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Credit access and its effect on economic wellbeing in dual career families

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Abstract
Increased variety of products and the instability of the global economy in twenty first century caused increasing complexity of financial decisions and also caused consumers faced with the challenge in economic and financial activities. In this regard, this study tries to evaluate the impact of credit access and its effect on economic wellbeing in dual career families. Thirty respondents were selected using the purposive sampling method. Survey research method was adopted by using standardized interview schedule and either husband or wife who was taking active role in families' financial management was the subjects for conducting the interview. Accumulated evidence has shown that financial access promotes growth for enterprises through the provision of credit to both new and existing businesses. It benefits the economy in general by accelerating economic growth, intensifying competition, as well as boosting demand for labour. Data was analysed using correlation test; the results showed relationship between the three factors influencing economic wellbeing i.e., income inadequacy, debt stress and financial stress, but no significant relation between credit access and economic wellbeing. The results of ANOVA test indicate that there is no significant difference between credit access and financial wellbeing.

Keywords: Credit access, dual career families, debt stress, economic wellbeing, financial stress, income inadequacy

1. Introduction

Credit is the ability of a customer to obtain goods or services before payment, based on the trust that payment will be made in the future. Access is an opportunity to approach or enter a place; therefore credit access is the ability of the consumer to make use of the credit facilities that is being provided by various institutions. These services are utilized by people who perceived their income to be inadequate to meet even basic living expenses or want their desires to be fulfilled immediately as credit allows buying in the present and paying in the future. Access to finance is the ability of individuals or enterprises to obtain financial services, including credit, deposit, payment, insurance, and other risk management services. The individuals experience negative feelings and lower satisfaction with the perceived gap between their standard and level of living. Those who involuntarily have no or only limited access to financial services are referred to as the unbanked or under banked, respectively. The lack of financial access limits the range of services and credits for household and enterprises. Poor individuals and small enterprises need to rely on their personal wealth or internal resources to invest in their education and businesses, which limits their full potential and leading to the cycle of persistent inequality and diminished growth. A dual-career family is a family in which both parents have careers. The term is typically only used for those who work away from home, and it does not include those who at home. The jobs are also usually careers with advancement goals rather than temporary work. This is becoming more commonplace due to more women entering the workforce and the need for a double income to support a family or preferred lifestyle. Earning capacity of an individual is the capability or power to acquire money by contributing a person's talent, skills, training, and experience it is also known as earning power. Repayment capacity of loan is the representation of the financial capacity of an individual to repay of a debt or a loan. The ability to repay is considered by a lender when deciding whether to give a loan to an individual or an institution. Financial stability is one of the most important benefits since a dual-income provides for increased financial freedom.

2. Review of Literature

Drentea and Lavrakas (2000) [1], conducted a study to provide an evidence of a link between financial stress, credit card debt and stress regarding debt, mental, as well as physical health. Using a representative sample of over 900 Ohio adults, they found that individuals reporting higher levels of financial stress had higher levels of illness and physical impairment than others with lower financial stress levels. The higher an individual's debt-to-income ratio, the more likely they were to be in poor health.

Kim *et al* (2003) [5] examined the relationships among credit counselling, financial behaviours, financial stressor events, perceived financial well-being, and health. Data were collected from clients of a large credit counselling organization on two occasions, once in June 2000 and again in January 2002. Path analysis was employed to assess relationships among the variables. Credit counselling and debt management program directly affect financial stressor events in a helpful way and indirectly affect perceived financial well-being and health of the participants after 18 months. Results provided some evidence of the effectiveness of credit counselling in improving financial and health variables.

Neil *et al* (2005) [6] have conducted a study aimed at examining the relationship between financial activities, financial wellbeing, and health among 3,121 customers of a financial consulting organization. Their results showed that people with higher income and financial well-being will experience less stress, are more motivated in financial activities, have a better family relationships and are physically and mentally healthier.

