

Article

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Do parental benefits influence fertility decisions?

by Susan Crompton and Leslie-Anne Keown

Apart from the baby boom of the late 1940s to mid 1960s, fertility in Western countries has been dropping since the 1870s. Most demographers would agree that this is a natural corollary to socio-economic development and improved living conditions.¹ But with the total fertility rate falling below the replacement level of 2.1 surviving children per woman of reproductive age,² economists fear that the working-age population will find it difficult to sustain an ageing population. As such, supporting the creation and well-being of young families has become an important policy issue for most Western governments.

In theory, encouraging young people to have families shouldn't be difficult since most of them still want to have children. But although fertility intentions can be accurate indicators of behaviour over a lifetime,^{3,4} over the short-term people generally make fertility decisions one birth at a time.^{5,6,7,8} So while personal factors and beliefs may have a positive influence on fertility intentions, social factors can dampen the decision to act.

For example, researchers argue that even when people are economically successful, the cost of raising children in modern Western societies has become so high in terms of lost

career opportunities that having more than two children may be undesirable, especially for highly-educated dual-earner couples.^{9,10,11,12}

Nevertheless, there are signs that young couples can be persuaded to fulfill their ambitions to have a family. Although some Canadian fertility research shows that pronatalist policies may have an impact only on people who are wavering in their decision to have children,^{13,14} recent international studies find significant evidence for the positive fertility effects of policies that support working parents.^{15,16}

Using the 2006 General Social Survey on family transitions, this article asks whether access to parental benefits influences a couple's decision to have a child. We identify the characteristics of people who might be most amenable to this type of policy in transforming intentions into behaviour. The study population includes individuals aged 18 to 45 who are married or living common-law and intend to have a child (first or subsequent) sometime in the future (for concepts and definitions, see "What you should know about this study").

Dealing with the gender gap

Not unexpectedly, there is a consistent gender gap across all

demographic and socio-economic characteristics and decision-making factors examined in this study. Women were more likely than men to report that access to maternity/paternity benefits was "very important" to their fertility decisions, irrespective of other factors. The magnitude of this gap remains consistent, with the difference generally ranging between 14 and 18 percentage points. The tables and charts contain results for women and men. For the sake of brevity, in the text we will generally discuss results for both sexes only unless substantive differences warrant special mention.

Socio-demographic factors have little impact on the perceived importance of parental benefits

In 2006, 46% of people in the study population said that access to parental benefits would be a "very important" factor to them when deciding to have a child (Chart 1) (Table 1). Women were much more likely than men (54% versus 38%) to report that such benefits would play a role in their decision-making.

This gender difference may reflect not only the greater employment-related risks women accept when raising children,^{17,18} but also eligibility for benefits and uptake rates. Simply put, a benefits program may be less

This article is based on data from the 2006 General Social Survey (GSS) on family transitions. This survey monitors the changes in the structure of families with respect to marriages, common-law unions, children and fertility intentions. The GSS collected information from 23,600 individuals aged 15 and over living in the ten provinces.

This study focuses on individuals aged 18 to 45 who were married or living common-law and intended to father or give birth to a first or a second child. The restriction on marital status is imposed because research has shown that the responses of people in couples are generally more accurate predictors of short-or medium-term behaviour than those of other respondents.¹ This limitation on the study population produces a sample of approximately 1,480 respondents representing about 2.0 million Canadians, that is, about 31% of the population aged 18 to 45 married or living common-law.

The analysis is based on response to the following question presented in the fertility intentions module of the questionnaire:

The next questions are about your intentions to father/give birth to (more) children. How important are the following factors in deciding to have a/another child? How important is:

... access to maternity/paternity benefits?

Is it:

- 1 Very important
- 2 Somewhat important
- 3 Not very important
- 4 Not at all important

This article focuses only on the characteristics of respondents answering "very important," since a "very important" response is more likely to identify an issue that may present a barrier to fertility behaviour. In examining only "very important" respondents, we have chosen a more conservative approach to the analysis.

Definitions

Access to parental benefits (maternity/paternity):

Parental benefits are paid to individuals who are pregnant, have recently given birth, are adopting a child or are caring for a newborn. Benefits may be provided by private employers as well as government programs provided the candidates meet

the eligibility requirements. Under the federal Employment Insurance (EI) program, maternity benefits can be paid up to a maximum of 15 weeks, parental benefits can be paid up to a maximum of 35 weeks. Employers may "top up" these benefits with their own programs, extending the length of parental leave, increasing the amount of benefits paid, or both. Additionally, parental benefit programs in Canada offer job protection for those who use paid or unpaid maternity or parental leave during the first 52 weeks after the birth of a child. Data were not collected on whether the respondent was/would be eligible for parental benefits.

