

Babies and Bosses: Balancing Work and Family Life

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Introduction

Are work and family life compatible? The answer is yes, but it is not always that easy. As a result, it is becoming increasingly common to start a family later, have fewer children or have no children at all. Alternatively some parents may choose to temporarily or permanently stop working.

Many parents happily leave work to provide personal care for children. But many others stay at home because they see no way of giving their children the care and attention they need at the same time as working in today's demanding labour market. Yet children whose parents are not in paid work are more likely to be poor, while mothers who have interrupted their careers to care for their children are at higher risk of poverty in later life.

Parents finding a good work/life balance is thus a critical issue for the well-being of children and society, as both poverty and a lack of personal attention can harm child development. That in itself is a good enough reason for any government to try and give parents more choice in how they balance work and family. In fact, policy makers have many other reasons to support families in work, including sustaining birth rates, reducing child poverty and enhancing child development, promoting gender equity, and boosting labour supply and economic growth.

The ability to generate income in a fulfilling job and the desire to provide the best for one's children do not have to be mutually exclusive. This *Policy Brief* examines the challenges that parents face when trying to balance work and family life, the impact on work and family outcomes across countries and the different policies that OECD governments are using to reduce barriers to both parenting and employment. ■

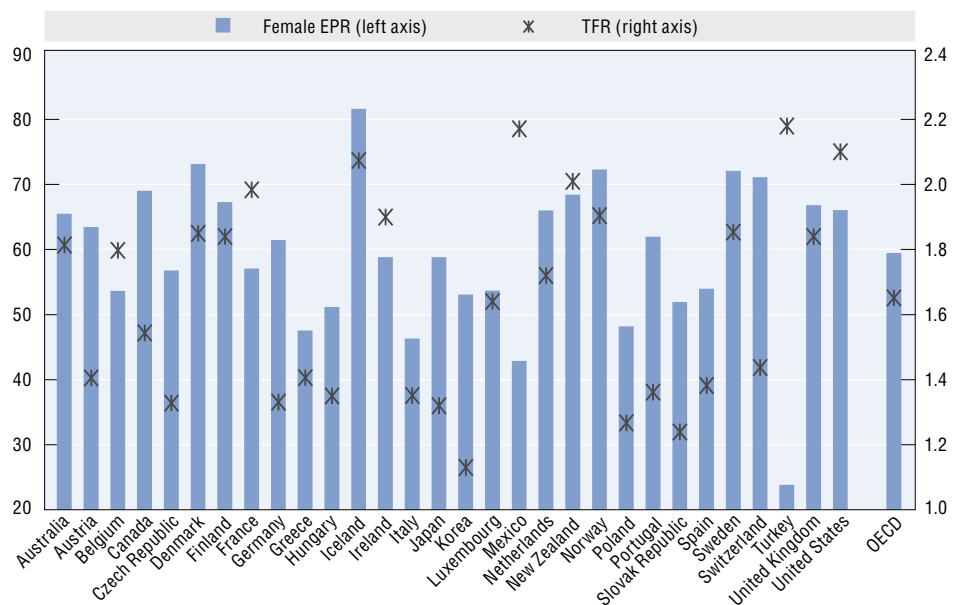
Do children and work go together?

The way the labour force works has changed significantly in all OECD countries in recent decades, with a decrease in the share of single breadwinner families where the husband works full-time and the wife undertakes unpaid household work and childcare. Considerable differences remain between men and women, however, in employment opportunities and wages. Women are more likely to have part-time or lower-level jobs or even not to work at all; when they do have jobs, they earn less than men.

Women’s employment is crucial to concerns about poverty and child well-being, particularly for one-parent families. Over the past 40 years family breakdown through separation or divorce has become more common, and the number of one-parent families has increased. Single parents face severe difficulties in reconciling work and care commitments, being both breadwinner and main carer. Child poverty rates are more than three times as high in jobless single parent households as in employed single parent households. Children in two-parent families where only one parent has paid work are almost three times more likely to be poor than those in families where both parents are employed.

