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POVERTY LEVEL AND CONFLICTS OVER MONEY WITHIN FAMILIES [1]

(Tingkat Kemiskinan dan KonflikKkeuangan Keluarga)

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ABSTRAK. *Tujuan penelitian ini adalah untuk mengetahui pengaruh tingkat kemiskinan terhadap konflik keuangan keluarga yang diperantarai oleh dua strategi yaitu penghematan dan peningkatan pendapatan. Sampel sebanyak 360 keluarga yatig berdomisili di pedesaan bagian Barat Tengah di Amerika Serikat berpartisipasi dalam studi longitudinal ini. Analisa yang digunakan adalah Structural Equation Modeling (SEM). Hasil yang diketahui adalah bahwa tingkat kemiskinan berhubungan secara signifikan dengan kedua strategi, namun hanya strategi penghematan yatig menjadi variabel perantara antara kemiskinan dan konflik keuangan keluarga. Dengan demikian dapat disimpulkan bahwa strategi penghematan dapat menyebabkan konflik keuangan keluarga yang lebih besar, sedangkan strategi peningkatan pendapatan tidak menunjukkan pengaruh yang signifikan hark pada peningkatan maupun penurunan konflik keuangan keluarga.*

Keywords: poverty, conflict over money, coping strategies, generating income, cutting hack expenses.

INTRODUCTION

Background

The Depression of the 1930s was followed a half century later by the depression of the 1980s. Voydanoff (1990) noted that the restructuring of the American economy during the late 1980s was accompanied by increasing levels of economic distress. Aspects of economic distress, including employment instability, employment uncertainty, economic deprivation, and economic strain have been found to be related to individual adjustment and family relations. Thus. changes in the economy during the 1980s have resulted in changes in family life (Voydanoff, 1990). For example, McVeigh and Shostak (1978) reported that poverty is associated with a lack of decent housing and an inadequate diet Other correlates of poverty include low educational attainment and a lack of proper medical care.

Other family studies also have demonstrated that financial hardship produces serious adverse consequences for family life. For example, a study by Conger and Elder found that economic pressures may alter family life by changing individual behavior. Economic pressure, which reflects financial difficulties, demoralized family members and disrupts family interaction processes (Conger & Elder, 1994). Economic difficulties might increase pressures and might cause serious conflicts within the family. A study by Broman and colleagues suggested that financial hardship produced by unemployment increases family conflict and tension between parents and children and between husbands and wives (Broman. Hamilton, & Hoffman, 1990). Again, families with unstable employment. unstable incomes, and financial constraints typically experience increased levels of anxiety and anger, which may lead to increased levels of conflict (Conger & Elder, 1994)

Conflicts within the family, particularly conflicts over money, occurred when family members compete over very limited resources to meet all of their demands and needs at the same time. As a result of these. hardship conditions. families attempted to adopt coping strategies that will allow them to meet their material needs more

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adequately. Presumably, effective coping strategies would also reduce conflicts over money. Conger and Elder (1994) indicated that economic problems generate loss of control over financial outcomes. As a result, families attempted to regain control by making adjustments, such as cutting expenses or taking on additional jobs. One interesting question is how the coping strategies families adopt during difficult times affect their economic lives and interpersonal relations.

Objectives

The goal of the present study is to increase understanding of how the coping strategies that economically-stressed families employ affect their ongoing struggles over limited resources. This study is important because it provides the information needed to assess the impact of the family's economic situation on nuclear family conflicts, especially conflicts over money. These types of conflicts can create adjustment difficulties for both parents and children (Conger, Ge, Elder, Lorenz, & Simons, 1994). The objectives of this study are: (1) to examine the level of poverty in a sample of rural families calculated according to annual Health and Human Services (HHS) guidelines; (2) to examine the relationship between poverty and conflicts over money within the family; and (3) to examine ways in which specific coping strategies may mediate or moderate the relationship between poverty level and conflicts over money.

The Analytical Model

Figure 1 presents an analytical model of the proposed causal relationships regarding the effect of poverty on conflicts over money through the mediating variables that include two coping strategies: generating income and cutting back.

