

On the (Unobserved) Negotiation of Employment and Childbirth

Abstract:

Over the last three decades all European countries have experienced, to different extents, profound changes in patterns of employment, family forms and fertility rates. Recent labour markets and family transformations profoundly impacted the conditions under which childbirth may take place. First, in the last few decades an increasing number of women have entered the labour market (Rubery et al 1999), although educational expansion has shifted first entry to later ages. Second, most European countries have implemented pension reforms which progressively extended the required periods of contribution to qualify for retirement benefits and increased the retirement age. Third, labour market reforms have progressively de-regulated labour relationships in many countries, increasing uncertainty for young people (Blossfeld et al 2005). Fourth, increasing geographical mobility has weakened the support and welfare provisions offered by kinship networks. Fifth, increasing marital instability has undermined familial sources of welfare provision and, together with welfare retrenchment, questioned the male-breadwinner family model (Gottfried and O'Reilly 2002). Of these trends, especially the increasing number of women in the labour market, coupled with increasing uncertainty in the labour career, has important consequences for the availability of unpaid caring activities within the household related to the care for young children and social reproduction. Conversely, childbirth still has important consequences on the parental labour supply, as well as for monetary and human capital accumulation of the young parents, particularly of mothers (Del Boca 2000, Del Boca et al 2003). The perspective adopted in this paper aims at highlighting the relevance of considering the employment status of each partner of a couple, in the view that their (joint) fertility and (to some degree interdependent) labour force decisions are likely interwoven processes.

The macro-level negative correlation between women's participation to paid employment and fertility has now been reverted (Del Boca et al 2003, Kohler et al 2002), generating a large body of sociological research. Most part of this recent debate has centred on women's rising employment levels and the following increasing opportunity-cost for them to have children (Becker 1981). Alternative explanations have highlight the longer time-span needed in the

mating process due to longer educational enrolment and increasingly unclear career prospects of young people (Oppenheimer 1988 and 1994). In the light of previous research (Nazio 2004, Bernardi and Nazio 2005), we argue that the combination of increasing uncertainty in the working relationships and couples' slower adaptation to unpaid work redistribution (Gershuny et al 2005) following women's participation to the labour market, translate (to a different degree across countries and types of families) into young couples' increasing difficulties in taking long-term highly time demanding commitment such as childbirth. Both men's resilience to engage in domestic, reproductive unpaid work, and institutional constraints to externalise such activities (Nazio and MacInnes 2007), coupled with increasing uncertainty in the labour markets, can result in prospective parents' hesitation to engage in (further) childbearing.

But what explains women's interrupted employment careers and why is it relevant to the study of fertility? Some scholars emphasise and value women's *choice* and willingness to withdraw (totally or partially) from employment in order to attend to their families (e.g. Hakim 1997 and 2000, Becker 1981). Others argue that those '*choices*' are, at least in part, the product of adaptive preferences inscribed in the context of opportunities and constraints still strongly structured by gender (among others Saraceno 1997 and 2003a and 2003b, O'Reilly and Spee 1998, Orloff 1996 and 2002, Daly 1994 and 1996 and 2000a, O'Connor 1993 and 1996, Lorber and Farrell 1991, Yeandle 1996, Gonzalez et al 2000). Whatever the source, part-time and interrupted employment create different circumstances for women and men with respect to current economic status and dependence, not only from the market but also from others' familial (most often the partner's) or State source of income. A lessened employment translates into a higher economic frailty which makes women and their children more vulnerable to the risk of poverty in case partner's loss of employment or marital disruption.

But the competing demands on time allocation between parenthood and labour market are also strongly depend on the bread-winning arrangement at the household level. Such arrangements result in differing loads of familial (reproductive) and employment (productive) responsibilities for the individuals members of the prospective parents' couple. In turn, these arrangements affect subsequent individuals' choices in the labour market and in the private

(familial) sphere (Sen 1989). In order to understand the individual level mechanisms which sustain lowering fertility levels it is important to look at the combination of circumstances that affect individuals' choices for (not) engaging in parenthood. The presence of young children may have a different impact on women's (and men's) likelihood to engage in full-time (or reduced time, or even no time) employment in different countries and welfare regimes. Such variation will not only depend on cultural values and traditional role expectations (Pfau-Effinger 2004), but also on (nation specific) institutional constraints and household resources.

