

How Parental Love Received in Childhood Affects Consumers' Future Financial Discipline

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Abstract:

The quantity and quality of nurturance that a child receives from her parents has a significant effect on the child's future psychological health. However, it is unclear whether early nurturance similarly impacts future financial well-being—an issue of growing global importance. This article examines the effects of "parental love" on the future financial well-being of children, using measures of financial discipline and income. We analyze longitudinal data involving 1,428 children through the National Longitudinal Survey of Children and Youth and document that the children in our sample who received higher levels of parental love during childhood are subsequently financially more disciplined and report earning higher incomes. Furthermore, we find that this association between early parental love and future financial well-being is mediated by the child's emotional quotient. These findings are robust to the use of retrospective data from 398 consumers in the United States.

Keywords: financial discipline | parental love | financial health

Article:

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How Parental Love Received in Childhood Affects Consumers' Future Financial Discipline

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ABSTRACT The quantity and quality of nurturance that a child receives from her parents has a significant effect on the child's future psychological health. However, it is unclear whether early nurturance similarly impacts future financial well-being—an issue of growing global importance. This article examines the effects of “parental love” on the future financial well-being of children, using measures of financial discipline and income. We analyze longitudinal data involving 1,428 children through the National Longitudinal Survey of Children and Youth and document that the children in our sample who received higher levels of parental love during childhood are subsequently financially more disciplined and report earning higher incomes. Furthermore, we find that this association between early parental love and future financial well-being is mediated by the child's emotional quotient. These findings are robust to the use of retrospective data from 398 consumers in the United States.

There is a growing concern—and even alarm—at the extent of overconsumption, overspending, and lack of financial discipline among consumers (Sheth, Sethia, and Srinivas 2010). There is indeed justifiable cause for concern. LendingTree, a loan comparison website, analyzed data from the Federal Reserve on nonmortgage debt, including credit cards, as well as auto, personal, and student loans. They estimated that consumer debt would reach a record \$4 trillion by the end of 2018 (Konish 2018). Not surprisingly, a majority (62%) of Americans report feeling stressed about money (American Psychological Association 2017).

Recognizing that household financial debt is a critical component of the financial well-being of families, the Federal Reserve Bank of St. Louis launched the Center for Household Financial Stability in 2013 to strengthen the balance sheets of struggling American families. It is important to note that rising levels of consumer indebtedness is not just a US-centric problem but a global one (Zumbrun 2018). For instance, according to Statistics Canada, Canadians owed \$1.79 in credit market debt for every dollar of household disposable income in the fourth quarter of 2018.

Marketing scholars have thus, in recent years, become increasingly interested in identifying factors that enhance the financial well-being of consumers (Sheth et al. 2010;

Netemeyer et al. 2018). Recent research has revealed a few causes for the lack of financial discipline among consumers. These causes include the consumer's personality (e.g., “spendthriftness,” materialism, and inability to delay gratification), debt type, gender, and the role the consumer plays in relationships (e.g., of delegating financial decisions to one's partner; Netemeyer et al. 2018). However, despite widespread acknowledgement that lack of financial discipline is a major cause for concern, there is still a paucity of academic research on this topic (Netemeyer et al. 2018).

The primary purpose of the present research is to address this concern. Specifically, we add to the nascent literature on determinants of financial well-being by exploring whether, and to what extent, individuals' early life experiences (as children) shape their future financial discipline. That the quantity and quality of nurturance that a child receives from her parents or parent-figures has a significant and lasting effect on the child's future psychological health has been documented by several past findings, such as those from the research on attachment theory (Ainsworth 1978). Extrapolating from these findings suggests that early life experiences will significantly enhance future financial discipline. Therefore, our research has two objectives. First, we test the relationship between (a) the quality of love and nurturance

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received by consumers in early life and (b) these consumers' future financial discipline. Next, we propose and test a mediating mechanism—emotional quotient—by which “parental love” influences future financial discipline.

We explore these questions by analyzing two data sets. First, in keeping with the focus of this special issue, we use longitudinal data from 1,428 respondents collected through the National Longitudinal Survey of Children and Youth (NLSCY). The NLSCY data were collected by Statistics Canada and Human Resources Development in eight waves between 1994 and 2008. The data provide us with the opportunity to follow the same children and to examine how the parental love they received as children affected their future financial discipline when they reached the age of 24–25 years by cycle 8. Second, we replicate results from the first study using data from 398 Amazon Mechanical Turk workers in the United States.

