

Economic factors

Economic factors relate to a person's employment situation and financial resources. Economic factors can determine a person's and their family's lifestyle, which may positively or negatively affect health and wellbeing.

Employment situation

This describes different employment situations that may impact on a person's finances.

- Employed – part-time or full-time, self-employed, working for a company or individual
- Unemployed – not able to find work, made redundant, unable to work because of family commitments or a disability

Finances can also be affected by a person's occupation, job role, job status, level of responsibility or expertise.

Financial resources

This describes the money and personal wealth that a person has at their disposal.

- Income – money that a person receives at regular intervals such as a salary; pensions; allowances such as universal credit, carers' allowance; income from investments
- Inheritance – money or other assets such as property or jewellery that is left to a person after the death of another
- Savings – money that is set aside, often in banks, to spend on something specific or for the future

REVISE IT!
You might need to use this Component 1 knowledge in your assessment

Poverty

People with limited financial resources live in **absolute poverty** without money to meet basic needs.
People with reduced financial resources live in **relative poverty** and can only pay for basic needs.

Effects of economic factors on health and wellbeing

Aspect	Positive effects	Negative effects
Physical	<ul style="list-style-type: none"> 👍 A higher income can result in good housing conditions. 👍 A higher income can provide a healthier diet. 	<ul style="list-style-type: none"> 👎 A lack of income can lead to poor, damp housing that can lead to lung conditions. 👎 Being unable to afford sufficient food can lead to a lack of essential nutrients, resulting in ill health.
Intellectual	<ul style="list-style-type: none"> 👍 A higher income can result in more leisure time for intellectual activities. 👍 Work, education or training helps to develop problem-solving and thinking skills. 	<ul style="list-style-type: none"> 👎 Some people work very long hours to improve their financial position, leading to less leisure time and reduced learning opportunities. 👎 Being unemployed can result in poor mental health.
Emotional	<ul style="list-style-type: none"> 👍 A well-paid job gives a feeling of security. 👍 Being financially secure promotes positive self-concept. 	<ul style="list-style-type: none"> 👎 Financial worries can result in stress and breakdown of relationships. 👎 Unemployment or low-status work can lead to low self-concept.
Social	<ul style="list-style-type: none"> 👍 A higher income provides more opportunities for socialising, travel and leisure pursuits. 👍 Work gives opportunities for socialising with colleagues. 	<ul style="list-style-type: none"> 👎 Lack of financial resources reduces opportunities for socialising. 👎 Unemployment reduces opportunities for relationships, leading to social isolation.

Now try this

Explain, giving **two** reasons, why a person's occupational and employment statuses can affect their emotional development.

Give reasons for your answer, making links to positive and negative effects.