Do Parents Receive Their Educational Investment Results? Indonesian case

Edy Purwanto¹,²
¹SurveyMETER, Indonesia
²Faculty of Economics and Business, Universitas Gadjah Mada, Indonesia

Abstract

Aside from identifying the determinants of transfers from children to parents in developing countries like Indonesia, this paper’s primary purpose is to examine the effect of education level attainment on the amount of transfer from children to parents. We use the Indonesia Family Life Survey (IFLS-5) data, which covers approximately 34,000 adult individual respondents. Out of all respondents, 16,016 observations met the sample criteria of aged 15 years and older who have parents living outside the household. The result shows that 75% of children provided assistance to parents in the form of money, goods, or labor/time within a year preceding the survey. The average money transfer per year is IDR 1,030,000 (approximately 70 USD), goods transfer worth IDR 303,000 (approximately 20 USD, and 16 days of labor. The result from logistic regression analysis identifies that the determinants of transfers from children to parents are some of the children's characteristics such as education, age, marital status, work, income, and living in urban regions. In addition, from the parent's perspective, parents' characteristics that affect the transfer amount are age, health condition, and widow status.

Keywords: Intergenerational, determinants of transfers, education, IFLS, Indonesia.

1. Background

This paper aims to identify the relationship between the children's education level and the amount of money transfer from children to parents. Geetler & Lillard (1994) state that parents have the responsibility to care for and raise children. Parents have varied efforts to support their children to have a better future. The efforts have been started since the pregnancy, including having regular antenatal care. Then, parents always pay attention to children's nutritional intake and health during childhood and teenager periods. In the field of education, parents support their children to attend the highest level of education. Even children get money and inheritance. According to Arrondel & Masson (2017), money transfer from parents to children could be classified into three categories: education, financial assistance, and wealth transfer.

On the other hand, Lee et al. (1994) state that altruism will encourage children to transfer money to parents. The desire to transfer money is instilled since childhood. Other studies support the above findings (Frankenberg et al., 2002) find that parents receive a money transfer from their children for a living. Furthermore, they found that parents’ tuition fees are like loans that should be returned when the children grew up.

Based on findings of some studies (Frankenberg et al., 2002; Park, 2003), the determinant factors of transfer from children to parents are education, income, work status, marital status, age, and health condition. This finding is supported by Khan (2014) in which money transfer from children to parents is affected by children’s characteristics such as age, sex, education, health status, occupation, marital status, household size, and region. Meanwhile, parent characteristics are age, sex, education,
marital status, previous work status, health condition, and region (Cameron and Cobb-Clark, 2008; Frankenberg et al., 2002; Theerawanviwat, 2014). In addition, Cameron and Cobb-Clark (2008) find that co-residency affects money transfer from children to parents. Frankenberg et al. (2002) analyze the 1993 IFLS data and find that education is associated with an increase in money transfer from children to parents. However, the detailed amount of transfer based on the level of education is still unknown. Therefore, the current study aims to identify whether education levels affect the total transfer from children to parents in Indonesia using the latest IFLS data (IFLS-5) of 2014.

This paper is organized as follows. The second section, literature review, discusses various intergenerational hypotheses, especially related to educational investment and some previous research findings. The third section, methodology, describes the data used in the paper. The empirical model presented in the fourth section presents the model constructed to analyze the determinant of the intergenerational transfer. Estimation results are presented in section five, which is result and discussion. Section six concludes.

2. Review of related literature

There are some motives for intergenerational transfer suggested by literature such as old age security, parental repayment, risk and insurance, exchange for service, and altruism (Frankenberg et al., 2002; Lillard and Willis, 1997; Park, 2003). Each of the motives has its empirical support, even though none of them is predominant (Park, 2003). The most normative motive of intergenerational transfer is altruism. A transfer is provided for the needier household member. In the context of transfer from children to elderly parents, the transfer should rise by the worse of the parent's condition or the children's strong filial responsibility (Frankenberg et al., 2002). Rather than normative reason, other motives are related to the donor's interest. The old security hypothesis is the traditional and the oldest one. The old security hypothesis views the family as the source of capital, so children are the long-term saving mechanism for old ages (Frankenberg et al., 2002). As economic development and declining fertility, this hypothesis is seemingly less relevant to the current condition (Lillard and Willis, 1997).

