



Max-Planck-Institut für demografische Forschung  
Max Planck Institute for Demographic Research  
Konrad-Zuse-Strasse 1 · D-18057 Rostock · GERMANY  
Tel +49 (0) 3 81 20 81 - 0; Fax +49 (0) 3 81 20 81 - 202;  
<http://www.demogr.mpg.de>

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Approach to Households –  
The Demographics of Households’  
‘Make or Buy’ Decisions**

Liat Raz-Yurovich ([raz@demogr.mpg.de](mailto:raz@demogr.mpg.de))

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This working paper has been approved for release by: Michaela Kreyenfeld ([kreyenfeld@demogr.mpg.de](mailto:kreyenfeld@demogr.mpg.de)),  
Deputy Head of the Laboratory of Economic and Social Demography.

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# **Application of the Transaction Cost Approach to Households – The Demographics of Households’ ‘Make or Buy’ Decisions**

**Liat Raz-Yurovich<sup>1</sup>**

## **Abstract**

This study suggests that outsourcing to service providers is becoming the third edge in the economics of households in the 21<sup>st</sup> century. By referring to the household as an organizational unit, we use the transaction cost approach of the organizational economists to discuss and conceptualize the questions of what, why, and how 21<sup>st</sup>-century households decide to outsource. Our analysis demonstrates that the efficient boundaries of households are flexible, so that the core functions of households are being outsourced with different levels of intensity and scope. Moreover, we find that better cost control, access to technical expertise, and the potential for time savings might foster outsourcing by households; while normative and social beliefs, trust problems, power relations, and asymmetric information might inhibit outsourcing. With regard to the question of how, we find that households ‘make and buy’ rather than ‘make or buy’. Both the demand and the supply aspects of the outsourcing phenomenon are further discussed with regard to institutional mechanisms. Our analysis also offers theoretical contributions to the transaction cost approach, both by proposing the governance structure of ‘make and buy’, and by emphasizing the role of power in the organizational decision-making process regarding outsourcing.

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<sup>1</sup> Laboratory of Economic and Social Demography, Max Planck Institute for Demographic Research. ([raz@demogr.mpg.de](mailto:raz@demogr.mpg.de), [liat.raz@mail.huji.ac.il](mailto:liat.raz@mail.huji.ac.il))

## **Introduction**

Due to a confluence of trends, many Western countries saw tremendous changes in the economics of the household in the second half of the 20<sup>th</sup> century. Among these trends were the cultural winds of change, which started in the 1960s and emphasized gender equality, individualization, and consumption; the sharp rise in women's labor force participation rates, which resulted in an increase in the share of dual-earner couples and an increase in women's contributions to the household income; the decline in fertility; and the improvement in the standard of living of households. According to Cherlin (2004), the transition from the companionate marriage to the individualized marriage, which occurred in the 1960s, brought with it a departure from the breadwinner-homemaker model and a shift toward a less strict division of household labor, in which gender roles became more flexible and more subject to bargaining and negotiation. Moreover, according to Giddens (1992), the stronger emphasis on emotional fulfillment and intimacy within the relationship led to a democratizing of the interpersonal domain, and to the formation of more egalitarian relationships between spouses. These changes occurred in conjunction with the appearance of the second wave of the feminist movement, which emphasized gender equality in the law and in society in general. Moreover, although it is unclear whether women's growing contributions to household income increased the standard of living of households, or whether the increase in the standard of living made women's employment necessary for maintaining the household income; during this era the bases of intimate unions were changing from specialization and household production, to income pooling and household consumption (Ben-Porath 1980; Cherlin 2000; Stevenson and Wolfers 2007). Different scholars have suggested

that, due to these shifts, the paradigm of gender specialization is eroding and has become obsolete, and that a new paradigm is needed to explain the nature of intimate relationships and household economics in the 21<sup>st</sup> century.

Oppenheimer (1977) has predicted that greater symmetry and equality with regard to the employment characteristics of spouses will contribute to the maintenance and the enhancement of the family's status and standard of living, and will therefore enhance the couple's relationship. Cherlin (2000) has suggested that theories of bargaining will become the dominant approach to understanding union formation and dissolution at the beginning of the 21<sup>st</sup> century, as the assumption of single household utility function starts to diminish, and the recognition that each of the spouses has different utility function, and various interests and preferences that he or she wants to maximize, starts to grow (Lundberg and Pollak 1996; Manser and Brown 1980).

The increase in women's labor force participation has also led to a rise in the number of couples who experience time constraints, and who find themselves juggling work and family life. Although it is expected that, among dual-career couples, the spouses will share equally the burdens of housework and child care chores, the evidence has shown that, while women have been investing significantly less and men somewhat more time in housework and child care over the years, women are still doing the lion's share of these chores (Bianchi et al. 2000; Bittman et al. 2003; Esping-Andersen 2009). A gender gap has also been found with regard to the division of leisure time (Bittman and Wajcman 2000), and with regard to the amount of time invested in household management (Winkler and Ireland 2009). This "stalled" (Hochschild 1989), "incomplete" (Esping-Andersen 2009), and "uneven" (England 2010) revolution in women's roles

raises the question of who has filled the gap if women have reduced the amount of time they invest in housework and child care, and men have not shown a parallel increase in the amount of time they invest in domestic and caring chores.