Thus, individuals' choices are inscribed in a complex decision-making framework. Since individuals' life domains are not separated from each other, decisions are generally taken interdependently on their circumstances on other life domains. For example, the birth of a child might trigger a reduction (partial or total withdraw) in women's employment, and potentially a corresponding increase in men's one, so as to compensate for the loss of income (especially in those countries where the benefits associated to maternity leave are low, the protection of women's employment is restricted to certain categories of employed individuals, and/or the provision of childcare services is poor). Employment is endogenous to fertility because the parents of young children are often constrained in their employment decisions, but fertility is also endogenous to employment, because it is a long term and long binding decisions which requires a certain level and stability in earnings (at the household level), that only attachment to employment (increasingly often that of both parents) can provide.

This example illustrates how the transitions object of this study are taking place along strictly interwoven careers of both couple's members, which are all potentially affected by common unobserved determinants such as personal traits or attitudes, cultural values, (unobserved) negotiation process as well as other unmeasured elements and/or circumstances. Many previous studies have focused mainly on individual characteristics (educational credential and income) to analyse childbearing and participation decisions, ignoring the possibility that these are subject to shared influences, some of which are unobserved. But ignoring the interdependence between these two decisions may result in parameters' estimation bias (Aassve et al 2004). In order to overcome this bias, a recent statistical approach to the study of interrelated behaviours, suggests the estimation of simultaneous equation models (Lillard 1993). These models can take explicitly into account of both the heterogeneity across

individuals, due to unmeasured factors, and of the correlation across processes (Lillard 1993, Lillard and Waite 1993, Brien and Lillard and Waite 1999). This methodological development allows accounting for the (unobserved) common determinants of a set of related processes, explaining the endogeneity of each outcome in estimating its effect on the others, as for the self-selection process into specific states (Lillard and Brien and Waite 1995).

This paper proposes a focus on the simultaneous study of parallel careers within the labour market at the household level. It aims at investigating the “family strategy” chosen with respect to the combination of resources within a couple and its relation to the partners’ joint fertility choice(s). We will contrast countries with different welfare regimes, long standing cultural family arrangements and traditions. A factor which makes particularly important to control for unmeasured factors influencing both processes. In addition, particular attention will be addressed to gender and class differences within countries. Gender, in fact, traditionally has shaped different expectations with regard to unpaid childcare activities within the households (Pfau-Effinger 2004). Social class, instead, may strongly affect the capability of households to outsource childcare obligations (affordability of market provided services) or, in contrast, it may provide the economic security to certain groups of women necessary for reducing their attachment (or withdrawing permanently) from the labour market, thus strengthening gender-related normative expectations.

Taking advantage of the longitudinal and highly comparative nature of the European Community Household Panel data (ECHP), this paper investigates the mutual relationship between changing employment careers and childbirth, and the existence of constant unmeasured determinants shared by these two processes. By applying event-history techniques to panel data on a selection of European countries, these issues will be inspected while allowing for unobserved heterogeneity components, which simultaneously affect the two processes of childbirth and labour career (i.e. attitudes, values, personal traits or preferences). Since unmeasured attributes may affect both the rate of childbirth and that of paid work participation, estimating a joint multi-process model of fertility and employment can help accounting for the endogeneity of the processes. In these models, a heterogeneity component is included to each equation. A significant correlation between these heterogeneity components would reveal the existence of common unmeasured factors affecting both

processes, while the direct control for the outcome of the each process into the estimation of the other allows to produce unbiased estimators of their net impact onto each other. Despite their statistical complexity, these analytical models represent a much more realistic representation of social dynamics than those requiring the strong assumption of independence (beside the factors controlled for in the modelling) between childbearing and employment decisions.

