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## **The Impact of Women's Career Interruptions on the Transitions to Second Childbirth Decisions in Italy and Sweden**

### **1. Introduction**

During the last decades, most Western industrialized countries have undergone an increasing postponement of childbearing to older ages. The increase of the average age at first birth has played a crucial role in the decline of total period fertility rates. The persistence of such a declining trend has been particularly severe in Southern European countries. These countries have experienced a prevailing transition to a 'lowest-low fertility equilibrium' (Kohler *et al.*, 2002), with fertility rates that are far below replacement levels. It comes with no surprise that, within the context of industrialized countries, the progressive delay of first births is linked to declining fertility levels and often the former is considered the relevant cause of the latter. Undoubtedly, the compression of the reproductive span is likely to undermine women's chances to attain their desired level of fertility, due to possible sub-fertility or sterility problems (Foster, 2000; Gustafsson, 2001).

Women's increasing educational attainment, their growing labour market participation, and higher career aspirations have been indicated as the main factors underlying these demographic developments (Oppenheimer, 1994). The conventional wisdom of the 'New Home Economics' theory is that home production (including fertility) and female employment are antagonistic. The extent of the inverse relationship existing between fertility and female labour force participation varies importantly across different Western industrialized countries. In particular, there has been a weakening of the negative relationship between fertility and participation due to the rapid fertility decline observed in Southern European countries, such as Italy and Spain, starting from mid 1970s. These countries stand out at the lowest end of the spectrum with smaller rises in the already-lower participation rates accompanied by a substantial fertility decline, well below replacement rates. By contrast, in Northern European countries, birth rates decreased only slightly over the considered period, while the proportion of women in the labour force increased considerably.

In order to explain the reversal of the North-South fertility pattern, much of the research has focused on exploring other aspects of the labour market which may have contributed in exacerbating the trade-off between fertility and employment choices, for instance, the costs associated with intermittent labour force participation. By focussing on the Italian case, Del Boca (2002) identifies in the institutional rigidities of the Italian labour markets, namely a scarce availability of part-time job opportunities, together with a limited child care provision, the causes of the increasing costs associated with having children and the discouragement of married women's labour force participation. In Spain, Ahn and Mira (2001) suggest that high and persistence male unemployment together with a rise in the incidence of temporary contracts has caused a postponement of marriage and childbearing among Spanish couples<sup>1</sup>.

In the same line,

A growing body of research exists relating the shifting of childbearing to older ages to recent increased instability and economic insecurity in women's labour market positions<sup>2</sup>. It has been argued that economic insecurity, as an emerging feature of modern Western industrialized societies brought about by the globalization-led social and economic transformations, is among the driving forces behind the emerging phenomenon of the delay of family formation and childbearing in Europe. In particular, high rates of youth unemployment and the growing instability of employment contracts contribute to undermine the future prospects that individuals form about the development of their employment careers. The uncertainties that individuals experience in their work life percolate

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<sup>1</sup> These findings have been confirmed by subsequent studies by Baizán (2004), Adsera (2005), De la Rica and Iza (2005), Gonzalez and Jurado-Guerrero (2006).

<sup>2</sup> See for instance Golsch (2003) and Simó Noguera (2004), for the Spanish case. See also the study by Toelke and Diewald (2002), Bredtmann *et al.* (2009), Kreyenfeld (2010) for the case of Germany.

into the family and childbearing spheres of their life (Mills and Blossfeld, 2005; Blossfeld and Hofmeister, 2006). In the same light, undertaking long-term commitments, like marriage or parenthood, requires some stability in the life circumstances and a secure economic basis. The studies by Andersson (2000) and Hoem (2000), for the case of Sweden, have demonstrated that women who are well established in the labour market and with a decent level of earnings report higher propensities to become a mother than women with a weaker attachment to the labour market. Entry into the labour market is considered to be a prerequisite for entering into motherhood, rather than an impediment. This is especially the case for younger women, i.e. aged 30 or below.

