

The Winning Couple: Formal Wife and Informal Husband

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Motivation



- Using the NTA methodology we wanted to spot gender differences in the standard patterns provided by NTA: consumption, transfers and savings
- We noticed, however, that the differences between sexes may correspond to early life decisions that link: educational achievement, labor market outcomes, and the marriage market

Motivation



- Some Demographers and Economists propose that the demand for children is jointly taken between spouses, in order to coordinate market and domestic labor
- By doing so, labor market supply and reserve wages are also jointly decided with the final number of kids (Schultz, 1997)

Motivation



- This may not be happening in Colombia
- Segmentation between formal (48%) and informal market (52%) may be leading the investments parents do on their kids human capital by gender, as well as leading young adults' decisions
- Those investments in female education are probably not fully reflected in labor income but in the access they get to the formality of their jobs, namely social security

Data



- Microdata: 2008-Living Standards National Survey (*Encuesta Nacional de Calidad de Vida-ECV*), DANE.
- Includes income-expenses per individual and household in all topics of our concern: education, health, consumption and some transfer programs
- Macrodata: The standard combination for NTA: SNA, IMF, Ministries and Central Bank

NTA-Profiles



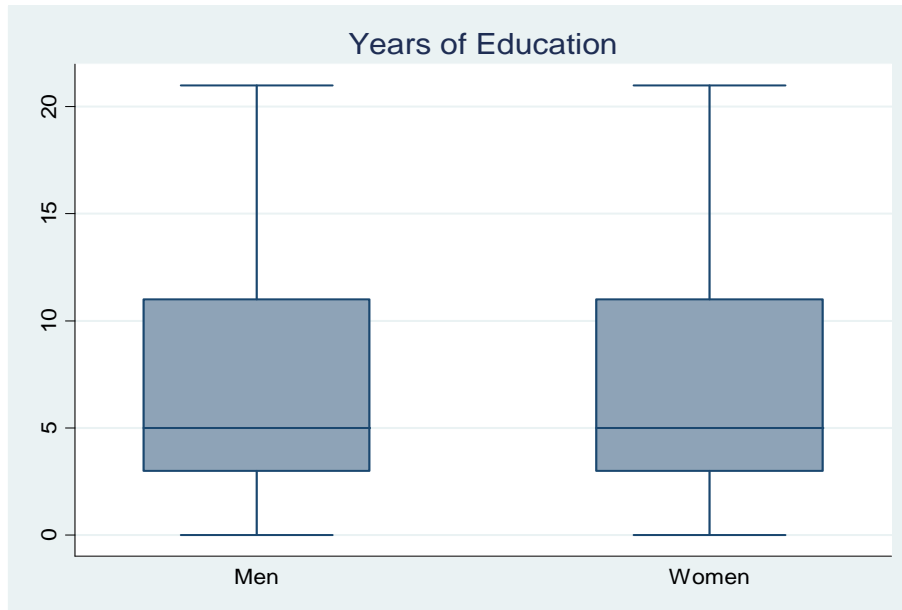
- The following Figures are presented in monthly Colombian pesos (COP\$)
- Age profiles are taken from UN population estimation for 2008, as it smoothes sampling frame problems that under-estimated the number of the youngest from the survey
- Colombia is beginning its “demographic bonus” stage

Stylized Facts



- Colombia has steadily increased the average number of years of education, since 1970 (Ribero & García, 1996)
- Accompanying several social changes, this increment has been more notorious for women than for men (Flórez, 2000)
- Women, since the late 1990's, have on average more years of education than men. Particularly true for cohorts born since 1956 (Herrera, 2010)

