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Women's work interruptions and career prospects in Germany and Sweden

Women's work interruptions

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Abstract

Purpose – The purpose of this paper is to focus on two welfare state regimes with differing degrees of de-familialisation strategies, Germany and Sweden, to study whether and how women's career interruptions influence their labour market prospects. By comparing women with continuous careers to those with discontinuous careers due to: parental leave or homemaking; unemployment; or other reasons, the authors explore the support for the skill depreciation hypothesis and signalling theory. Depending on the type of welfare state regime, the authors expect women to be subject to varying degrees of career punishment for time spent out of the labour market.

Design/methodology/approach – Cox proportional hazard regression models of the transition rate of an upward or downward occupational move among women in the labour market were estimated.

Findings – Focusing on upward career moves, the results show no significant relationship between a career interruption and upward occupational moves in Germany. In Sweden, the longer the accumulated duration of family leave, the lower the transition rate to an upward move. Overall occupational mobility is higher in Sweden, and in a policy regime where almost all women work, extended leaves may have a more negative effect on career prospects than in Germany, where many mothers drop out of the labour force altogether. In Germany, on the other hand, the authors find traces of unemployment to be scarring, as the risk of downward moves increases with increased unemployment experience.

Originality/value – The paper explores the impact of policies in shaping women's career trajectories and critically examines the often-cited skill depreciation hypothesis.

Keywords Germany, Sweden, Women, Careers, Skills, Career interruption, Skill depreciation, Signalling

Paper type Research paper

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Introduction

Since the late 1960s, women's labour force participation has increased in most Western countries. A considerable share of this increase can be explained by increased presence of married women with small children in paid employment (Lombard, 1999). Women's labour force participation has often been considered problematic because women – unlike men – tend to interrupt their careers once they have children. Welfare state regimes vary in the degree to which they have actively dealt with this issue. As a consequence, mothers' abilities to combine paid work with the birth of and care for children has varied (Sayer and Gornick, 2011; Stier *et al.*, 2001). In an earlier study focused on mothers, researchers found that different policy regimes produce vastly different patterns of time spent out of the labour force among women, which holds career-related consequences for women once they return to paid work (Aisenbrey *et al.*, 2009). In this paper, we focus on all women in order to study whether and when such career interruptions are related to subsequent occupational mobility. Women's career interruptions may signal work commitments to employers, implying that long leaves of absence may be perceived to signal lower work commitment than shorter leaves or no leaves. Net of any signalling, we would assume employment-specific skills to deteriorate during longer periods away from work. If skill depreciation is the main reason for slower career progress, a month of time out of work on family leave should be as detrimental to a career as a month of unemployment or leave for other reasons.

We study if and how women's career interruptions affect their labour market prospects. Women with continuous careers are compared to those with discontinuous careers because of:

- parental leave or homemaking;
- unemployment; or
- other reasons.

Our comparison is twofold. The career penalties for these groups of women (once they are all in the labour market) are compared within and between the different institutional contexts of Germany and Sweden. Depending on the welfare state regime, i.e. the model comparing between the welfare states – we expect women to be subject to varying degrees of career punishment for earlier periods of time out of the labour force. Within each regime, we explore the degree of support for the skill depreciation hypothesis versus signalling theory. Hence, we determine whether one month of time out results in different consequences for career development, based on whether the reason for the time out was family leave, unemployment or something else.

Theoretical background

This study is guided by two theoretical frameworks: human capital theory and the related skill depreciation hypothesis, and signalling theory. According to human capital theory, individuals gain human capital through education, on-the-job training, seniority and overall work experience. Human capital influences wages and is also related to career progress. During periods away from work, human capital will not accumulate, and furthermore, already-acquired skills may depreciate (Mincer and Polachek, 1974; see Edin and Gustavsson, 2008 for an empirical test). If old technologies or techniques are replaced by new ones, those on leave during times of change will have insufficient human capital upon return to work, and this may lead to lower wages and fewer

promotion opportunities for those who have taken leave. Based on these lines of argument, there is little reason to expect that different reasons for time out would differentially influence either the degree to which human capital ceases to accumulate or skills atrophy.

