

Union Dissolution and Bargaining Power

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Overview

- **Research Question**
- **Theoretical Background:
Indicators of Bargaining Power**
- **Alternative Bargaining Concepts**
- **Data & Methods**
- **Results & Discussion**

Research Question

- **Background:**
Bargaining power in threat point models of partnerships
- ***Research focus:***
„How do individual resources affect the threat point of separation in couple bargaining?“
- ***Research question:***
„Which resources affect ultimate defection versus relationship stability?“

Theoretical Background: Couple Bargaining & Bargaining Power

“Evolution” of theoretical approaches to couple decision making and bargaining

- **NHE: Conjoint household decisions** (Becker 1993)
 - Household head decides
 - Lack of individual preferences
 - Assumption of income maximisation leads to a deterministic model
- **Individual centred RC approach** (Lindenberg e.g.)
 - Consideration of individual preferences
 - Uncertainty of how to implement couple interaction
- **Bargaining approaches / Exchange theory**
 - Foundations in game theory
(von Neumann & Morgenstern 1944, Nash 1950, 1953)
 - cooperative and non-cooperative games
 - Individual threat points determined by resources and outside options

Theoretical Background: Couple Bargaining & Bargaining Power

Threat point models of couple bargaining

- **Cooperative** (actors communicate) vs. **Non-cooperative** threat point models (actors set their strategies in anticipation of the moves of the respective other → no direct interaction required)
- Manser & Brown 1980, Lundberg & Pollak 1993, 1994, 1996, 2007; Ott 1995; Beblo 2001; Chen & Woolley '01)
- Cooperative threat point models as the standard in up-to-date household bargaining models

Theoretical Background: Couple Bargaining & Bargaining Power

Threat point models of couple bargaining

- **Base model:**

$$N = [U^m(x) - D^m] * [U^f(x) - D^f] \quad (Ott 1998)$$

- Failure to come to an agreement i.e. exceeding one's threat point results in "defect"
- **Threat points determined by individual income**
- **Defect == separation**

Theoretical Background:

Couple Bargaining & Bargaining Power

Common Concepts of Bargaining Power

Key resources determining threat points:

- **Income**
- **Working hours / allocation of time for household & market work**
- **More generally: Determinants of outside options**
- **→ Human Capital? Obtainable income?**
- **Problem of endogeneity with income as bargaining power**
 - **→ Dynamic bargaining (Ott 1995)**

Theoretical Background: Couple Bargaining & Bargaining Power

Alternative concepts of Bargaining Power

→ Discussed from a perspective of individual assets / resources

- **Alternative exchange currencies**

→ Attractiveness (Rosenblat 2008) / Sexual capital (Hakim 2010)

- **Stabilizing Factors**

(Alter refrains from defect/separation)

→ Empathy / Ability to satisfy partner

→ additionally stabilizes by increasing mutual attachment

Value or Personality based indicators

→ Dominant personality

(ability to convince or dominate significant other)

→ Might hamper stability by nurturing conflict

Limitation:

All of these indicators (including income) might operate via different mechanisms simultaneously

Empirical Design & Bargaining Concepts

Indicators of threat point resources tested in a separation model

Common indicators of bargaining power

- *Income*
Net distance in the income distribution (deciles) between man and women
Measured in absolute difference in decile positioning (-10 to +10)

Empirical Design & Bargaining Concepts

Indicators of threat point resources tested in a separation model

- *Empathy*

Overall, how satisfied are you with your relationship?

All in all, how satisfied are you with your sex life?

Partner's ability to satisfy one's needs

(-5 to +5)

- *Dominance*

How often does partner make you do things his/her way?

How often does partner get his/her way when you can't agree on something?

(-2 to +2)

Empirical Design & Bargaining Concepts

Indicators of bargaining power

Individual and relational determinants of bargaining power Ego & Partner

- *Attractiveness*

Interviewer: How attractive do you find the respondent?

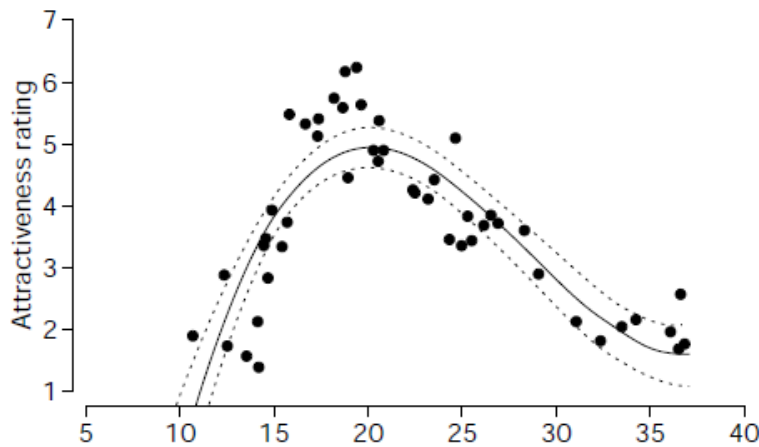
Assessment of attractiveness based on BMI

