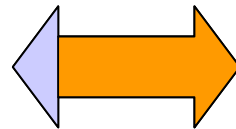


Labour market and parenthood

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Transition', Budapest 6-8 September 2007*

Fertility

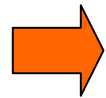


Female labour market
participation

- Fertility decisions depend on the cost of having children.
 - Forgone earnings due to childbearing
 - (Loose of labor force contacts)

Objectives of the presentation

- What are the consequences of childbearing?
 - Labour market participation
 - Income
 - For both men and women
- What is the role of individual deteminants?
- What is the role of institutional settings?
 - Family policies (paid parental leave, child care arrangements, cash benefits, policies that promote gender equality, etc.)
 - Labour market (job security, availability of part-time work, etc.)
 - Gender norms (normative prescription against/pro maternal employment, etc.)



Review of the theoretical and empirical literature

Preference to comparative approaches across European countries

Research in an economic framework

A little theory: Impact of childbearing on labour market participation (LMP)

opportunity cost of working in the market (wage) $>$ opportunity cost of staying at home (reservation wage)

Presence of children

↘ Women's wage net of childcare costs

↗ Value of women's time at home

Number of children

↗ Financial needs

↗ Need for care giving and Home productivity

Age of children

↗ Financial needs

↘ Need less supervision

A little theory: Impact of employment breaks on income

- Human capital theory, the longer the time spent in education, at work and in training, the higher the wage
- Employment breaks (Mincer & Polachek, 1974; Polachek, 1979, 1987).
 - Foregone experience
 - Depreciation of skills when not practiced
 - Less training opportunity
 - Less initial investment in human capital
- Employers may consider breaks as a signal of less commitment

A little theory: childbearing, job characteristics and income

- Compensating differential theory:
 - Women who expect to work continuously following childbearing may select occupations that make it easier to combine family and work life.
 - Preference to pleasant working conditions and family friendly jobs rather than high wages.
 - Would be more likely to return to work more quickly after childbearing.
- Insider-outsider theory :
 - Insiders have a high employment security while outsiders often shift between intermittent episodes of employment and unemployment.
 - Women who have short term contracts may find it more difficult to return to work after childbearing.

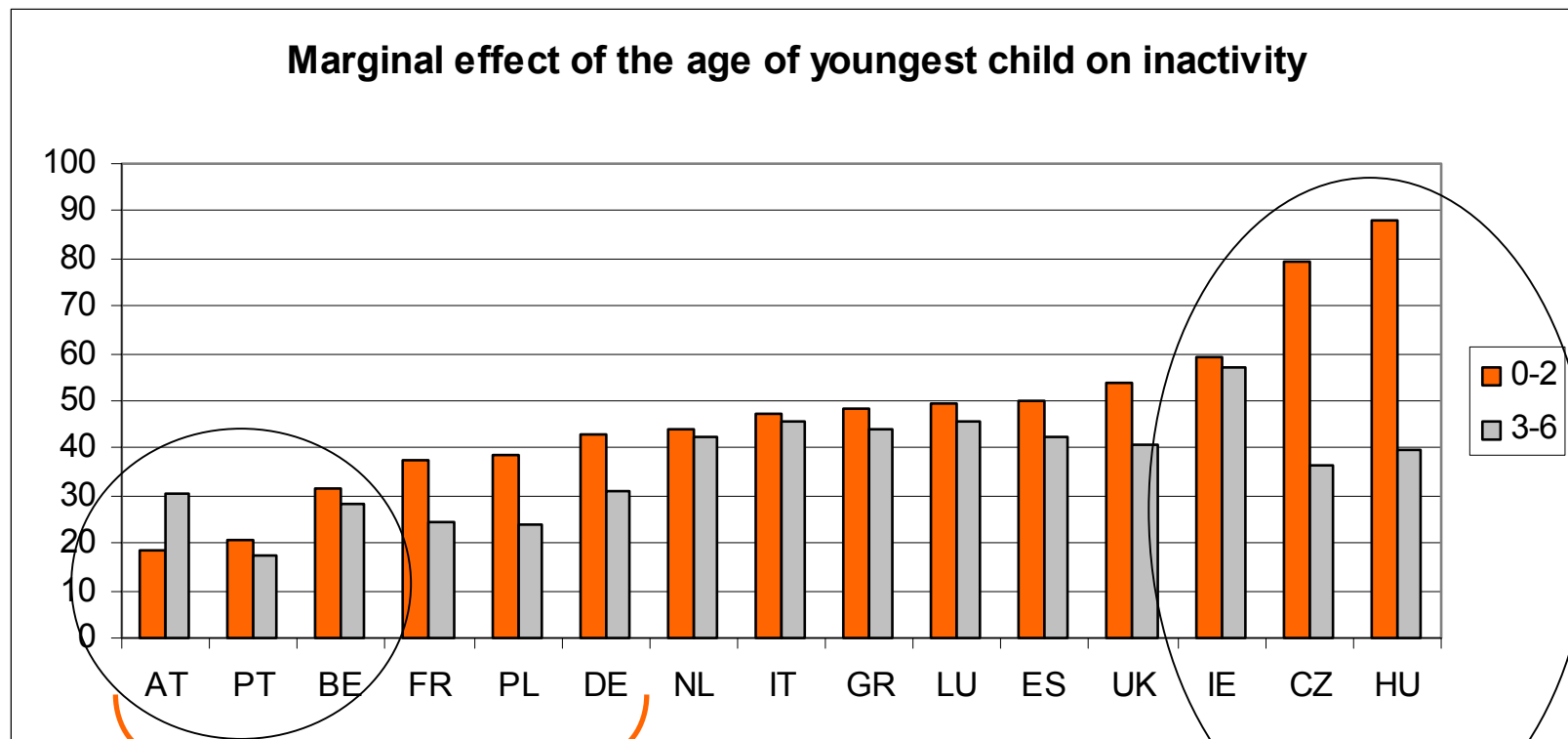
Childbearing and LFP: Different data sets and methods

