

Chief Assistant Professor Vladimir Peovski, PhD

## THE FAMILY AND THE LABOR MARKET

Subject of this paper is the two-way link between the economic behavior of the family and the labor market processes. The analysis begins with the assumption that the gender division of labor is the economic foundation of the family institution. The article traces the impact of this form of economic organization on the status of women and men in the labor market. It clarifies the way in which some quantitative and structural changes in the market weaken the traditional division of labor between spouses, reduce their economic interdependence, and ultimately call into question the very future of the family institution.

JEL: D10, E24, J12, J22, J31, J71

The family is the primary structure of social relations whose nature has many dimensions: biological, demographical, psychological, sociological, economic, and others. The economic nature of its genesis and function stems from the fact that by this institution individuals structure their interactions in the fight against scarcity, i.e. they organize the use of limited resources to meet the multiple and unlimited needs. Modern economic theory considers the family as a social structure which combines several individuals with interdependent benefit functions. Family members seek to maximize their welfare within the limits set by the production function which has as arguments their time, labor and human capital (skills, competences) and goods that can be purchased (Becker, 1991).

The economic aspect of family life reflects the close interdependence between all the most important choices spouses have to make. For example, decision *съжителство* to start living together and what its form will be, when and how many children to be born is directly related to the coordination of assignment of role functions among family members, including the spending disposition of their labor resources, i.e. division of labor at a given time devoted to activities (estimated or measured by the market), investment in human capital and protection against economic risks.

The family acts as a market player. Most of his decisions comply with price changes. Its economic behavior can be seen in the context of its interactions with individual markets: product, labor and financial. The relationship between behavior (economic and demographic) and family processes in the labor market is particularly important since because of this link the economic system obtains its most important resource - the workforce (such as demographic product), but for the typical family the market rewards for its labor are the main source of income, i.e. its welfare.

Generally speaking processes in the labor market are limited to the opposition of two variables: the potential of the labor force and the needs of the labor force, i.e. how many and what kind of people offer wage labor and how many and what kinds of jobs are available. Of particular interest in examining these processes is what families are guided by in their decisions on labor supply.

After the two world wars the labor market ceased to be anonymous and automatic mechanism for determining wages which was regarded more as an input

rather than as an income of the individual and the family. The labor market results are subjected to a higher degree of social judgments than those of the stock and money markets. Therefore, the thorough analysis of the labor market should reveal it as an institution designed to balance supply and demand for labor in conditions that are increasingly determined by the ways families, education, trade unions, employers' organizations and the state are structured and operate.

When examining the relationships between the family and the labor market two complicated and intertwining problems are of particular interest. The first is how the division of labor by gender influences the market behavior of both men and women, as well as the evaluation of its results. The second problem refers to the impact of the growing economic activity of women on the prospects of the family institution.

### **Traditional division of labor in the family and status differences between men and women on the labor market**

The division of labor is an economic basis of all the social interactions. The composition of activities that it attaches to the individuals is an essential component of their socioeconomic status. The primary form of division of labor is determined by biological and psychophysiological characteristics of both genders and creating economic relationships between them, as structured by the family institution. Gender division of labor allows the species homo sapiens not only to survive, but to reproduce itself as a social entity.

The primary role of distribution functions between a man and a woman is the natural fate of all women to give birth and breastfeed children. In the past for most of their lives women were either pregnant (the high infant mortality rate was forcing parents to create a population which included "a reserve fund" in order to be able to provide their offspring) or breastfed children (feeding the children of the female breast used to continue until the child was four years old). These circumstances have forced women to be engaged exclusively with raising children, and along with this to perform activities that take place inside and near the home - maintenance of the fire (today a popular metaphor is still referred to the wife as the "guardian of the family hearth"), foraging for roots, herbs and fruits, food preparation (including making food supplies). Therefore activities such as hunting, logging, grazing, which were carried far away from the home and required great physical strength and were involved with taking more risks - remained almost entirely performed by men.

It can be assumed that the biological differences between women and men, together with their different positioning relative to the home resulted in the formation of specific preferences for the representatives of the two genders for different types of employment and in the development of different skills and work habits. Usually, women are more likely to perform monotonous and continuous operations, while men prefer to work with more physical activity, but not as long and monotonous, etc.

The biological and psychophysiological differences between men and women are the core that society splits into different socio-economic statuses for the

representatives of both genders in the social division of labor. Gender roles occur on the macro- or communal-generic level and transfer to the micro-, or family-generic level. The very differentiation of activities by gender did not happen suddenly, but took a long time, and happened gradually. Depending on the economic result (increase in the communal-generic and the family-generic labour productivity) at first activities were generated in one set of "female" and "male" activities, and later on in another. Within this gradual process gender division of labor transformed from elementary tradition into a prerequisite for institutionalization of relations between women and men, specifying a set of quantitative and structural parameters of the family.

