

Theoretical and Practical Aspects of Quality of Life in the Economic Security System

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Abstract: The study analyzes theoretical approaches to studying quality of life parameters in the system of economic security. The essence of the main economic categories is generalized, the components structure of quality of life is shown and the factors of internal destabilization of the Russian economy are identified. Calculation of the main socio-economic indicators of quality of life in Russia over the past 5 years served the basis for the researchers conclusions on improving quality of life and economic security.

Key words: Quality of life, structure of quality of life, economic security, factors, socio-economic indicators, parameters

INTRODUCTION

The need to determine the goals, objectives and specific measures to realize the idea of improving quality of life makes various studies in this field relevant. One of the most important aspects of scholarly study is justifying the role and parameters of quality of life in the system of economic security.

Quality of life should be considered as a set of certain characteristics which are vital to the person, processes and phenomena reflecting his/her existence, both as regards to labor and to life in general.

In science, "quality of life" has many interpretations and methods for its quantitative measurement; however, the difficulty is that there is no single, universally recognized concept of quality of life.

In the system of economic security, the parameters of quality of life take a significant place, enabling to assess and justify economic, environmental and social components of quality of life as well as those of the economic security of the society. At the same time, economic security should be understood, firstly a qualitatively definite state of the country's economy, which from the society's point of view is desirable to preserve or to develop on progressively; secondly, the capability and readiness of the economy to ensure decent living conditions and prerequisites for personal enhancement, socio-economic and defense-political stability of the society and the state to resist the influence of internal and external threats; thirdly, the most important qualitative characteristic of the economic system that determines its ability to maintain normal living conditions of the population is the sustainable provision of

resources for the development of the national economy as well as for consistent realization of national interests; fourthly, the level of economic development that provides economic, social and military stability in the face of adverse factors; fifthly a combination of conditions and factors that ensure the independence of the national economy, its stability and sustainability, the ability to continually renew and improve itself.

MATERIALS AND METHODS

Contemporary dictionary of economics defines the term "quality of life" as a social and economic category that generalizes the concept of "standard of living" and includes "not only the level of consumption of material goods and services but also the satisfaction of spiritual needs, health, life expectancy, environmental conditions around a person, moral and psychological climate, spiritual comfort" (Sovremennyy, 2014).

Bobkov and Mstislavskiy (1996) that the essence of quality of life is the degree of development and complete satisfaction of people's all needs and interests which are manifested in different forms of activity and life-perception itself. Subetto determines quality of life as a system of spiritual, material, socio-cultural, economic and demographic components of life (Subetto, 1994). This definition elaborates the concept of "quality of life". In this case, it includes the conditions, results and nature of work, the level of family welfare, demographic, ethnographic, ecological aspects of people's existence.

Zherebin and Romanov, monograph "The standard of living of the population", interpret the concept of "quality

of life” in two meanings: the broader and the relatively narrow one. The term “quality of life” in its broad interpretation, according to the researchers, means “the satisfaction of the population with the life in terms of various needs and interests. This concept covers: characteristics and indicators of the standard of living as an economic category, working conditions and leisure facilities, housing facilities, social security and guarantees, law enforcement and respect for individual rights, natural and climatic conditions, indicators of environmental preservation, availability of free time and the opportunities to use it well and finally, subjective feelings of peace, comfort and stability”.

A narrower understanding of the term “quality of life” is also common (for example in the phrase “the level and quality of life of the population”): it encompasses the above mentioned characteristics without the standard of living in its economic sense (income, cost of living, consumption).

Foreign researchers likewise are not unanimous in understanding quality of life. For example, Galbraith (1958) defined the quality of life as “the possibility of consuming goods and services”. John P. van Gigch considers quality of life as the state of well-being. He associates this category with the goals that define the state policy aimed at satisfying social, economic and other needs, increasing the general welfare of the population, maintaining conditions in which a human and nature could coexist in harmony (Gigch, 1981).

An important feature of modern approaches to quality of life is the thesis that it has objective and subjective aspects. The objective aspect is determined by a combination of various regulatory and statistical characteristics which help to judge objectively about the degree of satisfaction with scientifically justified needs and interests of people. Subjective aspect is due to the fact that the needs of specific people are always individual and are reflected in the subjective feelings of individuals, their personal opinions and assessments (Glebova and Kundakchyan, 2010).

Quality of life as a category of economics represents economic relationships that reflect a set of integral characteristics of the satisfaction degree with material and spiritual needs at different levels of the social and economic hierarchy, conditioned by the impact of objective factors of social development and showing the level of providing life standards in the form of different criteria and indicators at a precise moment in time. In other words, quality of life on the one hand is determined by the type of production relations and on the other hand, reflects the current development level of the productive forces of a given society.

