

8.3 CAREER BEFORE AND AFTER HAVING A CHILD

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The wage disadvantage of mothers and the wage advantage of fathers following the birth of their child compared to individuals without children has been documented in many countries (for example *Davies–Pierre*, 2005). The wage disadvantage of mothers is highly dependent on the institutional context (such as the availability of child-care services and the length of paid parental leave) and the cultural background, therefore its magnitude differs across countries. (See *subchapter 8.4*) Based on the available previous evidence, the wages of mothers are generally lower compared to both women without children and fathers. This could be explained by specialization within households: after the birth of the child, mothers spend their time on childcare, while fathers focus more on earning money.

Due to this specialization, there could be differences in the decisions and the labour market situation of future mothers even prior to having a child, even though there are no real time constraints related to childcare present yet, but rather as a consequence of their expectations. It is possible that future mothers already invest less into their career during this time since they know that having a child will lead to serious labour market disadvantages, and therefore it is not worthwhile for them to make substantial investments in their careers. Thus, even before the birth of their first child, the wages of future mothers could differ from the wages of future fathers, and from women who do not plan to have children.

International evidence

So far, the pre-parenthood wage gap has only been studied in relatively few countries, mainly due to the lack of appropriate data that allows us to follow both the labour market characteristics and the child-birth situation of future parents over a longer term. Based on German administrative data, *Adda et al.* (2015) showed that family planning has an impact on the labour market decisions of women even before the birth of their child, as a lot of women choose an occupation which is reconcilable with child-care. According to the results of *Angelov et al.* (2016), in Sweden there is only a slight difference between the income and the monthly wage of future mothers and fathers prior to the birth of the child. However, following the birth, the relative income of mothers shrinks considerably due to the sudden reduction of the working time. At the same time, their hourly wage does not decline sharply, but rather more gradually until the child becomes 15 years old, which can be explained by the longer run child-care activities of mothers.

Kleven et al. (2018) revealed that in Denmark, there are considerable changes in connection with working hours, occupational levels, and hourly wages of mothers after the birth of their first child. Over time, these differences after the birth explain a greater and greater part of the gender wage gap. However, the gender wage gap prior to parenthood has narrowed in the last decades: women invest more into their careers before their first child's birth, despite the fact that afterwards they still face significant disadvantages in the labour market.

The Hungarian situation in European comparison

Based on data from the 2006–2016 waves of the *European Union Statistics and Living Conditions (EU-SILC)* survey collected by Eurostat, we carry out a comparative estimation. The analysis presents the relative mean wages of mothers and fathers in Hungary and some other countries before and after the birth of their first child. The relative wages of mothers and fathers were estimated based on wage equations, first for the time period from four years prior to the birth of their first child, and then when their child was 3–6 years old. The dependent variable was the logarithm of the hourly wage,¹ therefore the effect of differences in the number of hours worked was filtered out. The equations also controlled for educational attainment and calendar year. Besides the the wage gap between mothers and fathers, the gender wage gap was also estimated for the sample of individuals without children, which was used to assess the reasons behind the pre-parenthood wage gaps.

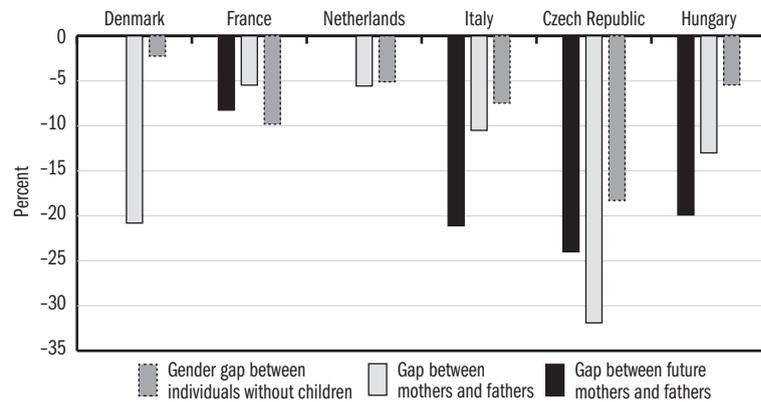
The estimated differences are summarized in *Figure 8.3.1*. There are no significant differences in the mean hourly wages of future mothers and fathers in Denmark or in the Netherlands prior to childbirth. Mothers in France earn approximately 8 percent less compared to men before becoming parents. In Italy, the Czech Republic, and Hungary, however, the wage gap among future parents is higher, between 20 and 24 percent. The disadvantage in the hourly wage of mothers with children aged 3–6 showed a significant link – although its extent differed country by country. The disadvantage in hourly wages after having a child was lower in France, Italy, and Hungary than before childbirth. This is likely related to labor market selection: only those mothers return to work when their child is between the age of 3–6 whose labour market outlook is more favourable or who are more committed to their careers.

The results show that in the Western-European countries studied women do not suffer any wage disadvantage (or only to a small extent) compared to men prior to having a child in the near future. In Southern and Eastern European countries, however, a wage gap already exists prior to the childbirth. The wage disadvantage of mothers in Western countries is the same or lower compared to the wage gap between men and women without children, while in Southern and Eastern European countries it is significantly higher. The results presented suggest that the wage disadvantage of future mothers in Southern and

¹ Calculated on the basis of the annual income, the monthly activity, and the number of usual working hours.

Eastern Europe does not only depend on external, institutional factors (such as employer discrimination) but is also the consequence of the choices (application to a higher position, career choices) of women themselves. Although the result does not provide evidence on a causal link, it appears that in countries where mothers with young children face higher disadvantages, mothers-to-be already constrain their labor market activity in the years before the childbirth.

Figure 8.3.1: The differences in the hourly wages of mothers and fathers before and after the birth of their first child, and the difference between men and women without children (percent)



Source: Own calculation based on the data of *EU-SILC*.

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