

Labor Market Response to Gendered Bread-Winner Norms: Evidence from India

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- India has witnessed strong economic growth and Indian women have witnessed increasing levels of education and declining fertility.
- Unlike the western experience, these have not translated into significant reduction in the gap between female and male LFPR in India
- Male LFP averages 96% while FLFP averages only 27%
- Recent literature has begun to explore the role of social and cultural norms.
- In this paper, I wish to look at one such prevalent norm - the “**Male-Breadwinner**” Norm.

Motivation

- In WVS (1995), people were asked “If a women earns more money than her husband, it’s almost certain to cause problems, Do you agree strongly, agree, disagree or disagree strongly?”

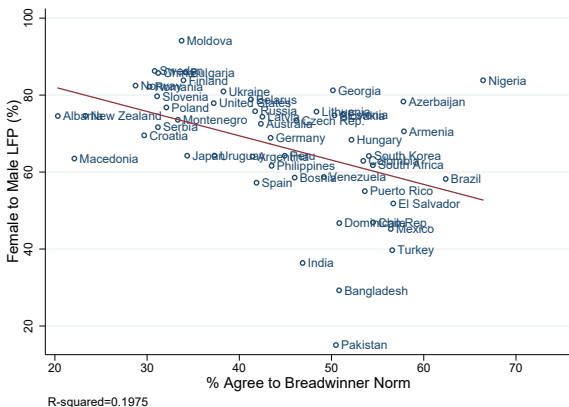


Figure: World Value Survey

Research Questions

- 1 Is the “Male-Breadwinner” Norm binding? i.e. do people alter their behavior based on the norm?
 - Yes! Couples seem to bunch around 50% share of wife's income in response to the norm.
- 2 What are the labor market consequences of behavioral prescription to the “Male-Breadwinner Norm”?
 - 10pp ↑ in prob. that wife earns more ↓ likelihood of her LFP by 1.3-1.7 pp and ↑ the gap between her actual and potential earnings by 2-3 pp
- 3 What are some of the potential channels?
 - Suggestive evidence that backlash against women who earn more may be a potential channel

Existence of Breadwinner Norm

- If we look at couples in India where both husband and wife are engaged in wage/salaried employment (over 3 decades), we get the following distribution:

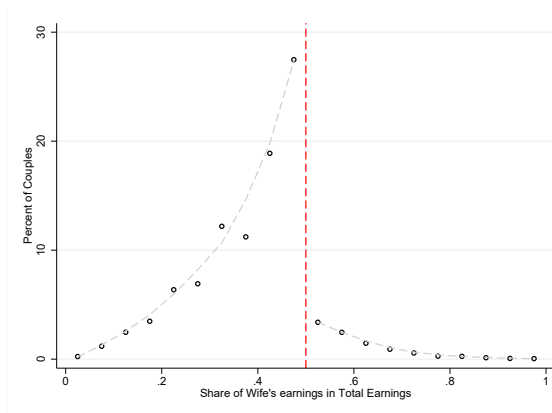


Figure: Distribution of Relative Income

- The observed discontinuity is much larger than that observed in US, Sweden, Finland, Canada etc. **US**
- Alternative hypothesis - **Institutional Factors** **Misreporting**

Response to the Norm

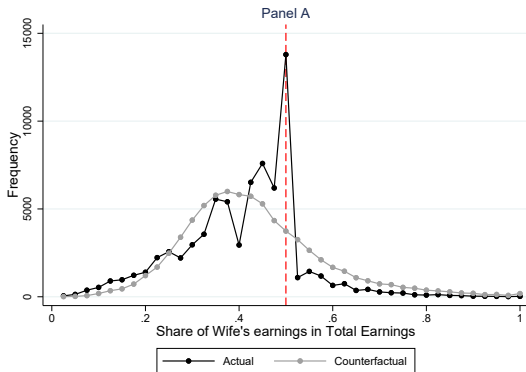


Figure: Actual and Counterfactual Distribution

- Counterfactual Income - replace actual income of wife with mean income of women in her demographic group (age, education, caste, rural/urban, state, time).
- An average responder is willing to move around 12-22 pp.

Labor Market Consequences - Extensive Margin

- Sample - husbands are engaged in wage/salaried jobs irrespective of wives' work status.
- Does higher probability that wife earns more than her husband lead to a higher probability of not participating in the labor market?
- $P(\text{WifeEarnsMore})$ - the prob that the wife's income would exceed her husband's if her income were drawn from the distribution of positive earnings in her demographic group.
- **Results**
 - If the prob that wife earns more \uparrow by 10pp, the likelihood of her being employed in wage/salaried position \downarrow by 1.3-1.7pp.
 - Robust negative effect of expanding definition of LFP.
 - Similar in magnitude to US but lower baseline LFP implies stronger effects in India.

