

For Release on Delivery
Expected at 10:00 a.m. EDT
Thursday, June 14, 2007

WOMEN AND LOW- SKILLED WORKERS

Efforts in Other Countries to Help These Workers Enter and Remain in the Workforce

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Highlights of [GAO-07-989T](#), a testimony before the Joint Economic Committee

Why GAO Did This Study

Increasing retirements and declining fertility rates, among other factors, could affect the labor force growth in many developed countries. To maintain the size and productivity of the labor force, many governments and employers have introduced strategies to keep workers who face greater challenges in maintaining jobs and incomes, such as women and low-skilled workers, in the workforce. This testimony discusses our work on (1) describing the policies and practices implemented in other developed countries that may help women and low-wage/low-skilled workers enter and remain in the labor force, (2) examining the change in the targeted groups' employment following the implementation of the policies and practices, and (3) identifying the factors that affect employees' use of workplace benefits and the resulting workplace implications.

The testimony is based on a report we are issuing today ([GAO-07-817](#)). For that report, we conducted an extensive review of workforce flexibility and training strategies in a range of developed countries and site visits to selected countries. Our reviews were limited to materials available in English. We identified relevant national policies in the U.S., but did not determine whether other countries' strategies could be implemented here. The report made no recommendations. The Department of Labor provided technical comments; the Department of State had no comments on the draft report.

www.gao.gov/cgi-bin/getrpt?GAO-07-989T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Sigurd R. Nilsen, (202) 512-7215 or nilsens@gao.gov.

WOMEN AND LOW-SKILLED WORKERS

Efforts in Other Countries to Help These Workers Enter and Remain in the Workforce

What GAO Found

Governments and employers developed a variety of laws, government policies, and formal and informal practices, including periods of leave, flexible work schedules, child care, and training. Each of the countries we reviewed provides some form of family leave, such as maternity, paternity, or parental leave, that attempts to balance the needs of employers and employees and, often, attempts to help women and low-wage/low-skilled workers enter and remain in the workforce. In Denmark, employed women with a work history of at least 120 hours in the 13 weeks prior to the leave are allowed 18 weeks of paid maternity leave. In addition to family leave for parents, countries provide other types of leave, and have established workplace flexibility arrangements for workers. U.S. federal law allows for unpaid leave under certain circumstances. All of the countries we reviewed, including the United States, also subsidize child care for some working parents through a variety of means, such as direct benefits to parents for child care or tax credits. For example, in Canada, the government provides direct financial support of \$100 a month per child, to eligible parents for each child under 6. Last, governments and employers have a range of training and apprenticeship programs to help unemployed people find jobs and to help those already in the workforce advance in their careers.

Although research shows that benefits such as parental leave are associated with increased employment, research on training programs is mixed. Leave reduces the amount of time that mothers spend out of the labor force. Cross-national studies show that child care—particularly when it is subsidized and regulated with quality standards—is positively related to women's employment. Available research on training in some of the countries we reviewed shows mixed results in helping the unemployed get jobs. Some local initiatives have shown promise, but evaluations of some specific practices have not been conducted. Some country officials said it is difficult to attribute effects to a specific policy because the policies are either new or because they codified long-standing practices.

While policies do appear to affect workforce participation, many factors can affect the uptake of workplace benefits, and employees' use of these benefits can have implications for employers and employees. For example, employees' use of workplace benefits can create management challenges for their employers. Additionally, employees are more likely to take family leave if they feel that their employer is supportive. However, while a Canadian province provides 12 days of unpaid leave to deal with emergencies or sickness, low-wage workers cannot always afford to take it. Similarly, the uptake of available benefits can also have larger implications for an employee's career. Some part-time jobs have no career advancement opportunities and limited access to other benefits. Since employers tend to target their training to higher-skilled and full-time workers, employees who opt to work part-time may have fewer opportunities for on-the-job training that could help them advance, according to researchers in the Netherlands.

Madam Vice-Chairwoman and Members of the Committee:

I am pleased to be here today to discuss the policies and practices of other countries that may help women and low-skilled workers enter and remain in the labor force. My testimony is drawn from our report *Women and Low-Skilled Workers: Other Countries' Policies and Practices That May Help These Workers Enter and Remain in the Labor Force* (GAO-07-817), being released this morning. Our work (1) describes the policies and practices implemented in other developed countries that may help women and low-wage/low-skilled workers enter and remain in the labor force, (2) examines the change in the targeted groups' employment following the implementation of the policies and practices, and (3) identifies the factors that affect employees' use of workplace benefits and the resulting workplace implications.

Increasing retirements and declining fertility rates, among other factors, could affect the labor force growth in many developed countries. To maintain the size and productivity of the labor force, many governments and employers in developed countries have introduced strategies to keep workers who face greater challenges in maintaining jobs and incomes, such as women and low-wage/low-skilled workers, in the workforce throughout their working lives. To help women remain in the labor force consistently, many governments and employers have established leave policies and flexible working arrangements to assist women in simultaneously managing responsibilities both inside and outside the workplace. To help low-skilled workers find jobs and remain in the labor force, governments and employers have invested in education and training.

