Thesis Abstract

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 relative productivity in home production. I briefly document empirical background about Canadian parental leave policy and supporting evidence for the possible explanations. 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. Calibrated parameters imply that compared to mothers, fathers have lower home productivity in the presence of an infant, higher rental rates of human capital, and higher wage penalties for not working. I find that the gender differences in home productivity, rental rates of human capital, and wage penalties for not working are three major contributors to the low take-up of fathers. Among high-educated people, the three explanations account for 36%, 15%, and 13% of the gender gap in the take-up rates of parental leave, respectively. Due to positive interactions among these three explanations, the three explanations explain all the gender gap in the take-up rates among high-educated parents. I also find that introducing paternity leave without an increase in cash benefits leads to only small changes in fathers’ take-up of parental leave. I show that fathers’ take-up rates are responsive to an increase in an income replacement rate combined with the introduction of paternity leave. Lastly, I find that a combination of introducing paternity leave and offering higher replacement rates during maternity and paternity leaves increases fathers’ take-up rates for parental leave with a small increase in aggregate spending.

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 suggest that the introduction of an extended paid maternity leave raises fertility rates. Also, it 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.