

# Work/Family Reconciliation, Gender Wage Equity and Occupational Segregation: The Role of Firms and Public Policy

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Dans cet article, nous présentons des comparaisons internationales des politiques et des pratiques destinées à favoriser la réconciliation Travail/Famille et nous étudions leur rapport avec l'équité salariale et la ségrégation professionnelle fondée sur le sexe. Nous examinons en détail la contribution des firmes, secteur où les analyses internationales ont été moins poussées. Les résultats, en ce qui concerne le marché du travail dans différents pays, sont mis en comparaison avec les politiques en place. En nous basant sur ces résultats empiriques et sur un examen des études faites sur le sujet, nous proposons quelques lignes directrices pour le développement de politiques de réconciliation Travail/Famille, en insistant sur l'importance d'une perspective de carrière à plus long terme, un horaire de travail flexible, et un partage équitable des tâches ménagères et familiales.

This paper presents international comparisons of policies and practices for assisting work/life reconciliation and discusses their relevance for gender wage equity and occupational segregation by gender. It dwells on the contribution of firms, where international analyses are less well developed. Labour market outcomes in different countries are compared with the policies in place. Based on these empirical findings, and a survey of the literature, it offers some guidelines for the development of work/life reconciliation policies, stressing the importance of a longer term perspective on careers, flexible working time, and the balance of activities within the home.

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## INTRODUCTION

This paper presents international comparisons of policies and practices for assisting work/life reconciliation and discusses their relevance for gender wage equity and occupational segregation by gender. Earlier international studies (e.g., OECD 2001a; Ruhm 1998) have demonstrated the existence of a correlation across Organisation for Economic Co-

operation and Development (OECD) countries between provisions for the work/family reconciliation and the proportion of women in paid employment. This paper focuses on the possible association between work/family measures, the gender wage gap, and occupational segregation. It draws upon a number of existing studies, notably Adema (forthcoming) and OECD (2001a) and dwells on the contribution of firms, where international analyses are less well developed.

Recent time-budget evidence, outlined below, shows that women continue to bear the major share of care responsibilities within families, even though the employment rates of women are much higher than they were two decades ago. In all OECD countries, national legislation has been developed to facilitate the work/family reconciliation (Gauthier 1996). The range of measures varies according to the country concerned, but they generally involve legislation designed to affect working arrangements, including maternity leave, parental leave, and part-time working, while some countries have developed extensive policies for child care.<sup>1</sup> At the same time, firms in some countries have introduced a range of family-friendly practices, going beyond national legislation, to assist their own employees.

While work/family reconciliation policies appear to have been instrumental in raising female employment rates, there is less consensus about their effects on occupational segregation and gender equity. Occupational segregation may be considered to have two dimensions: horizontal segregation of men and women into different types of jobs and occupations; and vertical segregation of men and women into different levels within the same occupation. Both are linked to gender wage equity, the first because jobs done mainly by women have historically tended to have lower wages than those done mainly by men, and the second because men still occupy the majority of senior jobs in most occupations.<sup>2</sup> While work/family reconciliation policies might well enable women to enter a wider range of occupations, concern has been expressed that they might also encourage and perpetuate working patterns associated with both types of occupational segregation.

Some writers, including Moss and Deven (1999), have warned that public policies providing for substantial absences on maternity leave are likely to encourage longish absences from work during years that are critical for building careers. This may impair mothers' career development and favour vertical segregation. It may also foster horizontal segregation by encouraging women to choose occupations

in which patterns of intermittent employment are less likely to be damaging to their career progression. For example, Hakim (2000) has argued that one reason for the strong concentration of women in the educational and health sectors in OECD countries is that many occupations in these sectors are tolerant of intermittent patterns of work. Reductions in working hours for family reasons are also likely to slow advancement in a competitive environment, leading to vertical segregation. The extreme case of this is part-time working, often taken for family-related reasons, which tends to be concentrated into a relatively restricted range of occupations and to have lower pay and training opportunities than equivalent full-time jobs (OECD 1999*a*; 2002). Finally, large-scale schemes for child care will tend to result in horizontal segregation in societies where the vast bulk of such caring is carried out by women (OECD 1998*a*).

On the other hand, it has been argued that work/family reconciliation policies may work toward gender equity. If job-protected maternity leave is able to increase mothers' tenure with the same company, it will make it more worthwhile for firms to invest in their careers (ten Cate 2000). In turn, this will open up new career possibilities for mothers and should reduce occupational segregation and the gender wage gap. Again, while opportunities for parental leave are still generally taken up mainly by women, some Nordic countries have introduced not only paternity leave but also periods of parental leave which only the father can take. If successful, this should encourage greater sharing of child care within the family, and so lead to greater equality in the labour market (OECD 2001*a*). Another example of a work/family reconciliation policy with favourable implications for gender equity is the drive in the European Union to reduce the incidence of long working hours. A ceiling of 48 hours has been imposed on the working week through its 1993 Directive No. 93/104/EC of 1993 and subsequent legislation. Given their greater share of caring tasks, mothers are likely to find it harder to work long hours than men and so this measure should also lead to greater equity in the labour market.

Firms are likely to play an important role in the reconciliation of work and family life. If they fail to allow their employees the flexibility that is needed to deal with the day-to-day pressures and emergencies of family life, the result may be considerable stress, particularly for mothers (Duxbury, Higgins and Johnson 1999). Greater flexibility in working hours may help to alleviate this. However, it has been argued that some voluntary “family-friendly” arrangements may work against the career prospects of mothers. For example, if firms expect mothers to work reduced hours, or take breaks, firms may consciously or unconsciously put them on a “mommy-track” with lower career prospects (Blau and Ehrenberg 1997). On the other hand, family-friendly arrangements which involve greater flexibility in working hours or opportunities for working at home, may have relatively small effects on career prospects. In addition, extra-statutory maternity leave policies may well be introduced as part of a policy of trying to retain women longer in the firm and providing them with improved career prospects (Lewis, Watts and Camp 1996). Nevertheless, to the extent that they are motivated by financial reasons as opposed to values, firms may reserve their best efforts for the employees they consider most valuable, discriminating within the female workforce and giving little help to less-skilled or less-experienced mothers (Kiser 1996).

This paper discusses the link between work/family reconciliation policies, occupational segregation and gender equity from an international perspective, giving special prominence to Canada. The next section sets the scene by comparing mothers’ employment rates<sup>3</sup> in a number of OECD countries and providing summary information on the incidence of part-time working, the gender wage gap and the pattern of unpaid work within households. The paper moves on to a discussion of national provisions for maternity and parental leave and for child care, and compares summary indicators of leave provisions with the indicators of occupational segregation and the gender wage gap shown earlier. The penultimate section surveys family-friendly prac-

tices by firms in a range of OECD countries, including Canada, discussing the motivation for the introduction of such practices and the way they are made available for different types of employees. The relationship between policies provided by firms and national legislation is investigated. The final section discusses the empirical results and draws some conclusions for the development of work/family reconciliation policies.

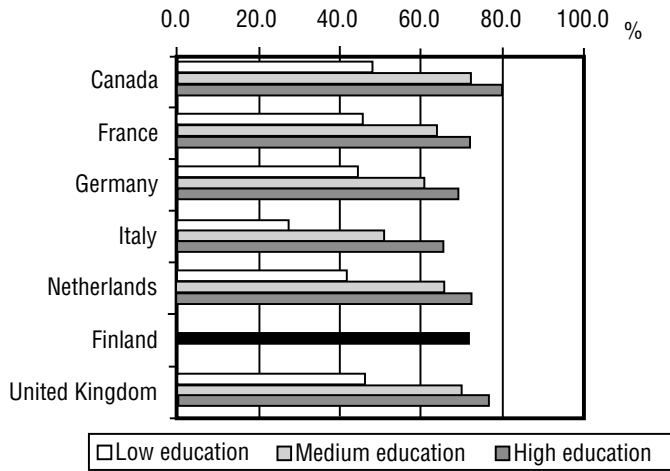
## INTERNATIONAL COMPARISONS OF LABOUR MARKET OUTCOMES

### **Mothers’ Employment Rates**

The presence of a child in a couple family tends to make it less likely that the woman is in employment, while the reverse is true for men. Data from the 1999 Canadian Labour Force Survey show an employment rate of mothers in couple families of 70 percent, well under the figure of 86 percent for fathers. Nevertheless, the employment rate of mothers in couple families in Canada compares well with those in most European countries (Figure 1). For the countries shown, only Finland has a slightly higher figure.<sup>4</sup> In addition, prolonged withdrawal from the labour market appears to be rare in Canada. Marshall (1999) reports that 93 percent of Canadian mothers with a job who gave birth between April 1993 and December 1994 returned to work, at least temporarily, during the following two years.

However, in Canada as elsewhere, the level of education makes a considerable difference. There is relatively little variation between countries in the employment rates for mothers with the highest of the three levels of education shown — tertiary education or above (Figure 1). However, the employment rates of women in the lowest educational group (under secondary-level education) are more variable and often much lower. The importance of education seems to be growing over time: the employment rates of well-educated mothers are now gaining quite rapidly on those of fathers in the majority of OECD countries, but the employment rates

FIGURE 1  
Employment Rates of Mothers in Couple Families with Child(ren), 1999



Notes: Figures refer to mothers in couple families with child(ren) under 20 years of age in the household. “High” means tertiary level, “Medium” is secondary level, “Low” is under secondary level.

