



## Do men and women estimate property values differently?

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### ABSTRACT

Wealth data are typically obtained by asking respondents about the value of their key assets. Yet, what if the answers to valuation questions vary systematically depending on who is interviewed? Using nationally representative data from Ghana and Ecuador and for the state of Karnataka, India, we analyze whether men and women provide different responses to questions about the monetary value of their home. Using a DFL decomposition across the full sample and comparing the responses of husbands and wives in our couple sample, we find that overall, the distribution of monetary values reported by women tends to be narrower than that reported by men. This finding has implications both for data collection efforts and for measures of the gender wealth gap.

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### 1. Introduction

Globally, there is increasing interest in the role of assets and wealth as they relate to poverty and inequality. While traditional approaches to studying poverty and inequality have centered on income or consumption measures, recent research highlights the role of wealth in furthering the understanding of these issues (Davies, 2008). Studying the joint distribution of income and wealth is important from a policy perspective; it can help identify the most vulnerable groups or those most likely to experience consumption shortfalls or other forms of deprivation.<sup>1</sup>

Yet, there has been relatively little research to identify the best practices on collecting wealth data in household surveys. In fact, the first international set of guidelines for collecting data on

household wealth was published only in 2013 (OECD, 2013).<sup>2</sup> Wealth data are typically obtained by asking respondents about the value of their key assets. Yet, what if the answers to valuation questions depend on who is interviewed? For example, if men and women systematically report different monetary values for the same assets, then the resulting wealth distributions could look different, with implications for our understanding of wealth inequality.

Using detailed data from household asset surveys in Ecuador, Ghana, and Karnataka, India, this paper examines whether men and women respond differently to asset valuation questions, specifically those on housing values. This issue is analyzed in several ways. First, is there a difference by sex in the response rate on valuation questions? Second, is there a difference by sex in reported asset values? How do the attributes of housing affect the values reported and does this differ for men and women? We also explore whether the reported value of an asset differs across members of the same household. We analyze two samples; first, a sample of the person considered the most knowledgeable about

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<sup>1</sup> Several studies have considered the relationship of income and wealth in developed countries, including Gornick, Sierminska, & Smeeding (2009) who find that among older women in the US and five European countries, the overlap between those who are income poor and those who are asset poor is relatively small. Jantti, Sierminska, & Van Kerm (2015) develop tools for analyzing the joint distribution of income and wealth and find substantial variation across countries.

<sup>2</sup> Another recent initiative, launched in 2010, on collecting household wealth data is the Eurosystem Household Finance and Consumption. This is a harmonized data collection effort across 15 European countries and a joint project of the central banks of the Eurosystem (ECB, 2013)

assets in each household, and second, a couple sub-sample where both spouses reported separately about the same dwelling.

There are many reasons why men and women might provide different estimates of value. First, they may have varying relations with the market. Participation in specific asset markets—such as those for land, housing, livestock, or consumer durables—may differ considerably for men and women. In some areas, particular markets—such as those for large animals—may be places where few women participate. Yet women may follow the prices in other markets—such as those for urban housing—more closely than men. A second, related reason is that men and women may specialize within the household, each garnering information only on assets relevant to activities within their domain. Finally, the question that is typically asked in a household survey is what price would be received if the asset were sold. Given the gendered nature of property markets, men and women might receive different prices for the same property if they were to sell it. Thus, the patterns of estimated value might differ depending on whether men or women are interviewed. Depending on the type of asset, ownership patterns may vary across men and women. If owners are better informed about asset values than nonowners, one could expect differences between men and women's responses. Thus, the patterns of estimated value might differ depending on whether men or women are interviewed. Our data does not allow us to distinguish among these reasons, but they motivate why it is important to consider gender differences in reported values.

It is worth noting that all of the reported values are the respondents' perceptions of expectations regarding the value of their dwelling. The actual price that might be received would depend not only on the characteristics of the dwelling, and those of the buyer and seller, but also on current market conditions and the length of time that the seller was willing to wait to conclude the sale. So even conceptually it is not possible to identify the true value in the abstract.

Individuals' perception of their wealth will affect a myriad of decisions. Their willingness to take risks or invest in their children's education or their own enterprises, all may be influenced by their wealth. To the extent that men and women perceive the value of their assets, such as their dwelling, differently, this may shape the decisions they make.

