Paid Parental Leave Reforms and Mothers’ Employment in Austria, France and Hungary

Zsuzsanna Makay

Abstract: This study focuses on changes in the length of paid parental leave in Austria, France and Hungary between the 1960s and the first decade of the 2000s. Its aim is to analyse to what extent extensions and reductions of the duration of paid parental leave affect mothers’ labour market entry after childbirth. For each country, periods according to the different policy reforms are analysed and data from the Generations and Gender Survey are used to account for changes in mothers’ labour market entry.

Scholars have argued that too long periods of paid parental leave might act as work-reducing policy in that they hinder women’s labour market entry while short leaves have positive effects on labour market participation and wages. This phenomenon is studied in three countries with very different conciliation policies.

Results for Austria show that the introduction of more flexibility into the leave legislation in 2008 increased mothers’ relative risks of labour market entry especially among higher educated women. In France, the extension of paid leave for second born children in 1994 reduced labour market entry. We found however, no significant effect of the 1986 reform for third children and the 2004 reform introducing a paid leave of six months for first-born children. In Hungary, labour market entry of mothers was influenced by structural changes which accompanied the political transition of 1989 and resulted in longer leave take up of mothers. Labour market entry before the transition was more intensive than ever since that.

Keywords: Parental leave · Family policy · Labour market entry after childbirth · Policy reforms · Work family conciliation

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1 Introduction

Parental leave policies have contradictory effects on women’s employment. On the one hand, long and paid parental leaves coupled with employment security make it possible for women to combine childrearing with employment. On the other hand, they prevent women from achieving high-paying jobs, since employers are reluctant to hire women who may leave the labour market for a longer period of time (Mandel/Semyonov 2006). Thus, generous welfare states, which make it possible for women to combine work and family life, can affect labour force participation of mothers in either a positive or a negative way, depending on the length of the leaves, the security of the employment and childcare arrangements. This so-called welfare state paradox has been demonstrated in different contexts and the importance of policies that “promote parental attachment to the labour force” (Misra et al. 2011: 154) has been emphasised by several studies using aggregated data (Misra et al. 2011; Mun/Jung 2018; Thévenon 2011).

The objective of this study is to investigate the effect of various changes in the length of paid parental leave (PPL) since the 1960s on women’s employment after childbirth in Austria, France and Hungary using individual data on employment and childbirth histories. Several reforms of PPL took place in the last four decades in the three countries, and available data permits us to study how women’s post-birth employment changed with the subsequent reforms. We analyse in detail which factors influenced labour market entry after childbirth and how intensity of labour market entry has changed over time. Thus, we investigate how the extension of PPL (which may operate as a work-reducing policy) and shortenings of PPL (which may act as a work-facilitating policy, while both effects may highly depend on other factors) affect mothers’ employment after childbirth. This cannot be studied without contextualising each reform and taking into account other aspects that influence the conciliation of family life and paid work (Neyer/Andersson 2008). So, the political transition of 1989 in Hungary will be investigated, as well as other aspects of work-life balance policies (childcare availability, job security, etc.). The main contribution of this article is to show that changes in the length of parental leave by themselves have very small effect on the length of women’s non-employment after childbirth. Conciliation strategies are indeed developed in the context of social norms, personal desires and structural possibilities, namely labour market situation and the availability of childcare facilities.

2 Factors affecting labour force participation of mothers with young children

The employment of mothers with young children has risen constantly over the last decades in the European countries. But it is highly dependent on the number and the age of the children and on structural factors, such as the availability of childcare, the prevalence of part-time work or leave policy benefits (Bernhardt 1993; Del Boca
Indeed, there are important differences in family policies and in the manner the different states support mothers’ labour market participation. In an article published a decade ago, Misra and colleagues (2011) spoke about the welfare-paradox concerning parental leave policies since these policies can help and prevent mothers’ employment and career advancement at the same time. Namely, generous welfare policies assuring long parental leaves for mothers may decrease their labour force participation and wages. Authors call these “work-reducing policies” since they encourage mothers to stay off work. Work-facilitating policies, on the contrary, encourage women to take up work and support this decision with the possibility to resort to different childcare arrangements (Misra et al. 2011). Too long parental leave arrangements seem to have other side-effects as well. They may be responsible for discrimination against women in the labour market in that they offer job-protection to mothers which is offered neither to childless women nor to men (Mandel/Semyonov 2006). They also imply nonwage costs on firms since they have to deal with replacements and the uncertainty about the return of their employee. This effect is amplified in the case of job protection since the position must constantly be available to the mother on leave (Ruhm 1998). Thus, employers may prefer to hire their workforce among people not benefitting from this protection and neglect mothers’ application or that of women of childbearing age.

Generous welfare states may also create “sheltered” labour markets for mothers where their rights are protected and secured, most commonly in the public sector. In this regard, the State acts as an employer and guarantees access to this secured sector for mothers. This facilitates women’s labour force participation and the conciliation of work and childrearing. In the same context however, the private sector may be inaccessible for the protected group which creates labour market segregation with mothers having difficulties of entering valuable elite positions. Indeed, these are not compatible with their family roles which in return affects their wages and career opportunities negatively. Moreover, it has negative implications for gender egalitarianism on the labour market and in the family sphere (Bianchi et al. 1999; Mandel/Semyonov 2006; Thévenon 2011).

So, different welfare regimes promote mothers in the labour market differently. The length of paid parental leave is one aspect of mothers’ labour force participation, which should neither be too short nor too long in order to promote labour market participation and equal wages. Several scholars have established estimations concerning the “optimal” length of parental leave. Based on aggregated data in 16 European countries over the period 1970 to 2010 and taking into account labour force participation and wages, they came to the conclusion that the optimal length of paid parental leave is between 20 weeks and 30 weeks. Any extension of the leave only has minimal impact on participation rates, while it decreases wages and causes occupational segregation. The negative effects are especially visible among women in high-level occupations (Akyuz/Plantenga 2013; Bianchi et al. 1999; Ruhm 1998). It cannot be denied however that longer leaves have been found to have a positive effect on the health and the development of children as well as on fertility (Lalive/Zweimüller 2009; Ruhm 2004, 2000).
It is not only policies that shape mothers’ employment after childbirth, but also personal values and attitudes. According to socialisation theory, women’s employment decisions are driven by their preferences and feelings which are partly determined by socialisation (Blair-Loy 2003). As stated by Kremer, care is crucial for women since it shapes their identity. So, women’s decisions concerning work are often made in the context of care which means that if mothers do not work, this is because they do not want to; they prefer to care. However, “ideals of care” differ according to welfare states which are shaped by diverse cultural dimensions (Kremer 2007). At the same time, values may not only differ between countries, but also within countries, even though the main characteristics and preoccupations of women – namely the effort to conciliate work and family life – may be the same (Hakim 1999).