In pre-industrial societies most people lived in large, consolidated families consisting of several generations, and of different degrees of kinship - parents, children, grandparents, cousins, aunts and uncles, etc. They worked together and formed a single production unit. The greater part of the production was intended for the family's own use. The division of labor was too primitive and based on psychophysiological and technological characteristics of the activities carried out by representatives of both genders.

*Industrialization* moved the production process from the fields and the mountains in the mills and the factories, and the family lost its role as the main production unit. *The welfare of the family has become dependant on the family members' division of labor - market (paid) and non-market (unpaid labor).*

The work incorporated through the market system of public and cooperative specialization of economic activities is much more productive and profitable. Its successful offering, however, requires additional investment in human capital. All this initially motivated fathers and later on mothers to reduce their participation in domestic production at the expense of time spent on the labor market. Much of the involvement of parents in the formation of human capital of their children and care for the elderly and/or disabled relatives was taken by specialized institutions. *The core family* - father, mother and one or more children became the standard form of the family institution in all societies with industrialized economy. Reduced to its minimum core of two generations, the family limited its activity in the domestic economy.

Industrialization creates technological conditions for reduction of the functional significance of gender differences. However, in its very start as spinning and weaving - some typical "female" activities - transformed from home into factory production processes, the entrepreneurs preferred female labor. This forced many husbands to take on more household chores, including childcare. In the beginning of XIX century, most babies in the textile center of France - Lyon were wet-nursed, and after 1910, when the technology for pasteurization of milk was discovered there were no obstacles for men to feed their little children.

Although in the late nineteenth century women began to take an increasing role in the economically active labor force, only the First World War marked a real breakthrough in this respect. Mobilization of men, and after that the "release" from the composition of the labor force of those who were killed, injured and disabled

led to a massive influx of workers in industry and services sectors (particularly health).

Employment of women noticeably decreased in the interwar period and early 60's due to the increasing number of active and healthy men; the reduction in the number of agricultural households; the "baby boom" in the 50's and the 60's. After the mid 60's, the share of market-involved women (including married) continued to rise and the dynamics of the process was no longer cyclic, but continuously upward.

Regardless of the trends, the distribution between women and men participating in the household and the labor market is still characterized by considerable unevenness. The typical husband specializes in providing support to the family and investing time and effort in finding an extremely stable and well-paid job, and in improving the skills and career development. The typical wife remains "torn" between participation in the labor market and in the household, as she takes the main part of the obligations of raising children and maintaining the household.

According to UN data, in most countries the time spent by women in unpaid (household) work is about two times higher than that of men. Average for OECD countries, 37% of working time in market activities compared to 64% in non-market for women and 69% in the market compared to 31% in non-market activities for men.<sup>1</sup> According to the Bulgarian NSI in 2010 Bulgarian women were engaged in household (unpaid) work an average of four hours a day and 40 minutes, with paid work 7 hours and 8 minutes and men respectively - 2 hours and 49 minutes and 7 hours and 19 minutes.<sup>2</sup>

The increasing presence of women on the labor market does not automatically lead to their economic emancipation. Today differences between both types of economic activities, performed by men and women and between the wages they receive are considerable.

Position of women as employees is weaker and it is particularly evident in this respect of gender differentiation in wages. In 2012, in EU-27 gross hourly earnings of women was on average 16% lower than that of men. In Bulgaria, the pay gap between men and women varies around 12%, which places our country in the middle of this kind of rating for the EU-27. The top 10 countries where the pay gap between the two genders is the greatest are: Estonia - 27%, Austria - 24%, Germany, Czech Republic, Slovakia and England - 25%, Finland, Hungary, the Netherlands and Cyprus - about 18%. The lowest pay gap between the two genders is reported in Slovenia - 2%, Poland - 4%, Italy - 6%, Luxembourg - 8%, Belgium, Lithuania and Romania – about 10%. The pay gap between men and women who work part-time is highest in Spain - 35%, Portugal - 31%, and Slovakia - 23%. The lowest levels of pay for part-time work are reported in Ireland, Bulgaria and Malta. For full-time pay gap between both genders ranges from 20% - the most significant

---

<sup>1</sup> UN. The World's Women: Trends and Statistics 2010.