Very important: respondent rated access to maternity/paternity benefits as "very important" in deciding to father or give birth to a child or another child.

Less important: respondent rated access to maternity/paternity benefits as "somewhat important," "not very important" or "not at all important" in deciding to father or give birth to a child or another child.

The model

In order to isolate individual factors having an influence on child-bearing intentions, a logistic regression model was utilized. This allowed for the estimation of the odds that benefits were *very important* compared to *less important* for respondents with a given characteristic, while removing the effect of other factors. Models were run for both sexes as well as for women and men separately.

Odds ratios were estimated through a weighted regression that used GSS survey weights, with variance estimation done through survey bootstrapping. Statistical significance was calculated at $p < 0.05$. Variables in the models include individuals' socio-demographic and economic characteristics, as well as a set of fertility decision-making factors.

Data limitations

Readers should be aware that the way the data were collected by the GSS imposes certain limitations on the analysis. Most importantly, the questions were asked only of people who said they intended to have children. Therefore, we do not know how access to parental benefits might influence people who say they do not intend to have children, people who do not know whether or not they will have children (or more children), or even how access to benefits might have influenced people who have completed their families.

GST What you should know about this study (continued)

Secondly, there is no information about the timing of the intended birth; that is, we do not know whether the respondent plans to have a (another) child within a certain time frame or just "some day." However, research shows that while timing data is the best predictor of actual births, the intention to have a child is also a very accurate indicator.²

1. See, for example, Toulemon, L., and Testa, M.R. (2005). Fertility intentions and actual fertility: A complex relationship. *Population and Societies*, 415(September), 1-4.
2. Miller, W.B. and Pasta, D.J. (1995). Behavioral intentions: Which ones predict fertility behavior in married couples? *Journal of Applied Social Psychology*, 25(6), 530-555.

relevant to men if they do not qualify for it or see little value in using it; for example, although changes to EI parental benefits in 2000 did increase the percentage of new fathers claiming benefits, the great majority of men still did not take time off from their job when their children were born.¹⁹

However, the results of the regression model show that ultimately, the influence of gender disappears once we control for other factors.

Women have no higher odds than men of reporting that parental benefits are very important when deciding to have a child (Table 2).

Other socio-demographic characteristics—age, marital status, religious belief—might be expected to play a role when couples are deciding whether to have a child. For example, many young adults are struggling to find their feet financially,²⁰ and a benefits program that helps control the risk of leaving the labour market

to have children might be very attractive.²¹ But in fact, young adults under 30 are no more likely than average to report that benefits would be very important to them. Nor was age significant even after taking other variables into account (Table 2).

The same is true of marital status, with people in common-law couples and in married couples no more likely than average to regard benefits as "very important" to their plans to have a child.

The positive effect of religion on fertility has been noted in earlier studies.^{22,23,24} However, after other factors are taken into account, a person's religious affiliation or frequency of attendance at religious services does not affect whether they consider access to parental benefits a critical element in any fertility decision.

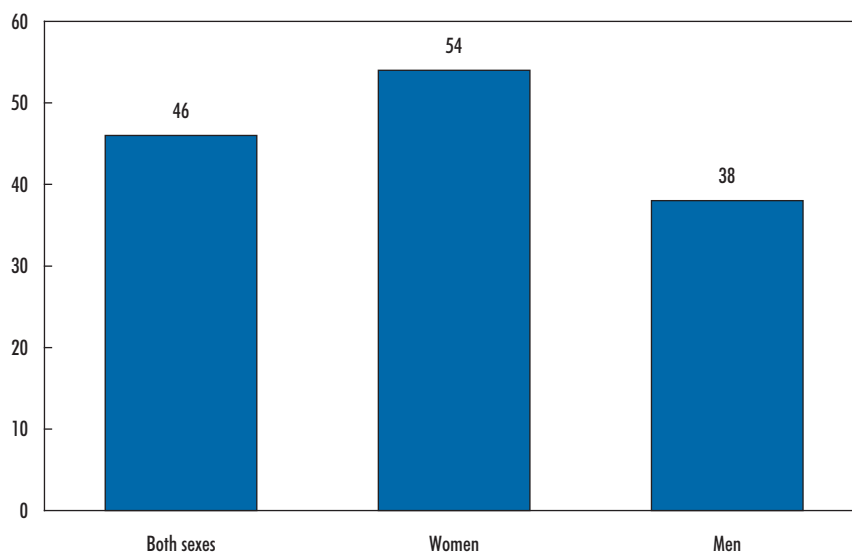
Parents more likely to include access to parental benefits in future fertility decisions

