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Discussion Paper 86

Women's Assets and Intrahousehold Allocation in Rural Bangladesh: Testing Measures of Bargaining Power

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This paper examines how differences in the bargaining power of husband and wife affect the distribution of expenditures in rural Bangladeshi households. It contributes to the literature testing various household models by using measures of bargaining power that have been informed by ethnographic evidence and qualitative methods.

Background

We tested two measures of assets as measures of individual bargaining power: current assets and the value of assets brought to marriage. We constructed these measures from a module on family background, marriage, and inheritance that we designed based on a qualitative study conducted in parallel with the main household survey. We examined the extent to which characteristics of husbands and wives, as well as their families of origin, affected the assets brought to marriage, and also investigated whether current assets were determined by assets brought to marriage and individual, household, and extended family characteristics. We then used the information on family background of both spouses as instruments for the asset measures and investigated the robustness of these coefficients to various specifications of assets.

Sample and Data Collection Methods

We used data from a new household survey in three sites in Bangladesh that were chosen as part of an impact evaluation of programs disseminating new agricultural technologies. For each household, a four-round survey collected detailed information on individuals' income earning activities, expenditures on various categories, food and nutrient intakes, time allocation patterns, and health and nutritional status.

Between the second and third survey rounds, a parallel study using qualitative methods was conducted in a pair of villages in each site to elicit group members' views on the effects of NGO programs and the new technologies on incomes, education and health of children, women's status and empowerment, etc. From the results of this study and from other models, we formulated questionnaire modules on premarital assets, transfers at marriage, inheritance, and indicators of women's mobility and empowerment, which we reviewed and

pretested prior to fielding the last round of the survey.

Assets of Husbands and Wives

Husbands consistently owned more assets than wives, both at present and at the time of marriage. Apart from household durables, the most frequently owned assets were jewelry, agricultural equipment, large trees, and vehicles. Seventy percent of wives owned jewelry and 15 percent owned household durables. Irrigation and agricultural equipment were most often considered joint assets.

In the fourth survey round, respondents were asked to recall the assets they owned before marriage. Both male and female respondents also provided information about their premarital occupation and experience in farming, day-labor, or other business activities.

Cattle accounted for the bulk of male premarital assets. Land was seldom owned before marriage, reflecting the fact that most sons live on their parents' farm when they get married and that most land inheritance occurs upon the death of a parent. Female premarital assets were much less valuable, most often consisting of food.

A specific module about transfers at marriage was administered to the female respondents. Asset categories for these modules were complemented by specific questions about jewelry and cash exchanges at the moment of the wedding. The transfers to the bride and groom were computed by summing up all transfers to each individual and assigning to each individual half of the transfers reported "to the couple."

Results

Determinants of assets at marriage. Husbands with more than primary schooling owned more valuable assets, but wives with more than primary schooling owned a less valuable stock of assets at marriage. While the husband's characteristics significantly affected his assets at marriage, so did his parents' landholdings. The wife's parents' landholdings did not affect husband's assets at marriage.

For wives, parental landholdings positively and significantly

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affected the value of their assets at marriage. The total value of a

wife's assets was also higher when her father had some secondary education. Wives whose husbands' parents had larger landholdings or whose husbands had university educations brought more valuable assets to marriage. The asymmetric effect of in-laws' landholdings (husbands' parents' landholdings affected wife's assets at marriage, but not vice versa) confirms that there is selection and bargaining in the marriage market, and that characteristics of the parents matter as much as those of the prospective spouses.

Determinants of current assets. We included the value of assets at marriage among the determinants of current assets to see whether spouses with a larger stock of assets at marriage gained a "head start." Analysis indicates that husbands' assets at marriage are not a significant determinant of current assets but parental landholdings continue to be positive and significant.

Assets at marriage do not appear to affect wives' current assets. Her parent's land and the number of living brothers are positively related to her asset position, suggesting that throughout her lifetime, her extended family—especially her brothers—remains a source of support. Marrying a better-educated man does have some advantages: women whose husbands have some secondary or some university education own more current assets.

Determinants of expenditure patterns. Our results indicate that the unitary model of the household—a model in which individuals within the same household share the same preferences, or a single decisionmaker decides for all—does not operate in rural Bangladesh. Even in a patriarchal society where husbands control most of the household's resources, when household expenditure is controlled for, coefficients on husband's and wife's assets in the majority of the expenditure shares regressions were significantly different from zero. A greater number of coefficients on men's and women's assets were significant in the specification with current assets. The most consistent result is that women's assets at marriage and current assets had a positive and significant effect on children's clothing and expenditure on education.

Finally, we compared alternative estimates of the effects of men's and women's assets. Since both assets at marriage and current assets are endogenous, ordinary least-squares (OLS) estimates provide biased estimates of the effect of men's and women's assets. In the case of expenditures on education, the magnitude of the coefficient of women's assets at marriage in the education equation increases from 0.17 in the OLS estimate to 0.34 for the two-stage least squares (2SLS) estimates, and from 0.17 to 0.83 for current assets. This suggests that neglecting the endogeneity of asset measures may lead to biases in the measurement of the effect of men's and women's assets on their bargaining power.

Discussion

This paper tested the unitary model of the household against an alternative that postulates that individuals have different preferences and do not pool their resources. Our results suggest that, even in the patriarchal society of rural Bangladesh, a collective model better describes household decisionmaking.

Our results also suggest that conventional bargaining models need to be modified. Even if the endogeneity of current assets is controlled for by using assets brought to marriage, these are determined in the context of marriage markets. In extended family settings found in many parts of the developing world, taking into account the bargaining power of other members of the extended family may be key to explaining intrahousehold allocation outcomes in societies with complex household structures.

Finally, our work adds to the evidence that increased resources controlled by women are often allocated toward children. Given that women in Bangladesh are disadvantaged with respect to both asset ownership and education, the greatest effect of interventions to increase resources under their control may be felt by the next generation, placed in villages where there is no other school within a one-hour's walk. The cost-effectiveness analysis confirms that the well-targeted construction of new schools is likely to be the least costly method of improving schooling outcomes at this time.

Keywords: Bangladesh, gender, bargaining power, household expenditures

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