

# Family Policies and Gender Gaps

Barbara Petrongolo  
QMUL and CEP (LSE)

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# Women and labor markets

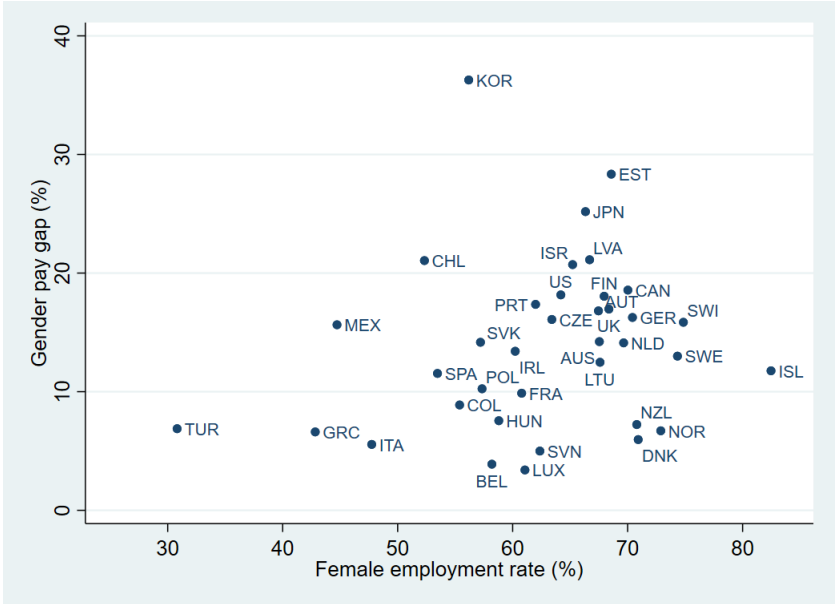
- ▶ Women's increased involvement in the economy was the most significant change in labor markets during the past century.
- ▶ Women made major inroads in labor markets: human capital, employment, pay, occupations etc.
- ▶ But remaining disparities with respect to men in all countries
  - ▶ In the UK women earn about 22% less than men and their employment rate is 12 percentage points lower
  - ▶ Similar picture in US
  - ▶ In continental Europe wage gaps are lower but employment gaps are higher
  - ▶ Despite: equalized educational opportunities and equal pay legislation

## (Why) Is this a problem?

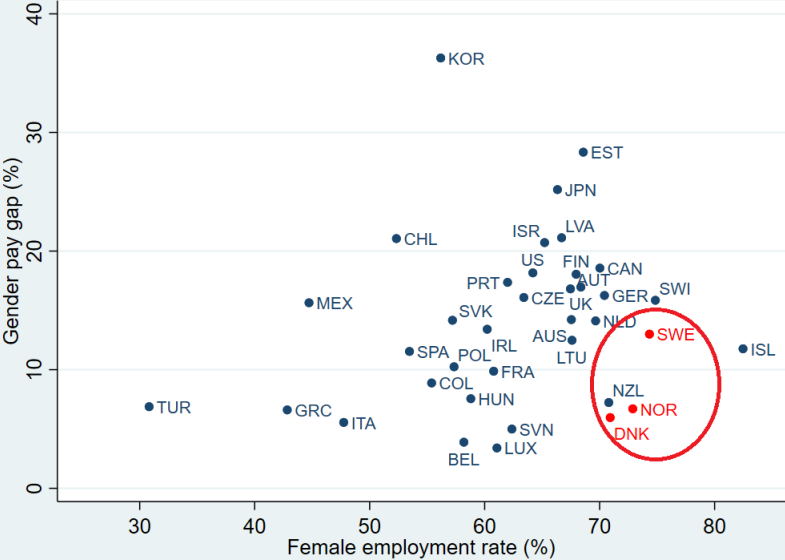
Problem is not just about equity but also about the misallocation of talent:

- ▶ Innate talent is equally distributed among men and women
  - ▶ if anything, girls perform better in school than boys
  - ▶ and invest more in education
- ▶ Efficient allocation of workers to jobs requires that individuals do the jobs that maximize the returns to their skills
- ▶ Selecting mostly from one gender limits the pool of skills and on average worsens match quality

