The Contribution of Employee-Led and Employer-Led Work Flexibility to the Motherhood Wage Gap

By Abi Adams, Mathias Fjællegaard Jensen and Barbara Petrongolo*

Career-family trade-offs are a prominent driver of remaining gender gaps in earnings (Goldin, 2014; Olivetti, Pan and Petrongolo, 2024). Recent work has documented gender differences in the willingness to sacrifice rewarding but time-demanding careers in favor of family-friendly job attributes such as work flexibility, reduced hours, and shorter commutes (Mas and Pallais, 2017; Wasserman, 2022; Le Barbanchon, Rathelot and Roulet, 2021; Kleven, Landais and Søgaard, 2019). Yet, measurement is a recurring challenge in this literature as detailed data on non-wage amenities is scant. Progress in the field has recently been advanced by the availability of rich information from online job-adverts, which include comprehensive job descriptions encompassing non-wage (dis)amenities (Adams-Prassl et al., 2023; Audoly, Bhuller and Reiremo, 2024).

In this paper, we leverage the universe of job adverts in Denmark to assess the flexibility content of detailed occupations and estimate its role in shaping the gender gap in earnings. We use a supervised machine learning approach to measure job flexibility from the vacancy text. We distinguish between employee-led flexibility – where an employee has control over their work schedule – and employer-led flexibility – where work schedules are dictated by employer requirements and may be adjusted at short notice. The former is typically emphasized as a family-friendly amenity, while the latter poses significant challenges for balancing work and family demands.

We analyze the contribution of occupation-level exposure to employee-led and employer-led flexibility to gender differences in earnings and wages for Danish parents with professional qualifications. We find that women on average are employed in occupations with significantly higher levels of employer-led flexibility than men, while we detect no gender-differences in exposure to employee-led flexibility. Importantly, we find that employer- and employee-led flexibility contribute in opposite directions to the unexplained component of the gender gap in wages and earnings for those with a professional bachelors degree. Women experience a relatively higher return to working in occupations with greater exposure to employer-led flexibility than men, while they face a relatively lower return to working in employer-led flexibility occupations.

I. Data description

A. *Vacancy data and flexibility measures*

We use the near universe of online job postings from Denmark for 2008-2020 (CBS/HBS Economics, 2020).[1] The data contain an occupation code (ISCO08), indicators for keywords related to skills (similar

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[1] The data, similar to those provided by Lightcast in other jurisdictions, are made available to us through Copenhagen Business School and HBS Economics. See more detail at `https://hbseconomics.com/wp-content/uploads/2017/09/Eftersp%C3%B8rgslen-efter-sproglige-kompetencer.pdf`

to those used by Deming and Kahn, 2018) and work arrangements (e.g. "work-from-home" or "freelancing"), as well as the full free-format advert text.

We employ a supervised machine learning approach to retrieve information on the type of job flexibility from the advert text (Adams-Prassl et al., 2023). We manually label a set of 5,000 adverts where we separately consider *employee-led* flexibility (e.g. "you can determine your own working hours", "flex-time scheme") and *employer-led* flexibility (e.g. "you must be prepared to have overlap with the evening team and/or some days per month where you cover some evening hours"). We use the tagged job posts as a training data set for a logistic classification model with LASSO regularization.[2] This exercise yields indicators for the mention of *employee-led* flexibility and *employer-led* flexibility at the job-post level.

Our approach achieves an F-score of 88% for employee-led flexibility and 83% for employer-led flexibility. Figure A1 shows that vacancies which our approach labels as flexible are more likely to mention specific work arrangements that are usually associated with flexibility. For example, jobs that offer the opportunity to work from home are much more likely to flag employee-led flexibility, and jobs requiring out-of-hours work or weekend shifts are significantly more likely to demand employer-led flexibility. Figure A1 also demonstrates a benefit of our measurement approach over a keyword search to identify flexibility. For example, both employer-led and employee-led flexible jobs are relatively more likely to include a description of working from home compared to non-flexible arrangements; the term "working from home" does not provide sufficient information to determine whether the employer or employee gets to decide on the location and scheduling of work. More information from the vacancy text is required.

