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## Gender Aspects of Intra-Household Decision-Making and its Effects on the Social Expenditure Patterns of Ethiopian Households

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### Abstract

Decision-making is a widely used measure of women empowerment. Studies using this proxy to capture bargaining within a household usually neglect the possibility that all household members may actively participate in household decision-making. Measuring decision-making in a wider context than just a process of husband and wife's bargaining over decisions is much more appropriate and yet, insufficiently analysed. Based on a sample of 378 Ethiopian households, this study addresses this shortcoming and in addition, assesses the effect of decision-makers' gender on the social expenditures of the households, i.e. spendings directed towards education, clothing, health, and remittances. In detail, objectives are to (i) develop an index that captures the decision-making power of (all) women within a household, hence addressing the methodological gap present throughout the literature; and to (ii) estimate the effect of women's increasing decision-making power on the social expenditures of the households which may lead to positive effects on the households' livelihood. Covering seven fields of household decision-making (i.e. animal purchases, use of income from animal sales, agricultural technology adoption, household purchases, crops grown, harvest use, and input use), the variable information captures the possibility of decisions being made by single, two, or more individuals. By means of Principal Component Analysis, a suitable index referred to as Women's Participation in Decision-making Index (WPDMI) is developed. Using this index as the main independent variable of interest, a log-linear model is employed to identify the effect of increasing women's decision-making power on the households' social expenditure patterns. All validity tests yielded positive results meaning that the newly developed WPDMI index sufficiently captures and reflects the empowerment information contained in the decision variables. Moreover, the findings show that an increasing women participation in household decision-making processes results in positive and significant effects on the per-capita social expenditures of the households. As a whole, this study offers an approach to address the methodological gap in the analyses of decision-making throughout the literature. It further confirms previous findings of positive effects of women's increasing decision-making power on the household's livelihoods.

**Keywords:** Decision-making, Ethiopia, social expenditure, women empowerment