

Return of women to the labour market

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The *Perspective Wiedereinstieg* (Job Prospects for Mothers Returning to Work) Action Programme of the German Federal Government is sustained within a policy of equal opportunities between women and men and is linked to the wider employment goals of increasing the employment rate of all women indicated by the Lisbon objectives. The programme is partially funded by ESF as a pilot project in selected *Länder* (regions).

The programme under review includes a number of measures for women at different stages in their life-cycle returning to the labour market after either short or much longer periods of absence from the paid economy.

The purpose of this paper includes the following broad points:

- To assess the policy debate at European level
- To describe the main elements of the policy
- To describe the results so far
- To assess the policy debate in the host country
- To identify the key issues for debate at the peer review meeting

Part A. The policy Debate at European level

Policy framework at European level

Women's entry into the paid labour market in developed countries, as most social science experts agree, is one of the most important social and economic changes of the XXth century and is mainly associated with the increase in women's opportunities to obtain education or higher education. However, full equality in the areas of employment, wages and career advancement have not been materialised in any of the EU countries despite great advances made and taking into account differences in culture and public policy approaches. Life-cycle events, such as family formation, continue to affect women negatively in the three areas mentioned. These areas are essential for women to attain economic independence and reducing poverty in their old age as well as intergenerational poverty in the case of single parent households. Socially determined gender roles which are reinforced or ignored by public policies (in particular tax-benefit systems) have a decisive impact on the main labour market and social welfare indicators, and in particular on the Lisbon employment rate targets (60% for women, 70% overall). The failure or success of policies that increase the entry and permanence of women in the labour market are clearly linked to the attainment of this goal.

Moreover, not only employment itself but the type of employment becomes very relevant in terms of wages and career advancement. Fixed-term, part-time or *ad hoc* jobs (including mini, sporadic and few hour jobs) are all related to contract flexibility, need to be assessed under the lens of gender equality. Furthermore, the possible impact that these "options" have at other points or

events of the life-cycle (in particular disability, sickness or retirement) and which directly affect the financing of the associated benefits and can increase partner and/or State dependence of women must also be taken into consideration.

Flexicurity is undoubtedly linked to the issue of type of contracts as they affect social security protection (unemployment, active policies, disability and pensions). Non-standard contracts and situations in which returning mothers can find themselves in have to be dealt with in the tax-benefit structure. Furthermore, the coexistence of individual and derived rights in EU countries generate gender discrimination because of the different socio-economic situation of women and their unequal participation in the domestic unpaid activities. It also discriminates against new family structures and two-earners families, whereas complete individualisation of rights would diminish these inequalities. Without complete equality in the labour market (including pay), and without any offsetting policies, it could bring about disparities as regards, for example, to old-age pensions.

Furthermore, levels of education and life-long learning are an essential element that must accompany any policy aiming to improve the foothold of all EU citizens in the labour market. Very often, the jobs obtained by women with small children and older children (6 to 12) returning to the labour have decreased opportunities for training and career development in general.

In Graphs A1 through A4 the effect of these preliminary considerations are approximated with the employment rate calculated for different age groups of the population, and comparing women and men. The most obvious message from the data is that women in family formation years (25-39) and in the aftermath (40-59) have, in general, lower employment rates than men; they are far (or very far) from the Lisbon targets in most countries; and that those with lower educational levels are most at risk of being unemployed or inactive. Moreover, the differences between countries in employment rates already hint at the different tax-benefit systems which include specific measures to encourage the return of women with small or older children (6 to 12) into the labour force. However, the social and cultural components have to be taken into account as well.

With respect to women in the older age groups, it is interesting to note that in practically all countries their employment rates are higher than those of younger women. In a number of cases these rates are even higher than the average rate for all women (Graph A.4 in the Annex). The only country where the rate of employment of women in the 40-59 age group is lower than the 25-29 age group is Malta. The group of countries where the 40-59 age group has a lower employment rate than the 30-34 age group includes: Netherlands, Austria (with a very small difference), Cyprus, Ireland, Portugal, Slovenia; Spain, France, Luxemburg, Belgium, Greece, Romania, Italy and Poland. The reason for this is not the same in every country and can include one or a number of the following reasons:

- Lower educational levels or outdated skills
- Age discrimination
- Care responsibilities for dependent adults or children in the family (not the same household)
- Lack of adequate and affordable care for children (0 to 12) and dependent adults
- Inadequate hours of public services, in particular in schools or after school activities

In all the remaining countries, the employment rates have an ascending path as age increases.

It is important to note that as recently as 2004, the Council Recommendation on the implementation of Member States' employment policies to Germany stated that this Member State should have as one of its priorities: "reducing the gender pay gap and reviewing possible tax disincentives to female participation in the labour market; increasing childcare facilities (0 to 12), especially in the Western Länder, and improving the correspondence between school schedules and working hours".¹

Summary of the related policy debate at European level

Although the Integrated Guidelines for Growth and Jobs (2005-08) do not specifically mention the return of mothers to the workforce as such, nor does the Gender Equality Roadmap, both documents recognise the need to address policies to improve women's position in the labour market (mainly employment aspects, wages and decision making). These documents also acknowledge reconciliation of work and personal life for both women and men.

The reform of tax-benefit systems is, on the other hand, also contemplated in the Guidelines and the main message here is to "safeguard economic and fiscal sustainability [...] in view of the projected costs of ageing populations" (Guideline 2). This Guideline has been explicitly linked to Guideline 18 addressing the promotion of a life-cycle approach to work which asks Member States to "take measures to increase labour market participation and labour supply especially amongst women, young and older workers, and promote a life-cycle approach to work in order to increase hours worked in the economy." Consequently, Member States must take into account the possible effects that any change to the tax-benefit system or specific employment measures have on labour market decisions of individuals within households.

In the case of couples with children the effect of changes in taxes and/or benefits depends on their design. To recent research on modelling such decisions, and based on a large amount of statistical and econometric evidence, policies which do not address gender discrimination in the labour market will tend to increase specialization of the household members according to traditional gender roles. On the other hand, those policies aiming to reduce gender discrimination will increase the possibilities of changing gender roles and thus move towards a more gender equality balanced outcome. For example, child allowances might have a negative effect on women's labour market participation as they have a positive effect on fertility decisions leading to women spending more time with their children. However, if these allowances increase and are perceived by men, the time spent with children by men will increase and thus promoting a more balanced gender-based task division (Cudeville and Recoules, 2008).

The considerations towards lone parents are also very important in policy design as they can be affected more negatively by taxes or benefits which have a disincentive effect on paid work and negatively affect child poverty (OECD, 2007). This means that if a policy is designed specifically for mothers, one cannot think of a nuclear family unit, but of other types of households or families that are on the increase all across the EU. The debate now is much centred on two parents or to earner households and this situation is clearly changing across the EU.

¹ Full text and recommendations for each Member State available at <http://europa.eu/scadplus/leg/en/cha/c11320.htm>.

Finally, the resolution of 29 November 2007 on Common Principles of Flexicurity (2007/2209(INI))² integrates a number of considerations from a gender perspective which can be summed up as follows:

- Overrepresentation of women in non-standard employment [i.e. contract flexibility] needs to be addressed to avoid discrimination
- Lack of supply, adequacy and affordability of child care (0 to 12) must be contemplated as part of the flexicurity strategy
- Frequent switching between work and care activities among women and the need for proper protection and social benefits during transitional periods (care, family responsibilities, education, training and re-training);
- Need for work and working hours to be negotiated and organised in a flexible manner so as to enable the reconciliation of professional, family and private life;
- Need for flexibility in vocational training and retraining and in all back-to-work measures, including during transitional periods, in order to enable the reconciliation of professional, family and private life;

Comparison of policy approaches

The development of the different tax-benefit systems across Europe and other developed economies, such as the United States of America, Australia, Japan, New Zealand or Canada have been shaped according to different political views about gender roles and gender equality and have an impact on women's decisions to enter and remain active in the labour market.

