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Results speak louder than words

Analytical review of of maternity and paternity leave bill 2018

“Perhaps the single most important policy-related insight in economics is that changes in policies lead to behavioral responses. Well-meaning policies can easily create the wrong sort of behavioral response” (Glaeser, 2010; The New York Times).

On 27 January 2020, the senate of Pakistan passed a Maternity and Paternity Leave Bill 2018. In its first stage, the Bill will be applicable to the Federal Capital Territory. According to this Bill, the employers, both public and private, are required to grant paid maternity and paternity leaves to their employees. The bill states that women are eligible to get paid leave for 6 months on the first birth; 4 months on the second birth and 3 months on the third birth. The Bill creates welcome space for paid maternity leave of one month to fathers for a total number of 3 times during service. Moreover, according to the Bill “the employees shall also be provided with an additional three months’ optional unpaid maternity and one-month’s paternity leave, separately from their leave account, if required by employee”.

On the face of it, this Bill makes transition to parenthood easier by providing the employees freedom from struggling to avoid conflict between work and family obligations. The stated objective of introducing this bill is to reduce the stress and conflict between work and family to

facilitate and encourage women labor force participation. At the same time, it seems to be affording the fathers an opportunity to have a closer bond with their newborns. The effect should be to break the gender stereotypes that make the childbearing and rearing only the mother’s responsibility and, at the same time, introduce the concept of “involved fathering”.

“In order to facilitate women to fulfil the obligations of motherhood without having to compromise on their professional growth, Article 37 (e) of the Constitution of Pakistan provides the maternity benefits to women and entitles them to leave. This Bill aims to provide expectant mothers maximum required leave in order to facilitate them. On the other hand, the law does not mandate the provision of paternity leave for male employees, where the need for the institutionalization of such support structure is no different. Research suggests that enabling fathers to look after their new born children has positive knock-on effects. The early close relationship between father and child has long-term implications. This Bill seeks to provide fathers the opportunity to be there at a crucial time without the added responsibility of the workplace (Maternity and Paternity Leave Bill 2018).”

Let us first see the positive side of the bill and then some likely counterproductive outcomes. Globally, there are 185 countries that afford working women statutory rights to maternity leave. However, only 78 countries give men statutory rights to paternity leave. The good in the Maternity and Paternity Bill, 2018 is the provision of paid paternity leave of one month to fathers. In the South Asian culture, childrearing is understood to be a mother's responsibility and usually fathers only provide financial support. It is the mother who takes care of the children, their education, health and everything that comes in between as well as looks after the household chores. This becomes exhausting, especially for working mothers—they are virtually doing two jobs at one time. Having a child is a big transition and mothers need strong social support from friends and family. Usually, this support is provided by extended maternal and paternal families. However, with increased urbanization and a gradual move toward the nuclear family system, this social support is diminishing or available for a small period of time and often, not available at all. Therefore, a woman needs her partner's help in taking care of the children as well as the household tasks. Many South and Southeast Asian countries such as the Philippines, Indonesia, and Vietnam have instituted the paternity leave policies though of varying duration. Paternity leave has a beneficial effect all round—parents, children as well as businesses all stand to gain from it. Paternity leave provides enhanced childcare support to mothers. Besides, mothers are less stressed as they get additional emotional sustenance and additional time post-child-birth required to heal



All this eventually facilitates a smoother transition back to the work place. In this context, paid maternity leave for the father is a welcome move which will not only break the gender stereotypes but will also make the fathers share the daunting household tasks only women are supposed to do. Moreover, paternity leave is likely to assist governments in fulfilling their objective of increasing female workforce participation because it supports women's continued engagement with the workforce. On the other hand, the paid maternity leaves of 6 months on the first child, 4 months on the second child, and 3 months on the third child may lead to counterproductive outcomes. According to the Bill, as the female labor force participation is increasing in Pakistan, the objective of the Bill is to provide women some flexibility and help them in balancing work and family obligation. However, this policy will result in a decrease in female labor force participation. There are many reasons to support this premise. First, as the bill makes it mandatory for employers (both private and public) to grant paid maternity leave, this will discourage employers from hiring women

particularly in the private sector. This will lead to discrimination and women will not have equal opportunities for employment. An employer is driven by a self-serving rationality and the motivations are profit driven. The paid maternity leave of 6 months will increase the cost of hiring not only the married women but all women of reproductive age. The cost will be increased in two ways, first the employer will have to pay the employee during maternity leave and second he will hire another person, even on contract for the said leave period, and pay him/her accordingly. This policy will only work if government provides some incentives to employers, particularly in the private sector, to give paid maternity leave to their female employees such as tax rebate or financial assistance through government exchequer. This type of support from government is highly unlikely given the state of economy in Pakistan when the government is already struggling to pay the salaries and pensions to its own employees.

