

**Job stability and Fertility Intentions across
Europe: does labour legislation matter?**

or

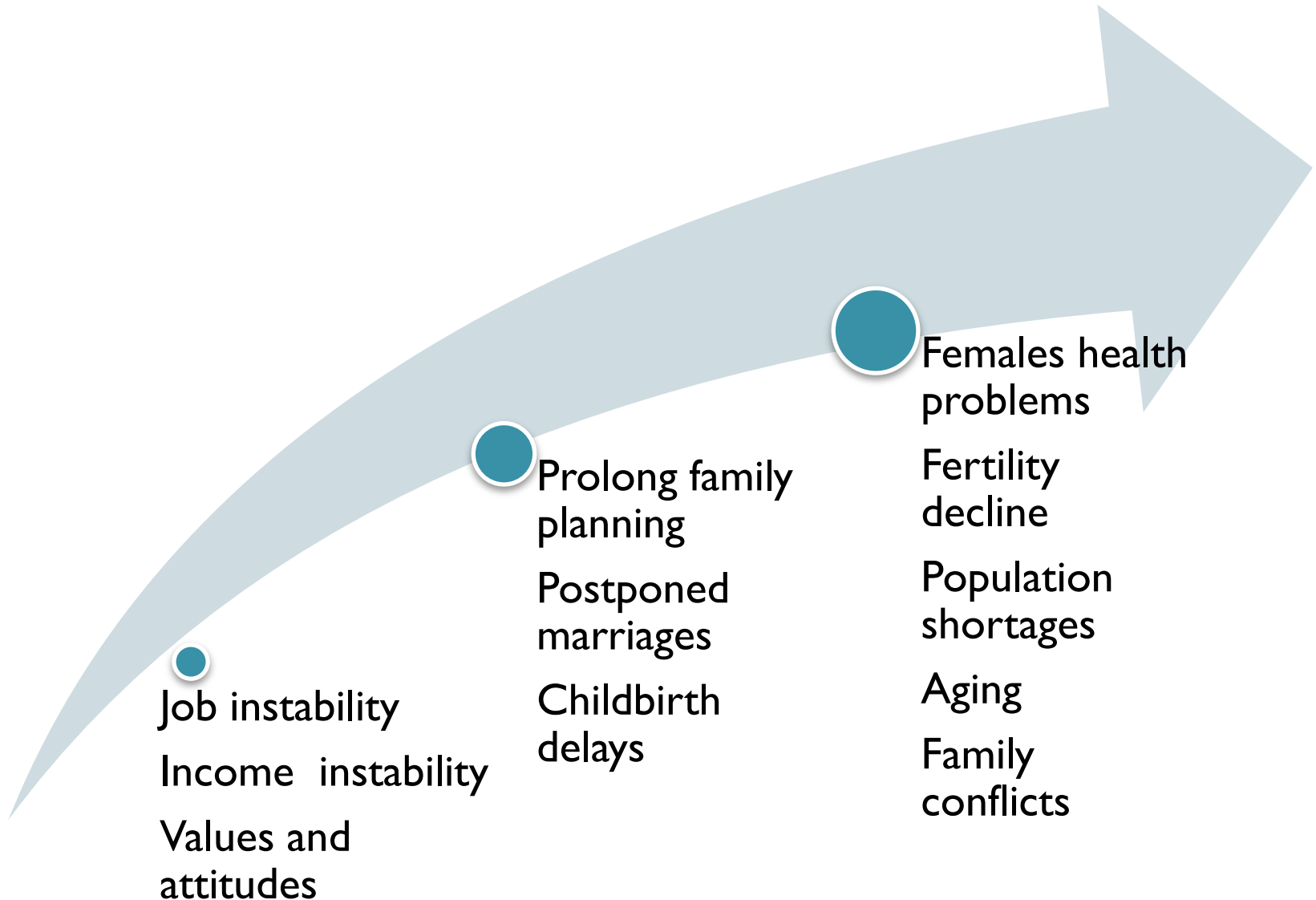
**What contribute to child planning in Europe: good
employment protection or easy job search?**

