## **Examining the Mediating and Moderating Role of Relationships in the Association between Poverty and Children's Subjective Well-Being**

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Abstract: There is inconsistency among studies about whether there is an association between poverty and the subjective wellbeing of children. Some have found a positive association, though its magnitude could be limited, others have shown no association. One possible explanation for this inconsistency is that household income, an often-adopted measure of child poverty, may not accurately and stably reflect the actual life experience of children. Some studies have suggested, however, that material deprivation covering various dimensions of children's lives could be a better measure of child poverty. Another possible explanation for the inconsistency is that the link between poverty and subjective wellbeing of children may not be that straightforward, as there could be underlying mechanisms, such as mediation and moderation, influencing its direction or strength. While a mediator refers to the mechanism through which an independent variable affects a dependent variable, a moderator changes the direction or strength of the relationship between an independent variable and a dependent variable. As suggested by empirical evidence, family relationships and friendships could be potential mediators or moderators of the link between poverty and subjective well-being: poverty affects relationships; relationships are an important element in children's subjective well-being; and economic status affects child outcomes, though not necessarily subjective wellbeing, through relationships. Since the potential links have not been adequately understood, this study fills this gap by examining the possible role of family relationships and friendships as mediators or moderators between poverty (using child-derived material deprivation as measure) and the subjective wellbeing of children. Improving subjective wellbeing is increasingly considered as a policy goal. The finding of no or a limited association between poverty and subjective wellbeing of children could be a justification for less effort to improve poverty in this regard. But if the observed magnitude of that association is due to some underlying mechanisms at work, the effect of poverty may be underestimated and the potentially useful strategies that take into account both poverty and other mediators or moderators for improving children's subjective well-being may be overlooked. Multiple mediation, and multiple moderation models, based on regression analyses, are performed to a sample of approximately 1,600 children, who are aged 10 to 15, from the wellbeing survey conducted by The Children's Society in England from 2010 to 2011. Results show that the effect of children's material deprivation on their subjective well-being is mediated by their family relationships and friendships. Moreover, family relationships are a significant moderator. It is found that the negative impact of child deprivation on subjective wellbeing could be exacerbated if family relationships are not going well, while good family relationships may prevent the further decline in subjective well-being. Policy implications of the findings are discussed. In particular, policy measures that focus on strengthening the family relationships or nurturing home environment through supporting household's economic security and parental time with children could promote the subjective wellbeing of children.

**Keywords:** child poverty, mediation, moderation, subjective well-being of children

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