Leave policies in OECD member states and the impact of the crisis

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Objectives

• Various designs of leave entitlements due to variety of objectives underlying leave policies:

  → social, as parental leave may affect the health of working mothers as well as the physical and emotional development of children;
  → economic, as parental leave affects labour force participation (leave as an instrument of employment policies)
  → demographic, since parents' decisions about whether or not to have children may be affected by leave, which is an integral part of the policies to support work-life balance.
  → gender-related ethic, as men and women are not equally affected equally by leave legislation, of which changes are not gender neutral.

• But important evolutions since the 1980s =>

  → Is there some “convergence” in policy developments? (suppose “compromises”/balance to be set between the aforementioned objectives?)
  → And what are the key common trends and remaining differences?
  → What are the factors explaining the development of leave policies?
Data

• Information collected for the OECD Family Database
  → PF2.5 Trends in leave entitlements around childbirth
  → PF2.4 Parental leave replacement rates

• Time series on contextual variables
  → employment and birth rates;
  → infant and maternal mortality;
  → Unemployment rate, Strictness of protection legislation;
  → GDP per capita, Deficit in government spending;
  → political context: government party orientation and % of women in Parliaments
Maternity Leave 1970 – 2011 (duration in weeks)

Source: OECD Family Database, PF2.5 Trends in Parental leave policies
Maternity payment rates

Percentage of the earnings before birth replaced by maternity payment, by earnings level, 2008

- 50% of average earnings
- 100% of average earnings
- 150% of average earnings
Parental leave - Large path-dependencies?

Source: OECD Family Database, PF2.5 Trends in Parental leave policies
Total number of employment-protected weeks available for mothers – maternity + parental leave

Source: OECD Family Database, PF2.5 Trends in Parental leave policies
Number of paid weeks available for mothers

Source: OECD Family Database, PF2.5 Trends in Parental leave policies
Changes in the number of paid weeks

Weeks

Austria

Germany

Finland

Sweden
Father’s specific leave entitlements
(paternity leave +/- or father’s quota of PL) - 2012

<table>
<thead>
<tr>
<th>Year of introduction</th>
<th>Iceland</th>
<th>Slovenia</th>
<th>Norway</th>
<th>Sweden</th>
<th>Finland</th>
<th>Germany</th>
<th>Portugal</th>
<th>Denmark</th>
<th>France</th>
<th>United Kingdom</th>
<th>Belgium</th>
<th>Estonia</th>
<th>Luxembourg</th>
<th>Poland</th>
<th>Hungary</th>
<th>Chile</th>
<th>Spain</th>
<th>Korea</th>
<th>Greece</th>
<th>Netherlands</th>
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</thead>
<tbody>
<tr>
<td>2002</td>
<td>14,0</td>
<td>12,0</td>
<td>10,0</td>
<td>10</td>
<td>9</td>
<td>8</td>
<td>2,9</td>
<td>2,0</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2,1</td>
<td>1,0</td>
<td>1</td>
<td>0,6</td>
<td>2,1</td>
<td>0,4</td>
<td>0,3</td>
<td>0,3</td>
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</tr>
</tbody>
</table>

Number of weeks

Year of introduction
### Determinants of provision and increase in duration of maternity/parental/paternity leaves

