

The economic crisis – implications on methods and instruments used in quality of life studies

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Abstract. *Since many of the factors influencing quality of life have both a transnational and a national dimension, in the last four years quality of life studies consider also the influence of the economic crisis on that phenomenon. Quality of life dimensions are analyzed from the perspective of economic indicators evolution during the crisis years, but also in terms of individual perception on quality of life in the present context of the market. This article highlights the changes in the quality of life studies due to the influence of the economic crisis. The analysis is made at the level of the research objectives, measurement indicators, methods of analysis and research methodology. The main consequence of the economic crisis for the quality of life studies refers to the fact that they are designed such that they respond better to the market new requirements for economic recovery, as well as to the individual needs of well-being.*

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1. Introduction

The economic crisis that the entire world is facing is considered to be the most severe since the Great Depression of the 1930s. In the beginning, it was considered to be a credit crisis, but as its effects were more visible at the macroeconomic level, specialists have given the due importance, investigating the influence of the crisis in all areas of activity.

The crisis manifested itself globally starting with the second half of 2007, when US investors have lost confidence in secured mortgage, leading to a liquidity crisis. The immediate reaction was substantial capital injection from the American Federal Reserve, Bank of England and European Central Bank (Șerbănică et al., 2009, pp. 44-59). One of the most important indicators for the crisis analysis, TED Spread Index (describing the perceived credit risk in the general economy), has increased substantially in July 2007, then fluctuated for a year and increased again in September 2008 (with a record on October 10, 2008, according to the economic and financial analysis website Bloomberg). The domino effect of the crisis was manifested by the collapse of numerous bourses or by a significant period of instability at their level, leading to bankruptcy of many banks, lenders and insurance companies.

The severity of the crisis effects for the national economies as well as for each individual led state institutions, together with various international bodies, to take a series of measures for economic recovery.

Since many of the factors influencing quality of life have both a transnational and a national dimension, EU institutions have a special responsibility in promoting quality of life throughout the European Union. The financial crisis is a new opportunity for the EU to prove its effectiveness in this area at a time of the economic difficulties experienced at international level. Since the economic crisis is affecting the whole European market, EU institutions and national governments are pressed even more to act. Long-term commitment of the EU and social partners in the sense of cooperation between management and employees may encourage the recognition of a collective interest in respect to measures of promoting economic recovery (Eurofund, 2009).

2. Researches about the economic crisis influence on quality of life

The first step in a strategy of economic recovery is the development of a scientific research that can provide the answer to questions like: why the crisis occurred, which were its trigger factors, which are its effects on society, how

did the crisis influence population living standards, what recovery measures can be taken and which ones are best adapted to the economic needs of society as well as to the individual sociological needs.

Many of the questions above are directly connected with quality of life and welfare. Thus the necessity of a detailed study of the economic crisis influence on the quality of life.

Starting with 2009, a series of such studies have been undertaken with a double purpose: to find solutions for improving quality of life under crisis conditions, and to readjust the science to the new economic climate by identifying the most relevant evaluation criteria and the most effective tools of measurement.

An example in this direction is the report of the Commission for Measurement of Economic Performance and Social Progress (CMEPSP, 2009), also known as the Stiglitz-Sen-Fitoussi Commission (named after the three specialists who have formed it). This committee was founded in 2008 at the request of French President Nicholas Sarkozy, who was dissatisfied with the level and quality of statistical information concerning economy and society. The aim of the commission was to overcome the GDP limits as an indicator for assessing economic performance and social progress and to identify socio-economic indicators more relevant under the new emerging economic and financial crisis.

Following Stiglitz report is the study conducted in 2010 at the request of Franco-German Ministerial Council - "Monitoring economic performance, quality of life and sustainability". The study presents the results of applying the recommendations from the Stiglitz report in France by the Council of Economic Analysis, and Germany through the German Council of Economic Experts (Franco-German Ministerial Council, 2010).

There are also smaller studies in terms of applicability either because they are targeting only one country, or because they refer to crisis influence on some dimensions of quality of life.

One such example is the survey conducted in 2009 by the University of Turin (Rollero, Targlia, 2009, pp. 75-87) which aims to identify factors that contribute to maintaining the level of satisfaction with life during the crisis. Research focused on three aspects of life: socio-demographic characteristics, psychological variables and employment (in relation to expectations of income).

