

# Resource Safety Net or Maximum Utility? The Intergenerational Relationship in Chinese Family with Multiple Children

Ting Li, Yongai Jin

Center for Population and Development Studies  
Renmin University of China

**Abstract:** Chinese family is undergoing profound changes during the rapid social transformation. An interesting question is how the intergenerational relationships are coordinated within the family with multiple children. Two competing hypotheses are proposed to answer this question: utility maximizing strategy vs. resource safety net strategy. By using a national representative survey of old people in China, we find that: 1. There are mainly four types of intergenerational relationships in Chinese families: tight-knit, loose, independent and detached, with the first two types playing a dominant role accounting for a share of 72%; 2. The second hypothesis that Chinese families serve as safety net for members holds true either for parents or children. The family resource would float to the members who need most and the intergenerational relationship construct a bridge that facilitates the transfer.

**Key Words:** Intergenerational Relationship, Resource Safety Net, Maximum Utility, China

## 1. Background

During the past several decades, China has witnessed a dramatic social transformation which reshapes almost every aspect of the society. Chinese family, as the basic structural and functional unit, is also undergoing profound changes. The family size continues to decline and the family structure becomes simpler. However, the collapse of large extended family does not necessarily lead to the decline of family (Hareven, 1979; Silverstein, 1997). Many studies suggested that the change of living arrangement or the geographic separation did not destroy family connections (Shanas 1979; Adams 1968; Rosenmayer and Kockeis 1963). Instead, there emerged a loose, informally structured kinship network, within which mutual assistance and emotional support persisted. This network was usually defined as the “modified extended” family or “the latent kin matrix” (Riley 1983).

Intergenerational relationship referring to the interactions between older parents and their adult children is the most critical relationship flowing in the matrix. Comparing to the living arrangement or the function exchanges, the intergenerational relationship has a broader connotation encompassing dimensions such as structure, contact, affinity, consensus, function and norms (Bengtson and Roberts, 1991). While the living arrangement and function support denote the current status of resource exchanges, intergenerational relationship is more representative for the potential resources embedded in the latent kin matrix that can be activated when help is needed.

Research on intergenerational relationship has emerged as a popular topic in the field not only because of its importance but also due to its complexities. One such complexity is that the intergenerational relationship often involves both vertical and horizontal scopes. The vertical

scope refers to the dyadic nature of the relationship. That is, the intergenerational relationship depends on the characteristics of both parents and children. In comparison to the vertical scope, the horizontal scope is largely understudied in the literature. It is evident in the multiple-children family in which the parents may hold different types of intergenerational relationship with their different children. An interesting question then is how the intergenerational relationships are coordinated within the family. As considered by the “collective model” of family, family decision is usually made through bargaining among family members. The distribution of intergenerational relationship resource is likely to be determined by the relative characteristics of siblings as well as the conditions of their parents and thus is woven into the vertical and horizontal structure of the family.

There are two hypotheses regarding to how the intergenerational relationship is coordinated among adult siblings. The first one is the utility maximizing strategy stemmed from Becker’s classic theoretical framework emphasizing the efficiency of labor division within the family (Becker, 1981). That is, the distribution of intergenerational relationship resources would ensure the family as a whole to achieve the maximum utility. According to this perspective, parents with higher economic and health resources would maintain a more cohesive relationship with their better-educated children in order to provide housework support to the children whose opportunity cost of housework is high. On the other hand, when parents need more help from the family, they are more likely to attach to the lower-educated children whose opportunity cost of housework is low (Ma and Wen, 2016).

Another competing hypothesis posits a different logic that family is more likely to serve as a safety net for its members than act as a rational unit to pursue maximum utility. According to this perspective, the family resources would float to the members who need them most and the intergenerational relationship constructs a bridge that facilitates the transfer. It could be hypothesized that when parents hold more economic and health resources, they would likely to form a closer relationship with the children who have less resources in order to share resources. Vice versa, when parents are poor in resources, the children with better resources would step in to have a tighter relationship with their parents in order to provide more assistance for the parents.

