

# Market work and motherhood decisions in contexts <sup>[1]</sup>

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## AVAILABILITY

Full text (pdf) <sup>[2]</sup>

## Abstract

In this paper, we explore the impact of social policies and labour market characteristics on women's decisions regarding work and childbearing, using data from the European Community Household Panel (ECHP). We estimate the two decisions jointly and, in addition to personal characteristics, include variables related to the childcare system, parental leave arrangements, family allowances, and labour market flexibility. Our empirical results show that a non-negligible portion of the differences in participation and fertility rates for women from different European countries can be attributed to the characteristics of these institutions, and that the environmental effects vary by educational level. While labour market arrangements, such as part-time opportunities (when well-paid and protected), have a larger impact on the outcomes of women with higher educational levels, childcare and optional parental leaves have a larger impact on the fertility and participation decisions of women at lower educational levels.

## Introduction

Over the last decades, women's participation rates have increased remarkably in European Union countries, while fertility has declined in most advanced countries and is now below the replacement rate. Growth in participation carries some positive implications for the ability of individual countries and the European Union itself to meet a variety of social and economic targets, increasing the number of workers available to pay pension obligations to currently retired workers. Nonetheless, the declining population levels make it less likely that the current form of European pension systems can be sustained.

The countries that currently have the lowest levels of fertility (Spain, Italy and Greece) are those with relatively low levels of female labour force participation, while the countries with higher fertility levels (Denmark, France) have relatively high female participation rates. These significant differences indicate that different countries are in different stages of development and are constrained by specific cultural, social and economic factors. In spite of similar standards of living, in fact, European countries differ in several institutional characteristics.

How should policies be designed to boost women's employment rates without diminishing fertility rates? This important question has encouraged researchers to consider fertility and labour market participation as a joint decision which depends not only on income and household characteristics but also on the institutional environment.

In this paper, we analyze the relationship between women's employment and fertility decisions in contexts characterized by different institutions (childcare systems, parental leave schemes, family allowances, and part-time arrangements). While the present analysis does not take into account the potential endogeneity of social and labour market institutions, our results can be used for policy discussion in an explorative framework.

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**Region:** Europe <sup>[3]</sup>

**Tags:** mother's labour force participation <sup>[4]</sup>

maternal and parental leave <sup>[5]</sup>

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