ProBisnis : Jurnal Manajemen, 14 (5) (2023) pp. 217-223

Published by: Lembaga Riset, Publikasi, dan Konsultasi Jonhariono

ProBisnis : Jurnal Manajemen

Journal homepage: www.jonhariono.org/index.php/ProBisnis

The Impact of Parental Norms on Money Management (Literatur Review)

Yuliani[1], Surianti[2], Mohdari[3], Ela Elliyana[4]

[1]Department of Management Citra Nusantara Banjarmasin, Indonesia
[2]Department of Magister Management, STIE AMKOP, Indonesia
[3]Department of Management, STIE Nasional Banjarmasin, Indonesia
[4]Department of Accounting, Universitas Indonesia Timur Makassar, Indonesia

ARTICLE INFO

Article history:

Received Oct 07, 2023
Revised Oct 15, 2023
Accepted Oct 26, 2023

Keywords:

Financial Socialization Agents,
Money Management,
Parental norms

ABSTRACT

This study aims to provide information related to the influence of parental norms on money management; qualitative methods with literature survey techniques seek to place, obtain, read, and evaluate research literature. Analysis and search for articles involving themes with titles, abstracts, and keywords related to parental norms, money management, and financial socialization agents. Selection of compositions according to writing needs, list of documents, and type of article. The data collection technique in this study was a literature survey collected from the database using Harzing's Publish or Perish (PoP). The study results show that parents are very influential in shaping children's financial management behavior. Technically, parents are role models for children in shaping their financial management behavior.

Corresponding Author:

Yuliani,
Department of Management,
Citra Nusantara Banjarmasin,
Ruland Willy Jack Sumampouw, Gg. Menara, Tlk. Dalam, Kec. Banjarmasin Tengah, Kota Banjarmasin, Kalimantan Selatan 70117, Indonesia
Email: elaelliyana82@gmail.com

1. INTRODUCTION

Apart from the media, peers are agents of money-related socialization. Parents are one of the main socializations for adolescents (Webley & Nyhus, 2013; Zulfaris et al., 2020) reaches 97% (Miller & Yung, 1990) , indirectly parental rol models influence students' financial behavior (Furnham, 1999; Sirsch et al., 2020) Previous studies have shown that parents are also more persuasive in providing education-related money to their children (Sundarasen et al., 2016b). the efficacy of financial literacy programs can be significantly enhanced through parental involvement, especially for children and young adults (Van Campenhout, 2015). The influence of parents was found to be 1.5 times greater than that of financial education and more than twice that of friends. During the family financial socialization process, parents play an essential role in developing and improving their children's financial literacy (Gudmunson & Danes, 2011). A comprehensive study by (Shim et al., 2009) Parental socialization is significantly related to financial behavior and responsible (Gentina et al., 2018). agrees that adults who are confident with their choice of financial transactions tend to have sufficient guidance from their parents during childhood (Beal & Delpachitra, 2003; Rajan, 2006; Sabana, 2014) , in addition to formal financial literacy education from other sources. According to, (Cude et al., 2006), research on high school and college students showed that nearly 77% of students turned away and relied on their parents to provide them with information about financial knowledge and ability. Recent evidence shows that a mother's education has a way of contributing to her child's financial literacy (Agnew & Cameron-Agnew, 2015; Ansong & Gyensare, 2012; Lusardi et al., 2010), different financial socialization during childhood could be the main factor for this difference (Leila et al., 2011), especially if the respondent's mother had a university or college level education, the respondent whose mother had a university level education university or college, have a superior outlook than those whose mothers are only from high school (Hung et al., 2012). Dewi et al., (2015) Children's habits usually learn pattern habits from their parents. Parents who have encouraged proper financial behavior at a young age are highly considered by their children as a duplicate of their financial behavior, and they adopt appropriate financial activities and proper money management (Bakar, 2020; Bamforth et al., 2018; LeBaron et al., 2020; Sinha et al., 2018). Thus, monetary learning mainly adapted by each individual is the role of parents' financial knowledge, which is the reference (Albeerdy & Gharleghi, 2015; Rudeloff et al., 2019; Van Campenhout, 2015)