We conducted an extensive literature review of workplace flexibility and training strategies in a range of developed countries to provide descriptive information about some of their policies and practices. We conducted site visits and/or interviews in four developed countries—Canada, the United Kingdom (UK), the Netherlands, and Denmark—selected for the variety of work-family and workforce development policies they have adopted. We interviewed government officials, researchers, private employers, trade associations, and unions in each of the countries about their experiences with such policies and practices. We interviewed officials from several European Union (EU) institutions in Belgium. We reviewed four other countries (France, Ireland, New Zealand, and Sweden) using literature reviews and discussions with U.S. and foreign-based researchers. To provide context, we identified relevant national policies in the United States. However, we did not conduct a comprehensive review of similar

workplace flexibility and training strategies in the United States, nor did we seek to determine whether other countries' strategies could be implemented here. Our review of related laws and regulations of the other countries relied on secondary sources of analysis rather than independent analysis of foreign laws. Our review of relevant literature, laws, and regulations was limited by the extent that specific information from secondary sources was accessible and written in English.

We conducted our work between July 2006 and May 2007 in accordance with generally accepted government auditing standards. We made no recommendations in the report. The Department of Labor provided technical comments on the report, which we incorporated where appropriate. The Department of State did not have comments on the report.

Summary

In summary, governments and employers in the countries we studied developed a variety of laws, government policies, and formal and informal practices to help women and low-wage/low-skilled workers enter and remain in the workforce. For example, governments may offer paid leave of varying lengths for new parents, subsidize the costs of child care, and offer training and apprenticeship programs to help the unemployed find jobs and to help those already in the workforce advance in their careers. For example, in Denmark, employed women are allowed 18 weeks of paid maternity leave; the United States provides up to 12 weeks of unpaid family leave. To subsidize child care costs, the Canadian government provides \$100 a month for each child under age 6 to eligible parents. Denmark also has had a public system in place since the mid-1960s that allows low-skilled workers to receive free education, wage subsidies, and funding for transportation costs. While evidence from cross-national studies shows that child care and paid maternity leave are positively related to women's employment, research on training programs has shown mixed results. It is difficult to attribute effects to a specific policy, however, for a variety of reasons. For example, some policies simply codified into law a widely used practice: In one case, it was very common for Dutch women to choose to work part-time even before legislation passed that promoted employees' rights to reduce their working hours, according to a Dutch government official. When policies are in place, many factors can affect whether employees take full advantage of benefits, and use of these benefits can have implications for employers and employees. For example, while employees are more likely to take family leave if they feel that their employer is supportive, low-wage workers cannot always afford to take all of their unpaid leave. Employees' personal

experiences can also affect their uptake of benefits. For example, employees may be reluctant to take advantage of workplace training if they have had negative experiences with education in the past. The uptake of available benefits can also have larger implications for an employee's career. Long parental leaves, for example, may lead to an actual or perceived deterioration in women's labor market skills, according to an EU report, and can have negative effects on future earnings.

Background

According to the Department of Labor, in 2005, about 60 percent of U.S. women age 16 and older were in the workforce, compared to 46 percent in 1975. Some U.S. employers offer alternative work arrangements to help workers manage both work and other life responsibilities.¹ One type of alternative work arrangement allows workers to reduce their work hours from the traditional 40 hours per week, such as with part-time work or job sharing.² The Family and Medical Leave Act (FMLA) of 1993 requires most employers to provide workers 12 weeks of unpaid leave from work for a variety of reasons, such as childbirth, caring for relatives with serious health conditions, or other personal reasons, such as their own serious health condition or the adoption of a child, and employers must guarantee workers a similar job upon return.³ Some arrangements adopted by employers, such as flextime, allow employees to begin and end their workday outside the traditional 9-to-5 work hours. Other arrangements, such as telecommuting from home, allow employees to work in an alternative location. Child care facilities are also available at some workplaces to help workers with their care giving responsibilities. In

¹For a listing of companies that have implemented various workplace flexibility initiatives, see the Families and Work Institute, www.familiesandwork.org, and the Great Place to Work Institute, www.greatplacetowork.com.

²Part-time work schedules allow employees to reduce their work hours from the traditional 40 hours per week in exchange for a reduced salary and possibly prorated benefits. Job sharing—a form of part-time work—allows two employees to share job responsibilities, salary, and benefits of one full-time position.

³The law applies to private companies with 50 or more employees, and all federal, state, and local government agencies. However, employers are not required to extend this job protection to certain "highly compensated employees," as that term is defined by the act. 29 U.S.C. § 2614(b). To be eligible for leave, employees seeking leave must have worked for their employer for at least 1 year and for over 1,250 hours during the last year.

addition to benefiting workers, these arrangements may also benefit employers by helping them recruit and retain workers.⁴

The federal government also provides child care subsidies for certain low-income families, and tax breaks for most parents, both to support their ability to work and to balance work-family responsibilities. Under programs funded by the Child Care and Development Fund,⁵ Temporary Assistance for Needy Families (TANF) and state resources, states have the flexibility to serve certain types of low-income families. The Head Start program provides comprehensive early childhood education and development services to low-income preschool children, on a part- or full-day basis. Last, the Child and Dependent Care Tax Credit allows parents to reduce their tax on their federal income tax return if they paid someone to care for a child under age 13 or a qualifying spouse or dependent so they could work or look for work.⁶

In addition, the federal government offers workforce development and training programs designed to assist low-wage/low-skilled workers in the United States. The Workforce Investment Act (WIA) of 1998 requires states and localities to bring together a number of federally funded employment and training services into a statewide network of one-stop career centers.⁷ Low-skilled workers and dislocated workers can choose the training they determine best for themselves, working in consultation

⁴Paid leave had been the most costly benefit to employers, but by 2005, the cost of health insurance equaled that of paid leave. See GAO, *Employee Compensation: Employer Spending on Benefits Has Grown Faster Than Wages, Due Largely to Rising Costs for Health Insurance and Retirement Benefits*, GAO-06-285 (Washington, D.C.: Feb. 24, 2006).

