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**Family Policies in Britain and Germany**  
**Innovative Ways of Coping with Old and New Challenges:**  
**Enterprises as Actors of Family Policy?**

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**Abstract:**

This paper focuses on enterprises as ‘agents’ of family policies. The aim is to identify the extent to which such actors are active providers of family support in Britain and Germany. It further aims to illuminate some of the conditions under which companies provide firm-level family policies. Theoretically, this paper builds on the *Varieties of Capitalism* literature and the academic debate about the economic costs and benefits of social policy. With a shift in the political debate to more market-driven social policy approaches during the past decade, politicians in the UK and Germany have argued that companies should take on greater responsibilities in the provision of social policy for their employees, and more specifically to engage in family-friendly policies which improve the work-life balance. It is argued that such an approach would not only benefit parents, but can significantly improve the sustainability at the micro and macro level. Our findings show that companies have indeed expanded firm-level family policies in both countries in recent years. In both countries, large companies and companies in specific service sectors tend to provide more family-friendly policies than smaller corporations or those in the manufacturing sector. We hypothesize that these differences can be at least partially explained by different skill requirements. As the provision of firm-level family policies in addition to flexible working time arrangements tends to be limited to a rather small percentage of companies, our findings question the optimistic view of governments with regards to the positive impacts of firm-level family policies on sustainability at the macro economic and societal levels.

## **Introduction**

Family policy has moved centre-stage within the social policy debates in Europe. Whereas much of the welfare state debates in the past two decades had focused on reforming pension and unemployment policies as well as making work pay, recent discourses and initiatives have primarily and explicitly centered on families and family policies. Family policy is increasingly perceived to constitute an investment. Whereas in the past, discussions about the sustainability of welfare states were primarily focusing on the viability of existing financing structures under future conditions of rapidly aging societies and ever more globalized ‘national’ economies, more recent policy debates highlight the necessity of improving child welfare and work-life balance, policies that are said to positively contribute to future economic development (cf. Esping-Andersen et al. 2002). Expansions of family policies are perceived by many political actors at the national and supra-national level to significantly contribute to the sustainability of the respective political economies.<sup>1</sup>

According to widely accepted categorizations, Germany and the UK are said to have very different forms of capitalism and welfare state arrangements. Germany belongs to the group of Coordinated Market Economies (CME), with a Conservative welfare state, whilst the UK is usually characterized as a Liberal Market Economy (LME) with a Liberal welfare state (Esping-Andersen 1990, 1999; Hall/Soskice 2001). Despite these differences, policies in both countries have promoted strong male breadwinner models in the past, which had significant implications for female labor force participation and the provision of childcare (Lewis 1992; Daly/Rake 2003). Since the late 1990s, however, an increase in the female labor force participation has been perceived as crucial for the sustainability of both welfare states. As Germany

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<sup>1</sup> E.g. see the analysis of the political discourse within the OECD by Mahon (2007).

and Britain have moved towards one-and-a-half breadwinner models,<sup>2</sup> the reconciliation of work-life balance has moved to the fore. Core to the promotion of work-life balance are labor market arrangements that make it easier for parents to fulfill their responsibilities as parents and workers. This has been partly achieved in both countries by changed public policies;<sup>3</sup> however, policy makers in Britain and Germany have suggested that corporations should be more involved by changing or adapting their firm-level practices.

This paper will analyze firm-level family policies in Germany and the UK. It will proceed in three steps: First, I will outline the various discussions about sustainable family policies and the role of corporations. Second, I will present descriptive statistical data on the extent of corporate family policies within the German and British economy, before I will discuss some preliminary findings of a survey conducted among DAX, M-DAX, S-DAX and FTSE-100 corporations. In addition to addressing the extent, I will analyze some of the reasons and conditions for firm-level family policies.

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<sup>2</sup> Maternal labor force participation has increased in both countries. For 2005 data see Tab. 1 in the Appendix.

<sup>3</sup> Cf. Tab. 2 in the Appendix for an overview of various selected policies.

## Enterprises and Sustainable Family Policies

Recent institutional welfare state analyses (cf. Swenson 2002; Martin 2000) and especially the ‘Varieties of Capitalism’ (VoC) literature have contributed significantly to a better understanding of employers’ preferences towards social policies (Hall/Soskice 2001; Estevez-Abe et al. 2001). Companies are no longer primarily seen as opponents of welfare state and social policy arrangements, but under specific conditions as important actors contributing to their stability. Hence, social policy should not only be considered as “politics against markets” (Esping-Andersen 1985), but under specific conditions also as *politics for markets*.<sup>4</sup> This debate implicitly connects to older arguments made about the “economic benefits of social policies” (cf. Briefs 1930; Vobruba 1989).

Within the wider debate of *Corporate Social Responsibility* (Vogel 2005) the role of enterprises as potential agents of social policy has also been highlighted. Although *public* policies aiming at an improved reconciliation of family and work responsibilities have been expanded in both countries (cf. Lewis/Campbell 2007; Bleses/Seeleib-Kaiser 2004), additional efforts at the firm level have been identified in the literature as crucial in improving the sustainability of companies, families and economic development. A recent ILO (2007: 152) report states:

Sustainable enterprises will enable women to combine successfully their reproductive and productive roles and will actively prevent unequal treatment in employment due to their reproductive role, among other things by providing appropriate maternity protection for women workers and paternity provision for men.

