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## CHAPTER ONE

# Introduction

One of the most important and rapid changes facing the family in industrialised countries over recent years has been the increase in lone parenthood. Although the prevalence of lone parenthood varies considerably between countries, the proportion of families headed by a lone parent has been increasing everywhere. Moreover, the chances of children living in poverty are invariably greater in lone parent families than in other families with children.

There are a variety of reasons for this and their relative importance differs between countries. Likewise, the incidence of poverty among lone parent families itself varies across national boundaries (Mitchell and Bradshaw, 1993). This variation, however, is related to the employment rates of lone parents. Lone parents in some countries are less likely than other parents to be employed, they have lower labour market incomes, and are more likely than families headed by two parents to be dependent on benefits - in most countries social assistance.

The prevalence of poverty among lone parent families varies considerably between countries. Table 1.1 is derived from the circa 1990 sweep of the Luxembourg Income Study (LIS) and for the countries available at the time of the analysis it can be seen that the proportion of lone parents in poverty (income below 50 per cent of average) varies from 56 per cent in the United Kingdom to three per cent in Sweden. The table also shows that for all these countries the proportion of lone parents who are poor is much higher if they are not in employment than if they are.

How is it that some countries manage to mitigate the living standards of lone parents by enabling them to work outside the home? Why is it that in some countries a higher proportion of lone mothers than married mothers are employed? Why do the majority of lone parents who work outside the home work full-time in some countries and mostly part-time in others? In an attempt to answer such questions, this study compares, and seeks to explain, variation in the employment patterns of lone parents in 20 countries<sup>1</sup>.

<sup>1</sup> A number of different phrases have been used in this report to describe paid work - labour participation, employment, work outside the home, labour supply. They are all intended to mean the same thing but it should be noted that this is not always the case. Sometimes data presented on labour participation or labour supply is actually people in employment. At other times it is people in employment and those actively seeking paid work.

**Table 1.1: Proportion of lone parents/mothers with incomes less than 50% of median**

	<i>All lone parents</i>	<i>Lone mothers not employed</i>	<i>Lone mothers employed</i>
	%	%	%
Belgique (1992)	9	25	4
Danmark (1992)	7	12	4
Deutschland (1989)	39	76	12
Nederland (1991)	20	28	4
Österreich (1991)	47	62	42
Suomi (1991)	4	18	2
Sverige (1992)	3	10	1
United Kingdom (1990)	56	80	27
Australia (1989)	46	71	22
United States (1991)	50	85	30

Source: Own analysis of the Luxembourg Income Survey and UK Family Expenditure Survey.

In the last few years some attempts have been made to explore the labour supply behaviour of lone parents from an international comparative perspective. To this end, comparative studies have adopted a variety of methods. Roll (1992) used labour force survey data to compare the characteristics and labour supply of lone parents and married women in the European Union countries in the late 1980s. A number of other published studies (for example, Mitchell and Bradshaw, 1993) have used Luxembourg Income Study (LIS) microdata to explore variations in lone parents labour supply. The OECD has also taken a keen interest in lone parents (Duskin, 1990), and has recently published a major report which brought together comparative data on the demographic characteristics and labour supply of lone parents in selected countries (OECD, 1993). Other studies have used 'the model family' approach to examine the incentive structures created by the tax and benefit systems of different countries. For example, Whiteford and Bradshaw (1995) examined the relationship between financial incentives and lone parent labour supply behaviour by using data collected by Bradshaw *et al.* (1993) on the 'child benefit package' in 15 countries.

In spite of the increasing sophistication of comparative analyses, studies to date have largely failed to present a clear picture of why some countries are more successful than others in enabling lone parents to work. There are a variety of reasons for this, but the main problem is that comparative data is either out of date or only available for a small range of countries, or both. In addition, the data tends to be insufficiently detailed to answer the research questions. Consequently, many studies tend to be of a descriptive nature, covering broad areas without achieving much depth. Alternatively, they focus on a narrow range of countries, thus limiting the number of contrasts possible.