Another alternative and theory is the parental repayment hypothesis. The hypothesis emphasizes borrowing rather than saving; implicit parents' capital investment is in their children (Lillard and Willis, 1997). Parents invest money in their children's education and expect earnings from well-educated children. They provide their children with educational needs so that children may repay educational loans through support during their old age (Frankenberg et al., 2002). In this model, the children's earning capacity as adults depends on the amount of investment they received during childhood in the form of parental time and expenditure to their health and education (Lillard and Willis, 1997).

The educational loans or parental repayment motive is closely related to the insurance motive. Family is the primary support for aging society in most developing countries since the support mechanism remains limited following the increase of the aging population (Frankenberg et al., 2002). Dealing with the risk of limited support, the household is smoothing their consumption, sharing the risk, and provide implicit insurance to the household member through the intergenerational transfer (Lillard and Willis, 1997).

The intergenerational transfer may vary across the family depending on the family characteristics. It is affected by the quantity of family interaction and the quality of parent-child relationships (Theerawanviwat, 2014). Studies about the intergenerational transfer in Indonesia provide interesting evidence since Indonesia has a high elderly population with limited private or government pension mechanisms. Major elderly in Indonesia live with one or more adult children, and more than half of them receive the financial transfer from non-coreident children. However, the labor force participation of the elderly population remains high (Cameron and Cobb-Clark, 2008).

The empirical findings related to the parent's investment in their children's education or the parental repayment describe that transfer values from children to their parents rise with the children's level of education attainment (Frankenberg et al., 2002). Several studies find that transfer from adult children to an elderly parent is related to the receiver's needs. Widowed mother (Frankenberg et al., 2002; Park, 2003) and father in poor health (Frankenberg et al., 2002) are more likely to receive a larger transfer from children. The parent's age is also positively related to the amount of transfer, while the working mother status has a negative effect on the amount of transfer.
In contrast, Cameron and Cobb-Clark (2008) find that transfer from non-residing Indonesian children to their elderly parents do not strongly relate to parental needs. Financial transfers from Indonesian children cannot support their parents, so that the elderly parents still need to work at an old age.

3. Data and Methods

Data

This paper used the 2014 Indonesia Family Life Survey (IFLS-5) data. IFLS consists of household and community surveys. It was conducted in 1993, 1997, 2000, 2007, and 2014. Baseline samples represented around 83% of the Indonesian population. Household data covered comprehensive characteristics of the household and its members. In addition, it covered the characteristics of parents, children, and other families—the paper used household data. To find out money transfer from children to parents, the children in this paper are limited to aged 15 years or older and still have parents who live outside the household. It involved 16.016 respondents out of 34.000 samples that meet the criteria.

Dependent variable

In this study, the dependent variable is whether the children have ever assisted, either money, goods, or labor, to parents outside the household. If they provide assistance, then group it in dummy 1; otherwise, it is grouped in 0. The second dependent variable is the amount of transfer from children to parents in a year. The unit of the assistance was counted in Rupiah for money and goods and days for labor.

Independent Variable

In this paper, the primary independent variable is the level of education (year of schooling). Control variables include children and household characteristics: gender, age, marital status, work status, income in a year, urban-rural, and dependency ratio on household (household members aged <15 years or older than 60 years). Meanwhile, parents’ control variables outside the household cover marital status, health conditions, and residence.

The sexes of both children and parents were categorized into two, that is male (1) and female (0). Meanwhile, the child’s marital status was categorized into two, married (1) and unmarried (0). Then, working status was grouped into two, working (1) and not working (0). The income variable was recorded in Rupiah (IDR). However, the area’s status was grouped into two, urban (1) and rural (0).

The independent variable, parents’ marital status, was grouped into three, married, and both living (1), widowed – only father (2), and widowed – only mother (3). The parents’ health condition was grouped into two, severely ill (1) and healthy (0). Then, parents’ residence was categorized into five groups, in the same village (1), in the same sub-district (2), in the same district (3), in the province (4), and outside the province (5).

