

**You're not alone: the household intertwined decisions around employment and fertility.
A comparison between Italy and the United Kingdom.**

Abstract:

Recent labour markets and family transformations profoundly impacted the conditions under which childbirth may take place: (1) an increasing number of women have entered the labour market (Rubery et al 1999), although educational expansion shifted first entry to later ages; (2) most countries have progressively extended the required periods of contribution to qualify for retirement benefits and increased the retirement age; (3) labour market reforms have progressively de-regulated labour relationships, increasing uncertainty for young people (Blossfeld et al 2005); (4) increasing geographical mobility has weakened the support offered by kinship networks; (5) increasing marital instability has undermined familial sources of welfare provision and questioned the male-breadwinner family model (Gottfried and O'Reilly 2002). Of these trends, especially the increasing number of women in the labour market and increasing uncertainty, has important consequences for the availability of unpaid caring activities within the household related to the care for young children. 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). In this paper we highlight the intertwined nature of the employment attachment of each partner of a couple, in the view that their joint fertility and (we will show) interdependent labour market participation decisions are interwoven processes.

We argue that the combination of increasing uncertainty in the working relationships and couples' slow 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) can result in prospective parents' hesitation to engage in (further) childbearing. Furthermore, both part-time and interrupted employments 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. Furthermore, 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.

In order to understand the individual level mechanisms sustaining lowering fertility levels it is important to look at the *combination* of circumstances that affect individuals' choices for (not) engaging in parenthood. Although we are unable to directly observe the negotiation process between partners or their preferences, we are aware that their choices are simultaneously inscribed in a changing situational context whereby the circumstances of both partners, and their capacity to pursue their preferences, play a crucial role.

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. 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.

The transitions object of this study are taking place along 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 ignored the

possibility that these are subject to shared influences, some of which are unobserved, which may result in estimation bias (Aassve et al 2004).

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, and 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 may strongly affect the capability of households to outsource childcare obligations (affordability of market provided services) or it may provide the economic security to certain groups of women necessary for reducing their attachment from the labour market, thus strengthening gender-related normative expectations.

Using the Italian and British household Panel studies, this paper investigates the mutual relationship between changing employment careers and childbirth. The analyses of this paper are 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 and women’s decision to participate to employment and their joint fertility choices?

Results for Italy show indeed that, beside the individual level effects of observed individuals’ and spouse’ characteristics, there are unobserved traits and preferences simultaneously affecting decisions of participation and childbirth. Once controlled for unobserved heterogeneity, we found endogeneity between spouses own employment career and their couple’s fertility decisions. More specifically, in Italy there is a positive correlation between women’s exits from the labour market and fertility, and a negative weaker correlation for men. This points to a still traditional breadwinning model, where households whose men have a stronger attachment to employment, and women a weaker one, tend to have preferences for higher fertility. Even more interestingly, we also found positive correlations between

women's likelihood to exit the labour market and men's to entry it, and –symmetrically– between men's entry and women's exit. This points to a high complementary and interdependency between spouses labour market participation. We suggest interpreting these effects as the product of the unobserved combination of the preferences, attitudes and inclination of the spouses, which, together, result in a certain pattern of family preferences for work and children. Not taking account of those effects would result in biased estimates for the variables used in the model. Results for the United Kingdom will be compared.

We expect this interdependence to be stronger for women than for men and sharper in Italy (and more in general in the Southern European countries), where the trade-off between childbirth and employment for women is higher (with the risk of an increasing polarisation between continuously employed childless couples and single breadwinning larger households).