

Can Parental Leave Break the Glass Ceiling?

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Abstract

Generous government-provided parental leave is viewed as an effective policy to support women's careers around childbirth. We however know little whether it helps to promote women to the upper echelons of the corporate world. This study uses longitudinal employer-employee-household matched data for the entire Norwegian population to analyse this question in a comprehensive way. For identification we use a regression discontinuity design exploiting the complete series of reforms that expanded paid maternity leave from 18 weeks in 1987 to 52 weeks in 1993, and introduced a four-week paternity quota in 1993, and extended it to 5 weeks in 2005. We focus on two novel outcomes: whether a woman is employed in a top-pay position within her company (e.g., the top decile of the firm's earnings distribution) and whether she reaches a high-power position (e.g., CEO and board directorship). We distinguish short- from long-term effects over women's career around each parental leave reform. We find that there are no systematic effects of the reforms on outcomes. We test robustness of the results when we construct the cumulative effect and test significance. This analysis reveals that if there is any effect of extending maternity leave duration, it is negative, rather than positive. This suggests that longer work interruptions lead to depreciation of human capital (lost human capital) and speak against the hypothesis that employers reward high human capital employees. We test for heterogeneity of our main findings reform-by-reform across industries and firm size but the results remain robust. We then ask whether the expansionary parental leave reform have affected the gender gap within the firm, that is the position of top women relative to their co-workers, and the gender gap within the household, that is the position of the top mother relative to her partner. The results also reveal point estimates that are close to zero and not significant. In the final part of the analysis on women in top positions we investigate several mechanisms that may explain the no change results. We test for the impact on hours worked and wage rates among women at the top. We finally analyze the parental leave impact on fathers which however also shows no results. We conclude that based on the regression discontinuity estimates that carefully allow us to pinpoint the effects through the parental leave reforms reform-by-reform clearly show that they have not helped

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women to break the glass ceiling.

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