

Career interruptions due to parental leave: A comparative study of Denmark and Sweden ^[1]

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Source: Organisation for Economic Cooperation and Development ^[2]

Format: Report

Publication Date: 13 Mar 2003

AVAILABILITY

Available in print for order (see SOURCE) and online for download.

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Abstract:

Parental leave mandates are associated with high female employment rates, but with reductions in relative female wages if leave is of extended durations. If fathers were given longer periods of leave, would it shorten the career breaks of women? We analyze the impact of family policies of Denmark and Sweden on women's career breaks due to childbirth. These countries are culturally similar and share the same type of welfare state ideology, but differ remarkably in pursued family policies. Compared to Denmark, leave provisions in Sweden are more generous in terms of both duration and payment rates, and allow for flexible use until the child is 8 years old. In both countries childcare coverage rates are high, but very young (age 0-2) Danish children are more likely to be in day-care than in Sweden. This setting provides us with a fruitful point of departure to analyze explicitly the effects of different family policy regimes on job retention of Danish and Swedish mothers. Our analysis takes advantage of the availability of comparable longitudinal data and allows us to estimate parallel models across the two countries. The impact of family policies and economic incentives on the probability of returning to the labour market is estimated with a flexible model of parental leave duration. Our results show that economic incentives affect the behaviour of mothers in both countries. However, the parental leave mandates as such are very important determinants for the observed behaviour. The role of the fathers differs considerably between the two countries. In Sweden, fathers have much longer parental leave periods than fathers in Denmark. A striking result from the policy simulations is that if fathers were given more parental leave, it would promote the labour supply of women. For Denmark, we do not observe this substitution effect among the parents.

Region: Europe ^[5]

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