As of the year 2000, four different types of "gender regimes" associated to tax-benefit systems could be identified (See Table A1 in Annex). Furthermore, these different regimes can also account for the different employment patterns of women in the different EU countries. A fourth column would need to be added to account for the characteristics in many of the new EU members (especially those transition countries from a socialist system). The new column would be a mixture of at least two of the regimes identified in the table, namely "Separate Gender Roles or Market Oriented" and "Individual earner-carer or dual earner"³. Other MS such as Malta and Cyprus, could better fit the "Gathering breadcrumbs" model of Mediterranean countries in general. The gender regimes have been classified according to a number of characteristics, including the approach taken in taxing, benefit entitlements, basis of entitlements and recipient of benefits. These particular elements have been widely researched by both feminist and labour economists with respect to the different impacts on both the decision to enter and remain in the labour market by women and men in the presence of small children in the household. Although these regimes only take into account public policies, the more market-oriented models would also

² The observations made by the Committee on Women's rights and gender Equality of the European Parliament (<http://www.europarl.europa.eu/sides/getDoc.do?type=REPORT&reference=A6-2007-0446&language=EN&mode=XML>) to the Commission communication entitled, 'Towards Common Principles of Flexicurity: More and better jobs through flexibility and security' (COM(2007)0359) (Commission communication on flexicurity) were incorporated into the European Parliament resolution of 29 November 2007 on Common Principles of Flexicurity (2007/2209(INI)) (<http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P6-TA-2007-0574>).

³ Indeed, in Germany, according to the figures given in the Host Country Paper for this Peer Review the differences in labour market outcomes are very telling.

have to include private firm policies which, faced with stiff competition for talent, have implemented a series of policies to retain women in family formation ages.

Other elements in the classification, such as the approach to employment policies, care work, political tendencies and ideology are also very important. These elements capture cultural and social values that also have an enormous influence on the debates within countries and significantly impact the approaches to the tax-benefit systems, which are ultimately designed by governments and passed or reviewed by Parliaments and/or negotiated with social partners.

Although the issue of education and training is fundamental to understanding the success of mothers returning to work, policies do not always account for the fact that those women with lower educational levels might be at an even greater disadvantage to return to work given their poorer wage and career advancement prospects in jobs which are likely to be fixed-term, part-time and/or with few and sporadic hours, as well as their higher spatial and time constraints. Again, part of the flexicurity debate with regard to adaptability of workers and firms is closely linked to securing the right to life long learning and promoting career advancement.

Previous peer reviews and assessment of the contribution of this peer review on the specific subject matter

There have been a number of Peer Reviews directly or indirectly addressing the issue of increasing women's employment rate and related policies. In particular the **Parental Insurance and Childcare in Sweden, The Career Break Scheme in Belgium and the Incentive Premiums by the Flemish Government, The Flexibility and Security Act, The Netherlands, Making Work Pay: Tax and Benefit Reform in the UK, and Increasing the employment of women through flexible work arrangements (Norway)**.

In all these Peer Reviews changes in the tax benefit system, agreement with social partners and measurement of impact in employment terms are common issues. Not so common are the holistic views regarding supporting work-life balance and concern for gender equality consistency in policies. In this sense the German programme under review takes a step towards the Swedish or Norwegian policies but it also introduces important aspects about working in federal administration settings (cooperation and coordination with regional governments with devolved competencies in childcare places, for example) and involving private firms.

The strong gender equality commitment in the German programme is another very positive aspect. It integrates at the same time a life-cycle approach that can influence the development of future reforms to the tax-benefit system, and the national discussion about the provision of adequate and affordable services that complement and boost the intended effects. The links to other important discussions at EU level such as financing of benefits and flexicurity are also addressed.

Assessment of the contribution of the *Perspective Wiedereinstieg* (Job Prospects for Mothers Returning to Work) Action Programme as a good practice to the European policy debate

The *Perspective Wiedereinstieg* (Job Prospects for Mothers Returning to Work) Action Programme can be considered as a good practice which contributes positively to the European Policy debate on at least the following four points:

- It has been designed consciously on the need to increase gender equality and linked it to the need to increase women's employment rate and increase men's participation in care of children (Equality Roadmap and Guideline 18)
- It has taken into account counter effects of taxation rules that could have diminished or eliminated the intended impact (Guideline 2)
- It has taken care of coordination and cooperation with regional authorities with the related devolved competencies (mainly child care services) (Guideline 20)
- It has taken into account interaction with firms, encouraging them to also invest in family friendly policies or reconciliation of work and personal life measures (Guideline 20)
- It has been designed as a pilot project to test new ideas that can be disseminated throughout the country
- It involves a component including policies of private firms

However, three elements that are missing from the policy design are: addressing the issue of lone parents, most of whom are women and in particular those in older age groups; the links of women's employment to poverty and child well-being; and the growing pressure on women to also care for ageing, sick or disabled dependent adults due to reforms in other policy areas (health, social services, etc.). In addition, although the issue is addressed, there is a very large challenge in one of the key components for the policy to have all the desired effects: available of quality and affordable child and dependent adult care. This is in fact a competency of the Länder and that it requires, as in other federal states of the EU, a large effort in co-operation and co-ordination to ensure equality for all citizens (including children). Furthermore, the co-operation and co-ordination is required also at the local level where opening hours of commerce and public services, including after school activities and leisure activities for the entire family have to be revised.

Regarding lone parents, the OECD (2007) in its revision of policies reconciling work and personal life (or family life) has stated that in the case of Germany the financial incentives to work for lone parents are weak as are those to second earners (which the policy under review is in fact addressing). This report states that "sole parents considering a job earning two-thirds of the average wage face an effective tax rate of almost 80%. In other words, the taxes they would pay and the benefits they would lose add up to four-fifths of what they would earn"⁴.

Regarding poverty and child well-being, in particular for lone parent households, the issue is of particular importance given the social changes which point to the increase in single mother births and the increase in divorces when children are much older. Child poverty rates can be three times higher for children in jobless lone parent household than in households where both parents are present and work (OECD, 2007). Furthermore, undeclared work on part of older children or

⁴ *Highlights Germany, Babies and Bosses*, Paris, 2007

lone mothers might be encouraged if at this later stages the benefits are means tested and the objective of independence from welfare and freedom from poverty are not attained for the individuals in the household unit⁵.

Regarding care for dependent adults, although the multi-generation homes are contemplated in the design of the policy, it is not entirely clear which is the role of the older persons in a given household, in other words if they act as additional carers or as care recipients. In the case of immigrant families this is a key point to consider.

Assessment of transferability to and learning value for other member states

The difference in approaches and characteristics of gender regimes in the different countries make it difficult to assess to what extent the policy under review can be more or less easily transferred to other Member States. However, there are a number of policy elements within the EU Growth and Jobs Guidelines, which have already been highlighted above that participating Peer countries can review in the light of the German initiative. The move from a male breadwinner model and a natalist or familial approach to a more gender equality and individualised approach is in general a positive step.