- Cross-sectional:
 - employment according to the number and age of the youngest child
- Growing number of longitudinal studies:
 - Transition probabilities
 - Probability of employment after childbearing.
 - Demographic research: determinants of duration of breaks (event-history analysis)
- Sample under study may be selected: working/non working mothers
- New research is tackling the problem of endogeneity of fertility. Unobserved characteristics may affect both fertility and participation/type of job.
 - Joint decision to work and to have a child has to be estimated (Aassve et al., 2003; Del Boca, Pasqua, Pronzato, 2007)
 - IV strategy (Angrist & Evans, 1998).

Effect of having children on transition to homemaking

Negative effect	Insignificant influence	Positive effect
	Flanders (Corijn, 2001)	Denmark child 0-6 (Leth-Sorensen & Rohwer, 2001)
		UK FT & PT Joshi et al. (1996); infant 0-3 Mc Culloch & Dex, 2001
		West Germany pre-school child 0-6 (Blossfeld et al. 2001)
		France one child 0-4 (Grimm & Bonneuil, 2001)
	Italy infant 3-6 (Bernardi, 2001)	Italy infant 0-3 (Bernardi, 2001)
		Spain infant 0-3 (Adam, 1996; Gonzales-Lopez, 2001)
		Sweden infant <2 (Henz & Sundström, 2001)
		Poland pre-school child 0-6 (Drobnic & Frateczak, 2001)
Hungary infant 3-6 (Robert et al., 2001)		Hungary infant 0-3 (Robert et al., 2001)

Effect of having children on transition to homemaking



Number of children on transition to homemaking

Negative effect	Insignificant influence	Positive effect
Spain (Adam, 1996; Gonzales-Lopez,	West Germany (Blossfeld et al. 2001)	UK (Mc Culloch & Dex, 2001)
	Poland (Drobnic & Fratczak, 2001)	Hungary (Robert et al., 2001)
	Flanders (Corijn, 2001)	
	Italy (Bernardi, 2001)	

The men' side

- In Germany, positive effect of children on male labor supply, sons more than daughters (Choi et al., 2005)
- In Denmark and Ireland about one in five men increase their working time after childbirth (Fine –Davis et al 2004)
- In France, fathers cut back their working activity twenty times less often than mothers do (Pailhé & Solaz, 2006)
 - mainly changed their job or positions or increased their work involvement.
- In UK, birth event does not have any impact on male transition to non-employment (Aassve et al., 2003)
- In Finland, men who had long time schedule reduce their working time. (Kitterod 2002)

Duration of breaks



Figure 4.2. Monthly Employment Status in The Netherlands, 1990s.

