Bulletin of the *Transilvania* University of Braşov
Series VII: Social Sciences • Law • Vol. 10 (59) No. 2 - 2017

FAMILY BUDGET AND CHILDREN OUTCOMES. NEW PERSPECTIVES

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Abstract: *This paper analyses the impact of family budget on children outcomes, making a synthesis of different studies. I have identified the main dimensions used in research on the family budget. The paper highlights the main effects of family financial strategies, both the effective and the dysfunctional ones. The fact that poverty generates poor cognitive, behavioural and health outcomes on children is emphasized. I also provide new directions for future studies on Romanian family budget, allocated for children expenditure.*

Key words: *money management, family budget, children outcomes, child development.*

1. Introduction

Money is a powerful force in modern societies based on consumption. But the financial resources are limited in relation to the wishes and needs of family members, especially of children, eager for novelty and diversity. Thus, parents are constantly challenged to strike a balance between meeting the immediate needs of children, providing opportunities for their development, increasing the opportunities for their future and ensuring the financial security of the family. Around us, we can observe that different families use various strategies to handle budgeting and money management in their everyday life.

2. Dimensions of analysis of family budget

Family can be described as a group of persons committed to meeting one another's economic needs. This economic function is a vital one of the modern family in our day. As the family is becoming a triad, the new-born is fed and clothed, protected and nurtured into childhood, adolescence, and adulthood. Even when children leave the parental house, they continue to receive economic support.

Literature has captured various aspects of family budget. One of them is about analysing family budget management during different stages of family life, such as: in the young family stage (Burgoyne et al., 2006, Burgoyne et al., 2007), in the adult family, or in elderly couples. For example, Burgoyne et al. (2007) sustain that before the wedding the majority had rather independent monetary arrangements, but a year later, some had adopted a more collective strategy. Factors influencing change or stability in financial arrangements were

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both pragmatic and ideological. An over-riding factor was perceived to be the ownership of income and other assets. Those choosing more separation in money matters did so in order to maintain their financial identity and autonomy. However, the authors consider there was evidence that such systems can sow the seeds of inequality later if women curtail their employment to provide childcare.

Family budget management was also a topic of research for different types of couples: remarried couples (Burgoyne and Morison, 1997), same-sex couples (Burns et al, 2008), cohabiting couples (Winkler, 1997; Vogler, 2005), and financial decisions of divorced parents (Pulkingham, 1995).

An important issue for sociological approaches to the family budget is the study of inequalities in budget management, generated by individual resources, social roles, social context (Yodanis and Lauer, 2007a, 2007b, Kenney, 2006), and the control over the family budget (Woolley, 2003). The gender dimension is captured by Nyman (1999) and proposals to measure these inequalities can be found in Woolley and Marshall (1994).

Special attention is also paid to the analysis of management strategies of the family budget: Ashby and Burgoyne (2008), Bonke and Uldall-Poulsen (2007), Hamplova and LeBourdais (2009), and Yodanis Lauer (2011), distinguishing between dysfunctional financial strategies within the family and effective ones.

Among the conditions necessary for an efficient financial management within the family, Leigh and Clark (2001) have mentioned: open communication between marital partners, making decisions together, trust and mutual respect. In this context, attention to decision making process regarding spending the family financial resources is fully justified (Belch and Willis, 2002, Vogler et al., 2008).

On the other hand we can identify various dysfunctional strategies, generated by various factors. Leonhard K. Lades (2014) has focused on the occurrence of impulsive consumption and states that self-control can inhibit individuals from consuming impulsively, while self-image motives can induce this type of consumption. Dysfunctional management of family budget is also associated with negative emotions. Emotions play a significant role in how we think and feel our way through the many decisions we make each day. Hammond& Cheney (2010) have mentioned and analysed some emotions that are very caustic to our sense of self-value: shame, guilt, and fear. They consider that shame is a feeling of being flawed at our very cores; guilt is a feeling of remorse for having done wrong in our actions or inactions; and fear is a feeling of anxiety or apprehension over uncertainties in our lives. The authors sustain that these three types of emotions underlie many unhealthy financial decisions in our lives. When spending is obsessive or out of control it is often because of suffering from caustic feelings and not responding to them in appropriate ways. They have identified some common emotional issues that underline poor financial behaviours, which are: trying to avoid loneliness, to make up for a traumatic childhood, to feel loved, to distract others from seeing your true self, to distract oneself from emotional pain, to solve a deeper emotional problem, or to make a false impression.

Efficient management of family budget has strong implications for the well-being and the development opportunities of the individuals (adults or children within the family), forthe couple’s relationship, the parent - child relationship, the family relationship with the external environment (social, cultural, economic environment), and for their social integration. Effective management of money reduces stress and tension within the family and leads to a healthier family functioning (Leigh and Clark, 2001), having multiple positive effects on each family member, including children.

