WOMEN, WORK, AND EUROPEAN ECONOMIC GROWTH

Europe faces serious challenges to increasing future output growth. Improving women’s participation in the overall labor market and their representation in senior corporate positions is one important strategy European countries could pursue to help mitigate the projected slowdown in growth.

EUROPE’S LABOR MARKET

For every 10 men in Europe’s labor markets, there are on average 8.9 women. The growth rate in women joining the workforce has dropped a great deal from its peak in the 1990s to today.

WOMEN IN SENIOR CORPORATE POSITIONS

Currently only 2 of every 10 senior corporate positions are held by women.

Increasing that number by even one woman to 3 out of 10 is associated with a 3–8% increase in a company’s return on assets.

FACTORS INFLUENCING WOMEN’S LABOR MARKET PARTICIPATION

For women in Europe, the decision to work does not simply depend on demographics and personal attitudes—policies also matter.

DEMOGRAPHICS & ATTITUDES

- **NUMBER OF CHILDREN**
  - lower birth rates = higher labor force participation

- **EDUCATIONAL ATTAINMENT**
  - higher levels = higher labor force participation

- **SOCIAL NORMS & ATTITUDES**
  - more favorable attitudes = higher participation rate

- **MOTHER’S EMPLOYMENT**
  - daughters of working moms = more likely to enter labor market

POLICIES

- **TAXATION**
  - Higher tax rates on a family’s second earner discourages women from working, especially full time.

- **PUBLIC SPENDING**
  - Public investment in early education and child care programs increases likelihood of women working.

- **PARENTAL LEAVE**
  - More parental leave is associated with higher likelihood of employment.

Source: IMF Department Paper Unlocking Female Employment Potential in Europe: Drivers and Benefits (March 2016).