EFFECTS OF WIVES' EMPLOYMENT ON HUSBAND-WIFE ROLES IN FAMILY FINANCIAL DECISION MAKING AND FINANCIAL ACTIVITIES

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ABSTRACT

This study investigates two issues that are critical to increasing our understanding of family financial decision making. First, numerous studies use weak measures of spousal influence—often consisting of just a single question and often confusing financial decision making with financial task performance. This study develops a more robust measure. Second, numerous studies have shown that, consistent with resource theory, the greater the wife's income, the greater her influence in family financial decisions. Recent studies, however, have begun to question that. This study finds that while wife's employment is a resource leading to greater influence on the selection of financial services, with respect to other family financial decisions and tasks, it impacts wives influence only in later stages of the family life cycle.

INTRODUCTION

The literature on family decision making is extensive, as the area has received attention in such diverse areas as consumer behavior, sociology, economics, economic psychology, family economics, cultural anthropology, and rural sociology. Our knowledge of family decision making has been enriched by such diverse approaches; however, the fields have often operated as silos without sharing and building upon important findings. Occasionally, there are very basic disagreements regarding the influence of husbands and wives on critical family financial decisions and task performance. On the one hand there is traditional economic theory with its view that decision making within the family is based on common preferences of family members who pool household resources so that individual resources have no bearing on spousal influence. On the other hand, bargaining models state that household decision-making outcomes depend on the relative bargaining power of each spouse which derives from the resources they bring into the relationship. This is in line with resource theory and would predict, for example, that employed wives would have greater power than unemployed wives in household bargaining, including financial decision making.

Becker's (Becker 1981) standard theory (common preference model) of household decision making assumes that a husband, wife or both together maximize a single household utility function subject to a pooled resource constraint. According to Becker, although an increase in income has a bearing on household demand, whether it's the husband's or wife's is

immaterial. Numerous studies have raised doubts that households can be treated as unitary decision makers. In contrast, the bargaining model holds that there may be differences between husband-wife preferences and, when there are, who will win depends on the spouse's threat points or resources.

The idea that spouses engage in cooperative bargaining began with McElroy and Horney, and Manser and Brown. (McElroy and Horney 1981, Manser and Brown 1980). In their view, a spouse's bargaining power depends on his/her threat points; i.e., the utility they would experience by divorce. Variables which are related to threat points – like spouses' wages, pension earnings, or wealth—affect the influence a spouse can bring to bear on decisions when there are disagreements. This is similar to resource theory where the outcome is likely to reflect the preferences of the partner who has relatively more control over resources in the marriage (e.g., income, education, occupational status). The impact of threat points and resources are similar in conveying power and influence over family decisions. The spouse who is less dependent on the marriage has a higher threat point and therefore has a resource which can be brought to bear on winning a decision. The spouse with greater resources can use these to exert influence.

To a large degree, the unitary, common preference or standard model of the household has given way to what some call the "fractious" model or collective approach to modeling the household—one in which spouses try and cooperate. It recognizes that a husband and wife have distinct utility functions and the household maximizes a weighted average of the two functions with the weight capturing the balance of power in the household (Basu 2006).

In keeping with the prediction that resources and threat points convey power, numerous studies have found indicators of women's bargaining power to have a significant effect on women's involvement in household decision making. Bernasek and Bajtelsmit (Bernasek and Bajtelsmit 2002) found a positive relationship between a woman's share of total household income and her involvement in family financial decision making. Woolley (Woolley 2003) found that males with higher earnings exerted more control over household finances through activities such as writing checks, making cash withdrawals, and keeping the books. Friedberg and Webb (Friedberg and Webb 2006) found earnings have a significant effect on decision-making power. A wife's current annual earnings significantly lower both spouses' reports of the husband's decision-making power. A husband's earnings also significantly raise his wife's report of his decision-making power. Interestingly, a wife's earnings have been shown to matter several times more than a husband's.

Recently, however, resource theory predictions have been questioned. Jianakoplos and Bernasek, (Jianakoplos and Bernasek 2008) using data from the 2004 Survey of Consumer Finances focused on a sample of 1,379 dual-earner married households and found only very limited support for resource theory hypotheses. Commuri and Gentry's findings (Commuri and Gentry 2005) with respect to Wife as Chief Wage Earner (WCWE) couples did not find evidence of a shift in control of family financial decisions toward the wife. This is contrary to

both resource theory and the human capital perspective. This is surprising since in these couples the wife is not only employed and earning an income but her income surpasses that of the husband.

If Friedberg and Webb (Friedberg and Webb 2006) are correct, and a wife's earnings matter several times more than a husband's, then if wives in WCWE households don't have greater influence over family financial decisions, then the applicability of resource theory must be questioned. If resource theory is to serve as a model of spousal influence, it should certainly hold in WCWE households. It is therefore important to revisit resource theory predictions regarding spousal influence. In this study we investigate the most basic of wife resources—employment—and the impact this has on her influence on family financial decisions and tasks.

BACKGROUND: THE IMPACT OF WIFE'S EMPLOYMENT ON HER INFLUENCE IN FAMILY DECISION MAKING

Four explanations are prominent in the attempt to explain why working wives are likely to be more involved in household decision making than non-working wives: (1) Resource theory (2) Exchange theory (3) the Structural-Functional approach and (4) Social Power Theory.

