

# **Normative or Economic Behavior?**

## **Fertility and Women's Employment in Israel**

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# Paper aims

**To examine the interplay between women's employment and their fertility decisions in Israel, emphasizing the role of culture, in addition to economic considerations, in determining the relationship between women's work and their fertility.**

**The main argument is that in an environment that supports and encourages high fertility, women's employment activity is less consequential for family planning.**

# Theoretical Arguments

- Women's decisions on whether to work, how much time to allocate to paid work, and which occupation to choose are affected by their care work (or by their opportunity costs).
- At the same time, opportunities available to them in the labor market affect women's family decisions, including whether and when to have children, and their number.

# Expectations from Economic theory

- Women take account of their own resources, the time and money costs of children, and the opportunities before them in the market when deciding on how many children they would like to raise and whether to participate in paid employment.
- Women's work affects the number of children negatively, because childcare is time costly, and while rearing children women cannot earn money (substitution effect).

# Institutional and Normative influences

- Factors other than economic considerations may affect fertility decisions and the relationship between employment and fertility:
- Cultural norms.
- Institutional arrangements (e.g. child care facilities).
- Employment and family policies.

# The main argument

- The cultural context within which women make their employment and fertility decisions shapes their preferences and affects the extent to which employment considerations are perceived to interfere with family building.

# The Israeli Setting

- Israel is an industrialized country which resembles most western European countries, with high rate of female labor force participation.
- “employment supportive” policies (e.g., paid maternity leave) and child-care facilities are available.
- part-time employment is prevalent and well protected.

# Fertility in Israel

- The family is a central institute in Israel with universal marriage; (relatively) low rates of divorce and cohabitation.
- The fertility level is high and amounts 2.9 children (2.6 among the Jews), the rate of childlessness is low. The vast majority of women have at least two children.

- High fertility is attributed to the social and ethnic diversity of the population as well as ideologies.
- A quarter of all Jews define themselves as religious and have (and aspire for) large families.
- Unlike women who hold traditional values and have large families Jewish religious women take part in providing for their families.

# Data Source

**Data obtained from the 2001 mobility survey (Matras et al.)**

**Respondents provided retrospective information on employment and family events. Sample included Jewish women who mothered at least two children.**

**Study was based on a person-year file, from the time the woman had her second child until the time she gave birth to her third child or was censored, at age 46 or at the time of the survey.**

**N of person years=2182**

## Method of Analysis

**Bivariate Probit is used to account for the simultaneity of work and fertility decisions**

## Dependent variables

**Fertility** – The probability that a woman gave birth to a third child.

**Employment** – The probability that a woman (mother of two children) participates in the labor force.

# Main explanatory variables

## Economic indicator:

- education

## Cultural indicators:

- Religiosity
- Ethnicity

## Main employment indicator (in fertility equation):

- Worked the previous year

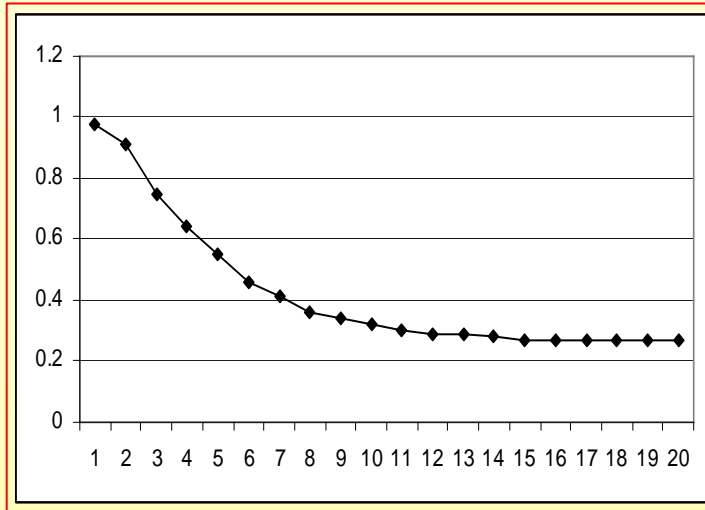
## Main fertility indicator (in work equation):