Much of the previous research has also been insufficiently sensitive to the range of possible factors which might impinge on labour supply behaviour. In part this reflects the sheer complexity of welfare state systems and the effort involved in

understanding how packages of provision are put together and how different policies interact. It also reflects the fact that many studies (especially those of a quantitative nature) fail to take sufficient account of both the rules underlying welfare arrangements and other more qualitative aspects. Lone parents are not a homogeneous group and the characteristics of the lone parent population in a particular country may itself be an important factor to be considered.

In the light of the above, a number of approaches were used in this study. At the core of the research is a team of national informants who were recruited to provide the necessary data on lone parents' labour supply and the policy background in each country. The informants, mainly academics working in research centres with an interest in social security policy or economics, were invited to participate in the research on the basis of their reliability, accessibility to the necessary data, knowledge of the patterns of provision and the interactions of the tax and benefit systems, and their awareness of the issues to be addressed by the research. The national informants for the EU countries were members of the European Observatory on National Family Policies.

The use of national informants to provide data has a number of distinct advantages over alternative approaches to collecting and analysing comparative data. First it ensures that the data collected is as up to date as possible and applicable to the research. Secondly, it reduces the time and effort involved in discovering data sources, collecting the details and understanding how policies operate in each country: this increases the number of countries it is possible to include and enables the researcher to concentrate on the analysis itself. Thirdly, the danger of misunderstanding the situation existing in a particular country is minimised because informants are asked to act as interpreters of their own system, and requested to check and to validate the analysis and interpretation of the data. Finally, informants represent a useful source of expert advice on the research design and analysis techniques.

The informants were asked to provide three types of information. These were specific data on the characteristics and labour supply of lone parents in their country; a structured questionnaire which covered in detail the benefits and services available to lone parents (both in and out of employment) in their country; and a 'model families matrix' in which the effects of packages of policies are simulated for a range of specified family types at various earnings levels.

### **Variations in lone parents' employment**

In order to explain variation in the labour market participation of lone parents, it was first crucial to establish as reliably as possible what exactly that variation was. This did not prove to be easy due to the most common problem in comparative research - the absence of entirely comparable data. As it is important for the reader to understand these problems at the beginning, they are summarised below:

- A. There are inconsistencies in the definitions of a lone parent. A **lone parent** was defined as a parent who:
  - is not living in a couple (meaning either a married couple or a cohabiting couple)

- may or may not be living with others (e.g. friends or own parents)
- is living with at least one of his/her children under 18 years old.

Not all countries could provide data on this basis.

B. There are inconsistencies in the definition of families. **A family** was defined as:

- a married or cohabiting couple/lone parent and their children below the age of 18.

Not all countries could provide data on this basis.

Those countries which could not provide the data required had three particular difficulties. First, the age of dependent children was either older or younger than 18; secondly they could not identify lone parents living in multi-unit households; and thirdly, they could not distinguish between lone parents and cohabiting couples with children.

The standard definition of a lone parent family was consistent in all countries with the exception of the following:

- Germany: Included all never married children regardless of age
- Spain: Lone parents living with their families were not separately identified
- France: Included lone parent with children under 25
- Ireland: Excluded children over 15
- Luxembourg: Excluded lone parents living in the households of others
- Netherlands and Norway: Included cohabiting couples with children where the man is not the father of the children
- Austria: Children were under 15 not 18
- Portugal: Included lone parents living with unmarried children regardless of their age or dependency and may or may not be living with others
- Japan: Included lone parents living with at least one child under 20 years old
- New Zealand: Included children under 16 years or 16-18 if still in school.

