

# The “child penalty” creates most of the gender earnings gaps in rich countries

*After having children, women tend to change their working hours and wage rates, and even transition to new jobs. This phenomenon, known as the child penalty, explains the bulk of the gender earnings gap in developed countries. **Myung Jin** outlines key points raised by economists **Camille Landais** and **Almudena Sevilla** and Labour MP **Anneliese Dodds** during the “Women, work and economics” event hosted by the Centre for Economic Performance.*

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During the latter half of the 20<sup>th</sup> century, the number of [working women surged](#) in developed countries, with governments and firms implementing policies to support women who were balancing careers and motherhood. Despite this, significant [gender gaps](#) persist. How do the effects of parenthood on women relative to men (known as the child penalty) contribute to gender inequality in different countries? The recent event “Women, work and economics” discussed possible answers to these questions.

LSE Professor [Camille Landais](#) presented [his paper](#) analysing data from 134 countries that represent more than 95 per cent of the world’s population. The work investigates how women across the globe are affected by the child penalty. Today, the child penalty typically accounts for more than 80 per cent of the earnings gap in rich countries. These penalties arise due to significant adjustments women make upon having children, including changes in working hours, wage rates and job transitions, which may differ from the choices made by men.

These penalties affect women regardless of their education level, career prospects or whether they are adoptive or biological mothers, indicating that the root cause of child penalties is not comparative advantage or biological instinct, but deeply embedded societal norms and preferences that shape women’s (and men’s) choices and are often unresponsive to other economic incentives.

Employment trends for men and women before they have offspring follow parallel paths. But with the birth of the first child, women’s employment rate declines, as do their

earnings, and the effects are persistent. “Women never fully recover from that massive impact,” said Professor Landais.

### **In the developing world**

Child penalties vary across the world. In some countries, women leave the labour market upon getting married and before having children, and so having a child has little impact on employment. But there are also countries where most of the employment gap between men and women is due to the child penalty. And differences persist even among countries that share the same level of development. Within Europe alone, there are stark differences. Scandinavian countries experience smaller penalties compared with the rest of Europe.

Eliminating child penalties goes beyond just improving childcare policies. It is essential to address the “origin of the norm itself” that dictate the choices of women, said Camille Landais.

### **The child penalty lasts**

It is unfair that half the population do not have the ability to make the choices they want, because of their gender, argued LSE Professor Almudena Sevilla. She emphasised the need to reform policies (and, more deeply, societal norms) that limit women’s opportunities both at home and in the workplace. Addressing these issues is crucial not only for fostering gender equality but also for enhancing overall productivity and efficiency. Excluding half of the population from the labour force would result in productivity loss, as better allocation of talents leads to productivity and economic growth. We have come a long way, but structural challenges remain.

Caring for children is not just an issue in the early years of parenthood. Women whose children are aged 13 to 17 spend 6.5 hours a day in the company of children, not just looking after them but also while doing housework, watching TV and taking part in leisure activities. Meanwhile, men spend four hours with children while doing these activities. This means that women spend an average 40 per cent more time (2.5 hours a day) with their children than men. This indicates that it is not just the birth of a child that contributes to the gender pay gap, but women’s extensive responsibilities at home persistently hinder their return to work.

## **Data analysis can help us understand how work culture affects women**

Even with equal sharing of domestic duties between men and women, a gender gap would persist in the workplace. Factors such as stereotypes about women's abilities (such as their having less self-confidence than men) hinder their career advancement, said Almudena Sevilla. More recently, with the advent of big data, issues like sexual harassment, which disproportionately affect women, have been shown to be systematic rather than anecdotal, further contributing to the persistency of the gender gap in the labour market. "This has nothing to do with children. This has to do with the work structures and work culture that penalise women and not men in the workplace," and it is these structures and culture that we need to change, she said.

The good news is that social norms can change quickly. But addressing stereotypes concerning women's capabilities and their societal roles as mothers must begin early, as her research has consistently shown that such perceptions take root at a young age.

## **Focus on specific groups**

Anneliese Dodds MP discussed the context for child penalties in the UK, noting that at the current pace, closing the gender pay gap completely would take approximately 40 years.

She said that the variation in the depth and persistence of the child penalty between European countries shows how important policy can be, adding that it is important to look beyond policy documents to "what the reality is on the ground, because particularly in the UK, there are claimed entitlements, but the reality is that in many parts of the country you can't access it because the provision just isn't there".

She suggested that important labour market regulations to help reduce the gender gap could include strengthening measures against redundancy during and immediately after pregnancy and reviewing the system of shared parental leave within the UK. It is also important to ensure labour market regulation cover sectors with high female employment. And, she added, addressing intersectionality is also crucial, as motherhood penalties are particularly marked among certain groups, such as Bangladeshi or black women in the UK.

## **What did we learn?**

The child penalty shows that men's and women's employment and earnings are similar before parenthood but diverge sharply after the birth of a child. Effects are persistent – and they affect mothers in many countries all across the world. Even if domestic duties are equally shared, structural workplace biases continue to impede women's career advancement, not men's. These biases stem from stereotypes about women's capabilities and are exacerbated by systematic issues like sexual harassment.

We need to address the norms shaping society's views on parenthood and motherhood, as well as the enduring workplace structures and cultures that disadvantage women and limit their employment choices. In the UK, addressing these issues might involve policies supporting mothers to stay in work, and implementing unbiased hiring, promotion and evaluation processes, ultimately looking beyond the entitlement on paper to the realities that women face.

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- *This blog post is one of two from LSE's Centre for Economic Performance based on the [Women, work and economics: evidence and experience](#) event. In a forthcoming post, Felicia Odamtten, economist at the Resolution Foundation, writes about routes into economics and why she founded the Black Economists Network..*
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