

# The Development Benefits of Maternity Leave

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**Summary.** — Within developing countries, studies addressing the effects of maternity benefits on fertility, infant/child health, and women's labor force participation are limited and provide contradictory findings. Yet, knowledge regarding the implementation of maternity provisions is essential, as such policies could significantly improve women and children's well-being. We add to this literature using fixed effects panel regression from 1999 to 2012 across 121 developing countries to explore whether different types of maternity leave policies affect infant/child mortality rates, fertility, and women's labor force participation, and whether those effects are shaped by disparities in GDP per Capita and Secondary School Enrollment. Our findings demonstrate: (1) both infant and child mortality rates are expected to decline in countries that institute any leave policy, policies that last 12 weeks or longer, and policies that increase in duration and payment (as a percentage of total annual salary), (2) fertility is expected to decline in countries that have higher weekly paid compensation, (3) maternity leave provisions decrease fertility and infant/child mortality rates most in countries with lower GDP per capita and countries with middle-range secondary enrollment rates, and (4) labor force participation does not increase. Our results suggest that policy makers must consider the duration, compensation, and goals (addressing fertility versus mortality rates) of a policy alongside a country's economic development and secondary school enrollment when determining which maternity leave provisions to apply within developing-country contexts.

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## 1. INTRODUCTION

Better maternity leave policies,<sup>1</sup> according to most studies, increase fertility (Engelhardt, Kogel, & Prskawetz, 2004; Thévenon & Gauthier, 2011), improve infant health (Coley & Lombardi, 2013; Gregg, Washbrook, Propper, & Burgess, 2005; Tanaka, 2005), and increase women's labor force participation (Besamusca, Tijdens, Keune, & Steinmetz, 2015; Matysiak & Weziak-Bialowolska, 2013; Waldfogel, 1998). Although these studies demonstrate the benefits of maternity leave policies, the majority focus on developed countries. Except for Nandi *et al.* (2016), who examine the impact of maternity leave on infant mortality across 20 low- and middle-income countries, studies that focus on maternity leave in developing countries tend to be either non-empirical, focus on specific case studies, or use limited cross-national approaches (Chang, 2004; Ilkkaracan, 2012; Mehdizadeh, 2013). These studies, of course, provide us with limited insight into the role of maternity leave. However, few are evidence based and often postulate competing arguments both for and against implementation (Hampel-Milagrosa, 2011; Zveglic & Van der Meulen Rodgers, 2003). For example, some suggest that maternity leave provisions have positive consequences in developing countries by reducing infant and child mortality rates and by increasing women's labor force participation (Chang, 2004; Mehdizadeh, 2013). Yet, only one empirical study links maternity leave policies to improvements in child health, and other studies suggest that maternity provisions may have negative or no consequences on women's labor force participation (Karshenas, Moghadam, & Alami, 2014; Lee & Cho, 2005). Moreover, to our knowledge, there is no research on the impact of maternity provisions on fertility in developing nations.

We build on existing studies by examining the effectiveness of maternity leave cross-nationally and within developing countries over time, with specific attention given to variations

in economic (Gross Domestic Product per Capita) and social development (Secondary Educational Enrollments). Current studies on developed countries indicate that the desired effectiveness of maternity leave provisions differ within and across countries due to economic and educational disparities, in addition to the type of maternity policy implemented. We therefore argue that maternity leave policy effectiveness in developing countries will not only differ according to policy configurations (comparing different lengths and pay of leave across countries), but will also be moderated by Gross Domestic Product (GDP) per capita and secondary educational enrollments—particularly since these two variables vary widely within and across developing countries. Additionally, because women and children should benefit most from maternity leave benefits, we focus on the effects of maternity leave on fertility, infant mortality, and child mortality rates—all proxies used to measure women and children's health.<sup>2</sup> We also examine women's labor force participation, as its relationship with maternity leave is characterized by an inverted U-shape in developed countries<sup>3</sup> (Akgunduz & Plantenga, 2013; Baum & Ruhm, 2016; Chatterji & Markowitz, 2005; Genre, Salvador, & Lamo, 2010; Misra, Budig, & Boeckmann, 2011; Pettit & Hook, 2005; Steiber & Haas, 2012), but studies addressing this relationship in developing countries are limited

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and mixed (Chang, 2004; Hampel-Milagrosa, 2011). By looking at countries cross-nationally and longitudinally, we come closer to understanding how the implementation of maternity leave provisions in developing contexts has the potential to improve the health and well-being of women and children, which continue to be highlighted as central to advancing economic development—as evidenced, for example, within the United Nations Sustainable Development Goals (United Nations, 2015).

Specifically, we use fixed effects panel regression from 1999 through 2012 within 121 countries to explore how different maternity leave policies affect women's fertility rates, infant and under-five mortality, and women's labor force participation—with attention given to variation in social and economic development within and across countries. We find that fertility is lower in countries when adopting higher weekly paid maternity compensation. Both infant and child mortality rates are lower in countries that institute any leave policy, policies that last twelve weeks or longer, and policies that increase in duration and payment (as a percentage of total annual salary). We similarly find that maternity provisions are moderated by levels of GDP per capita and secondary school enrollment. For example, predicted levels of fertility and infant/child mortality rates decrease when countries have lower GDP per capita and middle-range secondary enrollment rates. When maternity compensation is taken into account, and as it increases, then fertility and mortality rates also remain stable in nations with higher GDP and secondary enrollment rates. In terms of women's labor force participation, unlike developed countries, better maternity leave policies do not increase participation. Our findings suggest that policy makers must consider the length, duration, and goal (decreasing fertility or mortality rates) of a policy alongside a country's economic development and secondary school enrollment when determining which maternity leave benefits to apply within developing-country contexts.