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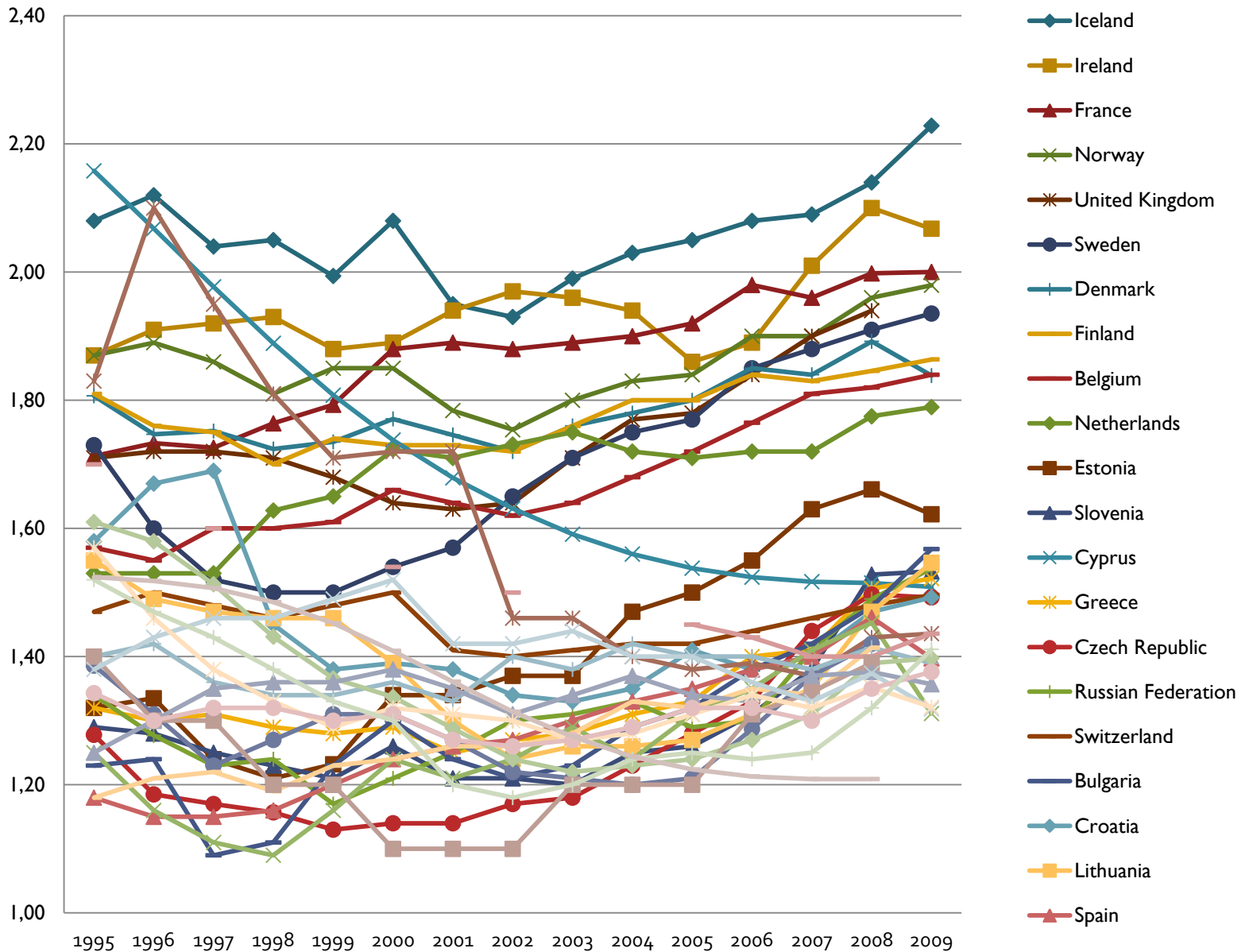
BGSS Humboldt University, Berlin
LCSR Higher School of Economics, Moscow

