Money Management and Gender Equality: An Analysis of Dual-Earner Couples in Western Europe

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Abstract

Using data from the ISSP ‘Family and Changing Gender Roles’ 2012 module, we examine the dynamics behind non-traditional money management systems (joint and individualised systems). We focus on dual-earner couples aged 25 to 45 years. Specifically, we explore the conditions under which couples use these systems and the extent to which they are associated with gender equality values. Gender inequalities do persist in joint and individualised systems. However, both systems are more associated with gender equality values than the traditional breadwinner system. The individualised system, which is a newer method couples use to manage their money, is the most closely associated with gender equality values. It is preferred significantly more by respondents who express more egalitarian gender ideologies. Finally, for relationships in which the males are older or earn significantly more money than their partners, the likelihood of switching to non-traditional systems (joint/individualised) is lower.

Keywords: Gender Inequalities, Intimate Relationships, Household Economics, Family Sociology, Gender Arrangements
Introduction

In the wake of World War II, a convergence towards a common pattern of gender and family behaviour emerged. This pattern was characterised by the nuclear family, with the male as the breadwinner and the female as the homemaker; early marriages and first births; high fertility; stable partnerships; and low rates of divorce, singlehood and childlessness (Becker, 1981). Towards the end of the 20th century, a rival equilibrium started to emerge. This equilibrium, defined as the ‘gender equality equilibrium’ by Esping-Andersen (2009), was characterised by women’s quest for human capital, economic autonomy and lifetime dedication to paid work. These elements together redefined family life.

Although gender inequalities persist and women continue to earn less than men, women’s average contribution to couples’ joint lifetime income has increased (Rake, 2000; Rake and Jayatilaka, 2002). In Western countries, both men and women have adopted considerably less traditional gender roles in both the home and the labour market. Nevertheless, men still seem more traditional, particularly in unpaid work. Notably, unpaid caring and household tasks have not changed as much as women’s paid work (Crompton et al., 2003). Another observed trend is postponing or even abandoning marriage in favour of cohabitation relationships. Cherlin (2004) argues that marriage is becoming increasingly de-institutionalised as the social norms related to spousal roles continue to weaken.

We aim to determine whether these economic, cultural and demographic changes are associated with how couples organise their money. First, we explore the conditions under which couples use non-traditional money management systems (joint/individualised). Second, we examine how these systems are associated with gender equality values. For example, when discussing the shift from one-person management (male breadwinner model) to more egalitarian money management systems, should we refer to joint money management or individualised money management?

Couples’ management of financial assets is an important topic for gender studies, as asset management is also an indication of the level of equality in a relationship. An imbalance in the access to and control of resources can have serious consequences, including the dependence of one spouse on the other and barriers to leaving unsafe and
unhealthy relationships (Barnett and La Violette, 1993). Restricted access to assets is also related to a number of indicators of inequality, such as a disproportionate share of unpaid housework and less power and influence in decision making (Blumstein and Schwartz, 1991).

We aim to fill the gap in the understanding of the dynamics of the individualised system, which is a newer method of money management mainly used by cohabitating couples (Vogler, 2005; Vogler et al., 2008). As most studies have focused on well-established married couples (Pahl, 1989, 1990; Burgoyne, 1990; Burgoyne and Lewis, 1994; Vogler and Pahl, 1994; Fleming, 1997; Singh, 1997; Nyman, 1999; Tichenor, 1999; Treas and Widmer, 2000; Yodanis and Lauer, 2007), the individualised system remains a less explored money management system. More recent studies exploring financial practices in both married and non-married couples have reported a higher incidence of the individualised system (Ashby and Burgoyne, 2008; Pahl, 2008; Vogler et al., 2008). Vogler et al. (2008) argue that changes in the nature of marriage (in particular, a decline in the traditional breadwinner model of marriage) and the increase in cohabitation may account for the use of more separate systems of money management.

We also compare the two non-traditional systems (the joint and individualised systems) in terms of their associations with gender equality values. Research has shown that joint management is considered more egalitarian than the traditional system. When one spouse manages the assets, an imbalance in the control of money and experiences of deprivation are more common (Pahl, 1995). Empirical evidence has shown that individual egalitarian gendered role beliefs are related to a decreased likelihood of using the traditional system (Yodanis and Lauer, 2007). However, to our knowledge, there is no research that compared the individualised and joint systems (vs the traditional system) in terms of their associations with gender equality beliefs.

We use data from the ISSP ‘Family and Changing Gender Roles’ 2012 module. Our empirical analysis is cross-sectional. We conduct a multinomial logit regression analysis using a sample of 2,454 individuals in dual-earner couples from 10 countries in Western Europe. Although we have targeted EU-15 countries, 5 of them were excluded from the analysis due to data limitations. The analysis compares the dynamics behind the joint system and the individualised system and highlights the similarities and differences between them. As the outcome variable money management system is a
relationship level variable, we try to explain it again using the couples’ characteristics as the main explanatory variables. Given that our sample is composed of 10 countries, we also include a contextual level variable in the analysis as a control variable.

To contextualise the analysis, we begin with a literature review of rational choice theories and gender theories that explain the differences in money management preferences among couples. We then address the questions raised above. Finally, we conclude by highlighting our main findings and elaborating on their implications for future research.

