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Changing Labour Market and Gender Equality: The Role of Policy

PAID LEAVE ARRANGEMENTS AND GENDER EQUALITY: THE DANISH EXPERIENCE IN THE 1990S

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This document is a detailed outline of the presentation by Per Kongshoj Madsen, Institute of Political Science, University of Copenhagen, Denmark. The presentation will be made at Workshop B on "Employment Flexibility and Gender Equality"

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PAID LEAVE ARRANGEMENTS AND GENDER EQUALITY
The Danish experience in the 1990s

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1. Why Arrangements for Paid Leave?

1. The Danish labour market reform from 1994 introduced three forms of paid leave arrangements (PLAs): child-minding leave, educational leave and leave for sabbatical.

Table 1 gives an overview.

Table 1: The Danish paid leave arrangements in the labour market reform of 1994

	Education leave	Sabbatical leave	Child-minding leave
Target group	1. Employed 2. Unemployed 3. Self-employed	1. Employed	1. Employed 2. Unemployed 3. Self-employed
Applicant must be eligible for unemployment benefits?	Yes	Yes	No
Maximum duration	1 year	1 year ²	26 weeks/1 year ³
Right for the applicant?	No	No	Yes (up to 26 weeks) ³
Mandatory substitute?	No	Yes	No
Amount paid as share of unemployment benefit	100 percent	60 percent ¹	60 percent ¹

Notes:

- 1) The benefits for sabbatical leave and child-minding leave were originally set to 80 percent of unemployment benefits. They were in 1995 reduced to 70 percent and were further reduced to 60 percent in April 1997.
- 2) From 1995 the minimum duration of a sabbatical is 13 weeks.
- 3) From 1995, the right to leave for child-minding is reduced to 13 weeks, if the child is older than 1 year.

2. The main arguments for the PLAs were:

- the *work-sharing* aspect: the schemes were seen as a manner to redistribute the work and reduce unemployment;
- *job rotation*: this argument is also related to work sharing but focuses more on the opportunities to combine the training of the employed with the creation of job openings for unemployed as substitutes;
- *individual welfare gains*: this argument especially relates to leave for child- minding and sabbatical but can also be relevant for educational leave.

It is furthermore important to note that the schemes differ somewhat concerning the rights and obligations of both the participants and the employers.

2. The evaluation results

3. Right from the start, the PLAs proved to be very popular. The average number of persons on leave thus increased from 17,900 in the 1. quarter of 1994 to 80,200 in the 4. quarter. The total number of persons granted a leave in 1996 was 121,000, while the average number of whole-year persons on leave were 63,000. This can be compared to an open unemployment in 1996 of 245.600 persons. The average duration of a leave is approx. 200 days.

4. At the same time, the PLAs developed striking differences in their gender profile, cf. table 2.

Table 2: Participants in Danish PLAs, full-time equivalents, 1996

	Child minding		Education		Sabbatical		Total	
	Persons	Percent	Person	Percen	Person	Percent	Persons	Percent
Men	2253	7	8740	28	314	31	11307	18
Women	28326	93	22672	72	684	69	51682	82
Total	30579	100	31412	100	998	100	62989	100

Source: Statistics Denmark, Statistiske Efterretninger, Arbejdsmarked

5. Of the total number of participants in 1996, 82 percent were women. For child-minding leave the share of women was 93 percent. Since the share of women in the Danish labour force is 46 percent, the bias cannot be explained solely by the fact that the leave schemes are open only to persons with previous employment (though they may be registered as unemployed at the time of taking leave).

6. Based on the existing evaluations of the leave schemes, a number of other explanations for the strong gender bias can be offered.

7. Firstly since leave can be an attractive option for persons receiving unemployment benefits (duration of benefit period is increased), half of the persons taking leave are unemployed and the share of

