

You can get it if you really want... Fertility decisions in the light of preferences and bargaining situations

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Long abstract

When explaining female labor market participation and fertility decisions economists, sociologists and demographers tend to refer to Becker's seminal work on household economies (Becker 1991). When the model was proposed it very well explained the prevailing specialization among partners in (female) home makers and (male) breadwinners. But some of the parameters affecting work- family decisions have nowadays changed from the "male breadwinner society": women are gaining higher earnings capacities through increased levels of education, becoming in this regard more similar to their male partners, and work and family are becoming much less mutually exclusive due to increased child care facilities and overall to a greater attention to reconciliation issues at the workplace (which often translates into less hours worked). In this sense, the time-costs for children might have declined. The idea of the maximization of a joint utility function is gender-blind and the predicted outcomes depend on the (relative) distribution of (potential) resources and preferences; but in a different situation a specialization of partners would no longer be predicted. In fact, the model falls short when it comes to explain the stubborn persistence of gender inequalities (Blossfeld, Drobnic 2001) and it comes into some difficulties in explaining current (macro level) positive correlations between fertility and education (documented in some circumstances) and labor market participation (Brodmann et al. 2007). Therefore, there are increasingly voices in the literature, claiming that the Becker approach has little explanatory power any more (lit). Thus, a series of critiques and alternatives or extensions have been advanced. An (often rather implicit) critique refers to the idea of a joint pacific decisions within the household and puts instead a bargaining process among partners in the forefront (Breen, Cooke 2005, Hener 2010, Esping- Andersen 200X). With the increasing importance of employment (and career) for women and their increasing control over considerable amount of economic resources within the family, decisions might become less harmonic (nor can the individual utility be the only criteria if partnership is meant to last). The relative resources of partners gain importance in this perspective. High income women should therefore have a better stand in convincing their partner to collaborate on household and care matters. Some authors suspect the decision and bargaining processes within couples to have changed altogether (Schwarz 2010, Oppenheimer 1994, Sweeney 2002, Del Boca 2002, Duvander, Andersson 2003), assuming that the economic foundations of marriage have shifted towards more egalitarian models in which both partners make economic contributions and increasingly collaborate on family duties. Utility, thus, includes also equality which might be the result of changed gender norms (this would also imply that the preferences in the mating process changed and should lead to more similarity among partners). It remains an empirical question to what extent this shift really took place. Bargaining and more collaborative ideas of parenthood (among some parts of the population) increasingly emphasize the labor division within the household. The male partners' contribution to household work and care, in this perspective, becomes an important factor for wives' fertility-work decisions. Brodmann et al. (2007) suggest that in Denmark men's contribution to child care is important to increase career women's probability to have a second child. Del Boca (2002) and Duvander, Andersson (2003) show that fathers' contribution to domestic work are positively related with fertility.

Another critique advanced against the economic viewpoint of work-family decisions of households refers to the assumption of homogeneity of preferences among individuals. Hakim makes a point when she identifies different profiles of preferences within women regarding the combination of employment and family (i.e. children). It seems that the large majority of women prefer combining family and employment (Hakim 1996,



2003), while those with almost exclusive focus on a home maker role are becoming ever more a minority. In fact, the subjective importance of certain outcomes, the value individuals assign to certain alternatives, heavily influences the cost-benefit calculus (Esser 2009, Lindenberg 2008). Assuming a rational actor thus includes also a specification of the values/importance attached to certain outcomes.¹ Apart from a possible direct influence on behavior, preferences are also relevant for moderating the effects of factors modifying the costs of children, such as child care facilities, or economic benefits. Depending on the given preferences fertility and labor supply behavior of women may be more or less (in)elastic to the classical factors influencing these decisions (operating on the (opportunity) cost of children and on the opportunities to combine work and family).¹ Starting from Rational Action Theory and some of its extensions there would be an additional relevant element, that is the subjectively expected success, for instance in combining successfully both, employment and family (Breen, Goldthorpe 1997). This, beyond norms or preferences, should, among other things, also depend on peers' behavior – which is however difficult to test, given the currently available data.

