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Ius Laboris

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# Declining birth rates: impact on employment



A Ius Laboris report  
exploring the drivers  
of birth decline



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The year 2022 marked a significant milestone for humanity as the global population hit a remarkable eight billion people. This surge in numbers can be attributed to significant advancements in healthcare, personal hygiene, nutrition, and medicine. These have all played a critical role in fostering human development and economic growth.

Although the global population has grown remarkably, the growth rate has significantly decreased since 1960. While it took just 12 years from 2010 for the world population to reach eight billion from seven billion, current projections estimate that it will take 15 years to hit the nine billion mark by 2037<sup>(1)</sup>. This decline in the growth rate signals a significant shift in global demographics.

Based on available data, the global average number of children per woman has decreased from 4.7 in 1960 to 2.3 in 2020. Hong Kong and South Korea are among the countries that have experienced a significant decline in their fertility rates. In 2020, Hong Kong's fertility rate was 0.86, compared to 5.06 in 1960, while South Korea's rate dropped to 0.83, compared to 5.9 in 1960<sup>(2)</sup>.

While rapid population growth may boost economic development, it also poses significant challenges for low-income and lower-middle-income countries. These challenges include difficulty in affording public expenditures on a per capita basis to eradicate poverty, end hunger and malnutrition, and ensure universal access to healthcare,

education, and other vital services.

In the same way, while decreasing population growth can help reduce pressure on the environment and mitigate climate change, lower fertility rates coupled with increased life expectancies worldwide are leading to an ageing population, which comes with economic risks such as rising healthcare costs and a smaller global workforce. Therefore, it is vital to understand the drivers that cause demographic changes and adapt to the changing global demographics to maximize the benefits and mitigate the challenges.

This report illuminates recent demographic trends and the main factors behind decreasing fertility rates and then goes on to explore what employers need to know to meet the coming challenges.

**IN THIS REPORT, WHEN WE DISCUSS LOW BIRTH RATE, WE ARE USING WHAT THE WORLD BANK CALLS THE 'TOTAL FERTILITY RATE'. THIS IT DEFINES AS THE "NUMBER OF CHILDREN THAT WOULD BE BORN TO A WOMAN IF SHE WERE TO LIVE TO THE END OF HER CHILDBEARING YEARS AND BEAR CHILDREN IN ACCORDANCE WITH AGE-SPECIFIC FERTILITY RATES OF THE SPECIFIED YEAR".**

# Global fertility rates

The changing world population has significant implications for national development planning. Understanding the trends is crucial, as they provide insight into the age structure of the population, fertility and mortality rates, along with migration patterns. Accurately anticipating these changes enables policymakers to develop strategies to encourage sustainable development and address the challenges associated with shifting population dynamics. Failure to do so can result in significant consequences for a country's future.

A country's population size and growth rate may pose significant challenges to its development. For example, sub-Saharan African countries experiencing rapid population growth must provide healthcare and education to an increasing number of children while ensuring good quality education and employment opportunities for young people. Meanwhile, countries with slow population growth must prepare for an ageing population and, in some cases, decreasing population size.

Demographic changes are not only relevant to policymakers: they are transforming labour markets around the world and employers increasingly need to be aware of the issues. From ageing populations and migration patterns to changing family structures and falling fertility rates, these shifts are influencing the characteristics and preferences of employees and customers. Companies must adapt their strategies to remain competitive in a constantly evolving market. Demographic changes can have a profound impact on workforce dynamics, including the availability of skilled workers, the prevalence of part-time and contract work, and the need for flexibility in terms of work schedules and benefits.

Demographic shifts can also influence customer needs and preferences, driving changes in the products and services that companies offer. For example, an ageing population may place a greater emphasis on healthcare and retirement planning, while younger generations may prioritise sustainability and social responsibility. By understanding these shifting trends, companies

can position themselves to meet the needs of their target audiences and remain competitive in an ever-changing market.

The demographic composition of a population plays a significant role in shaping future population patterns, based on 'population momentum.' As the world's population is relatively young, there is expected to be a continued increase in the number of women of reproductive age for many years to come. As a result, it is estimated that nearly 60% of the projected growth in the world's population between 2022 and 2050 will be propelled by the current demographic makeup of the global population. In the long-run, however, population trends are driven mainly by fertility and mortality rates<sup>(3)</sup>.

Overall, in many countries, fertility levels have significantly declined over the past few decades. In 2021, the global average fertility rate was 2.3 births per woman, falling from around five births per woman in the mid-twentieth century. In fact, two-thirds of the world's population currently resides in countries where fertility rates are below the replacement level of 2.1 births per woman. This shift has been attributed to a variety of factors, including improved access to education and healthcare, increased use of contraception, and changing social norms around the family size and gender roles.