A growing body of literature suggests that the outsourcing<sup>1</sup> 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; Oropesa 1993; Orrange et al. 2003; Sandholtz et al. 2002; Van der Lippe et al. 2004; Winkler and Ireland 2009). Esping-Andersen (2009) has referred to the growth in the service economy as one of the cornerstones in post-industrial societies. This is mainly due to 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.

What is also unique about the outsourcing culture of the 21<sup>st</sup> century is that everything becomes 'outsourcable'. Hochschild (2005), for example, describes Internet advertisements for a wide range of services, including writing letters to friends, locating a soul mate, shopping for personal items or gifts, mailing holiday cards, managing the family calendar, providing parental evaluations, arranging photos in the family photograph album, organizing children's parties, and spending time with elderly family members<sup>2</sup>. Therefore, although the outsourcing phenomenon existed in the past—for example, the Bible describes the use of wet nurses, and the electrical revolution in 20<sup>th</sup> century households made it easy to outsource domestic tasks to machines (Cowan, 1976)—it has never before been as broad as it is today.

Hochschild (2005), referring to the American context, has suggested that three forces operate behind the commercialization of intimate life and the outsourcing culture. The first is the change in the realm of work, with more people engaging in labor market activity, and for longer hours. This overtime culture has affected not only workers in time-intensive industries, such as those employed in high-tech industries. It has also affected the working class, who started to purchase commercial substitutes for life at home, such as unlicensed family child care and family meals from McDonald's. The second force proposed by Hochschild is the service sector, which offers to pick up the tasks working parents are forced to drop. The third force is the culture of 'home', in which more and more lone people purchase services that make them feel at home.

Outsourcing, we submit, has become the third edge in the 21<sup>st</sup>-century household<sup>3</sup> economy. In contradiction to the traditional perception of the home economists, we argue that, these days, the amount of time invested by the two members of a couple in domestic, caring, and related work no longer adds up to 100 percent of the amount of work that needs to be done. The 21<sup>st</sup>-century household economy should be regarded as a triangle, in which the two spouses and the service provider each represent an edge. Some of the questions this model raises—such as whether these edges are of equal length, whether the geometric shape will change in the future, what role the state plays in this process—will be left to future investigations.

In this article, we would like to further leverage and bring to the front the phenomenon of outsourcing in the 21<sup>st</sup>-century household sphere. To this end, we will refer to the household as an organizational unit, and will use the transaction cost approach of the organizational economists to discuss and conceptualize the questions of

what, why, and how 21<sup>st</sup>-century households decide to outsource. Although the transaction cost approach has been flourishing in the management and organizational literature on outsourcing ever since Williamson (1979, 1981) revived it (Espino-Rodriguez and Padron-Robaina 2006), this approach has seldom been used in the sociological, economic, and demographic literature on families and household (exceptions are Ben-Porath 1980; Pollak 1985; and Treas 1993).

This article is constructed as an essay and not as an empirical research agenda. Its aim is to provide a broad descriptive overview of the outsourcing phenomenon in current households and to raise relevant questions, which we hope will stimulate further research in this area. 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. Although we are not the harbingers of this phenomenon, and literature on outsourcing is available in different disciplines, we think that the existing literature on outsourcing can benefit from a re-serving of the outsourcing ball to the academic fields of families and households. Moreover, we would 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 approach<sup>4</sup> 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. This means that the cost of a transaction includes not only the financial cost of the product itself, but also the costs above and beyond it. 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. 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 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).

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. 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.

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.

### **What Should Be Outsourced?**

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 child care and early education. As can be seen in Figure 1, countries vary in the degree to which children enroll in formal child care<sup>5</sup> or pre-primary education<sup>6</sup> facilities. Enrollment of 3-5-year-old children in

**[Figure 1 here]**

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 child care 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 child care arrangements. The lowest rates can be found in the Czech Republic (2 percent) and the Slovak Republic (3 percent). The household's decision about whether or not to outsource child care is largely dependent on policy and on the availability of child care 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 child care is influenced by different factors, such as the social and individual acceptance of non-parental care, perceptions regarding the quality of the child care facilities, and the economic affordability and the availability of these facilities. 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 child care facilities, together with the growing use of such facilities by people in the individuals' close social networks, might have a contagious effect on the use of child care 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. According to Gustafsson and Stafford (1994), the quality, availability, and affordability of child care facilities in a certain country are

dependent on the child care regime the country maintains, including child care arrangements and parental leave policies. These regimes, in turn, affect both the parents' decision to outsource child care 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, child care regimes differ in their regulations concerning the form of child care subsidies, the level of public provision of child care, and the degree of quality control. They have further shown, for example, that Germany and the U.S. differ in their child care 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 child care 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 child care is more relevant to the United States, where child care facilities can mostly be found in the private market; and it is less relevant in the European context, where child care is predominantly provided by the public market. Therefore, in the European context, the availability of such arrangements is more relevant than their cost<sup>7</sup>. Figure 2 illustrates that, even within the European context, the governmental expenditures on child care and pre-primary education are diverse, with Denmark, Sweden, the United Kingdom, and

**[Figure 2 here]**

France investing more than one percent of their GDP in child care 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 child care availability (and, therefore, the ability to outsource child care 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 child care and made it more affordable for highly educated women.

Another way in which households can outsource child care tasks is by using social networks. Previous literature has shown that the rigidity and limitations of the supply of publicly provided child care arrangements are compensated for by a substantial family support system (Del Boca 2002; Hank and Kreyenfeld 2003; Philipov et al. 2006). This informal support system has also been called “the informal sector of welfare” (Graham 1999). According to the transaction cost approach, trust is one of the barriers to the decision to outsource. 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 child care. As was previously mentioned, 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 child care 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 child care, 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 child care 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 child care 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 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.

