

Mediation Effect of Mindset on Coping Strategies Used by Consumers Experiencing Financial Hardship during the Economic Recession in 2008

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It is well known that experiences of financial hardship are negatively related to the quality of life (Kamberi, Martinovic, & Verkuyten 2015; Yeung & Xu, 2012). It is why many researchers investigated appropriate coping behaviors used during stressful situations caused by financial hardship (Carver, Scheier, & Weintraub, 1989; Joo, & Garman, 1998; Kim, & Garman, 2003; Kling, Seltzer, & Ryff, 1997; Weiten, 2009). Additionally, one important issue of coping behavior is the willingness to execute coping strategies. The willingness is sturdily associated with the mindset (Crum & Langer, 2007). Positive mindset leads the willingness to execute positive coping behavior but the negative mindset is expected to be helpless in coping with a stressful situation. In other words, the mindset is expected to be a trigger for evoking an intention of coping behavior. Based on these findings, the research goals of this study are: (a) to identify the effect of coping behavior on the quality of life (e.g., life satisfaction, depression, and positive/negative affect) and (b) to examine the function of mindset on coping behavior.

The significance of this research is to determine whether mindset mediates (e.g., amplify or attenuate) coping behavior. Previously, many researchers investigated the association between financial hardship, quality of life, and coping strategies. In this study, the effect of mindset is included. The effect of mindset might be a key to influence households' willingness to practice coping behaviors. Specifically, in the United States, there was a critical economic crisis in 2008 which affected households' well-beings in diverse ways (Danziger, 2013). Using the empirical case of the economic crisis in 2008, the purpose of this study is to investigate the mediating effects of (a) coping behavior on the quality of life and (b) mindset on coping strategies.

This study hypothesized that (a) financial hardship influenced the change of positive stance and negative stance, (b) two coping strategies (problem-focused coping and emotion-focused coping) are expected to mediate the change of positive/negative stances, and (c) mindset is expected to mediate problem/emotion-focused strategies. The appropriate statistical methodology (Structural Equation Modeling) has been utilized in this study. The second and the third wave of the National Survey of Midlife Development in the United States (MIDUS) was used in this study. The final sample size was 2,387.

The outcome variables representing the quality of life are changes of positive and negative stances from the 2003/04 and the 2011/16 samples. Between the two survey periods, the change of positive stance was measured by three major changes: (a) change of life satisfaction, (b) change of positive affect, and (c) changes of positive adjectives. The change of negative stance was measured by three major changes: (a) changes in depression, (b) changes in negative affect, and (c) changes in negative adjectives. Problem-focused coping strategies are a positive reinterpretation, active coping, and planning. Emotion-focused coping strategies are venting of emotion, denial, and behavioral disengagement. These coping scales are supported by previous research (Carver, Scheier, & Weintraub, 1989; Kling, Seltzer, & Ryff, 1997). Three questions about beliefs that people have about the financial future determined mindset. Three questions were: (a) "Do you think recession over now or not?", (b) "How much longer will recession last?", and (c) "Next 3 years will overall unemployment get better/worse/stay same?" The experience of financial hardship in an economic crisis was measured with 9 questions: "after recession of 2008, did you (a) sell your house, (b) experience bankruptcy, (c) increase borrowing, (d) miss credit payment, (e) miss debt payment, (f) increase credit debt, (g) sell your possession, (h) cut spend, and (i) exhaust unemployment compensation?" All questions were coded as binary (Yes = 1) so that higher value of the variable denotes the higher financial hardship after an economic crisis.

The analysis found the model to have a good fit overall. This implies that the dataset from MIDUS and the suggested model are supported. Significance levels support the hypotheses of this study. The experience of financial hardship is confirmed to influence the quality of life (i.e., positive stance and negative stance) significantly. The experience of financial hardship in 2008 significantly decreases the positive stance and increases the negative stance. Two coping strategies are revealed to influence both positive and negative stances. However, the experience of financial hardship is significantly associated only with emotion-focused coping. In the case of problem-focused coping strategies, those who experienced financial hardship did not take the coping strategy. Third, the mindset

mediation effect was confirmed only on emotion-focused strategy. The experience of financial hardship changed the mindset negatively and the negative mindset reduced the emotion-focused coping strategies. Findings imply that negative mindset attenuated the willingness of taking emotion-focused coping strategy.

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