

DOI: 10.5281/zenodo.1303205

UDC 339

JEL Classification: O15, D31

QUALITY OF LIFE OF HOUSEHOLDS - ECONOMIC CONTEXT OF UNEVEN INCOME DISTRIBUTION

ЯКІСТЬ ЖИТТЯ ДОМАШНІХ ГОСПОДАРСТВ – ЕКОНОМІЧНИЙ КОНТЕКСТ НЕРІВНОМІРНОГО РОЗПОДІЛУ ДОХОДІВ

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The perception of the quality of life in the context of civilization changes happened in recent times overarching goal is not only economic and social policies at national, regional and local level but also a point of inquiry many sciences including sociology, psychology, logistics city or medicine. In the last decade we can see very clearly exposing the issues of quality of life in all sorts of papers, agendas and treaties of the European Union. The quality of life, appropriate living conditions, decent life of society have become one of the most important objectives of the European Union as well as individual national economies. Balance between economic growth and social development, while maintaining the basic principles of the natural environment and cultural heritage is largely derivative of the quality of life. The importance of the issue is the fact that the level of quality of life was considered one of the most important objectives of the EU's Europe 2020 Strategy Household thus becomes the primary entity whose quality of life is reflected.

The purpose of this article is to show the essence of a household and embedding it in a broader theoretical context by using the achievements of modern economic thought. In the following part presents indicators of diversification of household income in terms of quality of life and relationships deciles based on revised data from the national accounts (RN) and data not adjusted based on the household budget survey (HBS) in Poland as one of the main factors the quality of life of household members.

The main part

1. The essence of the household – theoretical background.

For Household as an economic entity is not real, because of its functioning prejudice: the structure, organization and relationship components. A household can be described thus by objectives, function and structure of the subject-object and the factors and conditions that make up the so-called surroundings. The household is the subject of intrinsic

Єж Р. Якість життя домашніх господарств – економічний контекст нерівномірного розподілу доходів. Оглядова стаття.

Якість життя, умови життя окремих членів суспільства багато в чому є відображенням економічного стану домогосподарств, в тому числі локалізації та розповсюдженню доходів. Домогосподарство є економічним суб'єктом, що має необхідний фінансовий капітал, і в поєднанні з навколишнім простором створює ідеальне середовище для підвищення якості життя.

Мета цієї статті – показати сутність домогосподарства та вбудувати його в більш широкий теоретичний контекст, використовуючи досягнення сучасної економічної думки. У наступній частині наведено показники диверсифікації доходів домогосподарств з точки зору якості життя та відносин рішень на основі переглянутих даних з національних рахунків (РН) та даних, не коригованих за підсумками опитування бюджету домашніх господарств (HBS) в Польщі в якості однієї з основних факторів якості життя членів домогосподарства.

Ключові слова: якість життя, домогосподарства, дохід, розподіл

Jež R. Quality of life of households – economic context of uneven income distribution. Review article.

Quality of life, living conditions of individual members of society is largely a reflection of the economic situation of households, including the localization and distribution of incomes. The household is an economic entity with the necessary financial capital, and in conjunction with the surrounding space creates an ideal environment for improving the quality of life.

The purpose of this article is to show the essence of a household and to embed it in a broader theoretical context, using the achievements of modern economic thought. The next section presents indicators of household income diversification in terms of quality of life and decision-making based on revised National Accounts (RN) data and data not corrected by the results of the Household Budget Survey (HBS) in Poland as one of the main factors of quality of life household members.

Keywords: quality of life, households, income, distribution

properties, which largely determines the economic and organizational conditions of life. You can also state that within the activities of households as checks not only the effectiveness of socio-economic policy, but also the efficiency of the economic mechanism.

A household is one of the economic operators that is of interest to microeconomic theory. It is next to the company typical trader and decision-making, striving for maximum satisfaction from consumption in relation to their income. In the literature, the household is treated as an entity which activities based on their own material resources and labor of their members. Only changes of its character, and particularly its scope and forms of operating under the influence of changing needs, ways of satisfying them and changing environment. In foreign literature can be traced to a similar definition of the household. G.W. Mc Eachern defines a household as the primary subject of the economy, which through its rational consumer choices determines what, how and for whom to be produced. According to it, the most important entity operating in the market is the household, not the government or the company.