But, why should companies provide such policies, or put differently, why are companies that provide ‘family-friendly’ policies more sustainable than those that do

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<sup>4</sup> Initially the VoC literature has been largely confined to the dimensions of unemployment (and pension) policies (cf. Estevez-Abe et al. 2001; Mares 2003); however, more recently family policy has been more systematically incorporated into this approach (cf. Estevez-Abe 2005).

not? According to the economist Milton Friedman, "there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits" (Friedman 1962: 133). In other words, if a business case for firm-level family policies could be made, it would be in the self-interest of companies to pursue such an approach. An international literature review of firm-level work-life balance (WLB) policies (Yasbek 2004: 18), which indeed largely focused on family policies, concludes: the "studies show strong links between work-life balance policies, and reduced absenteeism and increased productivity." A recent study conducted by Bloom et al. (2006: 25), however, is much more cautious about the positive effects on productivity and concludes: "If firms do introduce better WLB this neither penalizes them in terms of productivity ..., nor does it significantly reward them ... On average, they are neutral."<sup>5</sup>

Policy makers – both in Britain and Germany – have highlighted the positive effects of firm-level family policies. E.g. the German Ministry for Families, Senior Citizens, Women and Youth commissioned the Prognos AG to model the effects of improved WLB policies. According to the Prognos model, improved WLB policies have positive effects for companies, individual workers as well as at the macro-economic and societal level (BMFSFJ 2005a). According to estimates by the Prognos AG (BMFSFJ 2005b) family-friendly measures at the firm-level can achieve a 'return on investment' of 25 %. The benefits for individual workers are said to be self-evident as family-friendly measures allow parents an improved reconciliation of work and family responsibilities. At the macro-level, the implementation of WLB policies will result, among other effects, in an improved international competitiveness, through an

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<sup>5</sup> Obviously firm-level family policies are embedded in much broader institutional arrangements concerning families, work, gender equality etc. that cannot be discussed here (cf. Hantrais 2004; Crompton 2006; Morgan 2006; Walby et al. 2007).

increase of productivity, an increase in the fertility rate from currently 1.3 to 1.56 by 2012 and a significant reduction in social insurance contributions (BMFSFJ 2005a). Likewise in the UK, positive effects on economic performance are associated with the engagement in policies supporting reconciliation (cf. Lewis/Campbell 2007: 369). The Labour government not only emphasizes how individual businesses can benefit from pursuing WLB policies but also how these policies tackle market failure (DTI 1999). Based on the arguments brought forward by governments it could be concluded that firm-level family policies can indeed significantly contribute to an increased sustainability at the micro (companies and families) and macro (economic and societal) levels.<sup>6</sup> However, an increase in sustainability can only be achieved, if firms do actually provide firm-level family policies.

### **Corporate Family Policies in Germany and the UK: An Economy-wide Perspective**

In the following subsection, we will investigate in how far companies have indeed institutionalized firm-level family policies.<sup>7</sup> Before presenting data on the extent and the development of firm-level family policies,<sup>8</sup> it is necessary to define the

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<sup>6</sup> An expansion of family-friendly measures at the firm level also seems to correspond with the preferences of parents (cf. BMFSFJ 2006). According to a Forsa (2005) survey from 2005, 90 percent of parents with children between ages 0 and 10 would like to see employers contribute more to good childcare.

<sup>7</sup> In our project we only focus on the formal provision of firm-level family policies and not on their implementation or the take-up rates. This is not to say that we are not aware that workplace cultures might constitute the ultimate challenge (Lewis 2001), but such an analysis of implementation and take-up rates would warrant a very different research project.

<sup>8</sup> It must be emphasized that the data situation for the UK is quite good, as we can rely on a number of comprehensive surveys that are comparable over time. By contrast, data for German corporations is much more limited. Although the *Institut für Arbeitsmarkt- und Berufsforschung* (IAB) has included questions regarding corporate family policies in their 2002 and 2004 workplace surveys, the number of questions were quite limited and subject to change. The data of a more recent study commissioned by the Ministry of Family, Senior Citizens, Women and Youth and conducted by the *Institut für Wirtschaft* in Cologne was not available to us. The data presented in this section largely draws on descriptive statistics of the 2003 employers' survey in the UK and the 2004 IAB Workplace Survey for Germany.

dimensions of such policies. More generally, family policies can be subdivided into the three areas of money, time and services (Lewis 2006). The dimension of money in the context of firm-level family policy is largely connected to providing marriage or family supplements to wages, which is an approach largely rooted in the traditional male breadwinner model.<sup>9</sup> In our analysis, we only include the dimension of money if it is related to the provision of extra-statutory maternity/paternity and parental leave benefits. As the availability of childcare in Britain and Germany, despite recent expansions in both countries, is still quite limited,<sup>10</sup> our main focus in regards to firm-level services are the provision of information and further support in finding childcare services, firm subsidies for childcare services and the outright provision of childcare services. In regards to time, we focus on the availability of various flexible working time arrangements as well as extra-statutory maternity/paternity and parental leave arrangements.<sup>11</sup>

Overall, we witnessed an increase in the provision of firm-level family policies in both countries (see Tab. 1). Especially, flexible working time has become a very common instrument.

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<sup>9</sup> Based on a recent works councils' survey, approximately 30 percent of German companies still provide such supplements [WSI reference].

<sup>10</sup> In the early 2000s, provision for toddlers in public and publicly-financed childcare institutions stood at about 10 % percent for children under 3 in both countries (Morgan 2006: 11; 14).