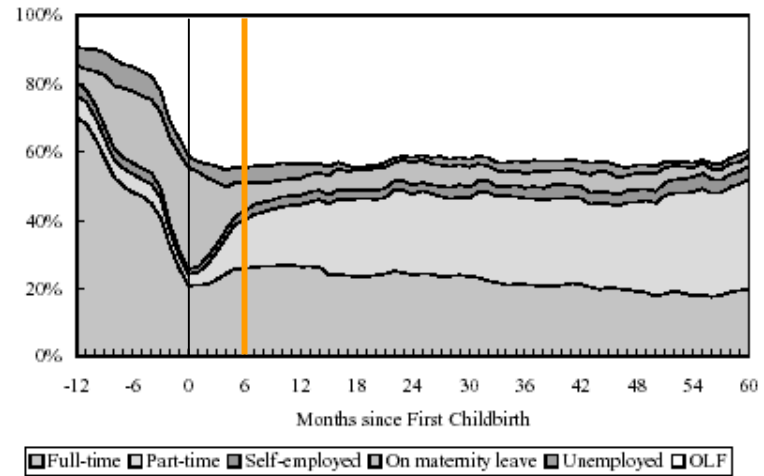


Figure 12. Monthly Employment Status in Britain, 1990s.

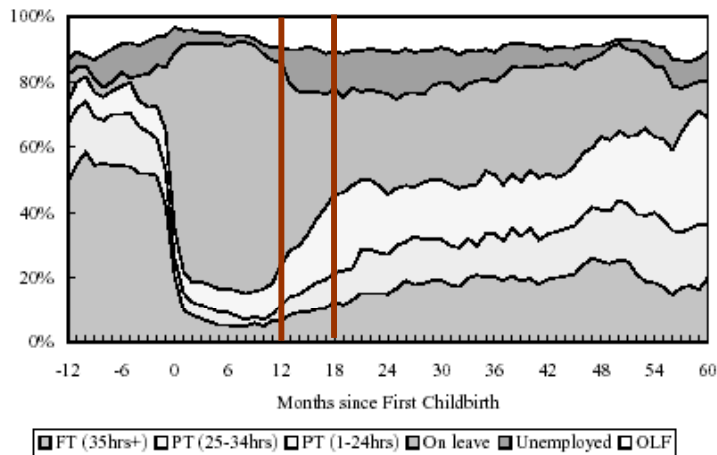


Figure 3.2. Monthly Employment Status in Sweden, 1990s.

