FamilyEdu:

Jurnal Pendidikan Kesejahteraan Keluarga

Journal homepage: https://ejournal.upi.edu/index.php/familyedu/index

The Right Family Financial Management Strategy to Achieve Economic Prosperity

Sri Endah Wahyuningsih, Anik Magfiroh, Salsa Kesya Anugraheni, Elizabet Serenity Johnree*

Universitas Negeri Semarang, Gunung Pati Semarang, Indonesia

*Correspondence: E-mail: salsakesya04@students.unnes.ac.id

ABSTRACT

The problem that most families often experience is financial problems, financial management is important in maintaining the economic stability of a family, with the right financial management strategy, prosperity will be created in achieving financial goals. Behaving economically wisely and intelligently is indicated by the ability to combine the resources one has to achieve prosperity in married life. To meet limited household needs requires economic management by making financial plans to discipline self-control and prepare for future financial conditions. Home economics studies emphasize practical knowledge that provides solutions to real problems faced in everyday life. So, effective and efficient economic management will make the family prosperous in fulfilling the needs of all family members optimally, ensuring stability in the family's economic life and family economic growth. A prosperous household will have a positive impact on its members which will later influence the welfare of the wider community.

ARTICLE INFO

Article History:

Submitted/Received 15 June 2023

First Revised 01 July 2023

Accepted 29 Dec 2023

First Available online 29 Dec 2023

Publication Date 01 April 2024

Keyword:

Economic management,

Family,

Household.

Welfare,

1. INTRODUCTION

In general, a family can be defined as the smallest group of society consisting of a man (husband), woman (wife), and children preceded by a legal marriage bond. Referring to the PKK source book (Apps & Rees, 1996). Meanwhile, the meaning of family according to WHO (1969) is a group of family members related by blood, marriage, and adoption. A person building a family must have different goals, one of which is to build a household with a prosperous family. Prosperity can be defined as a condition where basic human needs are well met, including health, education, and security, thus creating a decent and satisfying life. A person can be said to be prosperous when they are able to fulfill their life needs adequately, including having a stable and sufficient financial situation. A prosperous family consists of a legitimate couple, able to maintain a balance of spiritual and material needs, worship God Almighty, have harmonious and balanced relationships among family members. Success in creating a prosperous life for the family is an indication of a successful family lifestyle. Being able to create a prosperous life for the family is everyone's dream. However, in reality, sometimes economic challenges can be a barrier to achieving this goal.

2. METHODS

Literature study by conducting literature by collecting references from various sources related to the problem being discussed and analyzing the various sources collected. The problems discussed are related to appropriate family financial management strategies to achieve economic welfare (Dehlendorf *et al.,* 2010).

3. RESULTS AND DISCUSSION

3.1. Family Economic Management

Family economic management is the act of planning, implementing, monitoring, evaluating and controlling the income earned by the family and the use of family resources, especially financial resources. Such actions are intended to achieve optimum fulfillment of family needs, in addition to ensuring that the family's financial condition remains stable, and continues to strive to increase economic growth in the family.

The benefits of family economic management, to utilize the awareness, attitudes, behavior and abilities of family members and motivate the potential that exists in the family which aims to: optimum fulfillment of family economic needs, economic stability in the family, family economic improvement.

Family economic management in principle is an effort to control the level of expenditure in meeting family needs so that there is a permanent surplus. Furthermore, in the future it will make savings that can promise to meet better family facilities and plans, thus family economic growth will be maintained. Some things that need to be known about basic attitudes related to family economic management include: the existence of strong motivation from all family members in achieving better economic improvement in their lives; mutual awareness, openness, honesty, discipline, cooperation of all family members and each will carry out their obligations with full awareness; the family has obedience and discipline in self-control in the form of family economic planning and its implementation every day; the family

DOI: http://dx.doi.org/10. 17509/xxxx.xxxx
p-ISSN:1979-6714 | e-ISSN :2503-4820

has a priority arrangement of needs and allocation of family economic resources based on the level of need not just desire.

In addition to the basic attitudes that family members need to have in managing family finances, there are several important elements that need to be considered in relation to family financial management, which include: Family income, expenditure plan, records of income and expenditure realization, the right perception and attitude about family savings, family deliberation on the acceptance and prioritization of financial expenditure in the family.

The following is an illustration of some of the elements related to family financial management (Cleland *et al.,* 2006):

(i) Family Income

Family income means the total amount of income received by all family members from various sources. Calculating family income is not an easy thing, especially for families who do not have a fixed income, for example: farmers, traders, laborers and so on. The income of these workers will be calculated in units at harvest time, or the number of sales where there are often unstable crop prices. For this reason, the calculation of income is estimated to be the average yield of the harvest or merchandise adjusted to the rupiah value on a monthly basis. Difficulties will arise if only one member of a family earns an income while the other members (wife and children) are fully dependent, especially if the family is still in the position of attending university.