In this study, we employed the national representative data of Chinese Longitudinal Aging and Social Survey (CLASS) to test these two competing hypotheses.

## **2. Data and Method**

We use data from the first wave of CLASS conducted in 2014 which include the information of people aged 60 or older and their children. The CLASS was conducted by Renmin University of China, aiming to better understand the problems and challenges that face older Chinese people in the ageing process in China. In this study, we restrict our sample into old parents who have at least two adult children. 10,979 pieces of information from respondents of old people and 28,903 pieces of information from their adult children are used to conduct statistical analyses.

Intergenerational relationships are multi-dimensional and complicated. Living arrangements, housework and financial transfer between parents and their adult children, emotional support and so on can all reflect intergenerational relationships from different perspective. To synthesize the multiple dimensions of intergenerational relationships into a parsimonious form, we adopted K-means clustering method to construct a measure to represent the overall cohesiveness of the relationship. Following traditional practice, we constructed intergenerational relationship type

from three dimensions (Silverstein, 1997): affinity (measured by the total score of three subjective closeness assessment of old parents on their relationship their children), structure (measured by the residing distance and contact frequency between parents and their adult children), and function (measured by the housework and money transfer between parents and their adult children, as well as the grandchildren caregiving). Based on the three dimensions above, we get a typology of four relationships: tight-knit, loose, independent and detached, the cohesiveness of which varies from a very high level to a very low level.

The dependent variable has four categories, so we further employ two-level multinomial logistic regression assuming clustered standard errors within the family to explore how adult siblings coordinate their relationships with parents. Parents' years of schooling and housing assets are two indicators to represent parents' socio-economic resource, and the instrumental activities of daily living (IADL) indicate parents' health resource. Adult children's education and their relative education within the family are used to measure their socio-economic status. Other control variables include parents' age, gender, religion, job, activities of daily living (ADL), whether or not living in the urban areas and their children's age, gender, subjective evaluation of economic status from parents.

### 3. Results

#### 3.1 Intergenerational Relationship Typology

Four meaningful intergenerational relationship types are derived from the K-means analysis. The clustering result is presented in figure 1. We label the first cluster as the "tight-knit" type demonstrating that adult children are highly engaged with their parents in almost all the relationship dimensions. The second cluster can be named as the "loose" type which is characterized by a farther living distance, but a high level of financial exchange and positive emotional bonding. The third cluster "independent" shows old parents only hold a closely emotional connection with their children. The final one has all negative interaction scores between old parents and their adult children, suggesting a "detached" relationship type.