A competing theory suggests that, apart from any human capital depreciation, a career interruption may send signals to the employer that are interpreted to reflect the employee's work commitment (Albrecht *et al.*, 1999). Hence, a person who has spent extended time away from work signals less work commitment than one who remained on the job (or has a shorter work interruption). Signals like these may be perceived differently depending on who sends them (e.g. a woman or a man) and on whether the reason for the leave is voluntary or involuntary (Ketsche and Branscomb, 2003). Albrecht *et al.* (1999) find that Swedish men's parental leave-taking has a more negative effect on their long-term wage outcomes than does women's parental leave-taking. The authors argue that the reason for the difference is that women are expected to take leave following the birth of a child, whereas men have a choice; therefore, men's leaves are interpreted as a clearer signal of a lack of work commitment than are women's leaves. Ketsche and Branscomb (2003) study a group who graduated from a health care administration program and follow their work careers in the period thereafter. They find that voluntary career interruptions, such as those related to childbirth, have a more negative effect on long-term wage growth than involuntary interruptions such as unemployment. This is in line with research by Kunze (2002), who finds a higher wage depreciation rate for West German women's parental leave experience than for other kinds of leave experience or unemployment. Something that may contribute to the wage-related consequences of parental leave is the care burden on mothers of small children. Mothers often work part-time (Kenjoh, 2005) and need to stay home from work when a child is sick. This may add to employers' perceptions of mothers' work commitments. Although we are unable to include work hours in our models, we control for children younger than eight years of age in the empirical section of this paper.

Research that is to some extent in conflict with the findings presented above suggests that unemployment leads to scarring effects and, in turn, to future unemployment (Gibbons and Katz, 1991). Psychological stress is often higher among the unemployed, partly due to the associated financial problems and increased poverty risk (Ervasti and Venetoklis, 2010). To some extent, the problems associated with unemployment may have lasting consequences. Unemployment experience can also be perceived by employers to signal ability. Scarring theory builds on the assumption that employers find profit in keeping high-ability workers while laying off low-ability workers. When employers have imperfect information on workers' capacities and future potential, unemployment experience is interpreted as a signal of (lower) ability. Mainly in line with this hypothesis, Gibbons and Katz (1991) find workers with similar wages before a layoff to differ in post-displacement wages depending on whether they were dismissed due to a plant closing or dismissed for reasons based on employers' decisions (Ruhm, 1991; Gangl, 2006). Recent research also indicates that "unemployment scarring scares" (Knabe and Rätzel, 2011). That is, unemployment experience reduces well-being in the current job and increases fear of becoming unemployed again. It could be that these experiences, to some extent, lead to self-fulfilling prophecies and increase the risk of a downward occupational move.

Women's employment and work interruptions in two welfare state regimes

The countries we focus on are examples of two different welfare state regimes with varying levels of de-familialisation policies (Esping-Andersen, 1999; Lister, 1994; Ferrarini, 2006; Leitner, 2003)[1]. Germany is known as a conservative welfare state regime, in which policies traditionally assume and foster families' reliance on one main income. The joint taxation system rewards single-earner couples and one-and-a-half earner families over dual full-time earners (Hofmeister *et al.*, 2006). In addition, the level of child care provision is low, though increasing. Sweden is the prime example of a social democratic regime providing people with substantial income and services from the state, making them less dependent on the market system (Esping-Andersen, 1999). Women's dependency on their spouses is also low in Sweden, as state- and market-provided care for children and elders facilitates women's paid employment. The difference between the two regimes becomes obvious when we study employment rates for mothers of children younger than three years of age. In Sweden, 72 per cent of mothers with children aged three years or younger are employed in Sweden, compared to 49 per cent in Germany (OECD, 2006).

Apart from any differences in social policies and women's labour force participation, Germany and Sweden also have different educational systems. The German system builds on apprenticeship-based vocational training, whereas the Swedish system builds on school-based vocational training (Korpi and Mertens, 2003). In the German system, academic and vocational training have been and still are clearly separated, while a combination of general and vocational training has been promoted in Sweden since the 1970s (Busemeyer, 2009). Differences in the educational systems lead to differences in labour markets, and empirical analyses have shown workers to be more occupationally mobile in Sweden than in Germany (Korpi and Mertens, 2003).