Some of the questions that Peer countries can ask themselves are:

- Has my country's tax-benefit system been reviewed under gender equality commitments (namely women's economic independence and greater participation by men in care work)?
- What are the main challenges facing the increase of employment rates for women (in quantitative and qualitative terms)?
- What other characteristics (civil status, age, race, ethnic background, disability, etc.) are or are not being addressed by employment policy instruments (tax-benefit system in general) regarding work and parents of small (0 to 3) an older dependent children (3 to 12)?
- What links exist between flexibility of labour markets and reconciliation of work and personal life (what is the present flexicurity model in my country)?
- What other policies (services, social, transport, infrastructures, etc.) need to be linked and a more holistic view taken about the employment policies aimed at increasing women's participation?
- What coordination and cooperation with regional governments needs to be incorporated into the strategies to increase women's employment rates (analysis of devolved competencies)?

The list is not meant to be exhaustive. It only points to some basic elements that have been used in the German experience including: fulfilment of gender equality commitments; efficiency in the collection and use of public funds, including European funding; coordination and cooperation of different levels of government; and addressing flexicurity issues linked to modernising work organisation and ultimately re-organising time in a more productive way in both social and

⁵ According to the expert paper of the UK Peer review on Tax-Benefit Reform: Making Work Pay "Means-tested in-work benefits reduce the returns to any form of future wage-enhancing investment: they may encourage work, but encourage it in jobs where the opportunities for wage progression are limited." (p.11)

economic terms. In short these points address both the Growth and Jobs guidelines as well as the Roadmap for Gender Equality.

Assessment of the possibility to measure results of the impact of the policy

Although the employment rate as THE indicator of the Lisbon strategy related to the labour market already reveals a great deal of what needs to be done and where policy should be targeted, the previous simple analysis made in this paper points to the need of looking at this indicator in a disaggregated manner by at least sex, age, and educational attainment. Thus, more in-depth analysis and monitoring of this indicator clearly improves the design and impact of employment policies.

Type of employment is also very important in the context of debates about flexicurity and how the objectives around this goal should also be considered under a gender equality lens. It is important to understand that labour market institutions and the introduction of different elements of flexibility in the EU Member States have a great impact on the observed differences. While in some countries fixed-term contracts have taken hold, others reflect a preference for part-time work or sporadic and short hours.

The approach by firms and monitoring of what they do is of vital importance. Their social corporate responsibility approaches, their understanding and treatment of a tight market for talent and the introduction of modern work organisation (flexible time and location) into their production of goods and services are all important elements that can improve or hinder the return of women to the labour market. Firms in countries with outdated work organisation, low investment in training, high social partner conflict and low introduction of ICTs are very likely to have a low gender equality sensitivity and unable to calculate the opportunity costs of wasting human capital. Again, the issue of life long learning should be included in monitoring the policy and data on training by employment status and type of contract (fixed-term, part-time, etc.) should also be included in any analysis addressing continuity and adaptability of women and men in the labour market.

The issue of fertility has a strong ideological charge and its debate can lead to conclusions counter to gender equality. There is no doubt that statistical evidence indicates that among OECD and EU Member State countries those with the highest employment rates are among those with the highest fertility rates. Although causality is impossible to establish between greater gender equality, higher fertility and higher employment in a cross-country analysis, the "choice" approach or the desired impact of pro-natalist policies needs to be monitored closely as changes in social attitudes and economic necessities shape decisions of citizens to become parents. In other words, tax-benefit systems and care services offered need to be gender neutral for the choice to be truly free. The OECD utilizes fertility rate as one of the indicators for monitoring advances in reconciliation of work and personal life (OECD, 2007).

Moreover, the concerns about population ageing, immigration and the gender impact of these phenomena should also be included in the monitoring of the impact of the German policy being reviewed. Immigrant women with dependent children from countries with different gender culture should integrate adapted measures and indicators developed to measure progress.

Finally, monitoring changes in the tax benefit system that will have the desired effects of increasing incentives to return to the labour market incorporated into the EU monitoring of both

the Growth and Jobs strategy as well as the Gender Equality Roadmap can be enhanced. A good start could be some of the classification tables used in the OECD "Babies and Bosses" project which include information on the of taxing systems such as the financial returns for second earners with low earnings and moderate earnings, average tax rates and effective tax rates, public spending on maternity and paternity leaves (including reimbursements or other type of subsidies to employers). In the report to the European Parliament by Villagomez, *et al* (2004) there are also a number of tables classifying the tax-benefit systems of different EU member states based on data on the tax systems gathered from the MISSOC database. The Gender Equality Roadmap also includes a number of indicators on reconciliation of work and personal life relating to childcare and to which others, such as number of firms with equality or reconciliation plans and the private firm expenditure on these issues, could be eventually added (the Enterprise General Directorate should in any case be the institution leading this part of the monitoring).

Assessment of measures in other MS of integrating women into the labour market

Given that it is impossible in this restricted space to assess all Peer country experiences of policies aimed at increasing women's participation and employment in the labour market, this section concentrates in some of particular interest to the Host country, as those of participating Peer countries are included in the national expert papers.

Although important reforms have been introduced in the EU Member States over the last twenty years, especially in the fiscal systems, these have not been wide enough from the point of view of integrating gender equality concerns and a life-cycle approach. It seems necessary to speed up the revision of the European social protection systems with the aim of eliminating their negative effects on the participation of women in gainful employment and of better contributing to reconcile family and labour lives of both men and women. Five main elements may help to explain, and in some cases even to justify, why the advances have been so limited so far⁶:

- Some concrete measures/benefits that make social protection systems more reconciliation-friendly, such as the elimination of the means-tested condition or the negative relationship between their amount and the income, are in many cases contrary to the equity of the systems.
- The coexistence of the traditional model with new family forms does not always allow for thorough reforms, because they could hamper social protection of a great share of the population (e.g. elimination of derived rights could affect negatively aged and low qualified women, who have fewer opportunities of employment and thus of generating their own individual rights).
- Generalisation and improvement of certain benefits that could favour reconciliation are frequently limited by budgetary restrictions.
- Improvement of services (children from 0 to 12 and dependent adults) which in federal Member States encounter the challenge of co-operation and co-ordination with regional and local governments.
- Changing of public and private service schedules which also encounter the challenge of working with local and regional level authorities as well as private firms.

⁶ These are the conclusions of a study carried out for the European Parliament (Villagomez et al, 2004) adapted for this Peer Review.

These five elements should be kept in mind in the short descriptions of the countries chosen in this section, where not only the present or most recent situation is addressed but an effort has been made to also reflect the historical and social motivations in the recent changes to the systems.

France⁷

France has a relatively low employment rate of women at nearly 59% where the younger and older age groups have very low employment rates, but the middle groups (30-59) reach 73%. Part-time work is also relatively very high for women at 30% so that the FTE is only 51.4%. Fixed-term work for women is around the EU27 average at almost 15% and not very different from men in France at 13.4%. The wage gap is below the EU average at around 12%. France has a very high expenditure on children and family (2.5% of GDP compared to the 2.2% EU25 rate, latest available statistics in 2005, (Eurostat, 2008)).

The French experience has been referred to by French researchers as paradoxical in that a very interventionist family policy, with clear pro-natalist objectives was recast into one favourable to increasing women's economic independence. According to Anne Revillard (2007) "the state recognition of family interests [in France] is very strong, and was initially rooted in familialism, an ideology that promotes the family as an institution, and has often played against women's rights". However, since the 1960's this policy was challenged and was able to reframe work and family policy "in terms of a policy of equality in employment". In a certain aspect, this is what the German programme under review is also trying to achieve. It is important to note that there was an explicit recognition of children as a shared investment between families and the state and that "when family policy was institutionalised in the after war period, solidarity was conceptualised mainly as "horizontal" solidarity, *i.e.* between families with children and families without children. The focus was on the costs of children." (Letablier, 2002).