# Gender gaps in employment and earnings



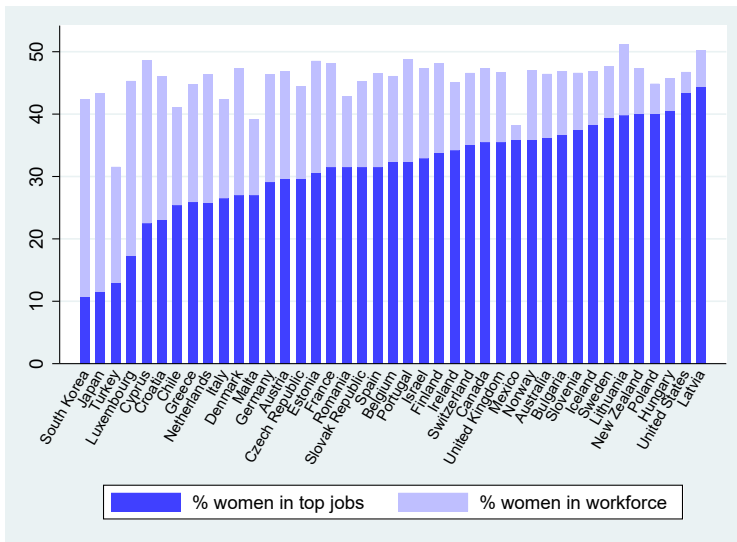
# Gender gaps in employment and earnings



# Gender gaps in employment and earnings



# The glass ceiling



# What explains the remaining gaps?

## Current areas of research

- ▶ Gender differences in preferences and psychological attributes
- ▶ Work-life balance considerations
- ▶ Social norms and gender identity



# Psychological traits

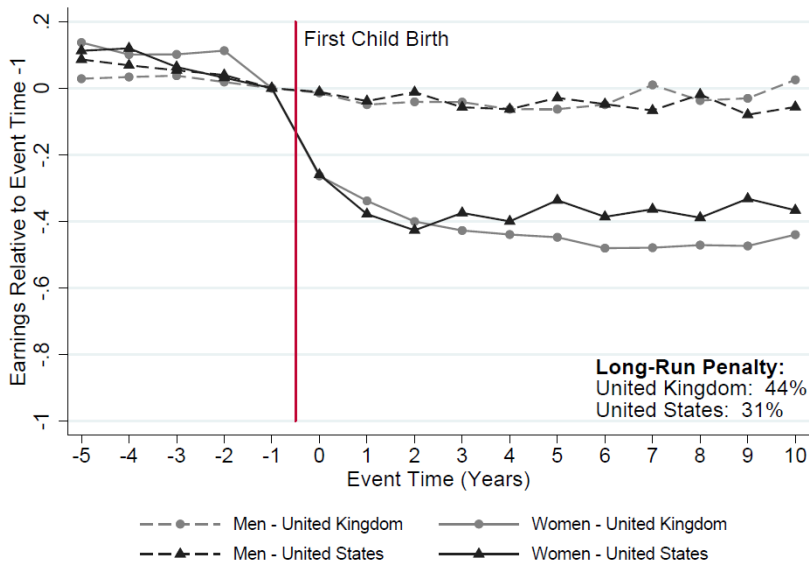
A number of traits related to labor market success, especially in high-paying jobs:

- ▶ Risk-taking: Are women more risk-averse than men?
- ▶ Competitive behavior: Do women shy away from competition?
- ▶ Social preferences: Are women more altruistic than men?
- ▶ Evidence on gender differences in these traits from several lab studies
- ▶ Caveats
  - ▶ Only more recently: evidence from real labor markets. Quantitatively, impact of gender differences in such traits on pay gap is small.
  - ▶ Nature or nurture?
  - ▶ Within-gender differences