Figure 3 demonstrates the percentage of use of informal child care<sup>8</sup> in different countries. Informal child care 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 child care is provided for more than 40 percent of the children in this age group. The lowest use of informal child care for children aged 0-2 is found in the Nordic countries. Informal child care 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 child care 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.

Households not only outsource the core functions of reproduction, education, and child rearing, 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 manufacturers can cook food centrally and ship it to

**[Figure 3 here]**

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 middle of the 1970s (Cowan 1976) as the “industrialized revolution” in 20<sup>th</sup>-century households<sup>9</sup>. 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

**[Figure 4 here]**

2009. The most rapid growth in the use of 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.

Yet another way to outsource household chores is by purchasing housecleaning 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 International Social Survey Program (ISSP 2002) allows for an international, although problematic<sup>10</sup>, comparison of the percentage of couples who report that either their laundry, grocery shopping, household cleaning, or meal preparation is done by a third person. As can be seen in Figure 5, this share ranges from about 16 percent among Jewish Israeli households to only one percent among couples in Finland, East Germany, Sweden, and the Czech Republic. The average for the European countries is 3.3, and a similar share is reported for U.S. couples (3.2).

**[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 Survey<sup>11</sup> (Statistics Israel 2000-2009), the Israeli Social Survey<sup>12</sup> (Statistics Israel 2002-2009), the German Socio-Economic Panel Data<sup>13</sup> (GSOEP 2000-2009), and the German Income and Expenditure Survey<sup>14</sup> (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 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 lead to

**[Figure 6 here]**

stronger demand for housework, even beyond the time required for child care. 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.

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 economic changes or policy. The increasing demand for domestic services in the newly industrialized societies of Hong Kong and Singapore is one 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 migration<sup>15</sup>. 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]**

The decline in newly hired domestic helpers, which started after 1996, is probably due to the Asian financial crisis of 1997. Hong Kong, which is the main target country for Filipino domestic helpers (see Figure 8), was also affected by this economic crisis, which in turn reduced the demand for domestic workers in this country. It was not until 2006 that domestic helpers again constituted 30 percent of all immigrants and 50 percent of female immigrants, as was the case in 1996. It can also be seen from Figure 8 that, together with the decline in the demand for domestic helpers in Hong Kong, there was an

**[Figure 8 here]**

increase in the percentage of Filipino domestic helpers who immigrated to Saudi Arabia and Kuwait starting in 1997.

In Singapore, it is often argued that foreign maids are not a luxury, but are essential for performing housework, child care, 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. 2009).

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

### **Why or Why Not Outsource?**

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).

Normative and social beliefs can 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. Similarly, 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 parents' decision to outsource child care.

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.



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<sup>16</sup>. 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, child care 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. 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.

Although dual-earner families have become the most common type of family in most Western developed countries (Blossfeld and Drobnic 2001; Waite and Nielsen 2001), the woman's share of the amount of time a typical couple invests in housework is higher than the man's across the board (see Figure 9)<sup>17</sup>. 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 might, for example, 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

**[Figure 9 here]**

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 child care, 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.

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., child care and education), 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 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).

As money and time are limited, we should emphasize preferences and prioritizing as other important mechanisms in the decision to outsource. 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 21<sup>st</sup> 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 bread, or to engage in domestic work or child care is, in the 21<sup>st</sup>-century household, first and foremost dependent on preferences.

### **How Should Outsourcing Be Done?**

As was mentioned above, the transaction cost approach, as presented by Williamson (1979, 1981), considers three main governance structures: firms, markets, and intermediate forms, which include contracts between firms and markets. Therefore, Williamson's model allows for 'make *or* buy' decisions, and not 'make *and* buy' decisions. In the organizational literature, 'firms' are regarded as 'insourcing' and 'markets' as 'full-scale outsourcing' or 'total outsourcing' (Momme 2002; Urquhart 2002). Urquhart (2002) identifies two other ways to outsource: namely, multiple supplier outsourcing and joint venture, or strategic alliance outsourcing. In multiple supplier outsourcing, the organization coordinates a portfolio of services from multiple suppliers using short-term contracts in order to create competition between them and retain strategic control. In the joint venture, or strategic alliance outsourcing, various organizations foster the creation of a supplier company to which they will outsource work. From the discussion of what households outsource, it seems that the preferred governance structure is of that of make and buy; i.e., households outsource activities, but only partially. Examples of full-scale outsourcing 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.

As the households' preferred solution is to 'make *and* buy,' and as the outsourcing of household labor becomes more prevalent, the time spent on household management is expected to increase and become more prominent in the time-use of households (Winkler and Ireland 2009). This is because outsourced child care or housework tasks still require driving the children to and from kindergarten, school, or

after-school activities; putting the dirty dishes in the dishwasher so it will be possible to operate it; interviewing potential service providers and coordinating with these providers by setting time schedules, giving instructions, supervising the work, etc. These activities are considered part of the strategic and operational phases of the outsourcing process, as defined by the organizational literature. For example, in Momme (2002), six phases of the outsourcing process are outlined: strategic analysis, identifying the best candidates, defining the requirements, selecting the providers, transitioning the operation, and managing the relationship.

The organizational literature also differentiates between indoors and outdoors outsourcing. In the case of child care, for example, when parents decide to buy private care services, they can choose between an arrangement in which the nanny takes care of their child in their own house, and an arrangement in which the nanny takes care of the child in her house.