Indeed, women see career and family as competing goals, which are not compatible since both require whole devotion. Qualitative interviews with highly educated mothers showed that they do not even challenge to combine the two spheres but rather resign to having children and giving up their career after childbirth (Blair-Loy 2003). The incompatibility of career and motherhood was also emphasised recently in a study conducted among Polish women, which found that even though women were very much motivated to work for pay, they found a professional career too demanding to be combined with childrearing (Matysiak/Mynarska 2021).

The tendency to challenge the conciliation of work and family may be lower in countries where the male-breadwinner model is prevalent and where social norms expect mothers to care for their children. Opinions concerning mothers and fathers respective roles are decisive from this point of view, and they are especially conservative in Hungary where 80 percent of individuals of reproductive age agree that “A pre-school child suffers, if his/her mother works”, while in Austria and France this is around 50 percent (Panova/Buber-Ennser 2016).

The availability and the quality of childcare is an important factor of mothers’ labour market participation, since it decreases the opportunity costs of childrearing. However, studies analysing this effect among mothers of children below the age of three years show mixed results (Neuberger et al. 2022). Some studies found a positive correlation between the availability of childcare and labour market decisions (Brewer et al. 2022; Del Boca 2002), while in Germany for example, scholars came to the conclusion, that the increase of subsidised childcare after 2008 raised maternal participation rates only modestly. Furthermore, it could not be concluded that the lack of childcare accounted for low participation rates of mothers with children below three (Bick 2016). Another study, conducted in Germany as well, showed positive effects but only in West Germany and after the birth of a second child (Zoch/Hondrais 2017). In Japan, an important reform of childcare availability increased women’s labour market entry, but the effect was mainly visible among women who were strongly attached to their job and thus had the highest probability to use childcare (Yamaguchi et al. 2018; Zhang/Managi 2021).
Parental leave in the three countries of Austria, France and Hungary was modified several times in the last decades. In the following, we look at differences and similarities between the three countries and examine PPL reforms.

3 Parental leave and women’s employment in Austria, France and Hungary

Even though Austria and France both belong to the ‘conservative-corporatist’ welfare regime in Esping-Andersen’s typology of welfare regimes (Esping-Andersen 1990), they are very different in what concerns family policy, labour force participation of mothers or the availability of external childcare. Hungary, as a post-socialist country also differs in several aspects, despite the fact that in an attempt to incorporate post-communist countries into the classical typology of the welfare regimes, it has been demonstrated, that these countries mostly resemble the conservative-corporatist group, even though they are characterised by a lower level of governmental programmes and social assistance (Fenger 2007). Still, low female participation, reliance upon social contributions instead of taxes, moderate income redistributions, and rather high levels of unemployment are typical in Esping-Andersen’s conservative-corporatist group as well as in Central-European countries.

While in Western Europe, it was mainly after the 1970s that women’s labour force participation increased rapidly, in Eastern Europe this happened earlier, since communist ideology encouraged women’s employment, and the labour market needed their workforce. Therefore, childcare facilities were developed and the family impact of childrearing on labour force participation during the following decades was smaller than in several Western European countries (Van der Lippe/ Van Dijk 2002). In Hungary, a first paid childcare leave of three years was introduced in the 1960s, and women extensively made use of it throughout the following forty years. Indeed, the majority of mothers left the labour market after childbirth for several years to care at home for their children (Inglot 2008; LaFont 2001; Massey et al. 1995). This incorporated the idea into the Hungarian society that at least until the age of three years, mothers’ have to take care of their children themselves. This norm has persisted far beyond the political transition of 1989 and still, in 2022, prompts the great majority of women to take a leave of several years after childbirth (Hasková et al. 2012; Makay 2018).

The historical background was different in Austria and France, where women entered the labour market in response to the development of the service sector and following major changes in women’s social status (Prskawetz et al. 2008). In France, parental leave benefits and childcare facilities were developed parallel to the rise in women’s participation, while in Austria, because of the lack of childcare arrangements, part-time work became a strategy of work-family conciliation. As a result, parental leave benefits and the labour force participation of mothers with young children vary considerably between the three countries. So do childcare policies, and this results in very different post-employment patterns. In 2005, only
6.6 percent of children below the age of three years were enrolled in early childhood education and care services in Hungary, while this was 44 percent in France. In Austria, where we have data for the year 2010, 12.5 percent of children were in this situation. Different developments concerning parental leave benefits resulted in these contrasts, and we will look at these in more detail country by country.

3.1 Austria

Austria has had a strongly familialistic family policy until the last decade, characterised by a gendered division of work and care, a male breadwinner model and a conservative ideology (Blum 2010; Neyer 2010; Valarino et al. 2018). The first paid parental leave was introduced in 1961 and until 1990, its maximal duration was 12 months (Blum 2010). The benefit was employment related and dependent on former income. In 1990, the duration of the leave was extended to 2 years, and fathers became eligible to take the leave. Because of strict eligibility criteria, however, very few fathers did so. In 1995, the leave was shortened again and a “fathers’ quota” was introduced: parents could only take the whole 24 months of the leave, if the father took at least six months. The major change occurred, however, not in fathers’ participation (which changed very little), but in work requirements needed for automatic renewal of parental leave eligibility which had an important effect on fertility timing (Lalive/Zweimüller 2009). In 2002, a universal childcare allowance was introduced which was independent of previous employment. It could be claimed for a maximum of 30 months, completed by six months for the second parent. Job protection however remained for 24 months only. In 2008, a more flexible model was introduced with different choices concerning the length of paid leave and the amount received: 30+6 months for the second parent with 436 EUR/month, 20+4 months with 624 EUR/month or 15+3 months with 800 EUR/month. In 2009, the first option was the most popular among Austrian families. In 2010, two additional short options were introduced with the aim to encourage women to enter the labour market sooner and thus reduce the opportunity costs of childbearing. The different options could also be combined with labour market participation and additional earnings, even though with limited amounts (Rille-Pfeiffer 2011).

