

## **Are Parental Trade-Offs between Spending Time with Children and Earning Money Associated with Young Children's Development?**

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Previous research shows that parental work arrangements influence the amount of time that parents spend with their children (Bianchi 2000; Booth *et al* 2002), parental psychological well-being (Barnett and Hyde 2001; Hoffman and Youngblade 1999), and the amount of money that parents have. Research also concludes that more of each of these resources (time, money, psychological well-being) is beneficial to children's development either directly, or indirectly through the quality of parenting behaviors and the home environment (Cowan, Powell and Cowan 1998; Hoffman and Youngblade 1999; Repetti and Wood 1997; Smith, Brooks-Gunn and Klebanov 1997).<sup>1</sup> In reality however, parents cannot simply maximize each of these resources; instead they typically must make trade-offs between resources. For instance, parents working longer hours may have less time available for their children, but more money, than parents working shorter hours. This two part project draws on the life course perspective, developmental theories, and economic models to examine the trade-offs that parents make when they select work-family arrangements (Part I), and whether these trade-offs are associated with young children's development (Part II and the topic of this paper).

Methodologically, this paper will examine the relationship between resource allocation and children's development in two ways. First, we can study whether particular patterns of resource allocation (typologies of resources such as lots of money but little time versus lots of time but little money) are associated with children's outcomes using a categorical variable for resource allocation in traditional regression models. A second strategy involves thinking about whether these resources are to some extent substitutable. Economists use the concept of a production function to examine the substitutability of resources, by estimating the function

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<sup>1</sup> See Hynes 2003 for a full review of previous research and for a more detailed theoretical discussion.

which substitutes one “input” (in this case financial resources), for another “input” (such as time spent with children) without altering the outcome (for instance the incidence of behavior problems). Using both of these methods, I expect to find that time and financial resources are to some extent substitutable, thus there will be a variety of resource allocation strategies that lead to the same child outcomes.

If parents are indeed making these trade-offs, and different resource allocation strategies are associated with similar child outcomes, then this trading off of advantages and disadvantages will provide one explanation for the lack of direct effects of maternal employment on children’s development that has been seen in the literature but not adequately explained. As such, this paper will begin to test whether the benefits of additional financial resources in essence “cancel out” the disadvantages of less parental time, and vice versa. This is not to say that individual children may not benefit from a particular resource allocation strategy at a particular developmental stage. Indeed it is likely that sometimes a child will benefit from additional money more than additional parental time, while at other times a child, even the same child, might need parental time more than money. However in the aggregate I do not expect to find one particular resource allocation strategy to be associated with better child outcomes. If these hypotheses are supported, this study will begin to help explain the lack of direct effects of maternal employment on children’s development, a finding which researchers and parents find counterintuitive since there are multiple indirect effects of parents’ work-family strategies on development.

This paper relies on data from the 1997 Child Development Supplement (CDS) of the Panel Study of Income Dynamics (PSID). The CDS has several distinct advantages over other data sets. First, the CDS was explicitly designed to assess the relationship between family

resources and children's development.<sup>2</sup> As such, detailed measures of parental time, financial, and psychological resources were collected, including time diary data gathered at the child level. Reliable child outcome measures (verbal and problem solving skills; behavior problems) are also available. The combination of time diary data and child assessments is unique to the CDS. A second key advantage of the Child Development Supplement is the availability of detailed measures for *both* parents. Many data sets collect information primarily about mothers, thus limiting our ability to understand the family's cumulative influences on children's development.

The primary limitation of the CDS is that only one wave of data is available for analysis, allowing for the examination of associations between concepts but not for the ascription of causality to any processes. This limitation will be addressed in several ways: (1) by incorporating information from the PSID on parental work histories, family income histories, and fertility histories into the control variables in order to account to some extent for earlier childhood experiences, and (2) by limiting analyses related to child outcomes to children ages 3-5 (n=514 children living with both biological parents) to control for the potential differences in resource needs of older and younger children and to reduce the number of unmeasured factors influencing children's development. Despite these efforts, this project cannot answer questions about whether changes in work arrangements *lead to* changes in resource allocation and whether these changes then influence children's development. Thus it cannot say anything about what parents *should* do, it can only examine the association between what parents *actually* do and their children's development.

Because of these data limitations, this project should be considered a first step toward looking at whether, and how, parental resource allocation strategies influence children's

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<sup>2</sup> See the Child Development Supplement 1997 User Guide at <http://www.isr.umich.edu/src/child-development/usergd.html>.

development. Theoretically, it is trying to push away from using a “social address” model (Bronfenbrenner 1989) in which we expect the simple fact of maternal employment to be associated with children’s development, toward a more realistic understanding of the cumulative impact of multiple parental resources, allocated simultaneously, on children’s development.

## References

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