



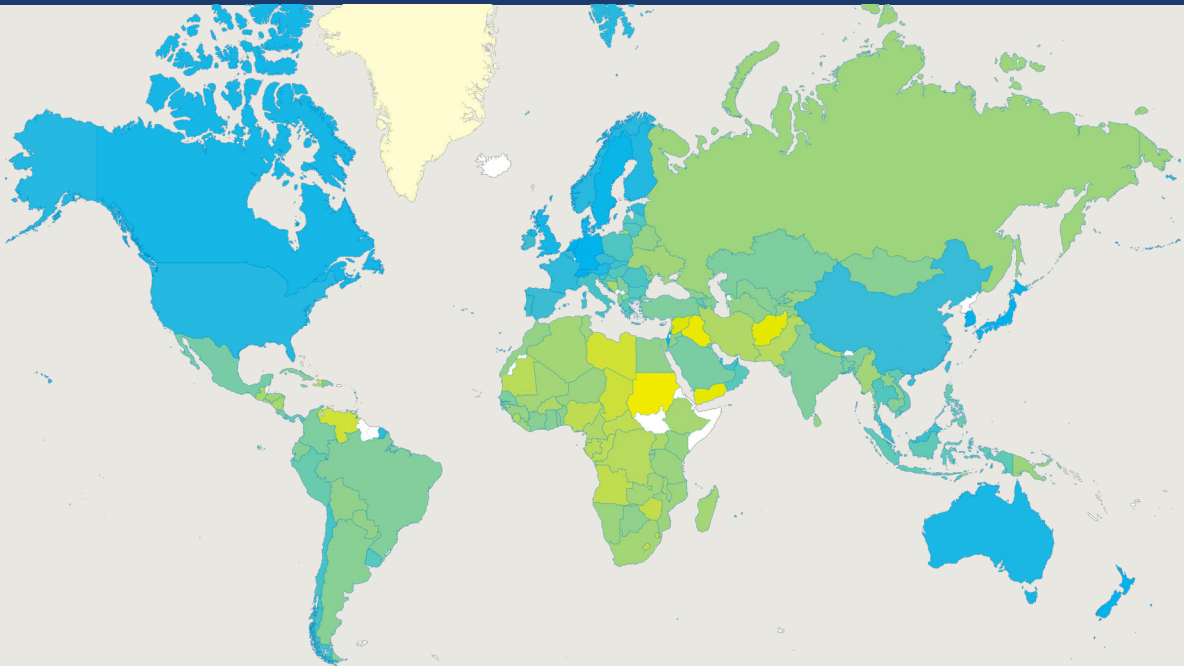
**ELITE QUALITY
INDEX**
EQx2024

This is a contribution from the following book:

ELITE QUALITY REPORT 2024

Are Inclusive Elites Experiencing Lower Child Penalties in Employment?

