Theoretical Models Analysing Intra-Household Resource Allocation: (By Tausi Kida)

Unitary Approach – Common Preference Model: The unitary models also referred as “Common Preference Model” or the “Benevolent Dictator “Model” mainly describes how the household acts as one. According to Becker 1991 – 1992 Nobel Prize Winner in Economics- “revealed that in accordance with a single set of preferences, the household combines time, goods purchased in the market, and goods produced at home to produce commodities that generate utility for the household” The fundamental assumption in this model is that there are exists a parental or household, welfare function in which all resources are pooled together- capital, labour, land and information.

The development of these models also based on the strong assumption that in a utility maximizing household the actions of all household members are being determined by the preference of the head of the household. In this case the preference of the head becomes automatically the preference of the whole household. This assumption was based on the understanding that although people are individual utility maximizers but their utility is also being determined by the happiness of the others in their households. It is assumed that the head of household will take into account the feelings of their household members in the decision they are making.

However, this approach has been strongly criticized for not being able to capture the process of household decision-making. Based on its strong assumption, it is questioned if in real life the household head is all that altruistic. Furthermore, the feminists and Institutional economists have been criticising the unitary models for failing to deal with individuals that make up family, and also in recognising some of the key aspects like gender and age based power relations that are important aspects in structuring resource allocation.

Bargaining Models (Co-operative) of Household Decision Making: In these models households are understood as collective decision units and the intra household decision-making regarding the welfare and distribution of resources is referred to be very complex. The single utility hypothesis referred in unitary approaches is also regarded as ad hoc in
explaining the underlying circumstances. The Bargaining Models of Household decision-making shares the two main assumptions: (i) Individual household members have distinct tastes and preferences that cannot necessarily be aggregated into a single welfare or utility function. (ii) The outcome of intra-household resource allocation varies systematically based on individual members’ bargaining power. (Kutz 1997 pg 29).

The models assume that the household operates in an agreement that household members participate in the decision-making. The members are able to bargain and the difference between men and women are mainly based on their bargaining power and/or willingness to bargain for their own interests, rather than who makes the decision. The bargaining models also take into account the situation where the bargaining process fails. In a bargaining process, the favourable outcome is achieved at a point where people can walk away if they don’t like the arrangement, and this point is called the “Fall Back Position or Threat Point”. This is the point that shows how individuals within the household would fare if the cooperation broke down. In this case, the outcome of the bargaining process is becoming more favourable to the individuals whom when the cooperation fails they will be in a better fall back position. (Himmelweit, S. 1998 pg 200-215)

The fall back position in the bargaining models indicates the influence of power between household members in governing the household decision-making process. This to say power has a role in the household decisions on the distribution of resources among its members. In these models the process of decision making is more democratic as compared to the Unitary models but power with the process tends to favour those who have better fall back position when the arrangement does not work. Sen A. (1990) also put forward his contribution on the bargaining models by arguing that power is also exercised through perceptions. He argued that power within households is also influenced by the way people take into account the contribution they or other household members are making and this has influence in determining their fall back position. He argued that bargaining power within the household members differs and this has an impact on attainment of entitlements between household members. This difference is determined by the extent/magnitude of contribution that a person within the household is perceived to make. This is to say the more the household member is perceived to
contribute in the overall household resources the greater is the power and chances on commanding the resources.

Therefore in the bargaining models the members of household will remain in it when the benefits associated in doing so exceed those obtainable from remaining alone. This is because there are existence of economies of scale associated with sharing in production and consumption of certain household goods that can in turn lead to surplus that will be distributed across household members (Haddad 1997).

However the cooperative household bargaining models have been criticized for treating individual household members symmetrically with respect to their right and ability to enter into the household bargaining process. Furthermore the models have also been criticized for not elaborating clearly the household resource allocation process. (Katz 1997 PP25) The key weakness of these models lies on its failure to deal with individual who make up the family, lack of recognition of systematic gender and age base power relations that are the key aspects in structuring household’s resource allocation.

**Gender Dimension of Intra-Household Economics: Non-Cooperative Models**

The non-cooperative models challenge the main assumption in the cooperative models that family members agree to and stand for bargaining rule which allocate decision-making power on the basis of threat points. In the context of non-cooperative models the gender of a person matters especially in the way that the decisions are made and the distribution of resources are conducted within the household. The non-cooperative models are based on the three features of family life and these are asymmetric information, enforcement problems and inefficiency (Katz 1997). While cooperative model based on the assumption of perfect information between household members however the literature indicates that members of the same household are in most cases unaware of each other’s income, ownership of assets and time use (Hachschild 1990, Zelizer 1994)

The solutions in non-cooperative models are not characterized by Pareto efficiency this is mainly due to assumption of asymmetry information between household members.
The outcomes of these models are also sensitive to the distribution of current income between individuals within the family.

In review of models above I can conclude that the process and the decision mechanisms around Intra household allocation of resources is complex. Its understanding requires taking into consideration the concerns of individuals and the power relations, including gender and age, within the household settings. The current theoretical focus that has been put forward through the non cooperative intra household models is important in providing richer characterization of household structure and processes, and also explaining the impact of differences in power among family members with respect to resource allocation.
Additional references on this subject:


Evans A. 1989. Gender Issues in Rural Household Economics. IDS DP 254


Patton J. 1993. The Intra-household Allocation of Resources in Cote D’ivoire: Is the Evidence of Gender Bias?


on methods of measuring intra-household resource allocation. Gloucester, Massachusetts.


