

Wages, Births, And Labor Participation of Married Women

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Abstract

This article uses the Chinese General Social Survey (CGSS) to analyze the impact of fertility on female wages and labor participation in China. The study found that fertility has a significant negative impact on female working hours in China. The negative impact of fertility on working hours per week is more pronounced among women with higher education levels. At the same time, the article further explores the "fertility costs" among different female age groups. However, due to the limitation of sample size and analysis methods, the differences in grouping regression results were not obvious. In addition, the impact of fertility on married women's labor participation is endogenous to a certain extent.

Keywords

Wages, fertility, education level, married women's labor participation.

1. INTRODUCTION

Since the 1980s, economists have noticed the phenomenon of "fertility trap", that is, the labor market performance of women (such as wage income and labor participation rate) and labor participation rate have a negative impact. Since whether to participate in the work now will affect future wages, women will consider the return on investment as an important factor in the rational behavior model. Having a child requires the mother to invest more energy in caring for the child, which will lead to reduced working hours and even withdrawal from the labor market. Due to the positive impact of work experience on wages, births will cause wages to fall, which will further significantly reduce female employment rates.

With the development of economy and society and the improvement of education level, more and more women are engaged in paid market labor. It not only made important contributions to the country's economic and social construction, but also played an important role in increasing the level of family income and improving the quality of life. For married women, in addition to personal factors, factors such as family assets, husband income level, and children's conditions will affect women's labor supply choices.

Human capital is often used to explain gender wage differences. According to the theory of human capital, the main factors that determine labor income are the differences in labor capital of the labor force, including the number of years of education, specialty, on-the-job training, and work experience. Becker pointed out that the more important difference is the difference in energy intensity. Different energy distribution has important effects on income and gender differences. Assume that women have the obligation to take care of their children and undertake housework. Married women allocate less energy per hour of work than married men. Then the married women's housework burden will reduce their occupational income, which will also cause occupational segregation. Married women will seek occupations with lower energy intensity, and lower incomes will inhibit human capital investment and labor market activities.

Therefore, paying attention to the impact of fertility on women's wages can help us better understand the important issue of inequality between men and women, and also better understand the plight of women in the labor market.

2. LITERATURE REVIEW

Regarding the impact of fertility on women's wage rate, there have been a lot of research results abroad in recent years. Using data from the United States, Britain, Germany, Finland, Spain, and other countries, scholars have all found the existence of female "fertility costs" (Neumark and Korenman, 1994 [1]; Waldfogel, 1997 [2]). However, there are relatively few sociological and demographic studies on this issue in China. Some scholars have found that whether children have been born can explain the income difference between men and women in China to a certain extent, which proves the existence of the "fertility cost" and birth. And caring for children affects whether women withdraw from the labor market and their work patterns. A large number of literature studies in developed countries show that fertility can have a significant negative impact on women's labor market performance. For example, Angrist & Evans (1998) [3] After using the sex of siblings as an instrumental variable to control the endogeneity of fertility, It is still found that childbearing reduces female labor force participation. On the other hand, research by Bailey (2006) [4] showed that the use of contraceptives increased the number of women participating in work and the number of hours women worked each year, which also proved the negative impact of birth on female labor force participation. In addition, Bloom et al. (2009) [5] also found that the negative impact of fertility on female labor force participation not only exists in their childbearing age, but also has a long-term nature. For women who have not left the labor market, research finds that fertility also has a negative impact on their wage income, and controls other conditions. "Motherhood wage penalty", this phenomenon exists in the United States, Britain, Canada and other developed countries. Jia & Dong (2012) [6] studied the situation in China and pointed out that fertility punishment also exists in China and can be explained by economic transformation and market-oriented reforms. However, this category of literature emphasizes more on the impact of women's heterogeneity on wage rates, so most of them use fixed-effect methods to control time-invariant heterogeneity, but ignore the internal The effect of birth fertility decision on parameter estimation, especially this endogenous decision may change over time.

3. ENDOGENEITY

A large number of foreign studies have shown that childbearing has a negative impact on women's labor market performance, such as wage income and labor participation rate, which is called "childbearing trap". The answer to this question is not rigorous by simply comparing women's wages. In addition to biased samples, the core problem is serious endogeneity.

1. In terms of labor participation rate, on the one hand, women with more children (or more children) need to invest more energy in taking care of children, which will lead to the reduction of working hours, or even the eventual withdrawal from the labor market; on the other hand, those women who work more leisure or housewives have stronger willingness to have children (or multiple births). So, is giving birth to children leading to lower wages, or are people with lower wages more willing to give birth to children?

2. From the perspective of wage rate, on the one hand, as described in the title, giving birth to a child will lead to a decline in women's wages (or loss of potential promotion opportunities); on the other hand, women with low wage rate have relatively lower cost (or cost) of giving birth to children, and those who value themselves.

Unobservable heterogeneity, that is to say, there are some unobservable characteristics that affect the decision-making of women's childbearing and labor participation at the same time.

Those women who pay attention to their own career development and wage income will choose the time with the least impact on their career to have a child, while those women who don't pay much attention to their income, have a weak sense of career or some contraceptive failures will have a greater probability of "let it go". Referring to the idea that the family unobservable factors of twin individuals are almost similar, Hong bin lietal (2015) [7] used the natural experiment of twin birth to investigate the impact of childbearing on the labor supply of both rural parents.

4. CONCLUSION

With the development of economy and society, as well as the improvement of education level, more and more women are engaged in paid market labor, which plays an important role in increasing the family income level and improving the quality of life. Since the 1980s, economists have noticed the phenomenon of "birth trap", that is, women's labor market performance (such as wage income and labor participation rate) and labor participation rate have a negative impact. Giving birth to a child requires the mother to devote more energy to caring for the child, which will lead to the reduction of working hours and even the final withdrawal from the labor market. As a result of the positive impact of work experience on wages, childbirth will lead to a decline in wages, further significantly reducing the employment rate of women. In short, the analysis of the impact on women's wages and labor participation can help us have a deeper understanding of women's performance in the labor market.

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