Blood and Wolfe's resource theory (Blood & Wolfe 1960, Blood 1963) suggests that the reason employed wives have more influence in family decisions is that when the wife works she supplies valued resources for the family, and the greater one's resources, the greater one's power. These resources gained from employment may be tangible, such as income, or intangible, such as an increase in interpersonal skills, a broadened perspective, and greater prestige. Resource theory states that the more resources a spouse has in comparison to the partner, the more power he or she will have.

One resource which non-working wives have more of compared with working wives is time. Time is a particularly critical resource when considering which spouse is likely to perform family tasks. Blood and Wolfe suggest that the division of labor within a family has its basis in how easy it is for either spouse to perform a task, and that ease is a function of time and skill. With respect to the performance of family financial activities, it is felt that while working wives may be more skilled in handling of the family finances, non-working wives have more time to handle the financial activities. Therefore, there is no reason to believe that working wives are more likely to perform the family financial activities.

A second related explanation for increased decision-making involvement of the working wife is the theory of exchange and reciprocity in social relationships (Thibaut and Kelley 1959, Homans 1958). Heer (Heer 1963) applied exchange theory to the discussion of marital decision making. According to Heer, the family's balance of power is related to the comparative value of the resources obtained within the relationship to the value of the

resources that could be obtained outside the marital relationship. Both the resource and exchange theories are related. Resources are the commodities exchanged and "exchange" is the process. But Heer's emphasis is upon the comparison of the value of the resources obtained within the marital relationship to that obtainable outside, while Blood and Wolfe emphasize the comparative resources each person brings to the marital relationship. Exchange theory maintains that the relative socio-economic resources possessed by spouses are compared by each and exchanged for the right to make decisions. A wife who is employed and earning money lessens her husband's control over this resource and increases the likelihood that she will have more involvement in decisions—particularly financial ones. Scanzoni's (Scanzoni 1982) application of social exchange theory provided the perspective that men have held greater power in decision making in the marital relationship based on their greater economic resources, educational advantages, and occupational prestige.

The third main explanation for why working wives have more power or influence in family decisions is suggested by Pitt's (Pitts 1964) structural-functional approach. He suggests the role of working wife carries with it greater prestige and social status than the role of homemaker and, therefore, also carries with it greater decision making authority. The greater prestige accruing to the working wife role legitimizes her greater influence in family decisions.

A fourth explanation is contained in social power theory by Raven, Centers and Rodrigues (Raven, Centers and Rodrigues 1971). Of the six bases of power, expert power — the belief that one family member has superior knowledge in a decision area — was shown to be particularly relevant in determining which spouse would have the power or influence in that area.

FACTORS INFLUENCING HUSBAND-WIFE INFLUENCE IN FAMILY MONEY MANAGEMENT

Demographic and marital role attitudes have been identified as variables affecting the amount of influence husbands and wives have in family money management:

1) Length of time married: Wolgast (Wolgast 1958) found an increase in the division of labor for economic decisions over length of time married. Similarly, Ferber and Lee (Ferber 1955, Ferber and Lee 1974) found a shift from joint to individual influence in early years of marriage in bill paying, budgeting and use of leftover pay.
2) Attitudes toward male and female roles: Green and Cunningham (Cunningham and Green 1974) found that contemporary attitudes toward female roles are associated with greater involvement by the wife in family financial management. Rosen and Granbois (Rosen and Granbois 1983) found that when a couple's sex role attitudes were traditional (and education low) the wife controlled routine savings and money management implementation tasks.
3) Wife's employment status: Skinner and Dubinsky (Skinner and Dubinsky 1984) found in families with a working wife (and a husband with less formal education) wives had

stronger influence in purchase of insurance—even though husbands still retained the dominant role. Robertson (1991) found working wives had more influence than non-working wives for life insurance, savings and timing, cost, location and transportation for vacations (but not home, apartment or doctor).

4) Age, income and education: Lovingood and Firebaugh (Lovingood and Firebaugh 1978) found that the older and more educated the wife is, the more involved she is in the family's finances. Pahl (Pahl 1995) found that it is women who are responsible for household finances and making ends meet in low income households.
5) Type of relationship: First marriage, remarriage and cohabiting: McConocha, Tully and Walther (McConocha, Tully and Walther 1993) found that women tended to be the household financial officer in first marriage couples whereas each partner in a nontraditional couple tended to make his/her own decisions.

SAMPLING

The data in this study were collected from a questionnaire personally administered by professional interviewers to 423 couples residing in the Chicago SMSA. To be selected as respondents, the couple must have opened a checking or a savings account at a financial institution within the past two years. In addition, the head of household must have been currently employed and forty years old or less. Seventeen geographic areas each approximately the size of two census tracts were selected from across the SMSA based on the racial composition of the area according to census statistics. Within each of the seventeen areas, the criss-cross directory was used to determine the number of dwelling units. The proportional number of dwelling units in each area compared to the total number of dwelling units in all seventeen areas determined the proportion of 423 interviews to be obtained in each area. Once the number of interviews to be conducted in each area was determined, the specific dwelling units were selected using the criss-cross directory as the sampling frame. A systematic sampling method was used and a skip pattern employed.

