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Does the Market Help Workers Balance Work- Family Conflict?

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Does the Market Help Workers Balance Work-Family Conflict? *

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Abstract. We use data from the Canadian Workplace and Employee Survey (1999-2002) to assess the take-up of family-friendly benefits that are provided by employers. We distinguish between availability and actual use of benefits to account for worker selection into firms according to benefit availability. We find that selection is important for understanding the take-up of family-friendly benefits, although it does not differ much between genders. We also find that the provision of these benefits helps workers relatively little to manage the work-family conflict and benefits are often unavailable to those who need them most. Our findings suggest that the market fails to help employees balance their family-work conflict.

Keywords: work and family balance, family-friendly benefits, take up of employer benefits

JEL classification: J32, J39

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Executive Summary

Private employers increasingly offer family-friendly benefits such as flexible work schedules, telework, and daycare services. In principle, these benefits meet significant social demands from those workers who seek to balance work-family conflict. Accordingly, workers with specific family characteristics are expected to search for jobs that offer the benefits most appropriate to their specific needs. In practice, however, little is known about the actual take-up of available family-friendly benefits among different workers. Consequently, little is known about whether or not benefits are made available to the workers who need them, and whether the available benefits meet the specific needs of these workers. The answer to these questions is of direct practical relevance to employers and employees. It is also relevant for understanding whether adequate social protection can be met by the market rather than the government.

We assess the take-up of family-friendly benefits that are provided by employers using the Canadian Workplace and Employee Survey (WES) for the period 1999-2002. We find a somewhat surprisingly low take-up of these benefits, particularly of family support services. Overall we find that selection effects are important for understanding the take-up of these benefits. The WES indicates that about 57% of employees in Canada work in firms that offer flexible work schedules, 11% work in firms that offer telework, and 12% work in firms that offer family support services, such as daycare. The take-up of benefits varies by benefit. Conditional on working on a firm that offers the service, 60% of the workers use flexible time arrangements, around 50% use telework, but only 17% use family support services.¹ The take-up of benefits, particularly of family support services, is lower than the percentage of the working population that is expected to face family-work conflict – those in dual earner families with young children or single parents, roughly over 60% of the labour force). Discrepancies between use and availability of benefits may indicate that workers who need the benefits do not have access to them. Alternatively, such discrepancies may indicate that workers with families do not find family-friendly workplace benefits very useful.

We ask the following question regarding privately provided family-friendly benefits: why do we not observe higher levels of take-up for these benefits? Is it because benefits are not useful to workers; or is it because workers that need the benefits have no access to them? Our analysis reveals two things. First, selection issues are important in understanding the take-up of employer provided benefits. Second, after correcting for selection, not all benefits are equally useful. Workers do not seem to use flexible schedules to achieve work-life balance. Telework, on the other hand, seems to be related to factors measuring family work conflict for female workers. Family support services, such as day care, do not seem in turn, to be offered to workers who would find them more useful. These findings suggest that the market fails to help employees balance work and family demands. Hence a substantial role for government policy exists in this area.

¹ In the U.S., a 1993 Work/Family Directions study of 80 top U.S. corporations reports that 85% of these companies offer flexible work programs. In turn, fewer than 26% of employees used any of these services (Salomon 1994). In the U.K., Gray (2000) reports that according to the Workplace Employee Relations Survey 1998, 15.2% of private companies offer flexible work or shorter week work, 10% offer telework, and 4.5% offer workplace nurseries or financial assistance with childcare. No information on use is available for similar benefits.