

8.4 THE ROLE OF PARENTHOOD IN THE GENDER WAGE GAP

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One of the obvious causes of gender-related labour market differences – including the average wage gap – is having children and the impact of related obligations. Empirical research based on data from several countries showed that mothers have lower mean wages than women without children (*Davies–Pierre, 2005*). The main reasons for the wage penalty of mothers include: the effects of the duration of absences from the labour market (depreciation of human capital, obsolete network of contacts); changes in the preferences for workplace characteristics and wage differentials compensating for this (for example more flexible work hours, stress-free work), as well as employer discrimination, which is also related to the duration of absences before and after giving birth. As for fathers, research usually reveals a considerable wage premium (*Lundberg–Rose, 2000*), resulting from extended work hours and effort, as well as more conscious requests for promotions and pay raises by fathers, and their positive discrimination by employers.

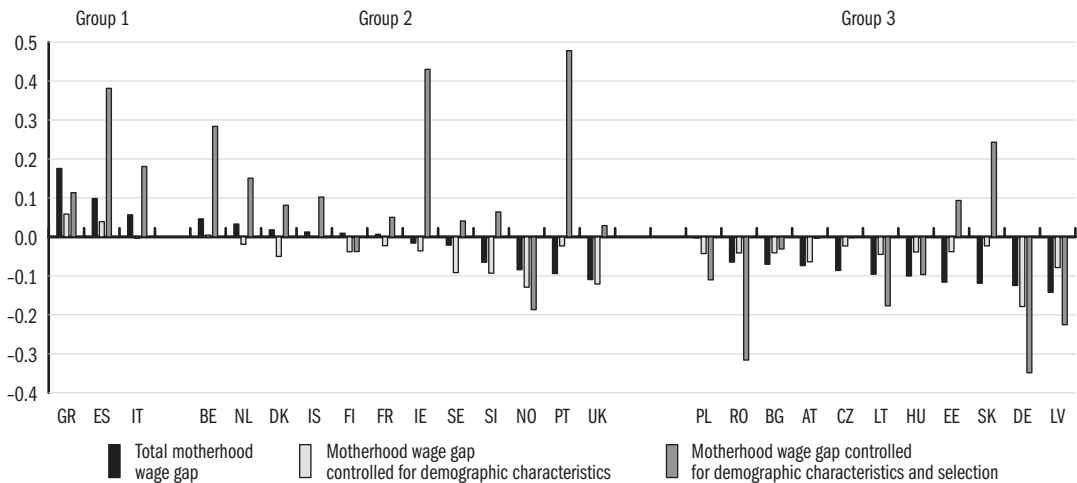
Some of the activities undertaken after the birth of their child are biologically determined for women. However, regarding long-term preferences for childcare, it is more difficult to establish which part is innate, and which is a result of social norms and the system of institutions. How long they wish to stay at home with their children after the birth, when they feel they are able to trust others with caring for their children, and how much time they wish to spend working and being with their children depends on the individual mother and father. Nevertheless, individual preferences and labour market situations are influenced by both the cultural and institutional environment. Assessments of the differences in the employment and wage penalty of mothers across countries also point to the importance of these factors (*Budig et al. 2012*).

Both the mothers' wage penalty and the fathers' wage premium increase the average gender wage gap. One study covering 26 EU countries estimated the motherhood and fatherhood wage gaps as well as the gender gap among childless individuals, and also to what extent these explain the overall gender wage gap (*Cukrowska-Torzewska–Lovász, 2017*). *Figure 8.4.1* shows the estimated extent of the maternal wage gaps in the countries examined. They are estimated using three methods: a) without controls, b) taking the observed characteristics (age, education, region) into account, and c) additionally controlling for labour market and parenthood selection effects. Non-significant estimates are coloured in white.

