

Multigenerational Modeling of Money Management

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This study is about implicit financial socialization within families. It specifically examines how parental modeling facilitates the intergenerational transmission of healthy financial behaviors. This qualitative, multi-generational, multi-site study begins to answer the following research question: What financial behaviors are parents modeling for their children? The sample for this study (N=115) included 90 undergraduate students (ages 18-30) enrolled in family finance classes at three U.S. universities, 18 of their parents, and 7 of their grandparents. Using a team-based approach to qualitative data collection, analysis, and coding, four consensus themes related to parental financial modeling were distilled: (a) "Working for a Living," (b) "Managing Money Wisely," (c) "The Importance of Generosity," and (d) "Sacrificing for Children." These ideas can be used by parents, family life educators, financial therapists, and others to help improve the quality of financial socialization within families.

Keywords: financial socialization; modeling; family finance; parenting; millennials; emerging adults; qualitative; multigenerational

INTRODUCTION

Despite the importance of parental modeling to children's financial socialization, little research has examined: 1) what financial behaviors are being modeled by parents and 2) how these link to outcomes later in life. Ralph Waldo Emerson penned, "Your actions speak so loudly, I cannot hear what you are saying." This principle appears to be particularly relevant in parenting. Whether parents act intentionally or not, children observe and often

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imitate what their parents model (Bandura, 1977; Grusec & Davidov, 2007). Parental modeling of behavior includes financial behavior which contributes to how parents socialize their children with money. Research has shown that parents are the most influential source on children's financial learning (Clarke, Heaton, Israelsen, & Eggett, 2005; Shim, Barber, Card, Xiao, & Serido, 2010), and one of the main ways children learn about money from their parents is through modeling (LeBaron, Hill, Rosa, & Marks, 2018; Serido & Deenanath, 2016). The present qualitative study begins the exploration of what financial behaviors are being modeled. This article is grounded on analyses of 115 retrospective interviews of emerging adults, parents, and grandparents and presents four financial behaviors that parents reportedly modeled for their children.

LITERATURE REVIEW

Empirical Foundations

Recent demographic studies on financial literacy and financial behaviors reveal alarming deficiencies (Clarke et al., 2005; Lusardi, Mitchell, & Curto, 2010; Nelli Mae, 2002; Reed & Cochrane, 2012). As researchers and educators seek to improve financial knowledge, attitudes, and behaviors, it is important that they look to the primary source of financial education— parents (Clarke et al., 2005; Grinstein-Weiss, Spader, Yeo, Key, & Books Freeze, 2012; Pinto, Parente, & Mansfield, 2005; Shim et al., 2010). Most financial education efforts, including family financial socialization research, focus on overt teaching (i.e. having conversations about money). While overt financial education aids in children's financial socialization (Grinstein-Weiss, Spader, Yeo, Taylor, & Books Freeze, 2011; Hira, Sabri, & Loibl, 2013), implicit socialization such as modeling occurs more frequently (Gudmunson & Danes, 2011; John, 1999) and therefore may be even more impactful. A meta-analysis conducted by Fernandes, Lynch, and Netemeyer (2014) found that financial education interventions accounted for only 0.1% of the variance in financial behavior. When overt methods are used, it is important that the unspoken *behaviors* of the instructor (whether teacher or parent) be in line with their teachings because “a teacher who does not model what they set out to teach cannot be very effective” (Hira, 2012, p. 505).

Based on the little research that has been conducted on financial modeling, it appears that parents' financial behaviors may have a significant impact on children's financial socialization; specifically, when parents model positive financial behaviors, their children often imitate those behaviors in childhood, as well as in adulthood (Jorgensen, Rappleyea, Schweichler, Fang, & Moran, 2017; Shim et al., 2010; Webley & Nyhus, 2006). Indeed, modeling may be one of the three main methods (in addition to family discussion and experiential learning) used in family financial socialization (LeBaron et al., 2018). According to Shim et al. (2010), “If parents had a better understanding of how financial literacy can contribute to their children's success later in life, they might be more inclined to demonstrate positive financial behaviors” (p. 1468). In terms of gender, both fathers and mothers appear to be important in financial modeling. Some research suggests that while fathers modeled financial behaviors more frequently than mothers did, mothers' financial modeling predicted both greater frequency of positive financial behaviors, as well as feeling more financially prepared in emerging adulthood (Clarke et al., 2005).

A handful of studies have examined modeling of specific financial behaviors. For example, research suggests that when their parents had saved, paid bills on time, and avoided unnecessary debt, emerging adults were more likely to avoid unnecessary debt, limit spending, stick to a budget (Hibbert, Beutler, & Martin, 2004). In other words, parents' financial prudence predicted lower financial strain for their emerging adult children. A couple of studies have found links between parents' financial communication and emerging adults' credit behaviors. For example, literature suggests that parents' avoidance of financial communication predicted the credit card misuse of their emerging adult children (Norvilitis, & MacLean, 2010). Additionally, Hancock, Jorgensen, and Swanson (2013) found that having parents who fought about money was associated with a 2.8 times greater chance that emerging adults had credit card debt, and over 2.1 times greater chance of having multiple credit cards. In fact, having parents who fought about money predicted emerging adults' having multiple credit cards as much as did emerging adults' work experience, knowledge, and credit card attitudes combined.

