

# Using subjective measures of financial well-being to investigate intra-household gender inequalities across countries

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# Overview of presentation

- Why look at **how people within household share** out the **benefits** of their common household resources?
- Difficulties of doing this using conventional measures
- Outline of method for using well-being measures to investigate such distributional issues within households
- Some evidence about which time-use factors affect intra-household distribution
  - And how these are **gendered**
- Some evidence about how these effects vary across countries, for two reasons:
  - the gendered distribution of time-use varies
  - the magnitude of the effects of time-use varies

# Motivation

- Both policy-makers and mainstream economic model tend to treat people family/household members as:
  - having common interests
  - unproblematically allocating resources so that members share a common standard of living
- Qualitative evidence that **gender inequalities within households** in access to financial resources are **significant** and related to gender inequalities more generally in society
- Understanding the factors affecting such intra-household inequalities could **improve policy effectiveness**:
  - if we want to reduce gender inequalities/not make them worse
  - If such inequalities affect behavioural responses to any policy, not taking them into account will reduce its effectiveness in meeting its own goals
    - e.g policies to reduce “workless” households

# Difficulties

- Much relevant **data** collected only at **household level**, eg:
  - expenditure and consumption data
  - deprivation indices
  - even some capability measures
- **“Collective” models** of household decision making tend to see **consumption** as the only benefit that resources can confer on household members.
  - qualitative evidence shows other benefits
  - feminist discourse focuses more on **“autonomy”**
- **Subjective measures are individual** and can capture wider benefits

# Method

- Use as dependent variable the matched answers of a couple to a question on satisfaction with household income asked in household panel data surveys:
  - AUS, GER, UK: **“How satisfied are you with your household’s income” (SWHI)**
  - ECHP countries: “How satisfied are you with your financial situation”
- **Key assumption:**
  - Factors that affect these measures differently for a couple sharing the same household income, do so because they alter the balance of how the two members of the couple benefit from their household income
  - So look at the factors that affect both partners’ SWHI and those that affect their SWHI differently

# Determinants

- People's happiness depends on having adequate resources **“for making progress toward valued goals”** (Diener et al. 1999)
  - Can be identified with household income for single persons
  - For couples, the pursuit of an individual's goals will depend not only on the level of their household income, but also on the extent to which he or she can use joint household income to benefit in that way (Vogler 1998)
- Important factors affecting individuals' access to household resources (Sen 1990) :
  - **Perceived individual contributions**
  - Use individual's **labour market status** as our main indicator of both paid and unpaid contributions
    - cf implications of being unemployed with being economically inactive

# Research questions

- **Which contributions** have biggest effect on (own or partner's) SWHI?
  - This is gendered if the types of contributions made more frequently by one gender have greater influence on SWHI
- Does the **influence** of a type of contribution on SWHI depend on whether it is the **man's or the woman's**?
  - Gender differences in social expectations about breadwinning roles
- Does making a positive contribution increase an individual's SWHI more than their partner's?
  - This is what we interpret as sign of gaining relatively **greater benefit** from that income
  - Are there any **differences** in such effects **by gender**?

# Data and variables

- Method can be used on any **panel data with matched answers per couple**
  - BHPS for the UK, GSOEP for Germany, HILDA for Australia (up to 2007)
  - Older data from 10 ECHP countries (1995-2001) slightly different dependent variable (not as focused on household income)
- **Independent variables** include each partner's **employment status** (full-time, part-time, unemployed, economically inactive)
- Controls for presence of young children; equivalised real household income (in logs)
- **Further controls** to deal with **subjective nature** of dependent variable:
  - **Fixed-effects method** (to account for time-invariant unobserved influences such as personality traits)
  - Satisfaction with life overall (non-financial influences)



# Does this work?

- In general results:
  - **robust** to using different specifications and control variables, including those that could indicate mitigating influences of aspirations, expectations and social comparisons (provided we use the **panel structure** to isolate personality traits)
- An **alternative** dependent variable satisfaction with personal income (SWPI), available only for Germany, does not give similar results:
  - partners' SWHI scores are more closely correlated than their SWPI scores
  - one person's employment status has much smaller effect on their partner's SWPI than on their SWHI

# Selected results – effect of employment status on man's and woman's SWHI

- Overall, **employment status is a strong predictor of SWHI** even controlling for current household income (suggests SWHI may depend on **longer term financial security** too)
- Either partner's less than full-time employment has a negative effect on couple's average SWHI
- More negative effect of unemployment than inactivity or part-time employment (some **domestic contributions**)
- **Man's employment status is more influential than woman's** on the couple's average SWHI:
  - but how man's employment status compares with women's in influencing *woman's* SWHI varies across countries
  - Whether woman's employment status has any significant effect on *man's* SWHI also varies across countries

# Selected results – differences in effect of employment on partners' SWHI

- Less than FT employment has a negative effect on the difference in SWHI
- **Being in FT employment** produces not only an absolute gain in own SWHI, but a **relatively greater gain** than in partner's (intra-household effect)
- Magnitude in effect of employment on relative gain in SWHI does not tend to differ by gender
- So FT employment increases an individual's benefit from their household resources
- This is true for both men and women, but **men are more likely to be in full-time employment than women in all countries**