### **Summary and Discussion**

Various cultural and societal changes that occurred during the second half of the 20<sup>th</sup> century in most Western developed countries have changed the economics of the household, and have led to a growing tendency to abandon the specialization model in favor of a more flexible and a more egalitarian division of household labor between the spouses. The increase in women's labor force participation rates, which is one of the most remarkable legacies of this era, also resulted in a rise in women's contributions to the household income. As women assumed an increasingly large share of the burden of breadwinning (which was traditionally considered to be the man's task), it was expected

that men would in turn start to share the housework and child care responsibilities with their wives. Although surveys have shown that men have somewhat increased and women have significantly decreased the amount of time invested in child care and housework over the years, gender gaps persist in housework, child care, leisure time, and household management (Bianchi et al. 2000; Bittman and Wajcman 2000; Esping-Andersen 2009; Winkler and Ireland 2009). This “stalled” (Hochschild 1989) or “incomplete” (Esping-Andersen 2009) revolution in women’s roles has raised the question of who is taking over the remainder of the work if men are not increasing the amount of time they invest in housework and child care in proportion to the decrease in the amount of time invested by women.

The answer to this question, we argue, lies in the practice of outsourcing: i.e., the purchase of services that used to be done in-house. The household and child care chores are no longer divided between the spouses; now the household economy is composed of a triangle, with the two spouses and the service provider representing the three edges. Hochschild (2005) called this phenomenon an ‘outsourcing culture’. Moreover, Esping-Andersen (2009) described the growth in the service economy as one of the cornerstones in post-industrial societies. This is mostly because service consumption, which was mainly seen among the privileged groups of society a century ago, is now common across the population. As we also demonstrated in this article, another characteristic of the service economy and the outsourcing culture is that everything becomes ‘outsourcable’. In this study, we used the transaction cost approach of the organizational economists to discuss what, why, and how 21<sup>st</sup>-century households choose to outsource. While describing what households outsource, we demonstrated 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. While discussing why households decide to outsource, we demonstrated that a desire for better cost control, access to technical expertise, and time savings might foster outsourcing by households; and that normative and social beliefs, high uncertainty, trust problems, power relations, and asymmetric information are barriers to outsourcing. Our results concerning the question of how households outsource demonstrate that households ‘make and buy’ rather than ‘make or buy’.

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 child care and family policies affect the availability of child care facilities, their cost, and their quality. The wide deployment of high-quality child care 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 child care 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 child care (or any other task) becomes more widespread, it is also possible that a demand from ‘below’ will further increase the availability of child care 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, child care, 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 21<sup>st</sup>-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?

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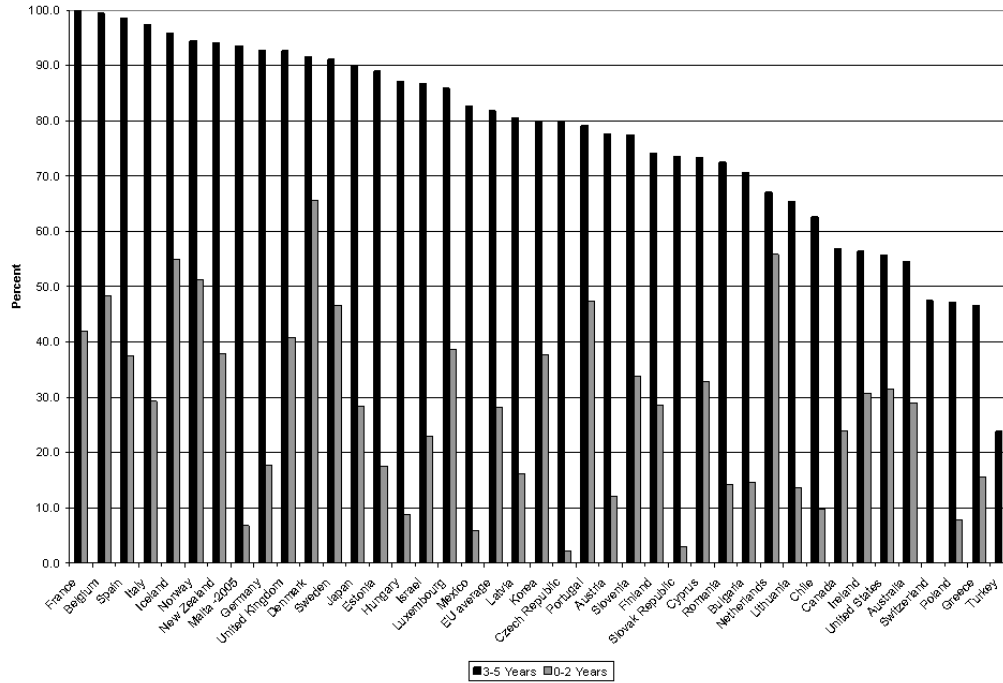
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**Figure 1**

