

How can we do better for our families?

Issues, Outcomes, Policy Objectives and Recommendations



Today's family policies try to do many things: help parents get jobs and provide for their families; give parents enough time, money and skills to care for and enjoy their children, and further their children's development. Good family policy helps people to work and have the number of children they wish to have, which helps to address labour market and fiscal challenges posed by population ageing.

Over a generation, the face of the average OECD family has changed. Families are getting smaller, mothers are having children later and working more, fewer children live with both parents, and family income differences are getting wider in many countries. OECD countries need to find an optimal balance between preparing families for life in the labour market and preparing the labour market for the lives of families - those countries that manage this challenge best, will do better for their families.

Flourishing families make strong societies

Families are the cornerstone of society and play an important role in the economy. Families are a key source of financial and social support for the vast majority of people. They are a crucial engine of solidarity: redistributing resources - in cash, in kind and in time - among individuals, households, and generations, providing protection and insurance against economic loss and hardship.

Families are instrumental to the well-being of individuals. Families provide identity, love, care, nurture and development to their members and form the core of many social networks.

Family life is changing

Across the OECD, evolving labour markets, educational opportunities and social change are shifting the way families form and the way they behave.

Today, many fathers and mothers want to have both a career and an active family life. Women are better educated and female employment rates have gone up. In many OECD countries, children in couple families are more likely to have both parents in work rather than only one.

Frequently, both parents work because the family has to make ends meet. When mothers enter employment, fathers could take on more

Doing Better for Families

Media brief



of the cleaning and caring responsibilities within families. In reality, shares of housework and caring remain far from even, with mothers doing more of both even when fathers are unemployed.

Parents are under pressure to combine work and family commitments, and policy needs to support families in the areas of financial support, parental leave, formal care arrangements and flexible workplace practices.

Family policy has many goals

Family policy needs to be multi-faceted to achieve different objectives: reconcile work and family responsibilities; increase parental

employment and combat poverty; mobilise female labour supply and promote gender equality; promote conditions in which families can have the number of children they desire at the time of their choice; and, promote child development and equal opportunities among children for the future.

OECD governments all aim to support parents in their work and family decisions. Countries differ considerably, however, in the types and intensity of support provided to families. These differences are rooted in countries' histories, culture, role of the government and current work and family outcomes (Box 1).

Box: Key work, family and child outcomes compared with the OECD average

The table illustrates the considerable cross-national differences in family outcomes. However, no country significantly outperforms or underperforms the others in all of these outcome areas. Nordic countries generally have significantly better family outcomes than the OECD average, while Australia, Belgium, France, the Netherlands and New Zealand record relatively good outcomes. Chile, Greece, Italy, Korea, Mexico, Poland, the Slovak Republic, Spain and Turkey still face challenges in a range of areas.

