

# Quality of Life, Material Deprivation & Economic Stress after the Great Recession - Lessons from the Irish Case

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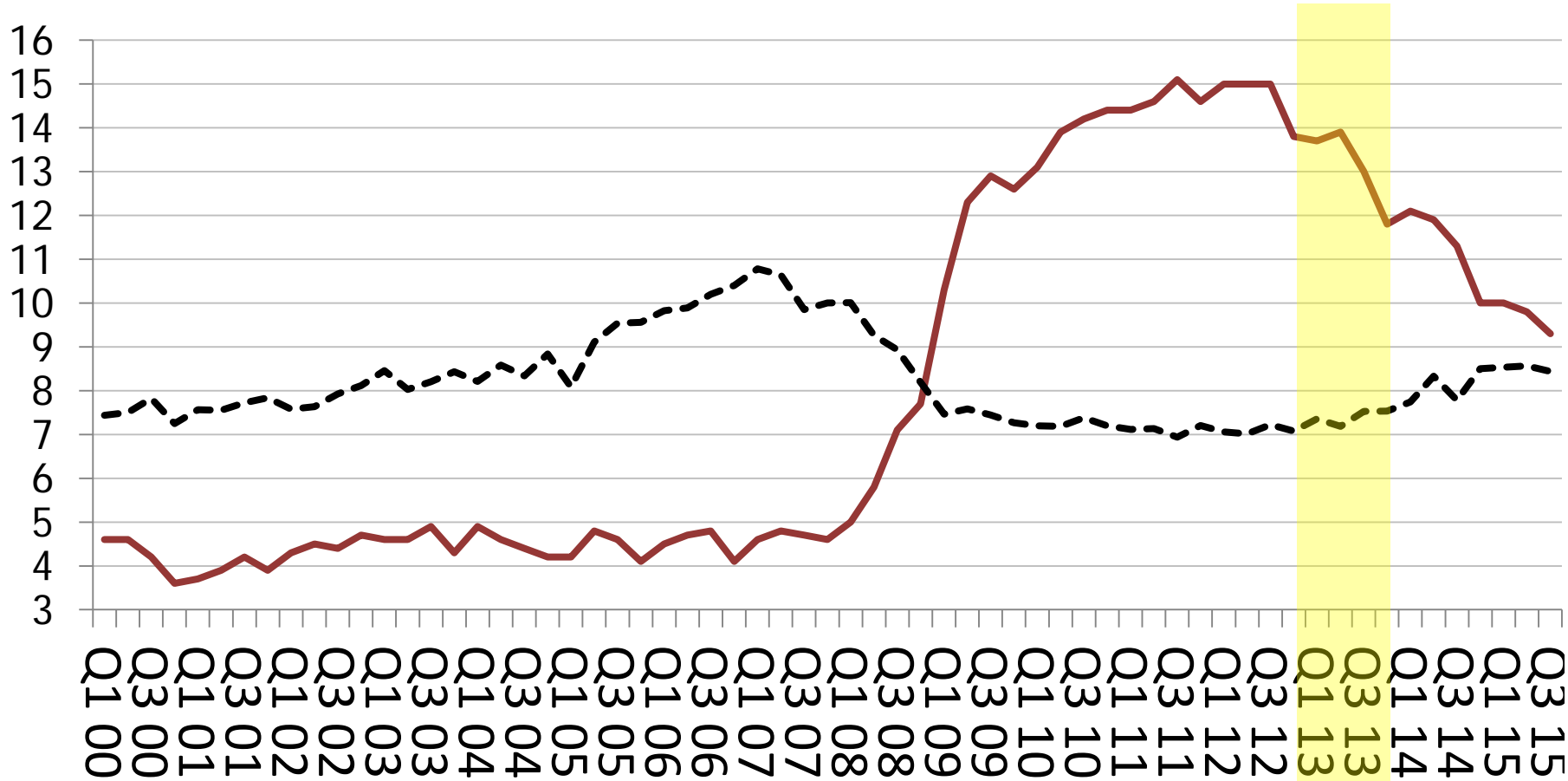
# Outline



- Background
  - The Great Recession in Ireland
  - Importance of multidimensional indicators of social inclusion and quality of life
- Adjusted Headcount Ratio (AHCR) methodology of Alkire and Foster (2007, 2011)
- Quality of life problems by age and social class
- Summary & discussion

