

**Influence of Stress, Income Status, And Expenditures
On Family Well-Being In Economic Crisis**

Adnan Alkhiary, PhD

Farrell J. Webb, PhD

Kansas State University

ABSTRACT

This paper examines how financial stressors influence family well-being during the current economic crisis by adapting Hill's (1949) ABC-X Model into the ABCE-WB Model where a new element known as E—family expenditures was added. Data were gleaned from the National Center for Family and Marriage Research Familial Responses to Financial Instability, How the Family Responds to Economic Pressure: A Comparative Study, 2009. We conducted an hierarchical analyses exploring the relationship between well-being, resources, perceptions, and expenditures available in the current economic crisis. The model results explained 22.4% of the variance in well-being.

المستخلص

تبحث هذه الورقة كيف أن الأزمات الاقتصادية والضغط المالية تؤثر على رفاه الأسرة خلال الأزمة الاقتصادية الحالية من خلال نموذج ABCE-WB لـ هيلز (1949)، وقد تم إضافة عنصر جديد للنموذج باسم نفقات الأسرة E. وتم الحصول على البيانات الإحصائية من المركز الوطني للأسرة والزواج العائلي للبحوث كذلك الردود على عدم الاستقرار المالي ، كيف كانت ردة فعل الأسرة خلال الضغط الاقتصادي: دراسة مقارنة، 2009. وقد تم إجراء التحليل الهرمي لاستكشاف العلاقة بين الرفاه والموارد والادراك والنفقات المتاحة في ظل الأزمة الاقتصادية الحالية. وأوضحت نتائج النموذج أن نسبة التأثير على الرفاه تبلغ 22.4%.

1. Preface:

Social scientists have repeatedly demonstrated that stress is a common and everyday occurrence. The recent economic crisis has elevated the financial stress level and created undue hardship for a large portion of the population. People with financial hardship often worry about being unable to make ends meet, repossession and foreclosure, and a have strong sense of sorrow about being unable to support their family (Davis & Mantler, 2004). Financial stress can affect many social and psychological arenas of life costing individuals and their families (e.g., job loss, no economic growth, and being over your head in debt). Financial stress can lead to bad financial decision making, and start a cycle of fear, anxiety, and panic. The continued cycle can spill over to other areas of family life causing problems such as domestic violence and child abuse. Children too may become stressed when they have highly stressed parents (Shrieves, 2008).

This study investigates the how financial stress factors influence family attitudes and responses toward their families. The central focus of this study explores how the current financial crisis and financial stress influence Well-Being. Data from the Familial Responses to Financial Instability study (Furstenberg, Gauthier, & Pacholok, 2010) were used to test the ABCE-WB model of family financial stress.

2. Literature Review:

Material Well-being:

Material Well-being referred to the amount of merchandise, supplies, services or possessions that a family has available to them (Fergusson,

Harwood, & Beautrais, 1981). Although material well-being has no generalized standard of measure (Fergusson, et al., 1981), it appears to be measured by the family's level of income, level of expenditure, or standard of living. Material well-being is an outcome measure while resources are a latent measure that is based on a variety of elements which encompass the experience of living with material comfort. Level of income is considered a flawed indicator for material well-being and is thus considered a measure for economic well-being. It has been suggested that material well-being is best measured by the items or materials the family owns and by how much of these items the family consumes (Fergusson et al., 1981) rather than earnings per year, the common measure of income.

Economic Well-being:

Economic well-being has been defined as the financial resources that a family has available to them and the transactions that occur from these finances (Fergusson, et al., 1981). Smock, Manning, and Gupta (1999) measured economic well-being as amount of personal income, and the amount of income that is spent on needs. Economic Well-being also can be measured by level of poverty or total annual family income (U.S. Census, 2012). Economic well-being of families comes to the forefront in studies of divorce and poverty. After divorce, the economic well-being of the women declines greatly in comparison to the income of men. The decline is related the amount of income that comes into the family household and family structure. Economic well-being plays a major role in the lives of individuals and may even contribute to global Well-being in some way. With or without economic well-being, some individuals continue to remain happy and satisfied with life.

In short, wealth as a resource can be related to economic well-being but have only minor influence on overall subjective well-being.

3. Research Questions:

There are two questions that addressed these issues they are:

1. How has the current financial crises influenced the family Well-Being?
2. What is the role of financial stress, family resources, family perception and family expenditures on the Well-Being of families?