Adults who already had a child valued the importance of parental benefits more than those who had not yet started a family. An above-average proportion (55%) of first-time parents acknowledged that parental benefits would play a big role in the decision to have a second child. Even after controlling for other variables, the number of birth children remained a significant factor in this decision.

On the other hand, while people with a preschool-age child at home were more likely than average to

GST Chart 1 Access to parental benefits is an important consideration when making fertility decisions, especially for women

percentage reporting access to parental benefits is "very important"



Note: Individuals aged 18 to 45 married or living common-law and intending to father or give birth to a (or another) child.
Source: Statistics Canada, General Social Survey, 2006.

describe parental benefits as "very important" (50%), this effect was no longer significant when other variables were accounted for.

Parental leave programs also reduce the labour market risk of child-bearing by providing financial benefits to those who qualify, in addition to offering job protection to those taking paid or unpaid maternity or parental leave. Over half (56%) of people who had taken parental leave at the birth of a child said they would seriously weigh access to benefits in any subsequent fertility decisions. But its effect is not significant when other factors are taken into account.

Income and future income strongly influence importance of benefits in planning a family

Many studies in Western countries have documented the link between unemployment or economic uncertainty and delays in childbearing,^{25,26,27} especially with respect to the probability of having a first child.²⁸ As we might expect, people with the lowest incomes are most likely to report that a benefits program would be very important to their fertility decisions.

Over half (56%) of people with household incomes under \$30,000 identify parental benefits as "very important," but only one-third (32%) of people with incomes over \$100,000 do the same. The regression results show that, compared to the highest income group, the odds of identifying parental benefits as "very important" are almost two to three times higher for people with incomes under \$100,000 (depending on their actual income).

A high level of education is associated with higher incomes, as well as lower unemployment and better job benefits. Indeed, 41% of university graduates report access to parental benefits would strongly influence their decision to have a child, compared with almost one-half of those without a university degree. After other variables are controlled for, degree-holders still have

significantly lower odds of identifying benefits as "very important" than people with less education.

For many couples, parental benefits may be seen as helping to safeguard the family's attachment to employment during one partner's absence from the labour force. This may be especially true of couples in which both spouses work, however almost as many people in dual-earner families as in single-earner families (47% versus 42%) describe benefits as playing a "very important" role in their fertility decisions. In contrast, the regression results uncover a different pattern. Individuals in dual-earner families have over twice the odds of giving parental benefits a major role in fertility decision-making than people in other types of families.

Parental benefits play a less important role in Quebec

Only 39% of Quebecers stated that parental benefits would play a prominent role in their fertility decisions; this proportion was significantly below the Canadian average. The gap remains significant even after controlling for all other factors: the odds of saying benefits are "very important" are only half as great for Quebec residents who want to have a child, compared to Canadians living in the other provinces.

This difference may be partly attributable to the disparate socio-cultural values often observed between Quebec and the rest of Canada. But acknowledgement should also be given to Quebec's unique daycare system and other pro-family programs,²⁹ which many Quebecers may see as complements or alternatives to parental benefits available from other sources.

Parental benefits have little influence on immigrants' fertility plans

For people who have come to Canada relatively recently, parental benefits may be viewed as particularly valuable. By providing a flow of

income, or promising to hold open a job (and often both), parental benefits can help control the risk of starting a new family in a new country. An above-average 55% of immigrants who arrived as adults ranked access to benefits as very important in their fertility decisions. However, immigrant status does not have a significant influence once the effects of all other variables have been controlled for.