# The Great Recession in Ireland (1)

## Unemployment and Taxes

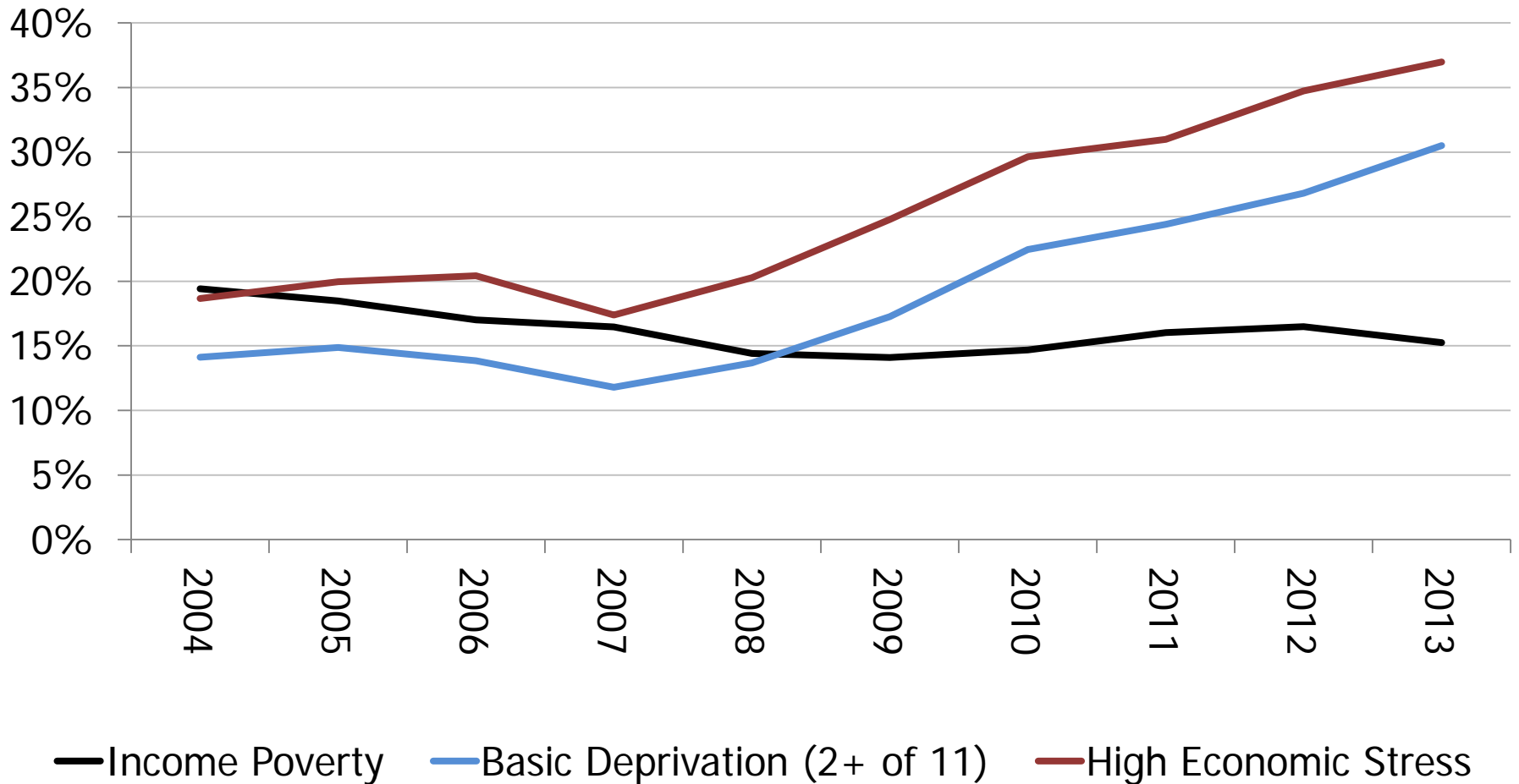


— Unemployment % (aged 15-74)    - - - Taxes (Const, SA, 2007 Q4 = 10)

