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“Agricultural development within the rural-urban continuum”

## Ethnicity, Marriage, and Family Income

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### Abstract

This study adds a microeconomic perspective to the discussion on ethnic diversity and economic performance in developing countries by investigating the motivation for intra-ethnicity marriage in rural sub-Saharan Africa. Specifically, the paper proposes that ethnic similarity between spouses enhances economic outcomes through a shared production technology leading to more efficient cooperation in agricultural activities. This leads to higher returns from marriage with a co-ethnic than with a non-co-ethnic so all individuals prefer a spouse from the same ethnic group. Furthermore, the framework suggests that the probability of marriage within the same ethnic group is positively related to the size of the group due to frictions in the marriage market: Search costs for co-ethnic spouses are larger the smaller the group. The theoretical predictions are supported using Ethiopian rural household data by demonstrating that inter-ethnicity marriage of the household head has adverse implications for family income. The negative effect is robust to controlling for lagged income and initial conditions, present when investigating the link with changes in family wealth, and comparable for ethnic majority and minority groups. The findings suggest that where the tradition of homogamous marriage is interrupted, for example in situations of displacement or forced migration, policies may be designed to assist in replacing these mechanisms and in facilitating the understanding and co-operation between non-co-ethnic spouses in order to secure livelihoods. This specifically applies to members of ethnic minority groups as they are often at a disadvantage in their access to, for example, production factors and also have a higher probability of marrying outside their ethnic group, which, in turn, hampers family income according to the findings of this study.

**Keywords:** Ethnic diversity, family income, heterogamy, marriage