# THE FIVE DIMENSIONS OF MONEY ATTITUDES AND THEIR LINK TO CHANGES IN LIFE SATISFACTION AMONG TAIWANESE ADOLESCENTS IN POVERTY

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## ABSTRACT:

*The current study examined the factorial structure of money attitudes and the relationship between changes in money attitudes and life satisfaction (LS) by using confirmatory factor analysis and multiple regression analysis to analyze a 2-year longitudinal database. The representative samples consisted of 906 Taiwanese adolescents in poverty. Compared with other competing models, results provided support for the five-factor structure of the adapted money attitude scale (MAS). Findings revealed that the relationship between changes in MAS power/prestige and LS was negative, whereas the association between changes in MAS quality and LS was positive. The results also showed that changes in MAS retention/time did not relate to changes in LS. The present study contributes to the understanding of the association between poor adolescents' money attitudes and their LS in a Confucian context from the perspective of upward social comparison. The findings suggest that avoiding overemphasizing the importance of money and reducing comparison orientation may be the effective methods of improving LS for economically disadvantaged adolescents in Confucian culture.*

***Keywords:*** *Money attitudes, Life satisfaction, Adolescents in poverty, Self-relevance Comparison orientati*on

## Introduction

Longitudinal studies found that adolescents experiencing economic disadvantages have lower levels of life satisfaction (LS) than non-poor adolescents in Chinese society (Shek 2008; Shek and Liu 2014), but little is known about which factors further influence economically disadvantaged adolescents' subjective well-being. As LS de-pends less on objective environments than on how an individual stands in relation to others (Wood 1989), money attitudes may play in promoting or reducing LS among poorer adolescents from the perspective of upward social comparison.

Most literature explaining that economic hardship affects adolescents' psychological states through the roles of parents or parent-adolescent relationships (Conger et al. 2000; McLoyd et al. 1994) tends to ignore the effects of adolescents' subjective attitudes in a given condition, especially attitudes toward money. Money attitudes in this study are defined as the meanings, feelings, and beliefs that individuals attach to money. Money attitudes are acquired through socialization and are established early in childhood (Tang et al. 2005). They are multidimensional concepts that theoretically contain the five psychological aspects power/prestige, retention/time, distrust, quality, and anxiety (Yamauchi and Templer 1982). Some research tested the reliability and validity of four of the five dimensions in terms of money attitudes (Gresham and Fontenot 1989; Lin et al. 2005; Medina et al. 1996; Yamauchi and Templer 1982), while others analyzed all five dimensions (Burgess 2005; Burgess et al. 2005). It is still unclear whether four or five dimensions of money attitudes are reflected in poor Taiwanese adolescents.

Besides the issue, results of research on the association between money attitudes and LS are mixed. People who view money as a symbol of achievement and success are more satisfied with their self-actualization, which significantly and positively links to LS (Taormina and Gao 2013). However, the poor who recognize money as a symbol of success compare their material resources with the wealthy people (upward comparison) may be dissatisfied with LS, because perceptions of inferiority result in negative mood (Wheeler and Miyake 1992). Similarly, attitudes regarding the importance of financial success negatively relates to the LS of older adolescents (Ku 2015). In another related study, the results point out that an emphasis placed on the importance of financial goals is not a cause of LS (Solberg et al. 2004). These extant studies may have biased results, because these studies do not differentiate upward social comparison from downward social comparison (i.e., comparison with worse-off others to feel satisfied with the current status). Therefore, the study aims to fill the gap in the extant literature regarding money attitudes' construction, and to contribute to literature on the upward social comparison by understanding whether changes in money attitudes associate with changes in LS among Taiwanese adolescents in poverty after considering gender, grades, family structures, changes in substance abuse, self-conception, parent-adolescent relationships, and psychopathological problems which are well-documented predictors of adolescent happy life (Proctor et al. 2009).Our study utilized a sample of 128 students, 18 of their parents, and 7 of their grandparents. Participants were interviewed regarding their retrospective perceptions of what their parents taught them about finances, and, for parents and grandparents, what they taught their children about finances. Although the interviews were initially strengths-based, we began to notice that many respondents would express "I wish…" statements indicating what they wish their parents had taught them (or what they wish they had taught their children) but unfortunately did not. After noticing this interesting pattern, we began asking about regrets more purposefully in the interviews. Our intention in exploring this topic is certainly not to censure parents and highlight their shortcomings related to their financial education methods, but instead to inform them, researchers, and financial educators by bringing to light some of the reasons Millennials may lack financial capability and independence.