Sources: Derived from data published in OECD (2001a). Data for Finland are not disaggregated by education.

of less-well-educated women have tended to stagnate (OECD 2001a).<sup>5</sup> Thus, the relatively favourable trend in mothers’ employment rates overall conceals a growing polarization of the female workforce. Less-well-educated mothers are more likely to be absent from the labour force for protracted periods of time, and this is likely to reduce their, already limited, occupational choice, and lower their relative earnings.

**Part-time Working**

When mothers are employed, they are more likely to be part-timers than are fathers. On average, just over 25 percent of women in employment in OECD countries in 2000 said they usually worked under 30 hours a week, as opposed to less than 8 percent of men. Canada is very close to these average figures at 27 percent and 10 percent, respectively (OECD 2002, see Statistical Annex). The majority of part-timers in European countries report that they

do not want to work full-time (OECD 1999a). The lowest figures, of around 60 percent, are seen in some Southern European countries. However, these are not countries where part-time work is well-developed. Broadly speaking, the higher the proportion of women working part-time in a country, the lower tends to be the proportion of women part-timers saying they would prefer to move to full-time. The lowest figure, around 10 percent, is found in the Netherlands, where part-time working represents a little under 60 percent of the female workforce. Marshall (2001) found that nearly three-quarters of the 2.7 million Canadians who worked part-time in 1999 did so voluntarily. She also found that part-time workers reported considerably higher levels of satisfaction with the balance between work and home than full-timers.

Part-time working thus appears to be a well-used and, at least according to the information reported

to household surveys, a well-appreciated way in which mothers manage the reconciliation of work and family life. The downside is that part-time work tends to be less well-paid than full-time work, less secure, and less well-trained (OECD 1999a). In addition, it tends to be concentrated into a relatively small number of low-status occupations (Smith, Fagan and Rubery 1998). One reason for gender inequity in wages, and for occupational segregation, is that women are readier to work part-time than are men (OECD 2002).

### **The Gender Wage Gap and Occupational Segregation**

A principal reason for concern over occupational segregation is that it is generally seen as an important reason for the continuing differences between the average wages of men and women (Anker 1998). However, on an international basis, there is no simple relationship between standard measures of horizontal occupational segregation and the gender wage gap (Figure 2). The gender wage gap is measured as the median wage of men minus the median wage of women, expressed as a proportion of the median wage of men. The occupational segregation indicator is the index of dissimilarity constructed by Anker (1998), using around 75 industry groups for each country. On this basis, Canada has a relatively low level of occupational segregation — rather higher than the United States, but lower than the bulk of European countries. On the other hand, it has an above-average gender wage gap. While the gender wage gaps of the two Nordic countries shown, Finland and Sweden, are slightly below average, they have very high figures for occupational segregation.

The relatively low gender wage gap in the Nordic countries needs to be seen in the context of the particularly low level of overall wage inequality in these countries. Blau and Kahn (2001), using the coordinated, small-scale surveys carried out under the International Social Survey Programme, found that the process of wage bargaining in each country is likely to influence both the overall level of wage

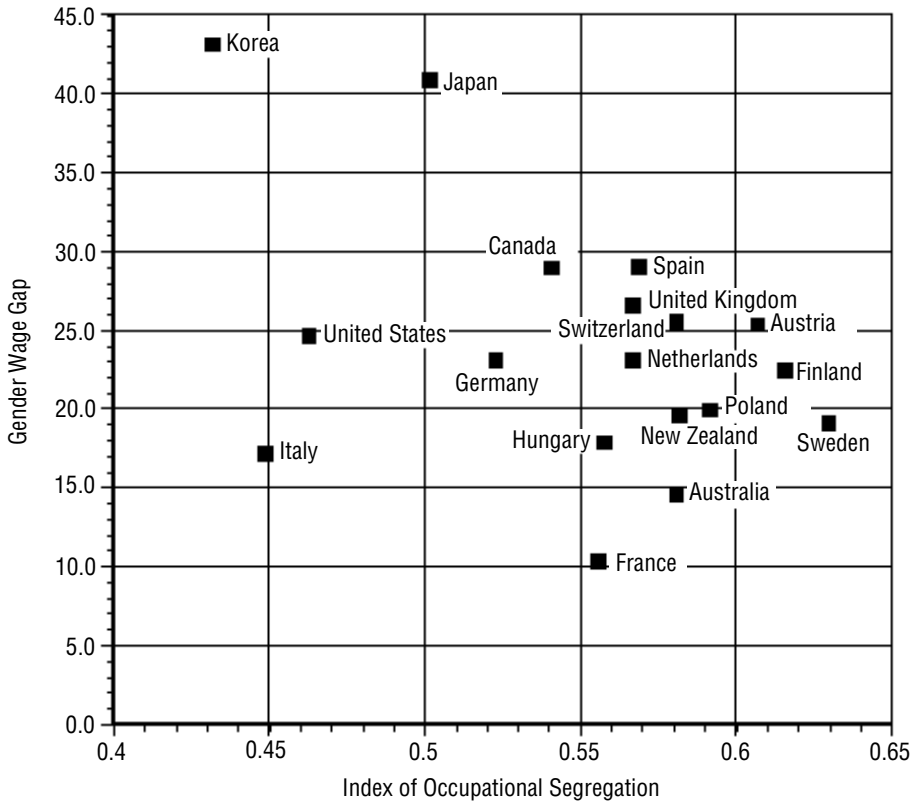
inequality and the gender wage equality, leading to a correlation between the two variables. This is corroborated by the simple analysis provided by Figure 3, based on national data. Leaving aside Japan and Korea, where women's entrance into the industrial labour force is relatively recent, the correlation is a significant 0.40. Sweden lies exactly on the trend line and Finland just above. On this basis, it can be argued that the Nordic countries do not have a particularly low gender wage gap, once the overall level of wage inequality has been taken into account.

### **Child Care and Unpaid Work Inside Families**

Gender equality in the amount of time spent in paid employment is linked to the balance of time spent in unpaid employment in the home, of which child care is an important part. If employers expect a substantial proportion of their women employees to invest more heavily in their families and less heavily in their jobs than men, they will have an economic rationale for favouring men over equally talented women for promotions and training opportunities (Lommerud and Vagstad 2000). This, in turn will tend to lower the wages of women relative to men, giving families an economic rationale for continuing the current patterns of time allocation (Hersch and Stratton 1994). Phipps, Burton and Lethbridge (2001) have shown that the number of weekly hours of unpaid work carried out by Canadian women is negatively correlated with their current earnings.

Time-use studies in a number of countries, reviewed in Gershuny (2000) and OECD (2001a), do show a continuing imbalance between patterns of child care and unpaid work inside families. As shown by Silver (2000) for Canada, this persists when both partners are in full-time employment. While international comparisons need to be made with extreme caution, it appears that Swedish fathers spend more time in child care than fathers in the United States, with Canada somewhere in between. The limited evidence about changes over time suggests that fathers are doing rather more child care and unpaid home work than in the past, and that

FIGURE 2  
Indicators of the Gender Wage Gap and of Occupational Segregation



Notes: The gender wage gap is defined as the difference between median male and female earnings divided by male median earnings. Earnings are defined as hourly earnings or are restricted to full-time workers, and refer to years around 1995. For further details, see the Appendix. Occupational segregation is measured by the dissimilarity index, calculated for around 75 different occupational groups in each country.

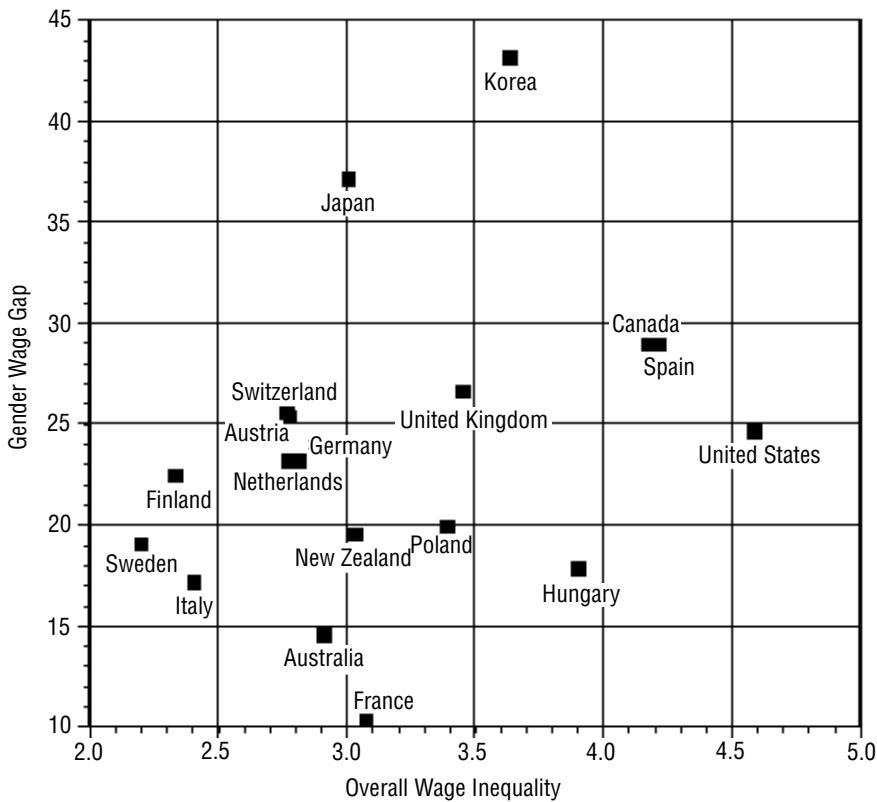
Sources: OECD earnings database and column ID75 of Table 9.1 of Anker (1998).