(ii) Expenditure Plan

The expenditure plan or family budget plan is the preparation of various types of family needs in the order of family priorities which are expected to control family spending in an effort to organize the family economy, some things that need to be known related to family expenditure plans can be categorized into:

a. First, absolute needs: food, clothing, housing health, education, transportation
b. Second, essential needs: installments/credit; sports, entertainment, family recreation; hajat, donations, taxes, mutual aid, arisan; zakat, fitrah, sodakoh, charity.
c. Third, needs that are necessary: improving the quality of various needs that are mutlah and important.
d. Fourth, unnecessary needs: spending for pleasure alone, for example: smoking, hobbies of eating and drinking outside the home, purchasing goods and services that are not really needed.
e. Fourth, unnecessary needs:
f. Spending for pleasure alone, for example: smoking, hobbies of eating and drinking outside the home, purchasing goods and services that are not really needed.

(iii) Recording and Monitoring

The family spending plan that has been prepared and agreed upon is of no use if it is not disciplinedly implemented. As an illustration: If a mother goes to the market to shop with a plan to cook vegetable soup and completeness. side dishes that have been set at home. It turns out that arriving at the market, there is a sale of clothes or there is cheap fruit If the mother is not disciplined then she will buy sale clothes or considered very cheap by using spare money or even reduce the shopping material. Discipline in carrying out plans and records is already monitoring in an effort to achieve goals. In families there are often deviations about changes to what has been planned. If what is done is too far from

DOI: http://dx.doi.org/10.17509/xxxx.xxxx
p-ISSN:1979-6714 | e-ISSN:2503-4820

what was planned and the same thing is always repeated, then there is no point in a plan that has been prepared by the family. Recording and monitoring the family economy is intended to obtain data that is useful for evaluation: whether the agreed plan can be implemented; if there are any deviations; to what extent; why this is so; how to correct or resolve them.

(iv) Saving

Saving is not merely an activity of saving money or objects that can only be done by rich families for later use. The following is an illustration of the view of saving money:

a. An inaccurate view of saving money. It is a basic attitude that is actually not right if someone soraang savings starting from the remaining income after being used to finance the various needs of the family, while the family is unable to distinguish between needs and desires without limits. The reality is that many families with small incomes cannot save; after there is an increase in income that can be categorized as sufficient or large income they still cannot save, this is because every increase in income will stimulate the emergence of new needs that were never previously thought of. Thus the needs will always be greater than the income earned.
b. The right view of saving. It is the right view if one's saving is based on the symptoms of attitude, behavior, discipline and is the key to the improvement of family life. Thus, saving should be an attitude and action to set aside consciously and continuously part of each income receipt. In family life, saving can be seen from two sides; first is setting aside part of the income, second is saving from every expense. Based on this description, saving is actually not only the property of well-off families, because saving is an attitude of running a pattern of life for the family, which is accompanied by the principle: setting aside part of the income and saving from each expenditure.

(v) Family Deliberation

It is still rare for families to have a tradition of deliberation about the usefulness of family economic goals. Family deliberations are actually not only carried out by husbands and wives, but children who can understand or children who are approaching adulthood, need to be involved in these deliberations. Deliberations related to family economic management mainly aim to develop future family financial plans, evaluate the implementation of past planning, correct mistakes and solve if there are problems that occur in family economic life (Siregar, 2019).

3.2. Purpose, Basic Attitude, How to Prepare A Family Budget

Family budgeting is the preparation of a plan that is carried out before all family expenses, with the aim that family financial income can be used in a wise way. Some things that need to be known about the reasons why there is a need for a budget in the family? The following illustration can be used as a description of the answer: many experiences about the difficulties of financial problems in the family, namely: Many families experience that their salary is only enough to cover 10 days of life; Every family has ideals, desires and hopes, but with the limited salary earned, many desires are not achieved; The future days of a family are not always reliable / bright; Family as a business unit. From some of the illustrations above, it is necessary to have a budget in the family. Some of the things that are related to the family budget

DOI: http://dx.doi.org/10. 17509/xxxx.xxxx
p-ISSN:1979-6714 | e-ISSN :2503-4820

include: objectives, basic attitudes and how to prepare, the following is an illustration of the above, so there is a need for a family budget. Some of the things that are related to the family budget include: objectives, basic attitudes and how to compile, the following is an illustration. The purpose of preparing a family budget can be illustrated as follows (Welbourne & Dixon, 2016):