The reforms of the Austrian parental leave system during the first decade of the 2000s are seen as a “muddled modernisation”, since the system was complemented with new elements which were added to the existing ones without major shift towards better work-life balance or gender equality (Blum 2010; Buber-Ennser 2015). Indeed, despite the reforms, the lack of substantial development of childcare facilities before the mid-2000s made it very difficult for women to conciliate employment with childrearing and left the gendered aspect of the system mostly unchanged (Auer/Welte 2009; Leibetseder 2013). The enrolment in external childcare of children below age three was only 11.8 percent in 20072 and important regional differences

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1. OECD Family Database.
2. It increased rapidly afterwards: 23.3 percent in 2013 and 25.5 percent in 2017 (Buber-Ennser 2015; Mauerer 2018).
persisted with variable opening hours making it difficult for both parents to work full-time (Buber-Ennser 2015). Indeed, part-time work became one of the main conciliation strategies of work and family in Austria which is largely adopted among lower and higher educated mothers and is used as a long-time arrangement of conciliation (Riederer/Berghammer 2020). This is coupled among families with pre-school children with the return of a “modernised” male breadwinner model where the mother works part-time and the father full-time (Berghammer 2014).

3.2 France

In France, women’s employment rates began to rise in the 1970s and increased steadily since then, reaching relatively high rates in the 2000s compared to other European countries (Fig. 1). Maternal employment rates were also relatively high: even with a child below the age of three, more than half of the mothers were in employment in 2005. Indeed, compared to the other two countries, France stands out with a benefit system that supports mothers’ quick return to the labour market after childbirth, a widely available childcare system and social norms that accept external childcare for children from a very young age (Salles et al. 2010; Toulemon et al. 2008).

Maternity and parental leave benefits were developed in the second half of the 20th century. A paid maternity leave of 16 weeks was introduced in 1978 and extended later to 26 weeks for third or higher order births (Odul-Asorey 2013). A paid parental leave of three years was introduced in 1985 for families having three children or more which was extended to second-born children in 1994 with relatively modest replacement rates, but with the possibility to take the leave on a part-time basis (Collombet 2016). This reform negatively affected labour market participation of mothers, since participation rates decreased to levels of the beginning of the 1980s. It was mainly low educated mothers and mothers in precarious working situations who resigned from paid work after a second birth. The reform also drastically increased leave take-up after third births, especially among women who left the labour market after a second birth. Besides, 98 percent of beneficiaries were women, and interruptions negatively affected their income after their re-entry into the labour market (Afsa 1996; Lequien 2012; Piketty 2005). In 2004, a parental leave of six months was introduced for first births, which resulted in shorter career interruptions, but its wage penalties for mothers are visible until two years after their return to the labour market (Joseph et al. 2012).

Parental leave benefits in France were always related to employment with relatively strict requirements. For being eligible for paid parental leave during six months after a first birth, mothers have to be on the labour market for two years before the birth, and requirements are not less strict for higher order births (even though they take into account eventual periods off employment because of a previous birth). At the same time, diverse forms of external childcare arrangements are available and several benefits enable families to combine childrearing and employment (Toulemon et al. 2008).
3.3 Hungary

In Hungary, as in other socialist countries, women began to enter the labour market in large numbers from the beginning of the 1960s. Socialist ideology saw labour force participation as gender egalitarianism and encouraged women to take up work outside of the family sphere. In addition, the massive industrialisation required a large number of workers, and men as well as women were mainly employed in heavy industry factories. Compared to Western countries, labour force participation of women was already high: 71 percent of women aged 18-54 were active in 1972 and 80 percent in 1987 (Abraham/Kezdi 2000). Most women were eligible for parental leave and parental leave benefits.

In the middle of the 1960s, a first paid parental leave of three years was introduced. The leave was very popular among the mothers who suffered from a “double shift”: after their long working-day, they had to do the vast majority of the child-related tasks themselves, since fathers’ involvement was not very common. Around 44.4 percent of mothers having a child younger than two years old were on childcare leave in 1970. In 1980, 68.8 percent were in this situation, while this number increased to 73.2 percent in 1987 (Központi Statisztikai Hivatal 1989). A second parental leave benefit was introduced in 1984, which was income related and could be claimed for two years. Nurseries were developed for children under the age of three years, and kindergarten from the age of three was almost universally accessible on a full-time basis.

After the change of the political regime in 1989, parental leave benefits remained unchanged, but the economy underwent drastic changes with privatisation, large drop in GDP, high unemployment rates and structural transformations (Kertesi/Köllő 2002). In addition, the number of places in nurseries for children under the age of three fell drastically: 64,000 places were available in 1980, 50,000 in 1990 and only 25,000 in 2000 (Központi Statisztikai Hivatal 2012).

In 1995, the “Bokros Package” was introduced and meant important restrictions in public spending, the cut of social and family benefits, the introduction of tuition fees in higher education and other restrictive measures (Ilonszki/Kurtan 1996). Parental leave benefits became means-tested, their duration was shortened to a maximum of two years instead of three, and the more generous benefit introduced in 1984 was abolished. Poverty rates increased drastically and birth rates dropped: in 1996, the total fertility rate decreased for the first time to under 1.5 in Hungary.