Canada is not lagging behind in this regard. However, this only applies to men in couple families. In Canada, as in many other countries, there has been a strong increase in the proportion of lone-parent families. In the large majority of cases, these are headed by women. Evidence for the United Kingdom, reported in Bradshaw *et al.* (1999), suggests that, in such cases, the children involved may have only limited contact with their fathers.

### NATIONAL WORK/FAMILY RECONCILIATION POLICIES

Parental employment patterns are influenced by the national policies for child care and for child-related leave, including maternity, paternity, and parental leave, summarized in Table 1. The child-care information has been compiled from various sources, outlined more fully in Adema (forthcoming) and

FIGURE 3  
Gender Wage Gap and Overall Wage Inequality, Selected OECD Countries



Notes: The overall wage inequality is measured as P90/P10, the ratio of the ninetieth to the tenth percentiles of the distribution of earnings. Earnings are defined as hourly earnings or are restricted to full-time workers, and refer to years around 1995. For further details see the Appendix. The indicator of the gender wage gap is that used in Figure 2. Sources: OECD earnings database.

refers to 1998–1999. The leave information is from Gauthier and Bortnik (2001), and refers to 1999–2000, though the figure for Canada has been updated to reflect the situation at the beginning of 2001. It should be noted that “formal child care” is defined rather broadly, to comprise group child care in child-care centres or schools, residential care, childminders based in their own home, and care provided by live-in, non-family members. It thus combines publicly-provided child care with some

parts of privately-provided care. However, the table also gives an indication of the principal source of funding.

### Child-Care Arrangements

Canada appears to have a relatively high figure for the proportion of children under three in formal child care — only the United States and two of the Nordic countries have a higher figure (Table 1). However, it must be noted that the Canadian data

TABLE 1  
Summary Indicators of Formal Child-Care Coverage and Public Provisions for Maternity Leave

	Percentage of Young Children Using Formal Child Care Arrangements, 1998/1999 <sup>a</sup>			Main Source of Financing of Formal Child Care for Children Aged under 3	Maternity/Child-Care Leave Indicators for 1999/2001			
	Year	Aged <3	Aged 3 to Mandatory School Age		Duration of Paid Maternity Leave (weeks)	Maternity Benefits (% of average wages <sup>b</sup> )	Index of Maternity Pay	Total Duration of Maternity/Child-Care Leave (weeks)
	(1)	(2)	(3)	(4)	(5)	(6)	(5)*(6)	(7)
Canada	1999	45	50	Private	17	55	9.4	52
United States	1995	54	70	Private	0	0	0.0	12
Japan	1998	13	34	Mixed	14	60	8.4	58
Denmark	1998	64	91	Public	30	100	30.0	82
Finland	1998	22	66	Public	52	70	36.4	164
France	1998	29	99	Public	16	100	16.0	162
Germany	2000	10	78	Mixed	14	100	14.0	162
Italy	1998	6	95	Mixed	21.5	80	17.2	64.5
Netherlands	1998	6	98	Private	16	100	16.0	68
Norway	1997	40	80	Public	42	100	42.0	116 <sup>c</sup>
Sweden	1998	48	80	Public	64	63	40.3	85
United Kingdom	2000	34 <sup>d</sup>	60 <sup>d</sup>	Private	18	44	7.9	44
Australia	1999	15	60	Private	0	0	0.0	52

Notes: <sup>(a)</sup>The data include both public and private provision, and cover the four types of formal child-care arrangements mentioned in the text. They do not cover primary schools, which are particularly important sources of child care for children five years old in Australia, the Netherlands, and the United Kingdom. The figures under “aged < 3” cover, for Canada, children aged under five; for the United Kingdom, children aged under four.

<sup>(b)</sup> Where benefits are paid on a flat-rate basis, they have been converted to a percentage by using data on the average female wage in manufacturing. See Gauthier and Bortnik (2001). It should be noted that in Canada, maternity leave is capped at CA\$413 per week, corresponding to an annual salary of CA\$39,000.

<sup>(c)</sup>Provisional data.

<sup>(d)</sup>England only.

Source for maternity/child-care leave data: Gauthier and Bortnik (2001), with figures for Canada updated to 2001.

Sources for formal child-care data: OECD (2001a), based on data provided by national authorities, except for France: DREES (2000); Germany, the Netherlands, and Sweden: Rostgaard and Fridberg (1998); Canada, Sweden and the United Kingdom: Kamerman (2000). For a fuller discussion, see Adema (forthcoming).

refer to children under five, rather than children under three, as for the other countries. On the other hand, the proportion of children aged between five and the mandatory school age in formal child care in Canada appears to be lower than in the bulk of the European countries, as well as the United States.<sup>6</sup>

In most countries, facilities for pre-school children over three years old are financed mainly out of public expenditure. However, there is more diversity between countries in the financing of formal child care for the under-threes (Table 1). In the Nordic countries, as well as some other European

countries, child-care centres for the under-threes are mainly financed out of public expenditure (though they are not necessarily publicly operated).<sup>7</sup> The non-European OECD countries, including Canada, appear to rely comparatively strongly on private sector (profit and non-profit) provision for formal child-care services. However, it must be remembered that the situation in Canada varies strongly according to the province (Mahon, 2001). Child care in all countries may also be provided or supported by the private sector enterprises that employ the parents (see below).

In addition, a number of countries, including Denmark, Finland, France, and Norway, have publicly-financed schemes to provide subsidies to parents looking after their own children at home. These are not covered in Table 1. The benefit rates may decline with the hours of public child-care use (as in Norway), or be conditional on parents not using public child-care facilities at all (Denmark, Finland). While these schemes resemble the paid parental leave schemes discussed in the next section, they do not carry any rights to return to a job. Nevertheless, studies for Finland and France indicate that they have proved quite popular in those two countries (Ilmakunnas 1997; Afsa 1999; Fagnani 1998).

### **Legal Provisions for Maternity, Paternity and Parental Leave**

Canada occupies close to the middle ground for paid maternity leave, with its 15 weeks being just under the modal value for OECD countries, though well below that in the Nordic countries (Table 1). When financial benefits are taken into account, in a composite index combining the duration of maternity leave and the replacement rate of pay, Canada drops down noticeably. However, this calculation does not take account of the recently-extended parental leave in Canada, which is normally paid at the same rate as maternity leave. The figures for the total duration of maternity/child-care leave, including parental leave as well as maternity leave, place Canada among the minority of countries offering no more than one year of total leave.

Over recent years, there has been a general tendency for increases in the duration of paid maternity leave (Gauthier 1996; Gauthier and Bortnik 2001). Some countries have also introduced short periods of paternity leave (up to two weeks in the Nordic countries, and two weeks from the beginning of 2002 in France and 2003 in the United Kingdom). In addition, a number of countries have now integrated their maternity, paternity, and parental leave into family-based systems of child-care leave. Some of this family leave may be reserved for fathers and lost if they do not take it, as with the four weeks of father leave in Denmark. Other, recent changes include the extension of some forms of leave to part-time employees (for example, in Ireland) and the provision for greater flexibility in the working hours of parents. Germany assists the re-entry of mothers into work by means of employer subsidies for retraining programs, child-care provision, and wages.

It is difficult to summarize the information in Table 1, but it appears that in many respects Canada's public policies toward work/reconciliation can be said to lie between the majority of the European countries, on the one hand, and the United States and Australia, on the other. Within Europe, the Nordic countries stand out for their combination of strong provision for both child care and, particularly, maternity and parental leave.

### **The Effects of National Work Family Reconciliation Policies on Gender Equity and Occupational Segregation**

Both paid maternity leave schemes and child-care provision may be expected to have a positive effect on mothers' employment rates. Paid maternity can help mothers to combine temporary, full-time child-rearing with maintaining a job. In addition, it no doubt increases the attractiveness of paid employment for some mothers. Ruhm (1998) found evidence for Europe that paid parental leave of three to nine months increased women's employment rates by 3 to 4 percent. The highest levels of paid employment among women in Europe are found in the Scandinavian countries, which also have the most

generous paid maternity leave policies. Of course, this is not to say that increases in maternity leave can increase mothers' employment rates indefinitely. Indeed, concern has been expressed that very long leaves, especially if taken consecutively after the births of two or more children, may lead to detachment from the labour market (OECD 1995).<sup>8</sup>

Subsidized access to formal child-care facilities can also be expected to raise mothers' participation rates. Gustafsson and Stafford (1992) find that subsidizing child care has a positive impact on female labour supply in Sweden. Powell (1998) concludes that the cost of child care has a negative impact on the probability of Canadian mothers' working full-time. Kimmel (1998) finds that in the US the cost of child care has a considerable negative impact on the employment rates of mothers. On the other hand, others find inconclusive results. These include Michalopoulos, Robins and Garfinkel (1992), in the United States, who find that the primary benefit of more generous subsidies is to allow users of high-quality care to purchase slightly higher quality market care; and Dobbelsteen, Gustafsson and Wetzels (2000), for the Netherlands, who find that the cost of child care has no effect on the labour force participation of the mother and surmise that subsidies for child care may serve mainly to change the type of child care used from informal to formal.

