
The Family Peer Effect on Mothers' Labour Supply

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Abstract

We study the long-run influence of the family network on mothers working hours after childbirth using Norwegian administrative data covering the full population of women. We evaluate the effect of family peers up to seven years post birth by regressing the mothers working hours on the average working hours across her sisters and female cousins. To solve the issue of reflection we adopt an instrumental variable approach whose validity relies on the fact that a mother interacts with her neighbours and family, but she does not interact meaningfully with her family's neighbours. We find empirical evidence for a strong and significant effect of the family peers on hours worked by mothers up to 6 years after childbirth, i.e. during the preschool period, but this effect shrinks and becomes statistically insignificant when the child is 7 years old.

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