

**ADVANCED ISSUES  
IN THE ECONOMICS OF  
EMERGING MARKETS**

# INTERNATIONAL SYMPOSIA IN ECONOMIC THEORY AND ECONOMETRICS

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INTERNATIONAL SYMPOSIA IN ECONOMIC THEORY  
AND ECONOMETRICS VOLUME 27

# ADVANCED ISSUES IN THE ECONOMICS OF EMERGING MARKETS

EDITED BY

**WILLIAM A. BARNETT**

*University of Kansas, USA, and  
Center for Financial Stability, USA*

**BRUNO S. SERGI**

*Harvard University, USA, and  
University of Messina, Italy*



United Kingdom – North America – Japan  
India – Malaysia – China

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## ABOUT THE EDITORS

**William A. Barnett** is the Oswald Distinguished Professor of Macroeconomics at the University of Kansas, Director of the Center for Financial Stability in New York City, Founder and First President of the Society for Economic Measurement, and Editor of the Cambridge University Press Journal, *Macroeconomic Dynamics*. His book, *Getting It Wrong: How Faulty Monetary Statistics Undermine the Fed, the Financial System, and the Economy*, published by MIT Press, won the American Publishers' Award for Professional and Scholarly Excellence for the best book published in economics during 2012. With Nobel Laureate Paul Samuelson, he also co-authored the book, *Inside the Economist's Mind*, translated into seven languages.

**Bruno S. Sergi** is an Instructor on the Economics of Emerging Markets and the Political Economy of Russia and China at Harvard University and an Associate of the Harvard's Davis Center for Russian and Eurasian Studies and the Harvard Ukrainian Research Institute. He also teaches Economic Policy and International Finance & Economics of Financial Markets at the University of Messina. He is the Series Editor of *Cambridge Elements in the Economics of Emerging Markets*, Editor of Emerald Publishing book series *Entrepreneurship and Global Economic Growth*, Co-series Editor of the Emerald Publishing book series *Lab for Entrepreneurship and Development*, an Associate Editor of *The American Economist*, and a Co-founder and Scientific Director of the International Center for Emerging Markets Research at RUDN University in Moscow. He has published several articles in professional journals and many books as an author, co-author, editor, or co-editor.

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## ABOUT THE CONTRIBUTORS

**Swati Alok** is an Assistant Professor of Management in the Department of Economics and Finance in BITS Pilani-Hyderabad Campus, India. She has involved in teaching, research, and consultancy at the institute from last 10 years. She holds a Doctorate degree in Management from BITS Pilani in the field of Organizational Behavior. Her research interests include behavioral studies, especially conflict management, gender studies, career management, and health economics. She has handled projects of a number of agencies. She has participated and presented papers in a number of International conferences and has a number of research publications in refereed journals.

**Sudatta Banerjee** is an Assistant Professor and Head of the Department of Economics and Finance in BITS Pilani-Hyderabad Campus, India. She has involved in teaching, research, and consultancy from last seven years. She received her Ph.D. in Economics from Jawaharlal Nehru University, New Delhi, India. Her research and publication areas include empirical developmental issues, gender studies, education, health, applied econometrics, human capital, and growth theory. She has published in the above areas, handled sponsored projects, and given various talks in India as well as in other countries.

**Chaerul Djusman Djakman** is an Assistant Professor and had a Doctoral degree in Accounting from the Universitas Indonesia and a master degree from University of Colorado at Boulder, USA. His teaching, consultancy activities, and research interests are related to financial reporting, banking activities, corporate and government governance, risk and compliance and corporate social environmental responsibility, and public sector. He has more than 25 years working experience in various types of assignment: consultant, trainer, and assessor in accountancy and business fields. Also, he holds certification in accounting, CSR, and insurance risk management.

**Anisah Firli** is a Lecturer and Researcher at Telkom University, the biggest private university in Indonesia. Her major is Financial Management. She took her undergraduate and master studies at Telkom Institute and pursued a doctoral degree at Padjadjaran University. She earned the highest honors in all degrees.

**Bincy George** received Masters in Economics from University of Calicut, India. She is currently pursuing her Ph.D. from BITS Pilani-Hyderabad Campus. Her area of interest includes gender and developmental issues. She is currently working on women empowerment and its effect on the status of women and their changing roles in the society.