In 1998, a new government was elected and most of the restrictive measures were withdrawn. Paid parental leave was reformed: a flat rate benefit could be claimed during three years without previous employment requirements and a higher, income-related benefit could be claimed until the second birthday of a child for women (and men) who worked prior to childbirth. This parental leave system persisted until 2008.
4 Data and methods

4.1 Data

We use the first two waves of the Generations and Gender Survey (GGS Round 1): a longitudinal, representative survey on social and demographic topics conducted in the three countries in the 2000s. The same questionnaire was used during data collection in the three countries and data were harmonised and are freely available on the GGP website.3

In Austria, wave 1 was conducted between September 2008 and February 2009 among 5,000 men and women aged 18-45, while wave 2 was conducted four years later among the same respondents (age range 22-49). The sample was refreshed, but the new respondents are not in the harmonised GGS data file. 78 percent of first-wave respondents answered at the second wave. In both waves, a computer-assisted (CAPI) face to face interview method was used.4 CAPI was also used in France, where the first wave took place in 2005 among 10,079 persons aged 18-79 and the second wave in 2008 among the same persons, with a second response rate of 88 percent. In Hungary, the first wave took place at the end of 2004 and the

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3 https://www.ggp-i.org/
4 https://ggp.colectica.org/item/int.ggp/cddfada5-819d-4f02-8d62-df2e3c3a1220/2
first months of 2005 among men and women aged 21-78 and the second wave at the end of 2008 and the first months of 2009 among the same respondents. 13,540 people answered in the first wave and 10,641 in the second. At both waves a paper and pencil questionnaire was used by the interviewer.

The questionnaire included the complete fertility history of the respondents, including month and year of birth of each child ever born, and the information was updated in the second wave. Thus, births that occurred between the two waves are also recorded. Besides, during the second wave, retrospective employment histories were collected since the age of 16 of the respondents. Employment history was collected by asking respondents to take into account activities that lasted at least three months. A distinction was made between 12 different types of activities which we grouped into periods of “employment” (defined as employed and self-employed) and non-employment (student, helping family member, unemployed, retired, in military or social service, homemaker, maternity leave, parental leave, care leave, ill or disabled for a long time or permanently, other status).5 There are some statuses which could also have fit into the “employed” category, such as helping family member in military service. These, however, concerned less than 2 percent of the women, and it seemed more relevant to take a strict definition of employment. We linked these employment and non-employment spells to the fertility histories of the respondents and thus constructed an event history database with all births where the exact birthdate of the child was known (month and year) and where the employment history of the mother included information of her pre-birth employment status and her activity after birth.

The focus of the present study is on employment or non-employment after childbirth, that means, from the date of birth of the child until his/her age of 40 months. The cut-off period of 40 months was chosen, because in the three countries, the maximum length of paid (and unpaid) parental leave is 36 months.6 Running our analysis until a length of 40 months permits us to see how women using the maximal length of parental leave enter the labour market after a prolonged absence. Since we study leave take-up directly after childbirth (it may only include maternity leave for some respondents) only women are included in the analysis.

Pre-birth employment is defined as employment (employed or self-employed) during the 12-months period before the birth of the child. Since only activity spells lasting at least three months were recorded, our criterion was to have an employment spell during the 12 months. This spell could begin earlier than 12 months before the birth or during this 12-month period, and end at any time before the birth of the child. In some cases where women worked during the whole pregnancy and took only a very short leave afterwards, we do not have any interruption in the

5 See the second wave questionnaire for more details http://www.ggp-i.org/sites/default/files/questionnaires/GGS_Wave2_Questionnaire_V.2.0.pdf and the study profile Gauthier et al. (2018).

6 Except for Hungary, where since 1993, women having at least three children can prolong the leave until the 8th birthday of the youngest child.
employment spell. These women are treated as having taken only a three months maternity leave period after birth.

Background variables include basic demographic information about the mother: her age, highest level of education (at the time of the first interview), marital status (at the time of the current birth), pre-birth employment (if the mother worked or not), the birth order of the child. Detailed information on the sample and the distribution of the background variables can be found in table 1.

Table 1: Sample description

<table>
<thead>
<tr>
<th></th>
<th>Austria</th>
<th>France</th>
<th>Hungary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Period</strong></td>
<td>N</td>
<td>%</td>
<td>N</td>
</tr>
<tr>
<td>Period 1</td>
<td>206</td>
<td>13.2</td>
<td>2439</td>
</tr>
<tr>
<td>Period 2</td>
<td>392</td>
<td>22.2</td>
<td>1029</td>
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<tr>
<td>Period 3</td>
<td>640</td>
<td>31.7</td>
<td>1203</td>
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<tr>
<td>Period 4</td>
<td>456</td>
<td>22.9</td>
<td>519</td>
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<tr>
<td>Period 5</td>
<td>183</td>
<td>10.0</td>
<td>-</td>
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<tr>
<td><strong>Marital status at the time of birth</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Married</td>
<td>1241</td>
<td>68.0</td>
<td>3465</td>
</tr>
<tr>
<td>Not married</td>
<td>636</td>
<td>32.0</td>
<td>1725</td>
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<tr>
<td><strong>Highest level of education at the time of the interview</strong></td>
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<tr>
<td>Lower secondary or lower</td>
<td>254</td>
<td>16.4</td>
<td>1787</td>
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<tr>
<td>Upper secondary</td>
<td>1012</td>
<td>51.1</td>
<td>1957</td>
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<tr>
<td>Post-secondary or higher</td>
<td>611</td>
<td>32.5</td>
<td>1446</td>
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<tr>
<td><strong>Birth order</strong></td>
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<tr>
<td>First child</td>
<td>979</td>
<td>53.3</td>
<td>2462</td>
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<tr>
<td>Second child</td>
<td>680</td>
<td>34.9</td>
<td>1750</td>
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<tr>
<td>Third or higher order</td>
<td>218</td>
<td>11.7</td>
<td>978</td>
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<tr>
<td><strong>Activity before / during the pregnancy</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Worked</td>
<td>775</td>
<td>56.9</td>
<td>3525</td>
</tr>
<tr>
<td>Did not work</td>
<td>1102</td>
<td>43.1</td>
<td>1665</td>
</tr>
<tr>
<td><strong>Competing events (outcome)</strong></td>
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<tr>
<td>Entered work</td>
<td>492</td>
<td>26.8</td>
<td>3286</td>
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<tr>
<td>New childbirth</td>
<td>367</td>
<td>19.9</td>
<td>910</td>
</tr>
<tr>
<td>Censored</td>
<td>1018</td>
<td>53.4</td>
<td>994</td>
</tr>
<tr>
<td><strong>Mean age (years)</strong></td>
<td>27.2</td>
<td></td>
<td>27.9</td>
</tr>
</tbody>
</table>

1 See the description of the periods after the table and table 2 for more details.

Source: Generations and Gender Survey wave 1 and wave 2. Percentages are weighted.