**Literature Review**

There is a growing concern regarding financial literacy and financial behavior among the rising generation (Babiarz and Robb 2014; Lusardi et al. 2010). Traditionally, there has seemed to be a learning curve regarding financial literacy for the young as they learn from financial mistakes and experience. However, financial difficulties and harmful practices seem to be increasing, particularly among emerging adults (Clarke et al. 2005; Jorgensen and Savla 2010; Lusardi et al. 2010). Financial competency test scores continue to decline (Jorgensen and Savla 2010), national student loan debt continues to increase (Reed and Cochrane 2012), and emerg-ing adults are the fastest growing group of bankruptcy filers (US Congress Senate Committee on Banking, Housing, and Urban Affairs 2002). A review of literature presents a strong case that par-ents have played a vital role in their children's financial capability (Chowa and Despard 2014 ; Clarke et al. 2005; Jorgensen and Savla 2010; Kim et al. 2011; Lusardi et al. 2010). Studies have shown that parents have a significant influence on their children's financial knowledge (Tang and Peter 2015), financial attitudes (Jorgensen and

Savla 2010), and financial behaviors (Grinstein-Weiss et al. 2012, 2011). Serido and colleagues (2010) found that quality financial communication from parents not only led to higher financial well-being but was also associated with higher psychological and personal well-being. Emerging adults reported that they felt more prepared for financial responsibilities if they were modelled in the home (Clarke et al. 2005), however, one study showed that parents may believe that it was not their responsibility to teach finances to their children (Jorgensen and Savla 2010). The discrepancies found within the Millennial generation's financial capability may be largely mitigated for future generations through correct parental modelling and teaching, but parents need to first be educated on the responsibility they have to teach their children about finances as well as what financial principles to teach their children. Social learning theory (Bandura and Walters 1963) pro-vides some explanation for why parents play such a large role in their children's financial beliefs and behaviors. Children learn financial practices and attitudes by watching their parents use money and then imitating what they observe. This social learning approach is reflected in Gudmunson and Danes' (2011) family financial socialization model, which suggests that family processes influence financial behavior and wellbeing. Behavioristic approaches to learn-ing theory would also add that children and emerging adults learn financial principles through experience, dealing with rewards and punishments for their personal financial decisions (Otto 2013) . Sadly, without much financial modelling or overt financial teaching in the home (Clarke et al. 2005), many emerging adults are having to gain financial literacy the "hard way," i.e., through behaviorist means. Finally, cognitive developmental structuralist theory argues that developmental stages can be observed in a child's economic thinking (Otto 2013). This suggests that emerging adults may not be fully developed in their economic thinking, offering insight as to why they are struggling financially. These theories add valuable pieces to the puzzle of Millennials' economic behavior.

With the increasing gap between where Millennials' financial knowledge should be and where it actually is, many researchers have taken a vested interest in this particular issue. A small but important niche of researchers focus on financial education taking place within families. This is important because it explores what parents are actually modelling for and teaching their children. For example, LeBaron and colleagues (2016) described four main principles that are essential to financial education within families: the importance of financial vision, hard work, money management knowledge (i.e. budgeting, saving, avoiding debt), and generosity. Additionally, Clarke and colleagues (2005) described the important yet different roles mothers and fathers play in modelling financial principles for their children, such as the principles of budgeting and saving for mothers and financial tasks for fathers.

**Methods**

This paper is part of a larger study, the *Whats and Hows of Family Financial socialization* project (LeBaron et al. 2016). The purpose of this multi-generational, qualitative project is to better understand what and how parents are teaching their children about finances.

**Sample**

The convenience sample for this study (*N* = 153 participants) included 128 undergraduate students (ages 18–30) enrolled in family finance classes at a private university in the

Intermountain West, a public university in the Midwest, and a state university in the Southwest. Additionally, 18 parents and 7 grandparents of students were also interviewed, thereby providing reports and perspectives from three generations (college student, her/his parent, her/his grandparent). This resulted in a total of 7 student, parent, and grandparent triads, as well as 11 additional student and parent dyads. We felt this approach would be informative and valuable in addressing our research question, considering Handel's (1996) observation that "No [single] member of any family is a sufficient source of information for that family" (p. 346).

