Participation of the Female Workforce and its Impact on the Economic Development of the Country

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Abstract. The labor market situation is complex and influenced by many unwritten and mostly unconscious norms and prejudices that apply to both women and men. However, more women in society pay for this setting. Firstly, by offering them a priori lower wages than equally qualified men (although "only" by women, the second thing is that more women than men work in human resources, so discrimination has a greater real impact) and secondly because men who perceive that they can be socially (less positively) and economically punished (more frequent dismissals) if they are not the best and if they prefer family and / or health if necessary will not be willing to promote a more equal distribution of responsibilities at home and in childcare. This in turn leads to a greater burden on women's unpaid work and slower career growth for women. A vicious circle is forming where the notion that domestic work and caring for children and other members of the household is a "women's" specialization persists, forcing women to combine family life with work and men to work earlier. career (although perhaps both would prefer a family-work balance). Such an approach has far-reaching consequences, not only economic but also psychological.

Keywords: Labor Market, Employment Rate of Women, Working Mothers, Costs per Employee

JEL classification: J 24, J 11, O 15

1 Introduction

In recent decades, we have seen a steady increase in the number of women in the global workforce. This trend is present in all countries of the world, both in the USA and in the countries of the European Union, with Slovakia being no exception. As Sadovská
(2020) says in Slovakia, however, we still have more working men (1.42 million) than women (1.17 million). However, the increase in the number of working women has an increasing trend, and over the last eleven years there has been an increase in the number of working women by 95,000, while the increase in the number of working men has been almost 45% smaller by 52,000. Entering the labor market, especially for women, is accompanied by an increasing challenge in reconciling work and family life, especially for those women who are also mothers. For this group, in addition to coordinating private and professional life, it is important to eliminate the risk of burnout, which can result from a double burden of work and domestic responsibilities. According to the Summary Report on the State of Gender Equality in Slovakia (2018), more and more women than men provide childcare and housework in EU Member States. In 2016 it was 92% women and only 68% men. In doing so, we take into account women aged 25 to 49 who have children under the age of 18. While the largest difference can be observed in Greece, the lowest difference in the share of childcare is in Sweden. In Slovakia, we can describe this share as significant, as only about 50% of men are involved in the care of households and children.

This situation is a challenge not only for the working mothers themselves and their partners, but there is room for the improvement of working conditions for this group of employees by companies as well as governments. Mothers with flexible working opportunities are a benefit not only for the companies themselves, but also for the world economy on a global scale. Their contribution to the labor market depends in particular on equality policy, which includes various legal entitlements, such as maternity leave, parental leave, the above-mentioned flexible working hours and various financial contributions from the state to support their natural return and integration into the labor market. Auster's (2001) research shows that a favorable work environment that promotes work-life balance has potential benefits for both employers and employees. When employees receive support from the employer in the workplace, they are able to balance work, private and family life, this is reflected in their overall self-realization and satisfaction, which ultimately have positive results not only for themselves but also for their employers in terms of increased productivity. Many of the economic improvements seen in middle-class families can be attributed to the increased earnings of women. According to the Center for American Profress (2019), in the United States, women's participation in the labor force and higher incomes for the economy increased by 13.5 percent between 1970 and 2013, an increase of $ 2 billion. The effect resulting from the inclusion of mothers in the labor force is thus significant not only at the household level, but also from a macroeconomic point of view. The aim of the work is to point out the potential of the female workforce in the labor market, which is the goal of achieving economic growth. The adaptation of women to the labor market can be a key element of their competitiveness.

2 Low labor costs as a factor of Slovakia's competitiveness

Slovakia has a long-standing competitive advantage of cheap labor over other EU countries. However, given the rising labor costs, there are concerns that the country
could gradually lose this competitive advantage. From 2010 to 2018, labor costs per employee increased by four percentage points from 38% to 42%. Although this increase is significant, compared to the EU average, Slovakia’s position has not changed significantly. We will look at this macroeconomic reality through the unit labor cost indicator. “The unit labor cost indicator (ULC) is considered to be one of the top additional indicators of the economy, and as such is quite often used (especially by foreign institutions) in assessing the economic development of individual countries, respectively, for a group of countries (euro area, E 25, E 15, etc.). This indicator links the overall output of the economy (GDP), labor productivity, wage and other labor costs (all in the ESA 95 methodology) and price developments, thus providing an overall view of the quality of economic growth.” (Lipská & Vlnková & Macková, 2005)