(i) Freeing families from a lifestyle of digging holes and closing them. This condition still afflicts many families, especially those with low income or sufficient families but have no planning in their lives.
(ii) Planning for a better life. In fact, every family will be able to live better, if they can organize between income and spending priorities consistently. Planning the family economy consistently is the beginning of planning for a better life.
(iii) Encourage efforts to increase income. Almost all families want a life of sufficiency, an improvement in future life from current living conditions is a condition that many families crave. However, it should be noted that improving the standard of living is not enough to be achieved by fantasizing but there must be real action. Through budgeting, it is expected that families will be able to plan various efforts so as to increase family income.
(iv) Creating savings as a family reserve. The commitment agreed by all family members on all matters relating to good outward management, then the family will be able to form a reserve for the future.

The basic attitude that can be used to organize a good family budget can be illustrated as follows:

(i) Trust and loyalty. Mutual trust between husband and wife and mutual knowledge of the economic position in the family ranging from: sources, total income to the budget that must be spent in daily life. It is dishonest if the wife does not know the source and amount of the husband's income or vice versa. Husband and wife must be open with each other.
(ii) Responsibility of the head and family members. The husband as head of the family must be fully responsible for the economic life of the family. However, this does not mean that a husband does not involve his wife in his household affairs. In fact, a wife must be entrusted with the function of family management, which is an economic service.
(iii) Budgets are elastic and open-ended. An increase in prices will result in an increase in the size of the budget that has been set. If the budget is too rigid and not open, it often happens that what has been planned cannot be done as planned. Under certain conditions the budget that has been set can change.
(iv) Have a record of budget entry and exit. As a control, it is necessary to record the incoming and outgoing budget, so that at the end of the budget it can evaluate and if there are problems related to the entry and exit of the family budget it will be easier to find a solution.

How to organize a family budget. There are two income groups in a family: First, families with regular income, generally on a monthly basis, this group will be easy to organize in the form of a budget by dividing 30 or 31 days. Second, families with irregular income. This group should make a special budget, if it is difficult to make it in a shorter period of time, for example three months or even monthly for farmers can be made based on harvest time (Lewig *et al*., 2010).

The budget should include an estimate of the total income earned by all family members. Next, take into account the expenditure component and estimate the amount,

DOI: http://dx.doi.org/10.17509/xxxx.xxxx
p-ISSN:1979-6714 | e-ISSN:2503-4820

the following is an illustration (Maskupah, 2021). Recording family income, aspects to be recorded include: husband's fixed salary, wife's fixed salary, husband's honorarium, wife's honorarium and other additional income. Recording estimated expenses, aspects recorded include: savings; absolute and fixed needs, for example: house installments, taxes, accounts; absolute necessities and prices are always changing, for example: food, clothing, health and personal needs; absolute needs for transportation, eg: vehicle installments, gasoline, oil changes, taxes, oil changes or new tires, public transportation; free expenditure for recreation, e.g. family visits, association dues, social relations, recreation, eating out and so on (Lloyd *et al.,* 1993).

Dividing the budget in a balanced and prudent manner. Every family budget in realization must be made balanced, so that there is no bigger peg than pole. The budget needs to be prepared wisely, for example: by increasing the amount of regular savings and changing the diet or excessive clothing patterns to simple and healthy ones. However, it is not wise to reduce the cost of education for food and clothing or recreation. If this is done, it does not pay attention to the family's future (Pertiwi *et al.,* 2021).

In this article we will discuss some strategies and planning steps that can help a family manage finances well and create a state of prosperity for all family members. According to Masassya in Marpaung (2021) five planning steps need to be taken as follows:

(i) It is necessary to know about the net worth owned (for example the amount of assets, debts, and funds that can be set aside every month).
(ii) Determine financial goals (short, medium and long term).
(iii) Make an action plan (allocate income in four things, namely consumption, saving, investment and protection).
(iv) Implement the plan in a disciplined manner.

From the explanation above, it can be summarized into several strategic points that can help a family manage finances well and create a state of prosperity for all its members (Dahl *et al.,* 2014):

(i) Make a Realistic Family Budget

The first step is to create a realistic family budget. Look at all the monthly income and expenses carefully. Write down all the usual sources of income and outgoings. In this budget, the top priority is to ensure that all basic needs, such as food, utility bills, and health needs, are covered. Also, allocate funds for savings and long-term investments.

