

Earnings Penalty for Single Fathers: Evidence from Finnish Register Data

Klara Capkova

Department of Sociology, Demography Unit

Stockholm University

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Economic consequences of parenthood

Mothers

Premium
Neutral
Penalty

Single mothers

Premium
Neutral
Penalty

Fathers

Premium
Neutral
Penalty

Single fathers

Premium
Neutral
Penalty

Penalties and premia

- Motherhood penalty documented for both partnered and non-partnered mothers (Avellar, Smock 2003; Budig, England 2001)
- Evidence from Nordic countries:
Small but persistent penalties for mothers, earnings premia for fathers (Petersen 2014)
- Not all fathers benefit equally.
Men ' s gain of a fatherhood premium highly dependent on the position within income distribution and other characteristics (Cooke 2014; Glauber 2008)

Single fathers

- mixed evidence of the effect of bringing up children alone on economic well-being or income
 - Economic hardship and job loss due to work-family conflict (Greif 1985; Maldonado, Nieuwenhuis 2015)
 - No fatherhood premium for non-married fathers (Killewald 2012)
 - No fatherhood premium for fathers violating the norm of hegemonic masculinity (Budig 2010)

Single fathers compared to single mothers

- Shorter time spent as single parents
- earlier re-partnering and re-marriage (Taylor, et al. 2013)
- Exposed to single parenthood at higher ages (Paulin, Lee 2002)
- Custody over older children (Bianchi 1995)
- Single fathers tend to be better off than single mothers (McQuillan, Belle 2001)

Convergence in demographic characteristics

(Bernardi, Mortelmans 2017)

- Trajectory into single parenthood (never married, widowers, divorcees)
- Educational attainment
- Number of custodial children
- Exposure to single parenthood

Wage penalty for the caring parent

- Effort (Becker 1985)– caring parents spend more effort on childcare, and may be less productive as workers and employees
- Job characteristic (Becker 1985)- caring parents may accept more flexible or less demanding jobs which are paid lower due to the need for reconciliation of their work and family duties
- Salient status theory – the role of the father and breadwinner must be salient, and non-violated by evidence of role conflict (sick leave with children, parental leave uptake) (Killewald 2012)

Hypotheses

If motherhood penalty can be explained by the time devoted to childcare and upbringing:

- We will find a fatherhood penalty for single fathers
- Short-term penalty in an immediate drop of earnings + following earnings trajectory
- Long-run penalty in cumulative earnings

The longer the duration of single fatherhood, the larger the economic loss measured in cumulative earnings

Recovery over earnings trajectory

Data

- Longitudinal registers of employment, income, educational qualifications, vital events, ...
- 11 % random sample of persons born 1940-1995, who had been recorded in the population of Finland between 1970-2009
- Sub-sample: Cohorts 1969-70
- 15,761 individuals
- Full histories of co-residential partnerships (marriages and cohabitations), and childbearing from 1987 on

Variables

Main dependent variable

- Natural log of yearly income from work and self-employment

Independent variable

- Time since becoming single parent (entered as yearly dummies)

Controls

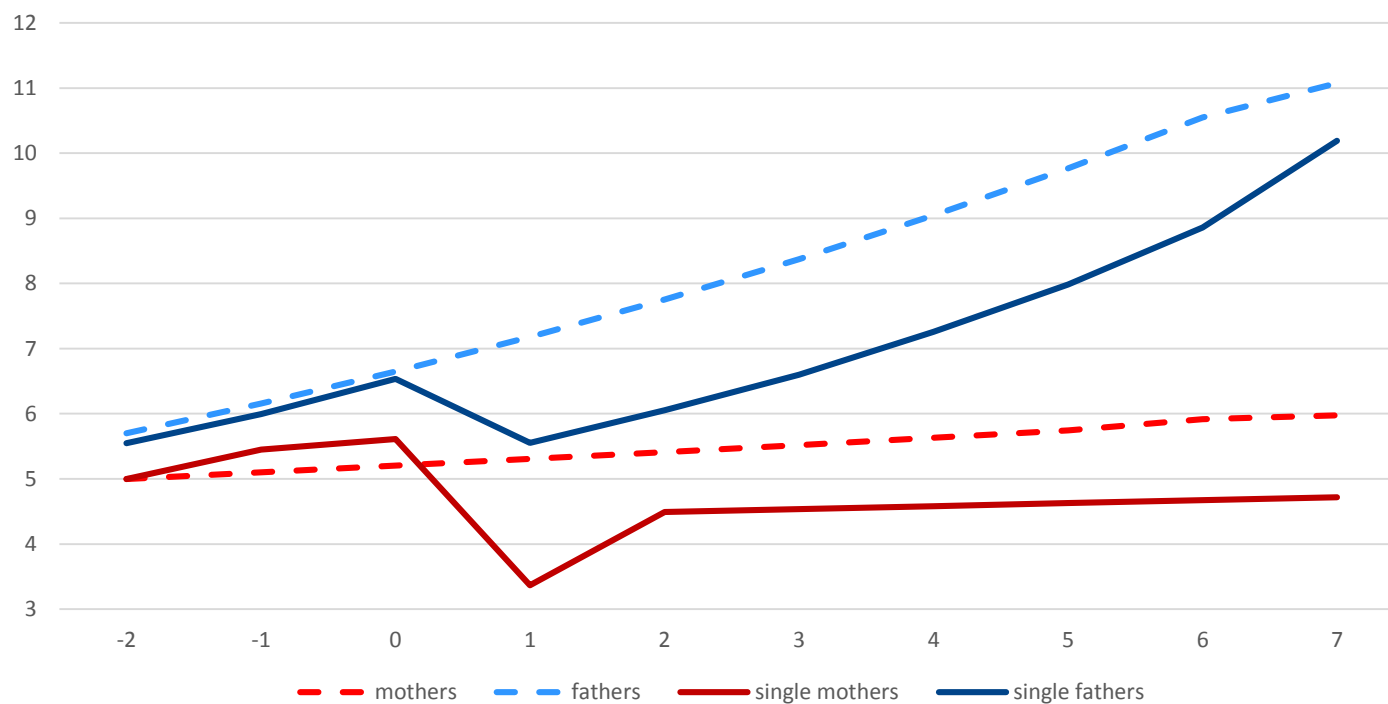
- Age, educational attainment, marital and partnership status prior single parenthood