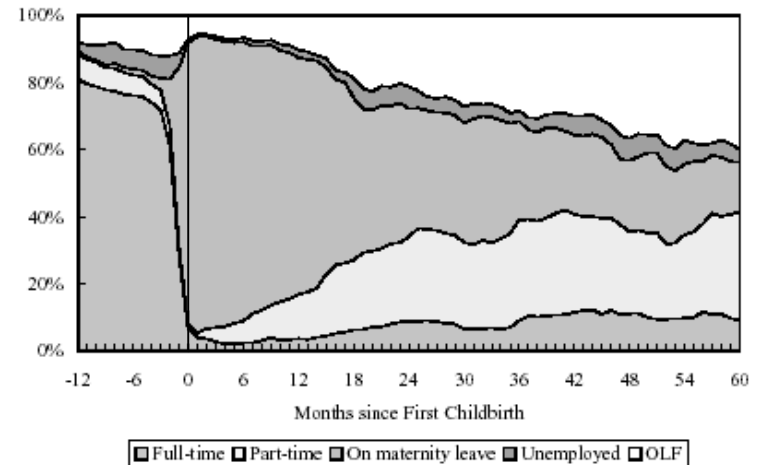
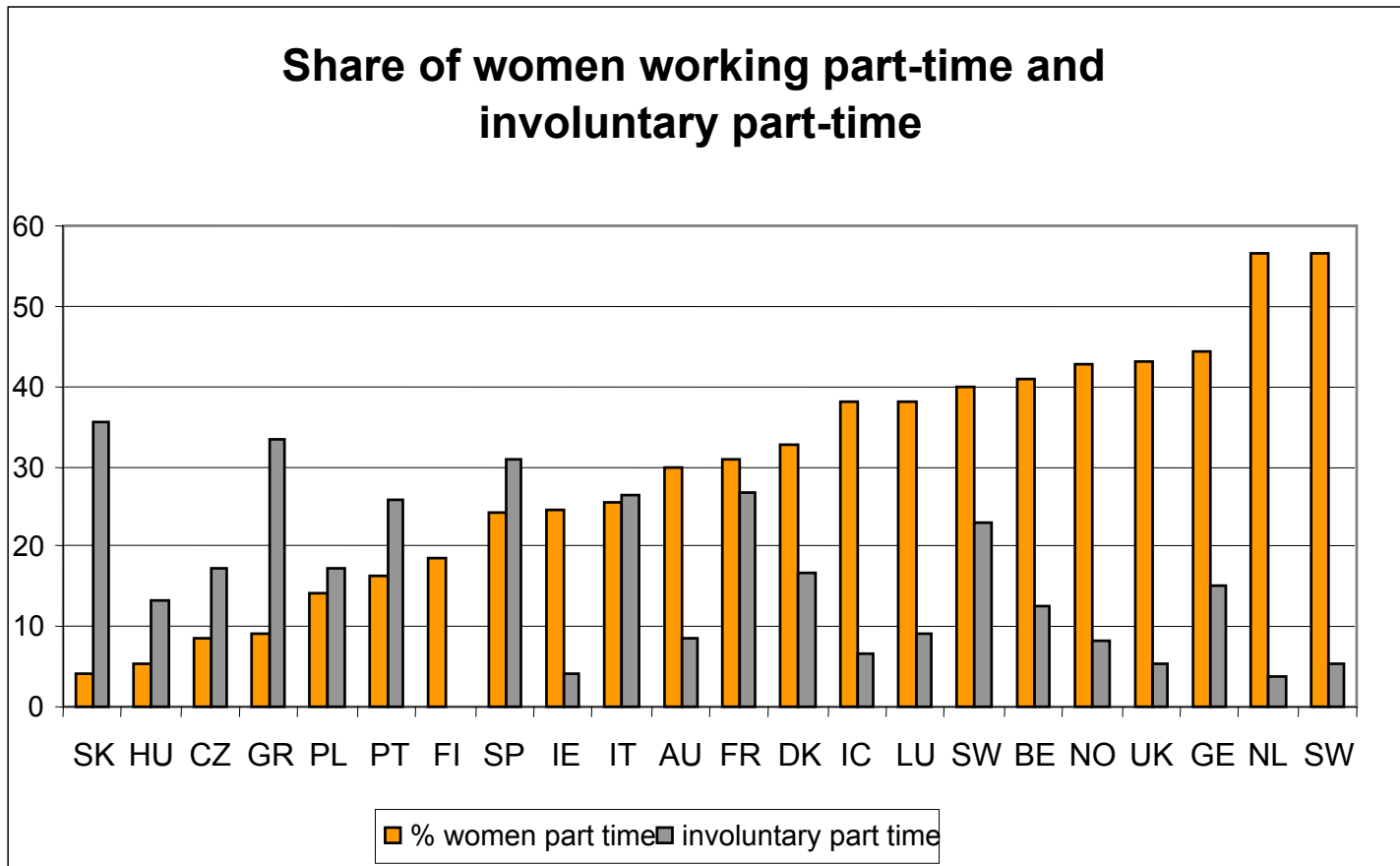


Figure 2.2. Monthly Employment Status in West Germany, 1990s.