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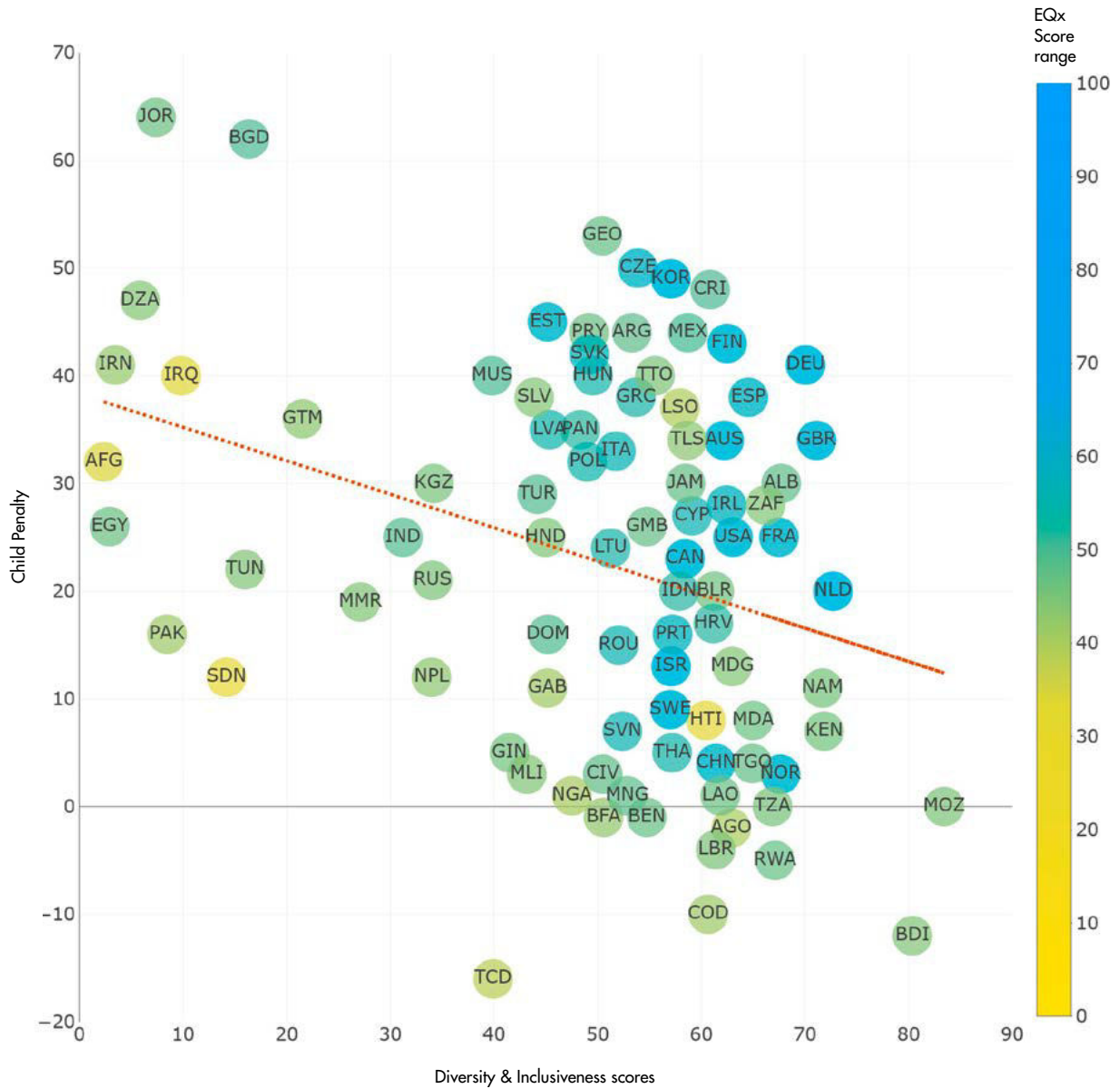
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Visual 4.4: Child Penalty and D&I Indicator Family



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Note: Vertical axis plots the Child Penalty (Child Penalty Atlas, 2024).
 Horizontal axis plots scores of the Index Family "Diversity & Inclusiveness".
 Orange dashed line indicates a fitted regression line. Adjusted R-squared: 0.094.
 Random selection of country codes are printed in case of country overlaps, colour code illustrates overall EQx score.

Are Inclusive Elites Experiencing Lower Child Penalties in Employment?

Many gender gaps in the labor market are closing, but child-bearing remains one of the main reasons for its continuation. According to the child penalty research, some countries seem to provide good examples for recovering from the effects of women's employment after the birth of their first child. Others are not such good examples. How does this correlate with our measure of inclusive elites? What can we learn from it? This commentary discusses the potential parallels between the inclusivity of elites (i.e., their ranking in the Diversity & Inclusion (D&I) EQx-Indicator Family of the EQx) and the child penalty in employment.

The "child penalty in employment" refers to the effect of parenthood on the employment rate of women relative to men. Recent research by Kleven et al. (2023) shows how women face a drop in employment after the birth of their first child, which is never recovered in most countries, while men's employment is not negatively affected after the birth of their first child.

How does the child penalty in employment correlate with the Diversity & Inclusion EQx-Indicator Family of the EQx? The two measures are negatively correlated (see visual 4.4), so that a country with value-creating business models from a D&I-perspective is associated with a lower child penalty.

However, a closer look reveals that the three top performers in the D&I indicator Family—Mozambique, Burundi, and the Netherlands—do not necessarily manage to keep women in employment after the birth of their first child, as the example of the Netherlands shows.

In many African countries, such as Mozambique, there is little or no negative impact of parenthood on employment. This does not mean that there is no gender employment gap—it is just not reflected in the child penalty. Another reason for this gap is the marriage penalty, which is more important in low- and middle-income countries (Kleven et al., 2023).

