

Can the Transaction Cost Approach Help Us Explain Outsourcing by Households?

Liat Raz-Yurovich

Introduction

Esping-Andersen (2009) suggests that the welfare of citizens comes from a combination of family, market and government inputs. These three pillars of welfare reciprocally affect each other, so that if someone fails to receive welfare from the market he or she will turn to either the family or the government. Accordingly, when family members find it difficult to produce a certain good, such as childcare or elderly care, they can delegate these tasks to commercial or governmental service providers.

A growing body of literature suggests that the outsourcing¹ of household chores and caring responsibilities is increasingly used by couples as a strategy for better combining work and family life (De Ruijter and Van der Lippe 2007; Hochschild, 2005; Oropesa 1993; Orange et al. 2003; Sandholtz et al. 2002; Van der Lippe et al. 2004; Winkler and Ireland 2009). Spouses', and especially women's, inability to reconcile work and family responsibilities stands in the heart of current demographic explanations for the low fertility levels in most Western developed countries, as it is believed that women's difficulty to balance work and family responsibilities affect both their fertility and their employment characteristics (Engelhardt and Prskawetz, 2004; McDonald, 2000; Rindfuss and Brewster, 1996). For example, the incompatibility that women feel after entering the labor force, might result in delaying and foregoing having children (Frejka and Calot, 2001; Rindfuss and Brewster, 1996). Brewster and Rindfuss (2000) suggested that structural

¹ We define outsourcing as a process in which households contract out functions that were previously done in-house to commercial or public service providers. In this process, households and service providers usually exchange services and payments.

mechanisms, such as the availability of childcare and labor market arrangements, might affect the degree of role incompatibility women face in different countries. Therefore, they argued, policy changes can help to reduce role incompatibility, and thereby increase fertility and labor force participation among women. Initiatives taken by welfare states, which were targeted toward decreasing women's role incompatibility, included mainly policies and labor market arrangements which aimed at allowing women to maintain their careers while bringing up children (e.g. longer maternity leave with protection against dismissal, access to affordable childcare, shorter working hours, offering part-time or flexible jobs, etc.) (for a review, see Neyer (2003)). Apart from being providers of childcare services and encouraging households to outsource childcare to public providers, some governments also actively act to encourage households to outsource other goods. One example is policies which give incentives to households to outsource housework, in order to reduce women's role incompatibility and allow them to join the labor force. The French Chèque Emploi-Service Universel, which was introduced in January 2006, is an example of such a scheme (Windebank, 2007).

The public market is not the only service provider. Commercial markets also provide services for households. Esping-Andersen (2009) has referred to the growth in the service economy as one of the cornerstones in post-industrial societies, both because of the types of services that are being provided, and because of the underlying causal mechanism that has brought to its spread. The 'new' service economy in the 21st century provides services that are related to new information technologies; but also provides services that once were performed within families. In this process, families have externalized some aspects of the household production, such as caring, food preparation and cleaning, and purchased these services on

commercial markets. Esping-Andersen further notes that the causal mechanism driving this process is the fact that, a century ago, service consumption was mostly driven by the privileged rich groups in the society, while today's service economy is driven by the broadening of purchasing power throughout the population. It is also due to the rising household inequality, the slow rise in minimum wage, and the lack of protection for immigrant workers who work below minimum wage (Hondagneu-Sotelo, 2001).

In this article we refer to the household as an organizational unit and discuss whether the transaction cost approach of the organizational economists can help us explain the outsourcing phenomenon among households in the 21st century. This article is constructed as an essay and not as an empirical research agenda. Its aim is to discuss this outsourcing practice in light of the transaction cost approach and to raise relevant questions, which we hope will stimulate further research in this area.

Although we refer to households, and not to individuals, as the unit of our analysis, we question the assumption of the existence of a single utility function among households and discuss the relevancy of the outsourcing phenomenon to gender inequality within households. We have based our insights on information drawn from a number of databases available to the authors, which allow for international comparisons of the outsourcing phenomenon, and for descriptions of the changes in this phenomenon over time within certain contexts. Moreover, this essay will also make use of the available economic, sociological, demographic, and management literature on outsourcing and households. Although the transaction cost approach has been flourishing in the management and organizational literature on outsourcing ever since Williamson (1979, 1981) has revived it, this approach has seldom been used in the sociological, economic, and demographic literature on families and household

(exceptions are Ben-Porath 1980; De Ruijter et al. 2003; Pollak 1985; and Treas 1993). In this essay we would also like to offer a theoretical contribution to the existing literature on the transaction cost approach, as we believe that the outsourcing phenomenon among current households demonstrates a special case of governance structure.

The Transaction Cost Approach

The question of whether a firm or an organizational unit should produce and integrate all of its production units, or outsource some of them to the market, is widely discussed in the economic and management literature. Early economic studies focused on individuals and the possible exchange of commodities between them. John R. Commons (1931), an institutional economist, was the first to argue that individual actions are not merely individual behaviors or exchanges of commodities, but should be regarded as transactions. According to this approach, the unit of analysis is a unit of activity; i.e., a transaction with its participants. This activity includes not only the physical exchange of commodities, but also the negotiation process between the two parties over different aspects of the exchange before, during, and after the exchange is made. Ronald Coase (1937), who asked, “why is not all production carried on by one big company?” (Ibid, p. 394), was presumably the first researcher to address directly the question of under what conditions certain economic tasks would be performed by the organizational unit itself, and when would they be outsourced to the market. His query was later coined as the ‘make-or-buy’ decision, and was further developed by Williamson (1979, 1981), who emphasized the notion of transaction cost. In the management literature, this practice is also widely referred to as ‘outsourcing’ (Espino-Rodriguez and Padron-Robaina 2006).

The transaction cost approach² focuses on the various costs an organizational unit might bear if it decides to buy services rather than to provide them itself. This cost is not only monetary (i.e., the cost of the product itself, the cost of transportation, the commissions paid, etc.), but also include other aspects, such as time, stress, misunderstandings, conflicts, malfunctions, delays, and other problems that are related to the transaction. Therefore, according to Williamson (1979, 1981), a transaction cost approach examines the comparative costs of planning, adapting, and monitoring a task.

The transaction cost approach considers which governance structure should be chosen in order to minimize the transaction cost. The governance structure is the institutional framework within which the integrity of a transaction is decided. At one extreme are the firms (the product is fully integrated), and at the other are the markets (the product is purchased from an external source). In between, firms and markets can develop other governance structures, such as bilateral or obligational market contracting. According to De Ruijter et al. (2003), households are faced with similar make-or-buy decisions between their own domestic production and between the option to outsource certain tasks. They may engage in transactions with firms or individuals outside the household to produce their commodities.

Hypothesis 1: Households are faced with make-or-buy decisions between own domestic production and outsourcing of certain tasks.

A first step toward defining the efficient governance structure is to define the efficient boundaries of the organization; i.e., the inclusive set of core functions plus additional stages for which own supply seems to be the efficient choice. Other non-core or

² The following is a description of the rudiments of the transaction cost approach, as they appear in Williamson (1979, 1981).

complementary competencies of the organization will be involved in the outsourcing process. According to Momme (2002), an organization will tend to outsource its non-core functions when other organizations in the marketplace have reached the point where they can offer the relevant products or services with an equivalent quality. In this context, outsourcing can be seen as a strategic process adopted by organizations to allow them to narrow their operations and focus on core competencies (Momme 2002).

Hypothesis 2: The efficient boundaries of the household should include their core functions. Other non-core or complementary competencies will be outsourced.

The transaction cost approach assumes that the organizational actor is subjected to bounded rationality and might also be prone to opportunism. According to Williamson (1979, 1981), although comprehensive contracting can solve the problem of bounded rationality and clearly define the exchange, the fact that actors are at the same time also prone to opportunism limits the efficiency of contracts if any of the parties to the exchange is dishonest. The degree to which these two behavioral assumptions affect the cost of a transaction is dependent on the characteristics of the transaction. Williamson defined three critical dimensions for characterizing a transaction: uncertainty, the frequency with which the transactions recur, and the degree of asset specificity. These three characteristics also serve as barriers to the decision to outsource a certain organizational function. The asset specificity of a transaction, which Williamson saw as the most important dimension, relates to the question of whether there are large fixed investments involved, and, more importantly, whether such investments are specialized to a particular transaction.

Items that are unspecialized among users pose fewer hazards, and will most probably be purchased on the market. This is the case because buyers in these circumstances can easily turn to alternative sources, and the suppliers can sell the product intended for one buyer to other buyers without difficulties. The levels of asset specificity are defined as non-specific, mixed, or idiosyncratic. The frequency of the transaction refers to whether it is a one-time, an occasional, or a recurrent transaction. Uncertainty, the third dimension, ranges between certainty and intermediate and high levels of uncertainty. The combinations of these three dimensions define the various effective governance structures. Under certainty, any governance structure will be efficient. But when uncertainty is present to an intermediate degree, medium-high frequency and low specificity will, for example, result in market governance, and medium-high frequency and medium-high specificity will result in contractual governance. The incentives for trading weaken and the incentives to integrate increase as transactions become more idiosyncratic, and as the level of uncertainty increases.

Hypothesis 3: The three main barriers to the decision to outsource rather than integrate a task are: uncertainty, recurrence of the transaction, and the degree of asset specificity.

The transaction cost approach perceives the organization as a collective entity, and as a rational actor which seeks to minimize costs and to maximize utility and efficiency. Power relations between different actors within the organization, and their possible effect on the decision to outsource or to integrate an organizational function, are considered as insignificant. Although Williamson (1981) acknowledged the notion of power, he considered power explanations to be negligible, and argued that, in most

cases, when it appears that a decision can be explained as a power outcome, it is actually an underestimation of efficiency considerations.

Hypothesis 4: The household, as an organizational unit, has a single utility function. The decision to outsource or integrate a task is the outcome of efficiency considerations.