Figure 1 shows correlations between our flexibility measures and indicators for specific skill requirements included in the vacancy text. There are only small differences, if any, in the skill-content of jobs advertising employee-led flexibility and those that do not, with the exception of lower managerial requirements on jobs that offer flexibility. However, jobs that require employer-led flexibility tend to be less demanding in terms of cognitive, financial, computer, and managerial skills.

B. Labor market data

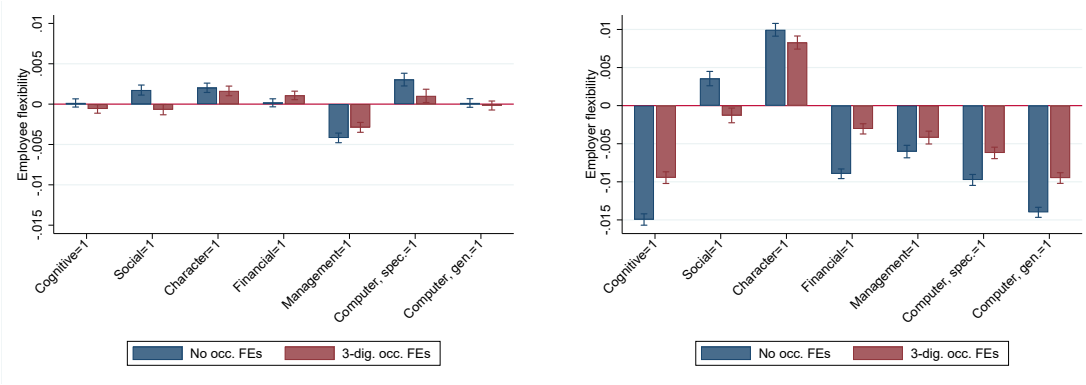
We use population-level administrative register data from Denmark to measure labor market outcomes (Statistics Denmark, 2020). Similar to Deming and Kahn (2018), we focus on the labor market outcomes of "professionals" graduating from 2000 to 2009, defined as those with a professional bachelors degree (e.g. teachers, nurses, physiotherapists) or a university degree (e.g. a masters degree in economics). We focus on those who are parents 10 years after graduation (85% of the sample).[3] From the employment and income registers we obtain measures of annual earnings and hourly wages as well as information on the primary job for each individual, including the employer, industry, and occupation (3-digit ISCO08-codes). We measure actual experience as the number of years worked since graduation.

Unfortunately, we cannot link every employment spell in the Danish economy to a job advert. Therefore, we match our measures of work flexibility to employment spells using 3-digit occupational codes. Occupations with relatively high levels of employee-led flexibility include statisticians and writers/journalists/translators, while

[2] We tokenize at the word level (1-gram) and supplement with common 2- and 3-grams identified in manual annotations (3,000 tokens). Tuning parameters for the LASSO regularization are determined using a grid search and cross validation – we draw five repeated test and train samples from the annotated data. Test data (30% of the tagged data) are not used for model estimation.

[3] We also drop: 1) those who are younger than 30 a decade a graduation (six observations); 2) those in military occupations as these jobs are rarely posted online (less than 1% of the sample); 3) those with missing occupational codes/flexibility measures (4% of the final sample).

FIGURE 1. JOB POST-LEVEL CORRELATIONS BETWEEN EMPLOYEE- AND EMPLOYER-LED FLEXIBILITY AND SKILLS



(a) Employee-led flexibility

(b) Employer-led flexibility

Notes: The coefficients shown are from separate regressions of flexibility indicators at the advert level on indicators for each of the skill requirements (with or without controls for 3-digit occupations). For comparability with our analyses of labor market outcomes of professionals, we limit the sample to job posts in occupations with 1-digit ISCO08-codes "1" or "2", or the 3-digit code "321". We control for number of words in job posts using deciles FEs. Bars indicate 95%-confidence intervals. See Tables A2 and A3 for sample sizes.

