

Research article

# EFFECT OF BUDGETING ON FAMILY LIVING, A CASE FOR LOW INCOME EARNERS OF KONTAGORA PEOPLE

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## Abstract

The study was conducted to identify the effect of budgeting on family living of low income earners, determine their budgeting awareness as well as to identify the factors militating against low income earners from practicing budgeting. Fifty married men and women were randomly selected and used as sample for the study. Fifty structural questionnaires were used to obtain information's for the study. The study revealed that low income earners rarely practice budgeting due to their low level of income, lack of awareness and illiteracy. The study further revealed the effect of budgeting on low income earners to include reduction of wastages, streamline expenditures, reduce poverty and make organized family living possible. The researcher made pertinent recommendations based on the findings, one of which is that home economic extension workers should organize awareness campaign, seminars, as well as workshops for the society on the need for families to practice budgeting.  
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## INTRODUCTION

Irrespective of how the society in size or change in government, they all have one thing in common which is the family. Family is therefore a group of people united by the ties of blood, marriage or adoption and it is characterized by a common residence and economic cooperation (Anyakoha, 1991). A family can also be defined as a unit of interacting persons related by marriage, birth or adoption whose central purpose is to create and maintain a common culture which promotes the physical, emotional and social development of each of its members (Ukpore, 1993). In view of this, family members shares common value system, goals, emotions as well as resources (human and material) and how these resources are effectively distributed (Herring, 1990). Basically, family can be classified into three namely nuclear, polygamous and extended Family.

The nuclear family comprises of a man, his wife and their children. Poligamy describes a family setting where a man has more than one wife. The man, his wife and their children, all these make up the polygamous family while extended family on the other hand could be in the form of nuclear or polygamous family but with the addition of uncles, aunties, grandparents, cousins, nephews, etc as the case may be. The extended family is a community on its own (Defran, et al 2000).

For families to live efficiently there is a need for adequate financial management which can only be achieved through budgeting. A budget is a plan for saving and spending one's income (Olaitan, et al, 1996). Similarly, Ukpore (1993) stated that budget is the saving and spending plan designed to keep control on one's spending in order to achieve individual or family's financial goals. Every family need to practice budgeting based on goals as well as putting their financial strength and weakness in check and balances. Olson, et al (2000) gives the economic classification of family, that is according to what the family earns for a living and how they are able to meet the various need of members as ell as achievement of family goals. Income earners can be classified into high income earners, middle income earners and low income earners

According to Olson et al (2000), high income earners are the rich families, those who are living in wealth and affluence. They can conveniently afford both luxury and necessities of life. They include the top government officials like the president of a country and great business men like Mike Adenuga of Globacom and Aliko Dangote of Dangote Group of Companies. They are influential indeed.

The middle income earners as the name implies are those at the middle of the rich and the poor. They are neither rich nor poor. They can afford the basic need of life and sometimes some luxuries but not in all cases. They

can afford to pay school fees but not the best of schools, they can buy car but not too expensive or latest one, to mention but a few.

Low income earners on the other hand as cited by Ryder (1990) are those that are below the normal standard of living. By this, it is believed that the low income group earn what cannot satisfy their needs and wants. They are poor and cannot meet their most important needs (Ryder, 1990). The needs for budgeting therefore become necessary.

Financial issue is one of the major causes of instability among families, especially the low income earners who lived below the normal standard with an income that can only go for food and housing, which makes it impossible to satisfy their families needs and the attainment of goals. This scenario put the low income family at a difficult state or condition that can only be resolved through adequate financial

Most of the family crisis stems from budgeting that when implemented consciously or unconsciously could handle family crisis throughout all spheres of family existence. This research will therefore be of significance to individuals, families and the society at large to help provide awareness on the importance of budgeting to individuals and families of low income earners. The research work will also serve as a literature material for future references management. It is against this background that this research is set to examine the following objectives.

### **Objectives of the Study**

The objectives of this study are:

1. Determine the level of budgeting awareness of low income earners
2. Determine the factors influencing budgeting among low income families
3. To examine the effect of budgeting on low income families
4. To identify factors militating against the low income families from making budget.

### **Research Questions/Hypothesis**

The following questions are stipulated for this study

1. What are the effects of budgeting on low income earners?

2. What are the factors militating against budget practice?
3. What are the level of budget awareness of low income families?
4. What are the factors influencing budgeting among low income earners?

## **RESEARCH METHODOLOGY**

This chapter deals with the techniques that were employed by the researcher in the collection of data for the study. It contains explanation on the choice and description of instrument to be used for data collection.

### **Research Design**

A descriptive research design basically (survey method) was employed for the study. This is because the study is aimed at collecting data from a sample of the population and generalizing the findings of the entire population.

### **Population of the Study**

The area covered in this study is Kontagora with the population put at 30,525 persons. This information was obtained from the National population census office Kontagora (2006). The population for the study was drawn from different works of life using low income earners therein as samples. A total number of 50 low income earners were used.

### **Sample and Sampling Technique**

The sample used for this research was purely the low income group of all works of life. 50 subjects were sampled by random method. The sample technique adopted was direct delivery technique or on-the-spot method.

