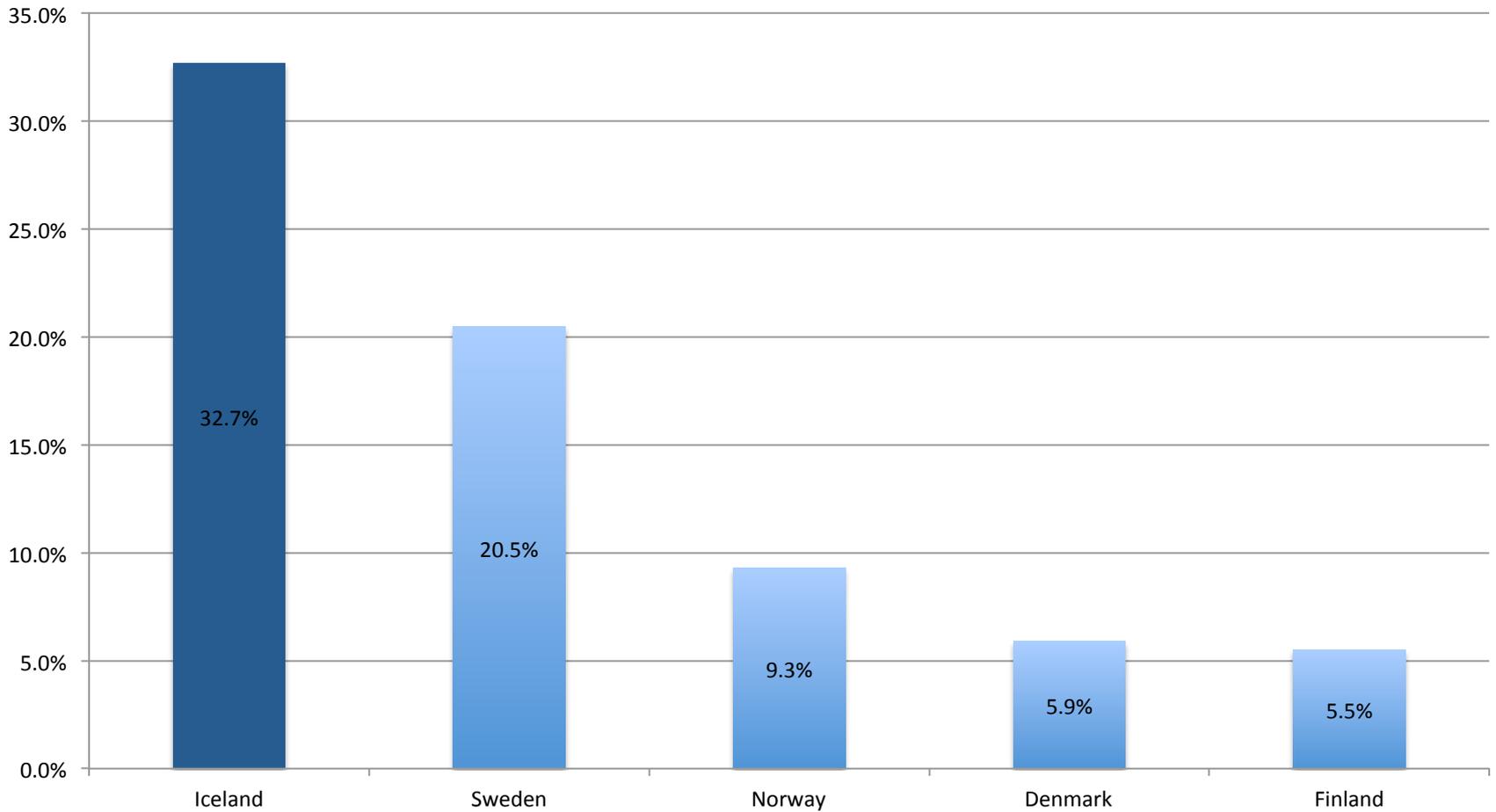


Paternity Leave: A Rational Choice? - or: How do we increase men's take-up of parental leave?

