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Management of Household Financial Pressure in the Era of Covid-19

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Abstract: This study examined association between household characteristics and household financial pressure in the COVID-19 era. This was done with the view of describing its implication for household financial management in the country. The data utilized for the study were obtained from online survey of household heads using google form. One hundred and eighty seven household heads completed the online survey reporting their background characteristics, household financial pressures and household coping mechanisms. Results revealed that 36.0% of the households experienced low financial pressures, 34.0% experienced moderate financial pressure, while 30.0% experienced high financial pressures. Results further revealed that heads of households' occupation ($\div^2=19.26$, $p<0.05$) and average monthly income ($\div^2=36.45$, $p<0.05$) were significantly associated with the level of financial pressure experienced by the household. The study recommended a public education financial management programme to raise awareness of efficient management of household financial resources during pandemic and other crisis.

Introduction

Year 2020 was welcome by a virus outbreak called COVID-19 (Ohia, Bakery & Ahmed, 2020), which was first reported on 31 December, 2019, by the Wuhan Health Commission in the Republic of China (Venkatesh, 2020). Covid-19 is an illness caused by a virus that is capable of spreading from person to person; it is a new virus that has spread throughout the World without an exception, the symptoms range from mild to severe illness resulting in a significant loss of life. Corona virus according to (WHO, 2019) are a large family of viruses which may cause illness in animal or humans. However, coronavirus in human are to cause respiratory infections ranging from common cold to more severe diseases. The virus was declared in March 11, 2020 by WHO as a pandemic affecting many countries globally. It was suspected to have originated from animal hose (Zoonotic Origin) followed by human to human transmission with higher transmission competence (Dhama, Sharun, Tiwari, *et al.* 2020).

Pandemic has always been witness globally from ancient times till date. However, the consequences of COVID-19 outbreak cannot be over emphasised as it affected day to day life of individuals and slow down the global economy, leading to death of millions of people globally due to the outbreak. COVID-19 has forced business to shut their doors, banning of gathering of people, business disruption, closedown of various industries, offices directing staff to work from home, restriction of movement, ban on interstate traveling, both local and international (Haleemi ,Javaid, & Vaishya, 2020) which cause poor cash flow in the market and stay at home measure. The stay at home order has also forced many people to lose their jobs while human life has been brought to a standstill causing an immediate negative impact on every household financial resource. The stay at home measures presented challenges and opportunities; some household were unable to offset their gas, electricity, telephone, and digital satellite television bills, some were unable to pay house rent or maintained their accommodation, some were unable to their medical bills. This situation was aggravated by rising family debts and prices of foodstuff and other essential items.

These situations gave rise to enormous financial pressures on household members which require efficient financial management to cope with the challenges. Financial management is the process of wisely budgeting, saving, and investing the earned money at the same time (Marshall & Van, 2014). It can also be a means of planning, directing and controlling the financial activities of a household, such as procurement and utilization of funds of the family. That is applying general management principles to financial resources of a household. COVID-19 has generated great uncertainty which leads to fear and extreme volatility in management of household finances (Chia-Lin, Michael & Wing-Keving, 2020) and many did not have enough savings to manage their homes financially, household head have suffer income shortfalls that have an adverse impact on their family fiancé and stability during the COVID-19 outbreak (Prosperity Scorecard, 2020) these add to the financial pressure of every household during the pandemic.

Since the breakout of the pandemic, numerous studies have being conducted across the world (Sanchez, 2020; Chirombe, Benza, Munetsi, & Zirima, 2020; Rahimi, 2020; Farayibi & Asongu, 2020; Ohia, Bakare & Ahad, 2020; Haleem, Javid & Vaishya, 2020; Munawar, Riaz & Chiudry, 2020; Polizzi, Lynn & Perry, 2020; Barzily, Moore, Greenberg, DiDominico, Brown, Gur & Gur, 2020; Kaipmah, Zuckerman, Gonzalez & Kenneg, 2020). These studies have explored the financial effects of COVID-19 on families, businesses, and nations. However, how household characteristics associates with household financial pressures have not been explored in Nigeria. The objective of the study was therefore to investigate the association between household characteristics and household financial management in the era of COVID-19. This was with the view of drawing the implication for household financial management in Nigeria.