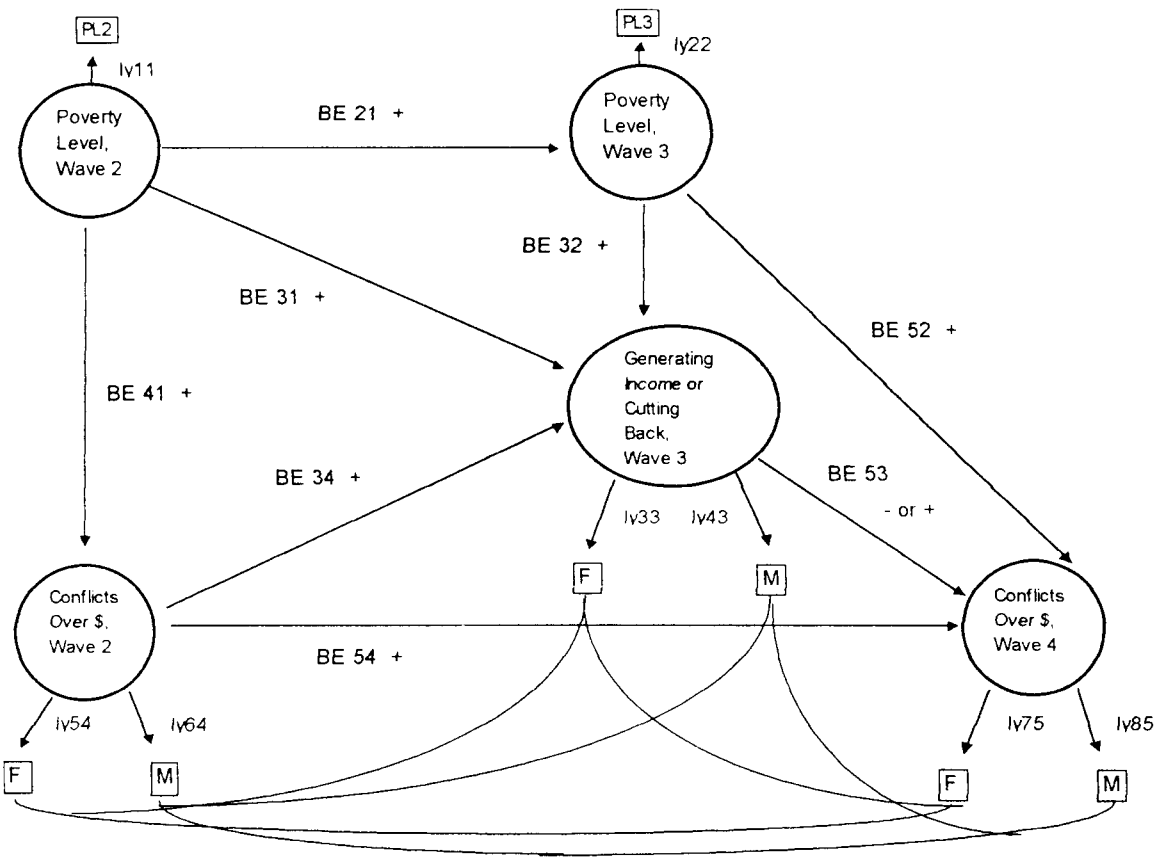

Figure 1. The Analytical Model

Data used to evaluate the model came from a 4-wave study with yearly assessments of over 400 rural families. The measures required for these analyses were included in Waves 2 through 4 of the study. In the analytic model, changes in poverty level (from Wave 2 to Wave 3) and changes of conflicts over money over time (from Wave 2 to Wave 4) are introduced.

The description of measures begins with the exogenous variable of poverty level, Wave 2, and the endogenous variable of conflicts over money, Wave 2, then moves to other endogenous variables going from left to right in the figure. In this model, generating income and cutting back (both strategies are from Wave 3) serve as mediating variables between poverty level (Wave 3) and conflicts over money (Wave 4). The effects of the two coping strategies will be analyzed separately.

METHODS

Sample

Data for this study came from the Iowa Youth and Families Project, a longitudinal study focusing on the consequences of economic decline for family interactive processes and individual adjustment (Conger & Elder, 1994). In this paper, the influence of economic difficulties measured as poverty level on conflicts over money of rural families is considered over a three-year period from 1990 to 1992. Data for this study came from the second through the fourth years of data collection (1990, 1991, and 1992) waves of the Iowa Youth and Families Project (IYFP).

The sample for these analyses consisted of the husbands and wives from 424 married couples in 1990 (Wave 2), and included an "eighth" grade child (i.e., the target child) and a sibling within 4 years of age of the target child. In 1991 (Wave C), the sample consisted of 407 married couples. In 1992 (Wave 4) the sample consisted of 403 married couples. After combining three waves of data using listwise deletion for missing data, the total sample in the study consisted of 360 families. They were white families, primarily lower-middle-class and middle-class who live in 8 adjacent rural counties in Iowa.

The mean age of the father in 1990 was 40.86 years, with a standard deviation of 4.85, and the mean age of the mother was 38.75 years, with a standard deviation of 4.07. The mean years of education of the father was 13.54, with a standard deviation of 2.14, and for the mother was 13.35, with a standard deviation of 1.66. Fifty-three percent of the target children were girls, and 52% of the siblings were girls. The mean household size of the sample was 4.88, with a standard deviation of 0.967. Based on the socioeconomic variables, average family gross income in 1989 was $40,936.35, and average per capita family income was $8,714.26.

Procedures

Through local public and private schools in eight counties, families were recruited. From all schools in communities of 6,500 or less in those counties, names and addresses of seventh grade students and their parents were obtained. A letter explaining the goals of the project was sent to all families; 78.5% of the families agreed to be interviewed (Conger, Conger, Elder, & Matthews, 1995).

A trained interviewer visited each family twice a year in their own home. Visitation data were collected in 1989, 1990, 1991, and 1992. At the first interview, each of the four family members -father, mother, 'target' adolescent, and a sibling- completed questionnaires regarding family economic conditions, demographic characteristics, family and individual activities, and family relationships. In this study, all measurement variables came from the questionnaires.

