The role and effectiveness of time policies for the reconciliation of care responsibilities

OECD ‘Life Risks, Life Course and Social Policy Conference,
Paris 31 May - 1 June 2007

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Presentation outline

1. Introduction - care-related time policies
2. Care responsibilities, gender & the life course
3. Parental leave systems – diversity & key design features
4. The efficacy of parental leave (macro, firm, household)
5. The ‘right to request’ part-time or flexible hours for care reasons
6. Conclusions
1. Time policies for reconciling care responsibilities & employment across the life course

- Maternity leave (+ the shorter paternity leave for fathers)
- Parental leave
- Leave to care for sick children & other relatives
- Part-time/reduced hours options
  - *Employee ‘right to request’ [RTR] working-time adjustment*
- Access to other working-time adjustments
  - Flexitime, working time accounts…
  - Working from home

*PLUS: Childcare and elder care services are key components of any reconciliation package (& influence efficacy of time policies)*
Care-related time policies – potential impact

- **Individual carers - enhanced employment integration over life course**
  - Protects job & income security; basis for subsequent career progression
    - RISKS: prolonged absence can create reintegration problems; reinforce gender inequalities

- **Firm-level ‘business case’ retention & development of skills/experience**
  - RISK: operational costs (e.g. cover for temporary absences)

- **Macro-level public policy benefits**
  - Help to raise the female employment rate
  - Better aggregate use & development of women’s skills in the labour market
    - Reduces care-related poverty risks (lone parents, women in old age, jobless couples) + raises tax revenue → releases funding for other public expenditure (e.g. childcare)
  - Promote gender equality
  - Support sustainable fertility patterns
  - Enhance child welfare & family cohesion; families’ capacities to provide informal eldercare
  - Improve ‘work-life balance’ quality of life
2. Care responsibilities, gender & the life course

- Women still do most of the care work in families
  - ~ 1/3 of working age adults have a dependent child
  - > 1 in 10 have eldercare responsibilities…, higher still for older workers (aged 50+ years)

- Care responsibilities → Reduced labour supply, career progression & lifetime earnings

- Female employment rates rising but national differences
  - High and continuous participation across the life course e.g. Nordic
    - Nordic some on FT basis (FI, IC), some with PT periods (SE, DK)
    - CEE countries on a FT basis until disrupted by transition to market economies
  - Continuity increasing via part-time work for mothers e.g. NL, UK, DE, AU
    - Quality PT work varies, contrast UK and NL
  - ‘Full-time or exit’ divergence among mothers e.g. FR, IT, ES
    - In some countries the exit route predominates e.g. EL
3. Parental leave systems – diversity & key design features

- Paid maternity leave: most countries 14-28 weeks with earnings-related payment (70-100%)
  - AU, US unpaid
  - UK (52 weeks), IRE (34 weeks) – but not paid for full period

- Positive impact of (paid) maternity leave → widely used & increases probability of resuming employment post-birth

- Parental leave systems more diverse in design & impact
  - Length
  - Income replacement
  - Flexibility (FT or PT, multiple blocks…)
  - Individual or household entitlement - fathers’ quota?
Parental leave - length & income replacement

- EU Parental Leave Directive: minimum 3 months unpaid per parent

- **Sweden**: 18 months PL, high income replacement rate (80% earnings for 390 days, flat-rate for 90 days), very flexible options
  - Outside OECD - Slovenia also generous provision

- **Most countries ML+PL = 9-15 months continuous leave**
  - Replacement rate > 50% earnings: DK, FI, NO, Canada-Quebec
  - Modest/low replacement rate: IT, BE, JA, US-California
  - NL – unpaid, mainly PT basis + widely paid via collective agreements
  - Unpaid: AU, EL, PT, IRE, UK, most of US

- **Long leave of 2-3 yrs**
  - HU (70% earnings until 2 yrs, flat-rate for 3rd yr)
  - Low flat-rate/income-tested payment (AT, CZ, DE, FR – 2+children, PL)
  - Unpaid (ES)

- **Additional ‘childcare leave’ after parental leave in a few countries**
  - Unpaid (IC, NO, PT)
  - FI: home care leave until child is 3 yrs at low flat-rate allowance
  - HU: if 3+ children: flat-rate payment until youngest child is 8yr
Parental leave – flexibility and entitlement