Different periods were constructed in the three countries in order to analyse the effects of parental leave reforms on labour market entry after childbirth. In Austria, a paid parental leave of one year was available for employed mothers during our so-called period 1 (1981-1990). This was extended to 2 years afterwards (period 2:
1991-1995). In 1996, the paid leave for mothers was shortened to 1.5 years, so period 3 stretches from 1996 to 2002. That year, the leave was extended to 30 months with the three months of “father’s quota” and the paid leave became universal, independent of previous employment (period 4: 2003-2007). In Austria, we have a fifth period (2008-2012) to account for the introduction of the new flexible form of parental leave.

In France, period 1 goes from 1960 to 1985 where no paid leave was available after maternity leave. The introduction of a paid leave of three years after a third birth marks the second period (1986-1994). The leave was extended to second children (Period 3: 1995-2004). A paid parental leave of six months was introduced for first-born children in 2005 (period 4: 2005-2008).

In Hungary, the first period (1965-1987) marks the socialist decades where two kinds of leave (of two and of three years) were available for previously working mothers. The years of the political-economic transition mark the next period where parental leave benefits remained unchanged but the labour market was highly affected by the political and economic transition and the number of nursery places decreased (1988-1994). The austerity years of the Bokros Package described above mark period 3 (1995-1998). During the last period (period 4: 1999-2008), parental leave was made universal and extended again to a maximum of three years.

The different periods in the three countries are summarised in Table 2.

4.2 Methods

We analyse labour force participation after childbirth and build event history models, where the dependent variable is the incidence of labour market entry. We measure time to entry on a discrete scale, starting our observation at the birth of the child (month and year) and ending when the mother enters labour market or 40 months after childbirth at the latest.

Labour market entry after childbirth is likely to be influenced by further fertility plans (Fahlén 2013), since many women take advantage of parental leave benefits to have several children without entering or re-entering the labour market after birth. In addition, in the three countries, average birth intervals between first and second, second and third births are below three years, thus our analysis has to take into account the possibility of a new childbirth during the observation period. We decided to treat a second childbirth during the observations time as a “competitive” event meaning that a mother can only experience either labour market entry or a new childbirth during the maximum observation period of 40 months, but not both events. Indeed, in the competitive risks models, after experiencing one event, the mother is no longer at risk of experiencing the other event. Thus, we construct cause-specific hazard models which show the instantaneous risk of failure from one of our main cause, namely labour market entry. For this purpose, we use the “stcrreg” command in Stata and show in the output the subhazard ratios (SHR) which are the exponentiated regression coefficients. We also compute cumulative incidence functions (CIF) from the subhazard ratios to visualise the results of the competing-risks regression (Cleves et al. 2016).
**Tab. 2:** Time periods taken into account in the three countries

<table>
<thead>
<tr>
<th>Period</th>
<th>Period 1</th>
<th>Period 2</th>
<th>Period 3</th>
<th>Period 4</th>
<th>Period 5</th>
</tr>
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<td>Previously employed parents</td>
<td>Previously employed parents</td>
<td>Universal</td>
<td>Universal</td>
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<tr>
<td>Duration</td>
<td>1 year paid parental leave for mothers</td>
<td>Paid parental leave extended to 2 years</td>
<td>Paid parental leave for mothers shortened to 1.5 years + 6 months “fathers quota”</td>
<td>Paid parental leave of 30 months + 6 months “fathers quota”</td>
<td>Flexible paid parental leave with 3 options</td>
</tr>
<tr>
<td><strong>FRANCE</strong></td>
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<td>Previously employed parents</td>
<td>Previously employed parents</td>
<td>Previously employed parents</td>
<td>Previously employed parents</td>
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<tr>
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<td>Paid parental leave of 3 years after third or higher order births</td>
<td>Paid parental leave of 3 years after second births</td>
<td>Paid parental leave of 6 months after first births</td>
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<tr>
<td><strong>HUNGARY</strong></td>
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</tr>
<tr>
<td>Eligibility</td>
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<td>Previously employed mothers</td>
<td>Means tested and previously employed parents</td>
<td>Universal</td>
<td>Universal</td>
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<tr>
<td>Duration</td>
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<td>Paid parental leave of 3 years</td>
<td>Paid parental leave of 2 years</td>
<td>Paid parental leave of 3 years</td>
<td></td>
</tr>
</tbody>
</table>

Source: Own design
A mother can have several children, and this had to be taken into account in the analysis. Since we observe mothers labour market behaviour via their children, we had to account for the fact that the observations (this means the children themselves) were not completely independent. For this reason, we added the vce (cluster) option in the regressions, which adjusted the standard errors of the estimated parameters to account for the possible correlations.

Data are weighted using the variable `bweight` of the GGS dataset.

5 Hypothesis

Labour market entry after the birth of a child is expected to be more intensive in France than in Austria and Hungary, since in the latter countries, a paid parental leave of at least two years can already be taken after the birth of the first child, and childcare for children under the age of one year is less developed than in France (H1).

In line with the literature, we expect that due to their work-reducing effect, parental leave extensions directly and negatively affect labour market participation. This may be visible in Austria after 1991, when paid parental leave was extended to two years instead of one year and in 2003-2007, when it was prolonged to 30+6 months (H2 at). And in Hungary after 1999, when PPL became a universal right (H2 hu). In France, PPL depends on the number of children, so the work-reducing effect may vary according to birth order, since the extension of 1986 concerned third born children and that of 1994 second born children. A work reducing effect may also be visible after 2005, when a six-month paid leave was introduced after a first birth (H2 fr).

In Austria, the introduction of flexibility into the PPL system in 2008 may have facilitated the conciliation and was likely to accelerate labour market entry (H3).

In Hungary, structural changes may be more important than in the other two countries. The political and economic transition coupled with high unemployment was likely to reduce labour market entry after 1989. Parental leave benefits remained unaffected by the transition, and a three-year paid leave could be claimed after a birth (H4).

