Baby-Boomers' Investment in Social Capital: Evidence from the KLOSA

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This Study

Social Capital

- its role in human capital accumulation & other economic decisions &

  its consequences for econ. , health outcome, life satisfaction
- input as well as output of economic choices

Questions

- The level of investment in SC and its determinants in later life stages

Procedure

- Descriptive: its distribution, degree of inequality
- Investment decision and stocks
- Private vs. public investment in SC   the role/effectiveness of public policy

Methods: a standard K-accumulation model

- principal component analysis: to generate measures of social network & trust
- linear regressions w/panel data methods: to identify the

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Social Capital Accumulation Model

- AR to SC: R(S, S-, H)   indiv. SC, community SC, human capital
- Average outlay of time on the acquisition of SC: C(I, I-,S-, K)
        physical K
- The stock of SC: S = (1-d)S(t-1)+I(t-1)
- Rent in remaining lifetime (T-t) f. SC accumulation   : U s.t. S
- Investment in SC: I* =argmax{U| history of I}
- FOC for max. Rent w.r.t. I: MC(SC) =   Return of SC over remaining lifetime
- the linear empirical model in eq. 5

A static linear principal component analysis of SC and I in it

- a single index of SC and investment on SC from
        social networks, memberships, economic trust (page 7)

Explanatory Variables: pages 8~9

Estimation and identification issues due to conceptual and measurement problems

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KLoSA

- 4 bi-annual waves since 2006
- 10,000 individuals aged 45 and older f. 6,000 families
- information on social networks, trust, financial interactions, life-expectancy,
  health status, personality, economic situations, etc.
- some imputations and additional information f. KOSIS

Results on SC Investment (table 2)

- SC in the community, Investment in SC by peers: + effect!
  FE(3): No effect: churches, clinics
          + effect: pop45+   - effect: elder facilities, health centers
- Physical K   assets: no effect
                home value, vehicle: + effect in OLS & RE, no effect in FE
- Human K   education: + effect in OLS & RE, no effect in FE

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Results on SC Investment (table 2)

- age: not consistent effect by models
- spending on social activities: no effect in FE, - effect in RE, inconsistent in OLS
- home ownership: - effect in general   Home value and ownership?
- age: - effect in FE, inconsistent in OLS, RE time to retire: no effect in FE
- Female: + effect in general
- Travel freq.: + effect
- + effect of the city size

Results on Life Satisfaction (table 4)

- Social capital has a significant effect as expected!
- FE model: + Sat(Health), Sat(Economic), Assets, home value, HH income
- age

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Implications

 - SC is an important component in happiness
 - Baby-boomers suffer from limited social network
        either through own isolation or excursion by their
communities
 - More care and participation from the public sector
    to promote social and civic engagement of elderly
    using low-resource interventions like providing meeting places &
    ensuring good access to health services
 - The basic analytical skills & the ability to recall information
        by placing an emphasis on proper health care in an ageing
society
 - Promotion of elderly employment
        public employment or public-private partnerships
        part-time utilization w/enforcement of anti-discrimination laws

Comments: Data and sample

Baby-boomers: born between 1955~1963
            aged 43~51 in 2006   (7,174 thousands, 15.0%)
∅ KLoSA does NOT cover all the baby-boomers (aged 45 and older in 2006)
     Sample is NOT for the baby-boomer.

Population of 45+ in 2006: 16,067 thousands (33.2%)
         a.t. Population Projection (2016) by NSO

Indexes for the Stock of and Investment in SC (page 10)
         How often the respondents meet their peers?
         What type of groups they participate in and how frequently?
 ∅ same are used for both?
     SC as the stock and investment as the flow!

Comments on Satisfaction

Life satisfaction = happiness/overall quality of life
                     = weighted average of various satisfaction
                     such as health satisfaction, economic satisfaction, ...
Health Satisfaction = f(health status,...)
Economic satisfaction = f(economic variables,...)
         ∅ Health/economic satisfaction as explanatories?
             Throughput rather than input
 Human capital   health status rather than health satisfaction
                     physical shape: no effect or negative effect?
                     education: no effect?
HH assets & debt   various types of assets, home ownership,
                     debt?
                     HH income/SQRT(the # of hh members)
Age has negative effect? Why? Something is missing!
                     square of age
                     economic status: work or not, retired,...

Comments on Satisfaction

MSR Sat(married) > Sat(never married)!

   Sat(married) < Sat(never married) in FE?

   Sat(widowed) > Sat(never married) ?

   Sat(widowed) < Sat(never married) in FE!

   Sat(divorced) > Sat(never married) ?

Large city has – effect?

Work is a VERY important social capital, which integrates individuals into society.

   Sample in this study is aged 45 or older

   Many of them(the younger) is still working at their career job

   while others (the older) are completely/partially retired.

   So employment status is important in life-satisfaction model, which is

   closely related with age.

Comments on Implications

Work is VERY important social capital!
  - retirement at age of 60 or earlier but pension entitlement at age 62 now (65 later)
  - age discrimination should be abolished: long way to go!
  - partial retirement system with part-time work is necessary
 - most baby-boomers in this study are working in 2006 and
   some of them, who are aged 55 in 2010, started to exit from the labor market

Hardship of the Korean elderly
   unexpected early exit from the labor market
   without guaranteed post-retirement income stream
   because of too much investment on their sons/daughters' education.

Other implications are acceptable.

Thanks a lot!