



IMPACT OF FINANCIAL STRESS ON LIFE SATISFACTION

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ABSTRACT

The aim of this study was to identify the Impact of financial stress on life satisfaction. It was assumed that “1-There would be a strong relation between financial stress and life satisfaction 2-People with high financial stress would have low life satisfaction and people with low financial stress would have high life satisfaction”. To explore this hypotheses a sample of 100 participants was selected from different educational institutes of Karachi with the help of Purposeful sampling technique. Among which 50 subjects were males and 50 were females. Half of the sample comprised of individuals with lower financial stress and half of the sample consisted of participants with high financial stress. Correlation survey design was used in order to explore all the variables selected for this research study .Demographic information was investigated through a self designed demographic sheet to gather their personal information and determine socio-economic status from Basic Pay Scale To measure the stress in life, we used the “Perceived Stress Scale” which is developed by “Cohen, Kamarek and Metmelstein (1983), & to measure the Satisfaction in Life, we used the 4 point rating scale of Life Satisfaction which is developed by Dr. Elia Gourgouris. The Pearson co relational test and t- test was applied to analyze the data. The finding suggests that there is a weak relation of- 0.118 (P<.05) but no significant difference amongst the two groups $t=2.37(P>.05)$

Keywords: Life Satisfaction, Financial Stress

INTRODUCTION

Presently Pakistan is going through an economic crisis in the world market. Each citizen of the country has been facing some sociopolitical and economic problems. There has been an enormous increase in the size of unemployment in the last decade .The life of an ordinary man has not only become difficult but there a lot of political and economic insecurities in their life. This scenario is increasing financial pressures on common man. Financial problems often affect an individual's level of work productivity and personal relationships (Williams, Haldeman, & Cramer, 1996). The aim of this research was to study the impact and relationship of financial stress with life satisfaction. Stress is a feeling that's created when we react to particular events. Stress rarely has a single source point, rather stress has been found to have many different sources. In addition, in this complex society stress influences many different areas of life. Stress can be caused by acute or chronic physical stressors, or by psychological and social stressors

(Sapolsky, 1994)The events that provoke stress are called stressors, and they cover a whole range. People can experience either external or internal stressors:

1 External Stressors include adverse physical conditions (such as pain or hot or cold temperatures) or stressful psychological environment (such as poor working conditions or abusive relationships). Humans, like animals, can experience external stressors.

2 Internal Stressors can also be physical (infections, inflammation) or psychological. An example of an internal psychological stressor is intense worry about a harmful event that may or may not occur. As far as anyone can tell, internal psychological stressors are rare or absent in most animals except humans.

Other than these factors there are a lot of psychological impacts of financial stressors which need to be addressed with reference to mental serenity and life satisfaction as well. In psychological effects of stress, studies suggest that the inability to adapt to stress is associated with the onset of depression or anxiety. Certainly, on a more obvious level, stress diminishes the quality of life by reducing feelings of pleasure and accomplishment, and relationships are often threatened.

According to a Report of Melbourne Institute by M.D.R Evans and Johathan Kelley in 2002, "this report examines influences of family and neighborhood factors on people's subjective appraisal of their quality of life, their overall happiness or wellbeing". This concept is variously called "happiness" in philosophy, "welfare" or "utility" in economics, "life-satisfaction" or "subjective well-being" in sociology and psychology, and "quality of life" in many disciplines. In all these guises it reflects an attempt to give an overall evaluation of an individual's position in life. Stress is a universal phenomenon, which has been discovered about the physiological responses to stress. This review examines the concept of stress in relation to its effect on wounding healing".

In the Lack of social network or lack of established network of family and friends predisposes one to stress disorders and stress-related health problems, including heart diseases and infections. In 2002, Diener conducted a study at the University of Illinois with Martin Seligman, finding that "the most salient characteristics shared by the 10% of students with the highest levels of happiness and the fewest signs of depression were their strong ties to friends and family and commitment to spending time with them". It could be elaborated from this study that people who maintain active relationships with their family and friends are buffered against the adverse health effects of chronic stress-including situations, such as low income or lower social class. On the other hand it could also suggest that those people who live alone are unable to discuss negative feelings and so relieve their stress. According to Diener 2002 "It is important to work on social skills, close interpersonal ties and social support in order to be happy and satisfied".