# Regional trends

The United Nations in its “World Population Prospects 2022” report has predicted that the average global fertility rate may decrease even further below the replacement level of 2.1 by the year 2050. This projection comes with a high level of confidence, as there is a 95% probability that the rate will fall between 1.88 and 2.42 births per woman.

Despite having the highest fertility rate worldwide at 4.6 children per woman on average in 2021, Sub-Saharan Africa has already witnessed a decrease in the average number of children per woman from 6.3 in 1990. This trend is expected to continue, with the fertility rate projected to reach 3.0 children per woman by 2050.

Northern Africa and Western Asia have experienced significant shifts in marriage and childbearing patterns in recent decades, resulting in a notable decline in fertility rates as well. The average number of children per woman has dropped from 4.4 in 1990 to 2.8 in 2021, and projections suggest that this trend will persist, with the rate anticipated to reach 2.2 by 2050.

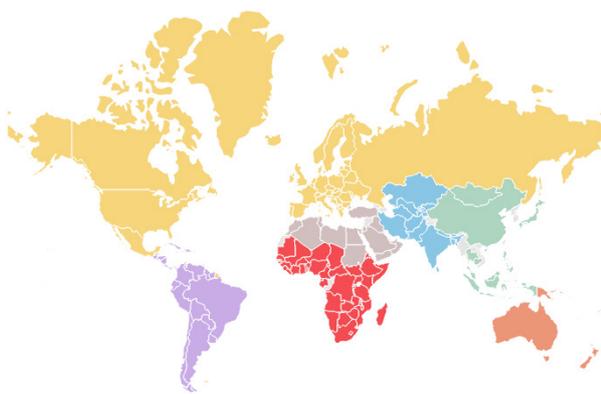
In 1990, Central and Southern Asia, as well as Oceania (excluding Australia and New Zealand), had considerably high fertility rates, reaching 4.3 and 4.7, respectively. In 2021, however, the average number of children per woman decreased to 2.3 in Central and Southern Asia and 3.1 in

Oceania. Projections indicate that these figures will decrease even further, with rates reaching 1.9 and 2.4 by 2050, respectively.

Latin America and the Caribbean are also expected to witness a drastic drop in birth rates, with the rate projected to almost halve, reaching 1.7 by 2050 compared to 3.3 in 1990.

In Eastern and Southeastern Asia, Europe, and Northern America, the fertility rate has been relatively low for a considerable period of time. As far back as 1990, the average number of children per woman was 2.6 and 1.8, respectively. In 2021, the fertility rate decreased even further to 1.5 in these regions. Despite this downward trend, projections suggest that there will be a slight increase in the fertility rate, with it reaching 1.6 by 2050.

BIRTHS PER WOMAN 1990, 2021, 2050



	1990	2021	2050
Europe, and Northern America	1.8	1.5	1.6
Sub-Saharan Africa	6.3	4.6	3.0
Northern Africa and Western Asia	4.4	2.8	2.2
Latin America and the Caribbean	3.3	1.9	1.7
Central and Southern Asia	4.3	2.3	1.9
Eastern and Southeastern Asia	2.6	1.5	1.6
Oceania (excluding Australia and New Zealand)	4.7	3.1	2.4

Source: UN, World Population Prospects 2022

# Countries with low fertility rates

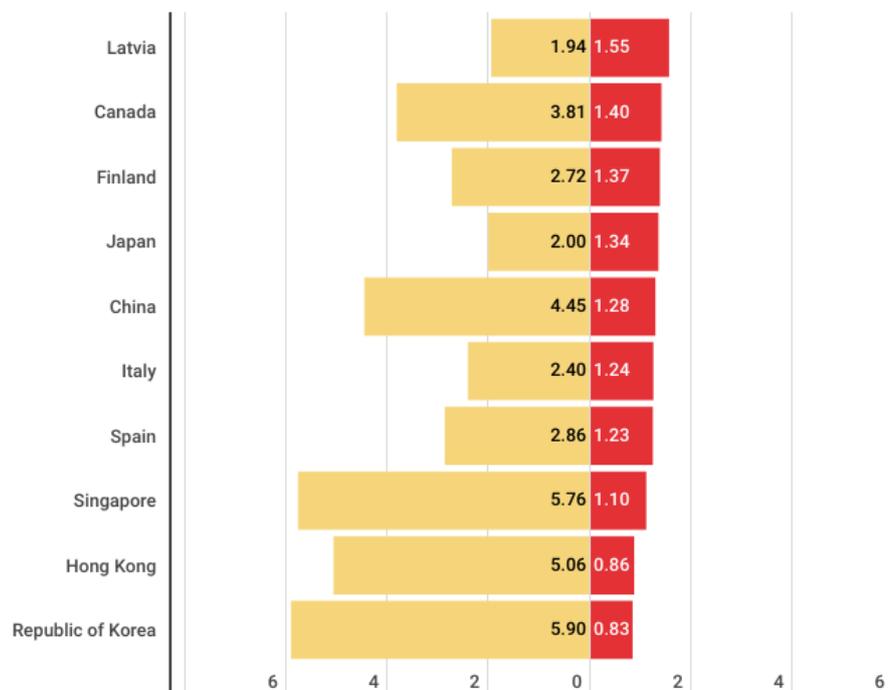
Data on a country level reveals a vast variation in fertility rates across countries, with some having an average of over six children per woman while others have a rate of less than one. In 2020, the countries with the highest fertility rates, such as Niger, Somalia, Chad, Congo, and Mali, had fertility rates of 6.8, 6.4, 6.3, 6.2, and 6, respectively.