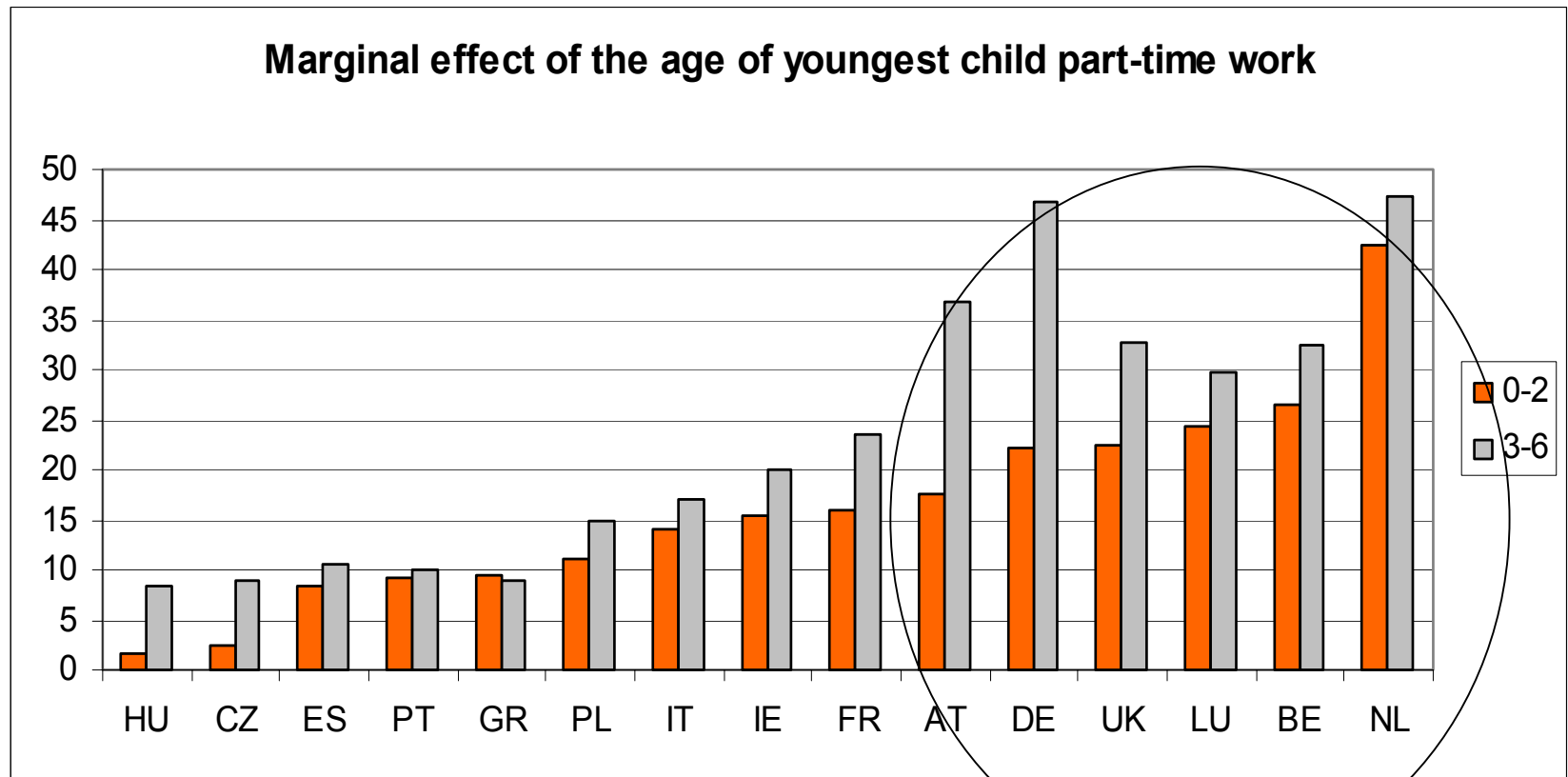
Other determinants of the break duration

Characteristics	Effect on break	
Education	-	Gustafsson et al. (2002), Bernhardt (1986); Klerman & Leibowitz (1999), Elligsaeter & Ronsen (1996), etc.
Potential wage	-	Pronzato (2007); Desai & White (1991); Even (1987); Greenstein, (1989); Klerman & Leibovitz (1990); Shapiro & Mott (1979); Blau et al (1998)
Work experience	-	Pronzato (2007); Desai & White (1991); Even (1987); Greenstein, (1989); Klerman & Leibovitz (1990); Shapiro & Mott (1979)
Income	+/ns	+ Germany Pt (Gornick, 2003) ns : US, UK, Can, It (Gornick, 2003)
No partner	+	Joshi (1996)
Partner's resources (education, employment status)	+/-	Blosfeld & Drobnic (2001) + Germany, Netherlands, Belgium, Italy, Spain, Poland - Denmark, Sweden, Hungary, France
Cohort effect	- (very high in Spain) + Germany	Matyasiak & Vignoli (2006) ; Gustafsson et al. (2002)
Birth order	+	Pailhé & Solaz (2007)