The changes made to these policies during the nineties have contributed to a change in the negotiation power of couples where reconciliation of work and family life has been used in favour of women's higher employment and the rhetoric of "freedom of choice" has been abandoned. Moreover, the focus on vertical solidarity introduced means testing as higher income inequality was also being tackled. In the opinion of Letablier (2002) "family policy has become increasingly linked to social and employment policy" (p.4). The policy that has evolved has the following components:

- Support for the "cost" of children" (family, housing, childcare and poor children allowances)
- The right to care recognised by labour law (maternity leave, paternity leave, parental leave, child sickness leave, leave for parents with children with serious illnesses, caring rights in pension schemes, tax schemes for expenditure on children)
- Childcare policy (crèches and nursery schools, individualised and subsidised childcare through service cheques)

The change which took place in the 1990's was a move in France towards a rights and obligations approach steering away from a family values model which bore an improvement in the area of gender equality. In France not only employment and reconciliation of work and personal

⁷ I would like to thank Dr. Elena Stancanelli, of CNRS, GREDEG, Nice and OFCE, Sciences-Po, Paris for her advice in this section.

life are addressed, but also urban planning and services that aim to change the way time is used in cities which explicitly include time for parents and children⁸. However, the current government plans to seriously cut the budget for local communities and maternal schools (children aged 3 to 5) and elementary school (children aged 5 to 9) may undermine some of the scope for this positive assessment.

Income-tax wise France stays behind other European countries: the system of joint taxation for married couples is likely to represent a disincentive for the labour market participation of married women (see Apps and Rees, 1999 for a discussion); and the French family coefficient has strong regressive features (see Van Soest and Stancaelli, 2008, for a discussion). Stancaelli (2008) also points out that the new French tax credit scheme (introduced in 2001) may discourage participation of married women, in spite of the small amounts of credit at stake.

Netherlands⁹

In the case of the Netherlands the changes that have taken place since the 1990s have also tried to move from a family oriented policy to social policies that, as in the French case, tried to address a number of social changes that were taking place, in particular women's emancipation and their increasing numbers in higher education. The rights and obligations approach is also present in this case and the gender equality component has only been introduced since 2007 under the new Dutch administration.

Although the 75% rate of part-time employment for women might seem attractive, this means that the full time equivalent employment rate is really much lower than the Lisbon target rate (only 42% compared to the normally calculated rate at 67.7%, one of the highest in the EU, (Eurostat, 2008)). However, the changes in the tax-benefit system in the Netherlands have accommodated to this reality by improving social protection for part-time and fixed-term work, which is in essence the philosophy of flexicurity. Moreover, part-time work in the case of women has been identified as an obstacle for career advancement and in fact the Netherlands has a relatively high unadjusted wage gap at around 18% above the EU 15% average. Research in the Netherlands shows that job level is the most important variable in explaining the gender pay gap and that other variables that play a role are age (which indicate experience) and working full-time or part-time (Hoeben and Venema, 2004).

Surprisingly, the Netherlands is one of the countries with a low public expenditure on children and family (1.3% of GDP compares to 2.2% average of EU25 in 2005, (Eurostat, 2008)). This can be partially understood through the explicit "separate gender roles model" (or one and a half earner model) that continues to consider men as the primary earners and the overwhelming part-time work of women that are also the carers¹⁰. However, men also have a high preference for part-time work as the Netherlands is also the country with the highest part-time rates for men (23% in 2006 compared to 7.7% for EU27), these figures have to be read carefully, however, as this high rate is due mostly to younger men taking up part-time jobs. Recent research points to the fact that the tax and benefit reforms in the early part of the century and that have been negotiated with

⁸ See for example *Espace des Temps* initiative of the city and surrounding metropolis of Lyon <http://www.espacedestemps.com/>.

⁹ I would like to thank Mr. Mr. Charles de Vries, Senior Policy Advisor from the NL Ministry of Education, Culture and Science (Directorate Emancipation) for corrections and advise on this section.

¹⁰ The current administration is proposing a model whereby men also work fewer hours which will allow women to work longer hours. One of the important elements in this model would be the promotion of an enterprise culture that allows for career advancement under these shortened hours.

social partners, would have had to take into account the preference of men to work shorter hours. In other words contract flexibility should give way to time flexibility in order to increase men's participation in care work and allowing women higher opportunities at work (van Voos, 2000, Bekker and Wilthagen, 2008). Although the tax reform of 2001 in the Netherlands achieved its aim to reward working households more than non working households (i.e. to increase the returns to work) the distributional effects expected were not so even. While one-earner households at low levels of income were expected to gain substantially, at high levels of income two earner households were set to gain more than one earner families (Central Planbureau, 1999).

With regard to childcare, in the Netherlands the provision is private. It is funded both by the government and employers. It is interesting to note that this way of funding is the consequence of reluctance by the Dutch government before the 1990s to become involved in the provision of childcare and the labour shortage which employers were, at the time, facing (OECD, 2002). Since the early 1990s public involvement has increased, resulting in a childcare act in 2005. This law reformed the childcare system. 'Demand-side funding' provided via parents replaced 'supply-side funding' mainly provided by the municipal authorities. This means that childcare organisations are subject to market forces. This law applies to day care centres (0-4 years), day care outside school hours (4-12 years) and family day care. Primary education starts at 4 years and is mandatory at 5.

The Childcare Act provides for a new method of financing childcare. The bill assumes that parents, employers and government collectively bear the costs of childcare. The employer's contribution was meant to be voluntary and part of collective labour agreements. The target figure was that 90% of employees would be able to receive a full contribution for childcare from their employer in 2008. Monitoring of the development of collective labour agreements on employer's contributions to childcare led to the conclusion that this target would not be reached. Therefore an obligatory employer's contribution was introduced in 2007. Parents pay some 20% of the costs, the government and employers about 80%. Since 2006 the costs for parents have been reduced.

Through the Tax Department parents receive the amount that the government contributes to childcare themselves. The amount parents receive depend on their income and varies from 96,5% of the costs to 33, 3%. The direct subsidising of facilities has ceased as a result. Childcare facilities compete in terms of price and quality, since parents will be able to opt for a different care establishment if the price is too high or if the quality is found wanting.

The act on day-care doesn't prescribe specific quality requirements in relation to the childcare centre. This allows the sector more room to determine its own regulations in order to ensure that childcare facilities satisfy the legal requirement to provide responsible childcare. Operators must make an inventory of safety and health risks themselves. They must also be able to demonstrate that they ensure, among other things, an adequate ratio of number of children per supervisor, the size of the groups and the educational background of staff members. Furthermore, childcare centre operators may only deviate from the advice of the Parents' Committee if they provide a written explanation for doing so. The local governments monitor compliance with the quality requirements. They carry out inspections and maintain a register of organisations that meet the regulations.

With the Childcare Act the Dutch government wishes to stimulate the transformation of the childcare sector into a sector with greater scope for market forces and to provide parents with more freedom of choice. By reducing the number of regulations, the administrative burden on operators will decrease.

Finally, starting August 2007 schools have had to organise after school care, if the parents wish so. In most cases the day care is provided by a local day care organisation. In this way Dutch government stimulates cooperation between schools and day care providers. In addition the new Dutch Administration is investing an extra 3 billion euros for the fiscal stimulation of professional childcare use by parents.