<sup>2</sup> NSI. Census of population and Housing: time budget of the population, <http://www.nsi.bg/census2011/pagebg2.php?P2=159>

difference is in Germany and Slovakia (20%) and lowest in Italy (2%). In the U.S. in some of the states this indicator exceeds 30%.<sup>3</sup>

Manifestation of unequal economic status of men and women is also the *labor market segregation by gender*. Segregation is horizontal and vertical, as in both cases it is closely linked to the differences in pay between “male” and “female” labour. The salary in economic activities and occupations which are exercised and predominantly occupied by men exceeds that of activities and occupations in which women dominate, so the probability for the market valuation of women's work to be below that of men is higher than the average. This pattern can be illustrated by the structure of employment by sectors, arranged according to the amount of the average gross wage (Table 1).

Table 1

Employees, gross annual earnings by gender in 2010\*

Economic Activities	Ratio Between Male and Female Employees (%)	Gross Annual Earnings (BGN)	Gross Annual Earnings for Men (BGN)	Gross Annual Earnings for Women (BGN)
Total	48.1 : 51.9	8137	8826	7503
Production and distribution of electricity and heat	77.1 : 22.9	19 623	19 979	18 430
Extractive Industry	81.8 : 18.2	13 501	13 809	12 206
Education	20.8 : 79.2	8850	9677	8603
Health and social work	21.4 : 78.6	8048	9845	6496
Culture, Sports, Entertainment	46.2 : 53.8	6961	7717	6300
Processing Industry	49.5 : 50.5	6800	7733	5883
Commerce	45.5 : 54.5	6213	6899	4416
Accommodation and food service	33.7 : 76.3	6213	4856	4002

\* Composed by the author from the Bulgarian NSI data: Structure of Earnings 2010, p. 250-255.<sup>4</sup>

In employment in the same sectors, women are less than men when it comes to the top-paid jobs and are more than men in regard of the lower paid ones. In one of the most feminized economic activities - education in Bulgaria, and most countries in Eastern Europe, the share of women in pre-school, primary and secondary education is between 70-80%. In universities where salaries are higher than the average for the sector, the ratio changes in favor of men: women in Bulgaria academics are 48%. The situation is similar in healthcare and other sectors of the services sector. This clearly shows the vertical segregation by gender: with increasing hierarchical level the proportion of women decreases although the overall female employment prevails.

<sup>3</sup> Eurostat. Gender pay gap in unadjusted; UN, The World's Women: Trends and Statistics 2010, [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Gender\\_pay\\_gap\\_statistics](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Gender_pay_gap_statistics); <http://unstats.un.org/unsd/demographic/products/Worldswomen/WW2010pub.htm>

<sup>4</sup> [http://statlib.nsi.bg:8181/FullT/FullOpen/ZB\\_210\\_1\\_2010.pdf](http://statlib.nsi.bg:8181/FullT/FullOpen/ZB_210_1_2010.pdf)

There is an uneven distribution of employment by gender and according to their status in employment. In Bulgaria, the female presence in the employers' community and among the self-employed is only about 31% for the former and about 38% among the latter. At the same time, the share of employed is more than 50%, while for unpaid family workers it is 60%.<sup>5</sup>

Economic theory tries to explain how on the basis of biological differences between men and women the differential economic situation is built and what caused the sustainability of this differentiation.

Unequal division of labor and time distribution between men and women can be economically justified as a condition for increasing the overall welfare of the family by the classical concept of comparative advantage. As you may recall it stated that the division of labor within a community should not be determined by the productivity of its members in absolute terms, but rather according to who can produce at the lowest opportunity cost. After reminding this principle derived by David Ricardo, one can understand that the preservation of the traditional gender division of labor can be explained not necessarily as a result of the better performance of men on the labor market, but as a result of their bad dealing with raising children and housekeeping. If wives have comparative advantages in the household, the family will have a greater benefit if women are more involved in it than men.

As to the comparative advantages of men in the market-organized production, with modern technology they are less determined by the predetermined gender differences in abilities (especially those that are related to physical strength) another factor begins to play a key role - economies of scale (increasing returns to scale). Thanks to it, the primary minor differences in the abilities of men and women multiply and become critical. The logic of this situation is analyzed by the human capital theory (Becker, 1985). It explores the dimensions of time budgeting in terms of human capital usage and the relative efficiency of investment in human capital.