The transaction cost approach was originally molded in the context of firms. By acknowledging the shifts in the border lines between market and non-market modes, Ben-Porath (1980), Pollak (1985) and Treas (1993) discuss what would be the advantages of families and households, as governance structures, with regard to minimizing the cost of transactions. Ben-Porath (1980), in focusing on intergenerational transactions, has identified three main transactions within families: production, consumption, and insurance. He has further suggested that transactions within the family differ from transactions on the market in the following ways: they extend over long periods of time, with the duration of the transaction not specified in advance; they encompass a wide variety of activities; not all of the terms in the contracts are specified explicitly; there is no explicit balancing in the exchange; the enforcement is mostly internal; and, most importantly, the contract is embedded in the identities of the partners, and loses its meaning without these identities. As is the case with recurrent transactions on the market, the fact that in the family there are permanent actors with a past and a future affects the behavior of the individuals, so that the present behavior is affected by accumulated experience and by expectations for future consequences. Pollak (1985) has therefore suggested that, due to the expectation of lifelong family membership, individuals will be reluctant to sacrifice long-run benefits for short-run gains, and they will value family consumption and

income beyond their own life time. This family incentive advantage arises because the family members have claims on family resources. Treas (1993), who analyzed marital exchange, has argued that as such investments by family members might include sunk costs; the family offers an authority structure, normative guidelines, and continued relationships that enable individuals to realize a payback on person-specific investments. Among the other advantages of family governance identified by Pollak (1985) are monitoring, altruism, and loyalty. Using family businesses as a governance structure, Pollak asserted that, as economic and personal relationship entwine in this context, the shared knowledge regarding work habits, consumption patterns, and life style makes the monitoring of actions more efficient. Moreover, the altruistic behavior, which is based on affection, caring, and love within the family, limits opportunistic behavior. The enforcement power within families is much stronger than in the market, as the family members are subjected to the risk of ostracism or expulsion from the family if dishonesty or mistrust arises. Pollak also mentioned strong family loyalty as another advantage of family governance.

Efficient Boundaries and Governance Structures of Households

While trying to define what the commodities or functions of families and households are, Berk & Berk (1983) emphasized not only 'expressive' functions, but also 'material' functions. Therefore, procreation, child rearing, socialization, education, nutrition, health, leisure, caring for the elderly, affection, and love are produced and consumed within families and households; but so are also household maintenance and housework.

Emile Durkheim's essay on the conjugal family (Durkheim 1978) showed that reproduction and education/socialization are the core functions of the family, as they

are the bases of a moral (matrimonial) society. If this is the case, under the assumptions of the transaction cost approach, these functions should only be produced in-house. Nonetheless, when the core function of reproduction cannot be performed within families due to the infertility of one of the spouses, homosexuality, or health problems, this function might be outsourced and be provided by commercial surrogate mothers, adoption agencies, or artificial insemination techniques.

Although the regulation of sexual behavior existed in the past and persists in certain contexts as another function of the family, and although there is a cross-national consensus about the immorality of extramarital sex (Widmer et al. 1998), Amato and Previti (2003) found that the most common cause people give for divorcing is infidelity. We can therefore assume that sex and love can also be outsourced or consumed outside of the household.

Since the introduction of compulsory schooling reforms in most of the Western developed countries, formal education has been provided by the public education system or by private schools. Nonetheless, in countries where homeschooling is a legal substitute to public or private schools, families might decide to provide formal education in-house. In this case, they can choose whether education will be provided by family members, or will be provided by private teachers. After-school activities for children, such as soccer, ballet, or music courses, might be viewed as part of the outsourcing of the formal education responsibilities of households, but might also be regarded as the outsourcing of children's leisure.

When the children in the household are young, or at a pre-compulsory educational stage, parents can choose whether or not to outsource childcare and early education. As can be seen in Figure 1, countries vary in the degree to which children

[Figure 1 here]

enroll in formal childcare³ or pre-primary education⁴ facilities. Enrollment of 3-5-year-old children in pre-primary education facilities ranges from almost 100 percent of the children in France, Belgium, and Spain; to less than 50 percent of the children in Switzerland, Poland, and Greece; and to less than one-third of the children in Turkey. The enrollment rates of 0-2-year-old children in childcare facilities are highest in Denmark, the Netherlands, and Iceland, where 65, 56, and 55 percent of the children in this age group, respectively, enroll in formal childcare arrangements. The lowest rates can be found in the Czech Republic (2 percent) and the Slovak Republic (3 percent). The household's decision regarding whether or not to outsource childcare is largely dependent on policy and on the availability of childcare facilities, and is also affected by the prevailing norms regarding non-parental care. As has been noted by Hank and Kreyenfeld (2003), the parents' decision to outsource childcare is influenced by different factors, such as the social and individual acceptance of non-parental care, perceptions regarding the quality of the childcare facilities, and the economic affordability and the availability of these facilities. Therefore, as the organizational literature suggests (Momme 2002), organizations (households) will tend to outsource certain functions when other organizations in the marketplace have reached the point where they can offer the relevant products or services with an equivalent quality. The social and individual acceptance of non-parental care might be affected by concerns regarding its influence on the child's well-being and also by predominant norms in the society regarding mothers' roles. According to Hedström's (1994) theory, the wider deployment of childcare facilities, together with the growing use of such facilities by people in the individuals' close social networks, might have a

³ Childcare facilities for 0-2-year-old children include group care in childcare centers, registered child minders based in their own homes, and care provided by a carer at the home of the child (OECD).

⁴ Pre-school facilities for 3-5-year-old children include formal pre-school services, and in some countries 4- and 5-year-olds in primary schools (OECD).

contagious effect on the use of childcare facilities among these individuals, and might spread this social phenomenon. De Ruijter (2004), for example, interprets the increase in the use of daycare in the Netherlands over the years as a behavioral change that stems from a shift in societal values concerning childcare.

Childcare regimes represent the welfare states' perceptions regarding whether or not childcare responsibilities should be shared between the families and the state. They also represent perceptions regarding the government's responsibility in assuring the early education of children and in allowing parents, and especially mothers, to choose between care and work. According to Gustafsson and Stafford (1994), the quality, availability, and affordability of childcare facilities in a certain country are dependent on the childcare regime the country maintains, including childcare arrangements and parental leave policies. These regimes, in turn, affect both the parents' decision to outsource childcare and the mother's decision to participate in the labor force, so as her employment characteristics (e.g., Gustafsson and Stafford 1994; Heckman 1974; Kreyenfeld and Hank 2000). Moreover, these regimes are themselves affected by cultural biases toward care work due to the association of care with women, which in turn affect both the wages care workers receive for their work and the support for care work provided by the state (England 2005). As Kreyenfeld and Hank (2000) have observed, childcare regimes differ in their regulations concerning the form of childcare subsidies, the level of public provision of childcare, and the degree of quality control. They have further shown, for example, that Germany and the U.S. differ in their childcare regimes: in Germany, day care is publicly provided, there is a high level of quality control, and the coverage level is medium in the west and high in the east; in the U.S., by contrast, the childcare policy involves the provision of cash transfers, the coverage level is low, and there is a low degree of

quality control. Hank & Kreyenfeld (2003) have also suggested that the issue of the affordability of childcare is more relevant to the United States, where childcare facilities can mostly be found in the private market; and it is less relevant in the European context, where childcare is predominantly provided by the public market. Therefore, in the European context, the availability of such arrangements is more relevant than their cost⁵. Figure 2 illustrates that, even within the European context, the governmental expenditures on childcare and pre-primary education are diverse, with Denmark, Sweden, the United Kingdom, and France investing more than one percent of their GDP in childcare and pre-primary education; and Austria, Poland, Estonia, Ireland, Switzerland, and Greece investing 0.3 percent of their GDP or less. Policy may also affect childcare availability (and, therefore, the ability to outsource childcare tasks) through immigration regulations. Furtado and Hock (2008), for example, have demonstrated that the continuing influx of low-skilled immigrants to the U.S. has led to a decline in the price of childcare and made it more affordable for highly educated women.

[Figure 2 here]

Another way in which households can outsource childcare tasks is by using social networks⁶. Previous literature has shown that the rigidity and limitations of the supply of publicly provided childcare arrangements are compensated for by a substantial family support system (Del Boca 2002; Hank and Kreyenfeld 2003;

⁵ A thorough and comprehensive description of the provision of childcare in European countries, as well as further discussion on policy matters, can be found in European Commission (2009).

⁶ In this paper, as in other studies on outsourcing among households (e.g. De Ruijter et al., 2003), we assume that childcare is a task that is meant to be done within the nuclear family. We are aware of the fact that this assumption might not reflect the way in which certain cultures, classes or races may view childcare.

Philipov et al. 2006). This informal support system has also been called “the informal sector of welfare” (Grahm 1999).

Figure 3 demonstrates the percentage of use of informal childcare⁷ in different countries. Informal childcare for children aged 0-2 is most prevalent in Greece and in the Netherlands, where more than 50 percent of the children in this age group are cared for by family members or friends. Extensive support from social networks is also apparent in Romania, Cyprus, Slovenia, and the Czech Republic, where informal childcare is provided for more than 40 percent of the children in this age group. The lowest use of informal childcare for children aged 0-2 is found in the Nordic countries. Informal childcare for children aged 3-5 is also the lowest in the Nordic countries, and is the highest in Slovenia (50 percent), Romania (48 percent), the Netherlands (48 percent), and Cyprus (43 percent). It is important to note that these rates do not reflect the actual amount of childcare time provided by the social network. The OECD Family Database shows that the average amount time of informal care provided in the European Union countries is 3.5 and 3.2 hours per week for children aged 0-2 and 3-5, respectively.

[Figure 3 here]

Caring for the elderly is another function that is being outsourced by households, either by hiring the services of a care giver, or by using retirement or nursing homes.

Households not only outsource the core functions of reproduction, education, and caring for children and for the elderly, but also tasks related to nutrition.

According to Cutler et al. (2003), due to technological innovations, such as vacuum packing, better preservatives, deep freezing, and microwave technology, food

⁷ Data for European countries include unpaid care provided by grandparents, other relatives, friends, or neighbors. Data for other countries might also include unregulated childcare provided by nannies or babysitters, and might include both paid and unpaid care from relatives (OECD).

manufacturers can cook food centrally and ship it to consumers for fast consumption. This mass preparation of food has lowered the time price of food consumption, and has led to an increase in the consumption of these types of food in the U.S. In addition to taking advantage of ready-made foods, another way to outsource cooking or food preparation is to eat outside of the home, such as in restaurants. According to the United States Department of Labor (2010), the share of total annual expenditures on food away from home (FAFH) was between five and six percent between the mid-1980s and 2010. In China, for example, the share of FAFH out of total food expenditures increased from 5.03 percent in 1992 to 14.7 percent in 2000; compared to 35.6 percent in Canada and 40.3 percent in the U.S. in 2001 (Min et al. 2004).

