

Subjective evaluation of socio-economic situation of residents of the South Bohemian Region and factors impacting it

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Abstract. In our entry we focus on subjective evaluation of the socio-economic situation of residents of the South Bohemian Region. We explore and describe factors as well as contexts contributing to such subjective evaluations. The research was conducted via a survey, which made use of a self-designed questionnaire consisting of primarily closed scale questions focusing on areas including evaluating the socio-economic situation, the ability to manage own income. The sample consisted of 700 questionnaires. The results of the research show that 43.4% of respondents have average income management skills and that the ability to manage income is statistically independent from age, education level, or sex of the respondent. Employment also does not statistically influence the ability. As part of subjective evaluation of poverty/wealth, the respondents feel to be middle class (29.1%), the extremes were selected seldomly. Only one percent evaluated their situation as poverty; 0.1% saw perceived themselves as wealthy.

Keywords: socio-economic situation, poverty, social status, economic dimension

1 Introduction

In our entry, we focus on subjective evaluations of socio-economic situations. Such subjective evaluations are impacted by several factors (education level, employment, etc.) [1;2; 3]. On the other hand, it is obvious that the socio-economic situation of an individual reflects into other areas of life – health, free time activities, etc. Wilkinson, Marmot [4] state that e.g. poor social and economic circumstances have a life-long impact on health. Persons who are lower on the social ladder, are usually twice more at risk of a severe illness and premature death than persons at the top of the ladder [4]. Results from other published works also point out that population groups with lower socio-economic status are proven to be in worse health, which was not only subjectively stated but also objectively research – their risk of morbidity and mortality is higher. In deprived areas, health of the population is worse but

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the use of health care is higher despite the quality of the health care services in the area being lower than in areas with high socio-economic status [5]. Considering this information, we must focus on the question of socio-economic status of individuals and reflect on it.

9.6% of the inhabitants of the Czech Republic were at risk of income poverty in 2018 [6]; in 2019, this rate was at 10.1% and therefore impacts one in ten Czech residents [7]. Average annual net income per person in a household was 182,000 CZK in 2017, which was 10,000 CZK more than in 2016. The majority of households can manage their income relatively easily or only with small complications [6]. The income situation of households has improved over the past few years – evidenced by the positive value of the average annual growth rates of their net monetary income per person. This trend is also supported by older data on household income from 2015 that clearly show that the average annual growth coefficient for the period 2011-2015 was 102.8%. On average, household incomes nominally increased each year by 2.8%. After adjusting for average inflation, the income increased by 1.5% [8].

In October 2019, 52% of Czech residents evaluated their current economic situation as good, 12% as bad, and 35% as neutral. The data was published by the Public Opinion Research Centre of the Czech Academy of Sciences. The optimism in evaluating current economic situation increases according to researchers alongside increasing satisfaction with own life, political situation, and level of highest achieved education. Highly qualified experts or managers, residents of Prague, residents of the South Moravian Region, and residents of cities with population higher than 80,000 evaluate their economic situation more positively [9].

On the other hand, we must address risks and fears – 17.6% of households have large issues with managing their income. Single mothers and women older than 65 who live alone struggle with their income [6].

The highest percentage of households that struggled with managing their income were unemployed persons (49.5%); however, this percentage also decreased by up to 6.3%. Households of self-employed persons struggled with their income only in 8.5% of cases in 2019, which is a 3.3% decrease compared to 2018 [4]. Fear of the global economic crisis is perceived as a real threat for the Czech Republic by 39% of Czech residents [10].

When it comes to subjective perception of socio-economic situation, 32% of Czech residents perceived their family as poor in 2016 according to a STEM study, 7% were entirely sure that their family was poor. 49% of persons with primary education and 56% of unemployed persons perceived their family to be “poor”, as well as 38% of persons with vocational education and 35% of senior citizens. 49% of divorced respondents and 44% of one-person households more often also see themselves as poor. The feeling of poverty depends on the household’s assets. Regardless, it is interesting that more than a third of persons with the overall value of assets under 300,000 CZK does not regard themselves as poor. On the other hand, almost a fifth of persons with assets worth more than two million CZK considers themselves poor. These facts prove the subjectivity of poverty [11].

When reflecting on the perception of the socio-economic situation, we must also consider the rate of debt of Czech households. According to the Czech National Bank (information from the system of ARAD timelines [12]), the rate of debt of Czech households in three researched indicators (consumption, living, other) keeps growing.

Whereas the household indebtedness compared to household income was only 55% in 2009 in the Czech Republic in comparison to 96% in the EU-27, the debt of Czech households when compared to the volume of their net financial assets was higher than the European average (56% in comparison to 53% for EU-27). The indebtedness can also be

compared with the overall wealth of Czech households defined not only by the value of their financial and tangible fixed assets in the form of apartments and houses (mostly acquired via a loan). In comparison with such wealth, the rate of indebtedness of Czech households was approximately 17 percent in 2010. The comparison with European average is not possible in this case since the state of tangible fixed assets is calculated for only five more European countries [13].

The objective of the entry is to describe the subjective evaluation of the socio-economic situation of residents of the South Bohemian Region and the factors impacting it.

