

THEORETICAL MODELS OF CHILD CARE DECISION MAKING

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Why an interest in child care decision making?

- Widespread and growing interest in child care
- Significance of the early years
- Key to the work-based social safety net for low-income families
- Low quality of many child care arrangements
- Want to know why do parents decide to use the care they do to see if those decisions and ultimately child outcomes can be improved through changes to policy and practice
- Policy areas depend on an understanding of child care decision-making, including:
 - Subsidy policy
 - Welfare and Work Supports policies
 - Work & Family policy
 - Quality Improvement Efforts

Why is this a challenge to figure out?

- Child care decisions are complex and often invisible.
- Some market-like aspects to child care, and many non-market like aspects.
- Confounding “Use” with “Preference”
- Preferences are difficult to interpret because “choices” are often constrained.
- Access and use of child care arrangements remain highly stratified by family income and other demographic characteristics.

Four Conceptual Frameworks of Child Care Decisions

- Economic “Choice” Model
- Social Network Model
- Psychology & Behavioral Economics
Insights into Decision Making
- Accommodation Model

Economic Choice Model of Decision Making

- Consumer or Consumption *Choice* Theory
- Also called “rational choice” models, posits that individuals relate their personal *preferences* to the set of alternatives they face by considering tradeoffs among the options relative to their preferences, and make a choice that *maximizes their satisfaction*.
- Choice models recognize that choices are subject to budget *constraints*; Individuals make decisions about the type, quality, and quantity of a good or service to use subject to *constrained optimization*.

Economic Choice Model of Decision Making (cont)

- Appeal of choice models
 - *Well-structured* so that one can weigh multiple personal and care factors that go into parents' preferences and thus the nature of the tradeoffs that go into making child care decisions.
 - Individual care *choices are easily aggregated*.
 - Aspects of the model are *empirically testable*
 - Offer strong *predictive capacity* so one might measure how a price change or particular policy change might alter child care choices
- Choice models have shown to be empirically effective in explaining how the directions of changes in care choices that might occur as a result of changes in prices (Blau).
- However, choice models have been less effective in demonstrating role quality plays in choices and leaves many aspects of the variations found in child care choices unexplained.

Economic Choice Model of Decision Making (cont)

- Problems with using choice models alone in explaining observed child care decisions
 - **Problematic Assumptions** in the economic “choice” model that may not be true for child care decisions, or at least many child care decisions.
 - *Preferences* for child care *not static and exogenous*; and may not be revealed in observed child care decision.
 - Good or full *information* regarding alternatives may not be available and there are significant *asymmetries of information*
 - *Individual and discrete* nature of choices not the case for many child care decisions.
 - **Market Failures** in child care include imperfect information and potential externalities to child care decisions.
 - **Complexity** of child care decisions for which the economic model does not account including the multiplicity of significant constraints(cost, supply, job schedule, information), segmentation in the child care market, and timing and simultaneity of decisions

Social Network Model

- A sociological network model of decision making considers how individual choices are **mediated by social relationships**.
 - Family, friends, relatives, neighbors, coworkers
 - Also formal/professional ties and organizational/service-related ties
- According to a network model, individuals are instrumental and rational in their approach to decision-making, however choices are shaped by social network characteristics and processes.
 - Network models do not “ignore individuals, their self-interest, their purposive action, or their rationality; [the sociological network model] simply **assigns them a different priority in action**” (p. 1099, Pescosolido, 1992).
- How social networks matter for child care? Social networks are an important source of **information, support, and influence**. As such, they shape child care choices by:
 - Providing information about child care opportunities (thereby influencing the type and quality of information available to families)
 - Providing concrete child care support and financial assistance (thereby affecting child care supply)
 - Exerting normative pressure – telling network members what kinds of care are acceptable or not (thereby influencing preferences)

Not all networks are the same

- Networks can be *opportunity enhancing* or *opportunity limiting* depending on their characteristics.
 - Strong vs Weak Ties (and other structural dimensions of networks, such as density, reciprocity, network size)
 - Characteristics of network members (e.g., SES, gender, race/ethnicity, social roles and expectations)
 - Quality of interpersonal relationships (e.g., conflict, trust)
- Characteristics such as those above will influence:
 - The type and quality of information and resources that are transmitted across network ties
 - The degree to which networks shape preferences or regulate behavior
 - How motivated network members are to provide information and support

Contributions of Social Network Approach to Understanding Child Care Decision Making

- Overall, this approach directs attention to the role that social relations play in shaping **preferences, information, choices,** and actual **decisions**.
- **Information campaigns** about child care and child care assistance will likely be more successful when:
 - the **message is consistent** with network values and norms, and
 - the campaign strategically **involves social network members** to shape and communicate the message to the communities of interest
- Social networks are critical part of **child care supply**, that may be easier to access (because of cost, availability, motivation). Alternative options will have to compare favorably to network alternatives in order to be considered.