Parental modeling matters, because parental financial patterns can be transmitted to their children (Hibbert et al., 2004; Jorgensen et al., 2017), but there is still much more to be explored. The present qualitative study offers an in-depth look into the financial behaviors parents modeled for their children.

Theoretical Foundations

The theoretical foundation of the study was twofold: Bandura's social learning theory (1977) and Gudmunson and Danes' (2011) family financial socialization model. According to social learning theory (Bandura, 1977), children learn mainly through observing others' (particularly their parents') behavior and then imitating that behavior. This observational learning will shape their development, including, presumably, their development of financial knowledge, attitudes, and behaviors. The family financial socialization model (Gudmunson & Danes, 2011) proposes that modeling is one component of socialization, affecting not only financial knowledge but ultimately behaviors and well-being.

Research Question

Based on previous literature and drawing upon social learning theory (Bandura, 1977) and the family financial socialization model (Gudmunson & Danes, 2011), this qualitative, multi-generational study seeks to answer the following research question: What financial behaviors are parents modeling for their children? The results may be useful to multiple audiences, including (a) researchers in understanding the impact of financial modeling, (b) financial educators in enhancing family financial socialization, and (c) parents in modeling positive financial behaviors for their children.

METHOD

This study is part of a multigenerational, qualitative project called *Whats and Hows of Family Financial Socialization* (LeBaron et al., 2018).

Sample

The sample for this study ($N=115$) included 90 undergraduate students (ages 18-30) enrolled in family finance classes at three U.S. universities, including (1) a private university in the Intermountain West, (2) a public university in the Midwest, and (3) a state university in the Southwest. The researchers concur with Handel's (1996) position that "No [single] member of any family is a sufficient source of information for that family" (p. 346) and accordingly interviewed 18 parents and seven grandparents of participating students. This approach provided reports, viewpoints, and perspectives from three generations (college student, her/his parent, her/his grandparent). This resulted in a total of seven student, parent, and grandparent triads, as well as 11 additional student and parent dyads. In terms of racial/ethnic composition the sample consisted of 62% white and 38% ethnic and/or racial minority (including African American, Asian, Latino/a, and Pacific Islander) individuals. In terms of gender, the sample was 66% female and 34% male.

Procedures

After obtaining informed consent, qualitative interviews were conducted by trained team members either face-to-face or over-the-phone. Most student interviews lasted between 15-30 minutes with parent and grandparent interviews typically lasting between 30-60 minutes. Interviews began with variations of two open-ended questions: (a) "What did your parents teach you about money?" and (b) "How did they teach you those things?" Ninety-one percent ($n=105$) of the participants' responses involved discussions of parental examples which were both positive and negative. These "modeling" related data are the focus of the current article, with an emphasis on positive or strengths-focused accounts. All interviews were recorded and transcribed verbatim. Data were then coded and analyzed using a team-based methodology as outlined next.

Coding and Analyses

The present study utilized a team-based approach to qualitative data collection, analysis, and coding that was intentionally designed to produce "more valid, reliable, and rigorous qualitative research" than the solo researcher or "diva soloist" approach often employed in qualitative research (Marks, 2015, p. 494). Specifically, Marks' four-phase, team-based (or "quad squad") approach integrates several strategies for providing greater reliability, including: (a) developing a detailed audit trail for sampling, questionnaire usage, and qualitative coding that demonstrates and provides a "replicable method of inquiry" (Marks, 2015, p. 499); (b) building a qualitative research team that engages diverse team members¹; and (c) coding the data in coding pairs with a focus on inter-rater reliability that allows for multiple voices but "tempers the idiosyncrasies [and biases] of any single member" (p. 502).

¹ Our research team included project-relevant diversity in that members hailed from three different generations (ages 20-63) and represented married and single status, as well as grandparent, parent, and non-parent status.