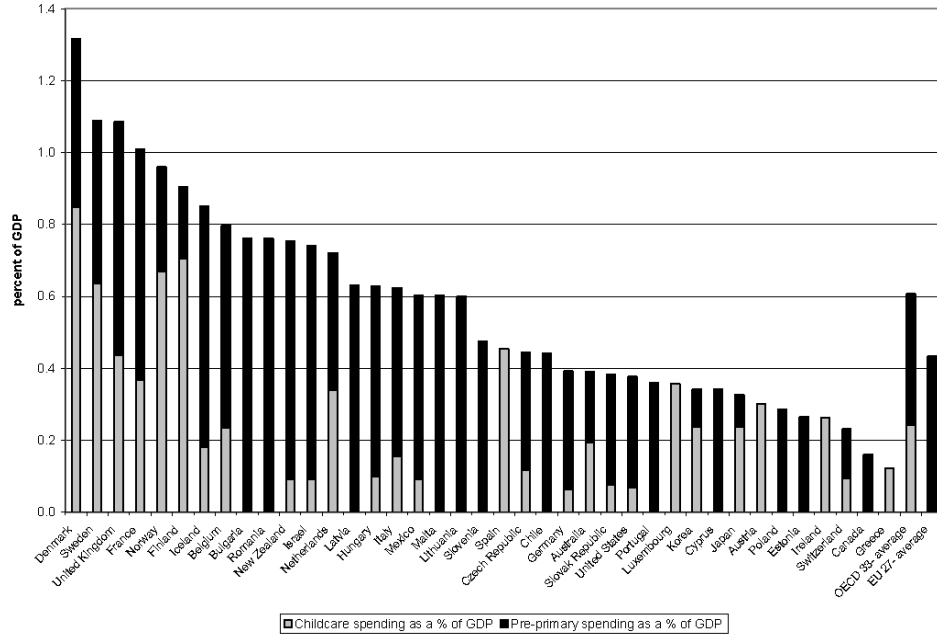
**Figure 1: Enrollment rates of children under age 6 in formal care or early education services, 2008**



Source: OECD Family Database.

**Figure 2**

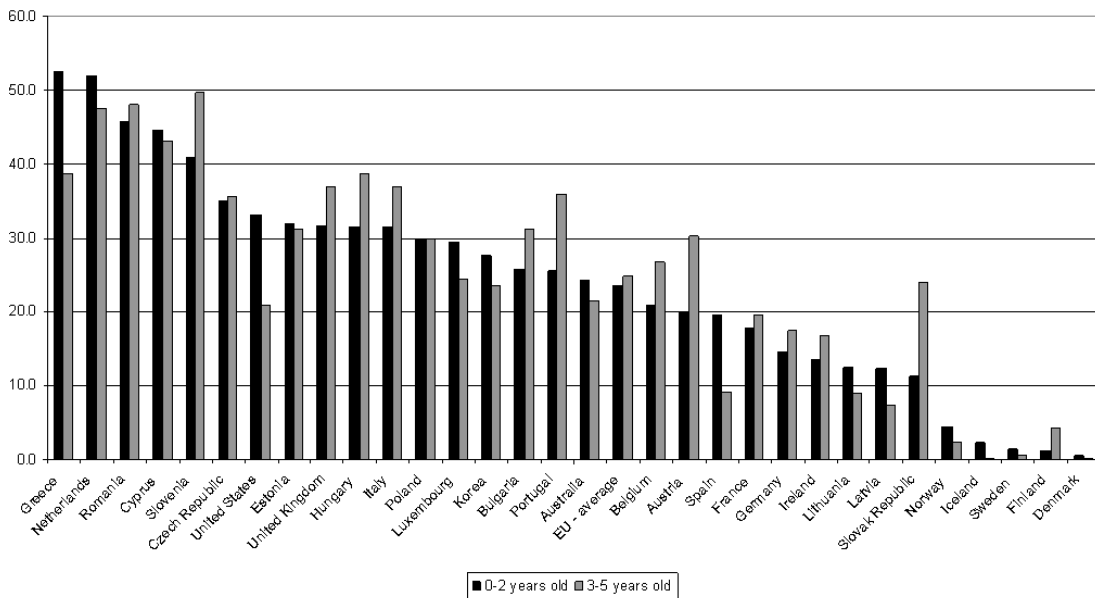
**Figure 2: Expenditures on child care and pre-primary education, 2007**



Source: OECD Family Database.

**Figure 3**

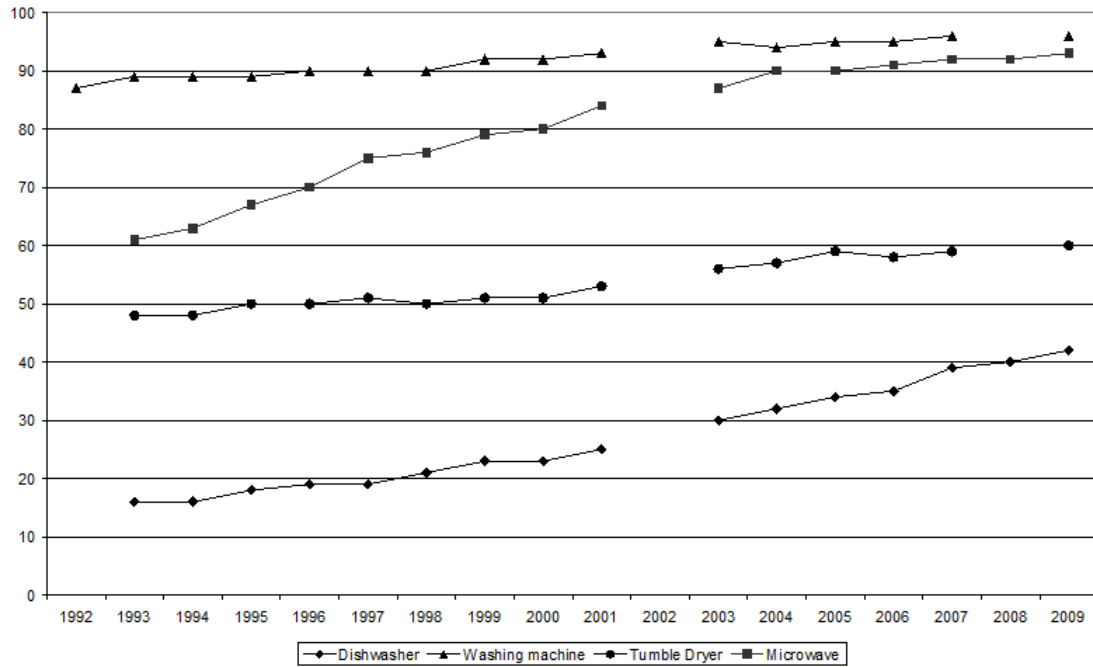
**Figure 3: Percentages of children using informal child care, 2008 or most recent years**



