Family policy and the child penalty in pay: A comparison between France and Hungary

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Background and aim of the research

Among the costs of having children, there are forgone earnings due to childbearing. Those forgone earnings may come from labour market breaks following childbearing and the choice of job characteristics that makes it easier to combine family.

The main explanation of the negative impact of employment breaks refers to the human capital theory. According to this theory, wages are dependent on the human capital accumulated by individuals through education, work experience or training (Becker, 1964). Employment breaks have negative effect on income through different channels. The lower wage of mothers may be explained both by the accumulation of human capital forfeited during the break, and by the depreciation of human capital during time out and less opportunity to receive training. Moreover, the theory adds that women anticipate they will interrupt their career and lose human capital, so they invest less in human capital (Mincer & Polachek, 1974; Polachek, 1979, 1987). According to the "signal theory", employers may consider breaks as a signal of less commitment (Mavromaras and Rudolph, 1997). Finally, the women who stay out of employment for some years may find it difficult to get a new job in case of economic uncertainty or, when they re-enter the labour market they may often access lower qualified positions.

Children can also have indirect effects on their mothers' wages by influencing their choice of occupation, or the promotions or positions they're offered. According to the compensating differential theory, mothers may made trade-offs between wages and flexibility (Filer, 1985). They may be more likely to choose jobs that make it easier to combine family and work life, such as flexible work schedules, convenient working hours, closeness of job to their home, etc. It may be at the cost of a lower pay.

The aim of this paper is to measure the consequences of childbearing on female and male income. We will discuss the role of i) individual determinants, such as education level, ii) employment determinants, such as type of work occupied, and iii) institutional settings, such as family policies, labour market and gender norms. The comparative setting is a way to test whether distinct institutional set ups, policies and cultural factors may explain female employment behaviour across countries. We will make a comparison between Hungary and France, two countries with clearly different welfare regimes.

France has quite high female labour force participation thanks to an extended family policy and quite balanced gender norms in the European setting. The unemployment rate is high and gender wage gap

is medium. Hungary is a transition country, starting from a well-designed universal redistributive welfare regime, experiencing waves of privatisation in welfare services. The employment rate is low, both for male and female and gender wage gap is low. Hungary has conservative gender norms.

Method

We will estimate human capital wage function controlling for selectivity bias. We select sub-samples of men and women aged 39-49 who are supposed to have reached the end of the reproductive period.

Three data sets are used: the first and second wave of the Hungarian GGS which contains detailed information on the composition of experience; the first wave of French GGS data, which contains information whether parental leave has been taken after each birth. To have detailed information on the duration and type of job breaks, we use the French survey "Families and Employers" (Ined, 2004-2005).

We first look at:

- The penalties associated to unemployment and parental leave and other time out of the labour market for men and women;
- The penalties/gains associated with "family friendly" jobs (one index being built including information related to stress linked with family-work reconcialtion, time schedule, public/private, art time/full time, satisfaction)
- The remaining penalty associated with having children
- The penalties/gains associated with having no active partner.

The other covariates are: individual characteristics (education level, marital status), partner's resources (age, education and income), household structure, regional unemployment rate, gender role index.

Preliminary results

In France, we find that once controlled for the jobs' characteristics and selection into employment, there is no gender differential in the returns to work experience, but a penalty attached to time out of the labour market which more affects women. We don't find any direct negative impact of children on women's current hourly wage, once controlled for career breaks.

Estimations have to be conducted on Hungarian data.