

A well-functioning parental leave system supports well-being as well as the social and economic sustainability of the society

- In Finland, women do significantly more unpaid care work than men. For example, mothers take about 80% of all parental leave days, and over 90% of home care allowance recipients are mothers. This imbalance negatively impacts women's careers and limits fathers' involvement in parenting.
- A more equal sharing of parental leave between mothers and fathers supports the well-being of both parents and children. It may also create more favorable conditions for having children.
- Parental leaves are predominantly utilized by mothers, especially among those with lower education levels. Long leaves can be particularly disadvantageous for mothers in a weaker position in the labor market before having children.
- A more equal sharing of leave supports society's social and economic sustainability by reducing inequality and promoting employment and economic growth.
- The parental leave system must continue to be developed to improve gender and social equality further.
- In concrete terms, this could be promoted by:
 - Simplifying the parental leave system as a whole. Integrating home care allowance and part-time childcare support into parental leave. Limiting the longest leave periods by allocating individual leave quotas for each parent.
 - Supporting a more equal sharing of parental leave between parents, particularly among low-income families. For example, increasing the minimum parental allowance or extending the period of higher compensation for fathers to match that of mothers.

In Finland, both men and women aspire to have a career, and most want to start a family. The reconciliation of work and family life is well supported in the Nordic countries. Still, there is room for improvement, especially in Finland, where the parental leave system reinforces a more gendered division of labor within families than in other Nordic countries (1). The home care allowance system distinguishes Finland from the other Nordic countries.

Supporting the reconciliation of work and family life is vital for individuals, families, and society. This support includes the

provision of affordable and high-quality early childhood education (2). This policy brief focuses on parental leaves, which enable temporary absence from the labor market (or studies) when families have young children.

Overall, paid parental leave promotes mothers' participation in the labor market by allowing them to take a break from paid work after the birth of a child and return to work after the leave. However, very long parental leaves, spanning multiple years, hurt mothers' careers, pay progression, and women's overall position in the labor



market (3).

A well-functioning parental leave system supports both parents' opportunities to take time off from paid work, supporting the well-being of children, mothers, and fathers (4). Perceived inequality in the division of household chores and childcare is one of the most common sources of disagreement among couples with children. A more equal sharing of caring responsibilities would improve relationship satisfaction and reduce the risk of couples separating. Greater involvement of fathers in childcare also benefits children's development (5). More equitable sharing of caregiving and paid work between parents promotes gender and social equality, employment, and economic growth.

Promoting gender equality in the labor market and family life may also support childbearing. For example, a perceived imbalance in caregiving responsibilities can discourage families from having more children, even when they wish to (6).

The research evidence on the relationship between gender equality and fertility is partly contradictory (7). However, Finland's very low fertility rate compared with other Nordic countries may be partly explained

by the fact that gender equality is less established in Finland. Expectations of difficulties in balancing work and family life are also reflected in young adults' desire to have children (8).

The share of parental leaves taken by fathers has increased slowly

The European Union directive on work-life balance was approved in 2019 and implemented in 2022. It mandates that each parent be granted at least four months of parental leave. The goal was to promote gender equality in both employment and parenthood.

As of the 2022 reform, Finland's parental leave system includes:

- A pregnancy leave of about 7 weeks for the parent who gave birth.
- The so-called equal parental leave, which grants each parent 6.4 months of leave. Up to 2.5 months of this leave can be transferred to the other parent if desired.
- Childcare leave and home care allowance, an alternative to early childhood education until the child turns three years old.
- Part-time parental leave, flexible childcare

leave (for parents of children under 3), and partial childcare leave (for parents of children in grades 1–2), which support the combination of paid work and caregiving by shortening working hours.

Following the 2022 parental leave reform, the proportion of parental leave days taken by fathers has increased. In 2024, fathers used 21% of all parental leave days, compared to 13% in 2021 (9). Fathers of children born in 2022 took an average of 13 weeks of leave, while those of children born in 2021 took an average of about 7 weeks (10).

While the trend is positive, mothers in Finland still take significantly longer parental leaves than fathers. In other Nordic countries, the use of parental leave is more evenly shared between mothers and fathers. For instance, in Sweden in 2023, fathers took almost a third of all parental leave days, and more than a fifth of families shared parental leave equally (11).

Fathers' use of parental leave increased in Finland even before the 2022 reform, following the introduction of father-specific quotas and a series of gradual improvements that extended their duration and flexibility, alongside shifts in societal norms and practices within families and workplaces (12). However, the pace of change has been slow. Allocating leave specifically for fathers is essential, as freely transferable leave is still perceived as a mother's right. Fathers find it easier to justify the use of their designated quotas in the workplace. Allocating individual quotas to each parent effectively achieves a more balanced division of leave (13). Adequate levels of compensation also support the change (14).

The vast majority of Finnish families with young children, about 90%, use at least some home care allowance (15). However, less than 10% of recipients are men—in 2023, the figure was 8.8% (16).