⁵The Child Care and Development Fund (CCDF) is administered by the Department of Health and Human Services (HHS) and provides block grants to states, which use the grants to subsidize the child care expenses of families with children under age 13, if the parents are working or in school and family income is less than 85 percent of the state median. Child care services are provided on a sliding fee scale basis, and parents may choose to receive assistance through vouchers or certificates, which can be used with a provider of the parents' choice, including religious providers and relatives.

⁶To qualify, the spouse, children over the age of 13, and other dependents must be physically or mentally incapable of self-care and must have the same principal abode as the taxpayer for more than one-half of the taxable year. The credit is a percentage of the amount of work-related child and dependent care expenses paid to a care provider. The credit can be up to 35 percent of qualifying expenses, depending upon income.

⁷GAO, *Workforce Investment Act: Employers Found One-Stops Centers Useful in Hiring Low-Skilled Workers; Performance Information Could Help Gauge Employer Involvement*, GAO-07-167 (Washington, D.C.: December 2006).

with a case manager. Additionally, the federal government provides tax breaks and incentives for companies to hire low-income workers, public assistance recipients, and workers with disabilities.

Most of the countries we studied are members of the European Union,⁸ which provides minimum standards or basic rights for individuals across member states. For example, the 1997 directive on equal treatment of part-time work mandates that people holding less than full-time jobs be given prorated pay and benefits without discrimination.⁹ EU directives are generally binding in terms of the results to be achieved,¹⁰ but an opt-out option occasionally allows member states to delay action. Additionally, in 2000, member states have agreed to increase the number of women in employment, the number of adults in lifelong learning, and the provision of child care by the end of the decade. The EU offers financial support to its member states to help them succeed in employment goals.¹¹

Other differences are relevant to consideration of the workforce attachment policies of our study countries. Although U.S. women have high levels of educational attainment, their workforce participation, in general, is lower than that of the countries we studied. While a higher education level is associated with greater likelihood of labor force participation, labor force participation for U.S. women is lower than that in any of our study countries except Ireland and New Zealand (see table 1).

⁸These include Denmark, France, Ireland, the Netherlands, Sweden and the UK. The EU is an economic and political union established in 1993 by the Maastricht Treaty to expand the scope of the European Economic Community and provide for the creation of a European Central Bank and the adoption of a common currency, the euro.

⁹EC Council Directive 97/81/EC; members may choose to make exceptions for workers engaged in casual work

¹⁰ Member states are bound by the objectives laid down by the directives but are left the choice of how to achieve these objectives

¹¹The EU will allocate 0.9 billion euros, or more than \$1 billion, for education and training in its 2007 budget, a 31 percent increase from 2006. For example, countries can request money from the European Social Fund (ESF) for public or private programs that improve people's skills and employability. The ESF was created in 1957 and is EU's main source of support, helping member states combat unemployment, prevent people from dropping out of the labor market, and promote training.

Table 1: Total Fertility Rates and Women’s Labor Market Participation

Country	Total fertility rate of women, ages 15-49, 2004^a	Labor force participation rates of women, ages 25-54, 2004
Sweden	1.75	85.3%
Denmark	1.78	84.9%
Canada	1.53	81.5%
France	1.91	80.3%
The Netherlands	1.73	77.4%
The UK	1.76	76.8%
The United States	2.05	75.3%
New Zealand	2.01	75.2%
Ireland	1.93	67.9%

Source: *OECD Employment Outlook 2006: Boosting Jobs and Income* (OECD, 2006) and *OECD in Figures, 2006-2007* (OECD, 2006).

^aThe fertility rate is defined as the total number of children born per 1,000 women of childbearing age

However, working women in the United States are more likely to work full-time than those in all other study countries except Sweden or Denmark. In the Netherlands, a country where 36 percent of all employment is part-time, women constitute more than three-quarters of employees working less than 30 hours per week.

Differences in taxation across countries reflect economic and social priorities. The ratio of total tax revenues to gross domestic product (GDP) is a commonly used measure of state involvement in national economies. Countries with high tax-to-GDP ratios generally pay more from the public budget for services that citizens would have to pay for themselves—or do without—in lower-taxed countries. In 2004, Sweden had the highest tax revenue as a percentage of GDP among our study countries, at 50.4 percent. Denmark came next at 48.8 percent, followed by France at 43.4 percent. The United States had the lowest tax revenue as a percentage of GDP in 2004, at 25.5 percent. (See table 2.)

