

Bargaining patterns across racially segregated households and their impact on educational attainment in South Africa

Jacques K Ngoie and Gary Becker

Research Summary

A household is composed of various individuals and therefore conflicts of interest often arise while decisions are taken. These decisions can be of high importance such as where to establish residence, how much to invest in children's education and health, etc. By and large, conflicts of interest that ascend require bargaining patterns and create a spectrum of intra-household dynamics that is the focus of this study. There has been an increasing consensus around the fact that qualitative investment in early childhood education remains a key determinant for socio-economic development; see Becker (1976), Heckman (2011), etc. Also, stable family structures enhance the supply of cognitive and emotional stimulation that are imperatives for early childhood development that in turn has far-reaching implications for a country. However, the level of disparity among family structures in South Africa, as divided across racial and income lines, and complexity in their bargaining patterns around decisions related to early childhood education remain a major impediment to early childhood development. This all situation offers a great opportunity to design new types of bargaining tools for modeling intra-household preferences when it comes to children's education. To this regard, this study investigates how complex family structures and their bargaining patterns over children's education negatively affect educational attainment through early childhood investment in South Africa. Subsequently, this research explores current government policies on education and how they have been successful in mitigating these negative effects of racially and socially segregated bargaining patterns within South African households. Thereafter, this study extracts appropriate and comprehensive policies that may help reduce the educational attainment gaps among racial and social groups in the country.

Intellectual merit. This study leads to the design and implementation of a new Dynamic and non-Unitary Model of the intra-Household Bargaining for South Africa when it comes to decision to invest in early childhood development. The model accounts for all dynamics of decision-making including the genetic ties between the primary caretakers and the children within households across different population groups while assessing their impact on educational attainment. The new evidence from South Africa will help us revisit the current literature on intra-household bargaining models and develop a more comprehensive modeling tool mainly for early childhood education. There has been an increasing consensus around the fact that unitary models of household do not constitute a realistic representation of household behavior. A household is composed of several individuals and its decisions cannot be modeled as thought they emerge from a set of stable and transitive preferences (Browning et al, 2006) as advocated in the unitary bargaining models of household. Although several alternative models have been put forward to assuage drawbacks of unitary models, not one single model has surfaced as most appropriate. Rather, it seems like different models are relevant in different contexts. Different bargaining patterns take place for important and indivisible choices such as where to establish residence as opposed to less important decisions such as which type of clothing to buy. Beside, the context and circumstances as faced by the household will have a large impact on how decisions are made. All these relevant features are included in the modeling approach as proposed in this research.

Broader impact. This study fosters the theoretical and empirical understanding of bargaining patterns within complex family structures in a country forcefully characterized with racial and income segregation and portrays the negative impact on early childhood development. Hence, a research of this kind might be of great benefit to particular constituents from both the policy making units in South Africa and the entire academic and research community focusing on intra-households bargaining models.