**Jason Harjanto** was a Research Assistant at the Business and Economic Faculty, Universitas Atma Jaya Yogyakarta. He graduated from the Management Department at Universitas Atma Jaya Yogyakarta.

**Sheellyana Junaedi** is a Lecturer at the Business and Economic Faculty, Universitas Atma Jaya Yogyakarta. Her expertise is in the field of marketing and entrepreneurship studies. She has graduated a doctoral program at Universitas Gadjah Mada Yogyakarta, Indonesia.

**Indra Wijaya Kusuma** is a Professor in the Department of Accounting, Faculty of Economics and Business, Universitas Gadjah Mada, Indonesia. His fields are financial accounting and international accounting. He is active in conducting research and international publications.

**Benediktus Margiadi** is a doctoral student, Faculty of Economics and Business, Gadjah Mada University, Yogyakarta. He completed his undergraduate economics education at the Panca Bhakti School of Economics, Central Sulawesi and completed his Master's education from Hasanuddin University, Makassar. Aside from being a student, he is an employee at the Ministry of Finance of Republic Indonesia, who is interested in research in the field of organizational behavior and human resource management. Several articles have been presented at the national seminar.

**Anna Melinda** is an undergraduate student in Accounting from Universitas Indonesia. She started her study in 2015 and expected to graduate in 2019. With her interest in corporate governance, she decided to investigate the effect of ESG on Firm Value in Asia as her undergraduate thesis.

**Aria Farah Mita** is a Lecturer at Universitas Indonesia, Faculty of Economics and Business. She teaches accounting subjects in undergraduate and graduate degree, such as Financial Accounting, Auditing, and Research Seminar in Financial Accounting. Her research interests are financial accounting and standard setting.

**Agustin Setya Ningrum** is a Lecturer at Universitas Indonesia, Faculty of Economics and Business. She teaches accounting subjects in undergraduate program, such as Financial Accounting and Advanced Financial Accounting. Her research interests are financial accounting and standard setting. Currently, she is a member of the Financial Accounting Policy Committee for Bank Indonesia.

**Nuntapuk Ponchai** currently is studying at the College of Graduate Study in Management (MBA), Khon Kaen University, Thailand. She worked as a Consultant on ISO certification, agriculture industry, instrument, and selling and operation management optimization. In 2019, she was assigned to work as a Consultant on Enhancing Agro-Processing to Industry 4.0, where she assessed and analyzed the real situation and causes of industrial problems and recommended solutions for the establishments, which resulted in increased production and processing efficiency, achievement of commercial goals, and sustainability for Thailand's agricultural industry.

**Shirley Pranoto** is the Corporate Responsibility Coordinator of PricewaterhouseCoopers Indonesia. She obtained her Global Leadership MBA from ITB and her executive MBA from Aalto University. Her interest is dealing issues on responsible businesses, diversity and inclusion, community engagement, and environmental stewardship.

**Michelle Priscilla** is an undergraduate accounting student at the Faculty of Economics and Business, Universitas Indonesia since 2015. With her interest in the area of corporate governance, she chose to conduct a research in this area as her final thesis for her final assignment. Together with Ms Sylvia Veronica Siregar, she conducted a research on the effect of top management team expertise on corporate's accrual and real earnings management.

**Anna Purwaningsih** is a Lecturer at the Accounting Department of Universitas Atma Jaya Yogyakarta, Indonesia. Her research interests are in financial accounting (especially in earnings management), international accounting, and taxation topics. She also published articles in several international journals.

**Dadan Rahadian** is an Expert in Financial Management. He has a teaching experience in the same field for 15 years at Telkom University, as well as professional experience working for a banking and securities company. He graduated with a Bachelor's degree in Civil Engineering at the Faculty of Engineering University of Indonesia, a Master's degree in Finance and Banking at the Faculty of Economics & Business University of Indonesia, and a doctoral degree in Finance and Banking at the Faculty of Economics and Business University of Indonesia.

**Panutporn Ruangchoengchum** works as a Lecturer and Researcher at the College of Graduate Study in Management (MBA), Khon Kaen University, Thailand. In her role as a Researcher, she undertook academic research in the field of operations management and published several research articles in academic journals on the topic of business management and operations management, such as waste reduction, productivity, and performance measurement. In 2019, she received the Best Advisor Award from Graduate School, Khon Kaen University. The topic is "Enhancing productivity competitiveness for small and medium enterprise entrepreneurs of processing food from meat products in Northeastern, Thailand."

