51692
Household tax contributions (gross income minus disposable income)	Mean	12404	19802
	Median	7308	13403
Household social income (all social benefits)	Mean	7961	4476
	Median	5160	2349

Source: own analysis based on the EU SILC – PSELL3 data provided by CEPS/INSTEAD Luxembourg, weighted sample

Footnote: income is stated in Euro per annum

¹² We decided to follow both indicators: the total disposable income for whole household and the equivalized income which is calculated as the total disposable income divided by the OECD equivalent coefficient. The coefficient attributes value 1 to the first adult in the household, value 0.5 to other adults present in the household and 0.3 to each child living in the household. This way the equivalized income takes into account size and particular composition of households.

¹³ Social benefits include all cash social allowances provided by the state to the household (including family benefits, minimum income, housing allowances etc.)

Regarding the age, the table above shows that 82% of the surveyed women are older than 35 years of age while 41% are older than 50 years of age. Compared to the working women they are much older. A great deal of family carers (40%) obtained the primary education, 49% finished their secondary education and 10% of women who withdrew from the labour market due to their family responsibilities have university degree. Women active in the labour market obtained in general higher education (60% of them have finished secondary education or have university degree). It needs to be added that educational attainment strongly interacts with the age of women. Older women have obtained in general lower educational level because they were less influenced by the rapid gender educational emancipation during last decades. Not very surprisingly, the utter majority (86%) of family carers are married women, followed by widows (8%) and single women (3%). 60% of the women who participate in paid labour are married, 25% single and 10% divorced. 92% of analysed women are mothers (have at least one child which, given the age rank of our sample, does not have to be a dependent child) while active women only 68%. A majority of long-term carers are multiple mothers. Women active in the labour market have on average fewer kids than their non-active counter parts.

It has been proven that Portuguese women perform differently in the labour market than female Luxembourgish nationals. They are in general much more likely to be engaged in paid labour. With respect to nationality, the Luxembourgish nationals unequivocally lead amongst family carers, which is not really surprising because they represent a majority in the country. More interesting information is that 31% of the Luxembourgish women are family carers while only 16% out of all Portuguese women have this status.

Having a close look at income indicators, we can conclude that households with women who are long-term out of the labour market the disposable income (both equivalent and total) is lower than in families where women are active. However, we can see that the discrepancy is smaller in the case of equivalent measure taking into account the number of people living in a household. It can be claimed as well that the tax contributions are significantly lower in families with long-term family carers which we could expect given the fact that less persons in a household are earning taxable money and that tax relieves are designed to favour married couples and couples with children. The households with carers show stronger dependency on finances coming from the welfare state in a form of social transfers.

From the above presented figures we can deduce that there is a remarkable difference between younger and older generation of women. Dramatic cultural changes related to the improvement of female education and changes in the traditional understanding of family and decreasing number of children per a woman lead to changes in the female labour market participation. It seems that the younger women, very much in line with the arguments presented at the beginning of our paper, fulfil themselves in the sphere of paid work and feel less attracted by playing a role of family carers. This conclusion suggests that in terms of state interventions, it would be most efficient to choose two-tire strategy: firstly, target the long-term women who are older than 35 years of age, having family and children and not very high education to encourage them to join/rejoin the labour market. Secondly, it is necessary to redefine the current social spending on family and children and direct some of the resources to the formal care of dependants, mainly children which should allow women participating in paid labour to balance family and work life.

3.1.3. Which socio-demographic factors have an influence on the long-term social inactivity due to family care?

At this point we enter the explanatory part of our analysis where we assess the impact of chosen socio-demographic variables on the fact that some women in working age do not take part in the formal labour market and opt for prefer family care. We will make a use of binary logistic regression where dependent variable will be "being a long-term family carer"¹⁴. Independent variables in the model will be: age of women, educational attainment, family status, number of children, nationality, equivalent income from social benefits and last but not least equivalent tax contributions.¹⁵

Given the outcomes of the above descriptive statistics we would like to test the following assumptions. The younger women are, the less likely they are to become family carers. They see employment as one of the means of self-realization. The same goes for women with higher educational attainment: the higher educational attainment, the lower chance to be a family carer. This can be explained by the fact that thank to the democratisation of education younger women stay longer in formal education and in general obtain higher education than their older counterparts. These women try to utilize the time and resources invested in their higher education and they are more eager to enter and stay in the paid labour. Women with more children are more likely to be long-term carers than their childless or one-child counterparts. In the situation when traditional concept of family is falling a part and the number of divorces and "non-standard ways of cohabitation" is growing it is likely that being married is one of the significant predictors of housewifery. We expect that Luxembourgish nationals will tend more to be inactive due to family duties than women belonging to national minorities. With respect to income it would be meaningless to test the impact of both gross and disposable income on being a family carer or not because if one person in a household is out of paid labour the income of this particular household is automatically smaller than in dual-earner settings. Income level can be to certain extend understood as a consequence of labour market choices of individuals. Thus, we rather focus on two important elements of income which are the most relevant for analysis of the impact of welfare provisions on housewifery: level of social benefits received and tax contributions paid by the household. Moreover, we decided to take into account only equivalent form of these two income elements because this way we control for size of household. Our assumptions are the higher level of the equivalent social benefits and the lower tax contributions; the more likely it is that woman is a family carer.

