

Conversations with the Experts

Parental Leave Policies in 21 Countries: Assessing Generosity and Gender Equality



Janet Gornick

Bio: Janet C. Gornick is Professor of Political Science and Sociology at the Graduate Center, at the City University of New York (CUNY). She holds a Bachelors Degree in Psychology and Social Relations (Harvard 1980), a Masters Degree in Public Administration (Harvard 1987), and a Ph.D. in Political Economy and Government (Harvard 1994).

Dr. Gornick's research focuses on social welfare policy. Most of her work is comparative, with a focus on Europe, and concerns the effects of family policies on child and family outcomes. Her core interest is in public programs that affect families' capacities to combine employment with caregiving, such as child care, maternity and parental leave, the regulation of working time, and income transfers targeted on families with children.

In September 2006, Dr. Gornick became Director of the Luxembourg Income Study, a cross-national microdata archive and research center, located in Luxembourg.



Rebecca Ray

Bio: Rebecca Ray is a Research Assistant at the Center for Economic and Policy Research in Washington, DC. She holds a Bachelor's Degree in Sociology and International Studies from Guilford College, and Master's Degree in International Development Studies, with a concentration in Economic Development Policy, from the Elliott School for International Affairs at George Washington University. Her academic fieldwork has included consulting for the Partnership for Food Industry Development in Nicaragua and the Institute for Sustainability Education and Action in Salt Spring Island, Canada. Her research consists primarily in international comparisons of progressive social welfare policies, and in-depth research into the strategies employed by progressive Western Hemisphere nations.

An Interview with Janet C. Gornick, PhD and Rebecca Ray

by Judi Casey and Karen Corday

Casey: Can you give us an overview of the study?

Gornick: It's a study of parental leave policies in 21 countries. By "parental leave policy," we're referring to policies that include:

- maternity leave and short-term leave, targeted at women around the time they give birth,
- paternity leave, targeted at men around the time of a child's birth, and
- parental leave—generally longer, more flexible leaves that are available to both parents.

The goal of the study is to characterize both the generosity of the leaves as well as the extent to which the policy architecture encourages gender equality by providing provisions for men and designing them in such a way that there are incentives for men to use them. It's one thing to grant leave policies to men; it's another to design them so there are structural and economic incentives for taking them. The other 20 countries in the

study all have more extensive national parental leave policy than the United States, where there is no national policy providing paid parental leave.

We wanted to draw upon what we learned across the countries and conclude with best practices that identify the core features that are crucial to replicate in order to design a model program in the U.S.

Casey: In what ways can parental leave support parents?

Ray: First of all, it offers an important support to families who want to care for their children without putting them in day care at a young age. It also helps parents remain in the workforce by allowing them to stay connected to their employer. They can come back to work after they take parental leave and avoid a “mommy track,” which we’ve seen so much in the U.S. If parental leave is unpaid or involves severing a relationship with an employer, it can be difficult for professionals to re-enter the workforce in a high-quality position that allows them to take on family responsibilities. Work lives then tend to progress in fits and starts. What we find is that if there’s no parental leave available at all, the parent who earns the least amount of money in a two-parent situation, which is usually the mother, will end up taking the time off and is later unable to move forward in her career.

Gornick: The benefits are both micro and macro. This isn’t just charity to working families; it’s also important to strengthen labor markets and reduce turnover. Parental leave programs have two components to them. One is simply granting workers the right to time off, and, accordingly, the right to go back to the same job. The second is to provide wage replacement benefits during these leaves, which grant parents not just time, but income support as well. Unpaid leave, which is what we currently have at the national level in the U.S., is only half the picture. It grants many parents time off, but if it doesn’t grant them income; this may end up impoverishing many families. Even a 12-week leave without any wage replacement can be very tough on young families, and one result is that they don’t take it up, or only use part of it, because they can’t afford to lose their income. They go back to work sooner than they would like to because they need those missing wages.

Ray: It’s important to bear in mind the equalizing impact that paid parental leave can have across economic strata. If a family can’t afford to take unpaid leave, all of the wonderful benefits that have been shown to be associated with infants spending time with their parents will only be available to wealthy families or families whose workplaces provide paid leave. This inequality can be transmitted from generation to generation.

Gornick: In the U.S., we allow paid leave as a voluntary provision on the part of employers, which opens the question of which workers tend to get paid leave through work. Of course, we know that getting employer-provided leave is positively correlated with earnings; high-earning women in particular do tend to get quite a bit of paid leave from their employers, but low-earning women, particularly hourly workers, typically get nothing. The lowest paid get the least. For a low-income mother with an infant, especially if she doesn’t have a partner, every day is a high-wire balancing act without paid leave.

Casey: How do parental leave policies affect gender roles?

