

HOW THE INCOME AND EXPENDITURE BUDGET OF A FAMILY WAS AFFECTED BY THE ECONOMIC CRISIS

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Abstract: *The pandemic and the war from Ukraine affected all of us in different forms and proportions. Our lives, of all, have been severely and irreparably affected. However, let's try to learn some lessons that could be useful in the future: to put great value on our health and the health of our loved ones, not to throw money on whims and unnecessary things, but also to try to do some savings that would certainly make our lives easier in a future crisis.*

Key words: *budget, expenses, income, crisis, analysis, financial difficulties*

INTRODUCTION

The major tendency of all families in Romania was to reduce their budgets by giving up non-essential expenses. Unfortunately, these reductions resulted in a decrease in expenses for personal care, as well as those for vacations and holidays. And as if the pandemic crisis wasn't enough, the neighboring war also caused major changes in everyone's life [4,5].

The increase of the price of fuel led to an explosion in the prices of utilities and all essential products. Families had to allocate more money to pay for food and utility expenses. Those who had loans woke up overnight with a monthly rate increased by 20%.

What was the solution? Cutting those expenses considered non-essential, comparing the prices of products and choosing the most advantageous one, giving up going out to restaurants and weekends, shortening the duration of vacations, and for those with loans, looking for refinancing solutions, this time with a fixed rate [1].

MATERIALS AND METHODS

The purpose of this paperwork is to show what are the changes that were made into a family budget due to the Covid-19 crisis and the period after when it appear the war threat. The data used were taken from a questionnaire, on which we made our own interpretations [6,7].

The study was based on a questionnaire made by the students who take part in the Accounting and Economic Management courses, and was applied through them to a number of 325 respondents. The period in which answers were received was 1.10.2022 - 1.11.2022. The students applied the questionnaire to one representative from the families that were part of their environment of origin.

RESEARCH RESULTS

In order to see how this crisis was perceived by a family from our country, we composed a questionnaire that was applied to people of different ages, different levels of education and living. The collected data were processed and interpreted and finally we are formulating same conclusions.

Question 1. Your family lives in the urban environment or in the country?

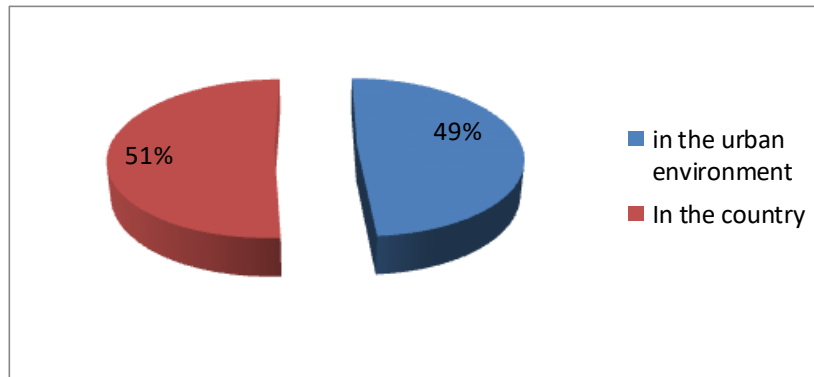


Figure 1. The living environment of those interviewed

From the total number of people interviewed, the share of those who live in the city was close to that of those who live in rural areas.

Question 2. Have you or a family member faced the loss of your job or salary reduction?