Environment stressors have been found to be generated by objects in our environment, as opposed to the regular stressors caused by our activities within that environment. Baron Gustav

Freitherr von Pohl (1929) Environmental stressors do not seem to be related to our activities in any direct way at all; they seem to be far more closely related to the effects of the places in which we live and work..

In this study we focused the financial stress in life satisfaction as environmental factors of stress. A family's financial status is based on family income, parental education level, parental occupation, and social status in the community (such as contacts within the community, group associations, and the community's perception of the family),Demarest, Reisner, Anderson, Humphrey, Farquhar, and Stein(1993). Wadsworth , et al. in 2006, examined prospective associations among poverty-related family stress, coping involuntary stress reactivity, and psychological symptoms in a sample of 79 rural, low income adolescents. Carroll and Smith et al. 1997, investigated a strong relationship between financial status and depression among middle-aged sister and brother pairs in the Wisconsin Longitudinal Study (WLS).

When wealth is measured within countries, wealthier people seem to be slightly happier on average but the effects of money on happiness in general are not large. Dire poverty is more likely to make a person unhappy than wealth is to make a person happy, although even for poverty the effects are not overwhelming.. Those who highly value materialism have been found in a number of studies to have lower the psychological well-being. Psychological well-being refers to a functional state that includes dimensions such as self-acceptance, positive relations with others, personal growth, purpose in life, environmental mastery and autonomy. In contrast, emotional well-being refers to a positive feeling state comprising an affective aspect (happiness) and more cognitive aspects (Life satisfaction)_(Bryant & Veroff, 1982; Keyes & Waterman, 2003).

Life satisfaction is one of the most popular psychological well-being measures of quality of life. Other measures include morale, happiness, and subjective well-being. Life satisfaction refers to a judgmental process in which individuals assess the quality of their lives on the basis of their own set of criteria (Shin & Johnson, 1978). A comparison is made between one's perceived life circumstances and a self-imposed standard. The degree of which one's life circumstances match up to the standard determines one's life satisfaction. Life satisfaction is one factor in the more general construct of subjective well being. Life satisfaction can be assessed specific to a particular domain of life (e.g., work, family) or globally. Depression and positive emotions and cheerfulness are the personality traits that most influence life satisfaction. Calsym and Robert et al. in 1991 investigated that positive effects of social support on life satisfaction and stress has more of a positive effect on life satisfaction. Patricia et al. in (1983,) depression and positive emotions and cheerfulness are the personality traits that most influence life satisfaction.

David G. Myers and Ed Diener et al. in 1995 (Jan), studies reveal that happiness and life satisfaction are similarly available to the young and the old, women and men, blacks and whites, the rich and the working-class. Better clues to well-being come from knowing about a person's traits, close relationships, work experiences, culture, and religiosity. Diener et. al: (2010)

research showed that once a person's "basic needs are met, additional income does little to raise your sense of satisfaction with life According to Diener,(2002) two events in a person's life with the greatest impact were shown to be loss of a spouse (taking 5-8 years for recovery) and loss of a job

With reference to the literature review and getting the inspiration from Diener's theory (2000) of psychological well being it interested me to look at how finances can effect life satisfaction of a Pakistani person. In the past decade the rate of unemployment has raised quite high in Pakistan hence putting a common man in economic and financial pressures. .In this study it is investigated to establish that "1-There would be a strong relation between financial stress and life satisfaction 2-People with high financial stress would have low life satisfaction and people with low financial stress would have high life satisfaction".

METHODOLOGY

Sampling

The sample of 100 participants was selected from different educational institutes of Karachi with the help of Purposeful sampling technique. Among which 50 subjects were males and 50 were females. Both male and female participants included in the research were working in both private and government sector .Half of the sample comprised of individuals from lower financial status and half of the sample belonged to high financial status Academic qualification was at least intermediate. The criteria of monthly expenses were more than 6000 to 10, 0000. We had a complete bio-data for the participants in which they mention about their all relevant information.

In this study the Purposeful Sampling Technique was used, because participants were needed to be screened for the criterion of either having high financial stress or low financial stress . In other words, the sample comprised of subjects who are simply available in a convenient way to the researcher and were falling in the category of set criterion. The screened participants were then randomly assigned to either of the two groups .Although the likelihood of bias was high as for not using probability techniques.