	Total fertility rate 2009	Employment to population ratio Women 15-64, 2009	Gender pay gap 2008	Child poverty mid-late 2000s	Childcare enrolment (aged <6) 2008	PISA reading scores 2009	Public spending on family benefits % GDP, 2007
OECD Average (intervals)	1.74 (+/- 0.183)	59.6 (+/- 5.52)	16 (+/- 4.1)	12.7 (+/- 3.06)	54.7 (+/- 7.38)	494 (+/- 11.4)	2.2 (+/- 0.46)
Australia	1.90	66.2	12	11.8	39.6	515	2.7
Austria	1.39	66.4	21	6.2	44.3	-	3.1
Belgium	1.83	56.0	10	10.0	73.6	506	3.1
Canada	1.66	69.1	20	14.8	40.4	524	1.4
Chile	2.00	42.2	-	20.5	36.1	449	0.8
Czech Republic	1.49	56.7	21	10.3	40.4	478	2.4
Denmark	1.84	73.1	12	3.7	78.6	495	3.7
Estonia	1.63	63.0	-	12.4	-	501	1.7
Finland	1.86	67.9	21	4.2	51.0	536	2.7
France	1.99	60.0	12	8.0	70.8	496	3.7
Germany	1.36	65.2	25	8.3	60.2	497	2.8
Greece	1.53	48.9	10	13.2	30.2	483	1.3
Hungary	1.33	49.9	2	7.2	48.0	494	3.3
Iceland	2.22	77.2	13	8.3	74.9	500	3.5
Ireland	2.07	57.8	16	16.3	40.1	496	2.6
Israel	2.96	55.6	-	26.6	-	474	2.0
Italy	1.41	46.4	1	15.3	63.6	486	1.4
Japan	1.37	59.8	31	14.2	59.4	520	1.3
Korea	1.15	52.2	39	10.3	59.3	539	0.6
Luxembourg	1.59	57.0	-	12.4	62.4	472	3.0
Mexico	2.08	43.0	-	25.8	43.0	425	1.0
Netherlands	1.79	70.6	17	9.6	61.3	508	2.9
New Zealand	2.14	67.4	8	12.2	65.0	521	2.3
Norway	1.98	74.4	9	5.5	72.8	503	2.9
Poland	1.40	52.8	14	21.5	26.0	500	1.5
Portugal	1.32	61.6	16	16.6	63.4	489	1.3
Slovak Republic	1.41	52.8	-	10.9	37.3	477	2.2
Slovenia	1.53	63.8	-	7.8	-	483	1.8
Spain	1.40	53.5	12	17.3	66.9	481	1.6
Sweden	1.94	70.2	15	7.0	68.4	497	3.1
Switzerland	1.50	73.8	20	9.4	-	501	1.4
Turkey	2.12	24.2	-	24.6	-	464	-
United Kingdom	1.94	65.6	21	10.1	64.4	494	3.6
United States	2.01	63.4	20	21.6	45.2	500	1.2
Russian Federation	1.54	64.5	39	20.1	-	459	-
Brazil	1.86	56.80	-	-	-	412	-
China	1.77	69.30	-	-	-	-	-
India	2.74	34.20	-	-	-	-	-
Indonesia	2.17	49.40	-	-	-	402	-
South Africa	2.43	47.10	-	-	-	-	-

Above the OECD average

Around the OECD average
(or no data)

Below the OECD average

The OECD average is calculated as the unweighted average for OECD countries for which data is available. Countries are categorised in "above" or "below" groups if they are at least half a standard deviation above or below the OECD average.

Coverage of spending on family services (including childcare) maybe limited as such services are often provided and/or co-financed by local governments. This can make it difficult to get an accurate view of public support for families across, especially but not exclusive in federal countries (as in the case of Canada and Switzerland).

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

For notes on specific indicators: See OECD (2011), *Doing Better for Families*.

Invest early in families

Box 1 also shows that on average across the OECD, public spending on family benefits amounts to just over 2.2% of GDP. In most OECD countries, the majority of such spending concerns financial support to families: mostly payments during parental leave, child allowances and/or tax advantages for families.

Total spending on early year’s policies varies substantially across OECD countries (Figure 1). The most common form of intervention for children aged 0-5 is cash payments. In terms of total investment, the average OECD country spends over USD 36 000 per child in the early years, with richer countries generally spending more (Luxembourg and Norway), and poorer countries generally spending less (Chile and Mexico). Based on income levels, spending is relatively high in the Czech Republic and Hungary. Spending is relatively low in Japan and the United States.