If we turn to employment interruptions for those in the labour market, the most common reason for women's employment interruptions is the birth of and care for a child. In Sweden, parental leave length has been expanded considerably since it was first introduced in 1974. At that time, parents were granted six months of leave at a 90 per cent wage replacement level. In 1989, the leave was extended to 12 months. In the 1990s, income replacement was reduced in steps to 75 per cent of earlier earnings, but raised again to today's level of 80 per cent. As of 2002, the leave is 13 months with two months reserved for each parent (the first so-called "daddy month" was introduced in 1995). Germany has also greatly extended its parental leave period since its introduction in 1986 and now offers even longer periods than Sweden, though the time off is less generously compensated than in Sweden. The first German parental leave policy had a maximum duration of ten months. In subsequent policy reforms, this period was increased to a maximum of three years per child. Compensation for parents on leave previously was limited to two years per child and included a monthly payment of €300 (600 DM), with eligibility based on previous earnings and work hours. For babies born after January 1, 2007, the compensation period is shortened to a maximum of 14 months, with the last two months conditional on parents sharing the leave[2].

A second common reason for an employment interruption is unemployment. During most of the postwar era, Sweden has had a very low unemployment rate of 2-3 per cent. In the 1990s, Sweden went through a recession, and unemployment skyrocketed. In 1994, more than 10 per cent of the male population was unemployed (Korpi and Stenberg, 2001). Unemployment was slightly lower among women and never exceeded 9 per cent (Österholm, 2010). During the period of more or less uninterrupted Social

Democratic rule, Sweden developed a generous unemployment insurance policy with a high income replacement level based on earlier income (consisting, in 1996, of 75 per cent of earlier earnings, up to a ceiling) (Nordenmark *et al.*, 2011). Unemployment benefits are “individualised”, meaning that they are afforded based on a person’s earlier income and are independent of the income of other household members.

In Germany, high unemployment rates have been a prominent issue since the oil price shock in 1973. From the mid-1970s onward, unemployment rates climbed, reaching 9 per cent in the mid-1980s (Mayer *et al.*, 2010). Apart from a slight reduction in unemployment in the late 1980s due to an economic upswing during German reunification, unemployment rates have continuously remained at very high levels, reaching a historical peak of 13 per cent in 2005. Gender differences in unemployment rates narrowed in recent decades (Bundesagentur für Arbeit, 2010), and statistics for 2010 show that women’s unemployment rates have fallen slightly below men’s unemployment rates of 8 per cent. For the period under study, several reforms changed the German unemployment benefit system for the long-term unemployed. The most severe change was the move from a means-tested, earnings-related benefit (Arbeitslosenhilfe) to a flat-rate benefit (Arbeitslosengeld II) in 2005 (Ebbinghaus and Eichhorst, 2006).

Women may also be away from work for reasons other than family leave or unemployment. In the models used in this paper, we include an indicator of any other leave of absence (education-related leaves excluded) of at least one month. Included here are, for instance, extended sick leaves, time out for travelling and time out as a means to reorient oneself occupationally. If we can expect time out on family leave and unemployment to signal (lack of) work commitment and ability to the employer, it is less clear what signals a time out for other reasons will send.

Earlier research and hypothesis

We will study how women who experienced various types of employment interruptions compare to women with continuous work careers by estimating the transition rate at which women experience an upward or downward occupational move. Does the relationship between time out experience and career-related consequences look the same, independent of the context in which these women find themselves? Below, we discuss earlier research and formulate three main hypotheses about the expected findings.

Focusing on mothers, results from earlier research show that long family leave periods destabilise careers in Germany and the longer the leave, the greater the risk of any occupational move upon return to work (Aisenbrey *et al.*, 2009). In Sweden, mothers benefit from returning to work sooner rather than later, as an early return increases their transition rate of an upward move. Lower rates of upward moves among women with longer leaves may be a result of selection effects if women with lower work-motivation self-select into longer career interruptions. However, comparing mothers who take longer family leaves to those who take shorter leaves in Sweden, results show no support for the assumption that it is selection into long family leaves that produces the negative relationship between family leave experience and upward occupational moves (Evertsson and Duvander, 2011). Even so, time out for family leave may be perceived as signalling work commitment to employers (Albrecht *et al.*, 1999). This may be particularly true in Sweden, where women’s economic activity rate is very high. In Germany, women’s labour force participation rate is lower and periods of homemaking are more common (Grunow *et al.*, 2006). Therefore, we expect the signalling effect of previous time out to be weaker in Germany:

- H1.* The longer the accumulated family leave experience, the lower the chances of an upward occupational move in Sweden. For Germany, the accumulated family leave experience should have no or only a weak negative effect on women's subsequent upward career mobility.

