

Redundancy Reduces Birth Rates of Highly-Skilled: Losing a Job Can Ruin Plans to Start a Family

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Highly skilled women who have lost their job tend not to realise their plans to start a family. This is the clear finding of a major study conducted by the University of Linz with support from the Austrian Science Fund FWF. According to the findings, career development issues can come to dominate the long-term life plans of women who have lost their job. The study also points toward additional socio-economic factors that can impact on birth rates over the long term.

The fact that redundancy can impact on the financial income of those affected is plain to see. What is not quite so self-evident is the fact that it can also completely derail a person's life plans. However, this is exactly what Prof. Rudolf Winter-Ebmer from the Department of Economics at the University of Linz and his colleagues have uncovered. Redundancy forces primarily highly skilled female workers to decide against having children.

Risk factors: Skills & salary increases

In more specific terms, the study in question indicates that, in Austria, redundancy has a significant impact on the birth rate. Depending on which statistical method is used, the birth rate drops by 5 to 10 % - and does so for the long term. Prof. Winter-Ebmer explains further: "We were able to distinguish this effect as much as nine years after the redundancy and we can also identify risk groups - groups of women who

are particularly unlikely to have children after losing their job. Such groups include highly skilled women or those who do not have children at the time they lose their job." Another such high-risk group includes unemployed women who achieved particularly high salary increases with their last employer. Within this particular group there were some 25 % fewer births compared to women in employment - measured over a six-year period. Consequently, it seems that it is women with previously very successful careers whose life plans are worst hit by redundancy. "One could surmise that women postpone their decision to start a family due to the shock of losing their job. However, in many cases, it appears that this postponement turns into an outright abandonment. In fact, fertility as a whole seems to decline," adds Prof. Winter-Ebmer.

Births, salaries, society

The statistical calculations incorporated information from several hundreds of thousands of women who were employees during the 1990s, several thousand of whom lost their job due to business insolvencies. This data was provided by the Austrian Social Security Database. By using the so called matching method, the researchers compiled "statistical twins". Each set of twins has similar characteristics across all the factors taken into account, with one notable exception - one twin had been affected by an insolvency, the other had not.

The statistical evaluation of this comprehensive data enabled the team to establish the first ever link between redundancy and a decline in the [birth rate](#) over long periods of time. Prof. Winter-Ebmer explains: "Unexpected redundancy can not only lead to a long-term drop in income and extended periods of unemployment, it can also change life plans. In particular, birth rates among career-oriented women are expected to decline in the longer term. In this context, atypical forms of employment and fixed-term contracts are also problematic as they do not enable [women](#) to achieve a stable career within a company. " Besides

delivering revealing findings on the effects of insolvencies, the FWF-backed study, which has already been the subject of much discussion at numerous international conferences, also forecasts how fertility may develop in the wake of the current economic crisis.

Detailed information on the study "Clash of Career and Family: Fertility Decisions after Job Displacement" can be found at:

www.econ.jku.at/papers/2008/wp0802.pdf

Provided by Austrian Science Fund

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