Table 2: Total Federal Tax Revenue as a Percentage of GDP

Country	Percentage of GDP, 2004
Sweden	50.4
Denmark ^a	48.8
France ^a	43.4
Netherlands	37.5
United Kingdom	36.0
New Zealand	35.6
Ireland	30.1
Canada	33.5
United States	25.5

Source: OECD Revenue Statistics 2006

^aThe total tax revenue has been reduced by the amount of the capital transfer that represents uncollected taxes.

Countries Have Various Policies and Practices That May Help Some Women and Low-Wage/Low-Skilled Workers Enter and Remain in the Labor Force

Governments and employers in the countries we studied developed a variety of laws, government policies, and formal and informal practices, including periods of paid leave (such as maternity, paternity, or parental leave), flexible work schedules, child care, and training that may help women and low-wage/low-skilled workers enter and remain in the labor force. In addition to family leave for parents, countries provide other types of leave, and have established workplace flexibility arrangements for workers. All of the countries also subsidize child care for some working parents through a variety of means, such as direct benefits to parents for child care and tax credits. Last, governments and employers have a range of training and apprenticeship programs to help unemployed people find jobs and to help those already in the workforce advance in their careers.

Family Leave Policies Differed in Four Major Ways, Including Eligibility Requirements and Length, Payment, and Flexibility

Many countries have developed and funded parental leave policies to assist employees in combining their work and family lives, recognizing, in part, the need to promote women's participation in the labor force. A 1996 directive of the European Council requires all countries in the EU—including each of the European countries we reviewed—to introduce legislation on parental leave that would provide all working parents the right at least 3 months of leave—preferably paid—to care for a new baby. In the United States, the FMLA allows approximately 3 months of unpaid leave. Some of the countries we studied are social welfare states, and generally fund family leave payments through tax revenues and general

revenues. For example, Canada, the UK, and the Netherlands fund paid leave policies in part through national insurance programs, which use payroll taxes paid by employers and employees. Denmark's paid maternity, paternity, and parental leaves are financed by income tax revenues through an 8 percent tax on all earned income.¹²

Many national leave policies in our study countries require employees to work for a period of time before they can take leave, giving employers assurances that employees are committed to their jobs. For example, in Denmark, employed women with a work history of at least 120 hours in the 13 weeks prior to the leave are allowed 18 weeks of paid maternity leave.¹³ In some countries, though, all parents are entitled to take family leave. In Sweden, all parents are entitled to parental benefits whether or not they are working. In the UK, by law, all expectant employees can take up to 52 weeks of maternity leave, regardless of how long they have worked for their employer.

To enhance workers' ability to take leave, the countries we studied replace all or part of the wages they forgo while on leave. Dutch employees on maternity leave and their partners are entitled to receive 100 percent of their wages, up to a maximum. In the UK, women who meet qualifying conditions of length of service and who earn a minimum amount for the national insurance system can receive up to 90 percent of their earnings.¹⁴ In Ireland, women can generally be paid at 80 percent of earnings, subject to their contributions into the social insurance system. However, employers may offer more leave than legally required.

Leave is often intended to help parents care not just for newborns. In the Netherlands, Sweden, Denmark, and the UK, parents have the option of

¹²The 8 percent mandatory contribution also funds other social benefits, including sick leave, active labor market policies, and retirement policies, according to a government official.

¹³Persons who are self-employed, have completed vocational training for a period of 18 months, are doing paid work placement as part of a vocational training course, or are unemployed may also be eligible for cash benefits following the birth of a child.

¹⁴The rate of statutory maternity pay is 90 percent of a woman's average weekly earnings for the first six weeks, followed by the lesser of a flat rate—currently £108.85 a week—or 90 percent of her average weekly earnings for the remaining 33 weeks. Employers who are liable to pay statutory maternity pay may reclaim 92 percent of the amount they pay from Her Majesty's Revenue and Customs. Statutory payment was extended in April 2007 from 26 to 39 weeks.

using their leave flexibly by dividing it into discrete parts, sometimes with the consent of an employer. In the Netherlands, for example, parents may divide the leave into a maximum of three parts and can take the leave simultaneously or following one another. The Netherlands, Sweden, and Denmark allow parents the use of parental leave until their child turns either 8 or 9, while the UK allows the use of parental leave until a child turns 5.

Further, some countries allow workers to take leave to care for other family members. In Canada, all employees are eligible to take 8 weeks of unpaid leave to provide care and support to a seriously ill family member or someone considered as a family member.¹⁵ In other countries, the leave is more limited. New Zealand requires that all employers provide a minimum of 5 days of paid sick leave for an eligible employee's own illness or to care for family members.¹⁶

Flexible Working Arrangements Help Employees Balance Work and Private Responsibilities

A few countries have also developed national policies that promote flexible work opportunities, apart from leave. Dutch law gives eligible employees the right to reduce or increase working hours for any reason.¹⁷ Employers can deny the request only if the change would result in a serious obstacle, such as not having enough other workers to cover the hours an employee wishes to reduce. Similarly, British law allows workers to request changes to the hours or location of their work, to accommodate the care of children and certain adults.¹⁸ According to government officials

¹⁵The definition was expanded in 2006 beyond those caring for parents, children, and spouses to include persons caring for other family members—such as siblings, grandparents, aunts, and uncles—and others considered like family members. Persons must be deemed at risk of dying within 26 weeks.

