

The influence of organizational family-friendly arrangements on labour market behaviour of mothers after childbirth

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Employment has become an inherent part of women's life concept in Germany. Nevertheless, women are still primarily responsible for household and family work—especially after a child is born. Accordingly, mothers still interrupt their careers more often to take care of the child than fathers. These family-related employment interruptions are accompanied by far-reaching negative career consequences such as wage losses and lower promotion prospects (Aisenbrey et al., 2009; Gangl & Ziefle, 2009) promoting gender inequalities in the labour market.

Research has shown that the extent of these negative consequences is highly correlated with the duration of the employment interruption as well as with employer changes when re-entering the labour market (Ziefle, 2004; Aisenbrey et al., 2009). In other words, the disadvantages of an employment interruption can be softened if the re-entry is quickly after childbirth and a continuation of the employment relationship with the previous employer.

Simultaneously, an increasing share of German establishments offers arrangements to improve the reconciliation of family and working life. However, there have been only few studies to date on the effect of these organizational arrangements, none of them analysing the effect on return to labour market behaviour. We address this research gap by analysing how *organizational family-friendly arrangements influence the duration of family-related employment interruptions and employer changes when returning to the labour market after childbirth*.

In our analyses we rely on the linked employer-employee dataset LIAB of the Institute for Employment Research. The LIAB consists of the IAB Establishment Panel, a representative annual establishment survey, and individual level data generated in labour administration and social security data processing. We concentrate on three specific organizational measures: 1) *workplace childcare facilities*, 2) *opportunities/offers for employees on parental leave (such as further training)* and 3) *targeted promotion of female employees*.

The first question we address is whether women working for firms offering these measures return to their jobs faster after childbirth than women working in organizations without such measures. Based on rational choice considerations and taking into account the structural context like childcare rates and parental leave regulations, we deduce hypotheses for every measure as well as hypotheses on how the effects might vary with the age of the child. Using Kaplan-Meier estimates (figure 1) and piecewise constant exponential models, our results reveal that workplace childcare facilities and targeted promotion of female employees result in faster re-entries; opportunities for employees on parental leave

have no significant effect (figure 2). However, when taking a closer look at the time-dependency of our results we see that the observed effects of the family-friendly arrangements are not time constant but vary with the child's age. For example, *opportunities for employees on parental leave* have a significant negative effect within the first year after birth. But as soon as the child is at least twelve months old, this arrangement positively affects the re-entry decision (figure 3). This result shows the diversity of the observed measures and the strong relevance of the structural context.

The second question we address is whether family-friendly arrangements reduce employer changes when returning to the labour market after childbirth. Our hypotheses for this research question are built upon a combination of rational choice considerations and social epidemiology. In our analyses we employ logistic regression models. To ensure that women were not forced out of the previous employment but voluntarily decided to change employers, we restrict our sample to women who return to the labour market within the first three years after childbirth, because in Germany mothers have the legal right to return to their previous employer within this period.

Our results reveal that mothers who worked in an establishment that offers workplace childcare facilities prior to parental leave are less likely to change their employer when returning to the labour market (figure 4). This finding suggests that better options to combine childcare and working life can encourage mothers to return to the pre-leave employer. Moreover, not only the reconciliation options in the pre-leave firm are of importance but also the career opportunities of the mother within the firm: women whose pre-leave firm offers targeted promotion of female employees are less likely to change their employer after a family-related employment interruption.

Based on our findings, we conclude that investing in family-friendly measures pays off for both the mother and the establishment. Due to the shorter durations of employment interruptions and the reduced likelihood of employer changes, mothers can successfully continue their previous career without losing firm-specific human capital; the establishments in turn can bind valuable employees, avoid losing human capital investments and reduce recruiting costs.

References

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Figure 1: Kaplan-Meier failure estimates differentiated by organizational family-friendly arrangements

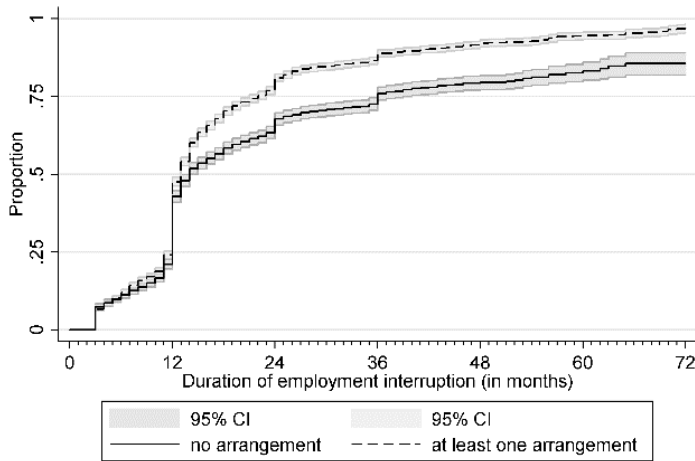


Figure 2: The effect of organizational family-friendly arrangements on re-entry after childbirth (Estimates are reported as hazard ratios)