The calculation of ULC at the national level is as follows:

\[ ULC = \frac{\text{total cost per employee in nominal terms}}{\text{real labor productivity}} \]  
(1)

\[ ULC = \frac{\text{total cost per employee in nominal terms}}{\text{nominal labor productivity}} \]  
(2)

\[ ULC = \frac{\text{total cost per employee in real terms}}{\text{real labor productivity}} \]  
(3)

Thus, unit labor costs show us and explain to us how employers’ wage expenditures are growing in relation to labor productivity. Given the sharp rise in ULC, we can assume an imbalance in the labor market, resulting in future price pressures and a loss of producer competitiveness. Profit margins of companies are under pressure due to significant fluctuations in the unit labor cost indicator. It is thus a natural phenomenon that producers seek to maintain their profits by increasing prices and also by reducing investment or job creation. Unit labor costs in Slovakia have increased by almost 14% in the last eight years, which we still do not consider to be an extreme impact on Slovakia’s competitiveness. Work as one of the factors of production is the basis for the production of goods and services. The goods and services produced in Slovakia are worth EUR 90.2 billion, of which 41% is accounted for by employees' wages. Taking into account labor productivity, we can say that one employed person in Slovakia produces goods and services worth EUR 37.3 thousand per year, and almost half of this value is the cost of this employee (i.e. 47%). In the European Union, this indicator is 56%, in some Member States even slightly higher - in Germany 57%. These values represent the well-known fact that Slovakia is a country that employs people with the ability to produce high volumes of goods and services, even with relatively low labor costs for these employees. The existing tensions in the Slovak labor market were reflected in the graph in the narrowing of the gap between Slovakia and the EU, although the differences between individual countries are still not significant.
Fig. 19. Volume of labor costs in relation to GDP in the Slovak Republic and EU countries (in %, nominal quantities).

Source: Own processing according to data from the Eurostat

2.1 The current situation on the Slovak labor market from the point of view of gender equality

The competitiveness of each country depends on many known and lesser-known factors. The primary indicator is the performance of the economy, but it is backed by several years of efforts for proper education and the resulting growing human capital, which is the driving force of the Slovak economy. According to the above-mentioned statistics, it follows that the quality of future generations is increasingly ensured in an incomparably greater way in the family of women - mothers, all the more remarkable is the problem of gender inequality, which is present in all EU countries, with Slovakia no exception. The country should use its potential to the maximum extent possible, which means that all potential employees of productive age should also be included in the work process, as well as men, people with disabilities, immigrants, minorities, people with disabilities and also mothers, who are still disadvantaged and belong to a group facing disproportionately low employment rates. The report on creating a competitive EU labor market for the 21st century: matching skills and qualifications to demand and jobs as a way to overcome the crisis points to the fact that the European
Union still has great untapped economic potential for women, whose potential can contribute to economic growth. Countries with the right support mechanisms from the employer and the state. According to the EU, it is necessary to create conditions for the possibility of career growth, building their own companies and holding middle and high management positions by women. First of all, it is necessary to eliminate the discrepancy between the achieved education of women and their subsequent inadequate position on the labor market. The European Union also points to significant inequalities in employment rates between men and women, with a difference of up to ten percentage points. “Achieving the employment rate target of 75% in line with the Europe 2020 strategy is conditional on increasing the employment rate of women through policies aimed in particular at reconciling work and domestic responsibilities,” says the Report on Creating a Competitive EU Labor Market for the 21st Century (2015).

In addition to policies to promote the employment of women mothers, the European Union's priority is also to create jobs in areas of employment where there is a low, under-representation of women and in all management positions. At present, women are often better qualified than men, but they still hold jobs below their level of qualification. The paradox is the ubiquitous phenomenon of the risk of poverty and social exclusion affecting women who are cared for by another person, who may be not only children but also other dependent relatives. The fact that reconciling work and private life is becoming part of social policies and fundamental rights can be described as a positive development.