Literature Review

Recent researchers have reported mixed findings on COVID-19 and the impact on individuals while some reported a positive outcome between COVID-19 and the citizen. Karpman, Zuckerman, Gonzalez and Kenneg (2020) in their study found that increasing numbers of families cannot maintain their housing, afford enough food or get needed medical care during the pandemic, which result to adverse health consequences leading to pressure on head of household. Implication of the result shows that many families have experienced serious material hardship during the lockdown period to the extent that families could not pay rent, mortgage or utilities bills. Ohia, Bakarey and Ahmead (2020) concluded there is an urgent need to put into perspective, measures and intervention to address COVID-19 pandemic as its affect every household financially. While Haleem and Javaid (2020) added that COVID-19 has negatively impacted every household daily life with the fact that most families could not even afford three time daily meal due to sit at home measures of the pandemic as all sources of income are being lockdown and family expenses increased daily. However, most families are going through a lot of financial pressure as expenses increased daily and there are no cash to meet up with the family needs during the period.

Taylor, Stevens, Agho and Rapheal (2020) established that financial factors have been found to be most strongly associated with family financial pressure and concluded base on their findings that government policy in line with COVID-19 should be able to drive improvement for parental mental health. Polizzi, Lynn and

Perry (2020) stated that behavioral activation acceptance-based coping, mindfulness practice, loving-kindness practice decrease pressure and promote resilience and recovery during the COVID-19. Barzitlay, Moore, Greenberge, DiDomenico, Brown, White, Gur and Gur (2020) also stress that family with covid-19 traces are more prone to financial pressure in their household. While Prosperity Now Score Card (2020) studied the unequal impact of the COVID-19 crisis on households financial stability in U.S and result reveals millions of Americans suffer income short falls in their household which have an adverse impact on their family finances and stability in terms of family financial management.

Rahimi (2020) examine COVID-19 pandemic, children and families in lockdown and finds that families and children are currently going through a lot of pressure in sustaining their family needs in relation to finances, since most family do not have any emergency cash at home to cope with the stay at home measure due to the pandemic. Sanchehez (2020) supported the study by adding that every household that entered the COVID-19 episode with higher financial distress is more likely to go through a lot of pressure including financial pressure. From a pessimistic perspective, Farabiyi and Asongu (2020) did an early review of the economic consequences of the COVID-19 pandemic in Nigeria and asserted that COVID-19 pandemic has significant negative impacts on basic macroeconomic variables in Nigeria.

Methodology

Design and Data Collection

The study adopted a cross-sectional design. The research instrument was a structured questionnaire divided into three sections. The first section sought information on household characteristics such as household head's age and gender, employment status, average monthly income, occupation, and education. Other household characteristics are number of children and other dependants, family structure, and asset ownership. The second section sought information about the financial challenges of the household, while the third section sought information on household coping strategies and socio-economic responses to the pandemic. The questionnaire was uploaded on goggle form and sent to eligible respondents who must have at least a living child and gainfully employed. The questionnaire was sent to 200 respondents but 187 respondents completed and returned the questionnaire. This indicated a 93.5% response rate.

Research Variables

The dependent variable in the study was household financial pressure. This was derived from eight financial challenges experienced by the household. The challenges are difficulty in paying gas, electricity, telephone and television bills, inability to pay house rent or maintained accommodation, inability to pay children lesson/tutorial fees, loss of job by adult member of household, inability to pay medical bills, increase in household debts, increase in household food prices, and inability to meet essential traveling expenses. Each of the items attracts a point which totaled 40 points. The total point was used as a distribution and divided into three equal parts with scores ranging from 1 to 13 points indicating low financial pressure, points ranging from 14 to 26 points indicating moderate financial pressure, and points ranging from 27 to 40 indicating high financial pressure. The independent variables are household characteristics proxy by the characteristics of the head of household. They include characteristics such as age, gender, education, monthly income, occupation, family structure, and number of children and other dependents, and household possessions and assets.

Data Analysis

Data collected were analysed at two levels. In the first level, descriptive statistical methods such as frequency distribution, percentages and charts were used to describe the sample characteristics and household financial challenges. At the second level, the Chi-square statistic was used to test association between the independent and dependent variables.

Results

Table 1 presents respondents characteristics. More than two-fifths of the household heads (43.9%) were in the age range 30-40 years while more than one-third (34.2%) were in the age range of 41-50 years. The least proportion of the household heads was older than 50 years. The dominant gender of the household heads was male. There were slightly more Christians than Muslims in the sample. More than half of the respondents (57.2%) of the respondents were civil or public servants. Nearly half of respondents (48.1%) earned between #20,000 and #50,000 while less than one-tenth (9.0%) of the respondents earned more than #150,000.00 monthly. The majority of the respondents (93.6%) attained higher educational level. The majority of the households (74.9%) were monogamous households while 14.4% were polygynous households. However, 10.7% of the households were single-parent households. The majority of the households had less than four living children (47.1%) while 42.2% of the households had four or more living children. More than half of the households (57.2%) resided in a rented apartment with higher proportion (61.5%) residing in urban areas.