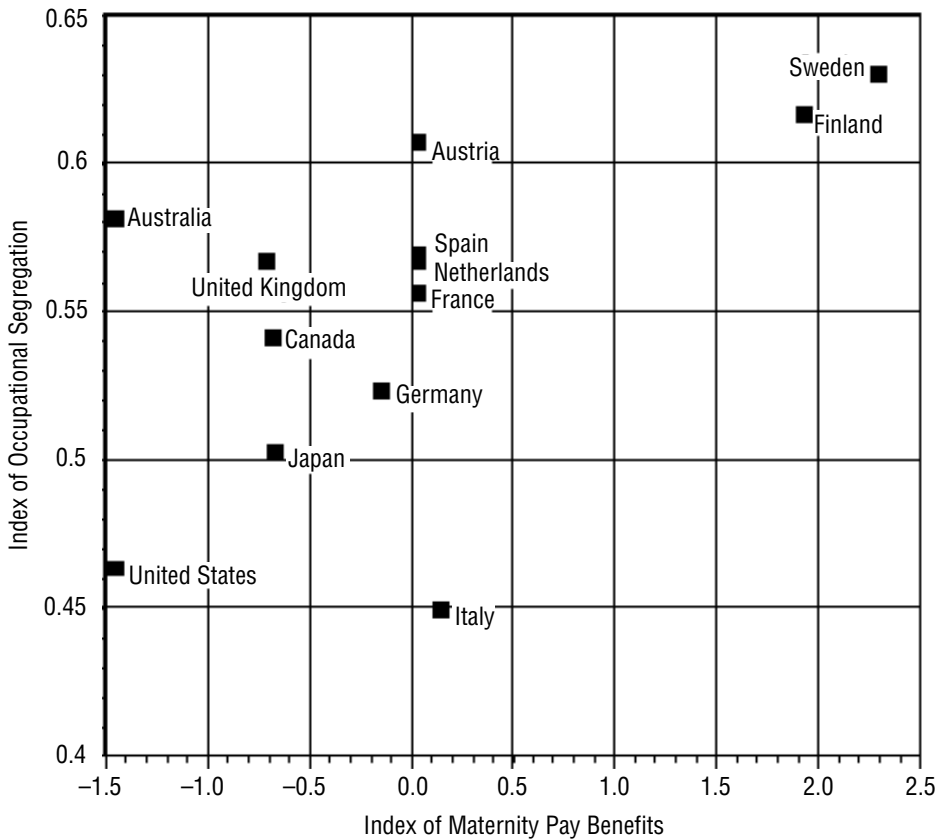
Turning to schemes to facilitate leave for child care, ten Cate (2000) has shown that Canadian job-protected maternity schemes may tend to raise the long-term earnings of mothers who have taken advantage of them because they make returning to the same job more likely. However, others have raised concerns over their effects on occupational segregation and gender equity, particularly in the case of the relatively generous schemes in some European countries. Moss and Deven (1999) point out that, in addition to maternity leave, almost all parental leave is taken by women. They argue that generous schemes will favour long interruptions in the careers of mothers. If mothers are expected to take long leaves, employers will have an incentive to allocate

young women to occupations in which this poses them less of a problem, and women themselves will have an incentive to choose occupations in which interruptions do not entail too great a penalty for their longer term career advancement. These arguments find some empirical support in Figure 4, which charts the index of maternity pay from Table 1 against the occupational segregation indicator from Figure 1. There is a correlation of 0.47, significant at the 5 percent level, which can be attributed to the Nordic countries (the removal of Finland and Sweden reduces the correlation to under 0.2, well below significance).

The combination of high maternal employment rates, generous maternity benefits and high levels of occupational segregation is not a recent phenomenon in the Nordic countries. Led by Sweden and Finland, these countries made major extensions to their systems of maternity leave and public child care from the 1960s on, in order to support paid employment among women and increase the level of labour supply (Gauthier 1996). The result was a surge of women into the labour force at the same time as certain parts of the services sector and, particularly, the public sector were growing rapidly. Women were drawn into these growing sectors and have tended to remain within them.

There is, on the other hand, no significant correlation across countries between the indicator of maternity pay and the gender wage gap — the figure for the same countries shown in Figure 4 is  $-0.2$ . The gender wage gap is not particularly low in the Nordic countries once the overall level of wage inequality has been taken into account, as noted above, despite the sustained public policy efforts to reduce it (Hakim 2000). A number of studies have considered whether the generous maternity leave policies might have been a restraining factor. Albrecht *et al.* (1999), using panel data, find that taking child-care leave has no negative effect on the subsequent earnings of Swedish mothers. However, men are penalized if they take up parental leave. On the basis of this and other findings, they suggest that

FIGURE 4  
Index of Maternity Pay and Occupational Segregation, Selected OECD Countries



Sources: The index of maternity benefits is taken from Table 1 and the indicator of occupational segregation is that used in Figure 2.

maternity leave does have a negative effect on the earnings of mothers, but its effect is masked by the fact that the vast majority of Swedish mothers take a substantial amount of leave. Thus, taking child-care leave can provide no signal about the relative commitment of any given woman. All mothers are expected to take long leaves and the latent discrimination against mothers has been transferred to young women in general. Datta Gupta and Smith (2000)

reach different conclusions for Denmark, where the national scheme is a little less generous than in Sweden. Again using panel data, they do find a negative effect of parental leave on mothers' earnings, but are able to explain it simply by the loss of human capital accumulation during the absence, without using the signalling approach of Albrecht *et al.* (1999). They also conclude that this loss of human capital is small when seen from a career perspective.

## FAMILY-FRIENDLY ARRANGEMENTS IN FIRMS

Whatever government policies to aid the work/family reconciliation are in place, the attitudes and behaviour of firms play an important role. National policies will be less effective if firms implement them unwillingly — perhaps even to the extent of denying some or all of their employees their full legal rights.<sup>9</sup> On the other hand, in some countries, either for business reasons, or because of the values of management, many firms not only comply fully with national legislation, but complement it through “family-friendly” arrangements. In order to understand the likely effects of these policies on female employment patterns, it is important to understand the motivations of firms that offer family-friendly arrangements, and investigate the types of employees most likely to be offered them. A further question is the extent to which voluntary family-friendly policies by firms are more or less likely when national provision is high or low.

In this section, family-friendly arrangements by firms are taken to be practices, facilitating the reconciliation of work and family life, that firms introduce to complement any statutory requirements (e.g., by allowing extra days of maternity leave, or giving extra maternity pay). Only employees can decide whether or not any particular arrangement is really family-friendly. Employers naturally have an incentive to make a rather generous estimate of the extent of their family-friendly arrangements, in order to be seen in a better light by potential employees and by public opinion. However, unless special efforts are made, they may fail to understand the needs of their employees correctly. They may also find it difficult to make the significant investments needed to ensure that employees know about the existence of the family-friendly arrangements and how to apply for them. Another complication is that firms with family-friendly arrangements may be simultaneously “family-unfriendly,” in the sense of imposing working arrangements which make it difficult to reconcile work and family life. For example, an Employee Assistance Program may be introduced

to assist parents find child care at the same time as their workload is intensified.<sup>10</sup>

An extensive, but still partial list of family-friendly arrangements can be found in the Appendix. They are conveniently divided into four main types: leave from work for family reasons; changes to work arrangements for family reasons; practical help with child care and eldercare; and the provision of training and information. All can be of great importance. Extra-statutory family leave is often vital when children are ill and not able to benefit from the usual child-care arrangements, or when child-care arrangements break down. Flexibility in working hours is of crucial importance to deal with the emergencies of everyday family life. Practical help with child care and eldercare can make a considerable difference, especially for families moving into a new area, or families with little time or low financial resources. Training opportunities can be valuable for parents seeking to return to work after a period away from their jobs.

The Appendix also gives a list of the large-scale, representative surveys available to document the incidence of these arrangements. Some are based on questions addressed to employers, some to employees: the two types of information are complementary. The most complete information is available in Australia, Canada, Japan, the United Kingdom, and the United States. This is perhaps not surprising. By comparison with many continental European countries these five countries have traditionally had relatively low levels of both public child-care provision and statutory maternity, paternity, and parental leave. A good deal of responsibility for the work/family reconciliation has thus fallen to firms, and there has been substantial interest in the way they have responded. In addition, a limited amount of information is available from the Second European Survey of Working Conditions (SESWC), an employee-based survey carried out in all the European Union member states (including the United Kingdom) on a standardized basis in 1995–96.

A range of indicators of family-friendly arrangements in firms in OECD countries are assembled in Table 2. With the exception of the block of EU member states, the data come from rather different types of survey instruments, and are suitable only for very rough comparisons. Unfortunately, this applies particularly to the data from Canada, which are taken partly from the relatively small-scale employer sur-

vey reported by Bachmann (2000). This was used to supplement the large-scale Statistics Canada Workplace and Employee Survey (WES), whose coverage of family-friendly arrangements is rather restricted.

Of the countries shown, the highest figures for extra-statutory leave are found in Germany and Italy.

TABLE 2  
Indicators of Family-Friendly and Relevant Flexible Working Arrangements in Firms, 1995–1996

	<i>Percentage of Women Employees with Child under 15 in Household Reporting</i>				<i>Percentage of Employees Reporting that they Work Flex-time</i>	<i>Percentage of Women in Employment Working Part-time on a Voluntary Basis<sup>a</sup></i>
	<i>Extra-statutory Arrangements for</i>			<i>Employer Provision for Child Daycare</i>		
	<i>Sick Child Leave</i>	<i>Maternity Leave</i>	<i>Parental Leave</i>			
Canada (1999 and 2000)	n/a	(55) <sup>b</sup>	(46) <sup>b</sup>	(20) <sup>c</sup>	40	(20)
United States (1997)	(50)	(50)	n/a	13–24	45	(10)
Japan	8–15	10	n/a	1–10	19	(37)
Finland	37	36	34	8	22	6
France	47	58	51	12	26	15
Germany <sup>d</sup>	65	92	87	16	33	27
Italy	72	81	69	5	19	11
Netherlands	40	75	53	25	36	45
Sweden	6	7	7	1	32	20
United Kingdom	41	61	28	10	32	30
Australia	>58	>34	n/a	n/a	50	(26)

Notes: n/a – Data not available. Figures in brackets are rough estimates, or only roughly comparable with data for other countries.