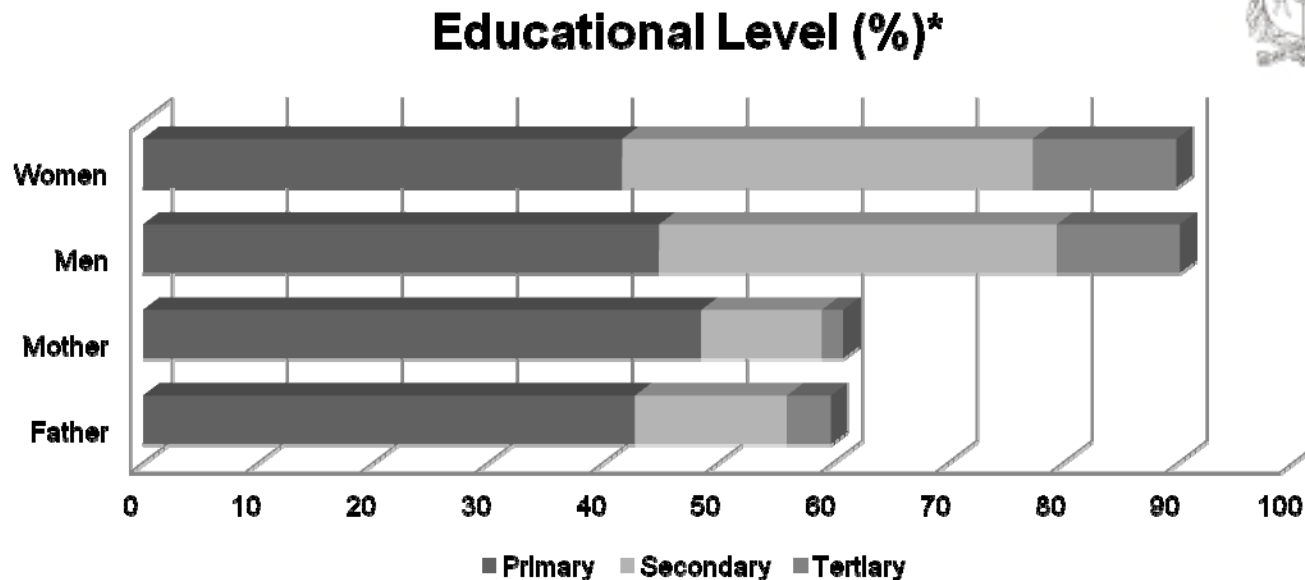
Average years of Education



Following ECV-08 men older than 15 reach on average 6.5 years of education and women 6.68

- For those with tertiary education the average numbers of years approved in the category is 4.37 for men and 4.03** for women

Average years of Education



* People not currently studying and over 15 years old

- Generational differences are large: the proportion is 3 times larger for women with secondary education compared to their mothers, and 10 points higher in tertiary education (for older than 15 years old)

Stylized Facts



- The female educational attainment is linked to overall fertility reduction and massive incursion of women in the labor market (Flórez, 2000)
- On the other hand, child labor is increasing in Colombia (9.2% rate in 2009 from 6.9% in 2007) and boys work more in labor market jobs (Urueña et al., 2009; Flórez & Méndez, 1997) related to larger educational desertion rates of boys (Sánchez et al.,

Other Descriptive



- The combination of educational attainment and child labor trends is probably leading the larger numbers of males working, later in life, in the informal sector: 62% of men are informal workers

Average years of Education by Age and Sex

| Age | Men | Women |
|-----|------|-------|
| 15 | 7,34 | 8,03 |
| 16 | 7,9 | 8,44 |
| 17 | 7,85 | 8,1 |
| 18 | 7,09 | 7,21 |
| 19 | 7,06 | 7,2 |
| 20 | 6,7 | 6,9 |