<sup>11</sup> With the exception of extra-statutory maternity/paternity and parental leave the listed policy instruments are important elements of what a majority of adults (age 16 to 44) in Germany found to be family friendly (cf. BMFSFJ 2006). Extra-statutory maternity/paternity and parental leave were included as they seem to be of particular importance in the UK.

**Tab. 1: ‘Family-Friendly’ Measures at UK and German Workplaces (in percent)**

	UK		Germany	
	2000	2003	2003	2006
<b>Flexible working time</b>	81	86	76.8	88.9
<b>Childcare (direct provision)</b>	1.7	2.9	1.9	3.5
<b>Extra-statutory Maternity Leave</b>	16	68	N/A	N/A
<b>Extra-statutory Parental Leave</b>	14	9-11	N/A	N/A

Sources: BMFSFJ 2007, DTI 2003, Hogarth et al. 2000.

Notes: The significant increase in the percentage of UK workplaces offering extra-statutory maternity leave from 2000 to 2003 might have been influenced by statutory changes that became effective in 2003. The data of the UK 2006 Work-Life Balance Employers’ survey is not yet available.

We know from various studies that flexible working time arrangements are of primary concern for parents (cf. BMFSFJ 2004: 8; BMFSFJ 2006) and prima facie companies in both countries seem to have acknowledged this, as the overwhelming majority provides at least some kind of flexible working time arrangement. However, we need to be very cautious, as flexible working hours cannot *per se* be considered ‘family-friendly’; this would only seem to be the case for such arrangements that increase the autonomy of the individual parent. An individual has the highest degree of autonomy, if he or she is free to determine the time and length of work without any interference of a supervisor, i.e. similar to work patterns found in academia.

The most common form of flexible work is part-time employment. Part-time employment can be a form of non-standard or precarious employment, if the hours worked are particularly short, as workers are often not entitled to certain social rights. Furthermore, part-time employment can be involuntary, hence not the preferred working time arrangement.<sup>12</sup> Part-time employment with less than 20 hours of work per week is very rare among men in both Germany and Britain (2-4%), while it is

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<sup>12</sup> Unfortunately, I did not have access to data for the preferred working hours of parents and thus can only provide data for men and women.

much more common for women in both countries. This is especially the case for women in Britain, where 24 percent of employed women work such short hours (compared to 14 percent in Germany). However, for the overwhelming majority of part-time female employees, part-time is not perceived to be involuntary, although many of them would want to work longer part-time hours. Only 3 percent of female part-time employees in Britain and 9 percent of female part-time employees in Germany have a preference for full-time work, whereas 17 percent of women working full time in Britain and Germany would prefer part-time employment. The working time preferred by the clear plurality (45 percent) of women in both countries is between 20 and 35 hours per week. In both countries, about 17 percent of men with a full-time job would prefer working part time and only 2 percent of those on part-time employment would prefer full time. The preference for shorter working hours among men is especially relevant in the UK, as 33 percent of men work more than 45 hours per week (Fagan 2003), contributing to the highest average working hours in Europe (Crompton 2006: 93).

From a governance perspective working time arrangements for parents differ quite remarkably between Germany and Britain, despite seemingly similar levels of provision. In Germany, parents have a legal entitlement as part of their parental leave entitlements to work part-time during the first two years after the birth of a child and resume their full-time job thereafter, without any direct and explicit impact on their pay or position in the company. Furthermore, every worker is entitled to request part-time work and companies have to accept the request unless they can convincingly demonstrate that this would have significant detrimental effects on the business.

This is very different to the British case, where the right to request is limited to workers with children under the age of six, disabled children under 18 and those who

care for the elderly. Furthermore, British employers 'only' have to give the request serious consideration; however, the employer should only reject such requests for good business reasons (Lewis/Campbell 2007). Whereas employment tribunals in Britain are largely limited to judge whether employers complied with 'due process', German employment courts investigate the substantive evidence provided by the employer with regard to the potentially negative effects of reduced working hours to the business. Based on the presented evidence employment courts can order the employer to implement an employee's request for shorter working hours. Furthermore, there is a tradition of 'negotiated flexibility' in Germany achieved through collective bargaining agreements, whereas in Britain workers often have to negotiate individually with employers and managers; such an arrangement leaves much more room for discretion at the level of the mid-manager and thereby minimizes the autonomy of the individual worker (cf. Fagan et al. 2006).

Part-time employment is obviously only one form of flexible employment. For workers in general, but especially for parents, being able to adapt working times according to personal wishes or preferences is highly important. According to the *Establishment Survey on Working Time 2004-2005*, German employees had a much greater autonomy than their British colleagues in influencing their working hours, as 21 percent of German and only 10 percent of British establishments offered 'working time accounts' or 'annualized working hours'. Overtime is generally compensated through time off in Germany (in 65 percent of establishments), whereas in the UK extra long hours are generally paid (68 percent of establishments) (Riedmann et al. 2006: 4; 15).