Measures

All measurement variables in the study were based on information from Wave 2 (1990, Time1), Wave 3 (1991, Time2), and Wave 4 (1992, Time 3). Three different times were used so that change in family conflicts could be predicted over time. Two exogenous and four endogenous variables were analyzed: (1) poverty level in Wave 2, 1990; (2) poverty level in Wave 3, 1991; (3) generating income in Wave 3, 1991;

(4) cutting back expenses in Wave 3, 1991; (5) conflicts over money in Wave 2, 1990; and (6) conflicts over money in Wave 4, 1992.

(1) Poverty Level (Wave 2 and Wave 3). Poverty level was a manifest variable with a single indicator and was estimated by one item (total family income, which was grouped according to the family size and the percentages of annual Health and Human Services (HHS) poverty guidelines (see US. DHHS, 1989; US. DHHS, 1990). Poverty level for this study was divided into 5 levels, coded from level 1 for the richest families to level 5 for the poorest families. According to the HHS poverty guideline, the poverty line in 1989 was: (1) $5,980 for a household size of one, (2) $ 8,020 for a household size of two, (3) $10,060 for a household size of three, and so on, by adding of $2,040 for each additional family member

(2) Generating Income (Wave 3). Generating income was a latent variable constructed by two indicators from father and mother reports. Basically, the generating income variable contained information on how adults and adolescents in the family attempt to cope with financial constraint by engaging in efforts to increase family income. The reliability levels, measured by Cronbach's alpha, of generating income in wave 3, 1991 from the father report, the mother report, and the combination of father and mother are 0.73, 0.68, and 0.77, respectively.

(3) Cutting Back (Wave 3). Cutting back was a latent variable and is constructed by two indicators from father and mother reports. The cutting back variable contained information on how the family adjusts to financial constraint by cutting back on some or all of a list of possible expenses. The reliability levels, measured by Cronbach's alpha, of cutting back expenses in wave 3, 1991 from the father report, the mother report, and the combination of father and mother are 0.87, 0.86, and 0.91, respectively.

(4) Conflicts Over Money (Wave 2 and Wave 4). Conflicts over money was a latent variable constructed by two indicators from father and mother reports. The conflicts over money variable contained information on the family's conflicts over financial problems (money) between the parents, and between the parents and their children. The reliability levels, measured by Cronbach's alpha, of conflict over money in wave 2, 1990 from the father report, the mother report, and the combination of father and mother are 0.81, 0.80, and 0.86, respectively, and those in wave 4, 1992 from the father report, the mother report, and the combination of father and mother are 0.81, 0.82, and 0.86, respectively.

RESULTS

Intercorrelations Among the Study Variables

Table 1 provided the intercorrelations among all study variables. The table indicates that poverty level in Wave 2 had a highly stable relationship with poverty level in Wave 3, which means that families who were poor in 1990 were likely to remain poor in 1991, and families who were wealthy in 1990 remained the same in 1991. Poverty level of families in 1990 and 1991 had moderately significant positive relationships with generating income in 1991 (the correlations ranged from 0.23 to 0.33), and cutting back in 1991 (the correlations ranged from 0.34 to 0.38) based on father and mother report. This means that poorer families were likely to make more adjustments to cope with financial difficulties, making a greater effort in generating income and cutting back expenses. Furthermore, poverty level in 1990 and 1991 also had moderately significant positive relationships (the correlations ranged from 0.19 to 0.27) with conflicts over money in 1990 and in 1992 based on father and mother report. This means that poorer families were likely to have more conflicts over money.

Table 1. Correlations, means, and standard deviations for all study variables (n=360)

Variables	1	2	3	4	5	6	7	8	9	10	M	SD
1. Poverty level, Wave 2, 1990	1,00										2,87	1,21
2. Poverty level, Wave 3, 1991	0,69**	1,00									2,97	1,29
3. Generating income, father report, Wave 3, 1991	0,26**	0,23**	1,00								1,79	1,91
4. Generating income, mother report, Wave 3, 1991	0,33**	0,26**	0,37**	1,00							1,70	1,74
5. Cutting back, father report, Wave 3, 1991	0,36**	0,37**	0,56**	0,33**	1,00						3,61	3,86
6. Cutting back, mother report, Wave 3, 1991	0,38**	0,34**	0,33**	0,56**	0,61**	1,00					4,26	3,94
7. Conflict over money, father report, Wave2, 1990	0,27**	0,19**	0,43**	0,29**	0,53**	0,41**	1,00				10,31	2,84
8. Conflict over money, mother report, Wave 2, 1990	0,25**	0,24**	0,22**	0,30**	0,34**	0,46**	0,63**	1,00			10,43	2,96
9. Conflict over money, father report, Wave4, 1992	0,25**	0,22**	0,43**	0,27**	0,51**	0,37**	0,72**	0,46**	1,00		10,38	2,84
10. Conflict over money, mother report, Wave 4, 1992	0,25**	0,22**	0,18**	0,29**	0,33**	0,49**	0,49**	0,63**	0,55**	1,00	10,47	2,99