**Sylvia Veronica Siregar** is an Associate Professor at the Faculty of Economics and Business, Universitas Indonesia. She teaches several accounting subjects for undergraduate and graduate programs, such as Financial Accounting Theory, Corporate Governance, and Accounting Research Method. Her research interests are in the area of financial accounting and corporate governance.

**Subiakto Soekarno** is a Faculty Member of the School of Business Management, ITB. He is currently the director of MBA ITB. Prior to his career as a University Lecturer, he had an extensive work experience in the strategic industry in Indonesia. He was the recipient of Satya Lencana Karya Pembangunan, an award from the President of the Republic of Indonesia for his contribution in the

area of transfer technology. His research interests and paper publications are in the area of corporate finance, capital structure, financial literacy, start-up valuation, capital market, and Small and Medium Enterprises performance.

**Marcellia Susan** is a Professor at the Department of Management, Faculty of Economics, Maranatha Christian University, Bandung, West Java, Indonesia. She has received her undergraduate degree in Management, a post-graduate degree in Industrial Management, and a Doctoral degree in Business Management. She conducted researches on various topics on Management Study.

**Ratna Wardhani** is a Lecturer in the Department of Accounting, Faculty of Economics, Universitas Indonesia. Her research and teaching interests are sustainability, financial accounting, corporate governance, and finance.

**Amin Wibowo, MBA., Ph.D.,** is a permanent Lecturer at the Faculty of Economics and Business, Gadjah Mada University, Yogyakarta. He completed his undergraduate Economics education at Gadjah Mada University. His Master's was education completed at Monash University, Australia and his doctoral program was completed at Curtin University of Technology, Australia. Some of his positions have included the Director of Financial Affair, Gadjah Mada University, and Head of Department of Management, Faculty of Economics and Business, Gadjah Mada University, Indonesia. Besides being a Lecturer, he is also active as an Instructor in the field of strategic management and also as a Researcher. Many of his research published in various international scientific journals, such as the *International Journal of Managing Project Business* and *International Journal of Learning and Intellectual Capital*.

# CHAPTER 1

## DETERMINANTS OF WOMEN EMPOWERMENT AS MEASURED BY DOMESTIC DECISION- MAKING: PERSPECTIVE FROM A DEVELOPING ECONOMY

Sudatta Banerjee, Swati Alok and Bincy George

### ABSTRACT

*The study finds the determinants of women empowerment measured in terms of domestic decision-making in a developing economy perspective by considering rural women in India. Women empowerment simply means giving opportunities to women to enable them to be socially and financially independent. Empowerment of women through investment in their education and health has a positive effect on economic growth. Almost 70% of Indian population lives in rural areas. If women in these areas are educated and empowered, they can contribute to the economic growth either directly or indirectly by improving health and education of the future generations. This study indicates that an employed woman, having her own income source, higher educational level, knowledge of legal rights, higher educational level of the mother of the woman, having property in her own name, more freedom of movement during her school days, having high self-esteem and belonging to a relatively affluent background, increases domestic making power of the women, and thus empowerment. Some possible policies are suggested for developing economies.*

**Keywords:** Developing economy; domestic decision-making; women empowerment; education; legal/political rights; self-esteem

**JEL classifications:** C3; C8; D1; O1; O12

## 1. INTRODUCTION

Developed countries with higher per capita income has more gender equality where they invest more in girl's education and health as well as women have greater political power and better awareness about their legal rights. With basic health and good nutrition, age-specific death rates become lower for women. In industrial world, this has led to high sex ratios, that is, more females per 1,000 males (Momsen, 1991). High sex ratio in this context becomes an indicator of economic growth.<sup>1</sup> These lead to improvement in the economic growth of an economy. Also, empowerment of women through investment in their education and health will have a positive effect on growth (Dollar & Gatti, 1999). Developing nations, therefore, should focus on investing in education and health of the girl child, through which there will be an improvement in sex ratio at birth and empowerment levels of women and this will lead to higher economic growth.

