

Coping During Periods of Economic Uncertainty

The purpose of this panel was to present examples of research being conducted by ACCI members on how individuals and families cope during periods of economic uncertainty. Topics included various possible coping strategies that might be used, the role of family business as a coping mechanism, coping processes as related to health care changes in later life, and adapting to the role of caretaker for elderly family members. Implications for practitioners and policy makers were presented.

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Synthesizer: Jane Schuchardt, U.D. Department of Agriculture⁶

Our society, as others, is continuously being faced with challenges associated with economic uncertainty. This economic uncertainty can be related to downsizing by companies, changes in the role of government, increased life spans, and changes in family composition. Concerns arise over income security resulting in economic strain or economic insecurity. Changes resulting from economic uncertainty motivate individuals and households to initiate various adjustment or coping strategies as they strive to meet their basic needs. In this session individuals, who are conducting research related to coping behaviors, identified strategies that individuals and households employ as they live and function in a society increasingly characterized by economic uncertainty. Underlying each of the strategies is the assumption that members within the household are engaging in behaviors which will increase the utility or satisfaction of the household as a whole.

Coping Strategies for "Making Ends Meet" (Garner and Stinson)

Garner reported on research being conducted at the U.S. Bureau of Labor Statistics (BLS), in conjunction with the Bureau of the Census, on subjective or cognitive assessments of economic well-being. The study was designed primarily to help us understand what individuals are thinking when they are asked questions related to income adequacy; information about coping strategies was collected as part of this process.

For the study, qualitative data were collected during the late spring and summer of 1996 using focus groups and one-on-one interviews. Individuals were selected for the study based on their income level (low, medium, and high) and household type (single with no children, two or more adults with at least one child under age 18 years, and more than two adults with no children in the household). These data were collected from individuals living in five different sites across the country. A three by three (income by household type) design matrix was used; 77 persons participated in the focus groups and 47 participated in the interviews.

Respondents were asked questions and were provided with tasks to discuss various concepts. For example, respondents were asked: "What amount of income would you need to 'make ends meet' and how did you decide upon this amount?" In addition they were asked what their lives would look like if they could NOT make ends meet. Their responses included descriptions of coping strategies and emotional reactions. Life in which you were "not making ends meet" was outlined as a series of behaviors undertaken to curb spending and increase earnings, along with a number of negative emotions running in tandem. Taken all together, respondent reports revealed that "not being able to make ends met" produces discomfort on many levels-physical and cognitive.

The respondents demonstrated a fundamental human urge to take charge of their own existence. Repeatedly they described ways they might adapt to new economic constraints, curtail their spending, and attempt to regain fiscal ascendancy. Their economizing

tactics were generally directed at adjustments to price, quantity, quality, and lifestyle. Often the coping strategies reported did not differ for the three income groups. In several instances, respondents' possible strategies seemed to be more short- rather than long-term.

With regard to emotional responses, respondents alluded to their need for a predictable economic situation when they said that income insufficiencies would cause them worry and stress. Respondents expressed cognitive discomfort of "not being able to make ends meet," and noted that such discomfort might manifest itself through feelings of helplessness, pressure, tension, depression, and frustration. The possibility of family fighting and marital strain resulting from straitened economic situations was also reported.

Research such as this can provide insight into how individuals, families, and households cope each day. With this added knowledge, improved data collection instruments can be developed for monitoring the economic situation of these groups. (For details concerning the study upon which this summary is based, see Stinson, 1997).

Role of Family Business as a Coping Mechanism: Compilation of Research Findings from Three Major Studies (Heck)

The intent of Heck's comments were to focus attention on self-employment and business ownership, such as a family business as well as homeworking, as coping alternatives to centralized wage employment. Heck noted that due to their inherent nature, family businesses may provide family members working in them flexibility relative to family demands and, in addition, enhance job opportunities and security, especially for women. She reported that more than 90 percent of the businesses in the U.S. are family owned and controlled, and there are at least 2 million family firms with revenues greater than \$1 million. In addition to their economic value, Heck reported that family firms provide societal value in that they are preferred by consumers, provide greater opportunities for women, have respect for tradition, and take care of their employees. Also, the family business literature strongly suggests that families are vital and supportive environments for entrepreneurial behavior.

The family business field of study is emerging and would be greatly enhanced by increasing the amount and quality of applied research. Heck noted that such applied research is impaired by the lack of a well-established national statistical series and a high-

quality and comprehensive data source. Such data are not available in the U.S. sufficient to study both the business and the family properly.

In an effort to fill this void, Heck and her colleagues have been involved in a major study, "Family Businesses: Interactions in Work and Family Spheres" (Cooperative Regional Project, NE-167R). The purpose of this project is to develop a clear understanding of the structure, communication patterns, financial circumstances including tax contributions, decision-making processes, and management strategies in family businesses as they contribute to individual and group well-being in both family and business settings.

In another study, "Employment Diversification and Entrepreneurial Opportunities within Rural Areas," Heck and her colleagues studied entries and exits. Over the five-year period under study, overall patterns resulted. For example, they found that the number of individuals going into and exiting from self-employment was high, and the duration or length of time spent in self-employment was considerable, with urban areas and women having shorter durations of self-employment. Heck also reported that results from this study suggest that self-employment in general does not yield returns that are comparable to wage and salary employment.

In her discussion of home-based businesses, Heck talked about Cooperative Regional Research Project, NE-167 (Heck, Owen, and Rowe, 1995). In 1989, data were collected from households in nine states in which at least one adult was performing paid work in or from the home. Heck used results from this study to discuss: (1) the macroeconomic contribution of home-based businesses; (2) tax contributions made by home-based businesses; (3) the contribution of home-based business income to family financial circumstances; (4) the use of home office space by home-based business owners; (5) the employee or independent contractor status; and (6) the impact of local zoning ordinances.