¹⁶To be eligible, an employee must have worked for 6 months continuously for the same employer or be deemed eligible at the discretion of his or her employer. The leave may be used for an employee's own illness or can be used to care for a spouse or dependent, including a child or elderly parent.

¹⁷The law is the Working Hours Adjustment Act of 2000. To be eligible for the Working Hours Adjustment Act of 2000, an employee must work in an organization with more than 10 workers, and must have been employed for at least a year by the time his/her work hours would be adjusted.

¹⁸The Right to Request Flexible Working and Duty to Consider law, sometimes referred to as "soft touch," became effective in 2003. Eligible employees must also have worked for their employer continuously for 26 weeks at the time the application is submitted. Children have to be under 6 or have a disability. Adults must be a spouse, partner, civil partner, or relative, or live at the same residence as the employee submitting a request.

from the UK Departments of Trade and Industry, and Communities and Local Government, this law provides the government with a cost-effective means to help women return to work. Although similar to the law in the Netherlands, this law gives employers in the UK more leeway to refuse an employee's request.

Flexible working opportunities for employees are often adjusted or developed by individual employers. Many employers extended the Right to Request provisions to all employees, for example. In other cases, employers have developed new opportunities. One local government employer in the UK offers employees the ability to take a career break for up to 5 years to care for children or elders, with the right to return to the same position. Employees of the organization are also able to take time off when children are home on holidays, share the responsibilities of one position with another employee through the practice of job sharing, and vary their working hours. In Denmark, a large employer allowed an employee who was returning to work from a long-term illness to gradually increase her working hours until she reached a full-time schedule over the course of several months. Flexible working arrangements in the United States have been adopted by some employers, but are not mandated in federal law.

Child Care Policies Assist Working Parents

All of our study countries have made a public investment in child care, a means of allowing women to access paid employment and balance work and family, according to the European Commission. In Canada, the government provides direct financial support of \$100 a month to eligible parents for each child under 6. In New Zealand, support is available through a child care tax credit of \$310 per year to parents who have more than \$940 in child care costs. Researchers have reported that, like leave benefits, early childhood education and care services in European countries are financed largely by the government.¹⁹ According to these researchers, funding is provided by national, state, or regional and local authorities, and the national share typically is dominant in services for preschool-age children. These researchers also reported that care for very young children and, to a lesser extent, for preschool children is partially funded through parental co-payments that cover an average of 15 percent to 25 percent of costs.

¹⁹Janet C. Gornick and Marcia K. Meyers, "Support for Working Families: What the United States Can Learn from Europe" *The American Prospect*, (2001), 12:1.

In some countries the provision of early childhood care and education is viewed as a social right, in others as a shared responsibility. In Sweden and Denmark, parents are guaranteed a place in the state child care system for children of a certain age, according to the European Commission. More than 90 percent of Danish children are in publicly supported child care facilities, according to a Danish researcher. Other countries view the provision of child care as a responsibility shared among government, employers, and parents. In the Netherlands, overall, employers, employees, and the government are each expected to pay about one-third of child care costs, according to a report by the European Commission.

Aside from public support for child care, some employers in the countries we reviewed offered additional resources for their employees' child care needs. For example, although not mandated to do so by law until January 2007, many employers in the Netherlands had been contributing towards their employees' cost for child care. In the Netherlands, about two-thirds of working parents received the full child care contribution from their employers, according to a recent survey.²⁰ In addition, a Canadian union negotiated employer subsidies to reimburse some child care expenses for its members, according to union representatives.

Training Programs Can Be Targeted at the Unemployed or Low-Skilled Workers

Our study countries provide services in a variety of ways to help both the unemployed and low-skilled workers to develop their skills. The percentage of GDP that each country spends on training programs varies. (See table 3.)

²⁰The survey was commissioned by the Dutch Ministry of Social Affairs and Employment.

Table 3: Public Expenditures on Training Programs

Country	Public expenditures on training as a percentage of GDP 2003-2004
Denmark	0.54
The Netherlands	0.36
Sweden	0.35
France	0.31
Ireland	0.18
New Zealand	0.18
The UK	0.13
Canada	0.12
The United States	0.05

Source: OECD *Employment Outlook 2006: Boosting Jobs and Income* (OECD, 2006)

Note: Includes institutional, or vocational, training; workplace integrated training; and special support for apprenticeship programs.

To help the unemployed develop the skills necessary to obtain work, our study countries provided various services, including providing training directly and giving employers incentives to provide training or apprenticeships. In Denmark, to continue receiving unemployment benefits after 9 months, the unemployed are required to accept offers, such as education and training, to help them find work.²¹ Particular groups of the unemployed that may face difficulty in finding employment, such as women and the low-skilled, may be offered training sooner. Employers in Denmark may receive wage subsidies for providing job-related experience and training to the unemployed, or for providing apprenticeships in fields with a shortage of available labor. In the United States, training services generally are provided by WIA programs, which are provided by government.