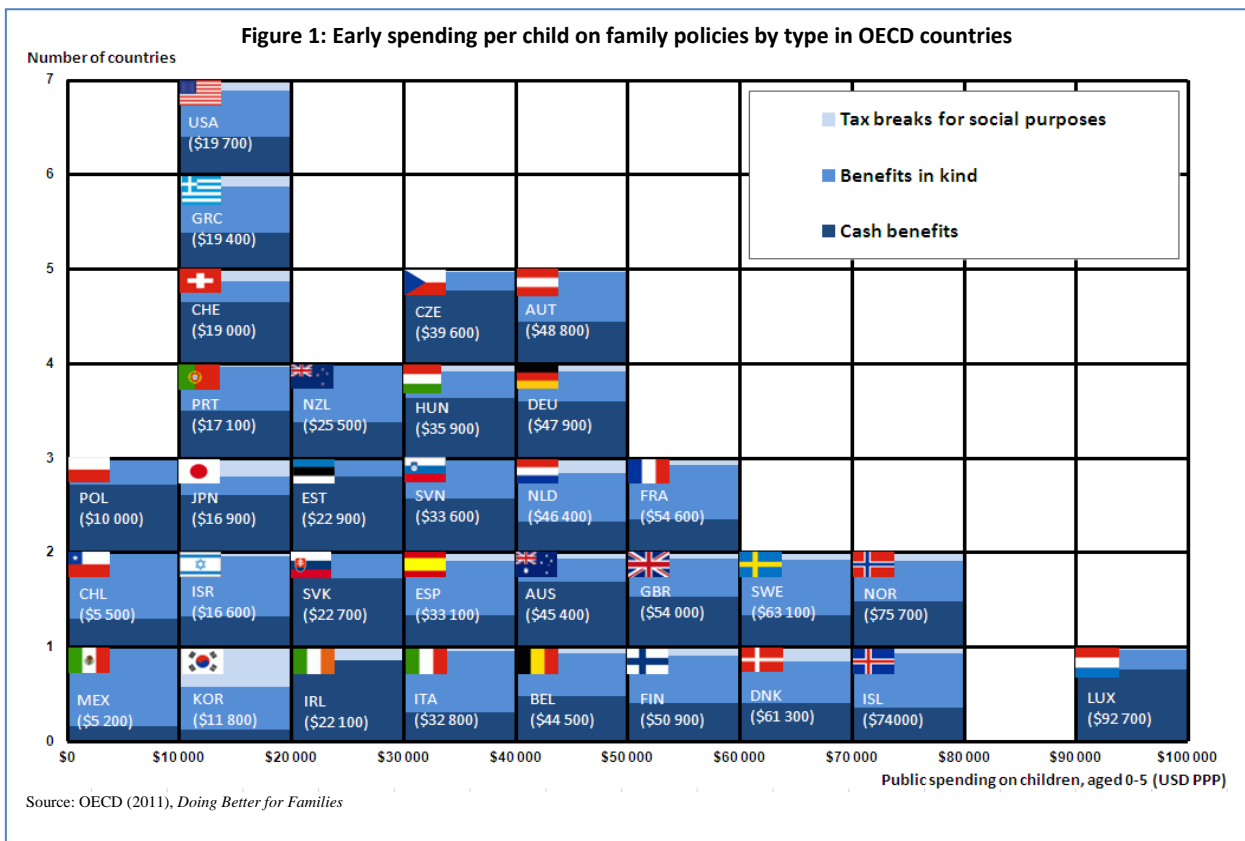
Evidence suggests that the effectiveness of public investment in human capital is higher when it takes place in early childhood (before

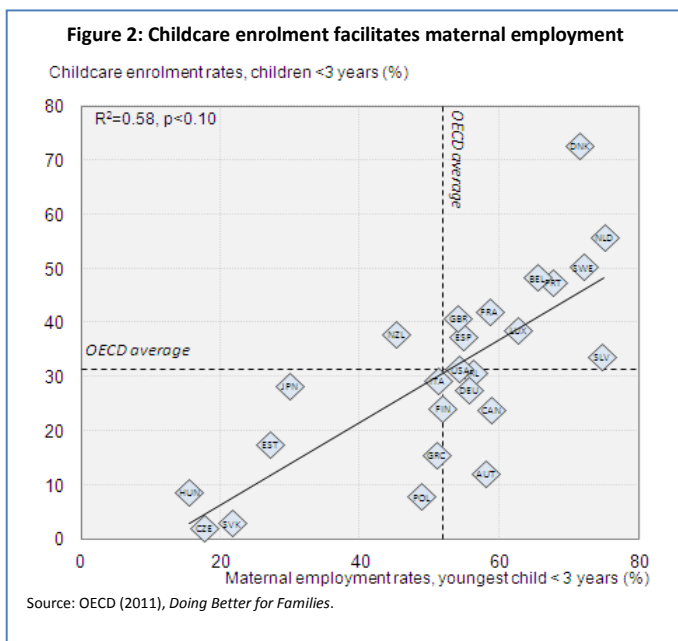
compulsory school), when it is focused on the most vulnerable population, and when it is maintained throughout childhood.

