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The persisting pay gap and the motherhood penalty

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Despite progress in gender equality, the pay gap continues to be a major challenge. Policymakers are yet to understand the nuances and intricate mechanics of why women's earnings take a hit after they become mothers, argues Almudena Sevilla.

Significant strides have been made towards gender equality, but the substantial challenges that remain are critical. There are still persistent earnings disparities between men and women, with the pay gap ranging from 20% to 80% across the world. Failing to achieve gender equality is not just a justice issue, it also has a significant opportunity cost in terms of economic growth. The policy aim should be to reach a stage where gender does not influence individuals' decision-making processes, including about work. One of the major paradigm-shifts when it comes to thinking about the challenges of future policymaking around gender equality is understanding the complex mechanics behind the motherhood penalty.



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Rethinking the mechanisms behind the motherhood penalty

Economists **agree** about the deep interaction between family life and labour market decisions. We now know that if women's occupations followed the male distribution a third of the **difference in earnings** between men and women would disappear. The other two-thirds of the gender-based **difference in earnings** comes from factors *within* each occupation. Women's inability to combine work with family seems to account for the lion's share of the pay gap, partly because of women's greater relative demands at home. Data from decades of labour market and time use research confirms this effect, prompting policies like parental leave and childcare subsidies to address the issue. Yet, after years of having these policies in place, the delivery of **gender equality** remains elusive. There are two major obstacles with the existing approach that limit the design of effective policy making: First, the policy and research focus on childbirth as the starting point for the widening gender gap in the labour market needs to be reassessed. Second, the lack of understanding by policy makers about the mechanisms underlying the dynamics of the so-called child penalty need to be further understood.

Work hours seem to be part of the explanation for the widening earnings gaps after household formation and childbirth. Yet women start reducing work hours upon forming a household, and not necessarily upon giving birth to a child. It's important to note that the establishment of a household, in addition to childbirth, plays a role in the gender disparities seen in household duties and

labour market inequalities. Evidence from several countries shows that the formation of a couple leads to an increase in housework between five and a half hours per week for women, whereas the difference in total **housework** between married men and single men is not statistically significant and amounts to less than a quarter of an hour a week. This holds for a wide variety of countries, even for couples that remain childless.



Grasping the nuances of household-related demands is crucial for shaping effective policies aimed at counteracting talent depletion, especially when mothers adjust work hours after childbirth.



Additionally, whereas the **earnings penalty** for mothers reduces as their children age and mothers work longer hours, particularly for the less educated, a question remains about why initial levels of employment and work hours are not recovered. Loss of human capital is only part of the story. An alternative answer comes from the exploration of 24-hours diary surveys. As has been widely documented, housework and childcare demands fall on mothers significantly more than fathers regardless of children ages. Less well-known is the fact that housework and childcare time demands remain high even when children enter school and can be constraining for women who spend as many as 7 hours with children above 6 years old. Whereas childcare time seems to ease up during the teenage years, there is a reason to believe that time captured by diary surveys is a lower bound of the actual constraints mothers with teenage children face when considering going back to work or working more hours. The unpredictable nature of children's needs, especially as they mature and their lives become

more complex, requires parents (particularly mothers) to be mentally and emotionally available. This expectation on mothers, whether self-imposed or external, can create a sense of responsibility and guilt that compels many mothers to maintain a constant readiness to respond to their children’s needs and prevents them from either **returning to work** on increasing the number of hours they work. Being emotionally available and able to provide on-call on-demand support may also explain why grandmothers, like mothers, experience a drop in earnings and work hours upon the arrival of a grandchild, despite overall low levels of **childcare time**.

Table 1: Hours per day devoted to activities

VARIABLES	(1) Housework	(2) Primary childcare	(3) In care of children	(4) Time with children	(5) Observations
	<u>Mean</u>	<u>Mean</u>	<u>Mean</u>	<u>Mean</u>	
Mothers					
Age youngest child					
0-5	3.20	2.52	6.34	9.56	24,473
Age youngest child					
6-12	3.18	1.23	5.15	7.02	20,369
Age youngest child					
13-17	2.70	0.38	0.23	2.56	12,650
Fathers					
Age youngest child					
0-5	1.81	1.30	4.23	6.31	17,509
Age youngest child					
6-12	1.77	0.63	3.68	4.92	14,704
Age youngest child					
13-17	1.54	0.18	0.11	1.75	10,374

Notes: The sample consists of household heads who have at least one child under the age of 18 living in their homes. The data is derived from the 2003-2024 American Time Use Survey (ATUS). All the time measurements for these activities are reported in hours per day.

Policy implications

Grasping the nuances of household-related demands is crucial for shaping effective policies aimed at counteracting talent depletion, especially when mothers adjust work hours after childbirth and exhibit prolonged absences from the workforce as children age. It is vital for policies to extend beyond child-centric concerns, encompassing the overarching dynamics of household creation and its ramifications on gender equity. Traditional time diaries fall short in encapsulating the emotional readiness associated with child-rearing, signifying a notable void in the extant literature. Addressing this data shortfall presents a valuable opportunity for social science research to steer the prioritization of certain policy strategies to promote equitable domestic responsibility distribution, including fostering the development of technologies and work cultures that encourage employers to adapt to more flexible work arrangements, and enhancing parental leave provisions for both parents.

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