Source: OECD Family Database.

**Figure 4**

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

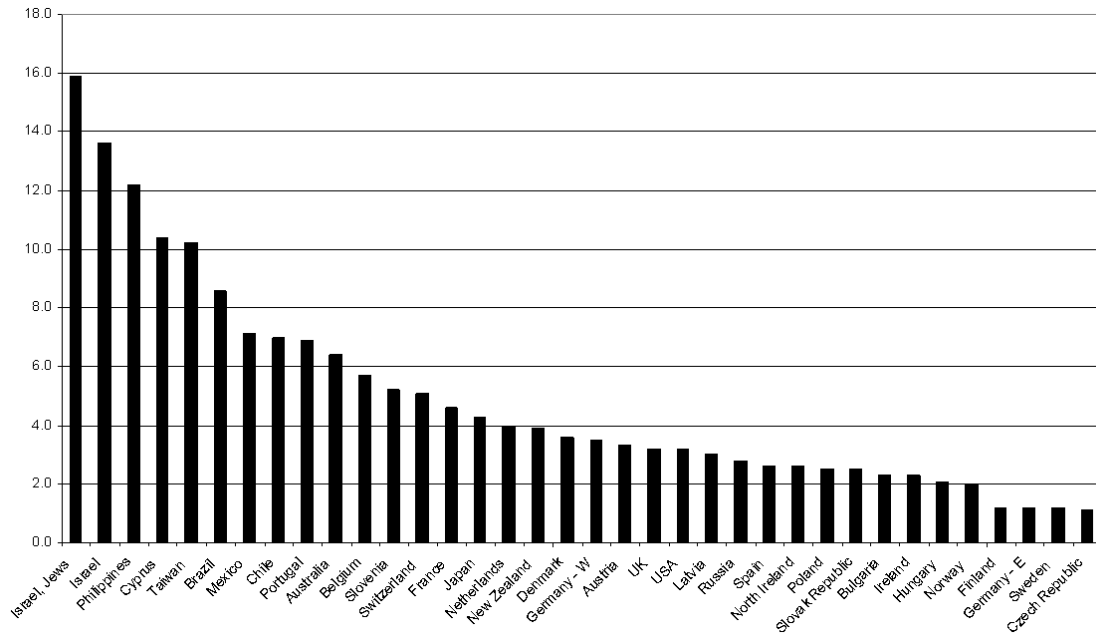


Sources: 1992-2001 - UK Office for National Statistics, Family Expenditure Survey  
2003-2009 - UK Office for National Statistics, Living Costs and Food Survey  
Colchester, Essex: UK Data Archive [distributor]



**Figure 5**

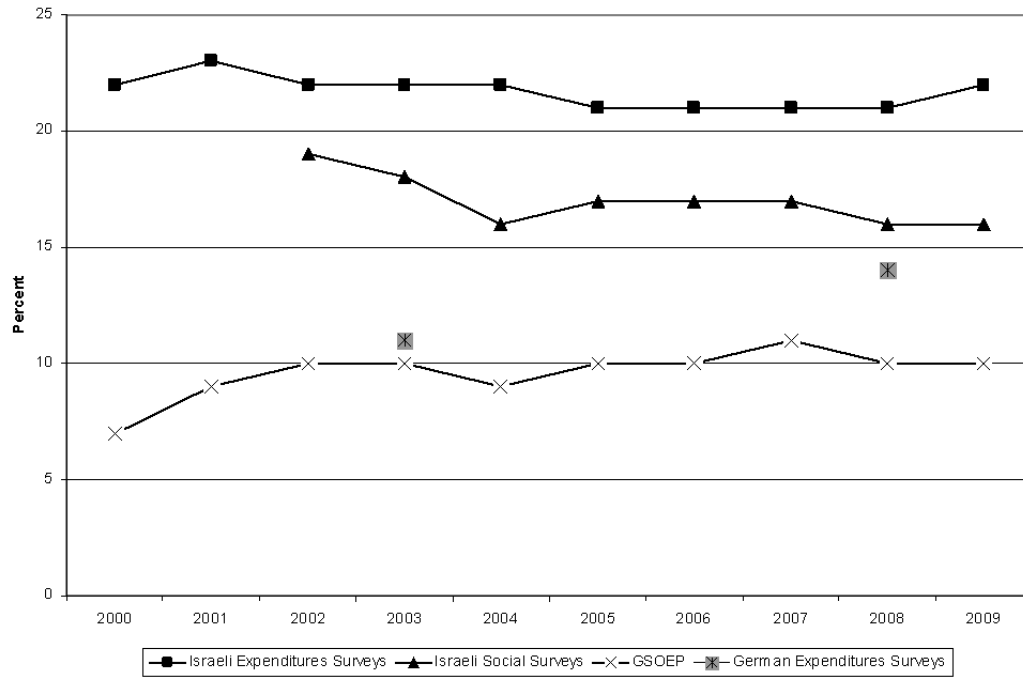
**Figure 5: Percentages of couples reporting that either their laundry, grocery shopping, household cleaning, or meal preparation is done by a third person, 2002**



Source: Own calculations, ISSP 2002.