- Spacing between child 1 and 2
- Women's age at 2<sup>nd</sup> birth

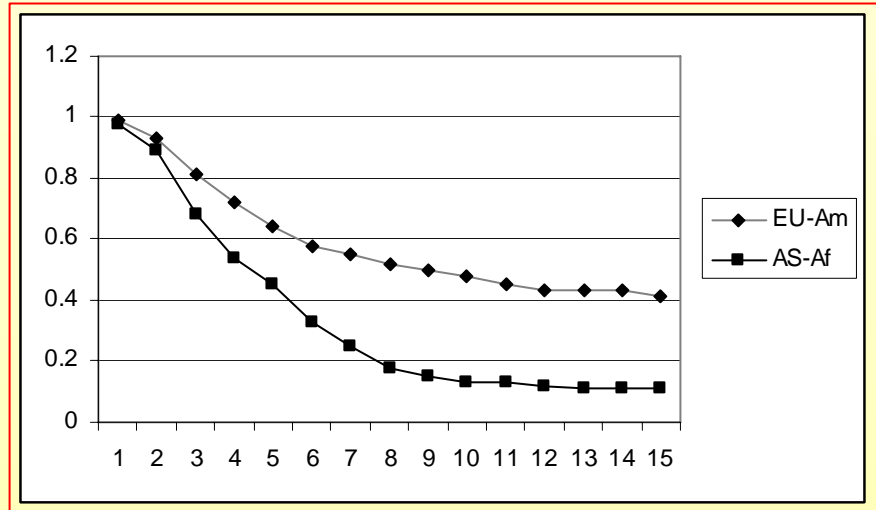
All models control for duration.