(ii) Reduce Non-essential Expenses

Evaluating your expenses and cutting down on unnecessary spending is an important step in creating an economically prosperous family. Review all monthly expenses and consider whether there are things that can be reduced or eliminated altogether. For example, limiting eating out, reducing unused subscriptions, or finding cheaper alternatives for daily necessities.

(iii) Seek Additional Income Opportunities

In the face of economic challenges, seeking additional income opportunities can help create a prosperous family. Family members can look for part-time jobs, run side businesses, or develop skills to increase market value in the workforce. This additional income can be used to address immediate needs or to supplement family savings.

(iv) Saving and Investing

DOI: http://dx.doi.org/10. 17509/xxxx.xxxx
p-ISSN:1979-6714 | e-ISSN :2503-4820

Saving is an important habit that should be instilled in families to achieve a state of well-being. Saving will help deal with unexpected events and provide long-term financial security. Moreover, investing can also be a wise choice to grow the family's wealth. With the help of a financial expert, families can explore investment options that suit their financial goals.

(v) Financial Education for All Family Members

Building an understanding of finances and teaching financial management skills to all family members is an important long-term investment. By understanding basic financial concepts such as spending, saving, investing and debt, family members will be better able to make wise decisions in managing their own finances.

Building financial literacy and teaching financial management skills to all family members is an important long-term investment. By understanding basic financial concepts such as spending, saving, investing and debt, family members will be better able to make wise decisions in managing their own finances.

4. CONCLUSION

Creating an economically prosperous family is an endeavor that requires discipline, patience, and commitment from all family members. By following the strategies above, families can manage their finances well and achieve the desired state of prosperity. Remember that change will not happen instantly, but with consistent small steps, families will be able to achieve their financial goals. Hopefully, this article provides insight and inspiration for families who want to achieve a state of prosperity through wise economic management. Or the points that can be taken are:

(i) Implementing effective family financial management strategies will help achieve economic well-being

(ii) The importance of steps such as budgeting, saving, reducing debt, improving financial literacy, and involving all family members

(iii) With discipline and commitment, families can achieve healthy finances and achieve the desired economic well-being.

In building a family, of course we want to build a prosperous family, and in realizing this goal, we should be wise in terms of family economics, read and seek information about what strategies are needed to manage the right finances in the family.

AUTHORS' NOTE

The authors declare that there is no conflict of interest regarding the publication of this article. Authors confirmed that the paper was free of plagiarism.

REFERENCES

Apps, P. F., and Rees, R. (1996). Labour supply, household production and intra-family welfare distribution. *Journal of Public Economics, 60*(2), 199-219.

Cleland, J., Bernstein, S., Ezeh, A., Faundes, A., Glasier, A., and Innis, J. (2006). Family planning: the unfinished agenda. *The lancet, 368*(9549), 1810-1827.

Dahl, G. B., Kostøl, A. R., and Mogstad, M. (2014). Family welfare cultures. *The Quarterly Journal of Economics, 129*(4), 1711-1752.

Dehlendorf, C., Rodriguez, M. I., Levy, K., Borrero, S., and Steinauer, J. (2010). Disparities in family planning. *American journal of obstetrics and gynecology, 202*(3), 214-220.

Lewig, K., Arney, F., and Salveron, M. (2010). Challenges to parenting in a new culture: Implications for child and family welfare. *Evaluation and program planning, 33*(3), 324-332.

Lloyd, C. B., and Gage-Brandon, A. J. (1993). Women's role in maintaining households: family welfare and sexual inequality in Ghana. *Population Studies, 47*(1), 115-131.

Marpaung, O. (2021). Bijak Mengelola Keuangan Keluarga Kunci Keluarga Sejahtera. *Abdimas Universal, 3*(1), 50-54.

Maskupah, M. (2021). Konsep pengelolaan keuangan keluarga dalam menciptakan keluarga sejahtera dari sudut pandang islam. *SAMAWA (Sakinah, Mawaddah, Warahmah): Jurnal Kajian Keluarga, Gender dan Anak, 4*(2), 82-91.

Pertiwi, D. A., Agustina, R., and Ardiana, M. (2022). Finplan: Strategi Menuju Keluarga Sejahtera. *DINAMIS: Jurnal Pengabdian Kepada Masyarakat, 2*(2), 132-136.

Siregar, B. G. (2019). Ibu rumah tangga dalam manajemen keuangan keluarga. *Jurnal Kajian Gender dan Anak, 3(*2), 108-118.

Welbourne, P., and Dixon, J. (2016). Child protection and welfare: cultures, policies, and practices. *European journal of social work, 19*(6), 827-840.

DOI: http://dx.doi.org/10. 17509/xxxx.xxxx
p-ISSN:1979-6714 | e-ISSN :2503-4820