In addition, evidence suggests that women's share of household wealth will affect their bargaining power and thus, the outcome of household decisions (Doss, 2006), although these studies have generally used proxy respondents, such as the household head, to report wealth for all household members. Women's empowerment or their bargaining power might thus be influenced by their perception of their wealth which may differ from their wealth as reported by their spouse.

Our research makes several important contributions. We add a wealth dimension to the literature that explores how the sex of the respondent affects survey responses. Studies on labor force participation (Bardasi, Beegle, Dillon, & Serneels, 2011), income (Fisher, Reimer, & Carr, 2010), and financial information (Fletschner & Mesbah, 2011) suggest that responses may differ depending on who within the household is interviewed. To the best of our knowledge, this is the first paper that examines how reported asset values differ based on the sex of the respondent. We also contribute to the nascent discussion on the best practices for collecting asset ownership information (Doss, Grown, & Deere, 2008). While recent research has focused on the implications of who is interviewed in a household to understand ownership patterns (Kilic & Moylan, 2016), the issue of how reported valuation might also differ across household members has not been considered.

Further, the analysis presented here is based on large nationally (Ecuador and Ghana) and state (for Karnataka) representative surveys. This is an advantage over studies that are either small scale or

based on experimental data. The three countries are at different levels of economic development and represent quite different social and cultural environments; thus, the results are likely to be more indicative of a general pattern than would be obtained in a study that simply focuses on one country.

The ability to respond to survey questions on the valuation of immovable property is likely related to the degree of development of real estate markets and, in turn, to the degree of economic development and urbanization. In more traditional, rural societies, ownership of a dwelling may depend more on inheritance of a land parcel rather than on the market, with real estate transactions being less frequent. When people build houses slowly, over an extended period, they may be less likely to know the market value. Further, the development of real estate markets depends on private property rights being widespread. Ecuador is more urbanized (63% as compared to 51% and 49% in Ghana and Karnataka, respectively) and has more well developed real estate markets than either Ghana or Karnataka. Moreover, customary tenure over land, with complex patterns of usufruct rights by an extended family, is much more common in Ghana than in Karnataka or Ecuador. The Karnataka housing market is rapidly developing due to the fast pace of urbanization, greater housing demands driven by increased disposable income and changing needs of the population.

Another differentiating factor among our three countries is in the strength of married women's property rights, which are more favorable to women in Ecuador than in Ghana or Karnataka (Deere, Oduro, Swaminathan, & Doss, 2013). Stronger marital property rights not only benefit women who are currently married, but also increase property ownership by women who are divorced or widowed. In a previous analysis, we found a large gender gap in the incidence of home ownership in Karnataka (42% for men vs. 16% for women) and Ghana (30% vs. 16%) compared to Ecuador (34% vs. 36%) (Doss, Deere, Oduro, & Swaminathan, 2015, Fig. 1). To the extent that property owners are likely to be better informed about asset markets and the potential sales value of their properties, we would expect that gender differences in the estimation of housing values would be greater in Ghana and Karnataka than in Ecuador.

To investigate potential systematic biases in reports of housing value, we first consider the housing values reported by the household member(s) identified as the most knowledgeable about household assets, *i.e.*, the primary respondent. To test how likely men and women are to provide values for the assets owned, we compare the share of missing values by sex and type of primary respondent. Only in Karnataka is there a difference in response rates between men and women, with the responses from women more likely to be missing.

Since housing values are likely to vary depending on the size and quality of the dwelling, we undertake a multivariate analysis that controls for asset characteristics while trying to unpack why men and women provide different values of the potential sale price of the dwelling. The results suggest that men and women may estimate the value of specific attributes of the dwelling differently, leading to overall valuation differences. Further, using a semi-parametric decomposition technique that examines the entire distribution of values and not only at the mean, we find that given the same set of housing characteristics, women's values cluster more in the middle of the distribution than men's, while men more often report higher values.

Finally, for a subsample of households in Ecuador and Karnataka, we have valuation data from both members of a couple, thus, we can compare the values provided by husbands and wives for the same dwelling. In Ecuador, when interviewed separately, wives tend to provide values in the middle of the distribution as compared to husbands. In Karnataka, wives more often provide values in the lower half of the distribution while husbands more frequently report values in the upper end of the distribution.

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