

Family Friendly Occupations and Wage Differentials

Katie Genadek and Kristine West

Department of Applied Economics and Minnesota Population Center, University of Minnesota

RESEARCH QUESTIONS

1. What occupations are conducive to spending time on childcare?
2. Does this time use benefit constitute a compensating differential? (i.e. do parents trade wages for time with children?)

MOTIVATION

- Wage gaps between men and women (and single women and mothers) are often attributed to time spent out of the labor market due to the demands of childbirth and childrearing.
- When mothers return to the labor market after childbirth they (and their partners) may prefer jobs that allow them to spend time caring for their children.
- Some occupations may make it easier for mothers (and fathers) to stay in the labor force and simultaneously care for children.
- We attempt to identify these occupations and quantify whether the ability to spend time on childcare is a non-pecuniary benefit that constitutes a compensating differential and may explain part of the gender and motherhood wage gaps.

DATA

American Time Use Survey (ATUS)

- Pooled 2003-2009 surveys
- 53,538 employed respondents w/ children
- Single day time diary
- Primary and secondary childcare

Table 1. Means Minutes Spent in Childcare

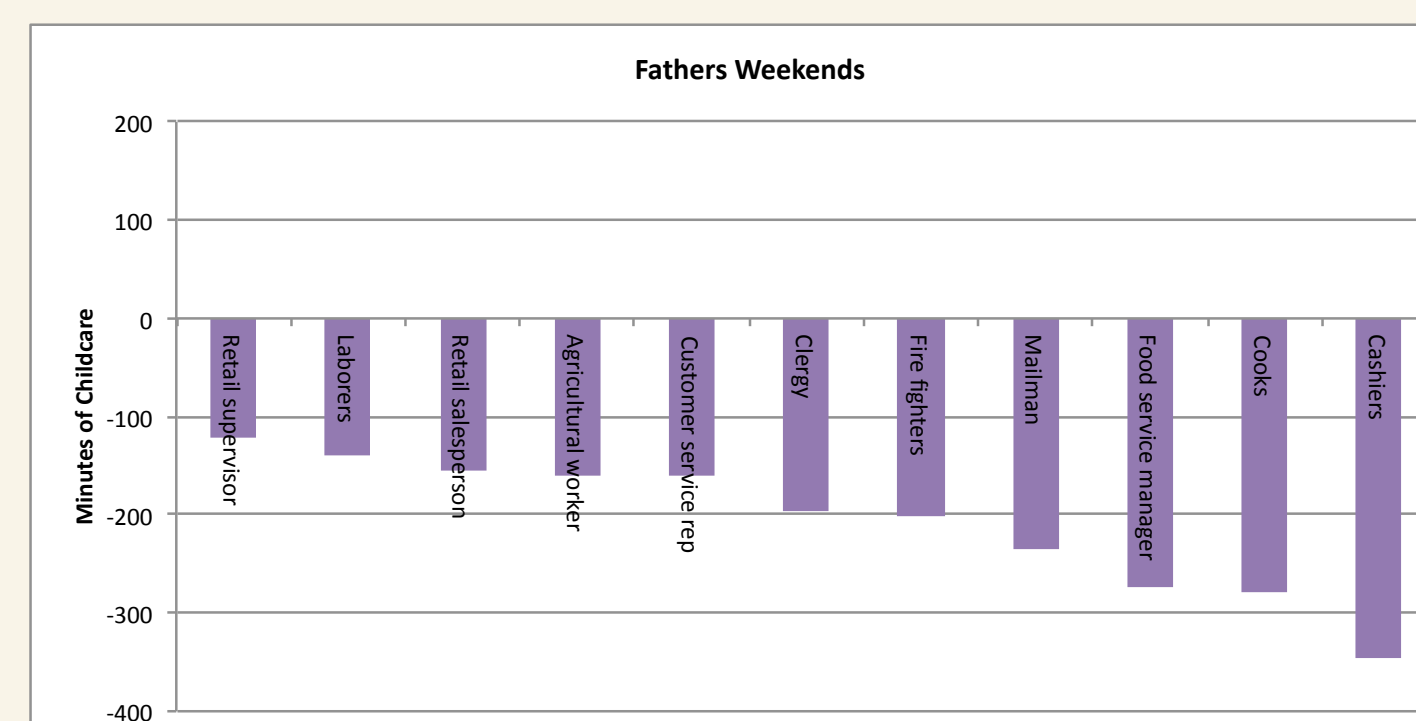
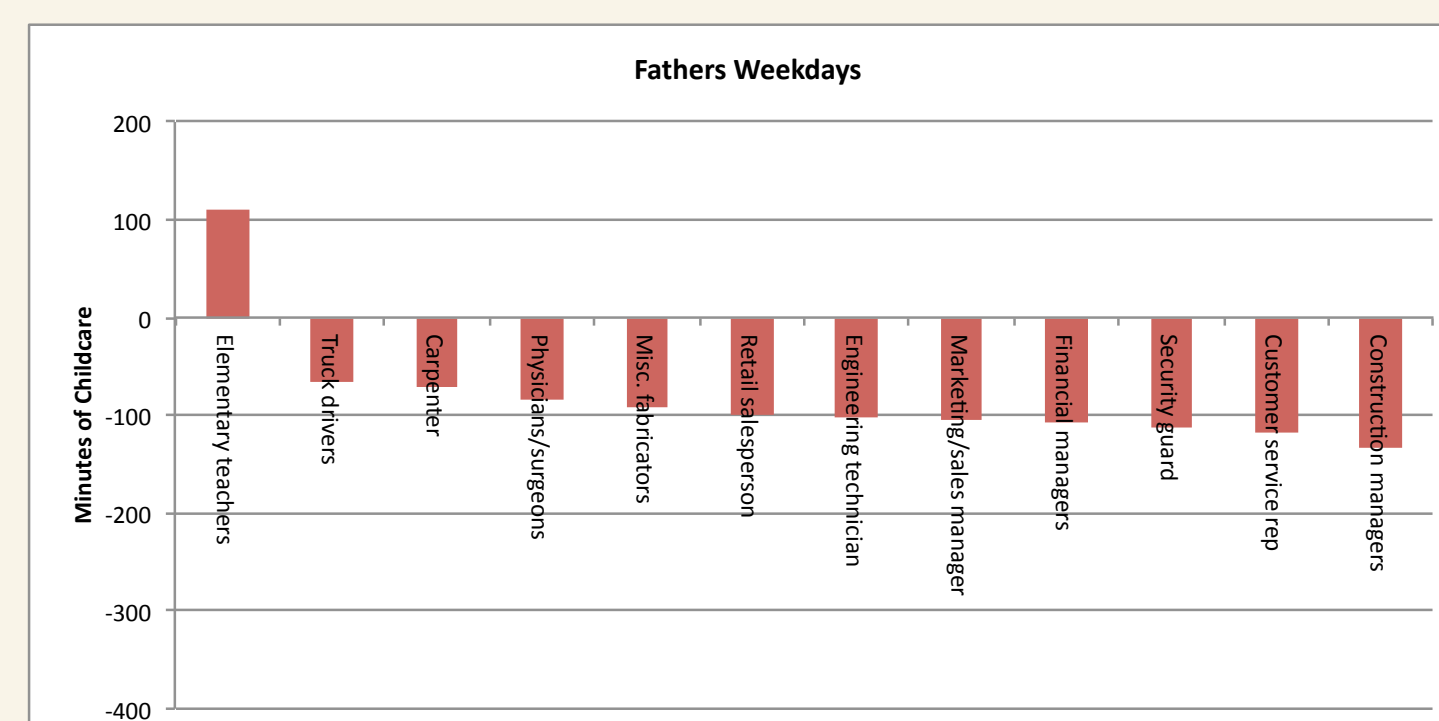
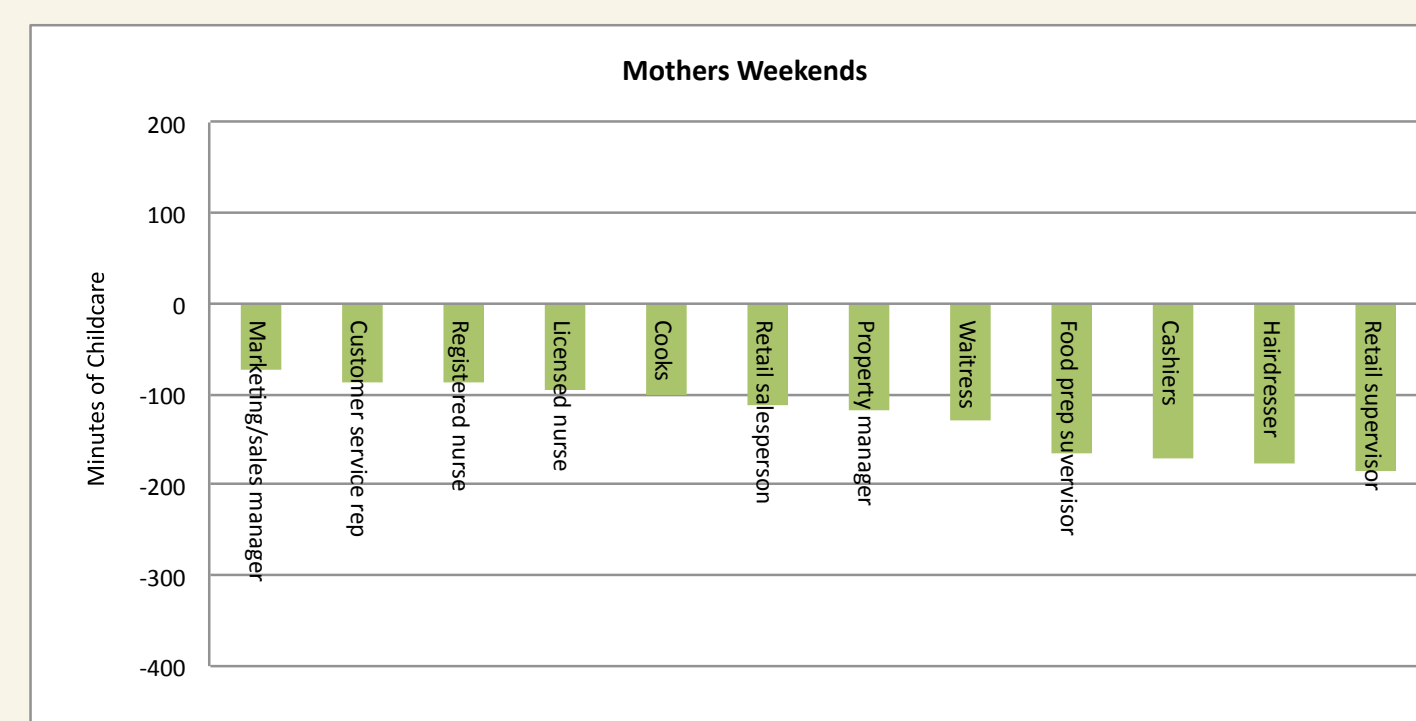
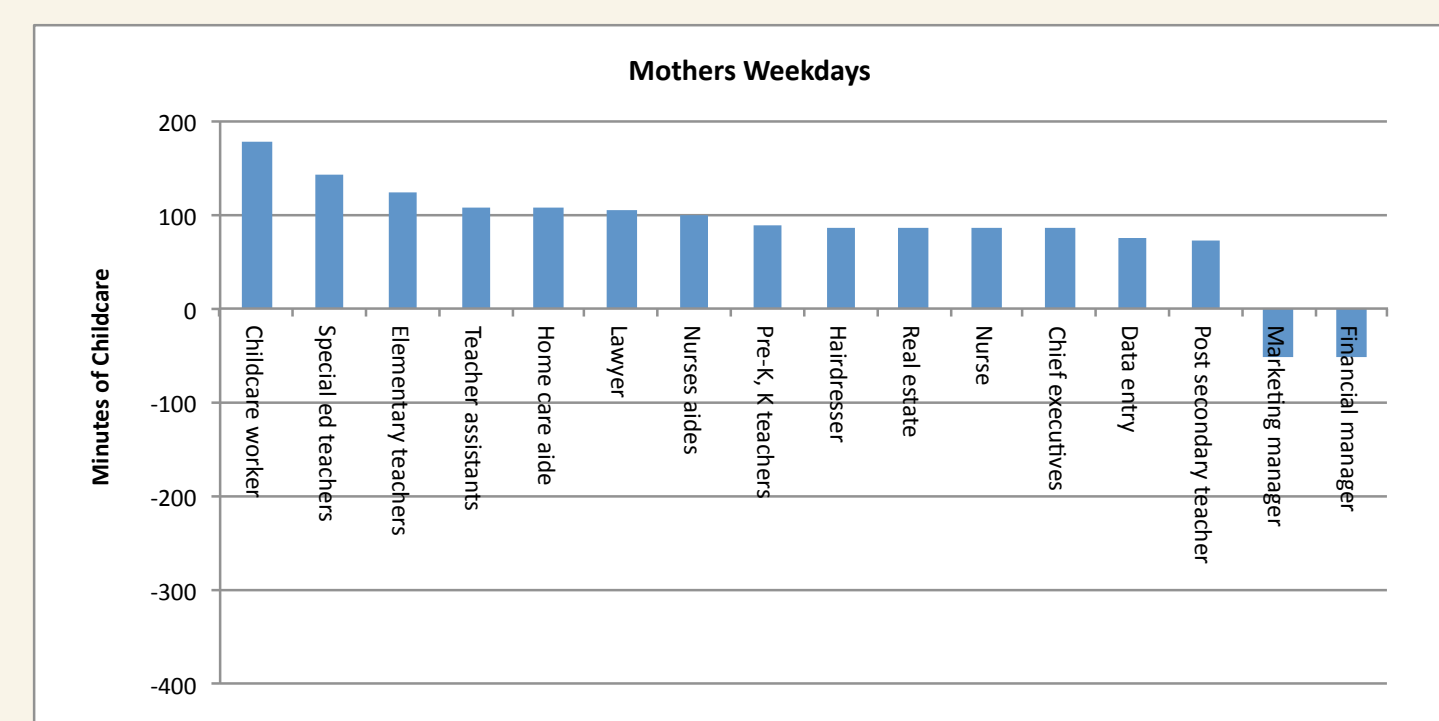
	Weekday	Weekend
Mother	303	450
Father	188	404

