SOCIO-ECONOMIC STATUS AND INCOME MANAGEMENT PRACTICES AMONG HOMEMAKERS

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Abstract

This study examines the socioeconomic status and income management practices among homemakers. It examined the concept of income management and homemaking, forms of family income and classification of family needs, others include the role and principles of effective income management, income management practices and its effects on the low, middle and high income earners. The problems encountered in poor income management by the different socioeconomic groups, benefit of efficient income management, where also enumerated. The way forward was posited and these include the following, home makers among should among other things buy some of their food items from the village market and also buy in bulk to reduce expenses. Also should have a budget and use shopping list when purchasing food items in markets or stores. Some recommendations where made such as that reliable records and income should be kept by homemakers, that homemakers should have control over spending and that home makers should buy food from the right source(s) to mention few.

Income refers to goods or services or money which are used to meet the needs of family members. Income according to Green (1983) is the money received or financial reward from investment or from one's activities or labour, and/or occupational services such as employment, job, trade, or profession. Through these activities one earns a living. Other sources of income include wages, rent, interest, profits, products from personal farms, gardens and gift from well wishers.

There is need to manage one's income. Income management is the process of using one's money wisely to achieve one's needs and wants (Ukpore, 2006). Income management is designed to ensure that money provided for the welfare of individual is spent on priority needs and expenses. Income management does not reduce customer's entitlements rates. It involves setting aside a percentage of certain income for meeting priority goods and services such as food, housing, clothing, education and health care. Income management is a practical measure to assist customers to meet their needs (Hunt, 2006).

Planning of family finance plays an important part in the home and leads to both happiness and harmony. Lack of appropriate planning leads to the destruction of the family. (Nigeria Educational Research Council, 1990).In most cases one's income is not enough to meet his needs. The problem is how to use the money to satisfy the needs one desires. When one is faced with this situation, the solution is to plan adequately for the utilization of the worth of the money.

The nature of job individuals engage themselves in is directly proportional to their class and income in the society. This in turn defines their earning power. Earning determines spending. The social class of an individual in the society is grossly affected by his earnings (Hunt, 2006).

Anton (2008) indicated that many people try to live a life style that in most cases exceeds their income. The only way to stop reckless spending pattern and get out of debt is to develop a well planned budget. Budget is the saving and spending plan designed to keep control on one's spending and to achieve individual or family financial goals (Ukpore, 2006).Successful budgeting goes beyond the good intentions of developing a viable plan. It requires commitment, action and discipline (Ushere, 1987).

Concept of Income Management and Homemaking

According to Anyakoha (1991) the ideal of income management is as old as civilization itself, when man realized the importance of living within his means in the family. Before the introduction of money, most farmers exchange their farm produce for other goods or services needed for the family. With the introduction of money, the cumbersome system of trade by barter was abolished. Money is an important material resources, which we use to buy most of the things we need. The amount of satisfaction we get from our money depends on how we manage it one could therefore say that income management is vital in home management.

Traditionally, the responsibilities of the homemaking were given to women known as house wives. Today, as a result of changing western society feminist movement, the term home making is used to refer to both house wives and husband (Capenter, 1995).

Forms of Family Income and Classification of Family Needs

Each family has different way of earning their income. However according to Anyakoha (1991) classified family income in two forms such as direct and indirect income. Direct income is made up of material goods and services which the family members have without the use of money. Example of these are goods from the family farms and the use of a house owned by the family. Carpenter (1995) described that services include those of homemakers who cares for the family member prepares food and do other work. Indirect income consists of those material goods and services which the family can obtain, only after some means of exchange (money) has been obtained. Examples of such goods are clothes and cars, post office and medical services.

Families should make best use of these forms of income. The family depends on its income for meeting family needs. It is, therefore, very important to manage the income properly so as to get the best out of it. Different families may have different sources of income. It is necessary that family members become aware of family income (Gwaltney, 2002).

Anyakoha (1991) asserts that, the first step in effective money management is the identification and listing of needs of the family. Family needs are classified into two classes, primary and secondary needs.

Primary needs are very important needs which are basic to the survival of the family. They are common to all families, and should be given priority in any family budget. They are food, housing, clothing, healthcare and education.

Secondary needs are those needs, which are very important for the survival of the family. The family can therefore really do without them. The secondary needs vary with families and depend on the socioeconomic status. They include recreation, family care and extra-clothing (Brain, 2014).

The Role and Principles of Effective Income Management

The needs of family members differ from one family to another as no two families are identical. According to Seton (1988), if we are to get on well within the family the management of the income must carter for every member of the entire family. The role of budgeting in income management cannot be over emphasized in every family. The following are some of the importance of budgeting as given by Miller (1978) and Green (1983) as cited by Ukpore (2006).

i. Budgeting gives an understanding of the individual or family financial conditions.
ii. Budgeting exposes the issue of scarcity and opportunity cost
iii. Budgeting helps us to get prepared for emergencies that my arise during the course of project.
iv. A well thought out budget plan gives us a clean idea about what is to be done every day, every week and every month.
v. It helps the family to have a life that meets the physical needs of all members.
vi. Budget records cards can be used for income tax purpose by the self employed.
vii. Budget helps persons and families to get maximum value from expenditure.

There is no special plan for making a budget. A budget is a matter of individual application, which must fit into one's particular way of life (Burda, 1975).Hardwick, Kittan, Longman (1990) and Ukpore (2006) also suggested that since the low, middle and high income earners cannot provide for some of their needs they should take up jobs in homes or shops for two hours per day or half a day only. Such jobs could serve as part time and are good for supplementing family income.

Aronsiola (2004) opined that the low, middle and high income earners should guide themselves against wasteful and careless spending. He explained that in many African societies, certain occasions and festivities are opportunities for some people to display their wealth, whether scarce or surplus. People always like to show-off and portray themselves that they have arrived.

