

Thesis Abstract

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Why don't married men take parental leave? (Job market paper)

Despite its availability, only a few married men use parental leave in Canada while almost all eligible married women take parental leave. As possible explanations, I consider gender differences in rental rates of human capital, wage growth processes, wage penalties for time off from work, preferences for leisure, and productivity in home production. I first document empirically supporting evidence for the possible explanations. Using data from the Employment Insurance Coverage Survey, I find that 13% of eligible married fathers use parental leave whereas 91% of eligible married mothers use maternity and parental leave. Using time use data from the General Social Survey, I find that specialization between market and home work is much stronger among couples with an infant than those with no children or only older children. Lastly, using data from the Survey of Labour Income Dynamics, I find that men have higher average hourly wages upon entry into the labour market and face a greater wage penalty for taking time off work than women do.

To quantify the relative importance of these explanations, I develop a life-cycle model of family labour supply that features learning-by-doing human capital accumulation and time allocations across market work, leisure, and home production. When an exogenous birth shock is realized, a married couple makes decisions taking into account the gender differences I consider. The model is calibrated using Canadian data to match take-up rates, average hourly wages and employment rates by age group, wage growth rates, time allocations, and labour market transitions by gender and education. The results imply that lower home productivity in the presence of an infant, higher rental rates of human capital, and higher wage penalties for not working for fathers are the main contributors to the low take-up of fathers. Among high-educated people, these three explanations account for 36%, 15%, and 13% of the gender gap in the take-up rates of parental leave, respectively, and for all the gender gap in the take-up rates in combination. I show that fathers' take-up rates are responsive to an increase in the income replacement rate combined with the introduction of paternity leave. Lastly, I find that for Canada a combination of introducing paternity leave and increasing replacement rates during maternity and paternity leaves relative to the current policy increases fathers' take-up rates for parental leave with only a small increase in aggregate spending on parental leave benefits.

The effects of child-related leaves on a married couple's fertility and labour decisions in a household search framework

To investigate the effects of maternity leave policies on married couples' fertility and labour decisions, I develop and characterize a household search model that features home production and endogenous fertility choice. I find that, unlike an individual search model, the household search model generates a case in which a wife specializes in home production even when she has absolute advantages in both market and home compared to her husband. Due to this intra-household interaction, a wife may quit her job to raise her children even if the productivity of her job is higher than that of her husband's job. The model is parameterized to replicate the cross-sectional employment patterns of married couples in the United States with twelve weeks of unpaid maternity leave. Policy experiments indicate that the introduction of an extended paid maternity leave raises fertility rates. In addition, extended paid leave lowers the fraction of dual-earner couples because a husband and a wife are more likely to specialize either in market production or in home production due to an increase in the number of children.