Personality and the Dynamics of Marriage: A Structural Interpretation

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We study how personality shapes marital stability, intra-household bargaining, and time allocation within marriages. Using rich data from the HILDA Survey we show that personality is strongly linked to wages, marriage and divorce patterns, and how couples divide market work and childcare. To interpret these patterns, we estimate a life-cycle collective household model with limited commitment and endogenous marriage and divorce. Personality enters the model through: (i) wage processes, (ii) preferences for childcare, and (iii) expected match quality. Our quantification shows that about 44% of personality's impact operates through wage heterogeneity, 33% through match quality, and 22% through preferences for children. Counterfactual simulations highlight that personality shapes (i) how couples adjust to adverse shocks (such as wage declines or drops in match quality), (ii) who effectively provides insurance within the household, and (iii) how welfare losses are shared between spouses.