Gangl (2006) has shown that institutional arrangements are important in determining the degree of unemployment scarring. He argues that generous and long-term unemployment benefits provide unemployed workers with more time to look for a job that matches the position held before, thereby reducing the scarring effect. Focusing on post-unemployment wages, the Scandinavian countries perform the best with wage recovery about 8 percentage points higher than liberal economies such as the USA. German workers are also better off than workers in liberal economies but slightly worse off than those in Scandinavia. Many German women work in precarious jobs and are not eligible for unemployment benefits, while Sweden has managed to keep women's employment participation high by offering activation and employment programs for the unemployed (Blossfeld *et al.*, 2007; Ebbinghaus and Eichhorst, 2006). This may contribute to smaller scarring effects in Sweden relative to Germany:

- H2.* The longer the accumulated unemployment experience, the greater the risk of a downward move in Germany. For Sweden, accumulated unemployment experience should have no or only a weak positive effect on women's subsequent downward career mobility.

When it comes to other types of employment interruption, it is difficult to predict what signals such a time out may send. We therefore use this leave, together with the accumulated time out in any leave, excluding periods known to enhance human capital (i.e. education), as something of a litmus test of the skill depreciation hypothesis. If skill depreciation is the dominant explanation for slower career progress among those experiencing interrupted employment, we should find similar rates of upward and downward moves for a month out on leave for other reasons as those associated with unemployment or family leave experience:

- H3.* The longer the accumulated time in any type of work interruption, the lower the transition rate of upward occupational moves and/or the higher the transition rate of downward moves.

Data and methods

We use data from the German Life History Study (GLHS) and the Swedish Level of Living Survey (LNU) covering the period up to 2005 and 2000, respectively. For Germany, we use the GLHS West. This cohort study contains detailed retrospective life course information about education, work life, work interruptions and family formation. We include women born in 1954-1956, 1964 and 1971. For these cohorts, we have monthly life course data up to the age of 35 (for the 1971 cohort, up to 34). The German sample used in this study includes 1.762 women.

LNU is a panel survey based on a random sample of 1/1,000 of the Swedish population between 18 and 75 years of age (www.sofi.su.se/LNU). In the 1991 survey, retrospective employment, educational and family biography data were collected using a design based on the retrospective biographies in the GLHS. The information collected in the LNU 1991 biographies were updated in the 2000 survey. Hence, we are able to compare

the labour market processes in these two nations with very similar data including the same main indicators. We restrict the sample to women born in the 1950s or later. To make the Swedish data as comparable as possible to the German data, we censor women's episodes at age 36. This leaves us with 1.086 women in the Swedish sample.

We estimate event history models of the competing risks of upward versus downward occupational moves for women with time out experience compared to those with no such experience. An example of the process under study is shown in Figure 1. Women enter the analysis at the start of the first job of six months or more. If a woman leaves the labour market, the job episode is censored and she only becomes under risk of experiencing an upward/downward occupational move once she re-enters paid work. When a job episode has ended with the terminating event (i.e. an upward or downward occupational move), the time under risk starts from zero again as we follow the woman in her new job. Episodes are censored if women leave the labour market, if they become self-employed, if they turn 36 years of age or, at the very latest, by the time of the interview.

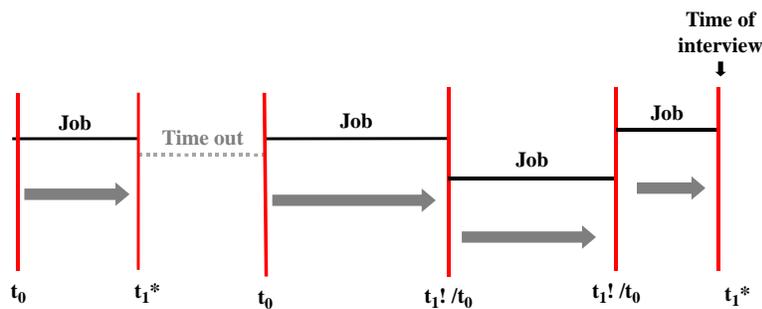
The dependent variable is a ± 130 per cent change in Treiman's occupational prestige scale (Treiman, 1977), also known as the SIOPS scale. As an example, the 10 per cent criterion would capture moves from office worker (SIOPS = 37) to secretary (SIOPS = 44), or from secretary to office manager (SIOPS = 55), and vice versa.

