

# Work-family reconciliation and use of parental leave in Luxembourg

## Citation for published version (APA):

Zhelyazkova, N. P. (2015). *Work-family reconciliation and use of parental leave in Luxembourg: empirical analysis of administrative records*. Boekenplan. <https://doi.org/10.26481/dis.20150204nz>

## Document status and date:

Published: 01/01/2015

## DOI:

[10.26481/dis.20150204nz](https://doi.org/10.26481/dis.20150204nz)

## Document Version:

Publisher's PDF, also known as Version of record

## Please check the document version of this publication:

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# Valorization

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Work-family reconciliation refers to the organisation of paid and unpaid work throughout the life-course. Parents typically have to perform both kinds of work to provide their families with a steady income and their children with the care they need. The challenge in organizing these activities is often the time constraint. Parents, employers and policy makers thus seek ways to address this challenge, each from their own point of view.

From the parents' point of view, issues related to work-family reconciliation arise when work activities need to be interrupted or adjusted so that one can take care for a young child or for a sick, old or disabled family member. In all of these cases, individuals face an increased demand for their time, efforts or both. They ask themselves important questions, such as: How will this interruption affect my career plans? Will the fact that I need to change to part-time hours affect my opportunity for promotion? How will I manage to maintain my standard of living if I need to reduce or interrupt my employment? What policy provisions are available that can assist me in these tasks? What are my rights in this situation? How can I negotiate with my employer?

Another individual perspective is the perspective of the child (or the dependent person being take care of). Is institutionalized care better than care at home? What is better for the child in the early years of his or her development? Do children grow better citizens if they stay at home in their early years or if they go to a child care? What is better for their cognitive development? What about for their emotional relationship with their parents?

Employers, on their side, strive to ensure a smooth work flow and continuous and predictable services and operations. When employees need to

change their working hours or need to arrange absences, this could result in increased costs for employers. Even if governments cover the salary costs related to employees' absences due to reasons related to care for small children and dependents, employers still face extra costs, such as the need to re-organise schedules and train extra staff. Employers thus consider questions related to work-family reconciliation, such as: How do we ensure that our investment in training staff will pay off in the longer term? Will our employees return to employment after taking parental leave? Will they still be willing to work long hours? Will they be able to travel on short notice? What is legally allowed for us to do and not in such cases?

From the point of view of policy-makers, issues related to work-family reconciliation take yet another angle. How much would it cost to finance a parental leave scheme? What is better: to invest in child-care services or to offer paid parental leave or other allowances? Can we and should we guarantee the right of each individual to freely choose between work and care? How should we design the parental leave scheme? How are we going to disseminate the information, implement the scheme and ensure compliance?

This thesis contributes to the understanding of questions related to work-family reconciliation by presenting a longitudinal analysis of parents' careers. Although work-family reconciliation refers to a broader term, in this thesis, the focus has been on career interruptions due to the arrival of a child in the family. Based on data from anonymous administrative records, the career trajectory of each parent is represented as a linear sequence of states denoting the participation of the parent in the labour force. States include situations such as "employed full time", "employed part time", "parental leave", "out of the labour force", etc.

Listing the states in their temporal sequence makes it possible to visualise the collective pattern of trajectories and to group similar trajectories together. Such an analysis has been performed in part II of the thesis, which deploys sequence methods of analysis. In part III of the thesis, specific time points in the trajectories have been considered. For women, the focus is on the transitions in and out of employment, while for men the focus is on whether and how soon after having a child they take parental leave.

Data for the analysis have been provided by the Grand Duchy of Luxembourg. The situation of Luxembourg is particularly interesting, as parental leave has been introduced relatively late (1999) compared to other European Countries.

