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Do women gain or lose from becoming mothers? A comparative wage analysis in 25 European countries

This paper analyses the variety in women's pay across 25 European countries (excluding Malta and Latvia) using EU-SILC 2006 data. In a first step, the gender pay gap is documented upon. Next, the impact of parenthood status is analysed. We do not confine wage gap measurement and analysis to a pure human capital model but instead regress wages on a large number of independent variables (occupational status, industrial affiliation, firm size, and so forth). To account for potential sample selection bias given that the dependent variable (wage) is observed only for a restricted, non random sample (workers), Heckman's selection correction model was applied. First we compute raw wage gaps which we then decompose using the Oaxaca (1973) and Blinder (1973) method in a gap that is explained by differences in observable characteristics and a gap that is due to different returns to identical characteristics or to unobserved heterogeneity.

A first finding is that women suffer a wage disadvantage compared with men all over Europe, with the exception of Poland. There is nevertheless great cross-country variety in the size of the price effect without there being any correlation with the size of the raw gender wage gap.

Motherhood usually reinforces the gender wage gap but most discrimination is sex-related so that it concerns all women as actual or potential mothers. Not only is the motherhood gap smaller in size, it is even negative in a number of countries. Again the price effect turns out very large.

Finally, we compute the wage gap between mothers and fathers to show that motherhood status generally worsens women's wages whereas being a father tends to have a positive impact on men's wages. Our analysis divides countries into three groups: those where parenthood worsens the gender wage gap, those where it improves it and those where it does hardly change it.

In sum, despite the fact that EU member states share the *acquis communautaire* which in terms of employment yields a wide set of rules and objectives to achieve professional equality between men and women, a high level of wage inequality persists, especially along gender lines.