

CROSS-CULTURAL VALIDATION OF SCALES EVALUATING EMERGING ADULTS' FINANCIAL ISSUES

Background

After 2008 economic crisis, the financial condition of youth has become a frequent research topic and the need of instruments measuring financial constructs relevant for this stage of life is increasing. The current project aims to validate across different countries three instruments:

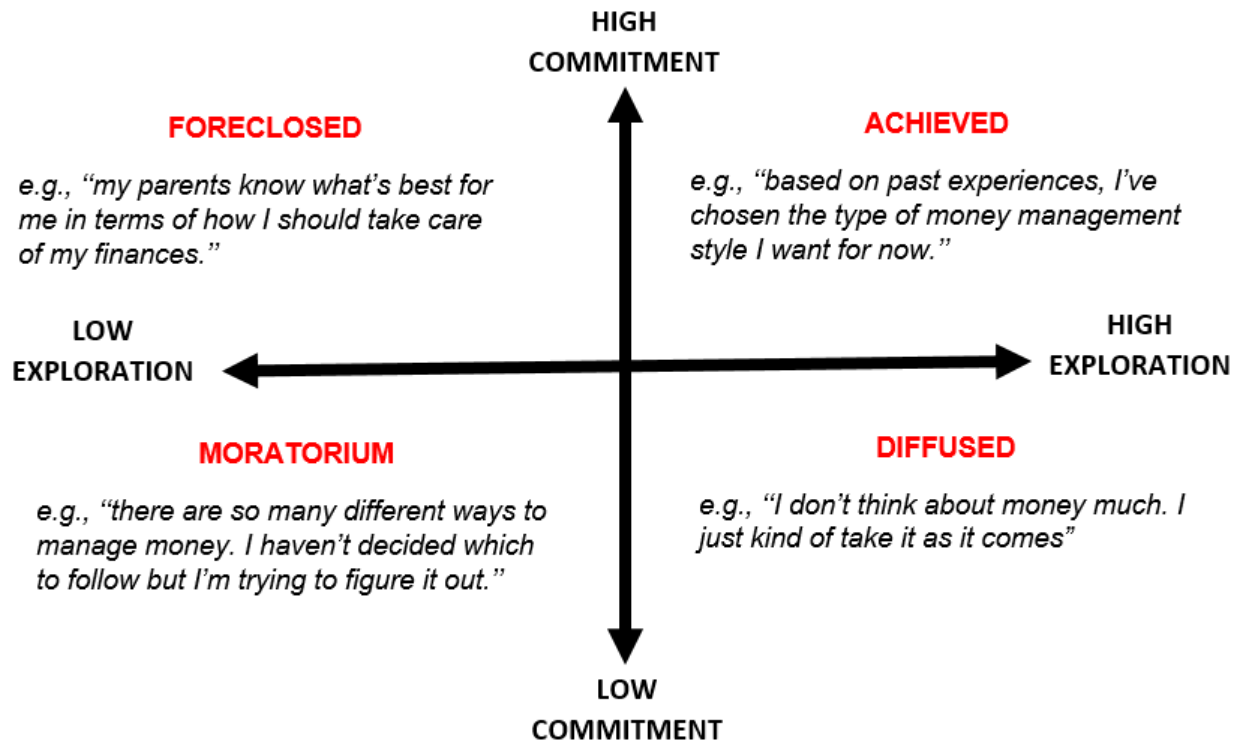
1. **The Multidimensional Subjective Financial Well-being Scale (MSFWBS).** The financial well-being consists in a positive and good financial condition that has both an objective and a subjective side. The objective side consists in the individual's material resources (e.g., the income). The subjective financial well-being, instead, is the individual's perception and (cognitive and emotional) evaluation of its own financial condition (Sorgente & Lanz, 2017). Results raised from a recent review (Sorgente & Lanz, 2017) collecting study investigating the emerging adults' financial well-being found that 75.76% (25 out of 33) of the studies investigating the *subjective* financial well-being measured this construct using non-validated instruments, denouncing the lack of a culture related to how measure this construct. The remaining eight studies measured financial well-being using the Student Financial Well-Being Scale (Norvilitis, Szablicki, & Wilson, 2003) or the InCharge Financial Distress/Financial WellBeing Scale (Prawitz et al., 2006). The two scales are not adequate to measure the European emerging adults financial well-being. Specifically, the Norvilitis et al. scale focus on worries that the individual has respect to its debt, like student loan, but, in most of the European countries, the presence of debt during emerging adulthood is not so common (Guille, 2000). The Prawitz et al scale, instead, is not adequate for emerging adults as this scale has been validated for a heterogeneous target population and, consequently, this scale does not include specific dimensions of the emerging adults' financial well-being, like the perception of the future financial well-being. In order to overcome these scales limitations, Sorgente & Lanz (*submitted*) have developed and validated a new instrument specific for the study of European emerging adults' financial well-being, that has been already tested in Italy and Portugal. The scale is composed of 25 items (see Appendix) organized in five different factors (general subjective financial well-being, financial future, having money, money management, peer comparison).
2. **The Family Economic Enmeshment Scale (FEES).** The term enmeshment has been used in the literature to refer to a familial environment in which members are undifferentiated from or

