

Family and Work

1. Labor force participation of married women

- why has it increased so much since WW II?
- how is increased market work related to changes in the gender wage gap?

2. Is there a time crunch?

- how has the increased market work of women affected total hours spent working? Leisure time? Time spent with children?

3. How have families adjusted to the increased market work of women, and how have employers adjusted to the increased family responsibilities of workers?

- childcare, parental leave, and “family-friendly” workplaces

Labor force participation rate =

$$\frac{\text{Employed} + \text{Unemployed and looking for work}}{\text{Population 16 and over}}$$

Basic trends since WWII: Women's LFPR ↑
Men's LFPR ↓

	<u>1948</u>	<u>April 2000</u>
Women	32.7	60.7
Men	86.6	74.8

Marital status: trends are more pronounced for married men and women.

Children: Women with children under age 6 experienced the most rapid increase in LFP.

Cohorts: Lifetime labor force participation has been rising for each birth cohort of women since the beginning of the century.

Historical pattern

At the turn of the century, the LFPR for white, married women was < 5%, but over 40% for black women.

Since 1900, LFP rates have increased steadily:

Period 1: Before 1940

- most of the increase in market work was among young, single women

Period 2: 1940-1960

- increase in market work among women over 35
- decrease for under-35 (baby boom)

Period 3: 1960-1980

- LFP among 25-34 year olds rising by about 2 percentage points per year

Period 4: 1980-2000

- continued steady growth

Previous two-peaked age-employment pattern for women

- reflecting years out of the labor force when children young
- has disappeared for birth cohorts after 1950.

Men: Decrease in LFP concentrated among older men as standard retirement age has fallen.

- Social Security, private pensions, higher wages have led to earlier retirement

- increased life expectancy—substantial increase in expected length of retirement.

Why have married women with children moved from home production to market work during the past 4 decades?

1. “Increased productivity has pushed up wages and pulled women into market jobs.”
2. “As women stayed in school longer, they gained access to better-paying jobs.”
3. “Expanding service industries and reduced discrimination have created new job opportunities for women.”
4. “Time spent at home has become less valuable—families have fewer children, labor-saving technology has reduced hours of housework, and it’s easier to buy market substitutes for time at home cooking, cleaning, and taking care of the kids.”
5. “These days, you can’t raise a family on only one income.”
6. “Staying at home with the kids rather than investing in a career is too risky—if you get divorced, you need to be able to support yourself.”

Choice between market work and home work

If Net Benefits (Job) > Net Benefits (Staying home),
then go to work.

Supply of women's labor to market jobs:

Value of staying home depends on family responsibilities:

- number of children
- time cost of producing household goods (household technology)
- income of other family members
- likelihood of divorce

Demand for women's labor:

Wages and access to jobs affected by:

- productivity of labor (technology)
- education
- sectoral changes: growth of clerical and service jobs
- discrimination against women (or married women)

Is there a time crunch?

Panel Study of Income Dynamics 1978-1988

- period of rapid growth in women's employment

	Market Work			Housework		
	<u>1978</u>	<u>1988</u>	<u>Diff.</u>	<u>1978</u>	<u>1988</u>	<u>Diff.</u>
Women	20.1	26.4	6.3	26.7	21.3	-5.4
<u>Married</u>						
Employed	29.3	32.2	2.9	24.3	20.8	-3.5
Not empl.				37.1	33.0	-4.1
Men	42.5	43.3	0.8	6.1	7.4	+1.3
<u>Married</u>						
Wife empl	43.5	44.4	0.9	6.4	7.8	+1.4
Wife not	42.5	41.3	-1.2	5.0	6.4	+1.4

Some patterns in time allocation

1. Essentially no change in average hours worked by employed men and women.
2. Increases in proportion working either short or long hours.

Women:

3. Increase in women's average hours of work has come from increase in number who are employed.
4. Hours of housework falling for both employed and unemployed—less than increase in average hours of market work.
5. No change in time spent with children when women become employed.
6. So, women who have become employed experience a reduction in leisure. Women who have remained employed or non-employed have increased leisure.

Men:

7. Employment falling among men with lower levels of education, and men in 50's and 60's.
8. Small increases in home work—independent of wife's employment or presence of children.
9. Average work hours for employed not changing in long run.
 - ups and downs with business cycle.
 - increased variation.