Parental guidance with proper communication and example in the early stages of a person's life, coupled with financial education in schools, is a perfect blend and provides a solid foundation that can encourage better monetary decision-making by adolescents (Shim et al., 2010; Silva et al., 2017). For example, financial skills taught by parents in childhood affect lower debt behavior in adulthood (Grinstein-Weiss et al., 2011; Houle, 2014; Kim & Chatterjee, 2013; Xiao et al., 2014). On the other hand, the lack of communication between parents and their children regarding their financial problems shows that debt levels increase over time (Norvilitis & MacLean, 2010). This means that an effective form of attention will impact the family's social and financial behavior in the family due to the prominent role of parents (Kruzhkova et al., 2018; Qi & Wu, 2020; Sharif & Naghavi, 2020). Primary exposure or cash management education is an essential variable influencing individual money-related behavior.

2. RESEARCH METHOD

This research uses a qualitative method with a literature survey that aims to provide information suggestions related to the influence of parental norms on children's/student financial management. A literature survey is a process of locating, obtaining, reading, and evaluating research literature. Analysis and search of articles involving themes with titles, abstracts, and keywords related to parental norms and money management. Select articles according to writing needs, document list, and article type. The data collection technique in this study was a literature survey collected from the database using Harzing's Publish or Perish (PoP). This study outlines some of the findings of previous research references and explores parental norms for child/student financial management.

3. RESULTS AND DISCUSSIONS

Shows that parents have an enormous influence in shaping children's financial management behavior (Fan & Chatterjee, 2019; Jamal et al., 2015; Sanders & Turner, 2018). Both technically, parents play a role as role models for their children's financial behavior (Entrialgo & Iglesias, 2018; Jang et al., 2019; Robertson-Rose, 2020). (Falahati & Paim, 2011) considers parents or family as agents of socialization. As for socialization agents, they can show contrasting views on managing finances, where some cases show that families may be able to spend more money, but the level of savings they have is lower (Sabri & Falahati, 2012).

According to (Amagir et al., 2020; Berry et al., 2018) , spending is the most difficult to do for students who are limited in finances. However, colleagues can influence financial knowledge, attitudes, and behavior. Peer relationships can support and prevent spending appropriately, depending on the type of spending. This is because peers can promote many things, including cheating (Gentina et al., 2018), the impact of which may be possible for them also to increase proper money management (Brigham & Houston, 2021; Gentina et al., 2017) . However, parental norms have a positive effect on money management (Sundarasen et al., 2016a), including the relevance of financial literacy, financial socialization agents, and parental norms on money management and overcoming the impact of these factors on money management (Bamforth et al., 2018). Parental involvement has a positive effect on financial management results (O'Boyle Jr et al., 2012). School finances are essential for improving school management. Therefore education stakeholders need to increase parental involvement (Bryan et al., 2019; Hill et al., 2018; Ishimaru, 2019). students have acquired, for the most part, their financial knowledge with their parents and relatives and in daily practice, but there is little dialogue within families about financial matters (Danes & Brewton, 2014). Financial knowledge originating from schools is still low, so it is necessary to improve the quality of this knowledge at this stage and in the future (Goyal & Kumar, 2021; Lusardi et al., 2010; Shaturaev, 2021).

The college level is usually the beginning of financial independence because when they go to college, parents give their children the authority to determine their finances (Putri et al., 2020). Financial literacy is one of the competencies needed by society to determine all financial decisions taken (Faulkner, 2015; Remund, 2010). Parents are critical when developing children's financial literacy levels, where it has been proven that there is a relationship between financial literacy and parents' financial socialization (Legenzova et al., 2019; Shim et al., 2010). Factors that influence the success of parental socialization as an effort to increase children's financial literacy are parental experience, role models, financial communication, financial benefits, and financial monitoring (Albeerdy & Gharleghi, 2015; Hancock et al., 2013; Shim et al., 2009).