Apart from the cooking and preparation of meals, other housework chores, such as ironing, washing the dishes, and doing the laundry, can be outsourced by households. In fact, even grocery shopping can be outsourced these days using online shopping services. One option for outsourcing household chores is using labor-saving technologies, such as dishwashers, washing machines, tumble dryers, and microwaves. This means of outsourcing had already been described by Ruth Schwartz Cowan in her paper from the mid-1970s (Cowan 1976) as the “industrialized revolution” in 20th-century households⁸. Figure 4 illustrates the increase over time in the share of British households that own such domestic appliances. As can be seen from this figure, over the years the washing machine has become the most widely used labor-saving domestic appliance: 87 percent of the households owned a washing machine in 1992, and 96 percent had one in 2009. The most rapid growth in the use of

⁸ Although such domestic appliances were widely perceived as freeing women from household drudgery, some feminist writers have argued that the electrical revolution has not liberated American housewives (e.g., Cowan, 1983; Rothschild, 1983).

domestic appliance can be seen for the microwave, which was present in 61 percent of British households in 1993, and in 93 percent of these households in 2009.

[Figure 4 here]

Yet another way to outsource household chores is by purchasing cleaning services or other domestic services on the market. This means that all of the household chores or a portion of them are done by a service provider who is not a household member. The Generations and Gender Survey (UNECE 2000) allows for an international comparison of the percentage of households which report paying for someone to do the housework. As can be seen in Figure 5, this share ranges from more than 20 percent of the households in Belgium and the Netherlands to less than five percent of the households in Lithuania, Russia and Bulgaria.

[Figure 5 here]

Figure 6 presents the share of German and Jewish-Israeli households that employ housecleaning services, based on four different sources of information: the Israeli Households Expenditure Survey⁹ (Statistics Israel 2000-2009), the Israeli Social Survey¹⁰ (Statistics Israel 2002-2009), the German Socio-Economic Panel Data¹¹ (GSOEP 2000-2009), and the German Income and Expenditure Survey¹² (Statistics Germany 2003, 2008). The tendency to outsource domestic work differs between the two countries, as Jewish-Israeli households have outsourced almost twice as much of

⁹ From the Israeli Households Expenditure Surveys, we calculated the percentage of households that spend at least one Israeli shekel on “Housemaid and cook.”

¹⁰ The Israeli Social Surveys ask the respondents: “Do you employ in your house a cleaning person or caregiver?” The results represent the households in which the respondent answered “yes” to this question.

¹¹ In the German Socio-Economic Panel, respondents are asked: “Do you regularly or occasionally employ household help?” The results represent the percentage of households for which the answer was either “yes, regularly” or “yes, occasionally.”

¹² Based on the German Income and Expenditure Survey we calculated the percentage of households that spend at least one euro on “Domestic help and other domestic services.”

this work as German households have over the years. Lewin-Epstein et al. (2006) have suggested that the greater number of children in Jewish-Israeli households may

[Figure 6 here]

lead to stronger demand for housework, even beyond the time required for childcare. Moreover, it is possible that the higher labor force participation rates of mothers of pre-school children and the higher rates of full-time employment among women in Israel than in Germany (Mandel and Semyonov 2006) further explain these differences in outsourcing rates, as outsourcing can be perceived as a strategy used by dual-earner couples to more effectively combine paid and domestic work (De Ruijter and Van Der Lippe 2007).

An examination of the number of hours of domestic work Jewish-Israeli households buy on the market in the years 2007-2009 reveals that the decision to outsource domestic services in these households is not a 'make *or* buy' decision, but rather a 'make *and* buy' decision. According to the Israeli Social Survey (Statistics Israel 2007-2009), over 60 percent of the households that outsourced domestic work in the years 2007-2009 employed a domestic helper only for 0.5-5 hours a week. About 20 percent of the households employed a domestic helper for 5.5-10 hours a week, and about 15 percent of the households employed a helper for 15 hours or more per week. Therefore, it appears that household labor is outsourced in this context largely by employing domestic helpers who are paid on an hourly basis, rather than by hiring live-in domestic helpers. According to De Ruijter et al. (2003), hiring part-time domestic help rather than a live-in servant characterizes most contemporary Western societies.

The demand of households for domestic help is affected not only by micro mechanisms, such as the household's income and the time constraints of the

household members; but might also be affected by macro mechanisms, such as policy or economic changes. Policies which intentionally or unintentionally encourage or support the outsourcing of housework by households may increase households' tendency to outsource housework. France is presumably the forerunner of "housework policy" in the European context. According to Windebank (2007), starting the beginning of the 1990s successive French governments have established schemes aimed at encouraging the outsourcing of domestic work in France. These schemes, which included the *chèque Emploi-Service* (CES) and the *Titre Emploi-Service* (TES), have evolved to the *Chèque Emploi-Service Universel* (CESU), which was introduced in January 2006. According to Finger (1997), other European countries, such as Belgium and Germany, adopted the service cheques scheme following France. Another example of "housework policy" is Denmark's law on Home Service ("*lov om hjemmeservice*"), which was introduced in 1994 (Jaehrling 2003).

The increasing demand for domestic services in the newly industrialized societies of Hong Kong and Singapore is another example of such macro-level effects. According to Yeoh et al. (1999) and Mok (2008), the rapid economic growth in Hong Kong and Singapore between the 1960s and the 1980s encouraged a large-scale mobilization of local women into the workforce. This movement created a corresponding need for domestic workers among the local households. Due to this demand, the government in Hong Kong officially encouraged foreign workers, mainly from the Philippines, Indonesia, and Thailand, to enter the country. As a result of this policy change in the early 1980s, which enabled the systematic importation of these domestic migrants, the number of foreign maids in Hong Kong has increased

enormously. This increased demand for foreign maids has contributed to the feminization of migration¹³.

Figures 7 and 8 demonstrate the ‘supply’ side of the outsourcing of household labor using the case of Filipino immigrant workers. Based on formal registries of the Philippine Overseas Employment Administration, Figure 7 shows the changes over time in the share of domestic helpers out of the total number of newly hired Filipino immigrant workers, and the higher share of these immigrants among the newly hired female immigrants.

[Figure 7 here]

In Singapore, it is often argued that foreign maids are not a luxury, but are essential for performing housework, childcare, and care of aged parents, if women are to engage in paid work (Yeoh et al. 1999). Chan (2006) has further found that the presence of live-in domestic workers increases the odds of mothers being economically active in Hong Kong. This effect of immigrant workers on the labor supply of native women has been shown not only in the East Asian context, but also in Western developed countries. Cortès and Tessada (2009) have found that the presence of low-skilled immigrants who work in services that are close substitutes for household production increase the economic activity of highly skilled women in the United States. A similar effect on the labor supply of highly skilled native women has been found in Italy (Barone and Mocetti 2010) and Spain (Farrè et al. 2011).

To sum, this description of what 21st-century households choose to outsource demonstrates that the efficient boundaries of households are flexible. This is because

¹³ It is important to mention the criticism on the side effects of the feminization of migration, both as a process that contributes to the international division of reproductive labor (Parreñas, 2000), and as a process that makes migrant women vulnerable to discrimination, exploitation, and abuse (Yeoh et al., 1999). A discussion of these and other consequences of the feminization of migration can also be found in Ehrenreich & Hochschild (2003).

the functions, which are socially and culturally considered to be the core functions of families, are being outsourced by households with different levels of intensity and scope. As was also demonstrated in the discussion presented above, for many household tasks, such as childcare and housework, households do not choose a solution of "make-or-buy", but rather a governance structure of "make-and-buy", i.e., households outsource activities, but only partially. Examples of full-scale outsourcing (i.e., a "make-or-buy" decision) by households might be the employment of a live-in domestic helper rather than of a helper paid by the hour, and the use of boarding schools instead of regular schools. It is also possible that with regard to certain tasks households choose a solution of "to do without", as might have happened to some prior housekeeping practices, such as ironing underwear.

Barriers to Outsourcing among Households

The organizational literature has identified different reasons for outsourcing, including better cost control, access to technical expertise, and time savings (Urquhart 2002). McIvor (2008) has argued that specialist suppliers can develop a greater depth of knowledge, invest more in systems and processes, and achieve efficiencies through economies of scale and experience. By outsourcing activities to such suppliers, the organization can enhance its internal core capabilities that drive competitive advantages. The outsourcing of formal education by households may, for example, be perceived as providing better access to expertise if family members do not have the desire or the ability to provide it in-house. The use of household appliances and the employment of domestic helpers may be viewed as time-saving strategies (Van der Lippe et al. 2004).

According to De Ruijter et al. (2003), monetary constraints affect all types of outsourcing among households, as is anticipated by new home economics. When trust issues are being considered, the effect of income on outsourcing decisions become even stronger, as households have to invest more financial resources to find more reliable suppliers and to protect themselves from opportunistic behavior of the supplier. However, De Ruijter et al. (2003) note that with regard to time constraints the empirical results are not as clear, because households which have less time for domestic production do not always increase household outsourcing.

Although the outsourcing of different household activities has become more prevalent, and is no longer limited to high-income households, budget considerations greatly affect the decision to outsource. The purchase of certain services is considered more income-dependent than of others, and may depend, for example, on whether these services are provided by the public or the private sector (e.g., childcare and education), on whether the purchase of such services is seen as a status marker (e.g., hiring an au pair or a live-in domestic helper in most Western countries), and on technology (due to technological improvements, the cost of domestic appliances has, for example, declined over the years).

When looking at the monetary costs of households' transactions, frequency and specificity also become important dimensions in the decision to outsource. Urquhart (2002) demonstrated this decision-making process by asking whether, for example, it is better to buy a breadmaker and make bread at home, or to buy bread at the supermarket. In such a decision-making process, the household should consider whether, after purchasing the breadmaker and gaining some skills, these skills and the breadmaker can be used for other purposes (asset specificity). How likely is it that the supermarket where the bread is purchased will close (uncertainty)? If the household

makes large and frequent bread orders, it might be possible to make special arrangements to receive regularly a loaf of a particular quality and price using a special contract (frequency). Other considerations that might enter into the decision include the time it takes to make the bread at home in comparison to the time it takes to buy it at the supermarket (time saving), whether the household members can make a loaf of bread of the same quality as the one bought at the supermarket (access to technical expertise), whether the bakery from which the supermarket purchases the bread can be trusted to use the same healthy and high-quality ingredients as those that would be used at home, and whether the bakery maintains a clean and hygienic workplace (trust). De Ruijter et al. (2003) suggest that one-time tasks, such as those a plumber or a painter does, are more attractive to outsource, since fewer investments have to be made. However, recurrent tasks, such as childcare and house cleaning, require more investments and also involve higher one-side dependence (asset specificity), and therefore increase the cost of outsourcing. For example, the relationship a child develops with a babysitter, the knowledge the child minder has concerning the values of the household regarding childcare, and the knowledge of the domestic helper regarding the cleaning standards of the household increase the one-side dependency of the household in the service provider.