The main early interventions include cash payments around birth, leave for parents to care for children at home, and childcare services. Delivery should ensure that childcare services are available when parental leave runs out, to ensure there are no gaps in supports for working parents, and that children attending pre-schools receive appropriate levels of investment, at least equal to levels available in later years. In most countries, public spending on families is concentrated on the compulsory-school years.

The role of childcare

Childcare is particularly important for reconciling work and family life. Parents are more likely to be in work and be more productive and happy in work if childcare is accessible, affordable, and they are confident that their children are being looked after properly (Figure 2).





Since the late 90s, the proportion of under 5s in formal childcare has grown from around 33% to over 50% across the OECD. However, family experiences of childcare vary.

Children in the lowest income groups are less likely to be enrolled in formal childcare services. Children living in couple families are more likely to participate in formal (registered, licensed) childcare services, while children in sole-parent families are more likely to receive cheaper informal care services.

Some evidence suggests that low-quality care, long hours in care, and enrolment before age one is associated with behavioural problems in children. By contrast, high-quality formal childcare is linked with cognitive and developmental gains, particularly for children from more disadvantaged home environments.

The fact that children who would benefit most from childcare have least access highlights the important challenges for childcare policies of ensuring access, affordability and quality.

Although governments provide a range of tax reductions and cash benefits to help with childcare costs, formal childcare costs for families with two children are on average 13% of overall family net income, and are considerably higher in Ireland, parts of Switzerland, the United Kingdom and the United States.

For women who wish to invest in their careers, a long break from work after childbirth may not be advisable. From a child development perspective, things are not so clear. Behavioural and cognitive development effects and the reduction of poverty risk may cancel each other out, especially for children in low-income families. Some evidence suggests that mothers returning to work before the child is 6 months old may have negative effects on child cognitive outcomes, particularly when employment is on a full-time basis. The effects are, however, small, not universally observed and, in certain circumstances balanced by positive effects related to having extra family income.

Ensuring that care services match the working hours of parents is important in the early years and as children age. Many OECD countries now offer out-of-school care services for school-age children, but coverage remains limited.

Supporting good parenting

In order to foster child well-being, policy should facilitate good parenting practises. Some OECD countries already provide parenting support via health centres (home visits by midwives, *Protection Maternelle et Infantile* in France) or early years' centres (e.g. Sure Start Child Centres in the United Kingdom). Other policies include promoting breastfeeding and parenting activities that contribute to the child's development, and providing guidance on what to do in stressful situations (caring for disabled children or parental separation).

Having as many children as you want

Societies need babies, and many families want (more) babies. However, in many OECD countries, people do not have as many children at the time they say they would like to have children. Birth rates have fallen substantially from where they were forty years ago: from on average 2.2 children per woman in 1970 to just over 1.7 children per woman nowadays. It is worth noting, however, that there was a small