Source: CSO, Labour Force Survey/QNHS and Quarterly National Accounts

# The Great Recession in Ireland (2)

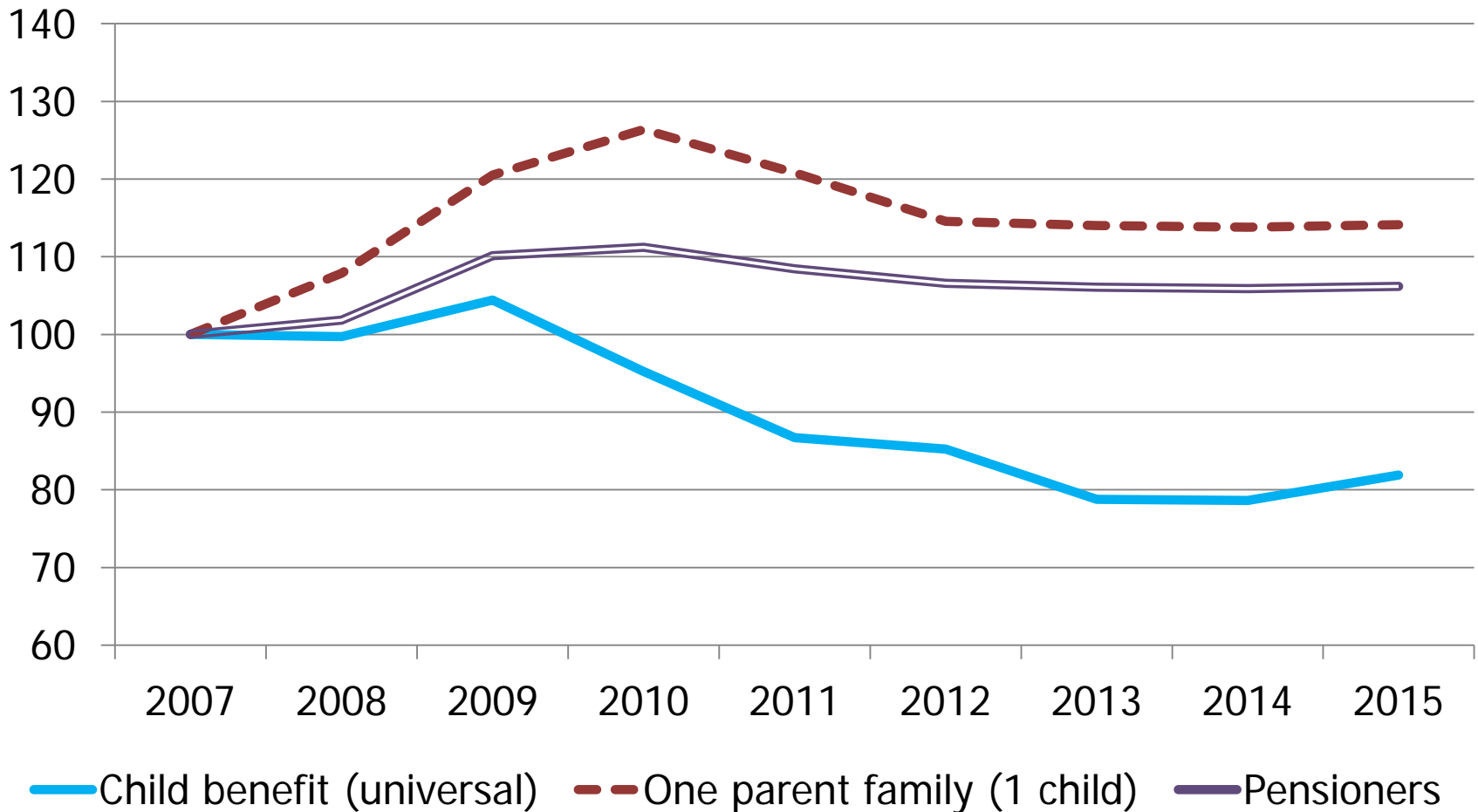
## ...or why one indicator is not enough ...



Source: CSO, *Survey of Income and Living Conditions for Ireland*.

# The Great Recession in Ireland (3)

(Social Protection in constant prices, 2007=100)



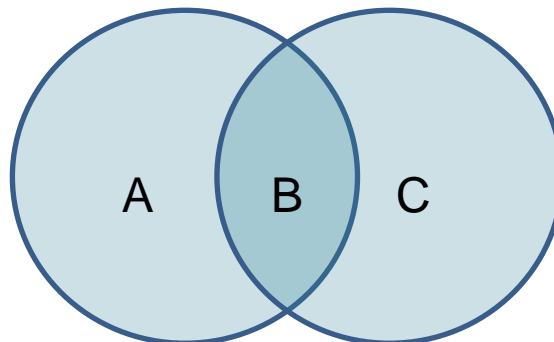
Source: Department of Social Protection, Rates booklets; Central Statistics Office CPI.