For a typical family, the main source of income is wages, the amount of which is strongly influenced by the skills and qualifications of the ones who supply labor. Therefore, a high return on investment in education and training is crucial for family welfare. The amount of investment in human capital, especially in the specific knowledge and skills is partially or completely independent of the duration of use. The existence of a positive correlation of returns on investment in human capital on the duration of its usage means that anyone who works full-time, will earn net income greater than that which would be received by a couple in which each of the two members is working part-time. This is true for activities requiring only a general training, but is particularly evident when it comes to professionals (specialists) and managers whose work requires the possession of specific human

---

<sup>5</sup> NSI. Employment and Unemployment - annual - 2011 (LFS), [http://statlib.nsi.bg:8181/isisbgstat/ssp/fulltext.asp?content=/FullT/FulltOpen/ZB\\_210\\_2011\\_2012.pdf](http://statlib.nsi.bg:8181/isisbgstat/ssp/fulltext.asp?content=/FullT/FulltOpen/ZB_210_2011_2012.pdf)

capital. The more someone has worked in the past, the more productive and the more highly rewarded their each working hour will be.

Because of the biologically predetermined commitment of women to give birth and raise children, the time that they have to offer on the labor market is less than that men can offer. This means that other conditions unchanged (*ceteris paribus*), the return on their investment in knowledge and skills for labor market will be relatively lower than similar investments in human capital by men. It is the contrary when it comes to the ratio of profitability of the acquired skills that are particularly useful for childcare and housekeeping. Historically, this has led to the reproduction of the benefits that are received by representatives of the "strong" sex in allocating family investments in specific human capital. Economically viable is the one who has acquired a large amount of knowledge and skills suitable for the labour market activities, not to be engaged in household chores, while others, for whom the opportunity cost of home maintenance is lower ought to work for a fee only if sufficient time remains after the completion of all chores at home.

More frequent and longer leaves from work, and smaller investments in specific skills valued by the market, make wives suitable for most jobs that do not require special training. Such occupational segregation reduces the opportunity costs (lost wages) of interruptions of service and moral depreciation of specific human capital.

Because women, working the same working hours as men, take on most of the household duties as well and therefore have less chance of recovery makes them prefer the less severe and "milder" careers. At similar levels and profiles of education women do not benefit equally with men from the advantages of professions with good market opportunities for income and career. Indicative in this respect is the fact that globally women are the minority of the occupied in the private sector and the majority of the ones working in the public sector, which is probably due to the fact that they prefer the safe, although lower paid jobs.

Explanations made by the human capital theory about the differences in market status of men and women are logical but not complete. They favor only one of the directions of the relationship between the family and the labor market: the decisions of the woman and the couple, due to the benefits of the gender division of labor to the characteristics of the market behavior of women and the evaluation of its results. In fact, the relationship between the unequal distribution of roles in the family, on one hand and the differentiation of pay and occupational segregation by gender, on the other, however, is bidirectional. Economic decisions of women and the family can not be completely free, at least, because they have to comply with the behavior of the other main subject of the labor market - employers. Numerous empirical studies show that inequality in the positions and the gender pay gap is not due solely to differences in the performance of male and female wage labor. Similar inequalities are established even in situations in which we have the same level of all possible factors: education, experience, practice, age, absenteeism and everything else on which the choice of the proposed labor depends on. They

are a direct result of the discriminatory behavior of employers in recruitment, determination of official positions and remuneration of women.

The wide prevalence of this behavior speaks to the diversity of the specific reasons that cause it. That is why the various economic models of gender discrimination, each of which presents different motives and factors for such a behavior should not be viewed as alternative ones. They actually disclose different aspects of one and the same complex phenomenon. One model focuses on the “tendency to be discriminated against by the employers” (Becker, 1971), in another – on “the sexist prejudice of workers and/or customers” (Bergmann, Darity, 1981), in a third - a “socially imposed roles of women and men” (Blau, Ferber, 1986), etc. In all cases, however, remain the defining views of the employers on the conditions under which they would maximize their profits.

This general context is very clearly demonstrated in the model of statistical discrimination (Phelps, 1972). In this model, discrimination is presented as an information problem. Employers can not obtain (for the right price) preliminary information about the newly-appointed workers for their discipline, loyalty and production potential. Suppose that an employer has to choose between two candidates who have completed the same degree with the same success in the same school. One is male and the other is a woman who, neither the employer nor their employees or customers have any prejudice against the gender of the newly appointed. Rational entrepreneur seeking to make informed choices, most likely, will rely on the average indicators of productivity and turnover, and they generally are more favorable to the representatives of the male gender. Based on such data informed choice becomes a discriminatory decision, increasing the likelihood of profit maximization.

Statistical discrimination attaches traditional gender division of labor also by the effect of feedback. Suppose that men and women are fully interchangeable in their capacity as workers, but employers are convinced that women are more willing to resign on their own and so they are appointed to positions where losses of turnover are minimal. The normal response of the majority of women is to act in the exact way that their employers expect. They use the segregation of male and female activities as a means of avoiding statistical discrimination in the labor market. In this way the employer's expectations are confirmed, although objectively the behavior of an employed women is a consequence of preceding it discriminatory actions of employers themselves.