For an integrated assessment of quality of life and standard of living an objective approach can be applied that involves the use of official statistics that characterizes selected areas.

RESULTS AND DISCUSSION

The most debatable issue is the relationship between the concepts of “quality of life” and “standard of living”. So far, in the research literature, they are often used as synonyms. “Standard of living” and “quality of life” are closely interrelated concepts but they are not identical.

We presented our vision of the relationship between the categories of quality of life and standards of living and the characteristics of their content in Fig. 1.

The component of the standard of living reflects the amount of income. First of all these are wages, pensions, social benefits, transfers, etc. In addition, the standard of living expresses the quantitative ratio of the incomes level to the cost of living, together with the indicators of consumption and welfare determined by this relationship, taking in to account the indices of income differentiation.

The concept of “quality of life” characterizes a person his living conditions and habitat through the components shown in the diagram. The state of the environment is estimated by the number of water, air and soil samples with the maximum permissible concentrations of harmful

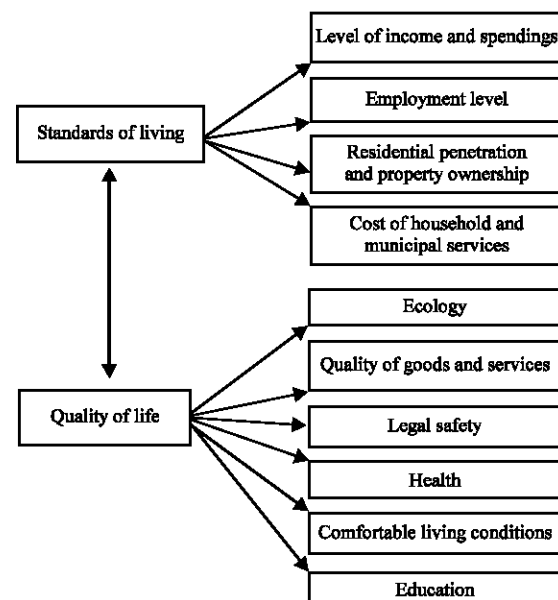


Fig. 1: Interrelation of indicators characterizing the standards of living and quality of life

substances being exceeded to the total number of samples and by the area of the region affected by the emergency.

The quality of products and services where the share of enterprises that certified quality systems according to ISO 9000 standards (Be'yazychnyy and Shilkov, 2004) was taken as the quality index of products (as a comparison base) and the quality of services-the share of certified services in their total volume.

Legal safety is assessed by the level of protection of constitutional rights, levels of crime and the detection of crimes.

Health is assessed by the life expectancy of the population, the burden of disease and industrial injuries.

Housing conditions are estimated for the provision of suitable dwelling and the improvement level of building surrounding grounds. Education is assessed by the coverage of the population by all forms of education from preschool to higher education.

It can be concluded that the standard of living determines the economic basis of quality of life. Quality of life characterizes a person and the state of his/her social environment. In assessing quality of life parameters in the economic security system, the following formula should be applied:

$$X_i = \left(\frac{P_{i\phi}}{P_{iH}} \right)^b \quad (1)$$

Where:

$P_{i\phi}$ = The actual value of the indicator under study

P_{iH} = The normative value of the indicator under study

Estimating the level of economic security by the parameters of quality of life enables to distinguish a zone of normal security level a critical level zone and a pre-crisis zone. The critical values of the initial indicators are determined on the basis of the minimum acceptable level of safety whose overcoming would mean a transition to an economically dangerous zone.

We will consider the dynamics of individual components of quality of life as well as the factors that determine it in modern conditions.

The factors of internal destabilization of the economic system have their primal causes and consequences. Thus, the increase in the wealth disparity of the population and the poverty growth are primarily consequences of unemployment and rising inflation. It is known that an increase in unemployment by 1% leads to a decrease in GDP by 2.5%. According to the Federal State Statistics Service in 2015 the unemployment rate in Russia was 5.6%.

Analysis of the inflation-related problems in the Russian economy showed that, despite the measures constantly taken by the Bank of Russia, the following are the reasons for inflation in modern conditions:

- Depreciation of the national currency
- No alternatives to certain categories of foreign goods and technological deficiencies in national production
- Increase in production costs as a result of the need to purchase equipment and raw materials abroad
- The economy based on raw materials and the budget based on the export of natural resources
- Strengthening the role of the media in shaping public opinion, resulting in increased inflationary expectations

It should be noted that in 2008-2016 in Russia inflation rate exceeded significantly the rate in the developing countries (it was about 5-6%) and in 2014-2015 it doubled to 11-13 %. Continuation of this negative trend in the long term may lead to the transformation of the country into an underdeveloped one with devastated socio-economic, intellectual and technical potential. In recent years, the national economy has seen a slight decline in the level of inflation: according to Rosstat in 2016, this figure was 5.4% while the Bank of Russia projected 6.4%. According to the Agency for economic forecasting, inflation is expected to decline in the future (Table 1).