Note
** significant LE 0,01 (2-tailed); M=Mean; SD= Standard Deviation

The generating income strategy had substantial and significant positive relationships with cutting back expenses (the correlations ranged from 0.33 to 0.56). It seems that families

who adopted a generating income adjustment frequently adopted the cutting back on expenses strategy at the same time. Cutting back in 1991 had a substantial and significant positive relationship with conflicts over money in 1990 and 1992 (the correlations ranged from 0.33 to 0.53), which means that the more families cut back on expenses, the more that conflict over money occurred. Similarly, generating income in 1991 had moderately significant positive relationships with conflict over money in 1990 and 1992 (the correlations ranged from 0.18 to 0.43). Interestingly, similar to the findings for cutting back, the more that generating income was done by families, the more conflicts over money occurred within the family. Similar to the stability of poverty level, conflicts over money in wave 2 also had a high stability with conflicts over money in Wave 4. This means that families who had lots of conflicts over money in 1990 were likely to maintain high levels of conflict over money in 1992.

Structural Relationships Among Variables

The analytic model illustrated in Figure 1 was estimated using structural equation modeling (SEM) procedures (Bollen, 1989; Bollen & Long, 1993). Maximum likelihood estimation was employed using LISREL 8 for windows (Joreskog & Sorbom, 1989). Residual terms were allowed to correlate across the same reporters for the latent variables in the model (conflicts over money, cutting back, and generating income).

Generating Additional Income Strategy. Figure 2 provided the causal model of poverty on conflicts over money through the mediating variable of generating additional income strategy. The standardized coefficient and the t-value for each of the paths were shown in the Figure 2

The diagnostic tools for evaluating the fit of the model to the data could be seen also in Figure 2. It was found that the model fits the data very well, with GFI=1.00, and AGFI=0.98. The chi-square test of residual fit of the generating income model was not significant, with χ^2=6.47, 8 degree

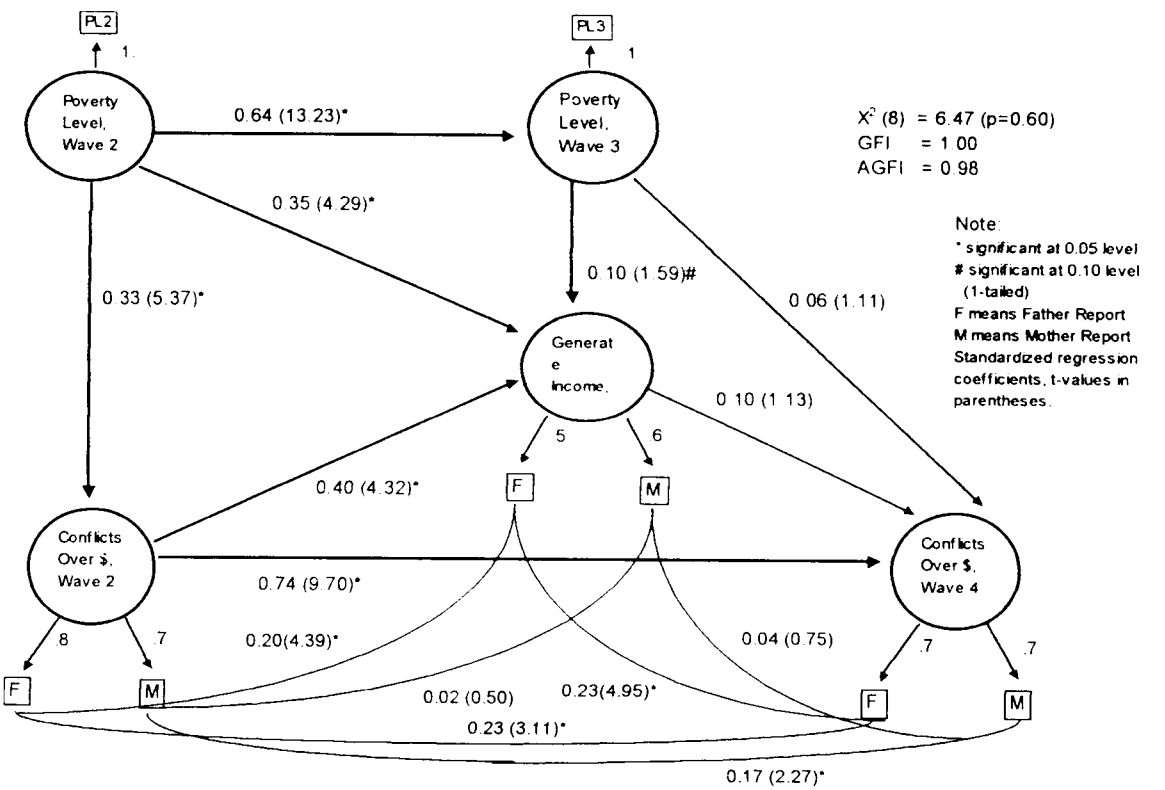

Figure 2. Structural Equation Model for Assessments of Causal Model of Poverty Level on Conflicts Over Money Through A Mediating Variable of Generating Income Strategy (n=360)

of freedom, and p=0.60. This means that the model fitted the data very well.