The main independent variable is experience of time out of the labour market, measured in months. This indicator is divided three ways, separating between:

- (1) time out on family leave (i.e. on parental leave or time spent as a homemaker);
- (2) time out in unemployment; and
- (3) time out for other reasons (excluding educational leaves).

We use the logarithm of time out in order to reduce the risk that a small number of extreme values (i.e. very long leaves) are biasing the results.

We control for respondents' age (in years), occupational prestige of the current position, whether the earlier occupational move (if any) was an upward or downward move (dummies), and time period at the start of the episode (i.e. 1970s, 1980s, 1990s and the 2000s, depending on the country and data set). We also include controls for the logarithm of labour market experience at the start of the job episode, whether the



t_0 Time clock starts
 t_1 Time clock stops

* Episode is censored
 ! Event occurred

Figure 1.
 The analytic model

respondent is pregnant (with a time-varying dummy changing from 0 to 1 six months before delivery)[3], and whether the respondent has children aged 36 months or younger, or three to seven years of age[4]. We also control for educational level, based on the highest level of general schooling attained. For Sweden, we separate between the highly educated with at least some university experience (at least ten years of education in 2000) and others (the reference category)[5]. For Germany, we distinguish between those with low (Hauptschule, at least nine years of education), medium (Realschule, at least ten years), and high (Abitur, at least 12 years) levels of schooling. Because a considerable share of the newly recruited respondents to the LNU panel are immigrants, and we expect to find differences in occupational mobility for the Swedish born and others, we also include a dummy for not being born in Sweden. Finally, as Swedish women on average experience more job episodes than German women do, we control for episode number. In Table AI in the Appendix, descriptive statistics for control variables are presented. We estimate multivariate models with robust standard errors.

Results

Below we present descriptive statistics on labour market experience and average time out of the labour market. Table I shows that Swedish women in our sample on average have close to four years of work experience at the start of a new job episode compared to slightly more than three years in Germany. Swedish women also have slightly more total accumulated time out experience than German women do due to longer family leave experience among Swedish women compared to German women. The latter finding is most likely due to the fact that many German women drop out of the labour force altogether at the birth of a child (i.e. resulting in fewer returners who have episodes with leave experience). Accumulated unemployment experience is slightly higher in Germany than in Sweden. German women also have more experience of a career interruption for other reasons than family leave or unemployment. If we turn to the control variables (Table AI of the Appendix), we find notable differences between the samples. German women have, on average, higher educational levels than Swedish women do and partly related to this German women have slightly higher prestige in their current occupation than Swedish women do. This may be due to differences in the educational systems, where it is more common to have acquired the desired level of education at the start of the first “real” job in Germany than it is in Sweden. The finding that Swedish women have more upward occupational moves than German women do supports this assumption. Finally, we find that considerably fewer women in Germany have children under the age of three (at the start of a new job episode) than do women in Sweden. This is expected, given that women in Germany often return to work when children are three years of age or older.

Table I.
Average time spent in the labour market (starting with the first job of six months or more), overall time out experience and time out on family leave, unemployment and leave for other reasons, at the start of a job episode

	Germany				Sweden			
	Mean	SD	Min.	Max.	Mean	SD	Min.	Max.
Labour market experience (in months)	39.2	54.5	0	216	45.8	47.8	0	238
Overall time out experience (in months)	11.4	23	0	173	12.6	21.7	0	184
Time out on family leave (in months)	7.07	18.2	0	173	9.9	19.6	0	184
Time out in unemployment (in months)	2	7.2	0	122	1.6	6	0	97
Time out on other leave (in months)	2.4	9.7	0	121	0.8	4.5	0	79

Next, we estimate a Cox proportional hazards regression model of the transition rate of upward or downward occupational moves for German and Swedish women in the labour market (i.e. from the start of a new job episode). Table II shows the results controlling for age, education, prestige in current job, whether the previous move was an upward or a downward move, labour market experience, pregnancy, age of youngest child, decade and episode count. In the Appendix, the full models including the control variables are reported (Tables AII and AIII).

