

Outsourcing of Child Care and Household Labor and its Effect on Transition to Second Birth

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According to Rindfuss & Brewster (1996), the role incompatibility, i.e. the trade-off women face in their allocation of time between work and family life, mediates the relationship between female labor force participation and fertility. Moreover, these authors further argue that the negative relationship between fertility and women's labor force participation is expected to diminish as the conflict between work and family responsibilities is reduced. Brewster & Rindfuss (2000) suggest that structural mechanisms, such as in family policies concerning cash benefits and the availability of childcare arrangements, might affect the level of role incompatibility women face in different countries. Therefore, policy changes can serve to reduce role incompatibility.

Engelhardt et al. (2004) give empirical support to this claim and demonstrate that although the relationship between women's labor force participation and total fertility weakened in all the industrialized countries under investigation, in the period 1960 to 2000, differences in the relationship between them still remain. What explains these remaining differences is the cross-country variation in changes regarding childcare availability and changes in attitudes toward working mothers. Another empirical support to Rindfuss and Brewster's (1996) claim is given by Kravdal and Rindfuss (2008) who show that the relationship between completed fertility and educational level attained at age 39 has become less negative among cohorts of Norwegian women born 1940 to 1964. According to these authors what might be the

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driving engine behind this shift is the change toward more family-friendly policies, including better access to high-quality child care.

In the current study we would like to bring to the front another mechanism which might also serve to attenuate the effect of role incompatibility on women's decisions about childbearing. A Growing body of literature suggests that the increasing ability of women to outsource housework and child care duties, either by buying services or by using social networks, serves as a mechanism to reduce role incompatibility, and is positively related with fertility. In some respects, this mechanism is the flip side of the growing availability of child care arrangements. Nonetheless, there are also other aspects to it. Macro-level studies demonstrate that by buying services, high-skilled women, with the highest opportunity cost of time, can increase their labor supply and reduce the time spent on housework and childcare. This is possible partially due to the supply of low-skilled immigrants who work in services that are close substitutes to household production. Evidences for the relationship between the availability of low-skilled immigrants and women's labor force participation are available for both industrialized countries, such as the US (Cortès and Tessada, 2009), Italy (Barone and Mocetti, 2011), and Spain (Farrè et al., 2009); and for newly industrialized societies, such as Hong Kong (Chan, 2006; Cortès & Pan, 2008) and Singapore (Yeoh et al., 1999). Furtado and Hock (2008) demonstrate that the continuing influx of low-skilled immigrants to the US affected not only women's economic activity, but also their fertility. They show that the immigrant-led decline in the price of child-care has reduced the extent of role incompatibility among highly educated native women, because child-care became more affordable for them. Freeman & Schettket (2005) suggest that the profound differences between the employment rates and the hours worked per employee in the

United States relative to the European Union can be attributed to the greater marketization in the US of traditional household production, such as food preparation, child care and house cleaning. They further suggest that in order to raise employment and reduce role incompatibility among women “the EU should develop policies that make it easier for women to move from the household to the market and substitute market goods and services for household production” (Ibid, p. 6).

Micro-level studies from the Netherlands and the US demonstrate that couples use the outsourcing of domestic work as a strategy to combine work and family life (De Ruijter & Van der Lippe, 2007, Oropesa, 1993; Van der Lippe et al., 2004). Moreover, the outsourcing of household labor and child care is found to be related to the woman’s employment characteristics, such as occupational status, whether she is working or not and her level of employment (Cohen, 1998; De Ruijter & Van der Lippe, 2007; Jacobs et al., 1989; Oropesa, 1993; Soberon-Ferrer & Dardis, 1991; Van der Lippe et al., 2004). The close relationship between the wife’s employment characteristics and the decision to outsource gives further support to the claim that outsourcing of household and child care duties serves to relieve the role incompatibility among women.

The ability to outsource household labor and child care is in most cases income-dependent, and therefore might affect fertility only among highly skilled women. Nonetheless, a growing body of literature points to another way to outsource child care responsibilities, which is not income-dependent and can be regarded as an informal outsourcing. Previous literature suggests that the rigidity and limitations of the supply of publicly-provided child care arrangements are compensated for by a substantial family support system (Del Boca, 2002; Hank & Kreyenfeld, 2003; Philipov et al., 2006). This literature emphasizes the role of the availability of social

networks as support system with child care in increasing fertility or fertility intensions. Hank & Kreyenfeld (2003), for example, find higher first birth risks, between the 1980s to the 1990s, among western German women whose parents live in the same town. Keim et al. (2009) find that being able to draw on parental support fosters family formation in Germany, while a lack of support is a factor hampering it. Moreover, siblings, cousins and friends are also found to provide casual support with child care. Studies on Eastern European countries, such as Bulgaria, Hungary, Poland and Russia demonstrate a positive effect of social capital, as a support system, on fertility intensions (Philipov & Shkolnikov, 2001; Bühler & Fratczak, 2004; Bühler & Fratczak, 2005; Bühler & Philipov, 2005; Philipov et al., 2006).

