3.3 WORK-FAMILY POLICIES AFFECTING FEMALE EMPLOYMENT IN EUROPE

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Female labour force participation has improved remarkably in Europe over recent decades but there are still a few EU member states where it is below 60 per cent (Greece, Spain, Italy, Malta, Croatia)\(^1\) and in several Eastern European countries, including Hungary, it fails to reach 66.5 per cent of the EU average, although increasing since the 2000s and getting close to it.\(^2\) Female labour market participation is lower than male participation in each European country, with great variance across member states. There are countries (for example Malta, Italy, Greece, Romania, the Czech Republic, Slovakia, Poland and Hungary) where the difference is striking, even though the average educational attainment of women has by now exceeded that of men.\(^3\)

Furthermore, female employees usually work fewer hours,\(^4\) in lower-status positions, in lower paid service sectors, which collectively result in significant gender gaps in wages and incomes. Factors affecting female employment at an individual level and wage differences between genders – described in detail in Chapter 4 – are influenced by demographic and structural effects alike, furthermore several differences stem from incentives determined by institutions, welfare systems, policies and tax regimes. The latter are described briefly in this subchapter.

The access of women to employment and job opportunities is not only important for their individual financial independence, activity, parenthood, participation in public affairs and through these in a better quality of life and greater gender equality\(^5\) but it also has a considerable impact on better allocation of skills and thereby on economic growth (IMF, 2016, OECD, 2018), population growth, alleviation of several public finance and social problems of aging societies and sustainability of fiscal policy. Acknowledging this, the EU has several directives, objectives and policies in place to encourage member states to strive to enhance the labour market situation of women (Directive 2006/54/EC\(^6\) and Article 153 TFEU\(^7\)), involving those who are inactive or excluded from the labour market (Article 151), implementing the principle ‘equal pay for equal work’ (Article 157) and a better work-life balance for carers. Increasing the current labour market participation of women is strongly related to the employment target of the Europe 2020 Strategy (employment rate must be increased to 75 per cent by 2020 in the EU) and to reducing poverty in several member states (see for example single mothers). There has been some ongoing horizontal coordination in social and employment policies; nevertheless, the policies of individual member states are significantly different.

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\(^1\) Eurostat data from 2017.
\(^2\) For more details on female employment in the post-communist EU member states see Sub-chapter 3.1.
\(^3\) An average of 44 per cent of women and 34 per cent of men had a tertiary qualification in the EU28 in 2016.
\(^4\) An average of one-third (31.4 per cent) of working women aged 20–64 were employed part time, while the figure is only 8.2 per cent for men in the EU28 in 2017. It is 38.9 per cent among mothers with young children and 5.8 among fathers with young children. The rate of women in part-time employment is especially high in Netherlands (75 per cent), Belgium, Denmark, the United Kingdom, Ireland, Germany and Austria (see Eurostat).
\(^5\) All EU member states have ratified the Convention on the Elimination of All Forms of Discrimination Against Women adopted by the UN in 1979.
\(^6\) Directive 2006/54/EC.
\(^7\) Article 153 TFEU.
Policies and their impact on female employment

Policies in EU member states – similarly to other developed countries\(^8\) – assist with reducing the cost of bringing up children (family allowances, tax allowances), balancing work and family life\(^9\) (maternity leave, parental leave – for mothers and more recently also for fathers), flexible work arrangement possibilities, childcare system (nursery, kindergarten) but the way, extent and design of support are rather different. The abundant international literature increasingly labels these policies work-family policy rather than family policy or employment policy, referring to the paradigm shift with a focus on the balance of work and parenting and to the fact that it is not the effects of individual policy packages but of the policy mix that should be evaluated (Hegewisch–Gornick, 2011, Thévenon–Luci, 2012, Szikra, 2010).