The main contribution of this article is to document the role of parental love in future financial discipline and to assess whether the relationship between these two variables is mediated by emotional quotient (EQ). The rest of the article is structured as follows. We begin with a brief literature review to address the question of central interest: How does early parental love influence a child's future financial discipline? Then we report results from the longitudinal (NLSCY) data and discuss the mediating influence of EQ. We then discuss results from study 2—a cross-sectional study—and end with a discussion of the theoretical and substantive implications of these findings.

PARENTAL LOVE AND CONSUMERS' FINANCIAL DISCIPLINE: TWO ALTERNATIVE PERSPECTIVES

As mentioned earlier, findings from attachment research reveal that receiving love and nurturance is important for healthy psychological development (Ainsworth 1978). However, there is also evidence from a separate stream of research showing that parental love can be counterproductive if it is not combined with *self-discipline* (e.g., Robinson et al. 1995). Below, we first review research that suggests parental love has a positive influence on future financial discipline.

Why Early-Life Parental Love May Increase Future Financial Discipline

One of the major themes to emerge from attachment theory is that parental love promotes children's capacity to regulate emotion (e.g., Thompson 1994; Mikulincer and Shaver 2008),

which is defined as “the ability to manipulate the intensity and/or the duration of one's emotional states” (Thompson 1994, 56). Thus, individuals that have a greater ability to regulate emotions are better at prolonging a desired emotional state and curtailing undesired ones (Gross and John 2003). The fact that parental love fosters emotion regulation is relevant for our discussion because emotion regulation is known to be a critical determinant of career success (e.g., Law, Wong, and Song 2004; Zeidner, Matthews, and Roberts 2004). For instance, Zeidner et al. (2004) found that executives with superior emotional control fare significantly better than executives that have otherwise comparable cognitive and technical skills but less emotional control. Likewise, Law et al. (2004) showed that those with better “emotional intelligence,” which includes the ability to regulate emotions, experience higher levels of well-being in the workplace. Thus, because parental love fosters emotion regulation, and because emotion regulation promotes career success, we may expect that children who have received higher levels of parental love will experience higher levels of future financial discipline and income.

In addition, there are at least two other routes by which early-life parental love may increase future financial discipline. First, as mentioned earlier, parental love enhances emotional well-being (Mikulincer and Shaver 2008), and those with higher subjective well-being are more likely to succeed in their careers than their less happy counterparts. For example, findings from De Neve and Oswald (2012) revealed that students who described themselves as happier at ages 16 and 18 felt more satisfied with their lives at age 22. And more relevant to the present research, the happier students earned higher incomes at age 29. In particular, the paper showed that, on a scale of 1 to 5, a 1-point increase in life satisfaction at age 22 translated into around \$2,000 more per year in later earnings. Numerous other studies have confirmed the link between happiness and financial success (for a review, see De Neve et al. 2013).

Second, materialism—or more precisely, a lack of it—may be yet another route by which early-life parental love increases future financial discipline. Richins and Chaplin (2015) proposed that children who do not receive adequate levels of “parental warmth” develop insecurity, which causes them to exhibit a higher propensity for materialism later as adults, defined as the importance one accords to possessions and to the acquisition of these possessions. Several studies have shown that materialism not only negatively impacts subjective well-being (Pieters 2013) but also financial health (Rindfleisch, Burroughs, and Denton 1997).

Why Early-Life Parental Love May Decrease Future Financial Discipline

Thus far, we have discussed several reasons why early-life parental love increases future financial discipline. However, findings from at least one alternative research stream—research on parental styles (Baumrind 1966; Darling and Steinberg 1993)—suggest there may be reasons to expect that parental love can decrease future financial discipline.

As a number of findings reveal, self-discipline, or “grit,” is an important determinant of success (e.g., Duckworth et al. 2007). Findings from Duckworth et al. (2007) revealed, for example, that controlling for one’s inherent aptitude and opportunities, the single most important determinant of success in accomplishing goals is one’s level of self-discipline. To the extent that providing a child with love and nurturance diminishes the child’s ability to exercise self-discipline—an outcome that appears plausible, for reasons we will explain shortly—one may expect parental love to have a negative effect on the child’s future financial discipline.

