

ANALYSIS OF THE RELATIONSHIP BETWEEN THE INCOME OF SENIOR CITIZENS IN THE CZECH REPUBLIC AND SELECTED ASPECTS OF THEIR RESIDENCE

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Abstract

The objective of the entry is to analyze the relationship between income of senior citizens in the Czech Republic and selected aspects of their residence. The research sample consisted of senior citizens above the age of 65 selected via a quota selection in all regions of the Czech Republic (N=1173). The research was conducted via a questionnaire of the authors' design from which questions were analyzed focusing on the size of the municipality and the region, the amount of their own and their family's income, and subjective evaluation of this income, as well as selected aspects of the location in which the senior citizens reside (e.g. accessibility of transport, infrastructure, security, etc.). The results of the statistical testing showed that while the objective income does not correlate with the location's factors, the subjective evaluation of the income correlates with transport accessibility, neighborly relations, and the upkeep of the location. The smaller the municipality, the worse its accessibility was rated; however, the size of the municipality did not impact other factors. The region also impacted the subjective evaluation of the income, the transportation accessibility, the price of accommodations, and the reputation of the location.

Key words: seniors, economical activity, social income, living costs, social exclusion

JEL code: A13, H55

Introduction

The population of senior citizens has been steadily increasing and they also live longer after retirement than it used to be (Duchesne, 2004). These days less than ideal socio-economic situation is a highly discussed topic. The income of seniors has influence to many areas of life for example access to better healthcare or social isolation and level of quality of housing (Evans et al., 2008). According to Pearson et al. (2019) many middle-income seniors will have

insufficient resources for housing and healthcare in the future. Low level of income can also affects mental health of seniors (Robison et al., 2009).

The objective of the contribution is to analyze the relationship between income of senior citizens in the Czech Republic and selected aspects of their residence.

1 Theoretical fundament

Several factors influence the income of senior citizens. The first factor discusses whether senior citizens, after retiring, still pursue any gainful employment, meaning if they are economically active. According to the data of the Czech Statistical Office (2013), in 2013, 18.9% of men over the age of 60 were economically active. The largest share of them (26.5 %) lived in Prague, which can be explained by the large number of university-educated persons and non-manual work opportunities (Czech Statistical Office, 2020). The other shares were as follows: Plzeň Region (21.3%), Central Bohemia (20.8%); the lowest shares were in the Vysočina Region (16.7%), the Moravian-Silesian Region (15.4%), and the Olomouc Region (13.8%) (Czech Statistical Office, 2020). 7.6% of women above the age of 60 were economically active in 2013. The largest share of them lived in Prague (13.1%), the Karlovy Vary Region (9.4%), Central Bohemia (9.3%); the lowest shares were in the Moravian-Silesian Region (5.5%), the Liberec Region (5.2%), and the Olomouc Region (4.8%) (Czech Statistical Office, 2020).

The second factor focuses on social income, which in the case of senior citizens means the pension, or sickness insurance benefits, unemployment benefits, or social welfare allowances, etc. The average retirement pension in 2019 was 14,807 CZK for men, and 12,292 CZK for women (Czech Statistical Office, 2020). The income of senior citizens older than 65 was for the years 2010-2017 lower than average (15,894 EUR) according to Eurostat (2019). The highest pensions were in Luxembourg, Austria, and France (European Union, 2019).

According to the results of field research of authors Průša et al. (2015), the personal income of respondents older than 65 consisted primarily of retirement pension, other sources of income (economic activity, small jobs) were not as common. Since the living costs keep increasing, there is the risk that senior citizens could find themselves on the brink of poverty or social exclusion. From the perspective of poverty and social exclusion, the Czech Republic is in a good position in comparison to other European countries, since only 6.9% of men and 13.6% of women above the age of 65 are at risk (Czech Statistical Office, 2014).

The financial situation of senior citizens is closely connected to their living situation. According to the authors Godarová et al. (2017), between 2005-2014, fewer senior citizens rent apartments and more often live in apartments/houses that are their property. The authors also state that owning property is cheaper than renting. In comparison to other types of property owners, the number of senior citizens that are property owners is higher, which can be explained by accumulating wealth throughout the course of their lives. Senior population is characterized also by relatively low residence mobility – the average length of residence in the same apartment/house can exceed 30 years (Godarová et al., 2017). Low residence mobility is apparent for this population group in other European countries as well, such as Austria, Greece, France, etc. (Angelini, LaFerrere, 2011).