4th LCSR workshop, Moscow, 2014

Motivation and problem

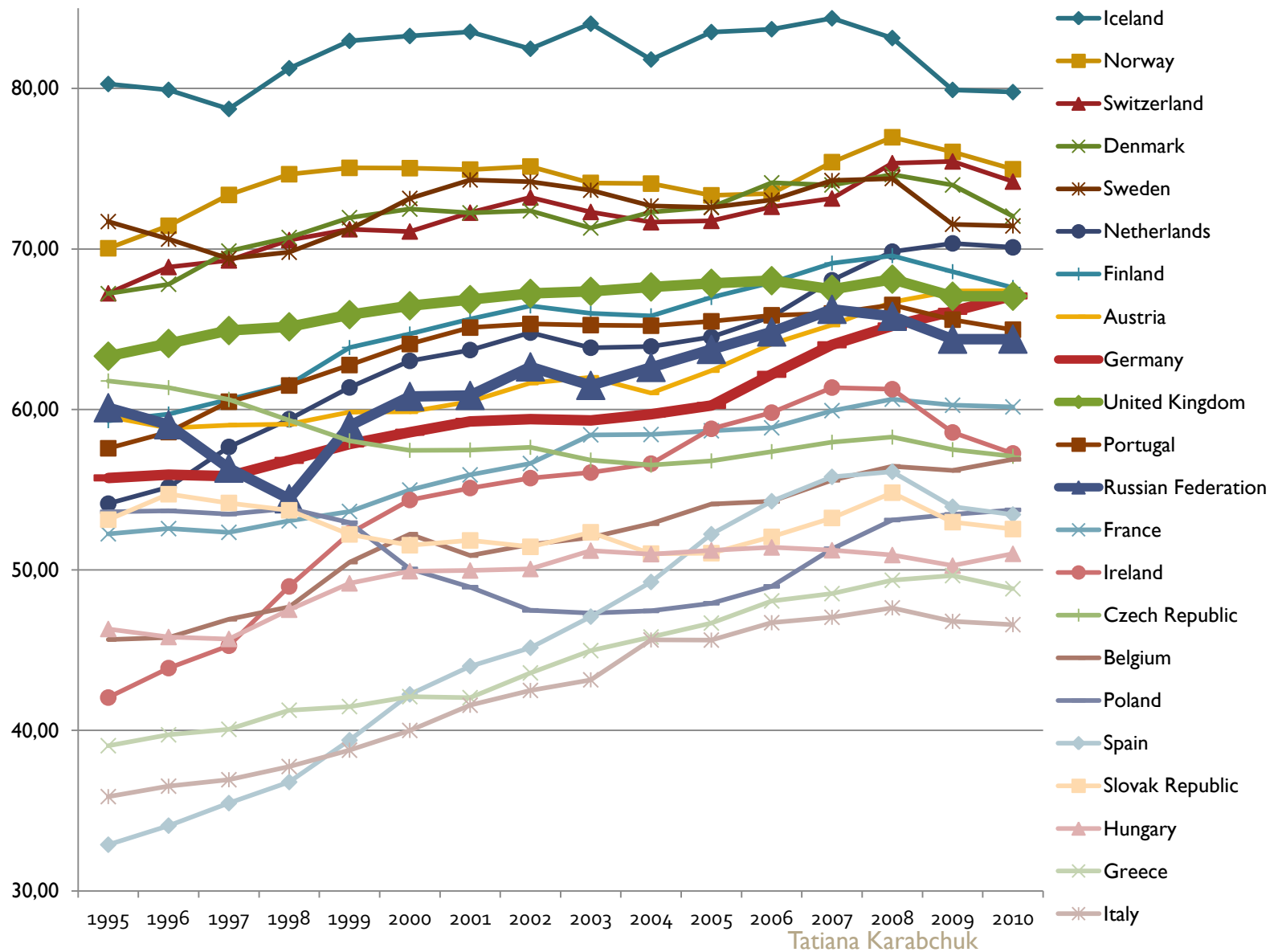


European fertility rates, 1995-2009, WB data



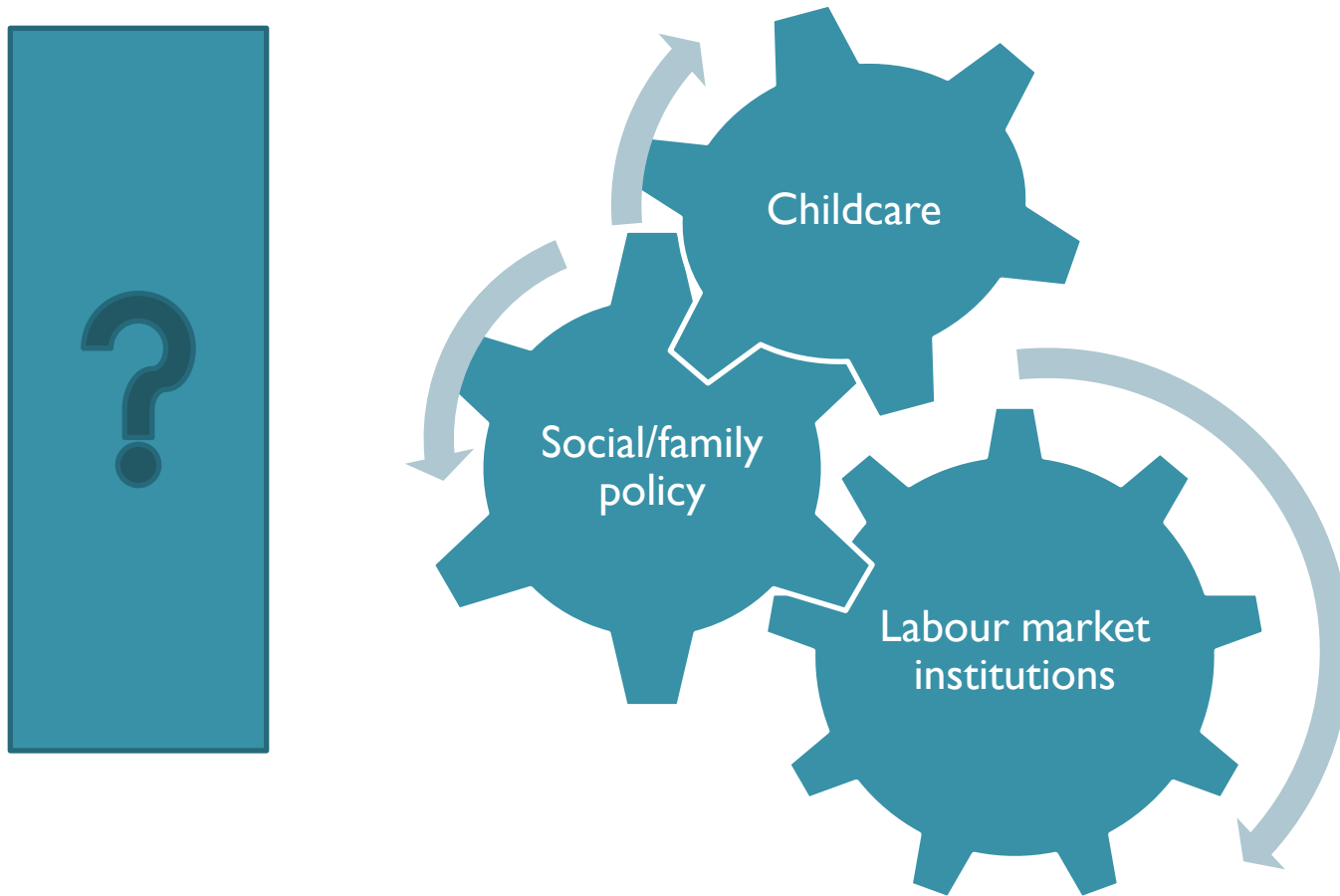
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Female employment in Europe, 1995-2009, WB data



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Motivation and problem



There is lack of research on the interdependence between job instability and fertility highlighting the impact of institutional background of the countries

