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Do Maternity Leave Benefits Improve Economic and Social Development in Developing Countries?

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Maternity leave policies in developing countries *do not* improve women's labor force participation, but *can* decrease fertility levels and infant/child mortality rates.

Do maternity leave benefits improve social and economic development in low- and middle-income countries? Unfortunately, few studies explore the maternity leave–development relationship, leaving a gap in existing research. In our examination of different durations and compensation practices for maternity benefits, we find that benefits can decrease fertility and infant/child mortality—dependent on the type of policy implemented, and a nation's level of GDP per capita and secondary enrollment rates.

The Context: Governments of developing countries should stand to gain from implementing maternity leave policies. Existing studies (primarily on developed countries) reveal most maternity leave policies lead to declines in infant and child mortality—especially when leaves are longer and offer greater pay. Such policies tend to increase female labor force participation (FLP), improving both women's economic status and national economic growth. Additionally, maternity benefits can decrease fertility, as longer and better compensated leaves increase women's attachment to the labor force and decrease incentives for having more children.

Beyond leave length and compensation, many studies of maternity leave in developed countries find women's economic and educational levels affect the benefits of maternity policies on child health, FLP, and fertility. We therefore expect the effectiveness of maternity leave policies in developing countries would be influenced by: 1) the scope of policy implemented (based on length and compensation), 2) a country's economic status (GDP per capita), and 3) a country's secondary educational enrollment levels.

The Method: To assess the effects of maternity leave on fertility, FLP, and infant and under-five mortality, we analyze a sample of 121 low- and middle-income countries over a 13-year period using a fixed-effects cross-sectional time series approach. Using the most recent data available from the International Labour Organization, we measure changes in maternity leave legislation between 1999 through 2012. We analyze four measures of maternity leave: 1) any maternity leave, 2) any maternity leave of more than 12 weeks, 3) weekly leave compensation, and 4) annual leave compensation. To account for time of passage to implementation, we predict the effect of leave policies on development outcomes five years in the future. We include the moderating effects of GDP per capita and secondary educational enrollment, as defined by the World Development Indicators (WDI) and use control variables from the WDI known to influence fertility, FLP, and mortality rates: level of democracy, per capita foreign aid, and national health expenditure.

The Findings: Maternity leave policies in developing countries *do not* improve women's labor force participation, but *can* decrease fertility levels and infant/child mortality rates. The scope of policy implemented plays a key role, as does a country's national income and secondary educational enrollment.

Female Labor Force Participation: Since FLP in developing countries is often higher relative to developed countries, maternity benefits appear to do little to improve participation. However, maternity leave policies may change the structure of the labor force, with women transferring from the informal sector to the formal sector, if strong benefits are provided. More research is needed, as data availability cross-nationally for formal and informal sector participation is limited.

Fertility: Higher weekly paid compensation leads to decreases in fertility. Countries with the lowest levels of GDP per capita and secondary enrollment (below 50%) are predicted to experience the greatest drops in fertility. These countries therefore have the most to gain through maternity leave policies with higher weekly compensation. Women no longer need to have many children to counterbalance the lack of financial security. However, once secondary enrollment rates reach the 50 percent threshold, increases in maternity benefits no longer predict significant drops in fertility. The presence of any maternity leave policy and or policies of 12+ weeks predict increases in fertility levels above about 70% enrollment (any leave) and 90% (12+ weeks leave) respectfully. This suggests that increasing weekly compensation is key for decreasing fertility.

Infant and Child Mortality: Except in countries with higher GDP per capita (above the median), all measures of maternity leave policies lead to decreases in child morality levels, and all measures (except weekly compensation) lead to decreases in infant mortality. Countries with low-to-median GDP per capita and countries with middle secondary enrollment rates experience the greatest decrease in infant and child mortality. The moderating effect of education suggests women need a base level of secondary education, along with good maternity benefits, to see improvements in infant and child mortality. Although leave of 12 weeks or longer predicts the greatest decrease in mortality rates, countries with the highest GDP per capita are predicted to experience slightly increased mortality rates. This may be due to higher fertility rates in countries lacking advanced health systems for child health. Thus, although duration appears best to consider for low- and middle-income countries, compensation remains essential for high-income countries.

It is also important to note that policies are predicted to have a greater effect on infant and child mortality rates than on fertility. For example, the same 25 percentage point increase in weekly salary compensation predicts a fertility rate decrease of only one eighth of a birth, but reduces under-five mortality by more than nine deaths per 1000. Therefore, the goal (addressing fertility or infant/child mortality rates) of a policy must be carefully considered (alongside the scope of policy implemented, a country's GDP per capita, and a nation's secondary enrollment levels) before implementing.

Source:

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