

Is Doing the Chores Bad for Your Earnings?

The Housework Wage Penalty for Full-time Workers

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ABSTRACT:

Over the past few decades, the labor force participation of women has increased strongly in most industrialized countries. Despite increasing work weeks, women continue to be largely responsible for domestic work, as the distribution of housework within couples has only slightly changed. The volume of housework of full-time employed women decreased by half an hour per weekday since the beginning of the 1990s in Germany, whereas the domestic workload of men rose by only 10 minutes. At present, full-time working women spend half an hour more time on doing the chores during weekdays than male full-time workers. This raises the question as to whether the unequal distribution of housework has implications for labor market outcomes, such as career prospects and earnings. The higher number of hours devoted to domestic work might decrease the number of hours worked on the job, constraint career opportunities, and diminish a workers' energy and effort at the workplace. Previous studies have indeed found that time spent on domestic labor reduces earnings for both women and men and that the wage penalty for housework was stronger for women than men (e.g. Hersch and Stratton, 2002).

This paper contributes to the previous research on the relationship between housework and wages in several ways. First, in contrast to most of the previous studies, we use long-running panel data, and hence are able to apply panel data techniques to overcome the bias from unobserved individual characteristics. Second, unlike the majority of existing studies, we take into account the reverse nature of the relationship between household activities and earnings and potential measurement error by employing instrumental variables. Third, while prior research mainly concentrates on the U.S., this paper provides first micro-data evidence for a rigid labor market with a less flexible wage structure, as we explore data from Germany.

Using individual and household data from the German Socio-Economic Panel Study from the years 1993 to 2009, we analyze the housework wage penalty for full-time employed, married or cohabiting women and men. We estimate an augmented Mincer-type earnings regression using

OLS and FE, and additionally two stage least squares regressions to deal with the problem of simultaneity bias and potential measurement error. As instruments we use parental and partner information.

We confirm findings of previous studies of a significant wage penalty attached to housework. Both full-time employed women and men suffer a wage penalty of about 3% according to the OLS regressions. In the fixed effects model the wage effect of domestic work drops clearly for male workers to 1% and even stronger for females to 0.5%. Hence, the time that women devote to housework seems to be more closely linked to their unobserved individual characteristics, such as career ambition, than men's housework. The finding that men suffer more from one additional daily hour of housework is in contrast to previous studies on the U.S. and points to the importance of using panel data. Furthermore, we show that the negative relation of men's and women's wages and housework is mainly driven by the presence of children.

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