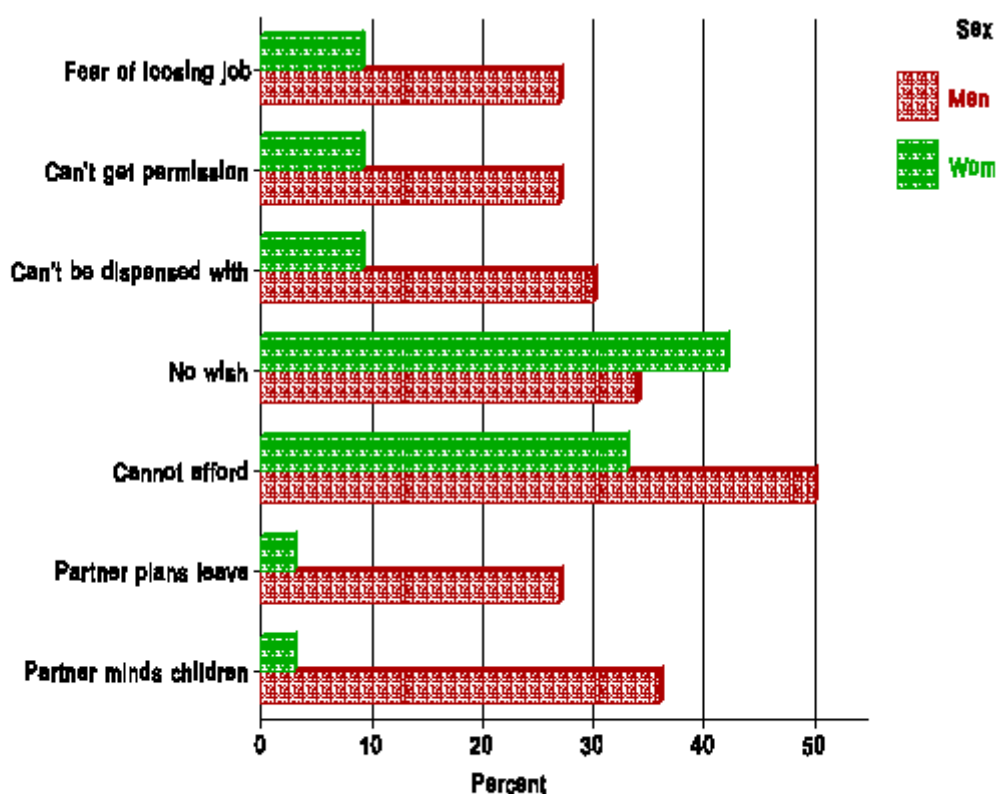
women in unemployment is somewhat above their share in the labour force (52 percent of the unemployed were women in 1996)

8. Secondly, about 60 percent of the employed taking leave are from the public sector, where the share of women in employment is above average (68 percent). This accounts in part for the higher share of women in the leave schemes.

9. However these statistical observations do not explain the underlying mechanisms behind the observed gender bias. Here one must look closer at the attitudes of employers and employees.

10. The gender differences in the attitudes towards PLAs in the *general population* are studied in a survey from 1994. Figure 1 shows the barriers for planning paid to take leave for child-minding divided by sex.

Figure 1: Barriers to taking child-minding leave



Source : Bacher et al, 1994, p.8.

11. The share reporting barriers relating to the workplace is much higher among women than men. The same tendency is found when looking at educational leave, although the differences are smaller. Also when differentiating between employees in the public and the private sector, one finds much higher barriers reported by private sector employees.

12. *The employed actually taking child-minding leave* report in a survey from 1995 that there is a clear gender bias in the attitudes of the daily management. This is caused by the fact that *male* managers are more negative to *male* employees than to female employees taking child-minding leave. Since most male employees have male managers this acts as a special barrier to men applying for leave (Andersen et al, 1996, p. 120).

13. Finally, there are clear indications that the right to child-minding leave for parents with small children combined with the fact that women have a higher tendency to take child-minding leave may lead to *statistical discrimination* in the sense that employers may be reluctant to recruit women with small children, cf. table 3.

Table 3: Private and public employees according to their attitudes towards female employees with small children after the introduction of a right to child-minding leave, percent.

<i>Q: Does the right to child minding leave imply that the firm will be more reluctant to recruit women with small children?</i>	Private employers		Public employers	
	Less than 50 employees	More than 50 employees	Less than 50 employees	More than 50 employees
Yes, certainly	15	7	3	0
Yes, to some degree	27	14	5	4
No	51	78	89	91
Don't know	6	2	3	4
Total	99	101	100	99

Source: Andersen et al, 1996, table 7.5

14. The employer's evaluation of the PLAs differ somewhat between leave for education and leave for child-minding, cf. table 4, indicating that the latter is more seen as a welfare gain for the employees. At the same time, there are only minor differences between public and private employers in their critical view on child-minding leave.

Table 4: The employer's evaluation of leave for education and child-minding, percent.