Women empowerment simply means giving opportunities to women to enable them to be socially and financially independent. It is about their freedom, having the power to make decisions in the family, achieving financial stability, being recognized as equal as men, getting chances to put forward their opinions on several issues, especially those concerning their wellbeing such as education and health. When women are educated and empowered in a family, then their future as well as nation's future is being built well. When women become aware about essential health care through education and various awareness programs, it has a positive influence on their children as well. Educated women are capable as well as aware of taking their children to hospitals for vaccination, consultation, etc. Also, when women become financially independent, they are respected in the family and in the society. According to Varghese (2014),

Empowerment is an active, multi-dimensional process which enables women to realize their potential and powers in all spheres of life. Power is not a commodity to be transacted rather it has to be acquired and once acquired it needs to be exercised, sustained and preserved.

Further, Biswas and Kabir (2004) defines women empowerment in terms of

mobility, decision making power, autonomy, ownership of household assets, freedom from domination, awareness, participation in public protests and political campaigns, contribution to family income, reproductive rights, exposure to information, and participation in development programmes.

This chapter measures women empowerment in terms of their domestic decision-making power. The aspects considered for measuring domestic decision-making power are financial decisions like operating bank accounts or managing own or husband's salary as well as family decisions about children and household. Handling finances alone implies that they are financially empowered and independent. Women's access to credit and management of household finance makes her empowered. Also, when women are allowed to manage their own earned income or the income of their husband it means that they are equally treated in family and are independent (Banerjee & Roy, 2015). Education, economic opportunity for women and their participation, access to financial services like bank account results in women empowerment (Bushra & Wajih, 2014).

In the households where women enjoy decision-making power the saving level will be higher and also there will be increased food consumption (Portes, Atal, & Torres, 2019).

## 2. LITERATURE REVIEW

### 2.1 Antecedents of Women Empowerment

There have been several studies in various countries about the determinants of women empowerment. In a study about Bangladesh (Ackerly, 1995) and in one study related to Nepal (Acharya & Bennet, 1983), it was found that bringing women to activities of market economy influences domestic decision-making and empowers women. Status and asset ownership influences decision-making power in Indonesia (Beegle, Frankenberg, & Thomas, 2001). Work for pay and education have a positive impact on decision-making power of women in Sri Lanka (Malhotra & Mather, 1997). “Women who own land are significantly more likely to have a final say in household decisions” (Allendorf, 2007). Importance of education in increasing women empowerment is pointed out by Dreze and Sen (1995). Educational level, health awareness, and political and legal awareness determine the level of women empowerment. Age, education, availability and access to formal credit, land ownership, highest female education, and the participation in the SHG are important determinants of women’s empowerment. Women empowerment leads to reduction in domestic violence and better child education (Dutta, 2014). Women empowerment is higher if the woman is in control of her own decisions, for example, in cases of usage of money or freedom to visit their native home or having equal say for important household decisions like sale of land, jewelry, etc., and is not influenced by family dominance (Hashemi, Schuler, & Riley, 1996). Mason (1996) states that in patriarchal societies, female autonomy is less. This study was conducted among five Asian countries including India indicating that social context has significant effects on women empowerment. Women’s knowledge and awareness of legal and political rights enhances women empowerment (Banerjee, Alok, Lakhtakia, & Mahapatra, 2019). Political awareness and political participation are the empowerment indicators, as mostly in developing countries gender inequality in political field increases gender suppression (Rao, 2008). Access to credit is a major determinant of self-employment for women, having property in their own name, increase of legal and political awareness as well as purchasing power, and all these have a positive impact on women empowerment (Hashemi et al., 1996). Empowerment of women in rural is positively influenced by micro-credit programs. Empowerment of women can increase at present or in future if they use the money they get from these programs in productive sector by themselves (Hoque & Itoharu, 2009). Women working actively in SHG’s have made positive contribution to employment, income, expenditure, and saving at the household level. An increase in the demand for SHG products can improve productivity of women and enhance their economic contribution. A change in policy formation can generate awareness, upgrade skills, and expand markets in order to increase their contribution and raise their empowerment level

for the benefit of the households as well as for transforming the rural economy in a better and big way (Mohapatra, Patra, & Agasty, 2015). Further, Novel and Purbasari (2017) has pointed out that leadership quality among women entrepreneur groups enhances the objective of achieving women empowerment through micro-credit schemes.