In this paper I analyse the effect of career interruptions on women's decisions leading to second childbirths in Italy and Sweden. The focus on the transitions from first to second parity is driven by the important implications that the timing of second births have in constraining the levels of completed fertility (Kreyenfeld, 2002). Moreover, it is argued that women with two small children face higher levels of tensions in accomodating childrearing with their occupational obligations. Country-specific public and family policy institutions play a crucial role in the reconciliation of family and employment domains (Esping-Andersen, 1999; McDonald, 2000; Neyer, 2003; Gauthier, 2007).

## 2. Theoretical focus and hypotheses

Within a neoclassical economic framework, Becker's (1960) and Willis' (1973) economic theory of fertility represents a starting point for most research in the field. Their theory is build on the assumption that reproductive behaviour is the outcome of a rational choice and that individuals have almost complete control over fertility. On this basis, the theory explains the decrease of fertility that occurred in most Western industrialised countries during the past three decades, in terms of the higher women's participation to the labour force and the greater opportunity costs of having children associated with higher female wages.

Based on the predictions formulated by the New Home Economics approach of Becker and other authors, the first hypothesis to be tested states that:

*Hypothesis 1: Women who present a higher degree of labour force attachment and an uninterrupted employment career have lower propensities to take a decision to give birth to a second child than women with no or a weaker attachment to the labour market. This relationship is expected to be stronger for Swedish women.*

An additional prediction of Becker's theory closely related to the above one is that gains from having children have been reduced with the progressive increase in women's educational attainment. Since education is expected to raise a woman's earning power, it, too, would increase the earnings-based opportunity cost of childbearing. Thus, highly educated women are believed to face higher opportunity costs than women with low educational attainment, if they have to withdraw, temporally or permanently, from the labour force in connection with a childbirth event. Based on these additional opportunity-cost considerations, the following can be hypothesized:

*Hypothesis 2: Women with higher attained educational levels show slower transitions to a second birth decision than women with lower educational qualifications. This is expected to be true in particular for Italian women.*

The microeconomic life-time theory of fertility, as it has been formulated within the analytical framework of the New Home Economics, has been criticised for not taking into account the fact that the choice to enter motherhood, rather than being a one-time decision, is the outcome of a sequential decision-making process on which basis women assess the costs and benefits relating to motherhood both in a short- and long-term perspective<sup>3</sup>. Dynamic models of fertility have analysed the factors that may induce a change in women's fertility decisions over their life cycles (Cigno and Ermisch, 1989; Walker, 1995). A key feature of dynamic models is represented by the possibility that a woman's current participation in paid employment affects her future earning capacity. Therefore, labour force interruptions due to childbearing and rearing have two costs: a loss of current earnings and a loss of future earning potential, due to lack of human capital accumulation and depreciation of

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<sup>3</sup> For a thorough review of dynamic versus previous static models of fertility behaviour, see Hotz *et al.* (1997) and Ermisch (2003).

job skills associated with the temporary absence from the labour market<sup>4</sup>. Given these considerations, it is presupposed that women anticipate the consequences of childbearing for their labour market career and adjust their childbearing plans to their future employment expectations (Gustafsson, 2001).

According to this explanation, also known in the literature as the ‘career planning rationale’<sup>5</sup>, considerations concerning both income security and the stability of career prospects are relevant for taking a long-term decision, such as the one of having a second child. This is especially important if the involvement in the labour markets is characterised by precariousness among young people and women, as it has been shown to occur in Southern Mediterranean countries such as Italy. The effect is expected to be relevant for highly educated women who have stronger incentives to postpone motherhood, given that their earnings profile is steeper in comparison with women who have lower qualifications.

