



Contents lists available at ScienceDirect

Labour Economics

journal homepage: www.elsevier.com/locate/labecoChildren and the gender gap in management[☆]

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ARTICLE INFO

Keywords:

Childbirth and career advancement
 Gender and management
 Within-couple gap
 Parental leave
 Dual earner-carer society
 Household specialisation

ABSTRACT

Women are typically less likely to hold management positions than men. Despite the converging roles of men and women in several labour market outcomes, the gender management gap is persistent. In this paper, we analyse the impact of children on the gender gap in management, focussing on the within-couple gap, allowing us to control for both observed and unobserved attributes of the spouse. The main findings suggest that the gender gap in management increases considerably after the arrival of the first child. Nine years after the birth of the firstborn child, the male–female gap in management has increased by approximately 5 percentage points. Heterogeneity analyses suggest that the gender gap is wider, and gets steeper over time, for couples where the father has a management education or higher education, compared to the gap for the overall sample. In households where the spouses share the parental leave and the mother returns to full-time employment after the leave, the increase in the gender management gap is much smaller, and it is no longer significant towards the end of the period.

1. Introduction

Women have made major progress in the labour market throughout recent decades, resulting in a convergence in human capital investment, employment opportunities and wages relative to men (Olivetti and Petrongolo, 2016). But since the late 1990s, gender wage differences have reached a plateau. Management positions follow much the same pattern, where men dominate and the gender gap has been persistent. The lack of women in top positions in the labour market has often been explained by a glass ceiling effect (see e.g. Albrecht et al., 2003), and the presence of children has been mentioned as one explanation of the invisible barrier to women's career progression.

Norway has a long tradition striving for gender equality and is considered one of the most gender-equal countries in the world (World Economic Forum, 2016), and the female labour supply in Norway is among the highest in the OECD area (OECD, 2016). Still, women are grossly underrepresented in management positions; the female share in management has been steadily low for the last 10–15 years. The question we ask in this paper is how important children are to the sustained gender gap in management positions. Women still engage in the major part of the caring and rearing obligations in the household. In an international context, Norway stands out as a country with an ambitious and generous public family policy. A long and fully wage-

compensated parental leave is one important instrument of this policy. Yet long periods out of the labour market in relation to child births and subsequent periods may have negative effects on the likelihood of reaching management positions, through lower efforts in the labour market during periods when important career decisions are made as well as through a lack of presence in the competition for management positions (Datta Gupta and Smith, 2002).

Bertrand et al. (2010) study the careers of MBAs from a top US business school. They suggest that the sharp reversal in labour supply patterns for MBA women by spousal income which occurs with motherhood seems most consistent with the notion that previously hard-working women slow down after their first birth if they have a high-earnings spouse. Bertrand et al. also suggest that MBA mothers seem to actively choose jobs which are family-friendly and avoid jobs with long hours and greater career advancement possibilities. Evidence of the career effects of children, using Norwegian data, is found in Cools et al. (2015a). They use an instrumental variable approach (sex-mix) for the parents' number of children. They find sizable yet temporary reductions in the labour supply for women, which fade away as the children grow up. For women with a college degree, there is clear evidence of a career penalty of family size, making them less likely than men to be employed by higher paying firms throughout their career.

[☆] This research was made possible thanks to a grant from the Norwegian Research Council, under the project "Gender segregation in the labour market" [project number: 236770]. We would like to thank seminar participants at the Institute for Social Research, SFI, as well conference participants at the EALE conference in Ghent, Belgium, in September 2016, for valuable comments.

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<http://dx.doi.org/10.1016/j.labeco.2017.05.009>

Received 1 November 2016; Received in revised form 26 May 2017; Accepted 29 May 2017

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Blau and Kahn (2013) suggest that generous public family policies like those in the Scandinavian countries, with entitlements to long parental leaves and potentially full wage compensation as well as access to part-time work, may give women options which they would not otherwise have had. However, these policies may also encourage women who would otherwise have had a stronger labour force attachment to take part-time jobs or lower-level positions. On the demand side, such policies may lead employers to engage in statistical discrimination against women for jobs leading to higher-level positions. The authors illustrate their arguments by showing that US women are much better represented among full-time workers and in high-level management positions.

In spite of some progress in women's access to managerial positions in recent decades, most women are in lower- and middle-management jobs, and few are in top management jobs (Reskin and Ross, 1992; Cohen et al., 1998; Carter and Silva, 2010). The numbers of management positions are limited, and competition is hard for both men and women. The arrival of the firstborn will naturally increase family responsibilities. Time survey evidence suggests that mothers take on a large share of the extra responsibilities. The difference in time use with respect to domestic obligations within couples peaks at ages 25–29, a period in life where many become parents for the first time (Egge-Hoveid and Sandnes, 2013). Our argument is that the arrival of the first child will partly determine the relative share of domestic obligations between the parents and will thereby potentially have short and long-lasting effects on the couple's division of time, both domestically and in the labour market.

