

Money pooling and decision making in the household

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In recent years, the question of how couples handle their money and how it is associated with power relationship and decision making in the household has attracted increasing attention. The principal dividing line is usually drawn between couples who pool all their money together and those who opt for full or partial independent money management, as this division reflects the degree of individualization and commodification of the relationship [Ludwig-Mayerhofer et al. 2011; Hamplová, Le Bourdais 2009; Cheal 1993]. Even though most authors agree that the choice between pooling or not-pooling has some implications for decision making and power relationship, there is, however, little agreement about which allocation system produces more equality. Some authors see pooling as an unequal arrangement obscuring hidden poverty and concealing unequal access to resources [Bennett et al. 2010]. Yet, others point out that money pooling best reflects the ideal of equality whereas independent money management increases the inequality between partners, especially if their incomes significantly differ [Pahl 2005; Elizabeth 2001]. The lack of consensus, to some extent, might be attributed to the fact that most existing studies rely on qualitative methods based on in-depth interviews with a small number of couples [Ashby, Burgoyne 2008; Burgoyne et al. 2007a; Burgoyne et al. 2007b; Vogler et al. 2006; Elizabeth 2001; Fleming 1997]. Although relatively rare, the quantitative studies using larger samples find some evidence that independent money management is associated with higher levels of inequality and more male-dominated decision making [Vogler et al. 2008].

Given the relative dearth of quantitative research on the association between the allocation of money and couples' decision making, the goal of this paper is to contribute to the discussion about the implication of money allocation using a quantitative approach. Specifically, we focus on two research questions:

- 1) How is the choice between pooling, partial pooling, and non-pooling of money linked to financial decision making within the household? Here, a crucial distinction must be made between control over major household purchases (occasional expensive items and strategic decisions) and management of daily finances that involves organizing money and making ends meet on a day to day basis (daily purchases) [Vogler et al. 2008]
- 2) To what extent is the money allocation system associated with the division of labor in the household?

Data and preliminary findings

The paper uses the 2011 Canadian Social Survey data (GSS) that comprises a set of questions concerning couples' money arrangements (bank account ownership and the flow of personal income into respondent's and partner's accounts), decision making in the household and the division of domestic labor.

The preliminary analysis suggests that independent money management tends to be associated with a pattern of decision making dominated by only one partner, particularly in case of occasional expensive items, but with less traditional division of domestic labor. However, it must be noted the female and male reports differ, as both men and women tend to see their role in decision making to be more important than that reported by the other gender.

Table 1 displays the descriptive statistics on financial decision making according to the pattern of money management in the household. It shows that couples who pool their money together are more likely to make joint decision regarding occasional expensive purchases. In contrast, among couples who opt for independent (and to some extent to partial pool) money management, the control over strategic and expensive purchases is more likely to be dominated by only one of the partners. However, the extent to which the decision is male or female dominated depends on the respondent's gender. For example, women are twice as likely to view themselves as the principal decision makers than men are likely to report that decisions are made primarily by their female partners (12.5 % versus 6.9 %).

Unlike the control over expensive items, the decision making regarding daily purchases are less associated with the money allocation system of the household. This result is in line with the idea that daily purchases are often not viewed in terms of control over money but as a part of the household chores [Vogler et al. 2008].

Table 2 further suggests that couples who do not pool their money are also less likely to divide their domestic labor along traditional lines. However, the slight shift observed is not towards more equality between partners, but towards households in which men are more likely to take over the responsibility for domestic chores.

In the next step, multivariate analysis will be used to account for other confounding factors, such as relative income, work contribution, education, age, the legal status of the relationship, presence of children, and region of residence.

Table 1: Principal decision-maker for financial decisions in the household, according to respondents' gender and money management system (in %)

Money management system	Female sample			Male sample		
	Occasional more expensive purchases					
	Both	Man	Woman	Both	Man	Woman
Pooling	85,3	7,6	7,1	83,6	9,7	6,7
Partial pooling	81,6	8,5	9,8	83,1	9,7	7,2
Independent money	75,2	12,3	12,5	76,3	16,8	6,9
	Daily purchases					
Pooling	64,1	3,7	32,2	71,4	7,0	21,6
Partial pooling	59,2	3,2	37,7	67,8	8,1	24,1
Independent money	61,1	4,4	34,5	69,2	10,7	20,1

Source: GSS 2011

Weighted %

Table 2: Primary responsibility for household tasks, according to respondents' gender and money management system (in %)

Household task	Both partners			
	Man	Woman		
Cooking	Pooling	26.5	9.6	64.0
	Partial pooling	30.1	9.9	60.1
	Independent money	29.7	12.9	57.4
Dishes	Pooling	48.6	11.6	39.8
	Partial pooling	47.9	14.8	37.4
	Independent money	48.8	14.9	36.4
Laundry	Pooling	24.9	6.5	68.6
	Partial pooling	26.6	8.0	65.4
	Independent money	30.3	7.2	62.5
Groceries	Pooling	46.3	12.8	40.8
	Partial pooling	42.5	15.6	41.9
	Independent money	48.8	15.1	36.2
Social	Pooling	48.1	3.6	48.3
	Partial pooling	50.4	3.8	45.8
	Independent money	52.3	6.1	41.7

Source: GSS 2011

Weighted %

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