



Subjective financial well-being, income and health inequalities in mid and later life in Britain



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ABSTRACT

The relationship between health and income is well established, but the link between subjective financial well-being and self-reported health has been relatively ignored. This study investigates the relationship between income, subjective financial well-being and health in mid-life and later life in Britain. Analysis of the General Household Survey for 2006 examined these relationships at ages 45–64 ($n = 4639$) and 65 and over ($n = 3104$). Logistic regression analysis was used to adjust for income and other socio-economic factors associated with self-reported health. Both income and subjective financial well-being are independently associated with health in mid-life; those with lower incomes and greater subjective financial difficulties had higher risk of reporting 'less than good' health. In contrast in later life, subjective financial well-being was associated with health, but the effect of income on health was mediated entirely through subjective financial well-being. The poorer health of the divorced/separated was also entirely mediated by differences in subjective financial well-being. Research on health inequalities should pay greater attention to the link between subjective financial hardship and ill-health, especially during periods of greater economic difficulties and financial austerity.

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Introduction

Since the Black Report (DHSS, 1980) demonstrated social class inequalities in health in Britain there has been a plethora of research on the relationships between different measures of socio-economic status and health, especially social class and education (Bartley, 2004; Scambler, 2012). Research has also established a positive and fairly linear relationship between income and health (Benzeval, Judge, & Shouls, 2001; Ettner, 1996; Wilkinson, 1996). However, the relationship between subjective financial well-being (SFW) and health has been relatively ignored, particularly in the UK.

Subjective financial well-being (SFW) refers to the individual's self rating of their income adequacy to meet their general needs. It is thought to be associated with perceptions of financial strain and stress. The lack of research in this area is surprising given that Angel, Frisco, Angel, and Chiriboga (2003) argued the importance for both researchers and policy makers of differentiating whether it is income and poverty alone, or an individual's perception of their

financial situation (SFW) that impacts on health. This paper examines the relationship between SFW and health while adjusting for income. As both health inequalities and economic activity vary over the life course and levels of ill-health increase with age, we compare this relationship in mid and later life.

Health and income

Numerous studies have reported an income gradient with poor health (Blane, Bartley, & Smith, 1997; Ettner, 1996; Hart, Smith, & Blane, 1998; Mackenbach, Kunst, Cavelaars, Groenhouf, & Geurts, 1997; Mackenbach, Meerding, & Kunst, 2007). The material explanation is largely used to account for the relationship between income and poor health, arguing that income affects housing, neighbourhood environments, diet and access to facilities for exercise and health care, which in turn all affect health (Bartley, 2004; DHSS, 1980; Link and Phelan, 1995). Income and earning potential are also related to power which can influence health (Bartley, 2004). Wilkinson (1996), Wilkinson and Pickett (2010) show the importance of relative income and position in the income hierarchy for health, arguing that those with lower incomes are more likely to experience stress, social and psychological deprivation that have a detrimental impact on health. The relationship between income and health is argued to be bi-directional, since health can impact on the ability to work and level of earnings. However, longitudinal

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research in the US (Muennig, 2008) and UK (Beckett, 2000) suggests that income has a greater impact on health, than health on income.

The relationship between income and health varies with age. In European samples, income and health are more strongly associated in mid-life (45–64 years old) than in younger age groups and in later life (65+) (Mackenbach et al., 2007). A US longitudinal study also found income was a strong predictor of health, particularly below age 65 (McDonough, Duncan, Williams, & House, 1997). These age differences may be due to reverse causation, as individuals in mid-life are more likely to depend on income from paid work, whilst in later life income primarily comes from pensions. Since health can impact on the ability to work, health is more likely to influence income in mid than later life, leading to a stronger relationship between income and health in mid-life (Muennig, 2008).

US research finds that income is a more important determinant of health than other measures of socio-economic status (SES), such as education and social class (Duncan, Daly, McDonough, & Williams, 2002). Given changes in the structure of labour markets and the possibility that social class may be less central for health now than in the past (Scambler, 2012), it is pertinent to examine the relative importance of social class, education and employment status, as well as income, in patterning health. Health inequalities research has paid less attention to subjective measures of status, such as subjective financial well-being, although 'people's sense of their social positioning is salient for their health' (Scambler, 2012: 133).