In the first row of Table II, the logarithm of the total accumulated time out of the labour market is used as an indicator of skill depreciation. According to this model, there is no relationship between career interruptions and subsequent career moves in either Germany or Sweden. The accumulated time out does not significantly influence the transition rate to either upward or downward moves, except in Germany, where we find a tendency to an increased hazard rate for downward moves (only significant at the 10 per cent level). In the next step, we split the accumulated time out into time out for family leave, unemployment, and other reasons. For Germany, the picture remains the same for upward moves. There is no significant relationship between upward moves and family leave experience, unemployment experience or experience of leaves for other reasons. We do find a significant relationship between time out in unemployment and the transition rate of downward moves in Germany. Having experienced long or numerous spells of unemployment may signal lower ability to employers and may therefore increase the risk of a downward occupational move. Worth noting is that we do not find a significant relationship between unemployment and downward moves in Sweden. This may indicate that the Swedish welfare system is better at protecting the formerly unemployed from additional scarring once they are back in the labour market.

In addition, the longer the accumulated time out for family leaves in Sweden, the lower the transition rate to an upward move. We find a similar pattern for those with unemployment experience, although this relationship is only significant at the 10 per cent level. Finally, it is worth noting that we find no significant relationship between time out for other reasons and upward or downward moves in Germany or Sweden (Table II). Although the low significance levels found may result from rather few observed occupational changes, the period before age 36 is still a period of more frequent occupational shifts for most women. For Sweden, models including older respondents have been estimated that largely mirror the findings presented here (available on request).

With respect to the control variables, the relationships found are more or less the expected ones (Tables AI and AII). The older a person is, the fewer job transitions she is

	Upward		Downward	
	Germany	Sweden	Germany	Sweden
Ln time out exp	0.98	0.93	1.18***	1.08
Ln family leave exp	0.93	0.88*	1.03	0.99
Ln unempl exp	1.02	0.87***	1.47**	1.13
Ln exp other	1.00	1.05	1.06	0.96
Job episodes	3,110	3,886	3,163	3,886
Failures	272	532	183	344

Notes: Significant at: *5, **1 and ***10 per cent levels; for full models, see Table AII and AIII

Table II. The hazard rates of upward and downward occupational moves among gainfully employed women in Germany and Sweden, including control variables (not shown)

likely to experience. Higher education facilitates upward moves and in Sweden, it also shelters from downward moves. We find ceiling and floor effects of occupational prestige; the lower the occupational prestige in the current job, the higher the transition rate to a job of higher prestige and vice versa. Finally, being pregnant or having children aged three years or younger in Germany and 0-7 in Sweden reduces occupational mobility.

Concluding discussion

We have studied how women's career interruptions influence their occupational mobility in two policy contexts: Germany and Sweden. Sweden is known for de-familialisation strategies and policies that facilitate for working mothers. Germany only recently implemented policies that include de-familialising elements while important familialistic policies, such as the joint taxation system, largely remain in place (Lister, 1994; Esping-Andersen, 1999). The two countries also have very different educational systems, resulting in differences in labour markets and in occupational mobility among the employed (Korpi and Mertens, 2003). In these different contexts, we study how occupational mobility varies for employed women with time out experience compared to women with no time out experience. Research like this is vital in order to map the long-term consequences of women's career interruptions. Our approach is novel in its use of large-scale national, yet very similar, data to estimate the differences in women's career outcomes.

According to human capital theory, we would expect a period of time out of the labour market to lead to skill depreciation (Mincer and Polachek, 1974). However, depending on the reason for the leave, a period of time out may also signal work commitment and/or ability to the employer (Albrecht *et al.*, 1999; Gangl, 2006). To try to disentangle the mechanisms producing any lower upward or higher downward occupational mobility for those with leave experience compared to those without, we formulated three hypotheses taking into account the different policy contexts. Based on earlier research on mothers' labour market attachment, we expected that the longer the accumulated family leave experience, the lower the likelihood of an upward occupational move would be in Sweden. For Germany, where the group of employed mothers are more selected than in Sweden, we expected accumulated family leave experience to have no or only a weak negative effect on women's upward occupational mobility (*H1*). The results support this hypothesis. We find a significant and negative relationship between family leave experience and the transition rate of upward occupational moves in Sweden, whereas in Germany there is no significant relationship between family leave experience and women's upward mobility.

Earlier research on unemployment scarring in the two countries leads us to assume that the longer the duration of unemployment experience, the greater the risk of a downward occupational move would be in Germany. For Sweden, we expected unemployment experience to have no or only a weak positive effect on women's downward mobility (*H2*). This hypothesis is partially supported. Whereas women in Germany have a higher risk of a downward move the longer their unemployment experience, we find no significant relationship between unemployment and downward moves in Sweden. On the other hand, results indicate that unemployment experience may reduce chances of an upward move in Sweden.

