

# Parenthood and the labour market

## Return-to-work patterns

**Three out of five first-time mothers do some paid work by their child's first birthday.**

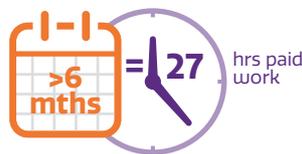
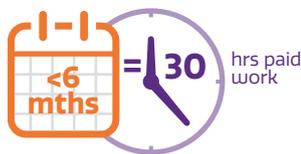


- Women across all income groups are less likely to be employed after becoming parents.
- Women with higher earnings before becoming parents return to employment more quickly and are more likely to subsequently remain employed.
- Only 45 percent of the mothers with no qualifications return to work ten years after their first baby, compared to over 60 percent of those with a school or post-school qualification, and nearly 70 percent of those with a tertiary degree.
- Women with higher educational qualifications are more likely to return to work.
- Pākehā mothers, who tend to delay their first child birth longest, have a 59 percent employment rate after ten years compared to Pacific mothers (41 percent) and Māori mothers (45 percent).
- Mothers who take less than six months off work tend to have the highest median hours (30) while women returning later to work have a median of 27 hours. Median hours worked by men remain constant at 41 hours when they become parents.

\* For this study, paid parental leave for those who are eligible was 18 weeks, indicating that many mothers are away from work for much longer than the duration of their government-paid leave.

## Employment gap

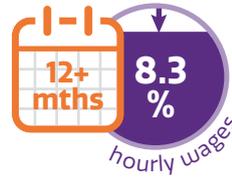
**A woman who has a longer employment gap can expect to be at an earnings disadvantage when she re-enters the labour market.**



- Women with lower income before childbirth are far less likely to return to work at all. Approximately half of low income women are not in paid work ten years after their first child.
- Men show no tendency to decrease their employment post parenthood regardless of prior earnings. Parenthood increases employment gaps between men and women.
- Parenthood has the greatest economic impact on low income women. Women with lower income before childbirth are far less likely to return to work at all.

## Parenting and gender pay gap

**Women who return to employment quickly experience smaller wage decreases than women who stay out of work longer.**



- Women on average experience a 4.4 percent decrease in hourly wages returning to work as mothers. For those returning after 12 months, the average decrease is 8.3 percent.
- Longer absences seem to decrease women's ability to secure higher paying work, regardless of previous employment, education, and earnings.
- When mothers return to work they experience a drop in hourly wages that fathers do not experience.
- Men, in contrast, experience no significant decrease in hourly wages upon becoming fathers. Parenthood increases the gender gap in hourly wages.
- High-income women who return to work quickly still experience slower growth in monthly earnings post parenthood than they did before becoming parents.
- There is a substantial scope for future analyses to explore whether the reduced hourly wages of women are driven by deterioration of women's labour market skills or by employers' perceptions of the same while they are on maternity leave. It is also likely that women trade off wages for flexibility in working hours or have lower bargaining power as they attempt to re-enter the labour market.

## Methodology

**Two cohort studies form the basis for *Parenthood and the labour market*.**

The first study used the Integrated Data Infrastructure<sup>†</sup> to study over 13,000 parents who had a first child in 2005 and their subsequent labour market patterns. The researchers looked at their employment and monthly earnings over a fifteen year period – five years before the first child and up to ten years later.

The second study used the Household Labour Force Survey to understand parental pay gaps for those who had their first child in the period 2003–2010. Parents out of the country for six months or more were excluded from the research.

<sup>†</sup> The IDI is a large research database containing microdata about both individuals and households in NZ. It includes numerous Statistics NZ surveys, as well as data derived from both government and non-government agencies.

**For full report, visit [women.govt.nz/gpg](https://women.govt.nz/gpg)**