**Theoretical Background: Gender Equality and Money Management**

Mainstream economic theory treats the family as a unit whose members act in perfect harmony to maximise the satisfaction of their needs. This theoretical assumption stems from Becker (1981), who mentions that the common goal of all family members is to maximise the family’s household income. Therefore, household members abandon egoistic action if it risks minimising the family income. Another important thesis from Becker is that the individual income of the head of household is defined as the household income. He assumes that all family members have free access to this income and that all resources are distributed equally within the household.

However, other theories challenge Becker’s model by focusing on individuals’ interactions and bargaining over the distribution of resources. These theories can be categorised as rational choice theories and gender theories. Resource theory (Blood and Wolfe, 1960) and social exchange theory (Blau, 1964) are well known rational choice theories. Rational approaches share the idea that all individuals aim to maximise their gain or to accomplish personal goals. To achieve these goals, individuals utilise their resources or alternative social relations.

A major drawback of rational theories is that they do not account for structural categories, such as gender, race and religion, or their related social norms, which produce or reproduce societal inequalities. Society assigns individuals certain social positions according to these categories, which consist of asymmetries, such as male/female, white/black and Christian/Muslim. People’s positions determine their access to resources and alternative social relations. Therefore, considering such categories is highly important
for understanding social relationships and relationship dynamics. In intimate relationships, gender is a major ‘baseline category’ (Lorber, 1994), which organises the interaction between partners. For example, many studies have shown that the correlation between earned income and decision-making power is not as straightforward as Blood and Wolfe (1960) indicate (Hochschild and Machung, 1989; Brines, 1994; Tichenor, 1999). Contrarily, women whose income and professional status exceed those of their partners do not automatically achieve greater influence in decision making.

As the breadwinner role has long been associated with conceptions of masculinity, men have a different relation to money than women. Men may accept women’s labour force participation but still prefer to earn more than their wives (Zuo, 1997). Crowley (1998) shows that when husbands perceive themselves as unable to support their families without the assistance of their wives, they experience depression and more conflict in their marriages than men who do not perceive themselves as inadequate breadwinners. As a result, husbands and wives typically prioritise the husbands’ jobs over the wives’ jobs.

Studies of families’ economic behaviour should thus recognise the gender roles through which decisions are made and resources are allocated. The sources and entitlements to family income and how it is managed are domains for the expression of gender roles. The most commonly used financial organisation typology, which is also the main focus of this paper, is explained in the following section.

**Money Management Typology**

In the early 1980s, Pahl (1989) constructed a typology of the main ways in which couples manage money on a daily basis. The typology shown in Table 1 is divided into two subsections. In the first division, money is merged and perceived as collectively owned. That is, couples operate more or less as single economic units. In the second division, money is perceived as individually owned and couples operate as two autonomous economic units. Specifically, couples prioritise individual freedom by keeping their own incomes partly or completely separate and exchanging goods and services between them on the basis of market-like relationships. For example, one person may pay the rent and the other may pay the bills and for groceries.
Table 1: Money Management Typology

<table>
<thead>
<tr>
<th>1) Systems in which money is perceived as collectively owned and couples operate more or less as single economic units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Female whole wage system: women manage all of the money except for their husbands’ personal spending money.</td>
</tr>
<tr>
<td>1.2 Male whole wage system: men either manage all of the money (which may leave non-earning wives with no personal spending money) or manage most of the money except for their wives’ housekeeping allowance.</td>
</tr>
<tr>
<td>1.3 Joint pooling system (i.e., the joint system): couples pool all of their money, usually in a bank account. In theory, they manage their money jointly, each taking money out as needed. This system is based on the principle of equal access to a couple’s monetary resources without any consideration of who actually earns money. In the next section, we discuss the extent to which this system can be associated with gender equality in practice.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2) Individualised systems in which money is perceived as individually owned and couples operate largely as two autonomous economic units (i.e., the individualised system)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 Partial pooling system: couples pool some of their income to pay for collective expenditures and keep the rest separate to spend as they choose, without having to discuss it with the other partner.</td>
</tr>
<tr>
<td>2.2 Independent management system: both partners have their own independent incomes from earnings or state benefits that they keep completely separate and each partner is responsible for different items of household expenditure.</td>
</tr>
</tbody>
</table>

The power dynamics of intimate relationships are likely to predispose couples to adopting particular management styles. Such management styles then reinforce (and sometimes also conceal) the original power relationship. Therefore, power is likely to operate both through and independently of any particular management style (Fleming, 1997). Couples act as a single economic unit in three systems (i.e., the female whole wage system, the male whole wage system and the joint management system). The first two systems involve separate gendered spheres of responsibility for spending based on a discourse of breadwinning in which men are perceived as the main providers. The joint system is less internally structured and in theory offers more chances for discussion and negotiation over the use of the collective money (Shove, 1993).

To facilitate the analysis and its interpretation, the money management typology shown in Table 1 is grouped into three main categories: 1) the traditional system (the female whole wage system and the male whole wage system), 2) the joint system and 3) the individualised system (the partial pooling system and the independent system). The main reason we consider both the male whole wage system and the female whole wage system as traditional is because the model in which the female manages the money does
not refer to women who have more control over money than men do. The female whole wage system is mainly observed in lower income families and represents the practices of the traditional male breadwinner model. In these families, it is very common for the male partner to keep the money for his personal spending and for the female partner to be in charge of making ends meet by doing the grocery shopping and providing for the children. This is the main reason why women have less personal spending money and experience more financial deprivation when they are the managers than when their husbands are (Vogler and Pahl, 1994; Nyman, 1999).