# Emphasis on Multidimensional Approaches



- Increasing focus on multidimensional approaches
  - Beyond GDP: Sen, Stiglitz, Fitoussi; OECD 'Better Life Index'
  - Capability approach to poverty (Sen, 1987; 2009) is multidimensional – concern with whole range of what people are enabled to do and to be
- Variety of increasingly sophisticated analytic strategies
  - Union vs. intersection
  - Latent class analysis
  - Adjusted Headcount Ratio (AHCR)

Union = A + B + C



Intersection = B

# Dimensions of Quality of Life in Different Studies



	CIW	OECD	EuroF	SG	ESRI
<b>Material Living Standard</b>	✓	✓	✓	✓	✓
<b>Health</b>	✓	✓	✓	✓	✓
<b>Neighbourhood/ Environment</b>	✓	✓	✓	✓	✓
<b>Supportive Relationships</b>			✓		✓
<b>Social tensions, lack of safety</b>			✓	✓	✓
<b>Housing</b>		✓	✓		✓
<b>Mental/emotional well-being</b>			✓		✓
<b>Institutional trust</b>					✓
<b>Financial Stress</b>					✓
<b>Work and other participation</b>		✓		✓	
<b>Education</b>	✓	✓		✓	
<b>Democracy and values</b>	✓			✓	
<b>Life Satisfaction/General satisfaction</b>		✓		✓	
<b>Time use /Work-life balance</b>	✓	✓			
<b>Community vitality /involvement</b>	✓		✓		
<b>Leisure / culture, other</b>	✓		✓	✓	

OECD: OECD Better Life Index ; CIW = Canadian Index of Wellbeing. EuroF = Watson, Maître and Kingston, 2014. SG = Sponsorship Group on Measuring Progress, Well-being and Sustainable Development (2011); ESRI= the present analysis.

# Methods



- Alkire & Foster (2007, 2011) AHCR method
  - First used in context of understanding disadvantage in developing countries
  - Identify **level** and **profile** of multidimensional disadvantage
  - Explicit about decisions
- DATA: EU-SILC 2013 Data for Ireland
  - 2013 special module on well-being
  - Core variables on income, living standards
  - Adults aged 16+ interviewed directly (5,700 cases)



# The Adjusted Head Count Ratio



Three step method to measure multidimensional poverty or QoL (Alkire and Foster, 2007, 2011).

1. Choice of dimensions and indicators (and weights)

2. Choice of indicator thresholds

Threshold on each indicator beyond which an individual will be regarded as 'deprived' or as 'experiencing a deficit'.

3. Choice of overall multidimensional threshold

On how many indicators must someone experience problems before they are regarded as having *multi-dimensional* QoL problems.

## Step 1: Choosing Dimensions of Quality of Life and Indicators of Each Dimension (1/3)

- Choice of dimensions will depend on the goal of the analysis and the key comparisons to be made
  - Coverage of main domains of QoL – material resources, physical and mental health, housing, social relationships
  - Single country, so omit dimensions that do not vary within that country (e.g. GINI, democracy)
  - Comparing age groups – avoid dimensions that are not relevant to all age groups (e.g. Work, education, work-life balance)
  - Also constrained by data availability

# Step 1: Choosing Dimensions of Quality of Life and Indicators of Each Dimension (2/3)



Dimension	Indicators
<b>Material disadvantage</b>	<ul style="list-style-type: none"><li>• Income poverty – (below 60% median)</li><li>• Deprivation – 11 basic goods and services, 4+</li></ul>
<b>Financial strain</b>	<ul style="list-style-type: none"><li>• Composite indicator based on 5 items: difficulty making ends meet, housing cost burden, debt for ordinary living expenses, arrears, cannot save</li></ul>
<b>Health problems</b>	<ul style="list-style-type: none"><li>• Self-rated health ('very good', 'good', 'fair', 'bad' or 'very bad')</li></ul>
<b>Mental distress</b>	<ul style="list-style-type: none"><li>• WHO 5-item indicator of mental distress, frequently feeling nervous, depressed, down; infrequently feeling happy, calm</li></ul>
<b>Housing problems</b>	<ul style="list-style-type: none"><li>• Crowding – persons per room/bedroom</li><li>• Quality problems (dampness, insufficient light)</li></ul>

# Step 1: Choosing Dimensions of Quality of Life and Indicators of Each Dimension (3/3)



Dimension	Indicators
<b>Neighbourhood problems</b>	<ul style="list-style-type: none"><li>● Local Nuisance (3): problems with noise, pollution and crime in the area.</li></ul>
<b>Lack social support</b>	<ul style="list-style-type: none"><li>● 2-item indicator : Lack someone to talk to, not able to get help from others</li></ul>
<b>Institutional mistrust</b>	<ul style="list-style-type: none"><li>● 3-item indicator: Low level of trust in political system, legal system, police</li></ul>
<b>Lack Safety</b>	<ul style="list-style-type: none"><li>● How safe in your local area (1=very safe to 4=very unsafe)</li></ul>