Second, in Pakistan thanks to the ongoing demographic dividend, abundant cheap labor is available. The employer will be more inclined to hire a male rather than a female. In Pakistan, where the females are already marginalized and the gender gap in literacy is not shrinking, the small proportion of employable educated women will be discriminated against even more. Even for the same position with the same qualification and experience, an employer would be likely to have an added incentive to hire a male in case this bill is approved from National

Assembly too. By hiring a male, the employer can avoid the cost of paid maternity leave and also the risk will be minimal in case the female employee does not rejoin work again. As Zulqurnain rightly pointed out while commenting on The Punjab Maternity Benefits (Amendment) Bill 2019 “In the domestic sphere, it is incorrectly assumed that since a woman is the one bearing the child, it is also her responsibility to rear one. This assumption is the cause of much of the prevalent gender inequality in our society. The proposed Bill while providing for maternity leave and child care centers in establishments with women actually reinforces the aforementioned assumption. When state is mandating establishments with women to have child care centers, it is in fact agreeing with the assumption that these are the women who have the primary responsibility of bringing up a child.”

Third, these type of policies are generally adopted by countries where fertility rate is below replacement level and they have to provide incentives to couples for having children. For instance, Finland introduced an incentive called the 'baby bonus'

to provide couples incentives to have babies. According to this, any resident who gave birth would be entitled to a maximum of 10,000 Euros, paid over 10 years. In addition to the Financial incentives, Estonia has a generous family leave policy introduced in 2004 – which provides a year and a half of fully paid benefits to boost the birth rates.

In Pakistan, the fertility rate is already very high (Total Fertility Rate is 3.6) and we have limited resources to manage this high population (207 million according to Census 2017). Research shows that Extended Maternity Leave may encourage women to have more births as they find the cost of bearing more children is reduced (Becker, 1991). In addition to increasing demographic pressures, such an incentive to higher fertility is likely to aggravate the financial burden on businesses. In some countries though, extended maternity leave led to extended breastfeeding which in turn produced a positive impact on infant mortality rate as was witnessed in Bangladesh. But before a step is taken toward extending long paid Maternity Leave, the trade-off between female labor force participation rate and fertility rate needs to be studied for arriving at a pragmatic policy prescription which will have optimal outcomes. We have to introduce policies which raise the opportunity cost of having more children but the Maternity and Paternity Bill, 2018 will actually provide couples incentives to have at least 3 children. For instance, having a 6 months paid maternity leave and one month paternity leave will not raise the opportunity cost particularly for mothers in terms of financial, physical, and emotional benefits. Further, the provision that a mother can avail

extra three months unpaid maternity leave will in effect make childbearing and childrearing an easy business. Furthermore, this maternity leave period will leave the woman at a higher risk of getting pregnant again. And the cycle of paid maternity leave will start again. This policy will not help in declining TFR rather it will accelerate the fertility rate I agree as far as the paternity leave policy is concerned but would suggest to make the existing maternity leave policy of 3 months more flexible, i.e., that it should be on the mothers when to avail it. The maternity policy of 90 days paid leave states that a mother should avail 45 days before the child birth and 45 days after the child birth which leaves little room for mothers to recover from the physical stress of childbirth as well as its emotional stress due to transition to motherhood. If the policy allows mothers to avail it according to their need then I think three months is an appropriate time period to recover from childbirth fatigue. This would be more appropriate in a labor intensive country. Alternatively, if the Bill has to be passed as it is, the government must back it up by providing companies the bridging finance to make up for the wages these companies will have to pay to mothers on maternity leave. This will insulate women to a large extent against discriminatory rejection in securing a job.