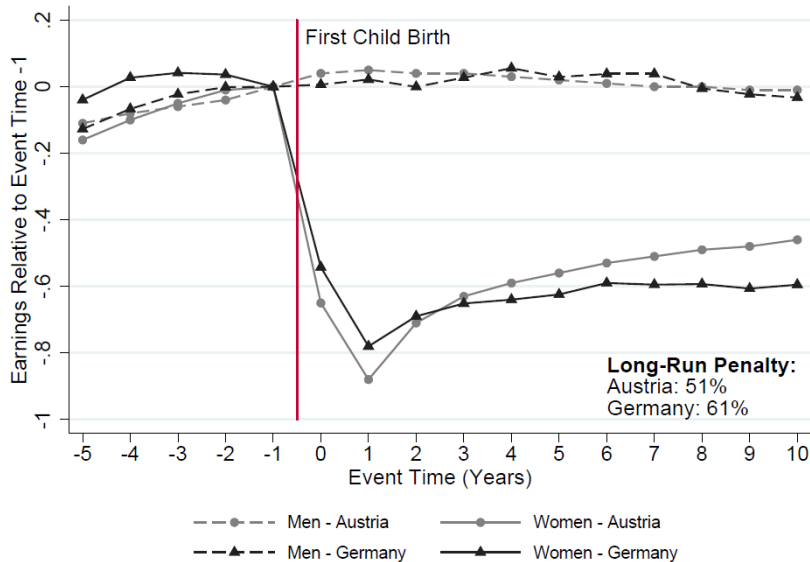
## Work-life balance considerations

- ▶ Women remain main providers of child care and domestic work in general, which sets limits to their involvement in the labor market
- ▶ Detrimental impact on female earnings, and more so in professions that especially reward continuous attachment
- ▶ Unsurprising, as work schedules in professions historically dominated by men were largely set by men who faced little household constraints.
- ▶ High-paying jobs typically remunerate long hours, inflexible schedules, on-the-job competition, etc.
- ▶ and may require continuous labor force attachment – thus difficult to combine with job interruptions

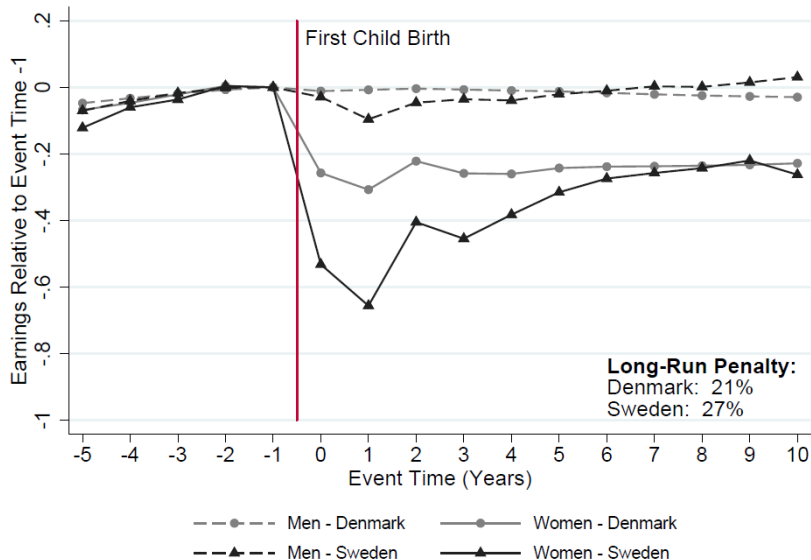
# The motherhood earnings penalty in UK and US



# The motherhood earnings penalty in Ger and Aut



# The motherhood earnings penalty in Scandinavia



# The role of family policies

- ▶ Throughout 20th century, the rise in the female workforce was accompanied by legislation targeted at families
- ▶ Process in some cases initiated by economic change (e.g. industrial revolution);
- ▶ in other cases resulted from social and political change (e.g. women's movement of the 1960s and 1970s).
- ▶ By the early 21st century, most high-income countries have in place a bundle of parental leave policies and family benefits, with multiple goals of
  - ▶ gender equity
  - ▶ higher fertility
  - ▶ child development

# Policy instruments

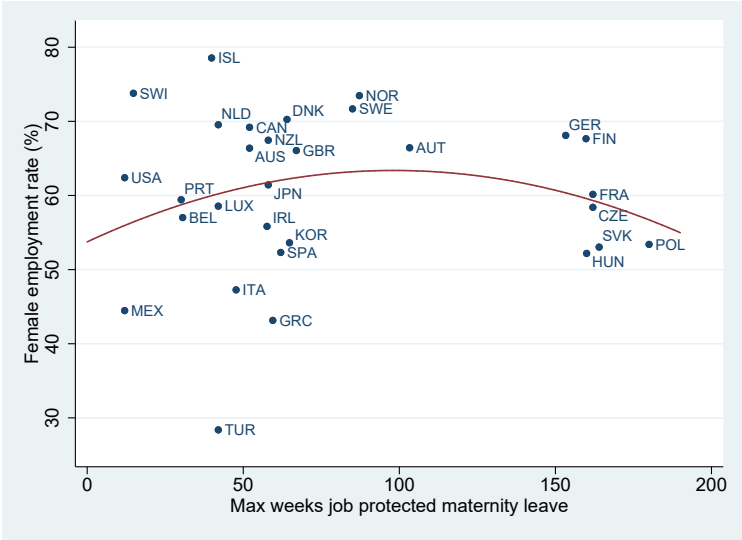
- ▶ Maternity and parental leave
- ▶ Child care provision and subsidization
- ▶ Workplace practices