Thus, workers in Germany overall seem to have a greater degree of autonomy with regard to flexible working time arrangements; this applies especially to parents during

the first two years after the birth of their child. Based on these arguments, we can conclude that the same level of flexible working time provision at the aggregate level may have very different meanings, depending on the governance structures determined by statutory rules and collective bargaining agreements. This is not say, that unions have become irrelevant in the British case, to the contrary unions seem to have a positive effect on the provision of family-friendly arrangements. For instance, UK companies with recognized trade unions are much more likely to provide written policies covering flexible working time arrangements, than those with no union present.<sup>13</sup>

**Tab. 2: Written Policies Covering Flexible Working Time Arrangements at UK Workplaces, 2003 (in percent of establishments)**

	<b>Part-time</b>	<b>Term-time</b>	<b>Job share</b>	<b>Flexi-time</b>	<b>Compressed hours</b>	<b>Annualized hours</b>	<b>Reduced Hours</b>
<b>All workplaces</b>	45	28	40	35	19	41	26
<b>No union present</b>	37	12	16	19	13	20	16
<b>Recognized union</b>	64	47	70	69	30	61	48

Source: DTI 2003

Very similar to other occupational social policies, especially pensions, there is a positive correlation between the size of a workplace and the provision of family-friendly measures in both countries (cf. Beblo/Wolf 2004).<sup>14</sup>

<sup>13</sup> In Germany companies with works council representation are also more likely to provide additional family-friendly measures.

<sup>14</sup> Smaller companies might not have specific policies, but in reality might be more likely to offer flexible working time arrangements. Such results have been reported in a recent analysis of practices in US companies (Bond et al. 2005: 5).

**Tab. 3: Family-friendly Measures at German Workplaces by Size, 2004 (in percent of establishments)**

	<b>Childcare</b>	<b>Special Arrangements for Parents During Parental Leave</b>
<b>1-50</b>	0.9	3.5
<b>51-100</b>	2.7	15.7
<b>101-250</b>	2.6	24.1
<b>251-500</b>	6.5	29.3
<b>501-1000</b>	9.8	38.0
<b>More than 1000</b>	22.1	48.6
<b>Total</b>	1.0	4.2

Source: IAB Betriebspanel 2004

**Tab. 4: Family-Friendly Measures at UK Workplaces by Size, 2003 (in percent of establishments)**

	<b>Childcare Facilities or other Arrangements Supporting Working Parents<sup>1</sup></b>	<b>Extra-statutory Maternity Pay</b>
<b>5-9</b>	3.4	18.7
<b>10-24</b>	6.2	15.5
<b>25-49</b>	5.1	16.7
<b>50-99</b>	7.4	20.5
<b>100-249</b>	8.5	28.9
<b>250-499</b>	18.0	38.0
<b>More than 500</b>	26.1	52.2
<b>Total</b>	7.7	22.3

<sup>1</sup> This category includes: Childcare at the workplace, financial help, family-friendly practices, help with childcare during holidays, information about local childcare provision and other specific help.

Source: DTI 2003

The reasons for the higher level of provision are many, but especially with regard to childcare services (and extra-statutory leave and pay) it can be argued that smaller

companies usually are less likely to have the institutional capacity and financial resources to provide such policies (cf. BMFSFJ 2007). Although support for childcare at the firm-level has significantly increased in the early 2000s, still only a very small minority of companies provide such services. However, both countries have recently introduced changes to their tax codes (HMRC 2006) which provide incentives for companies to support their employees in paying for childcare. E.g. in Germany, employers can offer direct childcare subsidies to their employees, which are neither taxed nor subject to statutory social insurance contributions. Although this should make it easier for small and medium-sized companies to support childcare, so far the direct impacts of the legislative changes remain unclear.

Even more so than company size, the industrial sector seems to be a good proxy for firm-level policies. In both countries the public sector can be considered as the avant-garde in the provision of firm-level family policies (cf. DTI 2003; Dex/Smith 2002). This is not surprising taking into account that ‘family-friendliness’ has become a very salient political issue over the past decade, trade union representatives and equal opportunity officers are usually quite influential in the public sector, and the business case might be of lesser relevance. Taking a closer look at private enterprises, we can establish clear leaders and laggards with regard to firm-level family policies. Among the private sector the following industries in *both* countries stand out as leaders: Financial Intermediation and Utilities. Compared to these ‘leaders’, the following industries constitute the ‘laggards’: Construction, Manufacturing, Hotels and Restaurants as well as Wholesale and Retail Trade.<sup>15</sup>

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<sup>15</sup> Unfortunately, we had to rely on different indicators for companies in both countries, as the German sample for the variable childcare provision was very small in certain industrial sectors that the IAB was unable to provide the data.

**Tab. 5: Leaders and Laggards in Germany**

Sector	Special Arrangements for Employees during Parental Leave in Percent of Workplaces	
	Yes	No
<b>Financial Intermediation</b>	16.0	84.0
<b>Mining, Electricity, Gas, Water Supply</b>	13.7	86.3
<b>Construction</b>	N/A	N/A
<b>Manufacturing / Construction</b>	5.0	95.0
<b>Wholesale and Retail (Repairs)</b>	3.0	97.0
<b>Hotels and Restaurants</b>	2.7	97.3

Source: IAB 2004

**Tab. 6: Leaders and Laggards in the UK**

Sector	Childcare Facilities or other Arrangements Supporting Working Parents in Percent of the Workplaces		Extra-statutory Maternity Pay in Percent of the Workplaces	
	Yes	No	Yes	No
<b>Financial Intermediation</b>	25.0	75.0	55.6	44.4
<b>Electricity, Gas, Water Supply</b>	31.6	68.4	76.5	23.5
<b>Construction</b>	1.3	98.7	5.6	94.4
<b>Manufacturing</b>	7.0	93.0	17.8	82.2
<b>Wholesale and Retail</b>	2.2	97.8	17.0	83.0
<b>Hotels and Restaurants</b>	8.7	91.3	14.5	85.5