The data were analyzed by ten research team members who were divided into five coding pairs. Each member of the coding pair independently open coded each interview, consistent with early stages of a grounded theory approach (Strauss & Corbin, 1990). Coders then met together with their coding partner to review their open codes in a check and balance system, resolving discrepancies as they arose. Additionally, coding partners would periodically switch or rotate partnerships and code with another member of the group for further inter-rater reliability. Composite inter-rater reliability was very high ($\kappa = .90$). Discrepancies were resolved within coding pairs as they compared their coded analyses. If a consensus could not be reached, the excerpt was coded more liberally than sparingly. For example, if one partner said that an excerpt represented frugality, and another said it represented budgeting, the excerpt was typically coded as both. Coded excerpts were cataloged employing NVivo 11 qualitative software. Two rounds of coding took place. The first round of open coding was a more informal analysis of the interviews designed to identify preliminary themes (e.g., Strauss & Corbin, 1990). As the second round of systematic coding in pairs took place, themes, which did not fit with the original themes identified in phase one, were discussed by the team and added to or combined with another theme (Marks, 2015). Only emergent themes documented by all team members and pairs were “designated with the carefully reserved appellation of *core theme*” (Marks, 2015, p. 503, emphasis in original). Coding revealed four (consensus) core themes relating to “parental modeling of financial behavior.” Those core themes will be presented in this article [see Table 1 for a Numerical Content Analysis (NCA); see Marks (2015) for a step-by-step explanation of all four phases employed in the team-based approach that was employed in the present study].

FINDINGS

Our team-based coding identified four consensus themes related to financial modeling including, respectively, (a) Seeing parents “Working Hard to Make a Living;” (b) Managing Money Wisely – “She gave me a good example of how to control your money;” (c) The Importance of Generosity – “We were always taught to give;” (c) Sacrificing for Children – “They sacrificed their own needs [for us].” The themes were sufficiently expansive, both in quantitative occurrence and in qualitative variation, that additional coding was conducted to identify prominent and recurring “sub-themes.” This practice can be a helpful heuristic device, especially with large qualitative data sets (Marks, 2015). Consistent with the aim to share participants’ voices, primary data are presented.

Table 1.

Numerical Content Analysis of Coding

Theme	References (number)	Sources (number)	Interviews (percent)	Average # Ref. per Int.
Work	75	46	43.8	0.7
Manage Wisely	350	96	91.4	3.3
<i>Avoid Debt</i>	60	45	42.9	0.6
<i>Save</i>	120	67	63.8	1.1
<i>Budget/Be Frugal</i>	170	82	78.1	1.6
Be Generous	60	39	37.1	0.6
Sacrifice for Children	61	43	41.0	0.6
Grand Total	546	105	100	5.2

Note. Calculations were made based on the 105 interviews that mentioned “Modeling,” not the 115 total interviews conducted in the larger study.

Theme 1: Seeing Parents “Working Hard to Make a Living”

Our participants shared memories of watching their parents work hard to support their family. The following was an observation made by a Hispanic, female student (#139):

My parents are both headstrong individuals, and especially my mom she wanted to make sure...that I know that women can be independent...whether there’s a man in the house or not. [S]he always taught me to value education.... [Although] she dropped out of high school, [she] got her GED, [and] she’s really embedded school and education in me as value[s]—and also to be punctual, honest, and...reliable. She’s been working at her job for 20+ years, so I see that and I’m like, “That’s exactly how I wanna be once I graduate.”

Another way in which the theme of work was modeled was when parents would work alongside of their children, constructively teaching them how to work hard and effectively. One Hispanic grandmother (#156) recalled,

When we started babysitting, my mom was the one that would actually end up babysitting because we were 12 [and] 13. They would bring the babies to us at the house and she would be the one that would be like, “Okay, let’s change the diaper and this is

how you do it,” so... a lot of times she was actually the one doing the babysitting. But when it came time for... playing...with the babies, it was left to us... [Also], my father had two or three jobs at the same time. [He was] working hard to make a living.

The theme of seeing parents “Working Hard to Make a Living” often included parents modeling working for money outside of the home, but many participants also shared how their parents taught them to work hard and to do any job “the way it’s supposed to be done.” One White father (#110) reflected,

The thing that has saved my bacon [has been that] even though my parents are lacking in the financial realm...my parents taught us to...work hard every time, all the time. Do jobs the way [they’re] supposed to be done. And we do, [my wife] and I both. We just work hard, that’s what we do—and that has been a great blessing. And so if our primary income is insufficient for a need that we have, we’re not opposed to adding on a part-time gig, doing something.... That was the greatest blessing [my parents] taught me, to work hard and find joy in work. The day I turned 12, I had a paper route. And the day I turned 16, I got hired at Taco Bell. I worked hard through high school and that’s just how we roll. We just go get it.

In Theme 1, we see that parents’ examples with respect to “Working Hard to Make a Living” were reportedly salient influences on their children’s lives, even years (or decades) later. The next theme illustrates how some parents modeled effective money management to teach their children what to do with their money once they had obtained it through the process of hard work.

Theme 2: Managing Money Wisely – “She gave me a good example of how to control your money.”

The “Managing Money Wisely” theme was multi-faceted and included three major subthemes: (a) Debt avoidance: “If you don’t have the money, you can’t afford it”; (b) Saving: “They taught us especially to save”; and (c) Budgeting and frugality: “They were scrimping and saving.”

Sub-theme 1: Debt avoidance – “If you don’t have the money, you can’t afford it.”

