Gender Gaps in Spain: Family Issues and the Career Development of College Educated Men and Women

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1. Introduction

Among the most important determinants of a country’s competitiveness is its human capital endowment – the skills, education and productivity, that is, of its labor force. Over time, this competitiveness depends very much on how countries use their human resources. The shrinking of the working-age population and the high educational level achieved by women over recent decades make it essential to consider women as a fundamental part of the workforce. Governments and Institutions may play an important role in creating the legal framework for improving women’s education and their participation to the economy, as well as helping societies to break away from the more traditional gender role attitudes that affect women’s behavior in many countries. It is also crucial that firms positively believe in the need to create a suitable working environment where men and women can combine work and family. Needless to say, women have made huge progress in the workplace, especially in the more industrialized countries. In particular, Goldin (2004) refers to the mass arrival of women into the workforce during the seventies as the “quiet revolution”. Describing the evolution of women in the labor market during the 20th century in the US, she states that until the 1920s, working women were basically young and single and worked in factories or as domestic servants. From the 1930s onwards many more went to school and got jobs in offices. In the 1950s many married women entered the labor market and got jobs as secretaries, teachers or nurses. By the 1970s, their daughters saw their mothers working and took it for granted that they would also work. And since the end of the 1980s, women are overtaking men in graduating from college. This process, to a greater or lesser degree, has been observed in most industrialized economies. However, after the educational period, male and female work careers often start to diverge. In addition to gender differences in the educational fields, which clearly condition their future performance in the labor market, family issues play a crucial role in understanding these differences. Women must combine employment with home responsibilities to a much larger extent than their male partners. This affects their decisions with respect to their labor supply, it affects their human capital accumulation, and hence their labor-market performance. Several studies try to explore the trade-offs between family and career among similarly educated men and women. Wood, Corcoran, and Courant (1993) find that 40% of the gender gap among American lawyers is explained by children. More recent work by Goldin and Katz (2010), and
Bertrand, Goldin and Katz (2011) point to the differences in the intensive margin as the main determinant of the gender gap in male and female careers through the negative effect of children on women’s hours worked. Finally, Molina and Montuenga (2009) confirm the existence of a wage penalty for Spanish working-women with children.

By focusing on highly educated men and women, in this study we explore the trade-offs between family and working career in Spain, where changes in female behavior with respect to the labor market have been relatively recent but rather important. Making use of the Spanish Labor Force Surveys since 1986 we first present evidence of gender gaps in labor supply (employment rates, use of part-time) and incidence in managerial jobs along the life cycle and for four different cohorts – those born in 1960, 1965, 1970 and 1975. This allows to compare gender gaps at different ages, in particular, at pre- and post-child bearing ages and to observe whether they increase in this period – from 30 to 40. Second, by comparing gender gaps along the life cycle for the different cohorts we can address changes over time in the way Spanish women combine family and work.

2. Gender Gaps in the Labor Market: Descriptive Evidence

Descriptive evidence leads to the following findings: At very young ages, employment rates for college educated women are even higher than those of men. However, by the age of 30 there is an employment gender gap which amounts to 15% for the oldest cohorts and to 7% for the youngest one. The gender gap along the life cycle has a U-shape, and by the 40s, the employment gap seems to shrink again, although parity in employment rates is never reached at older ages. This suggests that family and child bearing may be the reasons for the different time-profile of participation. The evolution across cohorts suggest on the other hand that more recent generations have been affected less by family constraints. Regarding hours worked, we observe that part-time has been increasingly used by recent cohorts at all ages and presents an increasing pattern with age. This confirms the fact that the youngest generations of women use part-time employment to a greater extent especially at child-bearing ages presumably to reconcile work and family. Finally, we observe a clear decrease in the relative presence of women in managerial jobs with age, and the pattern is similar across cohorts. Given the age at which this decline begins this profile might suggest that raising a family becomes harder to reconcile with a high profile career over time.

3. The Impact of Children on the Observed Gender Gaps

In order to estimate the impact of children on the observed gaps, we use two micro-datasets: The first one is the first wave of the European Household Panel for Spain – 1994, and the other one is the 2008 wave of the European Survey of Living Conditions. Both of them share the design and hence are highly comparable. The use of these two datasets is very convenient because, given that we consider college men and women aged 25-45, the 1994 sample captures the behavior of those born between 1950 and 1970, which on average reflects the behavior exhibited by our two earlier cohorts – born in 1960s and 1965s. And the sample of 2008 captures the behavior of those born between 1963 and 83 and hence reflects the behavior of the two youngest cohorts in the descriptive sample.

