

# Lemons to Lemonade? Union Dissolution and the Consequences for Employment.

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## 1 Introduction and Contribution

Family life-courses have become increasingly unstable over the last decades and especially the increase in union dissolution and its potential drivers has received significant attention among scholars (Bernardi and Martínez-Pastor 2010, Blossfeld et al. 1995, Gabrielli and Vignoli 2013, Härkönen and Dronkers 2006, Vignoli et al. 2018). Understanding the consequences of these insecurities is important as these new social risks might contribute to the emergence of new social cleavages, side by reinforcing existing inequalities in contemporary societies. A comparison of different contexts allows to assess how welfare states and markets intervene in shaping the consequences for individuals and how they influence their opportunity-structure to adopt strategies to counter-balance adverse effects. Many studies focused on the effect of divorce on household income (e.g. De Vaus et al. 2017, Duncan and Hoffman 1985, Holden and Smock 1991, McKeever and Wolfinger 2001, Peterson 1996, Raz-Yurovich 2011, Smock et al. 1999), showing that particularly women suffer significant economic losses after separation (Andreß et al. 2006, Aassve et al. 2007, Poortman 2000), which can be attributed to gender-based task specialization in the prior marriage and by child custody arrangement after divorce (Bröckel and Andreß 2007). Economic consequences are generally believed to be less severe among men and more often linked with intangible costs, like social or psychological penalties (Kalmijn 2005, Leopold and Kalmijn 2016, McManus and DiPrete 2001). Yet, these gendered consequences are likely to change once women conquered major economic independence.

Research is less developed with regard to the consequences of union dissolution on employment-career outcomes and is particularly scarce for later-comer-countries in the divorce-rise, like Italy (with some important exceptions, though, De Rose 2003, Vignoli et al. 2018). This paper contributes a comparative perspective for the understanding of the gendered consequences of union dissolution/divorce on a broader set of employment outcomes. Specifically, we *1.* investigate the consequences of union dissolution/divorce on labour supply and career mobility of men and women over their life-course; *2.* look at how these consequences vary across social categories exposed to different risks; *3.* compare two different institutional contexts, Italy, Germany and the United States; *4.* analyse how the consequences changed over time, comparing data from before and after the great recession.

## 2 Union dissolution, labour supply and career

Economic penalties coming with union dissolution are mainly attributed to the changing household composition, precisely the loss in the economy of scales (Holden and Smock 1991). However, people can adopt different strategies to cope with the adverse consequences, like income loss, associated with separation.

Increasing the labour supply, either by (re)entering the labour market or increasing market hours or career investment, might represent obvious solutions to compensate, at

least partially, an economic loss. Increasing labour supply should mainly be a strategy for women, starting from generally lower levels, especially during the marriage. Men instead tend to work already longer hours during the marriage, which leaves little room to increment labour supply (Andreß and Hummelsheim 2009). Recent studies have also shown that men tend to reduce their attachment to the labour market after divorce, because of the breakdown of specialization (Bonnet et al. 2010, Kalmijn 2005, Mueller 2005). We investigate changes in labour supply following union dissolution and expect women to increase their supply while men might even decrease it. The institutional context should play an important role here. Italian women who did not work during their marriage are less incentivized to enter the labour market after divorce because divorce laws that favour the (economically) weaker partner, which should not be true for union dissolution among non-married partners. At the same time, the lack of employment opportunities, generally lower in Italy than in the US, and especially weak during the great recession, could, de facto, exclude this strategy.

A major investment in the career might be another strategy, which is why we look, next to supply, also at occupational positions and their change. Again, opportunities and constraints, including the presence of children, will make a difference.

Another way to overcome adverse effects of union dissolution might simply be forming a (new) couple, with remarriage being a “strategy” especially among women (Dewilde and Uunk, 2008). We investigate to what extent a quick remarriage/re-partnering influences the consequences on employment careers.

### 3 The Comparative Perspective

The welfare and market contexts makes a difference for the availability of different employment options and thus for the career consequences of union dissolution. The level of gender-role specialisation (Becker 1981, Esping-Andersen 2009, Oppenheimer 1997), labour market structures (Barbieri et al. 2015, Barbieri and Scherer 2009) and divorce dynamics might moderate the magnitude of dissolution-consequences.

Next to expanding the empirical evidence on a country that has hardly been analysed so far (Italy), there is also a theoretical interest in comparing Italy with Germany and the US, as it provides an attractive opportunity to study institutional differences in coping with critical family events.

The magnitude of the economic losses for divorced partners is also likely to have changed over time as union dissolution has become more common and women has gained major economic autonomy, notwithstanding their role as partner and mother (Jenkins 2008 for the UK, Bröckel and Andreß 2015 for Germany, Tach and Eads 2015 for the US).

Further, institutional obstacles to compensation strategies might be amplified during hard economic times – the crisis years. We will significantly extend the existing literature by providing updated empirical results considering systematically the years of the great recession – once the data for Italy becomes available.

### 4 Data and Methods

We use national longitudinal data: the Panel Study of Income Dynamics (PSID) for the US, the National Educational Panel Study (NEPS) for Germany and the Multi-purpose survey of Italian Household (FSS, 2009 and hopefully 2016) including information on family and employment histories. Our sample includes persons between the age of 20 and 60, who are not students or retirees, and who report at least one union over the observed period.

We look at employment histories to investigate the consequences of union dissolution, focusing on labour supply and career mobility. Two variables capture information regarding the labour supply of people, which distinguish between activation into the labour market and working hours among a sub-sample of the active population. Ca-

reer mobility is measured through the International Socio-Economic Index (ISEI), which allows for international comparisons (Ganzeboom et al. 1992).

By means of panel models with distributed fixed effects, we compare how outcomes change for women and men before and after divorce, compared to women and men not experiencing a union dissolution in the same period. In so doing, we adopt an event-centred design, thus observing from four years before up to four years following the union dissolution. Models control for alternative coping strategies, constraints, and resources and consider remarriage as well as the presence and the number of children side by individual’s characteristics and various controls. We analyse Italy, Germany, and the US and well as men and women separately.

## 5 Preliminary findings

Preliminary findings show that union dissolution does not produce any penalty in terms of individual career mobility (ISEI) in the three considered countries, neither for men nor women.

Rather, some positive effects of union dissolution emerge, especially for women. In the years following the divorce, women tend to increase significantly their labour supply, both in the US and in Germany. Interestingly, women’s labour supply increases mainly one year before divorce in Italy. This finding is compatible with an anticipatory behaviour of women who perceive marriage instability, as well as with a causal effect of women’s employment on divorce (Bernardi and Martínez-Pastor 2010, Özcan and Breen 2012, Vignoli et al. 2016). We (attempt to) account for selection into divorce by looking at the employment patterns preceding dissolution. Results suggest that employment status up to two years before the divorce is uncorrelated to divorce, which brings us to discuss the results mainly in terms of anticipatory behaviour among women.

Further, employment increase is particularly strong among the higher educated in Italy and Germany, but generalized as a pattern in the US. The stratification of these effects contributes to the reinforcement of already existing inequalities. Generally, the consequences of divorce have not changed in relation to the economic downtrend, nor over cohorts in the US and Germany. In Italy some changes have been taking place, suggesting that alternative coping strategies are at stake among the younger cohorts.

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