Psychological/Behavioral Economic Approaches to Decision Making

- Decision-making as studied by psychologists and behavioral economists is concerned with how normal psychological processes interact with social-contextual factors to influence behavior.
- According to this perspective,
 - we rely on **heuristics** – cognitive short-cuts – to make decisions.
 - In many cases, heuristics result in **good and efficient decisions**.
 - This is especially true, when we have good information and familiarity with the situation, and when we receive direct and immediate feedback about our decision.
 - But in other cases, heuristics result in **bad decisions**, or in **no decision** (i.e., we accept the default).
 - This is especially true when we are unfamiliar with the topic, when good information is difficult to obtain, and when poor feedback precludes us from evaluating the consequences of our decisions.
 - *Child care decisions may be more likely to fall in this category*
 - Decisions are **highly sensitive to the environment**. Relatively minor changes in the environment can have large effects on choices.

Why do we rely on heuristic processing?

- Central tenet of modern psychology is that **individuals construe their environment** (Bruner, 1957). These *mental representations* – not the environment itself – influence our attitudes, evaluations, and actions.
- Understanding the objective world is difficult and complex: **cognitive limitations, motivational considerations, structural barriers, and time constraints** require us to make use of simplifying strategies (or heuristics), allowing us to come to reasonable or “satisficing” conclusions (Simon, 1955).
- These simplifying strategies lead to **systematic biases in cognitive processes** that affect our decisions.
 - Many examples of systematic biases (availability bias, status quo bias, category-based judgments, anchoring, and so on).
 - Psychological biases **challenge notion that individuals are rational actors**, in the sense of a traditional economic choice model. They may be purposive and instrumental in their motivations, but normal psychological biases interfere.

Contributions of Psych/Behavioral Econ Approach to Child Care Decision Making

- Behavioral economists have applied research knowledge of psychological biases and heuristics to program and policy design questions (see Thaler & Sunstein, 2008).
 - People need “nudges” to direct them toward the preferred policy choices
- Keys to effective policy design:
 - Make preferred options **defaults**, rather than choices.
 - Do not provide too many options; **fewer is better**
 - **Simplify** information about eligibility and incentives in policy
 - **Minimize hassles** around eligibility and recertification
 - **Allow mistakes** and correctives
 - Provide frequent **feedback**
- The types of child care parents use and their use (or not) of subsidies will depend on what is easiest, most familiar, and requires limited change.
 - To change people’s child care choices or to encourage subsidy use would require consideration of the policy design issues above.

Accommodation Model of Decision Making

- Borrows from and elaborates upon Meyers and Jordan (2006).
- Decisions are seen as “contextualized patterns of action” that are understood as parental *accommodations* rather than *choices*; more fully elaborates upon and accounts for parental decisions about child care, particularly in highly constrained decision environments.
- Draws from *multiple theoretical traditions* including sociology, economics, psychology.
- Decisions accommodate market, family, and social realities; reflect trade-offs among very diverse aspects of care and between their caregiving and employment roles.
- Alternatives (or “choice sets”) are linked to *structural sources*, and are rarely free-standing alternatives.
- Model gives significant attention to environmental contexts or *contexts of action* (e.g. workplace, household, child care center, school, neighborhood)

Accommodation Model of Decision Making

- Social networks play an important role in accommodation model, particularly that networks as supplier of information and support (care).
- Places more emphasis on contexts (geographic, organizational) and environment in which decisions are made than network model alone does.
- Considers role of social structure in shaping alternatives.
- Social interactions shape preferences, which are dynamic as a result. Repeated social interactions within group can create norms or taken-for-granted patterns of action and may operate outside the network.
- Consistent with psychological model, builds into the model the idea of “short-cuts” or “bounded choices”
- Allows that decisions can be “purposive,” like in a rational choice model but that they need not be (people have multiple motivations and may not be deliberative).

Next Steps: Implications for child care research and policy analysis

- How we conceptualize child care decision-making has implications for how we design research studies to understand child care choices, how parents consider quality in child care decisions, and how subsidies may or may not support alternative care choices.
- Develop robust research designs that recognize both purposive, individual actions and social contexts of decisions.
- Implies using mixed methods approaches well aligned to research questions including aspects of decision mechanisms that may be able to be isolated (price change impacts) and generalized among larger populations, and insights about difficult to observe interactions between family and social processes. Use longitudinal designs to examine transitions and timings of decisions.
- Consider policy levers that respond to complexity of decision-making process.

Comments/Suggestions

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