A household is defined differently, although this was the evolution of the approach in defining that category. Initially dominated by subjective approach that stressed the different types of activities within the household to meet the needs. At the end of the seventies of the twentieth century household came to be seen as a socio-economic categories necessary for the existence and functioning of the family, as the economic base unit or group of people living together and maintaining themselves jointly, with the characteristic features of demographic, social and personality. In the definitions of the nineties highlights, in turn, their activities, or certain behaviors determined by the needs and focused on their satisfaction and, therefore, on attaining the targets of management. Today, it is assumed that the household is an institution created by society (individual members), together with the resources of money, time, knowledge, skills and material goods.

Household consumption is an individual entity whose business activity in the sphere of consumption is set to meet the consumption needs of the individual, the individual members of the household and the household as a whole. Entities included in the household combine their income (as well as material resources and work performed at home and outside the home) in order to meet the needs of the household as a whole and its individual members. Household is a unit of a household for consumption in the sphere of consumption, i.e. it grows the economy homework. This economy largely relies on disposal of income derived by individual members of the household.

Characteristics of households show that we can identify three main components of this category: a person or group of persons forming the holding means (assets) that are available to them and their duties. Household is an entity that can be seen in three aspects:

- persona – household create for people whose demographics, economic and social decide on the nature of the whole farm;
- subjects – the company provides the economic base to meet the needs of its members. Base this form different resources accumulated in the form of assets, accumulated resources of durable goods of the accommodation as good of a particular, defined as domestic consumer infrastructure, resources in cash;
- functional – including steps (actions) undertaken both outside and inside the household, whose aim is to meet the common and specific needs of household members.

Household is a complex economic category. Hence, often mistakenly equated with other concepts, likes the family. It should be noted that the family is a sociological category and is a group of people linked wedlock and the parent. The dominant characteristic of the family is to maintain the continuity of biological and cultural society, enabling children to acquire adequate social position, satisfying the emotional needs of family members, preventing disintegration, exercise social control in relation to the younger generation.

In the literature you will encounter many types of classification functions of the household. Their authors take various criteria distinguished, depending on the degree of generality considerations and the purpose for which they serve. An important, yet one of the most interesting classification of economic functions of household, based on an analogy to the phases of the social reproduction process, presented two German economists - G. Lippold and G. Manz, who identified four economic functions: production function, involving the formation and addition of social the production process by the processing of the food ready meals, production of food (eg. in allotments), etc.; function division, involving the redistribution of income among household members; circulation function, expressed in the exchange of services between members of the household; a consumer function, manifested in a common housing and resource use material goods and organization of individual consumption of household members.

Hodoly points out that some analogies in the proposed split are apparent, and the classification of certain functions (eg. the organization of consumption) is inconsistent. The classification, despite the drawbacks, it is inspiring because it emphasizes the complexity of the economic functions of household. Household consumption being the subject sphere, is an extremely versatile micro-unit household, which not only generates revenue, divides into different goals, but also produces goods, services, collect supplies. In addition, between units forming a household are very common family ties, which give rise to social functions of educational and welfare. It is worth noting that the household in terms of task-like enterprise. Both parties regarding the ingredients save money, keep "money" benefit from loans like.

As in the case of tangible, both individual household members and relevant services in the enterprise make purchases of goods and services, store and maintain equipment. The main difference between the enterprise and the household is in order to operate. The aim of the company is the production (manufacture) or movement (replacement) of certain values of utility and profit, and household purpose is to meet the needs of its individual members.

Within the household is reflected also its historical function. In households of evolution is primarily the nature of their material base. Transformations taking place also in the demographic structure and social households. Therefore, as one of the basic criteria for the distribution of households accepted source of income (exclusive or main).

Information about the primary and secondary source of income of households by type, adopted for the census are comparable with the classification in force in the household budget surveys and are used to classify households according to socio-economic groups. Central Statistical Office in the National Census of Population and Housing has identified the following farms: employees - sustained mainly from paid employment or work on an agricultural parcel; farmers – lasting only work in their own farm; self-employed; retirees – the main source of income comes from pensions; pensioners – the main source of income comes from disability benefits; living on income from property – the sole and primary source of income is income from capital investments, interest on savings, from participation in company profits; others – remain solely or mainly dependent on an undetermined source of income.

Household, according to the methodology of the European System of Accounts (ESA), as the institutional sector there is a market for both consumer goods and manufacturing. Households were classified establishments engaged in business activities and without legal personality, belonging to one or several members of the same household. They are regarded as an integral part of the household, with the exception of a situation in which the plant is classified as a company. Therefore, according to ESA, to households also include households of individuals engaged in economic activities.