## *2.2 Effect of Women Empowerment on Developmental Outcomes*

Education leads to women empowerment and better health conditions for women (Adekola & Sergi, 2017; Grown, Gupta, & Pande, 2005; Wamboye, Adekola, & Sergi, 2015a, 2015b). Education helps women to enter the workforce through which they contribute to the national income and also reduces fertility rate resulting in low population growth and increased per capita income. Thus, showing a positive relation between economic growth and women empowerment (Saqib, Aggarwal, & Rashid, 2016). Education plays a major role in attaining women empowerment through making them financially independent and leading to development and growth of developing countries (Bhoganadam, Malini, & Rao, 2014). Ensuring gender equality in education can have a positive effect on the economic growth (Alaoui, 2015; Minasyan, Zenker, Klasen, & Vollmer, 2019). Educated women will be more attentive to the education of their children especially girl child eventually contributing to economic growth (Lawson, 2008). At the same time, educated women will understand the disadvantages of female infanticide and this might reduce abortion of female fetuses (Chaudhuri, 2011). Health and economic development are positively related (Gallardo-Albarran, 2018). Investment in female health improves economic development (Bloom, Kuhn, & Prettnner, 2015). Investing in women's health will benefit their children and also it will create a healthy society leading to economic development as productivity increases (Onarheim, Iverson, & Bloom, 2016). A study based on Ghana indicates that women's contribution to agriculture sector is determined by their health, an indicator of women empowerment leading to economic development (Ross, Zereyesus, Shanoyan, & Amanor-Boadu, 2015). For a study in India, it was shown that women's employment decreases female child mortality (Basu & Basu, 1991). In a study related to Brazil, it was found that women's income is spent more on child education, health, and nutrition, that is, on human capital investments (Thomas, 1990). Women empowerment positively impacts (Ibrahim & Pandey, 2014; Shiwakoti, Devkota, & Paudal, 2017). Economic development helps to reduce the gender gap and women empowerment increases decision-making power of women which boosts economic development. Thus, economic development and women empowerment are related (Duflo, 2012). Among all the positive benefits of women empowerment, one of the most significant is the direct effect of female autonomy on improvement in child health. Women empowerment helps in long-term economic growth (Saqib et al., 2016). Economic growth in India is determined by GDP growth rate in which savings play an important role, which comes from the household saving by women (Shrivastava, 2016). So, education of women and their empowerment can influence economic growth of a country in many ways. The contribution of human capital, education, and health

positively contribute to economic growth (Ogundari & Awokuse, 2018). Women's economic empowerment in a way leads to economic development and thus helps boosting economic growth (Haan, 2017).

### 3. OBJECTIVE AND METHODOLOGY

The main objective of this study is to find the determinants of women empowerment, measured through domestic decision-making, for rural women in a developing economy context. The area of study chosen is rural women in India, which can be representative of an average rural woman in similar developing economies.

For the present study we used primary survey. Almost 70% of Indian population lives in rural areas. If they are educated, they can contribute to the economic growth. In rural areas, majority of the population depends on agriculture for earning livelihood. There is linkage between education and rural development.

Rural communities often can offer significant human, material and intellectual resources. Once these resources are mobilized and given adequate support and direction, rural communities and their members can become both beneficiaries and important actors in the provision of basic education and in the transformation of the rural space. (Atchoarena & Sedel, 2003)

Our area of study focuses on rural Telangana women. In Telangana rural population sex ratio (females per 1,000 males) is 999 and the ratio of rural population to the total population is 61.12%.<sup>2</sup> In Telangana, rural female population is greater than urban population. For the study, we surveyed 692 women from four villages in rural Telangana through random sampling. Detailed literature review helped us identify some questions with which we did focus group interview and elicitation studies which further helped us in designing the questionnaire. After pilot survey to test reliability of the questionnaire, final survey was conducted. One to one in depth interviews were conducted using structured questionnaire. It was made sure to collect the data from the participants who gave voluntary consent. The data collected were further cleaned and coded. The data were analyzed with multiple linear regression techniques in STATA 13.