Our contribution: fertility decisions in the light of preferences

In this paper we start from several of these (more or less) recent developments in the literature and take them systematically into account in modeling how couples decide on their family life, precisely on fertility. We add on the existing literature in considering, beyond the standard information on (potential) income of partners (and education), also their preferences regarding work and family, the combination of preferences among partners, and the actual time devoted to household and care tasks. We quantify the importance of these factors and ask whether and to what extent their relative importance has changed over the last (two) decades. The rather ample time span covered allows to investigate change over time in preferences, household division and bargaining procedures. Further, we will explore the interplay between preferences and other factors influencing the cost calculation of fertility decisions, including male partner's contribution to household tasks. These approaches also suggest that families/couples are differently sensitive to social policies in forms of services and transfers. Taking into account heterogeneity of families in preferences and resources might therefore ultimately also help to better target policies.

Expectations

Overall we expect bargaining to take place predominantly when the partners are not in accordance regarding preferences for work and family. The bargaining model would suggest that women with higher earnings are in a more favorite position to negotiate (a) their husband to participate in care and housework which then can have an indirect positive effect on a second child as it reduced costs for her, and (b) to increase directly her possibility to negotiate a (second) childbirth if the couple does not concord over fertility (she wants, but he doesn't). This implies a possible interaction between preferences, male partner's support and her (economic) resources. His care supply should become important if she has a strong interest in remaining attached to the labor market notwithstanding a growing family. At the same time, though, if she expresses strong family preferences combined with low career preferences (the "home maker - model") his economic resources will probably be greatly more important while she will be almost insensitive with regard to his childcare and housework provision. We argue that men's contribution to household and care work is becoming increasingly important over time for fertility decisions.

Our analysis is restricted to Germany, as SOEP data provides particularly rich information for our purpose, including preferences for family and for work as well as on the time dedicated to care and homework of both partners. In this way we no longer need to infer to women's preferences on the base of their investment in education (coming with increasingly unsustainable assumptions as work and family became less exclusive also in the mind of individuals) or the kind of egalitarian model partners follow, but allow us to directly measure preferences (for both partners). It has been noted that values and, especially, attitudes are endogenous to behavior, in the sense that they are adjusted to avoid incongruence. While this is well documented



(Fishbein, Ajzen 1975) we argue that this should be less the case for preferences than for attitudes. Nonetheless we can test whether (and to what extent) preferences are stable over time within individuals or rather they are adjusted to behavior afterwards.

We proceed as follows: first we document changes over time in preferences for work and family among partners and do the same for the amount of housework and care provision by the two partners. We also check whether preferences are stable within individuals and, in case, what are the events contributing to their change. We then test the importance of preferences for fertility decisions and how they moderate the effects of other factors altering the cost structure of (additional) children. Among those, the contribution of the male partner in raising children and in home making should be of increasingly importance over time and especially for higher order births.

Data

The analysis are based on German Socio-Economic Panel (Soep) which includes information on the socio-economic background of individuals (education, employment histories), households and their intra-family relations (family histories) over a particularly long period: 1984 to 2010. For our purpose there are some additional very useful information available, that is preferences on children and work (the questionnaires of 1990 1992 1995 2004 and 2008 contain preference items on having a child, success at work, have a happy marriage - 4-point scales), life satisfaction (measured every year on a 0-10 scale), and satisfaction with household income (measured every year on a 0-10 scale). In addition there is detailed information on time use for every year, distinguishing time dedicated in work day to job, childcare and housework and shopping. In addition some more general values and orientations can be proxied to some extent. Soep provides information on religious belief and practice (in some years).

These individuals and household level information can be integrated with regional information (on the basis of the Länder) and the urban/rural context. In this way the availability of child care facilities can be added to the model using variation between the Länder and over time. There is also some limited information on informal child care support.