Labor Market Consequences - Intensive Margin

- Sample - both husband and wife are engaged in wage/salaried jobs
- Does higher probability that wife earns more than her husband lead to a greater deviation from her potential earnings?
- $Y_i = IncomeGap_i^{wife} = \frac{Actual\ Earnings - Potential\ Earnings}{Potential\ Earnings}$
- **Results**
 - If the prob that wife earns more \uparrow by 10pp, the gap between her actual and potential earnings \uparrow by 2-3 pp.
 - This effect is at least twice as large as what we observe for the US.

- I exploit the gender relations module from the IHDS dataset.
- I show that for a women who earns more than her husband in 2005, the probability of exiting the labor market in 2012 is higher.
- All of this comes from cases where wife says that husband makes her labor market decisions.
- Suggests, that the norm is more likely to bite men which in turn affects women's labor market outcomes.
- I also show the correlation of breadwinner norm with some other gender norms likes purdah (veil).

Summary

- The “Male-Breadwinner” norm significantly alters couples labor market decisions.
- Prescription to this norm has negative consequences for the labor market outcomes for women.
- Currently working on measuring if there is welfare loss (lost consumption) associated with prescription to this norm

Policy Discussion

- Strategic Misreporting of Women's Income to conform to norms.
- Best way to structure labor contracts for employment generation programs targeted at women.

THANK YOU!!!

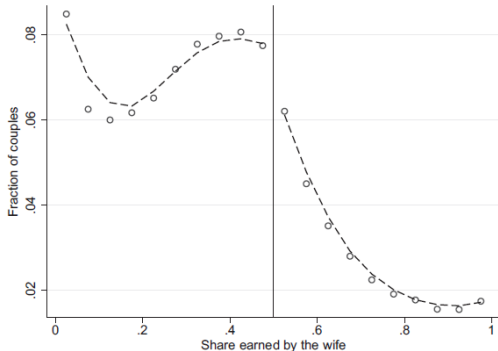


FIGURE I

Distribution of Relative Income (SIPP Administrative Data)

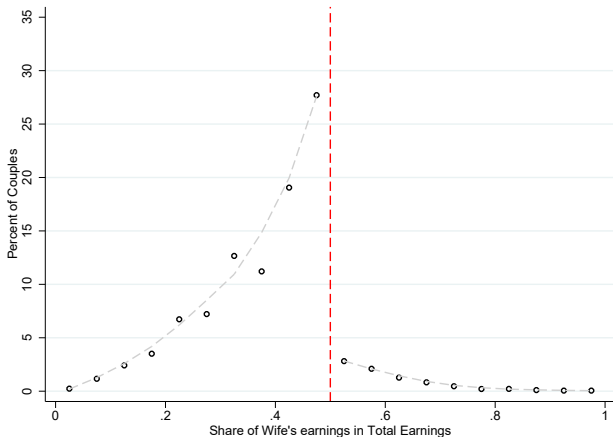
The data are from the 1990 to 2004 SIPP/SSA/IRS gold standard files. The sample includes married couples where both the husband and wife earn positive income and are between 18 and 65 years of age. For each couple, we use the observation from the first year that the couple is in the panel. Each dot is the fraction of couples in a 0.05 relative income bin. The vertical line indicates the relative income share=0.5. The dashed line is the lowest smoother applied to the distribution allowing for a break at 0.5.

Institutional Factors & Income Equalization

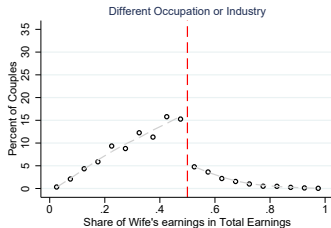
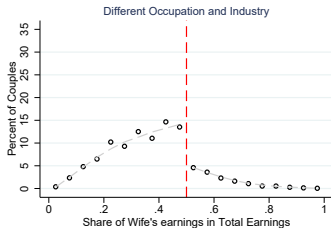
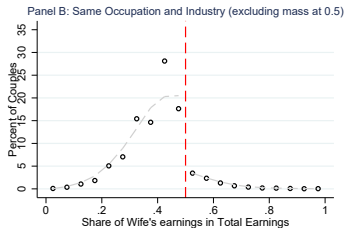
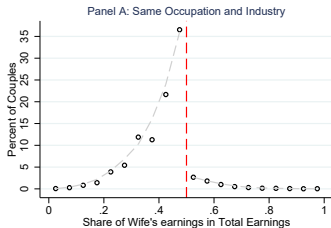
- In the literature, various drivers unrelated to gender norms have been proposed, such as the tax schedule or collective wage agreements
- Zinovyeva and Tverdostup [2018] show that in Finland most of the bunching is coming from co-working spouses i.e. those who work in the same firm.
- They show that overtime couples start to work together in the same industry or firm and earn the same amount leading to the point mass at 50% which in turn leads to the discontinuity.
- They have at least three testable implications of the alternative hypothesis from which the following two can be tested in our context
 - 1 It does not predict a discontinuity at the time when couples are formed. Instead, the discontinuity should arise over time as some couples start to equalize their earnings.
 - 2 The discontinuity should only be observed for couples that work together.