Labour market opportunities: Part-time work



Children and part time jobs



Source: Thévenon, 2007
Data: LFS

Job characteristics and employment breaks

Job characteristics	Positive effect	Non significant	Negative effect
Permanent contract	France (Pailhé & Solaz, 2007) Italy (Bratti, Del Bono and Vuri, 2005) Spain (Gutteriez-Domenech, 2002)		
Public/Private	England (Mc Rae, 1993) Norway (Ellingsaeter & Ronsen, 1996) France (Pailhé & Solaz, 2007 ; Saurel-Cubizolles et al. (1999) Italy (Bratti, Del Bono and Vuri, 2005) Spain (Gutteriez-Domenech, 2002) Spain : Saurel-Cubizolles et al. (1999)		
Self-employed	France (Pailhé & Solaz, 2007) Spain : Saurel-Cubizolles et al. (1999)		
Large firms	Italy (Bratti, Del Bono and Vuri, 2005)		
Occupational hierarchy	Fr, IT, Spain Saurel-Cubizolles et al. (1999)		
Part time before		Norway (Ellingsaeter & Ronsen, 1996) England (Mc Rae, 1993) Italy, Spain (Saurel-Cubizolles, 1999)	France (Saurel-Cubizolles, 1999)
Opportunities of on the job training	USA (Desai & White, 1991 :		
Gender-typical (female occupation)	USA (Desai & White, 1991 : high share of young women)		US (Charles et al., 2001) USA (Desai & White, 1991 : high share of women part-time)

A common feature

- « Insiders » can combine family and work
 - Highly educated women
 - Stable jobs
 - Well paid
 - High in occupational hierarchy
- The effect of motherhood on other women depend on the institutional set ups, policies and cultural factors.