(<sup>a</sup>)For Europe, voluntary part-time includes only those women who did not say they worked part-time because of education, sickness/disability or because they could not find a full-time job, but did say they did not want to work full-time. The definition for the other countries is somewhat broader.

(<sup>b</sup>)Estimate based on small-scale 1999 employer survey reported in Bachmann (2000).

(<sup>c</sup>)Estimate refers to responses by all male and female employees.

(<sup>d</sup>)Western Länder of Germany only for the first five columns.

Sources: The data for Europe in the first five columns are calculations by the author using the Second European Survey on Working Conditions; those in the last column are on the basis of the Employment Options of the Future survey. For other countries, data on family-friendly working arrangements have been taken from the sources noted in the Appendix; including a Conference Board of Canada survey for data on maternity and parental leave and the Workplace and Employee Survey for data on flex-time working for Canada, Bond *et al.* (1998) for the United States, Tachibanaki (2001) for Japan and Work and Family Unit (1999) for Australia; data on voluntary part-time working are based on a number of sources, as explained in Evans (2001, para. 55).

The lowest are seen for Sweden. Canada appears to lie between these two extremes. Among the European countries, the Netherlands stands out as having particularly high levels of firm-provided daycare relative to the amount of extra-statutory leave that their firms provide. This reflects the Netherlands system of partnership between parents, firms, and the government, in which firms are encouraged to buy places in privately-run child-care centres, and provide them to employees at reduced rates (Dobbelsteen, Gustafsson and Wetzels 2000). Flex-time shows much less national variation than extra-statutory leave. The highest figures are seen outside Europe, in Canada, the United States, and Australia.<sup>11</sup>

### **The Incidence of Family-Friendly Arrangements in Firms**

A number of findings are common to the employer-based surveys of firms in Australia, Canada, Japan, the United Kingdom, and the United States. Family-friendly arrangements are found to be more common in the public sector than the private sector. They are more likely to be reported by large firms, especially in the case of Japan (Sato 2000; Tachibanaki 2001).<sup>12</sup> Firms with higher proportions of professional and technical workers tend to score higher. The most common form of family-friendly arrangements reported by firms relates to changes in working hours — assistance with child care and eldercare is much less common. Women are more likely to be granted family-friendly benefits than men.

For Australia, Whitehouse and Zetlin (1999) find that family-friendly arrangements are more common in firms with a written Equal Employment Opportunities statement, and when there is a structured hierarchical management system. For Japan, Tachibanaki (2001) finds positive correlations between the numbers of family-friendly arrangements and the presence of equal opportunity policies. In addition, Japanese firms that report moves to inculcate a more family-friendly culture are likely to have a relatively high proportion of female managers. For the United States, Osterman (1995) finds a link be-

tween family-friendly arrangements and a “high commitment” style of management, in which senior managers adopt a strategy of team-working and job-rotation, and delegate relatively high levels of responsibility to lower-level staff. The influence attributed to unions varies: studies in some countries find a positive association with family-friendly behaviour by firms, others the reverse.

The employee-based data on family-friendly arrangements, available from national surveys in Australia, the United Kingdom, and the United States, paint a similar picture. Flexible working hours, followed by various types of short-duration family-leave schemes (such as sick-child leave) tend to be mentioned most often — workplace crèches and career breaks much more rarely. Women, employees in larger firms and in the public sector are all more likely to report that they have access to family-friendly working arrangements, as are the more highly-skilled workers and professionals. A logistic model of the SESWC data for the European Union (Table 3) shows that professionals and technicians are more likely than other occupational groups to report the presence of additional maternity leave in their companies, and these two groups, with the addition of legislators and managers, are most likely to mention parental leave. On the other hand, professional workers are not especially likely to mention leave to care for a sick child. Employees with longer tenure are more likely to mention all three types of leave. Finally, extra-statutory maternity leave is more likely to be mentioned by firms that consider their companies provide equal opportunities for men and women.

All the information just mentioned refers to the availability of family-friendly arrangements by firms. Few studies provide information on their use. However, the employee survey reported by Forth *et al.* (1997) is able to show that some forms of family-friendly arrangements are seldom used even when they are available. In particular, career breaks are a fairly common entitlement for “fast-track” women employees, but are hardly ever taken up.

**TABLE 3**  
 Results of Logit Model for Extra-statutory Leave Provided by Firms, European Union, 1995–1996  
 (refers to all employees with a child under 15 in the household)

<i>Variable</i>	<i>Categories</i>	<i>Logit Coefficients for Questions on</i>		
		<i>Maternity Leave</i>	<i>Parental Leave</i>	<i>Sick-Child Leave</i>
Constant		0.10	0.01	0.19 <sup>a</sup>
Gender	male (female)	-1.15	-0.61	-0.21
Employment status	(temp agency)			
	permanent	0.33	0.30	0.08
	fixed term	0.16	-0.06	-0.20
Part/full-time	part-time (full-time)	-0.06	-0.03	0.15
Size of company	(500 employees and over)			
	works alone	-0.40	-0.76	-1.02
	1 to 9 employees	-0.58	-0.45	-0.34
	10 to 49 employees	-0.36	-0.49	-0.27
	50 to 99 employees	-0.23	-0.26	-0.02
Public/private	100 to 499 employees	-0.10	-0.19	-0.42
	(don't know)			
	public sector	0.02	-0.22	0.17
Equal opportunities	private sector	-0.15	-0.36	-0.19
	(other/no response)			
	equal opportunities	0.13	0.64	-0.29
Occupation (ISCO 1988)	more opportunities for men	-0.40	0.45	-0.33
	more opportunities for women	0.10	0.54	-0.80
	(elementary occupations)			
	legislators and managers	0.41	0.43	0.59
	professionals	0.81	0.43	0.16
	technicians	0.73	0.57	0.53
	clerks	0.39	0.35	0.25
	service and sales workers	0.48	0.24	0.32
agricultural and fishery workers	0.40	0.34	0.77	
Tenure	craft and related trades workers	0.28	-0.22	0.01
	plant and machine operators	0.12	0.00	0.20
	(don't know)			
Tenure	under 1 year	-0.64	-0.86	-0.74
	1 year or over	-0.37	-0.20	-0.06

Notes: <sup>a</sup>Significant at the 10 percent level. All other coefficients significant at the 0.01 percent level. Categories in brackets are omitted.

Source: Logistic regression model estimated on data from the Second European Survey on Working Conditions, with controls for country, industry, and numbers supervised (coefficients not shown). See the Appendix for a discussion of these data.

The absence of repeated, large-scale surveys asking the right types of questions on a consistent basis makes it difficult to find clear evidence of growth in family-friendly arrangements. For the United States, a comparison of the 1992 and 1997 rounds of the *National Study of the Changing Workforce* shows little overall change in child-care benefits provided by firms (Bond, Galinsky and Swanberg 1998). Waldfogel (2001a) reports a similar finding on the basis of successive US *Employee Benefits Surveys*. Golden (2000) reports a substantial increase in “flex-time” over the same period. Flex-time working is often regarded as a family-friendly working arrangement, and is appreciated by staff. However, sometimes it may be introduced to provide the flexibility required by the production process, or the pattern of sales, rather than family responsibilities. For Australia, affirmative action reports cited by the Work and Family Unit (1999) suggest some increase in the provision of paid maternity leave and in the provision of permanent part-time work for employees with family responsibilities. Finally, for Canada, an employer survey of the work-life balance, conducted in 1989 and again in 1999 by the Conference Board of Canada, found substantial increases in the proportion of firms offering a wide range of flexible working hours and special family leave arrangements. Child-care benefits were found to rise rapidly, though from a low base (Bachmann 2000). However, the effective sample was quite small (just over 200 firms in 1999) and not necessarily representative.

### The Motivations of Firms

Proponents of family-friendly arrangements have linked them to a wide range of benefits for firms, including lower staff turnover and easier recruitment, lower employee stress and higher levels of commitment to the job, increased levels of diversity among staff, and an improved company image (Bond, Galinsky and Swanberg 1998; Bevan *et al.* 1999; Bachmann 2000). On the other hand, they may entail a wide range of costs, including direct costs (such as extra work-space needed for child-care facilities), supervisory costs (e.g., arranging for

continuous cover during maternity leave), and the administrative costs of framing the policies, deciding upon eligibility and informing staff.

Survey evidence for the United Kingdom shows that the most common reasons employees give for introducing family-friendly benefits are to obtain higher retention rates of valued staff with family responsibilities and improvements in staff morale (Forth *et al.* 1997; Cully *et al.* 1999). The Department of Trade (DTI) (2000) reports econometric evidence that mothers entitled to extra-statutory maternity leave or pay are more likely to return to work after child-birth, even after controlling for a range of other factors. This is also true for mothers entitled to part-time work. The same study reports a range of case study evidence for the United Kingdom indicating that family-friendly work practices can result in a net reduction in absences from work and increased employee commitment. For the United States, Dex and Scheibl (1999) review a number of econometric studies showing positive effects on productivity, turnover, quit rates, and work performance measures. Bond *et al.* (1998) and MacBride-King and Bachman (1999) show that employees tend to report higher job satisfaction when they believe their supervisor has a positive attitude to work/life issues. Whitehouse and Zetlin (1999) find higher levels of job satisfaction of Australian workers with family responsibilities, and a reduction in their stress, when they are able to work no more hours than they desire and have some control over their starting and stopping times.