employer-led flexibility is more likely to feature in veterinarian and teaching jobs. An occupation-level measure of flexibility brings both disadvantages and advantages. A limitation is that we cannot analyze within-occupation sorting into different types of flexible jobs (but we show in Table A4 that within-occupation sorting is unlikely to be a primary driver of our main results). However, many vacancies do not include specific descriptions of work arrangements and so cannot be classified as flexible using our method. The occupation-level measure acts as a proxy for exposure when it is positively correlated with the propensity for a job to be offered alongside employer- and employee-led flexibility.

We restrict our sample to those with strictly positive earnings/wages 10-years after graduation as occupation codes (and thus, measures of job flexibility) are only observed conditional on participation. Restricting to those with positive earnings drops those on parental leave.[4]. Table A1 gives summary statistics on the characteristics of our estimation sample 10-years after graduation. On average, men and women are approximately 37 years old with 2 children.

[4]Over 90% of women with professional degrees have their first birth before 37 years in Denmark (Adams, Jensen and Petrongolo, 2024).

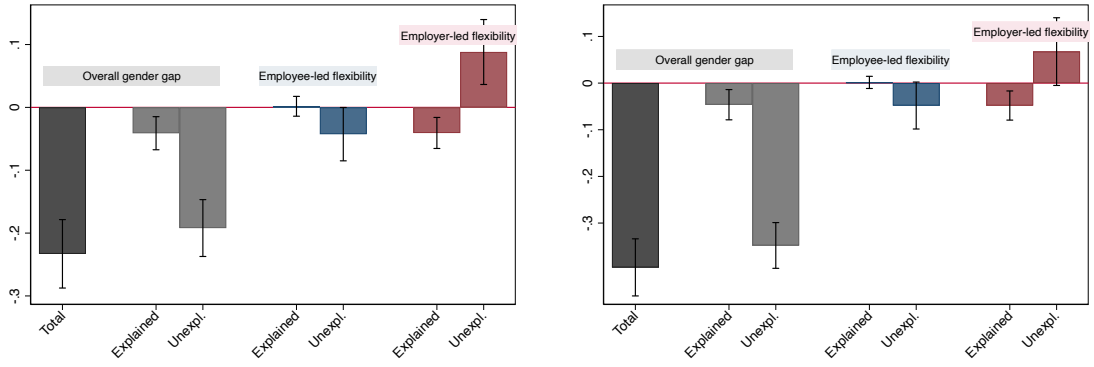
II. Flexibility & Gender Differences in Earnings

On average, women earn 24% less per hour and 33% less per year than men 10-years after graduation (Table A1). Women are also more likely to work in occupations demanding higher levels of employer-led flexibility. The gender gap in exposure to employer-led flexibility is 37% among those with a bachelor's degree and 29% among master's graduates.

We estimate pooled Oaxaca-Blinder decompositions to analyze the contribution of job-flexibility to the explained and unexplained components of the gender gap in labor outcomes 10-years after graduation. As explanatory variables we include employer-led and employee-led flexibility, as well as fixed-effects for age, number of children, field of education, labor market experience and calendar year. Throughout, we split our sample into graduates with a professional bachelors degree (61% of the sample) and those with a masters degree (39% of the sample).

We start with results for parents with a professional bachelors degree. Table

FIGURE 2. OAXACA-BLINDER DECOMPOSITIONS OF GENDER PAY GAPS FOR PROFESSIONAL BACHELOR GRADUATES



(a) Wages (b) Earnings

Notes: This figure plots estimates of Oaxaca-Blinder decompositions of gender gaps in ln(hourly wage) 10 years after graduation. 90% confidence intervals indicated, based on standard errors clustered at the occupation-level. We also include age, year, and no. of children FEs as controls in the decomposition. We use pooled coefficients as reference parameters.