4. CONCLUSION

The study results show that confidence in financial transactions with the right financial choices, they tend to get good direction from their parents since childhood. However, many are supported by formal financial literacy education from various sources of important socio-economic factors in shaping economic socialization practices in the family (Drever et al., 2015; Sherraden et al., 2013), If parents lack financial knowledge or experience, they cannot teach and model effectively for their children and may model harmful financial behavior (Gilenko & Chernova, 2021; Hanson & Olson, 2018; LeBaron et al., 2019). Previous researchers believed that parents' education strongly correlated with their financial knowledge, so it could influence the quality of parents' financial socialization (Engels et al., 2020). Thus, it was obtained from the results of the study that the education of parents in the family impacted the youth's financial management ability (Bregu et al., n.d.).

The findings show that the financial socialization of parents and adolescents perceived by parents is a strong and consistent predictor of adolescent financial behavior, such as income earned (Dangol & Maharjan, 2018; Deenanath et al., 2019). Practitioners interested in empowering young people Through education and financial inclusion programs can consider activities involving parents and other family members as a program to take advantage of opportunities for young people to earn income while learning to manage their finances (Drever et al., 2015).

ACKNOWLEDGEMENTS

We extend our gratitude to the practitioners who are dedicated to empowering young people through financial education and inclusion programs. Additionally, we are thankful to the informan who generously shared their experiences and insights, making this research possible.

REFERENCES

Agnew, S., & Cameron-Agnew, T. (2015). The influence of consumer socialisation in the home on gender differences in financial literacy. *International Journal of Consumer Studies*, *39*(6), 630–638.

Albeerdy, M. I., & Gharleghi, B. (2015). Determinants of the financial literacy among college students in Malaysia. *International Journal of Business Administration*, *6*(3).

Amagir, A., Groot, W., van den Brink, H. M., & Wilschut, A. (2020). Financial literacy of high school students in the Netherlands: knowledge, attitudes, self-efficacy, and behavior. *International Review of Economics Education*, *34*, 100185.

Ansong, A., & Gyensare, M. A. (2012). Determinants of university working-students' financial literacy at the University of Cape Coast, Ghana. *International Journal of Business and Management*, *7*(9), 126.

BAKAR, M. Z. A., & BAKAR, S. A. (2020). Prudent financial management practices among Malaysian youth: The moderating roles of financial education. *The Journal of Asian Finance, Economics and Business*, *7*(6), 525–535.