overly dependent on each other (Minuchin, Montalvo, Guerney, Rosman, & Schumer, 1967). Differentiation is the process whereby individuals extricate themselves from parental dominion and develop autonomous self-identities; indeed, the opposite of individuation is fusion. Usually, the term enmeshment has been used in relation to the whole child's identity. The proposed construct is called "family economic enmeshment" because it refers only to the degree of (un)differentiation of financial identities. With this term we do not refer necessary to a practical undifferentiation (e.g., economic dependence on parents), but to the mental representation that the family members share about family financial boundaries. This topic is very relevant for emerging adults because it is during this stage of life that individuals are required to financially differentiate from the parents. Indeed, emerging adults' financial life cannot be considered to be the same as that of either adolescents or adults. Adolescents (10–18 years old; Jensen & Arnett, 2012) generally are not very concerned about their own financial well-being, as social norms do not require adolescents to be economically independent from their family of origin. The own financial representation can be undifferentiated from the parents' one. In contrast, it is a major concern for adults because economic independence is among the characteristics of adulthood (Arnett, 1998). Adults usually perceive their financial condition as differentiated from the one of their parents. For emerging adults, the matter is more complex, because they are *in-between* adolescence and adulthood (Arnett, 2004). Due to the relevance of this topic during emerging adulthood we developed the "Family Economic Enmeshment Scale" that consists in one *graphic* item that have seven different response options (see Appendix). This response scale help emerging adults to collocate themselves on a continuum from 1=financial undifferentiation to 7=financial differentiation. We argue that financially enmeshed families transmit the implicit idea of "what is mine is also yours," so all the assets and money that belong to the parents belong, in the family's mind, in the same way to the child (undifferentiation/fusion). At the opposite extreme are families that transit the implicit idea that "what is mine is only mine, and what is yours is only yours." In this case, the financial world of the child is totally differentiated from the parents'.

3. **Financial Identity Scale.** Identity development within the financial domain is an important research topic because many emerging adults believe that self-sufficiency, including financial independence, is an essential aspect of subjective adulthood (Arnett, 2000). To investigate this construct, an instrument measuring it was needed. Barber Card, Serido, & Shim (2011) conceptualized the development of identity related to the financial domain and developed the Financial Identity Scale. This scale is composed by 12 items measuring the four identity

statuses (foreclosed, achieved, moratorium, diffused) proposed by Marcia's model (1966).

Each status is measured by 3 items (see the Figure for sample items).



Proposal

If you want to join this research, you are required to collect data¹ from around 400-500 emerging adults aged 18-29 (or 18-25²) who have to fill in:

- The 25-item Multidimensional Subjective Financial Identity Scale – see Appendix.
- The 1-item Family Economic Enmeshment – see Appendix.
- The 12-item Financial Identity Scale – see Appendix
- 2 ad hoc items measuring the economic dependence from parents – see Appendix.
- 1 ad hoc item measuring the emerging adults' personal income – see Appendix.
- The 5-item Satisfaction with Life Scale (Emmons, Larsen, & Griffin 1985) – see Appendix.
- A set of items collecting information about the following socio-demographic variables– see Appendix.

¹ We suggest to use an online survey to collect data.

² Samples of 18-29 years old participants are preferred, but also samples of 18-25 will be accepted.

Procedure

1. Each country's research team has to take care of the translation and back translation of the scales (see Appendix) as well as of data collection.
2. Collected data has to be sent to angela.sorgente@unicatt.it and margherita.lanz@unicatt.it
3. The Italian team will perform data analysis. Specifically, four levels of measurement invariance (configural, metric, scalar, strict; Bontempo & Hofer, 2007) will be tested across the different scale's versions. Furthermore, criterion validity and known groups validity of the scale scores will be tested.
4. The study results will be present at international conferences as well as published in international journals.