On the other hand, countries with the lowest fertility rates, such as the Republic of Korea, Hong Kong, and Puerto Rico, had rates of 0.86, 0.83, and 0.9, respectively.

Singapore, Spain, Italy, China, Japan, Finland, Latvia, and Canada were among the countries with the lowest fertility rates in the world in 2020. For example, Japan, alongside low fertility rates, also has one of the highest life expectancies in the world.

The combination of these two trends has triggered an ageing population and pressure on the labour market.

BIRTHS PER WOMAN IN SELECTED COUNTRIES 1960, 2020



Source: The World Bank, DataBank

● 1960  
● 2020

Comparing the data from 1960 and 2020, it is evident that Japan has had a very low fertility rate for centuries. However, in contrast, South Korea, which had the lowest fertility rate in 2020, had quite high rates in 1960. Women in South Korea had an average of 5.9 children, while the

birth rate per woman dropped dramatically to 0.83 in 2020.

Similarly, China and Singapore also experienced a significant decline in fertility rates, with rates dropping to 1.10 and 1.28 in 2020, respectively, compared to 5.76 and 4.45 decades ago.

# Key drivers of declining fertility rates

The decline in fertility rates has been a topic of interest among demographers and policymakers for several decades, and numerous economic studies have examined individual decisions regarding fertility. Specifically, researchers have observed a negative correlation between income and both fertility rates and female labour force participation rates.

One explanation for this phenomenon is known as the quantity-quality trade-off. This theory posits that as parents' wealth increases, they allocate more resources towards improving their children's quality of life, such as investing in their education. However, such investments can be costly, prompting parents to have fewer children as their incomes rise.

Another factor at play is the time required to raise children. As wages increase, the opportunity cost of dedicating time to childcare instead of paid work also rises, particularly

for mothers. Consequently, fertility rates tend to decline while female labour force participation rates rise.

It's worth mentioning, however, that these explanations do not hold true universally across all countries. For example, in 2000, the United States, despite being the second-richest country in the world, had the highest fertility rate.

In fact, the factors contributing to the decline in fertility rates vary depending on the region. In North African countries, for instance, the decrease in birth rates can be attributed to the empowerment and education of women, particularly to proactive family planning policies and changes in private family law. These reforms have expanded women's rights and facilitated divorce, granting women greater independence in making reproductive choices.



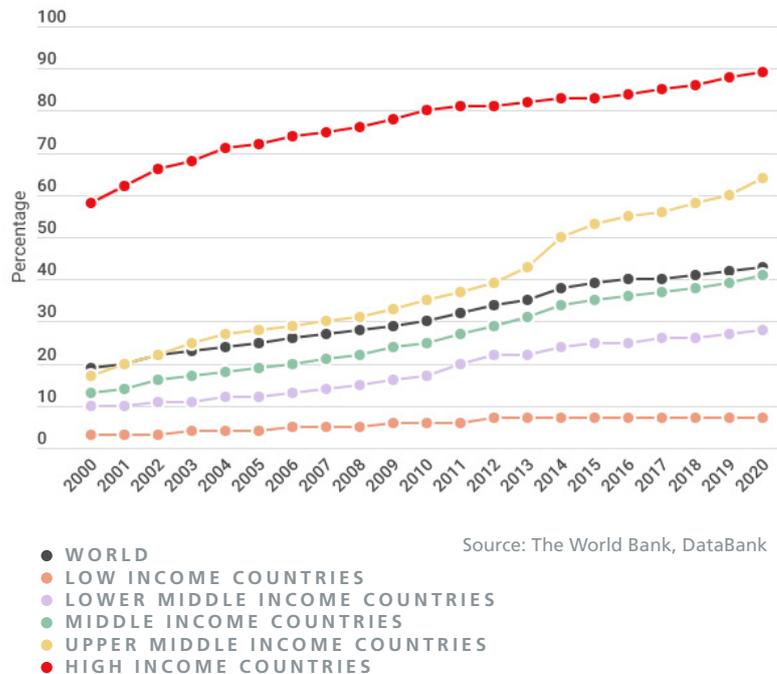
In contrast, in high-income countries like Japan, one of the primary factors behind the decline in fertility rates is the high cost of raising children.