Negative consequences of accumulated parental leave for mothers

The duration of home care allowance periods varies, with longer periods being primarily utilized by less-educated mothers.

These mothers often have a weaker position in the labor market to begin with, and lengthy parental leaves can further exacerbate these challenges (17).

Extended periods of home care allowance can also pose significant economic risks for families and individuals. Nearly one in ten families receiving home care allowance rely on social assistance, and the income of a person receiving home care allowance is mainly dependent on either the income of the partner or on social security (18). The risks of poverty and social exclusion associated with the home care allowance are particularly high for immigrant families (19).

Households with lower levels of education often face additional risks. Unemployment and parental separation during children's early years are more common in these households, and the accumulation of these risks strengthens the link to poverty in families with children. Long parental leave increases the risk of unemployment, particularly for mothers without a partner (20).

The opportunity to take extended parental leave can weaken not only mothers' but also women's labor market positions more generally. Childless women and mothers who take shorter leaves may also face disadvantages if employers perceive hiring women as risky due to potential long absences. This is especially true in small businesses, where the costs and logistical challenges of parental leave can be seen as significant burdens.

The accumulation of parental leaves for women also contributes to gender disparities in earnings. According to our research, Nordic mothers accumulate significantly less earnings by midlife than fathers (21). This disparity is particularly pronounced in Finland, with women born in 1974–1975 earning nearly one-third less than men by age 45.

The gender earnings gap is larger among those who have children at a younger age and among those with multiple children. These disparities are even more significant among individuals with lower levels of education.

Parental leave should be further developed

The 2022 parental leave reform aimed to promote gender equality in both employment and parenting. While the reform appears to have positively affected fathers' use of parental leave, further development of the system remains essential. The equality-related objectives of parental leave policy have remained largely the same in Finland for decades, because reforms have only partially met these objectives.

The parental leave system should be further revised to promote social and gender equality actively—rather than risk reinforcing existing disparities. The following issues are of particular importance:

- 1.** Despite substantial evidence of its shortcomings, the home care allowance system has not yet been reformed. Long parental leave is still disproportionately concentrated among mothers with lower levels of education.
- 2.** The current system is complex, consisting of various types of leave and support with differing eligibility conditions. This complexity makes it difficult for families to assess the long-term financial and social consequences of their choices.
- 3.** Home care allowance and municipal supplements often encourage families to keep even older children at home—children who could benefit from early childhood education. Municipal supplements also introduce inequality, as they are only available in some municipalities.
- 4.** Fathers in low-income families, especially those with lower educational attainment, rarely take parental leave. A likely reason is that a 30% drop in earnings is considered unaffordable. Mothers receive higher parental allowances—90% of their earnings—for more than two months, and many employers, under collective agreements, cover full pay for the first 1–3 months.

Fathers, on the other hand, receive higher parental allowances for only 2.5 weeks, and employer-provided paid periods are often short.

Promoting gender and social equality could be supported by the following measures:

- Simplify the parental leave system by integrating parental leave, home care allowance, and part-time childcare allowances—following the Swedish model. Implementing quotas for each parent is also more straightforward in an integrated parental leave system, while in the current system, the home care allowance is tied to whether the child attends early childhood education rather than being part of the parental leave scheme.
- Limit the overall length of individual parental leaves and allocate them more evenly between parents, or adjust the allowance level based on the child's age. For example, each parent could have a period of earnings-related leave (similar to the current parental leave), followed by about a year with lower, flat-rate compensation or a gradually decreasing allowance. The right to use the leave could be extended until the end of the child's second year of school, replacing the current flexible and partial childcare allowance.
- To promote more equal leave-taking, including in low-income families, increase the minimum level of parental leave benefits, or offer both parents equally long periods of leave with 90% earnings-related compensation.

Developing the parental leave system is one way to support societal sustainability

Finnish society faces complex challenges, including rapid population aging, further compounded by a sharp decline in fertility. These developments make it more critical than ever to strengthen the foundations of social and economic sustainability. One important way to address these challenges is by supporting the reconciliation of



work and family life by developing the parental leave system. Supporting parents in balancing work and caregiving—while promoting a more equal sharing of caregiving responsibilities—can also help couples fulfil their aspirations for having children.

In addition to issues within the parental leave system, work-family balance is also challenged by various work-related factors, such as irregular working hours, temporary contracts, work-related stress, and discrimination related to pregnancy or parental leave. There are also persistent shortcomings in childcare services for young school-aged children. Developing the parental leave system can help address some of these challenges. Still, it must go hand in hand with improvements in early childhood education services to better meet the needs of families. Expanding opportunities for mothers and fathers to reduce working hours could also offer families greater flexibility and support.

Finland is widely recognized as a model

country for gender equality. However, when it comes to the equal sharing of caregiving responsibilities for young children, there is still considerable progress to be made.

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