Key research question, goal and tasks

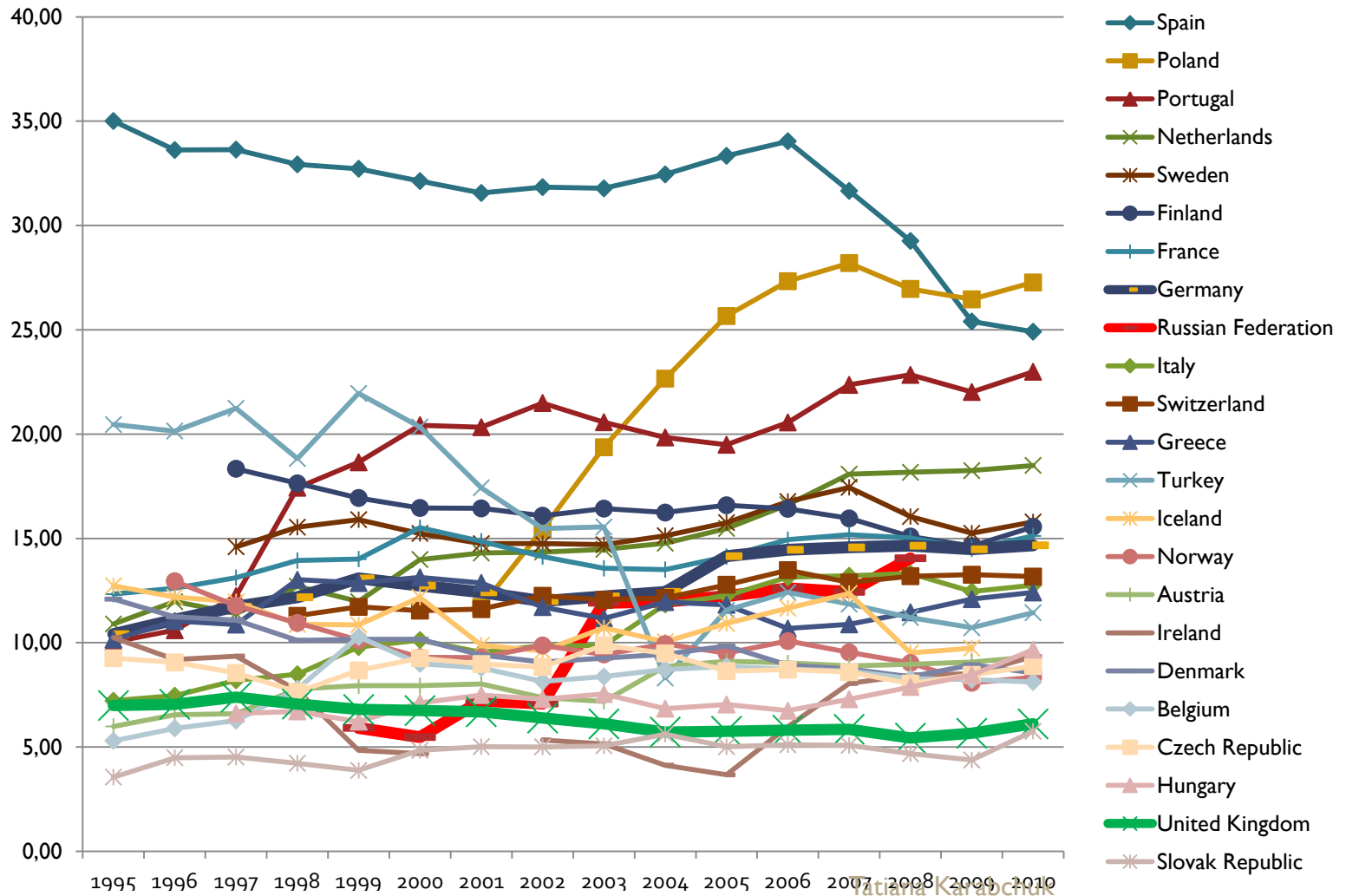
- The main research question: **is there any significant impact of job instability on fertility intentions** and how does it relate to the labour market institutions of the country across Europe?
- The **goal** is to disclose and explain the fertility intentions through the job stability indicators in the countries with different labour legislation.

Theoretical background I: what affects fertility?