The questions related to domestic decision-making included are operating a bank account, managing their salary if working, their participation in family decision-making such as their children's health, education, house repair, etc., their access to their husbands' salary, decisions regarding borrowing, their saving attitude, and their ability to track their household expenditure. We have assigned number codes to the questions, that is, 1 for the response "yes" and 0 for "no." We added up all the questions to make an index. In case of Domestic Decision-Making Index, it varies from 1 to 13. 1 represents lowest decision-making power and 13 stands for highest level of decision-making power.

Based on the literature, the study identifies variables which might affect women empowerment. The study hypothesizes that the following variables might affect women empowerment positively: employment status of the women, self-income possessed by the women, educational level of the women, health awareness, awareness on legal and political rights, education of women's fathers and

mother's education, ownership and inheritance of property from parents, the age and type of marriage, the freedom the women were given during their school days, self-esteem, self-efficacy, household assets, and household income. We also try to find the differential effect of the village of residence through dummy variables where Village 3 is kept as base category.

The women were asked several questions to capture the above variables. The women were asked whether they were employed or not and whether they have their own income. For educational level, the study recorded whether the women were illiterate, Class V passed, Class X passed, Class XII passed, or graduate & above. Health awareness questions included visits to doctor, knowledge about contraceptive methods, usage of birth control methods, knowledge of government schemes on women welfare, material used during menstruation, hospital visit for pregnancy, and breast check-up. Awareness of legal rights included questions on whether they voted in last election on their own, knowledge about equal rights to property, awareness of prohibition of dowry, schemes on girls' education, and micro-finance schemes to start new business and laws against domestic violence. Political awareness included questions on whether they knew that women can participate in politics and even contest for village posts. The study, as suggested by literature, incorporates questions on social support that might affect empowerment. To capture this, father's and mother's education of the women, the age of marriage, type of marriage (arrange or love), inheritance of property from parents, and freedom of movement during school days (freedom to go to school alone or meet friends) are included as explanatory variables. Monthly household income in rupees were recorded, where different slabs were given to respondents. To capture household assets, the study recorded ownership of certain assets and an index was formed based on that.<sup>3</sup>

Self-esteem is about how we feel about ourselves whereas self-efficacy is belief in one's own ability. In our case, self-esteem can be defined as one's feeling about their physical appearance and importance of their presence in the household activities and belief to be an ideal role model as a mother or as a wife; whereas self-efficacy is the confidence that the women possesses to run household expenditure within budget and provide quality education and healthy life style to their children. This belief has huge impact on decision-making as they influence one's intellectual, behavioral, and emotional reactions in various circumstances. Women with high self-esteem and efficacy depend on their positive self-views and are likely to reach goals even in challenging situations (Alok, Raveendran, & Jha, 2015; Bandura, 1986). So, this study hypothesizes these two as important determinants of women empowerment.

The equation to be estimated is as follows:

$$\begin{aligned} \text{Women Empowerment} = & \alpha + \beta_1 \text{ Employment status} + \beta_2 \text{ Self-income} \\ & + \beta_3 \text{ Educational level of the woman} + \beta_4 \text{ Health awareness} + \beta_5 \text{ Awareness} \\ & \text{of Legal rights} + \beta_6 \text{ Awareness of political rights} + \beta_7 \text{ Father's education} + \beta_8 \\ & \text{Mother's education} + \beta_9 \text{ Assets inheritance from parents} + \beta_{10} \text{ Age of marriage} \\ & + \beta_{11} \text{ Type of marriage} + \beta_{12} \text{ Freedom of movement in school days} + \beta_{13} \text{ Self-} \\ & \text{esteem} + \beta_{14} \text{ Self-efficacy} + \beta_{15} \text{ Household assets} + \beta_{16} \text{ Household income} + \beta_{17} \\ & \text{Village 1} + \beta_{18} \text{ Village 2} + \beta_{19} \text{ Village 4} \end{aligned}$$

#### 4. DATA ANALYSIS

The study tries to find the determinants of domestic decision-making in this section through classical linear multiple regression model. There is no multicollinearity in the dataset.<sup>4</sup> Heteroscedasticity is also absent in the dataset.<sup>5</sup> The regression results are reported in Table 1. In case the woman is employed, Domestic Decision-Making Index increases by 0.962 compared to a woman who is unemployed, and similarly, if the woman has her own source of income, Domestic Decision-Making Index increases by 1.305 compared to a woman who does not have their own source of income.