Kolbeinn Stefánsson

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Percentage of total number of benefit days used by fathers in 2005 (Source: Social Security in the Nordic Countries 2007)



Use of parental leave in 2005 (Source: Eydal and Gíslason 2008, p. 38)

Applications from fathers	88.2%
Avg. no. days used by fathers	99
Avg. no. days used by mothers	185
Fathers using more than basic rights	19.5%
Fathers using less than basic rights	19.5%
Mothers using more than basic rights	89.7%
Mothers using less than basic rights	0.1%

In sum

- Part of the parental leave in Iceland is earmarked for fathers
- This was not the case in the other Nordic countries in 2005 (at least not to the same extent).
- Such earmarking thus appears essential for extending parental leave to fathers

The Puzzle

- Icelandic men take almost full advantage of the proportion of the parental leave that is earmarked for fathers
- Icelandic men take use almost none of the shared entitlement

Homo economicus

- **Atomistic**
 - **Selfish**
- Acquisitive
- **Materialistic**
 - Rational
- Perfectly informed

Take up rates: A neoclassical perspective

- The government replaces a proportion of people's incomes while they are on leave. While this is the case the shared entitlement will be used by the parent with a lower income (most often the mother), since this maximizes the household income
- Lower incomes for fathers are compensated by the mother's return to the labour market and savings on childcare