Background characteristics may influence mothers’ labour force participation in the three countries. We look at education, since higher educated women’s human capital is more negatively affected by prolonged inactivity (Bernhardt 1993). So, we assume that education is an important predictor of the intensity of labour market entry after the birth of a child (H5).

Mothers who worked before the birth are in general more likely to return quickly to the labour market, since they are more attached to it. Moreover, in the three countries, job security is guaranteed during parental leave (only during 24 months in Austria), so these mothers do not have to spend time until finding a new job. They may enter labour market more quickly after childbirth than women who did not work before the birth (H6).
6 Results

6.1 Descriptive results

The cumulative incidence functions show that mothers in France enter the labour market much quicker after childbirth than Austrian and Hungarian mothers. In France, 43 percent enter the labour market after three months, which in most cases marks the end of maternity leave, and half of them work when the child is six months old. Afterwards however, labour market entry slows down and the majority of women who stayed at home do not enter the labour market before the child turns three. 40 months after birth around one third of the French mothers are not working (Fig. 2).

In both Austria and Hungary, labour market entry after childbirth is less intensive, and in both countries, participation is rare in the first six months. After this, Austrian mothers slowly begin to take up work, but it is only after 16 months that the proportion of women already on the labour market reaches 10 percent. In Hungary, this happens much later, only at the second birthday of the child. In Austria, more than one fifth of women enter the labour market around the second birthday of the child, and labour market entry increases in an accelerated manner afterwards. In

![Intensity of labour market entry after childbirth in Austria, France and Hungary](image)

Cumulative incidence functions.
Source: Own calculations based on the Generations and Gender Survey.
Hungary, the labour market-entry is mainly concentrated around the third birthday of the child. At the end of the observation period, less than half of Hungarian and Austrian mothers have taken up work.

As described above, we consider a next childbirth as a competing risk of entering employment. Thus, women who have a new child are no longer at risk of labour market-entry. Cumulative incidence rates for a subsequent childbirth show that in Austria and Hungary, almost 25 percent of women have a next child within 40 months without entering the labour market between the two births. In France, this proportion is 12 percent, since women are more likely to enter the labour market rapidly after childbirth. They may quit it again for a next birth (Fig. 3).

Fig. 3: Cumulative incidence of labour market entry and the birth of a next child

Source: Own calculations based on the Generations and Gender Survey.

6.2 Results of the regression models

Regression models were performed separately for the three countries in order to be able to incorporate the different time periods. All results are weighted.

Austria

Compared to the years 1981 to 1990, women who had a child between 2008 and 2012 were more than two times more likely to enter the labour market while controlling for background characteristics (Fig. 4). Indeed, their subhazard ratio is increased significantly with relatively large confidence intervals which is probably due to the lower sample size of this group. Labour market entry is not significantly different at the other periods.

Married women are less likely to take up a job than non-married women. Their subhazard ratio is decreased by 17 percent. Birth order does not have any effect on employment after birth in Austria. The risk of highly educated women is however increased by 44 percent compared to low educated. Having worked before the birth matters as well: those mothers who had a job see their risk increased by 2.8. In Austria, younger women are a bit more likely to take up work after childbirth: a one-year increase in age slightly reduces the relative risks.
When we look at the interaction of education and period, we see that in Austria, compared to medium educated women, only highly educated mothers see their labour market entry risks increased at period 5, while there is no significant change among women with medium or lower education. We see this result in Figure 5, where only the two significant interaction effects are presented. It becomes evident that the effect of education has changed its meaning over the last decades. Compared to the 1981-1990 period, where higher educated women entered the labour market less likely than medium educated ones (their risk was reduced by 52 percent), this changed radically and they had a 2.4 times higher risk to do so in 2008-2012. In the latter period, more than 75 percent of women entered the labour market in the 40 months after birth while there were only 25 percent to do so in the 1980s.

Interaction effects of the periods and pre-birth employment show that the latter significantly influences post-birth employment at every period (Fig. 6). In 1981-1990, women who worked before the birth were four times more likely to enter employment after birth than those who were not working. This effect decreased somewhat in 1991-1995, where labour market entry of working mothers decreased a bit while that of non-working mothers did not change significantly. Between 1996 and 2002, participation of women who have worked during the pregnancy increased

Fig. 4: Subhazard ratios for labour market entry in Austria (with 95% CI)

Red dots mark significant effects (p<0.10).
Source: Own calculations based on the Generations and Gender Survey.
again to their level of the 1980s, but decreased thereafter between 2003 and 2007 where PL entitlement became universal. This change of the legislation negatively affected labour market entry of both working and non-working mothers. After the introduction of a more flexible parental leave system in 2008 however, there was a sharp increase in job take-up among mothers who have worked before the birth of the child.

Fig. 5: Competing risks regression of labour market entry in Austria according to highest level of education and periods

Cumulated incidence functions based on the exponentiated regression coefficients (subhazard ratios) of the interaction terms. Only significant results are shown. Source: Own calculations based the Generations and Gender Survey.
France

In France, there was not much change in the relative labour market entry risks since 1960. Compared to the reference period of 1960-1985, there is only significant change between 1986-1994 when relative risks were increased by 11 percent (Fig. 7).

Marital status and age do not influence labour market entry, while the other variables are significant. Relative risks decrease with the number of children. After a second birth, the risk is decreased by 23 percent, while it is 37 percent lower after a third or a higher order birth.

Working status in the 12 months before the birth is a very important predictor of post-birth employment in France, since women who worked at the beginning of the pregnancy are almost nine times more likely to take up work after childbirth. Interaction effects show, however, that the importance of pre-birth employment has somewhat decreased over the last decades. While in 1960-1985, working women were 14 times more likely to enter the labour market after birth than inactive women, the difference of the risk decreased to 13 times in the 2005-2008 period. At the mean time, job-entry of women who did not work before childbirth already increased (figures available on request).
Interaction effects show that while highly educated mothers take-up a job more often after childbirth, their labour market entry risks have somewhat decreased between 2005-2008 compared to the first two periods (1960-1980 and 1986-1994). Concerning very low and medium educated mothers, there is now significant change over the last decades Figure 8.