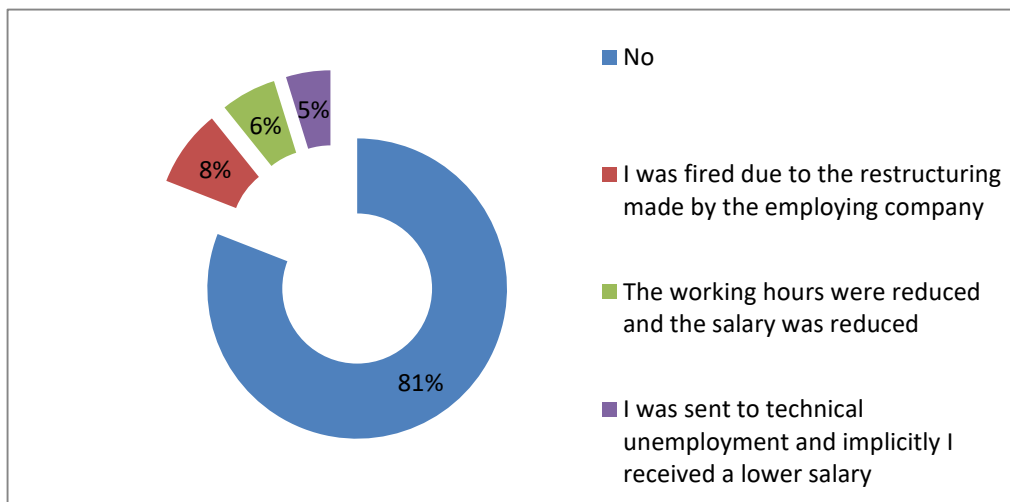


Figure 2. Situation about jobs/salary reduction

Most of those surveyed, approximately 80%, answered that they did not register major changes in terms of the income they obtained. The rest was divided between those who suffered a salary reduction due to the reduction in the number of hours worked, being sent to technical unemployment or dismissals [8,9].

Question 3. In what field of activity do you work?

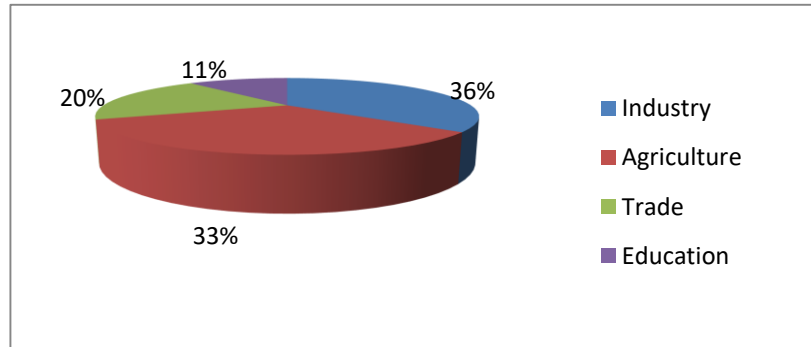


Figure 3. Situation about the fields of activities

Most of those questioned work equally in the industrial and agricultural sectors.

Question 4. What is the risk of losing your job in the next period, so implicitly of facing a decrease in your family income? [12,16]

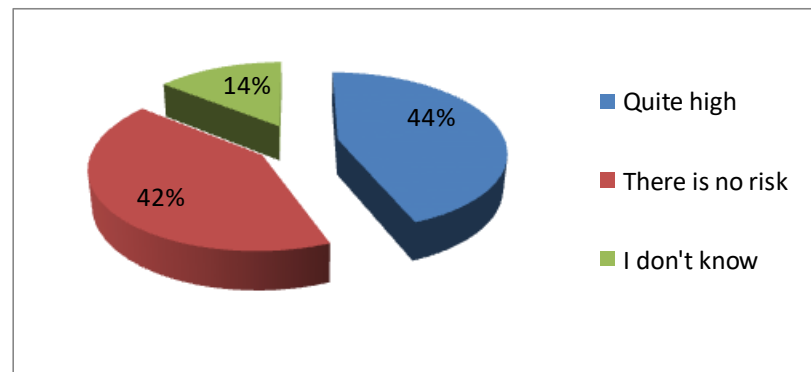


Figure 4. Risk of losing jobs

As we can see, half of the people questioned are not afraid of losing their job. The other half is more realistic.

Question 5. How are your family's income compared to the pre-pandemic period?