Source: DTI 2003

Assuming that managers are rational actors, we have to ask why there are such stark differences between sectors and similarities between companies of the same sectors in Britain and Germany. An obvious explanation might be that the business case does not apply to every sector of the two economies in the same way. Our hypothesis is that those sectors whose workforce is male-dominated and rely on specific skills (such

as construction and manufacturing)<sup>16</sup> are much less likely to provide firm-level family policies, which especially for the German case is in accordance with the VoC literature (Estevez-Abe 2005), while sectors which have a greater gender balance *and* require high general skills (such as financial intermediation) are much more likely to provide such policies.<sup>17</sup> Sectors that have a very high female employment rate and/or require only low general skills (wholesale and retail; hotels and restaurants) are much less likely to provide firm-level family policies beyond flexible working time arrangements. This might also explain why the percentage of female employees at a company was not found to be a significant explanatory factor in previous research (Allmendinger et al. 2006). The leading role of the utilities sector might be explained by the previous public ownership and thus constitute an institutional legacy. However, to verify our hypotheses we need to conduct further research especially into the skill formation of the various sectors and analyze the interaction effects between the other identified variables in greater detail.

### **Firm-level Family Policies at Leading Corporations**

Based on the fact that larger corporations are more likely to provide firm-level family policies our aim is to scrutinize these in greater detail. In addition to analyzing the extent of the various firm-level benefits and services we aim at a better understanding of the reasons and conditions for as well as the governance structures of firm-level family policies. We chose the largest companies based on their stock-market capitalization in their home countries, as these companies are usually understood to be

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<sup>16</sup> For the gender segregation in the various sectors see Appendix, Fig. 1+2.

<sup>17</sup> Although some research seems to indicate that family-friendly measures are de facto not available to management in the banking sector (Crompton 2006: 72), this research does not answer the question, why it is this sector that stands out with regard to provision.

the national flagship enterprises in an era of shareholder-value capitalism. To a large extent this group of companies overlaps with the largest employers in the respective countries. Hence, we conducted a survey among Executives and HR managers of DAX, MDAS and SDAX (a total of 130 companies) as well as FTSE 100 companies.<sup>18</sup> As the overall number of companies surveyed was limited and the response rate for both countries was around 20 percent we cannot provide representative findings,<sup>19</sup> but perhaps shed some light on the extent of firm-level family policies among these companies, the specific reasons for their introduction and how these policies are governed among leading corporations. In future research we aim to complement our analysis through Qualitative Comparative Analysis (QCA) and with a selected number of case studies.

All companies that responded to our survey provided some forms of flexible working time arrangements at the request of parents. This is in line with the high incidence also found in the larger surveys conducted by the DTI and IAB. In accordance with the argumentation presented above, we find a much higher incidence of formal collective agreements governing flexible working time arrangements in Germany, than in the UK. For instance, in 75 percent of the German companies that offered part-time opportunities, part-time employment at the request of employees was either governed by collective agreement at the industry level or formal collective agreement at the firm level,<sup>20</sup> whereas in 55 percent of the UK companies these policies were governed through unilateral policies by management or the HR department.

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<sup>18</sup> The survey was conducted electronically in the spring and summer of 2007.

<sup>19</sup> For UK companies the response rate was 20 percent; for German companies the response rate was 24.2 percent. The results and conclusions presented in this section are very preliminary and tentative.

<sup>20</sup> For flexi-time, working from home, working time accounts, and working time arrangements based on trust (*Vertrauensarbeitszeit*) the percentage of some form of collective agreement was even higher.

Almost 45 percent of the German and 27 percent of UK corporations that in addition to flexible working time arrangements offered additional firm-level policies provided childcare (and a substantial number provided some form of subsidies for childcare). 70 percent of the German and 60 percent of UK corporations provided some services during parental leave. 42 percent of German and 18 percent of UK companies offered an extension of the job guarantee beyond statutory requirements after the end of maternity/parental leave. 6.1 percent of German companies, but a staggering 72.7 percent of UK companies were providing payments in addition to the statutory requirements of the parental/maternity benefit. The difference between German and UK companies with regard to extra-statutory parental/maternity benefits might be explained by the fact that the parental leave benefit is earnings-related in Germany since 2007. However, further analysis is needed to fully understand these differences.

81 percent of companies in both countries did not limit their provision to certain groups of employees; those that did limit provision, generally excluded senior managers or required minimum job tenure. In Germany, the majority of the various measures are governed by formal collective agreements at the firm level, while in the UK these measures are governed unilaterally by management.

The preliminary analysis of our survey data partially supports our hypothesis, whereby high general skills seem to be a factor for the provision of corporate family policies: 61 percent of German and 37 percent of UK corporations offering family policies in addition to flexible working time arrangements had a workforce, which was predominantly high skilled<sup>21</sup>. The reasons given for offering special benefits to support families were:

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<sup>21</sup> 'High skilled' was defined as university level education or employees with skills that are 'scarce' in the labour market.

- a) Recruitment and retention of employees (87 % of German and 100 % of UK companies said that this was either important or very important for them);
- b) Improve job satisfaction of employees (82 % [D]; 89 % [UK]);
- c) Improve reintegration after parental leave (77 % [D]; 95 % [UK]);
- d) Corporate social responsibility (77 % [D]; 53 % [UK]);
- e) Reduction of child-related absenteeism (68 % [D + UK]);
- f) Reduction of personal turnover and absenteeism due to illness (59 % [D]; 84 % [UK]);
- g) More time autonomy for workers (64% [D]; 58 % [UK]);
- h) Insufficient public family policies (38 % [D]; 5.2 % [UK]).