2 Methodology

The entry is an output of a project that has been implemented via a quantitative research strategy, using a self-designed questionnaire with closed questions. It explored the described area on the level of personal income and household income, subjective assessment of that income, and its sources. Other questions were aimed at assessing selected factors of the place of residence of senior citizens, as well as sociodemographic questions. The research sample consisted of senior citizens of 65+ years old living in their own home who were selected via quota selection according to the Regions of the Czech Republic (N=1174). Data collection was carried out by a research agency in winter 2019 and spring 2020.

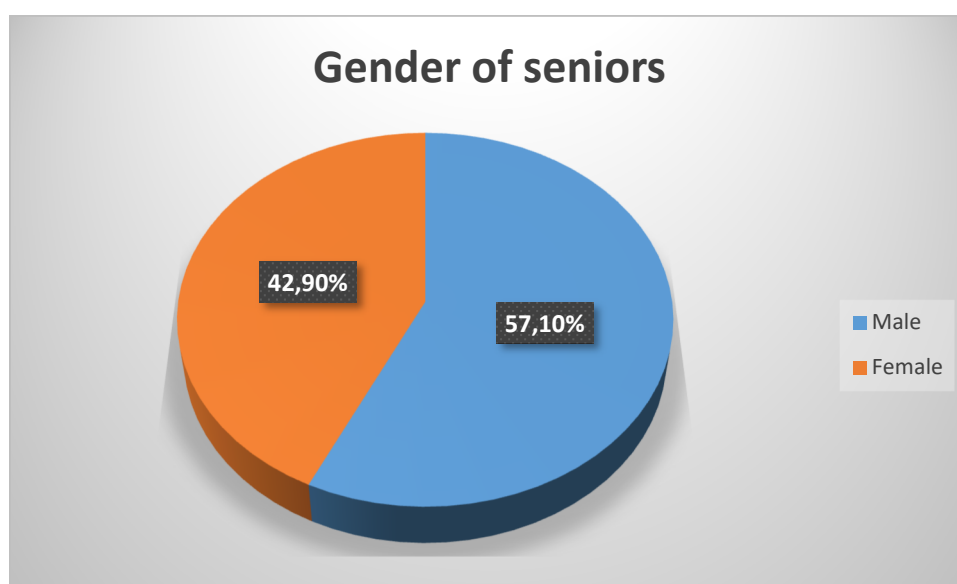
The results were processed via descriptive statistics and statistical testing of relations between variables in the SPSS program. In regards to the nature of the data, correlations and the ANOVA test were selected. The p-value of the tests was 95%.

3 Results

3.1 Specifics of the research sample

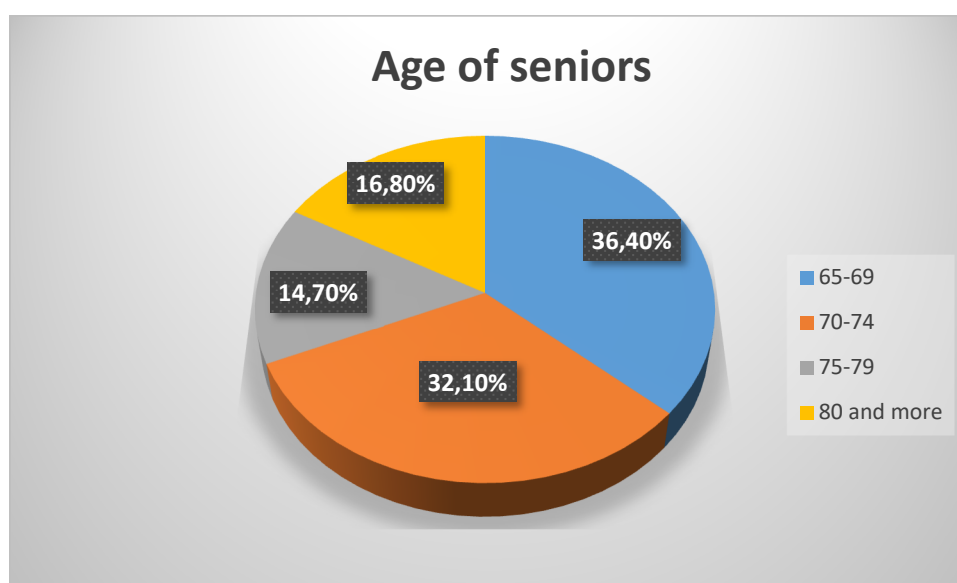
The respondents consisted of 57.1% men, 42.9% women (fig. 1). 36.4% respondents were between 65 and 69 years old, 32.1% were between the ages of 70 and 74, 14.7% were between 75 and 79 years old, and 16.8% were 80 years old or older (fig. 2). The average age of the respondents was 72.84, the median was 72 years old.