There are several factors contributing to the decline in fertility rates, some of which are specific to certain regions or countries, while others are relatively universal. Dr. Max Roser, the founder of Our World in Data<sup>(4)</sup>, has identified three primary factors that are commonly cited in the literature. These include women's empowerment, particularly in terms of education and employment, reduced child mortality rates, and higher costs associated with raising children.

## 1. Women's empowerment

Women's empowerment involves enabling women to have control over their lives and make their own choices. This includes access to education, healthcare, employment, and financial resources. Women's empowerment is crucial for several reasons. First, it is a fundamental human right. Women deserve the same opportunities and freedoms as men, and empowering women is a step towards achieving this goal. Second, women's empowerment is essential for reducing poverty. Women make up a significant portion of the

SCHOOL ENROLLMENT, TERTIARY, FEMALE (% GROSS)



world's poor, and empowering them can help break the cycle of poverty. Third, women's empowerment is necessary for promoting sustainable development.

One of the most effective ways of empowering women is through education. Education provides women with the knowledge and skills they need to participate fully in society and make informed decisions about their lives.

In fact, the enrollment of female students in schools, tertiary education (gross %),

has experienced a remarkable surge since 2000, with a notable increase from 19% to 43% in 2020.

The rise of female empowerment and education has given women the ability to make autonomous decisions regarding their lives, including their participation in the labour market and their choices surrounding childbirth. As a result, data indicates that women are increasingly opting to have children later in life as they focus on their education and career goals before starting a family.

*Mean age of women at birth of first child by country and year  
(conditional on data availability)*

Countries	1980	1990	2000	2010	2020
Albania	..	..	..	25,0	26,6
Andorra	..	..	..	31,3	..
Armenia	22,1	22,8	22,3	23,3	..
Austria	..	25,0	26,4	28,2	29,7
Azerbaijan	23,1	23,0	24,1	24,4	..
Belarus	..	22,9	23,3	24,9	..
Belgium	24,7	26,4	27,3	28,0	29,2
Bosnia and Herzegovina	22,8	23,5	23,9	25,9	..
Bulgaria	21,9	22,0	23,5	25,6	26,4
Canada	24,1	25,8	27,0	27,8	..
Croatia	23,3	24,3	25,6	27,5	29,0
Cyprus	23,8	24,7	26,1	28,5	30,0
Czechia	22,4	22,4	24,9	27,6	28,5
Denmark	24,6	26,3	28,1	29,0	29,8
Estonia	23,2	22,7	24,0	26,3	28,2
Finland	25,5	26,8	27,6	28,3	29,5
France	..	..	27,8	28,1	28,9
Georgia	..	23,7	24,2	23,9	..
Germany	25,2	26,9	29,0	28,9	29,9
Greece	23,3	24,7	27,5	29,1	30,7
Hungary	22,9	23,0	25,0	27,7	28,4
Iceland	21,9	24,0	25,5	26,9	28,7
Ireland	25,0	26,3	27,4	29,2	30,9
Israel	..	..	25,7	27,2	..
Italy	25,1	26,9	28,6	30,3	31,4
Kazakhstan	..	22,4	23,4	25,0	..
Kyrgyzstan	21,8	21,9	22,7	23,6	..

## DECLINING BIRTH RATES: IMPACT ON EMPLOYMENT

Countries	1980	1990	2000	2010	2020
Latvia	22,9	22,7	23,9	26,0	27,3
Liechtenstein	..	..	..	31,3	..
Lithuania	23,8	23,3	23,9	26,4	28,2
Luxembourg	..	..	28,6	29,5	31,0
Malta	..	..	..	27,4	29,3
Monaco	..	..	..	..	..
Montenegro	..	..	25,6	26,3	..
Netherlands	25,6	27,5	29,1	29,2	30,2
North Macedonia	22,9	23,3	24,2	26,0	26,9
Norway	..	25,5	27,3	28,0	29,8
Poland	23,4	23,5	24,5	26,5	27,9
Portugal	24,0	24,9	26,5	28,1	30,2
Republic of Moldova	22,5	22,8	21,8	23,5	..
Romania	22,6	22,3	23,7	25,5	27,1
Russian Federation	23,0	22,6	23,5	24,9	..
San Marino	..	..	..	31,6	..
Serbia	23,4	23,8	24,9	26,9	28,2
Slovakia	..	21,0	23,9	27,0	27,2
Slovenia	22,5	23,9	26,5	28,4	29,0
Spain	25,1	26,8	29,1	29,8	31,2
Sweden	25,5	26,3	28,2	28,9	29,7
Switzerland	26,3	27,6	28,7	30,0	31,1
Tajikistan	21,8	22,4	21,7	22,6	..
Turkiye	..	..	..	22,3	26,6
Turkmenistan	..	24,3	24,2	24,8	..
Ukraine	22,2	22,7	22,3	24,1	..
United Kingdom	24,7	25,5	26,5	27,7	..
United States	22,7	24,2	24,9	25,4	..
Uzbekistan	..	22,4	23,2	23,1	..