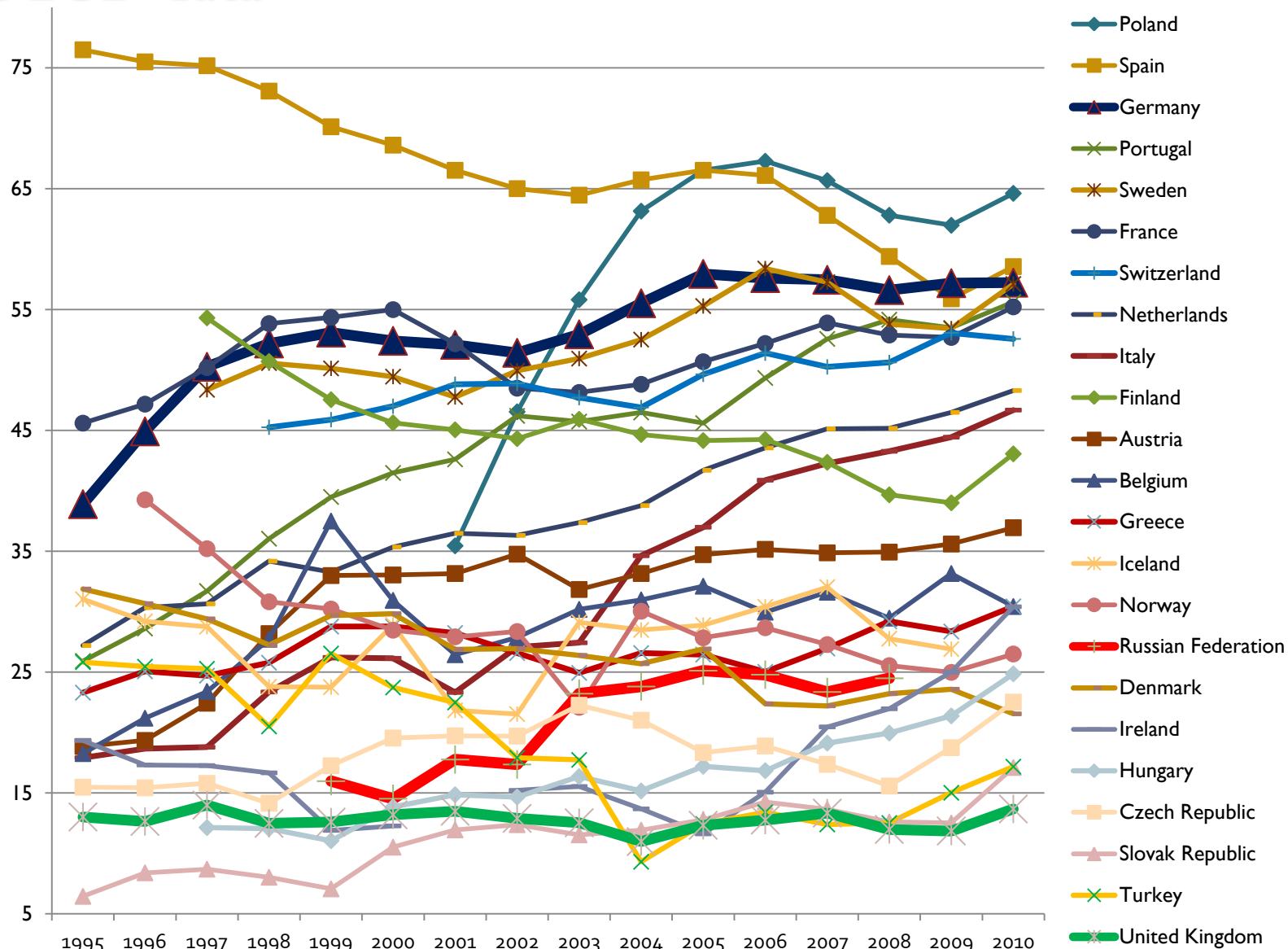
- Initially the sharp decrease in fertility rates was explained as “the logical outcome of competing demands for women's time and the rise in the opportunity cost of having children” (William Butz and Michael Ward, 1979; Gary Becker, 1981). The prospects for a good career decreases the parenthood (Bloom and Trussell 1984; Kiernan 1989; Jacobson and Heaton 1991; Maxwell 1991; Brewster, 1994; etc.).
- Later on as female labor participation kept growing, that negative relationship reversed. By the late 1980s it became positive. Those countries with the lowest levels of participation also showed the lowest fertility rates. The micro economic studies showed explicitly the positive correlation between female workforce participation and fertility rates since the mid 1980's (Ahn and Mira (2002), Kogel (2004), Adsera (2005))
- As Adsera (2005) declares “the change in the sign of the correlation between fertility and female participation coincides with a sharp rise in unemployment”. She concludes that the **female unemployment and atypical contract type relations negatively affect fertility through the income perceptions and human capital accumulations.**
- I'd like to facilitate this conclusion by drawing attention to the growth of instable jobs number perceived as hidden (latent) unemployment by dealing with micro-level data across Europe.

Temporary employment growth, 1995-2009, OECD data

The growth of flexible market relations increased uncertainty and job instability in many European countries during the last decades.