One thing is clear – for whatever reason, birth rates have fallen sharply in OECD countries. In 1980, the average number of children being born (Total Fertility Rate or TFR) was at least 1.5 children per woman in all OECD countries, but by 2005, the TFR had fallen to about 1.2 to 1.4 children per woman in Austria, the Czech Republic, Germany, Greece, Hungary, Italy, Japan, Korea, Poland, Portugal, the Slovak Republic, Spain and Switzerland. The declining number of children and the ageing of OECD populations more generally have serious implications for the future shape of societies,

Figure 1.
COUNTRIES WITH HIGH FEMALE EMPLOYMENT RATES NOW ALSO HAVE RELATIVELY HIGH FERTILITY RATES
 Female employment rate (age 15-64) and total fertility rates, 2006



Source: OECD Family database (www.oecd.org/els/social/family/database).

and threaten the financial sustainability of social protection systems. As labour supply decreases, living standards and public finances are at risk and increasing female labour force participation can help resolve this challenge.

Compared to the 1980s, the number of parents in paid work has grown considerably, and nowadays the countries with higher rates of female employment also tend to have the highest fertility rates. Countries with policies that facilitate regular female employment, for example by offering public support for childcare for 0-to-3-year-olds, flexible working hours and ample financial incentives to work for parents are also those countries with the highest fertility rates. ■

How do parents decide whether to take paid work?

“Parental choice” is the avowed aim of nearly all OECD countries, meaning that it should be up to the parents themselves to decide whether one or both parents should be in paid work and how to organise care arrangements. In reality, of course, government policies affect the decisions which parents take.

Tax and benefit systems can discourage mothers from engaging in paid work, or working more hours. For example, the majority of OECD countries now have individualised tax system, which means that second earners (often mothers) pay a lower tax rate than the primary earner, thereby making it more attractive for them to seek paid work. However, nearly all OECD countries also either have some form of tax relief for non-employed spouses or family assistance systems that count both spouses’ incomes to determine levels of assistance. Such arrangements potentially produce weak financial incentives to work or work more for second earners.

In Australia, Ireland, New Zealand and the United Kingdom, only 45% to 55% of single parents work. This is partly related to weak financial incentives to work. This can be addressed by introducing in-work benefits, which has been successful in reducing joblessness among single parents in the United Kingdom, for example. Another feature that these few countries with low single-parent employment have in common is that income support to sole parent families, until recently at least, was provided without any requirement to work or seek a job. In countries with the best outcomes for *sole parent families* public policy has combined a system of employment and good-quality childcare support with a requirement (ultimately under threat of moderate benefit sanctions) that sole parents take advantage of the opportunities open to them, just like other unemployed parents on income support.

Some countries have long periods of *paid leave* for parents – up to three years, for example, in Austria, the Czech Republic, Finland, or Hungary. Income support during these periods, even when payment rates are well below previous earnings, makes it easier for parents who wish to look after their children themselves. The drawback of such long periods without paid work is that future employment prospects are often permanently damaged.

For many families, the lack of viable *childcare options* is a major barrier to work. For many children, informal care (for example provided by relatives and

neighbours) is lacking and formal childcare is unavailable, unaffordable, and/or of inadequate quality. Low-income families face particularly stark choices in some countries: the only affordable childcare may be of poor quality, but failure to work leaves the family in poverty. Matters are complicated by school hours that are often poorly synchronised with parents' working hours; Denmark and Sweden (and to a lesser extent France and the Canadian province of Québec) are the only countries with a comprehensive out-of-school hours care system.

Greater access to formal child-care facilities, subsidised by public authorities, can help those parents who wish to engage in paid work to do so, and reduce the number of children living in poverty. *Childcare costs* can be very high, and formal childcare support may not be universally accessible for (working) parents. In Ireland and the United Kingdom, the costs of childcare can be so high, that in the short-term work does not pay for many second earners in couple families. This is also true for sole-parent families in the Canadian province of Ontario, Ireland, France, and the city of Zürich in Switzerland. By contrast, in Nordic countries, subsidies to parents using quality childcare centres are generally high, and low-income families often pay very low fees or no fees at all. ■

Mothers and fathers: who's doing what?