<table>
<thead>
<tr>
<th>Determinants</th>
<th>Maternity leave</th>
<th>Parental Leave</th>
<th>Maternity leave</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td>Duration in weeks</td>
<td>0.825 (244.77)***</td>
<td>0.123 (36.53)***</td>
<td>0.515 (54.00)***</td>
</tr>
<tr>
<td>Provision of paid leave</td>
<td>0.036 (36.53)***</td>
<td>4.767 (36.53)***</td>
<td>-0.232 (2.92)**</td>
</tr>
<tr>
<td>Duration in weeks</td>
<td>0.036 (36.53)***</td>
<td>0.123 (36.53)***</td>
<td>0.015</td>
</tr>
<tr>
<td>Provision of paternity leave</td>
<td>0.036 (36.53)***</td>
<td>0.123 (36.53)***</td>
<td>0.015</td>
</tr>
<tr>
<td>Lagged value of the dependent variable.</td>
<td>0.036 (36.53)***</td>
<td>0.123 (36.53)***</td>
<td>0.015</td>
</tr>
<tr>
<td>Female employment rate (aged 25-54)</td>
<td>0.036 (36.53)***</td>
<td>0.123 (36.53)***</td>
<td>0.015</td>
</tr>
<tr>
<td>Male employment rate (aged 25-54)</td>
<td>0.036 (36.53)***</td>
<td>0.123 (36.53)***</td>
<td>0.015</td>
</tr>
<tr>
<td>Birth rates 1</td>
<td>-0.036 (6.31)***</td>
<td>-0.668 (2.86)**</td>
<td>0.917 (13.51)***</td>
</tr>
<tr>
<td>Infant mortality</td>
<td>0.05 (4.80)***</td>
<td>-0.569 (3.98)***</td>
<td>-4.103 (27.25)***</td>
</tr>
<tr>
<td>Maternal mortality</td>
<td>0.06 (17.32)***</td>
<td>-0.125 (3.08)**</td>
<td>-0.483 (5.25)***</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>-0.034 (4.94)***</td>
<td>0.032 (3.08)***</td>
<td>1.545 (19.14)***</td>
</tr>
<tr>
<td>Incidence of part-time on female employment</td>
<td>-0.042 (17.93)***</td>
<td>-0.06 (4.34)***</td>
<td>-2.33 (90.89)***</td>
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<td>-2.33 (90.89)***</td>
</tr>
<tr>
<td>Strictness of protection legislation</td>
<td>0.733 (34.57)***</td>
<td>-0.639 (3.05)**</td>
<td>5.904 (17.96)***</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>3.385 (512.50)***</td>
<td>0.168 (261.53)***</td>
<td>-2.943</td>
</tr>
<tr>
<td>Deficit in government spending</td>
<td>-0.067 (15.88)***</td>
<td>0.067 (7.54)***</td>
<td>-0.481 (2.50)**</td>
</tr>
<tr>
<td>Government party orientation</td>
<td>0.038 (17.91)***</td>
<td>-0.352 (4.07)***</td>
<td>-1.242</td>
</tr>
<tr>
<td>Percentage of women in Parliaments</td>
<td>0.137 (5.41)***</td>
<td>0.085 (3.05)**</td>
<td>-1.576</td>
</tr>
<tr>
<td>Pseudo R2</td>
<td>0.5092</td>
<td>0.3461</td>
<td>0.3557</td>
</tr>
</tbody>
</table>
Make the use of parental leave more flexible to foster the use by both parents

- 15 countries provide the possibility of taking leave in one continuous block or several shorter blocks;
- 15 countries provide the possibility to take leave on a full-time or part-time basis (i.e. so parents can combine part-time employment with part-time leave);
- 16 countries provide the possibility to use all or part of leave when parents choose until their child reaches school age;
- 6 countries provide the option to take longer periods of leave with lower benefits or shorter periods with higher benefits;
- 2 countries provide the possibility to transfer leave entitlements to carers who are not parents.
What has happened Since 2008?

• Ambivalent expectations:
  → Prolongement of duration or increased payment to « smooth » the impact of the crisis on household income and/or unemployment by encouraging women to leave the labour market.
  → Cuts of payment/duration as part of the austerity package.

• More stringent eligibility conditions or cuts in payment rates in 7 countries (Belgium, Czech Rep., Estonia*, Iceland, Germany**, Hungary, Norway)

• But in most cases, lengthening of parental leave – often as planned before the recession.

• Extension of father’s entitlements (Austria, Finland, Italy, Japan, Norway, Poland, the United Kingdom).

• Gender equality programs in Finland, Norway, Iceland
Conclusions

• Since the early 1970s, most OECD countries have indeed supplemented the basic rights for "maternity" leave with entitlements to leave work that both parents can claim (only 4 OECD countries were granting such entitlements before 1970).

• In most countries, the total period of combined leaves has been lengthened (parental leave and additional “homecare” leave in some cases), but still large cross-country variations.

• Only few countries experienced up and down in the duration of leave;

• Measures to foster the use by fathers
  → Father’s specific rights were introduced in 20 countries, but often very limited
  → only Germany experienced a change of “system” (?)
  → Introduction of flexible options

• Economic and political factors are important in explaining extension of leave entitlements

• The impact of the ongoing crisis seems rather limited: cuts in payment rates and more stringent eligibility conditions in few countries, but few others did not forgo to extend rights for fathers