As with the theme of hard work, avoiding and getting out of debt were prominent topics in our data. The following narrative from a White grandmother (#112) highlights the multi-generational nature of this study. She said:

We were never wealthy.... If we didn’t have the money for it, we didn’t get it. We didn’t go into debt.... I guess the bottom line is: if you don’t have the money, you can’t afford it. Go without.... I know that’s not the way people do it today.... Nowadays people will rack up thousands of dollars in debt on [credit] cards for things that they can’t afford.... [My husband’s] dad was a farmer ... and they raised vegetables which they sold and that’s what they survived on. My dad was a school teacher...both of us grew up understanding that when you don’t have the money, you go without.

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One of the things many participants referenced was that their parents were not concerned with buying new things or in keeping up “with other families.” One White father (#109) said:

[One] thing that I observed is that [Dad] would rather fix something...than going out and buying something brand new. We never had a new car, we never had a lot of the things that other families around us had, but in the end, we were debt-free. [T]hat is what I noticed when I got into my teenage years...my parents didn't have any debt. They got rid of that completely.

Many participants recalled their parents saving cash to make larger purchases to avoid interest costs. A White, female, millennial (#13) shared that:

Right before I got married, [my parents] got me a car, which was really, really nice [of them]. And the [original] price of my car was \$15,000 [but] my mom [said to the dealer], “I have cash, \$10,000, right now. I'll pay you it today.” And they were like, “We'll take it.” So cash is...a really powerful weapon. So that definitely was something that they taught me...[about] just avoiding loans and try[ing] to save up, save up, save up, and then just buy something [cash down] so they can't take it away, 'cause it's yours.

Many participants reported that avoiding and staying out of debt requires a large sacrifice—or perhaps, many small sacrifices. Several participants, particularly from the parent and grandparent generations, commented that financial sacrifices seem to be relatively rare these days. However, seeing their parents sacrifice early for long-term benefits had a great impact upon some of our participants, including the following prototypical example (#10, White, male millennial):

[My parents] always did double or triple or even quadruple payments on the home mortgage to get out of debt as quickly as possible.... My dad was married when he was 33 and they bought a house right away and their goal was to be completely out of debt, all debt—their cars, their school [loans], and their home by age 40, and so...they did it. They...had a little graph on the wall... to keep them motivated because when you're living on such a meager budget it gets super frustrating to eat...ramen. And so they had a little graph where they would watch how much their debt was dropping with time so that they could stay motivated.... [Now], I believe strongly in getting out of debt as quickly as possible. ...I even might make a little graph for myself...just like my Dad.

Parents' examples of debt aversion and avoidance were not lost on participants—nor were their practices of saving and investing, the focus of our next sub-theme.

Sub-theme 2: Saving – “They taught us especially to save.” Addressing his father's example, one White father (#109) reflected,

[My Dad] always taught me the importance of saving and the principle of interest. [Also, instead of going deep in debt], my Dad built his own home... as I was growing up. Actually, [he did that] three times.

In terms of reports across the three generations, the sub-theme of saving and investing captured the most diversity of practice. Some narratives from parents and grandparents talk about plain and simple saving. The multigenerational sample captures how the process of saving has changed over time. While some of these grandparents were growing up, federal backing (i.e., FDIC, NCUA) for banking, savings and loan corporations, and credit unions were not yet established. One White grandfather (#116) shared,

[You have to understand that] my folks were living...during the Great Depression. I was born in 1928, so by the time I got 10, my Dad taught me that you ought to save money... [T]hey taught us both, my Dad especially, to save money. We got tin cans and made a slot [in] them and that was our piggy bank and we put our coins in there.... [M]y Dad lost money in the bank [because] it failed. So, what he did, was he had his own bank at home. He had little holes in the wall, he had a Prince Albert Tobacco can [and] he put his dollar bills in there and rolled them out on a string and then the holes were there and put a picture over the hole and so that was his bank.

An Asian, female millennial (#17) similarly reported,

My mom is from the Philippines. [S]he was raised with no money. And so she came here and whatever money she got she would save because that's just what you do in the Philippines. You just try to keep it so it doesn't leave...

The investment and saving strategies discussed by millennials included more sophisticated options that we will not address at length here (e.g., 401k packages, stocks, options, and real estate), but the principle captured in the above narratives still seemed to hold—namely, “You just try to keep it so it doesn’t leave.”

An unexpected variation on the “saving” theme was stimulated by interview questions related to family vacations. The following is a negative example (#129, Hispanic, female millennial):

I remember when I was small my parents took us on a trip and I remember it was snowy and they used all the money they had for the trip, they needed credit cards then, money they didn't have, to...[finish] the trip.... I remember when we got back [home], we heard our parents arguing about the money and that they didn't have money and it made us as siblings feel guilty about the trip and I learned...[that] when I want to take a trip I need to make sure everything is paid for before I go so when I come back it will be done and I won't have to worry about it. It will be good.

