Research in Family Financial Counseling

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**ABSTRACT:** Domains of family financial counseling research are proposed in order to establish criteria for assessing research needs in this relatively new field. Identification of the research domains implies progress for an emerging profession. A survey of the family financial counseling research to date is reported. Results of research in several domains are shown to demonstrate how results from empirical studies can contribute to the theory and practice of family financial counseling.

**KEY WORDS:** Family Economic Well-being, Financial Counseling, Money Management, Research Domains, Quality of Life.

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Family financial counseling is increasingly important to improve family economic security, reduce stress, enhance family relations, and maximize the use of resources. The purposes of this article are to propose research domains, report the research that has been conducted to date, and illustrate with selected empirical studies how research in several domains can contribute to the theory and practice of family financial counseling.

Financial counseling is the art and science of helping families assess and plan the creative use of all their resources to obtain economic security. Financial counseling assists families in controlling the use of their money and credit. Financial counseling also helps families in times

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of transition in handling economic crises or the economic results of crises, following through on consumer rights, and evaluating current management practices. A financial counselor helps families pay for past satisfactions, provide for current obligations, and plan for the future by helping with decisions in both human capital and financial investments. A financial counselor evaluates current financial position and identifies problems in meeting the objectives of the family. Recommendations are generated to overcome problems and meet objectives in each of the present and future stages of the family life cycle. Moral support is provided by the counselor through providing information and outlining specific steps toward action.

Comprehensive financial counseling (Williams, 1988b) is the structured process of helping families to (a) increase income and other resources; (b) reduce or change expenses; (c) adjust debts or other financial obligations; (d) clarify priorities; (e) make decisions based on information, values, and resources; (f) develop a workable system including communication and the paying of bills to handle the household business; (g) use appropriate techniques for planning and controlling expenses, insurance, gifts, and investments; and (h) handle necessary changes in life style, consumption, management, and sources of satisfaction, thereby gaining hope out of despair and control over their lives.

For this article, a distinction between family financial counseling and personal finance or family financial management has been used in developing the research domains and selecting the empirical research reports. For this article, financial counseling research includes financial management or personal finance when it provides information useful in its delivery to a client which impacts behavioral change. Families are helped in financial counseling to evaluate current economic position and future prospects and to adjust to necessary changes to meet their objectives and maintain economic security. Families are helped in the acquisition of knowledge of personal finance and sound practices of family financial management to make decisions with or without counseling. Family financial counseling focuses on the process and procedures of helping in the decision making and behavior modification process, whereas personal finance and family financial management focus on knowledge and analytical tools. Distinction is difficult because the knowledge and tools are applied and transmitted to the client in financial counseling along with other skills, insights, and knowledge.

Family financial counseling utilizes the highest levels of intellectual abilities and skills as indicated by the classification of educational