### **Numbers and types of lone parents**

Table 1.2 and Chart 1.1 show lone parent families as a percentage of all families with children. The first column of Table 1.2 compares lone parent families as a proportion of all families at the latest available date. This is the data provided by national informants and gives the proportions using the standard definition except where the above exceptions apply. The second column presents similar data derived from the Community Census Programme for most of the EU countries using a standard definition. The third column is also based on the Community Census Programme and children are defined as any age except for Luxembourg (under 25), Finland, Sweden and Norway (under 18).

**Table 1.2: Lone parent families as a percentage of all families<sup>1</sup>**

	<i>Most recent data (National sources)</i>	<i>(Eurostat) Lone parent families with a child under 15 as % of families with a child under 15, 1990/91</i>	<i>(Eurostat) Lone parent families as % of all families with children, 1990/91</i>
Belgique (1992)	11	15	21
Danmark (1994)	19	20	20
Deutschland <sup>2</sup> (reunited) (1992)	19	15	18
Hellas <sup>3</sup> (1990/91)	11	6	11
España <sup>4</sup> (Madrid) (1991)	7	-	12
France* (1990)	12	11	16
Ireland (1993)	11	11	17
Italia (1992)	6	-	16
Luxembourg (1992)	7	12	18
Nederland (1992)	16	12	16
Österreich <sup>5</sup> (1993)	15	-	20
Portugal (1991)	13	9	13
Suomi <sup>6</sup> (1993)	16	-	14
Sverige <sup>7</sup> (1990)	18	-	15
United Kingdom (1992)	21	19	<u>22</u>
Australia (1994)	18		
Japan (1990)	5		
New Zealand (1992)	25		
Norway (1993)	21		
USA (1991)	29		

<sup>1</sup> Throughout the tables in this report, the countries are ordered using the EU convention of country names in their national language. The 5 non-EU countries are listed below the EU countries in alphabetical order.

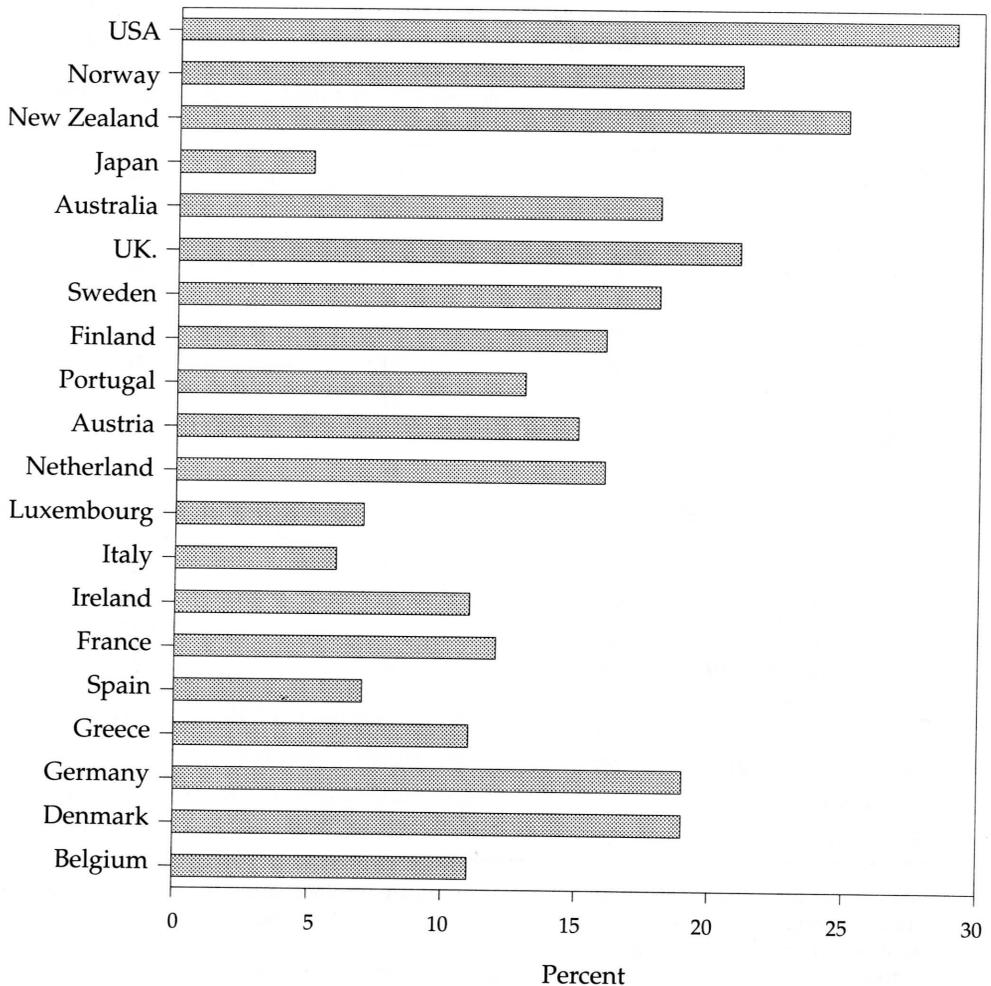
<sup>2</sup> Germany <sup>3</sup> Greece <sup>4</sup> Spain <sup>5</sup> Austria <sup>6</sup> Finland <sup>7</sup> Sweden

