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Examining the compatibility of the collective model (CM) based on the distribution factors of "educational difference" and "income share" with the market work behavior of married Iranians

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EXTENDED ABSTRACT

INTRODUCTION:

The conditions of Iran's labor market show that emphasizing on employment and unemployment rates without addressing other aspects of the labor market is not effective in solving the problem of unemployment and making appropriate policies. From this point of view, it is important to focus on the behavior of the micro behavior of the labor supply side, focusing on the target groups, as a start point to explain and adopt suitable labor market policies.
The recent global research flow is expanding with the goals of improving the labor market policy of employed married people and preventing the undesirable results of unrelated patterns in the field of labor market supply of married couples. With the introduction of the Unitary Model (UM) by Gary Becker(1965) and the expansion of the range of different approaches in explaining the behavior of household market work, the collective model (CM) was introduced by Chiappori(1988) as one of the important candidates in this field. The collective model of the supply of household working hours is celebrating its 36th birthday and is considered one of the worthy subjects by researchers in the field of the household labor market and in the field of microeconomics, and it is the source of numerous studies in the past three decades (Donni & Molina, 2018). The main issue in this group of studies is the answer to this key question, whether in the policy of paying (subsidy) to or receiving (taxes) from the household, knowing that which one of the couple is the recipient or the payer, can affect the welfare of other members as well as their leisure decisions? (Chiappori & Mazzocco,2017).

In the collective model (CM), according to the effect of some variables as factors of income distribution within the household affecting the market working hours of husband and wife and by examining the effect of these factors on the supply functions of working hours of couples, it is concluded that the working hour behavior of each one of the couples does not have the same behavior against increase or decrease in the total non-working

income of the household; and increase of non-working income of each one of spouses, has different effects on the supply of married couples working hours. In this regard, it is necessary to pay attention to the target groups of the supply side of the labor market and use a suitable model to explain the labor market behavior of married workers. In this research, the two variables of "husband and wife education difference" and "the income share of each of the total household income" is used on the Collective Model test, to estimate the labor supply functions of married and employed Iranian women and men.The results show the uncertainty of the collective model (CM) in identifying Iranian household behavior in the labor market.

METHODOLOGY:

In order to analyze the behavior of the supply side of the labor market, first, according to the realities of the Iranian economy, the behavior of suppliers and participants in the labor market should be explained and identified. This is followed up by reviewing the existing theoretical literature in the field of market work behavior of married people, including the "unitary model" and "non-unitary models", and by introducing the relevant branches in the field of non-unitary models including "cooperative models" and "non-cooperative models". The focus of the current research is on the collective model (CM) as a branch of "cooperative models" regarding the behavior of married people. In the collective model (CM) according to the effect of the distribution factors within the household on the market working hours of married people, it is concluded that the distribution factors affect the choice of consumption and working hours of couples only through the influence on the location of the choice point on the Pareto frontier or in the other word an expression of the weight of the husband and wife's preferences is effective, and since this weight is not one-dimensional, it means that the influence ratios of the distribution factors in the two supply functions of the couple's working hours will be the same (Bourguignon et al, 1995). In this regard, the present research has studied the collective model(CM) test based on the data of Iran by introducing two factors of the distribution of "the educational difference between husband and wife" and "the share of each spouse from the income earned in the household". In order to estimate the structural equations of the supply of working hours of couples; The use of instrumental variables method was found to be effective for the endogeneity of the logarithm of own and cross wages, and to choose the appropriate instrumental method, the advantage of using the "generalized moments method" (GMM) compared to other instrumental methods such as IV and 2SLS despite the heterogeneity of

variance was proved. Finally, referring to the theoretical literature of collective model (CM), the functional form of the equations of the supply of working hours of husband and wife in the household based on the micro data of 800 Iranian households and focusing on the family and economic characteristics of this group in functions without restrictions and with considering the two distribution factors of "the difference in education" and "the share of each couple in the total household income", it was estimated. Then, the impact of the variables introduced in the study on the labor market behavior of married workers was analyzed and according to two selective distribution factors, the conformity of the collective pattern (CM) with the information of Iran was evaluated.

FINDINGS:

The findings show that the residence of married people in rural areas has a negative and significant effect on the supply of market working hours of working women and men. With increasing age, the working hours of married men and women decrease. With the increase in the education level of married men, their market work hours increase, while with the increase in the education level of married women, their market work hours decrease significantly due to the possibility of more accessvto part-time jobs for this educated group. The own wage elasticity of working and married men is positive and significant, and the dominance of the substitutional effect on income is evident in it. Therefore the shape of the supply function of men's working hours is reported as standard. vice versa the wage elasticity of married women is negative and high and indicates the dominance of the income effect over substitution in the labor supply function.

The results of the analysis of the two selected variables of the distribution factor in the collective model (CM) show that the variable "difference in the education of the couple (in favor of the husband)" has a negative and significant relationship with the market working hours of married men and does not show a significant relationship with the market working hours of married women.

Also, the variable relationship of "husband's share of the total household income" with the working hours of married men is positive and with the working hours of married women is negative and significant, and therefore, in the studied sample, the working behavior of married workers is not consistent with the theoretical literature of collective model (CM).

CONCLUSION

The evaluation of two factors of intra-household distribution shows that in the studied sample, the working behavior of married workers is not consistent with the theoretical literature of collective model (CM). Men are still expected to provide living costs and livelihood in Iranian households and married women reduce their market work time in favor of family roles in order to balance the responsibilities of life and work. This doubles the need for family-friendly employment policies, especially for young and married working women. The labor market policy makers along with the burden of economic responsibility of married men in Iranian households should pay attention to fill the gap between household expenses and income and providing the possibility of more work-life balance for married and working women.

Based on this, it is still necessary to pay attention to the assumption of the function of common preferences of couples in the Iranian household, and it is recommended that any policy of paying to the household (subsidies) and receiving from the household (taxes) should be established and be executed based on the identification of the target households and not the working people in the household.

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