The methodological development proposed in this paper is motivated by a set of substantive research questions:

- a) Are employment participation and the decision to give birth interrelated processes? And if so, are these inter-links the same for men and women and across countries?
- b) Is it there a link between men's and women's decision to participate to employment and their joint fertility choices?

The analyses needed for answering these questions imply the fitting of a series of independently specified but simultaneously estimated equations. A first equation, would serve to model the childbirth process. Two others series, in a competing risk framework, around the risk of reducing or increasing either partners' participation to the labour market. All these equations would include the same controls for individuals', their partner's and household circumstances. This paper aims at furthering our understanding about the linkage between labour market and fertility decisions, how this link may vary for men and women, and how different institutional contexts may influence it.

Comparing household characteristics while controlling for employment career developments will help disentangling the effect of the rise in women's employment and the nature of any move away from the 'male breadwinner' model from that of other potential constraints to parenthood so as to distinguish different targets for social policy. Contrasting the implications of individuals' participation to the labour market onto childbearing decisions across countries, will reveal effect of institutional differences and assess the scope for policy intervention.

Preliminary results from the comparison of sequences of breadwinning arrangements in the overall population in fertile age and following childbirth, illustrates how the two Nordic

countries in the data-set, Denmark and Finland, both display a particularly high degree of double (full-time) breadwinning arrangements in the overall population. An arrangement that is maintained by a large proportion of households also after the birth of a child. Single breadwinning arrangements are a minoritarian option and are extremely short lasting. In both countries, (traditional) single breadwinning terminate most often with a re-entry of the inactive (or unemployed) partner into full-time employment rather than part-time. A slight difference between Denmark and Finland is the longer lasting nature of single breadwinning arrangement following childbirth in the latter country. In both countries part-time arrangements are concentrated among “long” part-time schedules (above 15 hours) and tend to have a relatively short lasting duration (for very few couples they last over 3 years). Part-time employment in these countries might thus be conceived as an interim strategy to face new demands on time, that seem easily abandoned for going back to double breadwinning when these demands cease or reduce. Household strategies with regard to employment attachment after childbirth in both countries, quite strikingly, seem not to diverge much from the overall employment pattern in the population. In the Mediterranean countries, on the opposite extreme, we found a similarity which is very different in nature. In Italy and Spain, it is single breadwinning the most widespread arrangement for couples, and it has a rather long lasting nature. We interpret this finding as a likely outcome of the higher and increasing difficulties connected to entering or re-entering the labour market (Blossfeld et al. 2005). By comparing sequences in Italy and Spain, furthermore, we find a commonality in the very little use of part-time (especially in Spain), which is unlikely converted into a double breadwinning again. What these preliminary analyses suggest seem to be a polarisation of choices for Mediterranean couples: once children are born, whereas a share of couples opt for staying into full-time double breadwinning, those who opt out into single breadwinning (and more rarely into a modified breadwinning) have it hard to change their choice again. The proportion of single breadwinning couples is higher after childbirth than it is in the general population of roughly the same age. The patterns of sequences of household breadwinning arrangements across time in France and United Kingdom resemble again very much each other. The commonality here is the pluralist, “flexible” and short lasting nature of states. Transitions between different employment statuses and working times seem rather easy to undertake in either direction. In both countries, less than a half of both double full-time and single breadwinning couples is still so after 4 years. In the UK we see less (and less lasting) single

breadwinning in the overall population, but not after childbirth (where it seems to occur often with a first stage through short-hours, or less often long-hours, part-time). Part-time employment is widespread (shorter hours are slightly more in the United Kingdom) but short lasting. Modified breadwinning arrangements are intertwined with both shortening and lengthening of hours. In the UK, periods of reduced working hours after childbirth for one of the parents (usually the mother) tend to last longer than in France. These preliminary findings hint to a comparatively more flexible labour market in the UK and France, where a wider range of working time arrangements are available and combined to need by the households. Here, it might also be easier to enter and exit labour market altogether, and single breadwinning arrangement, although somewhat more common after childbirth, are far from being an “entrapment” for those who exited their employment, especially in the UK.