

RGC Ref. No.: UGC/FDS16/B15/19 <hr/> (please insert ref. above)
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**RESEARCH GRANTS COUNCIL  
COMPETITIVE RESEARCH FUNDING SCHEMES FOR  
THE LOCAL SELF-FINANCING DEGREE SECTOR**

**FACULTY DEVELOPMENT SCHEME (FDS)**

**Completion Report**  
(for completed projects only)

<p><b><u>Submission Deadlines:</u></b></p> <ol style="list-style-type: none"> <li>1. Auditor's report with unspent balance, if any: within <b><u>six</u></b> months of the approved project completion date.</li> <li>2. Completion report: within <b><u>12</u></b> months of the approved project completion date.</li> </ol>
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**Part A: The Project and Investigator(s)**

**1. Project Title**

The Motives of Intergenerational Transfers in China

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**2. Investigator(s) and Academic Department(s) / Unit(s) Involved**

Research Team	Name / Post	Unit / Department / Institution
Principal Investigator	Dr Thomas CHAN Kwok Ho Assistant Professr	School of Arts and Social Sciences, Hong Kong Metropolitan University
Co-Investigator(s)		
Others		

**3. Project Duration**

	Original	Revised	Date of RGC / Institution Approval (must be quoted)
Project Start Date	1 January 2020	NA	
Project Completion Date	30 June 2021	30 September 2021	14 April 2021
Duration (in month)	18 months	21 months	14 April 2021
Deadline for Submission of Completion Report	30 June 2022	30 September 2022	14 April 2021

## **Part B: The Final Report**

### **5. Project Objectives**

#### 5.1 Objectives as per original application

1. Investigate whether and how the income of elderly affects the intergenerational transfers from their children in China
2. Examine whether and how factors other than elderly income stimulate intergenerational transfers from their children in China
3. ....

#### 5.2 Revised objectives

Date of approval from the RGC: NA

Reasons for the change:

- 1.
- 2.
3. ....

#### 5.3 Realisation of the objectives

*(Maximum 1 page; please state how and to what extent the project objectives have been achieved; give reasons for under-achievements and outline attempts to overcome problems, if any)*

First, a thorough literature review was conducted. Literature on the theories of intergenerational transfers were reviewed. Previous studies on China's intergenerational transfers were reviewed too. Data of the China Health and Retirement Longitudinal Study (CHARLS) was used for the project. Following the past literature, variables that might be correlated with intergenerational transfers were included in the estimation. Conditional least-square threshold model was chosen as the estimation strategy after reviewing similar studies. Estimation results showed that income of elderly is negatively correlated

with intergenerational transfers from the children in China. As a result, objective 1 was achieved satisfactorily.

Other theories that could possibly be applied to intergenerational transfers in China were also explored. These theories were tested by adding other variables in the estimation. Those variables included whether the elderly had multiple children, whether the elderly had sons, whether the elderly made transfers to their own parents. Results showed that these variables were not significant related to intergenerational transfers in China. Thus, objective 2 was achieved.

#### 5.4 Summary of objectives addressed to date

<b>Objectives</b> <i>(as per 5.1/5.2 above)</i>	<b>Addressed</b> <i>(please tick)</i>	<b>Percentage Achieved</b> <i>(please estimate)</i>
1. Investigate whether and how the income of elderly affects the intergenerational transfers from their children in China	✓	100%
2. Examine whether and how factors other than elderly income stimulate intergenerational transfers from their children in China	✓	100%

## 6. Research Outcome

### 6.1 Major findings and research outcome

*(Maximum 1 page; please make reference to Part C where necessary)*

The project studied the intergenerational transfers in China. Past literature proposed two major motives behind intergenerational transfers. One is the altruistic motive and the other one is the exchange motive. Understanding the motive behind intergenerational transfers is important for policy makers. Theories showed that private transfers based on altruistic motive would be crowded out by public transfers. Intergenerational transfers in China are mostly from adult children to their old-age parents. If altruistic motive is behind the intergenerational transfers, public old age support would crowd out the transfers from the adult children.

Conditional least-square threshold model was used to estimate how intergenerational transfers respond to different factors. The key variable of interest was the income of elderly. Past studies showed that a negative relationship between the income of elderly and transfers from children indicated the altruistic motive. On the other hand, a positive relationship indicated the exchange motive. Conditional least-square threshold model was used because it allowed the relationship between the income of elderly and transfers from children to change sign when elderly income passed some thresholds. It thus allowed the possible coexistence of altruistic and exchange motive. Results in the project showed that income of elderly is negatively and significantly correlated with intergenerational transfers from the children in China, no matter if the elderly income is below or above the thresholds. These results indicate the altruistic motive is behind intergenerational transfers in China. This is the major finding related to objective 1.

