

*Summary  
and  
Conclusions*

## **CHAPTER V**

### **SUMMARY CONCLUSIONS AND RECOMMENDATIONS**

#### **Introduction**

Home management is concerned with the ways in which a family uses all its resources and with the quality of life resulting from that management. In the past, the need for management arose because resources were scarce. Management was man's effort to make a little "go around" That situation is still true for many families in relation to some or all of their resources. In the simplest terms, "home management consists of purposeful behavior involved in the creation and use of resources to achieve family goals. "Management is the major means of achieving the family's goals. Managers are challenged to use their resources for purposes they consider important (Gross, Crandell and Knoll, 1980)

Further, as families establish and cherish a series of financial goals, money plays a major role. With the change in the stage of family life cycle, goals of the family get changed. Yet the principle financial goals, namely, maintaining the purchasing power, maintaining minimum level of living, purchase of assets and financial security do remain constantly throughout the life. Families strive to attain these goals. Further, families constantly aim at improving their economic profile. Attainment of these goals help the families to move upwards on the ladder of quality of life. These goals in the broader sense can be categorized as the parameters of satisfaction with quality of life under financial domain.

Conscious efforts for the improvement of quality of life involve careful resource management. Process of management involves three basic steps - planning, controlling

and evaluation Urban families live amidst variety of challenges Some of these challenges do arise out of scarcity of resources Though the quantum of money resources available to families may not change over a short time span, the utility of this resource may go down due to inflation The effect of inflation may further vary across income classes These variations are observed through cost of living of the families. To handle these challenges, families develop their own devices “Coping devices involve choices in the ways of using these resources and also new structures and integration developed by the individual organism to master its individual problems with the environment” (Murphy, ) Coping has two functions emotion focused and problem focused (Folkman and Lazarus, 1980).

Families economic profile, ways to manage resources and the coping strategies they adopt may vary from each income class as well as from family to family The way families handle the situation of rising prices might prove to be a decisive factor for their quality of life

Inflation being a cardinal problem of our economy, having great influence on the society affects several dimensions of human life This observation on part of the investigator encouraged her to undertake present study. Investigator was interested in knowing about financial management practices & coping strategies adopted by the families Further, an attempt was made to know about families financial management practices, their cost of living and the coping strategies adopted by them To what extent quality of life of families from different income classes gets affected by these variables was also a matter of interest for the investigator At macro level, various studies on cost of living had been conducted For coping, several emotion focused studies were

available. There was a lacuna found in the area of cost of living at micro level and in the area of coping on problem focused studies. With such background the present study was planned.

### **Objectives**

- 1 To assess personal and familial variables of the respondents.
- 2 To identify price variations of aggregate and disaggregate levels of the years 1995-96 and 1999-2000, and to calculate cost of living indices for five income groups.
- 3 To identify and compare the economic profile of the families.
- 4 To assess financial management practices followed by the families as a result of rise in general price level.
- 5 To identify the problems faced by the families and the coping strategies adopted against rising prices.
- 6 To assess satisfaction of respondents with regards to Quality of Life.
- 7 To study interrelationship among selected independent and intervening variables and the dependent variable.

### **Assumptions of the Study**

- 1 There is an increase in general price level.
- 2 The impact of rise in general price level on financial management and quality of life varies among different income classes.

### **Hypotheses of the study**

- H1 There exists relationship between personal and family variables and, families'
- 1 Economic profile

- ii Financial management practices
  - iii Coping strategies
  - iv Quality of life
- H2 There is an association between rise in general price level at 1995-96 and 1999-2000 and family's
  - i Cost of living
  - ii Quality of life
- H3 Co-relation between families' financial management practices and Quality of life.
- H4 There exists relationship between coping strategies adopted by families as well as their economic profile and quality of life

#### **Delimitations of the study**

- 1 The study was limited to 255 Families residing in Vadodara City
- 2 The study was limited to five income groups

#### **Methodology**

The present investigation was a descriptive survey conducted on 250 urban families of Vadodara city. These families belonged to five income groups viz. low income group (LIG), lower middle income group (LMIG), middle income group (MIG) and higher income group (HIG). The families were selected through multistage random sampling method proportionately from selected residential areas of the city.