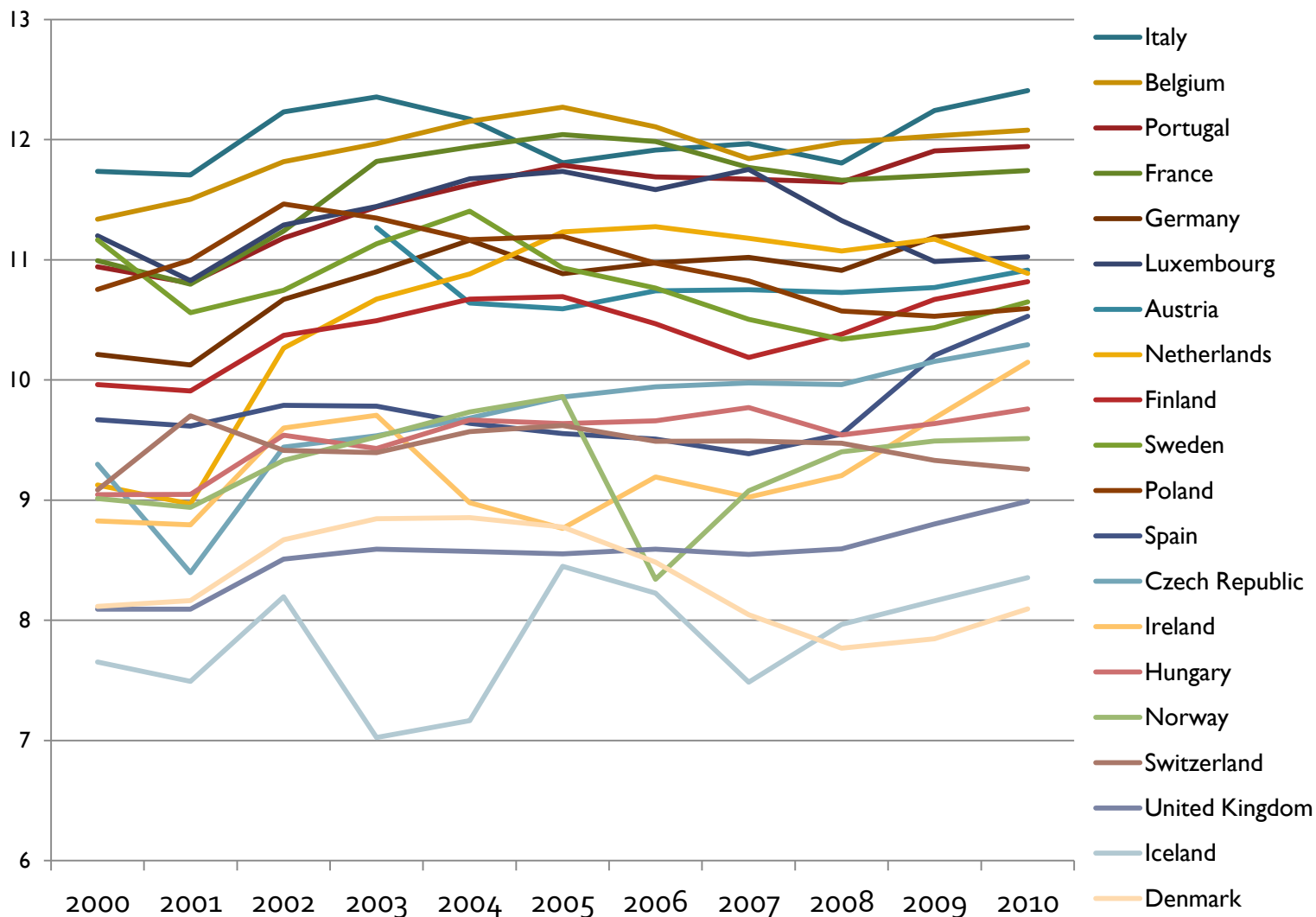


Temporary employment aged 15-24, 1995-2009, OECD data



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Tenure, total employment aged 15-64, OECD data, 2000-2010



Theoretical background 2: the nature of temporary and unstable work

This theoretical debate on division for core and periphery of the labor market gave ground for the concept of decent and precarious jobs, developed by ILO, and well discussed in the literature (Beck 2000; Standing 2011; Kalleberg 2012).

Countries polarization and division between the core and periphery

The core

- The core employees are well protected by the employment legislation,
- they have usually better positions,
- better bargaining power and
- better payment.

The periphery

- Those workers in the secondary sector usually suffer from uncertainty and instability,
- no social benefits,
- no social guarantees lack of career opportunities,
- less payment and training,
- poor working conditions and etc.

Theoretical background 3: what shapes the polarization of the labour market?

- Doeringer and Piore “Internal Labor Markets and manpower Analysis” (1971)
- Sorensen “Processes of allocation to open and closed positions in social structure” (1983)
- Lindbeck and Snower “The Insider-Outsider Theory” (2002)