Increased variety of products and the instability of the global economy in twenty first century caused increasing complexity of financial decisions and also caused consumers faced with the challenge in economic and financial activities. Taft *et al* (2013) [8] conducted a study to evaluate the relation between financial literacy, financial wellbeing and financial concerns. A questionnaire was designed and distributed using random sampling among people. Data was analysed using correlation test, Independent two-sample test based on the T distribution and regression. The results showed that age and education are positively correlated with financial literacy and financial wellbeing. Married people and men are more financially literate. Higher financial literacy leads to greater financial well-being and less financial concerns. Finally, financial wellbeing leads to less financial concern.

3. Methodology

3.1 Sample

Thirty dual career families were selected purposively from the city of Hyderabad formed the sample.

3.2 Data Collection

Survey research method was adopted by using standardized interview schedule and either husband or wife who was taking active role in families' financial management was the subjects for conducting the interview.

3.3 Variable of the study

The independent variables include age, income, educational qualification and access to credit. The dependent variables are debt stress, financial stress and income inadequacy.

3.4 Measuring credit access

Measuring instrument was constructed to understand the consumer credit access of the respondents. The respondents were asked to indicate credit access in terms of adequacy to take credit, credit facilities offered by various institutions, information about the facilities over phone, sources of credit, paying for the product in the future, help offered by various credit organizations and payment of the credit taken.

3.5 Measuring economic wellbeing

Measuring instrument was constructed to understand the economic wellbeing of the respondents. The economic wellbeing of the sample was studied in terms of income inadequacy, debt stress and financial stress. The parameters that were indicated by the respondents to measure the income inadequacy are spending the entire monthly income by sacrificing the saving for day to day expenses and feeling helpless by sacrificing small things because of the credit taken. Debt stress was indicated in terms of loss of freedom of every day spending, taking hand loans from people and inability to pay for minor emergencies. Financial stress was indicated in terms of inability to meet the emergency, unable to fulfil the obligations and feel guilty for not satisfying the needs of the children.

4. Data Analysis

The selected data is tabulated and presented under results and discussion.

5. Results and Discussion

5.1 Background information of the study sample

This section contains the background information of the selected families. The profile of the respondents is presented in terms of age group, qualification, occupation and gender. The present study is limited to dual earner families. The profile of respondents selected for this study is presented in Table 1.

Table 1: Background information of the sample

S. No.	Demographic Variable		N	%
1.	Age	20-25 yrs	11	36.66
		26-30yrs	12	40
		31-35yrs	5	16.66
		36-40yrs	2	6.66
		Mean=27.4, SD=3.90		
2.	Gender	Male	4	13
		Female	26	87
3.	Educational Qualification	Graduate	12	40
		Post graduate	18	60
4.	Occupation	Government	10	33.33
		Private	12	40
		Works in IT firm	5	16.66
		Freelancer	2	6.66

Majority of the respondents were in the age group of 26-30 years followed by 36.66 per cent in 20-25 years, 16.66% in 31-35 years and the remaining 6.66%in 36-40years. The mean age of the respondents is 27.4 with a Standard deviation of 3.90.Cent per cent of the respondents were educated and majority (60 per cent) of them are post graduates and the remaining 40 % are graduates. There is a positive relationship between education and financial concerns (Kim and Garman 2003) [5] and that higher education leads to less financial concerns (Cude 2010). In the present study the family was considered as a unit and either the husband or the wife was interviewed, majority of the respondents were women (87 per cent) and the remaining 13 per cent were men. 40 per cent of the respondents were working in private sector like followed by 33 per cent in government sector, 16.66 per cent in it companies and the remaining 6.66 per cent are free lancers.

5.2 Distribution of sample by Credit Access

Credit access to the access to financial services, including credit, deposit, payment, insurance, and other management services.

Table 2: Distribution of sample by Credit Access

Access to Credit	frequency	Percentage
>21.4	4	13.33
In-between21.4 and15.92	21	70
<15.92	6	20
Mean = 18.66 SD=2.74		

The possible score range was between 8 and 24.The mean score was 18.66 with a standard deviation of 2.74. The scores were interpreted such that high score indicated higher access to credit. Majority (70 %) of the sample scored medium and an almost equal proportion of the respondents score above 21.4 and below 15.92.