4. Hypotheses:

In order to address the research questions, two hypotheses were developed. They are as follows:

H₁ The family perception of their economic status will be strongly related to their Well-Being.

H₂ Family Well-Being will be positively affected by financial stress, resources statuses, family perceptions and level of family expenditures.

The specific factors used in the ABCE-WB Model are as follows;

- A. Financial Stressor:** Elements that make family more prone to stress: worry, job security, size of family and employment status.
- B. Existing Resources:** Borrow money, education, health insurance available, and surviving without borrow money.
- C. Family Perceptions:** Income adequacy How is your economic status? Do you expect to be better in the future? And Income perception.
- E. Family Expenditures:** Leisure, Children, Family, and Household.
- F. Well-Being(WB):** Well-being is assessed by the ability of family to provide for their children and the reported amount of time spent with their children.

5. Method , Data Description, and Findings:

The total sample available for this investigation was $n = 1,169$ respondents. The breakdown for sex was 54.4% ($n = 636$) female and 45.6% ($n = 533$) male respondents. The race and ethnic composition revealed that 73.5% ($n = 610$) are White, while Blacks (8.2%), Hispanics (12.5%), and Others (5.8%) round out the remaining groups. Initially education is examined in categories. The majority of the sample at 35.7% ($n = 417$) report having “Some college” education, with another third having a Bachelor's degree or higher 32.2% ($n=377$) see Table 1 for these demographic statistics.

Some of the major indicators used in this study are described in Table 2. One of the important variables in this investigation is the respondent's perception about their ability to get by on their present income (Income Adequacy). An overwhelming majority, 65.5%, believed that they had a difficult to great difficulty getting by with their income. Related to this was the amount of worry that families have about whether or not their income would be enough to meet their children's needs. Again, approximately one-half (49.3%) indicated that they often worried or worried most of the time.

A hierarchical regression was conducted to determine the predictors of ABCE-WB Model affect Well-Being. Four predictors, total family stress mean score and affect rate closeness of Well-Being; the first group (Block1) is the basis of the problem in to determine how much affect Financial Stressor (**A**) on Well-Being. Block2 introduced Existing Resources (**B**) while Block3 introduced Family Perceptions (**C**) of their financial status. Finally, Perception of Family Expenditures (**E**) was entered into Block4. Table 3 displays the unstandardized regression coefficients (**B**) and intercept, the standardized

regression coefficients (β), standard error, regression squared (R^2), regression squared adjusted (R^2_{adj}), and significance level in this sequential regression. The overall ABCE-WB Model impact on Well-Being ($t=2.803$, $Sig.= .005$) was shown to be statistically significant. From Table 3 we see that in group one, Financial Stressor with Well-Being, $R^2=.238$, $F(4, 869) =68.036$. The addition of Existing Resources in group two, $R^2=.255$, $F(4, 865) =37.040$, resulted in a significant increment in R^2 . After addition of Family Perceptions in group three, $R^2=.279$, $F(4, 861) =27.786$, there was also a significant increase in R^2 . The last item, Family Expenditures produced an overall $R^2=.282$, $F(4, 857) =22.411$, also there was also a significant increase in R^2 .

Hypothesis Results

The results show that the first hypothesis was supported. Approximately 28% of the variance in Well-being could be explained by the ABCE-WB model. The examination of the second hypothesis requires that specific attention be paid to the specific sub-relationship between family perception of their income and all other variables in the model. To test for this hypothesis it was necessary to examine the specific semi-partial correlation that was present in the final block of the hierarchical regression analysis. The data for this particular measure held all other factors constant and produced the coefficient between the outcome measure and the particular factors (income perception and worry about income). It too was supported.

Table 1

Descriptive Statistics for Basic Family Composition on Selected Demographic Variables used in the ABCE-WB Model.

Variable	Coding Scheme	<i>n</i>	<i>f</i>
Sex	Male	533	45.6
	Female	636	54.4
Race	White	859	73.3
	Black	96	8.2
	Hispanic	146	12.5
	Other	36	3.1
	2 or More races	32	2.7
	Education	Less than high school	61
	High school	314	26.9
	Some college	417	35.7
	Bachelor's degree or higher	377	32.2
Marital Status	Never Married	75	6.4
	Married	879	75.2
	Divorced	91	7.8
	Separated	22	1.9
	Widowed	6	.5
	Living with partner	96	8.2

Table 2

Descriptive Statistics for Selected Economic Indicator Variables used in the ABCE-WB Model.