**Individual/Couple Level Explanations**

We have three specific analytic goals and hypotheses. In the first two hypotheses, we extend the literature on couples’ money management behaviour by focusing on the two primarily used individual/couple characteristics: gender ideology and relative income. Then, we examine the impact of couple’s age difference on money management, as it is an important variable for assessing power relations in couples. In addition to these primary individual/couple level characteristics, we consider other characteristics previously found to be important in explaining money management. These characteristics include education, marital status, having children and relationship duration.

**Gender Ideology**

Komter (1989) attempts to enhance the understanding of power dynamics in couples by analysing the meanings behind reported behaviour, which she refers to as the ‘hidden power’ in marriage. Hidden power is shaped by gender ideology and can be exercised, even in the absence of overt or latent conflict between partners. For example, women are more likely to play the role of primary caregivers within families. As such, they take on the responsibility of spending on children and other family needs and prioritise it over their own personal spending (Nyman, 1999). Policy makers working in developing countries have long recognised that when women have access to money, the money is likely to go towards children’s needs (Sen and Grown, 1987; Boserup et al., 2013).
The empirical evidence has shown the link between the gender egalitarian behaviour in money management and the gender ideology. The likelihood of using the traditional system increases as the gender egalitarianism of couples decreases, both in terms of having shared breadwinner roles and also expressing beliefs that the breadwinner role should be shared by men and women (Yodanis and Lauer, 2007). Research shows that joint management is considered more egalitarian than the traditional system (Pahl, 1995; Yodanis and Lauer, 2007). Although pooling money in a joint account remains the most common form of money management, the trend of separateness in couples’ finances is increasing (Ashby and Burgoyne, 2008; Pahl, 2008; Vogler et al., 2008). The literature addressing the individualised system is limited, but empirical evidence indicates that it is largely used by younger, cohabiting couples with gender equality beliefs (Pahl, 1989; Vogler et al., 2006).

Although the non-traditional systems are more associated with gender equality values than the traditional system, empirical evidence shows that they also demonstrate inequalities. The joint system is characterised by significant inequalities on several levels, such as the access to and control of money, personal spending and the value attached to the money men and women earn (Burgoyne and Lewis, 1994; Fleming, 1997). Inequalities in the individualised system are observed when partners’ incomes differ but they make equal contributions to joint expenses. This situation causes one partner (especially women) to pay a much larger proportion of their income towards joint expenses and leads to inequalities in personal spending power (Elizabeth, 2001). However, this inequality critique of the individualised system can easily be challenged. For example, partners may decide to contribute to their joint expenses according to the proportion of their incomes (instead of each individual making a 50% contribution).

Although the current empirical evidence shows that both of the non-traditional systems have some inequalities in practice, the independent system is criticised more harshly than the joint system for not meeting the expectations as a solution to unequal financial arrangements (Elizabeth, 2001; Vogler et al., 2008; Knudsen and Waerness, 2009). This may be explained by the meaning attached to the joint system, which is also defined as ‘marriage money’. Singh and Lindsay (1996) point out that marriage money is commonly defined as being joint and co-operative. Dema-Moreno (2009) also mentions that couples perceive pooling their economic sources as an
important aspect of behaving as a couple and a symbol of togetherness and that they seldom explicitly acknowledge that it may lead to inequalities.

Second, we observe that the individualised system is usually excluded from analyses. Specifically, in many data sources, the individualised system base size is much lower than that of the other systems. Furthermore, it is perceived as a transition period solution preferred only by younger couples. However, the increasing trend in new forms of coupledom in which partners prefer separate bank accounts indicates that independent management is moving beyond a temporary solution for many couples. We argue that the independent system can prevent the inequalities created by the joint system mainly in terms of access and control levels. In this system, joint and personal expenses are organised separately and each partner has access to some personal and private money. Thus, we propose the ‘egalitarian ideology hypothesis’ (1). This hypothesis predicts that couples who express more egalitarian ideologies of gender are more likely to use the individualised system than the joint system when compared with the traditional system.

Notably, the individual level beliefs are not merely individual, but are institutionalised into behavioural rules (Martín, 2004). The cultural differences and development of family policies, taxation systems and general welfare policies mirror differences in money management systems in intimate relationships (Dema-Moreno, 2009). Therefore, we include a contextual level control attribute in our analysis based on maternal employment rates, as it is a good proxy for having dual-earner family policies.

Relative Income

Income is an important variable when explaining couples’ financial arrangements. According to resource theory, the relative resource contribution of spouses is the key factor promoting more or less equal arrangements. When relative resource contributions approach equality, there is a corresponding equality in terms of management and access. However, when one spouse is the dominant provider, said spouse is more likely to maintain an economic advantage (Blood and Wolf, 1960; Lundberg and Pollak, 1996).
Yodanis and Lauer (2007) find that income homogamy, or the relative resource contributions of married couples, is related to a greater likelihood of jointly managing pooled assets (vs traditional management). Overall, the odds of one-person management decrease by 40% when couples make relatively equal resource contributions. However, the literature on couples using the independent system and their relative income contribution is quite limited. Research on the independent system has shown that it is most likely to be used by younger, middle class, dual-earner, cohabitating couples with relatively egalitarian ideologies of gender, especially when one partner earns more than the other. When cohabitating partners earn similar amounts, they are most likely to use the joint pool (Vogler et al., 2006).