Denmark

Denmark has the highest employment rate of women of all EU27 Member States (73%, which is lower than men's by 8 percentage points) and is well above the Lisbon target. The rate of part time work is relatively high at 34% for women (only 13% for men) so that the FTE employment rate is 62%. Fixed term contracts are not used widely in the economy (at only 8% overall, women 10%) but there is a more flexible severance system which is negotiated by social partners with some legal limits. The expenditure on family and children is very high at 3.8% of GDP in 2005 compared to the 2.2% EU27 average, and among the Nordic countries it is the highest. This expenditure is only third after Luxembourg and Ireland in the proportion of total benefits at 12.9%. On the other hand, the wage gap is also relatively high at around 18%.

The approach of individualising rights and obligations has been a great strength in their successful flexicurity model but also the high public expenditure in active labour market policies which are the highest in the EU at 4.5% of GDP and a very low rate of employer's social contributions (the lowest in the EU25). It is curious to note that it has been a more conservative government that has introduced the individualisation of rights, but that the gender equality concerns might not have been fully addressed. Indeed, there has also been a more familial approach in recent times. According to recent research, "during the 1990s and 2000s, Danish governments have firmly committed themselves particularly to the needs of middle-class families, but while the Social Democratic governments tried to change the gender biases (by establishing 'use or lose' elements within parental leave), the present Conservative-Liberal government is pursuing a more traditional path by introducing individualised, liberal and familistic forms of family policies." (Arahamson and Wehner, 2008).

In Denmark the main elements of social policies are based on the following elements¹¹

- **Universalism:** All citizens in need are entitled to receive social security benefits and social services – regardless of factors such as their attachment to the labour market.
- **Tax financing.:** Social security benefits and social services are chiefly financed from general taxation.
- **Public responsibility.** The public sector is responsible for the provision of social security benefits and social services.
- **Co-operation with other social partners.** The public sector co-operates with private companies and voluntary organisations to promote social welfare.
- **Possibilities of labour market attachment.** Improved services for children, dependent elderly and disabled people contribute to interconnecting family life with working life.
- **Active social measures.** Social protection measures must be active and provide self-help support – rather than merely passive support and maintenance.

¹¹ Taken from the official government web site <http://eng.social.dk/netpublikationer/eng/dsp1dsp240902/3.htm>.

- **Local community approach.** The social sector is organised with a high degree of decentralisation of social responsibilities to local government.
- **Local scope of action.** Local and county authorities have wide autonomy when implementing the various social protection schemes.
- **User influence.** Citizens and claimants should be involved in the organisation of a social protection programme.
- **Comprehensive view.** The citizen's social problems and his or her situation in general must be seen in a broader context.

We notice that there are no explicit gender equality concerns in the list and that in Denmark the issue of long parental leaves taken by mothers will be likely to continue affecting negatively career advancement chances. Although no available studies can confirm it, the reforms allowing fathers to also take much longer leaves seem to be also affecting their career chances negatively, so that even when both mother and father are allowed to work a few hours (which is possible given the high coverage of childcare available) care is penalised by employers.

Denmark has the highest rate of children under 3 in formal care of the EU (in 2006 reaching 83% according to EU-SILC figures, European Commission, 2008). The provision of care is mainly covered by the local authorities who work together with parents in order to ensure capacity and quality. These services are funded from local taxes and other municipal funding including transfers from the central government. The costs are shared with parents and parents can be directly subsidised to arrange their own care services if the local authorities are unable to provide space for children (which does not happen very often and even less so since 2005 where it was mandatory for local authorities to provide places). In adopting the "free choice" rhetoric, the central government has also recently introduced a transfer to families who wish to care for their children at home, which might have disincentive effects for women to return to the labour market.

Moreover, as pointed out by the Danish paper presented in this Peer review, the main challenges in Denmark to achieve an even better record on gender equality in the labour market are to reduce occupational segregation and to increase equality in the division of tasks within the household. Thus the importance of aligning all policies towards improved gender equality outcomes in the labour market (especially by removing disincentives) continues to be very important.

Part B. Description of the main elements of the policy

The Host Country paper includes a more detailed description the issues discussed in this section. The aim here is to assess the policy from an independent standpoint covering the most important aspects for the policy discussion.

Background

Based on an extensive study (Sinus-Milieu methodology which involves both quantitative¹² and qualitative analysis), which included recent research on the issue of women in the labour market and gender equality in reconciliation of work and personal life, the German initiative rests on a number of stylised facts that were extracted¹³.

In the first place it is acknowledged that returning to work after a “family-related employment break” is a complex process with a number of variables that directly affect public and private resources needed to reach the desired goals.

Secondly, the negotiating power women have in the household at the time they express their desire to return to work is an important element to consider. Men might not be willing to increase their unpaid care time or the incentives to do so are not in place. A culture of long hours and full availability in the sectors and occupations where men are concentrated might make negotiations very difficult. Men’s attitudes about their own roles in a family setting or their perception of the work entailed in caring for small or older children.

Third, firms may not always be fully ready to integrate women with family responsibilities back into their activities. This relates not only to culture of firms with respect to hours and availability, but is very closely related to the stage of modernisation and introduction of ICTs. Firms lagging in these areas are also likely to have highly hierarchical models, bad use of time at work, rely on contract flexibility more than at least three other forms of flexibility (including time and location) which can greatly enhance productivity and the bottom line in firms¹⁴. On the supply side, women might need to train or re-train as well as require on the job support (coaching, time management techniques, etc.) which firms might not consider covering, especially those without any equality or family friendly policies.

Figure 1 in the Annex shows some data from the OECD places Germany in a relatively worse position than countries with similar economic and social development in terms of reconciliation of work and family life, which surely have also influenced the design and implementation of the programme under review.

¹² The main figures on employment, division of labour between couples (time use) and unemployment can be consulted in the Host Country Paper.

¹³ The main figures on employment, division of labour between couples (time use) and unemployment can be consulted in the Host Country Paper.

¹⁴ Since 2000 the European Foundation for the Improvement of Living and Working Conditions has published a number of studies pointing to internal and external sources of flexibility in firms as well as quantitative as well as qualitative aspects. Firms using all or a mixture of these can tap into the benefits of a more motivated workforce, higher productivity, increased competitiveness and better overall results. See Reference section for specific publications.

Goals, objectives and target groups

The **main goal** of the programme under review is to increase women's employment and financial security in a context of freedom to choose the lifestyles that these same women want. The current situation in Germany points to a state of transition where social changes and preferences are being taken into account to shape policy related to reconciliation of work and personal life. This means not only policies for women to reconcile work and life, but also for men.

The main **target group** of the programme is women over 40 who have been inactive due to care responsibilities and are willing and ready to return to work.

Furthermore the **expected outcomes** are tempered by data taken from surveys and considerations about choices that households with larger families might make. Namely that choices and cultures might not be so easily changed in the short run (some mothers and fathers will want to spend time with their families for longer periods of time with no paid work, or a majority of women in family formation ages show a strong preference for family over career).

The **final objective** is to design a policy that implicitly recognises existing differences between women and men in their lifecycle and that gives both women and men the choice to take up paid employment or to take breaks reducing the possible negative effects in terms of employment opportunities. Perhaps the inclusion of not only family breaks, but other breaks for training or other personal reasons would need to be included as an ideal flexicurity model that not only looks at contracts, but also time and location as well as the quality and satisfaction of paid work.

Part C. The results so far

Although no formal evaluation results have been presented. The host country paper reflects a number of indicators as far as beneficiary participation and activities carried out. However, other indicators (such as take up of benefits by fathers) do point to a positive outcome in the intended direction.