We look more attentively at interactions with birth order, since in France the length of PPL depends on the number of children (as mentioned in the country description). To see the effect of the extension of PPL to third birth in 1986, we compared these to third order births in the previous period. Results show that there is no significant effect of the reform despite the fact that mothers entered the labour market somewhat more rapidly after a third birth in 1986-1994 than in the previous period (Fig. 9, Panel A).

The extension of PPL to second-born children in 1994, however, reduced mothers’ labour market entry by 28 percent compared to second children born between 1986 and 1994, and the cumulative incidence curves show that labour-market entry was slowed down in an important manner during the whole observation period of 40 months after childbirth (Fig. 9, Panel B).
Fig. 8: Competing risks regression of labour market entry in France according to highest level of education and periods

Cumulated incidence functions based on the exponentiated regression coefficients (subhazard ratios) of the interaction terms. Only significant results are shown.
Source: own calculations based the Generations and Gender Survey.

Fig. 9: Competing-risks regression of labour market entry in France after a third, a second and a first child at different periods

Cumulated incidence functions based on the exponentiated regression coefficients (subhazard ratios) of the interaction terms. Only the results of the middle panel are significant.
Source: Own calculations based the Generations and Gender Survey.
The third reform of PPL was the introduction of a six-month leave for the first child in 2004, and compared to the previous period, this reform did not affect labour market entry of first-child mothers (Fig. 9, Panel C).

**Hungary**

Compared to the years of state socialism (1965-1987 in our analysis), labour market entry after childbirth was less common in Hungary at every period until the 2010s. (Fig. 10). Between 1988 and 1994 and 1995-1998, the risk was reduced by around 40 percent, while between 1999-2008 it was reduced by 30 percent compared to the years preceding the political transition.

Labour market entry is also significantly influenced by all covariates in Hungary except for marital status. Birth order has an unexpected effect. Compared to first children, labour market entry is more common among women having a second child (and less common among those having a third or higher order birth). This may be the effect of a strong two-child norm in Hungary and of a norm of timing, according to which most second-born children arrive in the three years after the first child. Our competitive-risks models took into account the fact that either of the two events (a

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**Fig. 10:** Subhazard ratios for labour market entry in Hungary (with 95% CI)

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<tr>
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<tr>
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<td>Level of education</td>
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<tr>
<td>Age ^2</td>
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</table>

Red dots mark significant effects (p<0.10).

Source: Own calculations based on the Generations and Gender Survey.
new childbirth or labour-market entry) can arrive but not both. Still, by looking only
at the labour-market entry risks for women who did not have a next child within 40
months, those having had a second child enter the labour market more rapidly than
those having had a first child. This result is somewhat puzzling. We tend to think that
mothers with a first child stay at home and wait for the next pregnancy which has
not yet occurred while those of a second child who are less likely to plan a third one
may speed up labour market entry.

Women who have worked in the 12 months before the birth of a child are more
likely to enter the labour market: their risk is increased by 41 percent compared to
women who have not worked. The effect is less pronounced than in France and in
Austria. Women having medium or high education levels are more likely to work
after childbirth. The risk for women with a middle level of education is two times
higher, while in the case of highly educated women the risk is almost three times
higher compared to low educated women. Age is significant, but only has a slight
effect.

The interaction between the periods and highest level of education shows that in
Hungary, education level always was an important predictor of labour market entry
(Fig. 11). However, even by controlling for the other variables, it remains evident that

**Fig. 11:** Competing-risks regression of labour market entry in Hungary
according to highest level of education and periods

Cumulated incidence functions based on the exponentiated regression coefficients
(subhazard ratios) of the interaction terms. Only significant results are shown.
Source: Own calculations based the Generations and Gender Survey.
labour market entry has decreased since the political transition and this for both low educated women and for women who have completed secondary education, while there is no significant effect for higher educated women. For middle educated women, it was mainly the years of transition (1988-1994) that negatively affected their labour market entry, which decreased by 46 percent. It slightly increased afterwards. Low educated women's labour market entry was affected both by the transition and by the economic restrictions during the 1990s: Their job-entry was lower in the second half of the 1990s than during the transition years. No significant effect was found among highly educated mothers.

Pre-birth employment affects post-birth employment, and compared to the early years of 1965-1987, non-working mothers’ labour market entry has significantly decreased at every period by around 55 percent. The same is true for mothers who worked before the pregnancy. Their probability of entering the labour market has decreased during the transition years and in the period of austerity between 1995 and 1998 (Fig. 12).

**Fig. 12:** Competing-risks regression of labour market entry in Hungary according to labour force participation before the birth and periods

Cumulated incidence functions based on the exponentiated regression coefficients (subhazard ratios) of the interaction terms.
Source: Own calculations based the Generations and Gender Survey.

### 7 Conclusion and discussion

Using the retrospective employment histories and fertility histories in the Generations and Gender survey, the aim of this article was to account for the effect of the extensions and reductions of paid parental leave periods on labour market entry after childbirth in Austria, France and Hungary. Scholars have indeed argued that too long periods of paid parental leave act as work-reducing policies in that
they hinder women's labour market entry, what contributes to wage penalty and to labour market segregation.

Since the 1960s, paid parental leave was extended several times in the three countries, which differ considerably regarding work-family conciliation: Differences are visible in parental leave regulations, the social norms regarding mothers’ employment and the availability of external childcare. They are also diverse regarding their historical background, with Hungary having transitioned from a socialist country to a democratic regime during the observation period.

Results have shown that labour market entry after childbirth is much more intensive in France than in the other two countries (H1 confirmed) which was what we expected. Results concerning the changes of PPL and our other hypothesis are less obvious.

In Austria the extension of PPL to 2 years in 1991 and to 30+6 months in 2003 did not significantly affect labour market entry compared to the 1980s, which means that women's time spent at home with their child after a birth did not significantly increase (H2_At rejected). Indeed, in Austria, the one year PPL did not mean that mothers took up work after the first birthday of their child in the 1980s, they already stayed at home longer (Leitner 2014). The fact that the results were not significant in the regression models means that the extension of the PPL was in line with mothers’ desire to prolong childcare at home since leave preferences favour a long leave in Austria (Valarino et al. 2018). Our results are in contradiction with previous ones, since it had been shown that the extension negatively influenced the return to work. Our descriptive findings showed the same result (available on request), while the effect disappeared in the regression model. This may be because of the different time frame and methodology: Our dataset compares the period 1981-1991 to the next one, instead of comparing the months before and after the reform. Besides, we control for several background variables, which were unavailable in the Austrian Social Security Database used by Lalive and Zweimüller who focused mainly on first births (Lalive/Zweimüller 2009).