**Figure 1. Percent having only two children by year following second birth and social group**

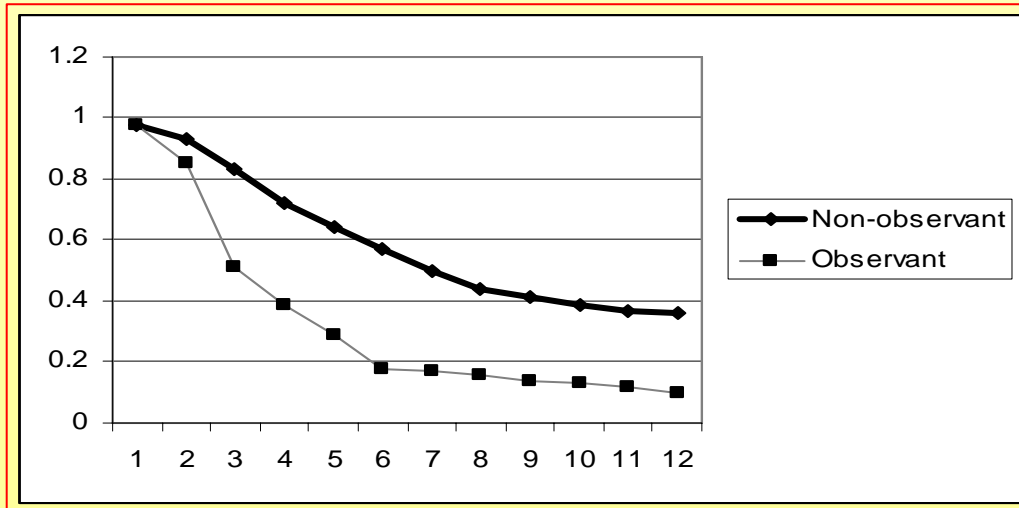
**All Women**



**Ethnicity**

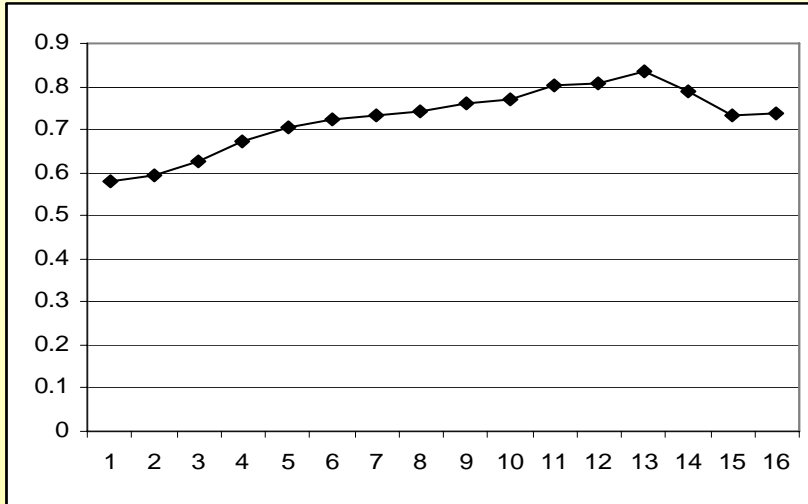


**Religiosity**

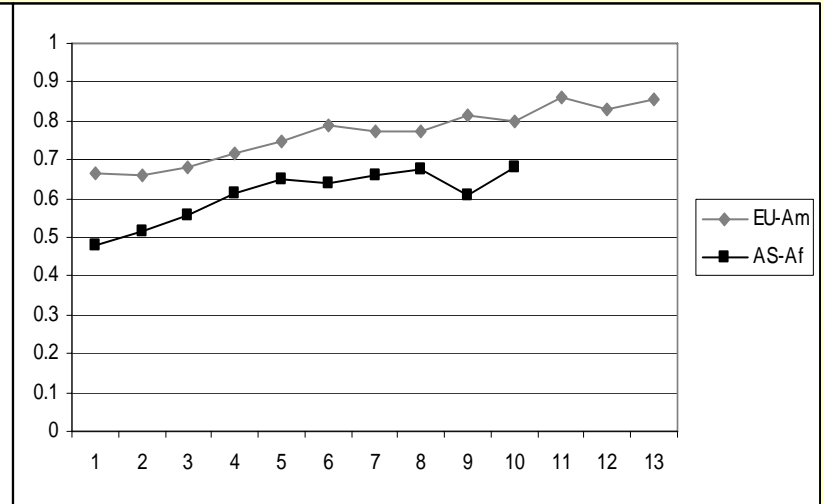


**Figure 2. Percent working by year following second birth**

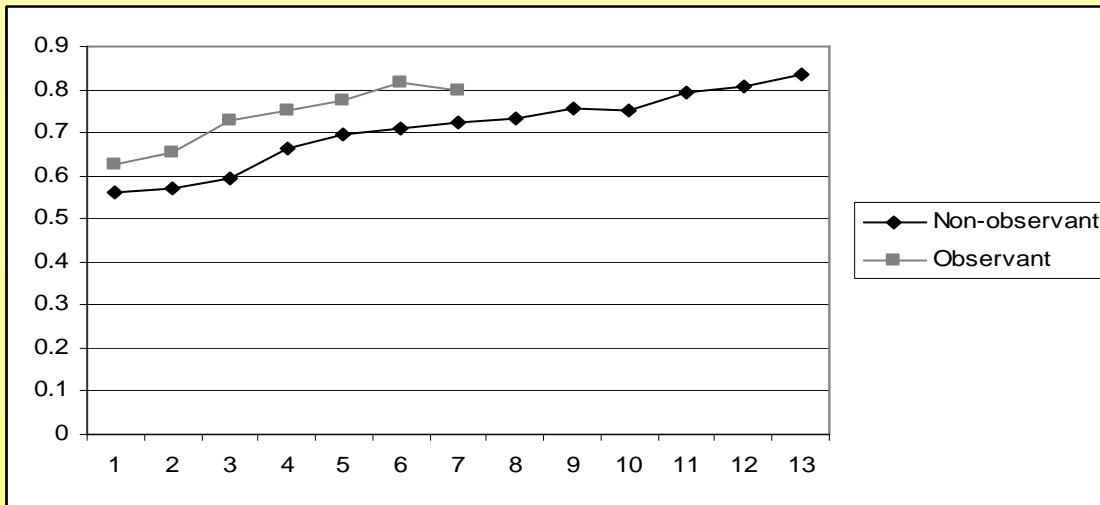
**All Women**



**Ethnicity**



**Religiosity**



**Table 1** - The effect of work on fertility: results from simple probit and bivariate probit models

	Simple Probit Fertility	Bivariate Probit Fertility	Bivariate Probit Work
<b>Education</b>			
Less than HS	<b>-0.036</b>	<b>0.050</b>	<b>-0.531***</b>
More than HS	<b>0.113</b>	<b>-0.061</b>	<b>0.477***</b>
<b>Social Groups</b>			
<b>Religious</b>	<b>0.682***</b>	<b>0.657***</b>	<b>0.236</b>
Asian-African	<b>0.366***</b>	<b>0.375***</b>	<b>-0.206</b>
<b>Work behavior</b>			
<b>In labor force year t-1</b>	<b>-0.210**</b>	<b>0.030</b>	
$\rho$		<b>-0.164**</b>	

**Table 2**

**The effect of fertility on work: Results from simple and bivariate probit models**

	<b>Simple Probit Work</b>	<b>Bivariate Probit Work</b>	<b>Bivariate Probit Fertility</b>
<b>Education</b>			
Less than HS	<b>-0.572***</b>	<b>-0.572***</b>	---
More than HS	<b>0.499***</b>	<b>0.454***</b>	---
<b>Social Groups</b>			
<b>Religious</b>	<b>0.315*</b>	<b>0.315*</b>	<b>0.662***</b>
<b>Asian-African</b>	<b>-0.120</b>	<b>-0.120</b>	<b>0.355***</b>
<b>Fertility behaviour</b>			
<b>Age at 2<sup>nd</sup> birth</b>	<b>-0.007</b>	<b>-0.007</b>	<b>-0.045***</b>
<b>Spacing 1<sup>st</sup>-2<sup>nd</sup></b>	<b>0.102***</b>	<b>0.101***</b>	---
$\rho$		<b>-0.144***</b>	

# Concluding notes

- Fertility in Israel is not affected by market considerations or by human capital but rather by cultural indicators, as exemplified in the higher tendency of religious women, and those originated from Asian or African countries, to extend their family size.
- Women's employment decisions are based on their market prospects and opportunity costs. The absence of differences among the various social groups indicate that even when cultural norms did not fully support their involvement in the labor market, women responded to economic opportunities and needs.
- The high rate of activity among mothers reflects, at least partly, the institutions and arrangements intended to alleviate the incompatibility of work and family.