By way of contrast, one of the participants (#60, White, male millennial) shared the following:

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Honestly, the older I get the more I realize my parents were pretty well off. But they never let it show. If we were going on vacations we'd always stay at Motel 6s or we'd go camping. [They saved instead of spending].

The power of parental financial modeling reportedly expanded beyond debt aversion and saving and carried over into the realms of budgeting and frugality as well.

Sub-theme 3: Budgeting and frugality – “They were scrimping and saving.” Early on during the team-based qualitative analysis, budgeting and frugality were two different themes. However, upon deeper analysis, it seemed that budgeting was a structure or template, and that frugality was a principle of wisdom and care that undergirded effective budgeting. When asked about her parents’ financial example, a White, female millennial (#2) responded, “The first thing would be frugality.... That would be the biggest principle.”

The following two narratives reflect the discipline associated with keeping track of a frugalitybased budget. A White, male millennial (#69) said,

My parents have always been pretty frugal. I remember them sharing a budget sheet they had in college after they got married and they would keep track of every little cent. So if they dropped a cent or picked up a dime they would put it in the budget.... They were scrimping and saving.... [They] showed me I needed to save as much as I can because you don't know what will happen in life.

Another millennial (#80, Hispanic female) recalled:

I always saw my mom, every day, open her Excel sheet with all her finances, her expenses, her bills...a file for each bank account she has, to control everything. I remember all the time after getting groceries or after going to a restaurant she would keep the receipt, then at night she would open her file and put all the information in there. So she always knew how much money she had, how much money she needed. She was a great organizer. I wish I could be more like her. She gave me a good example of how to control your money: Always having a budget, never buying something just because she wanted [it].

Some examples of frugality, however, were tied to old-fashioned household production. One White grandmother (#114) explained,

My parents were very frugal, they were both educators as well. As well as, my dad was a farmer and so they taught us how to preserve food and set aside food. They really believed in...food storage program. My parents were raised during the [Great] Depression...

Participants across generations reported ways that their parents tried to “stretch a dollar” or “get more bang for their buck,” including the following White, female millennial (#23), who observed,

I feel like I have the same perspective as my parents. For example, any time I walk into a room and I'm like, "Who left the lights on?" [and] "What were you thinking?" Because... my Dad, always said, "Turn off the lights." Or when I'm going with friends to do something, they're like, "Oh, well, we'll just drive out of our way and go do that," and I'm like, "[No]...we'll just do everything in one trip so we're not...making a million trips and wasting gas."

Another White, female millennial (#147) recalled,

One of the first things that [Dad] would teach us about money...we would always go grocery shopping with him and we would hunt for the best deals with him for groceries. So, like we would compare price per ounce...to see if the big container was actually a better price than three small containers.... That was one of the first things I remember. Dad was sometimes the parent imprinting frugality and sometimes Mom.

One millennial (#138, White female) noted:

My mom even shops at Goodwill [secondhand retail store] sometimes because she's like, "It's so silly to go buy [expensive] stuff." So again, it's by example [that she teaches me]. If my mom goes to Goodwill, [she'll say], "Oh, hey, I picked this up from Goodwill for you today." So, it shows me that it's okay...we still can go to Goodwill...and we don't need to buy the most expensive things, so I guess [it is] just by example [that my mom has taught me].

For some participants' families, the effort to budget and spend with frugality was a family enterprise that involved all of the children, as illustrated in the following African American, female millennial's (#120) narrative:

Mom told us that they were reading [a] Dave Ramsey [personal money-management consultant]...book, and trying to get out of debt. And so, they told us, "We are going to be on a strict budget." So, I remember...they would eliminate eating out...we'd be eating at home more. My mom would cook more.... [They would] help me and brother understand why they were doing it and why it is so important to be on this budget, to stick with it, to help them overcome their big financial problem. So, during that process we were able to learn and able to see what it's like and what it's like [to change and to be] out of debt and how relieving that is.

As reflected here, one participant-reported purpose of budgeting and spending frugally was to help the family achieve higher, more worthy goals—including the peace and relief ("how relieving that is") of being debt free. Another mentioned purpose that drove the careful management of money was that doing so created more financial space to help others, as discussed in our next theme, "The Importance of Generosity."

Theme 3: The Importance of Generosity – “We were always taught to give”

Across the three-region (Southwest, Mountain West, and Midwest) sample, many of the participants addressed the influence of watching their parents give to others—including donating to their respective faith community or to those in need in their local community. One White, female millennial (#122) reported,

I think we learned [generosity] through watching them... [My parents] always did the church donations every time we went to church, so we were always taught growing up to give a portion of whatever we make too. But I don't think it was something that was actively taught, I think it was something that was...just observed and learned that way.

Another millennial (#74, White male) similarly reported learning about donating through parental example.