Availability of the dataset:

The cross-cultural dataset will be available to each research group that can propose other research projects based on the same dataset. All the members of the cross-cultural group should be informed about the new projects, give their approval, and should be considered as authors of any presentations or publications.

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Appendix

The 25-item Multidimensional Subjective Financial Well-being Scale

Below are some statements regarding your financial condition and the way you live it. We ask you to indicate, for each statement, how much this is true for you, choosing from one of the following options:

1 = absolutely false; 2 = more false than true; 3 = neither false nor true;
4 = more true than false; 5 = absolutely true

1. I am satisfied with the way I manage my money - **MM**
2. My financial situation is better than that of my peers - **PC**
3. I have enough money to pursue my passions - **GS**
4. I am satisfied with the way I spend my money - **MM**
5. I have less money than I need (R) - **GS**
6. I cannot complain about my financial situation – **GS**
7. My financial condition is worse than that of my friends (R) – **PC**
8. I'm satisfied with how my life is going from a financial point of view - **GS**
9. Sometimes I miss the cash to buy things I need (R) - **HM**
10. I am stressed daily because of my financial situation (R) - **GS**
11. In the near future, I will have enough money to carry out my plans - **FF**
12. I'm serene about my financial situation – **GS**
13. I feel I can handle my financial situation – **MM**
14. I cannot do some things with my friends, because I do not have the money to do them (R) - **HM**
15. I have enough cash for everything I need - **GS**
16. I'm satisfied with my present financial situation - **GS**
17. I expect to be very satisfied with the financial situation that I will achieve thanks to my commitment – **FF**
18. My peers have usually more money available for free time activities than me (R) – **PC**
19. My current financial situation makes me feel tranquil – **GS**
20. The educational/work path I have undertaken will allow me to achieve a satisfactory financial situation - **FF**
21. I have enough cash to enjoy my life - **GS**
22. I am satisfied with the way I am preparing to reach my long-term financial goals (for example, to buy a car) – **FF**
23. At times I do not have the money to buy what I need (R) – **HM**
24. I'm on the right track to meet my financial goals – **FF**
25. I am satisfied with the way I manage my financial situation - **MM**

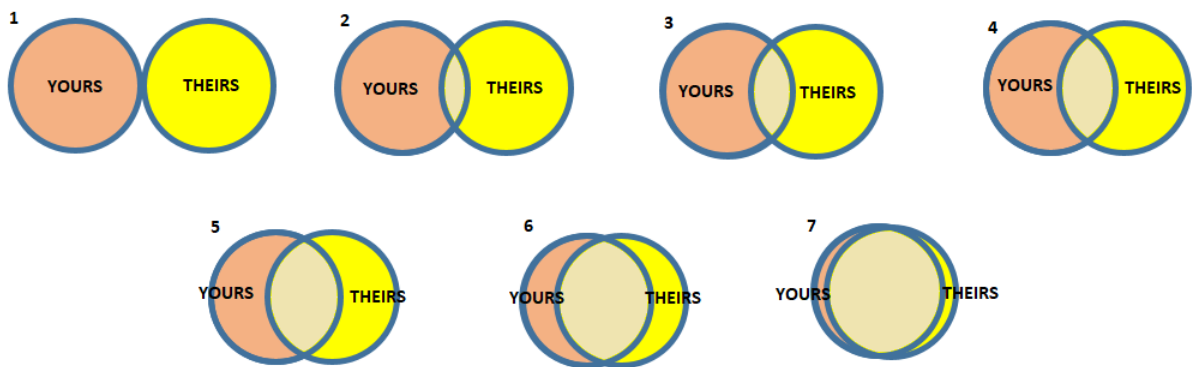
*Note: (R) indicating items that need to be recoded. Bold letters after each statement added here to denote dimensions (**GS** = general subjective financial well-being; **FF** = financial future; **HM** = having money; **MM** = money management; **PC** = peer comparison).*

The Family Economic Enmeshment

We ask you to try to think about your financial condition and pose yourself the following questions: What is your financial condition? Are you satisfied with your financial condition? Do you feel lucky for your financial condition? ...