Table 1: Respondents' Characteristics

Characteristic	*Frequency (%)*
Age group	
30-40	82 (43.9)
41-50	64 (34.2)
51+	41 (21.9)
Household head Gender	
Female	29 (15.5)
Male	158 (84.5)
Household head religious affiliation	
Christianity	95 (50.8)
Islam	92 (49.2)
Occupation	
Artisan	5(2.7)
Civil or public servant	107(57.2)
Private/corporate/professional workers (Nurse, doctor, lawyer, engineer, banker, teacher)	46(24.6)
Trading/small scale business/farming	29(15.5)
Estimated average monthly income of household head	
Less than #20,000	23(12.3)
#20,001-#50,000	90(48.1)
#50,001 - #100,000	29(15.5)
#100,001- #150,000	28(14.9)
#150,001 plus	17(9.0)
level of education of household head	
None	1(0.5)
Primary	3(1.6)
Secondary	8(4.3)
Tertiary	175(93.6)

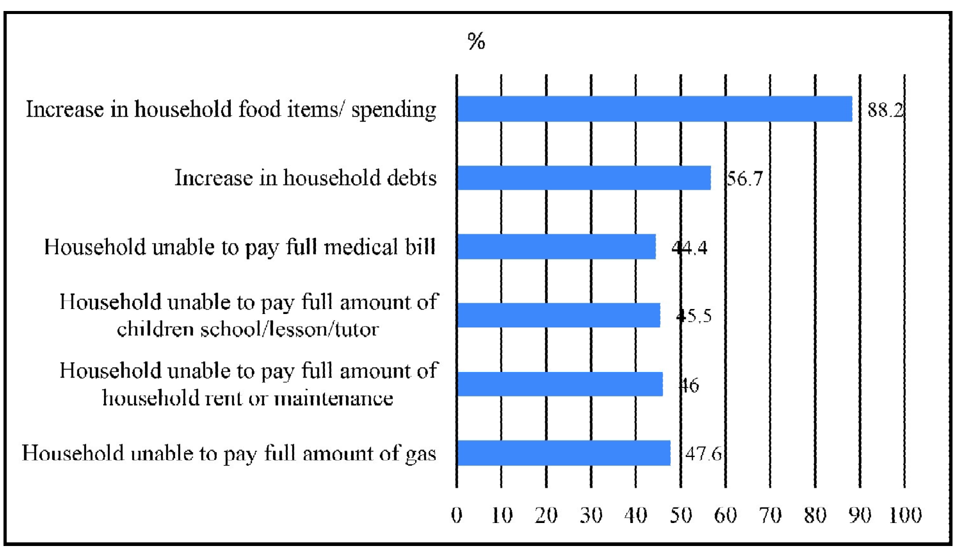
contd. table 1

Family structure	
Monogamy	140(74.9)
Polygamy	27(14.4)
Single parent	20(10.7)
Number of children and dependents in the household	
Four or more	79(42.2)
None	20(10.7)
less than four	88(47.1)
House ownership	
Free occupier	10(5.3)
Owner occupier	70(37.4)
Rent	107(57.2)
Location of the household	
Rural	15(8.0)
Semi-urban	57(30.5)
Urban	115(61.5)
Total	187 (100.0)

Source: Fieldwork, 2020

Figure 1 presents household financial challenges during the lockdown occasioned by the COVID-19 crisis. As shown in the chart, 88.2% of households experienced increase in household food expenditure, 56.7% experienced increase debts during

Figure 1: Household Financial Challenges during COVID-19 Lockdown



the period, 44.4% of the households experienced inability to pay medical bills. It was further revealed that 45.5% of the households were unable to offset children lesson/tutorial fees, 46.0% of the households were unable to pay house rent or maintained accommodation during the period, while 47.6% of the household could not offset sundry electricity, gas and television bills during the period.

These indicators were used to derive household financial pressure presented in Figure 2. As shown in the figure, 36.0% of the household experienced low financial pressure, 34.0% experienced moderate financial pressure, while 30.0% of the households experienced high financial pressure.

