



# **An attempt to measure the micro foundations of societal resilience: households' coping strategies and social cohesion during the Great Recession in Hungary**

István György Tóth (Tárki Social Research Institute, Budapest)

12th Conference "Social Monitoring and Reporting in Europe"

„Resilience: An Asset in Difficult Times?“

Villa Vigoni, Lovenno di Mennagio, October 23-25, 2017

## Outline

- On resilience: units, stressors and the micro-macro problem
- The question on crisis – households – cohesion ( case study approach)
- Coping in consumption, savings, labour markets, human capital investments and social cohesion attitudes (focus on the latter only)
- (Very preliminary) conclusions (on how resilience can be understood in the context of household behavior and social cohesion)



## Preliminary remarks

- Unfinished paper (still a lot of speculations)
- Aim: to find indicators capturing essential features (and perhaps some indicators) of resilience
- Paper on relationship between recession and cohesion: serves as a case study



## Resilience as ...

- capacity to recovery from external shocks (absence or low risk of vulnerability)
  - Btw: is resilience always positive?? (if resilience = back to normal, what if „normal” = stagnation, underdevelopment, cronyism, clanism, etc...  
What if a shock is positive? What about resistance to reforms?)
- combination of coping, adaptive and transformative capacities of the relevant units

## Resilience of

- Individuals
- Small social units (households)
- Larger social units (communities, societies) and their ecosystems
- Global systems (social and ecological)



## Starting points for empirical analysis

### Relevant attributes of resilience at various societal levels

- individuals: physical and human capital, personal traits and attitudes  
(about savings, consumption, investment)
- household: assets/wealth, savings, household composition
- society: (internalized) norms and institutions

### Potential stressors

- Long term change in eco-systems (climate)
- Natural disasters
- Social change (migration, recession, health risks, etc)



## **In focus:**

The potential link between two macro variables:

economic recession (as shock) and social cohesion (as something to be protected)

## **The difficulty:**

To find the micro link (between shocks that hit the households and individual attitudes related to social cohesion)



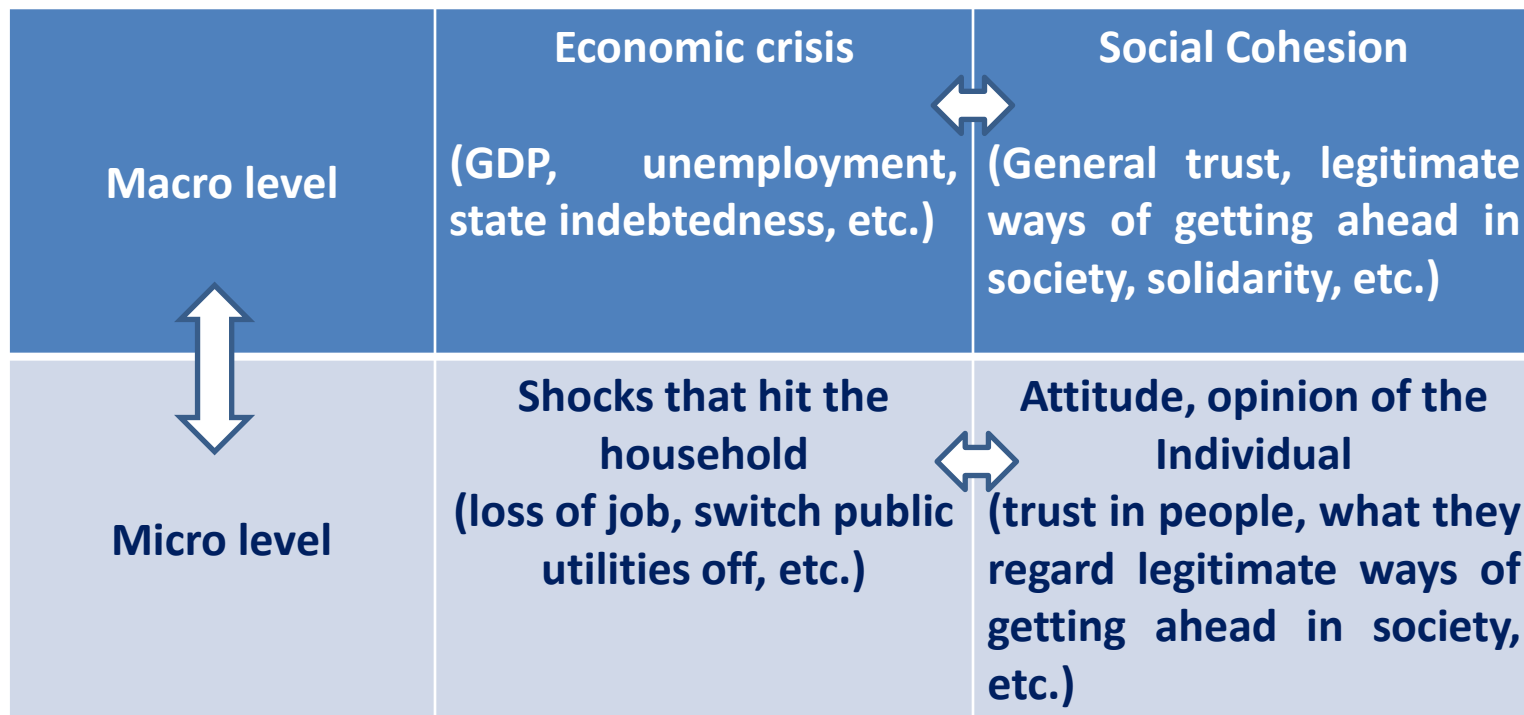
Tóth I. Gy. And R. Branyiczki: Társadalmi kohézió, attitűdök és a válság kapcsolata (Social cohesion, attitudes and the economic crisis)