Bamforth, J., Jebarajakirthy, C., & Geursen, G. (2018). Understanding undergraduates' money management behaviour: a study beyond financial literacy. *International Journal of Bank Marketing*.
Beal, D., & Delpachitra, S. (2003). Financial literacy among Australian university students. *Economic Papers: A Journal of Applied Economics and Policy*, *22*(1), 65–78.
Berry, J., Karlan, D., & Pradhan, M. (2018). The impact of financial education for youth in Ghana. *World Development*, *102*, 71–89.
Bregu, E., Anamali, A., & Shosha, B. (n.d.). *Money Management in High School Students: Literature Review*.
Brigham, E. F., & Houston, J. F. (2021). *Fundamentals of financial management*. Cengage Learning.
Bryan, J., Griffin, D., Kim, J., Griffin, D. M., & Young, A. (2019). School counselor leadership in school-family-community partnerships: An equity-focused partnership process model for moving the field forward. *The Wiley Handbook on Family, School, and Community Relationships in Education*, 265–287.
Cude, B. J., Lawrence, F., Lyons, A., Metzger, K., LeJeune, E., Marks, L., & Machtmes, K. (2006). College students and financial literacy: What they know and what we need to learn. *Proceedings of the Eastern Family Economics and Resource Management Association*, *102*(9), 106–109.
Danes, S. M., & Brewton, K. E. (2014). The role of learning context in high school students' financial knowledge and behavior acquisition. *Journal of Family and Economic Issues*, *35*(1), 81–94.
Dangol, J., & Maharjan, S. (2018). Parental and peer influence on the saving behavior of the youth. *International Research Journal of Management Science*, *3*, 42–63.
Deenanath, V., Danes, S. M., & Jang, J. (2019). Purposive and unintentional family financial socialization, subjective financial knowledge, and financial behavior of high school students. *Journal of Financial Counseling and Planning*, *30*(1), 83–96.
Dewi, K. S., Prihatsanti, U., & Setyawan, I. (2015). Children's aggressive behavior tendency in central java coastal region: the role of parent-child interaction, father's affection and media exposure. *Procedia Environmental Sciences*, *23*, 192–198.
Drever, A. I., Odders-White, E., Kalish, C. W., Else-Quest, N. M., Hoagland, E. M., & Nelms, E. N. (2015). Foundations of financial well-being: Insights into the role of executive function, financial socialization, and experience-based learning in childhood and youth. *Journal of Consumer Affairs*, *49*(1), 13–38.
Engels, C., Kumar, K., & Philip, D. (2020). Financial literacy and fraud detection. *The European Journal of Finance*, *26*(4–5), 420–442.
Entrialgo, M., & Iglesias, V. (2018). Are the intentions to entrepreneurship of men and women shaped differently? The impact of entrepreneurial role-model exposure and entrepreneurship education. *Entrepreneurship Research Journal*, *8*(1).
Falahati, L., & Paim, L. H. (2011). A comparative study in money attitude among university students: a gendered view. *Journal of American Science*, *7*(6), 1144–1148.
Fan, L., & Chatterjee, S. (2019). Financial socialization, financial education, and student loan debt. *Journal of Family and Economic Issues*, *40*(1), 74–85.
Faulkner, A. E. (2015). A systematic review of financial literacy as a termed concept: More questions than answers. *Journal of Business & Finance Librarianship*, *20*(1–2), 7–26.
Furnham, A. (1999). Economic socialization: A study of adults' perceptions and uses of allowances (pocket money) to educate children. *British Journal of Developmental Psychology*, *17*(4), 585–604.
Gentina, E., Tang, T. L.-P., & Gu, Q. (2017). Does bad company corrupt good morals? Social bonding and academic cheating among French and Chinese teens. *Journal of Business Ethics*, *146*(3), 639–667.
Gentina, E., Tang, T. L.-P., & Gu, Q. (2018). Do parents and peers influence adolescents' monetary intelligence and consumer ethics? French and Chinese adolescents and behavioral economics. *Journal of Business Ethics*, *151*(1), 115–140.
Gilenko, E., & Chernova, A. (2021). Saving behavior and financial literacy of Russian high school students: An application of a copula-based bivariate probit-regression approach. *Children and*

