

Decades of progress have seen greater opportunities for women in the workplace, but sizeable gender gaps remain in most indicators of economic achievement. **Stefania Albanesi, Claudia Olivetti and Barbara Petrongolo** review the effect of family policies on women's careers and set out the challenges to come.

Women in the workplace: 50 years of change

During the second half of the 20th century, most of the developed world witnessed a spectacular rise in women's participation to the labour market, the convergence of men's and women's earnings, and the entry of women into occupations traditionally occupied by men. A widely documented trend is the gain in human capital accumulation among women, leading to the narrowing and then the reversing of gender gaps in college completion rates. Meanwhile, medical advances, such as the introduction of oral contraceptives and improved maternal health, have reduced fertility and delayed marriage.

Besides gender-specific trends, gender-neutral changes such as the rise in the service economy have been creating the less physically demanding jobs in which

women are typically over-represented. These changes were accompanied by the evolution of gender identity norms, which gradually reshaped women's aspirations and social perceptions about appropriate gender roles in the household and the labour market. The changing role of women in society generated, and was often eased by, government intervention and firms' policies supporting families and, in particular, providing women with means to combine careers and motherhood.

But despite decades of progress, sizeable gender gaps remain in most indicators of economic achievement. In most countries, women and men still make systematically different education choices. Importantly, a large portion of gender inequalities in employment and earnings seems to be driven by the presence of

More generous childcare funding encourages women to return to work



Becoming a parent produces sizeable and permanent setbacks in women's careers, but has little effect on men's careers

children, as parenthood produces sizeable and permanent setbacks in women's careers, while its effect on men's careers is roughly neutral.

These differences are relevant to social justice arguments about equal opportunities, as well as efficiency arguments whenever barriers to women's entry into certain professions or education tracks reflect a sub-optimal allocation of talent. Both equity and efficiency arguments permeate the economic and political discourse on family policies.

Governments have long engaged in targeted support to families. The path to the adoption of family policies has differed widely across countries, both in the overall generosity of family support and in the combination of specific policy components.

Early legislation on parental leave rights, advocated by the 1919 International Labour Organization Maternity Protection Convention and gradually implemented across Europe over the following decades, had the main rationale of protecting maternal health around birth and child development and – explicitly and implicitly – emphasised women's traditional gender roles as wives and mothers in a male-breadwinner society. The sustained rise in women's participation during the second half of the 20th century, as well as evolving norms regarding gender roles, translated into higher demands for maternity leave

rights as a way to reconcile careers and motherhood.

These factors, together with rising emphasis on equalised education opportunities for children, motivated public investment in early years care and education. More recently, in an attempt to redress gender disparities in the career cost of having children, several countries have introduced fathers' exclusive quotas in leave entitlements.

Nordic countries have pioneered both the progressive expansion in maternity leave duration since the mid-late 20th century and the introduction of fathers' quotas. At the other extreme, paid parental leave is only being gradually introduced at the state level in the United States, starting with California in 2004. By the early 21st century, most high-income countries had in place a host of parental leave policies and family benefits with the twin goals of gender equity and child development.

What lessons can be learned from decades of legislation and policy evaluations about the role of family policies for the new century? Studies of parental leave reforms covering several European countries tend to find that parental leave extensions typically delay mothers' return to work after childbirth, with negative impacts on maternal earnings in the short run (Olivetti and Petrongolo, 2017). But there do not seem to be long-lasting

effects – whether positive or negative – of parental leave breaks on maternal earnings. Very recent evidence for the United States tells a somewhat different story on the introduction of six weeks paid leave in California, where the employment prospects of first-time mothers are negatively affected, especially in the long run.

To date, there is thus little or no evidence of beneficial effects of longer parental leave on maternal participation and earnings. Existing studies of fathers' quotas in parental leave find that fathers do respond to incentives, but rarely take up more than their reserved (short) quota, with limited leeway for replacing maternal childcare.

More generous childcare funding is instead found to encourage women's participation whenever subsidised childcare replaces maternal childcare. This may not be the case in situations where conservative gender norms effectively limit the ability of mothers to use formal childcare.

Impacts on child development of formal childcare depend on what the alternative arrangements would be and tend to be more beneficial for disadvantaged households. In-work benefits targeted to low-earners have clear positive impacts on lone mothers' employment and negligible impacts on other groups.

Despite a vast body of work on the

As the male-breadwinner household has declined, legislation has shifted from protecting women around childbirth to providing work-life balance for both parents



evaluation of policy impacts using rich data sources, a few important questions remain underexplored. First, more research would be welcome on the role played by employers and the organisation of workplaces in mediating policy impacts and providing amenities that help parents ease their work-life balance. While mothers seem to have higher demand than fathers for non-wage job attributes such as worktime flexibility and the opportunity to work from home, evidence on the impacts of these factors on the gender gap in earnings is limited.

Second, together with the realisation that social constructs shape a large portion of gender inequalities, economic research has become more upfront about the implicit zero-sum fallacy in much of the existing rhetoric about gender equity, recognising that changing gender roles in the household and equal opportunities in the labour market need not be to the detriment of men. The view of gender equality as a possible route to unlock untapped talent for both male-dominated occupations and female-dominated occupations, as well as family

responsibilities, should inform future research on the efficiency losses associated with existing barriers to gender equality.

Finally, further insight would be welcome on the process of policy adoption and its political economy dimensions, to relate the evolving support for various forms of intervention to changing norms, demographics and household structures. For example, we noted that the decline of the male-breadwinner model in the second half of the 20th century has gradually shifted the emphasis in legislation from the need to protect women around childbirth to work-life conciliation for both parents.

To date, the family policy system in place in most countries is primarily designed to cater for opposite-sex married couples with joint children. The number of births within traditional family structures has been falling for decades in favour of births to unmarried couples, single parents and, more recently, same-sex couples. As new family structures emerge and are legally recognised, it is important to reflect on the inclusivity of existing welfare states and available family support.

This article summarises 'Families, Labor Markets and Policy' by Stefania Albanesi, Claudia Olivetti and Barbara Petrongolo. CEP Discussion Paper No. 1887 (<https://cep.lse.ac.uk/pubs/download/dp1887.pdf>).

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Further reading

Stefania Albanesi, Claudia Olivetti and Barbara Petrongolo (2023) 'Families, Labor Markets and Policy', forthcoming in the *Handbook of the Economics of the Family*, Elsevier.

Claudia Olivetti and Barbara Petrongolo (2017) 'The Economic Consequence of Family Policies: Lessons from a Century of Legislation in High-Income Countries', *Journal of Economic Perspectives* 31:1 205-30.