Taking account of the costs, as well as the benefits, United Kingdom employers with relatively extensive family-friendly arrangements tend to report net benefits (Forth *et al.* 1997), and a number of case studies have concluded that net benefits have been achieved in individual firms. For the United States, most employers grant maternity leave over and above that required by the *Family and Medical Leave Act* and most report no adverse effects on their business (Waldfogel 2001b). However, as yet there appears to be little econometric evidence based on

large-scale comparisons of firms with and without family-friendly arrangements. One exception is Dex and Smith (forthcoming), using the United Kingdom WERS98 (see Appendix for details). They found significant, but small associations between family-friendly working arrangements and a number of measures of performance in private sector firms. The findings must be regarded as preliminary as cause and effect could not be separated out in these cross-sectional data — it might be that more successful firms are more willing to grant benefits to their staff.

This analysis of firms' motivations is consistent, in several respects, with the evidence on the incidence of family-friendly benefits noted in the earlier section. The benefits for firms of retaining staff and improving morale are likely to be higher in the case of more highly-skilled and experienced workers, precisely the groups found most likely to receive benefits. The costs are likely to be lower for larger firms, and for firms with structured management systems, and these are the types of firms where they are most likely to be available.

### **The Implications for Gender Equity**

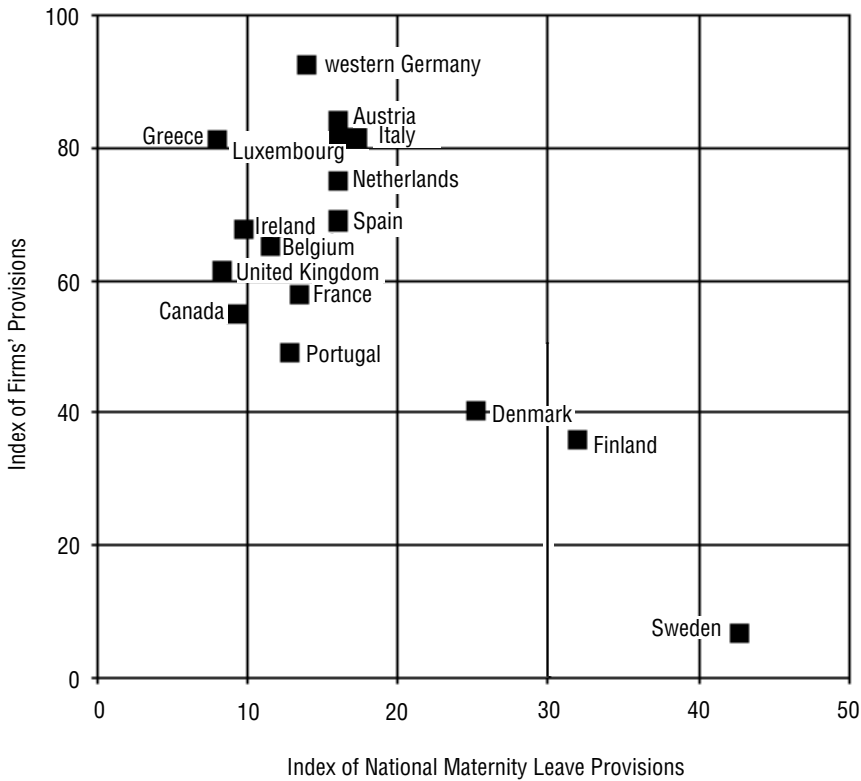
A number of writers have argued that, as with arrangements introduced by public policy, the introduction of family-friendly arrangements in firms may work against the career prospects of women, by putting some or all mothers on a "mommy-track" (Blau and Ehrenberg 1997). As seen above, firms offer "family-friendly" benefits mainly to mothers (and when they are offered to both mothers and fathers it is generally mothers who take them up). If they are associated with higher costs, and lower performance, they will produce an incentive for discrimination against those mothers who make use of them. Judiesch and Lyness (1999) have found that leaves of absence taken around child-birth are associated with fewer subsequent promotions and smaller salary increases in United States firms. As with national policies for work/family reconciliation, the argument can be taken further. Large-scale schemes to provide family-friendly arrangements in

firms may provide an incentive for discrimination against all women of child-bearing age — firms have little means of knowing in advance who is likely to make extensive use of family-friendly arrangements (Lommerud and Vagstad 2000).

However, there are a number of counter-arguments. As noted above, the most common "family-friendly" arrangements in firms involve changes in working hours, and to the extent that these changes involve greater flexibility in hours or opportunities to work at home, rather than substantial reductions in hours, they may have comparatively little impact on careers. The main motivation for introducing voluntary family-friendly arrangements such as extra maternity leave appears to be to retain higher-skilled and experienced women employees in companies. It would be surprising if, as a corollary to this, firms did not make some efforts to safeguard their longer term career prospects. This is consistent with the findings above that family-friendly arrangements are more common in firms with formal equal-opportunities statements, and where there is a perception of equal opportunities in the firm. For Canada, Phipps *et al.* (2001) find that mothers suffer little or no earnings penalty when they remain with the same employer. Waldfogel (1998) finds that having access to an employer-provided, job-protected maternity-leave scheme is associated with a greater likelihood of return to the same employer and a positive wage effect for mothers in both the United Kingdom and the United States.<sup>13</sup>

Another concern is that the economic arguments work less well for women employees who are perceived as less valuable to their companies. On the one hand, the empirical evidence suggests they are less likely to be granted benefits, and this may make it harder for them to establish themselves in long-term relationships with employers. On the other hand, they may well be more likely to be penalized when they do take up benefits, as firms will have less reason to take account of their longer term career potential.

FIGURE 5  
 Comparison of Indicators of Firms' Provision of Extra-statutory Maternity Leave and National Provisions, EU, 1995–1996, Canada 1999–2000



Sources: The index of national provision is the index of maternity pay from Table 1 and the indicator of maternity leave provided by firms is taken from Table 2.

**Family-Friendly Arrangements by Firms in the Context of National Legislation**

The evidence on the effects of family-friendly arrangements in firms, limited though it currently is, gives some cause for expecting them to become more common in future. The evidence tends to suggest that they have been beneficial — or at least not detrimental — to the performance of the majority of firms that have introduced them. They are certainly appreciated by employees. However, there is clearly

some overlap between family-friendly policies by firms and national legislation for work/family reconciliation. This raises the question of whether extensive national legislation might “crowd out” efforts by firms or, conversely, whether it might encourage them to introduce their own, supplementary measures.

The relationship between extra-statutory maternity leave provided by firms and national legislation

is explored in Figure 5, for the EU member states and Canada.<sup>14</sup> There is no simple pattern. The lowest values for firm provision are seen when national provision is highest. The highest figures for firm-based maternity leave, and the highest spread of values, are seen when national provision is toward its median level. As neither Australia nor the vast majority of the US states have statutory, paid maternity leave, they would both be on the vertical axis of the figure, with a zero value for the index of maternity pay. The point for Canada shown in the figure for illustrative purposes incorporates the value of 9.4 for the maternity pay index from Table 1, and the average incidence of extrastatutory parental and maternity leave obtained from the 1999 Conference Board survey.

The pattern suggests that if public policy crowds out efforts by firms, this happens only at very high levels of national provision. On the other hand, when national provision is comparatively low, there is little sign that firms will fill in the gap. Cultural factors are no doubt important. In the Nordic countries, responsibility for the work/family reconciliation has traditionally been seen mainly as the responsibility of the state, rather than firms. The high levels of national provision are thus regarded as sufficient and are not greatly supplemented by firms. In Austria, Germany, and the Netherlands the family is regarded as an important social institution and accorded support both by the state, albeit at a lower level than in the Nordic countries, and by individual firms. The level for national provision in the southern European countries — Greece, Italy, Portugal, and Spain — varies considerably, but three out of these four countries show above-average figures for firm-based provision, again reflecting the importance accorded to the family as a social institution in these countries. Finally, in Ireland and the United Kingdom, where provision by firms is relatively low, economic support for the family has traditionally been considered to be both outside the public domain and also not the responsibility of firms (Gauthier 1996; Fouquet, Gauvin and Letablier *et al.* 1999).

## DISCUSSION

Analysis of the links between work/family reconciliation policies, gender wage equity, and occupational segregation is relatively undeveloped, even when the evidence from OECD countries is pooled. However, the existing evidence suggests some tentative indications for the development of such policies.

While there is general agreement that national systems for maternity, paternity, and parental leave tend to encourage women to engage in paid employment, there has been concern that increased gender equity and occupational segregation may be a side-effect. Concern has been expressed that public policies providing for substantial absences on maternity leave may lead to significant absences from work during years that are critical for building careers, leading to slower career advancement by women. The same charge has been levelled against parental leave to the extent that this is taken up disproportionately by women. This may impair mothers' long-term career development, tending to gender wage inequality. Long absences may also foster horizontal segregation by encouraging women to choose occupations in which patterns of intermittent employment are less likely to be damaging to their career progression. In addition, employers may have an incentive for statistical discrimination against young women, either in terms of promotion or in terms of granting access to certain career paths, on the grounds that there is no way of knowing in advance which young women will become mothers, nor of identifying which mothers will elect to take long breaks from their jobs. The evidence suggests that this type of discrimination occurs in Sweden. However, this is the country where maternity and parental leave schemes are the most generous in the OECD area and it is less certain to what extent it occurs elsewhere.