After a randomly selected start these households were called and, if they met the screening criteria, an appointment was made for the interviewer to visit the couple. During the visit the interviewer explained the self-administered questionnaire and remained there to answer any questions, to ensure the questionnaires were completed by both husband and wife without collaboration, and to review each questionnaire's completeness. Interviewers and respondents were matched by race.

MEASURES OF THE DEPENDENT VARIABLE

Many studies have been conducted on family financial decision making and most assume the structure of husband-wife roles is essentially unidimensional. Very often a single question is asked such as "who handles the finances in your family, "who handles the banking relationships in your family," or "who in your family is primarily responsible for making banking decisions. Even if there is a "joint" response available, such questions assume this decision-making unit is responsible for all financial decisions and tasks subsumed in the question. While it is simpler to ask a single global questions such as "Who handles the

finances in your family?" such questions mask the different patterns that may exist for interrelated sub-decisions such as charge cards, checking accounts, savings accounts, etc. For example, Friedberg and Webb (Friedberg and Webb 2006) used data from the 1992 Health and Retirement Study, a longitudinal survey of over 7,600 households with a member aged 50-60 in 1991. Each spouse was asked the following question about decision-making power: "When it comes to making major family decisions, who has the final say – you or your (husband/ wife/ partner)? By 'major family decisions' we mean things like when to retire, where to live, or how much money to spend on a major purchase."
Isn't it likely that different influence patterns would hold depending upon which "major decision" was considered?

Graziella Bertocchi, Marianna Brunetti and Costanza Torricelli (Bertocchi, Brunetti and Torricelli 2012): "Is it Money or Brains? Used one Bank of Italy question. Husbands and wives jointly determined which spouse is the household head in the family by answering this question:
"The person who is responsible for the financial and economic choices of the household." Husbands and wives jointly determine which spouse is the household head in their family. Once again, wouldn't we expect influence patterns to differ across different financial and economic choices such as expenses for childrens' clothes, mortgage, groceries, insurance, automobile, furniture, vacations, education, bill paying, etc.?

Further, when measuring influence in family financial matters it is important to consider decisions and tasks independently. A spouse under time pressure may make decisions but not handle the financial tasks. Consequently, the dependent variables used in this study are specific and cover both decisions and activities. Refer to Figure 1.

FIGURE 1: SAVINGS AND CHECKING ACCOUNT DECISIONS AND ACTIVITIES INVESTIGATED

	Decisions	Activities
SAVINGS ACCOU	(1) Recognized need for the account (D) Decided when to open savings account (D) Decided where to open savings account (D) Decided when to make deposits into savings account (C) Decided how much money to deposit (C) Decides how much to save out of each pay	(2) Opened the Account (D) Makes saving deposits (C) Withdraws money from the savings account when necessary (C)

NT	check (C)	
CHECKING ACCONT	(3) Recognized need for the account (D) Decided when to open checking account (D) Decided where to open checking account(D) Decides when to make deposits into checking account (C) Decides how much money to deposit (C)	(4) Opened the account (D) Makes checking account deposits (C) Cashes checks when ready cash is needed (C) Carries the checkbook (C)

Discrete or one-time decisions and activities are denoted “D” and continuously occurring ones are denoted “C”

Questions relating to these eighteen decisions and activities were intermixed throughout the questionnaire to avoid a response set. In most cases these questions were answered using a 3-point scale where 1 = mainly husband, 2 = both (“joint” or “either one” was used where more appropriate), and 3 = mainly wife. Previous studies (H. L. Davis 1970a, H. L. Davis 1970b) indicate that use of more categories does not appreciably change the results. Husbands and wives do not appear to recall past roles in finer detail.

Wives were classified with respect to their employment status into two groups: those who were currently employed outside the home and those who were not. In examining the impact of wives’ employment on their involvement in the eighteen financial decisions and activities, it was necessary to control for race and the family’s stage in the life cycle. Since black couples and white couples (no racially mixed couples) were selected as respondents, respondents are classified into either of those two racial groups. Classification of couples into family life-cycle categories was considerable more complex, since family life cycle is a multidimensional concept subsuming age, length of marriage, presence of children, age of children, employment status of head of household, and various measures of sibling relationships.” Since all of the respondents in this study were married and heads of

households 40 years old or younger, the following classification scheme was developed:

1) Married, no children (N = 117)
2) Married, preschool children present (N = 202)
3) Married, no preschool children, only older one(s) (N = 104)

DIMENSIONS OF FAMILY FINANCIAL ROLES

This section reports on the results of a factor analysis of eighteen checking and savings account decisions and activities. The purpose is twofold:

1) To identify a set of dimensions that may provide useful information with respect to the underlying structure of husband-wife roles in the area of financial services, and
2) To identify and perhaps create a smaller set of dependent variables for use in the subsequent analysis relating wife's employment to influence in these areas.

Factor analysis was selected for conceptual as well as statistical purposes:

1) A one-factor solution might support those who feel the handling of family finances is unidimensional. Based on a spouse's response to a single, global question such as "who handles the finances in your family?" many researchers then presume to know how all financial decisions and tasks are handled. It would also give support to the pooled resource household perspective.
2) A two-factor solution where each factor is related to the service – checking account or savings account – would suggest product specialization or a basic form of role specialization: a decision-maker role vs. a user or task-performer role.
3) Other multifactor solutions would suggest more complex structures of roles such as role specialization based on the nature or importance of the decision or task. For example, a similar involvement pattern for the "where to bank" decisions would
4) denote a financial institution specialization; whereas a similar involvement pattern for "when to deposit" and "how much to deposit" would denote a financial allocation specialization.