Figure 2: Aggregated Household Financial Pressure

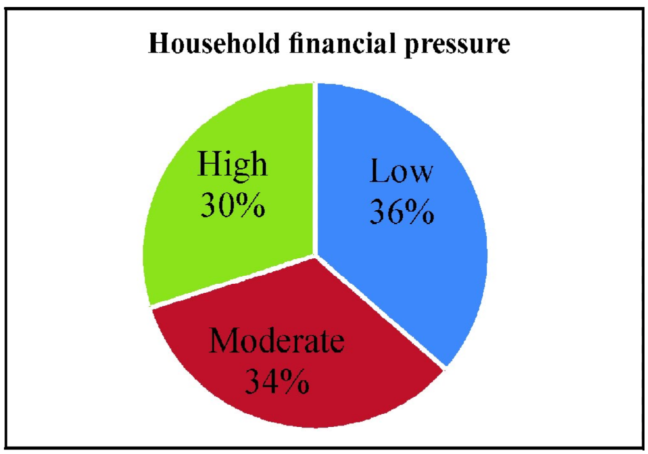
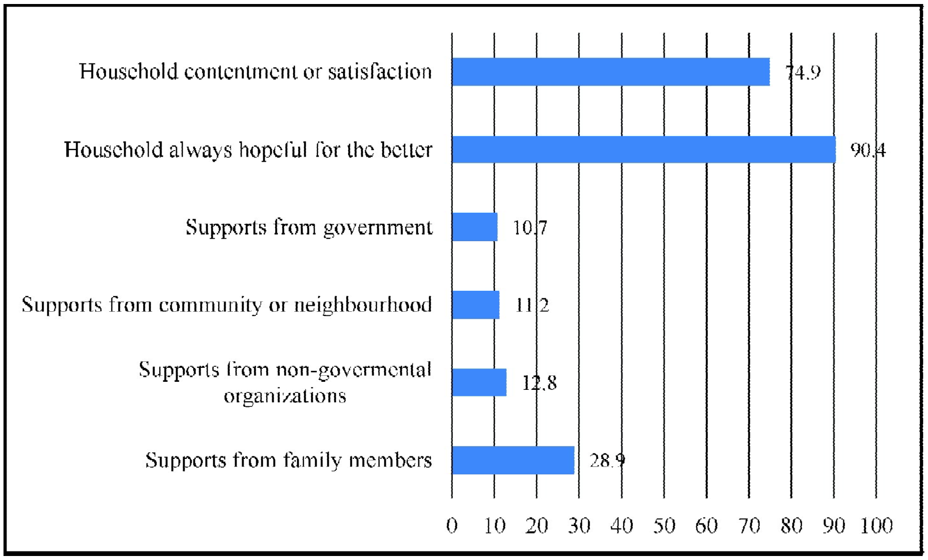


Figure 3 presents household coping mechanisms during COVID-19 lockdown. As shown in the figure, 74.9% of the sample household survived or coped with the financial challenges by demonstrating 'contentment' or 'satisfaction' with the situation. Thus, most of the households were hopeful that things we get 'better' as the pandemic continues. It was further revealed that 10.7% of the households were able to cope with the crisis through support from government, 11.2% and 12.8% of households respectively received support from community or non-governmental organisations to cope with the financial stress of the period. It was shown that 28.9% of the households also received support from family members to enable them cope with the financial crisis of the period.

The bivariate analysis presented in Table 2 revealed that only two household characteristics, namely, occupation and income were significantly associated with

Figure 3: Household Coping Mechanisms



the financial pressure. As shown in the table, households in which the head was a trader/farmer or managing a small scale trading were most affected by the crisis. Findings show that 62.1% of such households experienced high financial pressure compared to 26.1% and 22.4% of households in which the heads were professionals in the organised private sector or civil/public servants respectively. Results of monthly income however revealed that high financial pressures were experienced by higher income earning households compared to households with lower monthly income.