Source: UNECE

## 2. Reduced child mortality rates

The decline in fertility rates is a complex phenomenon influenced by various factors, one of which is the decrease in child mortality rates. The reduction in child mortality is widely regarded as a critical driver of the fertility transition, as it lowers the 'demand' for children by increasing the likelihood of their survival into adulthood.

When child mortality rates are high, parents tend to have more children to ensure that at least some of them survive to adulthood. However, as child mortality rates decline, the need for large families decreases, leading to a decline in fertility rates.

Moreover, reductions in fertility rates also contribute to a further reduction in child mortality rates. As parents have fewer children, they are able to invest more time and resources into each child, thereby improving their health outcomes and survival rates.

Data indicates that child mortality rates have significantly decreased across almost all countries since 1910, with high-income nations experiencing the most substantial decline.

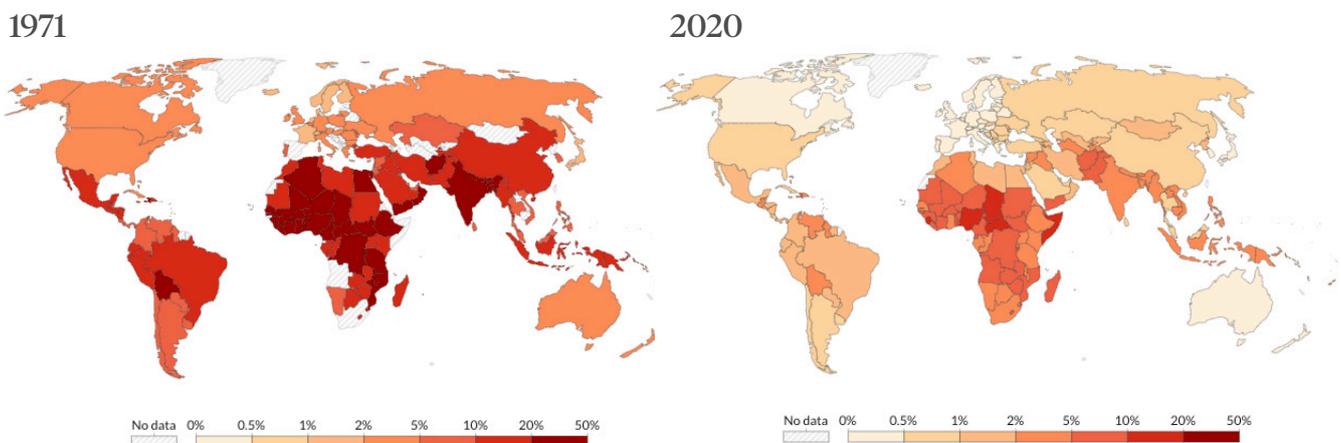
## 3. Higher costs associated with raising children

The cost of raising a child is a significant concern that influences the decision of many

women to have children. This issue is particularly relevant for parents residing in expensive cities, where the cost of housing, education, healthcare, and other essentials is high. The financial burden of raising a child can be overwhelming, and it can pose a significant challenge for individuals who are struggling to make ends meet. As a result, many women opt to delay having children or choose to remain childless altogether.

But why is it that in some high-income countries, such as France, the fertility rate is around the replacement level, while in others, like Spain and Italy, the rate is well below the replacement level? According to the Founding Director of the Wittgenstein Centre for Demography and Global Human Capital, Professor Wolfgang Lutz, the answer largely lies in cultural differences. This includes the old division of labour, where men are expected to work outside the home, and women are expected to stay home with their children. If so, in such countries, women must choose between their own career and family, and for understandable reasons, more and more women are choosing the first option.

CHILD MORTALITY RATE: THE PROPORTION OF NEWBORNS WHO DIE BEFORE REACHING THE AGE OF FIVE



Source: Our World in Data

# Demographic transition

In conversation with Prof. Wolfgang Lutz

## What are the reasons for fertility decline and what are the patterns we observe?

When examining recent fertility trends, it's important to consider the bigger picture. Across the world, all societies have undergone a process known as demographic transition. This refers to the historical pattern where traditional societies experience high birth rates and high death rates, which were typically uncontrolled due to factors such as diseases, famines, and war. However, starting in Europe during the late 19th century, we began to see a decline in child mortality rates and other mortality rates as well.

