

Work Choices of Married
Women: drivers of change

Visiting Researcher Paper

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The views expressed in
this paper are those of the
individual involved and do not
necessarily reflect the views of
the Productivity Commission.

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Preface

This study on the labour supply decisions of married women by Dr Lixin Cai is the first to be published under the Commission's Visiting Researcher Papers series. This program supports research that is relevant to the Commission's own work program and provides an opportunity for Commission staff to engage with academics and build their knowledge of new analytical techniques and ideas.

Dr Cai's paper illustrates well this contribution. It extends a line of research that the Commission has developed over the last few years on the factors influencing labour supply decisions in various segments of the labour market. This began with the commissioned study *Economic Implications of an Ageing Australia* in 2005, followed by Staff Working Papers *Workforce Participation rates – how does Australia compare?* (SWP 2007) and *Men Not at Work: an analysis of men outside the labour force* (SWP 2007). The *Inquiry into Paid Parental Leave* report (2008) drew heavily on research work on child bearing and labour force attachment for women looking at the life-cycle work choices of women.

The study, drawing on HILDA panel data, estimates the influences affecting married women's participation in the labour force and how this changes with changes in their lives. The analysis provides useful estimates of parameters that assist in predicting how changes in these well-known factors affect labour force participation. It finds that there is no inherent state dependence in labour force status for married women, but rather that the observed inertia arises from unobserved individual characteristics.

Work Choices of Married Women: drivers of change adds both to our understanding of what affects labour supply decisions and techniques for analysing panel data.

The Visiting Researcher Papers

This publication inaugurates an occasional series that will present the work of the Commission's Visiting Researchers.

In support of the Commission's core function of conducting public inquiries and studies commissioned by the Government on key policy and regulatory issues, the Commission conducts supporting research into diverse issues concerning productivity and its determinants, environmental and resource management, labour markets, and economic models and frameworks to aid policy analysis.

To assist the research effort, the Visiting Researcher Program seeks to attract established researchers in areas closely related to the Commission's primary research themes. Visiting Researchers share their expertise and knowledge with Commission staff and contribute to the work of the Commission during appointments which are usually for terms up to one year.

During their stay with the Commission, Visiting Researchers take an active interest in the work of the Commission and its staff. It is common for Visiting Researchers not only to conduct their own research in conjunction with Commission staff but also to contribute to the research work of others in their areas of expertise.

The views expressed in this series are those of the Visiting Researchers themselves, and do not necessarily represent those of the Commission.

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Abbreviations

ABS	Australian Bureau of Statistics
CPI	consumer price index
HILDA	Household, Income & Labour Dynamics in Australia
MME	mean marginal effects
OECD	Organization Economic
PC	Productivity Commission
PSID	Panel Study of Income Dynamics