A4 shows regression results for wages 10-years after graduation on dummies capturing gender, flexible work arrangements and the female-flexibility interaction with varying sets of occupation, industry, and firm fixed-effects. The main finding in column 2 is that employee-led flexibility has lower wage returns for women than for men, while employer-led flexibility has higher returns for women than for men. As the flexibility content of occupations is possibly correlated to wages along dimensions beyond flexibility itself, we show in columns 3-5 that the gender gap in wage returns to flexibility remains qualitatively robust to the inclusion of occupation and firm-occupation fixed-effects (identified through the interaction of female and the flexibility measures which can still be estimated with the inclusion of these fixed effects).

The decomposition results for professional bachelors are shown in Figure 2.[5] Given a 24% (39%) overall gender gap in wages (earnings), only 4.1 (4.6) percentage points are explained by gender differences in observable job and worker characteristics, while the rest is explained by differential wage returns. As women and men have very similar exposure to employee-led flexibility, its incidence explains nothing of the gender gap in wages or earnings. By contrast, women's higher exposure to employer-led flexibility drives most of the explained gender gap, because occupations with higher employer-led flexibility tend to pay lower wages. Importantly, part of the unexplained gap is driven by women's lower returns to employee-led flexibility, while women's higher returns to employer-led flexibility push in the opposite direction. These patterns are not simply driven by gender differences in sorting across firms, as the magnitude and significance of flexibility returns is robust to the inclusion of firm fixed-effects (column 4 in Table A4) and their interaction with occupation fixed-effects (column 5).

For masters graduates the gender gap in returns is qualitatively similar, but overall smaller and less precise (see Table A5). Hence, decomposition results in Figure A2 imply that neither employer-led nor employee-led work flexibility contribute significantly to the explained or unexplained components of gender gaps for this group.

III. Discussion

As a large portion of the gender wage gap is now accounted for by the differential

[5]These are based on the fully-interacted equivalent of specification 2 of Table A4.

sorting of women and men into occupations and industries, one recurring question is to what extent career choices feed into gender gaps through their family-(un)friendly features and associated wage returns. Evidence from the flexibility content of detailed occupations paints a nuanced picture. First, we establish that it is important to distinguish between employee-led and employer-led flexibility, as each presents different opportunities and constraints in balancing career and family. Second, mothers and fathers tend to differ more in the wage returns to employee-led and employer-led flexibility, than in differential incidence of those traits in their occupations. In particular, women are penalized relative to men for being in control of their work schedules, but are rewarded relative to men for having to adapt to their jobs' time demands. These findings align with mechanisms of compensating differentials, whereby women require higher rewards than men to work in roles with employer-led flexibility, but are willing to accept lower wages than men for positions offering employee-led flexibility.

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Supplemental Appendix

The contribution of employee-led and employer-led work flexibility to the gender wage gap

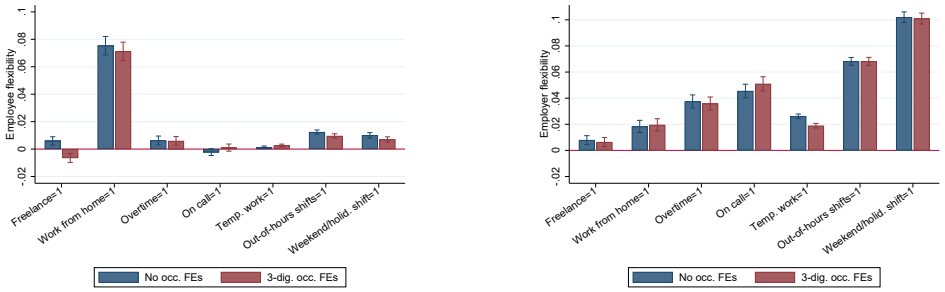
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Table A1—Summary statistics