Gender-based analyses have shown that the likelihood of men managing decreases when they are not the primary earners and women are. In other words, as women’s individual resource contribution increases relative to men’s, men are less likely to manage pooled assets. Yet no significant relationship between women’s management and women’s individual resource contribution relative to men’s has been identified. When women make more money than men, they do not appear to translate this contribution into their own control of assets (Yodanis and Lauer, 2007). This finding is consistent with studies focused on ‘status-reversal’ relationships, in which wives exceed their husband’s income, occupational status or both. The correlation between earned income and decision-making power is not as straightforward as economic theories indicate. For example, women with higher income and socio-professional status than their partners do not automatically achieve greater influence in decision making (Hochschild and Machung, 1989; Brines, 1994; Tichenor, 1999).

West and Zimmerman (1987) point out that when status-reversal couples describe how they reach decisions or resolve conflicts; they often make an effort to ensure that their unconventional marriages are not perceived as too unconventional. For example, women usually defer to their husbands to demonstrate that they are not making claims to greater power. Through this kind of interaction, referred to as ‘doing gender’, wives preserve their husbands’ power in the relationship, despite the potential power advantage of their greater resources. Similarly, McRae (1987) mentions that even if wives earn a considerable amount of money, they are not entitled to the same level or type of power as breadwinner husbands. Typically, wives seek to protect their husbands’ self-respect by pooling money and minimising their claims to privileges.
This leads us to two new hypotheses. First, we propose the ‘couples’ income homogamy hypothesis’ (2). This hypothesis predicts that when partners have similar incomes, they are more likely to use both the joint and the individualised systems. In other words, relative income is not a differentiating variable that explains the differences between the joint and independent systems. Second, we propose the ‘doing gender’ hypothesis (3). This hypothesis predicts that when men earn much more than women, they are less likely to switch to non-traditional systems. However, this outcome is not expected among status-reversal couples, in which women earn more than men. In these relationships, the women intend to make their unions seem more conventional by sharing or delegating their power.

Age Difference

The prevalence of age-differentiated marriages is reportedly increasing. Amato et al. (2003) report that age-differentiated marriages, in which the age difference between spouses is defined as 6 years or more, increased between the 1960s and 1990s, particularly for older wives/younger husbands. Using data from the 2000 US Current Population Survey, Fields and Casper (2001) report a similar trend. Specifically, they find that the percentage of age-differentiated couples (with an age gap of 6 or more years) to be 19.6% for older men and 3.3% for older women, both of which were substantial increases from the 1989 data. In 2012, for Western European countries, the same distribution was 20.2% for older men and 6.2% for older women in the age group of 25 to 45 years (data from the ISSP ‘Family and Changing Gender Roles’ 2012 module). The increase in age-differentiated marriages has been attributed to a decrease in social disapproval towards such marriages. Age-differentiated marriages are just one form of heterogamous marriages that are becoming more acceptable in today’s society. Other forms of heterogamous marriages are differentiated by race, religion, socioeconomic status and/or sex (Amato et al., 2003). However, it should be noted that relationships in which the woman is older continue to receive significantly more opposition and disapproval than those in which the man is older (Banks and Arnold, 2001).

Regarding gender roles, research has shown that age difference can affect the equality and power structure within a relationship. Blood and Wolfe (1960) suggest that older men may be less inclined to work with their wives on regular household tasks and
more likely to assist with independent tasks. However, older wives are usually more willing to share power with their younger husbands than to face marital instability (McWherter, 1993). Overall, when husbands are older than their wives, they are less likely to share power. However, if the older partner is a woman, she is inclined to share the power. To our knowledge, no investigations focusing on the impact of age difference on couples’ financial arrangements have been conducted. We expect age-differentiated couples to act similarly to the status-reversal couples, in which the woman is the main provider and often makes an effort to ensure that her unconventional marriage is not perceived as too unconventional.

Thus, we propose the ‘age difference’ hypothesis (4). This hypothesis predicts that in relationships where the men are older, they are less likely to switch to non-traditional money management systems and more likely to control the assets. However, in relationships where the women are older, the couples are more likely to use non-traditional systems.

**Data, Methods and Variables**

**Analytical Sample and Data**

We use data from the ISSP ‘Family and Changing Gender Roles’ 2012 module for the analysis. Despite targeting 15 European countries, we only use 10 in the analysis due to data limitations. These countries include Denmark, Finland, France, Ireland, the Netherlands, Sweden, Belgium, Germany, Portugal and Spain. Data from Italy, Luxembourg and Greece are not available. Although fieldwork has been conducted in the UK and Austria, two or more of the couples’ characteristics are missing for these countries. Hence, we exclude them from the analysis. The total base size of the respondents in the age group of 25 to 45 years who are in dual-earner couples (either married or cohabiting) is 2,454.

We choose dual-earner couples in which both partners are assumed to participate in money management, as the classical breadwinner money management system may easily be accepted as the norm in couples where only one partner works (usually the male). Regarding the definition of the variable, as respondents’ and partners’
work information is inquired using ‘Currently in paid work’ and ‘Not currently in paid
work’ as response options, it is not possible to differentiate between part-time and full-
time work. Furthermore, the number of work hours is only asked for five countries. Thus,
we consider couples in which both partners are in paid work regardless of their number
of work hours.