[My parents] were very generous with charity contributions. They never held back on things like that. They always did things like “Secret Santa” around Christmas time. They always tried to find ways to do things anonymously. Now that they've fallen on harder times [themselves], it's cool to see that coming back the other way around, to see people trying to take care of them too. It teaches me that you should be generous when possible and try to get back on your feet so you can do that for other people.

One White father (#110) spoke of a difficult choice that he and his wife faced with their children “looking at us.” He explained,

[I remember] the time [when our kids] were young, our [church leader] came [and] said, “We need folks to help this person financially to serve their mission.” And we were not in the best position financially to say “okay.” But with our kids sitting there looking at us we said, “What do you need of us?” He said the amount and I looked at [my wife] and thought, “Whoa! How will we do that?” But we said, “Okay we're going to do it. We'll figure it out.”

A White grandmother (#114) said of her parents,

My Dad was on the town board and on the fair board and so we grew up in an atmosphere of volunteerism. Yes, I remember going around with my Mother for the March of Dimes...and things like that. [Then] my children went with me when I was [in a leadership position]. So, there was a lot of that in our family, a lot of volunteerism. Dad was also on the hospital board, there was a room down at the new hospital carrying his name for the donations he made. So the example [of giving time and money] was always there.

The first several excerpts about generosity deal primarily with lived example, instead of explicit teaching. However, formal teaching was occasionally mentioned by the participants as well. The following father's (#110, White) report is illustrative.

When [the kids] were small and they got money we would ask, "What's the first thing you do?" and they would answer, "Pay tithing." And that wasn't always easy but we worked through those things with them, and now our attention has turned outward. And so we do those things, being as generous as we can be, simply so that we can change our focus of our family.... [To] make it a more outward facing [family]. We do what we can do help other people, that's just who we are. We'll give what we can give, and the kids have really responded [well] to that.

While parental efforts to formally teach the importance of generosity and contribution were captured in the interview data, example-based teaching and reports were notably more common. A final related narrative moves closer to home and, like the data, is multi-generational in nature. A Hispanic, female millennial (#139) explained,

My grandfather is in his seventies and he still works.... [H]e's really sick [but] still works. And my mom tries to give him money so he doesn't have to work that much.

As we conclude this third theme (on Generosity), we note that as with the first theme (seeing parents "Working Hard to Make a Living"), the most salient teaching was reportedly offered and received through example. The experiences shared by the participants remind us of this quote, "Our behavior is permission to others to behave similarly—but it is more than that. It is an invitation to do so" (Marks & Dollahite, 2017, p. 14, emphasis in original). The fourth and final theme, like the last narrative above, involves sacrifice within the family.

Theme 4: Sacrificing for Children – "They sacrificed their own needs [for us]"

Several of the millennial participants were not only cognizant of the generosity their parents showed for others, they were aware of and discussed their parents' sacrifices made on behalf of them and their siblings. One millennial (#80, Hispanic female) said of her mom:

[My mom] gave me a good example of how to control your money: Always having a budget, never buying something just because she wanted. She would always deprive herself of buying something she just wanted to buy something she needed. Especially for her family.

Another millennial (#86, Asian male) said of his parents,

I've seen them do a lot [of] good. I think they're too frugal [as] spenders, [but] if it's for the family, especially if it's for the kids they rarely hesitate. My younger brother needed a trumpet, his first one broke.... My parents...bought it for [him]. So I think when it comes to us... I just don't think my parents really hesitate...they've done whatever they can [even though] when it comes to their own spending they are really frugal.

On a similar note, another millennial (#74, White male) said of his parents,

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They were very much focused on giving us what we wanted as kids and what was going to be good for us.... My sister [is] very musically inclined, my brother likes computers a lot, and I like sports. So, we had a bunch of different activities.

Not all, but many millennials realized that such provision came at parental cost. One African American, female millennial (#120) reflected,

They probably sacrificed their own needs like...not...getting themselves new clothes...or my stepdad not playing golf [as much as he wanted]. We were always able to do sports and I feel like they had to sacrifice a lot...to do [those] tournament[s] that we wanted to. They would just find ways.

Occasionally, the interview data would allow a look behind the scenes from a providing parent's perspective. The following is one such glimpse from a White grandmother (#114):

I taught piano lessons and we were raising nine children and my husband was an athletic director and sometimes he would [even] umpire at games and things like that so that we would have a little bit extra to help [our kids] when they wanted to do their extracurricular activities.... [Their] grandpa and grandma would pitch in too. It was kind of a community effort to help them do the things that they really wanted to do.

Such glimpses capture the multi-generational processes at work and underscore the importance of obtaining perspectives from multiple family members if scholars wish to claim that they are conducting "true" family research (Handel, 1996).

Several comments gave evidence that this theme of sacrifice transcended categories of gender, ethnicity, and life stage. One White father (#103) reflected,

My mom...joined the army when I was seven years old...to get insurance and put a roof over mine and my brother's heads. That's the way she knew back in the early '70s as a single momma that she could provide for her family. She stayed in the military for nine years 'till me and my brother were out doing our own thing. Then she got out.