It is important to recognise that the policy under review is a programme with many components and that as such it is difficult to evaluate impact of specific components. It aims to bring together strands from the benefit system, taxing regulations, public services, and co-operation with private firms.

According to the OECD, in Germany, "[a]lthough spending on family benefits is higher than OECD average, spending on childcare is low. Public spending should be redirected towards childcare to help (sole) parents overcome barriers to work and reduce child poverty.

Parental leave policy now encourages an earlier return to work than before (after one rather than two or three years of income support). However, childcare places are not generally available for one year olds, and Kindergarten only take children for a short period each day. Many parents will not be able to work unless there is adequate childcare available once their parental leave finishes." In this regard, the programme under review includes working together with the regional governments who have the competencies in the area of childcare infrastructure to increase the supply of places. Given the age of the women and the children, in this case the emphasis should be on children 6 to 12 years of age.

Any plans to extend the leave periods in Germany must be looked at carefully in terms of the negative impact they can have on women's career prospects. On the other hand efforts to increase men's participation should also be considered. The fact that the programme under review is including changes by firms, the matter of length of leaves for both women and men should be carefully discussed and tax-benefit modelling used (including effects of care services) before any decisions are taken. The participatory approach taken by the Programme under review should not be lost as proposals for these types of changes are put forward.

Part D. The policy debate in the host country

Questions and areas of debate

The host country paper points to a number of challenges and obstacles that can be summed up in the following points:

- Men's perceptions and attitudes about reconciliation and care work
- Individual and household preferences in number of children
- Reforms not only to benefits but taxing systems to ensure consistency of policies (avoid short-circuits)
- Inclusion of specific groups (lone mothers, immigrant mothers)
- Impact of flexicurity
- Co-ordination and co-operation with regional governments in the supply of child care or after school activities for children 6 to 12

Part E. Key issues for debate

Summarising all of the previous sections, the key issues for debate at this Peer Review are as follows:

- Design of policies aiming to reduce gender discrimination in the labour market and recasting of natalist or family support policies. Design of fiscal rules and family cash benefits, and relation to other benefits (especially rules for unemployment, disability, etc.), consistent with gender equality. Individualisation of taxing obligations and benefits.
- Firms need to be aware that they can tap into a large pool of talent if they make the appropriate changes in their work organisation, culture and use of ICTs (to go beyond contract flexibility and use time and location flexibility).
- Coordination with other levels of public administration to complement changes in taxing and benefits (the role of public services as a necessary complement to reach the proposed goals).
- The role of social partners in the Flexicurity debate and the inclusion of gender equality concerns.
- The importance of the complementary effects of affordable and quality child care to changes in the tax-benefit systems in promoting women's employment.

- The importance of time schedules and opening hours of public and private services, in particular schools, but also commercial and leisure activities.

Conclusions

Among the guidelines that should make systems in all the EU Member States more gender equality friendly and conciliation-friendly, the following are pointed out¹⁵:

- Conciliation requires a holistic approach with adequate budgetary resources. It is not only about correctly defined benefits, so as not to provoke negative effects; it is also about a wide range of benefits and services that incorporate large share of different groups and about an adequate budgetary provision. Moreover, an adequate coordination is needed between programmes and instruments, such as social and fiscal benefits, with similar objectives (ensure consistency of fiscal and social protection policies with gender equality).
- Social expenditure in benefits related to childbirth, child-raising (and also to dependency or long-term care) shows a positive relationship with female activity and employment rates. Thus, Member States with lesser employment rates should increase expenditure in these benefits, especially through increased provision of care services for children and dependent adults at affordable prices. Also services for older children are an important element in the case of older women returning to the labour market.
- It is necessary to further advance in the development of an individual model of social protection supported in the individualisation of rights and duties. Individualisation avoids the discrimination of the new family forms and of two-earners families. Nevertheless, reforms ought to be gradual so as not to damage protection of an important number of women who have never taken up gainful jobs.
- Adequate fiscal treatment of the second earner in the family results in a more equitable time distribution between men and women.
- In general terms, the link of social benefits to family income deters women's participation in gainful employment.
- Social protection systems should incorporate new family forms (cohabiting couples, single parent families, etc). It requires removing any discrimination originated in the definition of social benefits or in the fiscal treatment. However, in certain cases, it also requires introducing new specific benefits in order to improve the social protection of the most vulnerable groups (in particular non EU immigrant women who care for other women's families and houses).
- The involvement of social partners is very important as flexicurity issues are discussed and flexibility in other areas (not only contracts) are given more decided encouragement.
- Although not dealt with in detail in this paper or in the Host Country paper, the issue of improving time use socially (changing opening hours, leisure services, schools, etc.) is becoming one of the most important areas where policy should be focusing as both working time and reconciliation time are affected. Adaptation of public times to the changing realities of private time is possible with the due effort, and the conflict

¹⁵ These conclusions are adapted from Villagómez et al (2004)

that arises for many workers between work and family life arises precisely from coinciding or insufficient times of public services whereby their new work realities can be solved.

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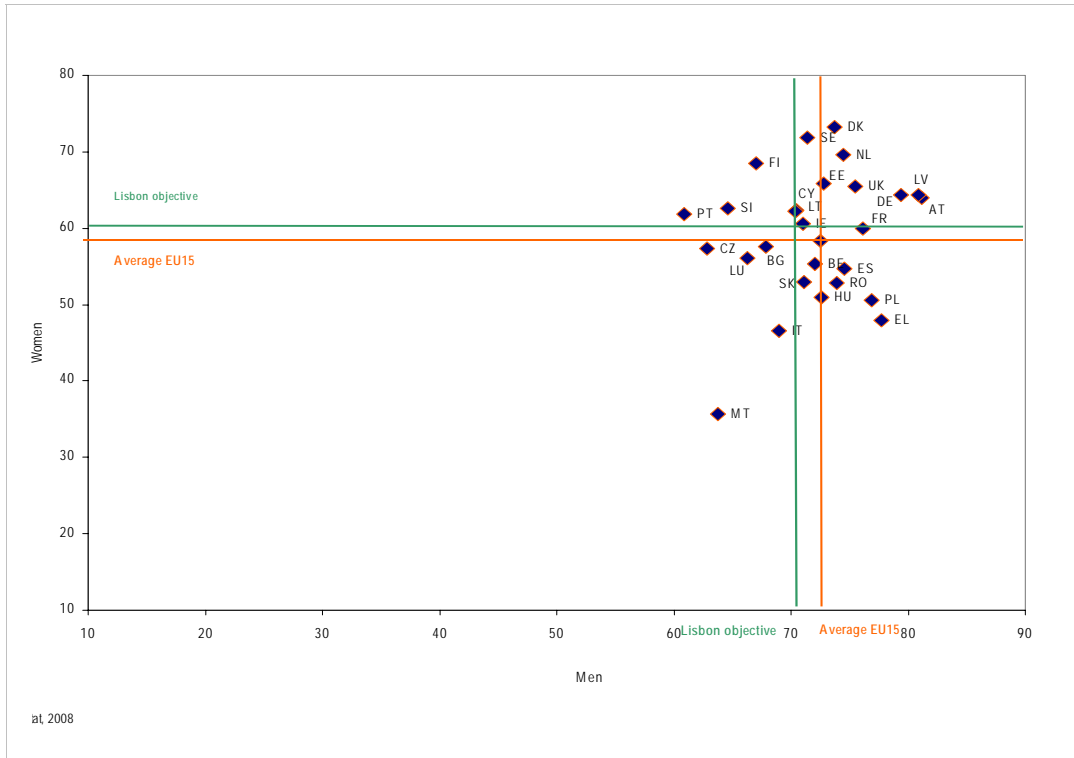
Annex