Youth Services Review, *127*, 106122.
Goyal, K., & Kumar, S. (2021). Financial literacy: A systematic review and bibliometric analysis. *International Journal of Consumer Studies*, *45*(1), 80–105.
Grinstein-Weiss, M., Spader, J., Yeo, Y. H., Taylor, A., & Freeze, E. B. (2011). Parental transfer of financial knowledge and later credit outcomes among low-and moderate-income homeowners. *Children and Youth Services Review*, *33*(1), 78–85.
Gudmunson, C. G., & Danes, S. M. (2011). Family financial socialization: Theory and critical review. *Journal of Family and Economic Issues*, *32*(4), 644–667.
Hancock, A. M., Jorgensen, B. L., & Swanson, M. S. (2013). College students and credit card use: The role of parents, work experience, financial knowledge, and credit card attitudes. *Journal of Family and Economic Issues*, *34*(4), 369–381.
Hanson, T. A., & Olson, P. M. (2018). Financial literacy and family communication patterns. *Journal of Behavioral and Experimental Finance*, *19*, 64–71.
Hill, N. E., Witherspoon, D. P., & Bartz, D. (2018). Parental involvement in education during middle school: Perspectives of ethnically diverse parents, teachers, and students. *The Journal of Educational Research*, *111*(1), 12–27.
Houle, J. N. (2014). Disparities in debt: Parents' socioeconomic resources and young adult student loan debt. *Sociology of Education*, *87*(1), 53–69.
Hung, A., Yoong, J., & Brown, E. (2012). *Empowering women through financial awareness and education*.
Ishimaru, A. M. (2019). From family engagement to equitable collaboration. *Educational Policy*, *33*(2), 350–385.
Jamal, A. A. A., Ramlan, W. K., Karim, M. A., & Osman, Z. (2015). The effects of social influence and financial literacy on savings behavior: A study on students of higher learning institutions in Kota Kinabalu, Sabah. *International Journal of Business and Social Science*, *6*(11), 110–119.
Jang, M., Owen, B., & Lauver, D. R. (2019). Different types of parental stress and childhood obesity: A systematic review of observational studies. *Obesity Reviews*, *20*(12), 1740–1758.
Kim, J., & Chatterjee, S. (2013). Childhood financial socialization and young adults' financial management. *Journal of Financial Counseling and Planning*, *24*(1), 61.
Kruzhkova, O. V, Vorobyeva, I. V, Zhdanova, N. E., & Ljovkina, A. O. (2018). Adolescent vandalism: the role of the parent-child relationship in the development of destructive behavior. *Psychology in Russia: State of the Art*, *11*(3), 168–182.
LeBaron, A. B., Marks, L. D., Rosa, C. M., & Hill, E. J. (2020). Can we talk about money? Financial socialization through parent–child financial discussion. *Emerging Adulthood*, *8*(6), 453–463.
LeBaron, A. B., Runyan, S. D., Jorgensen, B. L., Marks, L. D., Li, X., & Hill, E. J. (2019). Practice makes perfect: Experiential learning as a method for financial socialization. *Journal of Family Issues*, *40*(4), 435–463.
Legenzova, R., Gaigalienė, A., & Leckė, G. (2019). Impact of parental financial socialization factors on financial literacy of Lithuanian high school students. *Acta Prosperitatis*, *10*, 41–60.
Leila, F., Laily, P., Maimunah, I., Sharifah, A. H., & Jariah, M. (2011). Assessment of university studentsâ€™ financial management skills and educational needs. *African Journal of Business Management*, *5*(15), 6085–6091.
Lusardi, A., Mitchell, O. S., & Curto, V. (2010). Financial literacy among the young. *Journal of Consumer Affairs*, *44*(2), 358–380.
Miller, J., & Yung, S. (1990). The role of allowances in adolescent socialization. *Youth & Society*, *22*(2), 137–159.
Norvilitis, J. M., & MacLean, M. G. (2010). The role of parents in college students' financial behaviors and attitudes. *Journal of Economic Psychology*, *31*(1), 55–63.
O'Boyle Jr, E. H., Pollack, J. M., & Rutherford, M. W. (2012). Exploring the relation between family involvement and firms' financial performance: A meta-analysis of main and moderator effects. *Journal of Business Venturing*, *27*(1), 1–18.
Putri, G., Rahadi, R. A., & Tiara, A. R. (2020). A conceptual study on the impact of parental influence in improving financial literacy of university students. *Asia Pacific Journal of Social Science*