Table 2: Household characteristics and financial pressure

Characteristics	*Household Financial Pressure*					
	Low	*Moderate*	*High*	*Total*	*Chi-sq*	*p-value*
Age group						
30-40	26 (31.7)	25 (30.5)	31 (37.8)	82 (100)	4.447	0.349
41-50	25 (39.1)	23 (35.9)	16 (25.0)	64 (100)		
51+	17 (41.5)	15 (36.6)	9 (22.0)	41 (100)		
Household head Gender						
Female	9 (31.0)	10 (34.5)	10 (34.5)	29 (100)	0.510	0.775
Male	59 (37.3)	53 (33.5)	46 (29.1)	158 (100)		

contd. table 2

Characteristics	*Household Financial Pressure*					
	Low	*Moderate*	*High*	*Total*	*Chi-sq*	*p-value*
Household head religious affiliation						
Christianity	38 (40.0)	34 (35.8)	23 (24.2)	95 (100)	3.076	0.215
Islam	30 (32.6)	29 (31.5)	33 (35.9)	92 (100)		
Total	68 (36.4)	63 (33.7)	56 (29.9)	187(100)		
Occupation						
Artisan	2(40)	1(20)	2(40)	5(100)	19.264	0.004
Civil or public servant	42(39.3)	41(38.3)	24(22.4)	107(100)		
Private/corporate/professional workers (Nurse, doctor, lawyer, engineer, banker, teacher)	20(43.5)	14(30.4)	12(26.1)	46(100)		
Trading/small scale business/farming	4(13.8)	7(24.1)	18(62.1)	29(100)		
Estimated average monthly income of household head						
Less than #20,000	9(39.1)	10(43.5)	4(17.4)	23(100)	36.449	0.001
#20,001- #50,000	44(48.9)	33(36.7)	13(14.4)	90(100)		
#50,001 - #100,000	5(17.2)	11(37.9)	13(44.8)	29(100)		
#100,001 - #150,000	8(28.6)	5(17.9)	15(53.6)	28(100)		
#150,000 plus	2(11.8)	4(23.5)	11(64.7)	17(100)		
level of education of household head						
None	1(100)	-	-	1(100)	5.888	0.436
Primary	-	1(33.3)	2(66.7)	3(100)		
Secondary	2(25)	2(25)	4(50)	8(100)		
Tertiary	65(37.1)	60(34.3)	50(28.6)	175(100)		
Family structure						
Monogamy	56(40)	45(32.1)	39(27.9)	140(100)	5.384	0.25
Polygamy	8(29.6)	8(29.6)	11(40.7)	27(100)		
Single parent	4(20)	10(50)	6(30)	20(100)		
Number of children and dependents in the household						
Four or more	26(32.9)	30(38)	23(29.1)	79(100)	3.532	0.473
None	6(30)	9(45)	5(25)	20(100)		
less than four	36(40.9)	24(27.3)	28(31.8)	88(100)		
House ownership						
Free occupier	3(30)	2(20)	5(50)	10(100)	6.055	0.195
Owner occupier	31(44.3)	24(34.3)	15(21.4)	70(100)		
Rent	34(31.8)	37(34.6)	36(33.6)	107(100)		
Location of the household						
Rural	5(33.3)	5(33.3)	5(33.3)	15(100)	1.304	0.861
Semi-urban	18(31.6)	22(38.6)	17(29.8)	57(100)		
Urban	45(39.1)	36(31.3)	34(29.6)	115(100)		

Discussion and Implications of Findings

This study investigated the association between household characteristics and household financial management in the era of COVID-19. It builds on existing studies (Sanchez, 2020; Chirombe *et al.,* 2020; Rahimi, 2020; Farayibi & Asongu, 2020; Ohia *et al.,* 2020) which explored the financial effects of COVID-19 on families, businesses, and nations. It however expanded knowledge by examining the association between household characteristics and household financial pressures in Nigeria. Findings from the study have implications for both governments and households in the country.

On the part of governments in the country, it should be noted that virtually all Nigerian households experienced at least one type of financial challenges during the COVID-19 lockdown. This type of situation was reported all over the world which is an indication that the pandemic affects families, communities, and societies across the country in almost the same way. The implication of this consequence is that in addressing the effects of the pandemic in the country, families and communities should not be treated unequally. Whatever governments or civil societies intend to do to alleviate the financial burdens occasioned by the pandemic must be without preference or discrimination across the country. Also, as evident in the study an insignificant proportion of households received support from governments in the country. One possible reason for this may be that the governments in the federation do not have provisions for outbreak of pandemic unlike government provisions for insurgency and environmental disasters. It is important that all tiers of governments in the country should make sufficient provisions for any emergency that may affect the generality of the citizenry.

On the part of households in the country, there is need for household heads to have elementary or basic understanding of financial management to enhance family survival during emergencies such as the COVID-19 crisis. A situation where families are not able to prioritize professional accountants through their association could be of help to families in the country by developing a public education programme that raise awareness on how to cope with financial burdens during emergencies. Such a programme could be spread through the mass media outlets such as radio and television which are available in most households.

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