From the context of this quote, the interviewer felt that the participant was explaining that the main purpose for his mother's involvement in the military was to provide for her children.

One African American mother (#146) explained a similar situation from a parental perspective,

[My mom] didn't always teach me verbally.... I ended up having my first child out of wedlock, so I was in her home when I had my first child. And she just told me, "I'm here to help you...[but] you just make sure you contribute.... You keep the house clean, you cook, and then I'll take care of the rest. You take care of what you need to for yourself

and for your child.” So I watched her work two jobs, and I knew my mom was gone all the time because she was working. And I saw her take all-nighters [for us].

A Hispanic, female millennial (#126) from a single-parent family said of her mother’s sacrifices:

My mom was a single parent and had me at 15.... [W]e didn’t grow up with...any financial assistance from my father, so I have to say from a young [age, years] ago I was always aware of money because it was...always short.... [I learned] budgeting [from] liv[ing] it. [But] I remember she would save a lot, [and] it was always for a grand prize at the end, like...if we save, [if] my mom saves \$4,000, we get to go on a [family] vacation.

This young woman’s narrative, in full context, revealed each of the themes addressed in this article: A mother who “work[ed] hard to make a living (Theme 1),” who managed money wisely, (Theme 2), and who was generous and unselfish in “sacrificing for [her] children” (Themes 3 and 4). With this multi-thematic illustration of parental modeling of financial behavior as a last narrative touchstone, related implications and applications are now discussed.

DISCUSSION

The present study is about financial socialization within families. It is part of a multigenerational, qualitative project called the *Whats and Hows of Family Financial Socialization* (LeBaron et al., 2018). The study specifically examined how parental modeling facilitates the intergenerational transmission of healthy financial behaviors. From the mouths of emerging adults and their parents and grandparents, the study provides informative examples of the behaviors that parents informally and sometimes unknowingly modeled for their children.

Recent research reveals deficiencies in basic financial literacy and attendant unwise financial behaviors which have alarming consequences such as high debt, low savings and retirement readiness, bankruptcy, physical and mental health tolls, and relational struggles (Asebedo & Wilmarth, 2017; Clarke et al., 2005; Hill, Allsop, LeBaron, & Bean, 2017; Lusardi et al., 2010; Nelli Mae, 2002; Reed & Cochrane, 2012; Stewart, Dew, & Lee, 2017). Like other papers in this genre, this paper seeks understanding by examining the primary source of financial education—parents (Clarke et al., 2005; Grinstein-Weiss et al., 2012; Pinto et al., 2005; Shim et al., 2010). However, this study is different than most because it examined implicit socialization through modeling instead of direct socialization by overt parental teaching. The present qualitative, multi-generational, multi-site study begins to answer the following research question: What financial behaviors are parents modeling for their children? Through rigorous content coding of 115 interviews from three diverse universities, four major themes related to modeling were distilled from 105 participants and illustrated by 546 comments (see Table 1).

The first theme, “Seeing Parents Working Hard to Make a Living,” highlighted the importance of parents sharing their paid working experience with their children. Comments

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in this theme revealed that it is not enough for children to see their parents leave and return from work. It is important for parents to involve their children with their job. This can be done by casually talking about their work over the dinner table or in other informal settings. In some cases it might be helpful for parents to take their children to their work for a few hours. Many organizations now have a “Take your child to work” day. More and more parents do their jobs from home one or more days a week (Bureau of Labor Statistics, 2018). This might provide the opportunity to model hard work. Comments highlighted that it makes sense, too, for parents to work alongside their children in the work of the home and teach them the difference between a job well done and a mediocre effort. This example may be what children need to do well in the workplace.

The second theme, “Managing Money Wisely,” included the subthemes debt avoidance, saving, and budgeting and frugality. The comments in this theme and attendant subthemes reflected simple core truths of successful financial management. Parents modeled avoiding debt by letting children know they are foregoing purchases until having the money to make those purchases. Comments provided examples of when parents bought used items instead of new ones, especially related to automobile purchases. Using credit cards responsibly and paying them off every month sets a positive example for children to follow. Likewise, paying extra on the mortgage in order to own the family home debt-free was also salient. The subtheme of saving was very important and was mentioned in 120 comments. Because most financial management occurs online and electronically, today’s youth do not get to visibly see their parents setting aside money for savings. Despite this, comments indicated that parents can communicate informally about their savings and other investments. Related closely to savings is the sub-theme of budgeting and frugality, which was mentioned 170 times. Making the choice to create and adhere to a family budget is something that parents can model informally for their children. Modeling healthy budgeting allows children to become aware of household expenses and gain a realistic perspective of money management that will allow them to develop their own frugality and budgeting habits as they emerge into adulthood. “Managing Money Wisely” is especially essential as the rate of financial illiteracy among emerging adults remains high (Clarke et al., 2005; Lusardi et al., 2010; Nelli Mae, 2002; Reed & Cochrane, 2012).