Other Descriptive



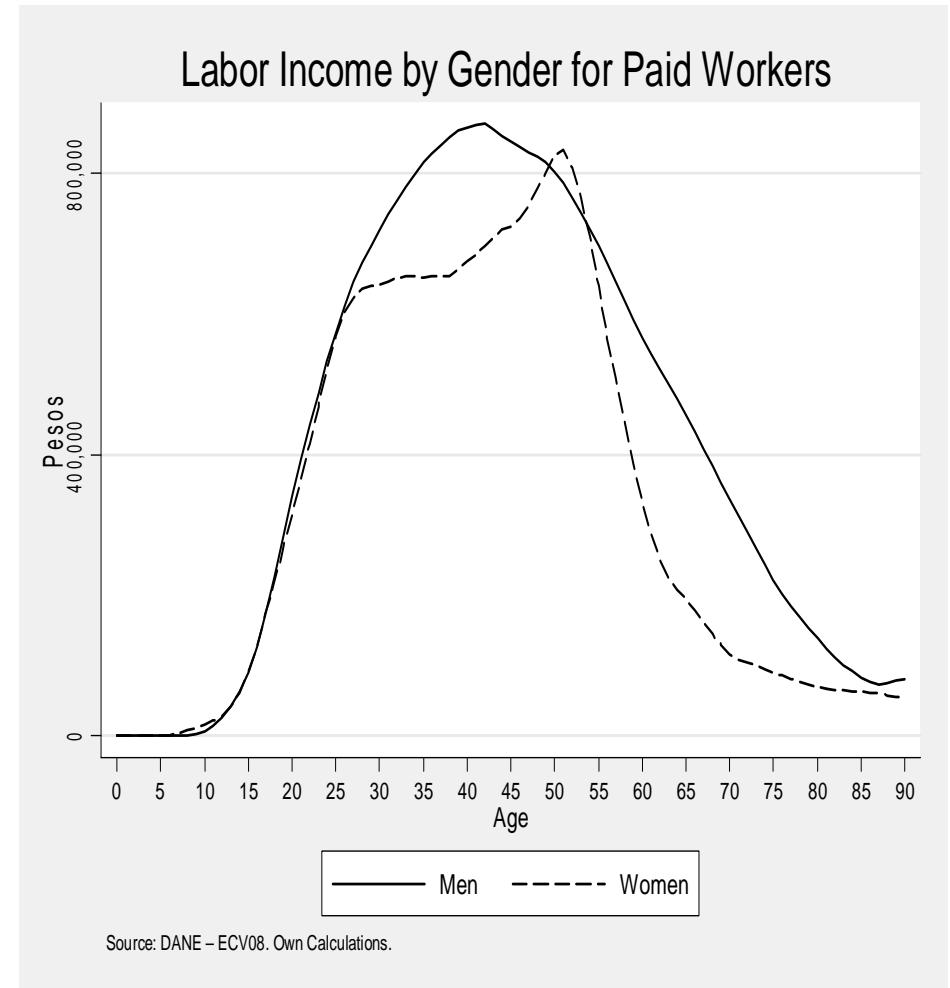
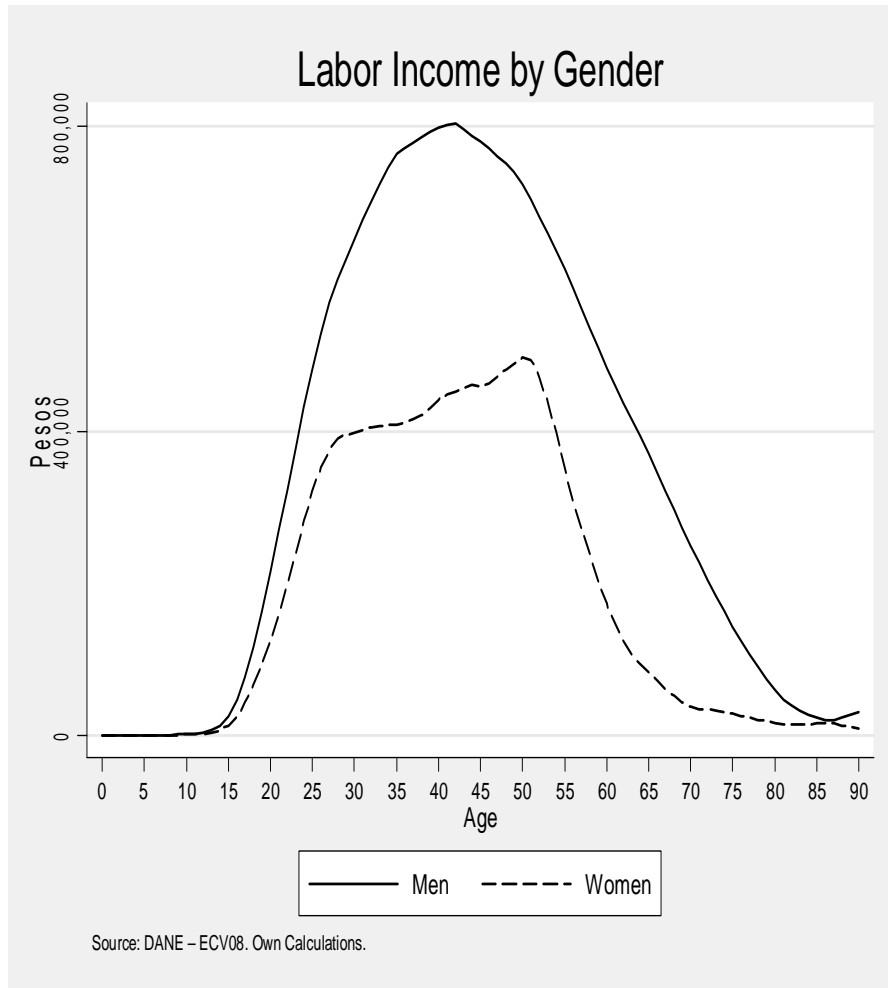
- Men work 4** more hours on average than women per week and women expend more hours with their kids (ECV-08)
- More women are affiliated in the formal pension system: 34,91% vs. 25.13% of working men
- A significant generational shift: those in 2008 receiving a pension add up to almost 3% in the case of women and 3.63% for men

NTA-by gender



- There are differences in the profiles of those working for a paid job and the general population. We analyze the former
- The differences point out towards the fact that labor market choices (formal/informal) is the result of early life investments in education, which also affects fertility preferences