The tool to collect information

The interview schedule was framed keeping in view the objectives of the study. The tool comprised of seven sections

## Section I

First section included questions of the interview schedule regarding the socio economic & demographic profile of the respondents. It included information on age, education occupation and income of the respondents. It also covered the questions regarding type and size of family as well as number of adults and children in the family. It further contained questions about type of house and family's total monthly income as well as about public facilities availed by the family.

## Section II

Section second of the interview schedule aimed at obtaining first hand information about the consumption expenditure incurred by the families during the base year taken for the present study (1995-96) and the current year, (1999-2000) on the items selected to construct cost of living indices.

## Section III

To elicit the information regarding the families' economic profile this section was designed, to collect information regarding savings, investment and credit in specific

## Section IV

This section contained a scale consisting of a set of statements dealing with the money management practices adopted by the families, focusing specifically on planning, controlling and evaluating as the process of management.

## Section V

Contained questions regarding the problems faced by the families due to rise in general price level.

## Section VI

Covered the questions regarding coping strategies adopted by the families against rise in general price level.

## Section VII

Of the instrument dealt with the information regarding the extent of satisfaction of the families in relation to the selected parameters of quality of life, experienced during the base year and the current year for the present study (Viz 95-96 and 99-00 )

Content validity for scales under section four and section seven as well as for the item inventory under section second was established on the basis of responses of a panel of judges from the various fields. After making some modifications pilot study was conducted on non sample residential areas, to establish reliability coefficient of the scales Test-retest method was used to arrive at reliability coefficient which was found to be 0.8 and 0.7 for financial management scale and for quality of life scale respectively

## Analysis of Data

Descriptive as well as relational statistics were used to analyse data. The data were scored, categorized, tabulated and presented in frequencies, percentages, mean and standard deviations for analyzing the information. Chi square, correlation coefficient, 't' tests and analysis of variance were employed to study the relationship of selected variables of the present study

## Major findings of the study

- I Socio-economic and demographic characteristics of the respondents.
- 1 Personal characteristics of the respondents

Mean age of the respondents varied between 43 years and 49 years. Out of total sample, 44.3 percent of the respondents were of the age group between 41 to 50 years. In case of education level, 42.4 percent respondents were graduates and 25.1 percent of the respondents were having education upto 12<sup>th</sup> standard. Salaried job was the occupation of 69 percent of the respondents, and 31 percent of the respondents were self employed.

Mean monthly income of the respondents ranged between Rs. 2340 to Rs. 23673 from low income to high income group.

## 2 Familial characteristics of the respondents

Out of the total sample of 255 families, 56.9 percent had nuclear family and 43.1 percent had joint family. Only in case of low income group, compared to nuclear type, greater number of families had joint family type.

Since average number of family members was 5 members, all income group families had family with medium size.

Type of house, i.e. own house and rented house were found to be as follows. Eighty one point two percent of the families possessed own house whereas 18.8 percent of the families were using rented house. Percentage of house ownership was highest in case of the families from low income group.

## 3 Public facilities availed by the families

Out of the total, maximum number of families were not utilizing the facilities provided by the government. Out of the total sample, only 12 percent and 14 percent respectively were using public facilities. Municipal school, general



hospital and health centres were the three public families, out of which, none of the three was availed by high income group families

II Secondary data on wholesale price index (WPI), consumer price index (CPI) (All India) and CPI (Vadodara) for 94-95 to 2000-2001, private final consumption expenditure All India) for 1993-94 to 1998-99, composition of families savings and investments (All India) for 1993-94 and 1999-2000 and cost of living indices for five income groups based on the primary data

1 Secondary data were gathered on wholesale price index (All India), consumer price index (All India) and consumer price index (Vadodara) The source of information was "The Economic Survey" March 2001 and CMIE, Review of Gujarat, 2001