In: Tóth, I. Gy. (ed.) (2016): A háztartások viselkedése a válság idején és azt követően. A „Makro sokkok - mikro válaszok: sikeres és sikertelen háztartási alkalmazkodás a válság idején Magyarországon - A Tárki Háztartás Monitor kutatás” záró beszámolója. (Household behavior during and after crisis. Final report of the research „Coping with macro shocks: success and failure of household adjustment during the crisis in Hungary - TÁRKI Household Monitor survey” E-book, Budapest, TÁRKI.





## Analytical framework: the macro-micro link







# TARKI Household Monitor

- 1992-1998 Hungarian Household Panel
- Between 1992 and 2001 yearly, since then every second year – long time frame, same methodology
- Recent publications:
  - Inequality and polarization in the Hungarian society (April, 2013.)
  - Are we OK (...?! ) Situation of the households after the crisis (March, 2015.)
- 2015-2016 OTKA (Hungarian scientific research infrastructure) – larger sample, wider spectrum, focus on the impacts of the crisis
- Recent data collections: 2015 autumn (A) and 2016 spring (B)



## TARKI Household Monitor (A)

*Time of data collection: 2015. 10. 09. – 2016. 01. 03.*

*Income reference period: the previous year from the time of data collection (2014. 10. 01. – 2015. 10.01.)*

### *Household questionnaire:*

- Topics: basic info on households (demographic and income data), income and expenses data referring to the whole household
- Respondent: the member of the household who is the most competent in answering such questions
- Number of interviews: 2000 (in 2015 2772)

### *Individual questionnaire:*

- Topics: employment and occupation, income, education
- Respondent: household member of age 16 or above
- Number of interviews: 3500 (in 2015 6237)



## TARKI Household Monitor (B)

***Time of data collection: 2016. 03. 17. – 2016. 03. 29.***

***Survey design:*** random walk, omnibus rules

***Respondents:*** individuals, representative sample of the 18+ population

***Number of interviews:*** 1007

### ***Structure of the questionnaire:***

- Basic info about the household: demographic and employment info, income and expenses data regarding the whole household
- Income: monthly, personal and total household income
- Individual data on employment, education and other demographic characteristics
- Detailed history of events of the household (crisis-shocks and household reactions, between 2007-2016)
- Social cohesion, trust, attitudes of redistribution



## Conceptualizing social cohesion (left hand variable)

Dimensions of interpretation	Included in the definition of cohesion	Excluded from the definition of cohesion
Socio-economic structure (income and wealth inequality)	Differences are accepted as legitimate, rules of the game are generally accepted	Economic distances, size of income differences
Culture (tastes, values, opinions)	Group identity, common general norms, tolerance	Identical values
Relation to public institutions (civic activity)	Partnership, active participation	Subordination, feeling of being subordinate
Relation to other citizens	Dense horizontal social networks, embeddedness, trust	Personal relationships across the hierarchy (nepotism, clientelism, cronyism protection)