Heck concluded by reviewing the employment alternatives which individuals and families use as coping mechanisms to deal with economic uncertainty. Self-employment and family business (including homeworking businesses) were cited as viable, supportive, and creative options.

Health Care Changes in Later Life: Coping Processes (Stum)

Stum reviewed work that she has been engaged in which focuses on how individuals cope

with changes in health later in life and how families cope with the economic uncertainty of such a stressor. She focused on micro-level decision making and the impact on the family system within a larger systems context. In the process, she reviewed key concepts and relevant theories, beyond the traditional family resource management and consumer behavior models, to explore relationships across disciplines.

Stum's primary focus was on the context of financing long term care and how this financing affects families. Such a focus is mostly lacking in the literature. In her presentation, Stum addressed the following questions: (1) how prevalent are conscious decisions regarding financing long term care among families of elders at risk of needing long term care; (2) what types of family and government resources are being utilized to plan for or protect against the risks of long term care; (3) what decision making processes, roles, and rules are used in regard to financing long term care; and (4) what attitudes are held regarding the responsibility for long term care. She noted that long term care reflects a continuum rather than one point in time and that long term care includes community based as well as nursing home care, perceptions of outsiders such as professionals, and the role of context.

Stum referred to family coping adaptation and adjustment as a multi-faceted process in response to competing demands: (1) awareness; (2) defining the situation; (3) searching for and implementing solutions; and (4) maintaining family systems. These are influenced by the interaction of resources to meet demands, perceptions of the situation and resources, and behaviors.

Given this framework, Stum reported on recent research she has conducted in the state of Minnesota. Her sample was composed of 45 families with at least one elder at risk of needing long term care, and 65 professionals involved in estate planning and asset management related to long term care. Stum reported that there are inconsistencies in 'theory' and 'reality' with regard to: (1) a day-to-day crisis focus versus long term planning; (2) the evaluation of costs and rewards beyond the economic; and (3) complexity in the social, economic, legal and political decisions involved in this process. She focuses on how family and public resources are being allocated, decision making, and how distributive justice concepts can be used to evaluate the decision rules for fair resource distribution.

Based on this research, Stum developed Extension education materials which focus on resource allocation and outcomes and ways to improve family resilience and ability to cope. (For further information,

see Stum and Brouwer, 1996).

Adapting to the Role of Caretaker for Elderly Family Members (Fast)

Fast discussed the consequences or challenges faced by individuals when they take on elder care responsibilities, whether by choice or by necessity resulting from government policy decisions. Her comments were based on her experience with approaches being taken in Canada. A goal of Alberta Health, which reflects a stated philosophy behind new policy directions many Canadian governments are taking, is to "promote greater community and personal responsibility for health, encourage independence, and enable [individuals] with health limitations and disabilities to stay in their own homes and communities" (Alberta Health, 1993, p. 3). The philosophy underlying this shift in emphasis is that community care is believed to be 'better' for both seniors and their families. However, Fast believes there is a subtext to the philosophy that is actually the stronger driver: community care also is believed to be cheaper. It is believed to be cheaper because transferring responsibility for elder care to the community means transferring it to informal caregivers and informal care is assumed to be free. She thinks this is a faulty assumption. Taking on caregiving responsibilities is a costly proposition so that shifting emphasis from formal to community care does not actually reduce overall costs, it merely shifts the distribution of costs.

Fast identified four distinct types of adaptations family members make when they take on elder care responsibilities: (1) adaptations to the way they spend their time; (2) adaptations to their paid work; (3) adaptations to living arrangements; and (4) adaptations to their relationship with the elders they are care for. Using data from Statistics Canada's 1992 General Social Survey (the last national time use survey), she found that about 65 percent of all respondents reported having helped someone with one of several specified tasks within the last month. Combining elder care and paid work responsibilities is an increasingly common occurrence. It has been estimated that as many as 50 percent of informal elder care providers are employed. Caregivers report having to quit paid work; decrease their hours of paid work; turn down overtime hours, promotions, and training opportunities; and take whole or part days off in order to deal with elder care responsibilities. Some caregivers make changes in their living arrangements in order to accommodate their caregiving responsibilities.

This may involve having their family member move in with them, moving in with the elder, or simply moving closer to the elder.

The more 'care for' a family member, the less time and energy one has to 'care about' them, and 'caring about' is what families do best, and what seniors most need from family members. When family members provide the care, the result can be strained relationships between elders receiving care and their caregivers.

Fast concluded by saying informal caregiving is not the 'costless' substitute for formal care that policy makers seem to want to believe it is. Informal caregivers undergo a variety of adaptations when they take on caregiving responsibilities, each of which carries costs. It is imperative that, as policy makers look to informal elder care as an affordable alternative to increasingly expensive, publicly funded formal elder care, they have a complete picture of the full costs associated with informal elder care.

Synthesis (Schuchardt)

Schuchardt summarized the papers and lead the discussion by beginning with a review of the relationship between level of living and standard of living. She noted that one's standard of living is affected by economic stability and sustainability. Underlying this sustainability is the individual's and the family's resiliency. The concept of resiliency, related to coping strategies, requires at least three characteristics: (1) optimism, (2) resourcefulness (depends on a dynamic support system of individual, family, and community, and appropriate public policy), (3) determination, and (4) skills learned through prevention/earlier intervention programs based on 'wellness' versus 'disease' models, of 'strengths' versus 'needs' of families.

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Endnotes

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