The share of employers agreeing with the following proposition:	Child-minding leave		Educational leave	
	Private employer	Public employer	Private employer	Public employer
When the employee returns from leave, he/she is a better worker	22	40	70	76
Leave is a benefit to the employee, but not to the employer	79	75	33	32

Source: Andersen et al, 1996, table 6.13 and 7.10

15. Concerning the job rotation effects of the PLAs, on average about 3/4 of the vacant jobs are filled by substitutes. The replacement rate is higher for public employers and for smaller firms. When interpreting these figures, one should however be aware of the fact that the Danish labour market has experienced a strong upswing from 1994 and onwards. Almost half of the substitutes are *employed* before taking the job as a substitute for a particular person on leave. Only a minority of 13 percent report to have been unemployed for more than 3 months. Thus in the case the paid leave arrangements where the employer controls the hiring of a substitute, the normal recruitment mechanisms are not changed. Hiring through informal channels and giving priority to persons with a low previous unemployment is still the normal pattern. On the other hand there is of course the possibility that the paid leave arrangements create job openings for longer term unemployed further down the chain of recruitments (e.g. when substitutes are pulled into more permanent employment), but this is not investigated in the present evaluation. On average, 36 percent of the substitutes stayed with the same employer after the end of the leave period.

3. Discussion and perspectives

16. Understanding the reasons for the PLAs becoming political reality in Denmark in the early 1990s involves a combination of a number of factors.

17. First, after some years of stable unemployment, there was an - even by Danish standards - dramatic increase in registered unemployment from 1991 to 1993, where the number of unemployed reached the all-time record of 350,000 persons equivalent to 12.4 percent of the labour force. In January 1993 the Conservative-Liberal government gave up and was replaced by a new government under Social-Democratic leadership. Fighting unemployment was now declared the prime political target. The Prime Minister strongly committed himself to "break the curve of unemployment".

18. Secondly, there were some positive experiences with small-scale PLAs introduced as experiments in 1992. The schemes seemed popular among the population. They were in line with a popular sentiment of having to "share the available work" with the unemployed. Furthermore, the PLAs could fulfill some specific needs, especially for working parents, but also for getting new experiences outside the workplace. Probably changing attitudes towards work in general were involved. Finally, the employers were positive, especially towards the idea of combining PLAs with education and training of those already employed. The PLAs fitted well with the catch-word of "life-long education".

19. Finally, to the elites involved in policy-formulation, the PLAs to a large degree fulfilled the need to invent something new. The established instruments of labour market policy were under heavy attack. Meagre results were found when evaluating job training or training of the unemployed. Here, the PLAs were in line with new ideas of focusing education and training towards those already employed. Also, from the point of view of public finance, the PLAs seemed like a "free lunch", in the sense that they would largely be financed by savings on unemployment benefits. At the same time the number of registered unemployed would rapidly fall.

20. So all the different interests and attitudes for once pointed in the same direction: the PLAs were implemented as part of the labour market reform in January 1994. *Since 1994 the attitudes of the social partners and the political elite has become increasingly sceptical, partly due to the significant improvement on the Danish labour market which has removed the need for measures aimed at reducing open unemployment in the short run.* The result has been a number of restrictions imposed on the leave schemes, especially on leave for sabbatical (which is dying anyway) and on leave for child-minding. The latter is in the critical focus of the social partners because it is seen more as a part of social policy than of labour market policy. As a result of the imposed restrictions, the number of persons on leave has been falling steadily from 80,500 persons in the 4. quarter of 1994 to 45,000 persons in the 4. quarter of 1997 (full-time equivalents).

21. In spite of the strong gender bias, the gender perspective has not played an important role on the debate. A campaign has been initiated by the Ministry of Labour to have more men take child-minding leave, but yet without significant results.

22. A final assessment of the PLAs from a gender perspective must therefore point to classic conflict between the goal of creating better conditions to specific groups on the labour market and the goal of avoiding discrimination in the recruitment of different groups of employees (eg. female employees with small children). Here there are strong indications that child-minding leave may increase the barriers that younger women meet on the Danish labour market.

23. On the other hand one should also observe, that the participation rate of Danish women is high and approaching that of men. Thus in 1996 the participation rate for women aged 25-29 years was 80.6 percent compared to 88.5 percent for men in the same age group. For women and men aged 40-44 years, the participation rates were 87.1 and 90.5 respectively.

24. Thus, the leave schemes (and other schemes formally or actually having a strong gender bias) do not seem to seriously hamper women from participating on the Danish labour market. At the same time, the schemes without doubt fulfill a number of the goals motivating their introduction: work sharing, job rotation and individual welfare gain.

25. Especially regarding the latter, one can identify the schemes with a new form of working time flexibility which allows the individual to distribute working time more freely not only over the week or the year, but also over the life cycle. In the longer perspective, this is probably the most interesting aspect of the Danish paid leave arrangements.

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