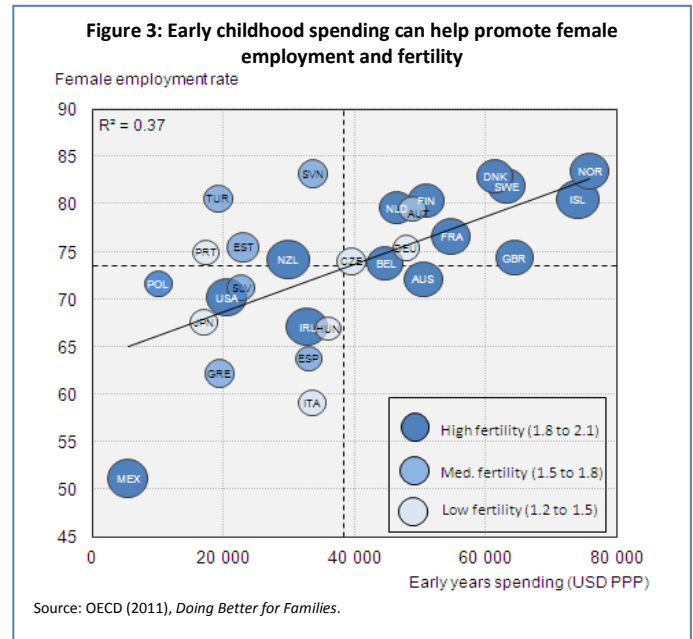
rebound in birth rates in about half of the OECD countries over the past decade.

The decrease in fertility rates is mainly caused by young men and women postponing childbirths, and having fewer children than they desired or no children at all. The risk to remain childless, however in, for instance, Austria, Germany or Italy is higher than in many other countries. Childlessness is uncommon in Japan and Korea, where the decline in fertility has been essentially due to a sharp drop in the number of large families. The postponement of childbirth is linked to economic growth. The recent small rebound in birth rates has been most pronounced in countries where female participation also increased significantly. However, in some countries the recent financial crisis may have halted the rebound in fertility rates.

For people to realise their plans to have children, at the time of their choice, good policies to reconcile work and family life help. Having to choose between babies and bosses leads to reduced birth and female employment rates. In higher fertility countries, public support in cash and services for families with young children, as well as possibilities to work part-time enable families to combine work and care commitments more effectively (Figure 3). The Nordic countries, France, the Netherlands and the United Kingdom appear to be among the countries with the most effective policy mixes of work/family supports. Evidence from different national and cross-national studies also suggests that investment in childcare services is an effective tool in sustaining fertility. At the same time, direct financial transfers to families help reduce the cost of children and thus may help smooth the effect of the economic recession on household budgets and fertility rates.

Helping parents in work

Working parents contribute not only to family and child well-being, but also to broader economic and social well-being. Parent's employment is key to getting families out of poverty. As OECD societies are ageing and working-age populations are stabilizing or



diminishing, helping parents in work will become ever-more important to economies.

Across the OECD, female employment is increasing. However, in a number of countries, the growth of female employment has been concentrated in part-time work (e.g. the Netherlands, Germany and Switzerland). This is related to a mix of (past) capacity constraints in childcare and high costs. Policy should aim to provide ample child-and out-of-school-hours care supports that help parents match full-time employment commitments with childcare and school hours. However, many female workers are satisfied with working part-time because it meets their needs. Nonetheless, working reduced hours on a prolonged basis is likely to have career consequences, and frequently it will not help avoid poverty in sole-parent or large families, or in dual-earner families where both partners are in low-paid jobs.

Employers and Unions can help reconcile work-family life balance. Having a family-friendly workplace can motivate current staff, reduce staff turnover and sickness absenteeism, help attract new staff, reduce workplace stress and generally enhance worker satisfaction and productivity. As such, there is a “business case” for family-friendly workplace supports, but it does not seem to be always that strong, particularly for small and medium-sized enterprises. Unions can play a stronger role in