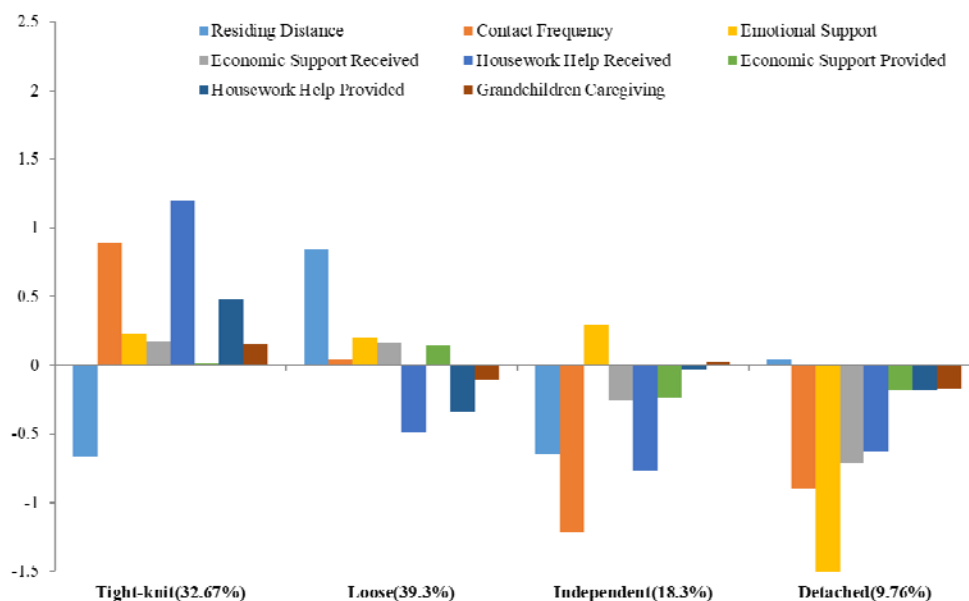


Figure 1 Intergenerational Relation Types

About one third of the adult children still hold a tight-knit type with their parents and only

10% of children are detached from their old parents. We also constructed a measure to reflect the most cohesive relationship for the old people with their children within the family. The results show that 54.5% of old people have their most intimate relationship with their children as the tight-knit type and less than 5% of old people are detached from all of their children. Obviously, the tight-knit and loose relationships are the dominant intergenerational relationship types in Chinese families.

### 3.2 Parents' resources and the coordination of intergenerational relationships among adult siblings

We first look at how adult children's characteristics are associated with their relationships with parents. Overall, children with more education and higher economic status have lower likelihood to be in an independent and detached relationship with parents. In other words, they are more likely to be in a cohesive relationship with the parents, which emphasizes the important role of economic resources in shaping intergenerational relationships. Note that compared to be in a tight-knit relationship, children with more education and higher economic status have higher likelihood to be in a loose relationship. The difference between the two types is that the loose type is characterized by no housework help exchange between parents and children and also long residing distance, but economic and emotional interactions are similar. Children with higher socio-economic status are more likely to live far away from parents so that housework help is not available, but still parents and children maintain cohesive bonds with each other.

From the perspective of parents, we find that older and unhealthier parents are less likely to be in a loose, or independent relationship. This is because older and unhealthier parents need more economic support and caregiving from children, which implies that intergenerational relationships in China families are mostly based on needs. A tighter relationship will be formulated when help is needed from the parents' side. Parents with higher education, indicating higher SES, have lower relative odds to be in an independent or detached relationship than in a tight-knit one, which again underlines the importance of economic resources in intergenerational relationships in Chinese families. But parents with higher education have higher relative odds to be in a loose relationship vs. in a tight-knit one, which implicates that parents with more economic freedom will be independent in living arrangement and housework but still keep a tight bonding with children on economic and emotional exchange.

Table 1 Multinomial Regression on Intergenerational Relationships

	Loose		Independent		Detached	
	Coef.	S.E.	Coef.	S.E.	Coef.	S.E.
<b>Parents Characteristics</b>						
Age	-0.013**	0.004	-0.017***	0.005	-0.008	0.007
Sex (1=male)	0.068	0.044	0.032	0.057	0.179*	0.078
Years of schooling	0.016**	0.005	-0.024***	0.007	-0.019+	0.010
Religion (1=Yes)	-0.095	0.058	-0.096	0.076	0.113	0.099
Job (1=Yes)	0.232***	0.054	0.027	0.071	0.072	0.096
Houses owned	0.042	0.040	-0.017	0.054	0.107	0.067
ADL	-0.017	0.019	-0.072**	0.026	-0.022	0.027
IADL	-0.063***	0.010	-0.025*	0.012	0.003	0.015
Number of children	0.084***	0.017	0.174***	0.021	0.101***	0.027
<b>Children Characteristics</b>						
Age	0.002	0.003	0.013**	0.004	0.017**	0.006
The oldest sibling (1=Yes)	0.023	0.032	0.024	0.039	0.031	0.049
Sex (1=male)	-0.509***	0.031	0.050	0.039	0.010	0.048
Years of schooling	0.020***	0.006	-0.059***	0.007	-0.082***	0.009
Economic status	0.079**	0.026	-0.074*	0.034	-0.428***	0.047
Urban	-0.316***	0.044	-0.319***	0.058	0.007	0.076
Constant	0.693**	0.220	0.526+	0.286	0.072	0.381
Observations	28,903		28,903		28,903	

Note: \*\*\* $p < 0.001$ , \*\* $p < 0.01$ , \* $p < 0.05$ , + $p < 0.1$ .

