Parenthood, "Family Friendly" Workplaces, and the Gender Gaps in Work Careers

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**Abstract**

This paper considers the role that workplace attributes play in accounting for the divergence in the careers of women and men, in terms of the wage and non-wage attributes of jobs, with the onset of parenthood. We develop a model of job/workplace choice and the timing of parenthood over the life cycle in which men and women before becoming parents choose their jobs and workplaces based on their preferences over the wages and non-wage attributes of workplaces and jobs. These preferences, which vary by gender and parenthood status, characterize workers’ marginal willingness to pay (MWP) for the latter attributes. Our model motivates an econometric strategy for estimating these preferences/MWPs using workers’ workplace-to-workplace transitions, via a fixed-effects conditional multinomial logit model, which separately identify these MWP valuations from unobserved person-specific productivity and taste parameters that also influence the observed workplace and job choices of workers over their early careers.

The resulting estimates of MWP of workplace/job amenities of mothers are then used to construct an index of the family friendliness of each Swedish workplace in our data. Our index implies that family friendly workplaces are much more likely to be in the private versus government and municipal sectors, are more likely to be populated by medium- and low-skilled workers than professionals and tend to consist of workers with the same occupation than less family friendly workplaces. We also find that while young workers transition to more family friendly workplaces over their early careers, once women become mothers they are much more likely to work in family friendly workplaces compared to fathers.

We then analyze the effect of more family friendly workplaces on the career gaps between mothers and fathers. We find that exogenously moving mothers to more family friendly workplaces would raise their wages and labor income. In contrast, such moves would generate reductions in the same outcomes for fathers, resulting in net reductions in the parental gender gaps in wages and labor income. At the same time, working in more family friendly workplaces would not reduce the penalty to wages earned by women with their transition to motherhood (i.e., the motherhood penalty), but it would reduce the motherhood penalty to earned income by facilitating mothers to working more hours. However, the benefits of family friendly workplaces come at the expense of the occupational skill progression, impeding workers’ ability to climb career ladders over the longer run. Finally, using auxiliary data based on a survey, we find that family friendly jobs – as defined by our index – are more substitutable for one another. This substitutability of workers in more family friendly workplaces could potentially be the mechanism that facilitates mothers’ ability to balance work and family responsibilities in such workplaces. At the same time, it also may partially explain our finding that more family friendly workplaces slow mothers’ occupational skill-progression.