There is considerable empirical literature analysing the impact of children and domestic obligations on women's career development. The majority of these studies have looked at wage developments (Waldfoegel, 1997; Datta Gupta and Smith, 2002; Budig and England, 2001; Sasser, 2005; Angelov et al., 2016). Fewer have looked at gender differences in management positions (Bertrand et al., 2010). Furthermore, most studies of the importance of children on career development have compared women and men with and without children. We choose another empirical approach.

Concretely, we compare the outcomes for women in relation to their male partners, before and after the firstborn, following the set-up proposed in Angelov et al. (2016). An important advantage of focusing on the within-couple gap is that we can control for both observed and unobserved attributes of the spouse/partner. However, our approach is somewhat different from that of Angelov et al. (2016) in that they compare the labour income and wage development of women in relation to their male partners before and after the arrival of the first child, while we focus on career development. Their results show that 15 years after the first child's birth the male–female gender gaps in income and wages within the couple have increased by 35 and 10 percentage points, respectively.

The crucial identification assumption in our approach is that the decision of *the timing* of the firstborn is not affected by an expected change in the perceived promotion or career trajectory in the absence of a child. For example, if one of the partners has reason to believe that the opportunity for a promotion in the coming years is good, this may affect the timing of the firstborn. Alternatively, if one of the partners, say, the woman, works in a company which is in decline, this may have a negative impact on her promotion opportunities. If reduced opportunities for promotion in turn affect the timing of parenthood, the identification assumption is violated. Such mechanisms are clearly unobserved by the researcher. We approach this threat by including a wide set of pre-birth variables, both in levels and within-couple differences, which are potentially correlated with both the decision of parenthood and future career development. We return to this question in Section 4.

The main mechanism we wish to capture is the impact of human capital depreciation and the lack of skill accumulation arising from career interruption due to parenthood, both in the short run and in the

longer run. The impact in the short run is directly related to childbirth and maternity leave, while in the longer run, it is due to child rearing. Analysing the impact of career interruptions should be of particular interest at the top of the labour market, where the demand for work-related requirements such as long working hours and continuous availability and the drawbacks of career interruptions should be large (Goldin, 2014).

We exploit high-quality register data covering the whole population in Norway, enabling us to link couples with a common offspring. The unit of observation is the couple. We follow the spouses from two years before to nine years after the first child is born. The main result is that the within-couple gender gap in management increases as a consequence of the arrival of the firstborn. In the period preceding the firstborn, the difference is small. The gap then widens in the period after childbirth. Nine years after birth, the gap is widened by approximately 5 percentage points.

The paper proceeds as follows. The next section presents the Norwegian context, followed by a presentation of the data and descriptive statistics. Thereafter, the identification strategy is presented, followed by the result section and conclusion.

2. Norwegian context

Women's labour force participation has increased greatly in Norway since the 1970s, closely approaching that of men. Norway provides an interesting case with the overall encouragement of a dual earner–dual career model, an institutional context of generous parental leave and extensive job protection for parents, the fathers' quota, and universal, high quality and affordable childcare from the time the child is one year old. Female representation on corporate boards has also increased as a direct consequence of the corporate board quota reform (Dale-Olsen et al., 2013). However, despite the overall improvement of gender equality and women's labour force participation, the representation of women in management and top positions has not increased as successfully.

Parental leave is a cornerstone of family–work policies. In Norway, parents are entitled to up to 49 weeks of fully compensated parental leave (or 59 weeks with 80 per cent compensation) until the child is three years old. Eligibility is tied to previous employment, requiring having worked a minimum of six months of the last ten months prior to expected delivery. Normally, parents are on leave during the child's first year. Today, parental leave is split into three separate parts. Mothers are entitled to three weeks of leave prior to birth and 10 weeks of maternity leave, while the fathers' quota is 10 weeks. These weeks are not transferable between parents. The remaining 26 or 36 weeks of parental leave are shared between the parents as they see fit, but in general, women take most of the shared weeks (Brandt and Kvande, 2015). Parents also have extensive job protection during parental leave.

A fathers' quota in parental leave was first introduced in 1993, when they gained the right to four weeks of paid leave. Since then, the fathers' quota has been extended several times. In our period of analysis, it increased to five weeks in 2005, six weeks in 2006, 10 weeks in 2009 and 11 weeks in 2011. In July 2013, it increased to 14 weeks, but it was later reduced to 10 weeks in July 2014. The take-up of the fathers' quota is high, with a nearly 70 per cent take-up rate of the entire fathers' quota or more in 2013 (Statistics Norway, 2015a). Recent empirical studies have found ambiguous effects of the fathers' quota on mothers' and fathers' labour market outcomes (see Cools et al., 2015b; Rege and Solli, 2013). Noticeably, Kotsadam and Finseraas (2011) find positive effects on fathers' involvement at home, which in turn may affect mothers' and fathers' future career patterns.

Many countries have publicly subsidized childcare services, most often for children aged three or older (Blau and Kahn, 2013). The process of improving the supply of childcare facilities in Norway started in the mid-1970s. Childcare coverage rates increased from 10 to 40 per cent in 1985. In 2003, the implementation of a childcare reform led to

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