In Hungary, the PPL reform of 1999 did not have a significant negative effect on labour market entry, since subhazard ratios increased compared to the previous period (H2_HU rejected). With this reform, the three-year PPL was introduced again in Hungary, and the previous employment requirements were abolished. The explanation of the lack of a significant effect may be similar to that in Austria: independently of the reforms, the majority of women already took a leave of around three years and so the reform did not introduce significant changes. They mostly continued to stay at home for a longer period after childbirth.

In France, PPL reforms were changed differently according to the number of children. Among the three reforms studied, the 1994 reform (which introduced a leave of three years for second-born children) negatively and significantly affected labour market entry of mothers. Their subhazard ratios were reduced by 28 percent compared to the period 1960-1985 (H2_FR partly confirmed). This confirms the results of previous studies (Afsa 1996; Piketty 2005). The other two French reforms were not found to significantly reduce mothers’ labour market entry. The reform of 2004 concerning first children may be without effect, because of the relatively
low income replacement of the benefit and the possibility to take it on a part-time basis. Social norms that favour mothers’ quick return to the labour market and the availability of childcare facilities may lead mothers to resume work rapidly after a first birth.

The introduction of a more flexible PPL system in Austria led to more intensive labour market entries after 2008, since subhazard ratios were increased by 2.4 compared to the reference period of 1981-1990, but also compared to the period 2003-2007 (H3 confirmed). The development of childcare facilities after 2008 made it possible for women to enter the labour market more rapidly, and according to our results, this has mainly accelerated highly educated women’s entry into paid work. They may enter the labour market on a part-time basis, since this pattern became their main conciliation strategy over the last decades (Riederer/Berghammer 2020) we address the question of whether the parenthood effect on employment has declined. By following synthetic cohorts of mothers and childless women up to retirement age, we can study both the short-term and long-term consequences of having a child. We consider employment participation as well as working time and also perform analyses by educational level. Our study is based on the Austrian microcensus, conducted between 1986 and 2016, and uses descriptive methods, logistic regression models, and decomposition analysis. The results show that the increase in the proportion of part-time work has led to a declining work volume of mothers with young children, despite employment rates of mothers having increased across cohorts. Return to the workplace is progressively concentrated when the child is 3-5 years old, but the parenthood effect has become weaker only from the time children enter school. Part-time employment is primarily adopted (at least with younger children.

In Hungary, labour market entry was less intensive after the political transition of 1989, a period characterised by high unemployment rates, the closure of nurseries and other economic constraints. PPL legislation did not change during the first years of the transition, still mothers’ labour market entry was hindered (H4 confirmed). Indeed, PPL was not able to compensate for the impact of economic and political crisis, since unemployment and inactivity were important predictors of poverty which considerably affected families with children (Gábos/Szívós 2002). So, even without modification in the legislation, labour market entry of mothers was made significantly more difficult by structural changes. Women of all levels of education were concerned and our results show that labour market entry since 1988 has never reached the levels of the years before the political transition. On the one hand, this may be due to the fact that the social norm of the caring mother is now definitely widespread in the society, and women do not see themselves entering the labour market before their child turns two or three years old. On the other hand, the post-socialist decades were characterised by the security of employment, which disappeared after the transition. Women did not have many personal choices, but the majority of them was in employment, and their return to the labour market was assured by the socialist ideology of full employment. This job security guaranteed by the state disappeared after the transition to market economy and made labour market-entry after childbirth more uncertain.
The importance of education and of a previous job for an accelerated labour market entry was confirmed by our results (H5 and H6 confirmed). In Austria, the importance of education has risen over the last decades, and it is mainly highly educated mothers who benefit from flexibility and are better able to conciliate work and family life, at least after the second birthday of the child. In France, it is mainly low educated women who exit the labour market for a longer time, and this negative effect has increased in 2005-2008. A previous job speeds up labour market entry, and this effect has increased in Austria over the last decades.

Our study has some limitations. First, they rely on employment data collected retrospectively, so some of the information on the exact length of employment and non-employment periods may be biased. Second, childbirth and labour market participation around the time of birth is highly dependent on structural circumstances, both on the macro level (e.g. employment or unemployment rates) and the micro level (e.g. personal situation on the labour market, individual eligibility to paid parental leave or its replacement rates). Our data and the already high complexity of our analysis did not make it possible to account for additional structural factors, which would be worth to study in a more detailed manner. Finally, we could not include the very important changes that the three countries underwent over the last decades into our analysis, namely the educational expansion, the overall rise in women’s employment rates and the changing transformation of parenthood and gender attitudes (Goldscheider 2000).

Still, our results show the important interrelation between PPL and other structural and social factors. Indeed, reforms of PPL do not seem to affect mothers’ labour market choices by themselves, neither in a negative way, nor in a positive way, if social norms are not ready to cope with new behaviour and if the lack of childcare facilities do not make it possible to better conciliate work and family life. This means, that in very conservative settings where mothers would like to care for their children themselves, even the effect of flexible policies is limited on the short run. However, a slight increase towards earlier labour market entry may be achieved if mothers are attached to the labour market, which is mainly the case among highly educated mothers. On the long run, social norms may positively influence labour market participation during early childhood.

In a less conservative setting, such as in France, where mothers are attached to the labour market and childcare facilities are available, small changes – e.g. the introduction of a leave of six months – do not reduce labour market participation. However, the introduction of a leave of three years decreased mothers paid work, which means that it acted as a work-reducing policy. In France, this negative effect mainly concerned low-educated mothers and contributed to their prolonged absence from paid work.

These results show the importance of weighing up the pros and the cons before every reform regarding the length of PPL, which has to be done in line with other contextual and structural settings in order to avoid negative consequences.
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