### **Distribution of Sample**

S/No	Area of selection	Sample size
1.	Civil Servant	35
2.	Business	10

3.	Farmers	5
Total		5

A self designed instrument was used for this study. The instrument was divided into two sections namely section “A” and section “B”. Section “A” contains questions relating to the biodata of respondents while questions in section “B” were designed based on the focus of the study which was drawn on a modified Likert scale format of agreed and disagreed. The scale are as follows:

- Agreed - A  
 Disagreed - D

### Procedure for Data Collection

Data was collected by the researcher and two trained research assistants who can communicate in the local language of the respondents for the purpose of interpreting the questions to those respondents who cannot read and write. The questionnaire was distributed and collected on the spot.

### Method of Data Analysis

The data was analyzed using frequency count of agreed and disagreed which was taken from every statement. Also, the percentage of each response comparison with the total response was calculated following the criterion level of 100% on agreed and disagreed grouping. The highest percentages were therefore used to accept the research questions.

## RESULTS

### TABLES.

**TABLE 4.1.1** Budgeting awareness among low income families

Low income families make budget:	Agreed		Disagreed	
	Freq	P (%)	Freq	P (%)
before spending their income	5	10%	45	90%

often when income is available	5	10%	45	90%
rarely when income is available	40	80%	10	20%
do not engage in budgeting practices	10	20%	40	80%
Are not aware of budgeting practices	30	60%	20	40%

**TABLE 4.1.2** Factors Influencing Family Budgeting

Factors influencing budgeting among low income families include:	Agreed		Disagreed	
	Freq	P(%)	Freq	P(%)
Size of the family	45	90%	5	10%
Income available	45	90%	5	10%
Environment or habitat	5	10%	45	90%
Life style of families	35	70%	15	30%

**TABLE 4.1.3:** Effect of Budgeting on Low Income Earners

Budget helps the low income earners to:	Agreed		Disagreed	
	Freq	P(%)	Freq	P(%)
Streamline expenditures	25	50%	25	50%
Reduce wastages	30	60%	20	40%
Reduce poverty	35	70%	15	30%
Make organized living possible	40	80%	10	20%

**TABLE 4.1.4:** Factors Hindering the Low Income Families from making Budget

Low income families do not make budget because:	Agreed		Disagreed	
	Freq	P(%)	Freq	P(%)
Budget is difficult	15	30%	35	70%
Low income	45	90%	5	10%
Lack of awareness	40	80%	10	20%
Illiteracy	40	80%	10	20%
Low level of education	35	70%	15	30%

**TABLE 4.1.5:** Management of Family Income

Statements	Agreed		Disagreed	
	Freq	P(%)	Freq	P(%)
Contributors of income to the family often create problem of management	50	100	-	0
The level of education of the spouse and knowledge makes management decision difficult	50	100	-	0
Time planning/management makes budget management difficult	50	100	-	0

## DISCUSSION

The study was conducted to identify the effect of budgeting on family living of low income earners, a case for Kontagora Local Government Area of Niger State. In order to do this, four (4) objectives were stated. The first objective is to determine the level of budgeting awareness of low income earners. Table 4.1.1 revealed that majority of the respondents does not engage in budgeting practices, it can therefore be deduced that the level of budgeting awareness among the low income earners or families is low. These findings agree with the findings of Ryder (1990), which stated that a vast number of families with low income do not engage in budgeting.

The second objective is to determine the factors influencing family budgeting. Table 4.1.2 revealed that majority of the respondents (90%) agreed that size of the family, income availability and personal lifestyle of families are the major factors influencing family budget. This finding is in line with Ukpore (1993) who posited that before making a budget, it is important to put certain priorities into consideration such as size of the family, availability of income and personal lifestyle of the family.

The third objective is to examine the effect of budgeting on low income earners. Most of the respondents agreed that organized livings are made possible where budgeting is engaged. Table 4.1.3 showed the benefit associated with budgeting such as reduction of wastages, poverty and ensure organized way of living. It can therefore be deduced that budget making have a positive effect on low income families who engage in it. This finding is in line with the finding of Olson et al (2000) who pointed out that budget is a financial plan which helps to cut down wastages, reduce poverty and organize family living. The fourth and last objective is to identify the factors militating against the low income families from making budget. The findings revealed that the factors hindering the practice of budgeting by the low income families include: low income, lack of awareness, illiteracy and low level of education. This implies that majority of the respondents do not practice budgeting due to the above factors. This finding concur with the finding of Akanbi (1981) who stated that budgeting is very important but has factors militating against its success such as illiteracy, lack of awareness, low income and low level of education.