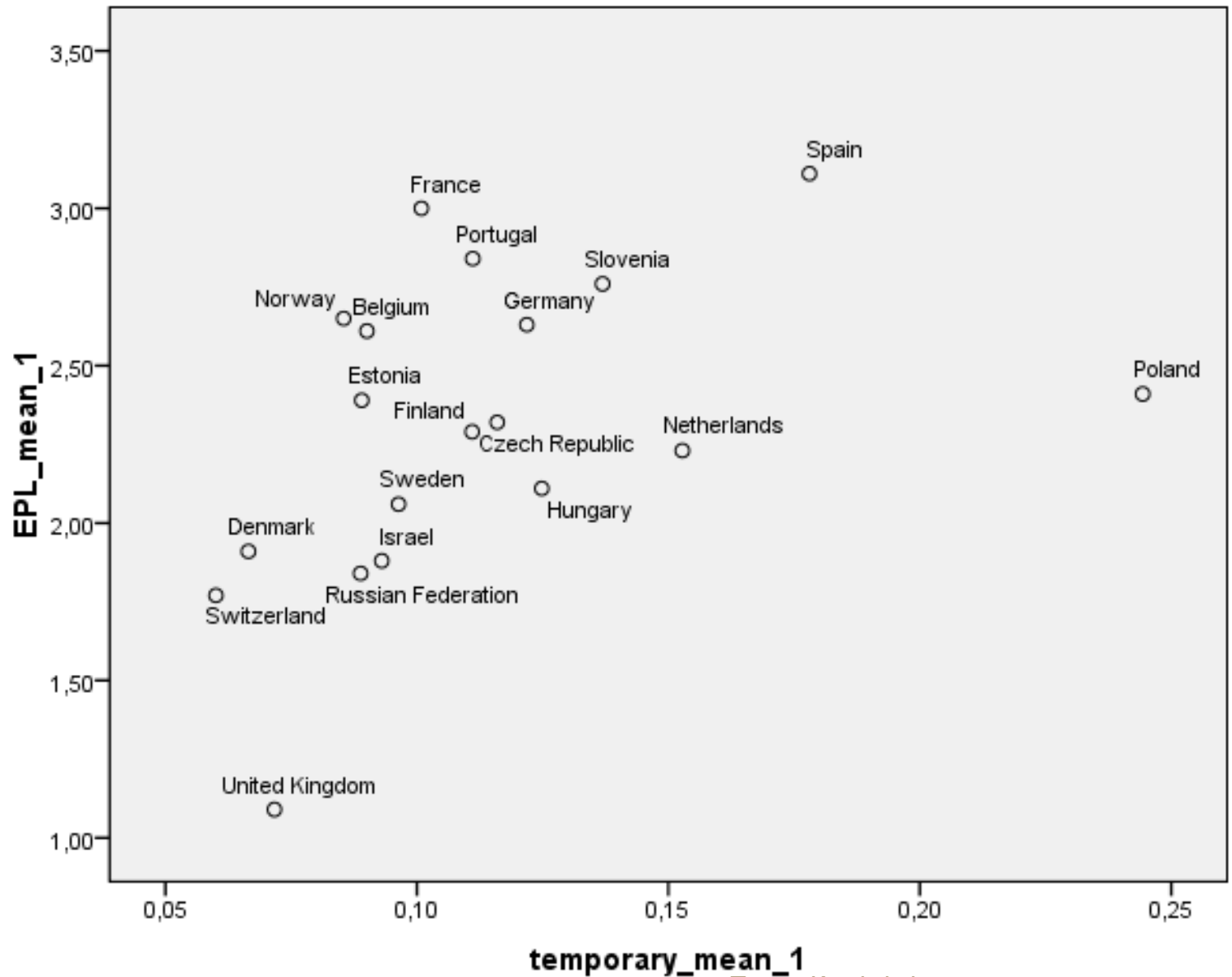
Liberal labour markets

- Weak protection legislation
- Low firing and hiring costs
- No restriction in creation of vacancies
- No barriers to enter and REENTER the labour markets
- Low unemployment rate and low share of long-term unemployed

Rigid labour markets

- Strong protection legislation
- High firing and hiring costs
- Restricted number of vacancies
- Difficulties to enter and REENTER the labour market
- Rather high unemployment rate and big share of long term unemployed

Rigidity of EPL and % of temporary employment: proportional growth



EPL affects job instability

- The previous research showed: that the higher the EPL, the higher the % of temporary employment (Cahuk and Postel-Vinay, 2001; Kahn, 2007) and the higher the proportion of employees with long tenure (more than 10 years) (World Employment Report, 2004-2005). It means that employment protection legislation could cause both increase and decrease of job stability in the country
- Giuseppe Bertola et al. (2002) showed that countries with high EPL have lower unemployment rates of prime-aged individuals compared to younger workers.
- High EPL also leads to the expansion of temporary employment that hampers long-run family planning (special issue of the Economic Journal, 2002).
- Countries with strong protection of core full-time male employment facilitate the trade-offs connecting with child bearing for females (Adsera, 2005)

Hypotheses

1. *H1: in rigid labour markets the probability for females to plan children in the next three years is smaller than in liberal labour markets*
2. *H2: in European countries with rigid employment legislation where employees are well protected those employed on temporary or informal work or unemployed will be less likely to plan kids in the near future.*
3. *H3: In countries with liberal labour legislation instable jobs less affect planning of having children (should not be significant as the differences between the permanent and temporary employment are quite vanish).*

Data and methodology

European Social Survey 2010, 27 countries but EPL reduces sample to 21 countries, age limits of 18-50 years old, separately men and women.

Dependent variables:

1. Planning to have a child within next 3 years

Independent variables:

- Individual (micro) level:
 - Employment status (self-employment, informal, temporary work, non-employment)
 - Short tenure = less than 2 years at one place
- Contry (macro) level:
 - EPL_dismissals
 - EPL_temporary
 - Interaction effects

