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Employment Status and Entry into Parenthood: Changes in Young Adults' Labour Market Status Do Not Significantly Explain the Decline in Fertility in Finland

Key messages

- Stable employment supports the transition to first-time parenthood in Finland among both women and men, but the association is stronger among men.
- The labour market status of young adults has not deteriorated across cohorts born from the 1970s to the early 1990s.
- Long-term unemployment is more strongly associated with postponement of parenthood than previously, but among young adults it affects a relatively small share of the population.
- Delayed or forgone entry into parenthood has become more common regardless of labour market status, suggesting that the weakening of individuals' labour market status alone does not significantly explain the decline in fertility since 2010.
- Improving employment is becoming increasingly important as working-age cohorts shrink. In a context of low fertility, high employment is important for social and economic sustainability, while also supporting family formation.

Policy recommendations

- Policies aimed at promoting employment continue to play an important role in supporting family formation.
- However, supporting employment alone is not sufficient to substantially increase fertility. Although stable employment supports the transition to parenthood, the sharp decline that began in 2010 cannot be explained by a deterioration in young adults' labour market status.
- The postponement of parenthood and lifetime childlessness are increasingly common among people with strong labour market attachment, including those in continuous employment. Family formation is also shaped by a range of other factors, such as individuals' personal expectations and aspirations concerning their life course, which policy measures can influence only to a limited extent.
- Broader policy measures targeting family well-being and individuals' life courses are needed to improve the conditions for family formation. For example, policies related to education, housing, work–family reconciliation, and gender equality can strengthen young adults' sense of security and stability over the longer term.
- Improving employment is becoming increasingly important as the working-age population shrinks. In a context of low fertility, high employment is essential for social and economic sustainability, while also supporting family formation. Policies that support employment remain important and are particularly crucial for maintaining social and economic sustainability in the face of low fertility.

Background

In Finland, as in the other Nordic countries, fertility has been declining for a long time. The decline is particularly associated with a reduction in first births (Jalovaara & Hellstrand 2026) and with parenthood occurring at increasingly older ages. Previous research shows that a stronger labour market position is associated with a higher likelihood of having a child, but more so among men (Miettinen & Jalovaara 2020). Fertility decline has also been stronger in educational fields with higher unemployment rates (Hellstrand et al. 2024). This has raised concerns that the weakening labour market position of young adults could be an important driver of the fertility decline over the past 10–15 years.

Our recent study (Jalovaara, Rahnu & Miettinen 2025) examines whether the association between labour market status and entry into parenthood has changed across cohorts born in different decades in Finland. We also assess whether the fertility decline that has continued for 15 years can be explained by a deterioration in young adults' labour market status. Here, entry into parenthood refers to the birth of a first child.

Key findings

1. The labour market status of childless young adults has not deteriorated

Periods of unemployment have not become more common among childless men and women born in the early 1990s compared with those born in the 1970s or 1980s. At the same time, combining studies and paid employment has become more common, which is likely to reflect changes in life-course patterns rather than a deterioration in labour market status.

It is noteworthy that those born in the 1970s were young adults during the severe economic recession in Finland in the early 1990s, yet they were more likely to have a child or children than those born later, in the 1980s and 1990s.

2. Stable employment supports entry into parenthood

A stable labour market position supports the transition to first-time parenthood among both women and men across all birth cohorts examined. Changes in the association between labour market status and family formation are relatively small. The association remains stronger among men, which is consistent with gendered expectations concerning economic and caregiving responsibilities within families, even in a comparatively gender-egalitarian welfare state.

3. Long-term unemployment reduces entry into parenthood

Long-term unemployment is associated with a lower likelihood of having a first child. This negative association appears to have strengthened among those born in the 1980s and 1990s. This suggests that sufficient economic resources and financial stability may have become more important prerequisites for family formation than they were previously.

4. The fertility decline affects people regardless of labour market status

Delayed or forgone entry into parenthood has become more common across groups, regardless of individuals' labour market status. The transition to parenthood has been delayed and childlessness has increased also among women and men with stable labour market positions. This points to broader cultural, social, structural, and normative changes affecting family formation.

Conclusions

A weak labour market position is associated with a lower likelihood of having a first child, but changes in young adults' labour market status do not explain the substantial decline in fertility in Finland since 2010. The labour market situation of young adults has not deteriorated across birth cohorts, and the association between labour market status and family formation has remained broadly similar. Policies aimed at supporting fertility should therefore address the wide range of factors influencing family formation, rather than focusing solely on labour market insecurity.

Data and methods

• **Data:** Population register data covering the entire population of Finland
• **Study population:** Women and men born between 1969 and 1994Method: Event-history analysis, with the birth of a first child as the event of interest
• **Focus:** Labour market status before the transition to parenthood, including employment, unemployment, combinations of studies and paid work, studies, and other forms of being outside the labour force.

References

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