In contrast, insufficient financial resources in the family budget and, especially the mismanagement of money, are one of the main causes of marital conflict, creating obstacles for parents in providing development opportunities for children (access to courses, social and leisure time activities, sports activities, and so on), generating relationship problems with others, non-acceptance in specific groups they want to belong, diminished social support, difficult access to various important services (education, health), depression, and marital dissolution. Cooper and Stewart (2013) hold that there are strong arguments to highlight the effects of family income on child development (on cognitive development, school performance, level of anxiety, manifested behaviour, access to education, health levels and so on), emphasizing the importance of anti-poverty policies. In a study conducted by UNICEF (2007), called “Child poverty in perspective: An overview of child well-being in Rich Countries”, the concept of “child well-being” is operationalized, the following dimensions being identified and measured: material well-being, health and safety, educational well-being, family relationships and the peer group relations, behaviours and risks, and subjective well-being. Systematic analysis can show that the child material well-being influences all other dimensions and, overall, the general child well-being. Poor and low-income families likely face the greatest constraints on their housing choices and the children from these familial environments tend to fare worse in other areas such as health or cognitive development.

In Romania, research on family finances is limited the main results can be found in national reports on the Household Budget Survey, studies conducted by the National Institute of Statistics. In these studies the incomes (sources and their proportion) and the expenditures (size and structure of total expenditures, destinations of consumption expenditures) of Romanian households are presented, without mentioning or detailing the expenditures allocated per persons and, more specifically, those for children.

In 2010, the Association “Save the Children Romania” conducted a research focused on “hidden” costs of the free education from Romania. Their study underlines that the public funding for the education sector is reduced. And this reality is reflected in the quality of education and affects children and their families, the latter having to cover the rest of the funds needed to carry out the educational act. In terms of spending money categories, the results of this research show that the highest amounts paid by parents are for tutorials, transport and food. Regarding the costs directly associated with the educational act, there may be mentioned: school supplies and schoolbooks, exercises collections, special notebooks and educational software, uniforms or sports equipment. In addition, parents have to pay for: class and school fund, holidays and events, school security and repairing or replacement of furniture, gifts and flowers, school competitions, out-of-school activities, Internet use, or purchase of magazines. Some parents also mention the costs of accommodation. In the case of low-income families, parents also consider the amounts allocated to clothing as spending associated with education. (Grădinaru and Manole, 2010).

3. New directions in research on family budget

Poverty is not just about lack of money. It is a multi-dimensional phenomenon, a cause for multiple social problems that occur afterwards in the Romanian population. The Association “Save the Children” (2014) sustains that poverty is one of the principal causes of children’s rights violations in Europe and it is linked to social exclusion and lack of access to services, including childcare, high-quality education and adequate housing. In the case of children, it includes not being able to participate in social and cultural activities with their peers.

For these reasons, several possible research proposals can be constructed for deepening the knowledge on this topic. A possible approach of the family budget in new studies is from the perspective of social network theory and family life cycle; this new direction can propose to explore and describe the role of social network members in the decisional process of purchasing products or services necessary for raising children, and, also, the mechanisms of social influence in the main phases of family life. Another possible aim is to map the main types of family expenditures for children, which generate information on a dimension less addressed in the studies of family finances.

Romanian research on family financial management needs a deepening on themes less analysed, such as: the expenditures for children in today's society - main types of expenditure, their percentage of the family total expenditure, factors influencing the purchase of products and services for children, and so on.

We know even fewer things about how couples build their own systems of allocating money for children's needs and desires. Dimensions insufficiently or not at all explored about the family budget can be found in the following questions: What is the role of family financial resources regarding the way children develop in Romanian society, regarding their physically health, well-functioning socially and emotionally, and achieving appropriate cognitive skills? What are the main categories of expenditure allocated to children in the family budget? What is the role of emotions in financial decision making regarding the purchase of products or services for children? Are these decisions rather based on rational analysis of cost-benefit or on a strong emotional component? What role do the social network members have in the decision making process to purchase a product or service for children? What are the expected and unexpected costs when children entry formal environments (in kindergarten or school)? These are some examples of questions that open up new directions of investigations on family budget organization, which can stand at the basis of several future research projects.

The new data that will be achieved regarding these new dimensions can generate important practical implications in building a strategy for developing financial managerial skills for family budget. Family members can reduce compulsive expenditure intended to meet children's needs, by appealing to a rational decision making for purchase they can counteract the aggressive marketing strategies. An efficient management of family finances has profound effects on different dimensions of family life, such as: decreases psychological distress caused by the family financial crisis, less conflicting situations in couples, increased marital satisfaction, the opportunity to save some money, setting authentic priorities in child rearing, increasing the quality of parent-child relationship and so on. In addition, these new directions in research can have a potential impact on economic agents, they can better understand the consumption behaviour of families, and they can adjust their offer or design new marketing strategies for products or services for parents and children.

Conclusions

I can underline the idea that children from less well-off families are at greater risk than wealthier children for poor cognitive, behavioural and health outcomes. The poorer outcomes of less wealthy children can be attributed to their low incomes—they have implications for the intergenerational transmission of poverty (Berger, Paxson and Waldfogel, 2009).

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