Equilibrium is achieved in the cases of statistical discrimination on the labor market, and it is sustainable. But there is an alternative equilibrium in which women who once have occupied high-paid and promising jobs, do not leave because of their role in the family predetermined by the gender division of labor. Thus, without being the root cause of the traditional gender division of labor, discriminatory treatment of women as employees contributes to its preservation, because decisions of the spouses on allocation of time between domestic and market activities are influenced by the signals given by the labor market.

### Market involvement of women and the prospects of the family institution

For more than half a century statistic reports have pointed out globally a continuous increase in the proportion of women who are included in the economically active population. This trend is accompanied with a shrinking difference between the percentages of male and female employment (Table 2).

*Table 2*

Employment rate of men and women (%)

	Men		Women	
	2001 г.	2011 г.	2001 г.	2011 г.
EU-27	70.9	70.3	54.3	58.5
Eurozone	71.8	70.3	52.4	58.2
Bulgaria	52.5	60.9	51.0	56.2
USA	79.4	71.4	67.1	66.1
Japan	80.5	80.2	57.0	60.3

*Source.* Eurostat. Employment rates for selected population groups.<sup>6</sup>

These structural changes in the labor market reflect a lasting change in the economic behavior of women, particularly in their relation to the gender division of labor as a factor of family welfare. You will recall that any form of division of labor not only helps increasing productivity but also causes an interdependence between specialized producers. Specialization, occupational segregation and limiting the possibilities for substitution may, under certain market conditions, give considerable economic advantages to some participants in the division of labor at the expense of others. Throughout the centuries, gender division of labor has provided increase in the total utility for the family, but it has never guaranteed an equal distribution of benefits between spouses or equalization of their economic positions. Moreover, the mere definition of the “family usefulness” is rather arbitrary because the aggregation of the individual utilities to each of the partners is only theoretically possible, and it is under the assumption that at least one of them is an altruist.

The different economic roles of the representatives of both sexes, imposed by the traditions, presuppose fewer professional and market opportunities for women: more limited investment in their human capital (training and skills), status lower than that of men when hired, respectively lower income, thus forced to make a smaller contribution to the welfare of the family and to adopt a secondary role in the distribution of family resources and investments.

The economic dependence on their husbands drives women to make more compromises to keep their marriages, which in turn allows the former to blackmail

---

<sup>6</sup> [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php?title=File:Employment\\_rates\\_for\\_selected\\_population\\_groups,\\_2001-2011](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=File:Employment_rates_for_selected_population_groups,_2001-2011)

them in conflict situations. Disadvantages in the partnership undermine trust between spouses and destroy the social capital of the family. This in turn is a prerequisite for complicated formalization of their marital relations, respectively, significant spending for making marriage contracts, legal advice, procedures for dissolution of marriage, lawsuits sharing, child support, etc. Eventually the negative effects of gender inequality in the division of labor do not only affect the well-being of wives, but that of the family as a whole.

The economic grounds for gender division of labor are undermined not only by the processes occurring within the family, but also by the *trend, which follows the market value of labor*. It is a case of a sustainable growth in both the annual salaries and the hourly wages (Table 3).

Table 3

Growth in the real wage by regions 2000  
(Index: 2000 = 100.0)

Regional groups	2000	2006	2007	2008	2009	2010	2011
Asia	100.0	149.0	158.8	165.1	174.6	189.6	194.9
Africa	100.0	103.9	105.3	108.6	115.4	117.8	119.9
Latin America and the Caribbean	100.0	105.4	108.5	109.3	111.0	112.6	115.1
The developed countries and the EU	100.0	103.3	104.5	104.6	104.9	105.5	105.3
Central and South-Eastern Europe	100.0	204.4	233.9	253.4	248.4	257.9	271.3
Worldwide	100.0	112.8	116.1	117.3	118.8	121.3	123.7

Source. ILO Global Database on wages.<sup>7</sup>

In countries with developed economies the growth in the real hourly wages is noticeable. This growth is still sustainable even in the period of global economic downturn: between 2008 and 2012, the whole European economy recorded an increase of this indicator by 8.6% for the 27 States and 8.75 for the Eurozone. The greatest increase was in Austria (15.5%), Slovakia (13.8%), Finland (13.7% and Belgium (13.1%) and the least - in Portugal (0.4%) and Ireland (0.8%). There was a decline only in Greece (-11.2%). For other EU countries outside the Eurozone and using their national currency for the quoted period the greatest rise in hourly wages was registered in Bulgaria (42.6%) and Romania (26.7%), and the least in Latvia (1.3%) and the UK (5.2%). Decline was observed only in Lithuania (-1.4%). For most countries, the data show that in this period the gender differentiation in wages has declined.<sup>8</sup>

<sup>7</sup> [http://www.ilo.org/wcmsp5/groups/public/-dgreports/-dcomm/-publ/documents/publication/wcms\\_213968.pdf](http://www.ilo.org/wcmsp5/groups/public/-dgreports/-dcomm/-publ/documents/publication/wcms_213968.pdf)

<sup>8</sup> Author's calculations of data : Eurostat: Annual growth in hourly labour costs.

