

The Role of Maternity Leave in Wage Disparities

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Work interruptions due to pregnancy are a significant factor contributing to the gender pay gap. This study examines the impact of such interruptions on the gender pay gap in Italy, utilizing administrative micro-data from the National Institute for Social Security (INPS) and the Statistical information system of mandatory communications (Sistema Informativo Statistico delle Comunicazioni Obbligatorie - SISCO) provided by the Ministry of Labour and Social Policy from 2005 to 2021. The research questions are: How do work interruptions due to pregnancy affect the gender pay gap among mothers compared to non-mothers? What is the differential impact of these interruptions on the wages of mothers versus fathers?

Methodology and Data Sources

The data is sourced from the INPS UNIEMENS modules. These modules provide detailed information about each employee, including their occupation, salary, working hours, days of leave, reasons for hiring and dismissal, contract type, and work schedule. A very important aspect of the database is that, for private sector non-agricultural employees, it provides a historical record of work interruptions related to various types of leave (maternity, paternity, parental leave, and leave for a child's illness). The study uses a counterfactual approach to analyze the impact of work interruptions due to pregnancy on wages. The INPS administrative data provides detailed records of employment episodes, including variables such as retribution, gender, citizenship, education, NUTS classification, enterprise size, industry classification (ATECO07), average employee characteristics, employment duration, and reasons for work interruptions. The analysis focuses on comparing mothers (women who have taken maternity leave) with non-mothers and fathers.

Descriptive statistics summarize the data and highlight trends in work interruptions and wage outcomes. The analysis assesses the causal impact of maternity leave on wages by comparing pre-and post-interruption wages of mothers to those of non-mothers and fathers. Control variables include job type, contract type, industry, and worker demographics such as gender, citizenship and education.

Literature review and research hypothesis

Scholars (Matteazzi and Stefani Scherer 2021; Adda et al. 2017) highlight that work interruptions due to pregnancy have a significant negative impact on the wages of mothers, contributing to a wider gender pay gap. This, in turn, could have long-run effects: Bonacini et al. (2024) find a higher gender pay gap among older and married women employees. Additionally, it generates gender gaps in pensions and increases the risk for women of not having a decent standard of living when they are older (Addabbo 2020). Mothers experience a substantial wage penalty compared to non-mothers and fathers, both immediately following the interruption and in the long term. This wage penalty is more pronounced in certain.

The counterfactual analysis will test the main literature finding, moreover, it aims to reveal if the maternity

leave policies, workplace culture, and potential discrimination may help mitigate or instead contribute to the persistent wage gap faced by mothers. Although some progressive enterprises offer additional support and flexible working arrangements, these measures are enough widespread to make a substantial difference?

Our contribution

The entry into force of European Directive 970/2023 emphasizes the importance of pay transparency, work of equal value, and measuring pay differentials. These elements are crucial for designing effective policies to reduce the gender pay gap. This study aims to provide a comprehensive analysis of the impact of work interruptions due to pregnancy on the gender pay gap in Italy and its transformations over time. Our objective is to estimate the wage penalty faced by mothers, highlighting the need for more effective policies and workplace practices to support women during and after maternity leave. The study contributes to the literature by providing empirical evidence on the long-term effects of maternity leave on wages and offering insights for policymakers to design more inclusive and supportive labour market policies.

References cited in the abstract

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