The factor analysis may facilitate reduction in the number of dependent variables from eighteen to a more manageable set. The common factor model was used in this analysis--the PA2 method of factoring in SPSS--in which initial estimates of the communalities are given by the squared multiple correlation between each of the eighteen variables and the other seventeen in the matrix.

Only the value of the communality estimate is decomposed into factors. To facilitate interpretation, factors were extracted using varimax rotation. Two stopping criteria determined the number of factors extracted: (1) only factors having eigenvalues greater than one were considered significant; and (2) extraction of factors was stopped when the cumulative percent of variance explained by successive factors was 60%. Only factor loadings greater than $\pm$ .45 were considered and no variable had loadings of $\pm$ .45 or more on

multiple factors.

Table 1 is the varimax rotated factor matrix listing the variables, with the significant loadings on each factor highlighted. The responses from wives suggest four basic roles. The variable loadings on the four separate factors lead to a relatively straight-forward interpretation.

Factor I: This factor is labeled the Family Financial Officer (FFO) role or "controller of the family purse strings". This role cuts across both the checking account and savings account with respect to allocation of funds. It involves not only determining how much money should be saved from each paycheck, but also determining when this money should be deposited. Many writers have posited the existence of a family financial officer role. This factor not only lends credence to such supposition, but also helps in building a profile of such a role.

Factor II: This factor is product specific and is labeled the IDOSAV role. It consists of making the initial suggestion to open the savings account, deciding where to open the savings account, deciding when to open the account, and visiting the financial institution to open the account.

Factor III: This factor is labeled Financial Task Performer (FTP). It consists of performing the regular, routine tasks of making deposits into the savings account, making withdrawals from the savings account, making deposits into the checking account, cashing the family checks when cash is needed, and carrying the family checkbook. Just as the FFO role cuts across bank retail services, so does the FTP role. Within the family there appears to be a specialized task-performer role – a role which is devoid of decision-making influence – which consists of handling the transactions specified by the Family Financial Officer.

TABLE 1: VARIMAX ROTATED FACTOR MATRIX: WIVES' RESPONSES

	FFO Factor I		IDOSAV Factor II		FTP Factor III		IDOCX Factor IV	
	W's	H's	W's	H's	W's	H's	W's	H's
Decides Amount to Deposit in Family Savings Acct	**.82**	**.85**	.31	.26	.19	.15	.14	.09
Decides When to Deposit $ in Savings Acct	**.81**	**.78**	.31	.32	.19	.14	.14	.06
Decides How Much to Save From Paycheck	**.70**	**.66**	.12	.16	.21	.21	.18	.25
Decides Amount to Deposit in Checking Act	**.68**	**.65**	.06	.04	.33	.42	.34	.34
Decides When to Deposit $ in Checking Act	**.66**	**.65**	.03	.03	.32	.42	.36	.35
Decided When to Open Savings Account	.24	.32	**.76**	**.65**	.05	.01	.04	.13
Opened Savings Account	-.05	.01	**.66**	**.66**	.30	.31	.23	.02
Decided Where to Open Savings Account	.13	.18	**.65**	**.73**	.10	.15	.24	.25
Suggested Opening Savings Account	.22	.28	**.62**	**.62**	.07	-.01	.10	.20
Withdraws money from Savings Account	.28	.24	.28	.19	**.71**	**.70**	.13	.04
Deposits money in Savings Account	.39	.37	.26	.21	**.70**	**.71**	.09	.07
Cashes Family Checks	.18	.11	.08	-.05	**.58**	**.53**	.22	.25
Deposits money in Checking Account	.20	.19	.06	.12	**.56**	**.66**	.36	.29
Carries Check Book	.29	.26	.02	.10	**.49**	**.47**	.24	.35
Decided When to Open Checking Account	.32	.21	.19	.08	.14	.20	**.70**	**.71**
Decided Where to Open Checking Account	.18	.15	.16	.30	.16	.25	**.65**	**.63**
Opened Checking Account	.06	-.00	.22	.23	.38	.43	**.59**	**.50**
Suggested Opening Checking Account	.27	.25	.16	.16	.22	.09	**.57**	**.67**

Factor IV: This factor is product-specific and is labeled the IDOCX. It consists of making the initial suggestion to open a checking account, deciding where to open the checking account, deciding when to open the checking account, and actually visiting the financial institution to open the account. This role consists of exactly the same components as Factor II, except it involves the checking account. Thus, there appear to be different involvement patterns among husbands and wives for these two financial services.

These four factors explain 65% of the total variance. After rotation, the proportion of the total variance explained by the FFO factor is 20%, the FTP factor explains 16%, the IDOCX factor explains 15%, and the IDOSAV factor explains 14%.

Investigating the responses from husbands (not shown here) separately from those of wives was done to contribute to the reliability of the findings. The responses of husbands indicate exactly the same factor structure and virtually identical variable loadings as existed for wives

indicating that these four factors do, in fact, characterize the underlying dimensions of husband and wife roles in family financial management of financial services. For husbands, the four factors explain 65% of the total variance. After rotation, the proportion of the total variance explained by the FFO factor is 20%, the FTP factor explains 17% and the IDOCX and IDOSAV factors each account for 14% of the total variance.