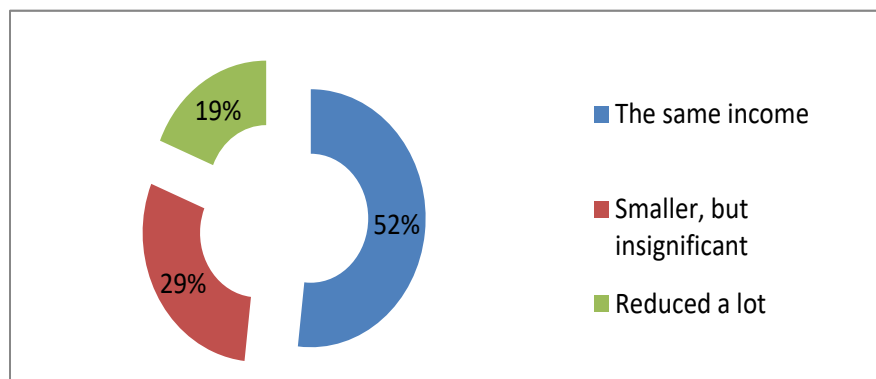


Figure 5. Income situation

More than half of the people questioned claim to have obtained incomes similar to the period before the pandemic. The other half has faced reductions.

Question 6 How do you deal with the family's monthly expenses?

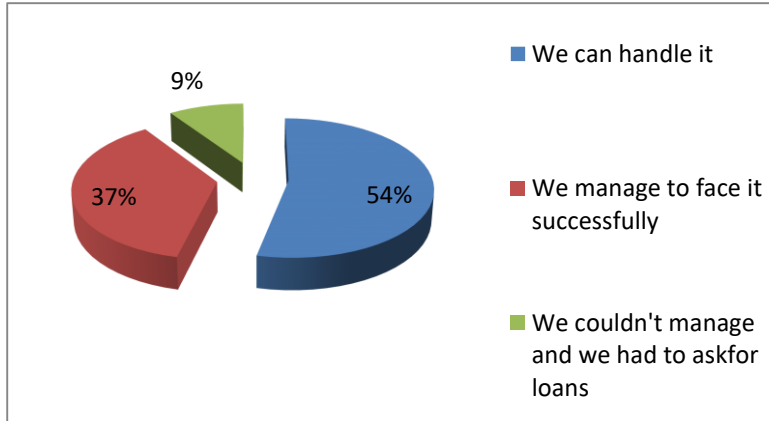


Figure 6. Family's monthly expenses

The situation changes when it comes to expenses. More than half admit that they struggle to meet monthly expenses.

Question 7. You will be able to cover your basic needs, such as procurement of food products, hygiene products, etc.? [13]

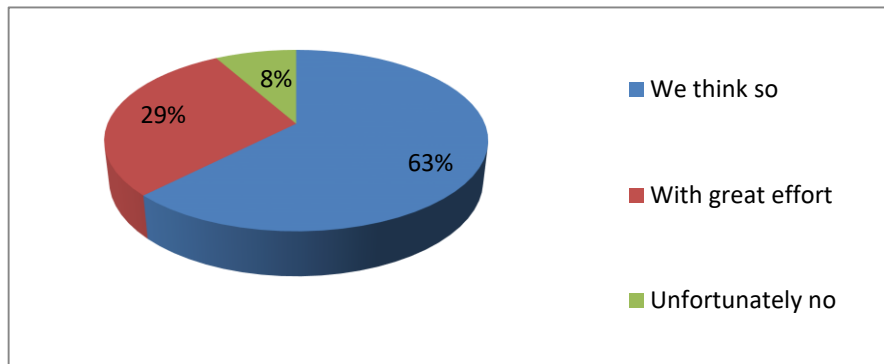


Figure 7. Covering the basic needs

In accordance with the previous question, more than half admit that they struggle to cover basic expenses, such as purchasing food and hygiene products [10,11,14].

