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## The Effects of Cooperation: A Structural Model of Siblings' Caregiving Interactions

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### Abstract:

This paper analyzes the decision making process of adult children to provide informal care to their parents. First, we develop a structural model to explain the amount of time that only children (without siblings) spend on providing care, taking into account opportunity costs in terms of time and money. The model is estimated using two datasets from 12 European countries and reveals the preferences of adult children for consumption, leisure and informal care. Although we assume that differences in behavior between children with and without siblings are due to dissimilar constraints only, by using only children we do not have to make assumptions about interactions between siblings in the structural model. In the presence of siblings, their choices also play a role in the caregiving decision. A central question is whether siblings make cooperative or noncooperative decisions. The second part of this paper aims to establish whether interactions between siblings are cooperative or noncooperative, by comparing predicted cooperative and noncooperative outcomes with observed outcomes. We use the structural parameter estimates from the first part of the paper and model the noncooperative outcomes using a Quantal Response Equilibrium. The results suggest that the nature of the interactions between siblings has a strong effect on the division of informal care between siblings. For almost three quarters of the families the noncooperative model has a better fit than the cooperative model. When the noncooperative families can be pushed into their cooperative outcome, their parents would on average receive 50% more informal care per week from their children, but this would reduce full-time labor supply by 5.7%-points and increase part-time labor supply by 6.7%.

**Text:** See [Discussion Paper No. 5733](#)



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