The results of the factor analysis indicate that while a single spouse is not likely to specialize in all savings and checking decisions and tasks, the FFO role and FTP role do hold across the two financial services. The implication is that husband-wife roles in family financial decision making should be investigated on a product-by-product basis, but roles may hold across a variety of products.

EFFECTS OF WIVES' EMPLOYMENT ON HUSBAND-WIFE ROLES IN FAMILY FINANCIAL DECISION MAKING AND ACTIVITIES

Because wives' employment is presumed to significantly alter role relationships among family members, the effect of wives' employment on family money management roles was investigated. It is hypothesized that working wives would have greater involvement in financial decision making (namely, the FFO, IDOCX, and IDOSAV roles) than nonworking wives, but would not be more involved in financial activities (the FTP role). These hypotheses were based on a structural-functional approach (greater prestige is equated with greater decision-making authority); exchange theory (resources possessed by each spouse can be exchanged for the right to make decisions); and the concept that the division of labor in a family is a function of time and skill. It was felt that the employed-wife role has greater prestige than the housewife role; that employed wives possess more resources than non-employed wives; and that working wives may have more skill but have less time to handle these activities compared with nonworking wives.

Since the purpose is to determine the effect of wives' employment status on their involvement in family checking and saving account management, it is necessary to determine to what extent working and nonworking wives differ on other characteristics which could account for differences on the dependent variables. The two groups were compared on three sets of characteristics: (1) socioeconomic status of their families of origin; (2) wives' employment history before marriage; and (3) current family demographic characteristics.

Working and nonworking wives were compared on the following measures of their parents' socioeconomic status: fathers' education, mothers' education, fathers' occupational status, mothers having been employed, and mothers' occupational status. No differences significant at the .05 level or greater were found. The second characteristic on which the two groups were compared was wives' employment history before marriage; specifically, whether and how long the wife was employed before marriage. Working and nonworking wives did not differ significantly on having been employed before marriage (89% and 84% respectively), or on the number of years employed (the mean is 2.8 years for both groups).The third group of comparison characteristics was current family demographics that have been shown to be

related to marital roles; namely, total family income, wives' educational level, race, and number of children. Differences between the two groups on total family income and wives' educational level are statistically significant at the .05 level, but the differences are not large. Differences, however, between the two groups on racial composition and size of family are very large, making it necessary to control for race and size of family in further analysis.

The first step in the analysis was to develop a measure of involvement in each of the four financial roles by summing the higher loading items on each factor. Since each item was answered on a three-point scale where 1 = mainly husband, 2 = both (joint or either one), and 3 = mainly wife, the 5 item FFO and FTP roles each range from 5 (husband dominant) to 15 (wife dominant) and the 4 item IDOCX and IDOSAV roles each range from 4 (husband dominant) to 12 (wife dominant).

Because 60% of the working wives were black, while only 31% of the nonworking wives were black; and because 39% of all working wives had no children, while only 11% of the nonworking wives had no children, it was necessary to control for race and stage in the life cycle
Dummy variable regression was employed to examine the impact of a wife's employment status while controlling for variations in her race and family life cycle (FLC).

The main effects considered in the regression equations were:

D_1 = 1 if wife employed, 0 if not
D_2 = 1 if preschoolers (under 6) present, 0 if not
D_3 = 1 if only older children present (6 and older), 0 if not
D_4 = 1 if wife white, 0 if not

In those cases where examination of the main-effects-only model indicated possible interaction among these variables, regressions were run which included the interaction terms.

D_1 D_2=1 for employed wives with preschoolers, 0 if otherwise
D_1 D_3=1 for employed wives with only older children, 0 if otherwise
D_1 D_4=1 for employed wives who are white, 0 if otherwise

With this coding, the reference category (intercept) refers to those cases where the wife is not employed, has no children, and is black. This resulted in the adoption of a main-effects-only model,

$$Y' = A + B_1D_1 + B_2D_2 + B_3D_3 + B_4D_4 + E$$

(Where Y' = wife's involvement score) for the two IDO roles and the adoption of a "full model,

$$Y' = A + B_1D_1 + B_2D_2 + B_3D_3 + B_4D_4 + B_5(D_1D_2) + B_6(D_1D_3) + B_7(D_1D_4) + E$$

for the FFO and FTP roles. The complete results of the four regressions are given in Table 2.