According to the transaction cost approach (Williamson 1979, 1981), a high level of uncertainty, which also includes concerns regarding opportunistic behavior, dishonesty, and mistrust, will prevent organizations from outsourcing. In this context, De Ruijter and van der Lippe (2009), who analyzed how trust problems explain outsourcing differences in the Netherlands, have noted that the consequences of trust problems might be more far-reaching for households than for firms, as they might involve severe actions, such as a kidnapping or an abuse of a child by the care giver.

According to De Ruijter et al. (2003), because in contemporary Western societies households usually do not hire full-time domestic helpers or nannies and the household members are usually not present at home when the service provider works, the constant observation of the service provider is no longer possible, and monitoring problems (of effort and quality) have increased relative to the past. Moreover, De Ruijter et al. (2003) suggest that trust problems affect not only the decision of whether or not to outsource a certain task, but also the choice of the outsourcing supplier. As dishonesty, opportunistic behavior, and conflicts are considered part of the cost of transactions (Williamson 1981), using family ties might be considered a less risky behavior with regard to outsourcing childcare, for example. Pollak (1985) has suggested that family governance, as an institutional mode, has several advantages with regard to transaction costs. First, as family members have expectations of lifelong family membership, they have greater incentives to sacrifice their own well-being for their offspring's present or future well-being. Thus, grandparents might be willing to share childcare responsibilities with their children if this will free their children to invest more time in labor market activities. Second, because in the family economic relationships are entwined with personal relationships, it is easier to monitor tasks, as the individuals involved share knowledge regarding preferences, habits, and life style. In the area of childcare, family members might share knowledge about the parents' preferences regarding the child's nutrition, education, socialization, etc. Another advantage of family governance, according to Pollak, is the affectional relationships between family members, which limit opportunistic behavior within the family. It is expected that altruistic behavior and loyalty will be much more pronounced in familial relationships rather than in non-personal market relationships, and will therefore reduce the transaction cost of childcare in family governance.

Moreover, in case of misbehavior, the family can enforce sanctions, such as ostracism or expulsion from the family, which might be regarded as more severe deterrent than, for example, a dismissal from a job. As outsourcing childcare is viewed as the most trust-intensive transaction within households, family governance which uses family or social ties might be preferred to market alternatives. Nonetheless, Pollak (1985) has also pointed out that the use of family members might be associated with certain disadvantages, such as in cases of conflict spillover, or in cases in which the family member is inefficient or does not have the appropriate capabilities for the task. In general, De Ruijter et al. (2003) suggest that trust problems will not deter households from outsourcing childcare, but may cause them to choose unpaid care by relatives or professional daycare, rather than off-the-book childcare alternatives. As for housework and cooking, De Ruijter et al. (2003) suggest that because these tasks are more flexible, and because it is easier to estimate the quality of the work that has been done, trust problems might deter households from outsourcing these tasks if no reliable suppliers are found.

As money and time are limited, we should emphasize preferences and prioritizing as other important mechanisms in the decision to outsource. Similar to the new home economists, the transaction cost approach (Williamson, 1981) also ignores the existence of preferences among the organizational actors. That is why when it is applied to households, the transaction cost approach will assume that individuals in the household are indifferent between, for example, labor work and household work. Accordingly, this approach will assume that individuals derive no direct utility, psychic benefits or process benefits from various household activities (e.g. cooking vs. cleaning) (Pollak, 2012). Although baking a loaf of bread or cleaning the house might be an easy task for a given individual, this person might prefer to grow

vegetables in the garden and invest more time in caring for the family's children.

Hakim's (2004) preference theory suggests that women in rich modern societies, in the 21st century, have genuine options open to them, and that they can choose between different life styles. These women can choose whether to combine work and family life, or whether to become housewives or remain childless but maintain a career.

Therefore, preferences become a more important determinant of women's labor force participation and life style in general, and determine women's responsiveness to different economic and social circumstances. According to this controversial theory, the choice of whether to make or buy a bread, or to engage in domestic work or childcare is, in the 21st-century household, first and foremost dependent on preferences. Van der Lippe et al. (2012) also suggest that preferences act as a barrier to outsourcing. Their results show that if partners enjoy childcare, cooking, maintenance, or cleaning, they are less likely to outsource these tasks, controlling for time, monetary resources and gender-role expectations.

Normative and social beliefs can also be barriers to outsourcing. In the organizational context, this problem may arise when, for example, the government considers outsourcing public sector functions to the private sector (Jensen and Stonecash 2005). The belief that welfare services should be provided by the public sector might be a barrier to the outsourcing of such services to private organizations, which are perceived to be motivated by a desire to maximize profit, rather than by an interest in maximizing social welfare. In this context, England (2005) has described two opposing frameworks which offer different interpretations of the relationship between care work and trust. On the one hand, the 'prisoner of love' framework asserts that care workers have altruistic motivations for doing care work, and they get intrinsic rewards from their work. That is why they are willing to take such low paid

caring jobs, and that is why they should be trusted to perform them. On the other hand, the 'commodification of emotion' framework contends that care work requires workers to express emotions they do not really feel, and this makes them alienated from their own emotions. In this sense, the care they give is not genuine care. England (2005) has further proposed the 'love and money' framework, which rejects the dichotomy between the care provided by the profit-driven markets on the one hand, and families, non-profit organizations, and social networks on the other; and offers ways to increase intrinsic motivation among care workers.

As was discussed earlier in this paper, normative perceptions regarding the role of parents in general, and the role of mothers in particular, as well as beliefs regarding the child's well-being, might affect not only governments inclination to provide childcare services, but also parents' and households decision to outsource childcare (Kremer 2006). In line with this argument, and following Coale's (1973) traditional theoretical model for the success of innovative behavior, Author (2012) suggests that the *availability* of affordable and high-quality childcare facilities might be a necessary, but not a sufficient precondition for the use of such facilities in certain societies. The outsourcing of childcare responsibilities to formal childcare might become a common behavior in the society if another two preconditions are met: 1. *profitability*: parents perceive that using childcare facilities, rather than taking care of the child at home, yields benefits which outweigh the costs or disadvantages of using such arrangements; and 2. *acceptability*: the use of childcare arrangements is perceived at the societal level as a legitimate substitute for the mother's care, and is culturally, ethically, and morally acceptable. According to Author, the outsourcing of childcare will become a common practice in the society when a change in the

normative expectations of mothers of young children occurs, and the “acceptability” factor catches up to the “availability” and “profitability” factors.

To sum, in line with the transaction cost approach, monetary and time constraints, as well as the frequency, specificity and the uncertainty which are related to the transaction, act as barriers to the decision to outsource tasks among households. Moreover, preferences and normative and social beliefs, two factors that have been ignored by the transaction cost approach, might also limit households' tendency to outsource a certain task. In the following section we would like to suggest power relations among household members as another barrier to outsourcing.

The Household as a Collective Entity

The transaction cost approach ignores the question of who is making the decision to outsource, which might also affect the decision of whether or not to outsource. As De Ruijter and van der Lippe (2009) have suggested, the transaction cost approach perceives the firm as a collective entity. This, they say, is a problematic assumption when dealing with households, as female and male partners usually differ in the amount of power they hold and in their interests and preferences, which might, for example, have consequences for the division of household labor. The assumption of a shared entity might be even more problematic with regard to firms and managers; and such differences in power and interests between organizational actors may be even more pronounced than in families, especially if we believe that families have a joint utility function and that family members share at least some interests and preferences (with regard to the well-being of the children, for example). In line with this argument, Hartmann (1981) has asserted that the underlying concept of the family as an active agent with unified interests is erroneous, and that the family should be

seen as a locus for struggles. She presented a Marxist-feminist view, according to which the organization of production within and outside the family is shaped by patriarchy and capitalism. Therefore, what determines family dynamics are not the family ties and commitments, but the patriarchal and capitalist relationships, which create tensions and conflicts. These conflicts are not only internal to the family, but can also be extended to conflicts between family members and the state. The intra-familial struggles, she argued, are related to production and distribution. Taking the issue of housework as an example, she noted that struggles over production will include conflicts between the spouses concerning who does the housework and how it should be done; and that struggles over distribution will include conflicts concerning, for example, whether or not money should be spent on buying domestic help, and who is responsible for these decisions. Conflicts between the household and the state may include tensions over the location of production; i.e., whether, for example, childcare should be provided by the parents or by the state outside of the home. Pollak (1985), referring to the marriage as a governance structure, has also suggested that bargaining models would often be required in analyzing intra-family allocation, unless there is a family consensus about resource allocation. As the transaction cost approach assumes that organizational actors are subjected to bounded rationality and opportunism, we can assume that different managers might calculate the cost of a transaction differently, and might therefore make different decisions regarding the same transaction. Using the example of the decision-making process of couples about whether or not to outsource, we would also propose that power relations and asymmetric information might also affect the decision to outsource among households. Although Williamson (1981) acknowledged the notion of power, he considered power explanations to be negligible, and argued that, in most cases, when

it appears that a decision can be explained as a power outcome, it is actually an underestimation of efficiency considerations.

Dual-earner families have become the most common type of family in most Western developed countries (Blossfeld and Drobnic 2001; Waite and Nielsen 2001). Despite the growing involvement of men in childcare and in housework tasks over time; and despite the decline in the time invested by women in housework, women are still doing the lion's share of housework across the board (e.g. Bianchi et al. 2012; Ruppanner 2010), and men fail to substitute fully for the decline in female domestic work (Esping-Andersen, 2009). Bianchi et al. (2012) find, for example, that in 2009/2010 American women are estimated to do 1.6 times the amount of housework as men. Schiebinger & Gilmartin (2010) further demonstrate that this unequal division does not change even among the most highly educated women and men, as female scientists do nearly twice as much housework as their male counterparts. This asymmetric investment, despite women's growing contribution to the household's income, implies the existence of power relations between spouses. If such power relations exist, and if the spouses hold asymmetric information regarding each other's preferences and utility, the decision to outsource housework, for example, might not be a joint, harmonious decision, but rather a decision that is subject to bargaining and negotiation. Cohen (1998) has found that women outsource housework to a greater extent when they are in relatively strong economic or status positions within their marriages. Moreover, he found that women's earnings have almost twice the effect of men's earnings on buying housekeeping services. These findings demonstrate the possible effects of power relations on the decision to outsource. Cohen further found that families in which the husband has a lower level of education will tend to outsource less, even if the wife earns more. Moreover, he

proposed that, in such families, the husband might have different preferences regarding the substitution of the wife's household work with paid help, and that this would reduce their tendency to outsource, even if the wife's salary allows them to do so. It is possible that what mediates this effect are the gender role attitudes the husband and the wife hold regarding both the wife's labor force participation, and who is responsible for doing the housework. If both spouses have conservative attitudes regarding women's housework responsibilities, they might not consider outsourcing household labor. However, if there is a gap in the spouses' gender role perceptions, the wife might bargain with regard to the outsourcing of housework in order to reduce her household burdens. The bargaining and the decision to outsource might also differ according to whether the outsourced task is female-dominated or male-dominated (De Ruijter et al. 2005).