Another study that focuses on crisis influence on the quality of life only in certain countries was conducted by the Observatory for Human Security in Portugal in 2010. Research focused on developing countries and the issues that this crisis brings to the quality of life in these countries: poverty, hunger, pollution, increases in food prices along with lower purchasing power, etc. Given that economic decline in developing countries affect also the economy of other, the research conclusion relates to the need for international cooperation to implement a series of sustainable development strategies in these countries (Observatory for Human Security, 2010).

There are also researches that focus on the economic crisis effects on the quality of life within a single population group. For example, the study conducted by M.D. Shapiro for the University of Michigan, referring to the effect of the financial crisis on the welfare of older people in the United States (Shapiro, 2010). The research was a longitudinal one, with a first phase in 2008, followed by one in 2009 to assess changes occurred with the emergence of the economic crisis and its negative effects on population.

Another longitudinal study was conducted on the Canadian market, to assess how one of the main effects of the crisis – unemployment – affects also the psychological welfare of an individual (Latif, 2010, pp. 520-530). Research highlights the importance of non-pecuniary costs due to loss of employment, the main conclusion being that policy makers have a strategic role in lowering these costs by creating new jobs.

Given that the main dimension of quality of life influenced by the crisis is employment, there are numerous studies addressing this issue, either in terms of layoffs and unemployment, or in terms of stress at work. In the first category we can mention a scientific paper wrote by M. Aceleanu, which targets the implications of the financial crisis upon the employment policies, making a parallel between Romania and the situation of other EU countries (Aceleanu, 2011, pp. 4-13). From the second category we can mention the research conducted by I. Suciu, who studied how stress at work induced by the economic crisis affect also the harmony in the family (Suciu, 2010).

Another dimension of quality of life in which many authors studied the influence of economic crisis is education, given the fact that this dimension is reflected in a double stance in relation to the crisis: as a victim – given the negative effect that the crisis brings on the investment in education (Badea, 2011, p. 71) or as a control factor in the economy – through ideas and solutions that can be developed in the main economic schools of the world.

Another research focused on the economic crisis influence on the quality of life in Romania was conducted in 2009 under the coordination of TNS Opinion & Social, at the request of the European Commission, and is part of Eurobarometer 72 - Public Opinion in the European Union. The research was based on a survey that assesses the population opinion about the effects of the crisis, the confidence in national and European institutions and also life satisfaction in general (Eurobarometer 72, 2009).

One of the most detailed and statistically grounded researches on crisis influence on the quality of life was conducted in March 2011 at the Institute for the Study of Labor (IZA). The study is based on the results of a longitudinal research conducted by Gallup starting with January 2008 and analyzes the evolution of six indicators: physical health index, the work environment index, basic access index, life evaluation index, emotional health index and healthy behavior index in order to identify how the values of these indexes have changed with the emergence and evolution of the economic crisis (Askitas, Zimmermann, 2011).

All these studies have led to conceptual changes in quality of life evaluation, changes in the importance given to different dimensions of and also changes in research methodology.

3. Conceptual and methodological changes in quality of life studies

As mentioned above, the economic crisis has left its mark on quality of life studies, affecting not only the research objectives, but also its methodology, especially the sampling and analysis. In the following there are presented these changes, highlighting how they contribute to a better quality of life assessment.

a) Changes in quality of life dimensions

Most systems for quality of life evaluation are based on a series of composite indicators; the calculation of these indicators involves evaluating various dimensions of quality of life and, later, weighting them according to the importance attributed by the society, but also by each individual. The economic crisis has brought a number of changes on the weight that each dimension holds in the overall quality of life, placing more emphasis on elements that were affected by this crisis: employment and unemployment, availability of products and services, purchasing power. We notice that measuring quality of life changes according to the needs of individuals and society. If by 2008 the

priority was on superior needs, it returns now at the base of Maslow's pyramid, given that individuals have somewhat lowered their standards of quality of life evaluation (in the developing countries, to have a decent life is to have a job, housing and money for daily food consumption).

b) Changes in quality of life research objectives, which automatically leads to the orientation of importance to other indicators of evaluation:

- *Identifying the factors that contribute to maintaining the quality of life satisfaction in the crisis period* (Rollero, Targlia, 2009, pp. 75-87) – thus the focus is on psychological variables such as optimism or the need for cognitive closure (NFCC); the concept of NFCC was identified by AW Kruglanski in 1989 and refers to the way individuals approach and build up their knowledge about social environment; generally people with a high NFCC are characterized by a preference for structure, predictability, fast decision making, rigidity in thinking and low tolerance for ambiguity; NFCC is determined based on five criteria: preference for order, preference for predictability, discomfort with ambiguity, limited horizon of thought, determination; NFCC affects also how individuals interpret and respond to the emergence of the economic crisis (Kossowska et al., 2002, pp. 267-286);
- *people's trust in the institutions responsible for economic recovery* (Eurobarometer 72, 2009) – the study should aim at a comparative analysis between the confidence in national and European institutions (such as European Parliament and European Commission, EU Council or European Central Bank);
- *individual's perception about the impact that the crisis had on his income* (Rova, Mano, 2009, pp. 514-524) – this objective should be correlated with the statistical indicators available at national level regarding the evolution of income, in order to eliminate research errors due to the false perception of respondents regarding crisis-income correlation;
- *main solutions to overcome the crisis that the citizens considers to have priority* (Eurobarometer 72, 2009), and the actions taken by each individual to cope with the crisis, especially the changes in the consumer behavior;
- *influence of the economic recovery on the quality of life* – a subjective approach in terms of individual perception about the life changes occurred because of the government decisions to take measures to fight

the economic crisis; this is the main argument of those who recommend the subjective approach for quality of life compared to the objective one – you can not conclude that a country has a high level for quality of life just because the economic recovery policies are effective, as long as such action often involves a financial sacrifice of some sectors or population groups, which automatically affects negatively the welfare of individuals related to those sectors or groups of population.

c) Changes in methods of analysis – multivariate analysis are made:

- *household income* growth correlation with the type of household according to income in order to determine the influence of the crisis on the patrimony; the patrimony is an indicator proposed also by the Stiglitz-Sen-Fitoussi Commission for describing more accurately than welfare;
- correlation between *knowledge about the crisis*, demographic elements (such as place of residence, house ownership and level of education) and interest in the political environment (Rova, Mano, 2009, pp. 514-524); it is assumed that the level of satisfaction with quality of life in crisis conditions depends on the knowledge about the crisis, the factors that led to its appearance, and how to exit from such an impasse;

d) Changes in research sampling – one of the concerns in quality of life studies over the past three years relates to the identification of demographic categories that have been affected by the economic crisis; but such concerns can find relevant and representative answers only if changes are made in regard to the size and structure of the research sample:

- *sample size* – the European surveys on quality of life have usually national sub-samples between 1000 and 2000 people; such sample size allows inter-group analysis only for those social groups very well represented, taking into account that a segmentation too deep would create groups of people underrepresented in the sample, so that data obtained from them can not be considered representative for all the researched collectivity; increasing the number of respondents would lead to the possibility of multiple layers segmentation, within which

then can be made a pertinent analysis of the crisis influence on the quality of life;

- *structure sample* – not all socio-demographic categories are sufficiently represented in quality of life surveys (for example, single mothers or immigrants), others are not represented at all (the homeless); unfortunately these are the categories among which the economic crisis has left its mark, therefore a change in the structure of the sample, accompanied by an increase in its size, could provide pertinent information from all relevant socio-demographic categories.

4. Conclusions

Since many of the factors influencing quality of life have both a transnational and a national dimension, in the last three years quality of life studies consider also the influence of the economic crisis on that phenomenon. Quality of life dimensions are analyzed from the perspective of economic indicators evolution during the years of crisis, but also in terms of individual perception on quality of life in the present context of the market. Thus the influence of the economic crisis is evaluated both through the objective approach on the quality of life and the subjective one.

Changes in quality of life evaluation can be found both in the research objectives (including new evaluating indicators or the change in the importance given to certain dimensions) and in its methodology (by changing the size and structure of the sample). These changes lead to designing a research more adapted to market new requests (economic recovery), as well as to individual needs (keeping a balance between the severe measures of economic recovery and the personal well-being).

Following the economic crisis, most changes have been implemented successfully in quality of life studies, but there are some areas to which we still recorded deficiencies, such as building a representative sample for a research that seeks to identify the most affected social segments by the crisis. For such a situation it is recommended to increase the number of respondents and deeper the sampling methods so that the research should include representatives of all relevant socio-demographic categories.

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