Some countries do experience the negative impact of motherhood on employment, but women "recover". What are China (D&I, rank #35), Estonia (D&I, rank #109), whose D&I ranking is affected by a low score for the *Gender education gap* (iii.8, GEG), or Finland (D&I, rank #31) doing to help women recover from the drop in employment after bearing their first child? There is certainly no single recipe. In China, contextual factors may explain the quick recovery from the child penalty: A significant proportion of the workforce is employed in the informal sector, which is more vulnerable to poverty and insecurity. In addition, the relatively high prevalence of three-generation households and the associated care responsibilities may increase a mothers need for financial income, leading to a faster return to work (Manwei, 2023). Other countries stand out for their low barriers to women's economic participation, such as Estonia (WBL, i.3, rank #13) and Finland (WBL, i.3, rank #13). Furthermore, the examples of Finland (LFR, rank #15; WMA, rank #30) or Estonia (LFR, rank #48; WMA, rank #44) illustrate that a high labor force participation rate and increased opportunities to reach senior and middle management positions—both indicators for greater acceptance and support for women in the workforce—can help to offset the negative impact of motherhood on employment by increasing the incentives for women to return to paid work. Therefore, the reduction of barriers to women's economic participation and a positive synergy between the legal framework and social norms can potentially serve as a solution to mitigate the effects of childcare responsibilities.

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EQx2024 Indicator Family
Diversity & Inclusion

Countries covered: 151

Indicators included:

| | | Weight within Family | Weight within EQx |
|-----|--|----------------------|-------------------|
| WPI | Women's Power Index | 9.1% | 0.3% |
| GRI | Religion - Government Restriction Index | 0.9% | 0.1% |
| LIN | LGBT+ inclusiveness | 0.9% | 0.1% |
| WSB | Women self made billionaires | 1.7% | 0.3% |
| WBL | Women, business and the law | 1.7% | 0.3% |
| WMA | Proportion of women in senior and middle | 1.7% | 0.3% |
| IWE | Index of Women Entrepreneurs | 28.3% | 1.3% |
| GEG | Gender education gap (dev. fm optimum) | 18.4% | 0.6% |
| LFR | Labor force participation ratio - male vs fe | 37.4% | 0.8% |

Rationale

The Diversity & Inclusion (D&I) EQx-Indicator Family is a construct formed by 9 Indicators. The weighting of each Indicator is conceptual and is expected to evolve in future iterations of the EQx. The rationale for the D&I EQx-Indicator Family is simple. Any type of discrimination, from gender to religion, has a business model logic, constitutes a form of rent seeking, and compromises Value Creation. Those discriminated against face barriers that hinder or prevent them from realizing their potential for Value Creation. Moreover, society at large suffers a serious loss, while the overall Value Creation potential of the economy is compromised.

