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The Impact of Social Embedment on the Possibility to Make Ends Meet for Older People in Germany

Background and Research Questions

The ageing process is due to low fertility and rising life expectancy one of the major future demographic trends that the most developed countries have in common. Germany is no exception: today the share of older people (55+ years) comprises about one third of the population in Germany. The share of this age group is expected to exceed the limit of 40% in the 2020s. According to this development an increasing number of retirees in this time period are an expectable consequence. Taken this trend into account and the fact that times spending in retirement have expanded by around seven years in the last forty years the German government implemented political measures to postpone retirement age, in particular by reforming the public pension system (lowering the replacement rate, or increasing the statutory retirement age by two years). As a result the fear is under discussion whether it will become increasingly difficult for older people to deal with their economic situation. Possible future poverty among older people is a rising concern.

Based on these macro-level circumstances the question arises how the economic household situation of older people is evaluated by themselves and which aspects have an impact on it. In this paper we will show the relationship between the questions how older respondents are able to make ends meet and their social embedment. On the theoretical grounds of social capital[1] we analyse if it could have compensatory or cumulative effects. Social capital is among other forms of capital (e.g. economic, cultural, or human capital) an essential resource for individual living conditions. Especially retirees with low income are faced with strongly limited possibilities to make up for economic resources. Therewith social networks and support are crucial for this age group.

In a previous paper (at that stage in reviewing process) we found a significant correlation between the social embedment and the ability to make ends meet for older Turkish migrants in Germany.[2] This result inspired us to pursue this research question and broaden it to the population aged 55 to 79 years in Germany. The motivation for considering the subjective view on the income situation is the observed discrepancy to the actual economic situation of

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[1] Bourdieu, Pierre, 1983: Ökonomisches Kapital, kulturelles Kapital, soziales Kapital. In: Kreckel, Reinhard (Hrsg.): Soziale Ungleichheiten, Soziale Welt, Sonderband 2, Schwartz: Göttingen: 193-198, Coleman, James S., 1988: Social Capital in the Creation of Human Capital. In: The American Journal of Sociology, Vol. 94, Supplement: Organizations and Institutions: Sociological and Economic Approaches to the Analysis of Social Structure: 95-120

[2] Micheel, Frank; Naderi, Robert, 2010: Subjektive Einschätzung der ökonomischen Lage älterer Türkinnen und Türken im Zusammenhang mit ihrer sozialen Einbindung. In: Zeitschrift für Bevölkerungswissenschaft (forthcoming)

individuals, especially of older respondents (see figure 1). This can be related to a point which is described as "satisfaction-paradox". There is no doubt that the income level influences the subjective view on the economic situation. But the variance is large enough to assume additional influences. The finding from our previous study supports this hypothesis: Social embedment (measured by self reporting) has a significant effect on the positive evaluation of the own economic situation (see figure 2).

Figure 1:   Ability to make ends meet by equalised net income, respondents aged 55-79, in percent
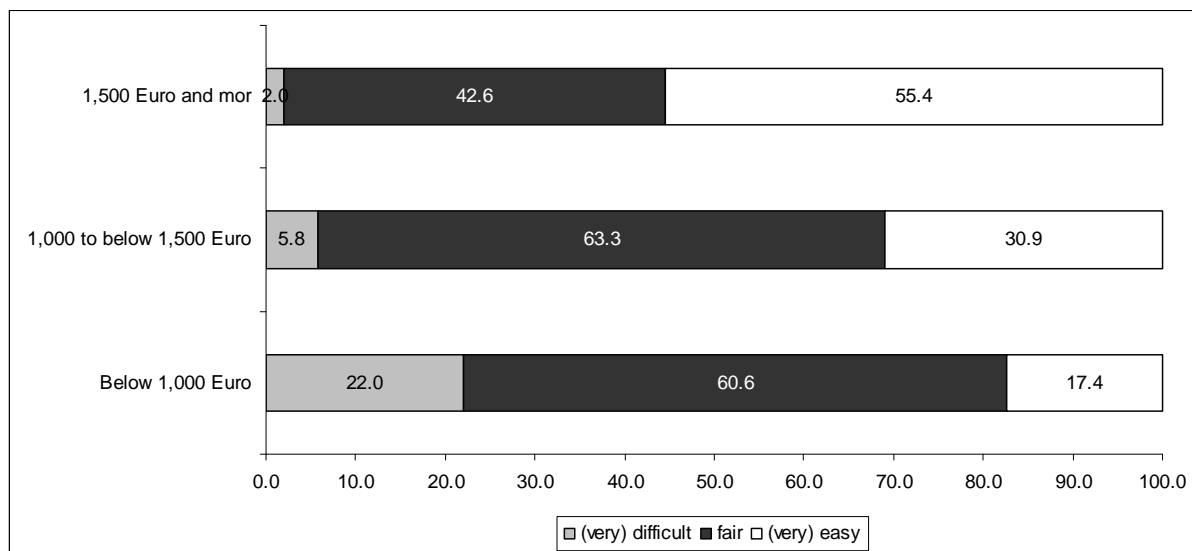
Source: Generations and Gender Survey 2005, Germany