The possible reduction in the rate of price growth may be due to the effect of a high base and will not reflect a real socio-economic situation. Also, it is necessary to adjust the monetary policy of the state in particular to avoid dependence on raw materials when the state itself is interested in devaluing the ruble to replenish budget revenues.

Analysis of the main socio-economic indicators of the quality of living over the past 5 years (Table 2) shows that with a relative increase in the average monthly gross wages, real wages per employee are some what reduced.

Changes in the level of income inequality are primarily related to wage differentiation which forms about 2/3 of the population's monetary incomes. According to experts a large part of the country's population is now below the poverty line. This, leading to high social

Table 1: Forecasts of the inflation rate in Russia for 2017-2020 in percentage

Years	Forecast	Max.	Min.
2017	8.6	10.6	6.6
2018	6.8	7.8	5.8
2019	6.2	7.2	5.2
2020	6.5	7.5	5.5

Table 2: Basic socio-economic indicators of the quality of living for 2012-2016

Indicators	2012	2013	2014	2015	2016
The average monthly gross wage of 1 employee, rubles (as of 01.01)	23221.000	26840.000	29535.000	30929.000	32660.0
The real gross wage of 1 employee as a percentage of the previous year (as of 01.01)	104.600	104.000	99.300	95.700	96.4
The average monthly amount of pensions awarded at the end of the year, rubles	8272.700	9153.600	10029.700	10888.700	12080.9
The real size of the awarded monthly pension at the end of the year as a percentage of the previous year	104.600	103.300	103.300	97.500	101.1
The subsistence minimum per capita, rubles per month	6510.000	7306.000	8050.000	9701.000	9776.0
The population with incomes below the subsistence level, % of the total population	10.700	10.800	11.200	13.300	15.7
Decile coefficient of funds in times	16.400	16.300	16.000	15.600	15.7
Gini coefficient	0.420	0.419	0.416	0.412	n/a

tension in the society and general degradation of an individual also does not allow to expand the taxable base to replenish the state budget, reduces the capacity of the national market as a result of decrease in effective demand of the population, creates a basis for the excess incidence, decreased life expectancy and knowledge of the country's population.

Decile coefficient (coefficient of funds) characterizes the stratification degree of society and shows the ratio of the average income level of the 10% richest citizens to the average income level of the 10% poorest. According to the UN recommendations, it should not exceed 8-10 times, otherwise the situation in a democratic country is fraught with social cataclysms. In Russia in 2016, according to official statistics, it was 15.7 times. To compare in the US this figure is 0.45; in China-33.8 in the EU-30.61 (CIA, 2013).

At the present stage of Russia's development, the state policy of revenue regulation is pursued mainly to reduce absolute poverty. Of all the tools in the state policy for regulating the population's incomes in Russia, the most popular is minimum monthly wage. As a result, since 2001 the level of income differentiation in Russia remains the highest among all economically developed countries in the world. A higher level of income differentiation than in Russia is observed only in countries such as the Philippines, Nigeria, South Africa, Bolivia, Brazil, Mexico and Chile (Rayzberg, 2014).

The main conditions for successful social and economic development are the sustainability and stability of the economic system. In this connection, the theoretical interpretation of the correlation between the categories "economic security" and "sustainable development", the study of the place and role of sustainable ecological and economic development of the region in the formation of the conceptual bases of economic security is topical.

The concept of sustainable development is in a certain way a method to reconcile two different and sometimes contradictory groups of goals: "development-growth-progress" and "stability-security-environment" (Gubaidullina, 2015).

CONCLUSION

Economic security and sustainability of the ecological and economic system are categories of the same kind. The fact is that national economic security is characterized by sustainability and stability in the conditions of negative impact of external and internal factors that violate the normal functioning of social production. On the other hand, the sustainable functioning of the ecological and economic system which ensures a normal, balanced safeguarding of both economic and environmental interests at all levels of the social system is the most important factor of economic security in the face of deepening economic and environmental crises. Thus, sustainable development is one of the necessary conditions and factors to ensure the economic security of the region, the country and the world as a whole. On the other hand a sustainable, stable, independent development of the economy necessarily implies that the basic criteria of economic security are observed and can characterize the degree of approaching to or distancing of the given region from the crisis in its economic system.

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