Methods

The basis of analysis applied in this study was the utility theory. Becker (1974) states that at first, someone transfers some money to another because of caring. But transferring money to other individuals will increase the giver’s utility due to an increase in recipients’ utility or consumption. These conditions can be stated with the following equation:

\[ U_d = U [C_d, V(C_r)] \]

where:

- \( U_d \): Donor utility level
- \( C_d \): Donor consumption
- \( (C_r) \): Recipients consumption
- \( U(\cdot) \): The donor utility function
- \( V(\cdot) \): Receiver utility function
Table 1. Descriptive statistics

| Variable                                                                 | Obs   | Mean  | Std. Dev. | Min  | Max  |
|--------------------------------------------------------------------------|-------|-------|-----------|------|------|
| Children give transfers to parent’s cash, in-kind or labor (1 if yes)    | 16,016| 0.75  | 0.43      | 0    | 1    |
| Cash transfer (1 if yes)                                                 | 16,016| 0.61  | 0.49      | 0    | 1    |
| In-kind (1 if yes)                                                       | 16,016| 0.36  | 0.48      | 0    | 1    |
| Labor (1 if yes)                                                         | 16,016| 0.18  | 0.38      | 0    | 1    |
| Total each year cash transfer (million IDR)                              | 16,016| 1.030 | 3.140     | 0    | 200  |
| Total each year transfer of in-kind (million IDR)                        | 16,016| 0.303 | 3.210     | 0    | 325  |
| Total each year labor assistance (days)                                  | 16,016| 16.28 | 64.45     | 0    | 360  |
| Years of schooling                                                       | 16,016| 9.53  | 4.01      | 0    | 16   |
| Education dummies                                                        |       |       |           |      |      |
| Not attending                                                            | 16,016| 0.03  | 0.16      | 0    | 1    |
| Primary                                                                  | 16,016| 0.27  | 0.44      | 0    | 1    |
| Secondary                                                                | 16,016| 0.56  | 0.50      | 0    | 1    |
| College                                                                  | 16,016| 0.15  | 0.35      | 0    | 1    |
| Age                                                                      | 16,016| 34.35 | 10.08     | 15   | 99   |
| Sex (1 if male)                                                          | 16,016| 0.47  | 0.50      | 0    | 1    |
| Married (1 if married)                                                   | 16,016| 0.88  | 0.33      | 0    | 1    |
| Work (1 if work)                                                         | 16,016| 0.75  | 0.43      | 0    | 1    |
| Yearly earned (million)                                                  | 16,016| 16.22 | 45.07     | 0    | 3,360|
| Urban/rural dummy (1 if urban)                                           | 16,016| 0.59  | 0.49      | 0    | 1    |
| Dependency ratio                                                         | 16,016| 1.48  | 1.11      | 0    | 11   |
| Characteristics of parents                                               |       |       |           |      |      |
| Have both father and mother                                              | 16,016| 0.50  | 0.50      | 0    | 1    |
| Father is widower                                                        | 16,016| 0.12  | 0.32      | 0    | 1    |
| Mother is widow                                                          | 16,016| 0.38  | 0.49      | 0    | 1    |
| Parent(s) residence in                                                    |       |       |           |      |      |
| The same village                                                         | 16,016| 0.40  | 0.49      | 0    | 1    |
| The same subdistrict                                                     | 16,016| 0.11  | 0.31      | 0    | 1    |
| The same district                                                        | 16,016| 0.15  | 0.36      | 0    | 1    |
| The same province                                                        | 16,016| 0.18  | 0.39      | 0    | 1    |
| Outside the province                                                     | 16,016| 0.17  | 0.37      | 0    | 1    |
| Father is severely ill                                                   | 16,016| 0.07  | 0.26      | 0    | 1    |
| Mother is severely ill                                                   | 16,016| 0.04  | 0.20      | 0    | 1    |

Park (2003) calculates the amount of transfers from individuals to other individuals influenced by the donor and recipient income, recipient wealth, reciprocal transfers from the recipient to donor, education, and donors’ and recipients’ characteristics. Due to limited income, wealth, back transfers from recipients to donors, and some recipient characteristics, in this paper, the amount of transfers from donors (children) to recipients (parents) is calculated by the following equation two.

\[ T_{ik} = \alpha_0 + \alpha_1 E + \alpha_2 Y + \alpha_3 X_i + \alpha_4 Z_k + e_{ik} \]  

(2)

Where:
- i : Donor (child)
- k : Recipient (parent)
- T : Transfer from i to k
- E : Children's education
- Y : Child’s income
- \( X_i \) : Vector characteristics of children
- \( Z_k \) : Vector characteristic of parents
- \( e_{ik} \) : Error

We use logit method to analyze the determinants of transfer from children to parents. The calculation of the amount of transfer was based on the Ordinary Least Square (OLS) method. However, as the education level was an endogenous variable, the estimation is based on Two-Stage Least Square (TSLS). This strategy uses parents’ education as instrumental variables. The selection of parent’s...
education as instrumental variables was based on the assumption that the variable indirectly affected the dependent variable (transfer amount) through the primary independent variable, namely children’s education. It was based on the findings of (Lillard and Willis, 1997) that the mother's education had a greater impact on the daughter's education, while father's education had a greater impact on the son's education. Furthermore, all statistical analyses above were conducted using STATA 13 program.