	Women			Men		
	All	Prof. bach.	Masters	All	Prof. Bach.	Masters
Age	36.82	36.41	37.68	37.34	37.03	37.63
Age at 1st birth	29.37	28.78	30.60	30.72	30.32	31.10
Age of youngest child	4.06	4.19	3.79	3.50	3.63	3.37
No. of children	2.09	2.10	2.08	2.04	2.03	2.06
Cohabitation	0.89	0.88	0.91	0.94	0.92	0.95
Married	0.71	0.70	0.75	0.75	0.73	0.77
Hourly wage, DKK	252.66	232.27	295.88	330.79	287.90	372.00
ln(hourly wage)	5.45	5.36	5.65	5.71	5.60	5.83
Earnings, 1000 DKK	409.15	361.06	511.12	611.87	532.38	688.24
ln(earnings)	5.93	5.82	6.16	6.33	6.21	6.45
Employee-led flex. %	1.36	1.21	1.68	1.40	1.16	1.62
Employer-led flex. %	3.41	3.98	2.21	2.30	2.91	1.71
N	82195	55857	26338	44154	21636	22518

Notes: This table shows the summary statistics 10 years after graduation for from a professional bachelors degree or masters degrees. All statistics are derived from Danish population-level register data and Danish job vacany data; the data are described in Section I. Earnings and wages are adjusted for inflation to 2020-levels.

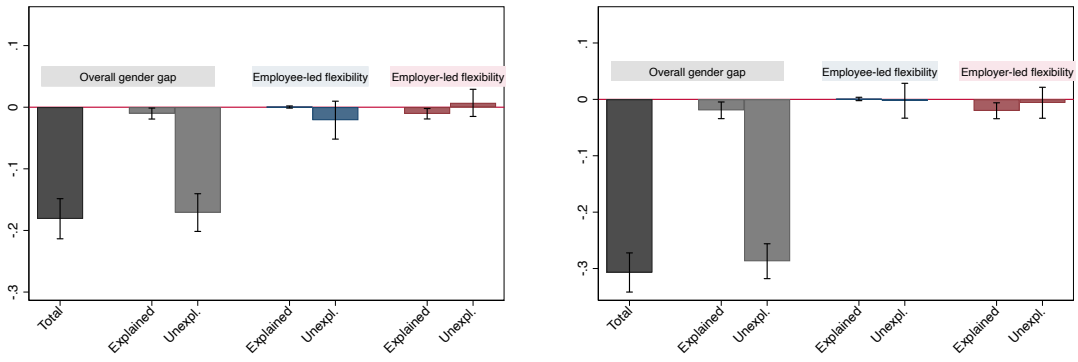
FIGURE A1. JOB POST-LEVEL CORRELATIONS BETWEEN EMPLOYEE- AND EMPLOYER-LED FLEXIBILITY AND OTHER JOB CHARACTERISTICS



(a) Employee-led flexibility (b) Employer-led flexibility

Notes: The coefficients shown are from separate regressions of flexibility indicators at the advert level on indicators for each of the job characteristics (with or without controls for 3-digit occupations). For comparability with our analyses of labor market outcomes of professionals, we limit the sample to job posts in occupations with 1-digit ISCO08-codes "1" or "2", or the 3-digit code "321". We control for number of words in job posts using deciles FEs. Bars indicate 95%-confidence intervals. See Tables A2 and A3 for sample sizes.

FIGURE A2. OAXACA-BLINDER DECOMPOSITIONS OF GENDER PAY GAPS FOR MASTERS GRADUATES



(a) Wages (b) Earnings

Notes: This figure plots estimates of Oaxaca-Blinder decompositions of gender gaps in ln(hourly wage) 10 years after graduation. 90% confidence intervals indicated, based on standard errors clustered at the occupation-level. We also include age, year, and no. of children FEs as controls in the decomposition. We use pooled coefficients as reference parameters.