Diversity & Inclusion EQx Indicator Family, total weight 4.2%

| Rank /151 | Country | Score | Rank /151 | Country | Score | Rank /151 | Country | Score |
|-----------|------------------|-------|-----------|--------------------------|-------|-----------|------------------------|-------|
| 1 | Mozambique | 83.4 | 51 | Armenia | 59.4 | 101 | Panama | 48.3 |
| 2 | Burundi | 80.4 | 52 | Papua New Guinea | 59.2 | 102 | Philippines | 47.7 |
| 3 | Netherlands | 72.7 | 53 | Cyprus | 59.1 | 103 | Nigeria | 47.5 |
| 4 | Kenya | 71.9 | 54 | Kazakhstan | 58.7 | 104 | Guinea-Bissau | 46.7 |
| 5 | Namibia | 71.7 | 55 | Mexico | 58.7 | 105 | Niger | 46.4 |
| 6 | United Kingdom | 71.1 | 56 | Timor-Leste | 58.6 | 106 | Senegal | 45.6 |
| 7 | New Zealand | 70.6 | 57 | Jamaica | 58.5 | 107 | Latvia | 45.4 |
| 8 | Turkmenistan | 70.3 | 58 | Canada | 58.4 | 108 | Dominican Republic | 45.2 |
| 9 | Germany | 70.1 | 59 | Zimbabwe | 58.0 | 109 | Estonia | 45.2 |
| 10 | Austria | 69.6 | 60 | Lesotho | 57.9 | 110 | Gabon | 45.1 |
| 11 | Switzerland | 68.7 | 61 | Indonesia | 57.8 | 111 | Honduras | 45.0 |
| 12 | Albania | 67.7 | 62 | Equatorial Guinea | 57.3 | 112 | Malaysia | 44.7 |
| 13 | Norway | 67.6 | 63 | Portugal | 57.2 | 113 | Turkey | 44.2 |
| 14 | France | 67.5 | 64 | Colombia | 57.2 | 114 | El Salvador | 43.9 |
| 15 | Rwanda | 67.1 | 65 | Thailand | 57.2 | 115 | Mali | 43.2 |
| 16 | Tanzania | 66.9 | 66 | Israel | 57.1 | 116 | Venezuela, RB | 42.2 |
| 17 | Chile | 66.5 | 67 | Korea, Rep. | 57.1 | 117 | Guinea | 41.5 |
| 18 | South Africa | 66.2 | 68 | Ethiopia | 57.0 | 118 | Chad | 39.9 |
| 19 | Congo, Rep. | 65.2 | 69 | Sweden | 57.0 | 119 | Mauritius | 39.8 |
| 20 | Moldova | 65.0 | 70 | Japan | 56.1 | 120 | Bosnia and Herzegovina | 38.9 |
| 21 | Togo | 64.9 | 71 | Brazil | 55.6 | 121 | United Arab Emirates | 38.7 |
| 22 | Spain | 64.5 | 72 | Trinidad and Tobago | 55.5 | 122 | Qatar | 36.8 |
| 23 | Vietnam | 63.5 | 73 | Denmark | 55.3 | 123 | Saudi Arabia | 36.1 |
| 24 | Peru | 63.5 | 74 | Cambodia | 55.1 | 124 | Tajikistan | 35.0 |
| 25 | Belgium | 63.3 | 75 | Gambia, The | 54.7 | 125 | Kyrgyz Republic | 34.2 |
| 26 | United States | 63.1 | 76 | Benin | 54.7 | 126 | Russian Federation | 34.1 |
| 27 | Madagascar | 63.0 | 77 | Czech Republic | 53.9 | 127 | Nepal | 34.0 |
| 28 | Azerbaijan | 62.9 | 78 | Greece | 53.7 | 128 | Uzbekistan | 32.8 |
| 29 | Angola | 62.9 | 79 | Argentina | 53.3 | 129 | India | 31.2 |
| 30 | Uganda | 62.5 | 80 | Mongolia | 52.8 | 130 | Libya | 27.9 |
| 31 | Finland | 62.5 | 81 | Central African Republic | 52.6 | 131 | Myanmar | 27.1 |
| 32 | Ireland | 62.4 | 82 | Nicaragua | 52.4 | 132 | Bahrain | 26.1 |
| 33 | Australia | 62.2 | 83 | Slovenia | 52.4 | 133 | Kuwait | 24.7 |
| 34 | Lao PDR | 61.8 | 84 | Romania | 52.0 | 134 | Mauritania | 22.0 |
| 35 | China | 61.4 | 85 | Italy | 51.8 | 135 | Guatemala | 21.5 |
| 36 | Liberia | 61.4 | 86 | Ukraine | 51.6 | 136 | Sri Lanka | 21.3 |
| 37 | Singapore | 61.3 | 87 | Lithuania | 51.2 | 137 | Bangladesh | 16.4 |
| 38 | Belarus | 61.3 | 88 | Malawi | 51.0 | 138 | Tunisia | 16.0 |
| 39 | Croatia | 61.2 | 89 | Burkina Faso | 50.6 | 139 | Sudan | 14.2 |
| 40 | Uruguay | 60.9 | 90 | Côte d'Ivoire | 50.5 | 140 | Lebanon | 12.9 |
| 41 | Costa Rica | 60.8 | 91 | Georgia | 50.4 | 141 | Iraq | 9.8 |
| 42 | Ghana | 60.8 | 92 | Zambia | 50.1 | 142 | Oman | 9.0 |
| 43 | Congo, Dem. Rep. | 60.7 | 93 | Cuba | 49.8 | 143 | Pakistan | 8.4 |
| 44 | Bolivia | 60.6 | 94 | North Macedonia | 49.7 | 144 | Jordan | 7.4 |
| 45 | Haiti | 60.5 | 95 | Bulgaria | 49.6 | 145 | Morocco | 6.6 |
| 46 | Serbia | 60.4 | 96 | Hungary | 49.6 | 146 | Algeria | 5.8 |
| 47 | Cameroon | 60.1 | 97 | Ecuador | 49.2 | 147 | Syrian Arab Republic | 5.1 |
| 48 | Botswana | 59.9 | 98 | Slovak Republic | 49.2 | 148 | Iran, Islamic Rep. | 3.5 |
| 49 | Eswatini | 59.7 | 99 | Paraguay | 49.2 | 149 | Egypt, Arab Rep. | 2.9 |
| 50 | Sierra Leone | 59.6 | 100 | Poland | 49.0 | 150 | Yemen, Rep. | 2.4 |
| | | | | | | 151 | Afghanistan | 2.3 |

The Elite Quality Report 2024 (EQx2024) provides Country Scores and Global Rankings for 151 countries
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