The third theme, “The Importance of Generosity – We were always taught to give” showed examples of how parents modeled using their financial resources to bless the lives of others. In some cases this was by donations to established faith communities or charitable organizations, in some cases the giving was informal. We see in this theme a paradox: Theme 2’s focal concepts “Saving” (Subtheme 2) and “Frugality” (Subtheme 3) are directly followed by Theme 3’s message (“We were always taught to give”). While this may seem contradictory, this pattern resonates with key findings in previous qualitative work with a national sample of religious families (Marks, Dollahite, & Dew, 2009; Marks, Dollahite, & Baumgartner, 2010) that documented high levels of formal and informal giving among (otherwise) seemingly frugal persons. Large-scale quantitative work also seems to indicate that the generous and charitable are not spendthrifts but careful allocators who intentionally save and intentionally give, as documented by sociologists Christian Smith and Hilary Davidson (2014) in their book-length study *The Paradox of Generosity: Giving We Receive*,

Grasping We Lose. The critical point is that in families of “givers,” like many in our sample, “saving money” seemed to involve “protecting money” from meaningless expenditure so that it could be employed in more meaningful ventures later (i.e., “blessing others,” funding worthy charitable organizations). From this vantage, charitable giving and frugality are not incongruent; frugality is a tool to maximize charitable giving. Some Marks et al. (2009) participants reported that giving is not sacrifice, it is “wise stewardship.” We look forward to future exploration of the paradox of giving.

The fourth theme, “Sacrificing for Children – They sacrificed their own needs [for us]” dealt with narratives in which children remembered watching their parents forego personal monetary needs and wants in order to use the limited financial resources for the benefit of the family. In truth, raising a family does require significant financial sacrifices (Lino, Kuczynski, Rodriguez, & Schap, 2017). The experiences provided by those in the study suggest that these do not go unnoticed by children. People spend money on the things they value most. Therefore, parents spending money for their families or children sends a message to their children that when making financial decisions, family comes first.

These themes relate to the modeling-compensation hypothesis (Floyd & Morman, 2000), a hypothesis supported by research on various aspects of parenting (e.g., Jensen, Whiteman, Rand, & Fingerma, 2016). The hypothesis is made of two parts: the modeling hypothesis and the compensation hypothesis. The modeling hypothesis is reflective of social learning theory— children imitate the behavior of their parents. In contrast, the compensation hypothesis suggests that some children observe the negative behaviors of their parents and behave in opposing ways. In other words, similar to the family-level idea of bonadaptation (Patterson, 1988), some children develop positively not just *in spite of* negative parental modeling but *because of* it.

While the majority of the data referenced positive modeling, a substantial amount referenced negative modeling. Although the present study did not include an explicit query into “negative” parental modeling, participants were asked if there were things they “wished” their parents would have done differently. The 468 coded responses to this question were so extensive that they required a separate paper (LeBaron, Hill, Rosa, Spencer, Marks, & Powell, 2017). Among those in the present study who referenced negative parental modeling, there seemed to be two divergent groups: (a) those who were following in the footsteps of their parents (i.e., negative financial behaviors) and (b) those who were intentionally behaving differently than their parents (i.e., positive financial behaviors). These two groups provide support for the modeling-compensation hypothesis (Floyd & Morman, 2000). The presence and impact of these behaviors should be tested in future quantitative studies.

Limitations

While this study was concerned with inter-generational transmission of financial behaviors, future research should explore intra-familial transmission. Intra-familial exploration would reflect more of a systems perspective, such as incorporating siblings as a

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factor in financial socialization. Likely, children observe and imitate the financial behaviors of not only their parents but also their siblings, particularly older siblings. There is some research that suggests that while older siblings learn directly from their parents' behavior, younger siblings learn from their older siblings' behavior (Lee, Padilla, & McHale, 2016). Thus, birth order may moderate the influence of parental modeling. Additionally, future research should explore the idea of intentional versus unintentional modeling and whether parents' intent moderates the influence of parental modeling. An additional limitation to this study was the small sample size of parents and grandparents. Finally, all of the emerging adult participants were college students enrolled in a family finance class. Future studies should include those who are not in college.

CONCLUSION

This study is important because it makes observable some of the intuitive ways that parents model responsible financial behavior. It shows the importance of the maxim, "Practice what you preach." Thematic coding revealed four core themes, "Seeing Parents Working Hard to Make a Living," "Managing Money Wisely," "The Importance of Generosity," and "Sacrificing for Children." These themes represent the narratives of students, parents, and grandparents as they retrospectively reflected on their parents' financial modeling behaviors. These ideas can be used by parents, family life educators, financial therapists, and others to help improve the quality of financial socialization within families.

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