Material

A Consent form was prepared with the rationale of the study and the participants rights during the study to follow the ethical codes of APA. Demographic information was investigated through a self designed demographic sheet to gather their personal information ,which included name ,gender ,age and education .To determine the financial stress a functional definition "The finances available are not sufficient to meet my needs "was rated by participants on 7 point rating scale. To measure the stress in life, we used the "Perceived Stress Scale" which is developed by "Cohen, Kamarek and Metmelstein (1983), & to measure the Satisfaction in Life, Dieners Satisfaction with life scale (1985) was used

RESEARCH DESIGN

In this study a Correlation survey design was used in order to explore how financial stress is related to life satisfaction .And further investigate the difference in levels of life satisfaction of people with and without financial stress. This method was selected because it is very quick and efficient.

PROCEDURE

The initial step was to get the consent forms read and signed by the participants .The date and time was selected according to the convenience of the participants. The next step was to collect their demographic details including their name (optional), age, gender, residential area, academic qualification etc. The consent forms were signed by the participants as per the ethical principles and they were given the choice to leave/withdraw any time during the study Demographic sheet which included the personal data was completed by the participants. After screening them from higher and lower socio-economic status, they were asked to rate themselves on s Perceived Stress Scale (Cohen et.al. 1983) and Satisfaction With Life Scale(Diener 1985) Correlation Method was applied to interpret the results in statistical terminology. After completing of the research, as the part of debriefing, the results were share with participants.

RESULTS

In this study we measured the Life Satisfaction and Financial Stress as an environmental factor. In our results we measure the correlation between the Stress and Life Satisfaction and also t-test among both variables.

Table 1: Showing the relation between Financial Stress and Life satisfaction

Conditions	N	df	Correlation	Result
Life Satisfaction				
Financial Stress	100	98	-0.118 *	P < 0.05

The results reveal that there is a weak negative relation existing between the financial stress and life satisfaction i.e. the more the financial stress the less the life satisfaction.

Table 2. Showing the difference between the Low and High financial stress group

Group	N	df	t- test	Result
Low Financial				

Stress High Financial Stress	100	98	2.37	P > 0.05
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The results reveal that there is no significant difference between the low stress and high financial group. Hence the 2nd hypothesis is rejected.

DISCUSSION

In the present research, current investigation has been regarding the association between Life Satisfaction linking to Financial Stress as an environmental factors, it is articulating the manner in which the money valued life satisfaction, operationlized as strong well-being. The was a negative Correlation between Life Satisfaction and the financial Stress is ($r = -0.118$), According to this the first hypothesis seems confirmed although the prevalent relation between the two variables is quite weak .It appears quite clear from the results that there is a connection of money with life satisfaction. Financial stress is perceived to be one of the most important sources of psycho-social stress because so many of the basic activities of daily life are associated with personal financial resources and their management (Peirce, Frone, Russel, & Cooper, 1996).

Our hypotheses is “People with high Financial stress would have low life satisfaction and people with low Financial stress would have high level of life satisfaction According to this hypothesis we had to justify that, wealthy people are more satisfied than the poor people because the poor people haven’t experienced luxuries of life, and due to this, they are often tense for earning their bread and butter but in this study our hypothesis is rejected. It may have many reasons, because the small sample size it is not necessarily the true representative hence it refutes the idea that if financial status is strongly related with life satisfaction There was no significant difference found in the two groups as the t-test value calculated in table 2 between Life Satisfaction and Stress is ($t=23.731$), which indicates that the results was not significant at 0.05 level one possibility explored could be that the data which was selected was not going through any crisis at that time and felt financially relieved at the time of data collection or may be they mostly belonged to the middle class and as mentioned above that money is necessary for our needs but much more money is not the key of happiness even it creates more stress. Results shows that if we have a little money or low financial status and we have all relations of life like mother, father, sister and brother and also a spouse and we are most probably more satisfied with our life, we can be much more happier than the wealthier people. There are many evidence for this purpose which illustrates that money is not the key of happiness.David Futrelle, (2006) illustrated that more money can lead to more stress. The big salary is not the criterion of happiness and psychological well being . Lutter (2007) found that, “People in the richer areas reports being less happy”.