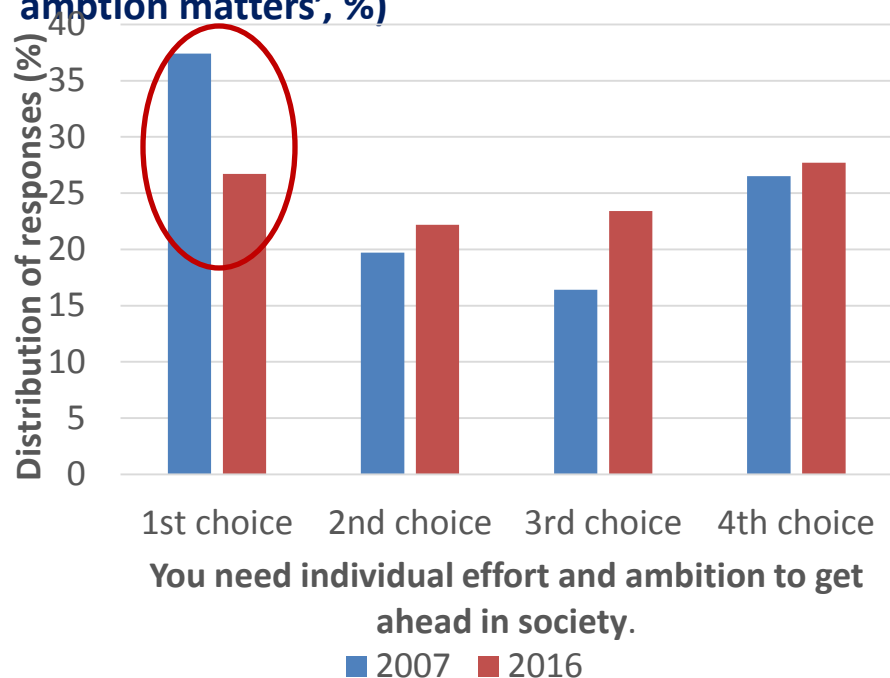
## List of attitude variables studied (proxy elements of cohesion)

<b>General trust</b>	Trust in people, in general
<b>Getting ahead in society</b>	Importance of individual effort and ambition
	Importance of „good connections”
<b>Legitimacy (acceptance) of the „paternalistic” role of the state, redistribution</b>	Responsibility of the public for individual fortune in general
	Providing job
	Financing higher education
	Social transfers

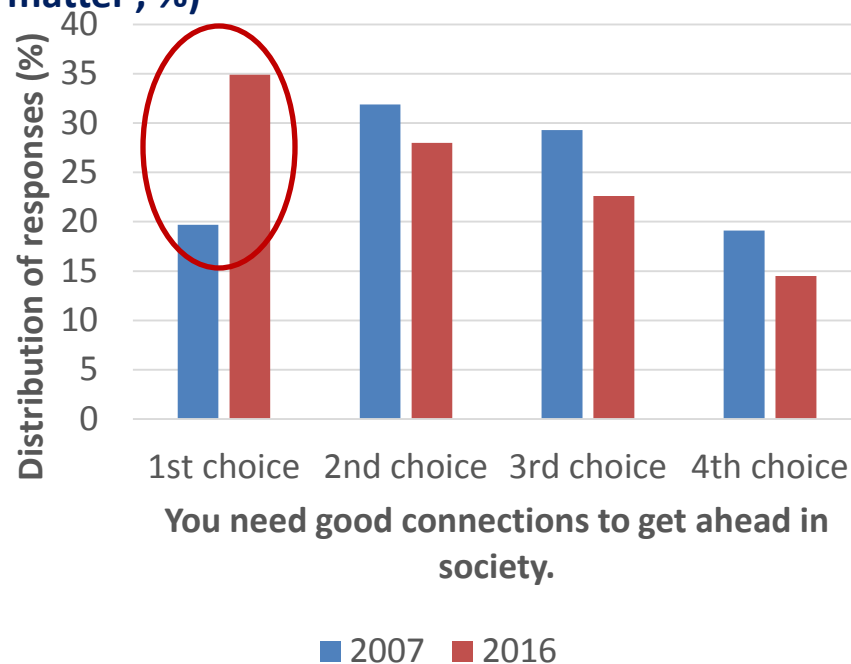


Individual effort is regarded less important, whereas the role of connections in getting ahead is valued much more in 2016 than in 2007 – is this a sign of a legitimacy crisis of market economic mechanisms in Hungary?

