

Does Women's Land Ownership Promote Their Empowerment? Empirical Evidence from Nepal

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Summary. — Land rights equity is seen as an important tool for increasing empowerment and economic welfare for women in developing countries. Accordingly, the objective of this paper is to empirically examine the role of women's land ownership, either alone or jointly, as a means of improving their intra-household bargaining power in the areas of own healthcare, major household purchases, and visiting family or relatives. Using the 2001 and 2011 Nepal Demographic and Health Surveys and relevant econometric techniques, we find that land ownership has a positive and significant impact on women's empowerment. In particular, we find two important patterns of results. First, accounting for the endogeneity of land ownership with inverse probability weighting, coarsened exact matching and instrumental variable methods makes its impact on empowerment higher. Previous research in this area had largely ignored the potential endogeneity of land ownership. Second, the impact is generally stronger in 2011 than in 2001. As evidenced in a number of empirical studies, the increase in women's bargaining power can in turn translate into a redirection of resources toward women's preferences, including higher investment in human capital of the household such as education, health, and nutrition. Therefore, our study indicates that in places where agriculture is the main source of economy for women, policies enhancing land rights equity have the potential to increase women's empowerment and associated beneficial welfare effects.

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1. INTRODUCTION

Women in many developing countries have long faced gender discrimination. This discrimination is fundamentally driven by societal views of women as economically less productive (due to their limited involvement in direct income-generating activities) and of lesser value to parents for the purpose of long-term asset accumulation (Anukriti, 2014). This problem is more acute in regions where the dowry system inflicts considerable costs on the girls' parents.¹ Sex-based discrimination has resulted in numerous negative outcomes for women. One prevalent consequence of this phenomenon is manifested in the "missing women" problem; for example, male-biased sex ratios are increasing in India and China, where parents selectively abort female fetuses to gain perceived and real benefits from sons and avoid losses from daughters (Sen, 1990).

In poor rural areas where agriculture is the primary source of income, women are wrongly perceived as even less valuable, mostly engaged in household work and less so in direct income-generating activities. Exacerbating this perception in rural areas is the centrality of land ownership, because women generally have restricted access to land. Although women constitute the majority of the agricultural workforce in developing countries (SOFA Team & Doss, 2011), they only control about 19% of agricultural land holdings (FAO., 2010).

Economic theories have predicted that access to assets, such as land, gives financial security to women and improves their household bargaining power (Agarwal, 1994, 1997; Anderson & Eswaran, 2009; Haddad, Hoddinott, & Alderman, 1997; Kabeer, 1999). The improvement in bargaining power in turn reduces gender discrimination by giving women more control over decisions that affect their lives (such as child bearing) and by a reallocation of resources toward women's preferences (Ashraf, Karlan, & Yin, 2010; Aslam & Kingdon, 2012; Doss, 2013; Malhotra & Schuler, 2005; Thomas, Contreras, & Frankenberg, 2002). In the same realm,

Janssens (2010) finds that more empowered women are more likely to participate in community development projects such as construction and maintenance of schools, roads, and bridges. Furthermore, related studies have found that an increase in women's access to resources, including property rights, results in a higher investment in human capital such as education, health, and nutrition (Anderson & Eswaran, 2009; Doss, 2006; Duflo, 2003; Mason, 1996; Menon, van der Meulen Rodgers, & Nguyen, 2014; Pandey, 2010; Thomas, 1990; Wiig, 2013).

In light of this discussion, the objective of this paper is to empirically investigate the role of land ownership as a means of improving Nepali women's intra-household bargaining power (hereon referred to as household bargaining power). In doing so, we make a number of contributions to the literature on the determinants and effects of women's empowerment. First, our study adds to a limited number of studies that directly explore the relationship between women's land ownership and empowerment (Allendorf, 2007; Mason, 1996; Pandey, 2010; Wiig, 2013). More importantly, unlike many of these studies, we estimate the impact of women's land ownership on their empowerment using econometric methods that allow us to control for endogeneity of land ownership.² The endogeneity could arise in the usual sense with omitted factors that affect both women's land ownership and their decision-making power. For example, progressive households may have both more legal ownership of land by women and higher empowerment of women (Menon *et al.*, 2014). The

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endogeneity could also stem from reverse causality if more empowered women are more likely to own land. Estimates of land ownership on women's empowerment that fail to account for this endogeneity are prone to both bias and inconsistency. In order to deal with the endogeneity issue, we employ a propensity score method with inverse probability weight and an instrumental variable approach. We discuss the details of these two approaches in Sections 4 and 5.

Second, we take advantage of the most recent 2011 Nepal Demographic and Health Survey (NDHS) that was collected after the 2007 amendment of the Interim Constitution of Nepal, which for the first time granted equal rights to sons and daughters to ancestral property with no restrictions on age and marital status. We also supplement these data with the 2001 NDHS in order to draw a time wise comparison of the estimates. The 2011 data provide identification of women's land ownership in a household context by specifically capturing land ownership of other household members unlike in previous studies. This allows us to focus our study on women owners and non-owners of land in landed households only, unlike Pandey (2010) for example. We discuss the merit of restricting the sample to landed households in Section 4 below. Although Allendorf (2007) accounts for other family members' land ownership, families in Nepal (and in many developing countries) are often large, consisting of many households. Therefore, estimating a woman's land ownership in a family context might underestimate its impact on her bargaining power in a household context.