We further examine how adult siblings coordinate the resources with each other and deal with the relationships with parents. Interaction terms of parents' health, education, and housing assets and their children's relative socio-economic status are used to test the two competing hypothesis proposed at the beginning: The intergenerational relationships are coordinated based on the maximum utility principal among family members vs. Family is more likely to serve as a safety net to ensure resources to flow to where it is most needed.

As presented in table 2, the interaction term of parents' IADL and their children's relative education, which marks the highest education or the lowest education among siblings, are all statistically significant. Specifically, when parents are in a worse health status, the child with the highest education among siblings are more likely to be in a tighter relationship with parents, while the child with the lowest education are more likely to be in a loose, independent and detached relationship with parents.

Table 2 Multinomial Regression on Intergenerational Relationships (with interactions)

	Loose		Independent		Detached	
	Coef.	S.E.	Coef.	S.E.	Coef.	S.E.
IADL*Highest edu	-0.019	0.012	-0.030*	0.014	-0.033*	0.015
IADL*Lowest edu	0.024*	0.012	0.038**	0.013	0.037**	0.014
Housing assets*Highest edu	0.126+	0.072	0.149+	0.086	0.179+	0.105
Housing assets*Lowest edu	-0.139+	0.073	-0.173+	0.089	-0.186+	0.104
Education*Highest edu	0.016+	0.008	0.010	0.011	-0.002	0.013
Education *Lowest edu	-0.017*	0.008	-0.016	0.011	-0.011	0.013
Controls	Yes					

Note: \*\*\* $p < 0.001$ , \*\* $p < 0.01$ , \* $p < 0.05$ , + $p < 0.1$ ; IADL: old parent's instrumental activities of daily living, Housing assets: the number of house the parents owned, education : the parent's year of schooling; highest edu: the child has the highest education among siblings, lowest edu: the child has the lowest education among siblings; other variables are controlled in the models but not shown on table 2.

In terms of parents' socio-economic resources, when parents have more housing assets, the child with the highest education has a higher relative odds to be in a loose, independent or detached relationship vs. in a tight-knit relationship. On the contrary, the child with the lowest education is more likely to form a tight-knit relationship with parents when parents have more economic resources.

The results suggest that families serve as a safety net for members, in which either the parents or children can be resource providers or receivers, which depends on their own resources. When either of the two sides need help, the mechanism of family acting as a safety net would be activated and the side who hold more resources will involve to help. For example, the child with more economic resources will be support providers if their parents are in poor health. Parents can also be resource providers to their economically disadvantaged child if they hold more economic resources. These results provide evidence for the second hypothesis.

#### 4. Conclusion and Discussion

Main findings are summarized as following:

- (1) Although ongoing rapid social changes have transformed many aspects of Chinese families, cohesive intergenerational relationships still play a predominant role. Tight-knit and loose relationship types share 72% among all the four types, reflecting the profound and lasting influence of traditional Confucian culture.
- (2) Supply-demand perspective can be applied to understand intergenerational relationships in Chinese families. On one hand, children who are capable of providing resources are more likely to be in a more cohesive relationship with their parents. On the other hand, the relationship is also shaped by parents' need, which is evidenced by the fact that older or unhealthier parents are more likely to be in the tight-knit relationship with their children.
- (3) As with the distribution of intergenerational relationships among siblings, the second hypothesis that Chinese families serve as safety net for members holds true. When parent side has more health or economic resources, the resources are more likely to flow to the child who needs help so that the parent and disadvantaged child maintain a more cohesive relationship.

Similarly, when parent side are poor in health and economic status, the child with more resources (having most potential to be help provider) will step in to help parents so that the parent and the child are more cohesively bonded with each other.

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