As previous literature has shown that the division of household labor is affected by institutional differences in welfare regimes, social policies, labor market arrangements, and cultural differences (Cooke 2007; Cooke 2011; Hook 2006; Stier and Lewin-Epstein 2007; Treas and Drobnic 2010), we can also assume that the bargaining process regarding, for example, the outsourcing of housework or childcare, is affected by macro-level institutional mechanisms, which might explain the variance that is found in the outsourcing of different tasks among different countries. These institutional factors might include the length of the working day of men and women, the availability of part-time jobs, family policies, gender role ideologies at the country level, etc.

Asymmetry in preferences is also found with regard to the way trust issues affect the outsourcing of own-gender activities. De Ruijter and van der Lippe (2009) have found that the trust problems faced by the female partner influence the

outsourcing of female tasks but not of male tasks, and that the same reasoning applies for the men. Moreover, Van der Lippe et al. (2012) found that the way preferences affect outsourcing differs by gender. A woman's preferences are found to be more important for the outsourcing of cleaning and childcare, whereas a man's preferences are more important for the outsourcing of home maintenance.

To sum, similar to the new home economists, the transaction cost approach assumes a single utility function for the organization (the household), which is maximized by an organizational altruist. With regard to households, this assumption has been criticized by Manser and Brown (1980) and by Lundberg and Pollak (1996), who suggested the bargaining models. These models assume that each of the spouses has a different utility function, and that the spouses try to reach an agreement while maximizing their individual utility functions. The discussion presented above suggests that we cannot relate to the household as a single unity and that the household members' preferences with regard to the outsourcing of different tasks differ by gender and involves power relations and bargaining.

Summary and Discussion

This essay discusses the outsourcing phenomenon among 21st century households. The demand for services by households and the supply of such services by public and commercial markets are discussed within the framework of the transaction cost approach of the organizational economists. This approach offers certain assumptions as for the organization itself and as for the conditions under which the organization will decide to outsource rather than integrate a task. According to the transaction cost approach, households, as organizational units, are faced with make-or-buy decisions between own domestic production and outsourcing of certain tasks. Moreover, it

asserts that the efficient boundaries of households will include their core functions, and that non-core functions will be outsourced. Our description of what 21st century households outsource demonstrates that the efficient boundaries of households are flexible. This is because what are socially and culturally considered to be the core functions of families are being outsourced by households with different levels of intensity and scope. Moreover, we suggest that households mainly choose a "make-and-buy" solution rather than a governance structure of "make-or-buy". While discussing what the barriers to outsourcing among households are, we demonstrated that, in line with the transaction cost approach, a desire for better cost control, access to technical expertise, and time savings might foster outsourcing by households; and that monetary constraints, high uncertainty and trust problems, high specificity and recurrence of the transaction act as barriers to outsourcing among households. We also suggest that preferences, normative and social beliefs, and power relations, which were ignored by the transaction cost approach, might inhibit outsourcing among households. We further suggest that, contrary to the transaction cost approach's assumption, the household cannot be regarded as a collective entity. We propose that power relations and preferences of the organizational actors have to be taken into account when analyzing outsourcing among organizations in general and among households in particular.

Our analysis further suggests the relevance of policy and macro-level mechanisms for the decision to outsource different tasks. With regard to the outsourcing of child care, we discussed the ways in which childcare and family policies affect the availability of childcare facilities, their cost, and their quality. The wide deployment of high-quality childcare facilities, for a fair price, might allow larger segments of the population to have access to such facilities. It might also

decrease the cultural barriers to the outsourcing of childcare in countries where the prevailing belief is that children should stay at home with their mothers until they are older, or they will be harmed. As the phenomenon of outsourcing childcare (or any other task) becomes more widespread, it is also possible that a demand from 'below' will further increase the availability of childcare facilities, immigrant workers, etc. The side effects of such policy changes might include an increase in the labor force participation rates of mothers, and an increase in the entry of women into the 'service industry', where they can, in turn, get paid for doing housework or child care. Our analysis further indicates that immigration policies can affect the ability to outsource child care and housework, provided immigrants are permitted to work in professions that are close substitutes for household work. An inflow of such immigrants might make these services more widely available, and might also reduce the local prices of such services. As we discussed in our analysis, the outsourcing of domestic work might also be influenced by other institutional mechanisms, such as labor market arrangements, work-family policies, and gender role ideologies. We further suggest that such institutional differences may explain the variation in the outsourcing of different tasks across countries.

Ben-Porath (1980) demonstrated in his article that the decline in fertility in most Western countries can be attributed to the change in the transactions within families, as children participate only in consumption transactions, and no longer in capital and insurance transactions. Rindfuss and Brewster (1996) argued that role incompatibility—i.e., the trade-off women face in their allocation of time between work and family life—mediates the relationship between female labor force participation and fertility. Moreover, these authors argued that the negative relationship between fertility and women's labor force participation is expected to

diminish as the conflict between work and family responsibilities is reduced. According to this reasoning, if the ability to outsource housework and child care reduces the feeling of role incompatibility among women, an increase in fertility might result. Freeman and Schettket (2005) have suggested that the profound differences between the employment rates and the hours worked per employee in the United States relative to the European Union can be attributed to the greater marketization in the U.S. of traditional household production, such as food preparation, childcare, and house cleaning. They further recommended that, in order to raise employment and reduce perceptions of role incompatibility among women, “the EU should develop policies that make it easier for women to move from the household to the market and substitute market goods and services for household production” (Ibid, p. 6).

Our analysis of the outsourcing phenomenon among 21st-century households also provides some insights concerning the transaction cost approach. We demonstrated that, unlike among firms, issues of trust, uncertainty, and dishonesty might be more important in the decision to outsource than frequency and specificity. Moreover, we demonstrated that households ‘make and buy’ rather than ‘make or buy’, a solution that was not suggested by Williamson (1979, 1981). Finally, we argued that the inclusion of the notion of ‘power’ in the decision-making process of households cannot be ignored and attributed to efficiency reasoning, as Williamson (1981) maintained. We argued that power relations are inherent to households as a governance structure, because the spouses, who are the two managers of the household, might have unequal degrees of control over resources, have different utility functions, and have asymmetric information regarding the other spouse’s preferences. Due to these power relations, the decision-making process about whether

or not to outsource a certain task might not be a harmonious one, and may require bargaining between the spouses. However, this bargaining process does not exist only within the dyad, but also includes other actors, such as policies, the labor market, norms, preferences, and gender ideologies.

The questions that remain unanswered—and which we hope will lead to further research—are how and whether the practice of outsourcing will affect the future division of household labor between the spouses, both in terms of the total amount of time invested in these chores, and the share of these tasks each of the spouses will assume. Will outsourcing allow spouses to attain a fully equal division of household labor? How will gender role ideologies affect the decision to outsource? What are the characteristics of the bargaining process used when deciding to outsource, and what inputs do spouses bring to this process? What other transactions are relevant to current households? What factors explain the differences between countries? What other macro-mechanisms are related to the supply and the demand aspects of outsourcing? Will higher prevalence of domestic outsourcing affect fertility and labor force participation rates of women?

References

- Amato, Paul R. and Previti, Denise. 2003. Peoples' reasons for divorcing: Gender, social class, the life course, and adjustment. *Journal of Family Issues*, 24(5): 602-626.
- Barone, Guglielmo and Mocetti, Sauro. 2011. With a little help from abroad: The effect of low-skilled immigration on the female labour supply. *Labour Economics*, 18(5): 664-675.
- Ben-Porath, Yoram. 1980. The F-connection: Families, friends, and firms and the organization of exchange. *Population and Development Review*, 6(1): 1-30.
- Berk, Richard A. and Berk F. Sarah. 1983. Supply-side sociology of the family: The challenge of the new home economics. *Annual Review of Sociology*, 9: 375-395.
- Bianchi, S. M., Sayer, C. L., Milkie, A. M. and Robinson, P. J. 2012. Housework: Who did, does or will do it, and how much does it matter?. *Social Forces*, 91(1): 55-63.
- Blossfeld, Hans-Peter and Drobnic, Sonja. (eds.). 2001. *Careers of Couples in Contemporary Societies: From Male Breadwinner to Dual Earner Families*. Oxford: Oxford University Press.
- Brewster, K.L. and Rindfuss, R.R. 2000. Fertility and women's employment in industrialized nations. *Annual Review of Sociology*, 26, 271-296.
- Chan, Annie H. 2006. The effects of full-time domestic workers on married women's economic activity status in Hong Kong, 1981-2001. *International Sociology*, 21(1), 133-159.
- Coale, A. J. 1973. The demographic transition reconsidered, In: *Readings in Population Research Methodology*, Vol. 7, chapter 12, pp. 25-96 – 25-98. Chicago: Social Development Center.

- Coase, Ronald H. 1937. The nature of the firm. *Economica, New Series*, 4(16): 386-405.
- Cohen, Philip N. 1998. Replacing housework in the service economy: Gender, class, and race-ethnicity in service spending. *Gender & Society*, 12(2): 219-231.
- Commons, John .R. 1931. Institutional economics. *American Economic Review*, 21: 648-657.
- Cooke, Lynn P. 2007. Policy pathways to gender power: State-level effects on the US division of housework. *Journal of Social Policy*, 36(2): 1-22.
- Cooke, Lynn P. 2011. *Gender-Class Equality in Political Economies*. New-York: Routledge.
- Cortès, Patricia and Tessada, Jose. 2011. Low-skilled immigration and the labor supply of highly skilled women. *American Economic Journal: Applied Economics*, 3(3): 88-123.
- Cowan, Ruth S. 1976. The “Industrialized revolution” in the home: Household technology and social change in the 20th century. *Technology and Culture*, 17(1): 1-23.
- Cowan, Ruth S. 1983. *More Work for Mother: The Ironies of Household Technology from the Open Hearth to the Microwave*. New York: Basic Books.
- Cutler, David M., Glaeser, L. Edward and Shapiro, M. Jesse. 2003. Why have Americans become more Obese? *Journal of Economic Perspectives*, 17(3): 93-118.
- Del Boca, Daniela. 2002. The effect of child care and part time opportunities on participation and fertility decisions in Italy. *Journal of Population Economics*, 15(3): 549-573.

