

The Decomposition of the Household Disparity Level on Consumption Expenditure: A Regression Approach

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Abstract.

Wage level affects households' ability to adjust their consumption expenditure level. Households' consumption expenditure represents the ability of households to manage their economy. This study focuses on the decomposition of household disparity by using the regression approach to household expenditure. We employ total consumption expenditure on basic needs as the proxy of households' consumption expenditure. Meanwhile, the independent variables of this study are the gender of the family head, the marital status of the family head, education level, occupation type, and the number of family members that are predicted to indicate the determinants of household disparity from the consumption side. Our results demonstrate that all independent variables are statistically significant with the education level of the family head is the main factor of the disparity. Further, the gender and occupation type of the family head are other factors that contribute to the household disparity in Bali Province. This study also shows that the education level of the family head plays a significant role in enabling households' self-reliance. Most female family heads have a lower education level than male family heads. Thus, this condition causes the gender of the family head significantly contributes to the household disparity in Bali Province.

Keywords: consumption expenditure, disparity, decomposition analysis, household, regression approach