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?

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 the following probit:

\[ P(\alpha_{1t} = 1|X) = G(X'\beta) \]

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, and indicator variables for whether the husband and wife have borne more children.

Results

The results can be seen in Table 1. The variable "nofriends" 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.

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.