The data revealed that the increase in cost of living on an average range from 40 to 50 percent. Variation in cost of living, judged on the basis of WPI, CPI (All India) and CPI (Vadodara) reflected that the cost of living on an average seem to have increased by 39.3%, 36% and 54.1% respectively between the period 94-95 and 2000-2001

2 Private final consumption expenditure by object (All India)

Secondary data were availed from 'National Accounts Statistics (CSO, 2000-2001 on private final consumption expenditure at all India level for the period 1993-94 to 1998-99 for eight major item classifications

The data revealed that the final consumption expenditure on food beverages and tobacco had gradual decline i.e. from 56.1 percent to 50.7 percent during 93-94 and 98-99 Whereas for the remaining items namely, clothing and footwear, gross

rent, fuel and power, furniture, furnishings, appliances and services, medical care and health services, transport and communication, recreation, education and cultural services and miscellaneous items the final consumption expenditure had gradually increased during 1993-94 and 1998-99

3 Composition of families'-savings and investments (All India)

Secondary data on composition of families savings and investments were gathered from national accounts statistics, CSO, 2000-2001 for the time period between 1993-94 to 1999-2000. The percentages of families' savings in currency showed the decline during the mentioned time period. Families' investments in shares and debentures also had undergone decline during the time period. In 1993-94 it was 13.47 percent while in 1999-2000 it had gone down to 6.31 percent. Investments in insurance funds, provident fund and pension plans and claims on government had gone up, while savings with banks had declined over the period of time.

4 Cost of living indices for five income groups based on primary data

For the present study, cost of living indices were constructed for five income groups through expenditure relative method. For the same, the data on monthly expenditure incurred on specific group of items were gathered for the sample (255 families) under the study. As the data revealed it was 1.38 for LIG, 1.57 for LMIG, 1.69 for MIG, 1.35 for HMIG, 1.82 for HIG and 1.65 for Total.

III Economic profile of the families

Considering savings and investment as composite measures of economic profile, the following observations were made

- 1 The percentage share in the total savings investments were shown in terms of items like cash, deposits, shares and debentures, claims on government and insurance. This information was provided both for income groups and for the years 1995-96 and 1999-2000.
  - 2 For LIG it was found that the major portion of their savings was kept in the form of cash on hand and deposits and the respective percentage share were 58% and 38% which had remained more or less constant in the year 1999-2000.
  - 3 For LMIG the percentage share of cash and deposits were 35% and 46% in 1995-96 and it had declined to 32% and 42% in 1999-2000. The families in LMIG were found investing their savings in government security and insurance funds. It was observed that as we move up in the income stream the share of total savings in cash is much lower and it is evidenced by the fact that for MIG, HMIG and HIG these shares were 13%, 15% and 14% similarly the share of deposits for them were 42%, 28% and 30% respectively, again in 1999-2000 there were no substantial changes found in these shares of different items for MIG, HMIG and HIG.
  - 4 In case of HMIG and HIG the families were found to invest their unspent consumption amount in a larger proportion compared to other income groups in the form of shares and debentures, insurance funds and provident funds and pension plans.
- IV Financial management practices followed by the families
- 1 Planning practices were followed by nearly half of the total respondents.
  - 2 Majority of the respondents planned the expenditure on food items.

- 3 Compared to higher income groups, families belonging to low income group followed planning practices to a lesser extent due to lack of funds.
- 4 Majority of the respondents were estimating the expenditure on various items
- 5 Respondents from HIG, HMIG and LIG had the practice of keeping aside the sum for savings. This practice was less frequently followed by the families from lower middle income group and middle income group
- 6 For the consumption of consumer durables expenditure planning was not followed. Similarly no provision in expenditure planning was made for health care
- 7 Regarding controlling practices, majority of the families followed regular record keeping practice. Family finance records were handled by i.e. single person in 66 percent cases out of the total sample
- 8 Changes in expenditure were made for eatables with the change in price by nearly 40 to 47 percent families from all income groups except higher income group.
- 9 Expenditure incurred was regularly evaluated by nearly 60 percent of the families out of which, middle income families most frequently followed this practice.
- 10 Compared to other income groups, more no. of low income families expressed that actual expenditure used to exceed planned expenditure every month
- 11 Using the feed back from previous months expenditure was the practice followed by lower middle and middle income families compared to those from other income groups
- V Problems faced by the families due to rise in general price level.