## 2. MATERNITY LEAVE POLICIES

Because most of the literature addressing the effectiveness of maternity leave provisions tends to focus on developed countries, we begin by outlining the literature within developed country contexts to inform our hypotheses for developing countries. Specifically, these studies highlight how different maternity provision configurations, and how disparities in social and economic indicators within and between developed countries, influence the effectiveness of maternity leave policies. We then turn to research within developing countries, acknowledging the scarcity of studies in this area. We end by drawing from both literatures to theorize how different maternity provisions are expected to contribute to female labor force participation, fertility, and infant/child health in developing countries, and how these outcomes are likely moderated by education and GDP per capita.

### (a) *Developed countries*

Although the literature addressing maternity leave policies within developed countries is broad and rich (Avendano, Berkman, Brugiavini, & Pasini, 2015; Carneiro, Løken, & Salvanes, 2015; Dagher, McGovern, & Dowd, 2014; Daku, Raub, & Heymann, 2012; Low & Sánchez-Marcos, 2015), for this paper, we focus on three prominent themes often tied to economic development: children's mortality rates (child health), female labor force participation, and women's fertility

rates (Aassve & Lappegard, 2009; Andersson, 1999; Andersson, Hoem, & Duvander, 2006; Baum & Ruhm, 2016; Chatterji & Markowitz, 2005; Engster & Stensöta, 2011; Hoem, 1993; Lalive & Zweimueller, 2009; Vikat, 2004). In developed countries, the relationship between infant and child mortality rates and maternity provisions are more uniformly negative (Ferrarini & Norström, 2010; Ruhm, 2000; Tanaka, 2005); yet, maternity provisions' relationship to female labor force participation and fertility are less clear. Findings similarly demonstrate that disparities in maternity leave policies across countries, alongside variation of socioeconomic status and educational levels among women, mediate the effects of maternity leave provisions.

In relation to child health, well-crafted maternity leave provisions are consistently linked to reduced infant and child mortality<sup>4</sup> (Ferrarini & Norström, 2010; Ruhm, 2000; Tanaka, 2005). For example, Tanaka (2005), examining 18 OECD countries from 1969 to 2000, shows that longer and more generously paid maternity leave led to fewer low-weight babies and a decrease in infant mortality. Ruhm (2000), using panel data from sixteen European countries, supports these findings by demonstrating a strong positive correlation between paid parenting leave and lower child mortality. Engster and Stensöta (2011) similarly reveal that improved family policy support, including that of a paid parental leave, is associated with positive outcomes in terms of child mortality. The literature thus indicates that supportive maternity provisions are cost-effective policies that advance child health.

These health gains are often linked to facilitating women's re-entry into the workforce, improving women's financial situation, and increasing women's labor force participation (Baum & Ruhm, 2016; Chatterji & Markowitz, 2005). Well-crafted maternity leave policies, for example, are found to positively impact women's labor market outcomes as it provides a framework to sustain women's attachment to the labor force, facilitating the accumulation of human capital (Shapiro & Mott, 1994). Yet, its effect on female labor force participation is characterized by an inverted U-shape<sup>5</sup> (Akgunduz & Plantenga, 2013; Baum & Ruhm, 2016; Chatterji & Markowitz, 2005; Genre *et al.*, 2010; Misra *et al.*, 2011; Pettit & Hook, 2005; Steiber & Haas, 2012), which is dependent on the duration and compensation of the leave implemented. Generally, moderate length, well-paid, and wage-related leave improves female labor force participation and benefits (Boje & Ejranes, 2012; Fagan & Norman, 2012; Matysiak & Weziak-Bialowolska, 2013), while long, low-paid, flat-rate leave decreases labor force participation and benefits (Gerecke, 2013; Orloff, 2009).<sup>6</sup> Although optimal duration in relation to improving female labor force participation is debated, what is clear is that countries with less generous leave policies, like Anglo-Saxon countries, display more part-time work and longer interruptions from the workplace due to childbirth (Gornick, Meyers, & Ross, 1997; Thévenon & Gauthier, 2011), while long, low-paid, flat-rate leave decreases labor force participation and benefits (Gerecke, 2013; Orloff, 2009), leading to the likelihood of more severe motherhood penalties. These studies demonstrate that different configurations of maternity leave benefits lead to varying levels of women's labor force participation.

In terms of fertility, differences in maternity leave policy across countries do not always match the intended patterns, often meant to increase fertility levels. The paragon examples of the positive impacts of maternity provisions on fertility were found in Sweden (Andersson, 1999; Andersson *et al.*, 2006; Hoem, 1993) and Austria (Lalive & Zweimueller, 2009). Relatedly, the introduction of parental provisions had

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