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Women's Wages: The Effects of Motherhood and Education

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Poster Presentation P24

WOMEN'S WAGES: THE EFFECTS OF MOTHERHOOD AND EDUCATION

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Determining how women's educational and fertility choices effect their earnings and whether they enter into a "traditional" job is extremely important in today's society where women are increasingly entering the labor market. Human Capital Theory suggests that women who receive more education and have fewer children earn more than women who have less education and more children. Using a sample of 3,500 women, a regression analysis is used to test whether education is directly related to earnings, and whether having children is indirectly related to earnings. In addition, the regression analysis tests whether there is an interaction effect between fertility and years of education determining income. The results of this study show that there is a direct correlation between education and earnings, and an indirect effect between fertility and earnings. Also, the results of the regression that include interaction terms show that women with college degrees, who decide to have children, pay a very large earnings penalty. These results suggest that there are severe implications for women when they are making the decision to have children or further their education, as well as for corporations that want to hire women.