We target those aged 25 to 45 primarily to decrease the generational effect. It
is well known that older women who were among the first large cohort to enter the labour
force and to have real careers were more likely to do the ‘second shift’ than their
daughters. This group felt more societal pressure to maintain both roles and faced more
resistance from spouses. This ‘guilt effect’ appears to be lessening as baby-boomer
couples age into their prime years and couples with modern attitudes and expectations
about sharing family roles create more egalitarian families and role models for children
and later generations (Rice, 2002). Furthermore, as these couples are in the first stage of
their lives, we are able to capture the impact of having children at home, which has an
important influence on gender roles.

**Outcome Variable: Money Management Typology**

Our measure of money management is based on the question, ‘How do you
and your spouse organise the income that one or both of you receive?’ The responses
include 1) ‘I manage all of the money and give my partner his/her share’, 2) ‘My partner
manages all of the money and gives me my share’, 3) ‘We pool all of the money and each
take out what we need’, 4) ‘We pool some of the money and keep the rest separate’ and
5) ‘We each keep our own money separate’. As explained in the hypotheses section, our
analysis examines the differences between the joint system (category 3) and the
individualised system (categories 4 and 5) with respect to the more traditional system
(one-partner managing systems, categories 1 and 2).

We use three outcome variables. The one-partner systems are coded as (0)
and considered traditional. The joint system is coded as (1) and the individualised system
as (2).
Explanatory Variables

Research shows that non-traditional or egalitarian attitudes are associated with better employment outcomes for women and more gender-equitable divisions of household labour (Vella, 1994; Fortin, 2005; Corrigall and Konrad, 2007; Stickney and Konrad, 2007). Gender ideology variable is conceptualised following the individualised-versus-familial gender regimes suggested by Esping-Anderson (1999). Individualised gender beliefs assume that women and men are both members of the paid labor force and members of families. Familistic gender beliefs are based on the assumption that only men are part of the paid labor force and women should fill family roles. Thus, we include the gender ideology variable, using a question that represents beliefs about both women’s employment and household divisions: ‘Should women work when their children are under school age?’ The responses are coded in three groups: (1) for ‘Stay at home’, (2) for ‘Work part time’ and (3) for ‘Work full time’. The respondents who answer ‘Work full time’ are considered to be more egalitarian in terms of both paid and unpaid work.

Relative resource contribution, also referred to as ‘relative income homogamy’, captures the extent to which spouses contribute similar or disparate resources to the relationship. The variable in our data is based on the following five responses: 1) ‘One partner earns much more’, 2) ‘One partner earns a bit more’, 3) ‘The partners earn the same amount’, 4) ‘One partner earns a bit less’ and 5) ‘One partner earns much less’. To capture income homogamy, the responses are recoded so that the partners earning about the same or a bit more are coded as (1) and the couples in which one partner earns much more than the other are coded as (0). We also include a variant of this measure, gendered relative income. We indicate whether the man or the woman earns more, recoding the responses as follows: partners earning about the same or a bit more are coded as (0), couples in which the man earns much more than the woman are coded as (1) and couples in which the woman earns much more than the man are coded as (2).

Age difference is added to indicate when one partner in a couple (usually the male) is much older than the other. We expect this person to dominate the money management decisions. We code the couples with an age difference of 0 to 5 years as (1), indicting no difference. We code the couples in which the men are older by 6 or more years as (2). We also code the couples in which the women are older by 6 or more years as (2).
Control Variables

We construct the *couple education* variable based on the respondents’ and their partners’ education levels: 1) high-high education level, 2) high-mid education level, 3) high-low education level, 4) mid-mid education level, 5) mid-low education level and 6) low-low education level. This relationship level variable is important for two reasons. First, couples with higher education levels have more egalitarian beliefs about household roles and labour (Rice, 2002). Second, as the family income question in the data is not common for all countries, we use the education level of couples as a proxy for family income in our analysis. A couple’s overall resources also shape its money management strategies. Couples with higher income levels tend to use more egalitarian money management systems, whereas money is more likely to be managed by one person in lower-income families (Vogler and Pahl, 1994). As this criterion is not available for Ireland due to missing partner education information, the Ireland data for this variable are coded as ‘Not available’ and constitute 7.65% of the sample.

*Type of relationship* is added because recent research continues to focus on how variation in the type of relationship, in particular if partners are cohabitating or married, is related to the type of management system used in the relationship (Vogler, 2005). Cohabitating couples are found to be more likely to keep their money separate than married couples (Singh and Lindsay, 1996; Elizabeth, 2001). The variable is coded as (1) for cohabitation and (2) for marriage. Previous divorce experience also influences money arrangements (Heimdal and Houseknecht, 2003). However, this question has only been asked in 1994 wave and is not present in our data.

*Having children* is associated with the joint system (Vogler et al., 2008) and is included in the analysis as a control variable. The variable is coded as (1) for children and (2) for no children.

*Relationship duration* is added as a control variable. Regardless of whether financial resources are pooled, couples in long-term relationships are commonly assumed to practise joint management (Singh and Lindsay, 1996).

*Maternal employment* is a macro level control variable representing the percentage of maternal employment. The data are taken from the 2014 OECD family database indicators. This indicator is widely used in theoretical and empirical work on the status of women, with women’s participation in the labour force indicating greater equality between women and men (Bradley and Kohr, 1993). Studies have shown that
structural features, such as the availability of childcare services and parental leave, flexible work arrangements and part-time jobs, are means to ease work–motherhood incompatibility and hence increase maternal employment (Gornick and Meyers, 2003; Bettio and Plantenga, 2004).