\* In this case, the French data includes lone parents with children under 18.

Source: Column 1 National sources via respondents  
 Column 2 Table 2: One parent families with at least one child under 15 (Eurostat 1994)  
 Column 3 Table 5: Proportion of private households by type in 1990/91 (Eurostat 1995)

The figures in the first column indicate that the proportion of lone parent families varies from 29 per cent in the USA, 25 per cent in New Zealand and 21 per cent in Norway and the UK to only five per cent in Japan, six per cent in Italy, and seven per cent in Luxembourg and Spain. In most cases the data in the second and third columns agree with the data provided by national informants. There nevertheless appear to be relatively large differences in Belgium, Spain, Italy and Luxembourg which require further investigation and reconciliation.

**Chart 1.1: Lone parent families as a percentage of all families**



### **Lone parents' employment**

This project is attempting to answer three questions. These are:

1. Why do lone parents in some countries participate in the labour market more than they do in other countries?
2. When lone parents participate in the labour market why is the proportion working full-time higher in some countries than in others?
3. Why are lone mothers in some countries more likely to participate in the labour market than married mothers while in other countries the reverse is true?

Table 1.3 and Chart 1.2 set out the variations in lone mother labour participation (including self-employment) that are of concern in this study.<sup>1</sup> It reveals that the proportion of lone mothers in employment varies from 23 per cent in Ireland, 27 per cent in New Zealand and 40 per cent in Germany and the Netherlands to 87 per cent in Japan, 82 per cent in France and 70 per cent in Sweden. New Zealand, Australia, the United Kingdom, and Germany all had relatively low proportions of lone mothers in paid work (around 40 per cent or less) whereas Belgium, Spain, France, Italy, Luxembourg, Finland, and Sweden all had 68 per cent or more.

Chart 1.3 compares the labour participation of lone mothers and married and cohabiting mothers. Sweden had very high proportions of both married/cohabiting and lone mothers in paid work (80 and 70 per cent respectively). Other countries where both types of mother had a relatively high likelihood of being in paid work were Belgium, Denmark, France, Finland, Norway and the United States. In contrast the proportions of both married/cohabiting and lone mothers in paid work was considerably lower in Ireland than elsewhere. In the countries where employment was high for all mothers, only lone mothers in Belgium and France had a higher level of employment than married or cohabiting mothers.

In most countries, both lone mothers and married mothers were more likely to work full-time than part-time, and this was particularly true of Finland. The exceptions to this statement were the United Kingdom, Reunited Germany, the Netherlands, Sweden, Australia and Japan. In the latter three countries married mothers were more likely to work part-time, and in the United Kingdom both lone mothers and married mothers were more likely to work part-time than full-time.