After some lag time, typically several decades later, we also saw a decline in birth rates, as women began to adopt a less fatalistic attitude towards childbearing. In the past, it was common for people to believe in having as many children as

God gave them, without planning for their own family size. However, during this transition period, we saw a shift towards planned family sizes, which could be two, three, or four children, among other possibilities. This transition was widely caused by increased literacy and education for women. In Europe, this process began at the start of the 20th century with a decline in fertility rates.

The strong population growth that occurred in Europe during the time when death rates were low and birth rates were high led to the migration of millions of Europeans to North America and Australia. In the 1960s, we saw similar developments in many Asian countries, particularly in East Asia, with Southern Asia following suit later on. Currently, we are seeing significant population growth in Africa, where death rates have already declined but birth rates remain high in many countries.

The theory of demographic transition appears to hold true, although it is rather unspecific when it comes to predicting how



## Prof. Wolfgang Lutz, PhD

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low fertility will fall in what we refer to as post-demographic transition countries. For many decades, the old assumption implemented by the United Nations' population projections was that all countries would converge to a fertility rate of two surviving children per woman, also known as the replacement level fertility. However, there was no substantive reason to assume this, except for the creation of a new stability that would keep countries at roughly the same population level, assuming that life expectancy stops increasing further.

In most countries of the world, fertility did not stop at the replacement level and has fallen below it. The question now is how far it can fall below this level. The United Nations and our own projections assume that in the long run, fertility will go to around 1.7 or 1.8 surviving children per woman.

However, in recent years we have seen much lower levels, with the lowest fertility rate being in Korea at only 0.7 children per woman on average, which is about one third of the replacement level. Even China, where the UN assumed the rate never fell below 1.6, is now estimated to be around 1.2 to 1.3.

The reason why fertility is falling so low is that when it comes to controlled fertility,

very few unplanned births occur. Couples, and especially women, make a conscious choice about when to have children and how many to have. It really becomes a cultural issue. The dominant explanation these days for why some highly developed countries, such as the Nordic countries or France, have higher fertility rates is that it is easier for women to combine a professional career with a family role, and have children.

The higher fertility rates in some highly developed countries, such as the Nordic countries and France, can be attributed to the availability of good childcare facilities and the willingness of husbands to share the burden of childbearing. Couples in these countries can typically afford to have the two children they desire.

### **What are the reasons for fertility decline in Southern European Countries?**

The reason for declining fertility in Southern European countries can be attributed to the persistence of traditional family roles. Men are expected to work outside the home, while women are expected to stay home and take care of the children. This is a strong social norm that is still prevalent in these countries.

Having opportunities for education and professional careers, women have to choose between pursuing their own careers or adhering to traditional norms and staying at home with their children. Increasingly, women are choosing the first option, which leads them staying single for longer periods of time. If they do get married, they do so at a later age and typically have a smaller number of children.

This is why Southern European countries have very low fertility rates, which may seem counter-intuitive to some people.

In Europe, there is a notable difference in the patterns of fertility between Eastern and Western European countries. Before the end of the Cold War in 1990, Eastern European fertility rates were actually higher than those in Western Europe. This was partly due to government subsidies that heavily supported women working outside the home.

For example, in East Germany, the government invested in building many childcare facilities and provided government-subsidized housing for young women who became pregnant, creating an incentive to have children early on. These policies were part of the socialist ideology in Eastern Europe.

However, when these features of support collapsed around 1990-91, the birth rate declined even steeper to a lower level than in Western Europe because this was a new situation for young families. These historical discontinuities still explain some of the differences that we see today.

### **What level of fertility is desirable?**

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Determining the optimal birth rate to benefit the wellbeing of the population is a complex question, but we've done some simulations and estimated that the optimal fertility level is likely to be below two children, possibly between 1.5 and 1.7 depending on whether you also take environmental change and climate change into account.

So in that sense, fertility, as we have it in much of Western Europe but also in some of the Eastern European countries, I don't think is a major reason for concern. If you have fewer children but invest more in the education of the children, in the socialisation of the children, then that may just be the right thing.

The question is what fertility is too low? If it goes like we have it in Korea at 0.7, that will cause some major social discontinuities that will also be not so good for society.

In the short run, having fewer children can save money on education and child care. However, in the long run, it leads to a significant population ageing and a shortage of young people. This also means that individual families will have fewer children and the family tree may "dry out" with many single children being the only grandchildren or great-grandchildren to many ancestors.

