

# Preface

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The financial crisis which started in 2007 has been considered to be the worst economic recession since the Great Depression of the 1930s (Business Wire News, 2009). In economics, a recession is a common slowdown in economic activity over a long period of time, or a business cycle contraction that results in rising unemployment and declining production. In May 2012, there were around 48 million people out of work, 15 million more than at the end of 2007. The unemployment in the OECD countries is projected to rise from 7.9 per cent in May 2012 to 8 per cent at the end of 2013 (OECD, 2012). In July 2012, the youth unemployment rate was 22.5 per cent in the EU-27 and 22.6 per cent in the euro area, with women being affected by unemployment more than men (Eurostat, 2012).

There is mounting evidence regarding the shared factors that contributed to the crisis or how governments all over the world are fighting against the economic recession and how the recovery will take place (Montgomery, 2011). However, the story of recession is not only economic. Macroeconomic factors, including the regional, national or international economic situation put pressure on the unemployed as well as employed people – directly in terms of individuals' reactions to the economic situation and indirectly through organizational restructuring, reduction in staff numbers and workers introduced in reaction to the economic situation (Sinclair et al., 2010). As the workplace has changed and the economic recession increased, researchers indicate high job insecurity, low job satisfaction, reduced job involvement as well as a decline in the ratings of the organization as trustworthy (see Chapter 15). The field of psychological science can help quantify the recessional impact on the well-being of the employed as well as the unemployed, who worry about their future.

Past psychological research has focused on the negative effects of employment-related factors on well-being, such as stress, coping, social support, job insecurity, unemployment/employment, work safety and discrimination (Macic-Frey et al., 2009). Among stressors in the conditions of recession is the economic stress resulting in diminished health and well-being (Cooper, 2009; 2010). The economic stress described as the aspects of economic life such as economic hardship or financial threat (see

Chapter 3), job instability and uncertainty, unemployment and economic deprivation demonstrates multidimensional effects inside and outside of the workplace, including life satisfaction, career, financial, physical, psychological and social well-being, mental and physical health. The consequences can also spill over to home life leading to family conflict (Gallie and Russell, 2009), low school performance and well-being (Ridge, 2011).

A broad psychological framework for the study of economic stress and recessionary effects should encompass the measurement of antecedents at individual, organization and macroeconomic levels (Sinclair et al., 2010). Furthermore, mediating factors are important for part of the observed differential responses across groups and countries. For example, among vulnerable groups such as immigrants, potential economic inequalities may be widened leading to discrepancies in life satisfaction between different groups within a society. Moreover, it is often assumed that social support during a recession can act as a buffering mechanism with regard to physical and psychological distress. According to WHO (2011), strong social networks are urgently needed to protect the most vulnerable people and groups within countries.

Covering a range of issues related to the different dimensions of the psychology of recession and economic stress, the book is organized in four parts. Part I includes chapters that present research findings regarding the effect of economic recession on the life satisfaction of diverse groups. The chapters provide evidence for the types of variables that are effective in investigating predictors of financial well-being given their importance for psychological well-being and health. The surprising, positive consequence associated with economic recession is also highlighted – lowered levels of burnout. Part II provides an overview of job insecurity, job loss and psychology of unemployment. Job insecurity as an uncertainty about the future and the threat of possible job loss increases not only overall distress of people. It is associated with negative reactions at the workplace, such as reduced performance, lower levels of job involvement, work-task avoidance, more violence both inside and outside the workplace, etc. The aim of this part is to discuss the issues of job insecurity, job loss and unemployment in the context of economic recession and to identify levels of intervention in order to deal with feelings of job insecurity and threats to unemployment.

Part III reviews special issues regarding the impact of organizational restructuring on health and job attitudes. Moreover, it explores the main psychological theories underlying processes related to the effects of restructuring, as well as individual and situational aspects that might play a role in dealing with change. From the global recession and financial defaults to changes in business models and strategic priorities, both

employers and employees are being forced to revisit some fundamental assumptions about their implicit and explicit 'psychological contract' as an unwritten implicit form which contains the obligations and expectations of the employees, employers and their organization.

Part IV provides in-depth knowledge regarding the reciprocal relation of family and work pressure and work and family satisfaction. Furthermore, economic stress is considered as an important factor in relation to mental health problems for low income families. However, this part indicates that family relationships within societies, ties to the family, as well as loyalty to family members have a positive influence on the behavior of family members, more specifically, on adolescents' school achievement. Family socioeconomic status affects or mediates the relationship between family functioning and the school achievement of adolescents.

At this point, we would like to express our sincere thanks to all those who contributed to this new volume. Their enthusiasm and commitment have provided original and in-depth insights on current issues of working life. It is an honor for us to welcome such an international team of experts, academics and professionals from so many universities and research centers worldwide. Finally, credits go to the Edward Elgar staff for their valuable contribution throughout the various stages of this project.

A.-S. Antoniou and C. L. Cooper

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