We draw on recent research that finds a relationship between self-control and over-indebtedness. Gathergood (2012) examined the relationship between self-control, financial literacy, and over-indebtedness on consumer credit debt among UK consumers. This study found that a lack of self-control is positively associated with nonpayment of consumer credit and self-reported excessive debt burden. Consumers who exhibit self-control problems were seen to make greater use of quick-access (but high-cost) credit items such as store cards and payday loans.

What is the effect of parental love on a child’s ability to exercise self-discipline? Although no prior work has sought to address this question directly, findings on the influence of different parenting styles suggest that parental love, under some conditions, may lower self-discipline. Specifically, these findings show that a *permissive* parenting style—in which a parent is responsive to the child’s needs and wants but does not curb the child’s inappropriate behaviors—may result in “spoiled brats” or “spoiled sweets,” that is, children who are warm and personable but incapable of exhibiting adequate levels of self-discipline to achieve goals (Akinsola and Udoka 2013).

The opposite of the permissive style is the *authoritarian* style, which involves shaping and controlling children’s attitudes and behaviors in accordance with strict standards of conduct. Parents who adopt this style typically favor punitive and forceful measures to curb children’s attitudes and behaviors (Baumrind 1966). Children brought up in an authoritarian environment tend to be anxious, withdrawn,

and unhappy, which may interfere with their future success (Wolfradt, Hempel, and Miles 2003; Yang et al. 2014).

Between these extremes of permissiveness and authoritarian parenting lies the *authoritative* style, in which the parent tries to direct the child’s attitudes and behaviors but in a rational, issue-centered way.¹ Specifically, the authoritative style involves being “both highly responsive and highly demanding” (Baumrind 1996, 412) and thus rejects what Baumrind (1996) calls the false dichotomy between being too lenient or too disciplined. In authoritative environments, when parents and children disagree, children are encouraged to convey their viewpoints openly and to defend them (Dornbusch et al. 1987). By allowing such freedom of self-expression and by fostering a sense of personal dignity, authoritative parents nourish both independence and self-discipline in their children (Darling and Steinberg 1993), which allows them to become more successful. The children of authoritative parents generally receive better grades in school than those of permissive or authoritarian parents (Dornbusch et al. 1987; Yang et al. 2014).

Our Prediction: Choosing between Alternative Possibilities

To summarize, while there are some strong reasons to expect that parental love will promote financial stability, there are other reasons, centered on self-discipline, to expect the opposite. This conflict increases the theoretical relevance of our central question: does early parental love lower or increase future financial discipline?

On balance, we predict that children who receive higher levels of parental love will later be more financially disciplined. There are two main reasons for this prediction. First, findings that suggest a permissive parenting style may lower self-discipline are based on relatively early work on parenting styles (e.g., Baumrind 1966). More recent research suggests that permissive parenting appears to be the least common style across the world. For example, one study of North American participants found that fewer than 15% of parents use this style, with the authoritative and authoritarian styles being more prevalent, at a rate of 60% and 20%, respectively (Adalbjarnardottir and Hafsteinsson 2001). Another study (Akinsola 2013) of participants from Nigeria and Cameroon yielded similar results, with the permissive style being even less prevalent (1.6%) compared to the authoritative style

1. In the interests of brevity, we omit the fourth parenting style (the *neglectful* style) from our discussion.

(45.3%) and the authoritarian style (8.1%). The rest of the parents in the study used a combination of the various styles. Because the permissive style is the least common, we expect that most children who received higher levels of parental love will also have learned self-discipline from their parents; that is, parents who exhibited high levels of love will also have exhibited high levels of demandingness.

Second, we take steps to ensure that the demandingness aspect of the authoritative style, which has been found to be critical for the development of self-discipline, is incorporated in both studies in this paper. Specifically, in study 1, we explicitly include *parental monitoring*, which refers to the extent to which parents enforce discipline in their children, as a control variable in our analyses.

STUDY 1: LONGITUDINAL DATA

We expect parental love to have a positive effect on the future financial discipline of children. Additionally, we include income, another indicator of financial well-being, as a second dependent variable, to test the sensitivity of this result. We test this prediction using the NLSCY longitudinal data.