TABLE 2: RESULTS FROM REGRESSIONS OF WIVES' INVOLVEMENT IN EACH OF FOUR FAMILY FINANCIAL ROLES VS. WIVES' EMPLOYMENT STATUS, RACE AND STAGE OF FAMILY LIFE CYCLE

Dependent Variable	Regression Coefficients	F Ratio	Beta	SE	B
IDOSAV	B1	14.64**	0.22	0.26	1.00
	B2	2.00	-0.10	0.31	-0.44
	B3	0.49	-0.05	0.34	-0.24
	B4	0.01	-0.01	0.25	-0.27
	Constant				7.77
IDCOX	B1	11.49**	0.19	0.26	0.89
	B2	0.16	0.03	0.31	0.13
	B3	0.12	-0.02	0.34	-0.12
	B4	1.10	-0.06	0.25	-0.27
	Constant				7.55
FFO	B1	0.64	0.12	0.91	0.73
	B2	0.56	-0.10	0.82	-0.62
	B3	0.98	-0.13	0.89	-0.88
	B4	1.54	0.12	0.57	0.71
	B5	0.06	0.03	0.10	0.25
	B6	4.16*	0.25	1.06	2.17
	B7	2.93	-0.19	0.75	-1.28
	Constant				9.69
FTP	B1	0.15	0.06	0.85	0.33
	B2	2.69	-0.22	0.75	-1.23
	B3	2.16	-0.19	0.84	-1.24
	B4	10.29**	0.33	0.58	1.88
	B5	1.53	0.16	0.96	1.19
	B6	4.31*	0.26	1.06	2.20
	B7	3.66	-0.23	0.79	-1.50
	Constant				10.47

*Significant at the 95% level **Significant at the 99% level

As expected, wives' employment increases the likelihood of their being involved in the

IDOSAV and IDOCX roles. There is no significant effect of race or stage of family life cycle. The predicted involvement score for wives in the IDOSAV role is based on the equation:

$$IDOSAV = 7.77 + 1.00\ (D_1) - .44(D_2) - .02(D_3) - .27(D_4)$$

The predicted involvement score for wives in the IDOCX role is based on the same model where:

$$IDOCX = 7.55 + .89(D_1) + .13(D_2) - .12(D_3) - .27(D_4)$$

The meanings of the significant effects are illustrated in Figures 2 and 3.

With respect to the Family Financial Officer (FFO) role, the predicted involvement score for wives is based on the equation:

$$FFO = 9.69 + .73(D_1) - .62(D_2) - .88(D_3) + .71(D_4) + .25(D_1D_2) + 2.17(D_1D_3) - 1.28(D_1D_4)$$

There is no main effect of employment on involvement. However, there is a significant interaction term indicating that employed wives who are in the latter stage of the family life cycle – having children but no preschoolers – are more likely to be involved in the FFO role than employed wives in the two other FLC stages or wives who are not employed. This effect is shown graphically in Figure 4.

With respect to the Financial Task Performer (FTP) role, the predicted involvement score for wives is based on the equation:

$$FTP = 10.47 + .33(D_1) - 1.23(D_2) - 1.24(D_3) + 1.88(D_4) + 1.19(D_1D_2) + 2.20(D_1D_3) -$$

$$1.50(D_1D_4)$$

Wives' employment by itself has no significant effect on wives' involvement in the financial task-performer role. However, as with the FFO role, the significance of the interaction term indicates that employed wives who are in the latter stage of the family life cycle – having children but no preschoolers – are more likely to handle financial tasks than employed wives in the two other FLC stages or wives who are not employed. Furthermore, the significant regression coefficient for race indicates that white wives are more likely to be involved in the FTP role than black wives. These significant effects are illustrated in Figure 5.

EFFECTS OF WIVES' EMPLOYMENT ON INVOLVEMENT IN FAMILY MONEY MANAGEMENT

Wives' employment increases wives' involvement in the FFO role only for those families

having older children but no preschoolers. Wives' employment does not significantly increase their involvement in this role if the couple is childless or if they have preschool children. This holds for black families as well as for white families. A number of tentative explanations for this finding could be put forth:

1) The sample for this study consists of relatively young couples (the average age for wives is less than 29 years), and the childless group is the youngest of the three FLC groups studied. Perhaps among newly married couples it is considered the norm for husbands to handle family financial decisions whether or not the wife is employed.
2) Wives with preschool children perhaps do not have the time, nor consider it their prescribed role, to be the family financial officer or to be heavily involved in family financial decisions. Time pressures are particularly strong for working wives with preschool children.
3) Some researchers (Blood and Wolfe 1960; Wolgast 1958) have found that husbands' influence declines over a family's life cycle. They claim that this occurs because each spouse becomes both more familiar with the family's needs and more competent in decision making. Aligned with this finding is the feeling that women with older children are more experienced in making decisions and therefore have a legitimate right to make decisions in numerous areas. This "experience" factor by itself does not increase a woman with older children's involvement in the FFO role; but if she is employed, the "experience" factor coupled with the fact that she is bringing resources into the family increases her involvement in the FFO role.

With respect to the financial task performer role we find, as we did for the FFO role, that wives' employment by itself has no significant effect on wives' involvement in the FTP role. But wives who are employed and who are in the latter FLC stage are more likely to handle financial tasks than employed wives in the other two FLC stages, or wives who are not employed. The hypothesis was based on the premise that working wives would not have as much available time to perform the tasks as nonworking wives. Wives in the latter FLC stage perhaps have both the experience and the time, experience not only associated with their employment but also with the financial outlays involved in raising children. In addition, since their children are in school, they may have the requisite amount of time to handle these tasks.