Similar to the findings in the correlation matrix, Figure 2 showed that there was evidence to support the hypothesis that stable relationships would be found between poverty level in 1990 (Wave 2) and in 1991 (Wave 3); and between conflicts over money in 1990 (Wave 2) and in 1992 (Wave 4). This means that the economic situation of families, measured by poverty level, and the condition of family harmony, measured by conflicts over money, were stable. All factor loadings for construct indicators were statistically significant. The results showed acceptable interreporter reliabilities for the measures of generating income in 1991 based on father and mother report (0.55 and 0.68, respectively); conflicts over money in 1991 based on father and mother report (0.82 and 0.77, respectively), and conflicts over money in 1992 based on father and mother report (0.74 and 0.76, respectively). These findings suggested that father and mother had good basic agreement on reporting of generating income and conflicts over money. In this model, the error terms of each reporter were allowed to correlate among latent variables – generating income, and conflict over money. In other words, the measurement errors were corrected in all models of the analyses. It was shown in Figure 3 that most of the correlated errors were significant.

Basically, Figure 2 showed that there was support for the first hypothesis, that poverty level had significant positive effects on generating income. Families that were poorer in Wave 2, 1990, were more likely to make adjustments to generate more income in the following year (in Wave 3, 1991). Consistently, families who were poorer at Wave 3, 1991 were also more likely to generate more income at Wave 3, 1991 (although only with a marginally significant effect).

However, there was only modest support for the hypothesis that poverty level would influence conflicts over money. At first, it was found that poverty level in Wave 2, 1990 had a significant direct effect on conflict over money in Wave 2, 1990 (see Figure 1). However, after entering generating income into the model, poverty level in Wave 3, 1991 did not have a direct effect on change in conflicts over money in Wave 4, 1992. Moreover, because generating income was not related significantly to conflicts over money in Wave 4, there was no evidence that generating income mediates the relationship between poverty level and conflicts over money.

Another hypothesis, however, was supported in this study. Conflicts over money in Wave 2, 1990 had a significant positive effect on generating income in Wave 3, 1991. Families who had high conflicts over money were more likely to cope with their difficult problems by adjusting their activities to generate more income in the following year. On the other hand, the hypothesis that generating income activities would reduce conflicts over money was not supported. The results showed that the generating income strategy in Wave 3, 1991 did not have a significant effect on conflicts over money in the following year, in Wave 4, 1992. What cauld be said was that generating income did not increase conflicts over money within the family across time. Thus, it was found that generating income neither increased nor decreased such conflicts.

Cutting Back Expenses Strategy. Figure 3 provided the causal model of poverty on conflicts over money through a mediating variable of cutting back expenses strategy. The figure included standardized coefficients and the t-value of each path.

It was found that the model also fitted the data very well, with GFI=0.99, and AGFI=0.97. The chi-square test of residual fit of the generating income model was not significant (χ^2=10.24, with 8 degree of freedom and p=0.25). This means that the model fitted the data very well.

Similar to the findings in Figure 2, Figure 3 showed that there was evidence of stable relationships between poverty level in 1990 (Wave 2) and in 1991 (Wave 3); and also between conflicts over money in 1990 (Wave 2) and in 1992 (Wave 4). All factor loadings for construct indicators were statistically significant. The results showed acceptable interreporter reliabilities for the measure of cutting back in Wave 3, 1991 based on father and mother report (0.76 and 0.79, respectively); conflicts over money in 1991 based on father and mother report (0.83 and 0.76, respectively), and conflicts over money in 1992 based on father and mother report