# Views

- ▶ Family policies enable women to combine motherhood and careers and may erode conservative gender norms
- ▶ But: some policies may backfire by actually limiting women's professional advancement, and raising costs to hiring women of childbearing age



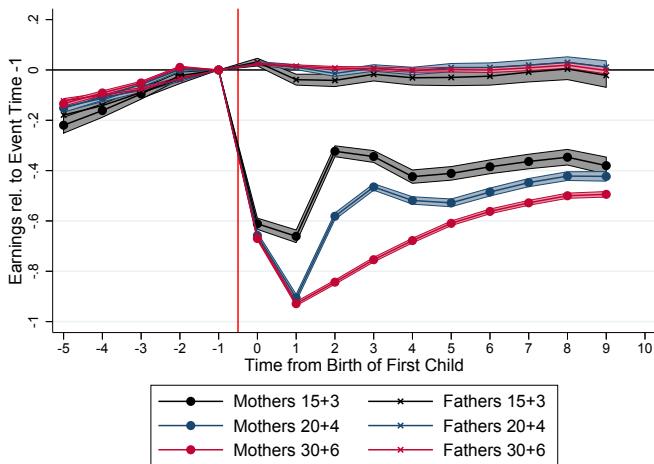
# Maternity leave and female employment



Source: Olivetti and Petrongolo 2017

# Causal impacts

Austria extended parental level from 1.5 to 3 years between 1990 and 2000. Eligibility depends on DOB of child.



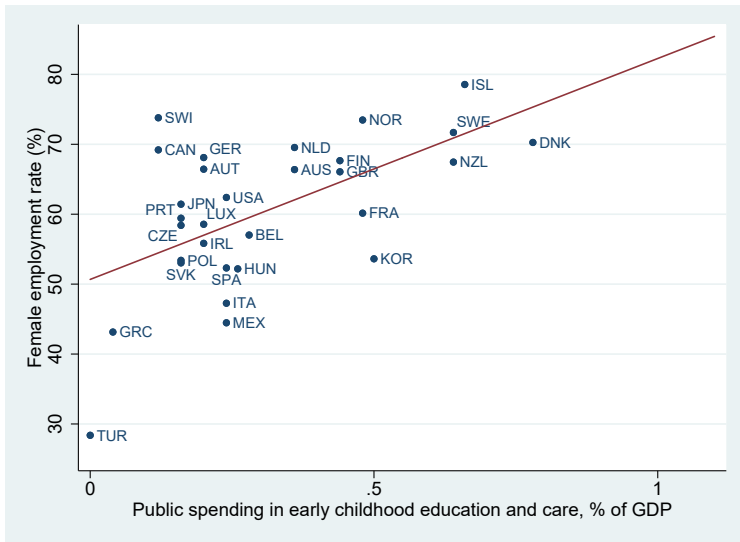
## Lessons and caveats

- ▶ Positive effects are clearly excluded
- ▶ Negative effects mostly in short run (delay return to work), very little in the long run

### But:

- ▶ Higher cash benefits while on leave do reduce earnings (Germany)
- ▶ Causal evidence mostly comes from extensions at long durations (eg 1 year vs 2 years, 2 vs 3)
- ▶ Possibly different picture at short duration (eg 24 **weeks** versus 12)

# Childcare subsidies and female employment



Source: Olivetti and Petrongolo 2017

## Causal impacts: subsidized childcare

- ▶ Some evidence of positive impact of subsidized childcare on maternal employment (US, Canada, Netherland, Spain - not much in Norway and France)
- ▶ Evidence mostly from pre-school programs
- ▶ Contextual factors clearly very important
  - ▶ Whether subsidized childcare crowds-out informal childcare
  - ▶ Whether market sector and/or extended families provide affordable substitutes
  - ▶ Gender identity norms

## Role of gender identity norms

- ▶ Work-family balance would not be a “female issue” if gender roles were equalized in the household
- ▶ It becomes women’s problem whenever social norms induce asymmetric gender roles in the household
- ▶ Gender norms dictate “appropriate behavior” for men and women in the home and the market
- ▶ e.g. male breadwinner model has clear implications for gender roles
- ▶ thus norms likely to feed into gender gaps.