FAMILY FRIENDLY OCCUPATIONS

To identify family-friendly occupations we first use individual level regression analysis to see which occupations are correlated with increased time spent on childcare. That is, rather than using job characteristics to classify occupations as family-friendly, we look at the actions of the individual workers in those jobs. We assume that when mothers and fathers are able to spend time on childcare, it is indicative of job characteristics that make the occupation conducive to parenting. Let Tcc be time spent by individual i on primary and secondary childcare then:

$$Tcc_i = \beta + \gamma'Occupation_i + \delta' X_i + \epsilon$$

Minutes Spent on Childcare by Occupation Relative To Office Managers Tobit Coefficient



WAGE DIFFERENTIALS

Our next question is whether occupations that are family-friendly have lower wages. This would be consistent with the theory of compensating differentials. The method we employ here modifies a standard log-wage equation to include a measure of the family-friendliness of an individual's occupation (in this example, we use time spent on childcare, Tcc , as our measure of family friendliness). That is, we describe wages as a function of both human capital (i.e. education and experience) as well as our job characteristic of interest to investigate whether mothers and fathers appear to be trading increased family-friendliness for decreased wages. Let w be the hourly wage paid to worker i .

$$\ln(w_i) = \alpha + \theta FF + \phi' X_i + \epsilon$$

Table 2. Tobit Coefficients for Total Minutes Spent in Child Care from the Wage Equations

	Weekday	Weekend
Mother	0.04%*	0.04%*
Father	0%	0.03%*

PRELIMINARY CONCLUSIONS

- There are occupations that appear to be more conducive to spending time on childcare. These occupations are generally in the education sector.
- There are occupations that are not conducive to childcare. These are generally low-wage service sector jobs and jobs that are manual labor intensive, however, there is more variability here. Some high-wage jobs such as those in the medical and financial sectors are also correlated with parents spending less time on childcare.
- Occupations that allow for more time on childcare are not systematically lower paying as predicted. This seems contrary to the economic theory.
- However, other research in labor economics also finds that the tradeoff between wages and desirable job characteristics may not always be as predicted by theory. For instance jobs that have good health benefits also tend to have higher wages. Similarly, we find evidence that jobs that allow for time on childcare also have higher wages.
- We call this the "good jobs" hypothesis and conjecture that there are some "good jobs" that are a bundle of high wages and family friendly characteristics. Occupational sorting may be a more relevant theory to apply to this situation.

FUTURE RESEARCH

To further our analysis and investigate the "good jobs" hypothesis we must:

- Consider whether omitted variable bias is driving our results (i.e. a love of children amongst education sector workers).
- Consider other measures of family-friendliness such as the ability to work from home.
- Apply an occupational sorting model.