To combat these potential problems, a number of European countries, including the Nordic countries,

are attempting to use child-care leave schemes, in an aggressive way, to address the fundamental problem that mothers tend to spend more time than fathers on unpaid household work, including child care, even when they are in full-time work. Paternity-leave schemes have been extended, or introduced in several countries and some parental leave has been restricted to fathers. These measures have had some success. Paternity leave take-up rates have reached 58 percent in Denmark (100 percent in the public service, where the replacement rate is 100 percent), 64 percent in Sweden and 80 percent in Norway (European Commission 1998). Drawing on the experience of other European countries, the French authorities have estimated that the 14 days of paternity leave open to all employees from 1 January 2002, remunerated at 100 percent subject to a ceiling of €2,353 (roughly CA\$3,400), will attract a 40 percent take-up rate (*Le Monde*, 31 December 2001). A certain degree of success has also been claimed for the Nordic countries “daddy-months,” available only to fathers on a “use-it-or-lose-it” basis. In particular, 36 percent of fathers in Sweden and almost 80 percent in Norway are reported to have taken up at least some of the parental leave allocated to them (OECD 1999*b*). Such schemes may help to precipitate deep-rooted social change.

Firms have an important role to play in assisting the work/family reconciliation. This can be done through greater flexibility in working hours and providing the opportunity to work at home for part of the week. They can also arrange for child-care facilities at the workplace, though few so far do so. Concern has been expressed that family-friendly arrangements, particularly ones involving extra leave from work, will raise the costs of employing mothers and harm their pay and career prospects. However, this is much less likely to happen when such measures are introduced in the context of the longer term career development of women.

The evidence suggests that firms that have introduced family-friendly arrangements generally find them beneficial, or at least not harmful, to the bot-

tom line, and that employees find them helpful in reconciling work and family life. However, Forth *et al.* (1997) have found that many United Kingdom firms are unaware of the benefits, and perhaps uncertain of the best way in which they may be introduced. In particular, small firms may be unduly concerned that the take-up of family-friendly arrangements could be so high as to cause unacceptable operating difficulties. Public policy should thus be able to play a role by sponsoring research to show where benefits are most likely to be obtained, as well as by offering technical advice on how to introduce family-friendly arrangements in the best way. One part of this should be to look for win-win solutions where the flexibility of hours can be of benefit both to the firm and the employee. Another will be to ensure that the longer term career development of mothers is centre-stage. Public policy can also work to change the values of firms by, for example, promoting “family-friendly employer of the year” awards, which currently exist in a number of OECD countries, including Australia, Japan, the United Kingdom, and the United States.

However, there is a danger that voluntary family-friendly arrangements, especially those liable to cause significant costs, may be granted only to relatively well-placed women employees. This could exacerbate the problem of the growing polarization of female employment — the tendency for the employment rates of well-educated mothers to catch up with those of fathers but leave the less-well-educated mothers behind. Of course, this criticism may be applied to some national schemes as well. In particular, Phipps (2000) has shown that teenage mothers, women with little education and women experiencing difficulty in the labour market are all less likely to be eligible for maternity and parental leave in Canada. Nevertheless, it seems particularly important to address the question, such as by emphasizing the benefits to firms of retaining experienced staff at all skill levels.

Extensive, publicly subsidized child-care programs have been introduced in a number of OECD

countries, as noted above. However, it is unusual for such programs to cover the totality of working hours, or to match the flexibility of hours that may be demanded by firms. Thus, if women continue to take greater responsibility for child care than men, some gendered employment effects are likely to remain. In addition, there may be direct effects on occupational segregation in the labour force, given that the vast bulk of those looking after children are women. One way forward here may be through greater professionalization of these occupations, to reduce the negative implications for gender equity (OECD 1998a).

Another possible way forward for public policy is by regulating working hours. In recent years, the European Union has moved to put a ceiling of 48 hours on the working week. Part of the argument for this has been that women find it harder to work longer hours than men, owing to their greater involvement in unpaid work in the home, including child care. In this connection, it may be noted that Canada has relatively long average hours of work compared with the majority of European countries.

Part-time employment appears to be a form of work/family reconciliation that is well-appreciated by many mothers, particularly in those countries where it is relatively well-developed. However, while accepting that it has been a means of increasing female employment, a number of analysts have argued that it is likely to lead to gender inequality and occupational segregation. Part-time employment tends to receive lower pay, even on an hourly basis, than full-time employment, and tends to be restricted to a number of lower-status occupations. Some writers treat with caution the relatively low proportion of part-time workers saying they would prefer to work full-time, on the grounds that their responses may represent an accommodation to a situation that has been imposed upon them (Maruani 1998). Others have noted that involuntary part-time workers, who represent a substantial proportion of part-time workers in most countries, may be particularly disadvantaged (Galtier 1998).

One policy response to these concerns has been to improve the standards of part-time working.<sup>15</sup> The 1997 European Union directive on part-time work requires working conditions and benefits of part-time workers to be the same, on a *pro-rata* basis, as those of full-timers. At the same time, a number of countries are moving toward facilitating transitions between part-time working and full-time working. The evidence cited above has shown the importance for mothers of maintaining employment with the same employer. Phipps *et al.* (2001) have shown that a period of part-time working may be sufficient in this respect. However, this option is not always open to employees. Forth *et al.* (1997) note that, in the United Kingdom, many women employees who had previously been working full-time appear to have been forced to change employers in order to secure part-time work after child-birth. In addition, mothers working part-time when their children are babies may face difficulties in moving to full-time work when the children are older. These problems have been addressed for some time by public policy in Sweden, which is notable for its long-standing provisions to allow mothers, previously working full-time, to return to work part-time and then move back to full-time working again. As a result, transitions from part-time working to full-time working are relatively common in Sweden (OECD 1999a). Wide-ranging legislation to facilitate transitions between full- and part-time working has recently been introduced in Germany and the Netherlands. In the Netherlands, another recent initiative has been to encourage part-time working, of relatively long hours, by both partners in couples with children.

Public policy has the challenge of assisting the work/family reconciliation in ways that will enlarge the career choice and development of women. Special attention needs to be paid to the circumstances of women who are relatively poorly placed in the labour market, as they are less likely to benefit from family-friendly arrangements. Within firms, it is important to foster flexible working practices that benefit both employees and firms, and to stress the

longer term development of women's careers. Without greater equality in the balance of unpaid work and child care within households, it will always be difficult to achieve gender equity in the labour market. This provides an important reason for seeking to involve fathers more fully in the raising of their children.

## NOTES

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<sup>1</sup>These are not, of course, the only ways in which public policy influences families. Tax/benefit policies may also have an important effect on women's employment patterns, but are out of the scope of this paper. See OECD (2001a) for a brief international survey and a number of references to international studies, and Vincent and Woolley (2000) for an analysis of choices in the Canadian context.

<sup>2</sup>This is not, of course, to say that reductions in occupational segregation will necessarily be associated with gains in gender wage equity (Baker and Fortin 2001).

<sup>3</sup>In this paper, the term, "employment rate" is used as a shorthand for the employment-population ratio, the proportion of the age group concerned in paid employment.

<sup>4</sup>Data for a wider range of countries, relating to mothers in couple families with a child under six, can be found in OECD (2001a). However, they do not include Canada.

<sup>5</sup>It is natural to try to explain the differences in employment rates of women at different levels of educational qualifications in terms of the opportunity costs involved — the lost earnings are lower for less-well-educated mothers. Relative to women with an upper-secondary education, average earnings of women with below upper-secondary education, non-university tertiary education and university education in 1995 were 0.8, 1.2 and 1.6 on average for OECD countries, respectively (OECD 1998b).

<sup>6</sup>This can be deduced from the observation that the figure for the age range five up to mandatory school age is relatively low compared with the other countries' figures for the age range three and over, and that the proportion of children in formal child care tends to increase with age.

<sup>7</sup>For Ireland, the Netherlands, Switzerland and the United Kingdom, private financing is more common.

<sup>8</sup>While Ruhm (1998) found no such effect, some of the data he was using counted women on maternity leave as being in employment.

<sup>9</sup>Sato (2000) reports this as a difficulty experienced in the introduction of family-friendly arrangements in some Japanese firms.

<sup>10</sup>Bond, Galinsky and Swanberg (1998) find evidence of just such a combination of circumstances in a number of US firms in the 1990s.

<sup>11</sup>The figures for flex-time working are shown for all employees to allow comparison with available figures for Australia and the United States. It should be noted that the question used in the European Union source did not investigate the extent to which the hours flexibility had been introduced to suit the employee — the figures thus include a certain proportion of cases where the flexibility in hours was designed to suit the employer.

<sup>12</sup>However, when attention is focused on changes in working hours, the differences by firm size may be quite small, especially since smaller firms may be more willing to allow informal arrangements to be made. See Work and Family Unit (1999) for Australia, and Dex and Scheibl (2000) for the United Kingdom.

<sup>13</sup>In addition, one might note the United Kingdom evidence of Forth *et al.* (1997), that "fast-track" women often refrain from taking up career breaks, even when they are on offer. The costs to firms of offering such policies to valued staff may thus be lower than might appear.

<sup>14</sup>Maternity leave is chosen for this comparison because it is widespread and well-established. Leave to care for a sick child and paternity leave are less widespread and are relatively new policy developments in many countries. Employer schemes for child daycare are designed to complement not only public schemes but also other, privately based schemes for child care and daycare.