Income Management Practices and It's Effects on the Low, Middle and High Income Earners

Majority of the low class earners are petty traders, some of them are also involved in farm work, they are mainly involved in the traditional financial institutions. These financial organization differ from place to place. In the traditional setting, a number of persons come together and perform some major banking function such as saving and lending. In some places, such organization are called "Isusu" or Asusus (Local Bank).This is common among the rural folk. Especially among those who work in the same organization.

Some of them operate as thrifts societies or co-operatives. The members save money in a common pool on a regular basis. Among the local people, it is usually done on a weekly basis or on the market day for the area. Among income earners, it is usually done on a monthly basis, after receiving their pay. In most cases, each member pays in money into the savings pool according to his or her ability. Such money contributed by each member is re-paid to him plus the accruing interest at an agreed period of time, sometimes it is done at the end of the year.

The money saved by members is most often loanable to members or other people who are willing to borrow. Some interest is paid on such loans. In some cases, instead of sharing the accruing interest to members, it is used to purchase foodstuff such as rice, meat, oil, provision, which is shared among the members.

The low income earners also save their money in another type of traditional banking system in which members contribute an agreed sum (or each according to his ability) and the money so contributed is given to the member in turns. This is more common among wage earners.

They do this as a way of raising a substantial amount of money at a time which the receiving member can channel into a meaningful project. It is a form of compulsory saving since each member tries not to default when it is the turn of others to receive their contributions (Aderinta, Akande, Anyawuocha, and Sani, 2002).In most cases these group of earners make good use of their income to meet their demand but some cannot manage well, they end up in debt due to mismanagement.

Savings result from the careful management of income and expenses, so that there is something left for use in the future. Various studies such as Vesse (1986), Mgboh (1991), and Ukpore (2006) showed that many middle class income earners save large amounts of money on an irregular bases. A family saving programme should however fit the family needs and be achieved without hardship by the family members. (Griffiths and Wall, 2000).

According to Griffiths and Wall (2000) the middle class income earners protect their credit rating. They maintain a good credit rating by paying bills on time. They use credit for safety, convenience and planned bill on time. They also spend money on "want" only after basic needs have been met and they keep long daily expenditure (Obama, 2003).

The high class income earners invest in building societies. The society use the money to give loans to people for building purposes. Investors are paid interest by the building society (Anyakoha, 1991).

The high class income earners also invest their money in order to get loans to build their own houses. The high class income earners invest their money in building, buying of shares in different companies Aderito, Akanda Anyawoucha and Sani, (2002).They also invest in Luxury goods for example expensive cars and clothes to portray their status in the society. They also save money which they invest in businesses.

Problems Encountered in Poor Income Management by the different Socioeconomic Groups

Ineffective income management breeds negative consequence as follows:-

- **Poor education:** A home which can barely feed twice a day is most likely to compromise the education of its children. The illiteracy in our society could largely be traced to poor income management.
- **Malnutrition/health hazard:** When food, which is a primary need is greatly affected in quality and quantity, there is bound to be malnutrition in the home (Carpenter, 1995).
- **Prostitution:** When an intelligent child is deprived of developing and applying her brain to more useful fields of endeavours in the society she may be exposed to her peer groups. Many housewives who engage in extramarital activities and commercial sex are products of inefficient income management (God-will-do-it, 2003).

- **Divorce:** When the family is not having enough income to cater for their needs, as a result of lack of proper income management, there will be a dissatisfaction in the family and this may lead to divorce (Nigeria Educational Research Council,1990)
- **Goals not achieved:** People who spend without thinking often do not have enough left to achieve the things they want. For example, long term goals, like having a family house and car at the end of their retirement (Carpenter, 1995).

Benefits of Efficient Income Management

The benefits arising from income management are numerous and cannot be exhaustive. The following are some of the benefits as given by (God-will-do-it, 2003).

- God citizenry: Children from prudent homes are less likely to engage in criminal activities than those from poorly managed homes.
- Family love, peace and unity: Efficient management does not breed suspicious in the home and many do with what they have. This gives rise to a healthy and long lasting marriage.
- General societal development: Enlightenment on the need for proper income management and its adoption to the generality of the populace will certainly pave way to enhance positive national development. Families could be encouraged by way of gainful employment and reduce inflation and rates.

The Way Forward

Below are some ways that can help save the situation.

1. Home makers should among other things buy some of their food items from the village market, buy food in bulk in order to reduce expenses.
2. They should have a budget and use shopping list while purchasing food items in market or stores.
3. They should compare price before buying, plan budget for any income they receive.
4. Make regular saving and finally priority should be given to their needs before making purchase.
5. Furthermore, family council meeting should be involved during budgeting and before going on shopping.
6. Wasteful spending should as well be avoided.
7. They should get adequate information on items before buying.

Conclusion

The following conclusions were drawn: The homemakers get a home garden to get free items. This method is highly encouraged if there is a place for this especially in rural area. They also store seasonal food after buying from the village market.

They equally save money for future needs, so that when the need arises they are not disgraced or go borrowing.

They should avoid buying on credit and equally buy items from the right sources. Most of the home makers have difficult in avoiding impulse buying. Some of the homemakers have insufficient money to meet their needs there by running short of money

The homemakers who do not check quality before buying end up in buying inferior goods.

Recommendation

The study amongst others recommend as follows:-

1. That reliable records of income and expenses should kept by homemakers.
2. That homemakers should have control over spending.
3. That homemakers should buy food items from right source(s).
4. That homemakers should have regular savings and invest on small scale businesses.
5. That homemakers can buy shares in companies in order to increase their income earning capabilities.

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