- 1 Various kinds of problems were experienced by the families belonging to all income groups to more or less extent, due to price rise in various commodities
- 2 Overall fall in total savings of the family was the problem faced by 56 percent of the families out of the total sample
- 3 The findings further revealed that 54.5% of the total families expressed that the use of several commodities had to be curtailed.
- 4 Majority of the respondents (76.9%) from middle income group expressed that investment was negatively affected due to rise in price
- 5 Liquidity of the funds getting decreased was expressed by 41% of the total respondents
- 6 Problem with maintaining to minimum level of living was expressed by 62 percent of the respondents from low income group
- 7 Feeling of financial insecurity getting intensified was expressed by 50% of the respondents from lower middle income group and nearly 50% from low income group
- 8 Increase in the mental stress due to financial reasons because of price rise was expressed by majority of the respondents from lower middle income group, i.e. 88.5 percent. The same problem was expressed by maximum number of respondents from the total sample i.e. 60.7 percent.

#### VI Coping strategies adopted by the families

To cope with rising prices of commodities, families used to adopt certain coping strategies. Two major kinds of coping strategies were adopted, including A Reducing the expenditure B Increasing money income

A Reducing the expenditure

- 1 Reduction in the expenditure on daily requirements, on consumption of ghee and oil, vegetables and food outside home were the coping strategies adopted by most of the families, especially from low income, lower middle income and middle income group.
- 2 Families were forced to switch over to lower quality seasonal food items due to rise in price
- 3 Children's extracurricular activities were regulated by the families
- 4 Switching over to less expensive fuel was practiced by only 24 percent families from low income and lower middle income group
- 5 Coping strategies like stitching clothes for the family, cutting over the expenses on paid help, sharing the vehicle and reducing pocket money of children were the least preferred coping strategies

B Efforts to raise money income

- 1 Out of the total sample, only 30 percent of the families were able to raise monthly money income.
- 2 The reasons behind inability to raise money income included lack of availability of opportunities for gainful employment
- 3 Lack of income generating capacity as well as low education level of family members were the reasons negatively affecting the families efforts to raise money income
- 4 Social and familial barriers and lack of finance to support self employment were the reasons depriving the families from raising money income

## VII Quality of life

Extent of satisfaction of the families with the quality of life was assessed on the basis of satisfaction towards selected financial parameters namely, A Satisfaction towards wealth, B. Satisfaction towards level of consumption and C Satisfaction towards financial security (For the base year as well as the current year)

### 1 Satisfaction towards wealth

Regarding the first parameter, majority of the families belonging to low income group expressed the dissatisfaction increased during 1999-2000 compared to 1995-96. The same had been found with lower middle income income group and middle income group as well. There was a decline in the percentage of the families with higher satisfaction level with wealth from higher income group and higher middle income group as well.

### 2 Satisfaction towards level of consumption

Regarding satisfaction towards level of consumption, there was an increase in the number of families with lower level of satisfaction in the year 1999-2000 compared to 95-96. This was more evident in case of the families from low income, lower middle income and middle income families.

### 3 Satisfaction towards financial security

Increase in the number of families with lower level of satisfaction towards financial security during 1999-2000 was much higher compared to that of with level of consumption and wealth. Fifty seven percent of total families had higher level of dissatisfaction towards financial security. Greater number of families with higher dissatisfaction belonged to low income and lower middle income group.