Fig. 1: Gender of seniors of the research



Source: Own research

Fig. 2: Age of seniors of the research



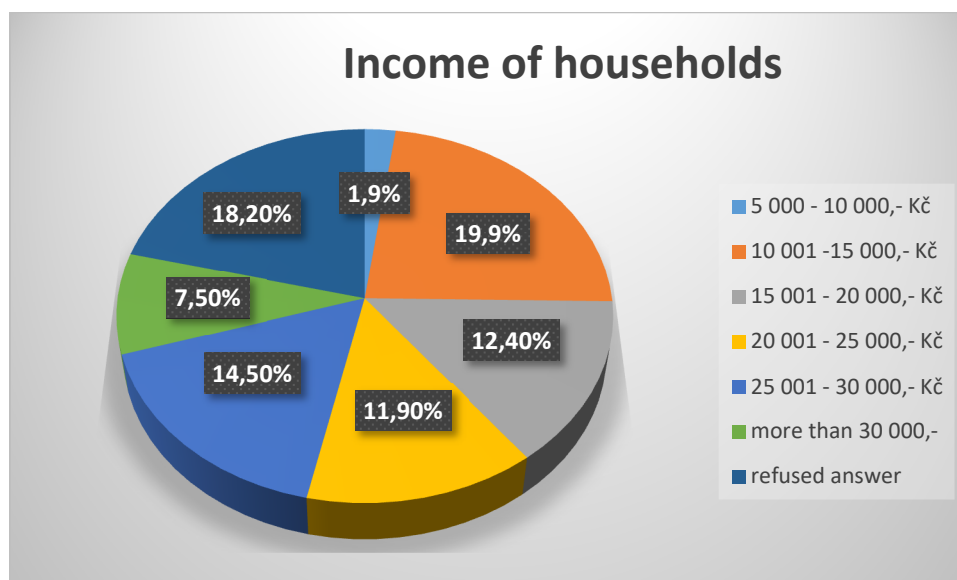
Source: Own research

3.2 Income of senior citizens and its sources

The overall net monthly income of Czech senior citizens was between 5,001-10,000 (4.7%) and 30,000 or higher (1.7%) CZK. The most common income categories were 10,001-15,000 CZK (50.4%), and 15,001-20,000 CZK (20.8%). Regarding the income of households, the individual categories were represented more equally: 10,001-15,000 CZK (19.9%), 15,001-20,000 CZK (12.4%), 20,001-25,000 CZK (11.9%), 25,001-30,000 CZK (14.5%). The extreme incomes were represented as follows: 5,001-10,000 CZK (1.9%) and 30,001 or more CZK (7.5%). A

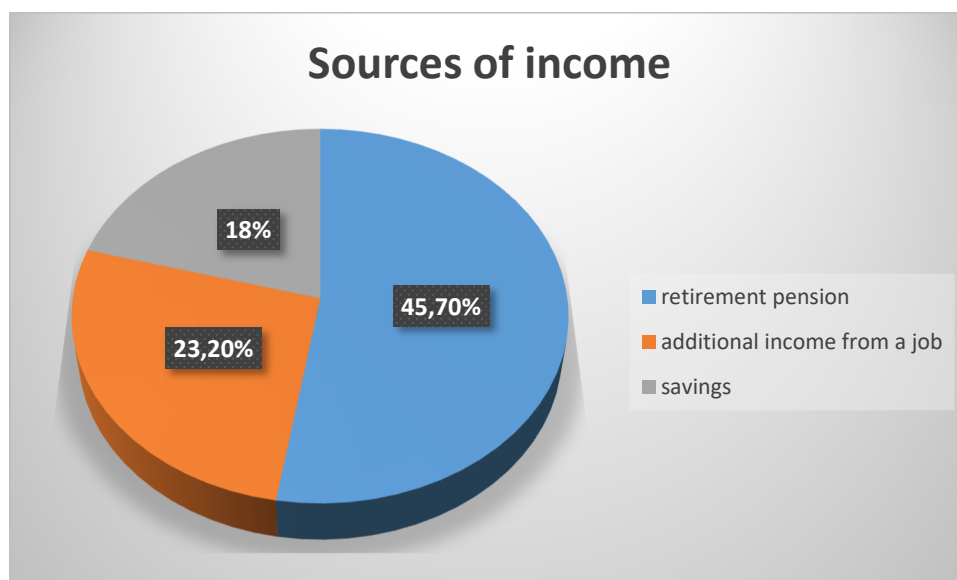
relative high number of respondents (18.2%) refused to answer this question. Results are in fig. 3. The sources of income of senior citizens were represented as follows: retirement pension (45,7%), additional income from a job (23.2%), and savings (18%) as fig. 4 shows.

