WORKING MOTHERS: GENDER-WAGE DIFFERENTIALS

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The paper presents the analysis of gender wage differentiation in nuclear families. It is revealed that in case there are young children in the families we observe the increase of male wage and decrease of female wage. The conclusion is made that the activity targeted at stimulating fertility should be targeted not only at supporting women in maternity leave, but also making the position of woman in labour market more stable.

Recently the government of Russia introduced a number of polices to promote fertility and support families. In the year 2007 new maternity and family benefits were introduced. Moreover, the government made an open commitment to continue strengthening the programs aimed at protecting families with children.

The special emphasis of these programs was on promoting fertility by increasing the amount of benefits during maternity leave. Moreover, the government substantially extended workplace protection for mothers.

Until now there is scarce evidence of the effectiveness of these activities. Initially, after the introduction of government initiatives, there was a growth in the number of birth. However, the recent economic crisis might have alerted this tendency. Moreover, the impact of on-job protection for mothers might have played a negative role on women's earnings. Employers might be reluctant of hiring mothers because of their excessive mandatory work protection.

If employer believes that the presence of children decreases women productivity, as mothers may be absent more days out of work, can not travel etc., then women with children should earn on average less than women without children. The question we attempt to answer in this paper is: How large is the wage penalty for being a mother? This question is policy relevant and contributes to the discussion on the amount of child benefits and the quality and quantity of social services provided to Russian's families. The choice to work or to become a mother is largely determined by the motherhood wage penalty, providing that, the estimates of motherhood penalty may help to shape the appropriate policies to resolve the problems of demographic decline.

The paper presents review of the theoretical and empirical studies explaining the existence of motherhood wage gap in Russia and abroad. Empirical part uses decomposition techniques developed by Oaxaca (1972) and Blinder (1973) to quantify the wage gap due to motherhood.

Formally, the procedure is the following. Starting from a linear equation for the logarithm of wage rate and using the subscript m for variables referring to men and *f* for women we can write the equation for the average of the logarithm of the wage as $\overline{Y}^i = \hat{\beta}^i \overline{X}^i$, $i = m, f$, where $\overline{X}^i$ is the vector of means of the independent variables for sex i / the first element of is taken to be equal to one for every individual. Hence $\hat{\beta}_1^f$ and are $\hat{\beta}_1^f$ the intercepts of the mail and female wage equation.

The difference between the mail and female averages can then be written as

$$\Delta = \left[\hat{\beta}^m - \hat{\beta}^f\right] \overline{X}^m + \hat{\beta}^f \left[\overline{X}^m - \overline{X}^f\right].$$

Adding and subtracting a term $\hat{\beta}^m \overline{X}^f$ or $\hat{\beta}^f \overline{X}^m$ we can get either

$$\Delta = \left[\hat{\beta}^m - \hat{\beta}^f\right] \overline{X}^m + \hat{\beta}^f \left[\overline{X}^m - \overline{X}^f\right].$$

or $\Delta = \left[\hat{\beta}^m - \hat{\beta}^f\right] \overline{X}^f + \hat{\beta}^m \left[\overline{X}^m - \overline{X}^f\right].$

In equation (2) the second term shows how big women's wages would be if their wage function remain the same, but their average values for all variables were equal to those of men. This is described as the difference attributable to the $\overline{X}^i$'s - differences in endowments or characteristics - evaluated by the female wage function. The first term, analogously, is the difference attributable to difference in parameters /

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including the intercept. If we consider the female function as, in some sense, 'correct', then this term shows the 'extra' that the men get because they are paid more for the same things. This component of the wage differential is often referred to as the 'unexplained part' or the 'discrimination term'. In equation (3) we do the same things, using the mail wage function as the benchmark.

The data we use in the analysis comes from the first wave of 'Gender and Generation Survey'. The survey was conducted in 2004. For the purpose of the analysis we select households where both husband and wife are working and no other members excluding children are living with them. Our main result may be summarised as the difference between husband and wife wage gap may be largely explained by presence of children in the household. More importantly, husband's earnings increase by 14,8% if there is a child in the household, at the same time wife earnings decline by 17%-23% depending on the number of children in the household.

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