Table 2. Results of logistics analysis

| Variables                                      | (1)                  | (2)                  |
|------------------------------------------------|----------------------|----------------------|
|                                                 | Year of education    | Level of education   |
| Years of schooling                             | 0.00735              | 0.351***             |
|                                                 | (0.00545)            | (0.117)              |
| Education dummies (Not attending = 0)           |                      |                      |
| Primary                                        | 0.0142***            | 0.0136***            |
|                                                 | (0.00221)            | (0.00224)            |
| Secondary                                      | -0.275***            | -0.278***            |
|                                                 | (0.0442)             | (0.0444)             |
| College                                        | 0.718***             | 0.713***             |
|                                                 | (0.0592)             | (0.0597)             |
| Age                                            | 0.297***             | 0.294***             |
|                                                 | (0.0501)             | (0.0502)             |
| Sex (1 if male)                                | 0.0143***            | 0.0146***            |
|                                                 | (0.00132)            | (0.00132)            |
| Married (1 if married)                         | 0.373***             | 0.387***             |
|                                                 | (0.0412)             | (0.0410)             |
| Work (1 if work)                               | -0.153***            | -0.152***            |
|                                                 | (0.0176)             | (0.0176)             |
| Yearly earned (million)                        |                      |                      |
| Urban/rural dummy (1 if urban)                 | 0.694***             | 0.700***             |
|                                                 | (0.0596)             | (0.0596)             |
| Dependency ratio                               | -0.153***            | -0.152***            |
|                                                 | (0.0176)             | (0.0176)             |
| Characteristics of parents (if Father is widower=0) |            |                      |
| Have both father and mother                    | 0.588***             | 0.588***             |
|                                                 | (0.0616)             | (0.0616)             |
| Mother is widow                                |                      |                      |
| Parent(s) residence in (if the same village=0) | -0.107               | -0.107               |
| The same subdistrict                           | -0.216***            | -0.209***            |
|                                                 | (0.0592)             | (0.0592)             |
| The same district                              | -0.308***            | -0.302***            |
|                                                 | (0.0559)             | (0.0560)             |
| Outside the province                           | -0.619***            | -0.614***            |
|                                                 | (0.0570)             | (0.0569)             |
| Father is severely ill                         | 0.197**              | 0.199**              |
|                                                 | (0.0819)             | (0.0820)             |
| Mother is severely ill                         | 0.163                | 0.160                |
|                                                 | (0.0986)             | (0.0986)             |
| Constant                                       | -0.664***            | -0.875***            |
|                                                 | (0.116)              | (0.156)              |
| Obs.                                           | 16,016               | 16,016               |

Notes: *, **, and *** denotes significance in 105, 5%, and 1% levels respectively

4. Result and Discussion

Table 1 shows that 75% of the total 16,016 children have transferred money, goods, or labor assistance to parents. Most of the children transferred money (61%), followed by goods (36%), and the
In terms of the transfer amount, on average, the money transfer per year reached IDR 1,030,000 or approximately 70 USD and goods transfer worth of IDR 303,314 or approximately USD 20 per year. Meanwhile, the average labor assistance was 16 days per year.

In terms of education, the average length of school is 9.5 years. The school-levels were categorized into four groups: not attending school (3%), primary school (27%), secondary school (56%), and college (15%). On average, children are 34 years old, and 47% were boys. The children's marital status was mostly married (88%), with 75% of the children earned 16.2 million per year. Then, 59% of children lived in urban areas with a dependency ratio of 1.5 people per household.

Furthermore, the characteristics of parents outside the household are described as follows: have both mother and father (50%), widowed (12%), and widow (38%). The parents' residence was grouped into five, in the same village (40%), outside the village but in the same sub-district (11%), outside the sub-district but still in the same district (15%), in the same province (18%), and outside the province (17%). Regarding health conditions, fathers (7%) and mothers (4%) were severely ill.

To ensure that the data obtained meets the OLS analysis requirements, some tests were conducted. The test results showed that the data were free from the presence of multicollinearity, as evident by all the correlations between variables values reached <0.75. Meanwhile, to eliminate heteroscedasticity and autocorrelation, we use regression with robust standard errors. The results of the logit analysis to determine the transfer determinants are presented in Table 2.

