



Family-Friendly Policy: Lessons from Europe—Part I

A work/life balance
not only makes a
happy family, but
increases productivity
on the job.

by Anmarie J. Widener

Countries have been compelled to tackle the concomitant problems arising from increased female employment, an aging population, declining fertility, and higher divorces rates. The single breadwinner has been replaced by the dual-earner and single-earner/single-parent family models. The struggle to juggle raising children and caring for elderly parents when both parents—or the only parent present—work outside the home has led to a surge of international “family-friendly” legislation on child care, job flexibility, and family leave policies.

A Need Fulfilled

Family-friendly policies help employed caregivers achieve their family and career goals, which usually revolve around access to affordable child care, leave provisions, and flexible work arrangements. They may be generated or supported by local or federal governments, employers, or the individuals themselves. Family-friendly policies’ key goal is to support parents’ ability to participate in the labor market in a way that simultaneously fulfills individual career aspirations, improves the standard of living, and promotes the care and support of young children and aging parents. The Organisation for Economic Co-operation and Development (OECD) sees family-friendly policies as aiming to achieve “the reconciliation of work and family life” in a way that also promotes

societal goals: increased employment, secure sources of income that generate domestic spending, child well-being, individual independence, and gender equity. As such, family-friendly policies are an important component in achieving economic and social progress.

Although countries vary widely in their social programs relating to child rearing, most developed countries now have national laws that mandate some income replacement for women and men who leave work temporarily to care for a new baby or sick family member. Family leave policies are not standalone practices, however: they often come in conjunction with policy on daycare, preschool, and the structure and organization of the work environment, which, in turn, is influenced by the type of welfare state in which people live. Family leave policies give glimpses into social policies that impact men and women and the attainment of gender equality, particularly in the realm of employment. Analyzing these policies offers one path to insight into each nation's achievement of a better quality of life and reconciliation between work and family.

The aging population coupled with the decrease in fertility place a greater burden on social security and pension plans, resulting in a need to increase overall employment rates. The increased employment rate of women (especially mothers) has been the most dramatic change in the workforce in the last fifty years. Policies that help women join and maintain employment are necessary for a continued strong female labor force. The increasingly competitive and flexible global labor force encourages cross-national competition to capture the most talented and skillful. Women outnumber men in higher education completion rates and thus have become increasingly valuable and sought-after human capital. Family-friendly policies today are part of a strong recruitment strategy and correlate with increased job retention. Women are

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projected to account for 51 percent of the increase in the total labor force growth between 2004 and 2014. Clearly, policies that support employment coupled with quality of family life will be the linchpin of any positive twenty-first century equilibrium.

Family policies are needed to help women and men combine employment with caring responsibilities. Today, more men want an active part in child rearing and often are shouldering the dual burden of employment and care. In the United States, nearly one-quarter of male employees live with and provide informal care for their aging parents, a 2003 MetLife study found. In OECD countries, paid paternity leave ranges from a few days to a few weeks and European Union (EU) eligibility for parental leave is equal to that of the mother. In Scandinavian countries, leave policy has a "use it or lose it" clause, encouraging fathers to use their nontransferable paid parental leave (between four and eight weeks, depending on the country). Despite the lack of paid paternity leave laws in the United States, my 2004 study found 42 percent of fathers prefer to work fewer hours and spend more time caring for their children.

Family and Medical Leave Act

The U.S. system of leave policies focuses on the free market coupled with private family means to meet the needs of working families. Family policies are a complicated mix of individual state and federal actions, each affecting and directing the other. Because family policies affect interstate commerce and involve gender discrimination issues, the federal government has broad power to enact such legislation. In 1993, President Clinton signed into law the Family and Medical Leave Act (FMLA), which offers working parents the right to twelve weeks of unpaid leave for any serious family-related medical issue (such as the birth of a baby, a serious illness, or the death of a family member). It applies to all companies with fifty or more employees within a seventy-five-mile radius of the worksite. Employees must have worked at the company for at least twelve months and for a minimum of twenty hours per week during the last year to be eligible. Before 1993, only 1 to 2 percent of employees paid for maternity leave; instead, most employees used

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paid sick leave, holiday leave, or short-term disability leave, if they had access to them.

When it comes to combining care responsibilities with employment, FMLA is limited in the amount of support it provides working families. Only half of all U.S. employees are eligible for this leave. Of employees that meet eligibility requirements, very few are able to make use of this leave because it is unpaid. The highest paid 10 percent of employees are exempt from eligibility if the employer can prove that their absence would create a problem for the company. In 2000, one survey found only about 2 percent of eligible FMLA recipients actually made use of FMLA; 77 percent of those who wanted to but did not use FMLA said the lack of pay was the defining reason. Low-income working families are especially affected because they are the least likely to have any type of employer-based paid leave. Although the law stipulates that those applying for FMLA leave are protected, unfortunately the termination of employees seeking this leave continues to be the primary reason for filing a complaint concerning this law.