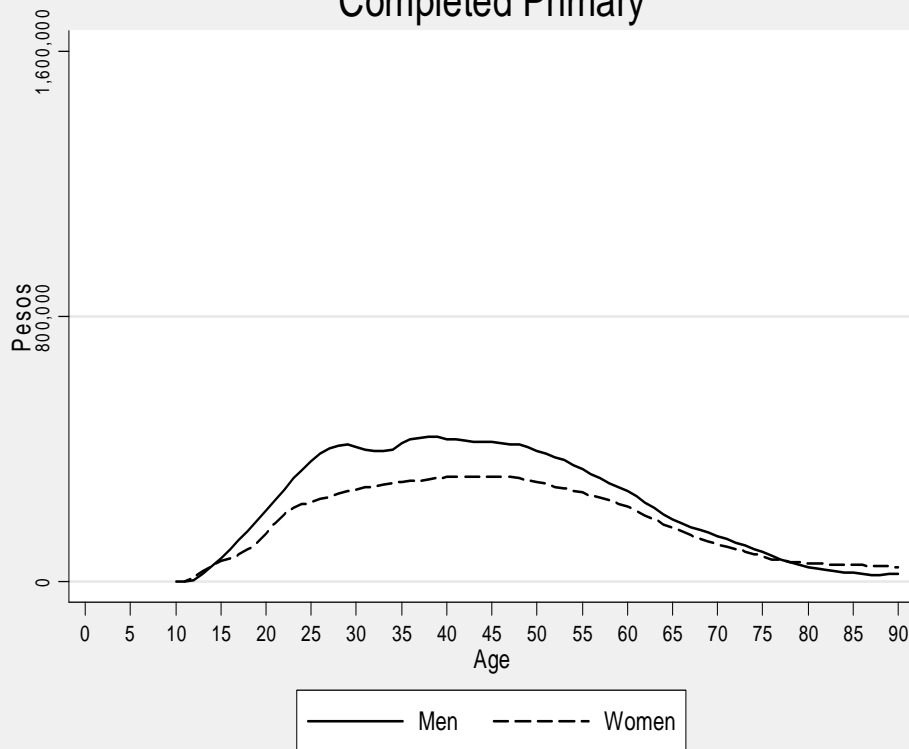
Interest Group



Labor Income by Education

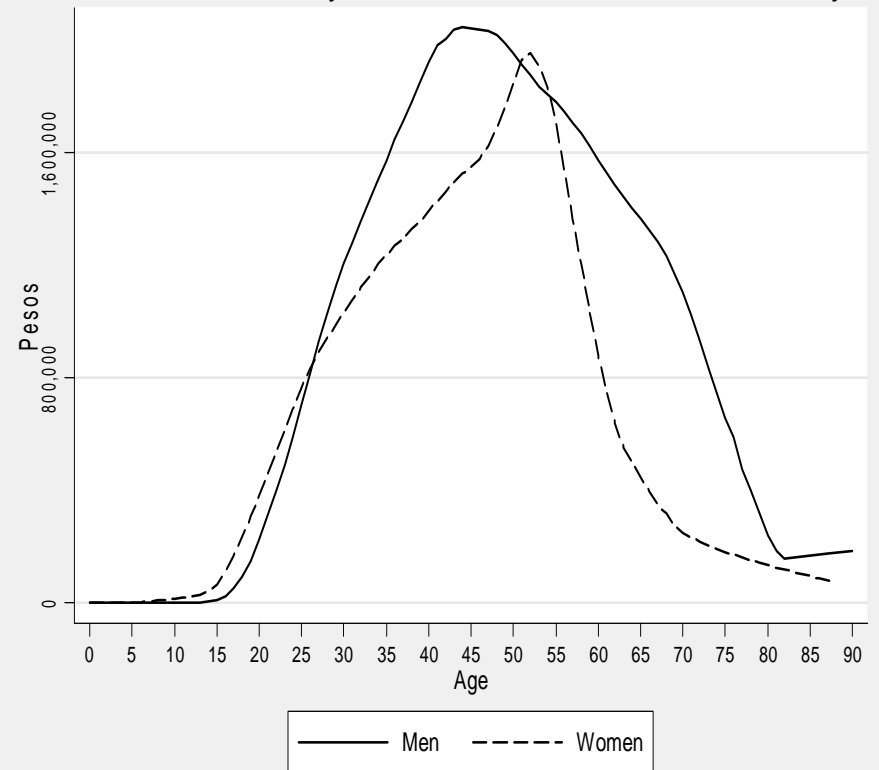


Labor Income by Gender for Paid Workers Completed Primary



Source: DANE – ECV08. Own Calculations.

Labor Income by Gender for Paid Workers Tertiary

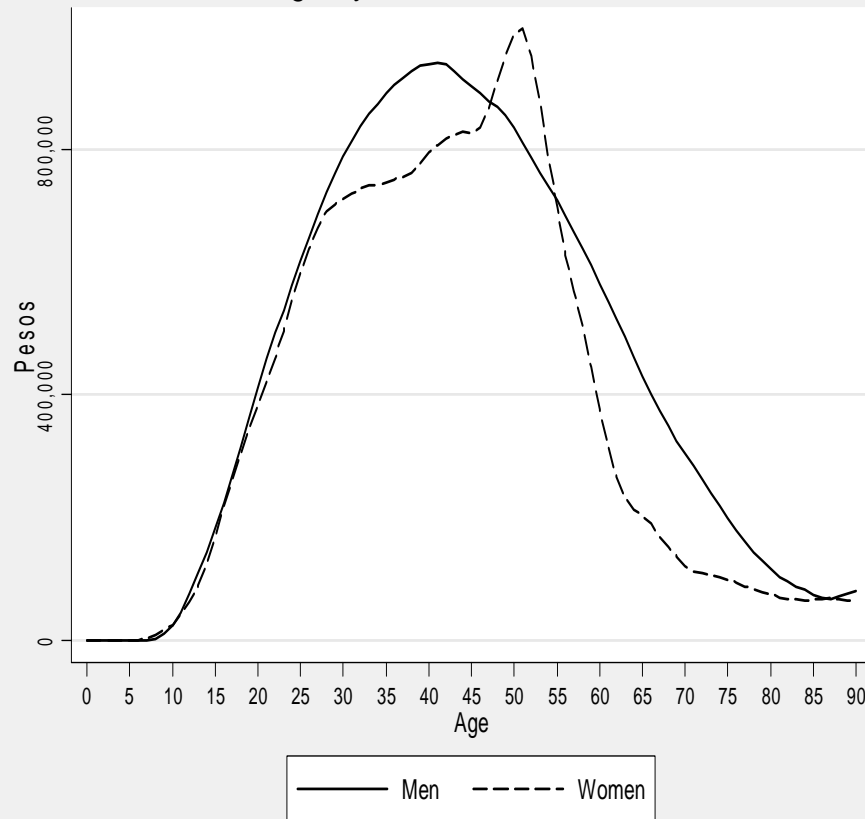


Source: DANE – ECV08. Own Calculations.