# Selected results – by employment typology of couples

- Reduce labour market statuses to
  - two for man: FT, not FT
  - three for woman: FT, PT, not employed
- **Classify couples by both partners' employment status**
  - Reference category: “traditional” male-breadwinner couple (man FT / woman not employed)
  - Five other categories
- Direct focus on relative employment status within households (though not longer capturing influence of unpaid work)
- Comparing AU, UK and DE for 2002-2007; look at
  - Male SWHI
  - Female SWHI
  - Difference (Male - Female) in SWHI

	UK			Germany			Australia		
	Man's SWHI	Woman's SWHI	Diff (m-f) SWHI	Man's SWHI	Woman's SWHI	Diff (m-f) SWHI	Man's SWHI	Woman's SWHI	Diff (m-f) SWHI
<b>ref: Man FT, Woman not working</b>									
Man not FT, Woman not working	-0.558** (0.248)	-0.477** (0.227)	-0.081 (0.267)	-0.887*** (0.086)	-0.613*** (0.080)	-0.273*** (0.082)	-0.733*** (0.124)	-0.516*** (0.116)	-0.217* (0.131)
Man not FT, Woman PT	-0.854*** (0.228)	-0.576** (0.249)	-0.278 (0.283)	-0.610*** (0.087)	-0.230*** (0.085)	-0.381*** (0.096)	-0.693*** (0.128)	-0.089 (0.115)	-0.605*** (0.143)
Man not FT, Woman FT	-0.850*** (0.206)	-0.171 (0.197)	-0.680*** (0.241)	-0.235*** (0.087)	0.150* (0.083)	-0.385*** (0.092)	-0.653*** (0.121)	0.077 (0.122)	-0.730*** (0.141)
Man FT, Woman PT	0.066 (0.093)	0.228** (0.103)	-0.162 (0.124)	0.181*** (0.040)	0.240*** (0.043)	-0.059 (0.046)	0.028 (0.057)	0.248*** (0.062)	-0.219*** (0.071)
Both FT	0.101 (0.108)	0.478*** (0.118)	-0.377*** (0.138)	0.371*** (0.056)	0.567*** (0.055)	-0.195*** (0.061)	0.040 (0.066)	0.522*** (0.074)	-0.482*** (0.085)

- **Relative gain for women if in FT employment (as sole earner or if both FT)**
- **Woman's (FT) employment contribution**
  - **not influential on man's SWHI, except in Germany (country with big employment changes)**
  - **less influential than man's on her SWHI in UK and AU**

# ECHP 1995-2001: similar results

**Difference in SWHI (ECHP-11)** – same typology of employment, selected significant effects

	All	DK	FI	NL	BE	FR	IE	IT	EL	ES	PT	AT
Man not FT /												
Woman FT	-0.311*** (0.028)	-0.615*** (0.108)	-0.515*** (0.092)	0.036 (0.068)	-0.270** (0.128)	-0.418*** (0.075)	-0.578*** (0.178)	-0.289*** (0.073)	-0.281*** (0.082)	-0.280*** (0.087)	-0.327*** (0.086)	-0.361** (0.156)
Man FT /												
Woman PT	-0.053*** (0.016)	-0.271*** (0.069)	-0.220*** (0.079)	-0.015 (0.031)	-0.146** (0.071)	-0.114*** (0.042)	0.050 (0.087)	0.032 (0.042)	-0.013 (0.054)	0.083 (0.057)	0.015 (0.055)	-0.101 (0.071)
Both FT	-0.092*** (0.014)	-0.360*** (0.067)	-0.259*** (0.056)	-0.030 (0.042)	-0.168** (0.069)	-0.131*** (0.035)	0.018 (0.094)	-0.021 (0.037)	-0.024 (0.035)	-0.026 (0.047)	-0.075** (0.037)	-0.053 (0.069)

- Comparing 11 EU countries using ECHP data for 1995-2001, gives similar results when looking at breadwinner typology:
  - Relative gain for women who become main breadwinner in all countries (except NL), but less so in Southern Europe
  - Relative gain for women who become additional earners in DK, FI, BE and FR (and in PT, but only if employed FT)
- Clear divide between regimes more favourable to women's (mothers') employment (DK, FI, FR, BE) and others

# Conclusion

- Method for assessing the influence of factors on individuals' benefit from shared household resources, by estimating differences in effects on partners' SWHI
- By this method we have shown that
  - relative employment status matters to how much people benefit from their households' resources
  - these effects differ between welfare regimes that are more or less supportive of women's employment
  - if policy makers are interested in promoting individual well-being, they need to consider the effects of policy not just of family incomes but on the employment opportunities and incentives of both partners.
- Our method could be applied in other contexts to provide a useful way of analysing how the benefits of household resources that are wider than just consumption are distributed.