The final hypothesis was established to test the skill depreciation argument. If skills deteriorate at a certain rate and if skill accumulation/depreciation is the most important

factor in predicting the progress of a person's occupational career, we would expect all reasons for time out of the labour market (not spent in education or retraining) to have a similar impact on a career (*H3*). This hypothesis receives weak support. Although the group of women experiencing career interruptions unrelated to a family leave or unemployment is heterogeneous, these women do not seem to face the same career obstacles as those with the other kinds of leave experience.

Considering the differences between the countries under study and potential reasons for the findings, we want to point out the differences in the educational systems and the extent to which they influence occupational mobility. The German apprenticeship system provides people with training that is more specific than that provided by the Swedish system. In Sweden, the academic and the vocational education systems are more integrated, and it is easier for those with vocational training to change tracks. These differences are partly verified by our findings of overall higher occupational mobility among women in Sweden compared to those in Germany (Korpi and Mertens, 2003). However, the relative inertia in the German system may, to some extent, work to the advantage of German women. When occupational mobility is less frequent, time out on family leave may be less detrimental to careers than in a system where occupational mobility is more common. In addition, we know that a significant group of women in Germany drop out of the labour force altogether at the birth of a child and even among those who do not, some will take very long career interruptions to care for children in a welfare regime that severely obstructs mothers' participation in paid labour. Hence, being in the labour market at all may signal career commitment in Germany and this could be part of the reason why we do not find a significant relationship between family leave and career progress in Germany. In Sweden, in contrast, where almost all women work, extended periods of time out on family leave (or unemployment) have a more negative impact on women's upward career moves. It is worth noting that the Swedish welfare state appears to do a better job when it comes to protecting the formerly unemployed from additional scarring effects. In Germany, unemployment experience increases women's risk of a downward occupational move and though results point in the same direction for Sweden, the coefficient is much smaller and not significant. To sum up, we conclude that it is not sufficient to rely on human capital theory and the skill depreciation hypothesis when we want to understand the relationship between a career interruption and subsequent career moves. Instead, periods of time out from the labour market signal career commitment to employers and the strength of these signals may vary depending on policy regime and the labour market context. Our findings have two main implications:

- (1) Swedish women should try to limit the duration of their parental leave if they are unwilling to sacrifice career advancement.
- (2) German policy makers should be concerned about how to reduce the scarring effects of unemployment once women are back in paid work.

In periods of economic recession, dealing with issues like these becomes even more important.

Notes

1. Lister (1994, p. 37) defines de-familialisation as "[...] the degree to which individuals can uphold a socially acceptable standard of living independently of family relationships, either through paid work or social security provision".

2. The latter reform will not be captured in the empirical analyses used in this paper.
3. In the model for upward moves for Germany, there were no events occurring during pregnancy and we therefore expanded the pregnancy indicator to include babies aged six months or younger.
4. We do not separate between children aged 0-3 and 4-7 in the models for Sweden, as the estimates for the two dummies were more or less identical.
5. We found no significant difference between the medium-educated and the low-educated in Sweden and therefore chose to combine the two.

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	Germany				Sweden			
	Mean	SD	Min.	Max.	Mean	SD	Min.	Max.
Age	24.1	4.78	13	35	24.5	5.4	13	35
Siops	42.4	12.2	15	70	37.5	12.6	13	78
Episode no.	1.8	1.1	1	9	3.0	2.1	1	16
	<i>Percentage (dummies)</i>				<i>Percentage (dummies)</i>			
Low educ		23.5				23.7		
Medium educ		37.9				55.0		
High educ		38.6				21.4		
Previous up		7.4				13.7		
Prev down		7.1				8.8		
Pregnant		0.6				1.7		
Child 0-3 years		14.7				29.3		
Child 3-7 years		9.0				6.2		
Not born in Germ/Swe		–				13.2		
1970s		17.6				24.3		
1980s		39.7				41.1		
1990s		38.1				31.7		
2000s		4.6				–		

Table AI.
Descriptive statistics for control variables at the time of job episode start