Fig. 3: Income of households



Source: own research

Fig. 4: Sources of income



Source: own research

41.1% of the respondents assess their pension as sufficient; half of the respondents is satisfied with its amount. The other half of the respondents assesses their pension as insufficient; 36.5% barely makes it through the month with their pension; 17.6% does not make it through the month with their pension and despite of saving and being frugal ends up not being to afford basic needs. The reason for this may partially be the burden of loans in 8.1%.

3.3 Selected factors of the place of residence in relation to monthly income

Personal income of senior citizens, household income, and the subjective assessment of that income were statistically tested on their relation to selected factors of the evaluations of the places of residence of the senior citizens. The results are summarized in Table 1 below. A statistically significant relation was proven for only three variables: subjective assessment of the income and access to transportation (the higher the income, the higher the satisfaction with the access to transportation in the place of residence; $r=0.073$; $p=0.013$); relationship with neighbors (the higher the income, the higher the satisfaction with the neighbors; $r=0.064$; $p=0.027$); and the appearance of the place of residence (the higher the income, the higher the satisfaction with the appearance of the place of residence; $r=0.063$; $p=0.030$).

Tab. 1: Relation between the income of senior citizens and selected factors of their places of residence

Selected factors of the place of residence	Personal income p	Household income p	Subjective assessment of income p
Access to transportation	0.899	0.589	0.013 ($r=0.073$)
Relationships with neighbors	0.833	0.376	0.027 ($r=0.064$)
Security	0.611	0.417	0.220
Access to services	0.184	0.230	0.924
Rent	0.194	0.422	0.452
Appearance of place of residence	0.815	0.620	0.030 ($r=0.063$)
Good reputation of place of residence	0.427	0.948	0.333
Ability to move whenever	0.182	0.284	0.262
Size of municipality	0.882	0.283	0.845

Source: own research

The size of the municipality did not show any statistically significant relation to the selected factors except access to transportation: $p=0.013$, $r=-0.72$ (the smaller the municipality, the worse assessment of the access to transportation).

3.4 The influence of the region on selected variables of the place of residence and income

A significant relation between the region, personal income, household income, subjectively assessed income, and selected factors of the place of residence are shown in Table 2 below.

Tab. 2: Relation between the region and selected factors of the place of residence

Tested variables	<i>p</i>	F
Personal income	0.000	8.332
Household income	0.000	5.805
Access to transportation	0.036	1.819
Rent	0.000	4.399
Good reputation of place of residence	0.004	2.349
Subjective assessed income	0.001	2.606

Source: Own research

Discussion and conclusion

As part of a survey we came to the conclusion that there is a relatively high number of senior citizens that are in debt. Nor scientific literature or research in the Czech Republic focus on this issue. However, we think that this issue needs to be addressed since according to the Czech Social Security Administration in 2017, 25,866 men and 28,197 women were ordered to pay deductions from their retirement pension (Czech Social Security Administration, 2017). Interesting results of our research are that income has relation to access of transportation, to better relationships and satisfaction with neighbors and to satisfaction with appearance of the place of residence. In all of these cases the higher income, the higher and better satisfaction with researched phenomenon. The relation to high of income and satisfaction with place of residence and appearance of the place of residence is also in other countries in the world, for example South Korea (Kim et al., 2009).

The results also show that our results match other scientific literature on the topic, which states that there is a difference between the income of senior citizens in different regions. Interestingly, the size of the municipality does not reflect this. Theoretical fundamentals show that senior citizens are typical for their low residence mobility, which is also impacted by the fact that seniors may lack the financial funds to move. It is also clear that objective and subjective amount of income is influenced by a number of factors. Most studies, however, focus on objective income; our study focuses also on subjective assessments of income – a clear contribution of our study.

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