Third, we consider more relevant empowerment indicators: own healthcare decision, major household purchases, and visits to family or relatives, which better reflect the evolution of women's bargaining power.³ We exclude decisions on what food to cook (Kishor, 1997) and purchase of daily needs (Allendorf, 2007) from our study because these decisions, although important, do not necessarily reflect empowerment since they are traditionally made by women anyway (Basu & Koolwal, 2005; Kabeer, 1999; Ministry of Health & Population (MOHP) [Nepal], New ERA, & ICF International Inc., 2012).

Our empirical results indicate two major findings. First, endogeneity-corrected logit and probit estimates are significantly higher than their uncorrected counterparts. For example, the instrumental variable (IV) estimate of women's land ownership on the probability of having the final-say in healthcare decisions is 2.76 times higher than that of the regular Probit estimate (Table 4, Panel B). Second, whether corrected or uncorrected for endogeneity, we find that the estimated effects of land ownership in 2011 are quantitatively higher than those in 2001. For example, women's land ownership increases the probability of having the final-say in major household purchases by 19% in 2011 but only by 11% in 2001 (Table 4, Model 3). Together, our results demonstrate robustly that land ownership plays an important role in combating gender discrimination by enhancing bargaining power of women. The higher bargaining power in turn is expected to result in increased household and societal welfare as discussed above. This link calls for policies that enhance and facilitate land rights equity among men and women.

The remainder of the paper is structured as follows. Section 2 discusses the relevance of women's land ownership in Nepal and provides a background on women's land rights. Section 3 discusses the empirical framework. Section 4 describes the data and construction of the variables of interest. The discussion of empirical methodology and results are presented in Section 5. Section 6 concludes and discusses policy implications.

2. NEPALI CONTEXT

Nepal is an excellent case for studying the impact of land ownership on empowerment for a number of reasons. First, Nepal has adopted a string of progressive laws of land rights equality with the latest passed in 2007, which states that sons and daughters have equal rights to inheritance regardless of their age and marital status (more on this below). Second, land ownership is vital in Nepal given the preponderant role of agriculture in Nepal's economy, as it is for many developing countries. According to the Ministry of Agricultural Development [Nepal], 2014, over 66% of the total population is employed in the agricultural sector, which contributes to 36% of Nepal's GDP. In a society where agriculture is the major source of income, land ownership (including size and quality) is critical to social status and economic participation (Bhandari, 2001; Sharma, 1999).

Third, the noted importance of the agriculture sector notwithstanding, there is a significant asymmetry between women's agricultural labor force participation and their land ownership. Only 19% of women own land even though they are predominantly engaged in agriculture (Ministry of Health and Population (MOHP) [Nepal], New ERA, and ICF International Inc., 2012) and are responsible for most of the agricultural activities such as fertilizing, transplanting, and harvesting (Acharya & Bennet, 1983; Pun, 2000). The involvement of women in agriculture has increased over time because more men are migrating into non-agricultural work to urban areas or abroad, creating "feminization of agriculture" (Asian Development Bank, 1999; Crowley, 1998) in labor participation and in some cases in decision-making. The latter is higher in households where women are the de facto household heads as opposed to those living in patrilineal households of in-laws (Gartaula, Niehof, & Visser, 2010).⁴ As for labor force participation, over 90% of women workers were employed in the agricultural sector, compared to 64% of male workers in 2001 (Ministry of Health [Nepal], New ERA, & ORC Macro, 2002). Fourth, the progressive changes to the Nepali constitution, with very limited land rights for women in 1977 to equal rights in 2007, can serve as a legislative springboard for advancing gender equality for asset ownership rights in countries that are struggling to achieve it.

The main way of gaining land in Nepal is through inheritance, which is largely patrilineal. Otherwise, women gain access to land or property through kinship or marital relationships to men. Nepali property law has its roots in Manusmriti;⁵ influenced by this book, Nepal's first legislation (the 1853 National Code) restricted women's property rights to gifts and bequests. As long as the father, mother, brothers, brothers' sons, or other male relatives on the father's side were alive, a daughter could not inherit paternal property. Divorced women did not have any property rights, and if they instigated a divorce, they lost potential alimony. Over one hundred years later, the 1963 amendment of the National Code addressed some of the gender discriminatory issues, but did not address property rights (Pandey, 2010).

It was not until 1977, that a constitutional fix (sixth amendment of the 1963 National Code) brought changes to women's land ownership rights. An unmarried daughter of 35 years or older was equally entitled to parental property as her brothers. However, she had to return the property after she was married unless her mother, father, brothers and brothers' sons were dead. A married woman of 35 years or older (30 years for widows) was entitled to a portion of her husband's property if she had been married for 15 years. Although ancestral property

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