The previous literature concerning outsourcing of household labor and child care, as is described above, relies either on macro-level analyses, or on micro-level analyses that are cross-sectional. Moreover, the micro-level studies on social networks and fertility mostly focused on fertility intensions rather than actual fertility, and sometimes used indirect measures of social support, such as whether the respondent's parents live in the same town (Hank & Kreyenfeld, 2003).

In the current study we use the German Socio Economic Panel (GSOEP) to further unfold the relationships between outsourcing of household labor and child care duties, and fertility decisions. By employing a life course perspective, we aim at analyzing how the ability to outsource household labor and child care after the birth of the first child affects transition to second birth. This is done under the assumption that the availability of sources of help after the first birth relieves the feeling of role incompatibility among the mother and, therefore, will increase the odds of the second birth. For this end, the GSOEP is a very useful source of information, as it provides information on whether the respondent employs a domestic help regularly,

occasionally or not at all, on a yearly basis, between 1999 and 2009. Moreover, for children who were born starting 2002 there is information available on who are the people who took care of the child in the first and second years after birth, and how many hours each source of help, i.e. the spouse/partner, grandparents, other relatives and various paid child-care arrangements (such as child minder, crèche, babysitter, etc.) invested in taking care of the child.

In order to analyze whether employing a domestic help after the birth of the first child affect transition to second birth, we will use an analytic sample of 1,394 women who let birth for the first time in the period 1999 to 2006. These women are being followed until the year of the second birth or until 2009, if second birth has not occurred by then. In this sample, a total of 629 women (45%) let birth for the second time by 2009, and overall the women contribute 8,332 years of exposure to second birth. Moreover, 134 women (10%) ever employed a cleaning lady in this period.

For the analysis of the effect of the availability of sources of help with child care, we will employ another analytic sample of 697 women who let birth for the first time in the period 2002 to 2008. These women are also being followed until the year of the second birth, or until 2009, if second birth has not occurred by then. A total of 233 (33%) women let birth for the second time by 2009, and overall the sample of women contributes 3,051 years of exposure to second birth.

Our preliminary results, using discrete time event history analysis, demonstrate that there is a strong and positive correlation between employing a domestic help in the second and third year after the first birth, and having a second birth. Nevertheless, it might be that this strong correlation is driven by the fact that German women have short spacing between the first and the second birth, and most of them let birth for the second time already in the second and third years after the first

birth. Therefore, this strong correlation might be due to the fact that these women are already pregnant or already let birth for the second time and, therefore, need the help of a cleaning lady. It might be that these results, by themselves, demonstrate that the fact the women knew that it is possible for them to employ a cleaning lady, made them have the second child. Nonetheless, to better clarify this we will construct a more accurate, monthly time spacing, which will allow us to better examine the time order of the events.

The results concerning the availability of sources of help with child care show that if the mother does not receive help from any source (i.e., not even one hour per week) in the second year after the birth, her propensity to have a second birth declines. Nonetheless, no effect was found for not having help in the first year after birth. Moreover, the more help the mother receive from any source, by means of the total number of hours other people take care of the child, in the second year after birth, the higher are her odds of having a second birth. Our results further show that the partner is the most important source of help, as it is found that whether or not the spouse/partner shares responsibilities with child care in the first and/or in the second year is a crucial determinant of a second birth. Interestingly, our results also show that receiving help from the grandparents of the child (the question does not specify whose parents they are) in the first year after the first birth has a significant negative effect on having a second birth. For the second year we find negative but insignificant effect of help from grandparents. Moreover, we find no significant effect for the number of hours in which the child has paid child care and also not for the availability of such arrangement, for either the first or the second year after the first birth.

To conclude, our results give further support to the existing literature concerning the relationship between social capital and fertility, as they show that

women with no social support system will be less prone to have a second child than women with at least one source of support. Moreover, the more free time the mother has, when other people take care of the child, might reduce her feeling of role incompatibility and increase her propensity to have another child. The fact that these results are significant only for the second year after birth might imply that support with child care is less important in the first year, when the mother is on maternity leave, but is more crucial when the mother considers going back to work. Finally, our results emphasize the importance of the spouse's/partner's involvement with taking care of the child, and might have implications for policies concerning paternal leave.

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