Gornick: This is perhaps the thorniest question of all. What we want to avoid is inadvertently creating new forms of gender inequality and deepening gender divisions of labor; this is a great concern. We know that providing time and income benefits families, but the implications for gender equality are complicated, for two reasons. First, some leave programs are restricted to women. This is true of any policy that is limited to maternity leave. For example, five U.S. states provide some paid maternity leave through temporary disability insurance. This form of paid leave deepens gender inequality because it is only available to women.

Second, even when leaves are extended to men, in many cases, men don’t take-up their parental leave as often as women do. One reason is that, unless the wage replacement is 100% with no cap,

the lesser earner has more incentive to stay home. In most countries, the wage replacement is only a percentage of a wage and is usually capped, so there is usually an economic incentive for women to take the leave. Of course, we also know that the social constructions of parenthood everywhere, even in the highly praised Nordic countries, feminizes parenting, particularly caregiving for children; that's a hard pattern to break. The concern is that more generous leave would result in more women (but not more men) spending time away from their paid work, if only temporarily. That's why our emphasis in this report stresses what we have learned about policy designs that are much more promising for gender equality. In these designs, leaves are granted to men, are designed in such a way that they can't transfer them to their wives, are highly paid, and contain protections aimed at minimizing men's paying a "daddy tax" in the way that women have paid "mommy taxes" over the years.

Some critics of parental leave are pessimistic that we can do anything but create a world in which there are wage and career penalties for women, but I think that view is too pessimistic, and I think the European experiences support my more moderated optimism.

Ray: I would also add that how parental leave is financed is very important in either reinforcing traditional gender roles or enabling couples to move beyond them. If financing is done at a collective level, and all employees across the board contribute to and benefit from the system, there is much less incentive for employers to discriminate against women of child-bearing age. Mothers do not cost more for the company if all employees pay into the system rather than having companies shoulder the burden on their own.

Gornick: The programs in Europe are financed by social insurance, usually payroll taxes paid for by some combination of employee and employer contributions. They are then pooled across enterprises, industries, and generations and between men and women, so when a worker goes out on leave, the bill isn't footed by the employer other than through a diffused tax burden. In the U.S., some discussions of paid leave have focused on establishing an employer mandate—that is, requiring by law that employers pay employees' wages, such as during a leave allowed by the FMLA. I think that would be catastrophic; employers would protest, and rightly so, and their incentive to discriminate against young women would be quite intense.

Casey: Could you give us an overview of the Gender Equality Index?

Ray: The Gender Equality Index considers the amount of leave that fathers are able to take as well as the rate of wage replacement. If a father can transfer his allotted paid leave to the mother of the child needing care, then it might make financial sense for this family to have the mother take all of the available leave. We also wanted to show the difference between policies that provide a certain amount of paternity leave but then nothing more that the father may access compared to policies that provide paternity leave and then further time that may be taken, if desired, by the father. This is the largest part of the Gender Equality Index—it's a 15-point index, and 9 of the points consider how much paternity leave is available to fathers.

The second most important aspect is the amount of wages replaced during leave, which represents 5 of the 15 points. If wages are not replaced, in families with lower incomes as well as families with a large difference in the mother's and father's wages, fathers will continue to work and not take leave. It's important that fathers not have to choose between being a good breadwinner and being a good caretaker. Finally, there are incentives in addition to the policies. For example, in Japan, there's a structural incentive for fathers not to take any of their leave; there, either parent may take family leave, but one parent must take all of the allotted time off. As a result, less than 1% of Japanese men take family leave.

Other countries have thoughtfully created ways that require fathers to take their allotted leave or lose it entirely. The fifteenth point of our 15-point index is given or taken away for extra incentives built into the system for fathers to take leave. An interesting example is Sweden, where there is an extra amount added to the parental benefit (provided during parental leave) if the leave is divided between two parents in a given month. This encourages fathers to not just take leave at the very beginning or end of a leave period, but to continually be a

part of the upbringing of their children. Finland has an extra month of paid parental leave given per family if it's taken by the father. Japan is the only country we found with a very strong disincentive for paternity leave.

No country scored 15 points; only one country, Sweden, reached 13 points. There's room for improvement everywhere. Six countries scored the maximum score for how much leave a father can access. The U.S. scored a 9 on that scale; the FMLA is unpaid and is not universal, but in couples that are eligible for it, fathers have access to exactly 50 percent of the couples' allotted leave. Only one country, Finland, scored the maximum amount for wage replacement. That, to me, is a very good example of how to effectively level the gender equality playing field and make leave accessible to fathers.