Those very few German companies (5) in our survey offering no firm-level family policies in addition to flexible working time arrangements either said that there was no demand for such measures in their company and/or that the costs exceed the benefits. This data demonstrates that for those company managers responding to our survey, the business case was clearly *the* top reason for their engagement.<sup>22</sup> Thus, it is not surprising that in the plurality of German (45 %) and in the overwhelming majority of UK companies (95 %) management initiated the discussions to improve the reconciliation of work and family. In 14 % of our German companies the policies were initiated jointly by management and the works council.<sup>23</sup> In addition, an important role for the initiation of family-friendly policies among German companies was played by equal opportunities officers, who initiated the policy in 14 % of the

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<sup>22</sup> This is in line with other research findings (cf. Gray 2002; Osterman 1995).

<sup>23</sup> According to a works councils' survey from the mid-1990s, firm-level family policies did not seem to have a high priority among their members (cf. Klammer 2000).

cases.<sup>24</sup> This again shows that despite similarities at the level of provision institutional differences play an important role. The more consensus-oriented approach of industrial relations in Germany was also reflected in the development of the specific firm-level policies: In 65 percent of the German companies the works councils were involved in developing the specific measures, whereas in only 35 % of the British companies were unions involved in designing the measures.

Our data shows that leading German and UK companies do indeed provide a significant degree of firm-level family policies. However, it also suggests some important differences with regard to provision and governance, which seem to be rooted in different cultural norms and/or institutional welfare state settings. To better understand agency within the corporations as well as governance structures, we intend to conduct a limited number of case studies in our future research.

## **Conclusion**

Coming back to the initial question of sustainability, we can conclude that the picture is rather mixed. The provision of flexible working time arrangements is widely spread among companies. However, as has been highlighted, the specific governance structure of flexible working time arrangements is of great importance. Within those German companies offering firm-level family policies, the provision is highly formalized, whereas in UK companies there seems to be a much higher degree of managerial discretion. Although family-friendly measures are generally not limited to certain groups, the lower degree of formalization in the UK may have a negative

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<sup>24</sup> At this stage of our research we are unable to make any statements on whether female managers had any influence on initiating or designing firm-level family policies.

impact on take-up. Furthermore, the long-hours culture in Britain significantly contributes to work-life conflict (Crompton 2006).

As firm-level family policies going beyond flexible working time arrangements are particularly concentrated in a limited number of sectors, a public policy approach promoting such arrangements will inevitably contribute to “enclave social policy” (Pearson/Seyfang 2001: 66) provisions. Such enclave social policy provisions can be especially beneficial to employees working in (service sector) companies requiring high general skills (banking) – it is professionals and managers who have the highest level of work-life conflict (Crompton 2006: 79f.) – as well as their employers, eventually leading to a win-win situation.

Looking at the potential benefits of firm-level family policies at the macro level, it might be suggested that an expansion of such policies in Britain can have a positive impact on the female employment rate among those in their mid-20s to late-30s with tertiary education, as the employment trajectory for female workers with tertiary education in the UK largely still follows an M-shaped pattern (see Figure 3 in the Appendix). For the German case it can be argued that such a policy approach might lead to a further increase of the employment ratio among women with tertiary education (see Figure 4 in the Appendix) and have a positive impact on the fertility rate, which has been identified to be especially low among this group (Schmitt and Winkelmann 2005). Thus, overall firm-level family policy provision may indeed contribute to an increased sustainability of both the German and the British political economy in an era of globalization. However, it seems unclear at which level of increased provision the positive-sum game will trigger the expected socio-economic effects. For the positive results projected by the Prognos AG (BMFSJ 2005a; b) to be realized, a significant further expansion of firm-level family policies would seem a

necessity, as the Prognos model assumes 30 percent of employees working in a work-life balance friendly environment by 2020. According to various surveys, parents do have high expectations for what constitutes a family-friendly company (BMFSJ 2006) and often have different perceptions of what and to what extent firm-level family policies are available to them (DTI 2007; BMFSJF 2007b).

Furthermore, we have to acknowledge that firm-level policies can only complement and not substitute *public* family policies, if the aim is to increase the overall maternal employment rate and contribute to an improved WLB of *all* working parents. Although we should not rule out the possibility that, an increase of female employment in male-dominated sectors largely requiring specific skills and/or an increased demand by fathers for firm-level family policies in these sectors might precipitate an expansion of firm-level policies in the future, the current level of provision among these companies is very low.<sup>25</sup> Evidence from those economic sectors requiring low general skills, e.g. hotels and restaurants as well as retail, also seems to demonstrate that there are clear limits to employer-provided family policies, as workers can be easily substituted. At least so far, it does not seem to make much economic sense for companies in these sectors to provide comprehensive firm-level policies in neither of the countries compared. As Suzanne Berger et al. (2006: 47) argue in their recent study *How We Compete*: “Within a given country we find a range of variation of types, of linkages, and of ideas about how things ought to be run.” One may hypothesize that this finding also applies to firm-level family policies in post-industrial economies that increasingly rely less on (industry) *specific skills* and more on *high* and *low general skills*.

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<sup>25</sup> This development might already be occurring as some companies in the manufacturing sector in Germany have recently begun to systematically and significantly expand firm-level family policies. Obviously we need to explore this further through our case studies.