**Analytical Strategy**

Using multinomial logit regression, we conduct a cross-sectional analysis to simultaneously examine the effects of independent variables on the joint system and the individualised system versus the traditional money management system. To test the doing gender hypothesis (3) related to gender-based relative income, we run a second model that includes a gendered relative income variable. After explaining these management systems, we run a test to compare the gender-related variable coefficients for the joint system versus the individualised system and to search for evidence that supports the hypothesis that the individualised system is associated with more egalitarian values.

**Table 2: Outcome and Independent Variables**

<table>
<thead>
<tr>
<th>Variables</th>
<th>M</th>
<th>SD</th>
<th>Range</th>
<th>Number of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Management(^a)</td>
<td>1.96</td>
<td>0.70</td>
<td>0-2</td>
<td>3</td>
</tr>
<tr>
<td>Relative Income(^b)</td>
<td>0.71</td>
<td>0.46</td>
<td>0-1</td>
<td>2</td>
</tr>
<tr>
<td>Gendered Relative Income(^c)</td>
<td>0.40</td>
<td>0.65</td>
<td>0-2</td>
<td>3</td>
</tr>
<tr>
<td>Gender Ideology(^d) Should women work when child is under school age?</td>
<td>1.84</td>
<td>0.70</td>
<td>1-3</td>
<td>4</td>
</tr>
<tr>
<td>Maternal Employment</td>
<td>70.9</td>
<td>7.37</td>
<td>59.5-83.1</td>
<td>10</td>
</tr>
<tr>
<td>Relationship Type(^e)</td>
<td>0.25</td>
<td>0.43</td>
<td>0-1</td>
<td>2</td>
</tr>
<tr>
<td>Having Children(^f)</td>
<td>0.29</td>
<td>0.45</td>
<td>0-1</td>
<td>2</td>
</tr>
<tr>
<td>Relationship Duration</td>
<td>11.18</td>
<td>8.46</td>
<td>1-29</td>
<td>30</td>
</tr>
<tr>
<td>Age Difference(^g)</td>
<td>0.40</td>
<td>0.65</td>
<td>0-2</td>
<td>3</td>
</tr>
<tr>
<td>Couple Education(^h)</td>
<td>3.35</td>
<td>1.85</td>
<td>1-6</td>
<td>6</td>
</tr>
</tbody>
</table>

Reference Categories. \(^a\)Money Management: 0 = traditional, 1 = joint, 2 = individualised. \(^b\)Relative Income: 0 = unequal, 1 = equal. \(^c\)Gendered Relative Income: 0 = both partners earn the same, 1 = the man earns much more, 2 = the woman earns much more. \(^d\)Gender Ideology: 1 = stay at home, 2 = work part time, 3 = work full time. \(^e\)Relationship Type: 0 = married, 1 = cohabitation. \(^f\)Having Children: 0 = no children, 1 = children. \(^g\)Age Difference: 0 = no difference, 1 = the man is much older, 2 = the woman is much older. \(^h\)Couple Education: 1 = high-high, 2 = high-mid, 3 = high-low, 4 = mid-mid, 5 = mid-low, 6 = low-low.
Results

On a descriptive level, across 10 Western European countries and in the age group of 25 to 45 years, it is much less likely for one partner in a dual-earner couple to manage the income. Of the couples from these countries, 4.2% mention that only one partner manages their income. The percentage of couples that manage their incomes jointly (48%) and individually is equal (48%). The extent to which these two more egalitarian systems of money management (the joint and individualised systems) converge and diverge is addressed in the following section.

Money Management and Associations with Gender Equality

Table 3 (Model 1) shows the results comparing the likelihood of joint management versus traditional management. The results indicate that individual beliefs about shared breadwinner roles are related to a lower likelihood of practising traditional management. Those who answer ‘Work full time’ to the ‘Should women work when their children are under school age?’ question are 2.14 times more likely to use the joint system than those who answer ‘Stay at home’. Table 3 (Model 2) shows that the odds of using the independent (vs traditional) system increases to 3.33 times for the same variable.