Lone mothers working full-time most commonly worked 40 hours per week or more. The exceptions were Austria and the United Kingdom where they tended to work 35-39 hours per week. Lone mothers working part-time seemed to work particularly short hours (less than 15-20 hours per week) in the United Kingdom, New Zealand and Norway. In New Zealand, Norway and the Netherlands this was also true for married women, but married mothers in the United Kingdom were most likely to work longer than this.

It is possible to rank the countries according to the three indicators of labour participation which interest us. Table 1.4 sorts the countries into three, more-or-less equal groups. At the margins the decision about which group a country should be allocated to is fairly arbitrary. Nevertheless the countries in each group are broadly similar to each other and the countries at the top and the bottom of the rankings are most unlike each other in respect of that indicator of labour participation. The United Kingdom, Australia, Ireland and the Netherlands are consistently in the low groups. France, Spain, Luxembourg and Italy are consistently in the high groups. Although there is some reordering and shifting between groups among the other countries, only Sweden and Japan move from a high group on one indicator to a low group on others. In the case of Sweden this is because it has a relatively high proportion of lone mothers in employment but a relatively low proportion working full-time.

<sup>1</sup> Care should be taken in interpreting this table for some countries. Attention is directed especially to the notes to the table.

**Table 1.3: Percentage employed full-time and part-time (less than 30 hours per week), for lone mothers and married/cohabiting mothers: most recent data**

	Lone mothers		Married/cohabiting mothers		% of employed who are full-time
	Full-time	Part-time	All employed	All employed	
Belgique - België (1992)	52	16	68	22	61
Danmark	59	10	69 <sup>v</sup>	20	84
Deutschland (reunited) (1992)	28 (36+ hrs)	12	40 <sup>v</sup>	20	41
Hellas <sup>1</sup>	-	-	68	-	-
España (Madrid region) (1991) Activity rates	67	15	82	20	38
France (1992)	-	-	23	-	68
Ireland (1993)	58	11	69 <sup>v</sup>	-	32
Italia (1993)	61	13	73	12	41
Luxembourg (1992)	16	24	40	13	45
Nederland (1994)	43	15	58 <sup>1</sup>	39	52
Österreich (1993)	43	7	50	18	46 <sup>1</sup>
Portugal (1991)*	61	4	65	7	55
Suomi (1993)	41	29	70	8	70
Sverige (1994)	17	24	41	38	80
United Kingdom (1990/2)	23	20	43	41	62
Australia (1994)	53*	34**	82 <sup>2</sup>	32	56
Japan (1993)	17	10	27	20 <sup>3</sup>	54 <sup>3</sup>
New Zealand (1991)	44	17	61	27	53
Norway (1991)	47	13	60	37	77
United States (1992)				19	64

<sup>1</sup> Excludes 20 per cent of lone mothers and 13 per cent of married/cohabiting mothers who are on parental leave

<sup>2</sup> Includes self-employed who may work full-time or part-time

<sup>3</sup> For married/cohabiting women with or without dependent children (1992)