Based on the logit analysis presented in Table 2, education levels from elementary, secondary school, and college are positively related to the probability of transfer compared to children who are not attending school. These results support previous findings of Lillard and Willis (1997b) and Frankenberg et al. (2002). Regarding the children's characteristics, variables of age, occupation, income, marital status, and living in urban areas were positively related to the transfer probability. Meanwhile, parents' characteristics, both mother and father still alive or widow and poor health conditions, were positively related to the probability of transfer. These results support previous research findings conducted by Park (2003). The household characteristics include dependency ratio, gender (male), and far distance from parents negatively affect the probability of transfer.

Table 3 shows the results of OLS regression and followed with TSLS. Columns 1 and 2 are for money transfer; columns 3 and 4 are for goods transfer; and columns 5 and 6 are for labour/time transfer. Based on Table 3, the years of schooling has a relation with the increase of transfer from children to parents either in the form of money, goods, or labour. The use of OLS shows a lower result compared to TSLS. It indicates that the use of OLS has not been suitable because years of schooling is an endogenous variable. Therefore, in the next discussion, we refer to the TSLS results.

The TSLS results show that an increase of 1 year of schooling positively relates to the increase in money transfer from children to parents with the amount of Rp. 131,421. Then, the second and third models show that an increase of 1 year of schooling has a positive relationship with the increase in goods transfer worth of Rp. 58,786 and 1,69 days for labour. These results address the main purpose of the study that is to investigate whether the year of schooling affects the amount of transfer from children to parents.

An increase in 1 year of the child's age relates to the decrease in labor assistance (-1.34 days). On the other hand, an increase in 1 year of the child’s age relates to the transfer of goods worth of Rp 5,329. Furthermore, men tend to provide less labor assistance (-0.19 days) than women. The decrease in labor assistance due to age in men is closely related to the male's position as a head of household and responsible for his household.

The respondent who works positively relates to an increase in money transfers of IDR 305,920 per year. Meanwhile, respondents who work also relate to an increase in the transfer of goods by IDR 82,480 compared to those who don't work. An increase of 1 million in income per year is also related to an increase in money transfers of IDR 12,432, but it decreases 0.02 days of labor assistance. These results are in line with previous studies conducted by Lillard and Willis (1997) that found that the amount of transfer from children to parents is a function of children's income.
Table 3. Results of OLS and TSLS analyses

| Variables | (1) Cash: OLS | (2) Cash: TSLS | (3) In-kind: OLS | (4) In-kind: TSLS | (5) Labor: OLS | (6) Labor: TSLS |
|-----------|--------------|---------------|-----------------|-----------------|--------------|---------------|
| Years of schooling | 85084.6*** | 131421.4*** | 30781.9*** | 58786.4*** | 1.090*** | 1.696*** |
| | (10314.2) | (20788.7) | (5932.4) | (26427.1) | (0.141) | (0.320) |
| Age | -148.5 | 3861.5 | 2906.5* | 5329.9*** | -0.193*** | -0.134*** |
| | (2447.2) | (2792.1) | (1719.6) | (1635.1) | (0.056) | (0.062) |
| Sex (1 if male) | -17359.1 | -19763.3 | -12866.9 | -14319.9 | -4.492*** | -4.527*** |
| | (68572.3) | (66933.5) | (44122.5) | (43441.3) | (1.148) | (1.150) |
| Married (1 if married) | 57479.3 | 43714.6 | -114375.7 | -122694.6 | -0.306 | -0.511 |
| | (73479.3) | (73334.3) | (156228.8) | (162088.4) | (1.657) | (1.663) |
| Work (1 if work) | -148.5 | 3861.5 | 2906.5* | 5329.9*** | -0.193*** | -0.134*** |
| | (2447.2) | (2792.1) | (1719.6) | (1635.1) | (0.056) | (0.062) |
| Yearly earned (million) | 13082.5*** | 12432.6*** | 2151.9* | 1759.1 | -0.0184*** | -0.0281*** |
| | (4844.2) | (4684.8) | (1099.8) | (1096.8) | (0.009) | (0.012) |
| Urban/rural dummy (1 if urban) | 268779.3*** | 182533.9*** | -43269.4 | -95393.5 | 2.456*** | 1.176 |
| | (54242.0) | (54132.3) | (83333.5) | (121813.8) | (1.091) | (1.193) |
| Dependency ratio | -99800.8*** | -99058.9*** | -12016.7 | -11568.3 | -1.027** | -1.016** |
| | (23254.8) | (23354.4) | (23139.5) | (22880.1) | (0.429) | (0.429) |
| Parents characteristics: Have both father and mother | 485260.7*** | 450500.0*** | 10380.0 | 9.628*** | 9.112*** |
| | (94899.8) | (92640.4) | (25286.3) | (28704.6) | (1.381) | (1.416) |
| Parents characteristics: Mother is widow | 349689.1*** | 344136.5*** | 161767.3 | 158411.5 | 7.932*** | 7.850*** |
| | (65499.3) | (65824.9) | (91133.9) | (89378.2) | (1.460) | (1.466) |
| Parents residence: The same subdistrict | 207495.6 | 205645.3 | -50801.8 | -51920.0 | -16.34** | -16.82** |
| | (132415.5) | (132255.7) | (29506.0) | (29597.1) | (1.661) | (1.661) |
| Parents residence: The same district | 58250.9 | 24103.4 | -93050.2*** | -113687.9*** | -19.32** | -19.82** |
| | (64657.7) | (64197.5) | (28099.9) | (32601.6) | (1.472) | (1.486) |
| Parents residence: The same province | 162055.1*** | 99733.9* | 55321.9 | 17656.1 | -22.87*** | -23.79*** |
| | (56396.4) | (58330.0) | (122344.9) | (107425.7) | (1.395) | (1.446) |
| Parents residence: Outside the province | 485073.6*** | 446286.9*** | -168913.6*** | -192355.1*** | -25.52*** | -26.10*** |
| | (74004.3) | (72999.4) | (31942.6) | (43764.3) | (1.375) | (1.413) |
| Father is severely ill | 319754.3 | 325578.5 | -76414.2 | -72894.2 | 1.365 | 1.452 |
| | (193014.9) | (193801.5) | (57546.0) | (56626.7) | (2.105) | (2.104) |
| Mother is severely ill | 540413.3 | 556933.3 | 72577.1 | 82561.2 | 13.61*** | 13.86*** |
| | (326700.0) | (328896.6) | (47225.8) | (49482.6) | (3.200) | (3.201) |