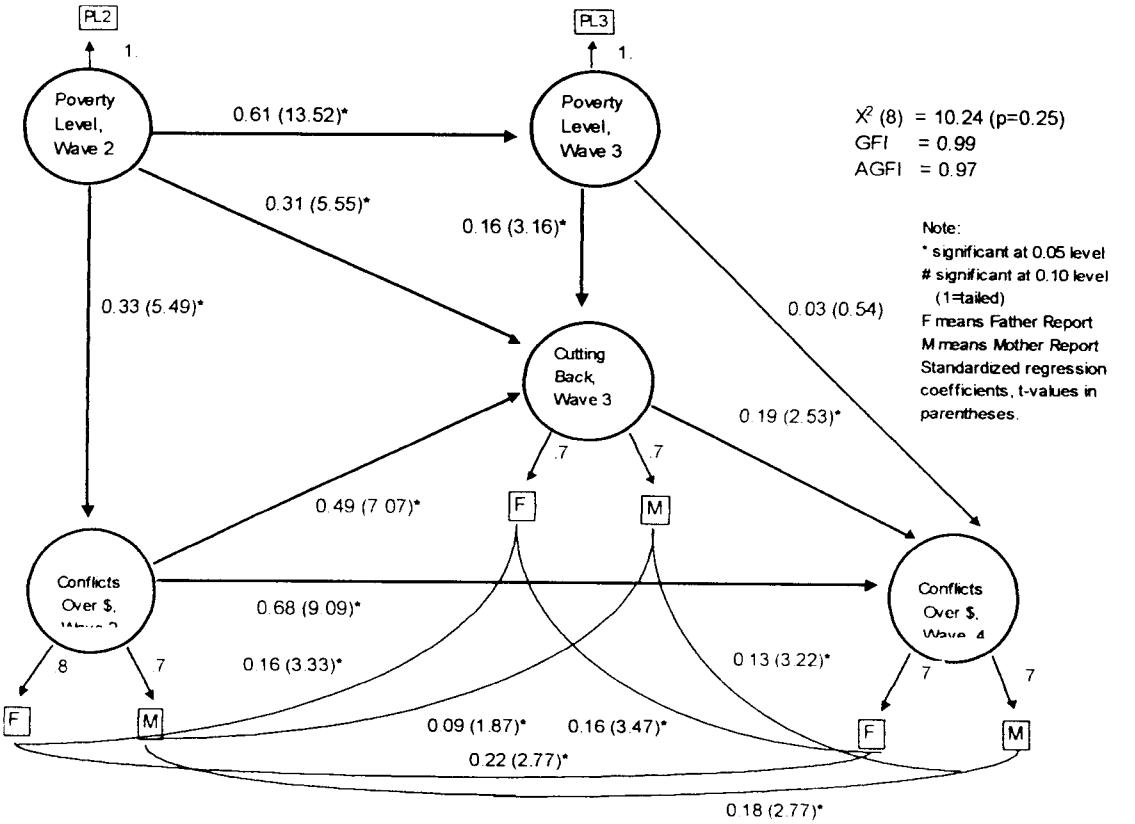

Figure 3. Structural Equation Model for Assessments of Causal Model of Poverty Level on Conflicts Over Money Through A Mediating Variable of Cutting Back Strategy (n=360)

(0.75 and 0.74, respectively). Similar to the previous figure, these findings suggested that father and mother had good basic agreement on reporting all variables, including cutting back expenses. In this model, the error terms for each reporter were allowed to correlate among latent variables –cutting back, and conflicts over money. It was shown in Figure 3 that most of the correlated errors are significant.

The results supported the hypothesis that poverty level had significant positive effects on cutting back expenditures. Families, who were poorer in 1990, were more likely to make adjustments by cutting their expenditures in the following year (in 1991). Consistently, families who were poorer in 1991 were also more likely to cut their expenses in 1991.

The findings in Figure 3 provided support for the hypothesis that poverty level had a positive effect on conflicts over money. First, poverty level in 1990 had a significant direct effect on conflicts over money in 1990. However, after entering the cutting back strategy into the model, poverty level in 1991 did not have a direct effect on conflicts over money in 1992. Because Waves 2 and 3 poverty level were significantly correlated with Wave 4 conflicts over money (see Table 1) and with cutting back, and because cutting back expenses in Wave 3, 1991 was related significantly to increased risk for conflicts over money in the following year in Wave 4, 1992 (see Figure 3), the findings suggested that cutting back expenses mediated the relationship between poverty level and conflicts over money. Also cutting back expenses was associated with increased risk for conflicts over money within families across time.

The hypothesis that conflicts over money would influence cutting back expenses also was supported in this study. That was, conflicts over money in Wave 2, 1990 had a significant positive effect on cutting back expenses in Wave 3, 1991. Families who had high conflicts over money were more likely to cut back expenses in the following year.

Regression Analyses

As the next step in the analyses, we conducted a series of ordinary least squares (OLS) regressions to (1) consider both generating income and cutting back in the same set of regression equations and (2) investigate possible interaction effects among the predictor variables. In general, structural equation model (SEM) was not a very sensitive procedure for detecting statistical interactions (Bollen, 1989).

The results in Table 2 related to Model 1 (M1) indicated that prior poverty level in Wave 3 had a significant positive effect on conflicts over money (β=0.31) in Wave 4, even after controlling for earlier conflicts over money. After entering prior generating income into the model (Model 2), the prior poverty level no longer had a significant effect on current conflicts over money, suggesting that generating income mediated the influence of poverty level on later conflicts. On the other hand, generating income in Wave 3 had a positive significant effect on conflicts over money in Wave 4 (β=0.19), after controlling for earlier conflicts over money in Wave 2. This result was very interesting, because it contradicted the result from the SEM in Figure 2. We assumed that the significant effect for generating income resulted from the lower stability in conflicts in the regression (β=0.66) compared to the SEM (β=0.74). Because the SEM corrected for measurements error, we did not change our earlier interpretation (see Figure 2) that generating income did not increase risk for conflicts over money across time.

After entering prior cutting back (Wave 3) into the model (Model 3), prior poverty level had no significant effect on current conflicts over money. It was found also that generating income (Wave 3) no longer had a significant effect on conflicts over money (Wave 4), after controlling for earlier conflicts over money in Wave 2. However, cutting back expenses had a significant effect on conflicts over money in Wave 4. Thus, the results from structural equation model concerning cutting back expenses were consistent with that from regression analyses

Finally, after entering the interaction terms between prior poverty level and generating income or prior poverty level and cutting back expenses or generating income and cutting back expenses (Models 4 through 6) into the model, the main effect of prior cutting back still had a significantly positive effect on current conflicts over money. However, there was no evidence of significant interaction effects between prior poverty level and generating income; or between prior poverty level and cutting back expenses or between generating income and cutting back expenses on current conflicts over money.