Table A2—Regressions: employee-led flexibility, skills and job characteristics

	Dependent variable: Indicator for employee-led flexibility					
	(1)	(2)	(3)	(4)	(5)	(6)
Employer-led flexibility=1	0.0701	0.0700				
	[0.00172]	[0.00173]				
Cognitive=1			0.000145	-0.000592		
			[0.000259]	[0.000271]		
Social=1			0.00174	-0.000682		
			[0.000318]	[0.000326]		
Character=1			0.00202	0.00164		
			[0.000295]	[0.000304]		
Financial=1			0.000162	0.00108		
			[0.000254]	[0.000269]		
Management=1			-0.00419	-0.00288		
			[0.000304]	[0.000313]		
Computer, spec.=1			0.00304	0.00102		
			[0.000402]	[0.000421]		
Computer, gen.=1			0.000141	-0.000173		
			[0.000273]	[0.000284]		
Freelance=1					0.00598	-0.00652
					[0.00153]	[0.00164]
Work from home=1					0.0754	0.0713
					[0.00343]	[0.00342]
Overtime=1					0.00628	0.00592
					[0.00163]	[0.00163]
On call=1					-0.00223	0.00108
					[0.00126]	[0.00132]
Temp. work=1					0.00125	0.00264
					[0.000487]	[0.000494]
Out-of-hours shifts=1					0.0124	0.00956
					[0.000806]	[0.000804]
Weekend/holid. shift=1					0.0100	0.00696
					[0.000994]	[0.00101]
Constant	0.0127	0.0127	0.0134	0.0154	0.0129	0.0131
	[0.000107]	[0.000106]	[0.000385]	[0.000417]	[0.000114]	[0.000115]
R-squared	0.0138	0.0191	0.00607	0.0114	0.00906	0.0139
N	1127639	1127639	1127639	1127639	1127639	1127639
3-digit occ. FEs	No	Yes	No	Yes	No	Yes

Notes: This table shows estimates of regression with a job post-level indicator of flexibility as the dependent variable and indicators for each of the job characteristics as independent variables. For comparability with our analyses of labour market outcomes of professionals, we limit the sample to job posts in occupations with 1-digit ISCO08-codes "1", "2", or the 3-digit code "321". We control for number of words in job posts using deciles FEs. Robust standard errors in brackets.

Table A3—Regressions: employer-led flexibility, skills and job characteristics

	Dependent variable: Indicator for employer-led flexibility					
	(1)	(2)	(3)	(4)	(5)	(6)
Employee-led flexibility=1	0.114	0.113				
	[0.00274]	[0.00274]				
Cognitive=1			-0.0149	-0.00945		
			[0.000380]	[0.000391]		
Social=1			0.00355	-0.00129		
			[0.000480]	[0.000492]		
Character=1			0.00996	0.00828		
			[0.000427]	[0.000439]		
Financial=1			-0.00894	-0.00305		
			[0.000322]	[0.000343]		
Management=1			-0.00603	-0.00419		
			[0.000418]	[0.000430]		
Computer, spec.=1			-0.00975	-0.00621		
			[0.000367]	[0.000385]		
Computer, gen.=1			-0.0140	-0.00950		
			[0.000337]	[0.000356]		
Freelance=1					0.00791	0.00635
					[0.00171]	[0.00181]
Work from home=1					0.0183	0.0195
					[0.00239]	[0.00239]
Overtime=1					0.0375	0.0359
					[0.00257]	[0.00256]
On call=1					0.0455	0.0510
					[0.00268]	[0.00275]
Temp. work=1					0.0261	0.0189
					[0.000886]	[0.000896]
Out-of-hours shifts=1					0.0682	0.0682
					[0.00152]	[0.00157]
Weekend/holid. shift=1					0.102	0.101
					[0.00210]	[0.00214]
Constant	0.0218	0.0218	0.0353	0.0316	0.0159	0.0162
	[0.000138]	[0.000138]	[0.000543]	[0.000576]	[0.000130]	[0.000136]
R-squared	0.0118	0.0249	0.0110	0.0192	0.0305	0.0394
N	1127639	1127639	1127639	1127639	1127639	1127639
3-digit occ. FEs	No	Yes	No	Yes	No	Yes

Notes: This table shows estimates of regression with a job post-level indicator of flexibility as the dependent variable and indicators for each of the job characteristics as independent variables. For comparability with our analyses of labour market outcomes of professionals, we limit the sample to job posts in occupations with 1-digit ISCO08-codes "1", "2", or the 3-digit code "321". We control for number of words in job posts using deciles FEs. Robust standard errors in brackets.

