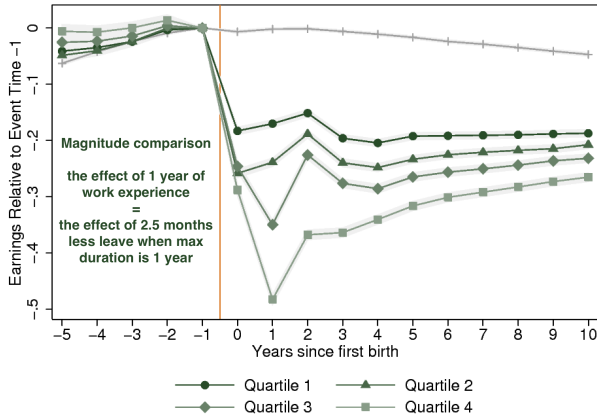


The Signaling Role of Parental Leave (Linh Tô)

Quartiles of parental leave duration for women within childbirth cohort

Impact of first birth on earnings of mothers by leave duration



Grouped by quartiles of leave duration in the birth cohort, Danish mothers (green) and fathers (gray) 1984 to 2002; Controls: year and age fixed effects

Does paid leave duration carry signaling value?

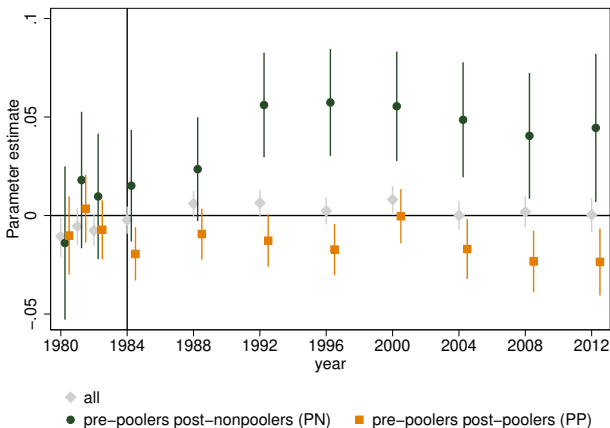
- This paper introduces and empirically tests a model of parental leave as a signal of mothers's labor market value for firms using comparative statics as the maximum allowed paid leave duration increases
- Some predictions:



1. Negative wage effect for pre-poolers post-poolers (PP)
2. Positive wage effect for pre-poolers post-nonpoolers (PN)
3. No wage effect for pre-nonpoolers post-nonpoolers (NN)

Impact of 1984 leave extension on log wages

Maximum leave from 14 to 20 weeks for child birthdates post 25 March 1984



Year-by-year birth-after-cutoff coefficients for mothers with childbirths within 85 days of cutoff for longer leave eligibility in 1984 policy change