Testable Implication - I

- The discontinuity should arise overtime rather than when couples are formed.
- I don't have data for marriage formation or duration of marriage but we can look at younger couples which would have formed more recently.



Testable Implication - II

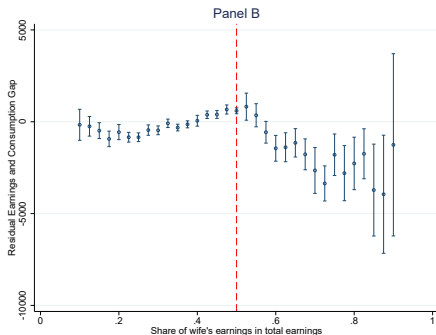
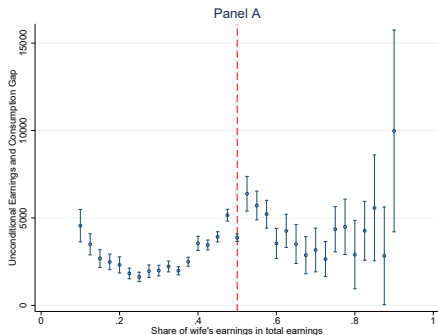


Misreporting

- A possible concern is that people reporting equal earnings of husband and wife may be misreporting.
- Husband's information is collected before wife's and hence potential under-reporting of wife's income to follow norm.
- Households are more likely to misreport their income than consumption [Hurst et al., 2014].
- Consumption data in NSS is collected for various heads and total consumption is derived. Strategic misreporting on consumption is unlikely.
- Thus to check if those claiming equal income are strategically misreporting income, we can plot $E(\text{TotalEarnings} - \text{Consumption}/\text{Demographics})$ along with relative income shares. [Who Bunches?](#)
- If smooth, then misreporting is less of a concern.

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Misreporting



- In the right panel, the residual is calculated by regressing the earnings and consumption gap on education and age of both husband and wife.
- There is no misreporting conditional on age and education. Under the assumption that misreporting is uncorrelated with age and education, we can say that there is no misreporting.

Labor Force Participation Definition

- We follow Dubey et al. [2017] and work with three definitions of LFP for women to give more insights in how the quality of work might also be affected by norms.
 - **Narrow definition** - Usual principal/subsidiary activity was salaried, waged and casual wage labour.
 - **Medium definition** - Own account workers/helpers and employers (self employment) in addition to wage and Salaried.
 - **Broad definition** - Here we also include “extra-domestic duties” like in free collection of goods (vegetables, roots, firewood, cattle feed, etc.), sewing, tailoring, weaving, etc. for household use in addition to those included in the medium definition.
- Following table provides the FLFP rates as per each of the above definitions for couples in our sample (couples with wage information about the husband available) and all couples.

Estimation

Interpretation

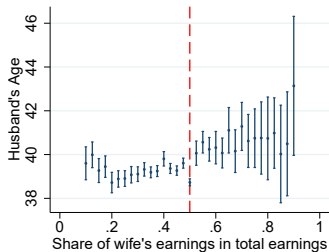
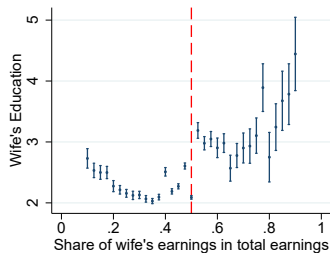
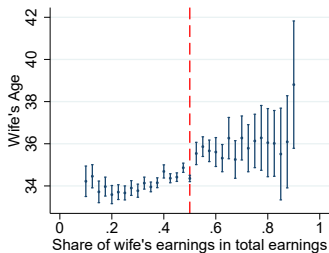
Definition	LFP (%)	
	Sample	Data
Narrow	24.34	15.63
Medium	31.37	24.16
Broad	54.4	57.98

Construction of Probability Measure

- We first assign each woman to a demographic group defined by:
education group \times age group \times social group \times state of residence \times sector
(rural/urban) \times time period.
- For each group we find p^{th} percentile of earnings among working women, w_i^p , where $p \in \{5, \dots, 95\}$.
- We define the variable $P(WifeEarnsMore) = \frac{1}{19} \sum_p \mathbb{1}_{(w_i^p) > \text{husband's income}}$.
- This probability captures the likelihood of a wife earning more than her husband if her income were a random draw from the population of working women in her demographic group, irrespective of whether she actually works or not.
- By potential income we mean - (possibly distorted) income that wife would likely earn were she to join the labor force.
- To get rid of some of the distortions, I recalculate the potential income excluding earnings of women with wage ratios (0.45,5] (likely bunchers)
- Other suggestions for calculating potential earnings?

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Who Bunches?



References

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