

Abstract

This paper studies the role played by cultural variables, as distinct from that played by economic or demographic variables, in determining female labor supply and market outcomes. The paper is able to study issues hitherto unexplored in this context by using data on Arab women in Israel. The latter are characterized by both 'traditional' and 'modern' cultural attributes and display substantial heterogeneity. Hence they allow for the study of the influence of cultural factors, in particular 'modernity' vs. 'tradition,' on labor market performance. Doing so, the paper examines the formation of cultural attributes and the way they influence labor market performance.

The results point to a significant role played by culture. In particular, a descriptive analysis, a standard probit model, and a latent factor model (with modernity as the latent factor) all indicate that a woman who is more modern participates more. Modernity is defined by usage of modern technology, modern views on the roles of men and women in the labor market, life in a modern city, marital status, and fertility. The cultural variables explain participation almost as well as the standard variables, such as age, education, and demographic variables.

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