<sup>15</sup>Another, in the case of France, has been to discontinue certain subsidies thought to give firms too strong an encouragement to employ workers on a part-time basis, to the point of causing a sharp increase in the proportion of involuntary part-time workers.

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## APPENDIX

### Data on Family-Friendly Arrangements within Firms

A range of family-friendly arrangements are listed in Table A1. Data on their incidence can come either from employee or employer surveys. The information is generally rather different and often complementary.

Data from employers tend to be more suitable for linking the different types of family-friendly arrangements with the characteristics of firms — employees often know surprisingly little about the firms they work for. They can also provide valuable insights into the reasons why employers introduce (or abandon) family-friendly arrangements, and into the costs and benefits they believe they provide. However, there are some difficulties. Employer-based data are likely to refer to formal policies (particularly in large firms) and leave out informal arrangements, which may be of considerable importance (Dex and Scheibl 2000). Some schemes mentioned by employers will be available to only part of their workforces, perhaps at the discretion of supervisors. Some will be only partially implemented, or even unknown to many employees because of insufficient notification. The basic information will tend to refer to provision, although some firms may have information on use.

A further reason for caution about employer-based data is that some working hours arrangements, introduced by firms to suit their production needs, may be labelled as family-friendly simply to meet employers' needs for a "family-friendly" image (Simkin and Hillage 1992). Of course, this is not to deny that there are situations where both firms and families can gain from flexible work arrangements, such as some types of voluntary part-time work. However, *a priori*, there is no reason to suppose that flexibility introduced to meet a firm's needs will coincide with the flexibility that best suits a family.

Surveys of employees generally have the advantage of providing detailed information about the characteristics of employees, including information about their family circumstances. Employees can report on their understanding about the level of provision of family-friendly arrangements in the company, their personal entitlement to them, and the use that they have made of them. They can also illustrate the attitudes of employees and their perceived needs. However, there is the difficulty that, unless the survey instructions are particularly clear, employees may not know whether they should respond in terms of provision, personal entitlement, or personal use. For example, a man, asked if extra-statutory maternity leave is made available, will respond that it is not, if he is thinking about his personal entitlement or use, but may respond that it is, if he is thinking about the employees in the company in general.

The two types of data should not be expected to produce completely consistent replies. Employer-based data on provision may be expected to be higher than employee-based data, because employees may not mention all of the benefits that are theoretically available, for the reasons just explained. On the other hand, estimates of the proportion of employees eligible for benefits tend to be biased upwards, relative to estimates of the proportion of employers who provide the same benefits, for a simple mathematical reason. Large firms represent a considerable proportion of employees, but a small proportion of firms. Thus, the firm size of an average employee is larger than the firm size of an average employer. As shown above, larger firms tend to provide more family-friendly arrangements than smaller ones.

The following are the main data sources on family-friendly arrangements mentioned in the text:

*European Union Member States:* The *Second European Survey on Working Conditions* (European Foundation 1997) for data on extra-statutory leave and on flex-time, and the *Employment Options of the Future survey* for data on voluntary part-time working (Atkinson 2000).

*Canada:* Data supplied by Statistics Canada from the employee survey forming part of the 1999 *Workplace and Employee Survey* and a 1999 postal survey of employers, conducted by the Conference Board of Canada in 1999, sent to 1,528 organizations with 220 responses (Bachmann 2000).

*United States:* The 1997 *National Study of the Changing Workforce* of the Families and Work Institute, New York (Bond *et al.* 1998).

*Japan:* A survey conducted in 1996 for the Women's Bureau of the Ministry of Labour, covering firms with at least ten employees (Sato 2000).

*Australia:* The 1995 *Australian Workplace and Industrial Relations Survey* of the Australian Statistics Bureau (Morehead *et al.* 1997; Work and Family Unit 1999).

*United Kingdom:* The *PSI Survey of Mothers and Fathers* and the *PSI Survey of Employers*, commissioned by the United Kingdom Policy Studies Institute (PSI) in the period March to May 1996. Both were specifically designed to study family-friendly arrangements and are reported by Forth *et al.* (1997). The WERS98 survey (*Workplace Employee Relations Survey, 1998*) was a general survey of establishments with ten or more employees (Cully *et al.* 1999).

### Data on Median Wages by Gender Used in Figures 2 and 3

The sources used, together with relevant definitions, are shown in Table A2.

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TABLE A1

A List of "Family-Friendly" Working Arrangements by Firms

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#### Leave from work for family reasons

Emergency leave (e.g., to deal with a sick child, or when there has been a problem with child care, at short notice), counted as:

- paid special leave
- unpaid special leave
- sick leave, or
- time to be made up later.

Extension to maternity leave beyond statutory period either paid, or unpaid.

Paternity leave, paid or unpaid

Parental leave (extension to maternity or paternity leave to look after children), paid or unpaid

Career break

Leave to care for elderly relative

Other extended leave for family reasons

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TABLE A1  
(Continued)

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**Changes in work arrangements introduced for family reasons**

Reduced work week for full-time workers of 4.5 days or fewer

Flex-time weekly hours

Term-time only contracts

Switching from full-time to part-time, on permanent or temporary basis, on initiative of employee

Job-sharing schemes

Work at home for family reasons

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**Practical help with child care and eldercare**

Workplace or linked nursery

Financial help/subsidy to parents for child care (child-care allowance or voucher)

Child-care provisions in holidays (e.g., play scheme)

Breast-feeding facilities

Workplace parent support group

Assistance with costs of looking after elderly relatives

Having a telephone at work to use for family reasons

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**Relevant information and training**

Maternity packs — information on maternity pay and leave

Policy of actively informing staff of the benefits available and encouraging their use

Additional supportive information, e.g., on local child care

Contact during maternity leave

Contact during career breaks

Refresher courses, retraining, workshops on, or as preparation for, re-entering work

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Source: Compiled by the author from various sources.

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TABLE A2  
Definitions and Sources of Earnings Data for Figures 3 and 4

<i>Country</i>	<i>Year</i>	<i>Earnings Definition</i>	<i>Workers Not Covered</i>	<i>Original Source</i>
Australia	1995	Gross weekly earnings in main job (all jobs prior to 1988) of full-time employees.	No exclusions.	Household survey (annual supplement, usually in August, to monthly labour force).
Austria	1996	Gross daily earnings, standardized to a monthly basis, taking into account the recorded number of days of insurance contributions (excluding civil servants).	Most civil servants and all apprentices.	Social security data.
Canada	1994	Gross annual earnings of full-year workers.	No exclusions.	Household survey ( <i>Survey of Consumer Finances</i> ).
Finland	1995	Gross annual earnings of full-time, full-year workers.	No exclusions.	Household survey ( <i>Income Distribution Survey</i> ).
France	1995	Net annual earnings of full-time, full-year workers.	Agricultural and general government workers.	Salary records of enterprises. ( <i>Déclarations Annuelles des Données Sociales</i> )
Germany (western Germany)	1995	Gross monthly earnings of full-time workers.	Apprentices.	Household survey (German Socio-Economic Panel).
Hungary	1996	Gross monthly earnings of full-time employees in May of each year.	Workers in private enterprises of less than ten employees.	Household survey ( <i>Survey of Individual Wages and Earnings</i> ).
Italy	1995	Gross monthly earnings of full-time employees.	Agricultural and general government workers.	Social security data collected by the Istituto Nazionale de Previdenza Sociale (INPS).
Japan	1995	Scheduled monthly earnings of regular, full-time employees.	Employees in establishments with less than ten regular workers and all employees in the public sector, agriculture, forestry and fisheries, private household services and foreign embassies.	Enterprise Survey ( <i>Basic Survey on Wage Structure</i> ).
Korea	1995	Gross monthly earnings of full-time workers.	Employees in establishments with less than ten regular workers and employees in agriculture, forestry, fishing, public administration, public education, the army or the police.	Enterprise Survey ( <i>Wage Structure Survey</i> ).

... continued

TABLE A2  
(Continued)

<i>Country</i>	<i>Year</i>	<i>Earnings Definition</i>	<i>Workers Not Covered</i>	<i>Original Source</i>
Netherlands	1995	Annual earnings of full-time, full-year equivalent workers.	No exclusions.	Enterprise survey ( <i>Survey of Earnings</i> ).
New Zealand	1995	Usual gross weekly earnings of full-time employees.	No exclusions.	Household survey ( <i>Household Economic Survey</i> ).
Poland	1995	Gross monthly earnings of full-time employees.	Firms with less than six persons.	Enterprise survey.
Spain	1995	Gross annual earnings of full-time employees.	Workers in enterprises of less than ten employees. Workers in enterprises of NACE sectors A, B and L to Q.	Enterprise survey ( <i>Structure of Earnings Survey</i> , 1995).
Sweden	1995	Gross annual earnings of full-year, full-time workers.	No exclusions.	Household survey ( <i>Income Distribution Survey</i> ).
Switzerland	1995	Annual earnings of full-time, full-year equivalent workers.	No exclusions.	Household survey (Annual Swiss labour force survey, <i>Enquête Suisse de la Population Active</i> [EPSA]).
United Kingdom (Great Britain)	1995	Gross weekly earnings of all full-time workers (i.e., on adult or junior rates of pay).	No exclusions.	Enterprise survey ( <i>New Earnings Survey</i> ).
United States	1995	Gross usual weekly earnings of full-time workers aged 16 and over.	No exclusions.	Household survey ( <i>Current Population Survey</i> ).

Source: OECD Structure of earnings database.