# Interaction between policies and gender norms

Interaction key to understand the impact of policy in different contexts

- ▶ Policies may steer the evolution of norms towards more gender equal roles in so far as they stimulate female employment
  - ▶ Weak evidence on this based on current evidence, but in the early days the introduction of maternity leave likely eased women's entry to the labor market
- ▶ Evolution of norms may create fertile ground for female-friendly legislation (e.g. women's movements of the 1960-70s)

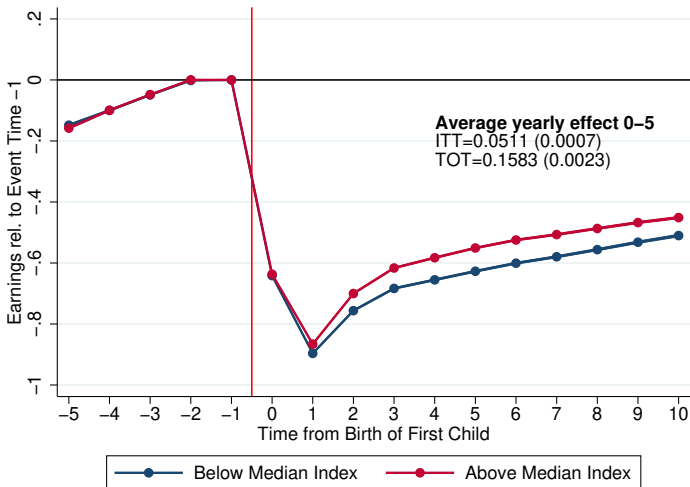
## Unintended consequences

- ▶ Some policies may reinforce stereotypes around gender roles by delaying return-to-work of women after childbirth
- ▶ Family-friendly workplace practices may actually dilute women's job attachment (part-time work, flexi work, telecommuting, etc)
- ▶ and/or induce women to specialize in low- and middle-tier occupations that are more permeable to family-friendly schedules – with sizeable “flexibility penalty”  
UK: 42% women work part-time, with a 26% pay penalty.
- ▶ Norms can be **hindrance to policy effects** whenever binding constraint is traditional division of labor
  - ▶ rather than limited availability of substitutes to women's work in the household



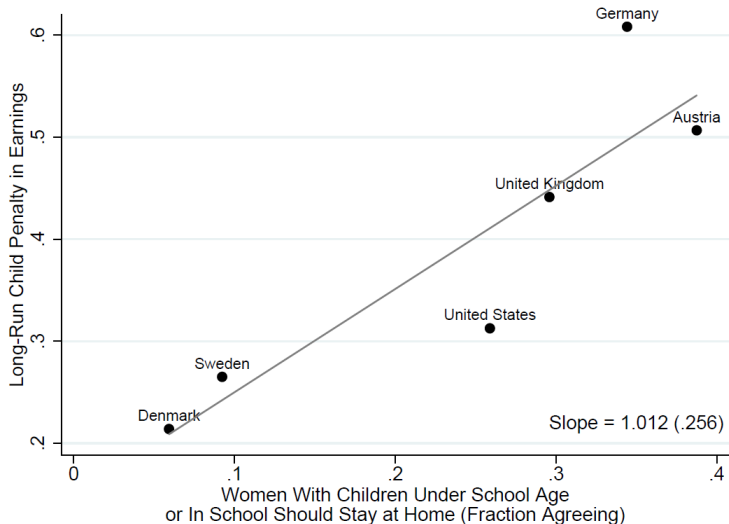
# Subsidized childcare and female earnings in Austria

Nearly 40% of population agrees that "Women with children under school age or in school should not work outside the home" (ISSP).



Source: Kleven et al 2019

# Norms and the motherhood penalty



Source: Kleven et al 2019

# Conclusions

- ▶ Long maternity leave extensions (e.g.  $> 1$  year) do not foster female participation. Mostly delay return to work.
- ▶ Conclusion hard to generalize to early days; or to countries with very limited coverage (US).
- ▶ Subsidized childcare has more beneficial effects
  - ▶ with the added benefit of providing effective substitutes to maternal childcare and easing evolution of gender norms
  - ▶ But even subsidized childcare has little impact when conservative norms are binding
- ▶ Family friendly workplace practices do ease female participation, but with a high “flexibility” penalty
  - ▶ Either because top jobs are less divisible than low-skill jobs
  - ▶ Or because of inertia in the way some male-dominated jobs have been historically organized
  - ▶ Technological and organization change could play key role