

# Partners' income and decision making

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**Abstract** This paper investigates the relationship between partners' decisional power, and the freedom to spend money for own use on the one hand, and household income sharing, money management, and individual access to money on the other. We find that decisional power is strongly associated with income management for both genders, while money spending is mostly constrained by the household income sharing strategy and money access.

## 1 Couples' strategies of income pooling and decisional power

Economic wellbeing is often measured in terms of household equivalent income, which roughly represents the economic resources each household member can benefit. This is true only under the assumption of income pooling within families. Whenever individuals decide to share only part of own earnings, an asymmetric access to resources may take place, depending also on who manages household income, and on money access.

The relationship between inequality in decision making and personal spending money on the one hand, and income pooling, money management and money access on the other, has been investigated mostly with respect to couples. A union, either a marriage or a cohabitation, implies a negotiation between partners in terms of economic or family roles, which involves also partners' contribution and access to the family economic resources. When incomes are not pooled, and money management is not shared, inequality is observed also in terms of decisional and spending power [2]. In particular, man's sole management has been found to be an indicator of his power in the relationship[4]. Woman's management, in contrast, is more likely to represent a gendered household task [3].

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The preference towards a specific strategy of income sharing and management depends on different individual and households characteristics, with the duration of marriage and the presence of children playing a relevant role [1]. However, also social norms on partners' economic and family roles are crucial. Where a shared breadwinning model is common, also shared management is more often used [4]. For this reason, investigating the relationship between partners' economic roles, and their decisional and spending power is particularly interesting in Italy, which is still characterised by the persistence of a traditional model of partners' specialisation.

## 2 Data and methods

We use the Italian cross-sectional EU-SILC 2010 user database, where an ad-hoc module on intra-household allocation of resources has been implemented. In particular, we focus on families composed by couples with or without children, but without other household members (an heterogeneous household composition is likely to be related with the different opportunity/cost of income pooling). Decision making power is measured according to "who is more likely to have the last word when taking important decisions" (the respondent, the partner, balanced). Spending freedom is represented by the "ability to decide about expenses for own personal consumption, leisure activities or hobbies" (always, sometimes, never or almost never). The alternative income sharing strategies are: all incomes are treated as common resources (pooled); only some incomes are treated as common and the rest as private resources (partially shared); all incomes are treated as private (not shared). A measure of money access is represented by who mostly manages household income (the sole respondent, the respondent as first manager and the partner as second, the partner as first manager and the respondent as second, the sole partner, and somebody else). Eventually, direct access to money is represented by the availability of a bank account, or a credit/debit card. We explicitly discuss also partners' relative earnings (she does not earn money, she earns less than 40% of couple's earnings, she earns between 40 and 60%, she earns more than 60%, and she earns 100% of couple's earnings) to provide a more detailed picture of partners' economic roles.

We use multinomial logistic regression to model decisional power ((i) more the respondent, (ii) more the partner, vs. (iii) balanced) and freedom to spend money ((i) sometimes, (ii) never or almost never vs. (iii) always). To catch gender differences, and the level of agreement between partners' perception, we estimate models per sex. Beside the variables already mentioned, the following individual and household characteristics are controlled for: age, age difference between partners, education, partners' relative education, marriage or consensual union, presence of children, region of residence, employment status, household equivalised income in quintiles, material deprivation.

### 3 Results

Decision making is significantly related with the household income management, partially with the sharing strategy, and less strongly related with the access to a bank account. Household income management is particularly relevant, because both man and woman are more likely to have the last word when are the sole manager, and the partner is less perceived as the main decision maker when income management is at least shared.

**Table 1:** Decision making and money spending: model estimates for Women and Men

		<b>Decision making (ref=Balanced)</b>			
		Women		Men	
		Me	Partner	Me	Partner
Sharing strategy (ref= Pooled)	Part. shared	-0.22	0.23 **	0.33 **	-0.24
	Not shared	-0.20	0.16	0.26	-0.10
Income manager (ref=Sole Partner)	Shared, 1st part.	0.17	-1.13 ***	-0.25	-0.33 **
	Shared, 1st resp.	0.92 ***	-1.48 ***	0.10	-1.03 ***
	Sole resp.	1.25 ***	-1.13 ***	1.19 ***	-0.76 ***
	Other	0.48 **	-0.72 ***	0.39 **	-0.95 ***
Bank account (ref=Yes)	No	-0.29 **	0.10	0.02	-0.04
Partners relative income (ref=0%)	0%-40%	0.19	0.14	-0.06	0.09
	40%-60%	0.26	-0.21	-0.34 **	0.24
	60%-100%	0.16 **	-0.54 **	-0.78 **	-0.15
	100%	0.57 **	-0.14	-0.34 **	0.26
		<b>Decide about expenses (ref=Always)</b>			
		Women		Men	
		Sometimes	Never	Sometimes	Never
Sharing strategy (ref= Pooled)	Part. shared	0.11	0.03	-0.07	-0.33 **
	Not shared	-0.46 **	-0.35 **	-0.29 *	-0.27
Income manager (ref=Sole Partner)	Shared, 1st part.	-0.22 **	-0.40 **	0.05	-0.15
	Shared, 1st resp.	-0.32 *	-0.30 *	-0.04	-0.16
	Sole resp.	-0.27 *	-0.34 *	-0.08	0.01
	Other	-0.31 *	-0.37 *	0.15	-0.02
Bank account (ref=Yes)	No	0.75 ***	1.53 ***	0.65 ***	1.27 ***
Partners relative income (ref=0%)	0%-40%	0.05	0.08	-0.11	-0.14
	40%-60%	0.24 **	0.24	-0.09	-0.13
	60%-100%	-0.17	0.18	-0.13	-0.11
	100%	0.15	-0.18	-0.04	-0.13

\* $\leq 0.05$  \*\* $\leq 0.01$  \*\*\* $\leq 0.001$

When the couple shares just a part of the personal income, then she is less likely to have the last word in important decisions in both her and his opinion. Direct access to a bank account, instead is not much important, only women perceive to have less

decisional power if they do not have it. Eventually, it is worth noting that partners' relative income is also relevant in shaping decisional power: the higher her income compared to his, the more likely she has the last word (in her opinion), and the less likely he has the last word (in his opinion).

Freedom to spend money for personal use, instead, is strongly related with the access to a bank account, and the household sharing strategy. Income management is relevant according to women only. In fact, both men and women who do not have a bank account or a credit/debit card feel free to spend money for personal use only sometimes, and mostly never or almost never. When partners do not share individual incomes they are less likely to feel free to spend money only sometimes, suggesting that a more individualistic sharing strategy implies a higher freedom in spending money for own use. The responsibility of income management, instead, is significant for women only. When they share this activity with the partner are less constrained in money spending. Eventually, partners' relative income is not significant in shaping individual freedom of spending.

## 4 Conclusions

In this paper we investigate the relationship between partners' decisional power and freedom to spend money for own use, with income sharing strategies, responsibility for household income management and individual access to money by a bank account or a credit/debit card. Our findings show that decision making is mostly related with money management. Partners mostly agree on the relationship between income responsibility and their decisional power: who is mostly responsible for household income management, either man or woman, is more likely to have the last word in important decisions. Thus, partners' inequality in money management reflects into inequality in decisional power.

The freedom to spend money is mostly constrained by sharing strategy and money access: when personal incomes are not shared, both partners are more likely to feel free to spend money for own use, while the lack of money access significantly decreases individual freedom. The money management, instead, is perceived as significant only by women, who feel free to spend only when are at least partly involved in this activity. Thus, money spending seems to be more related with the practical access to money than with inequality in partners' roles.

## References

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