Practice recommendations

Experiencing financial vulnerability is associated with higher levels of maternal emotional distress compared with income, which shows that the broader, more encompassing, financial vulnerability is more salient than the objective measure of poverty. Financial vulnerability encapsulates the objective deprivation resulting from low income and the subjective deprivation associated with feelings towards managing on income. The results also suggest, as per Chamberlain’s (1989) assertion, that measures to alleviate low income, such as increased borrowing, may increase vulnerability and that this vulnerability will be keenly felt.

This has relevance to academia, policy and practice and suggests that:
- consideration should be given to financial vulnerability when working with families experiencing poverty, perhaps by means of screening by early years’ practitioners.
- financial vulnerability is an easily measured concept that could be employed to establish mothers’ heightened experience of vulnerability and raised risk of emotional distress.

Practitioners can refine their awareness of the risks to children’s SEB wellbeing by a more detailed understanding of the differences between the causes and consequences and impacts of poverty. For example, economic disadvantage, maternal distress and financial vulnerability may be the cause of reduced SEB wellbeing for children of lone or teenage parents and not these characteristics in themselves. Workers in front-line practice could observe and measure these factors and either intervene directly, or, signpost to a statutory or voluntary organisation that could help with access to nursery places for children.


Financial vulnerability is derived using subjective and objective measures such as: how the respondent is managing on current income, whether the respondent is in debt and the extent of their general money worries. Researching financial vulnerability is important because:
- families can experience unexpected shocks such as bereavement, illness or a sudden large expenditure that can increase financial vulnerability.

References


Author and acknowledgements

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Key points
- This briefing looks at the associations between children’s social, emotional and behavioural (SEB) wellbeing in the context of their mothers’ financial vulnerability, low income and emotional distress.
- Poor SEB wellbeing of young children is most strongly linked with their mothers’ emotional distress.
- In turn, mothers’ emotional distress is most strongly associated with financial vulnerability (rather than low income).
- Not being in paid work is associated with a marked increase in mothers’ financial vulnerability and emotional distress.
- Having a mother who has separated and re-partnered, is the only type of family formation associated with a reduction in child SEB wellbeing.
- Financial vulnerability could be used alongside poverty indicators to get a fuller picture of the social, emotional and behavioural wellbeing of young children as well as mothers’ emotional distress.

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These are a few of many reasons why financial vulnerability differs from the objective measure of income poverty and why it is important to try to understand how it can affect people. Chambers (1989) in explaining financial vulnerability uses the example that poverty, as measured by low income, can be reduced by borrowing, but that the resulting debt makes households more vulnerable in the future. He argues that people living in poverty are more aware than poverty professionals of the trade-offs between poverty and vulnerability and that definitions of poverty conceived by professionals overlook vulnerability despite it being a primary concern to poor people themselves.

Theories on how poverty and financial vulnerability affect parents and children

Poverty and financial vulnerability are known to create emotional distress in individuals. One theory suggests that people make social comparisons between themselves and others they see as similar to them in some way (Runciman, 1966). If those social comparisons are negative it is thought to induce emotional distress. For mothers living in poverty and/or financial vulnerability the comparison group may be other mothers in their community to whom they feel similar but who may have dissimilar levels of poverty or financial vulnerability.

Comparing themselves to others with different socioeconomic realities may result in feelings of disadvantage, which ‘can appear as emotional distress manifested through anger and depression’ (Ragnarsdóttir et al., 2013: 758, Smith et al., 2017).

Two other theories to explain the positive effects of higher income/lower financial vulnerability and the negative effects of low income/high financial vulnerability on children’s outcomes in particular are the family investment model and the family stress model. The family investment model suggests that a family’s ability to invest monetary resources in experiences, resources, and services will improve children’s SEB wellbeing and cognitive development (Yeung et al., 2002, Conger et al., 2010). The family stress model suggests that the stress induced by low income/high financial vulnerability has adverse impacts on parents’ emotional wellbeing and parenting capacity, which affect the child both directly and indirectly (Yeung et al., 2002, Conger et al., 2010). Each of these models is shown to be influential, with studies suggesting family investment has a stronger impact on cognitive development and family stress on SEB wellbeing (Schoon et al., 2010).

Children and young people

For children and young people, studies show that older children can feel ashamed, excluded and stigmatised by their family’s economic disadvantage (Holscher, 2008), which suggests that mental health and wellbeing may be exacerbated. Again, what the model cannot tell us is whether unpaid care work leads to greater emotional distress or whether paid employment leads to reduced emotional distress, or a combination of the two. It is also worth noting that each of these variables have an additive effect, ie being recently separated, not being in paid work, having a low income and experiencing financial vulnerability when experienced together is additively associated with higher levels of maternal emotional distress.

What affects child SEB wellbeing?

Low child wellbeing is associated with, in order of importance:

- financial vulnerability.
- having parents who have separated and re-partnered repeatedly.
- being a separated mother at birth.
- having a mother with lower educational achievements, ie having no qualifications, standard grade/GCSE, or vocational level qualifications.
- low family income.
- mother not being in paid work.

Financial vulnerability has a direct negative association with children’s wellbeing, greater than a number of the other factors studied, including family income and parental separation. However, two thirds of this effect comes through the pathway of their mother’s emotional distress, which is greatly affected by financial vulnerability. This supports the family stress model, where the stress induced by low income/high financial vulnerability is thought to have adverse impacts on parents’ emotional wellbeing and, through them, can adversely affect children’s wellbeing.

Family transitions are not generally associated with children’s SEB wellbeing, but they are directly associated with financial vulnerability. The couple who separated’ family transition was directly linked to higher levels of maternal emotional distress, which suggests that women experiencing separation would benefit from targeted emotional and financial support. The categories ‘stable lone parent’ and ‘re-partnered lone parent’ have no direct significant association with child SEB wellbeing, which suggests that the effect of a couple separating on maternal emotional distress is likely to be time-limited. In the end, only ‘separations and re-partnerings’ was directly linked to poorer child SEB wellbeing, which may indicate flux and uncertainty in a family’s life.

The research in this briefing used a statistical method called Structural Equation Modelling to consider the relationship between financial vulnerability, child wellbeing and maternal emotional distress.

Findings

Which of the study variables are associated with financial vulnerability?

Financial vulnerability is associated with, in order of importance:

- having a low income.
- having an employment status of ‘not in paid work’.
- being in part-time work compared to full-time work.
- being a younger mother at the birth of the first child.
- being a separated couple.
- being a re-partnered lone parent.

Although the concept of financial vulnerability is open to the critique of being a subjective measure, it theoretically you can feel financially insecure and poor without having a low income, this part of the analysis shows that financial vulnerability is a valid measure – it was not associated with high income or families with two parents in full-time work. Similarly, stable lone parents and stable couple families were not associated with financial vulnerability – which suggests that family change may lead to financial vulnerability temporarily.

What affects maternal emotional distress?

Maternal emotional distress is strongly associated with, in order of importance:

- financial vulnerability.
- having an employment status of ‘not in paid work’.
- having a low income.
- having been part of a couple that has since separated.
- no other family formations have a negative association with maternal emotional distress.

It is worth noting the association between paid work and child and maternal wellbeing. A mother not being in paid work is associated with less income, greater financial vulnerability and higher levels of emotional distress, and is negatively associated with children’s SEB wellbeing. What the model does not show is whether a lack of paid work leads to emotional distress or whether emotional distress leads to difficulty in being in paid work or whether experience lies somewhere in between.