Sample and Procedures

The NLSCY data were collected in eight waves, with the total number of children in the data set decreasing from 3,434 in the first wave (1994–95) to 1,428 in 2007–8. The NLSCY used a stratified, multistage probability sampling procedure in which sample sizes for stratification were allocated by age group and then by province to ensure sufficient sample sizes for smaller provinces. The sampling process continued down to the city block level, with dwellings chosen from selected blocks.

Since the original purpose of the survey was to study developmental changes in children over time as well as the effect of environmental factors on such changes, the target population for the first wave were children in the 10- to 11-year-old age group. These children had reached the age of 24 or 25 years by cycle 8. Given our objective—to assess the effect of parental love on future financial discipline—we included the 1,428 children for whom we have complete data in the present sample.

Measures

Independent Variable. The NLSCY measured parental love only in the first three cycles (i.e., when children were 10–11 years old, 12–13 years old, and 14–15 years old), and not in subsequent cycles. The “Parent Practices Scale” de-

veloped by Lempers, Clark-Lempers, and Simons (1989) was used to measure parental love. Specifically, in each of the first three cycles, the children were asked to rate how often their parents: (1) smiled at them, (2) praised them, (3) made sure that they knew they were appreciated, (4) spoke of the good things they did, and (5) seemed proud of the things they did (the values of α ranged from .77 to .84), anchored by 1 = *never* to 4 = *very often*. To address our objective of assessing the effect of parental love on children’s future financial discipline, we used the average of parental love measures in these three cycles for the analysis.

Dependent Variables. Financial well-being relates to how people think and feel about their financial state, which is often assessed by evaluating objective standards such as their income (Sharma et al. 2014). Financial well-being is also conceptualized to relate to late payments or minimum payments and more positive financial behaviors (Netemeyer et al. 2018). We derive [adult] children’s financial discipline in the eighth and final wave, by which time the children were 24 or 25 years old, from the responses to two questions that were included in the survey: (1) In the past 12 months, were you ever behind 2 months or more on a bill, loan, rent, or mortgage payment? and (2) Do you have any savings or investments (e.g., savings in a bank account, savings bonds, mutual funds)? The responses were anchored by 0 = *no* and 1 = *yes*. Sum scores ranged from 0 to 2 (item 1 was reverse coded; $\alpha = .79$), with higher scores reflecting more financial discipline.

Our second dependent variable was *Personal income*, an objective measure of financial well-being. This was assessed using the question: “What was your total personal income before taxes and deductions from all sources in the past 12 months?” The log-transformation of the raw score was used in the analysis.

Mediating Variable. The NLSCY data allowed us to test whether the hypothesized relationship between parental love and financial discipline is mediated by emotional quotient. Specifically, a 20-item version of the Emotional Quotient Inventory (EQ-i) developed by Bar-On (1997), one of the most widely used self-report measures of EQ in studies of school-age respondents (Humphrey et al. 2011), was included in the NLSCY to collect information from children aged 24 or 25 years. The 20-item EQ-i assesses five dimensions of EQ (four items per dimension): (1) *intrapersonal* competencies, (2) *interpersonal* competencies, (3) *stress management* competencies, (4) *adaptability* competencies, and

(5) *general mood*. Each scale-item was preceded by the question: "Tell me how you feel, think, or act most of the time in most situations. . . ." Responses were anchored by 1 = *very seldom true or not true* and 5 = *very often true or true*.

The survey questions are shown in table 1, along with the type of competency indicated by each question. Intrapersonal competencies include recognizing and understanding one's feelings ($\alpha = .94$). Interpersonal competencies include empathy and perspective taking ($\alpha = .87$). Stress management competencies include resisting or delaying an impulse ($\alpha = .93$). Adaptability competencies include the ability to adjust one's emotions and behaviors to changing situations and conditions ($\alpha = .91$). Finally, general mood includes one's general outlook and the ability to tackle challenges with optimism ($\alpha = .84$). Consistent with previous studies (e.g., Bar-On and Parker 2000), EQ-i was treated as a second-order construct composed of these five dimensions. We derived average scores for each dimension and used them as indicators to form the second-order construct of EQ.