Increasing the value of market labor makes the time spent on childcare and household keeping more costly (due to the omitted higher wages the opportunity cost increases). Furthermore, it appears that on the supply side of the labour market the higher wages have a greater motivational impact on married women than on their husbands: average weekly hours worked by the former increase while in the case of the latter they decrease. Unequal distribution of household chores is also relevant for this difference in the behavior of men and women on the labor market. This dependence is analyzed for the first time by Jacob Mintser in the article "Married women in the workforce" (Mincer, 1962). It brings significant refinements in the theory of labor supply, which the author will briefly introduce himself.

The traditional theory of labor supply follows the logic of the theory of consumer choice, and implies a dichotomy of "work & free time". Individuals maximize utility, bearers of which are the goods and the leisure time, having in mind budget and time constraints. Individual utility reaches its maximum value when the marginal rate of substitution of leisure with income is equal to the level of the rate of market remuneration of labor. With the increase of pay above the minimum wage, the proposed amount of labor increases. After a certain point, however, further increases in wages may reduce the proposed amount of labor because the preferences of workers turn to leisure. And vice versa - when wages decline, the workers may be forced to offer extra work in order to secure income, they need to reach their previous standard of living. The higher the real wage, the more expensive leisure becomes (opportunity cost of leisure time is the amount of goods that have to be given up in order to have another hour of free time). This substitution effect encourages the individual to work harder. But there is also the income effect. When the real wage increases, the individual may have more free time and still have a high income with which to buy goods. These two effects act in opposite directions and the resultant effect is ambiguous.

Therefore increasing market commitment of wives could be explained by the increase in real wages offered by the labor market, respectively, with the increasing cost of time spent at home. But as long as real wages of men also increase, the question remains: why for women the substitution effect dominates the income effect, while for men, judging by the tendency of shortening their work week, it is the opposite? Satisfactory answer to this question can not be given if we stay within the standard model of labor supply. According Mintser important circumstance that this model does not account for, but actually governs the behavior of married women, is that when they decide how much of their time they will provide on the labor market, they are facing not two, but rather three alternatives. While the subject of the selection for men is narrowed down to the dilemma between leisure and work, the time of married women should be allocated between market work, domestic work and rest. For women it is easier to replace domestic for market labor (higher wages which enables them to buy more goods, services and household equipment, facilitating household chores) than time spent

in leisure for time spent in market work. In short, since married women spend the majority of "non-market" time for housework while their husbands - for leisure, it is logical that the substitution effect of "non-market" time for "market" time with raising wages to influence married women harder than men.

*Unemployment* is another process by which the labor market increases the negative economic effects of the gender division of labor. Basically its level changes in both directions, but in the last decade the trend is one of a sustainable growth: countries with developed economy from 6.1% to 8.6%, and the world from 5.5% to 6.3%.<sup>9</sup> For many European countries, the unemployment rate reaches double digits.<sup>9</sup>

In this most socially painful manifestation of market economy also lies the greatest threat to the well-being of most families. Obviously, a family in which both the man and the woman have developed professionally, diversifies its sources of income, and thus becomes able to manage the risk of loss of employment and income better than a family, which relies only on the husband's salary.

In connection with unemployment recently another important change in the economic behavior of women is revealed. From historical perspective, women have always been more likely to be unemployed than men. In 2000, the unemployment rate for women in the EU -27 was 9.6%, whereas for men it was almost 2% lower. By 2003, this gender gap has been narrowed down to 1.4% between 2003 and 2007 it remained more or less constant. Since the beginning of 2008 the levels of male and female unemployment rates in the EU-27 have been equalized, and by the second quarter of 2009 the unemployment rate for men was higher than for women. This pattern of small differences in unemployment rates between the sexes continued in 2010 and 2011.<sup>10</sup>

The same tendency is observed in Bulgaria: while in the beginning of the economic crisis, unemployment among men was lower than that of women (in 2008, 5.4% vs. 5.9%), but later the ratio is reversed (in 2009 7.0% vs. 6.4%, 2010 - 10.9% vs. 9.5%, in 2011 - 12.3% vs. 10.0%, and in the first quarter of 2013 - 15.3% vs. 12.3%).<sup>11</sup>

For the first time in U.S. history in 2011 50.3% of the people going to work were women, i.e. they became more than men, the unemployment rate for American men ranges between 8-10%, while among women it is between 7-8%.