Empirical Design & Bargaining Concepts

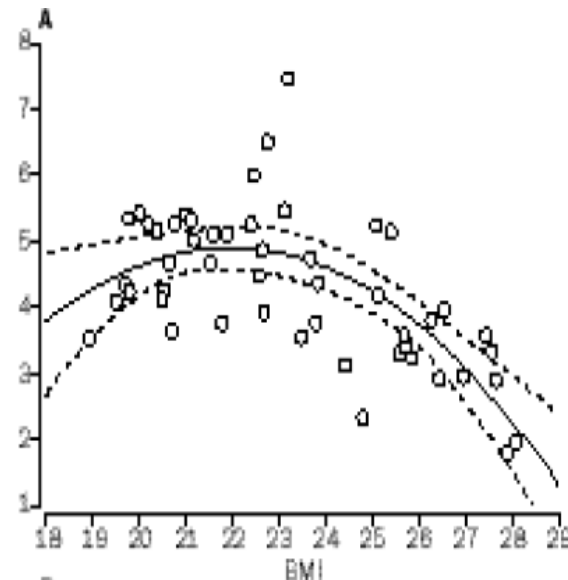
Indicators of bargaining power

- *Attractiveness*: Transformation of BMI into attractiveness

Physical attractiveness as a function of BMI...



A. of women to men
(Tovée et al. 1998)



Att. of men to women
(Maisey et al. 1999)

Data & Methods

Study design:

- Two-wave semi-balanced panel
- Pooled data
- Individual and partner data
- Assessment of bargaining power/covars based on starting wave
- Separation between t_0 and t_1 is related to covariates of t_0
- Conjoint & gender specific models
- Model of separation specified as:

$$\Omega(\mathbf{x}_i) = e^{\text{cloglog}(y_i)} = e^{\beta_0 + \sum_{k=1}^K \beta_k x_{ki}}$$

Data & Methods

Population:

Wave1 – wave2 +

Wave2 – wave3 +

Wave3 – wave4 +

Wave4 – wave5

Cohorts 1971-1973, 1981-1983, 1991-1993

Omitted:

Unpartnered respondents in each t_0 of the two wave balanced segments

Data & Methods

Dependent variable:

Separation between t_0 and t_1

Key controls:

Relative Income

Attractiveness

Dominance

Empathy

Additional controls:

Base Model

Cohort

Wave

Migrant

East/West

Model 1

Infertile?

Education

Educational homogamy

LFS

Full Model

Log # of children

Relationship type

Relationship

duration

Data & Methods

n of cases:	11.204
Individuals/clusters:	4.762
n_m:	5.179
n_f:	6.025
Separation events:	672

Results

Alternative threat point indicators and separation event

	Base Model		
	Men	Women	Joint Model ¹⁾
<i>Separation – Odds</i>	exp(b)	exp(b)	exp(b)
Relative Income (+10 / -10)	0.93**	1.15***	0.90***
Dominance (+5 / -5)	1.06**	1.03	1.01
Empathy / Satisfy P. (+2 / -2)	0.82***	0.97	0.92*
Attractiveness (+10 / -10)	1.17***	0.90***	1.14***
Controls: cohort, wave, migration, East			¹⁾ Net effect from male perspective

Source: pairfam 2008-2012; Method: Complementary-Log-Log

* $p < 0.1$. ** $p < 0.05$. *** $p < 0.01$; Exponentiated coefficients

Results

Alternative threat point indicators and separation event

	Model 1		
	Men	Women	Joint Model ¹⁾
<i>Separation – Odds</i>	exp(b)	exp(b)	exp(b)
Relative Income (+10 / -10)	1.01	1.14***	0.94***
Dominance (+5 / -5)	1.05**	1.01	1.02
Empathy / Satisfy P. (+2 / -2)	0.83***	1.00	0.92*
Attractiveness (+10 / -10)	1.12***	0.94*	1.09***
+ Controls: Infertile, Education, Homogamy, LFS			¹⁾ Net effect from male perspective

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Results

Alternative threat point indicators and separation event

	Full Model		
	Men	Women	Joint Model ¹⁾
<i>Separation – Odds</i>	exp(b)	exp(b)	exp(b)
Relative Income (+10 / -10)	1.05	1.09***	0.98
Dominance (+5 / -5)	1.04*	1.01	1.01
Empathy / Satisfy P. (+2 / -2)	0.81***	1.00	0.92*
Attractiveness (+10 / -10)	1.09**	0.97	1.06**
++ Controls: #children, relationship duration & -type			¹⁾ Net effect from male perspective

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Key findings:

Gender differences in core resource effects...

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Key findings:

Bargaining resources vs. (in-)stability asset

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Results & Discussion

Central Findings

- **Income as sole indicator of bargaining power provides a limited view**
- **Asymmetry in bargaining power does not necessarily increase the odds of defect**

Results & Discussion

Outlook

- **How do bargaining processes work?**
 - ➔ **More insights needed for empirical application of bargaining models**
- **More in depth research on attractiveness**
- **Welfare state impact on bargaining currencies**
 - Devaluation of income as bargaining asset depending on WFS's level of risk protection**
 - ➔ **Income as bargaining resource in liberal WFS**
 - Potential impact of WFSs on alternative bargaining indicators**
 - ➔ **comparison to scandinavian WFS**
 - ➔ **gender equality affecting sexual capital?**

**Thank you for your
attention!**