**Procedures**

Qualitative interviews were conducted by trained team members either face-to-face or over-the-phone. All interviews were conducted in a research office on a university's campus, with the majority of interviews lasting 15–30 min. Inter-view questions asked participants specifically what financial principles were taught by their parents and how those principles were taught. All interviews began with variations of two open-ended questions: (1) "What did your parents teach you about money?" and (2) "How did they teach you those things?" Follow-up questions were then asked to extract further information from the participant based on their responses. Parent and grandparent interviews generally ran slightly longer than the student interviews, usually lasting between 30 and 60 min. In addition to the previous two questions, parent and grandparent interviews also focused on

(1)"What did you teach your children about money?" and

(2) "How did you teach those things?" Although the purpose of the interviews was initially to focus on beneficial principles and practices that were taught, the researchers began to notice that the participants were, without any prompting, making comments such as, "I wish my parents would have taught me more about ________." Because of this obvious trend in the interview phase, we began asking participants what they wish their parents would have taught them, and, for parents and grandparents, what they wish they would have taught their children.

All 150 interviews (one interview was composed of a married student pair, another both parents, and a third both grandparents) were recorded and transcribed verbatim. The data were then coded as explained in the next section.

**Coding and Analyses**

In order to produce "more valid, reliable, and rigorous qualitative research" (Marks 2015, p. 494) we decided to use a team-based approach to qualitative data collection, analysis, and coding (for detailed explanation, see Marks 2015). The strategies which contributed to greater reliability include (a) developing a detailed audit trail for sampling, questionnaire usage, and qualitative coding that demonstrate and provide a "replicable method of inquiry" (p. 499); (b) building a qualitative research team that engages diverse team members; and coding the data in coding pairs with a focus on interrater reliability that allows for multiple voices but "tempers the idiosyncrasies [and biases] of any single member" (p. 502).

The research team divided into five coding pairs to analyze the data. Both members of each pair independently open coded each interview and then met together to review (line-by-line) their open codes in a check and balance sys-tem, resolving discrepancies as they arose. Composite interrater reliability was exceptionally high, slightly over 0.90, with discrepancies as incidents in which coding partners had varying independent coding and could not completely agree on a resolution. The coded excerpts were tracked using NVivo 11 qualitative software.

**Findings**

The following three themes represent many of the "I wish…" expressions from the 150 interviews of Millennials and their parents and grandparents. The first theme (Practical Knowledge: "They never taught me how to budget") addresses financial information they reportedly wished they had taught or had been taught more thoroughly. Theme 2 (Financial Stewardship: "I didn't get tons of opportunities to budget my own money") addresses financial experiences, opportunities, and responsibilities many participants seemed to feel they had missed. The third and final theme (Open Communication: "I've never seen my parents' budget or heard them talk about it") captures apparent reports of squandered opportunities to teach via parental modelling of wise financial behavior and meta-discussion. Although parents and grandparents referenced all three themes, references to the latter two themes were less common.

**Theme 1—Practical Knowledge: "They Never Taught Me How to Budget"**

The analyzed data from our participants repeatedly featured reports that many seemed to wish their parents had taught them more practical financial knowledge such as how to budget, how to file taxes, and how to wisely save and invest money. This first and most common theme was mentioned 270 times, an average of 2.1 references per interview.

**Theme 2—Financial Stewardship: "I Didn't Get Tons of Opportunities to Budget My Own Money"**

The second recurring theme in the interview data was that participants wished they had given, and been given, more financial stewardship or responsibility. This theme was mentioned 81 times, an average of 0.6 references per interview. While less prevalent, some parents and grandparents correspondingly reported that they wish they had *given* more financial responsibility to their children during the formative years.

Specifically, participants reportedly wished they had been given chances to work for their own money, get a job, and save for their own purchases. They wished their parents had entrusted them with greater responsibility and flexibility regarding financial decisions early on so that they would be more comfortable and confident in making those decisions as emerging adults. For example, Colton (White male Millennial) expressed,

[My parents] set up [a bank] account for me…but I didn't quite know what was mine or what my responsibilities were exactly. So when I was making that transition from dependence to independence financially, it would've been nice to be the one [who had taken] the initiative…[I wish] they would have taught me how to establish my account or let me have the opportunity to do it by myself so I was fully responsible.