Parental leave policies – reinforce attachment to the labour market but their length and income replacement effect also matter

Evidence indicates that the existence and duration\(^10\) of paid maternity and parental leave aiming at job retention are crucial (Cascio et al. 2015, Ruhm, 1998, Hegewisch–Gornick, 2011, Nieuwenhuis et al. 2012). Paid maternal and parental leave reduces the risk of mothers giving up their existing jobs around the time of giving birth to their children. These parental leave allowances are tied to past employment in all member states, thus they do not protect unemployed women who give birth. The beneficiaries usually make full use of them, whether they are a few months’ long (Cyprus, Portugal) or last several years (Germany, Norway, Eastern European countries) – see for example the tables in the OECD Family Policy database. Obviously, mothers tend to stay in the labour market more often in countries where employers do not dismiss them during or directly after parental leave and the childcare system is well-developed and accessible for the majority (Del Boca et al. 2008, EC, 2015, Lambert, 2008).

In several countries (Finland, Norway and the post-communist countries) it is possible to stay at home for three or four years on parental leave; however, these allowances are not necessarily linked to job protection and only involve a smaller amount of monetary benefit.\(^11\) Monetary benefit linked to parental leave varies to a great extent (Figure 3.3.1): there are countries where it equals 100 per cent of the wage earned previously (Baltic countries, Portugal and Germany), while in others it is reduced or does not have a specified obligatory value.

Where none or only a small percentage of wages are compensated for, considerably fewer mothers or fathers stay on parental leave, although it differs across qualification levels, social and labour market positions, because of different opportunity costs of staying at home. Empirical results (Akgündüz–Plantenga, 2018, Rønsen–Sundström, 2002, Evertsson–Duvander 2011) show that too

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\(^{8}\) Cipollone et al. (2014) estimates that 25 per cent of the increase in the employment of young women has been due to these policies in the past 20 years. The figure is 30 per cent in the case of highly qualified women but the policies have a less significant effect on the labour supply of low-qualified women.

\(^{9}\) The impact of becoming a parent on employment is obvious when comparison is made with childless women: the employment rate of women with a child younger than six years is on average 8 percentage points lower compared to childless women in the EU; however, this difference is over 30 (or even 40) in Hungary, Slovakia and the Czech Republic and more than 15 per cent in Estonia, Finland and Germany. While in several countries, becoming a mother has an insignificant effect (see for example Belgium or Holland, where the proportion of part-time employment is high) or even a positive effect on the labour market status of women (Sweden, Slovenia and Portugal), in the case of men, becoming a father always has a positive effect (see Sub-Chap. 8.4 and EC, 2015).

\(^{10}\) Tables F2.1–2.5 of the OECD Family Database provide data on the duration and the income replacement rate.

\(^{11}\) Except for Germany, where parental leave with job protection is three years long but without monetary benefits. In the post-communist countries there is a small amount unrelated to past wages. In Norway and Finland this was introduced specifically to reduce the burden on the childcare system and it demonstrably contributed to the reductions in mothers’ employment rates but not equally in the various groups of society: it was mainly used by poor, migrant families with several children and therefore not only were these mothers increasingly excluded from the labour market but their children benefited less from early childhood development provision (Fagnani, 2009, Moss–Korintus, 2008).
extensive\(^{12}\) periods of parental leave have a negative impact on mothers’ return to the labour market (an excessively long gap in work experience results in skill deterioration), on the wage level achievable (\textit{wage penalty}) and the share of housework in the family (\textit{Rønsen, 2001}) as well as on macro-level employment rates (\textit{Jaumotte 2003, OECD, 2017, Albrecht et al. 2003, Hegewisch–Gornick, 2011}).

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure3.3.1.png}
\caption{The equivalised net household income one month, six months and two years after the birth of a child, as a percentage of their prior net income}
\end{figure}

\textbf{Figure 3.3.1:} The equivalised net household income one month, six months and two years after the birth of a child, as a percentage of their prior net income

\begin{itemize}
\item Note: OECD simulation calculations, for a sample family of two parents and two children, assuming that all paid periods of parental leave are taken without interruption and the first child is two years old when the second is born.
\item Source: \textit{OECD Family Policy Database, FP 2.4.}
\end{itemize}