Question 8. If you have not applied, you will apply for credits in the next period to be able to face the expenses?

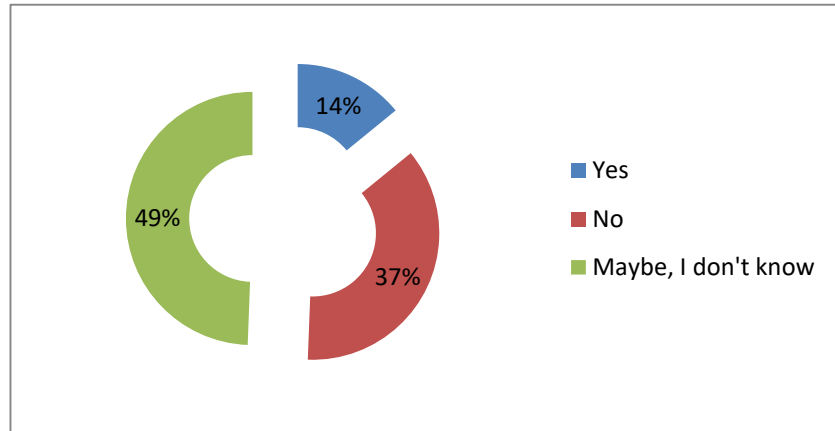


Figure 8. The need for credits

Only 14% of those surveyed answered that they are thinking of applying for loans in the next period. The percentage is so low due to reluctance and financial insecurity when it comes to loans. We believe that only those who are desperate and can't find other ways to help will turn to loans, as the world hears too many examples of major increases in interest rates on already contracted loans [2,3].

Question 9. Did you manage to save a monthly amount of money to cover unexpected expenses?

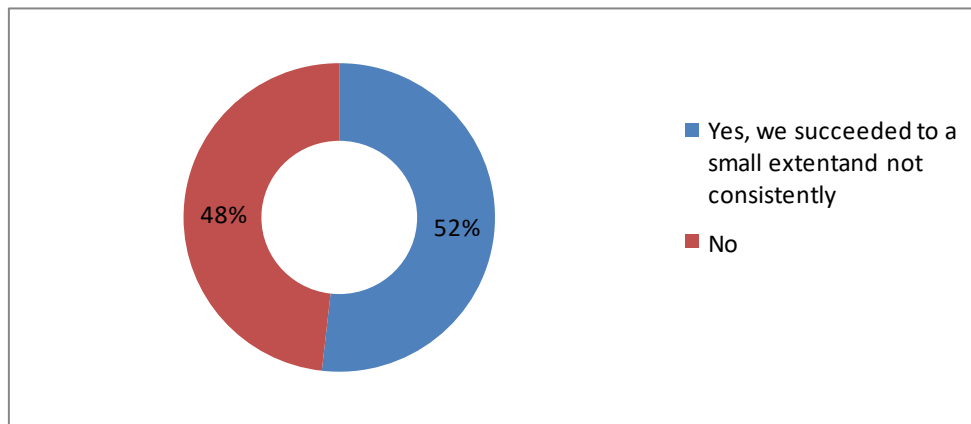


Figure 9. Savings situation

Things are no different here either, half of the respondents did not manage to accumulate any reserves, and the other half managed to collect small savings.

CONCLUSIONS

The available income of the population represents the totality monetary and in-kind means from the salaried activity and on his own account, from the realization of agricultural production from auxiliary household, property income, pensions and other benefits social, and other current transfers, such as goods and amounts money received from outside the household.

As seen from the answers given by those interviewed, there is a fear that people will lose their jobs. There are also optimists who hope that things will improve. Anyway, everyone has become more selective in terms of the goods and services purchased, balancing price versus quality.

There is again a reluctance to take out loans, due to the uncertainty regarding the payment of monthly credit rate.

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