Parental leave lets parents in employment take some time off to provide personal care to their very young children. The evidence from a child development perspective on how long this period of full-time personal care should be is inconclusive, with different studies suggesting a range from six months to two years, but nowhere is it suggested that mothers rather than fathers should provide personal care throughout this period. Nevertheless, *gender inequality in care-giving* within families remains widespread, and even among dual-earner couples, women spend more time on both housework and childcare than their partners. When fathers fail to be active parents, their

Box 1. PROMOTING A MORE EQUAL SHARING OF PARENTAL LEAVE IN ICELAND

A more equal distribution of care (and paid work) commitments between parent couples during the early months of a child's life could be generated by a fully individualised paid parental leave system which equally shares leave entitlements among partners. In OECD countries entitlements to unpaid employment-protected leave are individual, but entitlements to paid leave (which has a strong effect on how much time people actually take off) are family-based, and often it is the mother who uses the largest part, if not the whole of the paid-leave entitlement.

Many European countries reserve some weeks of paid parental for fathers, with Iceland's system going furthest. Since 2001 each parent has had the right to a non transferable three-month paid leave period and a shared three-month period until the child turns 18 months old. Eligible working parents in Iceland receive uncapped leave-related benefits equivalent to 80% of average earnings and non-working parents receive a guaranteed minimum payment ranging from 18% to 40% of average earnings. The effect of this reform has been considerable: before 2000, the share of parental leave days used by fathers in Iceland was only 3.3%, but by 2004, fathers used 96 days leave on average or 35% of all leave days used, much higher than elsewhere in the OECD.

children suffer, and by default women are pushed into a home-making role. If fathers were to spend more time with their children, this would help women to intensify their workforce participation, and many European countries already encourage fathers to do so, by providing short periods of parental leave for exclusive use by the father. ■

Will employers become more family-friendly?

Employers play a crucial role in helping to reconcile work and family life. Many parents and firms find part-time employment useful, but *family-friendly workplace practices* also include continued wage payments during maternity leave, flexible working hours, term-time leave, leave-saving facilities, leave to care for sick children, holidays and childcare support. Such workplace support is most common in the public sector and among large firms with a significant female workforce. These policies are more commonly associated with highly educated and high-skilled workers, whom firms wish to retain because of the costs of job-matching. Men and women in less skilled occupations are therefore less likely to benefit from family-friendly policies. Some firms who rely on shift work find introducing family-friendly workplace measures costly, while others are much better placed to use modern technology which allows easier and faster communications between off-site employees and workplaces.

Governments remain reluctant to intervene in the workplace because of the fear of increasing labour costs and in the belief that this is an area best left to *employers and employees* to *negotiate*. Indeed, there is no reason to override industrial bargaining outcomes, unless there are “externalities” to the negotiation process. For example, policy makers may be concerned about the decline in birth rates and demographic trends, but as these issues are not of immediate interest to employers and employees they do not determine workplace outcomes. Equity concerns about limited access among low-income workers to workplace supports may be another driver of government intervention.

Some countries have also started to *legislate* flexible workplace practices. In the Netherlands, employees of enterprises with 10 workers or more can change their working hours for whatever reason. In the UK, policymakers have granted parents with children under age six the *right to request* flexible working hours. Without establishing direct entitlements, this approach emphasises workplace dialogue and is geared towards measures that suit both the worker and the workplace. However, legislation is not always needed in flexible labour markets: many female employees in the Netherlands were working part time before legislation was introduced, and many mothers in Australia and New Zealand find it possible to work shorter hours when children are young. ■

What should governments do?

Too often, policy helps parents take some time off around the time a baby is born and maybe provides some pre-school support when they are around four years old, but that is it. In practice, parents of children of other ages also face severe barriers to work. If policy makers want parents to be able to choose to work, they need to provide continuing support as children grow up.