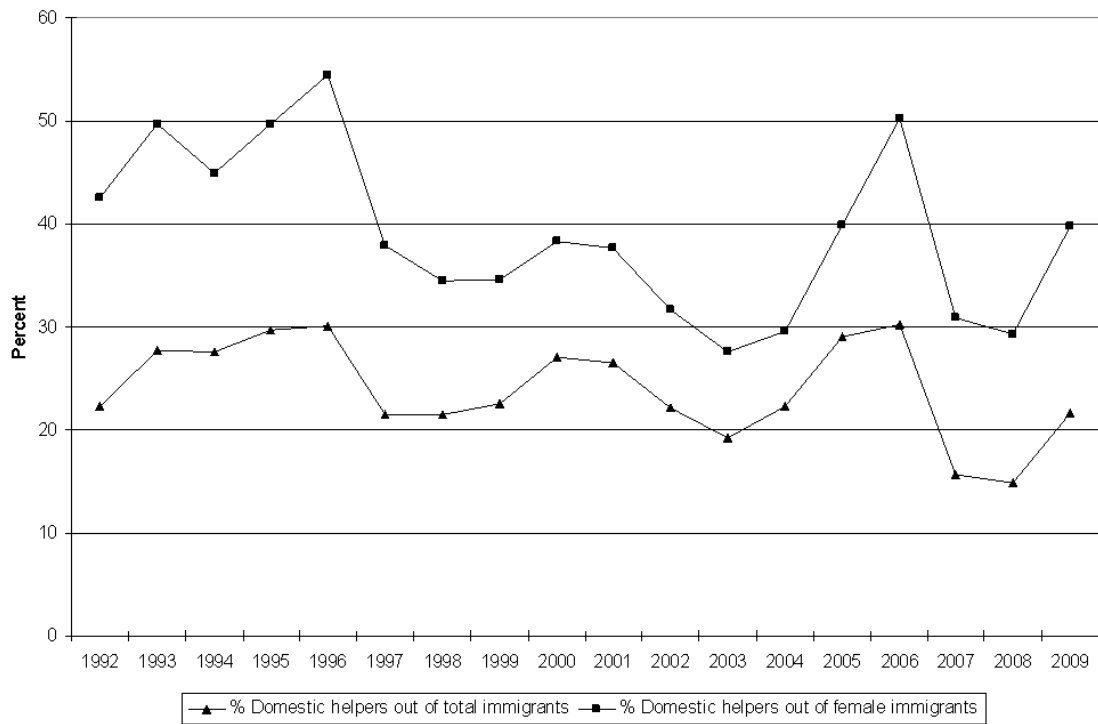
**Figure 6**

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



**Figure 7**

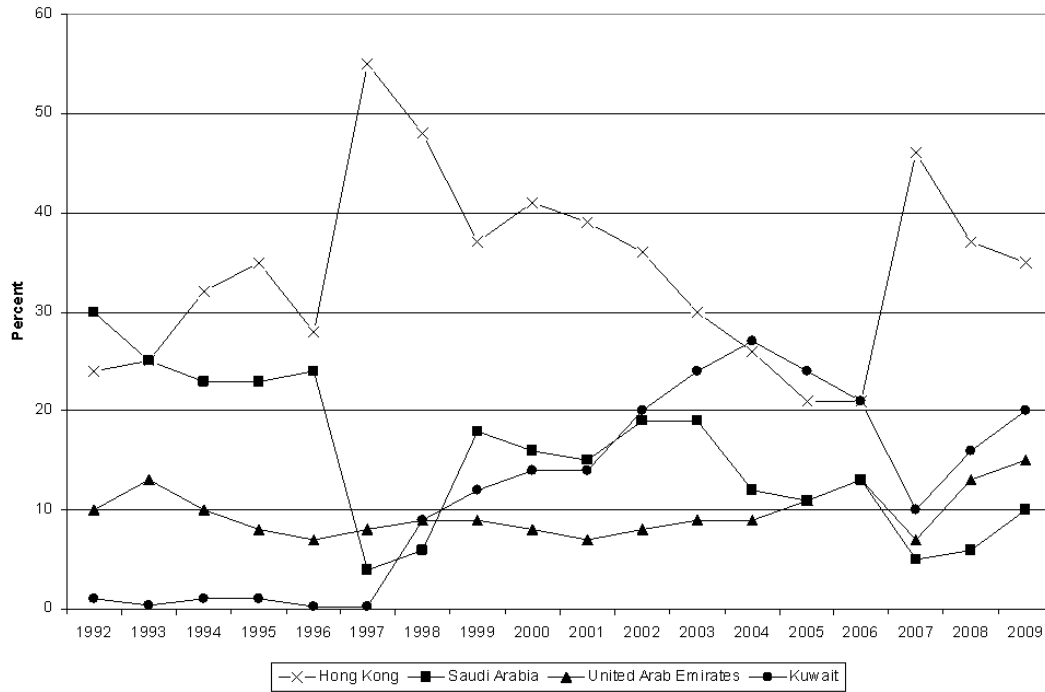
**Figure 7: Newly hired Filipino immigrant workers, 1992-2009**



Source: Registries of the Philippine Overseas Employment Administration.

