Factors Relating to Spousal Financial Arguments[1]

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Financial behaviors of 133 married adults were examined to determine relationships between frequency of financial arguing and a) use of financial management strategies, and b) demographic variables. Record keeping and goals/savings were negatively correlated with arguing, while delaying tactics, apparel cost-cutting strategies, and do-it-yourself techniques were positively related to arguing. As age increased, frequency of financial arguing decreased.
KEY WORDS: *financial arguments, financial strategies, money management*

Arguments about money are common among American families. Researchers studying families' financial behaviors have indicated that from one-third to over one-half of their respondents argue about finances (Goodman, 1986; Mitchell & Zalenski, 1985; Yankelovich, Skelly, & White, 1975). Such financial disputes are likely to cause disruptive and stressful family conditions. Disagreements over finances are almost always cited as either the number one or the number two reason contributing to divorce (Bohannan, 1971; Garman & Forgue, 1991; Kitson & Sussman,

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1982; Schwartz & Jackson,1989).

Although researchers have documented the frequency of financial arguments, little research has been devoted to identifying factors that are related to financial arguing. Garman and Forgue (1991) stated that regardless of income, age, and education, arguments about money are prevalent among families. In a 1986 study, Goodman reported that as income increased, arguing about money decreased. Goodman also concluded that the elderly were less likely to argue about money than were other groups.

In the current study, in addition to examining relationships between frequency of financial arguing and the demographic variables of age and income, the researchers also investigated relationships between frequency of financial arguments and several other demographic variables. The additional variables included gender, employment, education, size of household, and perceived income adequacy.

Findings of the current study were also intended to fill an existing gap in the literature; that is, the relationship between the use of financial management strategies and the frequency of financial arguing. In the popular and academic literature related to family finance, various financial management strategies have been recommended, and it has been assumed that adopting these strategies will likely lead to financial success and harmony (Davis & Weber, 1990). For example, Garman and Forgue (1991), Hodge and Blyskal (1990), Kapoor, Dlabay, and Hughes (1991), Lee and Zelenak (1990), and Ryan (1990) reported that essential prerequisites to effective financial management are setting financial goals, using a budget, preparing a net worth statement, and preparing an income and expense statement. In the current study, the relationship between the use of such financial management strategies and the frequency of spousal financial arguments has been determined.

Methodology

Subjects

The subjects were randomly selected from a Louisiana Department of Motor Vehicles list of residents of seven Louisiana cities. To be eligible for inclusion in the study, households had to include a husband and wife. One hundred thirty-three married adults made up the final eligible sample of residents responding to a mailed survey questionnaire.

Data Collection

A nine-page survey questionnaire was used to collect the data. The questionnaire was developed from two published instruments: "Financial Planning and Management (Home) Adult Questionnaire Impact Study" developed by Carter (1986) and "Family Economic Adjustment: A Research Project of Virginia Citizens about Their Changes and Attitudes" developed by Mitchell and Zalenski (1985). A four-point Likert-type scale, "usually," "sometimes," "seldom," and "never," was used to determine the utilization of financial management strategies and the frequency of financial arguments.

The questionnaire was mailed to 805 Louisiana residents--115 from each of 7 cities--randomly selected from a Louisiana Department of Motor Vehicles list. Of the 805 distributed, 620 were deliverable. Of the returns, 224 were considered complete (effective response rate 224/620 = 36.1%). Among the 224 completed responses, 133 of the respondents were married and, therefore, included in the current study.

Data Analysis

Statistical analysis of the financial management strategies began with principal components factor analysis with varimax rotation on the 43 questions relating to financial management strategies. Eight questions were omitted because they did not fit well on any factors and were not used in the final factor loading pattern. Eight factors were identified--each item was assigned to the factor on which it had the highest loading, and all item loadings were greater than .40 (see Table 1).