Increase in educational level of the women, increases Domestic Decision-Making Index by 0.17. Increase in knowledge of legal rights by one unit, increases Domestic Decision-Making Index by 0.105. Increase in the educational level of mother of the woman increases Domestic Decision-Making Index by 0.429. If assets brought to marriage or inheritance from parents' increase by one unit, Domestic Decision-Making Index increases by 0.864. Increase in freedom of movement during school days of the woman by one unit, increases Domestic Decision-Making Index by 0.501. Increase in self-esteem by one unit, increases Domestic Decision-Making Index by 0.229. Increase in household assets by one unit increases Domestic Decision-Making Index by 0.0218 and increase in household income by one category increases Domestic Decision-Making Index by 0.293. The regression also included some village dummies to control

**Table 1.** Regression Analysis: Determinants of Domestic Decision-Making.

Independent Variables	Dependent Variable: Domestic Decision-Making
Employment status	0.962*** (0.302)
Self-income	1.305*** (0.303)
Educational level of the woman	0.170** (0.0822)
Health awareness	-0.0692 (0.133)
Legal rights	0.105** (0.0516)
Political rights	-0.286 (0.199)
Father's education	-0.250 (0.255)
Mother's education	0.429** (0.189)
Asset inheritance from parents	0.864*** (0.174)
Age of marriage	-0.102 (0.137)
Type of marriage (1=love; 0=arranged)	-0.243 (0.377)
Freedom during school days of the woman	0.501*** (0.173)
Self-esteem	0.229* (0.117)
Self-efficacy	0.00207 (0.00128)
Household assets	0.0218*** (0.00667)
Household income	0.293*** (0.112)
Village 1	0.910* (0.491)
Village 2	0.136 (0.361)
Village 4	-0.462 (0.333)
Constant	2.414*** (0.807)
Observations	691
R-squared	0.383

Note: Standard errors in parentheses; \*\*\* $p < 0.01$ ; \*\* $p < 0.05$ ; \* $p < 0.1$ .

village-specific effects. The study indicates some difference in women empowerment across villages, especially Village 1 has higher level of women empowerment and the rest of the villages are at similar level. This may be due to relative affluence level in Village 1 as compared to other three villages.

## 5. DISCUSSION AND CONCLUSION

The study measures women empowerment in terms domestic decision-making (decisions related to domestic and financial matters and children). The study finds that a woman being employed, having her own income source, higher educational level, knowledge of legal rights, higher educational level of the mother of the woman, having property in her own name, more freedom of movement given to the woman in her school days, having more self-esteem and belonging to a relatively affluent background increases domestic making power of the women and thus empowerment.

Domestic decision-making leads to women empowerment which shows their say in the family and the society. To attain this, government in developing countries need to focus giving employment opportunities to women so that they have their own source of income. This can be done by introducing micro-credit schemes so that women have access to credit and start their small scale businesses. Disseminating information about schemes of employment becomes important from the backdrop of policy perspective. Giving employment opportunities and conducive working environment to women are necessary for sustained growth and development of the economy.

There should be investment in educational opportunities, if not formally, may be through adult education, so that they can know their own legal rights, so that they get empowered in terms of decision-making. Even imbibing ICT training in adult education enhances women's entrepreneurial skills and thus empowerment (Widyastuti, Herawati, Wulandari, Arifin, & Handarkho, 2016). Rural women should be made aware about their legal rights especially related to micro-finance, domestic rights (e.g., against dowry and domestic violence) and various other schemes launched by the government especially on women and child. Only creation of schemes and laws are not enough; unless and until they are explained about them and their implementation at the grass root level, empowerment won't increase.

The component of women education has a trickledown effect, that is, as seen from results, a woman is more empowered if her mother is educated. Education of women is not only for their own income but also has a generational effect which cannot be ignored from development perspective. Thus, investment in women becomes a critical component of development. In this regard, gender responsive budgeting can play a significant role in overall development of women (Tosun & Bağdadioglu, 2016). Similarly, rural communities can be authorized to develop their own development programs and results related to Indonesia have shown that it has long-term effect in community empowerment (Santoso, Saleh, Suman, & Maski, 2017).