What do you need to get ahead in society? (The rank order of the response ,Individual effort and ambition matters', %)



What do you need to get ahead in society? (The rank order of the response ,Good connections matter', %)



Source: TARKI Household Monitor 2007. and 2016.





## Crisis variable (on the „right hand”)

Did it occur in your household since 2007 that...

- The main earner lost his/her job?
- Some other member lost his/her job?
- Someone did not receive his/her salary in time?
- For some other reason (i.e. lasting illness) you stopped to receive a previously regular income?
- Some public utility service (gas, water, electricity) was switched off or was limited due to unpaid bills?
- TV, telephone, mobilephone or internet service switched off?
- You paid the instalments of your credit late or you could not pay them?
- You were dislodged/expelled from your home?

Crisis variable	2016	
	Frequency	%
0 – the household was not hit by any of the shocks	556	56,6
1 – one of the shocks hit the households („crisis” variable)	217	22,1
2 – more of the shocks hit the households („severe crisis” variable)	209	21,3
Total	982	100





## Generalized model

$$\Pr(Y = 1,2,3,4 | X_v, X_{dem}, X_a) = F(\beta_0 + \beta_v X_v + \beta_{dem} X_{dem} + \beta_a X_a)$$

...where the left hand var may have 2-4 values and probability to accept the 1-4 attitude options is estimated by a logistic regression, where  $X_v$  is the „crisis” variable (0,1,2) while  $X_{dem}, X_a$  are controls ( $X_{dem}$  for socio demographic, while  $X_a$  is for attitude vars, also categorical)

## The relationship between crisis (shocks hit the household) and attitudes related to social cohesion

	Models explaining attitudes about...	Odds ratio	Confidence intervals (95%)
<b>Cohesion</b>	<b>Trust:</b> crisis, severe crisis	No significant relationship	-
<b>Getting ahead in society</b>	<b>Role of individual effort:</b> crisis	<b>0,73</b>	0,54-0,98
	severe crisis	<b>0,64</b>	0,46-0,88
	<b>Role of connections:</b> crisis, severe crisis	No significant relationship	-
<b>Role of the state</b>	<b>Care over individuals' fate</b> crisis, severe crisis	No significant relationship	-
	<b>Providing job</b> crisis	No significant relationship	-
	severe crisis	<b>1,53</b>	1,11-2,11
	<b>Tuition fees</b> crisis, severe crisis	No significant relationship	-
	<b>Social transfers</b> crisis, severe crisis	No significant relationship	-



## Crisis and social cohesion, Hungary (1)

In 2016 compared to 2007

- General trust decreased in the society
- The number of people who think you need good connection to get ahead increased parallel to the decrease in the number of people who believe in the importance of individual effort
- Paternalistic attitudes continue to be dominant in the Hungarian society.



## Crisis and social cohesion, Hungary (2)

- There are only a few attitudes related to the shocks, crisis households experienced, but...:
- Those who were affected by economic/financial shocks
  - Generally thought that the role of individual effort was smaller in getting ahead...
  - And on average expect more support from the state in providing job security (*ceteris paribus*)



## Key to further research on indicators is to identify

- Dimensions
- (Output and process) indicators
- Interactions and mechanisms that link micro and macro actors/units  
(beware of endogeneities, adaptation and common background factors!)
- A VERY IMPORTANT HINT: resilience is a manifestation of the reflective nature of humans and groups of humans: they think and act and may devise to improve resilience and adaptive capacities of their societies

## A comment ...

- Resilient society = successful society = society with sustainable growth
- Therefore: ultimately, research on resilience = research on drivers of success/growth of nations (like by Acemoglou and Robinson, Schumpeter, Adam Smith ... )



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