2 Methodology

The research was conducted via a survey, which made use of a self-designed questionnaire consisting of primarily closed scale questions focusing on areas including evaluating the socio-economic situation and the ability to manage income.

The representative research sample consists of quota sampling [14]. The quotas were determined based on sociodemographic indicators, i.e. gender and age, by random selection from among approached residents of the city České Budějovice and neighboring municipalities who were older than 15. The amount of the respondents was N=700. In České Budějovice, there were 77,000 inhabitants in the age group in question at the time of the study. Thus, the research sample comprised of 1% of the population. The data matrix was statistically processed in the SPSS program. Social support was processed via the Chi-squared test, the p-value was 95%.

3 Results

One of the methods of determining the subjective evaluation of socio-economic situation is the question of managing income. Respondents evaluated their ability to do so as average (43.4%); 22.1% of respondents managed their income well; and 14.7% struggled to manage their income. Only 12% of respondents stated that they can save some of their income (Table 1). The income (Table 2) does not correlate with the ability to manage income ($p=0.263$; $r=0.422$).

Table 1. How do you manage your income?

	Frequency	%
Not at all	7	1.0
Poorly	103	14.7
Average	304	43.4
Well	155	22.1
I can save up	84	12.0
I do not know	6	0.9
No answer	33	4.7
In total	692	98.9

Source: Own processing.

Table 2. Net monthly income of the household of the respondent

	Valid	Frequency	Percent
	did not answer, does not know	69	9,9
	under 850 €	77	11,0
	851 – 1249 €	47	6,7
	1250– 1649 €	115	16,4
	1650 € and more	81	11,6
Total		389	55,6
Missing System		311	44,4
Total		700	100,0

Source: Own processing.

How respondents managed their income statistically does not correlate with age ($p=0.097$) or education level ($p=0.451$). It does also not correlate with sex ($p=0.747$) or even with the un/employment of the respondent ($p=0.430$).

Another way to determine the subjective socio-economic status is a self-evaluation scale on which respondents can choose values between 1 to 10 – 1 symbolizing “very poor” and 10 symbolizing “very wealthy”. The most common answer was the average value 5 (29.1%), as well as the values 6 (17.7%) and 4 (17.6%). The average value was 5.49; the standard deviation was 21.8. Extreme values were seldomly selected – extreme poverty in 1% of cases, and extreme wealth in 0.1% of cases. Such evaluations statistically do not correlate with age ($p=0.454$) or education level ($p=0.236$), or (as in the case of previously tested variable) with sex ($p=0.788$), and un/employment ($p=0.688$).

Such a self-evaluation scale statistically correlates with how respondents manage their income. It is connected to their subjective evaluation of their asset situation – the respondent could choose on a scale from 1 to 10. 1 symbolized “very poor” and 10 symbolized “very wealthy”. The better the self-evaluation of the status of the respondents, the better they manage their income ($p=0.000$; $r=0.229$). Also, the better the management of income, the higher the satisfaction with their financial situation ($p=0.000$; $r=0.681$). It is interesting that the variable does not correlate with the un/employment situation ($p=0.636$), see Table 3, since both – the financial situation and the employment situation – correlate ($p=0.000$; $r=0.211$).

Table 3. Correlation matrix – relation between subjective status evaluations and selected variables

		How do you get along with from that income?	which describes to your asset situation	Employment situation	Financial situation
How do you get along with from that income?	Pearson Correlation	1	.229**	.018	.232**
	Sig. (2-tailed)		.000	.636	.000
	N	692	675	676	681
which describes to your material situation	Pearson Correlation	.229**	1	.078*	.423**
	Sig. (2-tailed)	.000		.044	.000
	N	675	679	669	674
Employment situation	Pearson Correlation	.018	.078*	1	.211**
	Sig. (2-tailed)	.636	.044		.000
	N	676	669	681	680
Financial situation	Pearson Correlation	.232**	.423**	.211**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	681	674	680	686

Source: Own processing.

4 Discussion and conclusion

The results of our research show that 43,4% of respondents are average at managing their income. When choosing between the polar opposites of “managing well” and “managing poorly”, the respondents tend to choose the positive trait – 22.1% of respondents evaluate that they manage their income well; 14.7% evaluate their income management skill as poor. These results are similar to the results presented by the Czech Statistical Office for the entire Czech Republic that state that 17.6% of Czech residents struggle with managing their income [6].

The results were similar (average) for the question of evaluating the subjective economic status, for which respondents tended to choose average values – “5 points” (on the scale from 1 to 10). Poverty is one of the fundamental global issues [15] that additionally influence economic decision-making [16].

The results of our research show that the ability to manage income statistically does not correlate with any of the researched variables (age, education level, sex, un/employment) or with the net income of the household. So far, there is no Republic-wide study for this issue. Only partial outputs are available, such as the study on the differences between urban areas and the countryside [17; 18]. The results of similar studies show however that the income or socio-economic status do not impact the subjective evaluation of wealth and affluence [19]. Macroeconomic indicators such as GDP or economic crises do however impact such evaluation [20].

We agree with the statement from Czarenski [21] that it is necessary to use an interdisciplinary approach to the researched issue and to focus on the cooperation between economic and other humanities in practice.

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