**Figure 8**

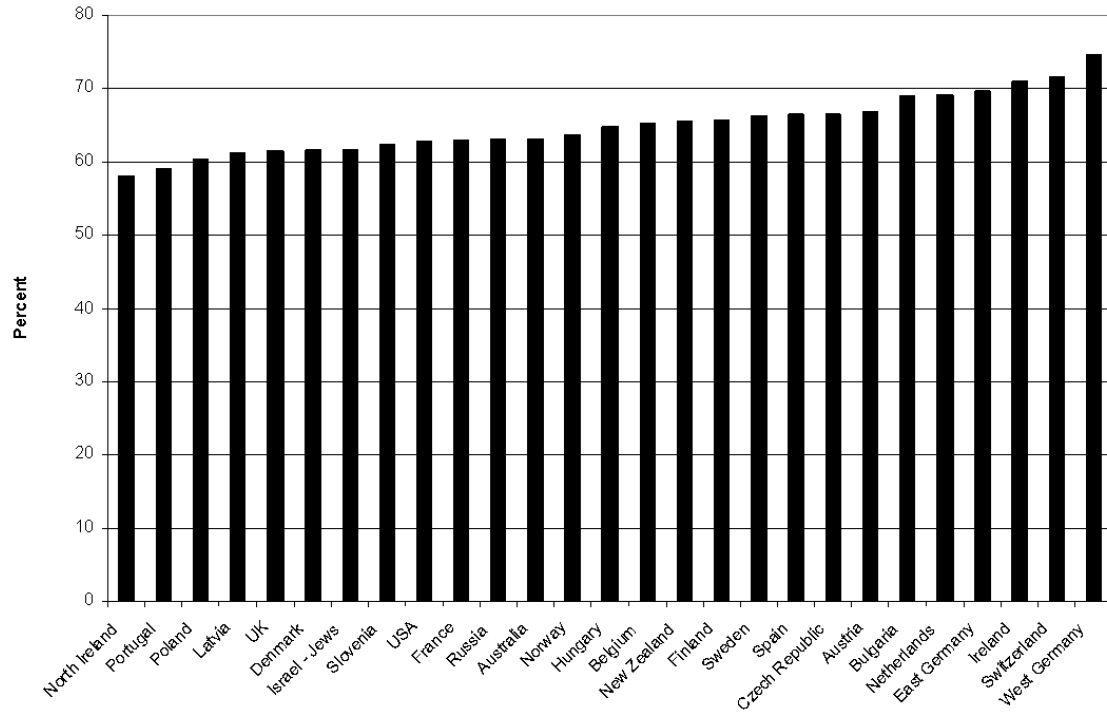
**Figure 8: Main target countries of Filipino domestic helper immigrant workers, 1992-2009**



Source: Registries of the Philippine Overseas Employment Administration.

**Figure 9**

**Figure 9: The share of time married or cohabiting women invest in housework, out of the spouses' total investment, 2002**



Source: Own calculations, ISSP 2002.

## Notes

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

<sup>2</sup> A more thorough discussion of what is being outsourced by households will be presented later in this article.

<sup>3</sup> In this paper we use the term "household" as a synonymous with the term "family." By "household" we refer both to the dwelling and to the people who live in it. We usually refer to the household as composed of a heterosexual couple (whether married or cohabiting) with children, but our analysis can also be extended to other types of families.

<sup>4</sup> The following is a description of the rudiments of the transaction cost approach, as they appear in Williamson (1979, 1981).

<sup>5</sup> Child care facilities for 0-2-year-old children include group care in child care centers, registered child minders based in their own homes, and care provided by a carer at the home of the child (OECD).

<sup>6</sup> 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).

<sup>7</sup> A thorough and comprehensive description of the provision of child care in European countries, as well as further discussion on policy matters, can be found in European Commission (2009).

<sup>8</sup> Data for European countries include unpaid care provided by grandparents, other relatives, friends, or neighbors. Data for other countries might also include unregulated child care provided by nannies or babysitters, and might include both paid and unpaid care from relatives (OECD).

<sup>9</sup> 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) and Rothschild (1983)).

<sup>10</sup> The original question in the ISSP 2002 asks: "In your household who does the following things," and provides a list of household chores. The possible answers are: "Always me," "Usually me," "About equal or both together," "Usually my spouse/partner," "Always my spouse or partner," "Is done by a third person," and "Can't choose." The respondents can choose only one of these categories, with no option to choose, for example, both "Usually me" and "Is done by a third person." In this sense, this categorization will be problematic for households which employ hourly waged cleaning services once a week, and in which at least one of the partners is doing some of the housework during the rest of the week.

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<sup>11</sup> From the Israeli Households Expenditure Surveys, we calculated the percentage of households that spend at least one Israeli shekel on “Housemaid and cook.”

<sup>12</sup> 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.

<sup>13</sup> 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.”

<sup>14</sup> 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.”

<sup>15</sup> 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).

<sup>16</sup> 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).

<sup>17</sup> In Figure 9 we calculate the time invested in housework by the female spouse divided by the sum of the time invested in housework by both spouses.