In order to capture the variation of the effect of career interruptions according to the different educational attainment levels of women, I expect that:

*Hypothesis 3: The negative effect of the total number and of the duration of previously accumulated episodes of employment interruptions is stronger for women with higher educational attainment levels than for women with lower qualifications.*

It is claimed that these characteristics and their pattern of change over time define the structural conditions affecting transition outcomes in term of rate of entry of Italian and Swedish women into motherhood. Individual expectations and decisions are shaped by the changing context, as it is defined by country-specific macro-structural conditions and institutional settings. On the basis of these considerations and on the fact that due to more exacerbated career-family incompatibilities present in the Italian welfare-state context, I expect the following:

*Hypothesis 4: The negative impact of the total number and of the duration of previously accumulated episodes of employment interruptions is significant and stronger for Italian women belonging to younger birth cohorts than women of older cohorts, in comparison with Swedish women belonging to similar cohorts.*

### **3. Methods and data**

In this paper I use micro-data from the United Nations’ ‘Fertility and Family Survey’ comparative project for Italy and Sweden. This international and harmonised survey provides rich demographic retrospective details on family formation and fertility histories, together with labour market histories coded on a monthly basis for different cohorts of women.

I employ parametric Weibull hazard models in order to investigate how women’s career interruptions affect second-birth rates and control for unobserved heterogeneity in order to account for the unobserved characteristics relating to the woman (i.e. childbearing intentions, work preferences and expectations, etc.) that could give rise to a potential selection bias.

The process starts from the month in which a first birth occurs and its end is set at the calendar year or twelve months before the occurrence of the subsequent delivery<sup>6</sup>. This choice has the purpose of capturing the moment in time where the actual decision or plan to have a second child is more likely to be made<sup>7</sup>. The main focus of this paper rests on the ‘planning’ dimension that is assumed to affect the objective behaviour of respondents. By defining the transition to second birth as the transition to the decision leading to a second childbirth, I want to capture the planning dimension relating to fertility in connection with the continuity or discontinuity of women’s labour market careers.

A second birth occurs by giving birth to one’s own child. Becoming mother of an adopted/foster child, or a child from other relationships of the partner is not considered in this paper. Furthermore, first childbirth is assumed to be a single event.

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<sup>4</sup> The sum of these costs is often referred in the literature as the ‘childbearing penalty’ (Taniguchi, 1999; Joshi, 2002; Datta Gupta and Smith, 2002).

<sup>5</sup> For a literature review see Gustafsson (2001).

<sup>6</sup> For right-censored observations, it remains at the reported month of the interview.

<sup>7</sup> In this study the birth of a second child is assumed to be a planned event.

The empirical investigation in this paper is developed in two stages. Firstly, I analyse the unrestricted population of women, regardless of their degree of involvement in the labour market, and assess the impact of the current employment status measuring, in a combined way, both activity and current status of employment interruption. Secondly, I focus on a sub-sample of women with at least one recorded employment episode. In this part of the analysis, I estimate the effect relating to both the cumulative number of career interruptions and the proportion of cumulative duration of career interruptions on the timing of fertility decisions. The covariates used convey different pieces of information. The target of the analyses is to gauge the impact exerted by women's relationship to the labour market at different stages of their career development and, within this composite picture, to also offer an assessment of the level and extent of the fragmentation of women's job careers on the duration to second birth decisions.

#### 4. Expected findings

My findings show for Swedish women a positive impact of part-time employment on the transition to decisions leading to second childbirths; the reverse is found for Italian women. This effect is shown to be stronger for younger cohorts and remains after controlling for unobserved heterogeneity. The findings are in line with the reconciling role that part-time employment has in Sweden in easing the tensions that women face in coping with childrearing and occupational commitments. Intermittent work histories have a negative impact on entry into second childbirths. When the fraction of cumulative duration in a career break is taken into account, results are mixed: in the short-term, the fraction of time previously spent in inactivity, unemployment or part-time employment has a negative impact on second birth transitions; in the long-term, a discouragement effect leading women to withdraw from the labour market emerges in favour of a recuperation or catch-up effect in terms of transitions from first to second childbirths.

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