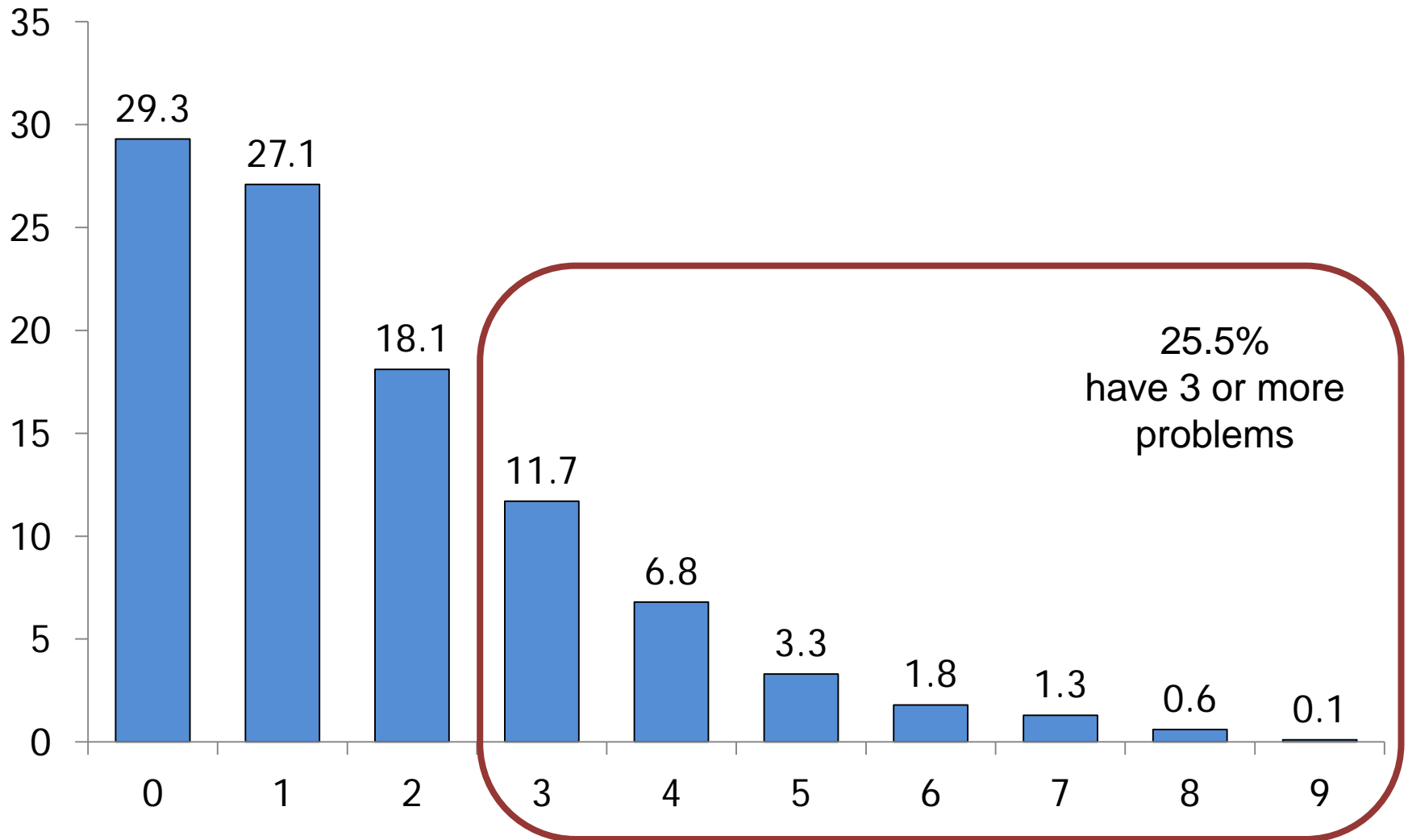
## Step 2: Choice of Threshold on Each Indicator

Threshold: as close as possible to the income poverty level for the population (15.2%)