Method

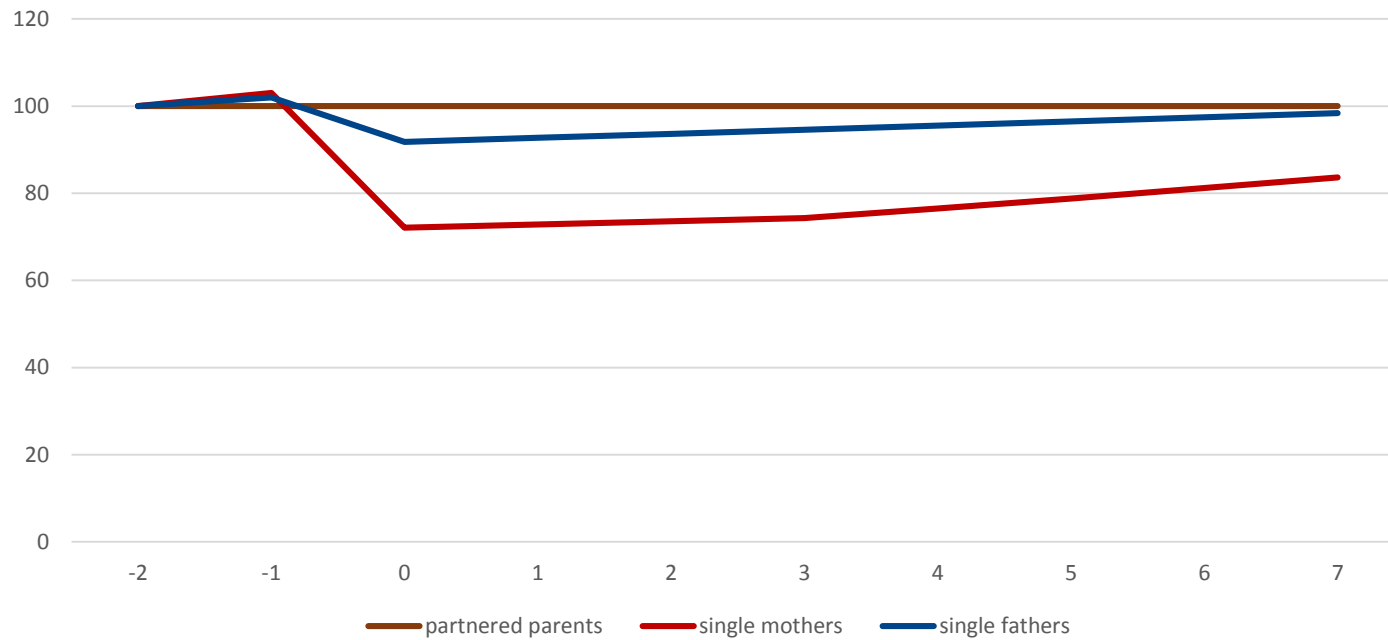
Growth curve analysis

- Modeling procedure same as individual panel regression
- Growth curve models - explicit attention to the time variables
- Fixed effects panel regression models, separately for fathers and mothers
 - control for unobserved heterogeneity due to time-invariant and omitted factors that affect earnings

Results – earnings trajectories



Results – cumulative earnings



Conclusion 1/2

- Substantive differences in both short and long term effects of single parenthood on earnings
- Earning trajectories
- short-term earnings penalty for single fathers

Drop in earnings – shock:

single fathers smaller relative drop in earnings than single mothers

Earnings progression – recovery:

No signs of earnings recovery for single mothers, for single fathers inconclusive evidence

Conclusion 2/2

- Cumulative earnings

Compared to partnered parents

- No substantial long-term earnings penalty
- Single fathers experience losses in cumulative earnings, but almost catch up on later
- Single mothers experience larger cumulative loss in earnings and the gap persists over time