

The effect of housework on migrants' and native-born individuals' wages

Motivation

- Gender differences in earnings and housework time are much higher among migrant than among native born individuals.
- Low earning potential of female migrants may often lead to an uneven division of housework tasks, but housework may also have negative effects on earnings and thereby further worsen their labour market performance.
- Based on a formal model, Becker (1985) argues that child care, food preparation and other housework are tiring and therefore that less effort may be spent on each hour of work in the labour market.
- The study examines the effects of housework on the wages of migrants and native-born individuals, based on data obtained from the GSOEP from 2000-2015

Literature

- Most empirical studies find negative effects, especially for women: Hersch and Stratton (1997, 2002) and Noonan (2001), Carlson and Lynch (2017) Bryan and Sevilla-Sanz (2010)
- Bonke et al. (2003) show that flexibility of tasks matters.
- Using the GSOEP Anger and Kottwitz (2009) find negative effects for women and men in coupled households. Hirsch and Konietzko (2011) find no effects at all.
- To the author's knowledge, no study has directly and quantitatively examined the relation between housework and migrants' wages
- Studies using panel data often apply FE estimation, some discuss to instrument housework with spousal earnings, number of children, non-labour income, residence ownership and size of measures about gender ideology. Housework often appears to be exogenous.

GSOEP from 2000-2015

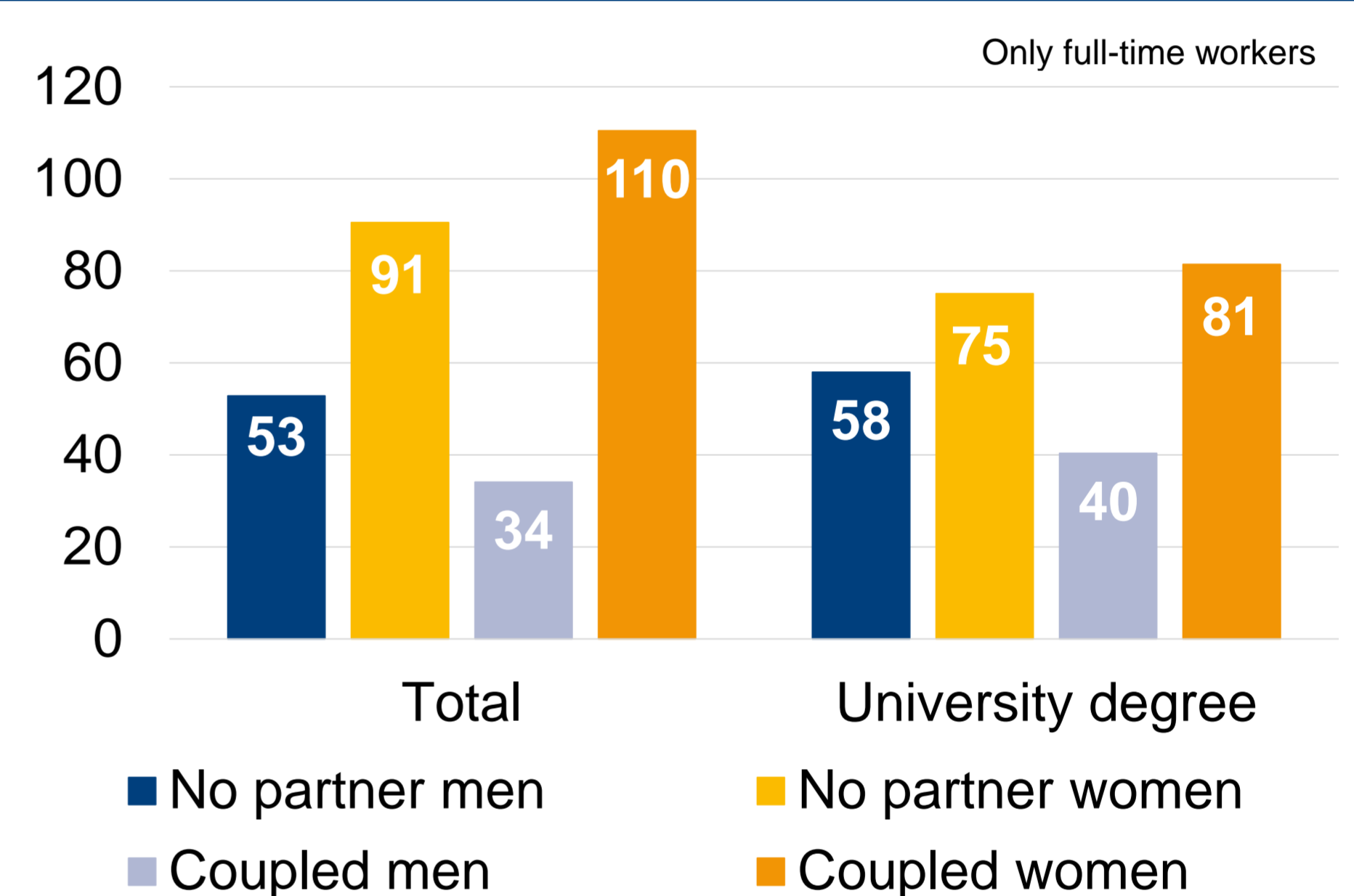
- Employed individuals from 20 – 60 years
- Only 1st generation migrants
- 73,078 obs. of 19,204 individuals in 16,028 households
- 40 percent migrants (with 46 percent of women compared to 50 percent among native-born individuals)
- The analysis considers only the housework tasks washing, cooking and cleaning