Table A4—Regressions: professional bachelor degree graduates, 10 years after graduation

	Dependent variable: ln(hourly wage)				
	(1)	(2)	(3)	(4)	(5)
Female=1	-0.201	-0.209	-0.0880	-0.0735	-0.0695
	[0.0441]	[0.0459]	[0.0173]	[0.0141]	[0.0136]
Employee-led flexibility	6.417	7.174			
	[2.827]	[2.847]			
Female=1 × Employee-led flexibility	-3.917	-4.771	-2.803	-2.837	-2.638
	[2.481]	[2.617]	[1.014]	[0.786]	[0.932]
Employer-led flexibility	-4.407	-4.483			
	[0.992]	[0.976]			
Female=1 × Employer-led flexibility	1.742	1.826	1.117	1.038	1.052
	[1.043]	[1.073]	[0.338]	[0.322]	[0.352]
Constant	5.644	5.648	5.484	5.470	5.451
	[0.0478]	[0.0472]	[0.00668]	[0.00542]	[0.00546]
R^2	0.237	0.259	0.462	0.585	0.601
N	91154	78144	78098	72044	66591
Only parents	No	Yes	Yes	Yes	Yes
Age, year, no. of children FEs	Yes	Yes	Yes	Yes	Yes
Edu. field, exp., sector FEs	No	No	Yes	Yes	Yes
2-digit Industry FEs	No	No	Yes	Yes	Yes
3-digit occ. FEs	No	No	Yes	Yes	No
Firm FEs	No	No	No	Yes	No
Firm-by-occ. FEs	No	No	No	No	Yes

Notes: This table shows regressions of ln(hourly wage) 10 years after graduation on measures of flexibility for professional bachelors degrees. Education fields FEs include 11 categories; experience FEs are rounded to nearest full year of labour market experience; sector FE is a dummy for public sector employment. Data are described in Section I. Standard errors clustered at the occupation-level in brackets.

Table A5—Regressions: masters degree graduates, 10 years after graduation

	Dependent variable: ln(hourly wage)				
	(1)	(2)	(3)	(4)	(5)
Female=1	-0.146	-0.155	-0.0970	-0.0911	-0.0862
	[0.0339]	[0.0362]	[0.0181]	[0.0177]	[0.0181]
Employee-led flexibility	1.071	1.319			
	[1.975]	[2.030]			
Female=1 × Employee-led flexibility	-1.003	-1.295	-1.187	-0.723	-0.481
	[1.079]	[1.142]	[0.614]	[0.608]	[0.713]
Employer-led flexibility	-2.446	-2.245			
	[0.805]	[0.824]			
Female=1 × Employer-led flexibility	0.416	0.249	0.281	0.0876	0.132
	[0.633]	[0.685]	[0.380]	[0.406]	[0.395]
Constant	5.835	5.844	5.789	5.788	5.784
	[0.0610]	[0.0631]	[0.00553]	[0.00583]	[0.00593]
R^2	0.0876	0.0986	0.368	0.538	0.589
N	58395	49057	49036	43787	37418
Only parents	No	Yes	Yes	Yes	Yes
Age, year, no. of children FEs	Yes	Yes	Yes	Yes	Yes
Edu. field, exp., sector FEs	No	No	Yes	Yes	Yes
2-digit Industry FEs	No	No	Yes	Yes	Yes
3-digit occ. FEs	No	No	Yes	Yes	No
Firm FEs	No	No	No	Yes	No
Firm-by-occ. FEs	No	No	No	No	Yes

Notes: This table shows regressions of ln(hourly wage) 10 years after graduation on measures of flexibility for masters degrees. Education fields FEs include 11 categories; experience FEs are rounded to nearest full year of labour market experience; sector FE is a dummy for public sector employment. Data are described in Section I. Standard errors clustered at the occupation-level in brackets.