Gornick: In Europe, some countries originally decided to grant leave entitlements to couples and to allow partners to divide up the leave however they wished. They did that because they were more optimistic than they should have been about the fluidity of division of labor between men and women. In the Nordic countries, in particular, policy designs were such that couples usually got about 12 months of paid leave, to divide up as they wish. In the mid-90s, lots of studies came out that pointed to the tremendous imbalance in leave take-up, which led to an enormous sense of disappointment; the gender equality revolution was not as fully realized as people had hoped! In some countries, policy-makers have pushed through reforms that effectively break up the leave entitlement, granting some non-transferable portions to both men and women. Some have considered cutting the entitlements entirely in half. A lot of women in the Nordic countries have fought these reforms. There was a proposal in Norway to cut the benefit in half—he gets 6 months, she gets 6 months—and some women protested. That's not totally surprising because, for women, the reform would mean a reduction in benefits.

I've noticed that in the U.S., if you tell the story of countries trying to shift from entitlements given to couples to individual nontransferable leave entitlements, people respond that that's overly directive policy, that it's social engineering. But, in fact, the FMLA works the same way; a father has 12 weeks, a mother has 12 weeks, and he can't transfer his weeks to her. The idea that each parent has his or her own benefit seems natural if that's the way the policy started; several European countries started with a different system, so there's been some resistance to change.

Casey: Which of the 21 countries score highest on gender equality and generosity? How does the U.S. fare?

Ray: No country scored the highest in both of the categories. Sweden has the highest gender equality index of all of the countries, but their wage replacement rate is not as high as that of Finland. Sweden, Finland, and Norway are at the top of the index, as you might expect, followed by Greece, which was surprising to us. At the other end of the spectrum is Switzerland, the least gender equal of all of the countries we studied. There, time is only available to mothers, no time is transferable to fathers, and so of course there's no wage replacement rate available to fathers. Switzerland scores a 0 on the Gender Equality Index. The U.S. is about in the middle, in that the FMLA is divided 50/50 between fathers and mothers, and fathers can't transfer their leave to mothers, but, of course, this leave is completely unpaid.

Casey: What are some of the best practices among the highest-performing parental leave systems in the study?

Gornick: We noted five best practices. First, the most important element is that the leave needs to be paid, and at a generous rate. The high performing leave systems pay 80 to 100% of wages, although usually there's some sort of cap. Second, we argue that men and women need to have their own, nontransferable entitlements. Third, the coverage and eligibility should be broad. The FMLA limits coverage to people who work in enterprises of a certain size; this is problematic, and those enterprise minimums generally don't exist in other countries. Fourth, collective financing is crucial. Maternity and paternity leaves are generally financed through social insurance (that is, payroll taxes). Some leaves are financed from general revenues—income taxes as opposed to payroll taxes—but the point is that collective financing of any sort is crucial because it

reduces the financial burden on individual employers, which, in turn, reduces political opposition to these programs as well as the incentive to discriminate against young women. Finally, the best-practice cases enabled parents to flexibly draw the benefits to which they are entitled. A lot of systems use a time bank system where parents have, for example, 12 months of leave that they can draw over the first three years of a child's life -- or, in some cases, seven or eight years. Parents often combine their leave benefits with part-time work, which means that a parent can take half of the allotted benefit time (for twice as long) while working part-time. This flexibility in terms of timing is important, but no one argues that workers should have unlimited flexibility. Employers do need a reasonable notification period before employees take leave and, ideally, before they return. That fair.

Casey: How is the cost of parental leave financed?

Ray: To finish up with what we discussed above, one important discovery that we found to be important to advocates and policy makers is the host of options for collective financing. In France, it's done at the local level. In Canada, it's mainly done at the national level, although Quebec wanted to be more progressive than the rest of the country, so they have their own separate funding. There's a myriad of ways to finance family leave.

Gornick: Anything other than simply requiring the employer to pay is viewed as a reasonable option, and I think that's understood by most of paid leave advocates in the U.S. Virtually every system under discussion at the state level has called for some sort of payroll tax. California's paid leave law passed only after the employer contribution was removed, making it entirely employee financed.

Casey: In the countries you studied, can parents reduce their working hours or have scheduling flexibility?

Gornick: That's a complicated issue. The short answer is yes; parents often have the option to reduce their work hours or to shift their scheduled hours, but those rights are generally not part of the parental leave law. They're covered by different laws. Almost every OECD country has some provision that gives workers the right to change, or to request to change, their work schedules. In some countries, such as in the United Kingdom, employees have a "right to request" a schedule change; that means that the right is procedural. There are also other laws that are stronger and grant more direct rights to reduce one's working hours. Employers in either case may object, but the important point is that their objections are subject to review.

Casey: What is the appropriate role for employers? How can they better support working parents?