Despite the limited federal family-friendly policies in the United States, it boasts a high employment participation rate for men and women. Approximately 75 percent of women and 90 percent of men ages 25 to 54 were employed in 2005. Families with children also average high employment rates. More than half of all two-parent families are also two-earner families. Almost 60 percent of working mothers are back to work before their child is one year old. Only 30 percent of families continue the single-male-breadwinner model, in which the father works full time and the mother stays at home; in only 5.5 percent of two-parent families does the mother work full time and the father stay at home. The labor force participation rate for mothers in 2005 was 71 percent: 68 percent for married mothers and 77 percent for unmarried mothers.

An International Movement

Family-related leave policies arose in the late 1960s and early 1970s with the advent of women's movements followed by a sharp rise in the number of women joining the labor force. Sweden is commonly cited as the country with the longest established history of facilitating gender-equal roles in work and family life through family policies dating back to the early 1960s. Sweden's family policies are heralded as the most progressive and generous. They not only ensure the health and safety of

the mother but also aim to facilitate the child's well-being, as well as gender equality both in caregiver roles and in career options. For example, its parental leave package includes a nationally funded child care system in which the majority of Swedish children take part.

The international trend in the 1990s has been to broaden maternity, paternity, parental, child care, and family leave. In 1992, the EU adopted a directive mandating a fourteen-week paid maternity leave as a health and safety measure for women and infants. In 1999, the International Labour Organization revised and adopted a maternity leave convention that strengthened job protection and broadened the coverage for working women. In 1998, the EU enacted the Directive on Parental Leave, which applied to all men and women who participate in the labor force on a contractual basis in all member states. It stipulates that workers have the right to parental leave and that parents have that right until the child is eight years old, as defined by each member state. The length of parental leave is stipulated as a minimum of three full months. EU countries have the option to make it paid, and most do offer some form of income replacement.

EU member states have turned to family-friendly work policies as a way to increase the numbers of working women. The female labor force has grown alongside increases in divorce rates and in the number of elderly needing care, so combining employment with care has become a major theme of the European social agenda. EU directives on maternity leave, parental leave, care leave, and part-time parity laws have led more countries to offer incentives for women who are also mothers to join the labor force. They also have encouraged men to share more in the care work, a move toward gender equality.

Today, the countries with the most generous family-friendly policies also boast the highest employment rates for women and men. Strikingly, national family leave policies have not led to a decrease in national productivity levels. In fact, the *Global Competitiveness Report for 2006–2007* from the World Economic Forum shows that the United States has dropped from first to sixth place in national productivity level, surpassed by the Scandinavian countries (which have the most generous family leave policies), Switzerland, and Singapore. In terms of productivity per hour worked, U.S. rates are lower than the Netherlands, France, Luxembourg, Norway, Ireland, and Belgium, all countries that guarantee

much more time off than the United States for family-related reasons.

Two Countries' Perspectives

Employment rates of mothers have increased everywhere in the last fifteen years, but especially in the Netherlands, where they have doubled. The United States and the Netherlands vary considerably in family-friendly policies, in part because the Netherlands is an EU member state and, as such, follows directives from the European Commission. A recent study compared working parents' ability to balance family life with employment in the United States and the Netherlands. The study asked whether the parents were satisfied with their respective country's family policies, and whether these policies helped them do what they intended to do—juggle raising children, especially young children, with paid work outside the home. It also asked the extent to which the country's approach to family policies really helped reconcile work and family life.

American and Dutch families greatly differed in self-perceptions of quality of life and satisfaction with government policies. American parents overwhelmingly reported that FMLA did very little to meet the needs of working parents because it is *unpaid*; none reported having made use of it for this reason. American mothers and fathers rated lower on all but one quality-of-life measure. Mothers and fathers in each culture filled out six subscales (general quality of life and general health, positive feelings, negative feelings, self-esteem, working capacity, personal relationships, social support, financial resources, and participations in and opportunities for recreation/leisure) of the World Health Organization's Quality of Life Questionnaire. On every facet except self-esteem, Dutch parents reported significantly higher levels of quality of life.

