



Contents lists available at ScienceDirect

Journal of Comparative Economics

journal homepage: www.elsevier.com/locate/jceThe motherhood wage penalty in times of transition[☆]Olena Y. Nizalova^{a,*}, Tamara Sliusarenko^b, Solomiya Shpak^c^a PSSRU, CHSS, University of Kent, Canterbury, UK^b TDC Group, Copenhagen, Denmark^c George Mason University, Virginia, USA

ARTICLE INFO

Article history:

Available online xxx

JEL classification:

J31

J70

Keywords:

Motherhood wage penalty

Wage differentials

Human capital

Family policies

ABSTRACT

Nizalova, Olena Y., Sliusarenko, Tamara, and Shpak, Solomiya—The motherhood wage penalty in times of transition

Depopulation trend in Ukraine caused to a large extent by the lowest low fertility rates raises serious concerns about the long-term economic growth and the country's future in general. In this paper we investigate the existence and the extent of the motherhood wage penalty as a potential impediment to having (more) children in a unique institutional environment. This environment is characterized by: de jure family supportive labor laws but de facto no legal enforcement of these laws; publicly subsidized childcare; and low cultural support for maternal employment, combined with extensive involvement of grand-parents. Relying on the data from the Ukrainian Longitudinal Monitoring Survey over the period from 1997 to 2007, we find that the overall motherhood wage penalty in Ukraine is much lower than in countries with similar de jure family policies and cultural norms. It constitutes approximately 19%, controlling for individual unobserved heterogeneity, a number of human capital characteristics, actual time in the labor force, and selection into employment. We also find that the motherhood wage penalty differs by education, age at birth of first child, and marital status. *Journal of Comparative Economics* 000 () (2015) 1–20. PSSRU, CHSS, University of Kent, Canterbury, UK; TDC Group, Copenhagen, Denmark; George Mason University, Virginia, USA.

© 2015 Association for Comparative Economic Studies. Published by Elsevier Inc. All rights reserved.

1. Introduction

Since its independence, Ukraine has been experiencing decades-long demographic crisis due to a high out- and low in-migration, a severe population health crisis and high mortality (especially among prime-aged males), as well as the “lowest low” fertility rates (Perelli-Harris 2005). This has led to a population decline from more than 52 million people to ~42.5 million people in 2015, which shows no signs of reversal in the near future. Moreover, this demographic crisis is associated with considerable changes in the population age structure, with the share of population aged 65+ projected to increase to 26.3% by the year 2050 (Safarova, Scherbov and Pirozhkov 2008). This raises concerns about further declines in the rate of economic growth (Bloom, Canning, and Fink 2010, Lisenkova, McQuaid, and Wright 2010), as well as sustainability of the pension system and, therefore, calls for the prioritization of policies affecting demographic trends.

[☆] The authors are grateful to Nataliia Shapoval for her excellent research assistance, Ina Ganguli for the constructive review and valuable suggestions, Ian Svejnar and other participants of the International Symposium “Ukraine: Escape from Post-Soviet Legacy” for their useful comments and suggestions, and Jane Dennett for editing advice.

* Corresponding author.

E-mail address: O.Nizalova@kent.ac.uk (O.Y. Nizalova).

In spite of the existence of indirect policies, such as maternal/parental leave and antidiscrimination labor market laws, currently only the baby bonus (a government payment to parents of a newborn baby or adopted child to assist with the costs of child-rearing) is discussed in Ukrainian policy circles as a measure to address the issue of low fertility. Over the course of 1990s this bonus had been set at an extremely low level but had been increased several times over the course of the 2000s (see [Appendix Table A1](#)). Although no rigorous evaluation of this pro-natalist policy has been undertaken, limited publications in Ukrainian sources (including government reports) show no plausible evidence that the existing baby bonus results in a noticeable impact on the overall fertility, mostly shifting of the timing of births by those who would have had the same number of children anyway. There are also some concerns about sizeable increases in fertility among poor and marginalized population groups, where sometimes the baby bonus becomes the only source of income.¹ Potentially, this indicates that there is a factor not taken into account by policy makers, which may be misleading their choices of policy measures. One obvious candidate is the wage gap between mothers and non-mothers (the motherhood wage penalty), which would be consistent with the disproportionate effect of the baby bonus across the income distribution.