Indicators	%			
• Income poverty	14.6		• Local nuisance	20.2
• Deprivation (lack 4+)	13.0		• Lack social support	6.7
• Financial Strain	16.0		• Mistrust in institutions	16.1
• Poor health (fair, bad or very bad)	19.8		• Lack of safety (feel unsafe or very unsafe)	12.2
• Crowding	17.3		• Mental distress	16.1
• Housing quality	18.2			

*(Note: This analysis based on adults (16+), so poverty level lower than for the total population including children)*

# Percentage of Adults Experiencing QoL Deficits by Number of Dimensions



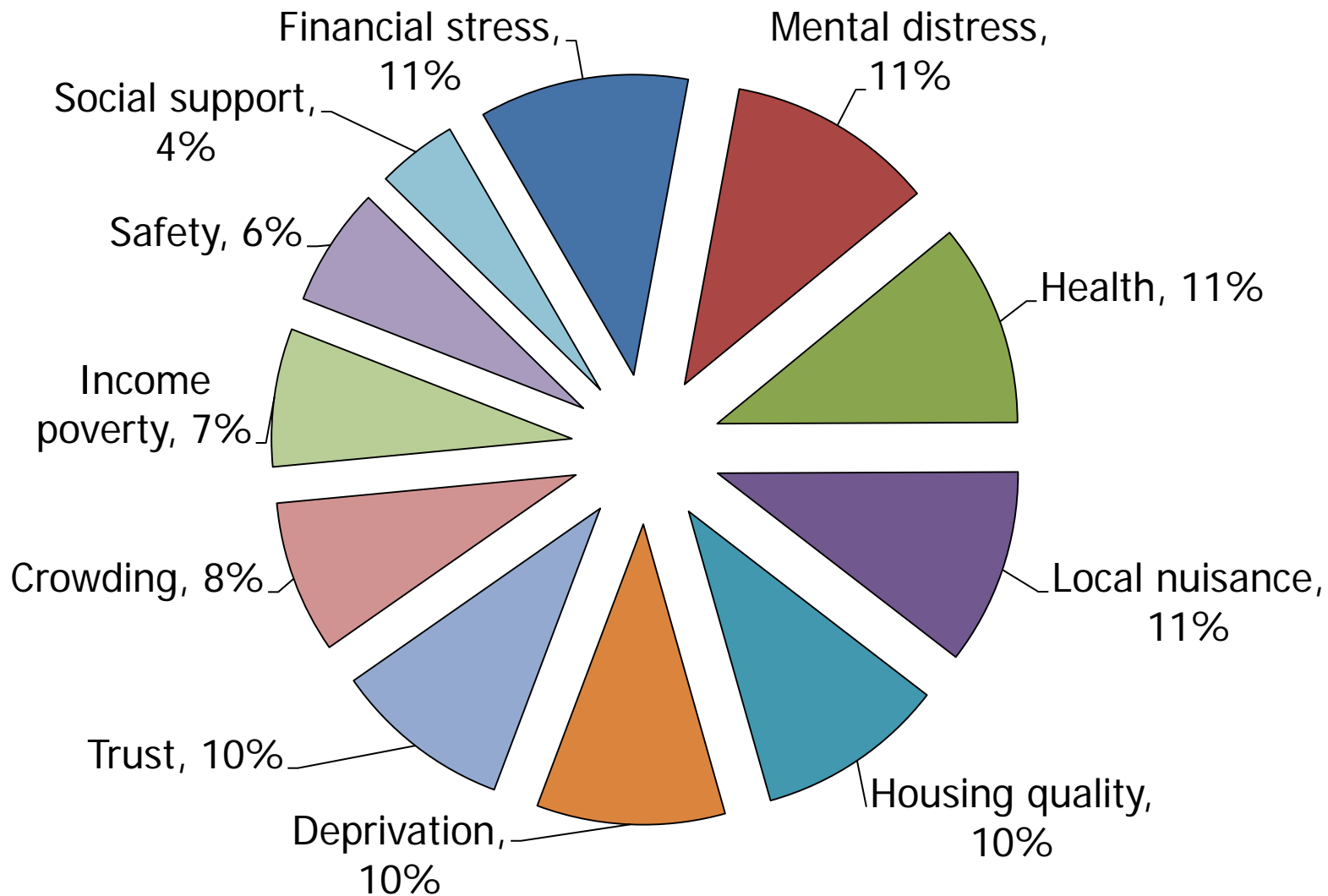
# Three indicators of LEVEL of multidimensional QoL deficits: Headcount, Intensity and AHCR

Indicator	Value
H: Headcount = % with 3+ problems Multidimensional QoL deprivation	25.5%
I: Multidimensional intensity Of those with 3+ deficits, on what % of the indicators do they have problems?	37.1%
AHCR: Adjusted headcount ratio: proportion of deficits experienced by people with multidimensional QoL problems as a share of the maximum possible. $(H \times I)^*$	9.46%

\*With censoring - Score set to zero for those with 0 to 2 deficits.