Adopted in the European Union criterion means that household incomes. Individuals running a business and being paid employees are recognized as equal sub-sectors. As a result of the definition adopted in the system of national accounts has following sub-sectors : private consumers that are divided into: households of individuals working as contract employees and households of those individuals who, nonprofit source of income (ie. pensioners, people receiving other benefits, the unemployed); household employers and self-employed in private farms; household employers and self-employed excluding private farms in agriculture.

Taking in turn the criterion symptoms can be distinguished private households (individuals and groups of individuals) and collective farms (eg. social

welfare homes). The farm private, defined as a group of people living together, jointly persistent (farm dormitory) or as a person independently maintained (person household), regardless of whether you live alone or with others. By maintaining a combine must be understood for the most part or in whole income, expenditure and assets.

2. Distribution of income in the household sector in Poland in terms of quality of life – selected indicators.

In literature as well as empirical studies used different indicators of income inequalities with a particular impact on satisfaction with life and the living conditions of individual residents. Quality of life as an object of scientific research appears in the literature of the sixties as a counterweight to social development and the growing material standard of living (prosperity). The economic well-being strongly correlated with economic prosperity and represents the usefulness of a particular set of goods and services. In practice, however, it can be seen that prosperity is synonymous with usability income needed to purchase goods and services. Very often well-being is understood as a synonym of wealth and enrichment of society. In the context of the law of diminishing marginal utility of income becomes an important question about the limits of economic growth and its impact on social development and the environment. H.H. Gossen formulating the law of diminishing marginal utility proved that the marginal utility of each previous / next unit consumed good is less than the marginal benefit of previous units of the same good. This shows that the acquisition of another good does not increase the satisfaction of consumption on the contrary, limits our satisfaction. This proves that the economic dimension alone – without a doubt a very important and significant for the individual – it is not sufficient. Therefore, the economic analysis is enriched by the other intangible factors with a high impact on quality of life (ie. multi-dimensional approach). Features subjective and objective become as important as they reflect the real conditions of life.

In the literature one can find two shots quality of life, which in a different way to interpret debated issue. Nordic approach focuses on objective conditions of life. Issues prosperity are understood as disposal by units such as cash resources, knowledge, mental and physical energy, social relations, which allow these individuals in a controlled and conscious shape their living conditions. External Determinants lives of individuals were considered to be essential elements to ensure the well-being because they determine the possibilities of using resources at its disposal unit and thus the scope for the individual to lead a decent way of life.

The different concepts of life's quality represent the American approach to define prosperity as the level of satisfaction of individuals with their lives. Representatives of this approach are A. Campbell, PE Converse and W. Rodgers. The quality of life of individuals by C. Campbell depends on their degree

of satisfaction with the consumption of certain aspects of life, eg. with life in general, with family and work, health, relations in, education and general standards within the local community unit, which is the degree of satisfaction with meet specific needs. It is worth noting also that quality of life should be considered in a holistic because it depends very often on the properties of the individual (biological, psychological and social), but also the environment in which it operates.

Quality of life in economic terms how the distribution of income or the income of households makes it the most widely used indicator is the Gini coefficient and the ratio of household income belonging to the 80 percentile income holdings belonging to 20 percentile income (P80 / P20). In the analysis of empirical material explaining the uneven distribution of household income, data from the household budget surveys (HBS). These values are

referred to as "uncorrected data" For comparison, they were compared with data". from national accounts. For this purpose, the revaluation data based on national accounts data and are defined as "corrected data".

Studies conducted for the purposes of article show that the size unadjusted and adjusted substantially differ. The biggest difference is reflected in the assessment of the scale of income inequality measured by the Gini coefficient. Size obtained indicators based on data and HBS are underestimating the level of income is significantly underestimated. Therefore, the data obtained from the Supervisory Board should be regarded as more reliable. Tab. 1 shows the results of calculations for basic indexes for income diversity. On the basis of the data presented in tab. 1 it can be stated that in the years 2005 to 2014 performed characteristic for the Polish economy growth of income inequalities.