Table A1: Four Gender Regimes of EU Tax Benefit systems

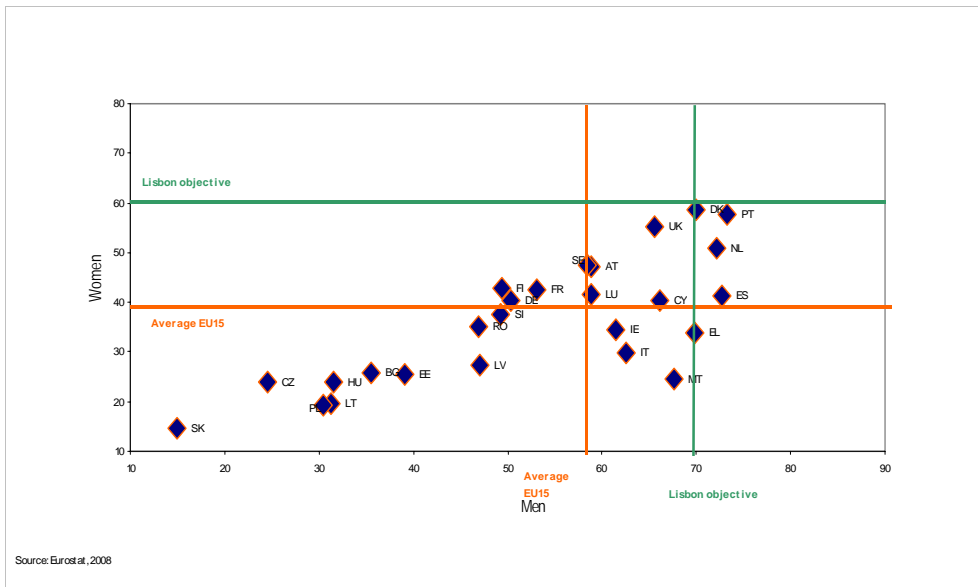
	Male breadwinner or General Family Support	Separate Gender Roles or Market Oriented	Individual earner-carer or dual earner	"Gathering breadcrumbs"
Location	Continental Europe	Anglo-Saxon countries	Scandinavian countries	Mediterranean Europe
Conciliation model	Combination	Choice	Continuity	Choice without support
Ideology	Husband= earner Wife= carer	"Flexible" division of labour Husband= earner Wife= ½ earner/carers	Shared tasks Father = carer-earner Mother= carer-earner	"Blurred" division of labour Father= earner Mother= carer/earner
Entitlement	Unequal among spouses	Differentiated by gender role	Equal	Unequal among spouses and among workers
Basis of entitlement	Principle of maintenance	Family responsibilities	Citizenship or residence	Principle of maintenance/ of need
Recipient of benefits	Head of household + supplements for dependants	Men as family providers; women as caregivers	Individual	Individual
Taxation	Joint Taxation Deduction for dependants	Joint Taxation Deduction for dependants	Separate taxation Equal tax relief	Individual Minor deductions
Employment policies	Priority to the main income provider. Flexibility for secondary earners	Segmented Full time/part-time	Aimed at both sexes Full time/part-time Public/private sector	Dualistic Core/periphery No flexible arrangements
Female labour force participation	Middle/low High discontinuity Short-time work	Middle/high High discontinuity Short/medium part-time work	High High continuity Long part-time work	Low High continuity Full-time
Sphere of care	Partial state involvement	Weak state involvement	Strong state involvement	Weak state involvement
Caring work	Paid component to caregivers in the home	Paid component to caregivers in the home	Paid component to caregivers in the home and outside the home	Unpaid
Political tendency	Corporatist/conservative	Liberal	Social-democratic	Corporatist-left

Source: León, M. (2002), Reconciling work and family: Impact on Gender and Family, based on Sainsbury (1999), Trifiletti (1999), León (2000) and Daly (2000).

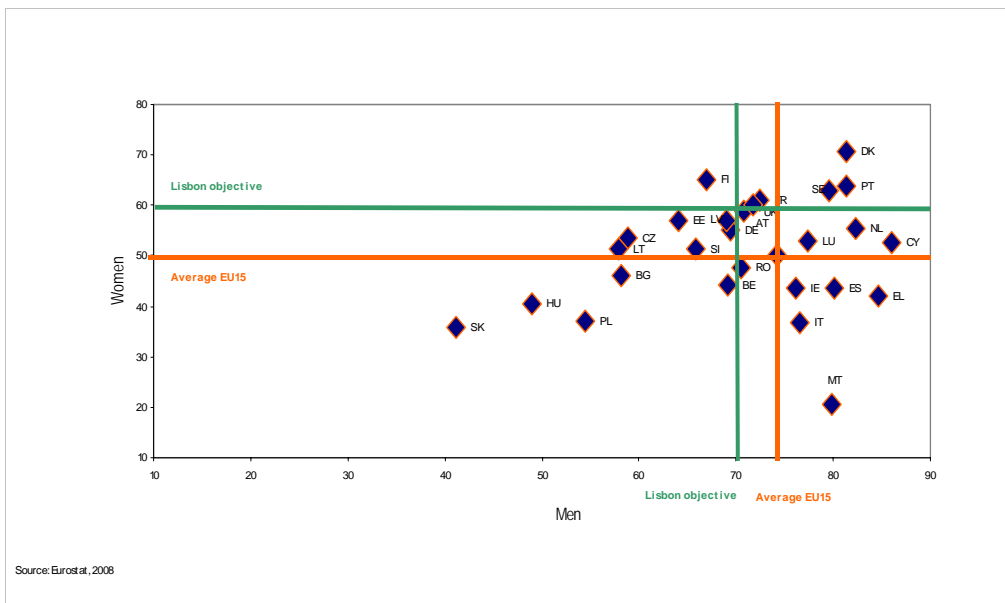
Graph A1. Employment rates for men and women aged 16-64, EU27 average and country figures, 2007



Graph A2. Employment rates for men and women aged 15-64 with ISCED levels 0-2 (lowest level), EU27 average and country figures, 2007



Graph A3. Employment rates for men and women aged 40-59 with ISCED levels 0-2 (lowest level), EU27 average and country figures, 2007



Graph A4. Employment rates for women in different age groups, EU27 average and country figures, 2006 (ranked by highest total employment rate)