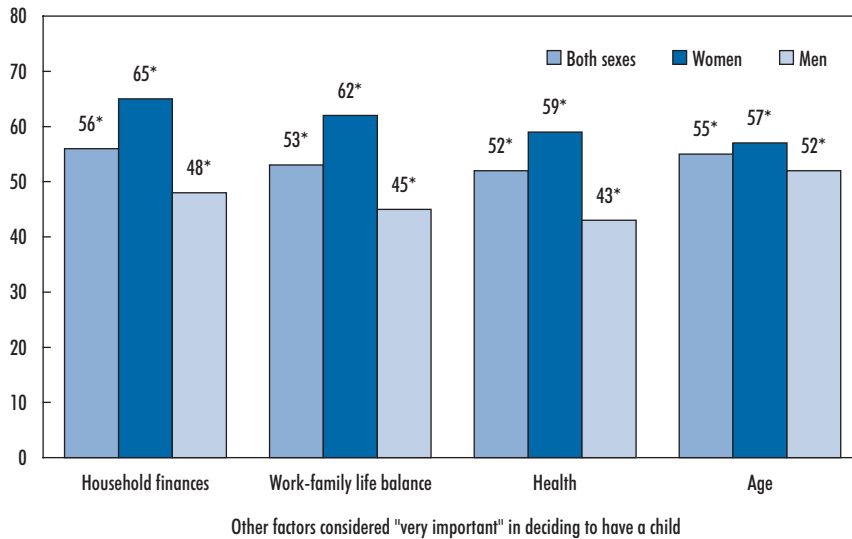
Finances and work-life balance major considerations for people planning to have children

Other factors beyond an individual's demographic and socio-economic characteristics also play a role in planning a family. Questions about household finances, work-life balance, health and age (their partner's as well as their own) are taken into consideration by the majority of couples before they decide to have a child.

In a 2004 survey by the Vanier Institute of the Family, most Canadians said being able to afford children and having "enough time" are key factors in the decision to become a parent.³⁰ The 2006 GSS data confirm that people in couples who are thinking about having children tend to agree with this finding (Chart 2). The odds that parental benefits would be "very important" to their fertility decisions were almost twice as high for people who also gave financial readiness a major role in their family planning (Table 2).

The need to maintain an acceptable equilibrium between family and work responsibilities has an even greater impact. The odds that parental benefits would be very important were more than three times higher for people who thought work-life balance would also be a key factor in deciding to have a child. These results suggest that in a society where dual-earner families are now the norm, safeguarding the well-being of the family both in the labour market and in the home is of primary interest to couples.

percentage reporting access to parental benefits is "very important"



* statistically significant difference from reference group that is 46% for both sexes; 54% for women; 38% for men (see Chart 1).
 Note: Individuals aged 18 to 45 married or living common-law and intending to father or give birth to a (or another) child.
 Source: Statistics Canada, General Social Survey, 2006.

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Naturally, the biological imperatives of child-bearing also comprise a critical element of a couple's fertility decisions. Not unexpectedly, this is the point at which the findings for women and men diverge: health and age are the only two factors where the results of the model show significantly different effects for women compared to men.

Once other variables are controlled for, women whose health would be a key factor in their decision-making had 2.7 times higher odds of assigning parental benefits a principal role as well. But health had no influence on men's opinions.

On the other hand, men who perceived that age was an important factor had much higher odds of stating that parental benefits were very important in deciding to have a child than women did.

Summary

Although most Canadians dream of having a family, the total fertility rate remains below the replacement level

of 2.1 children per woman. Many demographers and sociologists agree that young people would only be encouraged to have more children if the risks of childrearing were shared by the society that profits from a young, vibrant and productive population. Parental benefits to help new parents who temporarily leave their jobs while they care for their newborn is one way of offering encouragement.

The findings of the 2006 General Social Survey show that people in couples who want to have children are significantly more likely to consider access to parental benefits as "very important" to their fertility decisions if: they already have a child; they are part of a dual-earner couple; and they have a household income of less than \$100,000 a year. When the time comes to choose whether or not to have a child (or another child), benefits play a key role for people who also assign high value to their household's financial preparedness, the family's work-life balance, and their health.