Earnings and Self-Employed

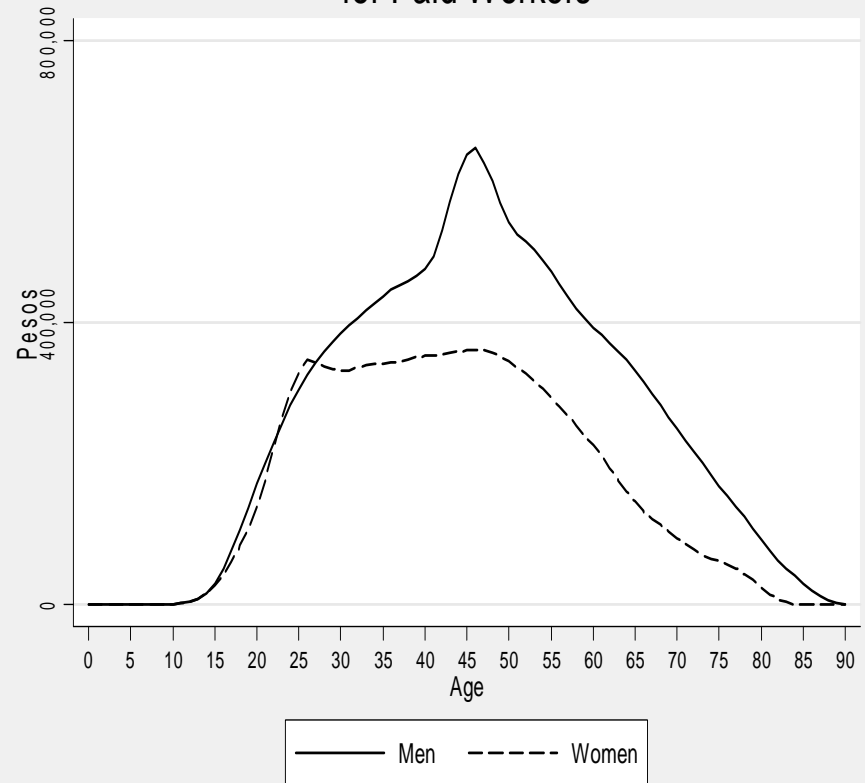


Earnings by Gender for Paid Workers



Source: DANE - ECV08. Own Calculations.

Self-Employment Labor Income by Gender for Paid Workers

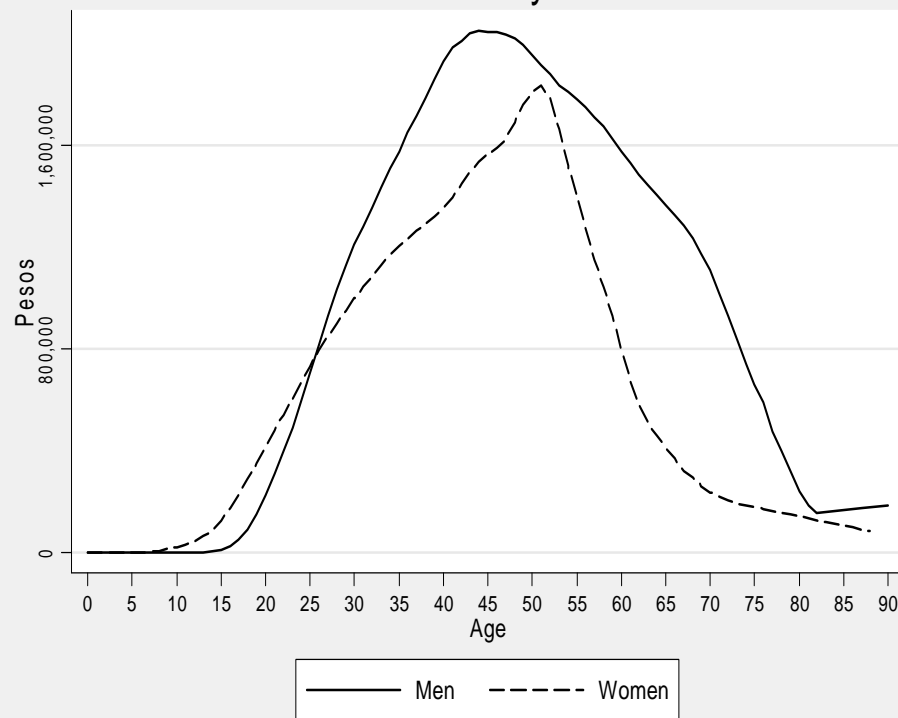


Source: DANE - ECV08. Own Calculations.