Health and subjective financial well-being

Despite the established relationships between SES and health, and between income and health, few studies have explored the relationship between subjective financial well-being (SFW) and health. Angel et al. (2003) argue that it is important to distinguish between SFW and income due to their distinct meanings and potentially individual consequences for health. Objective measures of income do not capture the meaning of income adequacy to individuals (Hazelrigg & Hardy, 1997; Mirowsky & Ross, 1999) with people on low incomes not always reporting financial strain, which indicates that these two measures are different and therefore may differentially impact on health (Angel et al., 2003). Kahn and Fazio (2005) highlight that income and financial strain (a form of SFW) are not the same; a level of income that may be sufficient to meet one individual's needs may be insufficient for another individual (Zimmerman & Katon, 2005). Social comparison and expectation may lead to differences in the perception of the adequacy of income (Angel et al., 2003). Perceptions of income adequacy are likely to be related to comparisons with an individual's reference groups, with these perceptions varying across different local and societal contexts (Whelan, Layte, Maitre, & Nolan, 2001; Whelan & Maitre, 2013).

The expected association between subjective financial well-being and health can be theorised through two main mechanisms. Firstly, in terms of feelings of 'relative material deprivation' (Pantazis, Gordon, & Levitas, 2006), and to what extent individuals feel they have insufficient income to participate in ways seen as customary within their community or peer group, such as being able to afford a week's annual holiday. This mechanism relates to reference group theory (Whelan & Maitre, 2013) and the role of social comparisons as a potential mediating factor between SFW and health. Secondly, subjective financial well-being may be linked to health through perceptions of 'financial strain/economic stress' because of inability to manage on their income, which involves psycho-social processes associated with stress, anxiety and

helplessness (Bartley, 2004; Kahn & Fazio, 2005). Both of these mechanisms are likely to have longer-term negative impacts on health and well-being due to feelings of lack of a sense of control, hopelessness, demoralisation, and reductions in self-worth and self-confidence (Angel et al., 2003; Pearlin, Menaghan, Lieberman, & Mullan, 1981).

Previous studies have not distinguished these two conceptual approaches to the link between subjective financial well-being and health. This is despite Whelan et al. (2001) showing that 'perceived material deprivation' and 'economic stress' represent two distinct dimensions of subjective financial well-being, which are both independently related to income. However, Whelan et al. (2001) do not examine the relationship of each of these two indicators of subjective financial well-being with health.

Most studies of SFW and health have focused only on older people. These have found that older people who experienced periods of financial inadequacy throughout the life course report poorer health (Kahn & Pearlin, 2006) and older people reporting current financial strain or subjective financial inadequacy had worse subjective health (Angel et al., 2003; Cheng, Chi, Boey, Ko, & Chou, 2002; Nummela, Sulander, Heinonen, & Uutela, 2007). However, these studies did not adjust for level of income. US research on women aged 70–79 found that those who reported subjective financial strain were 60% more likely to die within five years when absolute income and socio-economic status were adjusted (Szanton et al., 2008). Some studies have researched SFW and health in other age groups, but not using nationally representative samples. For example, Tucker-Seeley, Harley, Stoddard, and Sorensen (2013) report a positive association between perceived financial hardship and self-reported health in a US study of low income housing residents, when socio-economic factors and psychological distress were controlled; and Szanton, Thorpe, and Whitfield (2010) found that African American twins aged 25–89 years who reported financial strain in adulthood were more likely to have a physical disability and report depressive symptoms, but neither study adjusted for income.

Previous studies have not examined the relationship between SFW and health at different stages of the life course. It is important to contrast this relationship in mid and later life, because economic position and income sources vary at these two life stages, with income generally becoming more fixed after retirement (Muennig, 2008), and health inequalities are at their greatest in mid-life (House et al., 1990; House et al., 1994). Most previous research on SFW has not adjusted for income, therefore the independent relationship between SFW, income and health has not been well characterised in nationally representative samples. In addition, previous research has focused on a single measure of SFW and has not examined the independent effects of subjective 'material deprivation' and of 'economic/financial strain' on health.

The aims of this paper are to examine the relationship between subjective financial well-being (SFW) and health in mid and later life using nationally representative British data whilst adjusting for income. The research questions are: (i) How are two distinct measures of SFW associated with health in Britain; (ii) What role does income play in these relationships; and (iii) Do these relationships differ in mid and later life.

Methodology

This study used data from the General Household Survey (GHS) for 2006 (Office for National Statistics, 2008), which is representative of private households in England, Scotland and Wales. A stratified, two-stage probability sample selected 576 postal sectors and addresses from the Postcode Address File. The selected sample consisted of 12,562 eligible households, with interviews achieved

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