

The analysis of labour force participation decision has been an important theme in labour economics during the past 50 years. Labor force participation of men and women is postulated to play an important role in socio-economic development at the micro level by providing a steady income stream that allows the household to maintain a decent standard of living and escape the clutches of poverty. The theoretical and empirical interest in this area was driven primarily by the surge in female labour force participation witnessed in the developed world in the post Second World-War period, which coincided with the steady improvement in living standards in developed countries. The rise in female participation was pushed by the entry of a large number of married women in the labour force; in the United States labour force participation of married females rose by nearly 130 percent during the period 1959-1999, with participation of their married male counterparts staying at roughly the same level during the period during review (Bar and Leukhina 2011).

Globally, a large number of studies have examined various important aspects of an individual's labor supply decision – whether to work, how many hours to work and at what wage rate. A few studies have also analyzed the collective household labor supply decision making process ; while the joint labor force participation decision of married couples has been examined by only a small number of studies. The neoclassical theory of time allocation has been used as the preferred theoretical framework in empirical work, analyzing the labour force participation decision making of individuals. According to this framework, individuals seek to maximize their utility level by allocating their time between market activities and non-market activities. If the value of market activities (wage rate prevailing in the market) exceeds the value of non-market activities (as could be assessed on the basis of tastes and preferences of the individuals), they decide to participate in the labor market and vice versa [Lisaniler and Bhatti (2009)]. According to Kaufman and Hotchkiss (2003), it is not necessary for either husband or wife to stay full time at home, as services for many household activities (cooking, cleaning and childcare) can be hired out or can be done in a goods intensive manner. For husband and wife to achieve an optimum allocation of time, each should work an additional hour in market as long as the wage rate exceeds the value of that hour spent on household work.

The present study fills this gap by investigating the joint labor force participation decision of husbands and wives in Pakistan, by modeling the determinants of joint labor force participation of married couples as dependent on several explanatory variables. This study identifies the various social, economic and demographic factors, which influence the labor force participation (LFP) decision of husbands and wives in Pakistan. The study is based on data from the Pakistan Labor Force Survey (2007-08) using the sample of currently married heads and their wives aged 10-64 years, separately for the urban and rural areas of the country. The study has employed multinomial logit model in order to investigate the impact of different factors on labor force participation decision of husbands and wives. The study also investigated the determinants of wage function of husbands and wives. The study finds that education level of husbands and wives has strong and positive impact on their LFP decision, hours of work and wages. Husbands have higher probability to participate in labor market than wives. Moreover, husbands and wives in the households belonging to urban areas are more likely to work than those

in rural areas. they work longer hours and earn higher wages. Among demographic factors, age, family set up and presence of small children (0-5years) also greatly affect the LFP decision of married couples.

Key Words: Labor force participation, Decision, Factors, Husbands, Wives, Households,