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\item In most countries it is still only women who are likely to use parental leave, except for Norway, Sweden, Iceland, Portugal and Germany, where the father’s quota is not transferable, that is families either lose it, or get less money if the mother alone stays at home. In these countries the share of fathers staying at home on parental leave is increasing (\textit{Björnberg 2002, Kluev–Tamm, 2009}).
\item At the same time, it is also seen that the father’s quota contributes to the slow changes in stereotypes and a more fairly distributed housework, which lifts the burden on women.
\item As a result of European guidelines, nearly all countries have a father’s quota, whereby a certain part of the parental leave may (only) be used by fathers, though there are large differences in the duration and extent of allowances (in Hungary it is five days, in most countries it is two weeks, while in the Nordic countries it is six months), as well as in its transferability to the mother.\(^{13}\)
\item Findings show that men use the opportunities offered by policies different than woman: they reduce their labour supply to a smaller extent, or use the leave in several shorter periods, especially if it involves loss of income (\textit{Hegewisch–Gornick, 2011}).\(^{14}\)
\end{itemize}
The disincentive effect of monetary family benefits and the tax system

Generous monetary family benefits and family tax credits have a negative impact on female labour force participation through the income effect (Nieuwenhuis et al. 2012, Thévenon, 2012, IMF, 2016). In several countries (for example Luxemburg, the Czech Republic, Ireland and Greece) the tax system does not encourage the taking up of employment by the second wage earner in the family (higher marginal tax rates), which significantly influences the labour supply of women (Keane, 2011, Prescott, 2004). Transferable family tax allowance is usually claimed by better paid men, which may also reduce female employment or reduces the income of divorced women (Szikra, 2010). Rather than a joint taxation of married couples (for example France, Germany, Ireland and Portugal), a more neutral tax system, leaning towards individual taxation curbs these disincentives and contributes to increasing female employment (Jaumotte, 2003, IMF, 2016).

According to Korpi (2000) and Korpi et al. (2013), support measures in line with the so called ‘earner-carer’ model promote a more equal gender division of paid and unpaid work and contribute to higher employment rates and higher fertility. These include maternity leave, shared parental leave and benefits subject to prior employment. By contrast, policies of countries where the ‘traditional-family model’ applies tend to sustain gender disparities: they include monetary benefits that are most often not linked to previous employment and are lump-sum or flat rate. The actual policies used in most welfare states combine these dimensions; however, there are clusters of countries where one of these models dominates and others where both are present – Hungary belonging to the latter (see Wesołowski – Ferrarini, 2017, p. 13). It remains to be seen, whether in such situations the diverging policies reinforce or cancel each other out.

Part-time/flexible employment opportunities

Part-time employment opportunities facilitate the labour market integration of women, support work-family reconciliation in certain life stages and undoubtedly play an important role in increasing female employment. In several, but not all, OECD countries it is easy to shift back and forth between full-time and part-time employment (OECD, 2007) and there are countries with typically high part-time female employment (Netherlands, the United Kingdom, Austria and Germany – see Figure 3.3.2).

At the same time, some countries promoting full-time employment are also able to achieve high female employment (France, the Nordic countries and Slovenia). It should be noted that part-time employment is very often not voluntary and results from other policies (e.g. taxation or inadequate, inaccessible or too expensive kindergarten care), and it also has controversial effects because...
it may create lock-in situations and disincentives. Women in part-time employment are often found in low-status jobs, having lower hourly rates, switching jobs frequently, less eligible for unemployment benefits, thus they are in a worse and more vulnerable employment situation, not to mention their lower future old-age pension.18

Figure 3.3.2: The employment rate of mothers aged 15–64, with at least one child, working full-time or part-time, 2014

See country codes below Figure 3.3.1 (CY: Cyprus).
Source: Author’s calculation based on Tables LMF1.2 of the OECD Family Database.

Development of childcare provision

A comprehensive and accessible system of childcare institutions is a crucial element for the employment of mothers (Blau–Currie, 2003, Del Boca, 2015, Anderson–Levine, 2000, OECD, 2007, EC, 2015); countries with a high employment rate of mothers invested substantially in developing child day care provision. Nevertheless, in her comparative study Jaumotte (2003), found that tax systems and parental leave schemes have a stronger impact on female labour supply and that the better development of childcare institutions is more important in countries where full-time female employment is dominant because it is easier for women working part time to find informal childcare solutions. Although attitudes of parents towards childcare institutions vary across countries, as does utilisation and the number of hours spent in childcare (Andringa et al. 2015), some patterns emerge:

1) universal and strongly subsidised provision in the Nordic countries;
2) in the more traditional Southern European countries there are very few places for children under the age of three and not accessible everywhere;

18 The case of Sweden, Denmark and to some extent Norway suggests that part-time employment opportunities can only provide transitional solutions to the higher employment rate of mothers (it was typical of these countries in the 1980s and 1990s), and a more comprehensive, well thought-out policy mix – including the combination of tax and social security policy, exclusive father’s quotas and the expansion of nursery and kindergarten provision – drastically reduces part-time employment and increases full-time employment among women.
3) the extensive use of expensive private settings in the English-speaking countries, with subsidised provision available only for single mothers;
4) the free-of-charge childcare system in the post-communist countries used to be extensive but has shrunk since transition and is now characterised by serious regional disparities.

High costs of using childcare institutions limit female labour supply and the labour market reintegration of mothers (for example in Ireland, Netherlands or Poland, where even families with a median income spend cc. 20 percent of their income on childcare). These institutions are used more extensively (especially by single parents) in countries where they are free of charge or are highly subsidised and therefore affordable for the majority\(^{19}\) and are, at the same time, of good quality (Han et al. 2009), which results in higher female employment in all groups by education level (Cascio et al. 2015). However, the authors point out that the accessibility of the childcare system alone does not increase the total labour supply of women if it only replaces other, informal solutions (babysitters, family day care, grandmothers etc.). Furthermore, their usage is not only influenced by cost and access but also significantly and to a varying extent across countries by preferences and social norms, which change rather slowly over decades.

Figure 3.3.3: Employment rate of mothers (full or part time) and the participation of children aged 0–2 in formal childcare, 2014

See country codes below Figure 3.3.1 (CY: Cyprus).

Source: Author’s calculation based on the OECD Family Database, participation of children aged 0–2 in centre based (ISCED 0) or other early childhood education and care (ECEC), the employment rate of mothers aged 15–64 (working full or part time) having one child aged below three.

\(^{19}\) Cf. reducing child poverty is also an important objective of the EU2020.
Figure 3.3.3 shows clearly what was already seen previously, that Hungary, the Czech Republic and Slovakia form a separate group: they sadly have the worst mother employment rates within the EU. These countries have a high family benefits expenditure to GDP ratio and a weak childcare system with large regional disparities, coupled with excessively long parental leave schemes. These policies together hinder, rather than encourage the return of women to employment.

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In conclusion, apparently those countries have the best results in female employment where it is easy to reconcile work and family: a large proportion of young children spend a high number of hours in centre based day-care, part-time female employment is high, monetary and in-kind family benefits are generous but the duration of parental leave is below average and maternity leave is less generous (EC, 2015, Blau–Kahn, 2013, IMF, 2016). While relatively a lot is known about the impact of these policies on female labour market participation, less is known about how they influence the number of hours worked. It is also evident that the impact of the entire mix of these policies must be evaluated as a whole because the same policy might have a different effect in a different context. For a long time it seemed that the trend of declining fertility cannot be avoided and female employment can only be improved at the expense of that. However, since the 2000s there have been several examples in developed countries of policies supporting work-family reconciliation resulting in both high female employment and high fertility (Sweden, France, the United Kingdom etc.), while in another group of countries (Italy, Spain and Greece) low female employment is coupled with low fertility rates. Experience has shown that policies supporting the labour market reintegration of mothers and work-family reconciliation also have a positive impact on fertility rates and child development (Thévenon–Luci, 2012, OECD, 2012). i.e. they help resolving the often mentioned potential conflict of working mothers versus balanced child development. Several lessons can be drawn from the diverse practices of the various countries with different development levels, dissimilar institutional and political settings and cultures; however, the cross-country transferability of these policy options is limited. Certainly, in order to increase female employment rates the above policies have to be fine-tuned and better coordinated, the disincentives of the tax and benefit system be cut and the cultural stereotypes and social norms concerning the role of women in society, public and private sectors and politics must be challenged. Diversity is essential both for better targeting of such policies exerting different effects on various sub-groups of women as well as to ensure individual choice.
3.3 Work-family policies affecting female employment...

References


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