Variables	(1)		(2)		(3)		(4)	
	Upward		Upward		Downward		Downward	
Age	1.04	(0.03)	1.04	(0.03)	0.80**	(0.04)	0.80**	(0.04)
Med educ	1.51**	(0.23)	1.52**	(0.24)	0.95	(0.16)	0.97	(0.16)
Higher educ (Abi)	2.80**	(0.51)	2.81**	(0.52)	0.99	(0.25)	1.01	(0.26)
SIOPS	0.93**	(0.01)	0.93**	(0.01)	1.05**	(0.01)	1.05**	(0.01)
Prev up	1.29	(0.44)	1.27	(0.43)	1.44	(0.42)	1.43	(0.42)
Prev down	1.45***	(0.32)	1.41	(0.31)	1.61	(0.68)	1.46	(0.63)
1980s	0.72***	(0.14)	0.72***	(0.14)	2.01*	(0.58)	2.01*	(0.58)
1990s	0.84	(0.17)	0.83	(0.17)	2.68**	(0.79)	2.68**	(0.79)
2000s	0.71	(0.25)	0.71	(0.25)	4.69**	(1.96)	4.83**	(2.05)
Ln lbm exp	0.80	(0.12)	0.82	(0.13)	1.20	(0.30)	1.33	(0.34)
Ln time out exp	0.98	(0.05)			1.18***	(0.11)		
Ln fam leave exp			0.93	(0.08)			1.03	(0.13)
Ln unemp exp			1.02	(0.10)			1.47**	(0.19)
Ln other time out			1.00	(0.10)			1.06	(0.16)
Pregnant or kid at most 6 months	0.09*	(0.09)	0.09*	(0.09)	0.49	(0.24)	0.49	(0.25)
Kid 7-36 months	0.24**	(0.11)	0.26**	(0.12)	0.20*	(0.13)	0.26*	(0.17)
Kid 3-7 years	0.84	(0.22)	0.91	(0.25)	0.66	(0.23)	0.86	(0.33)
Episode count no.	1.08	(0.11)	1.05	(0.12)	1.16	(0.18)	1.04	(0.19)
Observations	153,644		153,644		155,138		155,138	
Job episodes	3,110		3,110		3,163		3,163	
Failures	272		272		183		183	

Table AII.
The hazard rates of upward and downward occupational moves among gainfully employed women in Germany (self-employed excluded)

Notes: Significant at: * $p < 0.05$, ** $p < 0.01$ and *** $p < 0.10$; robust standard errors in parenthesis

Variables	(1) Upward	(2) Upward	(3) Downward	(4) Downward
Age	0.93 ** (0.02)	0.94 ** (0.02)	0.91 ** (0.02)	0.92 ** (0.02)
High educ	2.17 ** (0.35)	2.09 ** (0.34)	0.41 ** (0.08)	0.40 ** (0.08)
Siops	0.93 ** (0.00)	0.93 ** (0.00)	1.05 * (0.01) *	1.05 ** (0.01)
Prev up	0.77 (0.14)	0.76 (0.14)	1.63 ** (0.27)	1.60 ** (0.27)
Prev down	1.68 ** (0.25)	1.63 ** (0.25)	1.21 (0.33)	1.18 (0.32)
1980s	1.22 *** (0.14)	1.21 *** (0.13)	1.63 ** (0.22)	1.62 ** (0.22)
1990s	1.22 (0.17)	1.22 (0.16)	1.45 * (0.26)	1.42 * (0.25)
Ln lbm exp	1.07 (0.04)	1.06 (0.04)	0.97 (0.05)	0.98 (0.05)
Ln time out exp	0.93 (0.05)		1.08 (0.07)	
Ln fam leave exp		0.88 * (0.05)		0.99 (0.08)
Ln unemp exp		0.87 *** (0.07)		1.13 (0.10)
Ln other time out		1.05 (0.09)		0.96 (0.10)
Pregnant	0.12 ** (0.07)	0.12 ** (0.07)	0.30 * (0.15)	0.29 * (0.15)
Kid 0-7 years	0.73 * (0.12)	0.81 (0.14)	0.57 ** (0.11)	0.65 *** (0.15)
Not born in Sweden	0.87 (0.12)	0.86 (0.12)	1.16 (0.19)	1.13 (0.18)
Episode count no.	1.07 *** (0.04)	1.09 * (0.04)	1.10 * (0.05)	1.10 * (0.05)
Observations	123,022	123,022	123,022	123,022
Job episodes	3,886	3,886	3,886	3,886
Failures	532	532	344	344

Notes: Significant at: * $p < 0.05$, ** $p < 0.01$ and *** $p < 0.10$; robust standard errors in parenthesis

Table AIII.
The hazard rates of upward and downward occupational moves among gainfully employed women in Sweden (self-employed excluded)

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