### **Relationship among the variables**

- 1 For the present study, findings of the analysis confirmed that there was an association between families' economic profile and personal and familial variables of the respondents
- 2 It also revealed that families' financial management practices and respondents' personal and familial variables were having an association
- 3 Coping strategies adopted by the families were partially associated with the personal variables of the respondent, viz age, education and occupation. Coping strategies adopted by families had no association with respondents' monthly income  
  
For familial variables and coping strategies, no association was found with family size while partial association was found with type of family, type of house and coping strategies
- 4 Quality of life was directly influenced by personal and familial variables as well as situational variable.
- 5 Positive correlation was found between situational variable and cost of living
- 6 Quality of life was influenced by situational variable
7. Association was found between quality of life of family and family's economic profile
- 8 Highly significant association was found between family's financial management practices and quality of life.
- 9 Coping strategies and quality of life were found to be having association



## CONCLUSIONS

Based upon the findings of the investigation the following conclusions are drawn

- ( 1 ) Majority of the respondents from LIG, were having education level up to 12<sup>th</sup> standard. Greater number of families from other four income groups were having education level up to graduation.  
  
Majority of the total respondents were engaged in salaried jobs. Hence, compared to business, job with regular flow of money income was preferred much.
- ( 2 ) Majority of the families from LIG were having joint families. In case of other four income groups, majority of the families were having nuclear type. Size of the family was medium in most of the cases compared to number of adults in the family, number of children was greater in case of both joint and nuclear type. In case of all the five income groups, greater number of families possessed their own house.
- ( 3 ) Public facilities were availed by very few families. Families from LIG did avail the facility of Municipal School. Facilities of General Hospital and Health Centre were availed by limited number of families.
- ( 4 ) Out of total expenditure percentage share on food items was highest for LIG, and lowest for HIG. This corresponds with the Engel's law "Proportionate share of total expenditure on food decreases with the increase in money income". Expenditure on food items for the income groups other than HIG had increased during current year.  
  
Expenditure on education and stationery had gone very high for LMIG and MIG families during current year. This shows that rising prices on education stationery

and academic services causes more burden on middle income families. Expenditure on travel/decoration and equipments had gone up during current year for HIG indicating the trend of spending on these items going up over a period of five years among affluent class. Since majority of families were owning a house, share of expenditure was less on house rent.

- ( 5 ) Compared to the cost of living index of aggregate level, the cost of living index for HIG had increased much higher. This increase was on the part of consumptions of commodities with very high price compared to other items of the same basket of goods.

Since the commodities preferred and purchased from same basket of goods vary between the income groups, effect of rise in general price level also varies for each income group. Cost of living index of five income groups in 1999-2000 ranged between 1.35 & 1.82.

- ( 6 ) Families' economic profile revealed the decrease in the share of amount on cash-in-hand out of total savings with the increase in income level.

Preference for nationalized banks to deposit savings indicated the conscious behaviour on part of the families regarding safety of principal rather than higher yield. Investment in government bonds and insurance schemes too supported the same finding.

- ( 7 ) Availing credit was not preferred much by majority of families. This shows the tendency to avoid indebtedness on part of the families. Out of those few who had taken loan, the reason for the same was house construction. Hence it was observed that credit was preferred for asset formation rather than purchasing durable goods.

This shows that families in general and especially in lower income strata prefer to increase their entitlements to assets and strengthen their economic viability over a long time horizon

- ( 8 ) For financial management, planning, controlling and evaluation practices were followed by the families from all income groups. Compared to planning of expenditure, controlling of expenditure was more consciously followed by families from all income groups. Evaluation of expenditure was used to get feedback for future expenditure plan.
- ( 9 ) Problems due to rise in general price level were experienced by the families from all five income groups. Curtailing use of essentials, decline in savings and investments, increase in mental stress and decrease in level of living were the major problems experienced by greater number of families of all income groups.
- ( 10 ) Backward and forward coping strategies were adopted by families against rise in general price level. Cutting down the expenditure on edible items, clothing and apparel and entertainment were adopted by majority of families. Compromising on the quality of seasonal and routine items to reduce the expenditure were also the commonly adopted coping strategies.
- ( 11 ) Forward coping strategies were difficult to be adopted to the fullest extent. Lack of employment opportunities, low level of education among women and absence of vocational training were the limiting factors. There is a need for higher education of women in our society. Vocational training also needs to be given weight in the academic programs.