Discussion

The results indicated only modest support for the hypothesis that poverty level influenced conflicts over money. The findings suggested that poverty level in Wave 3, 1991 had an indirect effect on conflicts over money in Wave 4, 1992 (see Figures 2 and 3). However, based on the regression analysis (Table 2, Model 1), the results showed that poverty level in 1991 had a positive significant effect on conflicts over money in 1992, after controlling for the earlier conflicts over money in 1990. These findings were partially consistent with findings from previous studies. For example a study by Conger & Elder (1994) suggested that economic problems lead to an increase in family coercive processes that involve conflicts over money. The findings also related to Voydanoff's suggestion (1987) that higher levels of income were associated with the lower rates of marital conflict. Similarly, Vosler (1996) pointed out that economic hardship affects families as well as individual family members. The inability to provide basic needs might result in blaming among family members, and escalating family conflicts.

A financial coping strategy could be defined as a process through which individuals and families used available material and nonmaterial resources to meet their material demands

(Voydanoff, 1987). In this study coping strategies in response to financial problems involved efforts to generate additional income and efforts to cut back expenses. These two strategies operated in different ways. Generating income was a strategy that attempts to increase the financial resources available to the family, whereas cutting back expenses was a strategy that attempts to reduce unnecessary expenses without increasing and improving the family's financial status.

When the coping strategies, generating income and cutting back expenses, were introduced into the model, the direct effect of poverty level on family conflicts over money was no longer statistically significant. Instead, the effect was indirect through a mediating variable: cutting back expenses, but not through generating income. In some degree, the findings were partly consistent with the findings from the regression analysis. Model 2 (in Table 2) showed that after entering generating income into the model, the prior poverty level in 1991 no longer had a significant effect on current conflicts over money in 1992. Here we could see the inconsistency of generating income as a mediator variable. It seemed the SEM failed to show that generating income serves as a mediator variable. On the other hand, it seemed, the regression analysis supported the hypothesis that generating income serves as a mediator variable. However, because the SEM corrected for measurement error, we did not change our conclusion that generating income did not increase risk for conflicts over money across time (see Figure 2). Further evidence that generating income did not serve as a mediator variable could be seen through the decomposition of the effects of the independent variables on the dependent variables in Appendix 1. Taken together, the findings suggesedt that the generating income coping strategy did not have either direct or indirect effects on change in conflicts over money in the next year.

Table 2. Ordinary Least Squares Regression Analysis of Conflict Over Money (in Wave 4) as a Dependent Variable (n=360)

Independent variables	M1	M2	M3	M4	M5	M6
Constant	5,59*	6,01*	7,11*	7,23*	7,45*	7,45*
	(6,91)	(7,35)	(8,39)	(8,43)	(8,51)	(8,50)
Conflict over money, Wave 2	0,70*	0,66*	0,60*	0,59*	0,59*	0,59*
	(18,73)	(16,59)	(14,25)	(14,09)	(13,99)	(13,97)
Poverty, Wave 3	0,31*	0,22	0,06	0,03	-0,01	-0,01
	(2,03)	(1,40)	(0,37)	(0,17)	(-0,04)	(-0,04)
Generating income, Wave 3		0,19*	0,05	0,06	0,05	0,04
		(2,66)	(0,62)	(0,78)	(0,58)	(0,55)
Cutting back, Wave 3			0,15*	0,15*	0,17*	0,17*
			(3,98)	4,05)	(4,22)	(4,13)
POVC*GI				-0,05	-0,00	-0,00
				(-0,98)	(-0,02)	(-0,05)
POVC*CB					-0,04	-0,04
					(-1,19)	(-1,19)
GI*CB						0,00
						(0,13)
Adjusted R^2	0,53	0,53	0,55	0,55	0,55	0,55
F value	198,43	136,91	110,93	88,93	74,43	63,62
Significance of F	0,00	0,00	0,00	0,00	0,00	0,00

Note: Standardized coefficients; t-values in parentheses; * $p < 0,05$.

Model 3 (in Table 2) showed that after entering cutting back into the model, the prior poverty level in 1991 had no significant effect on current conflicts over money in 1992, and generating income no longer had a significant effect on current conflicts over money in 1992.

Here we could see the consistency in the findings, which showed that cutting back expenses mediated the relationship between poverty level and conflicts over money (Figure 3 and Appendix 2). Both the structural equation model and the regression analysis supported the hypothesis that cutting back expenses was a mediator variable between poverty level and conflicts over money. However, there was no evidence to support the hypotheses that either generating income or cutting back expenses served as moderator variables (Table 2, Models 3 through 6).

The results also demonstrated that poverty level was associated positively with the presence of either the generating income or cutting back expenses coping strategies (as expected). This means that both prior poverty level and current poverty level had significantly positive direct effects on both cutting back expenses and generating income. Based on the decomposition effects (Appendix 1), it was found that prior poverty level in Wave 2, 1990 had both direct and indirect effects on generating income in Wave 3, 1991 or on cutting back expenses in Wave 3, 1991 (in separate analyses, Appendix 2). Families who had lower incomes tended to take extra jobs and tended to cut their expenses to adjust to their situation. These findings suggested that families with insufficient income caould reduce their economic problems by making adjustments, such as increasing family income and/or cutting back on consumption to regain some control over their economic situation.

