

# RESEARCH INSIGHTS



## What Can We Learn from Three-Generation Households?



In the last five decades, living with extended family has become more common around the globe.



In Mexico, the share of three-generation households has increased by nearly 20% in both urban and rural areas in the last 15 years.



Among other differences, the gender gap in employment is significantly smaller for three-generation households, and it is narrowing faster.

### CONTEXT

In Latin America, more than in other regions, three-generation living arrangements are increasingly common. In Mexico, three-generation households account for 20% of the population, and that share has risen in the last 15 years. This type of household differs from others in allocating time to activities inside and outside the house. Hence, understanding the employment dynamics of three-generation families is vital to guiding targeted policy in the region.

### PROJECT

The Inter-American Development Bank published a novel dataset on three-generation households in Mexico from 2005 to 2020. The project identified three-generation homes from 61 quarterly Occupation and Employment Surveys conducted by the Mexican Statistical Authority (INEGI), with data on over 200,000 homes and more than 1.2 million people. Individual data include, among other variables, gender, educational attainment, marital status, employment, income, and hours worked. It is also possible to identify each member of the household. This dataset additionally incorporates National Survey of Employment and Social Security (ENESS) information on child-care, including cost and time dedicated to providing care.

#### Key Concept



#### EMPLOYMENT DYNAMICS

Changes in labor force participation status such as employment, hiring, and retiring.

## RESULTS

The data show that the gender gap in employment between men and women in three-generation households is 13 percentage points between 2006 and 2019—half the size found in other homes. Two forces contribute to the smaller gender gap in three-generation households: men in three-generation households are 11% less likely to be employed, and women in three-generation households are 19% more likely to be employed.

In addition, women in three-generation households work more if they are mothers and less if they are grandmothers. Grandmothers in three-generation households likely allocate time away from employment and towards providing care for their grandchildren. [Figure 1](#) shows that mothers between 20 and 29 years are almost 10 percentage points (i.e., 40 percent) more likely to be employed. However, this pattern reverses in later life. Mothers in three-generation households in their forties and onwards are less likely to be employed when they become grandmothers.

Three-generation households also differ in the number of hours worked. Employed men and women are more likely to work 35 or more hours a week (full time) if they live in three-generation households. While almost 90% of the employed men in three-generation households are employed full time, less than 80% of employed men in other families are employed full time. The gap for women is more pronounced. While 80% of employed women in three-generation homes work full-time, just 50% of employed women in other households work full time.



### Key Concept

#### THREE-GENERATION HOUSEHOLDS

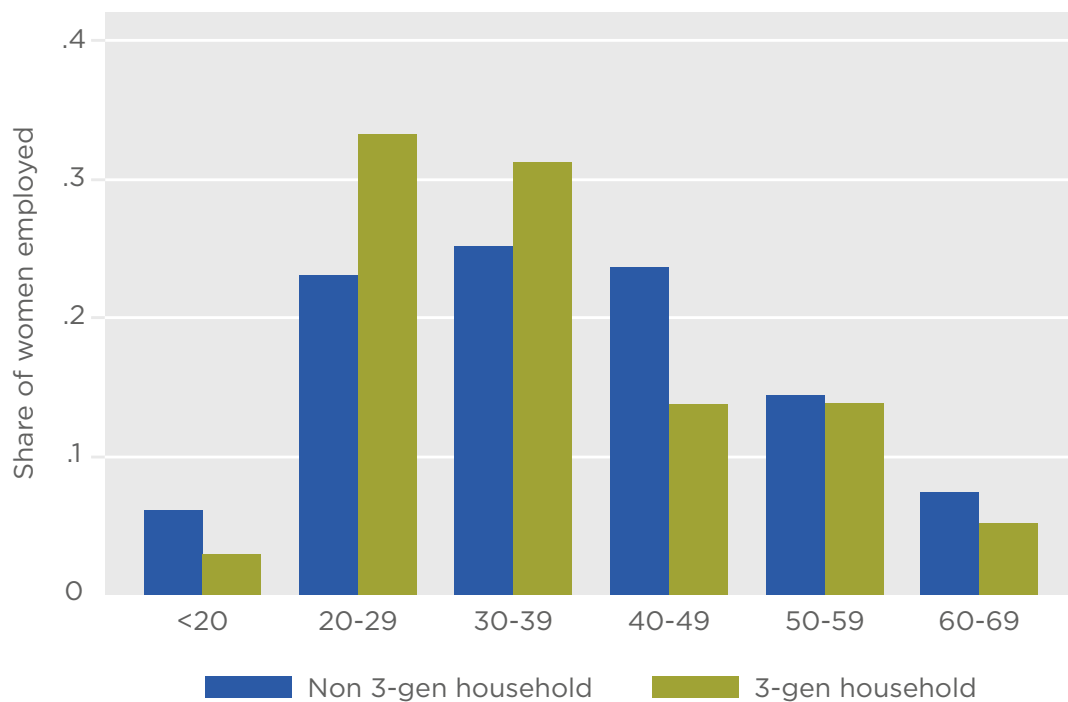
Multigenerational family households where two or more adult generations live together under the same roof; this generally includes a grandparent, parent, and child.

## POLICY IMPLICATIONS

Effective policies must account for household composition and how within-household roles vary when extended family lives in the same household. Three-generation households and the role of grandparents, especially grandmothers, have been the focus of many studies regarding household time and resource allocation. For example, [this study](#) shows that resources are re-allocated differentially within families based on which grandparent receives a pension. In particular, it shows that when women receive an old age pension in South Africa, there is a positive impact on the weight and height of girls. However, there is no effect on children when men receive the pension or on boys when women receive it. Regarding time allocation, this [IDB Study](#) shows that the grandmother's death dramatically reduces a mother's labor force participation in three-generation households through its impact on childcare availability. This phenomenon poses a tradeoff for policymakers whereby increasing the labor force participation of mothers aged 20 to 40 may come at the expense of reducing it for grandmothers, and vice versa. Thus, policies to improve access to affordable and high-quality childcare services could increase the labor force participation of mothers and other family members, such as grandmothers.

This novel dataset is a valuable tool for policymakers to gain insights on how different three-generation households are regarding employment dynamics and time allocation. We learn that not only is the gender gap in three-generation homes smaller, but also that it is narrowing faster. From 2006 to 2019, the gender gap in three-generation households narrowed by 28%, while it narrowed by only 11% in other homes. Policymakers can leverage these demographic trends to design and target programs to impact labor force participation, household resource and time allocation, and transfers that affect all of these.

**Figure 1. Share of Employment by Age and Type of Household among Women Who Are Mothers/Grandmothers**



*Note:* The sample used to calculate the average in three-generation households is composed of mothers for ages under 40 and grandmothers for older ages.



### RELATED DATASET

[Talamas Marcos, Miguel Ángel. 2023. Data and Replication Materials for “Grandmothers and the Gender Gap in the Mexican Labor Market.” Washington, DC: Inter-American Development Bank Research Department.](#)

## DEPARTMENT OF RESEARCH AND CHIEF ECONOMIST

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