

Motherhood, Self-Employment, and the Cost of Flexibility

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Abstract

Women's labor market choices are inextricably linked with household obligations, especially for mothers. This leads to a higher demand for temporal flexibility in work arrangements. Findings in developed country contexts indicate that self-employment makes it more difficult for women to have flexible work arrangements, yet this may not be the case in a developing country. Using Indonesian household data, I ask whether the cost of working hours and the temporal flexibility of those hours varies between wage work and self-employment in Indonesia. I find that all women are willing to give up a portion of their wage rate to work less hours and to work more flexible hours. Furthermore, the cost to women of less hours and more flexibility varies by whether a woman is self-employed or wage employed and whether she has children. Hours spent on the labor market are more costly for mothers and hours spent in wage employment are more costly than those spent in self-employment. Women value temporal flexibility and are willing to give up significant portions of their wage rate for increased flexibility but the trade-off is steeper for mothers in wage employment than in self-employment. All self-employed women and wage working mothers are all willing to give up more than 10% of their wages for a 10% increase in flexibility. These findings have implications for policies and programs designed to foster entrepreneurship in developing countries.