3 groups of countries

Kampeneers & Lelievre, 1993: Europe

Saurel-Cubizolles et al., 1999 : France, Italy, Spain

Guterrez-Domènech, 2005: Italy, Belgium, Germany, Spain, Sweden

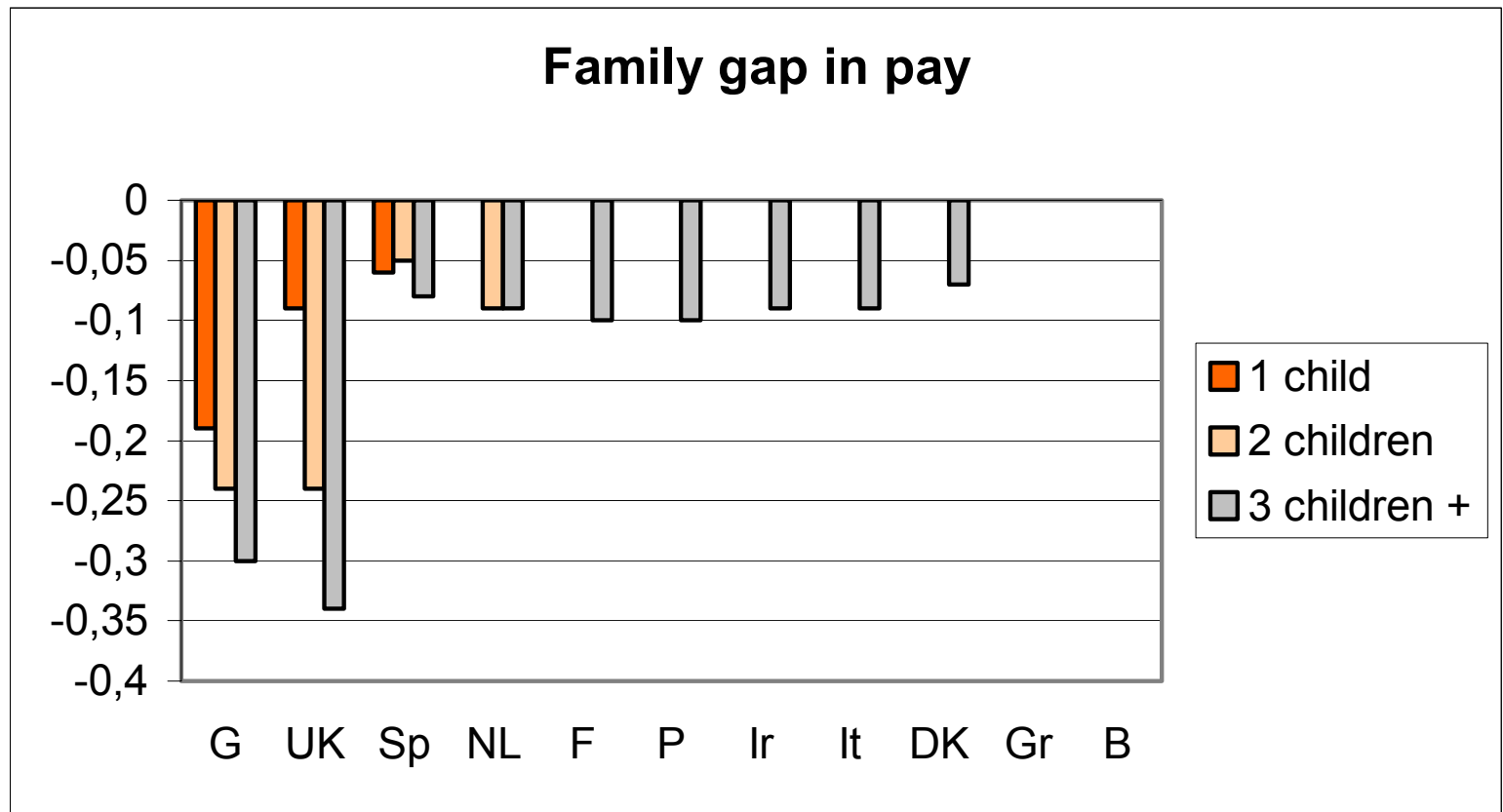
Pronzato, 2006: EU

Gustafsson et al., 2002: Germany, Sweden, Britain and the Netherlands

earliest return	medium	latest return
BE ♦ ♦ ♣ □	DK ♦ ♦ ♣ □	GE ♦ □
PT ♦	FI ♦ ♣	IT ♦ ♣
NL ♦ ♣ □	AT ♦ □	IR
	FR ♦ ♦ ♣	LU ♦
	UK *	EL
	SE ♦ ♦ ♣ □	ES ♦

- Long paid parental leave
- ♦ Childcare availability for infants
- ♦ Childcare availability for children
- ♣ Long opening hours
- Part-time work