5.3 Distribution of sample by Economic Wellbeing

Wellbeing is a dynamic state, in which the individual is able to develop their potential, work productively and creatively, build strong and positive relationships with others, and contribute to their community. It is enhanced when an individual is able to fulfil their personal and social goals and achieve a sense of purpose in society.

Table 3: Distribution of sample by Economic Wellbeing

Economic Well Being		
Income inadequacy	**Frequency**	**Percentage**
> 4.79	6	20
In between 2.93 and 4.79	24	80
<2.93	-	-
Mean = 18.66 SD=2.74		
Debt stress		
>5.34	6	20
In between 2.46 and 5.34	24	80
<2.46	-	-
Mean=3.86 SD=.93		
Financial stress		
>4.822	6	20
In between 2.978 and 4.822	24	80
<2.978		
Mean=3.9 SD=.922		

In the above table economic wellbeing is expressed in terms of income inadequacy, debt stress and financial stress. The mean of income inadequacy, debt stress and financial stress is 3.86, 3.9 and 3.9 with a standard deviation of 0.93, 1.44 and .922 respectively.

The possible score range was between 3 and 9. Higher scores indicated higher income inadequacy, debt stress and financial stress. Almost three fourth (80 %) of the sample scored in between 2.46 and 5.43 for debt stress and one fourth of the sample scored >4.79. Majority (80 %) of the respondents scored in between 2.93 and 4.79 in terms of income inadequacy and twenty per cent scored >4.79. Income inadequacy and debt stress lead to financial stress among the individuals who have taken credit and are unable to pay it back. Eighty per cent of the respondents have scored in between 2.978 and 4.822and the reaming twenty per cent have scored >4.822. People with higher income and financial well-being will experience less stress, are more motivated in financial activities, have a better family relationship and are physically and mentally healthier.

5.4 Analysis on credit access and economic wellbeing

The study is based on the data collected to find out the impact of credit access and its effect on economic wellbeing. A structured questionnaire was used to collect data employing personal interview technique. Correlation is done using SPSS package to find out the relationship between access to credit and economic wellbeing.

Table 4: Analysis on credit access and economic wellbeing

	Consumer Credit Access	Income Inadequacy	Debt Stress	Financial Stress
Consumer Credit Access	1			
	30			
Income Inadequacy	-.004	1		
	.981			
	30	30		
Debt Stress	-.078	.702(**)	1	
	.682	.000		
	30	30	30	
Financial Stress	-.190	.542(**)	.638(**)	1
	.313	.002	.000	.000
	30	30	30	30

** Correlation is significant at the 0.01 level (2-tailed).

This table shows that three variables of economic wellbeing i.e. income inadequacy, debt stress and financial stress is associated with the access to credit (debt stress=.702 at 0.01 level of significance and financial stress =.542 at 0.01 level of significance).Since the correlation coefficient is positive for the variables the results of correlation analysis reject the relationship between access to credit and economic wellbeing.

ANOVA

Source of Variation	SS	df	MS	F	sig	F crit
Between Groups	331.595839	10	33.15958	71.10086	5.33E-75	1.860532
Within Groups	148.3068966	318	0.466374			
Total	479.9027356	328				

The table reveals that the significance level is 5.33 which is higher than 0.05 and therefore, there is no significant difference in the mean credit access and economic wellbeing of the respondents.

6. Conclusion

The aim of the current research is find out the impact of credit access and its effect on financial wellbeing. Identifying the relationship between to credit access and financial wellbeing is important. Aim of this study is to examine the factors influencing the economic wellbeing in dual earner families. Results show that there is no significant difference between access to credit and economic wellbeing. There is positive relationship between the three factors influencing economic wellbeing i.e., income inadequacy, debt stress and financial stress.

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