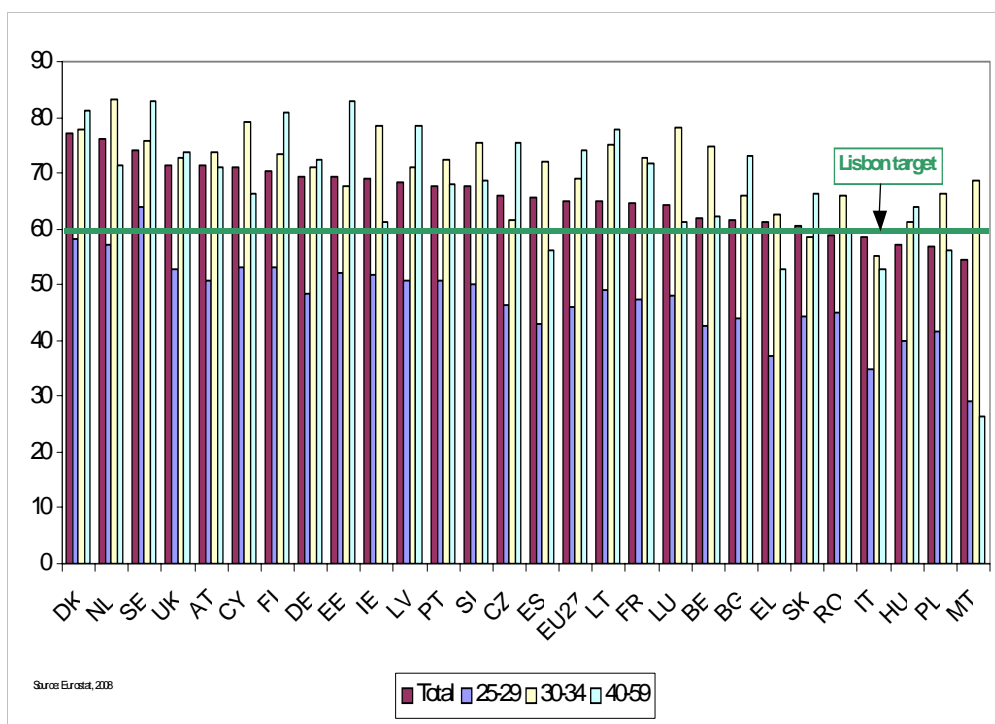
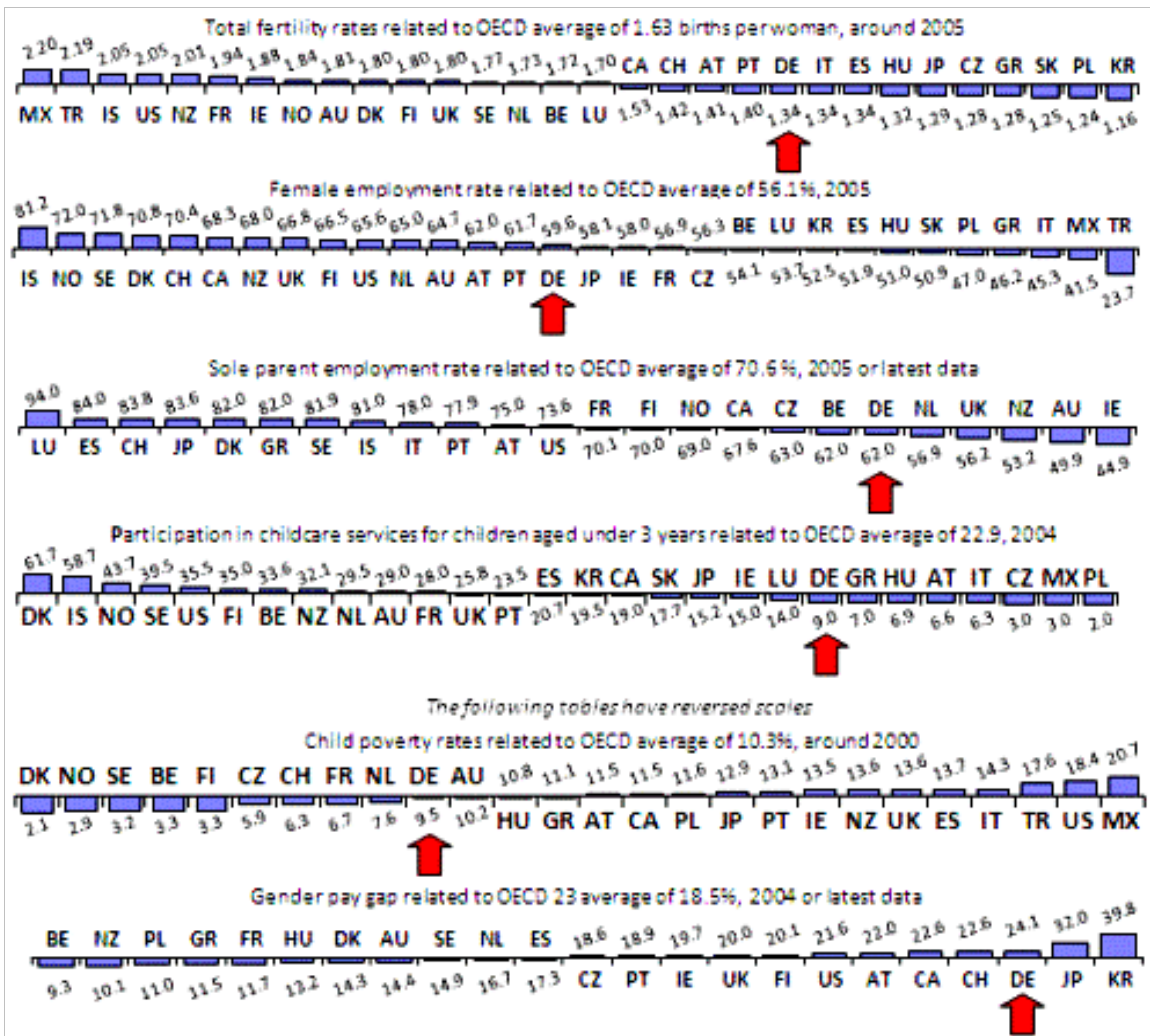
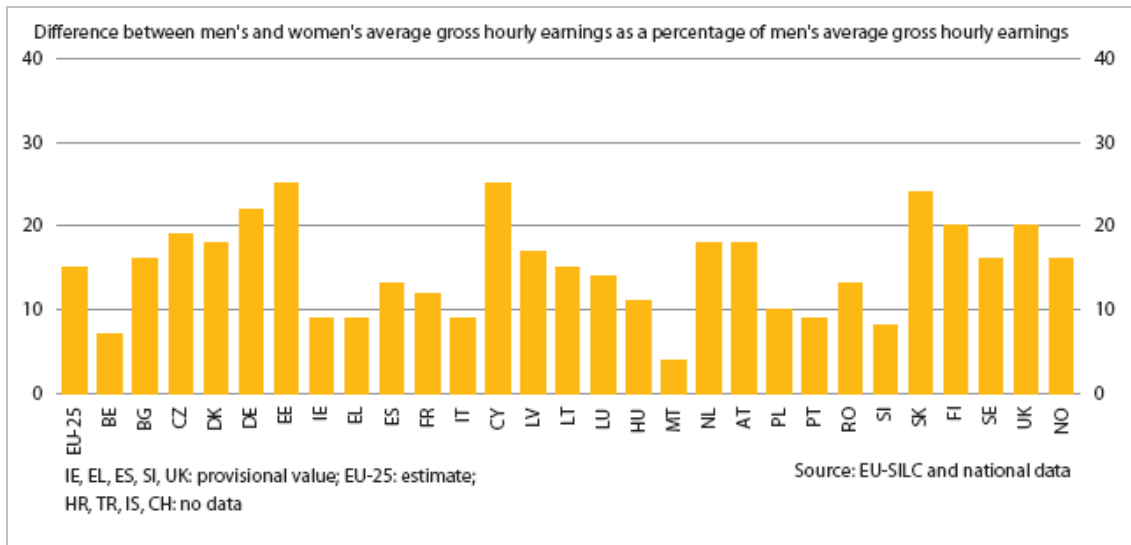


Figure 1. OECD averages of reconciliation of work an family life indicators, 2005



Source: OECD, Babies and Bosses – Policies towards reconciling work and family life, Highlights Germany, 2007.

Figure 2



Taken from the Life of Women and Men in Europe, A Statistical Portrait, Eurostat, 2008 edition, p 93. Data are from 2005.