

THE ROLE OF FAMILY IN IMPROVING FAMILY ECONOMIC STABILITY

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Abstract:

Family economic stability plays a crucial role in achieving financial well-being and sustainable living. In this journal, we discuss the role of the family in improving family economic stability and the factors that contribute to its achievement. This research identifies several important factors, such as instilling financial values, financial education, family budget management, emergency fund formation, investment planning, financial skill development, communication within the family, and utilization of community resources. This study uses a descriptive literature study method sourced from journals. The results of the study show that instilling financial values in the family is a strong foundation for forming responsible attitudes and behaviors towards finances. Improving family economic stability requires awareness of the importance of finance, strong education, open communication, and access to relevant resources. The implications of this journal highlight the importance of financial education programs, financial awareness campaigns, the development of policies that support family economic stability, and the use of information technology in personal financial management.

Keywords: Family Economics; Stability; Family Role

Abstrak:

Stabilitas ekonomi keluarga memiliki peran yang krusial dalam mencapai kesejahteraan keuangan dan kehidupan yang berkelanjutan. Dalam jurnal ini, kami membahas peran keluarga dalam meningkatkan stabilitas ekonomi keluarga dan faktor-faktor yang berkontribusi pada pencapaian tersebut. Penelitian ini

mengidentifikasi beberapa faktor penting, seperti penanaman nilai-nilai keuangan, pendidikan keuangan, pengelolaan anggaran keluarga, pembentukan cadangan dana darurat, perencanaan investasi, pengembangan keterampilan keuangan, komunikasi dalam keluarga, dan pemanfaatan sumber daya komunitas. Penelitian ini menggunakan metode studi Pustaka deskriptif yang sumbernya dari jurnal. Hasil penelitian menunjukkan bahwa penanaman nilai-nilai keuangan dalam keluarga menjadi dasar yang kuat untuk membentuk sikap dan perilaku yang bertanggung jawab terhadap keuangan. Meningkatkan stabilitas ekonomi keluarga membutuhkan kesadaran akan pentingnya keuangan, pendidikan yang kuat, komunikasi terbuka, dan akses ke sumber daya yang relevan. Implikasi jurnal ini menyoroti pentingnya program pendidikan keuangan, kampanye kesadaran keuangan, pengembangan kebijakan yang mendukung stabilitas ekonomi keluarga, serta pemanfaatan teknologi informasi dalam pengelolaan keuangan pribadi.

Kata Kunci : Ekonomi Keluarga; Stabilitas; Peran Keluarga

Background

A family is a social entity made up of individuals who are related through blood, marriage, or adoption. The family is where these individuals live together and form emotional bonds, responsibilities, and provide support to each other. Traditionally, a family consists of a father, mother, and their children. However, with social and cultural changes, the concept of family has expanded and now includes various forms, such as single-parent families, couples without legal marital status, or same-sex couples with children. The family is a place where individuals can feel affection, security, and a deep sense of attachment to one another. In addition, families also play a role in educating, raising and preparing future generations. Families have an important role in shaping individuals psychologically, socially, and morally, as well as providing emotional and material support to its members.¹

Family conditions in Indonesia have a variety of challenges, such as poverty, wasteful behavior, high divorce rates, and other problems. Poverty is one of the issues that affect family stability, as it is difficult to fulfill basic needs such as food,

¹ Basir, S. (2019). *Building a Sakinah Family*.

education, and health care. Extravagant behavior is also a problem that can cause financial difficulties in the family. The high divorce rate also reflects a rift in family relationships that can have a negative impact on the psychological and social well-being of family members, especially children. Therefore, alternatives are needed to overcome this problem, and families have an important role in providing support.²

Families play an important role in the economic context. One of the main functions of the family in the economy is to provide financial support and fulfill the basic needs of family members. The family functions as an economic unit where family members work together to create, manage and share economic resources such as income, assets and goods. In addition, the family also plays a role in teaching economic values, financial management, and skills related to work and business. The goal of family economics is to achieve financial stability, fulfill family needs, and improve the economic well-being of family members. By managing economic resources wisely, families can create a financially healthy environment, reduce the risk of poverty, and provide economic protection to family members.³

Family economic stability is a desirable goal for every family in society. In this context, the role of the family in improving family economic stability is very important. The family has a significant impact on household economic conditions, because the family is the smallest unit in society that is responsible for meeting needs and managing resources.⁴

In the midst of global change and economic uncertainty, family economic stability is becoming increasingly important. Economic instability can lead to stress, internal conflict within the family, and difficulty in meeting basic needs. In this journal, the authors aim to comprehensively investigate the role of the family in improving family economic stability.