- De Ruijter, Esther. 2004. Trends in the outsourcing of domestic work and childcare in the Netherlands – Compositional or behavioral change? *Acta Sociologica*, 47(3): 219-234.
- De Ruijter, Esther, Treas K. Judith and Cohen, N. Philip. 2005. Outsourcing the gender factory: Living arrangements and service expenditures on female and male tasks. *Social Forces*, 84(1): 305-322.
- De Ruijter, Esther and Van Der Lippe, Tanja. 2007. Effects of job features on domestic outsourcing as a strategy for combining paid and domestic work. *Work and Occupations*, 34(2): 205-230.
- De Ruijter, Esther and Van Der Lippe, Tanja. 2009. Getting outside help: How trust problems explain household differences in domestic outsourcing in the Netherlands. *Journal of Family Issues*, 30(1): 3-27.
- De Ruijter, E., Van Der Lippe, T. and Raub, W. 2003. Trust problems in household outsourcing. *Rationality and Society*, 15(4), 473-507.
- Durkheim, Emile. 1978. The conjugal family. In M. Traugott (Ed.) (1994). *Emile Durkheim on Institutional Analysis*. (Pp. 229-239). Chicago and London: the University of Chicago Press.
- Ehrenreich, Barbara and Hochschild, Arlie R. 2003. *Global Woman: Nannies, Maids, and Sex Workers in the New Economy*. New York: A Metropolitan/OWL Book.
- Engelhardt, H. and Prskawetz, A. 2004. On the changing correlation between fertility and female employment over space and time. *European Journal of Population*, 20: 35-62.
- England, Paula. 2005. Emerging theories of care work. *Annual Review of Sociology*, 31: 381- 399.
- Esping-Andersen, Gosta. 2009. *The Incomplete Revolution – Adapting to Women’s*

New Roles. Cambridge: Polity Press.

Espino-Rodriguez, Tomas F. and Padron-Robaina, Victor. 2006. A review of outsourcing from the resource-based view of the firm. *International Journal of Management Review*, 8(1): 49-70.

European Commission. 2009. *The Provision of Child Care Services – A Comparative Review of 30 European Countries*. Luxemburg: European Union.

Farrè, Lidia, González, Libertad and Ortega, Francesc. 2011. Immigration, family responsibilities, and the labor supply of skilled native women. *The B.E. Journal of Economic Analysis & Policy*, 11(1): 1-46.

Finger, D. 1997. Service cheques in Europe – A model for Germany? Employment effects and macro-economic costs: Five scenarios. Discussion paper // Wissenschaftszentrum Berlin für Sozialforschung, Forschungsschwerpunkt: Arbeitsmarkt und Beschäftigung, Abteilung: Arbeitsmarktpolitik und Beschäftigung, No. FS I 97-201a, <http://hdl.handle.net/10419/43920>

Freeman, Richard B. and Schettkat, Ronald. 2005. Marketization of household production and the EU-US gap in work. *Economic Policy – January 2005*. pp. 5-50.

Frejka, T. and Calot, G. 2001. Cohort reproductive patterns in low-fertility countries. *Population and Development Review*, 27(1): 103-132.

Furtado, D. and Hock, H. 2008. Immigrant labor, child-care services, and the work-fertility trade-off in the United States. *IZA discussion paper no. 3506*.

GSOEP. 2000-2009. German Socio-Economic Panel data.

Grahm, Hilary. 1999. The informal sector of welfare: A crisis in caring? In A. Grahm (Ed.). *The Sociology of the Family – A Reader*. (pp. 283-299). Oxford: Blackwell.

- Gustafsson, Siv and Stafford, P. Frank. 1994. Three regimes of childcare: The United States, the Netherlands, and Sweden. In: R. Bland (ed.), *Social protection versus economic flexibility: Is there a trade-off?* (pp. 336–361). Chicago & London: University of Chicago Press.
- Hakim, Catherine. 2004. *Key Issues in Women's Work – Female Diversity and the Polarization of Women's Employment – 2nd Edition*. Great Britain: Biddles Ltd.
- Hank, Karsten and Kreyenfeld, Michaela. 2003. A multilevel analysis of child care and women's fertility decisions in western Germany. *Journal of Marriage and Family*, 65: 584-596.
- Hartmann, Heidi I. 1981. The family as the locus of gender, class, and political struggle: The example of housework. *Signs*, 6(3): 366-394.
- Heckman, James J. 1974. Effects of child-care programs on women's work effort. *Journal of Political Economy* (82): S136–S169.
- Hedström, Peter. 1994. Contagious collectivities: On the spatial diffusion of Swedish trade unions, 1890-1940. *American Journal of Sociology*, 99(5): 1157-1179.
- Hochschild, Arlie R. 2005. "Rent a mom" and other services: Markets, meanings and emotions. *International Journal of Work Organization and Emotion*, 1(1): 74-86.
- Hondagneu-Sotelo, P. 2001. *Domèstica – Immigrant Workers Cleaning and Caring in the Shadow of Affluence*. Berkeley, Los Angeles, London: University of California Press.
- Hook, Jennifer L. 2006. Care in context: Men's unpaid work in 20 countries, 1965-2003. *American Sociological Review*, 71: 639-660.
- Jaehrling, K. 2003. Political reforms in the domestic service sector. *Paper Presented*

at the conference on Models of Domestic Service, University of Munich.

Retrieved from: <http://tips-nrw.iatge.de/aktuell/veroeff/2003/jaehr01.pdf>

Jensen, Paul H. and Stonecash, E. Robin. 2005. Incentives and the efficiency of public sector-outsourcing contracts. *Journal of Economic Surveys*, 19(5): 767-787.

Kremer, M. 2006. The politics of ideals of care: Danish and Flemish child care policy compared. *Social Politics*, 13(2): 261-285.

Kreyenfeld, Michaela and Hank, Karsten. 2000. Does the availability of child care influence the employment of mothers? Findings from western Germany. *Population Research and Policy Review*, 19: 317-337.

Lewin-Epstein, Noah, Stier, Haya and Braun, Michael. 2006. The division of household labor in Germany and Israel. *Journal of Marriage and Family*, 68(5): 1147-1164.

Lundberg, Shelly and Pollak, Robert A. 1996. Bargaining and distribution in marriage. *Journal of Economic Perspectives*, 10(4): 139-158.

Mandel, Hadas and Semyonov, Moshe. 2006. A welfare state paradox: State interventions and women's employment opportunities in 22 countries. *American Journal of Sociology*, 111(6): 1910-1949.

Manser, Marilyn and Brown, Murray. 1980. Marriage and household decision-making: A bargaining analysis. *International Economic Review*, 21(1): 31-44.

McDonald, Peter. 2000. Gender equity, social institutions and the future of fertility. *Journal of Population Research*, 17(1): 1-16.

McIvor, Ronan. 2008. What is the right outsourcing strategy for your process? *European Management Journal*, 26: 24-34.

Min, Insik, Fang, Cheng. and Li, Qi. 2004. Investigation of patterns in food-away-from-home expenditure for China. *China Economic Review*, 15:457-476.

- Mok, Ronald. 2008. Foreign domestic helpers in Hong Kong: Towards equality of rights. *Queensland Law Student Review*, 1(2), 102-116.
- Momme, Jesper. 2002. Framework for outsourcing manufacturing: Strategic and operational implications. *Computers in Industry*, 49: 59-75.
- Neyer, G. 2003. Family Policies and Low Fertility in Western Europe. *Journal of Population and Social Security (Population)* 1: 46-93.
- OECD family database. Retrieved: 7/11/2011
http://www.oecd.org/document/4/0,3746,en_2649_37419_37836996_1_1_1_37419,00.html#public_policy
- Oropesa, R.S. 1993. Using the service economy to relieve the double burden: Female labor force participation and service purchases. *Journal of Family Issues*, 14, 3, 438-473.
- Orrange, Robert .M., Firebaugh, M. Francille and Heck, K.Z. Romona. 2003. Managing households. In P. Moen (Ed.), *It's about Time: Couples and Career* (pp. 153-167). Ithaca, NY & London: ILR press.
- Parreñas, R.S. 2000. Migrant Filipina domestic workers and the international division of reproductive labor. *Gender & Society*, 14(4): 560-581.
- Philipov, Dimiter, Spéder, Zsolt. and Billari, C. Francesco. 2006. Soon, Later, or Ever? The Impact of Anomie and Social Capital on Fertility Intentions in Bulgaria (2002) and Hungary (2001). *Population Studies*, 60, 3, 289-308.
- Pollak, Robert A. 2012. Allocating time: Individuals' technologies, household technology, perfect substitutes, and specialization. *NBER Working Paper* 17529.
- Pollak, Robert A. 1985. A transaction cost approach to families and households. *Journal of Economic Literature*, 23(2): 581-608.

- Rindfuss, Ronald R. and Brewster, Karin L. 1996. Childbearing and fertility. *Population and Development Review*, 22 (suppl), 258-289.
- Rothschild, Joan. 1983. *Machina ex dea: Feminist Perspectives on Technology*. New York: Pergamon Press.
- Ruppner, L.E. 2010. Cross-national reports of housework: An investigation of the gender empowerment measure. *Social Science Research*, 39: 963-975.
- Sandholtz, Kurt, Derr Brooklyn, Buckner Kathy and Carlson, Dawn. 2002. *Beyond Juggling: Rebalancing Your Busy Life*. San Francisco: Berrett-Koehler Publishers.
- Schiebinger, L. & Gilmartin, S.K. 2010. Housework is an academic issue. *Academe*, 96(1). Retrieved from: <http://www.aaup.org/article/housework-academic-issue>.
- Statistics Germany. 2003, 2008. *German Income and Expenditure Survey*.
- Statistics Israel. 2000-2009. *Israeli Households Expenditure Survey*.
- Statistics Israel. 2002-2009. *Israeli Social Survey*.
- Stier, Haya and Lewin-Epstein, Noah. 2007. Policy effects on the division of housework. *Journal of Comparative Policy Analysis*, 9(3): 235-259.
- Treas, Judith. 1993. Money in the bank: Transaction costs and the economic organization of marriage. *American Sociological Review*, 58: 723-734.
- Treas, Judith and Drobnic, Sonja. (Eds.). 2010. *Dividing the Domestic: Men, Women, and Household Work in Cross-National Perspective*. California: Stanford University Press.
- UNECE. 2000. Generations and Gender Program 2002-2010.
- United Kingdom Office for National Statistics. 1992-2001. *Family Expenditure Survey*.