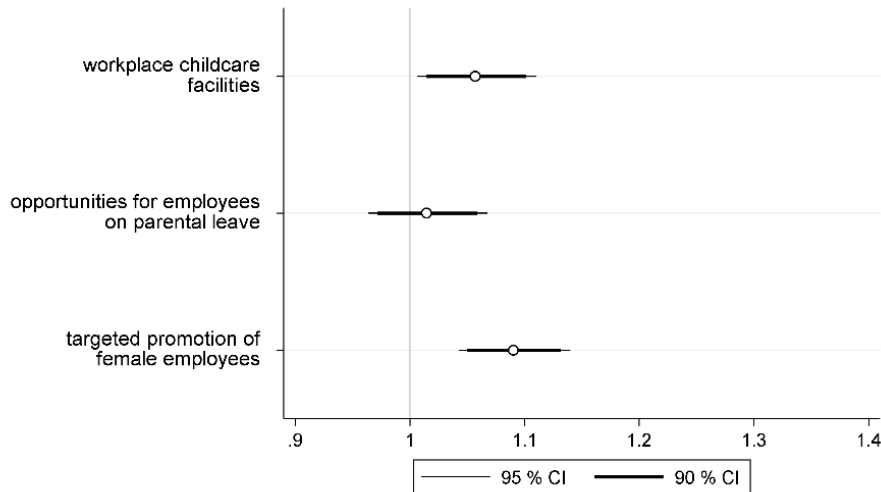


Figure 3: The time-varying effect of opportunities for employees on parental leave on re-entry after childbirth (Estimates are reported as hazard ratios)

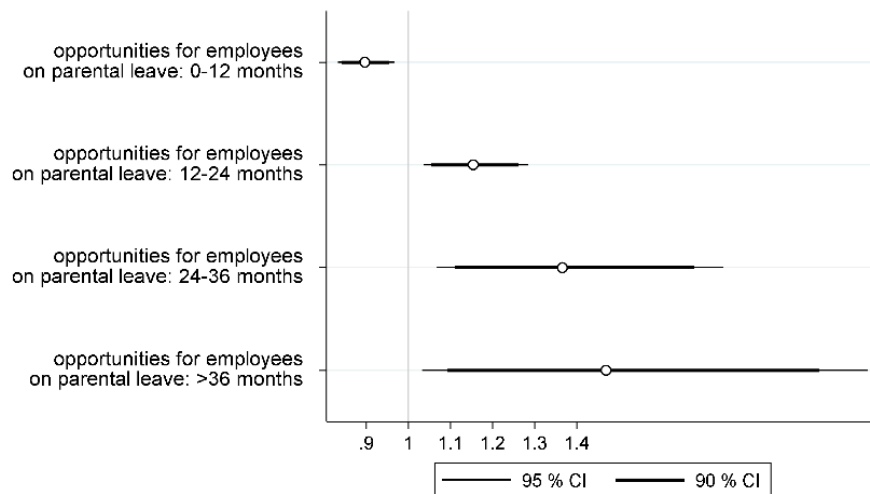
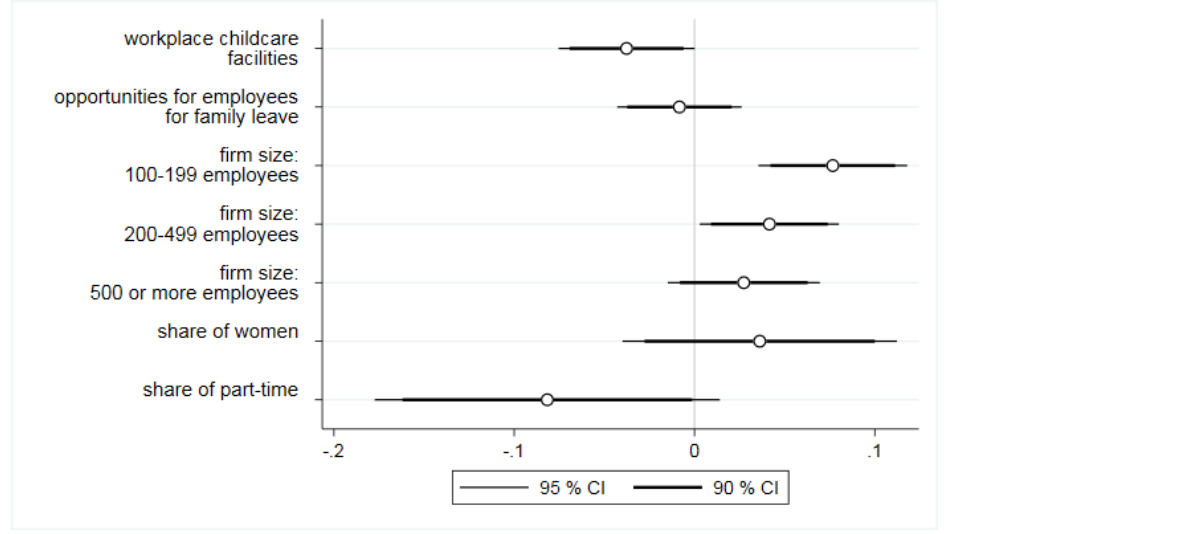


Figure 4: The effect of organizational characteristics and family-friendly arrangements on decision for an employer change after childbirth (Estimates are reported as average marginal effects)



Sources: LIAB LM 9314.

In graph 2-4 controlled for: age at childbirth, education, foreigner, years of experience in establishment (plus squared), place of residence (East/West), working hours before interruption (full-time, part-time, marginal employment), log wage before interruption, wage before interruption top-coded, growth in business volume, firm size, sector, proportion of women in establishment, proportion of part-time work in establishment, employee representative committee in establishment, community size, unemployment rate on district level, childcare rate at the district level