Now reflect on the answers that came to your mind and consider if in answering you have really thought only about your financial condition (e.g., money earned in first person, your savings) or you have also taken into consideration the financial condition of your parents (e.g., their family income, property assets).

Choose below the image that best represents the degree in which you have considered your financial condition (YOURS, orange circle) as interdependent with the financial condition of your parents (THEIRS, yellow circle).



The 12-item Financial Identity Scale (Barber et al., 2011)

Please read each of the following statements about attitudes towards money management and indicate to what degree it reflects your own thoughts and feelings. If a statement has more than one part, please indicate your reaction to the statement as a whole.

1. I haven't really thought much about a money management style. I'm not too concerned about credit ratings or paying bills. **D**
2. There are so many different ways to manage money. I haven't decided which to follow but I'm trying to figure it out. **M**
3. I have tried different ways to manage my personal finances and now I have a clear idea of what makes sense for me. **A**
4. My parents know what's best for me in terms of how I should take care of my finances. **F**
5. I've spent time thinking about financial goals, credit cards, and spending habits, and I've decided on a money management method that will work best for me. **A**
6. I really don't know what kind of financial management style is best for me. I'm still trying to figure out what sort of savings and spending patterns feel right to me. **M**
7. I make decisions about credit cards and bank accounts only if my parents would approve. **F**
8. I've never really questioned my views about saving and spending. If it's right for my parents, it must be right for me. **F**
9. Based on past experiences, I've chosen the type of money management style I want for now. **A**

10. I don't think about money much. I just kind of take it as it comes. **D**
11. I'm still trying to decide how capable I am as a person and what financial goals will be right for me. **M**
12. I haven't really considered whether I am more of a saver or a spender. Finances just don't interest me much. **D**

*Note: Scored from 1 = Strongly Disagree to 5=Strongly Agree; Bold letters after each statement added here to denote status (**D** = diffusion; **M** = moratorium; **A** = achievement; **F** = foreclosure).*

Item measuring the economic dependence from parents

Who usually pay for your expenses?

- I am still totally dependent on my parents (1)
- Most of my expenses are paid by my parents, I partially provide (2)
- My parents and I provide equally (3)
- I pay most of my expenses, but for some expenses I still need the help of my parents (4)
- I am totally independent from an economic point of view (5)

[Only for respondents who selected a response from 1-4]

Specifically, how much money do you get from your parents every month? (Probably the money received is slightly different from month to month, but we ask you to estimate how much you receive on average per month and report it below):

_____ €

Item measuring the emerging adults' personal income

On average, what is YOUR monthly gross (before taxes) income?

- I do not have a personal income
- 1-200 €
- 201-400 €
- 401-600 €
- 601-800 €
- 801-1200 €
- 1201-1600 €
- 1601-2000 €

- 2001-2500 €
- 2501-3000 €
- 3001-5000 €
- More than 5000 €

The 5-item Satisfaction with Life Scale (Diener et al., 1985)

Below are five statements that you may agree or disagree with. Using the 1 - 7 scale (1= Strongly disagree, 2= Disagree, 3= Slightly disagree, 4= Neither agree nor disagree, 5= Slightly agree, 6= Agree, 7= Strongly agree) indicate your agreement with each item by placing the appropriate number on the line preceding that item. Please be open and honest in your responding.

1. In most ways my life is close to my ideal.
2. The conditions of my life are excellent.
3. I am satisfied with my life.
4. So far I have gotten the important things I want in life.
5. If I could live my life over, I would change almost nothing.

Socio-demographic variables

1. You are...

- Male
- Female

2. How old are you?

- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29

3. Where do you live?

- Most of the time I live away from parents
- Most of the time (or all of the time) I live with parents

4. Which is your educational status?

- I'm enrolled in high school
- I'm enrolled in a bachelor degree
- I'm enrolled in a master degree
- I'm enrolled in a doctoral program (or other specialization)
- I'm not enrolled in an educational program/ I have already completed my education.

4.1.[for people who responded "I'm not enrolled in an educational program/ I have already completed my education.]

Which is your highest educational level?

- High school diploma or less
- Bachelor degree
- Master degree
- Doctoral degree or specialization

5. Which is your occupational status?

- Unemployed
- Full-time employed
- Part-time employed
- Irregularly employed

6. Which is your relationship status?

- No partner/single
- In relationship/not cohabiting
- Cohabiting
- Married
- Divorced
- Widow/widower
- Other

7. Do you have any children?

- No
- Yes