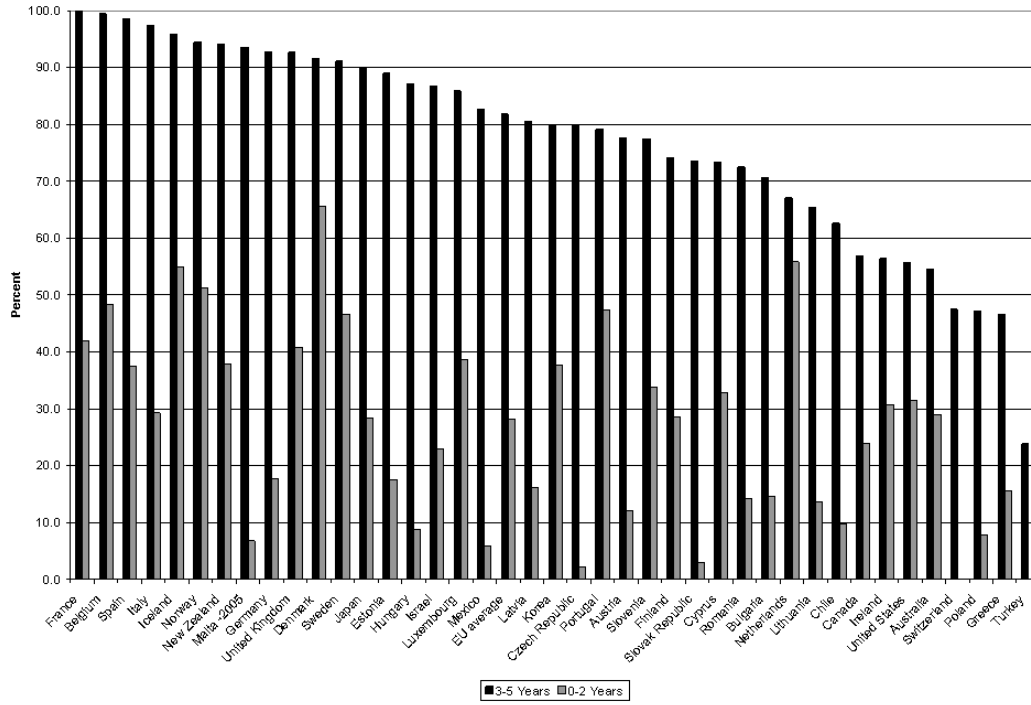
- United Kingdom Office for National Statistics. 2003-2009. *Living Costs and Food Survey*.
- United States Department of Labor. 2010. *Consumer Expenditures Surveys*.
Retrieved: 7/11/2011 <http://www.bls.gov/cex/#tables>
- Urquhart, Christine. 2002. Applications of outsourcing theory to collaborative purchasing and licensing. *VINE*, 32(4):63-70.
- Van der Lippe, Tanja, Frey, Vincenz and Tsvetkova, Milena. 2012. Outsourcing of domestic tasks: A matter of preferences? *Journal of Family Issues*. DOI: 10.1177/0192513X12468099
- Van der Lippe, Tanja, Tijdens Kea and De Ruijter, Esther. 2004. Outsourcing of domestic tasks and time-saving effects. *Journal of Family Issues*, 25, 2, 216-240.
- Waite, Linda J. and Nielsen, Mark. 2001. The rise of the dual-earner family, 1963-1997. In R. Hertz & N. L. Marshall (Eds.), *Working Families: The Transformation of the American Home*. Berkeley: University of California Press, pp. 23-41.
- Widmer, Eric D., Treas, Judith and Newcomb, Robert. 1998. Attitudes toward nonmarital sex in 24 countries. *The Journal of Sex Research*, 35(4): 349-358.
- Williamson, Oliver E. 1979. Transaction-cost economics: The governance of contractual relations. *Journal of Law and Economics*, 22(2): 233-261.
- Williamson, Oliver E. 1981. The economics of organization: The transaction cost approach. *American Journal of Sociology*, 87(3): 548-577.
- Windebank, J. 2007. Outsourcing women's domestic labor: The Chèque Emploi-Service Universel in France. *Journal of European Social Policy*, 17(3): 257-270.
- Winkler, Anne .E. and Ireland, R. Thomas. 2009. Time spent in household

management: Evidence and implications. *Journal of Family and Economic Issues*, 30: 293-304.

Yeoh, Brenda .S.A., Huang, Shirlena and Gonzalez, Joaquin. 1999. Migrant female domestic workers: Debating the economic, social and political impacts in Singapore. *International Migration Review*, 33(1): 114-136.

Figure 1

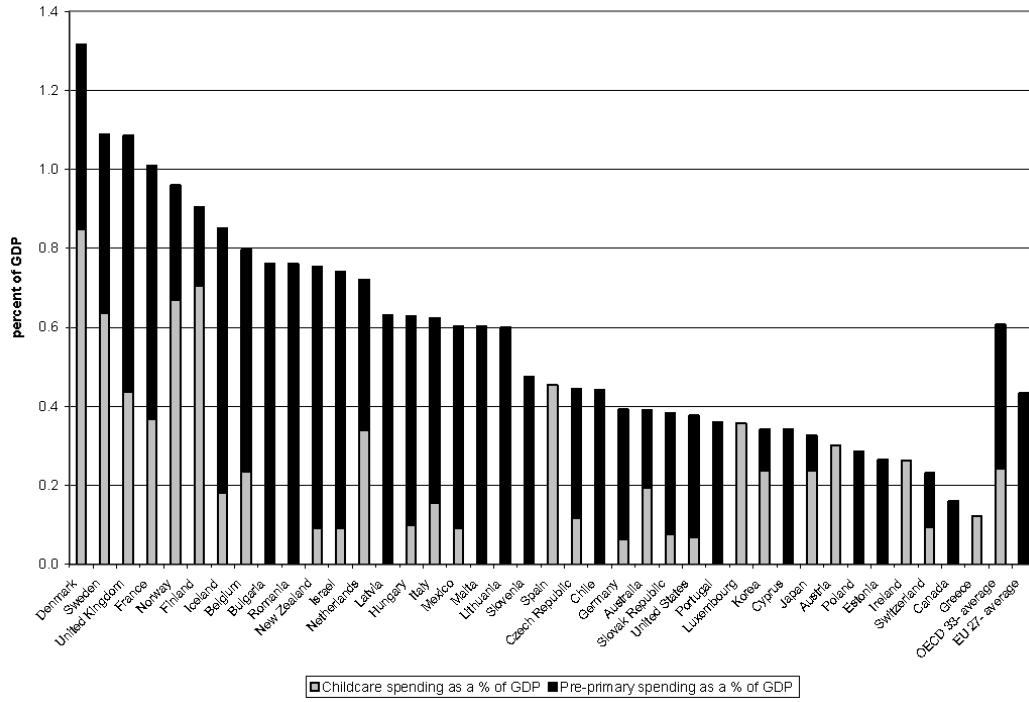
Figure 1: Enrollment rates of children under age 6 in formal care or early education services, 2008



Source: OECD Family Database.

Figure 2

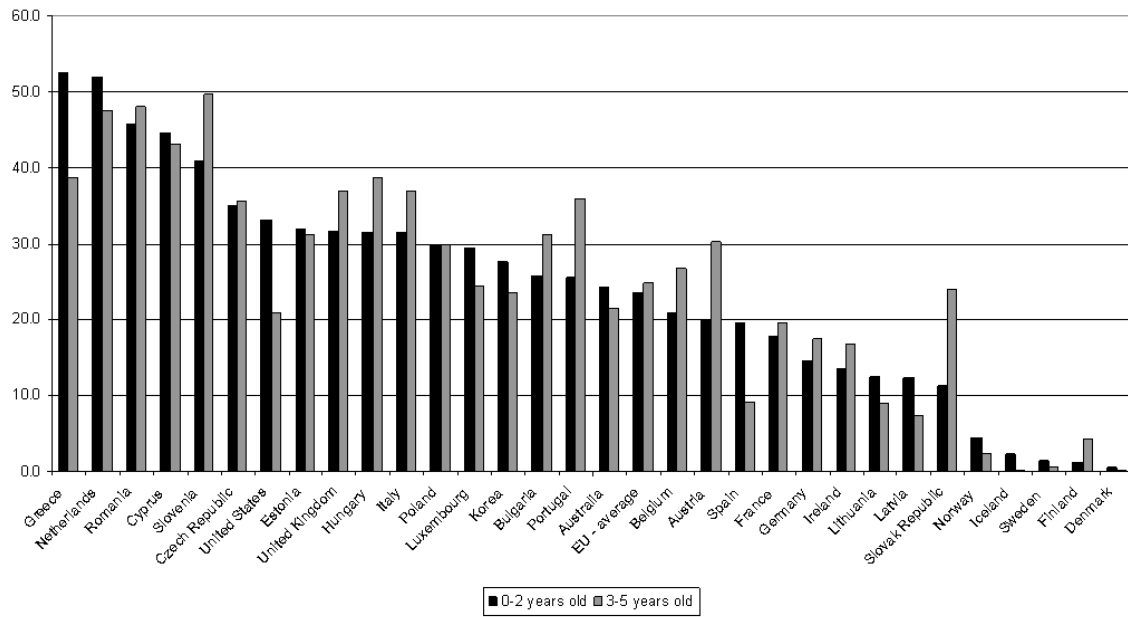
Figure 2: Expenditures on child care and pre-primary education, 2007



Source: OECD Family Database.

