

**INVESTING IN CHILDREN: STUDY OF RURAL FAMILIES
IN INDONESIA**

by
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(ABSTRACT)

One of the family's responsibilities is to conduct activities of early childhood education and child care which prepare children for further education and human capital development. This study focused on family behavior in allocation of time and income for investment in children. This study used a pre-existing database with a total sample of 301 rural families with one child aged 2-5 years from three villages of Agam (West Sumatera) and two villages of Wonogiri (Central Java). Interviews and testing were conducted at each sample's home. The data were analyzed using descriptive and statistical analyses. Rich and small families invested significantly more time and money in children than poor and large families. Mother's working time, child's age, and family type had negative and significant influence on the amount of time spent on children. The families that devote more time in children spend and invest less money in children. Javanese families in the study invested less money but more time in children, while Minangese families invested more money but less time. The amount of time spent for children had a positive and significant influence on the child's nutritional status, and an insignificant impact on the child's IQ score. Besides the amount of time devoted to children, the child's nutritional status also was influenced by the child's age and gender. Also, the child's IQ score was significantly and positively influenced by the father's education and negatively by family size, family type, and the child's age. Based on the findings, it was apparent that poor families may be continuously trapped in poverty, because of less ability to invest in children. Parental investment in children may lead to better child quality. This study provides evidence that mother's time spent outside the home may lead to less time investment, and less time investment may negatively influence the child's nutritional status.

As policy is formulated, non-economic as well as economic aspects should be considered. Additional research is needed to further explore the most appropriate measure of child quality and the variables which influence child quality.

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