( 12 ) Extent of satisfaction with quality of life had gone down during current year for all five income groups. For low income, lower middle income and middle income groups' satisfaction towards wealth had gone down during current year. For satisfaction towards level of consumption, the number of families with low satisfaction had increased during current year in case of LIG, LMIG and MIG. For the third parameter to assess satisfaction with quality of life, namely satisfaction towards financial security, the percentage of families expressing low satisfaction level had increased during the current year in case of all five income groups.

Results of the present study show that quality of life ( keeping in mind, the financial domain ) had noticeably gone down for low income, lower middle income and middle income group during current year compared to base year. Hence, over a period of five years, price-rise had substantially caused decline in the satisfaction with quality of life especially for LIG, LMIG and MIG.

( 13 ) An association was found between economic profile as well as financial management practices and respondent's age, education, occupation & income and familial variables-type of family, size and type of house which in turn influenced quality of life of the family.

( 14 ) Association was not found between personal and familial variables of respondents and coping strategies, adopted by the families but coping strategies were having significant association with quality of life.

( 15 ) Positive association was found between situational variable (rise in general price level) and cost of living. Situational variable directly influenced quality of life.

( 16 ) All intervening variables were influencing the dependent variables.

## **Implications of the study**

Findings of the study brought out a number of implications for action programs for various social service institutions, educationalists, economists, policy makers and home scientists

Certain implications have been enlisted below

- 1 Families were reluctant to change their savings and investment pattern. This fact endorses the truth that families are more cautious about the safety of principle rather than income yield on their principle. The reason behind this reluctance may be the ignorance about the pros and cons of different savings and investment plans. Knowledge regarding the same should be imparted to the families in layman's language. This task can be taken up by economists, journalists and home scientists.
- 2 Controlling practices were more frequently adopted by the families for financial management compared to planning. This behavior indicated lack of careful budget making on part of urban families. Home- scientists and educationists should combine their efforts to create skill amongst the families and impart adequate information about financial management to the family money managers.
- 3 High prices of essential commodities of daily requirements cause burden on low income, lower middle income and middle income group families. This fact was identified through the results of the present study. Families from these three groups were forced to cut down the expenditure on items of daily requirement. Further to maintain the level of living with increasing cost of living, families were

forced to go for lower quality of edible items. This problem is the cardinal problem of our society. Policy makers need to take concrete steps against constant increase in the price of essential items. 'Inflation hits the poor the most' is the fact which needs to be dealt with.

- 4 Although, the sample size is limited, findings of this study can be generalized to a broader population because of the similarities in the characteristics of the sample to those of broader population. The typical family money manager in the study was representative of a broader population in terms of education, family type, family size and income.
- 5 Further, the study is significant because it reflects the picture of how families cope with their problems. Social organizations can take up the task of enlightening people regarding effective strategies to cope with the financial problems. Since, the type of problems studied here belong to financial domains of the family, home management specialists can contribute to a greater extent as it involves family resource management.
- 6 Researchers and specialists from the field of home management can further contribute through imparting knowledge to the families regarding the ways to improve quality of life. By helping families to gain knowledge and skills to i) manage their financial resources ii) improve their economic profile and iii) adopting effective and successful coping strategies, home management specialist can impart remarkable contribution to the society.

### **Recommendations for Further Research**

- 1 A comparative study could be conducted regarding financial management practices of the families in the different stages of family life cycle
- 2 A study can be conducted on saving behavior of families with selected variables
- 3 In urban areas , increase in the number of single parent families is evident A study can be conducted on financial management practices with single parent families
- 4 Similar kind of study can be conducted regarding coping strategies adopted against financial crisis by single parent families or female headed families
- 5 Studies can be conducted on quality of life of urban families and selected parameters related to environmental problems