Family gap in pay across countries



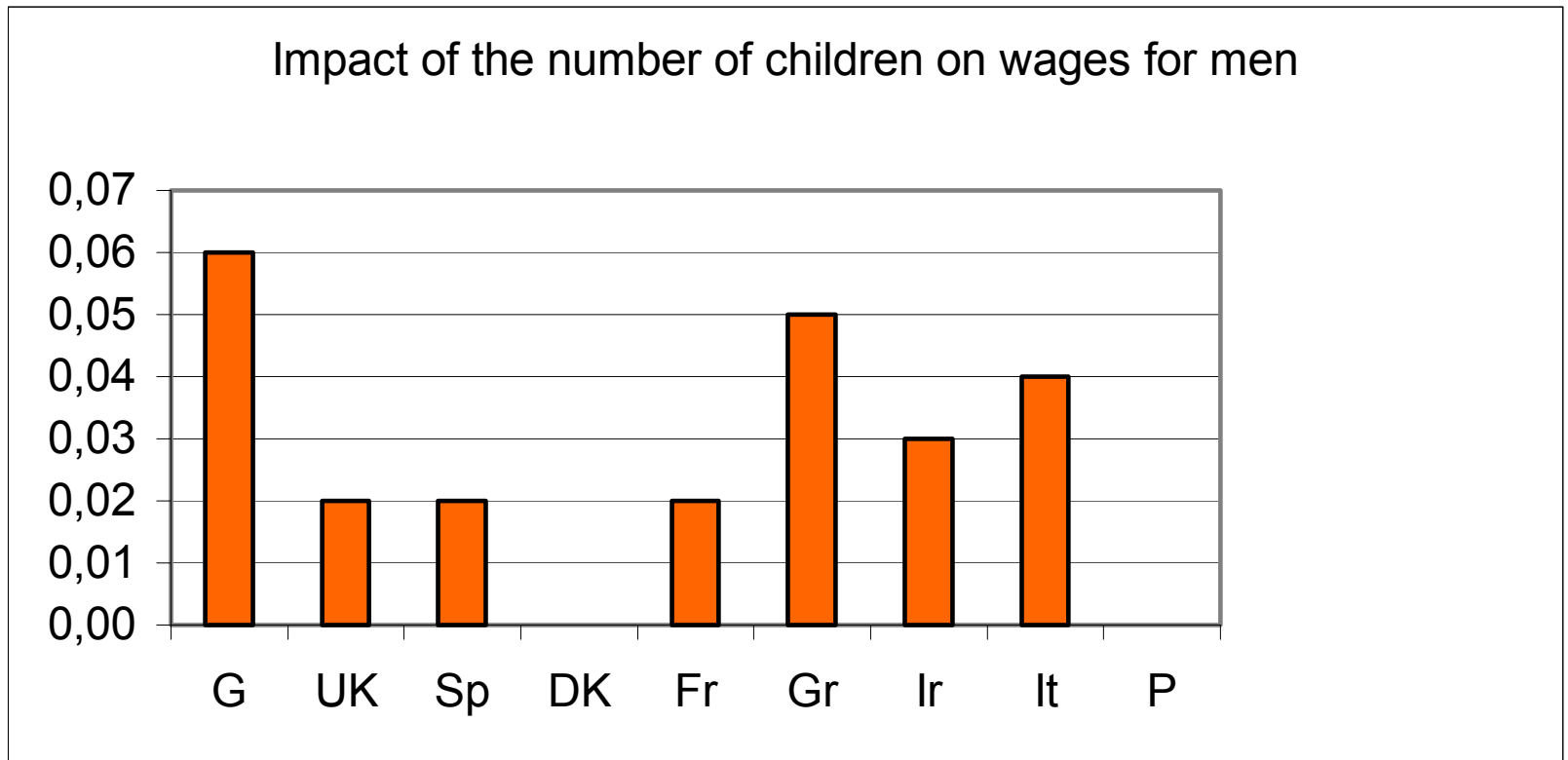
Source: Davies & Pierre, 2005

Data: ECHP Waves 1 to 6, OLS corrected for sample selection, women aged 16-40 at wave 1

Ref = no child in the household

Control variables: age, partnership status, education, potential labour market experience, tenure in current employment, industry

A premium for fatherhood



Source: Meurs, Ponthieux, 2005

Data : ECHP wave 7, 25-55 control for self selection (Heckman)

Control variables : education, experience, tenure, occupation, industry, public/private sector, hours/week

Job breaks have a negative impact on wages

- A long term negative impact (Stratton, 1995; Dankmeyer, 1996; Shapiro & Mott, 1994).
- Negative effect of parental leave < unemployment.
 - in Sweden and France (Albrecht & al, 1999; Meurs & al, 2007)
 - Non significant effect of parental leave in Germany (Beblo & Wolf, 2002)
 - Lower in public sector (Nielsen et al., 2001)
- The child penalty decreases after controlling for employment breaks
 - disappears in France (Meurs & al., 2007), NL (Wetzels & Zorlu, 2003).

Wage and working conditions

- Felfe (2006): one part of the family gap may be explained by family friendly job characteristics in Germany
- Part-time employment compared to full-time employment
 - penalties in pay UK, France, Germany
 - Ermish & Wright, 1993, Rake, 2000; Waldfogel, 1995; Meurs & Ponthieux, 2007; Beblo & Wolf, 2000, Joshi and Paci, 1999; Russo & Hassink, 2005
 - no significant effect on hourly wages: Netherlands:
 - positive effect: Sweden
 - Gustafsson Kenjoh, and Wetzels, 2001

Conclusion

- Negative effect of childbearing on female careers is decreasing but still present
- Beyond individual characteristics, job characteristics matter
 - Need more empirical evidence on the interrelationships between job characteristics, childrearing and fertility
- Family policies and gender norms do play a role
 - Lack of studies on the direct impact of family policies and gender norms
- Few information on men
 - More comparison between men and women
- Few studies which correct for endogeneity and selection bias

 **GGG data**