Based on the most relevant elements of the institutional environment, the countries are classified into three groups. The first group includes Southern European countries, where maternity leave is usually short, childcare avail-

ability is low, and social norms are conservative. *Figure 8.4.1* reveals that in these countries, mothers do not face a wage penalty, and actually earn more on average than childless women. This is due to the fact that a significant proportion of mothers leave the labour market permanently following the birth of their children; however, mothers who do work are especially motivated and highly capable, and return to work after a short leave. The second group mainly includes Western European countries, with relatively generous, moderate length maternity leaves, a high availability of childcare and flexible work arrangements, and societies supportive of mothers' work after having children. In these countries, alongside the higher employment rates of mothers, there is a moderate motherhood wage penalty, related to the wide-spread availability of part-time employment and related lower wages.

Figure 8.4.1: Average wage differences between mothers and childless women by country



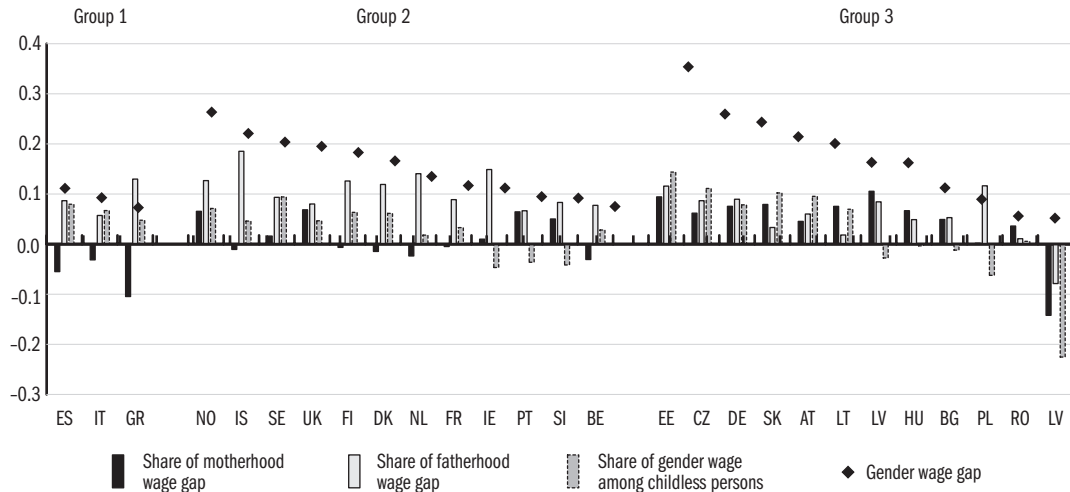
Source: Authors' calculations from the *EU-SILC* database (2004–2014).

The third group consists of Central and Eastern European countries, including Hungary, with typically very long maternal leaves, low availability of childcare and flexible work arrangements, as well as traditional social norms. The highest motherhood wage penalty is seen in this group: mothers return to their protected jobs after long absences, which has a negative impact on their promotion prospects and wages. Fathers receive a – fairly substantial – wage premium in each of these countries.

Figure 8.4.2 indicates how motherhood and fatherhood wage gaps, as well as the gender wage gap among childless individuals, contributed to the overall gender wage gap. The gender wage gap in Southern European countries is due to the fatherhood wage premium and the wage gap among childless individuals, while the motherhood wage premium has a negative impact on it. In Western European countries, the role of fatherhood premium is decisive.

The motherhood wage penalty contributes to a smaller but still significant extent, as does the wage gap among childless individuals. In Central and Eastern European countries, however, alongside the still significant fatherhood wage premium, the role of the motherhood wage penalty is also decisive.

Figure 8.4.2: The contribution of the motherhood and fatherhood wage gaps and the gender wage gap among the childless to the overall gender wage gap



Source: Authors' calculations from the *EU-SILC* database (2004–2014).

These findings suggest that Hungary and other countries with similar institutional systems could significantly improve the relative wages of women with policy measures that encourage the earlier return of mothers to the labour market and the better reconciliation of work and family. These measures include: increasing the flexibility of the length of paid parental leave, expanding childcare provision – especially nursery places –, increasing the length of paternal leave and promoting its uptake, supporting the spread of flexible work arrangements, and shaping public opinion regarding the employment of mothers and the more active participation of fathers in childcare.

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