The results comparing the gender equality beliefs of the couples using the joint and individualised systems are shown in Table 4. We see the effects of expressing gender egalitarianism on the likelihood of jointly managing pooled assets versus one partner managing it and on the likelihood of individually managing versus one partner managing it. The results are significantly higher for the individualised system than the joint system (full-time: 1.58 times higher with a significant chi-square). Table 4 (Model 2) shows that higher maternal employment is significantly associated with the individualised system (a 6% increase in odds), whereas no significant relationship is observed for joint management. These findings are in line with the egalitarian ideology hypothesis (1).
<table>
<thead>
<tr>
<th>Variables</th>
<th>Model 1: Joint Versus Traditional Management</th>
<th>Model 2: Individualised Versus Traditional Management</th>
<th>Model 3: Joint Versus Traditional Management</th>
<th>Model 4: Individualised Versus Traditional Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender Ideology: Should women work when child is under school age?</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Work part time</td>
<td>0.17</td>
<td>0.45</td>
<td>0.15</td>
<td>0.44</td>
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<tr>
<td>Work full time</td>
<td>0.76</td>
<td>1.20**</td>
<td>0.70</td>
<td>1.13**</td>
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<tr>
<td>Relative Income</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Equal</td>
<td>0.52**</td>
<td>0.50*</td>
<td>0.25</td>
<td>0.28</td>
</tr>
<tr>
<td>Male partner earns much more</td>
<td></td>
<td>-0.62**</td>
<td></td>
<td>-0.56*</td>
</tr>
<tr>
<td>Female partner earns much more</td>
<td></td>
<td>0.25</td>
<td></td>
<td>0.28</td>
</tr>
<tr>
<td>Age Difference</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male partner is much older</td>
<td>-0.70**</td>
<td>-0.56*</td>
<td>-0.70**</td>
<td>-0.56*</td>
</tr>
<tr>
<td>Female partner is much older</td>
<td>-0.62</td>
<td>0.05</td>
<td>-0.58</td>
<td>0.08</td>
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<td>Couple Education</td>
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<tr>
<td>Low-mid education</td>
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<td>0.62</td>
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<td>Low-high education</td>
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<td>0.47</td>
<td>0.61</td>
<td>0.45</td>
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<tr>
<td>Mid-mid education</td>
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<td>0.46</td>
<td>0.94</td>
<td>0.46</td>
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<tr>
<td>Mid-high education</td>
<td>1.50***</td>
<td>0.46</td>
<td>1.48***</td>
<td>1.17**</td>
</tr>
<tr>
<td>High-high education</td>
<td>1.51***</td>
<td>1.38***</td>
<td>1.51***</td>
<td>1.38***</td>
</tr>
<tr>
<td>Relationship Type</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Cohabitation</td>
<td>-0.28</td>
<td>0.90**</td>
<td>-0.29</td>
<td>0.89**</td>
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<td>Children</td>
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<td></td>
<td></td>
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<tr>
<td>Relationship Duration</td>
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<td>-0.06**</td>
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<td>Maternal Employment</td>
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<td>X²</td>
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<td>391.12</td>
<td>392.80</td>
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<td>df</td>
<td>30</td>
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<td>32</td>
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Table 4: Chi-Square Differences Between Models 1 and 2 for Gender Ideology

<table>
<thead>
<tr>
<th>Variables</th>
<th>Model 1: Joint</th>
<th>Model 2: Individualised</th>
<th>Difference</th>
<th>Ratio of Coefficients</th>
<th>Chi-Square for Difference</th>
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</thead>
<tbody>
<tr>
<td><strong>Gender Ideology</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Should women work when child is under school age?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work part time</td>
<td>0.17</td>
<td>0.32</td>
<td>0.45</td>
<td>0.33</td>
<td>2.65</td>
</tr>
<tr>
<td>Work full time</td>
<td>0.76</td>
<td>0.44</td>
<td>1.20**</td>
<td>0.44</td>
<td>1.58</td>
</tr>
</tbody>
</table>

Note. Gender Ideology: 1 = stay at home, 2 = work part time, 3 = work full time.

*p < .05, **p < .01, ***p < .001.

**Relative Income Contribution**

We also find evidence for the relationship between income homogamy and non-traditional systems. Although cohabitating couples are expected to be more likely to use joint pools when they earn similar amounts (Vogler et al., 2008), we find that income homogamy is related to both the joint and individualised management systems. For a couple with income homogamy (partners earning the same as or only a bit more than each other), the odds of using the individualised system is 1.65 times more than for a couple without income homogamy. The result for the joint (vs traditional) system is 1.68 times. This result can be interpreted in the way that income homogamy does not automatically indicate using shared accounts. Income homogamy among partners obviously decreases the likelihood of using the traditional system (one-partner management), but we cannot explain the difference between joint and individual management using this variable. Thus, we find evidence for the couples’ income homogamy hypothesis (2).

In Table 3 (Models 3 and 4), we include our gendered relative income variable and check the effects of one gender being the primary earner over the other. The likelihood of using the non-traditional systems (vs the traditional system) decreases by 45% (46% for joint and 45% for individual) when men are the primary earners. However, when women are the primary earners, no significant relationship between their contribution and their control over money is observed. In other words, as women make significantly more money than men, they are neither more nor less likely to manage pooled assets. This result provides evidence for the doing gender hypothesis (3).
**Age Difference**

For couples in which the male partner is older, the odds of using the joint (vs traditional) system is 50% less (odds ratio of 0.50) than that of a couple of the same or similar age. The likelihood of using the individualised (vs traditional) system is 43% less (odds ratio of 0.57). However, for couples in which the female partner is older, we do not observe any significant relationship. This result is in line with the previous empirical finding that older wives are usually more willing to share power with their younger husbands than face marital instability (McWherter, 1993). In summary, when husbands are older than their wives, they are less likely to share power. However, when wives are older than their husbands, they are inclined to share the power. In terms of power relations, we can conclude that similar to men who earn significantly more money than their partners, men who are significantly older than their partners also increase their control over income and money management decisions. Thus, we find support for the age difference hypothesis (4).

**Other Individual and Couple Characteristics**

A higher education level is related to a higher likelihood that couples use non-traditional money management systems. For a ‘high-high educated’ couple, the odds of using the joint system is 4.55 times greater than for a ‘low-low educated’ couple, holding all other variables constant. Similarly, for a high-high educated couple, the odds of using the individualised system is 3.98 times greater than for a low-low educated couple.