Money Misery the new science of happiness starts with a simple insight: “We are never satisfied. We always think if we just had a little bit more money, we’d be happier”, says Catherine Sanderson,(2001) a Psychology Professor at Amherst College, “but when we get there, we’re

not”. Indeed, the more you make, the more you want. The more you have, the less effective it is at bringing you joy, and that seeming paradox has long bedeviled economists.

Eric Schurenberg, , (2006),“Money can make you happy but having more money does not make you more happy. That is where a lot of people go wrong. The definition of a happy man is the persona who makes a hundred dollars more than his wife’s, sister’s brother. You are always going to find somebody who makes more than you and you will always find a reason to be unhappy about that. Another thing we always do is we over-estimated the pleasure we are going to get from things or from having more money. We think that having that new sports car is going to make our day. Well, at first, may be it will but three months later, that fancy new sports car is just an appliance. It’s just the car you have. “If income effects are entirely to how happy people are on the whole”, says Firebaugh.(2012) “Rather than promoting overall happiness, continued income growth could promote an ongoing consumption race where individuals consume more and more just to maintain a constant level of happiness”.

The results of the path analysis generally support that money cannot literally buy happiness but it may help to cope with troubles that prevent anyone from being happy. Bra Hines, 2007, In a column in Scientific American, summarizes the latest science of happiness. Some surprising results are reported. It seems that once individual income reaches \$20,000.00, an increase in income does not add happiness. The same is true with other basic needs. Satisfaction is an emotion that captures the uniquely human need to impact meaning to one’s activities

Results are concerning the relationship of life satisfaction to the other matters of life not just the finance. Money can’t make people stay in love, connect with friends or enjoy a hike in the woods but money, spent wisely can contribute greatly to happiness. Economist Richard Layard (2011) identifies the “Big Seven” of happiness as family relationships, financial situation, work, community and friends, health, personal freedom, and personal values. While a person’s financial situation is just one element among the seven, a look at the other big six shows that money matters with them as well, too.

Matthew Herper,(2004), demonstrates “Money can’t buy happiness”. The relationship between money and happiness is pretty darned small”, That’s not to say that increased income doesn’t matter at all. There is a very small correlation between wealth and happiness, According to Ed Diener, (2002) happy people tend to have higher incomes later on in their lives. So, while money may not help make people happy, being happy may help them make money.

Overall, the present results augment the growing research literature demonstrating the importance of life satisfaction in relation to stress and it shows that the finance is not so important for life satisfaction. If the person’s basic needs are fulfilled then money is not important for his life satisfaction, it depends on his life. On the other hand, present results also indicated that people can be happy in one condition, and that is inner-satisfaction which comes when people are truly sincere with their lives and with their siblings, friends, relatives and those

persons which live in their surroundings. Life satisfaction is not just depends on financial status, stress can produce in any situation, whether people are wealthy or poor.

Implications

The results of this research have several significant implications for individuals, employers, and organizations. The financial stress can be reduced by increasing the social support structure of a person. The availability of functional support could restructure much of their financial attitudes and behaviors. Many of these financial stresses can be reduced by both increased information and financial skill building experiences and drawing the attention of individuals towards more positive elements in their life other than money which could enhance the level of life satisfaction.

Limitations and Future Recommendations

The present research has several limitations. First, we used only few items to measure the global concept of Life Satisfaction. The other factors discussed in the literature review could also have influenced the participants responses for e.g. social network etc. Second, our archival data set did not include key demographic variables such as marital status, and monthly expenses.

Although the results cannot be generalized beyond this sample, they suggest that additional research using a random sample of a population would yield valuable. The replication of the current findings with other measures and populations in the occupations/fields remains an open question, though the similarity of the life satisfaction relationships offers hope for the generalizability of findings to a broader set of monthly expenses.

All measures in the present study were collected at one time. It would be interesting to see whether collecting the measures at different time periods, such as measuring life satisfaction later in time than perceived stress, would affect the pattern of results.

CONCLUSION

Financial status cannot release the stress, for life satisfaction, other things are more important than money. Like love, inner peace and relations, these things are necessary for individual's lives. Hence, it is not proved that people with strong life satisfaction would have strong financial status and less stress & people with low life satisfaction would have low financial status and more stress.

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