The main findings of the thesis and their implications are summarized in chapter 1. Here they are presented once more as follows:

- For working men the event of birth of a child does not seem to cause a discontinuity of the career trajectories. Levels of employment remain the same before and after. For working women, the event of birth of a child is related to a short-term or a long-term disruption in the labour force participation. This disruption can take the form of parental leave, reducing the working hours, withdrawing from the labour force or a combination of these components. These results are important, as they demonstrate that the same event: the arrival of a child in the family can have a dramatically different influence on the life course of men and women.
- While both mothers and fathers in Luxembourg have the right to take parental leave, only 13.3 per cent of fathers use parental leave before the fifth birthday of their child. In contrast more than 72 per cent of mothers use parental leave in the same time period. These results are important for at least two reasons. First, they reveal the persistent gender difference between men and women in assuming care responsibilities. Second, although lower than for women, the take-up rate of men in Luxembourg is still higher relative to other countries. Therefore, the results suggest that other countries could look at Luxembourg as a good-practice example for designing a parental leave policy scheme aimed at increasing male take up.
- There are marked differences in the timing and type of parental leave used. Mothers are more likely to use parental leave full-time and to combine it with maternity leave, while fathers are more likely to use their leave part time and to take it when the child is a bit older. These findings suggest that flexibility may be crucial for fathers to take parental leave. As few men are taking the leave when the child is very small, it might be appropriate for governments to maintain the possibility of taking the leave for at least a number of years (as is currently the case in the European Union).
- Interestingly, analyzing the patterns of work-family trajectories in the long term has not revealed major *qualitative* differences in the types of trajectories for men and women. In both cases, it is possible to see continuous full-time careers, continuous overtime or part-time careers, self-employment and so on. However, there are significant differences in terms of the *proportions* of career trajectories following

each pattern. For example, over one third of the male trajectories but only 15 per cent of the female trajectories can be classified as continuous full-time careers. About 12 per cent of mothers and less than 0.1 per cent of fathers withdraw from the labour market after having a child. Another important finding is that the majority of working mothers do not work full time, but part time. The latter finding is particularly important, as it may have implications about the extent to which these women are ensured for pensions, for example.

- The analysis of women's decisions after birth shows that higher salary levels are positively associated with the probability to remain in the labour force after having a child. This means that lower earning (and presumably lower-qualified) workers are more likely to remain outside the labour force for a prolonged period of time. This situation has implications for increasing earning inequality over time between women and between families.
- The findings from the analysis of the male take up of parental leave reveal that the relationship between earnings and taking parental leave is not entirely straightforward. On the one hand, higher earning men are less likely to take parental leave. On the other hand, men who have experienced salary growth in the previous period are more likely to use parental leave. This result could mean that fathers take parental leave when they reach a higher level of job security within their organization. This claim needs to be investigated further with more accurate data. However, if it is correct, this would mean ensuring job stability would be essential for enabling more parents to take advantage of the possibility to use parental leave.

These results can be considered innovative for the following reasons:

- This is the first systematic analysis of the situation in Luxembourg. Prior to that only data was available about number of people who use the leave, but it was not clear what proportion of eligible parents these are.
- This is one of few investigations based on administrative data, which records actual use of policy provisions. Most previous research is based on self-reported use of leave. This is problematic as individuals are often unaware of the differences between provisions related to child care, such as child care allowances, parental leave, maternity leave, etc.

- This is a study contributing to the understanding of male use of parental leave, a topic gaining popularity on the research agenda only recently as it is a rather recent trend that gender-neutral parental leave is offered and men have the possibility to use it. Luxembourg presents an even more interesting case as the paid parental leave is both gender-neutral and non-transferable.

The results of the thesis could be of interest to the following persons or institutions:

- Governments could benefit from the findings by knowing approximately what per cent of men and women would be likely to take parental leave, given the particular parental leave scheme in Luxembourg and the composition of the work force. It could be of special interest of governments in other countries to learn from the findings about the increased use of parental leave by men, despite its relatively low level of compensation relative to the Luxembourg earnings averages. Although the same policy design may not necessarily perform in the same way in another country context, expectations of how a policy reform could affect take up can still be formulated based on the Luxembourg experience.
- Employers could use the findings as an indication of what proportion of their labour force could be expected to take parental leave and leave the labour force or reduce working hours after having a child. This information could be useful for organizations in sectors where the workforce is of similar composition as the Luxembourg work-force, i.e. service economy sectors.
- Anyone performing analysis (not necessarily for academic purposes) based on administrative records can benefit from the presented methodology sections, which explain how one could restructure the administrative data so that it is suitable for analysis of work-family trajectories. In addition, the thesis offers a review and an example of how sequence analysis methods can be deployed for the analysis of work-family reconciliation over a segment of the life course.