A surprising finding, however, is that white wives are more likely to be involved in the FTP role than black wives. While the research literature is quite large in predicting that marital roles will differ between white families and black families (Bauer, Cunningham and Wortzel 1965, Billingsley 1968, Bridgette 1970, Carlfred and Broderic 1971, Moynihan 1965), it is interesting that in black and white families where both husband and wife are present, black wives are less likely than white wives to be involved in performing family financial tasks. One can only speculate as to why differences by racial group where found for the FTP role and not for the three other family financial roles. Perhaps black wives lack the access to banks that white wives have and are therefore less likely to handle the savings account and checking account deposit and withdrawal tasks. Race has no impact on wives' involvement in the IDOCX and IDOSAV roles, perhaps because the opening of an account is a discrete act as opposite to the FTP role, which is continuous.

With respect to the IDOCX and IDOSAV roles, there is a significant main effect of employment. This was as predicted. Employment increases a wife's resources, both personal and financial, and lessens a wife's financial and emotional dependency on her husband. These resources may be exchanged for the right to make decisions, and lessened dependency on the husband may lead to greater assertiveness. In addition, the working-wife role has higher social status attributed to it than the nonworking-wife role, and differences in wives' authority corresponds to this difference in prestige. Consequently, working wives are more likely than nonworking wives to suggest opening retail bank accounts, decide where and when to open the account, and actually visit the bank to open the accounts.

The significance of the interaction term in predicting wives' involvement in the FFO and FTP roles has important implications for future research on working wives and family decision making. Specifically, wives' employment status should not be treated as a unitary concept but rather certain distinctions must be made, e.g., between "working wives" and "working mothers" or between "working mothers with preschoolers" and "working mothers with adolescents. These results indicate that stage of the family life cycle can exert important moderating influences regarding the effects of wives' employment on their roles in family financial decision making and task performance and should be taken into account.

CONCLUSIONS

As resource theory predicts, employment increases a wife's resources and increases her influence in checking and savings account decisions. Wife's employment increases the likelihood of her seeing the need for retail bank accounts, deciding when and where to open the accounts, and actually opening them. Further research is needed to determine if these family financial decision, activity and role patterns exist for other retail bank accounts, investment services and retirement plans. However, wives' employment by itself has no significant effect on wives' having greater involvement in the family financial officer and task performance roles unless they are in the latter stages of the family life-cycle. The implication for future research is the need to refine the wife-employment variable. Wives who are employed should not be considered as a homogeneous group. The presence and ages of children impact wives' influence in the area of family financial decisions and tasks; and race impacts working wives' influence in family financial tasks.

Family financial research should investigate specific as opposed to global financial decisions and activities. Asking a question such as "Who is in charge of your family's finances?" to determine spousal influence masks the variety of spousal influence patterns that exist across a multitude of family financial sub-decisions and tasks that together comprise family financial planning.

It is possible that not treating working wives as heterogeneous subgroups and not viewing family financial decision making as a multifaceted dependent variable consisting of separate and distinct family financial areas (separate pools so to speak as opposed to a common pool) has led to conflicting findings with respect to the impact of resources on spousal influence.