# Decomposing AHCR by Indicator

Of all the problems experiences by those with 3+ problems, what % are of each type





# QoL by Life cycle stage and Social class



- The real advantage of the AHCR methodology is in the kind of comparison it allows between groups
- Application of AHCR to understanding multidimensional QoL Problems by
  - Age group
  - Social Class

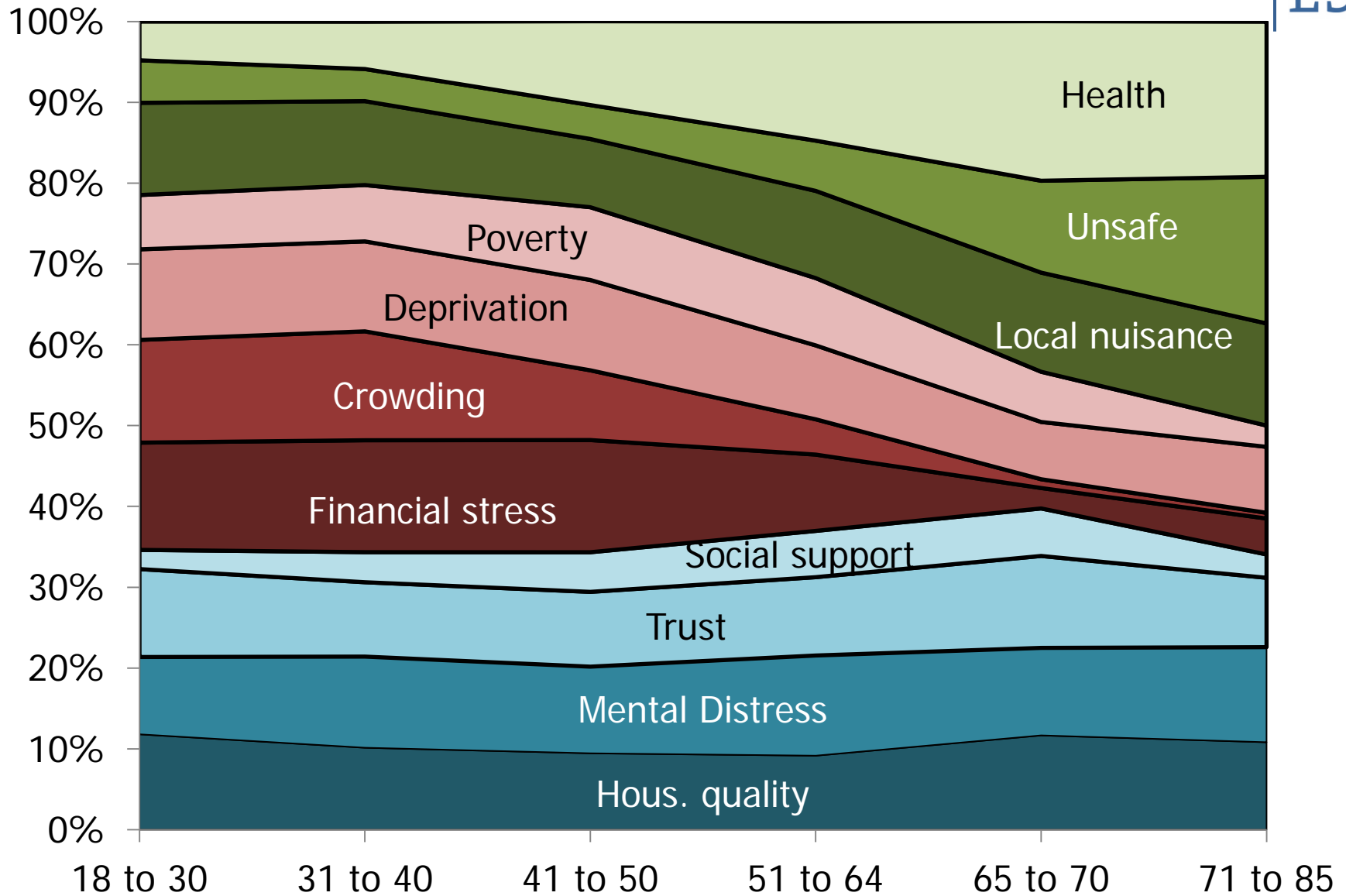
# Level of Multidimensional quality of Life Deficits, Poverty and Deprivation by Age Group