In line with previous empirical research, cohabitation is related to an increased likelihood of individualised money management. For a cohabitating couple, the odds of using the individualised system is 2.47 times greater than for a married couple. Another significant result associated with the individualised system is not having children. The couples with children are 58% less likely to use the individualised (vs traditional) system. However, neither being married nor having children is significantly associated with using the joint system. Although the coefficient is not very strong, couples with longer relationship durations are 6% more likely to use the joint (vs traditional) system (odds ratio of 1.06).
Contextual Explanation: Maternal Employment

The relationship between the contextual level control variable *maternal employment* and money management shows that in contexts where maternal employment is relatively high, couples are more likely to use more egalitarian systems and especially the individualised system. Couples in countries with relatively higher maternal employment are 5% more likely to use the individualised (vs traditional) system (odds ratio of 1.05). Thus, we find evidence that money management strategies are shaped by institutionalised beliefs and practices regarding breadwinning.

Conclusion and Discussion

We explore the dynamics underlying the use of joint and individualised money management systems by European dual-earner couples aged 25 to 45. We try to explain whether these money management strategies are more egalitarian than traditional management (i.e., in which one partner manages a couple’s money), with consideration of the broader economic changes in men’s and women’s labour market participation, changes in the cultural ideologies of gender and changes in the relationship types that couples prefer to form. We are the first to directly explore how the joint and individualised systems converge and diverge across Western European countries. What implications do our findings have for the recent theories of intimate relationships and for future research in this area? We discuss the theoretical implications of our findings and directions for future research below.

First, we address our findings’ theoretical implications. Our results highlight the importance of gender equality beliefs and practices in the use of the joint and individualised systems compared to the traditional system. We find individual egalitarian gender role beliefs to be related to a decreased likelihood of either men or women managing the money in a couple (i.e., the one-partner management of the traditional system). This is even more significant for couples using the individualised system. This result is in line with the egalitarian ideology hypothesis (1). Research has shown the joint system to be more egalitarian than the traditional system. However, the individualised system has only been shown as an egalitarian money management system in qualitative
studies. We fill this gap by showing that the individualised system, which is usually excluded from quantitative studies due to lower base sizes, should be considered as a more egalitarian management system than both the traditional system and, most importantly, the joint system.

Another important finding is that the income homogamy of couples is related to both the joint system and the individualised system. Thus, we confirm the couples’ income homogamy hypothesis (2). Although cohabitating couples are expected to be more likely to use joint pools when they earn similar amounts (Vogler et al., 2006), our findings show that income homogamy is also related to the individualised system. Hence, we cannot use this variable to differentiate between the joint and individualised systems. We also find support for the doing gender hypothesis (3) through the gendered relative income results, which show that men are more likely to dominate money management decisions when they earn significantly more money, but that there is no significant relationship for women making significantly more money. This result is in line with the findings of West and Zimmerman (1987), which show that status-reversal couples often make an effort to ensure that their unconventional marriages are not perceived as too unconventional. For example, the women usually defer to their husbands to demonstrate that they are not making claims to greater power.

The money management dynamics of age-differentiated couples highly resemble the power relation dynamics in couples where one partner earns significantly more. We find that males are more likely to dominate the control over money management decisions in couples where they are significantly older, confirming the age difference hypothesis (4). Although we find a shift from the traditional to non-traditional models (joint/individualised), our results on income and age differentiated couples show that inequalities through power relations persist. When men make more money or are significantly older, they are more likely to be in control of the household money. However, when women make more money or are significantly older, they do not appear to translate this difference into their own control of assets. Therefore, we argue that money management is a topic through which gender inequalities are reproduced. Furthermore, the gender perspective should be considered when dealing with money-related issues among couples.
Another result that shows that the joint and individualised systems converge is the association between education levels and the likelihood of using non-traditional systems. As the education levels of couples increase, their likelihood of using the joint and individualised systems becomes significantly higher. However, in line with previous research, we find that cohabitating couples and childless couples are more likely to use the independent system.

This paper is not without limitations. First, our data do not provide in-depth information on how joint and individualised systems are managed in practice. For example, although couples may have a joint account, there may not be equal access to or control over how their money is spent. Furthermore, our data is cross-sectional, making it harder to understand the pathways through which relationships and money management strategies are affected. Moreover, we mainly focus on individual and couple level characteristics to explain why couples prefer certain money management systems over the traditional system. Thus, our results highlight the need to further understand how couples organise and manage their money.

What implications then, do our findings have for future research in this area? We encourage future researchers to identify sub-categories within these rather overgeneralised joint and individualised systems. The following questions should also be considered. What counts as collective spending? What counts as personal spending? Who makes the day-to-day spending decisions? Who makes the bigger decisions, such as making an investment or buying a car? What proportion of their income does each partner contribute to collective versus personal spending? In this paper, we focus on the money management systems as they are currently formulated. However, future research could define these categories in more insightful ways. Second, examining the relationship between our contextual level control variable *maternal employment* and money management, we find evidence that money management strategies are shaped by institutionalised beliefs and practices regarding breadwinning. Considering the importance of the contextual level variables supported by previous empirical evidence and our data, future research could include a multi-level analysis incorporating all kinds of money management systems and both individual and contextual level variables. The multilevel approach should also ensure to check the interaction effects moderating the relationships between these individual and contextual level variables. Finally, the pathways through which relationships and money management strategies are affected
must be thoroughly understood. Thus, future research could also try to understand the change in money management decisions over the life course, taking the personal characteristics of female and male partners and trajectories, such as the arrival of children and marriage, into account.

References


