# Do Both Parental and Personal Values and Expectations Influence Young Adult's Financial Behaviors and Well-Being? Does Employment Status Matter?

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Responsible financial behaviors among young adults are associated with financial well-being (Shim et al., 2012). Literature shows that external financial socializing agents, particularly parents, are instrumental in shaping financial values and behaviors of young adults (Serido & Deenanath, 2016). However, young adults' values and expectations may also equally influence their financial behavior. Despite an improving U.S. economy, financial instability remains the leading source of stress among adults (American Psychological Association, 2015). Employment is one marker of adult status (Arnett, 2000) and the main avenue for financial independence, but employment opportunities may look different following the Great Recession. Shierholz et al. (2013) reported an increase in young college graduates who were unemployed, underemployed, or working jobs that did not require a college degree, as compared to before the recession. Guided by Expectancy-Value Theory (Eccles & Wigfield, 2002), we hypothesize that after accounting for parental factors, personal expectations and values will positively predict financial behaviors and well-being.

The purpose of this study is to investigate the simultaneous associations of both internal and external values and expectations on young adults' financial behavior, and in turn how these internal and external factors affect young adults' financial well-being. For college graduates after the Great Recession, employment was especially challenging. Thus, the study also considers whether employment status moderates the relationship between financial behaviors and one's perception of financial well-being.

The study used data from the Arizona Pathways to Life Success (APLUS) project collected at two time points five years apart (n=754). Wave 1 (age range 18-21) and Wave 2 (age range 22-27). The measures for the study included: *Parental expectations* (Shim et al., 2010) – 6 items rated on a 5-point Likert scale (1=Strongly disagree; 5=strongly agree), e.g. track monthly expenses, spend within budget) was multiplied by the degree of compliance rated on a 5-point Likert scale (1=Strongly disagree; 5=Strongly agree), e.g. "When it comes to money matters, to what degree do you think your own behaviors are influenced by your parents?") and then the mean was computed to provide a measure of parental influence (α= 86); *Parental value* – single item question asked respondents to rate the following statement on a 5-point Likert scale (1=Very unimportant; 5=Very important), "It is very important to my parent's that I choose an academic major that will lead to a well paying job upon graduation"; *Personal expectations* (Shim, Xiao, Barber & Lyons, 2009) – 5 items rated on a 5-point Likert scale (1=Strongly disagree; 5=Strongly agree), e.g. "I am satisfied with the way I pay my bills" (α= 77); *Personal actualizing values* (Kahle, 1983) – 5 items rated on a 5-point Likert scale (1 = never; 5 = always), e.g. "self-fulfillment" (α= 795); *Personal hedonic values* (Kahle, 1983) – 4 items rated on a 5-point Likert scale (1=Strongly disagree; 5=Strongly agree), e.g. "self-fulfillment" (α= 693); *Financial Behavior* (Serido et al., 2015) – 8 items rated on a 5-point Likert scale (1=Strongly disagree; 5=Strongly agree), e.g. "tracked monthly expenses" (α= 79); and *Financial Well-Being* (Serido et al., 2010; Shim et al., 2010) – 3 items rated on a 5-point Likert scale (1=Strongly disagree; 5=Strongly agree), e.g. "feeling satisfied with current financial status" (α= 819).

A series of hierarchical linear multiple ordinary least squares (OLS) regressions were conducted to further evaluate the separate and combined effects of early external and internal expectations and values, along with later financial behaviors in predicting later financial well-being, and whether employment had a moderating effect on financial behavior.

Early personal expectations significantly predicted later financial behavior and financial well-being ($F$(15,709) = 21.841, $p$ = .000), adjusted $R^2$ = .306). Parental expectations remained important for financial well-being, but not for financial behavior. Although a significant predictor, employment status did not have a moderating effect on the association between financial behavior and financial well-being. Partial support was found for financial behavior as a mediator of parental expectations. Although not fully mediating, there is evidence of an indirect effect on personal expectations.

 

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