

Gender and the Division of Household Financial Management

Madelaine L'Esperance, University of Wisconsin-Madison¹

Past research has shown that among working wives, those who out earn their husbands take on an even greater share of household work in an attempt to compensate for deviation from traditional gender roles (Rosen et. al. 1983). More recent work has focused on general household work finding that women who earn more than their spouse pay for their success by spending more time on household work (Bittman et. al. 2003, Bertrand et. al. 2015). Deviation from traditional gender roles leads married women to take on more gender affirming household tasks to compensate for making more money in the labor market, traditionally the man's domain. Building on the work of Akerlof and Kranton (2000) on the economics of identity, Bertrand et. al. build a strong case that points to gender identity as the factor that explains the misalignment of empirical findings with traditional economic theories of bargaining and comparative advantage. The present study builds on recent evidence that wives who earn more, do more cooking, cleaning, and caring for children. The focus in this study is shifted to household finances, a typically male-gendered household task, to analyze whether women take on more responsibility in this domain when they earn more. The data used for this study come from the Federal Reserve of Boston's 2008-2012 Survey of Consumer Payment Choice which is connected to the American Life Panel. The resulting dataset is an unbalanced panel that includes information on the level of responsibility each individual assumes for financial tasks in their household, spouse relative income rank, household, and individual characteristics. The key outcome variable is a binary responsibility variable that takes on a value of 1 if the individual is responsible for all or most of the responsibility for a task and 0 otherwise. The model includes controls for individual characteristics and interactions of these variables with gender. Time and state fixed effects are included in the model to control for time and location-invariant effects. I estimate the probability of taking on all or most of the responsibility for four key financial management tasks, budgeting, managing savings and investment, shopping, and other financial tasks when a wife earns more, using a linear probability model. Results are robust to linear and nonlinear specifications. The results indicate that women who earn more than their spouse have a higher probability of taking on responsibility for tasks in all categories. They are 12.8% more likely to take on all or most responsibility for budgeting and paying bills, 24.8% more likely for managing savings and investment, 6.2% more likely for shopping, and 18.5% more likely for other financial tasks. The estimate for managing savings and investment is the highest for the set of outcome measures. The results also indicate that being female makes one more likely to take on greater responsibility regardless of whether one out-earns their spouse. This study has obvious implications for household financial well-being. It provides important insight into the way that couples in female-headed households manage their finances. Taking on more work both in the labor force and to manage finances at home could have adverse impacts on household financial well-being.

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¹ Ph.D. Student, Department of Consumer Science, 1300 Linden Drive, University of Wisconsin-Madison, Madison, WI, 53706, Dane County. Phone: (248) 837-5336. Email: mlesperance@wisc.edu.