Gender gaps

	Foreign-born	Native-born
Full-time, coupled households		
Gross hourly wage	19.1	17.4
Housework	-55.0	-22.9
Full-time, no partner households		
Gross hourly wage	7.7	7.4
Housework	-24.3	-10.7
Part-time, coupled households		
Gross hourly wage	-25.7	-0.1
Housework	-97.9	-78.8

Source: SOEP, 2000-2015, Employed individuals between 20-60, weighted gap.

Housework (in min.) of migrants



Specification

- $\ln w_{it} = \beta_1 * H_{it} + \beta_2 * X'_{it} + \varepsilon_{it}$
- X'_{it} includes age, age², education, work experiences, health, disability, number of children, year and regional fixed effects, country of origin.
- Simultaneity due to earnings relative to the partner (bargaining power) or due to unobserved characteristics influencing housework and wages.
- In the 2SLS specification H_{it} is instrumented with past lags
- For non of the external instruments used in other studies, instrument exogeneity appears to exist
- Weak instrument problem tested by 1st stage regressions, Cragg-Donald Wald F statistic and Kleibergen-Paap rk Wald F statistic, Kleibergen-Paap rk LM statistic indicates whether equations are identified

Results (1): The impact of housework on wages

		Foreign-born		Native-born			
		2SLS Women	2SLS Men	OLS Women	OLS Men	2SLS Women	2SLS Men
Full time, coupled households	Housework	-0.131*** (0.024)	-0.016 (0.018)	-0.040*** (0.007)	-0.012** (0.006)	-0.163*** (0.021)	-0.141*** (0.020)
	Endog. ¹⁾	0.000	0.380			0.000	0.000
	Obs.	1415	4325	2880	8576	2258	3893
Full time, no partner households	Housework	-0.061 (0.039)	-0.003 (0.042)	-0.033*** (0.012)	-0.011 (0.015)	-0.091*** (0.019)	-0.054*** (0.017)
	Endog. ¹⁾	0.785	0.381			0.000	0.025
	Obs.	710	583	1107	971	6721	7832
Part time, coupled households	Housework					-0.095*** (0.016)	-0.097*** (0.014)
	Endog. ¹⁾					0.000	0.001
	Obs.					1776	1985

1) Robust score chi² test, p-value reported. * significant at 10%, ** at 5%, *** at 1%

Results (2): Oaxaca-Blinder wage decomposition

	Foreign-born	Native-born
(log) Wage differentials	0.17	0.22
Explained share, detailed in percentage points		
Housework	29.04***	15.55***
Age	-9.02**	39.46***
Number of children	11.38***	2.9
Years of education	-23.58***	-13.2***
Work experiences in years	15.89***	15.47***
Years at firm	5.7***	10.2***
Others	11.56**	-9.39
Total explained	40.97	60.99

Three-fold decomposition, OLS specification, women are the reference group. Only full-time workers in coupled households * significant at 10%, ** at 5%, *** at 1%.

Implications

- Significant negative effects of housework on wages exist for native-born and migrant women which are among migrant women higher for those living together with a partner
- In contrast to effects of native-born men, effects of migrant men are lower than women one's or not significant, also not when controlling for threshold effects.
- It can be assumed that the gender pay gap of migrants is higher than the gap of native-born individuals due to an highly uneven division of time on housework tasks among migrant couples.
- It is important to ensure that female migrants with inferior labor market prospect have access to education and child care and to increase employers' awareness of this issue to help prevent discrimination.