When federal family leave policies were compared, FMLA fell far short of supporting the kinds of policies families valued most. Americans are nearly identical to their European neighbors regarding the characteristics of family policy that hold the highest value. Although the United States lacks many of the policies supporting working families that are in place in EU member states, this study found the majority of U.S. mothers and fathers favor government spending on such policies. For example, nearly 90 percent of U.S. mothers and about three-quarters of U.S. fathers supported universal, federally subsidized preschool as well as guarantees for places

in universal, federally subsidized child care settings; 85 percent of U.S. mothers and 63 percent of U.S. fathers supported national legislation for paid FMLA leave for all working Americans. The study also showed that 93 percent of U.S. mothers and 84 percent of U.S. fathers support the right to reduce working hours to increase time at home with children.

National family policies in the Netherlands increased employment rates for women and opened an avenue for more men to take part in care giving, a gender equal balance that is an EU goal. Female employment rates for prime-aged (twenty-four to twenty-five years) populations show that the Netherlands (as well as the United Kingdom, France, Denmark, and Sweden) now surpasses the United States.

Implications for Managers

For the most part, today's families are made up of two earners. Although fertility rates have declined in the last fifty years, more than 80 percent of women will become mothers by the time they complete their fertility years. The next generation of women is being socialized in societies that have undergone major changes in gender roles and the labor market. All men and women will, at some point in their working careers, address factors associated with aging parents. At some point in their working lives, everyone will need paid time off for family or health-related reasons. This means that private and public managers alike must reckon with care work and employment. That is, our culture has already changed, so organizations must adapt to this change.

How do managers deal with the changing demographics of the workforce and its concomitant conflicts? Does a successful organization imply one that can comply with current and future work/life balance legislation? The bipartisan federal Commission on FMLA reported that 90 percent of employers found administering the leave to be "easy" or "somewhat easy." Eighty-nine percent found they incurred "no cost" or "small costs," and 86 percent reported "no noticeable effect" on profitability and growth. Rather, a significant number reported improvements in productivity and advancement after implanting FMLA. Research, in fact, shows businesses may actually end up saving money by decreasing turnover and increasing employee retention. Employer support, flexible work arrangements, paid family leave, positive relationships with coworkers, and quality child

care are key factors that have been shown to correlate with effective and productive job performance.

Conclusion

The international trend in the 1990s has been to broaden national maternity, paternity, parental, child care, and family leave policies as well as to set standards for flexible work arrangements. EU directives support a move toward a new welfare state model similar to that of the Scandinavian countries; that is, they increasingly support policies—universal and generously paid parental, maternity, paternity, and care leave; universal child care (including early childhood education and care programs), and part-time parity legislation—that aim to achieve universal employment. By contrast, nearly half of all working Americans go without paid leave of any kind.

The United States has seen a steady decline in job satisfaction since the 1970s. One cause is that American working families continue to have problems with work-life balance. A 2002 study found that 85 percent of American workers say they want more time with their family; 46 percent say they want much more time. FMLA was enacted to help working families balance the pressures of employment and family needs. The 2004 study comparing Dutch and American family policies found that no families used FMLA (all but one case because it is unpaid), and only 4 percent of U.S. families were satisfied with FMLA (again, primarily because it is unpaid). In this same study, three-quarters of mothers (74 percent) and 56 percent of fathers reported feeling forced to return to work before they felt ready to do so after childbirth. A large majority supported the right to shorten the workweek to increase time with family (93 percent of mothers and 84 percent of fathers), and a majority supported a federally mandated paid FMLA leave (85 percent of mothers and 63 percent of fathers).

Most of the U.S. social entitlements have been constructed and shaped by cultural tenets: individualism; the belief in the family as a private unit, with which the state should not interfere; volunteerism as a means of providing social welfare (as opposed to statutory enactments); a strong work ethic; an open immigration approach, which keeps fertility rates robust; and the free market and laissez-faire economics. However, changing demographics have led to the dual-earner family norm and caring responsibilities that conflict with employment responsibilities because not only children, but aging parents require time from working men and women. In essence, biological clocks are in conflict with career clocks.

Part II of this article gives a fuller account of lessons learned from around the world and more closely examines the implications for managers planning and implementing family leave policies.

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We are confident that the lessons we have learned from Hurricane Katrina and the accompanying recommendations we propose will yield preparedness dividends that transcend Federal, State, and local boundaries. Their full implementation will help the Nation—all levels of government, the private sector, and communities and individual citizens—achieve a shared commitment to preparedness. Together, we will strengthen our ability to prepare for, protect against, respond to, and recover from a wide range of catastrophic possibilities that are as varied as the mind of a terrorist and as random as the weather. There is no greater mission, and no greater tribute to the victims of Hurricane Katrina.

—*The Federal Response to Hurricane Katrina: Lessons Learned* (closing paragraph).