3.1. Impact of Children on Gaps in Employment Rates
With respect to gender gaps in the extensive margin of labor supply – employment rates, we observe a very different pattern when comparing the mid-nineties (1994) to late 2000s (2008): In the former, gender gaps in employment rates are quite substantial even among childless men and women – 11%, which increase to a large extent – 31% when comparing mothers with fathers. Children account only for 11% of this substantial gap, which tells us that besides children there are many other issues – social norms or others, which affect this different behavior. However, by 2008, this pattern has changed substantially: there is basically no gap between childless men and women, although this rises to 14% between fathers and mothers. Furthermore, children account for 56% of this gap.

In summary, it looks as if by 2008 women on entrance in the labor market behave very similarly to men, but that the presence of children leads many women to quit. Society needs that firms and other institutions develop possible mechanisms to combine family and work and hence allow mothers to participate in the labor market as much as fathers in terms of their extensive margin if they wish to do so. This can be achieved by developing flexible timing work schedules and home-work practices not only for mothers, but also for fathers. Even though some big firms are slowly starting to implement these measures, there is still a long way to go for Spain. Only if these mechanisms are widely available for both fathers and mothers and in all firms, not only in some of them, women with children will be able to access working careers similar to their male counterparts.

3.2. Impact of Children on Gaps in Part-Time Rates

Second, for those men and women who stay in the labor market, we look at gender gaps in labor supply in number of hours worked, proxied by part-time employment rates. The data reveals that the use of part-time employment is basically a female choice; the use of part-time employment among men is negligible. At this stage, we see interesting differences in the behavior of women with respect to the use of part-time work in the mid-nineties as compared with the late 2000s: on the one hand, the use of part-time employment was higher among childless women as compared to mothers (15% versus 11%), which suggests a very small, if any, connection between family issues and part-time work at that time.

This has changed completely by 2008, when the use of part-time employment of childless females is only 10% but rises to 18% for mothers. At least partly this may be a result of the 1998 Part-Time Law, which probably made it easier for mothers to combine family and work. In 2007, the Gender Equality Law introduced some provisions concerning paternity leave and childcare leave which have allowed and encouraged work reductions for mothers and fathers with small children. The next challenge for the future, particularly for the highly educated population, is not so much about allowing leave from work. It is rather about developing flexibility measures which enhance the possibility for women to remain in the labor market and make it possible to develop career paths similar to those of men if they wish to do so.

Additionally, children account for 4% of the gap in 1994 and 9% of it by 2008. The fact that children accounts only for 9% of the gap even in 2008 suggests that although children is an important determinant for the choice of part-time employment versus full time work, there may be other determinants which lead some women work on part-time basis. In particular, the proportion of childless women who report working part-time because they cannot find a full-time
job was 42%, which clearly indicates that at least for many childless women, there are demand restrictions which prevent them working on full-time basis. Therefore, there seem to be room for policy actions directed to improve the intensive margin of female labor supply.

3.3. Impact of Children on Gender Wage Gaps

Third, with respect to the performance in the labor market, we compare hourly wages of college-educated men and women. The first interesting issue that we observe is that in the mid-nineties, childless women earned on average 6% more than men, which suggests that these women were a high selected sample among college females. However, when we compare fathers with mothers, the gap was 7% in favor of men. Furthermore, children account for 85% of the gap. By 2008, the pattern was different: the gender gap between childless men and women was of the same magnitude than that among fathers and mothers (5% in favor of men) and children did not contribute to explain the gap.

Final Comments on Policy issues

It would be desirable that in addition to part-time facilities for those women for whom working part-time may be a first best choice, firms would develop other possible mechanisms to combine family and work and hence allow mothers to participate in the labor market as much as fathers in terms of their intensive margin. This can be achieved by developing flexible timing work schedules and home-work (tele-trabajo) not only for mothers, but also for fathers. Only if these mechanisms are widely available for mothers and fathers, we will achieve gender equality and hence allow women with children to achieve work careers similar to their male counterparts if they wish to do so. A shrinking working-age population and the high educational level that women are accomplishing in the last few decades, make it essential to consider women as fundamental pillars of the workforce. If they are provided with adequate mechanisms to combine family and work society will surely take more advantage of the full application of these highly educated females in the workforce throughout their whole working lives.

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