

ABSTRACT

The declining fertility rate poses a critical challenge for Indonesia, with significant implications for economic growth and long-term sustainability. This research aims to analyze the main causes of the declining fertility rate in Indonesia. The analysis utilizes data from the fifth wave of the Indonesian Family Life Survey (IFLS), encompassing variables related to education, economic, socio-demographics, and biological influences on fertility behavior. These variables are incorporated into a binary choice model, which is further analyzed through logit regression analysis.

Using Leibenstein's Economic Theory of Fertility Decline, Becker's Economic Analysis of Fertility, and Easterlin's Income-Fertility Relationship as the theoretical framework, this paper reveals several contributing factors to the declining fertility rate in Indonesia, including higher educational attainment, higher internet access, higher income, and having formal employment. This paper highlights several key findings in the context of declining fertility in Indonesia. Education, particularly senior secondary and tertiary levels, is associated with reduced fertility intentions. Internet access complements formal education, impacting declining fertility behavior positively. Surprisingly, contraceptive experience shows a counterintuitive positive relationship with fertility, potentially due to unaccounted factors. Household expenditure aligns with income-fertility theories, reflecting investment per child. Formal employment is linked to lower fertility probabilities due to higher opportunity costs. Age and smoking habits exhibit complex relationships, possibly influenced by data limitations. These nuanced insights emphasize the significance of economic, educational, and behavioral factors in shaping fertility decisions.

Keywords: declining fertility rate, economic growth, quality-quantity tradeoff, binary choice model