Local governments and private entities also seek to help the unemployed obtain and upgrade skills. For example, a local government council in the UK provides unemployed women training in occupations in which they are underrepresented, such as construction and public transport. While the women are not paid wages during the typical 8-12 weeks of training, they

²¹In addition to mandatory offers of education and training, for example, the Danish model known as “flexicurity” includes a high degree of labor market flexibility and generous unemployment benefits.

may receive unemployment insurance benefits as well as additional support for child care and transportation. Additionally, a privately run association in the Netherlands provides entrepreneurial training to women who have been on public assistance for at least 10 years to start their own businesses, according to an organization official. Both of these initiatives were funded jointly by the local governments and the European Social Fund.

Our study countries also have training initiatives focused on those already in the workforce. For example, Canada introduced an initiative to ensure that Canadians have the right skills for changing work and life demands.²² The program's goal is to enhance nine essential skills that provide the foundation for learning all other skills and enable people to evolve with their jobs and adapt to workplace changes, according to the government. Denmark has had a public system in place since the mid-1960s that allows low-skilled workers to receive free education, wage subsidies, and funding for transportation costs. About one-half of unskilled workers took part in training courses that were either publicly financed or provided privately by employers in the past year, according to a Danish researcher. The UK has also developed an initiative which offers employers training assistance to meet their needs. The UK's Train to Gain program, based on an earlier pilot program, provides employers free training for employees to achieve work-related qualifications. To qualify for Train to Gain, employers need to agree to at least a minimum level of paid time that employees will be allowed to use for training. Employers with fewer than 50 full-time employees are eligible for limited wage subsidies. Train to Gain also provides skills advice to employers and helps match business needs with training providers. The UK Leitch Review recommended that the government provide the bulk of funding for basic skills training and that all adult vocational skills funding be routed through programs such as Train to Gain.²³

²²The Essential Skills and Workplace Literacy Initiative was introduced in 2003.

²³A comprehensive review commissioned by the UK government showed that less than half of those with no qualifications are employed, compared to 90 percent of those with graduate-level qualifications. Such findings showed that skills across the UK lag behind those of its competitors, particularly with regard to basic and vocational skills. For example, more than one in three adults do not hold the equivalent of a basic school qualification, nearly one in two has difficulty with numbers, and one in seven is functionally illiterate. See the *Leitch Review of Skills: Prosperity for All in the Global Economy* (H.M. Treasury, December 2006).

As is the case with other benefits, many training programs aimed at increasing employees' skills are initiated privately by employers and employees. For example, an employer in Saskatchewan, Canada, reported that he supports employees' advancement by paying for necessary educational courses, such as those that prepare employees for required licenses. A large government employer in the UK, recognizing the challenges faced by women in a male-dominated field, offers flexible training to make the training more easily accessible to women—training is available online, from work or home, as well as through DVDs that can be viewed at one's convenience. In the Netherlands, according to an employer representative, most training is developed through agreements in which employers agree to pay. In Denmark, a director in the Ministry of Education reported that some companies give employees the right to 2 weeks per year of continuing education in relevant and publicly funded education.

Although Certain Workplace Policies Are Associated with Increased Participation in the Labor Force, in General, Effects Are Not Definitive

Research has found that workplace policies such as child care and family leave encourage women to enter and return to the workforce, while evaluations of training policies show mixed results. Readily available child care appears to enable more women to participate in the labor market, especially when it is subsidized and meets quality standards such as having a high staff-to-child ratio and a high proportion of certified staff. Women are also more likely to enter and remain in the workforce if they have paid family leave, although the length of leave affects their employment. An extensive review of available research by the European Commission shows mixed results in whether training helps the unemployed get jobs. Some training initiatives have shown promise but have not been formally evaluated. In general, researchers and officials reported that it is difficult to determine the effects of a policy for a variety of reasons.

Child Care and Paid Family Leave Are Associated With an Increase in Labor Force Participation

Readily available child care, especially when it is subsidized and regulated with quality standards such as a high staff-to-child ratio and a high proportion of certified staff, appears to increase women's participation in the labor force by helping them balance work and family responsibilities, according to research from several cross-national studies. Additionally, the European Commission reports that women prolong their time away from work when child care is not subsidized and relatively expensive. Low-wage workers, especially single parents, who are predominantly women, are particularly sensitive to the price of child care, according to a European Commission report. Research from the United States also shows

that highly priced child care can deter mothers from working, according to a review of the literature. The association between child care and women's labor force participation is found in several studies that control for a variety of factors, including individual countries' cultural norms and experiences. However, the relationship between early childhood education—which acts as child care for some parents—and women's labor force participation is uncertain. Because many unemployed mothers also place their children in subsidized preschool, any impact that the preschool has on encouraging mothers to work may appear to be diminished, according to a cross-national study.²⁴

Research shows that paid family leave encourages women's employment, but is not conclusive as to the ideal length of family leave to encourage women to return to work. One extensive review of the literature on family leave found that leave increases the chance that women will return to work by the end of the year following the birth.²⁵ Another study examining paid maternity leave of varying lengths of time in several Western European countries, including Denmark, France, Ireland, and Sweden, concluded that maternity leave may increase women's employment rate by about 3-4 percent.²⁶ However, if leave is too short, women may quit their job in order to care for their children, according to a European Commission report. Another study found that if leave is too lengthy, it may actually discourage women from returning to work after having a child. One researcher stated that French mothers with at least two children returned to the workforce less frequently when they became eligible for 3 years of family leave. On the contrary, some researchers found that Sweden's lengthy leave allowed more women to enter and remain in the labor force in the long run. One review of the literature concluded that leave of up to about 1 year is positively associated with women's employment, while another found that after 20 weeks, the effect of leave on employment begins to deteriorate.