Spearman correlations were conducted between the frequency of spousal financial arguments and utilization of financial management strategies. Because the frequency of financial arguments was measured on a four-point ordered scale, stepwise logistic regression for an ordinal response (specifically, a proportional-odds model) was used rather than the usual analysis of variance to study the relationship between frequency of financial arguments and the variables of interest (McCullagh, 1980; SAS Institute, 1990). Because only five percent of the respondents reported "usually" arguing, that category was combined with the "sometimes" category for the analysis. Age, size of household, income, and perceived income adequacy were treated as continuous variables. Gender was assigned a value of one for female and a value of zero for male. The three levels of employment were represented by two dummy variables. Those who were retired were assigned a value of one for the first dummy variable and a value of zero for the second, while those who were not employed were assigned a value of one on the second dummy variable and a value of zero on the first. Those who were employed were assigned a value of zero on both dummy variables and, therefore, served as the reference group.

Table 1.
Item loadings for financial management factors

Factor	Item Loading
1. Goals and Savings	
Save money for long term goals (1 year or more).	.818
Save money for short term goals (less than 1 year).	.758
Plan ahead for large purchases.	.690
Save a set amount of income per month.	.677
Have an adequate emergency fund.	.657
Set long term financial goals (1 year or more).	.618
Have an emergency fund equal to at least three months of take-home income.	.595
Set short term financial goals (less than 1 year).	.586
Put money in savings before paying bills.	.481
Eigenvalue	6.666
% variance explained	18.520
Cronbach's Alpha	.854
2. Record Keeping	
Keep records of expenditures and income.	.692
Can find financial records when needed.	.678
Use filing system for important receipts and canceled checks.	.639
Keep records of bills paid.	.571
Have a record keeping system that tells exactly what important financial documents I have and where they are kept.	.469
Eigenvalue	3.910
% variance explained	10.860
Cronbach's Alpha	.736
3. Delaying Tactics	
Put off medical checkups or treatments.	.770
Put off dental checkups or treatments.	.749
Put off car repairs.	.719
Contact creditors if bills are to be late.	.447
Eigenvalue	2.290
% variance explained	6.370
Cronbach's Alpha	.678
4. Apparel Cost-Cutting Strategies	
Sew clothing to save money.	.878
Sew household items to save money.	.864

Table 1 (Continued)

Sew household items to save money.	.864
Do clothing repairs or renovation.	.810
Eigenvalue	1.857
% variance explained	5.160
Cronbach's Alpha	.857
5. Controlling Expenditures	
Immediately record deposits, withdrawals, and checks.	.874
Balance checkbook monthly.	.844
Can pay all basic living expenses from income.	.520
Eigenvalue	1.729
% variance explained	4.800
Cronbach's Alpha	.764
6. Financial Statements	
Use expenditure records to determine monthly shortage or extra.	.652
Use a computer program to manage personal finances.	.607
Follow a written budget.	.591
Prepare a net worth statement once a year.	.501
Eigenvalue	1.512
% variance explained	4.200
Cronbach's Alpha	.605
7. Do-it-yourself Techniques	
Do own auto maintenance in areas I am skilled.	.750
Do own household repairs in areas I am skilled.	.669
Exchange or swap for goods or services.	.413
Eigenvalue	1.427
% variance explained	3.960
Cronbach's Alpha	.602
8. Cost-Cutting Techniques	
Use cents-off coupons.	.573
Purchase second-hand goods, e.g., clothing, toys, at garage sales, etc.	.501
Switch to a lower cost place for buying groceries.	.481
Try to buy generic drugs.	.459
Eigenvalue	1.328
% variance explained	3.690
Cronbach's Alpha	.499

Findings

Description of Sample

As a condition of eligibility for the study, all 133 respondents were married. The majority (65%) were female. The median age was 62 years. Approximately one-third of the sample were employed, while 15% were not employed outside the home and 44% were retired. Most (83%) had at least a high school education, and 32% reported having a college degree. Of those reporting family income, 21% received less than $14,999 annually, 33% earned from $15,000 to $29,999, 21% earned from $30,000 to $49,999, and 18% had incomes over $50,000.

The respondents' perceptions of income adequacy ("best explains your feelings about your family income") varied. Four percent of the respondents indicated that the family income did not provide the basics. More than one-third (39%) perceived their income provided only the basics and some wants. Almost half of the respondents (45%) perceived their income provided most things, while 8% stated the income provided everything they wanted.