### **What happens to the labour market if fertility rates drop below desirable levels?**

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There are two concerns that people have regarding the future. One is that there may not be enough workers in the future, while the other is the fear of increasing automation and resulting unemployment.

However, these two trends may actually complement each other. With fewer children, there will be fewer unemployed individuals. The challenge is to ensure that these fewer children receive better education, as we will still need highly skilled individuals to program computers and supervise artificial intelligence. This work will require highly sophisticated skills and will be less routine.

# Demographic change

## How does this impact employers?

Low fertility rates are driving demographic change across many countries. If fertility levels drop very low, this can present significant challenges for society, as discussed by Professor Wolfgang Lutz in our report published today. Any drop in the number of children may, however, have an impact on employers caused by an ageing population and a shortage of younger workers.

In the long run, worker shortages may be addressed by automation. In the meantime, some countries/employers can attract other countries' workers to fill the gaps (although this depends on immigration laws and generates political controversy in some places). Many more countries are likely to raise retirement ages to extend the working age of the population, as the French government is currently attempting to do in the face of significant opposition. With people living longer, they will need to work longer too because governments cannot sustain lengthy retirements against the

backdrop of reduced fertility<sup>(5)</sup>. This means that employers will need to think harder about how to attract, recruit and retain older workers. As the workforce ages, HR policies may need to adapt to reflect this. This might involve, for example, offering new types of leave entitlements or flexible contracts designed to cater for the needs of older workers. We explore the practical impact of an ageing workforce in our article *How can employers make their workplaces appeal to older workers?*

Alongside the need to face the reality of an ageing population, many countries report a desire to increase fertility. The introduction of policies with the single expressed aim of increasing birth rates is rare, but halting a decline in fertility is often one of the motivations behind the introduction of various family-oriented policies<sup>(6)</sup>.

Some governments have chosen to introduce tax exemptions, tax credits, or direct "baby bonus" payments to individuals who have a baby. In Japan, for example, the government pays around USD 4,000 for birth. It's not clear that cash transfers or bonuses work in



the long run. In Poland, the so-called 500+ programme pays PLN 500 (around USD 116) per month for each child up to the age of 18, which was intended to boost fertility rates but has not achieved this goal. An Australian scheme was established in 2004, shortly after the fertility in the country reached a record low, but was scrapped ten years later after little impact. In 2016, the Italian Ministry of Health launched a “Fertility Day” campaign to promote fertility awareness and encourage Italians to have more children, but the marketing was so controversial that the initiative was never repeated.

On the other hand, research published in 2022<sup>(7)</sup> has shown that generous increases in family leave entitlements do increase fertility rates. This is a relatively recent conclusion; previous research has been less clear cut. Family leave entitlements are generally on the increase everywhere, but provision remains uneven. Many countries with very low birth rates and ageing populations are increasing statutory leave entitlements. For example, Hong Kong recently increased maternity leave from 10 weeks to 14 weeks, Greece increased maternity leave from six to nine months, Australia is increasing paid parental leave incrementally to 26 weeks (up from 20), and Japan has been

slowly improving paid childcare leave from one to two years.

Boosting fertility rates tends not to be cited as an explicit objective behind these measures but is likely to be perceived by governments as one of the side benefits.

Given that recent research is now starting to show that family leave entitlements are genuinely influential, we can expect to see more government attention on them in the years ahead. Any change to family leave rights clearly has an impact on employers, who need to accommodate the changes and consider if they want to offer more generous provision.

Governments wanting to address a fertility rate crash might also look to other employment rights, such as any rights that address job security

(which has been shown to be a factor in fertility) or the ability to work flexibly or part-time<sup>(8)</sup>. Government initiatives are unlikely to succeed, however, if they do not take account of the whole picture, including the availability of childcare. For example, the Japanese government has been making serious efforts to address its fertility crisis. Nevertheless, our lawyers observe that in practice parents cannot access home help because private citizens are not allowed to employ foreign workers and the local workforce is expensive and reluctant to take on childcare roles (even babysitting). Having children and combining this with a career remains very challenging in Japan.

Many countries caught up in the fertility crisis have legislated to provide a right to time off work for fertility treatment, including Greece, Japan, Malta, Portugal, Italy, Ukraine and France (where employees undergoing fertility treatment have a statutory right to unlimited paid time off for the necessary medical procedures). In some countries (such as the UK and Ireland) legislation along these lines has been under consideration. In Spain, the courts have ruled that employers cannot dismiss employees for repeated absences due to fertility treatments.