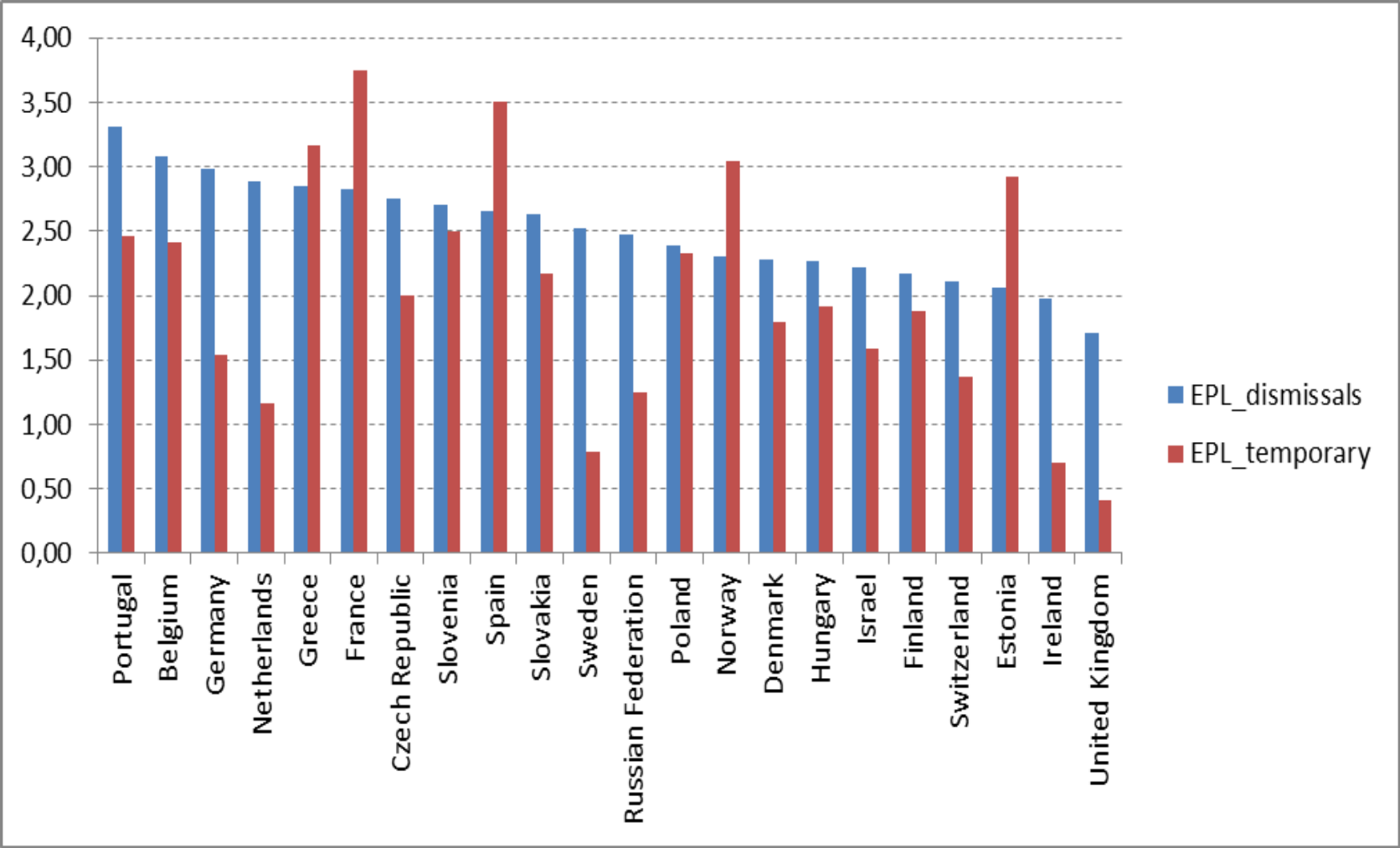
Controls: age groups, education, marriage/partnership, religiosity, health, income, living in a city, being born in the country, disability.

Methodological limits

- Causality: can I speak on causal links?
- Endogeneity problem: what can be done? Instrumental variable?

Employment protection in OECD, 2008

Scale from 0 (least restricted) to 6 (most restricted)



Marginal effects from probit with clustered errors on
Planning to have a child in the next 3 years,
ESS data, 2010 (21 countries, models with employment status)

For men aged 18-50 years

old:

- Age 25-35 (+)
- After 45 years old (-)
- High education (+)
- Marriage (+)
- Good health (+)
- Religiosity (+)
- Number of kids (-)
- Non-employment (-)
- Self-employment (+)

For women aged 18-50 years

old:

- Before 35 (+)
- after 45 years old (-)
- High education (+)
- Marriage (+)
- Born in the country (-)
- Religiosity (+)
- Disability (-)
- Number of kids (-)
- Non-employment (-)

Conditional effects from probit with clustered errors on Planning to have a child in the next 3 years, ESS data, 2010 (21 countries, models with employment status)

For men aged 18-50 years

old:

For countries with **lowest EPL** (liberal labour legislation) **self-employed** men are more likely to have plans for having children within next 3 years

For countries with **highest EPL** – **non-employed and informally employed** men are less likely to plan children in the near future

For women aged 18-50 years

old:

For countries with **lowest EPL** (liberal labour legislation) **self-employed** women are more likely to have plans for having children within next 3 years

In countries with **highest EPL** – **non-employed** have less chances to plan kids in the near future

Marginal effects from probit with clustered errors on
Planning to have a child in the next 3 years,
ESS data, 2010 (21 countries, models with short tenure)

For men aged 18-50 years

old:

- Age 25-35 (+)
- After 45 years old (-)
- High education (+)
- Marriage (+)
- Good health (+)
- Religiosity (+)
- Number of kids (-)
- Short tenure (less than 2 years) (-)
- Non-employed (-)

For women aged 18-50 years

old:

- Age 25-35 (+)
- After 45 years old (-)
- High education (+)
- Marriage (+)
- Born in the country (-)
- Religiosity (+)
- Number of kids (-)
- Non-employed (-)

Conditional effects from probit with clustered errors on Planning to have a child in the next 3 years, ESS data, 2010 (21 countries, models with short tenure)

For men aged 18-50 years old:

In countries with **lowest EPL** – short tenure has significant negative effect on child planning

In countries with **highest EPL**, **short tenure** decreases the probability for child planning, as well as **non-employment** has strong negative effect on planning

For women aged 18-50 years old:

For countries **with highest EPL** – **non-employed** decreases females' chances for child planning

Further steps

- To include values
- To include info on partner



Thank you for your attention