**Theme 3—Open Communication: "I've Never Seen My Parents' Budget or Heard Them Talk About It"**

The third and final theme we found captures participants' wishes that their parents had more openly communicated with them about the family's finances. This theme was mentioned 117 times, an average of 0.9 references per inter-view. Charlie (White male Millennial) said, "I wish [my parents] would have [been]…more open about the family finances because it was always just a big mystery." By contrast, parents and grandparents rarely mentioned that they wished they had been more open with their children—this "wish" was dominated by Millennials mentioning what they wish they had received. Millennials reportedly wished their parents had facilitated sit-down lessons or family councils to discuss the family's finances. They wished their parents had shared with them their budget, income vs. expenditures, retirement plan, debt, investments, etc. For example, Audrey (White female Millennial) said, "I wish I would have known more about how [my parents] pay taxes or [pay] the bills or how our family's finances were going—or even [our] debts and how we'd pay th[em]." Participants seemed to wish that finances had been more of an ongoing, open conversation over the years. They apparently felt that they could have been better prepared for their own financial futures had they learned about their parents' finances.

**Discussion**

The three principles presented here—teaching children more practical knowledge, giving them more financial stewardship or responsibility, and communicating more openly about finances with them—are the three main categories for what Millennials, parents, and grandparents wished their parents had taught them about finances, as well as what parents and grandparents wished they had taught their children (Table 1). These findings speak powerfully to how a lack of financial teaching in the home may be a contributing factor in the current financial challenges being faced by today's emerging adults. Critical consideration of these wishes gives insight into current parental challenges regarding financial teach-ing as well as directions for family life educators and future research. Practical knowledge was overall the most desired thing that participants wished that their parents had taught them. They wished they had been taught how to budget, to invest, and other "what's" and "how's" key to financial adulthood. Participants expressed that if they had been given more knowledge as children, they would be making fewer mistakes and be more financially stable as emerging adults and adults. A few barriers were proposed for parents teaching children practical financial knowledge. One was that parents might think that their children would not understand the concepts, even if they did try to teach them. Additionally, parents might not understand correct financial principles and practices themselves, which would inhibit their ability to teach them to their children. Parents might also excuse themselves from teaching practical knowledge because they think that their children will be taught sufficient information in school or elsewhere. Parents may also be too infrequent in their teaching for children to really grasp an understanding of finances. Comparative to the infamous, uncomfortable "sex talk," parents may have the one-and-done mentality towards teaching their kids about finances.

**Limitations**

We recognize that there are limitations to our study. Our themes may have arisen in the interviews simply because the students we interviewed had difficulty accurately remembering what their parents actually taught them because it was not then applicable to them. However, this limitation implies that parents need to be instructed in more effective ways to teach children financial principles and practices so that children will remember and be able to apply what is taught. Parents may also need more financial education themselves.

Another limitation is that our sample is primarily made up of college students enrolled in a family finance class. It is uncertain how much our findings can be generalized to all Millennials. Additionally, our sample of parents and grandparents was relatively small and findings may not be generalizable to all parents and grandparents of Millennials.

Though we do not claim full theoretical saturation for all of the themes reported by the students, we believe we are close. Indeed, we included student participants from three diverse universities to see if the themes would "hold" in a variety of environments. We found that the same themes emerged at all three locations. This is evidence of at least a moderate level of saturation among student participants. However, given our much smaller sample of parents and grandparents, it would be premature to make the same claim of saturation for them. Indeed, we think there is more to learn from them and encourage future research to include a larger parent/grandparent sample.

## Implications

In addition to the obvious implications for parent's them-selves, the three themes that emerged from this study can assist family life educators, particularly financial educators, in developing outreach programs and financial education curricula concerning parental financial education. Educators should not only advise parents on *what* and *how* to teach their children regarding finances; parents should also be encouraged to teach and talk about finances *more frequently*. If educators can help parents effectively and frequently teach and model financial principles, children may be better able to remember and apply the principles and practices they are taught. If parental financial education were to be improved, these "I wish" statements could turn into "I'm so glad" statements.

## Conclusions

The results of this study support the validity and reliability of the adapted MAS among poor adolescents in a Confucian culture. Among the three competing models of the MAS, this study indicates that the five-factor MAS model fits the data well. The relative importance of these attitudes relating to the dimension of money is shaped by Confucian culture. The effect of upward comparison is not always adverse. Based on the findings, educators should encourage students, who highly stress the importance of money, to pursue inner peace and spirituality in order to reduce the extent of self-relevance on MAS power/prestige. Likewise, avoiding engagement with upward social comparison on a frequent basis may be an effective method for improving the LS of adolescents living in poverty in Confucian culture.

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