Methods

This research was conducted using a procedure known as a Literature Review or Literature Study. A study that reviews or critically examines the knowledge, ideas, or

² Subaida, I. (2019). Household Cash Management Training to Prevent Family Financial Distress. *INTEGRITAS: Journal of Service*, 3(1), 8-17

³ Herawati, T., Krisnatuti, D., Pujihasvuty, R., & Latifah, E. W. (2020). Factors influencing the implementation of family functions in Indonesia. *Journal of Family & Consumer Sciences*, 13(3), 213-227.

⁴ Rakhmawati, I., & Suhadi, S. (2018). Resilience of Household Sector in Maintaining Financial System Stability. *BUSINESS: Journal of Islamic Business and Management*, 5(1), 65-92.

findings contained in a body of academically oriented literature, and formulates its theoretical and methodological contributions to a particular topic is known as a literature review or literature study (literature review, literature research). A literature review or literature study (literature review, literature research) is a study that examines or critically reviews the knowledge, ideas, or findings contained in a body of academically oriented literature. The research issue of integrative negotiation in corporate business is inseparable from the research results reviewed in this article because the two are interrelated.

Discussion

Family Financial Knowledge Factor

Family financial knowledge plays a very important role in achieving and maintaining family economic stability. Understanding basic financial principles and having knowledge about effective money management helps families to better face financial challenges.⁵

Financial knowledge helps families manage their expenses wisely. With a good understanding of routine and necessary expenses, families can allocate money appropriately according to their priorities. They can avoid unnecessary wastage and take smart decisions in spending their money.

Understanding investments is an important aspect of a family's financial knowledge. By knowing the different types of investments and the associated risks, families can make smart investment decisions. By utilizing the right investment instruments, they can optimize their income and build wealth sustainably.⁶

By having a good understanding of finances, families can control their spending, plan for their financial future, and manage risks more effectively. This helps to create economic stability in the family, reduce financial stress, and improve overall quality of life. Therefore, it is important for every family to improve their financial knowledge through education and relevant information.

⁵ Kusdiana, Y., & Safrizal, S. (2022). Factors Affecting Family Financial Planning. *JAS (Journal of Sharia Accounting)*, 6(1), 127-139.

⁶ Muhammad, H. (2017). Informal economic education and financial literacy. *Proceedings of the National Seminar "Building Indonesia through Research Results"*, 677-680.

1. Income Factor

Family income is one of the key factors that influence the economic stability of a family. Family income refers to the amount of money or resources received by family members in a certain period of time. This family income factor has a significant impact on family economic stability.⁷

One important aspect of family income is its ability to meet the basic needs of the family. Sufficient income enables families to afford necessary food, shelter, clothing and health services. With sufficient income, families can maintain their economic stability by avoiding financial difficulties that can affect family well-being.⁸

Family income also has an impact on family access to education. With adequate income, families can provide quality education for family members. A good education provides better opportunities to get a better job and increase future income potential. Therefore, a stable and adequate income helps improve the family's economic stability by creating opportunities and increasing social mobility.⁹

Overall, the family income factor plays an important role in maintaining family economic stability. Sufficient income allows families to fulfill basic needs, obtain quality education, access adequate health services, and prepare for the future through savings and investments. In addition, sufficient income also improves the family's quality of life by providing access to recreation and social activities.

2. Family Consumption Patterns

Family consumption patterns play a crucial role in achieving and maintaining family economic stability. Wise and balanced consumption

⁷ Ainiyah, Q., & Muslih, I. (2020). Dilemmas of family law in Indonesia. *Istiqro Journal*, 6(1), 73-81

⁸ Sinaga, R. J. R., Lubis, S. N., & Darus, M. B. (2014). Assessment of socioeconomic factors on household food security in Medan. *Journal on Social Economic of Agriculture and Agribusiness*, 2(5).

⁹ Setyoningrum, A. A. D. (2020). Women, financial and economic management. *EKOBIS: Journal of Management Science and Accounting*, 8(2), 16-24.

patterns can provide long-term benefits to family finances, while uncontrolled consumption patterns can lead to financial instability and problems.¹⁰

Wise consumption patterns involve a family's ability to distinguish between needs and wants. Understanding this distinction helps families to allocate their resources intelligently and prioritize essential spending. By focusing on essential needs such as food, housing, education and health, families can ensure that they have basic security and fulfill their financial responsibilities.

A balanced consumption pattern means that families maintain the right proportion between their expenses and income. This involves avoiding wasteful behavior and managing debt wisely. Families should consider their ability to pay monthly bills and repay debts without incurring excessive financial burden. By maintaining this balance, families can prevent excessive financial stress and ensure stable financial sustainability.