Earnings and Self-Employed

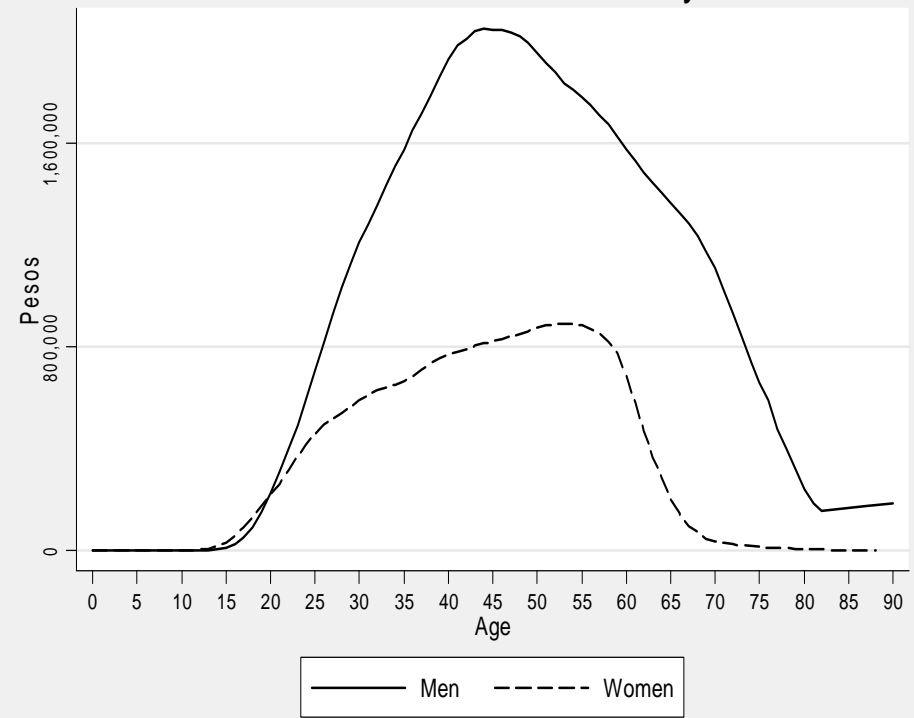


Earnings by Gender for Paid Workers Tertiary



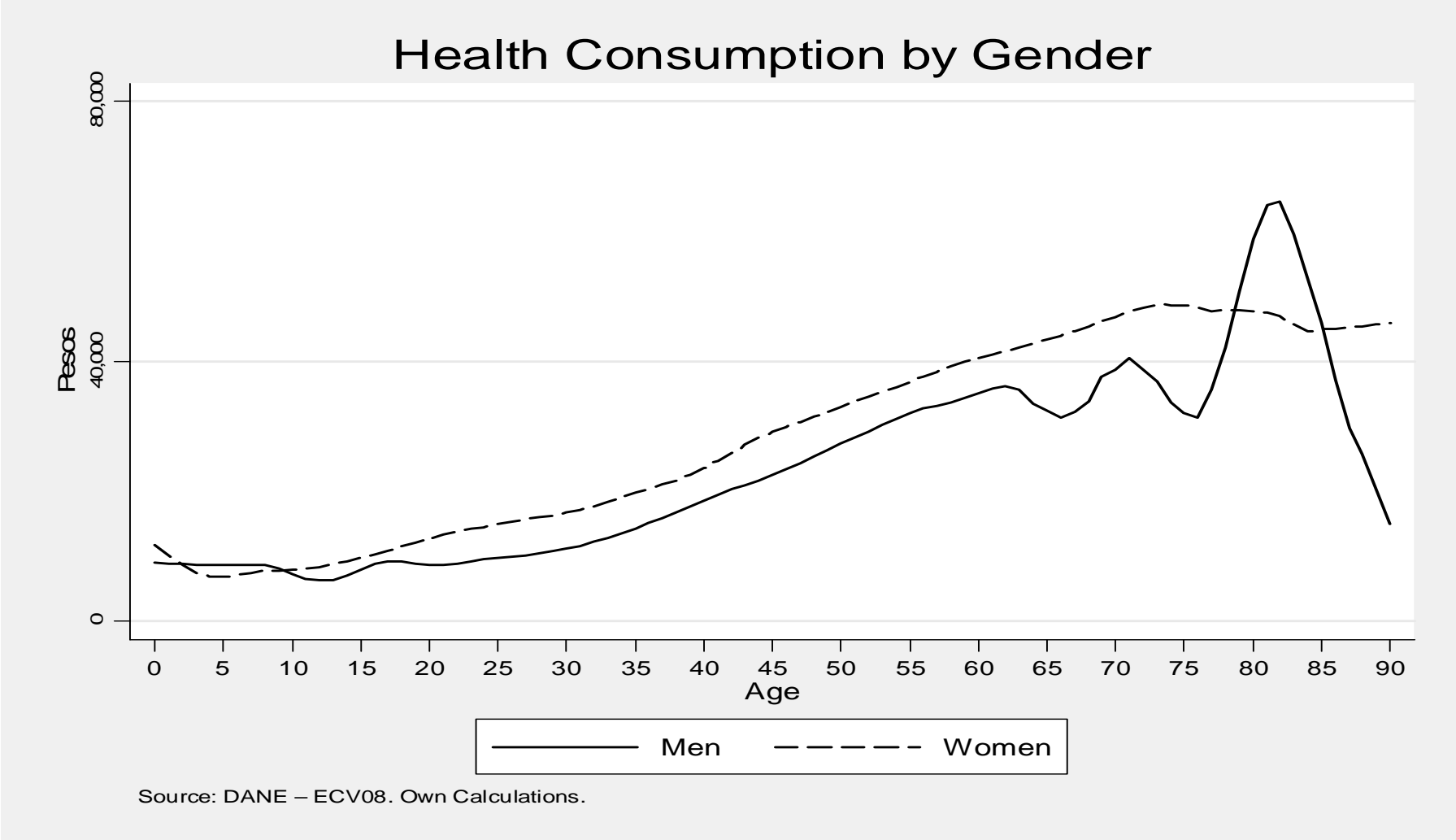
Source: DANE - ECV08. Own Calculations.