The labor market is characterized by sectors, activities and occupations dominated by women or men, also called horizontal segregation. Women's-dominated jobs are generally low-paid. Women often fill jobs in sectors where their work is less valued, ie lower paid than in those where men predominate. Women are twice as represented in health, education and public administration as men. When we look at the health and social work sector itself, about 80% of workers in this sector are women. Vertical segregation in the labor market is also a factor in determining the gender pay gap. In the same sector or society, women predominate in lower-paid, lower-paid jobs. Women are often employed as administrative assistants, saleswomen in shops or as low-skilled or unskilled workers - these occupations make up almost half of the workforce. Many women work in lower paid jobs (e.g. cleaning and nursing work). There are fewer women in decision-making positions, even in these sectors, where they are relatively well represented. And even if they fill these positions, they are in areas considered less important, or the scope of responsibilities is more limited. Women make up only 32% of company executives in the EU and 10% of board members of the largest companies. Overall segregation in the labor market leads to pay inequalities, as the value of jobs, which are mostly performed by men, is higher than the value performed by women. In Slovakia, we can historically attribute this development, for example, to the traditional division of gender roles.
2.2 Legal framework to support the female workforce

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The current legislation of the Slovak Republic is favorable for women who are interested in adapting to the labor market. It takes into account women's specifics from different angles and from the point of view of their social status, which is closely connected with the role of motherhood. The legal framework of the Slovak Republic contains the following protection of women in labor relations:

- **Labor Code** - women must not be employed in positions that could be physically inappropriate for them and endanger their maternal mission, but at the same time it does not enshrine jobs that the Labor Code would prohibit for women. Furthermore, pursuant to §64 para. employee caring for a child under three years of age.
- **Adjustment of working hours** - when assigning workers for changes, the employer is obliged to take into account pregnant women and women caring for children, the employer is also obliged to comply with a woman caring for a child under 15 years of age when requesting adjustment of working hours, unless prevented by serious operating conditions.
- **Overtime work and on-call time** - a pregnant woman and a woman caring for a child cannot be ordered by the employer on-call time, this is only possible in agreement with the employee.
- **Night work** - a pregnant woman and a woman who has a child under the age of nine months must be transferred by the employer to work other than night work.
- **Breastfeeding breaks** (§ 166 - § 170 of the Labor Code) - in addition to the standard breaks stipulated by law, the employer is obliged to provide the breastfeeding mother with special breastfeeding breaks.
- **Pregnant women, mothers up to the end of the ninth month of childbirth and nursing mothers** - Lists of works and workplaces that are prohibited for pregnant women, mothers up to the end of the ninth month after childbirth and breastfeeding women are regulated by Government Regulation no. 272/2004 Coll., Which establishes a list of jobs and workplaces that are prohibited for pregnant women, mothers until the end of the ninth month after childbirth and breastfeeding women.

### 3 Conclusion

According to the consulting company PwC, Slovakia ranks 26th out of 33 OECD countries in terms of women's employment. Pavúková (2020) says that according to this study, increasing women's employment to the level of women's employment in Sweden would help Slovakia increase GDP by 7.8%. The increasing employment of women leads to an overall better economic position of women, which thus depends not only on the level of women's income but also on the very initial adaptation of women on the labor market. When deciding to return to work, a woman must take into account her own needs as well as the needs of her family. However, one thing still applies to the country that working mothers are central to the nation's economic growth, the development and maintenance of healthy communities, and the financial security of
their families. Adequate investment in childcare is vital for the economic, physical and emotional health of families and communities. This is true at the individual level, given the central role that most mothers play in families in providing and coordinating care. However, this is also the case in the context of the wider community, as working mothers of young children are likely to find employment in sectors that help support the education, care and employment of other families. Without the paid work of working mothers, the normal functioning of state economies throughout the country would come to a halt. Nevertheless, too many working mothers face difficulties in providing childcare, better access to which would allow them to remain employed. As a result, many mothers reduce their working hours, change jobs or leave the labor market altogether to meet and care for their children's needs. However, this hampers overall economic growth and, from a microeconomic point of view, the well-being of the family. Therefore, any sound economic strategy to ensure a prosperous, strong and stable economy must take into account the considerable driving force of the female population and maximally support the increase of the employment rate of women in Slovakia and the removal of barriers to women's entry, especially for women who also care for women, children, the labor market.

References