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Development of A Multidimensional Subjective Economic Hardship Measure

Cem Safak Çukur¹, Halime Unal Reşitoğlu¹

¹Yıldırım Beyazıt University, Turkey

ABSTRACT

Only using actual income as an economic welfare might cause some important aspects of economic utility to be overlooked. Therefore, subjective approach to income and poverty measures is a fast developing area. However, most of the subjective measures of income have been focused on cognitive aspects of insufficient income or resources, in which participants generally evaluate the gap between their needs and material resources. On the other hand relative income and poverty studies have started to realize multidimensional components of economic hardship, sometimes called as economic distress or economic pressures. Along with cognitive aspects, behavioral and emotional aspects are also important to fully capture economic hardship. The current research is attempted to develop a quantitative measures that include these three aspects of economic hardship. 20 items of the scale were developed based on previous measurements in the literature which are related to Turkish economical context. The data was collected as a part of ongoing longitudinal project which included 4150 high school students. To assess the structure of the scale both explanatory and confirmatory factor analysis (SEM) were utilized. The relationship with objective economic measures and the developed economic hardship scale were analyzed to assess validity of the scale. The results were especially discussed with predictive validity of subjective economic hardship measures within different endogenous variables.

KEYWORDS Measurement of Poverty; Economic Hardship; Factor Analysis

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