



# Enterprising Rural Families<sup>tm</sup>

## Chat This Month

Reminder: The chat this month is scheduled for North America: Pacific Time- 6 p.m., Mountain Time- 7 p.m.; Queensland, Australia: Eastern Time-12 Noon. The topic is “*Families In Financial Stress.*”

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### **Suggested Progress by Group:**

In order to stay current, by the end of this month you should be completed to:

**Antarctic – End of Module 2**

**Arctic – End of Module 1**

**Atlantic –**

**Baltic –**

**Bering –**

**Black –**

**Caribbean -**

**Coral –**

**Indian –**

**Mediterranean -**

**Pacific -**

**Red -**

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## FAMILIES AND INDIVIDUALS COPING WITH FINANCIAL STRESS (Part 1)

The quality of life for individuals and families is impacted by the economic or financial resources available. Resources, frequently measured by family income, often define economic status. Threats to family income such as job loss, divorce, retirement, or disability can contribute to economic stress as a result of changes in the individual or family financial status. Economic or financial stress can be the product of (a) the inability to meet financial obligations, (b) the uncertainty of income sources, (c) the instability of employment, and/or (d) the inadequacy of earnings to meet the needs and desires. Financial stress can be normative, resulting from expected milestones in the family life cycle such as marriage or the birth of a child, or situational, stemming from unexpected events such as divorce, forced retirement, or catastrophic illness. Economic stress associated with life events may be temporary, e.g., a short-term drop in income resulting from job loss or chronic, such as a long-term income loss as a result of a permanent work-limiting disability (2). What is the impact of financial stress on families and individuals?

### ***Marriage and Financial Stress***

When a couple faces economic hardship, the quality of the marital relationship often declines. Economic loss results in increased financial disputes and greater marital tension and discord. For example, financial strain among unemployed couples affects the marital relationship through spousal withdrawal of social support and social undermining. Economic strain increases husbands' hostility and decreases their supportiveness and warmth. Other reactions to economic stress in interpersonal relationship include lowered self-esteem and competitiveness between spouses (3).

But some couples are more resilient to economic stress than others. Positive interaction between couples eases the tensions related to financial stress. Effective problem-solving skills also help reduce marital conflict and distress. Couples involved in a satisfying marital relationship have been found to more successfully cope with financial difficulties. In addition, those couples with strong marital bonds prior to the depression were better able to successfully adapt to economic pressure. Effective money management strategies can likewise improve marital quality. For example, newlywed couples who use financial goal-setting practices and strict record keeping are more satisfied with the marriage (2).



Continued from page one – Families & Individuals Coping with financial Stress

### ***Families and Financial Stress***

How does this economic strain on families work? Financial stress increases depression for both husbands and wives. This depression leads to deteriorating marital relationships, often due to conflicts between parents or between parents and children about money. When conflict increases and marital relationships suffer; the quality of parenting drops dramatically. Parents may become less involved, less nurturing, and less consistent in discipline. Ultimately, it is this family climate that puts adolescents at risk for a variety of negative outcomes including irritability, academic difficulty and delinquency. While not all children will experience negative outcomes when their families face economic stress, many do, and the negative results can be traced to the parenting practices of stressed couples.

Also, when families are under great economic pressure, there can be additional consequences for adolescent girls and boys. Because parents may seek additional employment when finances are strained, girls may experience increased responsibilities in the home. This may help girls gain maturity, but it can also create pessimistic attitudes about future career opportunities. For boys, disruptions in family income seem to lead to increased conflict with fathers. When a father has trouble supporting a family, the anxiety of a teenage son may lead him to react negatively toward his father (1).

### ***Financial Stress and the Individual***

Research indicates that economic factors (e.g., unemployment, low income) have a negative effect on the mental health and well-being of individuals. Reactions to economic stress appear to have common psychological and social costs. There is a strong correlation between economic strain and distress, including increased levels of anger, hostility, depression, anxiety, somatic complaints, and poorer physical health. Furthermore, social costs also include diminished relationship quality (marital, parent-child, friendships) through strain and disruption and changes in social activities, support, and networks.

Several factors can ease the psychological and social damage brought about by economic stress. The way an individual defines the situation is important, as are the resources and supports available. Important resources drawn on include individual (e.g., education), psychological (e.g., coping skills), social (e.g., social support), relational (e.g., marital relationship), and material (e.g., income) resources (5).

### ***How Financial Stress Affects Youth***

Family financial stress can also make children ***afraid of what will happen to them***. They may have heard their parents argue about money and employment. Young children may worry that they will have no place to live or nothing to eat. They may fear that their parents will divorce. Older children may be concerned that their parents' stresses could put the family in danger of an accident or illness. Some children worry that their parents may become violent.

Among teenagers the ***loss of peer status*** is a possible consequence. In a society that places a premium on success and possessions, family financial problems are seen as personal failures. Like their parents, teens may feel embarrassed about their family's situation, especially when insensitive peers make cruel comments.

Another consequence of stress for young people involves a ***deterioration of academic performance***. Teachers report that many children are distracted from schoolwork by financial problems at home and may feel anger or despair. As a result, children may tend to think only from day to day as opposed to looking ahead to the distant or even near future. Some students may become cynical or withdraw to avoid the reality of a painful situation.

Finally, children may ***feel isolated from parents and friends***. The most stressful time for a family can be the period preceding a possible foreclosure or business failure. Parents may be extremely busy in a desperate attempt to save



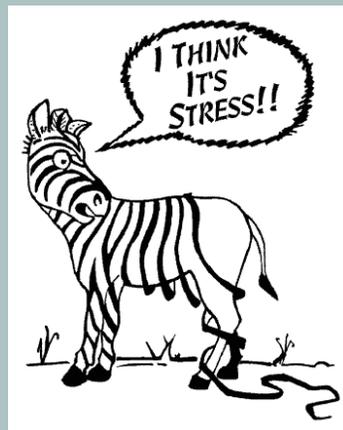
their source of income. They may also be trying to keep their situation hidden from the rest of the community. Such conditions can isolate children from parents who are too busy to notice and from neighbors who are not even aware of their suffering (4).

Part 2 on strategies families use to cope with financial stress will be covered in the next newsletter.

For more information on this topic and the management of rural family enterprises, check the Enterprising Rural Families website at: <http://eRuralFamilies.org>.

#### References:

1. Conger, R., & Elder, G. (1994). Families in troubled times: Adapting to change in rural America. New York: A. de Gruyter.
2. Fox, J., & Bartholomae, S. (2000). Economic stress and families. In P.C. McKenry and S.J. Price (Eds.). Families and change: Coping with stressful events and transitions 2<sup>nd</sup> edition, (pp. 250-271). Thousand Oaks, CA: Sage.
3. McCubbin, H., & Figley, C. (1983). Bridging normative and catastrophic family stress. In H.I. McCubbin and C.R. Figley (Eds.). Stress and the family vol. 1: Coping with normative transitions, (p. 227). New York: Brunner/Mazel.
4. Smith, C. (n.d.). Youth and the rural crisis: How adults can help. Manhattan, KS: Cooperative Extension Service.
5. Weigel, R. (2000). The personal nature of agriculture: Surviving tragedy. Laramie, WY: Cooperative Extension Service.



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