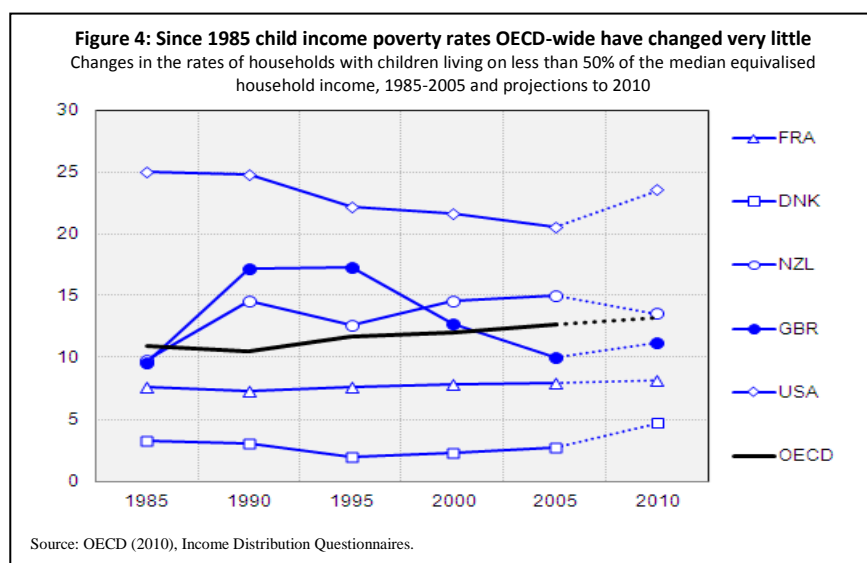
improving the provision of family-friendly work practices, but either they lack bargaining power or they do not prioritize demands in this area.

Many OECD countries have introduced legislation that either grants part-time work entitlements or gives employees the right to request flexible working-time arrangements. These measures are generally commendable, but they can have an unintended side effect. As women much more than men tend to avail of options to reduce working hours, these policy measures can inadvertently deepen gender differences in employment.

Towards greater gender equity

Although gender and unpaid work gaps are narrowing, across the OECD, female employment rates are over 13% below those of men, and the gender pay gap is 16% on average (Box 1). Many factors play a role in these differences, such as education, work experience and occupational segregation.

Gender gaps feed into the decisions made by women about work activities and intensities, about having children and home care options. Women are more likely to work part-time or not be in the labour force. Women also take more parental-leave than men take, and work 2 hours more per day in the home. Mothers spend more time on educating, caring, playing and cleaning for children, fathers are more likely to limit their involvement to learning and leisure activities.



In most countries, the financial incentives to work are strong for both parents when children are of school age. Only in Germany does the tax/benefit system provide favourable treatment to single-earner families compared with dual-earner couples.

But tax and benefit systems often provide incentives for one parent to stay at home when children are young. Usually, this is the mother, which makes financial sense from a household perspective as she often has less earnings than her partner.

In a number of countries, including the Nordic but also, for example, Germany and Portugal, policy encourages fathers to take leave to care for young children by granting them the exclusive right to part of the parental leave entitlement and/or ample income support during the leave period. Such policies work. For example, in Iceland leave take-up by fathers has increased ten-fold following the introduction of specific paternity leave entitlements.

Doing better for families, for children

Children's well-being is inextricably linked to family well-being. When families flourish, children flourish. In recent years, however, not all families have benefited from economic growth.

Since the 1980s, average family incomes have increased across the OECD. However, in many countries, child poverty rates (Figure 4) have risen too. This suggests that in these countries the average incomes of families have risen less, or less equally, than those of households without children. In countries where child poverty fell, the biggest gains are seen in those OECD countries with historically high levels of child poverty including Chile, Italy and the United Kingdom.

Paid work, in every OECD country, increases the likelihood that

families are lifted out of poverty, sometimes considerably. Jobless families are at the highest risk of living in poverty in all OECD countries.

Most OECD countries with around or above-average female employment rates have low child poverty rates, except for Israel, Portugal and the United States, which all have higher than average rates of in-work poverty. In-work benefits (e.g. the Earned Income Tax Credit in the United States) and childcare supports for working families are important tools for combating in-work poverty.

Keeping parents out of long-term benefit dependency is also crucial to reducing children's risk of growing up in poverty. Most OECD countries, except Ireland and until recently New Zealand, have therefore made income support for parents conditional on job-search and other participation commitments once the youngest child has reached the compulsory school age. However, parents on income support can only engage in the labour market if suitable childcare supports are available at a reasonable cost.