The motherhood wage penalty is a well-documented phenomenon in economics literature. Maternity can have a negative impact on women's opportunities in the labor market not only through the decrease of hours devoted to work, but also through career interruptions, loss of human capital while child caring, smaller mobility compared to women without children, lower productivity on the job during the period when children are small, as well as due to statistical discrimination. An interesting feature of the most recent literature in this area is that the motherhood wage penalty still exists, albeit becoming somewhat smaller, after controlling for most of the above-mentioned human capital related explanations, and selection into employment. The magnitude of the remaining motherhood wage penalty varies significantly from virtually zero in Finland, Sweden, Belgium, Israel, to small (5%–10%) in France, Canada, UK, Poland, Slovakia and Czech R., to moderate (10%–15%) in US, Russia and Hungary, and large (20%–33%) in most of continental Europe and Ireland ([Budig, Misra, and Boeckmann 2012](#)). Some authors have tried to explore this cross-country variation with respect to the institutional settings focusing mostly on family policies.

A broad range of family policies has been advocated and introduced around the world over the past decades, mainly in industrialized countries but also in the post-socialist states and some developing countries. The aim of these policies has been to ease the conflict between women's career choices and fertility by addressing those market processes which are putting women at a disadvantage in the labor market. The most widespread policy in this spectrum is the maternal/parental leave system promoted by the International Labour Office through its three Maternity Protection Conventions (No. 3 in 1919, No. 103 in 1952, No. 183 in 2000).² So far, 66 ILO member states have ratified at least one of those three Conventions, and 43 have ratified the ILO Workers with Family Responsibilities Convention (No. 156 in 1981) which marks the recognition that “a change in the traditional role of men as well as the role of women in society and in the family is needed to achieve full equality between men and women” ([ILO 2014](#)). These maternal/parental leave policies are usually stipulated as mandates which establish job retention rights over a specified period of time following childbirth. Although such mandates are cheap for governments to introduce and can be beneficial in terms of limiting the wage effects of work interruptions via retaining the workers' firm-specific human capital, they are imposing considerable non-wage costs on employers which in the equilibrium are transmitted into lower wages for women ([Ruhm 1998](#)).

Another complementary policy is provision of subsidized or publicly provided childcare, which increases women's incentives to paid work via two channels: “directly raising earnings net of childcare costs and lowering the opportunity cost of employment through access to quality childcare” ([Gangl and Ziefle 2009](#)). By design, the cost of this type of family policy is borne by taxpayers and therefore is not passed directly or indirectly onto working mothers or working women in general. The degree of generosity and the extent of coverage of these policies have been considered in the most recent literature as potential explanations for the cross-country differences in the motherhood wage penalty. For example, the highest wage penalty for motherhood is found in Germany, where the maternity leave policy is very generous but pre-kindergarten childcare is rather weak ([Gangl and Ziefle 2009](#)).

Another strand of literature relates the motherhood wage penalty and family policies through the prism of cultural norms. It reaches the conclusion that both parental leave and public childcare are associated with higher earnings for mothers when cultural support for maternal employment is high, while putting upward pressure on the motherhood wage penalty where cultural attitudes support the male breadwinner/female caregiver model ([Budig, Misra, and Boeckmann 2012](#)).

Documenting the existence and extent of the motherhood wage penalty in Ukraine is very timely and policy relevant, given the serious concerns about the demographic crisis. Moreover, in light of the above-mentioned literature relating the size of the motherhood wage penalty to the interaction between the institutional settings and cultural norms, Ukraine represents an academically interesting context to study the phenomenon. First, it has relatively generous maternity leave policy: 100% paid maternity leave of 18 weeks, and the possibility to take unpaid leave of up to three years and, in case of child sickness, up to six years, with a mandated guarantee of return to the same workplace. In addition, such a leave, with a guaranteed return to workplace, can be taken by any other close relative of the child (e.g. father, grandmother, grandfather). Second, Ukraine has inherited an extensive network of public childcare facilities which can accommodate children from very early age as women in the Soviet Union did not have extended maternity leave up to the mid-1980s. These facilities have always been heavily subsidized through local and state funding. Therefore, following the literature we should expect to either find a negligible or no motherhood

¹ <http://old.niss.gov.ua/Monitor/desember08/25.htm>,
<http://www.niss.gov.ua/articles/940/>.

<http://www.dsnews.ua/society/shcho-vplivae-na-riven-narodzhuvanosti-09032015103800>,

² <http://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/maternity-protection/lang-en/index.htm>.

Download English Version:

<https://daneshyari.com/en/article/5092029>

Download Persian Version:

<https://daneshyari.com/article/5092029>

[Daneshyari.com](https://daneshyari.com)