Variable	Coding Scheme	<i>n</i>	<i>f</i>
Income Adequate	Very Easily	37	3.2
	Easily	365	31.3
	With great difficulty	607	52.0
	With difficulty	158	13.5
Worry	Never	50	4.3
	Hardly ever	121	10.4
	Once in a while	420	36.1
	Often	377	32.4
Job Security	Almost all the time	197	16.9
	Has Already Happened	171	14.7
	Very Concerned	377	32.4
	Somewhat Concerned	531	45.7
Borrow	Not Concerned at All	84	7.2
	Yes	393	33.7
	No	773	66.3
	Economic Survival Rate	None	349
Economic Survival Rate	1 to 3 months	465	39.8
	4 to 5 months	146	12.5
	6 months or more	207	17.7
	Ecostatus	Better	137
The same		435	37.3
Worse		595	51.0
Ecoview	Worse	595	51.0
	Better	314	26.9
	The same	446	38.3
	Don't know	202	17.3
		204	17.5

Table 3

Hierarchical Regression Analyses of Financial Stressor (A) (Block1), Financial Stressor (A) with Existing Resources (B) (Block 2), Financial Stressor (A) Existing Resources (B) with Family Perceptions (C) (Block 3), and Financial Stressor (A), Existing Resources (B) Family Perceptions (C) with Family Expenditures (E) (Block 4).

Model	<i>B</i>	<i>SE</i>	β	R^2_{adj}	ΔR^2
<i>Block1</i>					
PPHHSIZE	-.028	.022	-.038	.235	.238
PPWORK	-.018	.013	-.041		
Worry	.378	.027	.422***		
Job Security	-.188	.035	-.162***		
<i>Block2</i>					
PPHHSIZE	-.029	.022	-.039	.248	.017***
PPWORK	-.023	.013	-.052		
Worry	.319	.033	.355***		
Job Security	-.184	.035	-.159***		
Borrow Money	-.226	.066	-.114***		
Surviving without Borrow Money	-.017	.031	-.019		
INSURANCE1	.152	.086	.054***		
PPEDUC	-.008	.017	-.015		
<i>Block3</i>					
PPHHSIZE	-.026	.022	-.035	.269	.024***
PPWORK	-.022	.013	-.050		
Worry	.214	.038	.239***		
Job Security	-.169	.035	-.146***		
Borrow Money	-.140	.068	-.071		
Surviving without Borrow Money	.012	.032	.014***		
INSURANCE1	.091	.086	.032		

Table 3

Hierarchical Regression Analyses of Financial Stressor (A) (Block1), Financial Stressor (A) with Existing Resources (B) (Block 2), Financial Stressor (A) Existing Resources (B) with Family Perceptions (C) (Block 3), and Financial Stressor (A), Existing Resources (B) Family Perceptions (C) with Family Expenditures (E) (Block 4).

Model	<i>B</i>	<i>SE</i>	β	R^2_{adj}	ΔR^2
PPEDUC	.001	.017	.002		
INCADEQUATE	.243	.057	.189***		
ECOSTATUS	.093	.042	.070***		
ECOVIEW	.010	.027	.011		
Income Perception	-.009	.022	-.015		
<i>Block4</i>					
PPHHSIZE	-.028	.022	-.038***	.282	.016***
PPWORK	-.020	.013	-.044		
Worry	.201	.038	.224***		
Job Security	-.147	.035	-.127***		
Borrow Money	-.127	.067	-.064		
Surviving without Borrow Money	.019	.032	.022***		
INSURANCE1	.085	.086	.030		
PPEDUC	.006	.017	.012		
INCADEQUATE	.222	.057	.173***		
ECOSTATUS	.039	.044	.030		
ECOVIEW	-.008	.028	-.008		
Income Perception	.000	.022	-.001		
LEISURE	.184	.078	.097***		
CHILDREN	.125	.062	.071***		
FINANCIAL	.061	.069	.032		
HOUSEHOLD	-.147	.076	-.062***		

a. Dependent Variable:
WELLBEING

6. CONCLUSIONS and IMPLICATIONS:

Taken together, these findings suggest a number of implications: First, family stress makes it more likely that one would spend less money on their children. Second, families who experienced higher levels of family stress also had children who exhibited lower levels of well-being. Third, economic resources and health and well-being are more problematic for people of color than for Whites. Having resources can be thought of as “capital” that differentiates persons, households, and neighborhoods (Bradley & Corwyn, 2002, Hoff et al. 2002, Oakes & Rossi 2003).

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