## Multidimensional Quality of Life Deficits

	H: Headcount	I: Intensity	AHCR	Poverty	Basic Deprivation
<b>18 to 30</b>	31%	37%	11.4	17%	36%
<b>31 to 40</b>	25%	37%	9.3	11%	29%
<b>41 to 50</b>	27%	39%	10.5	16%	32%
<b>51 to 64</b>	27%	37%	10.0	18%	29%
<b>65 to 70</b>	20%	33%	6.6	13%	18%
<b>71 to 85</b>	20%	34%	6.5	7%	14%
<b>Total</b>	25.5%	37%	9.4	14%	28%
<b>Ratio 18-30 / 71+</b>	1.6	1.1	1.8	2.6	2.5

# Decomposition of Multidimensional QoL problems by dimensions within age group (sum to 100% within age group)



# Level of Multidimensional quality of Life Deficits, Poverty and Deprivation by Social Class (1)



- **European Socio-Economic Classification (ESeC):** an occupationally based socio-economic classification developed for use in comparative analysis (Rose & Harrison, 2007, 2014)
- Grouped into 4 categories:
  - **Professional/managerial** (ESeC 1&2; includes higher and lower professionals, managers and employers of 10+)
  - **Intermediate** (ESeC 3&6; incl. intermediate service class and technicians)
  - **Self-employed/farm** (ESeC 4&5; self-employed & small employers)
  - **Manual etc.** (ESeC 7,8,9 & 10; includes skilled , semi-skilled and unskilled manual, routine, lower service/sales occupations and those who never worked.)
- Take ESeC of householder (or if couple, use dominance rule)

# Level of Multidimensional quality of Life Deficits, Poverty and Deprivation by Social Class (2)



## Multidimensional Quality of Life Deficits

	<b>H: Headcount</b>	<b>I: Intensity</b>	<b>AHCR</b>	<b>Poverty</b>	<b>Deprivation</b>
<b>Professional/ managerial</b>	14%	35%	5	6%	17%
<b>Intermediate</b>	27%	37%	10	11%	28%
<b>Self-employed/ farmer</b>	29%	36%	10	24%	29%
<b>Manual etc.</b>	36%	38%	14	21%	40%
<b>Total</b>	25%	37%	9	14%	28%
<b>Ratio of Prof./manag. to Manual etc.</b>	2.6	1.1	2.8	3.4	2.3



# Summary



- AHCR methodology applied to analysis of multidimensional QoL in the Irish case, post-recession in 2013
- Main source of variation in LEVEL is headcount rather than intensity
- Large differences in LEVEL of QoL deficits by age and by social class
  - AHCR 1.8 times higher for 18-29 year age group than 71-85
  - AHCR 2.8 times higher for Manual etc. than for Prof./manag.
- Larger variation in PROFILE by age group than by social class.
  - Younger adults: crowding, financial distress
  - Older adults: health, safety, local nuisance.

# Discussion



- AHCR: middle ground between inclusiveness of union approach and the focus on severe problems of the intersection approach
- Approach is consistent with the need take account of a broader range of dimensions of QoL – not just income
- Disadvantage of relying on income poverty – problems in capturing the impact of the recession because threshold collapsed; difficulty in measuring income of the self-employed.
- Multidimensional QoL indicator highlights group differences in the composition of disadvantage
  - Allows monitoring of disadvantage towards the middle of class and income distributions as well as at the bottom
  - The most pressing problems of old age in Ireland are connected with health and feelings of security
  - Financial strain emerged as a particular issue for the self-employed & farmers



# Limitations & future research



- Choice of dimensions needs to be informed by the purpose of the indicator – which groups are being compared
- Certain dimensions not included because not applicable to whole population (e.g. work, work-life balance, education)
- Some phenomena not measured at individual level and do not vary within country (democracy, GINI)
- Some not available in SILC module (perceived social exclusion, quality of public services, community involvement)



**Thank you!**

# Relationship between indicators and Life Satisfaction (correlations)



Indicator	Correlation with Life Dissatisfaction
Poverty	0.09
Deprivation	0.27
Financial stress	0.23
Health problems	0.21
Distress	0.42
Crowding	0.04
Housing Quality Problem	0.13
Local Nuisance	0.08
Mistrust	0.17
Lack support	0.18
Lack safety	0.06