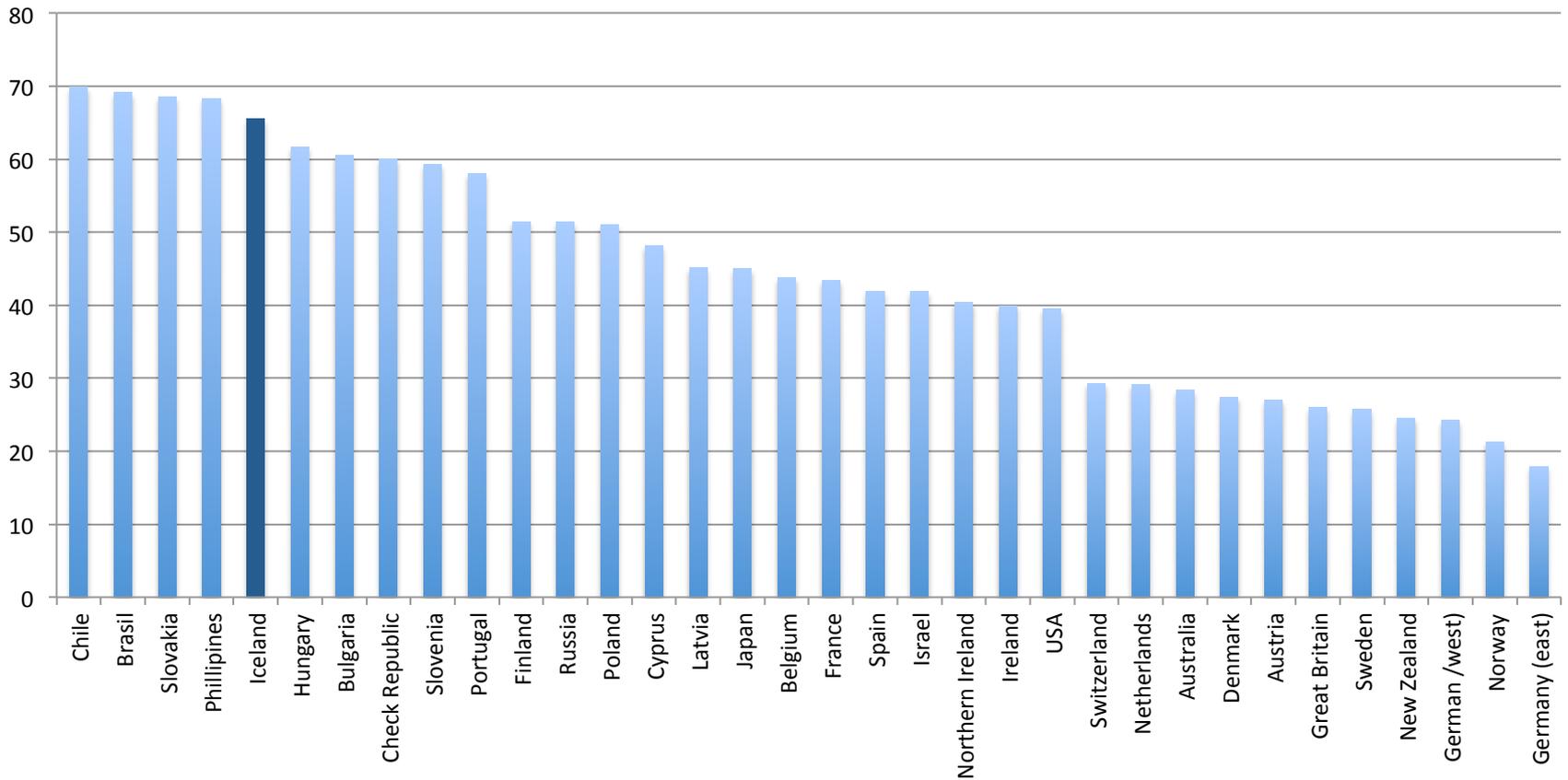
Alternative explanations

- Endowment effect:
 - Father value the earmarked entitlement higher than the shared entitlement because it is already theirs
- Replacing incomes with utility:
 - Fathers tend to use the earmarked entitlement to the full because the utility of the replacement income minus the disutility of housework exceeds the utility of earned incomes minus the disutility of work
- Constraints (financial):
 - Financial commitments (mortgages, debt repayment, expenses, etc.) limit people's ability to choose "freely"
- Gender essentialism (normativity):
 - Childrearing is primarily the responsibility to women, one that they prefer to have. For men to claim a part of the shared entitlement (in non-exceptional circumstances) is an infringement on women's rights

Implications

- Neoclassical perspective
 - Increase the income replacement rate to 100% so that the household becomes indifferent to between breadwinners (or abolish gender wage-gap)
- Endowment effect
 - Estimate the “value” of earmarked and shared entitlements to both men and women. Lower the replacement rate for the former and raise it to 100% for the latter so that at all points both parents are indifferent between work and care
- Utility instead of income
 - Estimate the utility and disutility of incomes, paid work, housework, and childrearing for both parents and find the point at which both parents are indifferent between work and care
- Financial constraints
 - Financial constraints may create outcomes that are suboptimal for all or some involved when outcomes are judged in terms of utility rather than incomes
- Gender essentialism
 - Find a way to influence gender roles and attitudes

A job is all right, but what most women really want is a home and children - proportion of people who agree - (Source: ISSP 2002 and Icelandic replication 2005)



Gender essentialism in Iceland in 2005 (Source: Replication of the ISSP module on changing family life and gender roles)

Should women work ...			
	Full-time	Part-time	Not at all
After marrying, before children			
Men	73.7%	22.8%	3.5%
Women	86.3%	13.2%	0.6%
With pre-school children			
Men	21.7%	58.2%	20.1%
Women	23.1%	61.4%	15.6%
After youngest child starts school			
Men	37.3%	54.2%	8.5%
Women	38.8%	56.3%	4.9%
After children have left the home			
Men	84.6%	15.1%	0.3%
Women	87.0%	12.1%	0.9%

Prospect for policy-making

- ... consider non-pecuniary preferences
- ... be mindful of financial constraints on “free” choice
- ... take account of social norms that pull in a different direction from people’s self-regarding preferences

Policy-making in Iceland

- Given the financial constraints that Icelandic households face raising the replacement rate to 100% (or abolishing the gender wage-gap) is a **necessary** condition for increasing men's take-up of the shared entitlement
- Given the tendency toward gender essentialism in Iceland this will probably not be **sufficient**