Table 1. Indicators of household income diversification in Poland in the years 2005-2014

Rate of income inequalities and relationships deciles	Year of study									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Uncorrected data										
Gini index	0.31	0.31	0.31	0.32	0.34	0.34	0.35	0.34	0.35	0.34
Theil index	0.18	0.17	0.17	0.21	0.21	0.22	0.23	0.22	0.21	0.21
Maximum offset rate	21.0	21.0	21.0	22.1	22.5	22.2	22.2	22.4	22.4	22.3
The ratio of the highest income to the lowest income D9 / D1	4.0	4.0	4.0	4.4	4.3	4.3	4.2	4.2	4.1	4.2
The ratio of the highest income to the income of the average (median) D9 / D5	2.1	1.80	1.80	2.1	2.2	2.4	2.5	2.4	2.3	2.4
The ratio of the lowest income to the income of the average D1 / D5	0.48	0.45	0.45	0.51	0.51	0.53	0.52	0.53	0.52	0.53
Corrected data										
Gini index	0.46	0.44	0.45	0.47	0.49	0.51	0.52	0.52	0.54	0.55
Theil index	0.40	0.38	0.38	0.43	0.42	0.44	0.45	0.45	0.44	0.46
Maximum offset rate	32.0	31.0	31.1	33.4	33.3	33.5	33.6	33.5	33.3	33.5
The ratio of the highest income to the lowest income D9 / D1	5.57	5.56	5.55	5.85	5.89	5.94	5.95	5.94	5.95	5.96
The ratio of the highest income to the income of the average (median) D9 / D5	2.70	2.68	2.64	2.97	3.01	3.10	3.12	3.13	3.12	3.12
The ratio of the lowest income to the income of the average D1 / D5	0.50	0.48	0.47	0.53	0.54	0.55	0.56	0.57	0.56	0.56

Source: Household Budget Research (BBGD) in Poland and National Accounts in 2005-2014. GUS, 2005-2014

Regardless of the method used research the dynamics of change always took on an upward trend despite the differences in sizes of indicators. The increase in income diversification took place not only in the upper parts of the income distribution (ninth decile – D9) to income averages (<median> – the fifth decile – D5), but also in the lower part of the distribution. The ratio of the lowest income (first decile – D1) to income averages (<median> – the fifth decile – D5). It may be noted that stronger growth uneven income distribution has occurred, however, in the upper part of the distribution decile.

Conclusions

A characteristic feature of the household is reciprocal linking economic and social functions, which cause considerable difficulties in their precise isolation. The problem of inequality in income distribution becomes more apparent in the area of households. Household is an autonomous entity of management, extracted in an economic sense based on personal property. It is the body that takes decisions in the sphere of consumption, which undoubtedly reflects the level and distribution of income in society. The problem of income inequality is undoubtedly an important aspect of the proper functioning of

households as largely determines the financial condition of the entity and the quality of life of the unit. As is clear from the research, the indicators unequal income distribution in Poland still remain at a relatively high level despite the improvement in the labor market.

Abstract

The perception of the quality of life in the context of civilization changes happened in recent times overarching goal is not only economic and social policies at national, regional and local level but also a point of inquiry many sciences including sociology, psychology, logistics city or medicine.

The purpose of this article is to show the essence of a household and embedding it in a broader theoretical context by using the achievements of modern economic thought. In the following part presents indicators of diversification of household income in terms of quality of life and relationships deciles based on revised data from the national accounts (RN) and data not adjusted based on the household budget survey (HBS) in Poland as one of the main factors the quality of life of household members.

The problem of income inequality is undoubtedly an important aspect of the proper functioning of households as largely determines the financial condition of the entity and the quality of life of the unit. As is clear from the research, the indicators unequal income distribution in Poland still remain at a relatively high level despite the improvement in the labor market.

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Посилання на статтю:

Jeż R. Quality of life of households – economic context of uneven income distribution [Електронний ресурс] / R. Jeż // Економіка: реалії часу. Науковий журнал. – 2018. – № 1 (35). – С. 36-41. – Режим доступу до журн.: <https://economics.opu.ua/files/archive/2018/No1/36.pdf>. DOI: 10.5281/zenodo.1303205.

Reference a Journal Article:

Jeż R. Quality of life of households – economic context of uneven income distribution [Electronic resource] / R. Jeż // Economics: time realities. Scientific journal. – 2018. – № 1 (35). – P. 36-41. – Retrieved from <http://economics.opu.ua/files/archive/2018/No1/36.pdf>. DOI: 10.5281/zenodo.1303205.