## **Summary**

The study conducted to find out the impact of budgeting on family living, a case for low income earners of Kontagora Local Government Area of Niger State. Information was collected by means of questionnaire from 50 persons in three works of life in the Local Government using proportionate random sampling. These include civil servants, farmers, business men and women. The questionnaire is of two sections. In section A, respondents were expected to give their personal details while in section B, the statements were based on a two Likert scale to indicate what the respondents feels about the statement. The break down shows in the analysis of the data collected that there was no significant difference in the views of the respondents on the effect of budgeting on family living of low income earners. The respondents were made up of experienced married men and women. The high percentage score for agreed was on table 4. This revealed the low income level as what makes it difficult to budget because of their low salary. Despite these problems, 100% of the respondents insisted that because of the importance of budgeting



families in the area should practice budget. 100% of the respondents agree that educated families were more likely to practice budgeting than the illiterate and less educated ones in the area. The majority of the respondents 70% were civil servant, the data supplied by the respondents revealed that 70% of the respondents are husband who controls family income. This was followed by 30% who claimed that both husband and wife should control the family income.

## **Conclusion**

Based on the findings of this study, it can therefore be concluded that despite the positive influence of budgeting on family living, majority of the low income earners of Kontagora Local Government Area of Niger State do not engage in budget making and this can be traced to their low level of income, lack of awareness, illiteracy and low level of education.

## **Recommendations**

Home management is recognized today as an integrated course of study in which goals, resources of families and processes are viewed in diverse perspectives. Its aim is to raise the level of living and improve the quality of human life by applying knowledge gained from the research and experienced to the practical problems of living. In the light of this, the following recommendations are made.

1. Home Economic extension workers should organize awareness campaign for the society on the need for families to practice budgeting.
2. Since most families do not practice budgeting and the few who try to, have problem of execution, they should be assisted by Home Economic extension workers to enable them execute and put their plans into action.
3. Seminars and workshops should be organized by Home Economic extension workers for families on how to make budget.
4. The government should strive to improve the living standard of the populace who are the low income earners by empowering them.

5. Religious leaders should sanitize the members of their sect on the importance of budgeting as an instrument for effective financial management.

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## APPENDIX I

This questionnaire intends to find out the impact of budgeting on family living, a case for low income earners in Kontagora Local Government Area of Niger State. It would be appreciated if you fill this questionnaire honestly and sincerely. All answers will be treated with utmost confidentiality.

### SECTION A: PERSONAL DATA

**Instructions:** Fill in your personal data in this section by ticking the right box.

- |    |                           |                         |                          |  |
|----|---------------------------|-------------------------|--------------------------|--|
| 1. | Age                       | (a) 20-30yrs            | <input type="checkbox"/> |  |
|    |                           | (b) 31-40yrs            | <input type="checkbox"/> |  |
|    |                           | (c) 41-50yrs            | <input type="checkbox"/> |  |
|    |                           | (d) 51-60yrs            | <input type="checkbox"/> |  |
| 2. | Sex                       | (a) Male                | <input type="checkbox"/> |  |
|    |                           | (b) Female              | <input type="checkbox"/> |  |
| 3. | Marital Status            | (a) Married             | <input type="checkbox"/> |  |
|    |                           | (b) Single parent       | <input type="checkbox"/> |  |
|    |                           | (c) Divorce             | <input type="checkbox"/> |  |
| 4. | Number of children        | (a) 1-5                 | <input type="checkbox"/> |  |
|    |                           | (b) 6-10                | <input type="checkbox"/> |  |
|    |                           | (c) 11-15               | <input type="checkbox"/> |  |
| 5. | Educational Qualification | (a) Not Educated        | <input type="checkbox"/> |  |
|    |                           | (b) Primary Education   | <input type="checkbox"/> |  |
|    |                           | (c) Secondary Education | <input type="checkbox"/> |  |

		(d) Tertiary Education	<input type="checkbox"/>
6. Occupation	(a) Civil Servant	<input type="checkbox"/>	
	(b) Trader	<input type="checkbox"/>	
	(c) Farmer	<input type="checkbox"/>	
	(d) Other	<input type="checkbox"/>	
7. Annual Income	(a) ₦4,000-10,000	<input type="checkbox"/>	
	(b) ₦11,000-15,000	<input type="checkbox"/>	
	(c) ₦16,000-20,000	<input type="checkbox"/>	
	(d) ₦21,000-25,000	<input type="checkbox"/>	

**SECTION B**

**KEY WORD**

- A - Agreed  
 DA - Disagreed

You are to use the above key word to tick the appropriate column.

**A. Budgeting awareness among low income families**

Low income families make budget:	Agreed		Disagreed	
before spending their income				
often when income is available				
rarely when income is available				
do not engage in budgeting practices				
Are not aware of budgeting practices				

**B. Factors Influencing Family Budgeting**

Factors influencing budgeting among low income families include:	Agreed		Disagreed	
Size of the family				
Income available				
Environment or habitat				
Life style of families				

**C: Effect of Budgeting on Low Income Earners**

Budget helps the low income earners to:	Agreed		Disagreed	
Streamline expenditures				
Reduce wastages				
Reduce poverty				
Make organized living possible				

**D: Factors Hindering the Low Income Families from making Budget**

Low income families do not make budget because:	Agreed		Disagreed	
Budget is difficult				
Low income				
Lack of awareness				
Illiteracy				

Low level of education				
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**E: Management of Family Income**

<b>Statements</b>	<b>Agreed</b>		<b>Disagreed</b>	
Contributors of income to the family often create problem of management				
The level of education of the spouse and knowledge makes management decision difficult				
Time planning/management makes budget management difficult				