The results of regression presented below show that single, separated and divorced women have much lower change (85% and 61% lower odds respectively) to become family carer than married women. The higher is the number of children in a household, the higher the odds to become a long term family carer (compared to childless women, mothers with one child have almost 3times higher odds, mothers with 2 children 4times higher odds and

¹⁴ The first category will be women in working age involved in family care and the second one the rest of women in the same age category

¹⁵ All independent variables have been transformed into categorical variables in order to capture the odds of becoming a long-term family carer between relevant categories. Age: 16-34 (reference category), 35-65; marital status: married (reference category), single, separated and divorced and widows; nationality: Luxembourgish (reference category), Portuguese, others; education: primary (reference category), secondary, postsecondary; number of kids: 0 (reference category), 1, 2, 3 and more; equivalent income: below median level (reference category), above median level; social income: below median level (reference category), above median level; tax contributions: below median level (reference category), above median level. (Median reflects better the distribution of financial resources among households than measures based on average. The median level divides the population into two categories those below and above it. However, it remains a very rough tool to capture effects of the above elements of income.

mothers with 3 and more children 5times higher odds of becoming a long-term carer). The female Luxembourgish nationals fall in to the category of carers more than the Portuguese women (80% lower odds for Portuguese women). Women older than 35 years of age have 70% higher odds to become housewives compared to the younger counterparts. The level of education seems to have a strong influence on family care as well. The odds for being a family carer are 41% lower in case of women with secondary education and 69% lower in case of females with more than secondary education compared to women with basic education. The level of social transfers, as we designed them, does not seem to have a significant effect on the dependent variable while it has been proven that the higher the tax contributions, the smaller chance for woman to be a long-term carer.

Table 3: Binary logistic regression showing influence of the chosen socio-demographic variable on being a long-term family carer

Categories of chosen variables	Significance level	Exponential Beta
Luxembourgish nationality (reference category)	0.000	
Portuguese nationally	0.000	0.208
Other nationalities	0.181	1.163
Married (reference category)	0.000	
Single	0.000	0.149
Separated, Single, Widows	0.000	0.390
Basic education (reference category)	0.000	
Secondary education	0.000	0.591
More than secondary education	0.000	0.311
Age 16-35 (reference category)	0.000	
Age 35-65	0.000	1.708
Number of children 0	0.000	
Number of children 1	0.000	2.825
Number of children 2	0.000	3.769
Number of children 3 and more	0.000	5.298
Equivalent tax paid – below median level (reference category)	0.000	
Equivalent tax paid – above median level	0.000	0.454
Equivalent social benefits – below median level (reference category)	0.000	
Equivalent social benefits – above median level	0.053	0.834

Source: EU SILC PSELL3 data 2002/2003, own analysis, N 3183

Note: Hosmer Lemershow test: p -value > 0.05 - good fit of the mode, 85% of long-term family carers are classified correctly by the mode, overall model prediction is equal to 75%

4. Conclusions

Referring to the presented theory and to our findings, we can conclude that Luxembourg is a country with a very strong familiaristic orientation and that women, especially those with lower education, married ones, mostly with more children, belonging to the older generation and Luxembourg nationals, opt to take care of family duties and do not join the labour market.

Given the outcomes of our strictly cross-sectional analysis¹⁶ one can imagine that the mobilization of this numerous potential labour force will require the following reforms pointing out especially in two directions: firstly, recalibration of the current social welfare provisions more in direction of affordable and accessible formal care facilities and secondly

¹⁶ We can see that it would be very useful to track dynamics of household care over a longer period of time in the context of changing socio-demographic situation in households. This way we could see very clearly tendencies in transitions in and out inactivity due to the family care among different age categories and particular segments of the female population.

activating labour market policies such as re-employability oriented and human capital building schemes for women who were for a long time out of the labour market. These reforms should help women to either stay in or re-enter the labour market after periods of time dedicated to their families, to motivate them financially to re-enter/ enter the labour market and last but not least to improve their employability and employment possibilities.

Having said this, one should not forget a very particular macro-economic, labour market and demographic situation (fertility rates, pension dependency ratio, etc) of Luxembourg as well as statements by Statistical office of Luxembourg assuming that the Lisbon targets will be reached even without policy intervention given the pace of female employment development during previous years. Given this, one might think that there are not many powerful arguments for introducing the above suggested reforms/recalibration of existing policies and that the only motivation for taking up the Lisbon targets are the EU pressures. However, one should bare in mind the intergenerational differences in attitudes and labour market behaviour of women. Younger generation of women clearly opts for participation in the labour market which, without any changes of the welfare state provisions and introducing arrangements which stimulate work-family balance, may change existing reproduction patterns and lead to a drop in fertility and consequently to problems with financial sustainability of existing welfare systems.

To conclude, we claim that reforms of existing formally familialistic policies into work-family balancing ones are inevitable. If the main argument for this reform is not an incentive to stimulate increase of women's labour participation, then it must be prevention from fertility drop caused by the fact that younger women in reproductive age will opt for paid work instead for motherhood.

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