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**APPENDIX:**

**Tab. 1: Maternal Employment Rates, Age 15-64 (2005)**

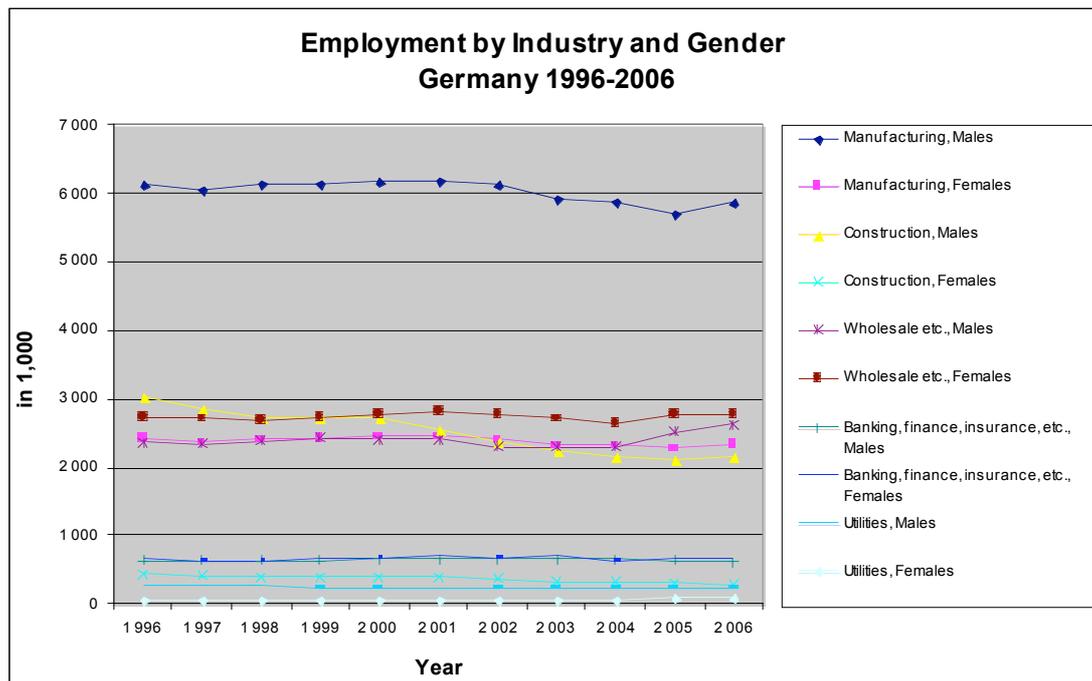
	<i>by age of youngest child</i>				<i>by number of children under 15</i>		
	0-16	<2	3-5	6-16	1 child	2 children	3 children
Germany	54,9	36,1	54,8	62,7	58,4	51,8	36,0
United Kingdom	61,7	52,6	58,3	67,7	67,1	62,4	42,3
EU-19	59,5	51,1	58,2	63,2	59,4	55,2	41,2

Sources: UK Office of National Statistics (2005 data); all other EU-countries, European Labour Force Survey (2005 data); data provided by the OECD Social Policy Division.

**Tab. 2: Public Regulatory Framework for Family Policies (selected measures)**

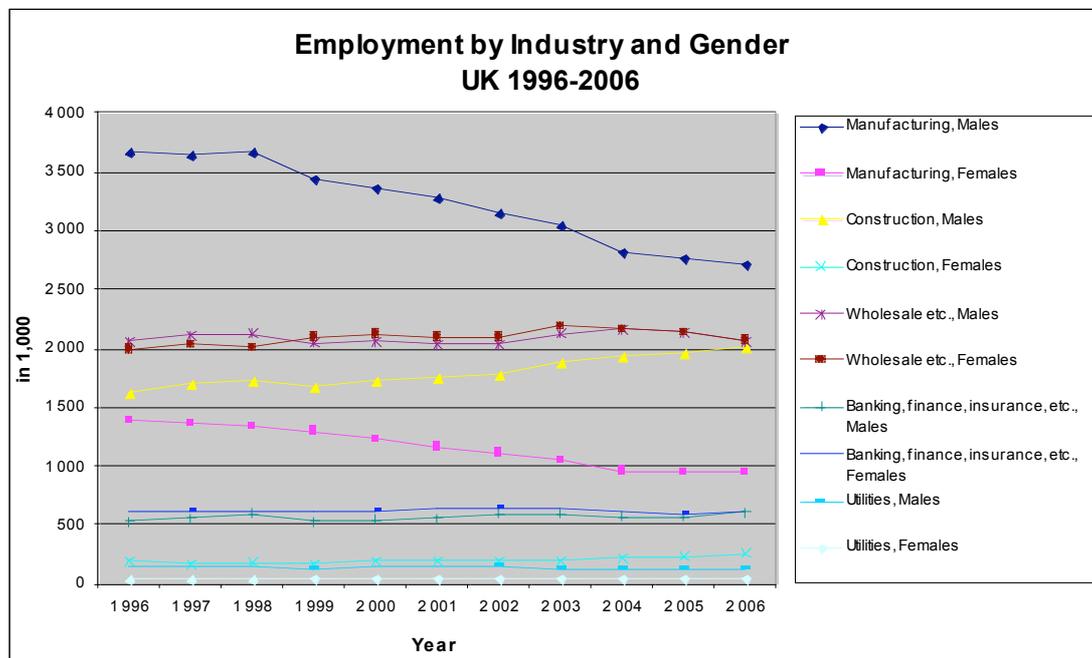
	<b>United Kingdom</b>	<b>Germany</b>
<b>Maternity Leave</b>	90% of the average weekly income for the first 6 weeks, then £ 108,85 (maximum duration of 39 weeks; previously 26 weeks), 13 weeks of unpaid additional maternity leave	100% of the previous net income for 14 weeks
<b>Paternity Leave</b>	£ 108,85 for up to 2 weeks	N/A
<b>Parental Leave</b>	Entitlement to unpaid parental leave of 13 weeks	Monthly benefit of € 300 for 2 years (or € 450 for 1 year; allows employment of up to 30 hours/week); alternatively: 67% of previous net income for up to 14 months, of which 2 are ‘daddy months’ (max. benefit of € 1800)
<b>Working-time</b>	Entitlement to request part-time work	Entitlement to part-time work
<b>Emergency Leave</b>	Unpaid leave for a reasonable amount of time	Paid leave of up to 50 days (compensation equivalent to sickness benefit)