Research, *5*(1), 12–20.
Qi, D., & Wu, Y. (2020). Family's social economic status and child educational outcomes in China: The mediating effects of parenting practices and children's learning attitudes. *Children and Youth Services Review*, *118*, 105387.
Rajan, R. G. (2006). Has finance made the world riskier? *European Financial Management*, *12*(4), 499–533.
Remund, D. L. (2010). Financial literacy explicated: The case for a clearer definition in an increasingly complex economy. *Journal of Consumer Affairs*, *44*(2), 276–295.
Robertson-Rose, L. (2020). "Because my father told me to": Exploratory insights into parental influence on the retirement savings behavior of adult children. *Journal of Family and Economic Issues*, *41*(2), 364–376.
Rudeloff, M., Brahm, T., & Pumptow, M. (2019). Does gender matter for the use of learning opportunities? Potential explanation for the gender gap in financial literacy. *Citizenship, Social and Economics Education*, *18*(3), 128–142.
Sabana, B. (2014). Entrepreneur Financial Literacy, Financial Access, Transaction Costs and Performance of Micro Enterprises in Nairobi City County, Kenya. *International Journal of Research in Management, Economics and Commerce*, 231.
Sabri, M. F., & Falahati, L. (2012). Estimating a model of subjective financial well-being among college students. *International Journal of Humanities and Social Science*, *2*(18), 191–199.
Sanders, M. R., & Turner, K. M. T. (2018). The importance of parenting in influencing the lives of children. In *Handbook of parenting and child development across the lifespan* (pp. 3–26). Springer.
Sharif, S. P., & Naghavi, N. (2020). Family financial socialization, financial information seeking behavior and financial literacy among youth. *Asia-Pacific Journal of Business Administration*, *12*(2), 163–181.
Shaturaev, J. (2021). indonesia: superior policies and management for better education (Community development through Education). *Архив Научных Исследований*, *1*(1).
Sherraden, M., Peters, C., Wagner, K., Guo, B., & Clancy, M. (2013). Contributions of qualitative research to understanding savings for children and youth. *Economics of Education Review*, *32*, 66–77.
Shim, S., Barber, B. L., Card, N. A., Xiao, J. J., & Serido, J. (2010). Financial socialization of first-year college students: The roles of parents, work, and education. *Journal of Youth and Adolescence*, *39*(12), 1457–1470.
Shim, S., Xiao, J. J., Barber, B. L., & Lyons, A. C. (2009). Pathways to life success: A conceptual model of financial well-being for young adults. *Journal of Applied Developmental Psychology*, *30*(6), 708–723.
Silva, T. P. da, Magro, C. B. D., Gorla, M. C., & Nakamura, W. T. (2017). Financial education level of high school students and its economic reflections. *Revista de Administração (São Paulo)*, *52*, 285–303.
Sinha, G., Tan, K., & Zhan, M. (2018). Patterns of financial attributes and behaviors of emerging adults in the United States. *Children and Youth Services Review*, *93*, 178–185.
Sirsch, U., Zupančič, M., Poredoš, M., Levec, K., & Friedlmeier, M. (2020). Does parental financial socialization for emerging adults matter? The case of Austrian and Slovene first-year university students. *Emerging Adulthood*, *8*(6), 509–520.
Sundarasen, S. D. D., Rahman, M. S., Othman, N. S., & Danaraj, J. (2016a). Impact of financial literacy, financial socialization agents, and parental norms on money management. *Journal of Business Studies Quarterly*, *8*(1), 137.
Sundarasen, S. D. D., Rahman, M. S., Othman, N. S., & Danaraj, J. (2016b). Impact of Financial Literacy, Financial Socialization Agents, and Parental Norms on Money Management. *Journal of Business Studies Quarterly*, *Vol. 8*(No. 1), 140–158.
Van Campenhout, G. (2015). Revaluing the role of parents as financial socialization agents in youth financial literacy programs. *Journal of Consumer Affairs*, *49*(1), 186–222.
Webley, P., & Nyhus, E. K. (2013). Economic socialization, saving and assets in European young adults. *Economics of Education Review*, *33*, 19–30.

Xiao, J. J., Chatterjee, S., & Kim, J. (2014). Factors associated with financial independence of young adults. *International Journal of Consumer Studies*, *38*(4), 394–403.

ZULFARIS, M. D., MUSTAFA, H., MAHUSSIN, N., ALAM, M. K., & DAUD, Z. M. (2020). Students and money management behavior of a Malaysian public university. *The Journal of Asian Finance, Economics and Business*, *7*(3), 245–251.