



# ESRI Research Bulletin

***Who earns, who shares and who decides: Does it matter for individual deprivation in couples?***

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This Bulletin summarises the findings from: Sara Cantillon, Dorothy Watson and Bertrand Maître (2015), Family Financial Management and Individual Deprivation, *Journal of Family and Economic Issues*. Available online <http://dx.doi.org/10.1007/s10834-015-9466-z>.

# Who earns, who shares and who decides: Does it matter for individual deprivation in couples?<sup>1</sup>

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## INTRODUCTION

Research on poverty usually assumes that household income is shared equally among household members so that they all benefit from the same living standard. This assumption has been criticised, however, by some who argue that differences in power within the household – typically linked to who receives the income or who makes the decisions – may mean that some members of households enjoy better access to goods and services than others. One possibility is that since women are less likely to have earned income, their bargaining power will be decreased and they will have higher levels of deprivation than their male partners. This study examined couple families in Ireland to test whether this was the case.

## DATA AND METHODOLOGY

The study used the 2010 Survey of Income and Living Conditions (SILC) which contained a special module about how households pool income and make decisions. SILC is an Irish survey of over 4,000 households carried out annually by the Central Statistics Office (CSO).

## COUPLE ‘FINANCIAL REGIME’

The analysis of this special module allowed us to classify couples on the basis of three factors: whether one or both partners had an income, the way income was pooled for household use and whether decision-making was shared. It also looked at how these factors influenced individual access to goods and services.

When we included all sources of income – from work and from social transfers – we found that in over four fifths of couples both partners had an income. Considering decision-making, from everyday shopping to important financial

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decisions, we found that decisions were mainly shared in over two thirds of couples. In almost three-fifths of couples all of the partners' incomes were fully pooled for common use. The most common couple 'financial regime' was a dual income, fully pooled system with partners sharing decision-making.

### **ACCESS TO INDIVIDUAL GOODS AND SERVICES BY THE PARTNERS**

During the interviews both partners were asked whether they could afford certain individual goods and services if they wanted them. These included adequate food, heating, mobile telephone, ability to socialise and having some money to spend on oneself. In nearly 30% of couples at least one partner lacked one or more of these goods or services. There was no gender difference in the prevalence of individual deprivation: In 16 per cent of couples both partners lacked at least one of these goods or services. In another 13 per cent of couples only one partner was deprived, but these couples were fairly evenly divided between those where only the male was deprived (male-only deprivation) and cases where only the female was deprived (female-only deprivation).

Not surprisingly, low income was associated with an increased risk of both partners being deprived. However, it was not associated with the likelihood of male-only or female-only deprivation.

The couple 'financial regime' did matter, but not quite in the way we might have anticipated: it mattered more for male-only than for female-only deprivation. The risk of individual deprivation for the male partner was higher when only the female partner had an income, but the opposite was not true. That is, where the woman had no income of her own, the couple did not have an increased risk of female-only deprivation.

The impact of income pooling on individual deprivation was also surprising. Contrary to our expectations that, having taken account of the level of income, income pooling would improve the welfare of partners, we found that the individual deprivation of both partners was higher where there was full income pooling than where there was partial income pooling. The most likely explanation is that partial income pooling takes place only when the partners know that retaining part of their incomes does not leave the other partner deprived.

The results on decision-making did not find that the partner who controlled decision-making was less likely to be deprived. Instead, when both partners were equally involved in decision making there was a reduction in individual deprivation for both. This suggests that there is a better allocation of resources (from the perspective of optimising outcomes for both partners) when decisionmaking is shared.

## CONCLUSION

The current study brings some clarity to the issue of allocation of resources within households. We did not find any evidence that the burden of deprivation is more likely to fall on women in couples. Usually, deprivation, where it is present, affects both partners. Where it affects only one, men and women are about equally likely to be deprived. The evidence that unequal control over resources leads to unequal outcomes is weak. When it comes to decision-making, it is shared decision-making, rather than individual control, that seems most beneficial. Not having an income of one's own or not having a job of one's own slightly increased the individual deprivation of men but not of women. In general, the results do not undermine the conventional assumption of shared resources within couples. In particular, there is little support for the concern that making this assumption means that female poverty is underestimated.