

Sexual Orientation, Household Labour Division and the Motherhood Wage Penalty

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Abstract : While research has consistently found a significant motherhood wage penalty for heterosexual women, where homosexual women are concerned, evidence has appeared to suggest no effect, or possibly even a wage bonus. This paper presents a model of the household with a public good that requires both a monetary expense and a labour investment, and where the household budget is shared between partners. Lower-wage partners will do relatively more of the household labour while higher-wage partners will specialise in market labour, and the arrival of a child exacerbates this split, resulting in the lower-wage partner taking on even more of the household labour in relative terms. Employers take this gender-sexuality dyad as a signal for employees' commitment to the labour market after having a child, and use the information when setting wages after employees become parents. Given that women empirically earn lower wages than men, in a heterosexual couple the female partner will often do more of the household labour. However, as not every female partner has a lower wage, this results in an over-adjustment of wages that manifests as an unexplained motherhood wage penalty. On the other hand, in homosexual couples wage distributions are ex ante identical, and gender is no longer a useful signal to employers as to whether the partner is likely to specialise in household labour or market labour. This model is then tested using longitudinal data from the EU Standards of Income and Living Conditions (EU-SILC) to investigate the hypothesis that women experience different wage effects of motherhood depending on their sexual orientation. While heterosexual women receive a significant motherhood wage penalty of 8-10%, homosexual mothers do not receive any significant wage bonus or penalty of motherhood, consistent with the hypothesis presented above.

Keywords : discrimination, gender, motherhood, sexual orientation, labor economics

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