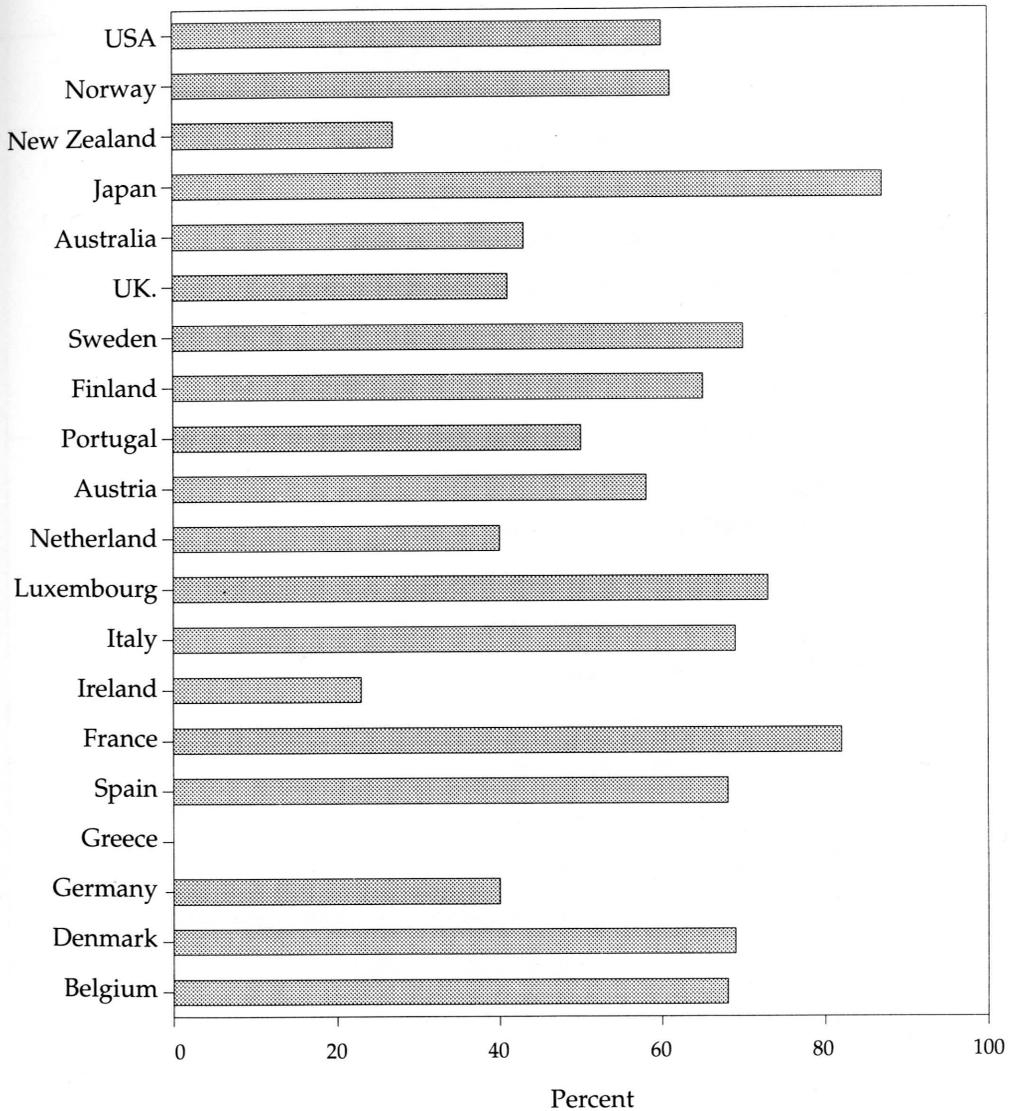
\* If the definition of lone mothers was restricted to single, separated and divorced women (to counter the bias resulting from the disproportionate number of widowed women in the Portuguese definition of lone mothers), Portugal would have a much higher level of lone mothers in paid work.

Information not available in this form, but 51 per cent of women in likely age group were economically active and 5 per cent of working women worked