Table 1 Percentage reporting that access to parental benefits is “very important” in deciding to have a child

	Both sexes	Women	Men	Difference
	percentage			percentage points
Both sexes (overall) †	46	54	38	16
Women	54*	...	...	...
Men	38*	...	...	...
Age group				
18 to 24 years	42	40	35 ^E	11
25 to 29 years	52	57	40	17
30 to 39 years	44	53	38	15
40 to 45 years	49	74 ^E	40 ^E	34* ^E
Marital status				
Married	48	57	40	17
Common-law	43	50	35	15
Religious affiliation				
None	42	51	35	16
Catholic	47	54	40	14
Protestant	43	50	37	13
Other	54	69	38 ^E	31* ^E
Religious attendance				
Seldom	46	54	38	16
Monthly	46	53	38	15
Number of birth children				
None	43	51	35	16
One	55*	63*	47*	16
Two or more	36*	44*	29* ^E	15
Child under 5 in household				
No	44	52	35	17
Yes	50*	57	43	14
Previous parental leave				
No	44	52	38	14
Yes	56*	58	48 ^E	10* ^E
Dual-earner couple				
No	42	48	37	11* ^E
Yes	47	56	39	17
Household income				
Less than \$30,000	56*	56	56*	0*
\$30,000 to \$59,999	46	54	37	17
\$60,000 to \$99,999	46	55	39	16
\$100,000 or more	32*	39*	28*	11*
Not stated, refused	64*	72*	55*	17
University degree, respondent				
No	48	58	40	18
Yes	41*	48*	33	15
University degree, spouse				
No	48	55	39	16
Yes	44	53	37	16
Reside in Quebec				
No	49	57	41	16
Yes	39*	47*	31*	16
Born in Canada				
Yes	44	51	36	15
No, arrived as child	55*	69*	44	12*
No, arrived as adult	55*	61*	49	25*

† reference group is overall average for the 3 columns: 1) both sexes; 2) women; 3) men

* statistically significant difference from reference group at $p < 0.05$

Note: Individuals aged 18 to 45 married or living common-law and intending to father or give birth to a (another) child.

Source: Statistics Canada, General Social Survey, 2006.

Table 2 Odds ratios of reporting that parental benefits are “very important” in deciding to have a child

	Both sexes	Women	Men		Both sexes	Women	Men
odds ratios				odds ratios			
Sex				Household income			
Women †	1.0	...	...	Less than \$30,000	2.8*	3.1*	3.4*
Men	0.9	...	...	\$30,000 to \$59,999	2.0*	2.9*	1.5
Age group				\$60,000 to \$99,999	1.7*	2.1*	1.4
18 to 24 years	0.7	0.5	1.0	\$100,000 or more †	1.0	1.0	1.0
25 to 29 years	1.2	1.1	1.1	Not stated, refused	3.7*	4.7*	3.1*
30 to 39 years †	1.0	1.0	1.0	University degree, respondent			
40 to 45 years	1.2	1.5	1.1	No †	1.0	1.0	1.0
Marital status				Yes	0.7*	0.6*	0.7 ^E
Married	1.4	1.4	1.3	University degree, spouse			
Common-law †	1.0	1.0	1.0	No †	1.0	1.0	1.0
Religious affiliation				Yes	1.1	1.1	1.2
None †	1.0	1.0	1.0	Reside in Quebec			
Catholic	1.4	1.3	1.4	No †	1.0	1.0	1.0
Protestant	1.0	0.8	1.3	Yes	0.6*	0.6*	0.5*
Other	1.2	1.8	0.9	Born in Canada			
Religious attendance				Yes †	1.0	1.0	1.0
Seldom †	1.0	1.0	1.0	No, arrived as child	1.4	1.5	1.4
Monthly	0.8	0.9	0.8	No, arrived as adult	1.2	1.2	1.3
Number of birth children				Importance of household finances			
None	1.5	1.3	1.7	Less important †	1.0	1.0	1.0
One	2.7*	2.8*	3.0*	Very important	1.9*	1.9*	2.0*
Two or more †	1.0	1.0	1.0	Importance of work-family life balance			
Child under 5 in household				Less important †	1.0	1.0	1.0
No †	1.0	1.0	1.0	Very important	3.2*	3.5*	2.9*
Yes	1.1	1.0	1.2	Importance of health			
Previous parental leave				Less important †	1.0	1.0	1.0
No †	1.0	1.0	1.0	Very important	2.7*	2.7*	1.1
Yes	1.5	1.2	2.0	Importance of age			
Dual-earner couple				Less important †	1.0	1.0	1.0
No †	1.0	1.0	1.0	Very important	0.8*	0.8*	1.8*
Yes	2.1*	2.5*	2.1*	Interactions			
				Interaction Health x Gender	0.4*	...	...
				Interaction Age x Gender	2.2*	...	...

† reference group

* statistically significant difference from reference group at $p < 0.05$

Note: Individuals aged 18 to 45 married or living common-law and intending to father or give birth to a (another) child.

Source: Statistics Canada, General Social Survey, 2006.

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