Self-Employment Labor Income by Gender for Paid Workers - Tertiary

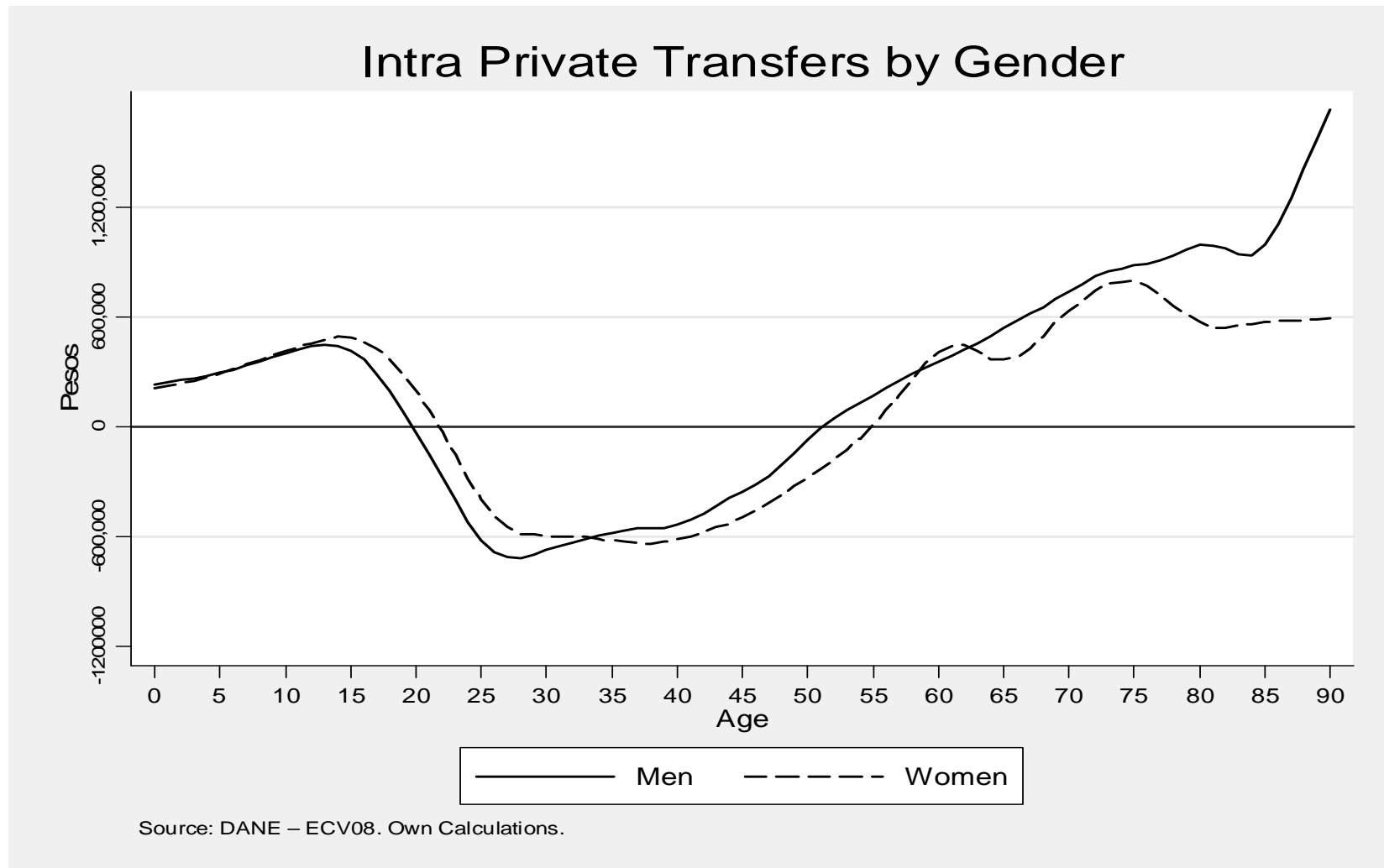


Source: DANE - ECV08. Own Calculations.