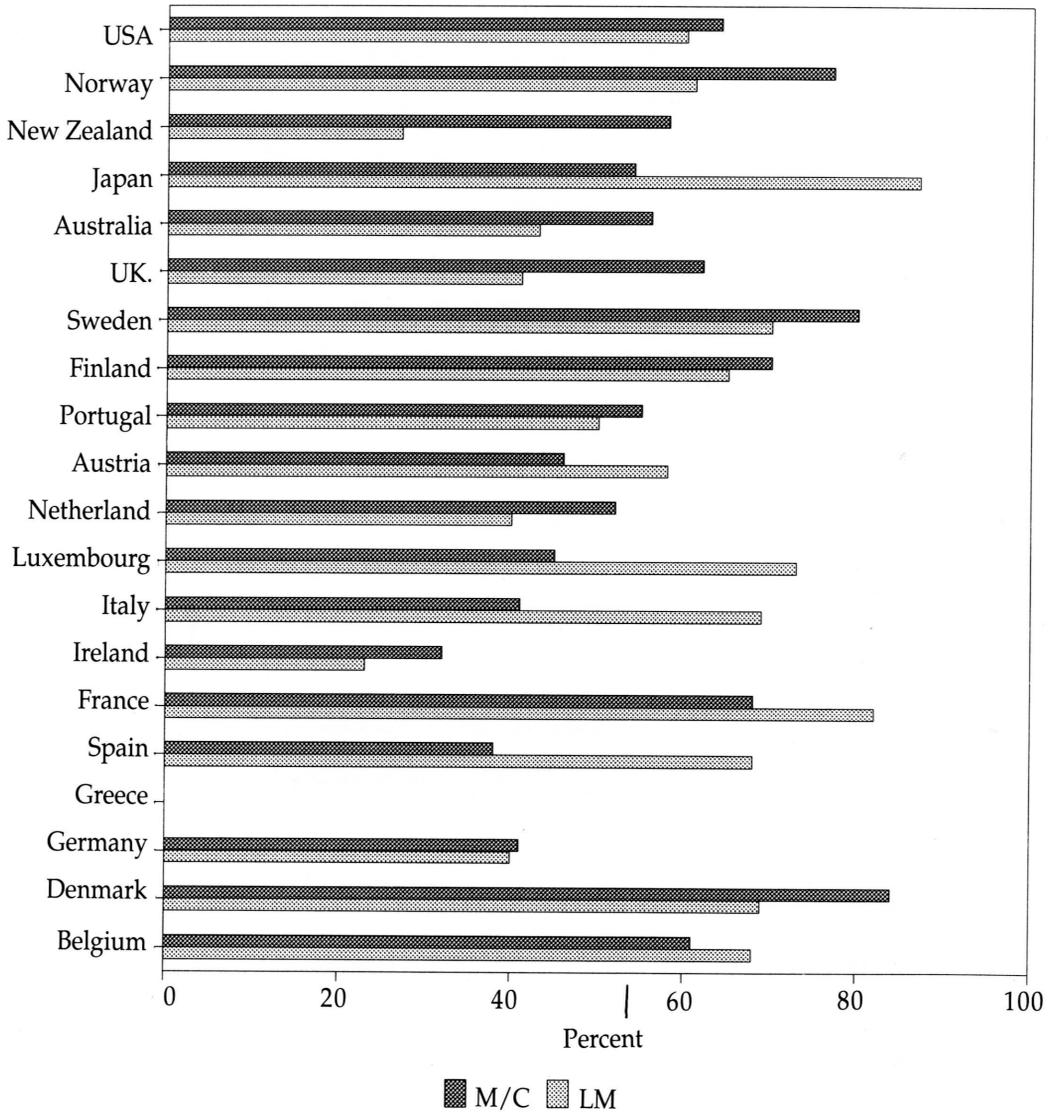
\* Including employed

\*\* Including working for family

Chart 1.2: Percentage of lone mothers employed



**Chart 1.3: Comparison of the labour participation of lone mothers and married co-habiting mothers**



**Table 1.4: Summary rankings of employment**

<i>% of lone mothers in paid work</i>	<i>% of lone mothers in full-time paid work relative to % in part-time paid work</i>	<i>% difference between the rate of lone mothers and married/cohabiting mothers in paid work.</i>
<p><i>LOW (less than 50%)</i></p> <p>Ireland New Zealand Netherlands Germany United Kingdom Australia</p>	<p><i>LOW (less than 63%)</i></p> <p>United Kingdom Netherlands (Ireland) Australia Sweden Japan</p>	<p><i>LESS (-13% or more)</i></p> <p>New Zealand United Kingdom Ireland Australia Netherlands Norway Denmark</p>
<p><i>MEDIUM (50%-65%)</i></p> <p>Portugal* Greece** Austria United States Denmark Norway Finland</p>	<p><i>MEDIUM (63%- 80%)</i></p> <p>New Zealand Germany Norway Austria Belgium United States</p>	<p><i>SIMILAR (-9% to +7%)</i></p> <p>Sweden Portugal Finland United States Germany Belgium</p>
<p><i>HIGH (65% or more)</i></p> <p>Belgium Spain Italy Sweden Luxembourg France Japan</p>	<p><i>HIGH (more than 80%)</i></p> <p>France Luxembourg Italy Denmark Portugal (Spain) Finland</p>	<p><i>HIGHER (+19% or more)</i></p> <p>France Austria Japan Italy Luxembourg Spain</p>

\* If widows (living with their older children) are excluded and the analysis was restricted to single, separated and divorced women, Portugal would be classified as high.

\*\* Percentage of economically active women including the self-employed and women working in their family businesses.

Countries in brackets in column two are, in the absence of data, guesses. Greek data is missing in columns two and three.

**What factors might help to explain variations in the employment of lone parent families?**

1. Variations in the characteristics of the lone parent families may explain some of the variation in their employment. **Chapter Two** is devoted to a comparison of the characteristics of lone parent families.
2. **Chapter Three** examines aspects of labour demand and the state of the labour market that lone parents are facing. It also considers education and training services which might assist lone parents to enter the labour market. Finally, this chapter compares the socio-cultural factors which might have an influence on lone parents labour supply - in particular, attitudes to the respective roles of mothers and carers.
3. It is probable that the quality, availability and cost of childcare influences lone parent labour participation and **Chapter Four** focuses on childcare provision. The chapter also compares provision for maternity and parental leave and leave to care for sick children which might enable lone parents to remain attached to the labour market.