- **Flexibility (FT or PT, multiple blocks…)**
  - SE: Several blocks, or PT spread until child is 8 yrs old; + option to reduce to 75% of hours
  - DK – also various flexibility options
  - Many countries can take PL on PT basis
  - Limited or no PT options – CZ, EL, ES, HU, IT, PL, FR reduced with CLCA reform

- **Individual or household entitlement**
  - Only a few countries reserve a paid leave period for the fathers
    - SE (60 days), NO (6 weeks), IC (3 months) most generous versions
    - More modest quotas in FI, IT, AT, BE, PT (+ Slovenia)
    - ‘Daddy quota’ in DK revoked in 2001 (2 weeks)
4. The efficacy of parental leave – individual patterns of use

- **Mostly used by mothers**
  - Near universal in Nordic countries
  - High in DE, HU, CZ…declined in PL
  - Low usage when leave is unpaid, or better alternative working time reductions available (BE career break scheme)

- Longest leave tends to be taken by mothers with lower qualifications/weaker labour market attachment

- Fathers’ use has increased where paid ‘Daddy quotas’ & flexible options

- **Impact on employment integration career and wage progression depends on other elements of reconciliation policy**
  - Increased integration where coexists with childcare + options for reduced working hours (Nordic countries)
  - Flatter wage profile – esp. if long leave taken

- **Long leave periods pose re-integration risks**
  - Esp. where limited childcare available and/or economic recessions (CZ, DE, HU, PL)
  - FR, FI – low qualified women
4. The efficacy of parental leave – *firms and macro-level*

- **Employers’ operational issues**
  - PL reported to cause operational problems by managers in 11% of companies (survey of 21 European countries)
    - Arranging cover, continuity of cover
    - Some countries - uncertainty of whether leave-taker will return
  - Leave absences managed by temporary hires or redistributing work among existing employees

- **Society**
  - Socio-economic benefits of employment integration
  - Public expenditure costs for financing leave - highest in Nordic countries, but even here estimated at 0.5-0.7% of GDP (Gornick and Meyer 2003, p140)
5. The ‘right to request’ part-time or flexible hours for care reasons

- **Part-time jobs concentrated in lower status, lower paid areas in most countries**
  - This ‘part-time penalty’ is less in some countries (e.g. NL, SE) than others (e.g. UK)
  - Rate of part-time work low in some countries (e.g. FI, ES, IT, PL, HU, CZ)

- **Expansion PT work can help reconciliation but risk channelling women into poor quality jobs & reinforcing gender inequalities**

- **The statutory individual ‘right to request’ increases opportunities to reduce hours without switching jobs → diversity range of jobs available on PT basis**
  - Beyond the reduced hours options in some parental leave systems (e.g. SE parents can reduced to 75% of hours until child is 8 yrs)
  - For carers (UK, Australia, Italy)
  - For all employees (NL, DE) – NL includes full ‘reversibility’ [FT → PT → FT]

- **Other pertinent working-time policies**
  - Career breaks (BE, SE)
  - Working time accounts/ time banking (NL, SE, DE)
5. The ‘right to request’ part-time or flexible hours for care reasons

- **Survey companies in 21 European countries**
  - 25% permit one-way moves for at least some of the workforce
  - 9% permit full reversibility

- **Legal right recently introduced in UK**
  - Widespread use and most employers do not report implementation problems
  - However, entitlement is weaker than in NL and taken root mainly where PT working already existed

  - NL – even wider use than UK, DE less so
  - Recession in DE deterred use? Or are working-time accounts becoming a partial substitute?
6. Conclusions

- Time policies shape individual working-time options across the life course

- Parental leave systems promote employment integration if
  - Childcare services available
  - Includes earnings-related income replacement
  - Flexible options including reduced hours working

- Long leave periods of 2-3 years create re-integration problems; esp. where childcare is lacking or economy in recession

- Paid quotas for fathers’ promote male take-up, but unlikely to eradicate gender disparities in care

- Individual ‘right to request’ can improve opportunities for better quality PTW

- Such measures reduce but do not eradicate the lifetime ‘care penalty’
  - flatter wage progression and reduced career advancement if have long periods of leave or part-time working during life course

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Colette Fagan, May 2007