Overall, wise, balanced and sustainable family consumption patterns play an important role in achieving economic stability. By understanding the difference between needs and wants, maintaining a balance of expenses and income, and developing savings and investment habits, families can minimize financial risks, avoid excessive debt, and create a stable financial future.

3. The Family's Role in Improving Family Economic Stability

The role of the family in improving family economic stability is very important and involves various interrelated aspects. First, families can play a role in instilling financial values in family members. By setting examples and teaching the importance of savings, investment and financial sustainability, families can help family members have a wise attitude in managing their money. These values will form a strong foundation for making financial decisions in the future.

Furthermore, families have a role in family financial education. Financial education provided from an early age is essential to provide family members, especially children, with a basic understanding of money

¹⁰ Fielnanda, R., & Sahara, N. (2018). Consumption Patterns of Fishermen Households in Mendahara Ilir Village, Mendahara Kec. Mendahara, East Tanjung Jabung Regency. *ILTIZAM Journal of Shariah Economics Research*, 2(2), 89-107.

management, financial planning and investment. With this knowledge, family members will have the necessary skills to make wise financial decisions and build a stable financial future.

Family budget management is also a significant role for families in achieving economic stability. By involving all family members in developing an effective family budget, they can plan their spending wisely, set the right priorities, and avoid unnecessary waste. With good budget management, families can achieve long-term financial goals and reduce unwanted financial risks.¹¹

Furthermore, families can play a role in building an emergency reserve fund. In the face of unforeseen situations, such as job loss or unexpected medical expenses, having a sufficient reserve fund is essential. Families can work together to set aside a certain amount of money each month and build a reserve fund that can be used in an emergency. By having adequate reserves, families can overcome financial crises without having to rely on unwanted loans or debts¹²

Investment planning is also an important role that families can play. By learning basic investment concepts and involving family members in investment decision-making, families can take advantage of investment opportunities to build long-term wealth. In investment planning, families need to consider long-term financial goals, risk profile, and portfolio diversification. With good investment planning, families can maximize their wealth growth and achieve stability.

In addition, families can also play an important role in developing financial skills. By involving family members in everyday financial decisions, such as comparing prices, looking for discounts, or choosing more affordable products, they can develop expertise in managing money efficiently. This not only helps save money, but also provides valuable teaching to family members about the value of money and the importance of making wise financial decisions.

¹¹ Setyoningrum, A. A. D. (2020). Women, financial and economic management. *EKOBIS: Journal of Management Science and Accounting*, 8(2), 16-24.

¹² Ady, S. U. (2019). CHANGING THE PARADIGM OF SAVING SOCIETY INTO INVESTMENT SOCIETY,. (Women's Participation in Improving the Family Economy through Investment in the Indonesia Stock Exchange).

It is important for families to have open communication about finances. By openly discussing financial goals, expenses and long-term financial plans, family members can support each other and work together to achieve economic stability. Through effective communication, families can identify financial problems that may arise and find solutions together.

In addition, families can also utilize existing resources within the community to improve their economic stability. This could involve participating in financial education programs organized by financial institutions or non-governmental organizations, taking financial classes or seminars, or joining groups that support sound financial management. By utilizing these resources, families can improve their understanding of finance and gain the necessary support in achieving economic stability. s

Therefore, the role of the family in improving family economic stability cannot be underestimated. Through instilling financial values, financial education, budget management, building emergency fund reserves, investment planning, financial skill development, open communication, and utilization of community resources, families can create a solid foundation for long-term economic stability.

It was found that families have a significant contribution in creating stable and sustainable financial conditions. Some of the factors identified as important in achieving family economic stability include inculcation of financial values, financial education, family budget management, establishment of emergency fund reserves, investment planning, development of financial skills, communication within the family, and utilization of community resources.

The cultivation of financial values in the family provides a strong foundation for developing responsible attitudes and behaviors related to finance. Financial education also plays an important role in providing family members with the necessary knowledge and skills to manage their finances well. Family budget management helps control spending, prioritize needs and manage financial resources efficiently. Establishing an emergency fund protects the family from unforeseen events that may cause financial instability. Investment planning helps grow family wealth in the long run. Financial skill

development empowers family members to make wise decisions in managing personal finances. Good communication within the family enables support and collaboration in dealing with financial challenges. Utilization of community resources gives families access to necessary knowledge and support.

In this context, it is important to understand that family economic stability does not depend solely on individuals, but involves the active participation and collaboration of all family members. Improving family economic stability requires awareness of the importance of finances, strong education, open communication and access to relevant resources.

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