4. Variations in tax and benefit policy may have an impact on the labour supply of lone parents. **Chapter Five** compares the systems of cash benefits for children (and lone parents), and the level and structure of social security benefits available to lone parents out of work, including social assistance. In particular it compares the rules governing work requirements in order to obtain benefits. It compares how the income tax and social security contributions systems operate, how child maintenance arrangements work, the extent to which benefits mitigate housing costs and how health costs might affect a lone parent's decision to work. Again an attempt is made to draw conclusions about the impact of these policies on lone parents' labour supply.
5. **Chapter Six** brings the information in previous chapters together and uses the model family matrix data to compare how the tax and benefit systems structure financial incentives to work and to work more. It explores the structure and level of in-work and out-of work incomes of lone parents and the relationship between the two. It compares the replacement rates and the marginal tax rates in each country, which may have an influence on whether and how much paid work a lone parent undertakes. We have compared policy as it existed in May 1994. The most recent data on labour participation tends to be for an earlier year because of the absence of more up-to-date information.
6. **Chapter Seven** is a summary and conclusion.

The study is concerned with learning lessons about how lone mothers might be encouraged and enabled to undertake paid work. The focus of the research is motivated by concern about the personal, social and public expenditure costs of the very heavy level of poverty and dependency of lone parents on benefits in some countries. Before pursuing this central question, it is, however, important to pause and to acknowledge that 'getting lone parents into work' is not always or necessarily the best or only objective of social policy for this group of families.

Some might argue that it is in the interests of lone parent families, at least for a time after the birth of a child outside marriage or after the breakdown of a marriage or cohabitation, that they are not encouraged or made to take paid work. There may be other times when it might be in the interests of the lone parent, her children and the community that she is not required to combine paid work and caring responsibilities. Others might argue that motherhood is a valued activity and one for which benefits should play a greater role in supporting. Furthermore, there is a view, strongly held by some, that it is better for children, particularly young children, for their mother to be at home.