Prior cutting back had a significant positive direct effect on current conflicts over money. On the other hand, prior generating income did not have a significant direct effect on current conflicts over money (Figure 2, 3, and Appendix 1) Consistent with study hypotheses, these findings suggested that the cutting back strategy brought more conflicts over money within the family than the generating income coping strategy.

Of the two strategies, it seems that cutting back expenses was more likely to brings distress for families in the form of increased conflicts over money. On the other hand, generating income was more likely not to bring more conflicts over money. Families were less likely to be disrupted and stressed by adopting a generating income strategy. Our failure to find a negative relationship between income generation and conflicts over money might have resulted from the relatively short one-year interval between the predictor and criterion variables. For an economically stressed family, it might take a longer period of time for income generating strategies to improve financial resources sufficiently to reduce family competition and conflicts over money.

GENERAL CONCLUSIONS

A host of research had demonstrated that economic difficulties had a substantial impact on family life (e.g., Conger & Elder, 1994; Winton, 1995). In this study, we evaluated the consequences of family adjustments to financial stress in the form of two coping strategies: cutting back expenses or generating additional income. We were especially interested in how these coping strategies would influence family conflicts over money.

As expected in one of the hypotheses, poverty level had an indirect positive effect on conflicts over money through family attempts at cutting back expenses. However, the hypothesis that poverty level would be related indirectly to family conflicts through the generating income strategy had minimal and inconsistent support. We also found the relationship between poverty level and cutting back expenses was stronger than that of with generating income.

In addition, prior conflicts over money directly influenced the degree to which families attempted to cope with hardship by generating income or cutting back expenses. Once again, the association of prior conflicts over money with cutting back expenses was of greater magnitude than its association with generating income. Furthermore, we found that prior cutting back had a significant positive effect on current conflicts over money. On the other hand, prior generating income did not have a significant direct effect on current conflicts over money. These findings suggested that the cutting back strategy brought more pain and more conflicts over money within the families. Finally, we found that prior attempts to generate income did not have a significant

effect on current conflicts over money. At least for families in this study, then, those who adopted a generating income strategy did not show any indication of increased conflicts over money. Thus, between the two strategies, generating income was a relatively more effective strategy than cutting back expenses in influencing conflicts over money within the families.

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Appendix 1. Decomposition of The Effects of Independent Variables for Model of The Generating Income Strategy (N=360)

Independent Variables	Dependent Variables					
	Total effect		Direct effect		Indirect effect	
	Generating income in Wave 3 (1991)					
Poverty level, Wave 2 (1990)	0,48*	(5,39)	0,35*	(4,29)	0,13*	(3,44)
Poverty level, Wave 3 (1991)	0,10#	(1,59)	0,10#	(1,59)	0	(0)
Conflicts over money, Wave 2 (1990)	0,40*	(4,32)	0,40*	(4,32)	0	(0)
	Conflicts over money in Wave 4 (1992)					
Poverty level, Wave 2 (1990)	0,33*	(5,42)	0	(0)	0,33*	(5,42)
Poverty level, Wave 3 (1991)	0,06	(1,11)	0,06	(1,11)	0	(0)
Conflicts over money, Wave 2 (1990)	0,78*	(12,10)	0,74*	(9,70)	0,04	(0,93)
Generating income, Wave 3 (1991)	0,11	(1,23)	0,10	(1,13)	0,01	(0,93)

Note: 1. All coefficients were standardized.
2. Number in parentheses were t-values
3. * Significant at 0.05 level
4. # Significant at 0.10 level (1-tailed)

Appendix 2. Decomposition of The Effects of Independent Variables for Model of The Cutting Back Strategy (N=360)

Independent Variables	Dependent Variables					
	Total effect		Direct effect		Indirect effect	
	Cutting back in Wave 3 (1991)					
Poverty level, Wave 2 (1990)	0,48*	(7,58)	0,31*	(5,55)	0,16*	(4,50)
Poverty level, Wave 3 (1991)	0,16*	(3,16)	0,16*	(3,16)	0	(0)
Conflicts over money, Wave 2 (1990)	0,49*	(7,07)	0,49*	(7,07)	0	(0)
	Conflicts over money in Wave 4 (1992)					
Poverty level, Wave 2 (1990)	0,33*	(5,72)	0	(0)	0,33*	(5,72)
Poverty level, Wave 3 (1991)	0,03	(0,54)	0,03	(0,54)	0	(0)
Conflicts over money, Wave 2 (1990)	0,78*	(12,17)	0,68*	(9,09)	0,10*	(2,64)
Cutting back, Wave 3 (1991)	0,19*	(2,70)	0,19*	(2,53)	0,00	(0,53)

Note: 1. All coefficients are standardized.
2. Number in parentheses were t-values
3. *Significant at 0.05 level (1 tailed)