Other variables were included in the estimation to estimate whether and how the intergenerational transfers in China respond to other factors. These factors were added to the model to explore the possibility of other transfers motives such as self-interest motive, social norm motive and demonstration effect motive. Results in the project did not show any significant evidence to support those motives though. This is the finding related to objective 2.

6.2 Potential for further development of the research and the proposed course of action  
(*Maximum half a page*)

The project focused on monetary transfers from adult children to elderly parents. Future research could explore non-monetary transfers in China. The living arrangement of elderly parents is a significant matter. Adult children living with elderly parents can be viewed as a type of non-monetary transfer. The motives behind non-monetary transfers may be different from monetary transfers. On the other hand, the living arrangement of elderly is also a major issue in China. Further investigation of this issue is necessary.

**7. Layman's Summary**

(*Describe in layman's language the nature, significance and value of the research project, in no more than 200 words*)

Money transfers from adult children to their elderly parents are importance source of income for the elderly in China. Aging population in a major issue in China. It is crucial to understand how to satisfy the demand of old age support. If children care about the well-being of their parents, the children will give the parents more money when the parents are poor. Results in the project showed that money transfers from children would drop if the parents had higher income. Public old age support would increase elderly's income and the money transfers from children would respond to that and decrease. Increasing public old age support may simply substitute for the money transfers from children, without improving the well-being of the elderly. Finding ways to prevent this substitution effect is important for policy makers. Appropriate old-age policy is needed to avoid this substitution effect and improve the well-being of the elderly.

**Part C: Research Output****8. Peer-Reviewed Journal Publication(s) Arising Directly From This Research Project**

(Please attach a copy of the publication and/or the letter of acceptance if not yet submitted in the previous progress report(s). All listed publications must acknowledge RGC's funding support by quoting the specific grant reference.)

The Latest Status of Publications				Author(s) (denote the corresponding author with an asterisk*)	Title and Journal / Book (with the volume, pages and other necessary publishing details specified)	Submitted to RGC (indicate the year ending of the relevant progress report)	Attached to this Report (Yes or No)	Acknowledged the Support of RGC (Yes or No)	Accessible from the Institutional Repository (Yes or No)
Year of Publication	Year of Acceptance (For paper accepted but not yet published)	Under Review	Under Preparation (optional)						
2022				Chan, Kwok Ho*, Liao Wangnong	The Motives of Intergenerational Transfers in China <i>International Journal of Asian Social Science</i> , 12(8), 308-317	No	Yes [Attachment 1]	Yes	Yes

**9. Recognized International Conference(s) In Which Paper(s) Related To This Research Project Was / Were Delivered**

(Please attach a copy of each conference abstract)

Month / Year / Place	Title	Conference Name	Submitted to RGC (indicate the year ending of the relevant progress report)	Attached to this Report (Yes or No)	Acknowledged the Support of RGC (Yes or No)	Accessible from the Institutional Repository (Yes or No)
Feb 2021/ online	The Motives of Intergenerational Transfers in China	Academy of Economics and Finance 2021 Virtual Conference	No	Yes [Attachment 2]	Yes	Yes

**10. Whether Research Experience And New Knowledge Has Been Transferred / Has Contributed To Teaching And Learning**

*(Please elaborate)*

NA

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**11. Student(s) Trained**

*(Please attach a copy of the title page of the thesis)*

Name	Degree Registered for	Date of Registration	Date of Thesis Submission / Graduation
NA			

**12. Other Impact**

*(e.g. award of patents or prizes, collaboration with other research institutions, technology transfer, teaching enhancement, etc.)*

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**13. Statistics on Research Outputs**

No. of outputs arising directly from this research project	Peer-reviewed Journal Publications	Conference Papers	Scholarly Books, Monographs and Chapters	Patents Awarded	Other Research Outputs (please specify)	
					Type	No.
	1	1				

**14. Public Access Of Completion Report**

*(Please specify the information, if any, that cannot be provided for public access and give the reasons.)*

<b>Information that Cannot Be Provided for Public Access</b>	<b>Reasons</b>
NA	