Health Consumption by Gender



Private Intra-Transfers by Gender



NTA-by gender



- Contrasting workers is the most appropriate for this research question
- Women have increased the number of years of education and incorporated massively in the labor market in Colombia
- There is still an important wage gap, but it closes for the most educated women, particularly those working in the formal sector

NTA-by gender



- In particular, the income peak is shifted to older ages for women in the case of the most educated and/or for those in the formal market
- This just may be reflecting the childbearing years invested by women, that latter catch up and even overpass men's income for a few years

NTA-by gender



- Men have the income advantage in the informal market, even controlling for education
- It may be the case that couples make rational decisions independently, based on their educational level
- Women (who plan or have kids) benefit more from the formal sector as the health system in Colombia covers all family members with just one working in the

NTA-by gender



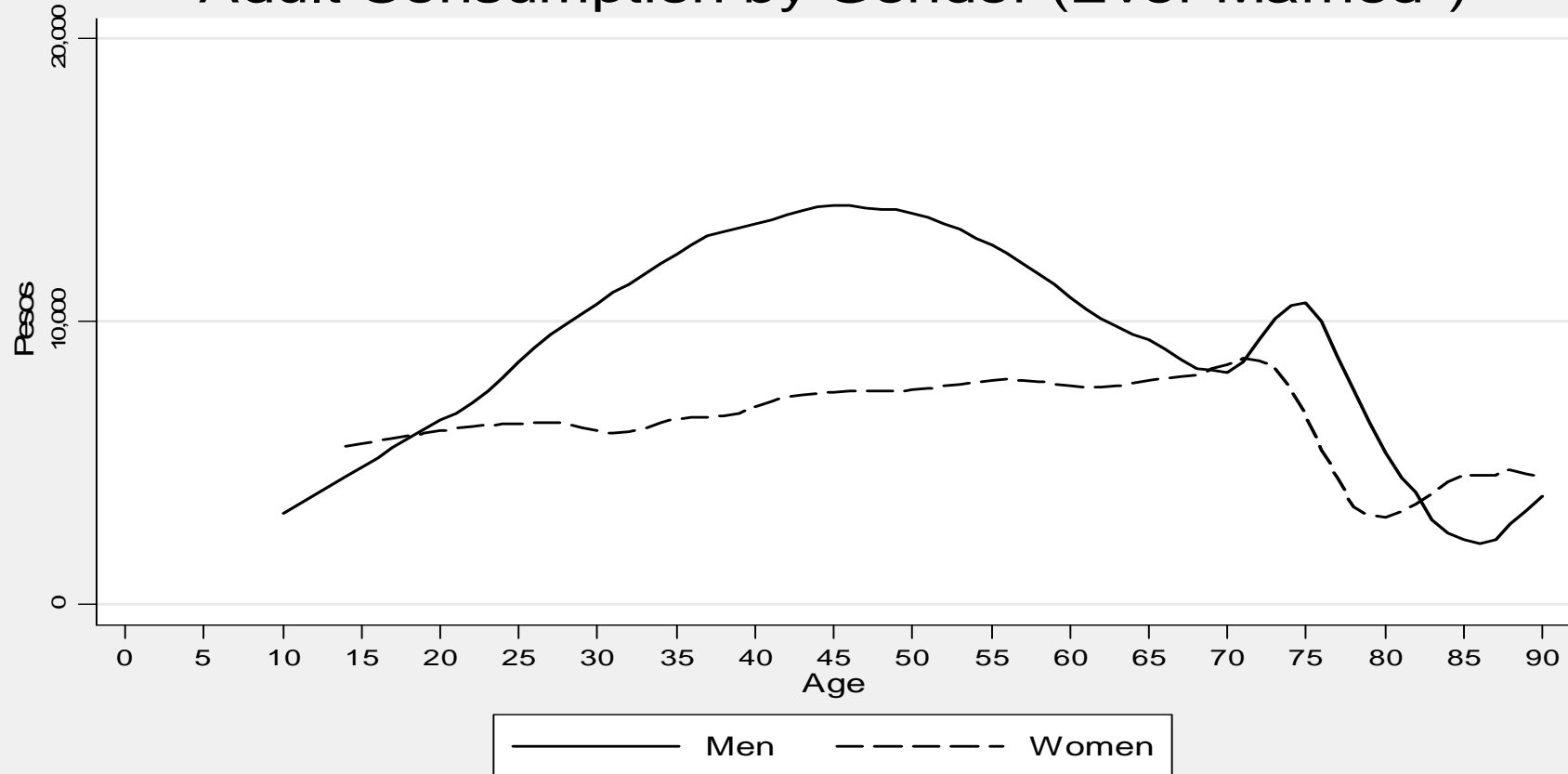
- Women consume more health at almost all ages than men, and less on “adult”
- Thus the possibility of being covered by the health system and having a pension by the end of their working years is the rational choice by women, independently of their marital/parity status, given that families invest more in women as their young

Gracias!!!

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Consumption

Adult Consumption by Gender (Ever Married*)



Source: DANE – ECV08. Own Calculations.
*Plus Single with Children