FIGURE 2

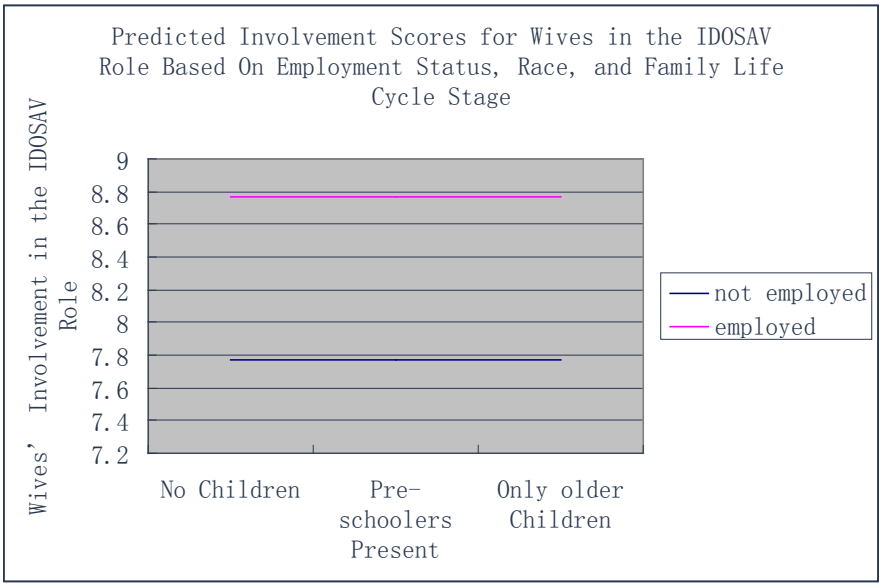


FIGURE 3

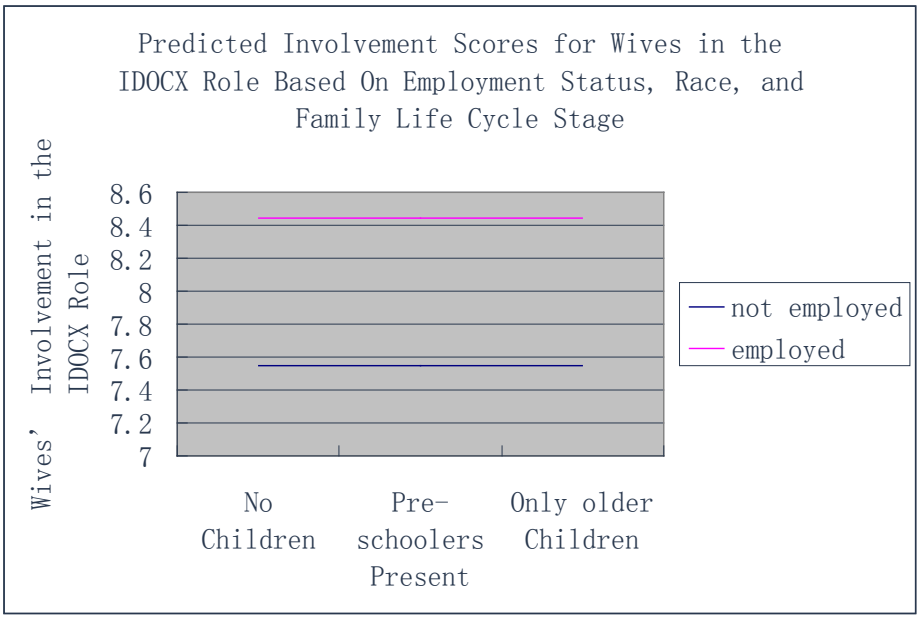


FIGURE 4

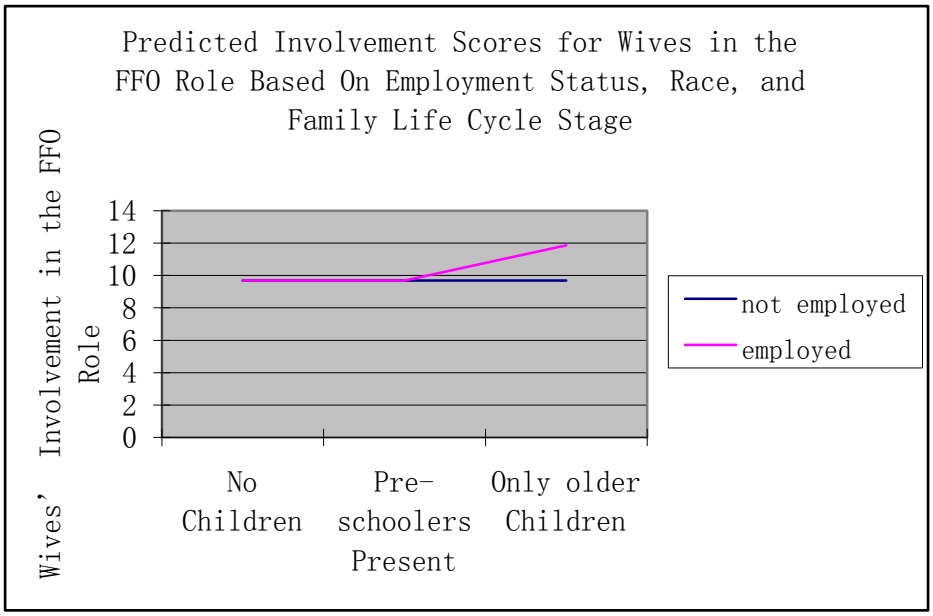
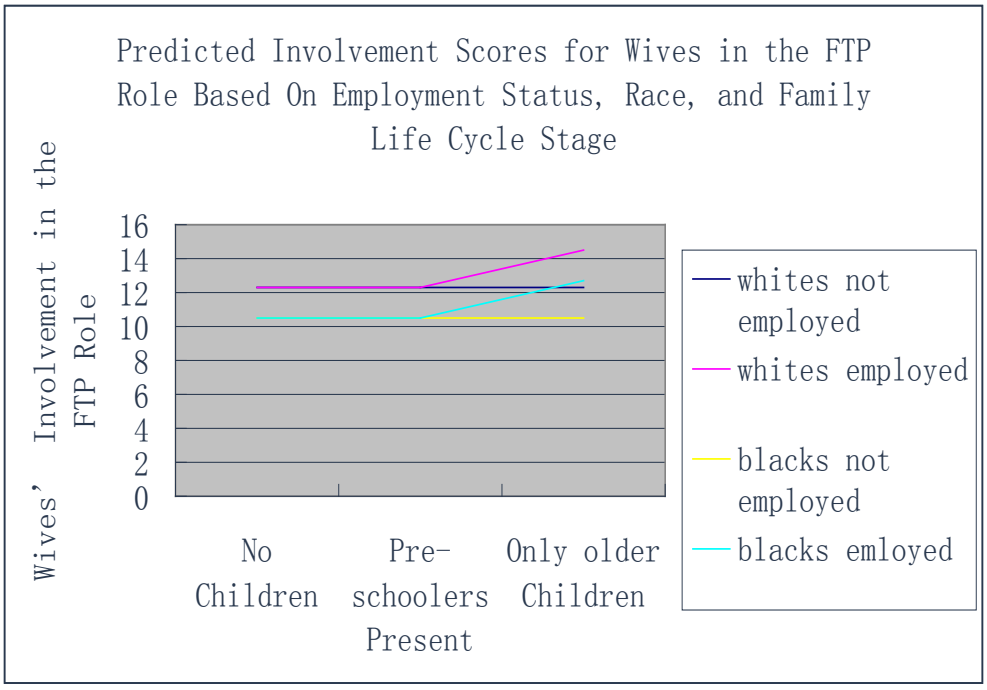


FIGURE 5



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