**Fig. 1**



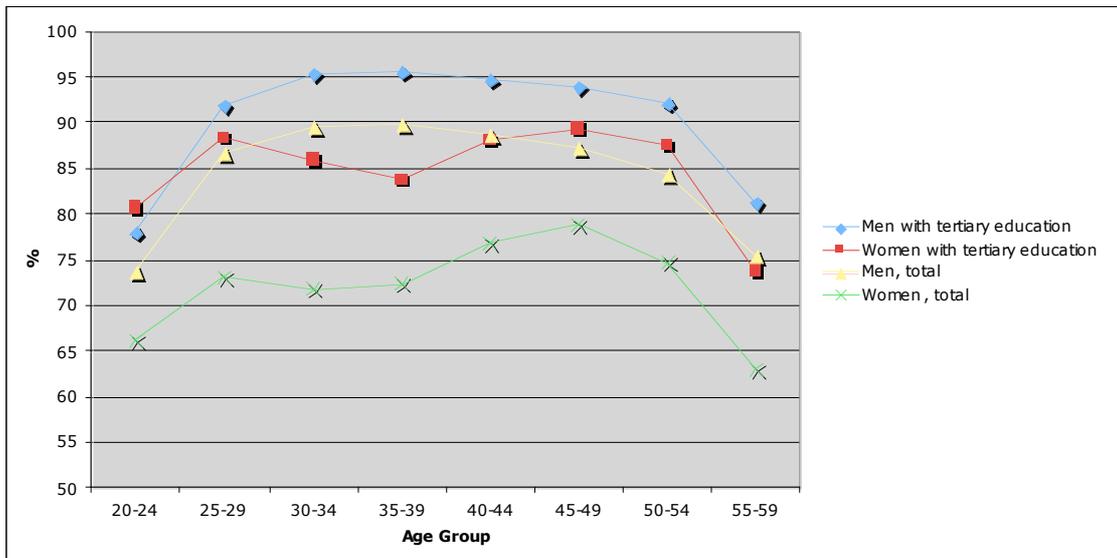
Source: EUROSTAT, Labour Force Survey.

**Fig. 2**



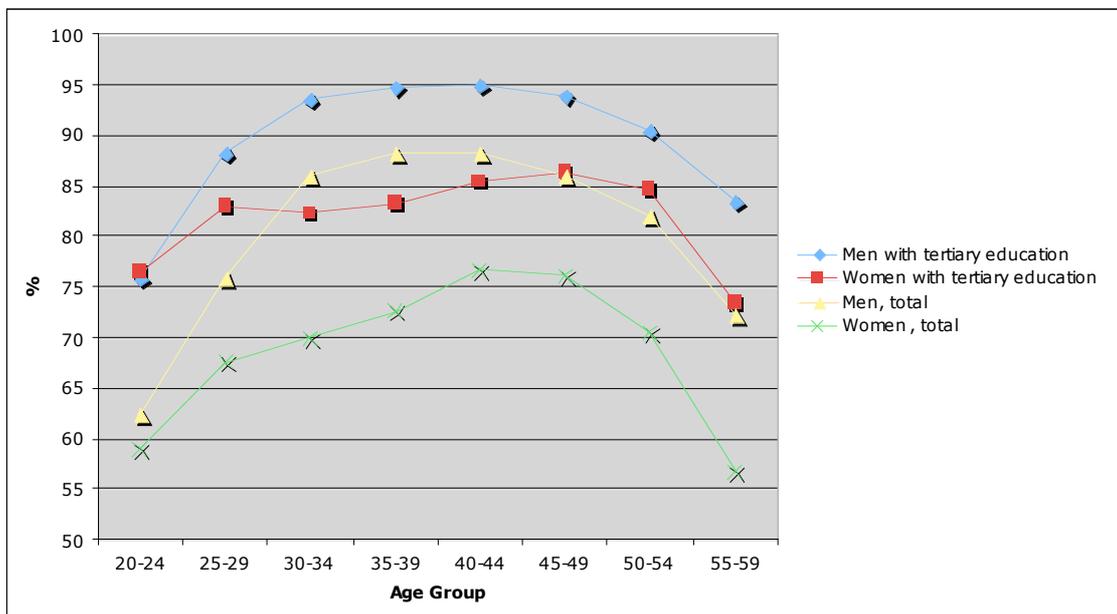
Source: EUROSTAT, Labour Force Survey.

**Fig. 3: UK Employment Rates by Sex, Age and Educational Attainment (2006)**



Source: EUROSTAT, Labour Force Survey.

**Fig. 4: Employment Rates in Germany by Sex, Age and Educational Attainment (2006)**



Source: EUROSTAT, Labour Force Survey.