The reason for the change in the gender ratio in the workplace is that the recession disproportionately hit "male" sectors such as manufacturing and construction, while the only areas that retained the number of jobs before the crisis were the social services, healthcare and public administration, mostly viewed

<sup>9</sup> Global Wage Report 2012/2013: Wages and equitable growth, Geneva, International labour office, 2013.

<sup>10</sup> Eurostat. Harmonised unemployment rate by sex, <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&language=en&pcode=teilm020&tableSelection=1&plugin=1> nd

<sup>11</sup> <http://statlib.nsi.bg:8181/isisbgstat/ssp/fulltext.asp?content=/FullIT/>

as "female" fields. The growth of jobs in different departments, offices and counting houses with flexible working hours generally allowed women to achieve better labor market with household chores. So the professional segregation of factor that promotes gender division of labor became a prerequisite for increasing employment among modern women. Moreover the model family in which the wife goes to work and the husband deals with the household and the children is no longer seen as an exception to the rule.

Since in sectors dominated by female employees, new opportunities for job matching are provided, women having qualifications not lower than that of men began to receive wages not lower than that of their male colleagues. Male workers engaged in "male occupations" will have comparative advantages in terms of payment only in cases in which the labor supply in the given sector is more limited than in the field of women's employment. While the entry of women in occupations viewed until recently a "male" leads not only to an increase in the pay of women occupying these jobs, but decreases the oversupply in the field of traditional female jobs, which in turn contributes to an increase of pay for them.

The quantitative and structural changes in the labor market observed above contribute to the economic emancipation of women and at the same time accelerate the collapse of the production base model of the family institution - the traditional division of labor between the genders. The economic interdependence between men and women decreases, aspirations for family life start to disappear, and the institution of marriage is being destabilized.

Based on data extrapolations by the end of this decade in the United States nearly half of marriages are expected to end in divorce, and in Europe – one third will share their fate. The average age of the people getting married for the first time is steadily rising, the same refers for the number of single parents and the number of households consisting of one person only (their share in the U.S. reaching 20%) (Fukuyama, 2001, p. 59 - 60). In the EU, the rate of marriages (marriages per 1,000 of the average annual population) for the period 1980-2010 has decreased almost twice, meanwhile the rate of divorces has increased (from 7.9 to 4.2 and from 1.0 to 1.9). For the period 1990-2011, the ratio between live births without marriage of the parents to all live births has more than doubled - from 17.4% to 39.5%, in Bulgaria it even grew over four times - from 12.4% to 56.1%.<sup>12</sup> In Bulgaria in the period 1994-1995, only 2-3% of couples were living together without marriage, in 2005-2006 - 13-14%, and the expectations for 2020 are 30%.<sup>13</sup>

Economic explanations for the destabilization of the institution of the family are focused around the loss of comparative advantages of living together. Raising

---

<sup>12</sup> Marriage and divorce statistics; Eurostat (online data codes: demo\_nind and demo\_ndivind, [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php?title=File:Crude\\_marriage\\_and\\_divorce\\_rates\\_EU-27](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=File:Crude_marriage_and_divorce_rates_EU-27)

<sup>13</sup> [http://www.capital.bg/politika\\_i\\_ikonomika/obshtestvo/2011/08/26/1145481\\_az\\_i\\_ti\\_dokato\\_se\\_obicha\\_me/?sp=2#storystart](http://www.capital.bg/politika_i_ikonomika/obshtestvo/2011/08/26/1145481_az_i_ti_dokato_se_obicha_me/?sp=2#storystart)

the relative price of the market valuation for time spent on the labour market combined with the increasing possibilities of reducing the time and effort needed for household keeping, allows the typical employee to spend about 80% of the hours of the day outside the home. Proportionately to the time of its use reduces the value of the special human capital applicable in the household accumulated by the spouses, especially by wives. This reduces both the benefits of continuing the "problematic" marriages and the losses incurred by divorces and not starting up a new marriage .

Increasing market involvement of women has turned into a self-supported prerequisite through the process of the increasing number of divorces. On the workplace a closed circuit is formed: the more people get divorced, the more divorcees there will be, i.e. potential marriage (or just gender) partners who can be met during working hours.