Figure 2:   Ability to make ends meet by the subjective expression social embedment versus loneliness, respondents aged 55-79, in percent
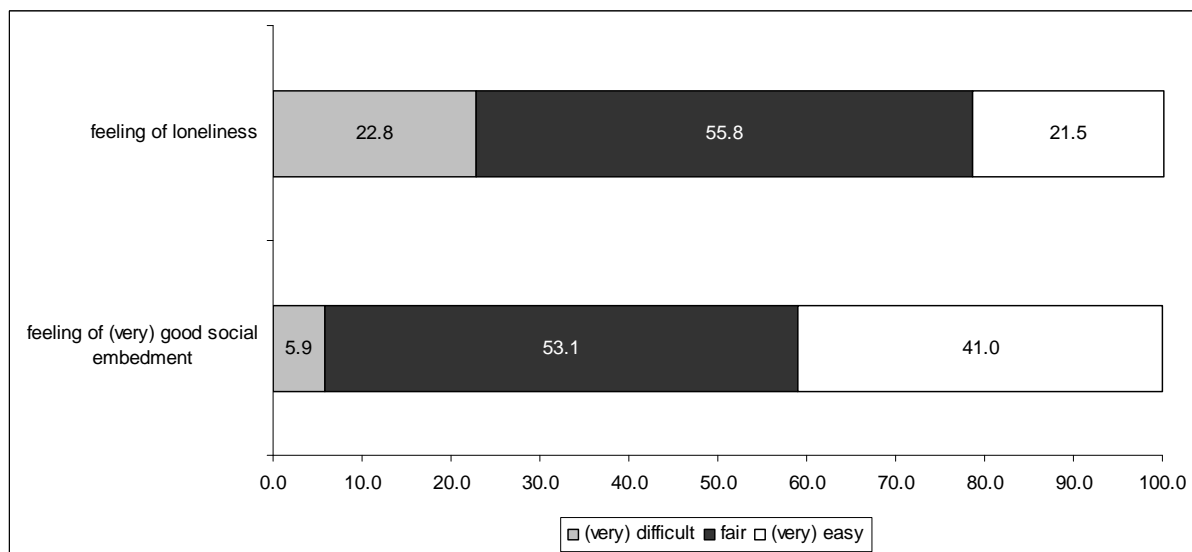
Source: Generations and Gender Survey 2005, Germany

Main Data Source

Our main data source is the first wave of the German Generations and Gender Survey (GGS) carried out in 2005. The total sample size is 10,017 persons in an age of 18 to 79. For our analysis we will use the subsample of person aged 55 to 79 years containing 3,412 cases. This large sample size enables us to make differentiated analyses of older respondents.

Method

Using a binary logistic regression we are able to find out, which covariates influence the evaluation of the economic situation of the household. The dependent variable is the subjective evaluation of the household income. The main independent variables are:

- household net income adjusted by the OECD-modified equivalence scale,

- family networks constructed by the household composition and contacts to own children not living in the same household,

- perception of social embedment, measured by a loneliness-scale (De Jong Gierveld)

- expressions of general trust in other people.

Hypotheses

Our global hypothesis is that the evaluation of the economic situation is linked to the concept of social capital. This concept developed by the theoretical works of Bourdieu (1983) and Coleman (1988), contains many facets of social relations, including network ties between family members and/or friends, reciprocal behaviour, or general trust in people.

Therefore three hypotheses are put to test:

1. The evaluation of the economic situation is positively affected by the embedment in family networks,

2. the emotional expression of social embedment has a positive impact on the evaluation of the economic situation, and

3. there exists a positive relation between the expression of general trust in people and the economic situation.

Structure of this presentation

After a brief introduction with methodological remarks we aim to specify the theoretical background of this study. Referring to the theoretical works on social capital we introduce the emotional expression of social embedment (measured by the De Jong-Gierveld loneliness scale) as an additional facet of social capital.

In the next step we will examine the relevant variables in a descriptive way. The main part of this presentation is the test of our hypotheses starting with bivariate figures. At the end we will show the findings from our regression models.