Degree of Arguing

Fifty-one percent of the respondents indicated that they argued with their spouses about finances. Of these, 5% reported "usually" arguing, 22% reported "sometimes" arguing, while 24% reported "seldom" arguing.

Demographic Factors

The only variable related to frequency of financial arguing in the stepwise logistic regression was age, $\chi^2(1, \mathbf{N} = 99) = 1.46$, $p<.001$, with an estimated coefficient of -.0476, that indicates the change in the log odds in favor of arguing more frequently for a one-year increase in age. Thus, as age increased, the frequency of arguing decreased significantly. There was no improvement in the proportional-odds model when education, family size, income, perceived income adequacy, gender, and employment status were added along with age, $\chi^2(7, \mathbf{N} = 99) = 1.6$, $p>.05$.

Use of Financial Management Strategies

Two factors, record keeping and goals/savings, were negatively correlated with arguing. That is, respondents who kept financial records and those who set financial goals and made "saving" part of their financial plan were less likely to argue about finances. The use of delaying tactics, apparel cost-cutting strategies, and do-it-yourself techniques was positively related to arguing (see Table 2). Respondents who put off purchasing needed services or contacted creditors about paying bills late, those who sewed and repaired their own clothing, and those who engaged in bartering or did their own maintenance and repair work were more likely to argue.

Table 2.
Spearman Correlations (Rho) Between Frequency of Spousal Financial Arguments and Utilization of Financial Management Strategies

Factor	*Rho*
Goals/savings	-.281**
Record keeping	-.245*
Delaying tactics	.278**
Apparel cost cutting	.211*
Controlling expenditures	-.159
Financial statements	-.060
Do-it-yourself	.216*
Cost-cutting techniques	.019

* **p** < .05
** **p** < .01

Conclusions and Implications

Approximately half (51%) of the respondents in the current study reported arguing with their spouses about money. This finding was supportive of the findings of previous researchers that arguments about money appear to be quite common (Goodman, 1986; Mitchell & Zalenski, 1985; Yankelovich, Skelly, & White, 1975).

Contrary to the finding of Goodman's 1986 study, income did not affect the frequency of arguments. However, in keeping with the Goodman study, age of the respondent was related to the frequency of arguments, with financial arguing decreasing as age increased. It is plausible that older respondents worked out compromises regarding financial issues over the years, thus having less reason to argue in later life.

Blumstein and Schwartz (1983) found that couples who fight about money argue more often about management of finances than about the amount of money they have. Accordingly, in the current study, income was not related to financial arguing; however, certain management strategies were negatively related to arguing about finances. That is, those couples who controlled their finances through goal setting, record keeping, and planned savings were less likely to argue about finances. This finding gives credence to concepts that authors of family finance textbooks (e.g., Garman & Forgue, 1991; Kapoor, Dlabay, & Hughes, 1991; Ryan, 1990) have emphasized (i.e., important keys to financial harmony are setting goals, having a savings plan, and keeping records). Such couples, it appears, were willing to communicate about money-related decisions and to compromise when there were differences. Such communication quite possibly helps partners feel they have equal control over the way money is spent -- a condition that leads to more tranquil relationships (Blumstein & Schwartz, 1983).

Financial arguing increased with the use of apparel cost cutting, delaying tactics, and do-it-yourself techniques. It is possible that when an individual or family feels the need to use delaying tactics that underlying financial difficulties already exist, thus causing delaying techniques to be necessary.

This study has implications for family educators and financial advisors. It appears that a prime target for financial education is the younger age group, especially young married couples. Particularly, educators and financial advisors might strongly emphasize in their educational programs the importance of setting goals, accumulating savings, and keeping records.

Arguments about money have been cited as a prime reason for divorce (Garman & Forgue, 1991). Since there is a decrease in financial arguing among couples who set financial goals, keep records, and have planned savings, perhaps the communication required for such strategies plays an important role. Family educators and financial advisors may choose to emphasize communication about money as well as the implementation of specific strategies, for couples who set financial goals together are more likely to be in agreement about how money is subsequently spent.

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