Increased economic activity of women is a prerequisite to put-off of the moment of starting up a marriage. The career becomes a priority for modern women making them to invest more time and money in their education. In recent decades in developed economies, the number of female graduates considerably exceeded that of men: in Bulgaria 60.0% of graduates were women (2013); in EU-27 the proportion of female students in universities was 55.4% (2012); in the United States for the same year it was 57%.<sup>14</sup>

Contraceptives allow women to acquire skills and build a successful career without having to deprive themselves of gender pleasures. The more women become economically empowered, the less competitive will the "marriage market" become and hence there will be a smaller number of people who rush into marriage.

The fact that the birth and parenting of children has long ceased to be a major "profession" for the woman leads to a decrease in fertility and it is an indisputable fact that the children are usually the crucial prerequisite for preserving the relationship between the parents. Furthermore, the more women are able to raise their only child by themselves, the less men feel committed to the family life.

Since the early 70's of the last century fertility started to decline at a rapid pace and today the rate of population growth has declined by more than 40%. After the end of the 90's in Europe the coefficient of fertility was reduced to 1.4. With the industrialization of the rest of the world the same demographic transition is observed. Fertility in China (there lives one fifth of the world population) has been below the level of simple reproduction for more than 20 years. In the Islamic Republic of Iran births also fell by over 70% since the beginning of the 80's. In catholic and democratic Brazil fertility has declined by one half over the same period. UN predicts that the world will reach the level of simple reproduction in 2030.<sup>15</sup>

---

<sup>14</sup> NSI: Education and Lifelong Learning; Eurostat: Education and training.

<sup>15</sup> National Geographic, Bulgaria , January, 2011, p. 28-57.

The expansion of opportunities for women's participation on the labour market, which increases the opportunity costs of bearing and raising children, has a direct impact on the worldwide lowering of the birth rate. The more little children a woman has the smaller her chances of finding employment for herself are. Furthermore the relationship between the economic activity of women and the quantity of children enhances the impact of the potential wage on the fertility, increased the demand for alternative childcare and attracts more entrepreneurs to the sector, which also explains the increase in the price of women's work. In this way by providing incentives for women to find employment, the labor market contributes to changes in their attitude towards birth.

The economic way of thinking helps us to look at the intense changes to which the family institution in the modern world has been subjected to as a predictable result of the active adaptation of rational individuals to the newly emerging consumer and investment alternatives. At the same time, this approach protects us from absolutization of the observed trends. The family is not economically doomed to disappear since by reducing the benefits of the gender-based specialization other economic benefits of sustainable coexistence between members of both genders become of growing importance. The latter include economies of scale similar to the joint production of finished goods in the household (one is responsible for the cooking while another is for shopping, etc.) and to the joint consumption of expensive utilities (rent, heating, electricity, etc.). Furthermore, it is entirely possible that satisfaction which occurs under joint consumption to rise when the similarities in the lifestyles of the spouses prevail, i.e. when both are able to prosper in their careers and split domestic duties equally. Ultimately, incentives to maintain traditional gender division of labor in the name of the economic benefits of marriage are not as strong as they seem when they are examined only taking into account the comparative advantages.

Many of the problems that weaken the traditional family are not purely economic, but reflect the complicated conditions in finding optimum arrangements between spouses and the increasing probability of false solutions. In this context one should examine the whole confusing array of organizational forms which structure the modern marriage: cohabitation without formal marriage; marriages, based on fixed-term contracts; families in which both spouses have to live and work in different countries for a long time, elderly people who get together to achieve economies of scale, homogender marriages and others.

In the end of this short study we can conclude that the reflection on the relationship between the role of women in the family and their status in the labor market helps us understand how interactions within each of the two institutional structures (family and labour market) result in a process of mutually reinforcing cumulative changes.

*Bibliography:*

*Becker, G.* (1991). *A Treatise on the Family*. Cambridge, Mass.: Harvard University Press.

*Becker, G.* (1985). Human capital, effort, and the gender division of labor. - *Journal of Labor Economics*, 3(1), January.

*Becker, G.* (1971). *The Economics of Discrimination*, 2<sup>nd</sup> ed. Chicago: University of Chicago Press.

*Becker, G.* (1965). A Theory of the Allocation of Time. - *Economic Journal*, 75, September.

*Bergmann, B., W. Darity* (1981). Social relations in the workplace and employer discrimination. – In: *Proceedings of the Thirty. Third Annual Meeting of the Industrial Relations Research Association*.

*Blau, F., M. Ferber* (1986). *The Economics of Women, Men and Work*. Englewood Cliffs, NJ: Prentice-Hall.

*Mincer, J.* (1962). Labor force participation of married women. – In: *7 Aspects of Labor Economics*. National Bureau of Economic Research. Princeton University Press.

*Phelps, E.* (1972). The statistical theory of racism. - *American Economic Review*, 62(4), X.

12.IX.2013