²⁴Florence Jaumotte, "Female Labour Force Participation: Past Trends and Main Determinants in OECD Countries," *OECD Economics Department Working Papers* No. 376 (2003): 19.

²⁵Janet C. Gornick and Marcia K. Meyers, *Families That Work: Policies for Reconciling Parenthood and Employment* (New York: Russell Sage Foundation, 2003), 245.

²⁶This may overstate the increase in employment. In some cases, people on family leave are considered "employed but absent from work," and this may account for one-fourth to one-half of the increase associated with longer lengths of leave (9 months or more). Christopher J. Ruhm, "The Economic Consequences of Parental Leave Mandates: Lessons from Europe," *The Quarterly Journal of Economics*, Vol. 113, No.1 (1998): 311-312.

The Effects of Most Workplace Policies and Practices, Including Training, Are Not Definitive

Evaluations of training programs, where they exist, have shown mixed results, but many national and local efforts have shown promise. Research on training program participants from Sweden and Denmark found that training programs do not appear to positively affect all participants' employment. While the Danish government's labor market policies seem to have successfully lowered the overall unemployment rate to around 4 percent by the end of 2006, according to Danish officials, the effect of specific training programs on participants' employment is difficult to discern.²⁷ On the other hand, a number of evaluations of French training programs suggest that these programs help participants secure jobs. New Zealand's evaluation of two of its training programs, which provide both remedial and vocational skills to participants, found that the training had a small effect on the participants' employability.²⁸ According to a European Commission report, one researcher's review of 70 training program evaluations, including those in Denmark, France, The Netherlands, Sweden and the UK, suggested that training programs have a modest likelihood of making a positive impact on post-program employment rates. However, the European Commission reports that many studies on individual outcomes are based upon short-term data, while the effects on participants' employment may not be evident for 1 to 2 years or more. Some national and local training initiatives that we reviewed—both those for the employed and those for the unemployed—have shown promise, although some have not been subject to an evaluation. For example, an evaluation of the precursor to the UK's national Train to Gain program found that 8 out of 10 participants believed they had learned new skills, and employers and participants both felt that the training enabled participants to perform better at work. However, the evaluation estimated that only 10-15 percent of the training was new training, while the remaining 85-90 percent of the training would have occurred without the program. Although a planned evaluation has not yet been conducted, an individual UK employer reported that it had trained 43 women for jobs in which they are underrepresented. Fourteen of these women found employment and 29 are in further training.

²⁷This is partly due to the fact that most studies evaluate all active labor market programs together, rather than single program types. These programs include not only skills and qualifications upgrade but also wage subsidized employment and practical work experience in enterprises. In addition, all recipients of unemployment benefits in Denmark are required to participate in active labor market programs if they do not find employment within a certain time frame, so there is no comparison group for formal evaluations.

²⁸Roopali Johri et al, *Evidence to Date on the Working and Effectiveness of ALMPs in New Zealand* (New Zealand Department of Labor and Ministry of Social Development, 2004), 15.

Even where evaluations do exist, it is difficult to determine the effects of any policy for a variety of reasons. Policies affecting female labor force participation interact with cultural factors, such as a country's ideology concerning social rights and gender equality, according to a researcher from Ireland. In some cases, too, new policies interact with existing ones. For example, a researcher reported that the French government provides payments to mothers who may choose to stay home with their children, while also subsidizing child care that encourages mothers to work. Additionally, changes in the labor market may actually bring about the enactment of policies, rather than the other way around. For example, it is difficult to be sure whether the availability of child care causes women to enter the labor force or if it is an effect of having more women in the workforce, according to one researcher's review of the relevant literature.

Further, few evaluations of certain policies and practices have been conducted in Europe, although this is starting to change, according to the European Commission. Moreover, some policies were recently developed, and governments frequently make changes to existing policies, which may make it difficult to evaluate them. For example, a report by the Canadian government states that flexible work arrangements are relatively new and represent an area in which research is needed. In other cases, a policy simply codified into law a widely used practice. For example, a government official in the Netherlands reported that it was very common for Dutch women to choose to work part-time even before legislation passed that promoted employees' right to reduce their working hours.

While Several Factors Affect Uptake, Employees' Use of Workplace Benefits Can Have Implications for Employers and Employees

The experiences of the countries we reviewed have shown that characteristics of policies, such as the level of payment during leave, can affect whether an employee uses various workplace benefits. For example, the province of Saskatchewan in Canada provides 12 days of unpaid leave per year, but low-wage workers cannot always afford to take it. Similarly, according to a University of Bristol professor, low-income mothers in the UK disproportionately return to the workforce at the end of paid maternity leave whereas more affluent mothers tend to return at the end of unpaid leave. When parental leave can be shared between parents and the level of payment is low, women tend to take the leave, in part because their income level is often lower than their husband's. A report from the European Commission also found that the ability to use leave flexibly, such as for a few hours each day or over several distinct periods rather than all at once, can also increase parents' take-up rates for leave, as parents are able to care for their children and stay in the labor force at the same time.

