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Experimental Spousal Financial Decisions in Rural Tanzania

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Objective

Many research questionnaires attempt to understand household bargaining and spousal decision-making processes by including questions such as "Who makes the financial decisions?" While these responses are informative about reported relational power in a family, it inherently cannot be as insightful to true spousal behavior as observing an actual experimental decision.

- How well does reported financial decision making power predict a woman's choice to make an independent financial decision in an experimental situation?
- What type of assets and characteristics of marriages are related to women's financial decision making power?

Background

I will analyze the results from an experiment which gives a woman an opportunity to make a financial decision independent of her husband. This sample of women (n=150) have the option of choosing between two gifts to thank them for their participation in a large household survey. They can choose either a kanga, a large decorative fabric with many household uses, or a tin of coffee. Before choosing the gift, they are given the option of consulting with their husbands. Using several measurements of intra-household power dynamics in the survey, this game gives insight into experimental evidence of spousal decision-making processes.



Methodology

To understand the relationship between reported financial decision-making power ("Who in the household makes decisions over financial purchases?") and the experimental outcome, I use a probit regression. After creating a binary variable for whether or not the wife decided alone on a gift (i.e. did not need to consult her husband), I run the probit for the effect of reported decision-making power on experimental decision-making power, controlling for various other household bargaining factors.

Using the binary outcome variable, I test for the predictability of reported financial decision making through a the following probit:

$$Pr(A_{it}^* = 1|X) = G(X'\gamma)$$

Where X is a vector of individual and spousal characteristics that also includes reported spousal decision-making. I present the marginal effect of the reported financial decision-making.

The covariates in X include wife's age, wife's age squared, spousal age difference, number of children born, the difference in spouses desired number of additional children both according to the wife and according to the husband, number of other wives, number of children husband has with other wives, and indicator variables for domestic abuse, ever talking about family planning, ever hidden contraceptives from husband, if husband drinks at least twice a week and if wife is involved in crop choice decision process.

Data

Woman's questionnaire

- Household roster section (household composition, marital status, age, gender and education of each member),
- Family planning (desired number of children, current contraceptive knowledge attitude and practices, measurements of power in her household)
- Firewood (collection and dependence)
- Financial decision-making experiment.

Men's questionnaire

- Agricultural production (plot size, crops, yield, price, inheritance)
- Livestock (quantity, shocks, responsibility)
- Socio-economic indicators (household assets and utility access)
- Family planning (projected land and labor inputs for the household)

Results

The results can be seen in Table 1. The variable "nofindec" is an indicator variable for the woman not being involved in financial decisions at the household. In this case, the decision-maker is reported as either her husband exclusively or someone else in the household (usually a parent-in-law). As seen in the table, women who reported that they are not involved in household financial decisions are 13.9% less likely to have made the experimental gift decision alone. Although the reported decision-making power is unlikely to be exogenous to the experimental outcome, the correlation effect is nevertheless unique and is significant at the 5% level.

Interestingly, women who have discussed family planning with their husbands are 22.7% less likely to have made the experimental gift decision alone.

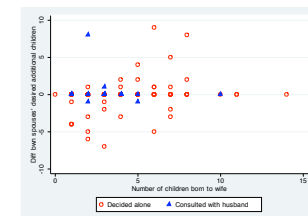
Table 1: Coefficients and marginal effects for the effect of reported financial decision-making independence on the experimental outcome

EQUATION	VARIABLES	Probit (1) Coefficient	Marginal Effect
Wife decided alone	nofindec	-0.970** (0.465)	-0.139** (0.064)
	wifeage	-0.307 (0.362)	-0.042 (0.057)
	wifeage2	0.00494 (0.00607)	0.001 (0.001)
	agediff	-0.0150 (0.0293)	-0.002 (0.004)
	s8evtalk	-1.455*** (0.518)	-2.27*** (0.071)
	s8hidespl	-0.366 (0.703)	-0.071 (0.159)
	s8getshit	-0.269 (0.423)	-0.043 (0.071)
	s8chborn	0.225 (0.162)	0.035 (0.026)
	diffkidswife	-0.153 (0.104)	-0.024 (0.026)
	diffkidsbus	-0.0517 (0.0634)	-0.008 (0.009)
	drinkalot	-0.380 (0.563)	-0.711 (0.125)
	s5wives	0.102 (0.503)	0.016 (0.079)
	s8babydad	0.0307 (0.109)	0.005 (0.017)
	plot1minew2	2.697*** (0.969)	.652*** (0.222)
	plot2minew2	-3.176*** (1.098)	-.371*** (.123)
	Constant	6.842 (5.291)	6.842 (5.291)
	Observations	98	98

Results

Figure 1 provides a graphical understanding of the key continuous variables in whether or not a woman will decide on the gift alone. Though not statistically significant, women who have borne fewer children are less likely to make the gift decision independent of their husband's advice. Qualitative evidence from focus groups supports the notion that women who have borne more children have more household bargaining power.

Figure 1: Predictor variables on whether or not a woman decides alone



Conclusion



- The negative effect of spousal family planning discussion on independent gift decisions may be an indicator of women who are part of very communicative partnerships, which is reflected in the fact that they consulted with their husbands about the gift.
- The positive effect of reported financial decision-making power on the experimental outcome is supportive of the reliability of questionnaires that make inquiries into intra-household bargaining power through simple questions about perceived input.