For children in families where one parent permanently lives apart from the family, child-support payments are an important tool for reducing child poverty. However, the effectiveness of child-support policies varies significantly across countries.

In Denmark and Sweden, child-maintenance schemes, characterised by regular publicly advanced payments, reduce child poverty by 2.5 percentage points. In the United States, where the proportion of sole parents is high and payments are not advanced, the contribution to child poverty reduction only amounts to 1 percentage point. In order to alleviate child poverty, it may be needed to publicly guarantee a minimum transfer regardless of the economic circumstances of the parent who is obliged to make child-maintenance payments.

Measuring the well-being of children and families goes beyond looking at relative poverty measures. For instance, health outcomes for children over the past two decades broaden the picture and show mixed success in improving life chances of the upcoming generation. Since the

late 1980s, infant mortality rates OECD-wide have been falling steadily, and at the same time rates of low birth-weight babies in many countries have been increasing. Moreover, a small but significant minority of children experience maltreatment and neglect in OECD countries, with evidence pointing towards low economic resources in the home as an important risk factor.

The Way Forward

How to do better for families?

- **Start spending early and consistently**

Start investing in family policies during the early childhood years and sustain investment throughout childhood: such a strategy potentially has high social rates of return and helps avoiding more costly interventions later in life

Ensure that financial transfers, child- and out-of-school-hours care supports and flexible working-time arrangements logically fit together into a continuum of support without "gaps". For example, ensure that childcare supports become available when parental leave entitlements run out.

- **Ensuring support for families in the face of budget cuts**

In the context of fiscal consolidation, authorities should aim to ensure that spending on children during their early years is protected from large "austerity cuts", and that overall, the most vulnerable families are protected. Public spending on family benefits and in-kind services should be seen as investment for the future. If, as part of a consolidation package, cuts in family support budgets are necessary, it would be best to make temporary or targeted changes to family policies (e.g. Hungary and the United Kingdom temporarily froze child benefit payments).

- **Service delivery can be cascaded to improve efficiency without leaving children behind**

Universal support systems ensure that all children are covered, without stigma, enhancing social fairness and social integration of all the children, but they require high levels of investment. Systems of family service

delivery will often be more cost-effective via a cascaded approach that provides universal services with more intensive delivery to targeted populations.

- **Provide multiple services for at-risk families**

Families facing multiple risks require multiple interventions. Integrated and/or co-located services can meet these needs most effectively. OECD experience suggests that this can be achieved through good co-ordination of local services delivered by municipal health, education and family departments as in Nordic countries or by physically co-locating complementary services for children or families on the same site.

- **Ensure that work pays through ample childcare supports that are quality assured**

Work should pay for both parents; and policy should help reduce childcare cost where necessary. Policy should ensure good-quality childcare to assure parents that their children are being looked after properly and enhance child development. Public childcare supports should be conditional on quality standards. Most OECD countries need to further develop their out-of-school-hours care supports.

- **Maximising child support helps to reduce child poverty in sole-parent families**

Public child support or maintenance programmes are important tools in reducing child poverty. From the child perspective, advance payments systems are best because they maximise coverage and ensure regular support for the parent with childcare responsibilities. With changing family structures, this type of policy may play a stronger role in the future.

- **Promote a more gender-equitable use of leave entitlements**

This can be done through a mix of flexible use of leave, covering shorter periods but better paid, and providing non-transferable ‘daddy’ quotas within parental leave systems.

- **Increase access to flexible workplace supports**

The “business case” for family-friendly support is strongest for workers who are difficult to replace, and for flexible workplace arrangements that least affect the production process. To ensure that workplace supports are accessible to all workers, including those in weak bargaining positions, governments should encourage all employers to offer part-time employment opportunities, flexibility in working hours and gender-equitable parental leave to all employees.

Follow-up

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