Employer views and employee perceptions can also directly affect an employee's use of workplace benefits. Researchers in Canada, for example, found that the ability to arrange a schedule in advance and interrupt it if needed is very important to employees, but that this ability depends on how willing their supervisor is to be flexible. In addition, a cross-national study from the Organisation for Economic Co-Operation and Development, which included the countries we reviewed, found that many employers tend to view training for the low-skilled as a cost, rather than an investment, and devote substantially more resources to their high-skilled workers, on average. Since employers tend to target their training to higher skilled and full-time workers, employees who opt to work part-time may have fewer opportunities for on-the-job training that could help them advance, according to university researchers in the Netherlands. An employee's perceptions on training can also affect his or her uptake of opportunities. Employee representatives from Denmark's largest trade union confederation said that low-skilled employees are more likely to have had negative experiences with education and that these experiences can affect whether they take advantage of workplace training opportunities to increase their skills.

Employees' use of workplace benefits can create management challenges for their employers. For example, an employer in Saskatchewan reported that covering for the work of staff on family leave can be complicated. He said that although he was able to hire temporary help to cover an employee on maternity leave, he faced an unexpected staff shortage when the employee decided toward the end of her leave not to return to work and the temporary employee had found another job. An official affiliated with the largest employer association in the Netherlands stated that it can be hard to organize work processes around employees' work interruptions, especially during short-term and unplanned leaves.

The use of family leave or part-time work schedules may also have negative implications for an employee's career. Employers have indicated that they would prefer to hire an older woman with children than a younger woman who has yet to have children, according to university researchers in Denmark.²⁹ In addition, long parental leaves may lead to an actual or perceived deterioration in women's labor market skills,

²⁹ According to government officials in Denmark, to counter gender discrimination, all private sector employers are required to contribute to a fund that pays for periods of leave on the basis of their number of employees, regardless of gender.

according to an EU report, and can have negative effects on future earnings. According to employee representatives in Canada, in the high-tech sector, where there are rapid changes in technology, the use of parental leave can be particularly damaging. In addition, some part-time jobs have no career advancement opportunities and limited access to other benefits, such as payment during leave and training.

Concluding Observations

Workplace policies and practices of the countries we studied generally reflect cooperation among government, employer, and employee organizations. Many developed countries have implemented policies and practices that help workers enter and remain in the workforce at different phases of their working lives. These policies and practices, which have included family leave and child care, for example, have been adopted through legislation, negotiated by employee groups, and, at times, independently initiated by private industry groups or individual employers.

U.S. government and businesses, recognizing a growing demand for workplace training and flexibility, also offer benefits and are seeking ways to address these issues to recruit and retain workers. Potentially increasing women's labor force participation by further facilitating a balance of work and family, and improving the skills of low-wage workers throughout their careers, may be important in helping the United States maintain the size and productivity of its labor force in the future, given impending retirements. While other countries have a broader range of workforce benefits and flexibility and training initiatives, little is known about the effects of these strategies. Whether the labor force participation gains and any other positive outcomes from adopting other countries' policies would be realized in the United States is unknown. Moreover, any benefits that might come from any initiatives must be weighed against their associated costs. Nonetheless, investigating particular features of such policies and practices in some of the developed countries may provide useful information as all countries address similar issues.

This concludes my statement, Madam Vice-Chairwoman. I would be happy to respond to any questions that you or other members of the committee may have.

GAO Contact and Staff Acknowledgments

For future contacts regarding this testimony, I can be reached (202) 512-7215. Key contributors to this testimony were Sigurd Nilsen, Diana Pietrowiak, Gretta Goodwin, Avani Locke, Stephanie Toby, Seyda Wentworth, and Charles Willson.

Related GAO Products:

Women and Low-Skilled Workers: Other Countries' Policies and Practices That May Help These Workers Enter and Remain in the Labor Force. [GAO-07-817](#). Washington, D.C.: June 14, 2007.

An Assessment of Dependent Care Needs of Federal Workers Using the Office of Personnel Management's Survey. [GAO-07-437R](#). Washington, D.C.: March 30, 2007.

Highlights of a GAO Forum: Engaging and Retaining Older Workers. [GAO-07-438SP](#). Washington, D.C.: February 2007.

Workforce Investment Act: Employers Found One-Stops Centers Useful in Hiring Low-Skilled Workers; Performance Information Could Help Gauge Employer Involvement. [GAO-07-167](#). Washington, D.C.: December 22, 2006.

Employee Compensation: Employer Spending on Benefits Has Grown Faster than Wages, Due Largely to Rising Costs for Health Insurance and Retirement Benefits. [GAO-06-285](#). Washington, D.C.: February 24, 2006.

Social Security Reform: Other Countries' Experiences Provide Lessons for the United States. [GAO-06-126](#). Washington, D.C.: October 21, 2005.

Child Care: Additional Information Is Needed on Working Families Receiving Subsidies. [GAO-05-667](#). Washington, D.C.: June 29, 2005.

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Women's Earnings: Work Patterns Partially Explain Difference between Men's And Women's Earnings. [GAO-04-35](#). Washington, D.C.: October 31, 2003.

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Older Workers: Demographic Trends Pose Challenges for Employers and Workers. [GAO-02-85](#). Washington, D.C.: November 16, 2001.

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