# Are employers adopting fertility policies?

## Issues to consider

Rising maternal ages and increasing awareness of infertility means that employees are increasingly concerned about fertility and more likely to seek medical assistance to conceive. Some forward-thinking employers are starting to address these concerns and develop fertility policies in response. Fertility policies may support individuals struggling with infertility issues as part of their overall family-friendly offer. They can even go as far as helping employees with the costs of egg freezing, if they would like to start a family in future but are not ready to do so immediately. Supporting egg freezing was once regarded as pressuring women to put off pregnancy until a later date but is arguably viewed differently now, at least in the US<sup>(9)</sup>.

Fertility policies are slowly beginning to emerge in countries outside the US too. For example, in Australia, it is increasingly common for enterprise agreements and workplace policies to expressly

stipulate that existing personal (sick) leave and carer's leave entitlements can be used to attend fertility treatment appointments.

Some employers are offering fertility leave as a separate entitlement to sick leave: in the past year, major bank Westpac<sup>(10)</sup> and the NSW Government<sup>(11)</sup>

both introduced five additional days of paid fertility leave as a stand-alone entitlement.

In the UK, the Co-op (a consumer co-operative) recently launched a fertility leave policy providing paid leave for employees undergoing fertility treatment for up to ten appointments per cycle for up to three cycles of treatment<sup>(12)</sup>. In Ireland, the Bank of Ireland<sup>(13)</sup> introduced a new policy in February this year offering 10 days' fertility leave, which follows a similar move by Vodafone





Ireland<sup>(14)</sup>. In Spain, some companies are beginning to include fertility treatment policies in their collective bargaining agreements or equality plans although it is not yet common practice. It is a similar picture in Italy, with a small number of multinational employers offering paid leave for fertility treatment. Policies providing financial assistance for fertility treatment (rather than just time off) are even less common outside the US, but not unheard of. For example, in Australia, Harrison.ai provides up to \$10,000 in financial assistance to workers for egg and sperm collection and IVF treatment<sup>(15)</sup>.

Our lawyers in Singapore and Hong Kong met to discuss this issue at our Apac Managing an International Workforce conference last month. They

agreed that fertility policies were likely to emerge as a trend in their jurisdictions, and that employers should be more alive to fertility concerns. In both Hong Kong and Singapore, government provision for fertility treatment is restricted to married couples in traditional heterosexual relationships. Private treatment is available (and can potentially be accessed by single people) but is extremely expensive. In Hong Kong, it is typically carved out of employer health insurance plans altogether. This provides opportunities for global employers to design or negotiate more inclusive benefits packages to attract the best employees in what remains a competitive market.

State provision for assisted conception is patchy across the globe. In some countries (e.g. Poland and Ireland) there is very limited or non-existent state support for assisted reproduction, which could make fertility benefits especially attractive there. Even in countries where there is reasonably good state provision for fertility treatment (e.g. Finland and Spain) fertility benefits can still be valued because, for example, paying for treatment can enable employees to access it much more quickly.

Any global fertility benefit package needs to reflect nuances in local law, healthcare systems and culture. For example, in Belgium, fertility treatment is up to the employee's health insurance fund, for which the employer is not responsible, and over which it has no influence. In Finland, infertility is not categorised as an illness, meaning it cannot be treated as one, so employers could offer fertility treatments but then find that they cannot accommodate paid sick leave for employees were they to suffer any painful side effects. In Germany, employees are generally very privacy-conscious and fertility issues are regarded as particularly personal, meaning that employers could offer benefits but find that employees are reluctant to apply for them until their privacy concerns are addressed. In many countries, assisted conception is a very sensitive topic and local employers are not keen to implement policies in this area. In some countries (such as Mexico and Chile) birth rates remain relatively high and fertility is not considered a priority for employers at all.

# Take-aways

As noted above, fertility decline is influenced by several factors, including women's empowerment, including access to education, reduction in child mortality rates and an increase in childcare costs. Family culture is also a significant factor and in countries where women can balance their careers and childcare responsibilities effectively, the fertility rate tends to remain high.

In terms of what employers need to know now, as we have discovered, fertility benefits

can be very attractive but are not yet commonplace. In areas where maternal age is rising but there is poor or uneven state provision for fertility treatment, they can be regarded as a valuable benefit.

Employers do, however, need to be attuned to local law, healthcare systems and culture. This is an area for employers to watch. It seems inevitable that governments will increase their efforts to boost births as the impact of falling fertility rates begins to take hold.

We may see a range of employment rights being increased and employers can expect family leave entitlements to continue to be strengthened.

Fertility may not be cited as the key driver for employment law reforms but is likely to be a background reason. Employers can also expect the age profile of their workforce to evolve. The impact may be felt slowly, but it will bring new challenges and opportunities for HR policies designed to recruit and retain older workers. Falling fertility rates do matter to employers and could have significant implications for the labour market, employment law and HR policies.



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