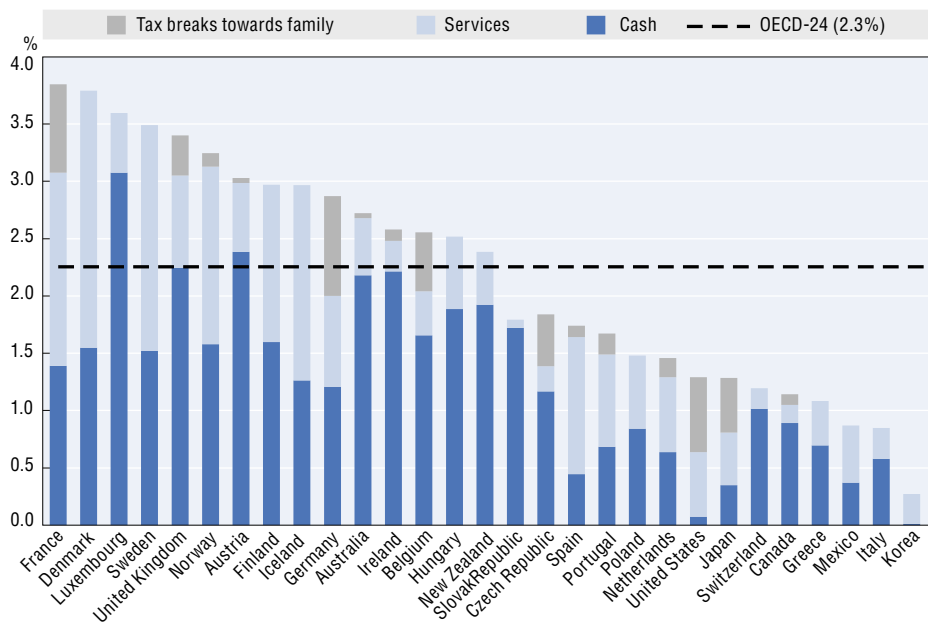
For parents who wish to care for their children at home, the policy question facing governments is whether this should be subsidised through additional payments or not, and how best to ensure that such a choice does not lead to long-term exclusion from the labour market. The best *mix of support* differs among parents, workplaces and countries.

Paid leave with employment protection can strengthen mothers' attachment to the labour market, as long as it does not last too long and if it is shared by both parents – current evidence suggests that around six months of paid leave may be about right. If both parents take such leave that would go a long way to addressing child development aspects of the duration of parental leave (see above).

In many countries, good *childcare* provisions already exist, but they are not always affordable and may not match working hours. Some countries should consider significant increases in financial support to assist with childcare costs. Better integration of childcare provisions and pre-school education is often desirable, and for older children, adequate care out of school-hours and during vacations is also essential if parents are to hold full-time jobs.

A range of financing measures could be used. Direct subsidies towards capital investment in childcare facilities in deprived and/or scarcely populated areas and for services for children with special needs are likely to be necessary. In

Figure 2.
FAMILY SPENDING
IN CASH, SERVICES
AND TAX MEASURES
Percentage of GDP,
2005 or latest year
available



Notes: Public support accounted here only concerns public support that is exclusively for families (e.g. child payments and allowances, parental leave benefits and childcare support). Spending recorded in other social policy areas as health and housing support also assists many families, but not exclusively, and is not included here.

OECD-24 does not include Greece, Hungary, Luxembourg, Poland, Switzerland and Turkey as relevant fiscal data are not available.

Source: OECD, Social Expenditure database (SOCX, www.oecd.org/els/social/expenditure).

addition, the private sector can provide affordable good childcare with high coverage, if there is (income-tested) financial assistance available for parents to pay for it, as has been shown for example in Australia and the Netherlands. Public funding should be strictly tied to compliance with agreed quality standards.

One way of getting employers and employees to consider *family-friendly workplace* options is to grant employees the “right to request” flexible working hours as has been done, for example, in the UK. This initiative can also involve costs for the employer, but the system works on the basis that the employee has to motivate his/her request and employers have to justify a refusal. The right to ask approach offers a middle way which emphasises the involvement of both employer and employee, is flexible enough to focus on measures that suit the workplace and the worker, and extends access to many low-income workers whose bargaining position is relatively weak. ■

For further information

For further information on the OECD’s work on family-friendly policies, please contact: Willem Adema, tel.: +33 1 45 24 15 57, e-mail: willem.adema@oecd.org.



For further reading

OECD (2002), **Babies and Bosses – Reconciling Work and Family Life (Volume 1): Australia, Denmark and the Netherlands**, ISBN: 978-92-64-16113-9, € 23, 240 pages.

OECD (2003), **Babies and Bosses – Reconciling Work and Family Life (Volume 2): Austria, Ireland and Japan**, ISBN: 978-92-64-10418-1, € 34, 232 pages.

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OECD (2007), **Babies and Bosses – Reconciling Work and Family Life: a Synthesis of Findings for OECD Countries**, ISBN: 978-92-64-03244-6, € 29, 216 pages.

OECD (2007), **Can Policies Boost Birth Rates**, *OECD Policy Brief*, November, www.oecd.org/publications/policybriefs.

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