Gornick: In the current situation in the U.S., I think employers should do their best to comply with the requirements that they already face and learn to work with them. Some employers are afraid of the FMLA, but most evaluations have shown that once the leave is in place and the needs of the employer and the employee are made clear, it's manageable. Secondly, it would be great if employers joined the fight for paid family leave on a national level because it would take the burden off of them. They are the ones with the political, economic, and moral authority to make the case. If they stepped back and learned about the success of public paid family leave programs, they might see that the programs would help and not hurt them.

Ray: HR professionals are faced with a conundrum in terms of how to compete with other organizations in order to attract and retain the best employees. Employees won't necessarily reveal their family leave needs, particularly if they are men. Supporting collectively financed paid parental leave takes the burden of financing leave off the employer and relieves them of the burden of trying to figure out how much leave to offer employees who may not be forthcoming about their needs.

Casey: What are your recommendations for next steps?

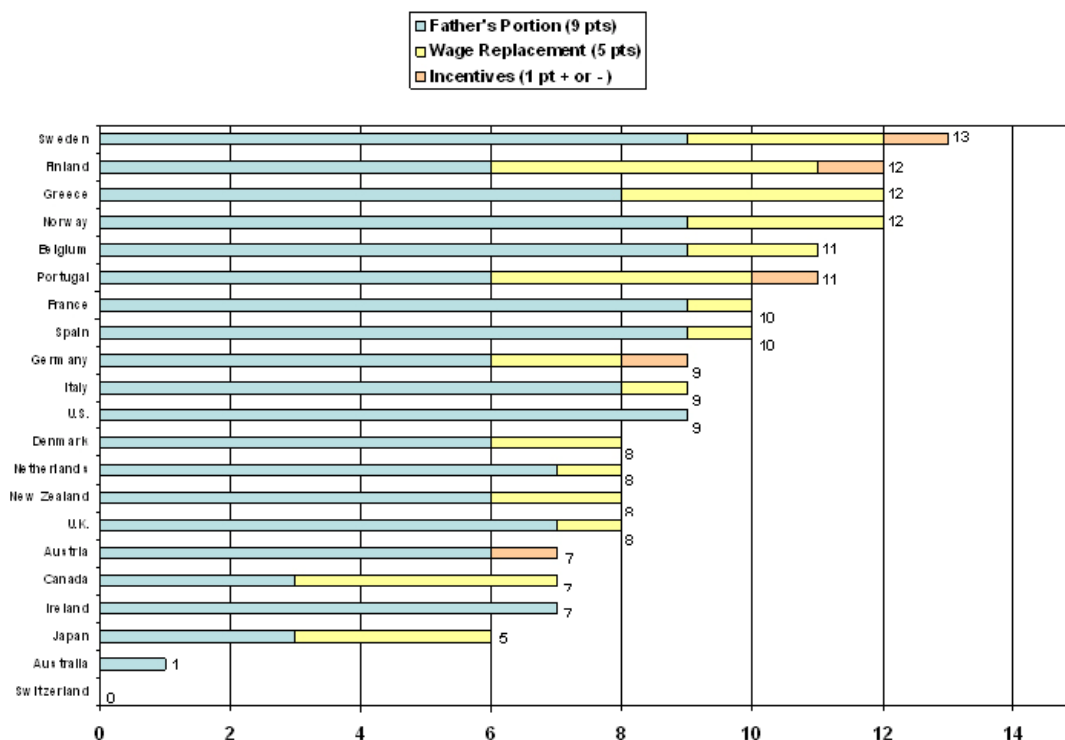
Ray: Many countries have already made progress towards an egalitarian distribution of leave between

mothers and fathers, although there's much room for improvement in some countries. There's much more progress towards allocating leave for fathers than there has been for financing fathers' leaves. This financing is necessary if fathers are actually going to take the leave.

Gornick: Another barrier to men taking leave is resistance on the part of employers and co-workers. Managerial behavior and workplace culture are big factors that encourage or discourage men's leave-taking.

There's an active movement now in the U.S. working for paid leave. Although a new window of opportunity has opened in the wake of the 2008 election, it's impossible to know what's going to happen, especially with the economic crisis. From what I understand, the Obama administration has expressed support for several work-family bills at the national level, but their current plan is to encourage the development of paid family leave at the state - not the national - level. Although I'm sympathetic to the reality of political constraints and the need for compromise, I find that disappointing. I think that paid family leave must be implemented at the national level, as it is in so many other industrialized countries. If this crucial legislation is left to the states, I fear that we'll wind up with a pattern of extreme inequity, as we have now with most decisions left to employers. Some states will enact excellent programs, some will develop modest programs, and some will implement no paid leave at all. My hope is that there will be a time soon that advocates and policy makers can move forward at the national level.

Gender Equality Index



Source: Ray, R., Gornick, G., & Schmitt, J. (2008, September). Parental leave policies in 21 countries: Assessing generosity and gender equality. Retrieved from http://www.cepr.net/documents/publications/parental_2008_09.pdf

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