



Canadian Labour Market and Skills Researcher Network

Working Paper No. 87

The Mom Effect: Family Proximity and the Labour Force Status of Women in Canada

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November 2011

CLSRN is funded by the Social Sciences and Humanities Research Council of Canada (SSHRC) under its Strategic Knowledge Clusters Program. Research activities of CLSRN are carried out with support of Human Resources and Skills Development Canada (HRSDC). All opinions are those of the authors and do not reflect the views of HRSDC or the SSHRC.

The Mom Effect: Family Proximity and the Labour Force Status of Women in Canada

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In this paper, we examine the effect of family co-residence and proximity on the labour force participation and working hours of Canadian women. Using Cycle 21 of the Canadian General Social Survey, we describe proximity patterns in Canada and show that the labour force attachment of women is related to the proximity of their mothers. Lower labour market attachment is found for married women without young children who co-reside with their mothers (those women most likely to care for their elderly mothers) and for married women with young children who live more than half a day away from their mothers (those women least likely to benefit from the availability of family provided childcare). On the intensive margin, both married and single women with children work fewer hours if they live far from their mothers. The results hold only for proximity to living mothers (as opposed to proximity to widowed fathers), suggesting that it is the mothers themselves, and not merely the home location, that drives the results. The results are consistent in IV estimations. To the extent that the positive effect of close proximity is related to the availability of grandchild care, policies that impact the labour force behaviour of grandmothers may also impact the labour force behaviour of their daughters. Moreover, the regional patterns in proximity suggest that national childcare and labour market policies may yield different results across the country.

JEL Code: J11, J22, J13

Keywords: Women's labour supply; Family proximity; Childcare

[✦] Thanks to Jie Pan, Robert A. Pollak, Frances Woolley, Carl Shu-Ming Lin, participants of the RDC 2010 conference and the CLRSN 2011 conference for helpful comments, and Ian Clara at RDC Manitoba for assistance with data requests. The usual disclaimer applies. Comments welcome.

Executive Summary

We use the 21st cycle of the Canadian General Social Survey (GSS-21) to examine the patterns of family proximity in Canada and the effect of close proximity and co-residence on the labour force participation of women. We argue that the relationship between proximity and labour supply is due to transfers of care, and therefore focus on women and their mothers or mothers-in-law as transfers of care tend to be gendered.

We first consider the determinants of proximity in Canada. This topic has received far more attention in the U.S. and European literature, likely due to the lack of data available on proximity in Canada. The GSS-21 provides proximity in categories to the respondent's mother. We define four subsamples and estimate the determinants of (i) the proximity between married respondents and their mothers; (ii) the proximity of unmarried respondents to their mothers; (iii) the proximity between married spouses to their mothers-in-law and (iv) the proximity between respondents aged 60+ to their children aged 25 and older. Results from the proximity analysis show

- (1) There is evidence of a sibling effect within Canada. That is, only children are less likely to live away from their mothers than those with siblings.
- (2) There is no evidence of a birth-order effect. Although first-born children are less likely to co-reside with their mothers, they are not more likely to live far away, compared to later born siblings.
- (3) There are strong regional patterns in proximity, which we attribute to historical migration and immigration trends in Canada.
- (4) Education, especially education of husbands, and immigration also impact the probability of close proximity.
- (5) The presence of children does not have a measurable effect on proximity, however characteristics that indicate that mothers may have higher need for elder care are correlated with proximity and coresidence.

We next estimate the effect of co-residence and close proximity to mothers or mothers-in-law on the labour force attachment of adult women. Although we hypothesize that the mechanism linking proximity and labour force attachment is the availability of child care and elder care, we do not have data on transfers of care and so are unable to estimate this link directly. Instead, we include proximity categories in labour force participation equations and rely on comparisons across samples to identify potential reasons for the relationship. This strategy has the advantage of capturing not only the effect of predicted or observed transfers of care, but also the insurance effect of care availability. For example, the availability of "back-up" childcare – the ability of grandmothers to respond to emergency calls from the school or to provide childcare at irregular times – may increase the labour supply and productivity of daughters, even if they never use this childcare.

The effect of proximity on labour force attachment is a growing area of research. In empirical research using the SHARE dataset, Dimova and Wolff (2008 and 2011) and Zamarro (2009) estimate the impact of grandchild care on the labour force participation of women in Europe, using proximity as an instrument for childcare. The authors find small positive effects of predicted child care on labour supply. We believe the effects may be underestimated as they rely on estimates of regular childcare transfers and therefore ignore any insurance aspect of childcare. Compton and Pollak (2011) estimate the impact of proximity on labour supply in the U.S. and show a substantial positive effect of close proximity for married women with children, with marginal effects similar to those presented here.

Our regression results indicate

- (1) Close proximity has a positive effect on labour force attachment. Compared to their counterparts living in the same neighbourhood or surrounding area as their mother, married women with young children who live more than half a day away are 11 percentage points less likely to work, and both married and unmarried women with children work fewer hours per week when they live away from their mothers.
- (2) While close proximity has a positive effect on labour market attachment, co-residence has a negative effect. Co-resident married women without children are 16 percentage points less likely to be in the workforce compared to those in the surrounding area.

We consider alternative mechanisms linking proximity and labour force attachment but argue that because the proximity effect is only found for women with young children, these explanations – home town resources and the tied mover effect – are less convincing than the childcare hypothesis. We next estimate an IV analysis to control for the potential endogeneity of proximity. Based on the results from the proximity regressions, we use province of birth and an indicator for whether one is born in the same province as one or both parents to instrument proximity. The results are similar.

The results indicate a need for policy makers to consider intergenerational transfers when designing labour market policies. For example, policies designed to increase the retirement age may reduce the availability of grandmothers to provide childcare, and lower the labour force attachment of the middle generation. Moreover, the regional patterns in proximity suggest that national childcare and labour market policies may yield different outcomes across the country due to patterns of family proximity.