Figure 3

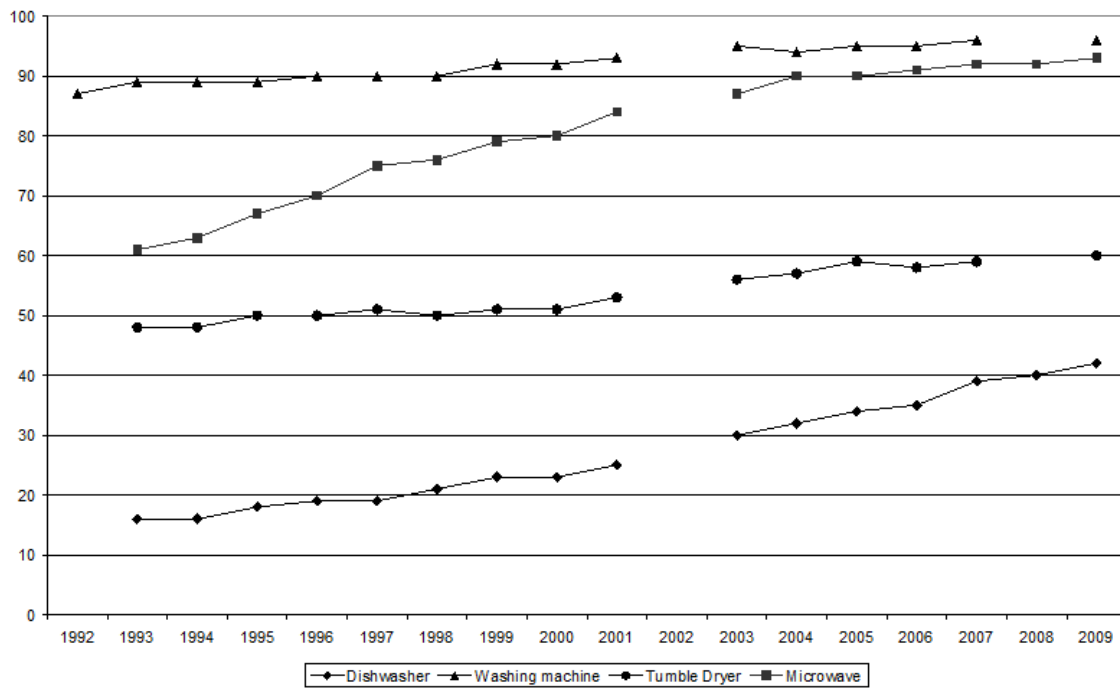
Figure 3: Percentages of children using informal child care, 2008 or most recent years



Source: OECD Family Database.

Figure 4

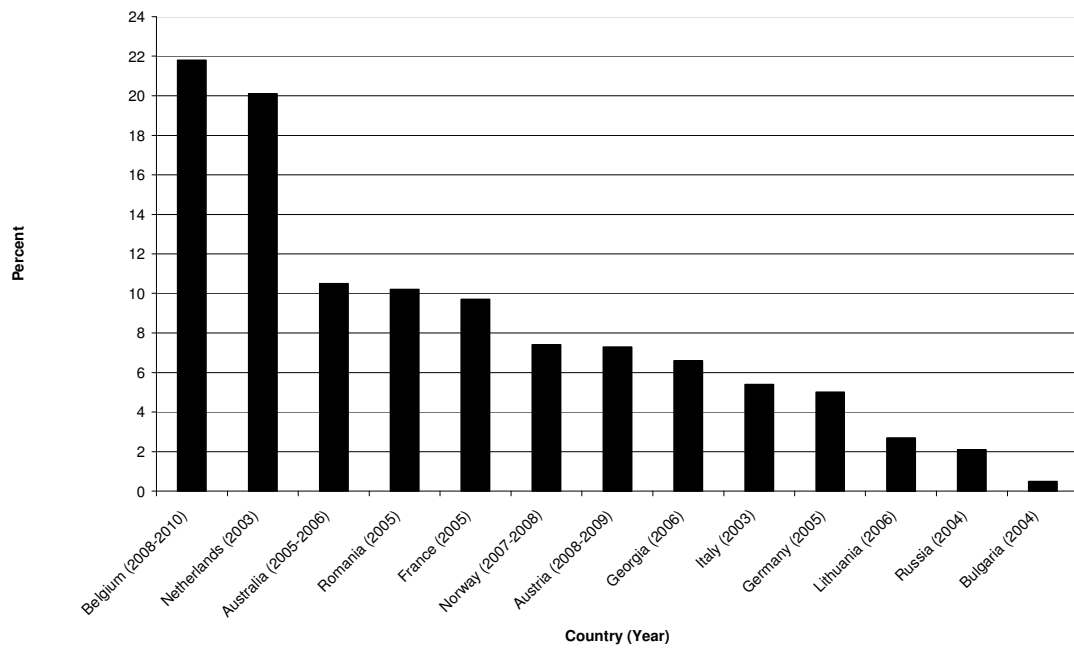
Figure 4: Ownership of domestic appliances, percent of British households, 1992-2009



Sources: 1992-2001 - UK Office for National Statistics, Family Expenditure Survey
2003-2009 - UK Office for National Statistics, Living Costs and Food Survey
Colchester, Essex: UK Data Archive [distributor]

Figure 5

Figure 5: Percentages of households reporting that someone is paid for to do the housework



Source: Own calculations, Generations and Gender Survey, Wave 1.

Figure 6

Figure 6: Percentages of German and Jewish-Israeli households employing domestic services, 2000-2009

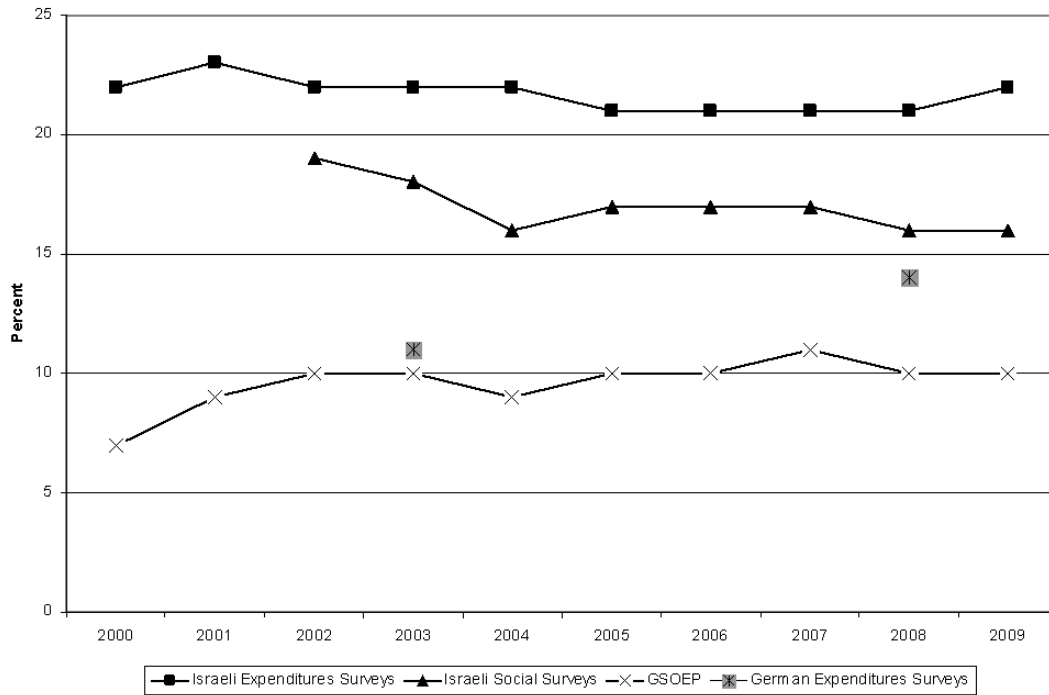
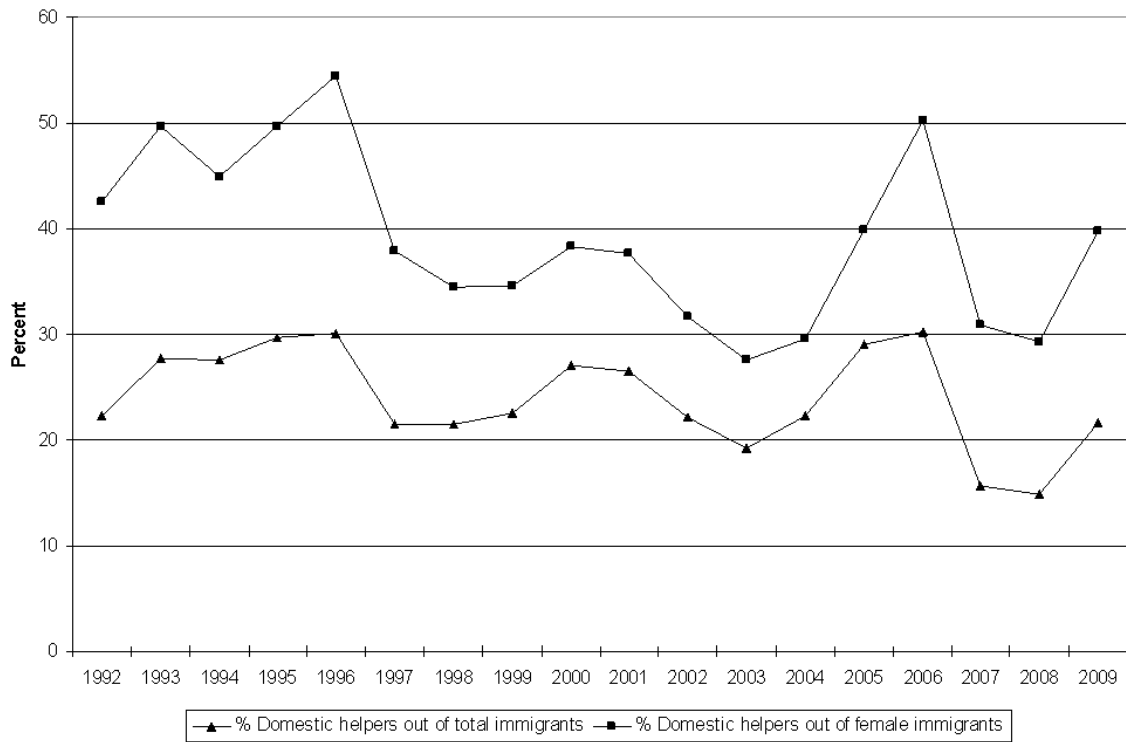


Figure 7

Figure 7: Newly hired Filipino immigrant workers, 1992-2009



Source: Registries of the Philippine Overseas Employment Administration.