Obs 16016 16016 16016 16016 16016 16016

Notes: *, **, and *** denotes significance in 10%, 5%, and 1% respectively. Standard errors are in parentheses.
The characteristics of children living in urban areas are associated with an increase in money transfers of IDR 182,533 compared to children living in rural areas. On the contrary, the household dependency (number of children <15 years and elderly> 60 years in the household) is associated with a decrease in money transfers of -99,000 and labor assistance of -1.01 days. It is linked to the household expenditure due to an increase in the number of dependencies in the child's family.

Regarding the parents’ characteristics, if both parents (father-mother) are still alive, the increase of child transfers reach IDR 450,500 and 9 days of labor assistance. Meanwhile, if the parent is a widow, the increase of child transfers is IDR 344,136 and 8 days of labor assistance compared to the widower. Besides, if the father is sick, the increase in money transfer reaches IDR 325,578. Meanwhile, the mother is sick; the increase in money transfer reaches Rp. 556,933, while goods transfer and labor assistance reach IDR 82,561 and 13 days, respectively. These results are in line with the findings of previous research conducted by Frankenberg et al. (2002) using 1993 IFLS in which the transfer from children to parents increases based on the parents’ condition (widow and sick).

The last variable is the parents’ residence, and it is associated with an increase in money transfers but followed by a decrease in labor assistance. Children who live far from parents will provide higher money transfers. Children living outside the district but still in the same province are associated with an increase in money transfers of IDR 99,733. Meanwhile, children living outside the province are associated with an increase in money transfers of IDR 446,289 compared to those living in the same village with parents. These results support findings of a study conducted by Park (2003) in which he analyzed the 1993 IFLS data and found that children who live far from parents will provide higher money transfers, and children live near to parents will provide more labor assistance.

5. Conclusion

Based on the analysis, the researchers draw some conclusions. Education has a positive relationship with the amount of transfer from children to parents. An increase in 1 year of education increases IDR 131,000 for money transfer and IDR 58,000 for goods and 1.5 days of labor assistance per year. In addition to education, the increase in income has a significant positive correlation with the increase in transfers. Regarding the characteristics of households, the dependency ratio of children’s household has a negative relation with the amount of transfer. Meanwhile, the parents’ conditions, for example, widow and sick, have a positive relationship with the increase of transfer either for money, goods, or labor assistance. Furthermore, children who live far from parents positively affect the increase in money transfers, while those who live near to their parents have much more time assistance.

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