Control Variables. Since financial discipline and income could be affected by factors other than parental love, we chose to include eight control variables in our analyses: *gender*, *family socioeconomic status (SES)*, *eldest child* status (i.e., whether the child was the first born in the parents' home), *number of siblings*, *family structure* (i.e., whether the child was raised in a single-parent household), the child's *marital status* at age 24 or 25, *student* status (i.e., whether the child respondent was a student at the time the last wave of data were collected), and the *parental monitoring* that the child respondent received in cycles 1–3.

Gender was coded as 1 for females and 0 for males. This variable was included because women generally receive lower wages than men (Jung, Moon, and Hahm 2007).

Family SES was based on data collected in cycle 1. For obvious reasons, we considered the SES of the respondent's family to be an important determinant of the respondent's future financial discipline. The survey included five SES categories that reflect raw income and family size. The lowest

Table 1. Emotional Intelligence Questionnaire (EQ-i) in the NLSCY for Young Adults (Age 24–25) Detailing Items to Assess Emotional Quotient

Tell me how you feel, think, or act most of the time in most situations:

You are sensitive to the feelings of others. (inter)
It's hard for you to describe your feelings. (intra) ^a
You're impatient. (stress mgmt) ^a
You try to see things as they really are, without fantasizing or daydreaming. (adapt)
You're optimistic about most things you do. (mood)
You're good at understanding the way other people feel. (inter)
Others think that you lack assertiveness. (intra) ^a
You have a bad temper. (stress mgmt) ^a
When faced with a difficult situation, you like to collect all the information about it that you can. (adapt) ^a
You believe in your ability to handle most upsetting problems. (mood)
You care what happens to other people. (inter)
You're unable to express your ideas to others. (intra) ^a
It is a problem controlling your anger. (stress mgmt) ^a
In handling situations that arise, you try to think of as many approaches as you can. (adapt)
You can stay on top of tough situations. (mood)
You have good relations with others. (inter)
It's hard for you to make decisions on your own. (intra) ^a
You have strong impulses that are hard to control. (stress mgmt) ^a
When trying to solve a problem, you look at each possibility and then decide on the best way. (adapt)
You generally expect things to turn out all right, despite setbacks from time to time. (mood)

Note.—(intra) = intrapersonal competencies subscale; (inter) = interpersonal competencies subscale; (stress mgmt) = stress management competencies subscale; (adapt) = adaptability competencies subscale; (mood) = general mood subscale.

^a Refers to reverse-coded items.

category consisted of those with incomes of \$10,000 (Canadian dollars) or less with one to four persons in the family or less than \$15,000 with five or more persons in the family. The top category consisted of those with incomes of \$80,000 or more, with three or more persons in the family.

We included *eldest child* status and *number of siblings* as control variables because some past studies revealed a significant effect of birth order on income (e.g., Zajonc 1976). The latter variable was operationalized as the actual number of siblings who lived with the focal child in the same household in cycle 1; it varied in value from a minimum of 1 to a maximum of 11. *Eldest child* was a binary variable: 1 = the respondent is the eldest child and 0 = the respondent is not the eldest child.

Single-parent household was coded as “1” if the child was raised in a single-parent household and coded as “0” if the child was raised in a two-parent family. We felt it prudent to include this variable because some past studies have shown that the children of divorced or separated parents were more materialistic and scored higher on measures of compulsive buying than those whose parents were not divorced or separated (Rindfleisch et al. 1997). These children were also more likely to experience economic hardship (Ross and Mirowsky 1999).

Marital status was coded as “1” if the child was married in cycle 8 and “0” otherwise. We included this variable because some past research (e.g., Hirschl, Altobelli, and Rank 2003) suggests that being married enhances affluence.

Student status was coded as “1” if the respondent was a full-time or part-time student in cycle 8 and “0” otherwise.² Being a student, for obvious reasons, lowers earning potential during the period of study. That is, we expected students in the data set to have lower earning potential, but we still expected that parental love would increase both financial discipline and income even after controlling for student status.

Prior findings have shown that high levels of parental love without correspondingly high levels of parental monitoring may have counterproductive effects on the child’s psychological development and eventual success (Baumrind 1996). Based on these findings, we included *parental monitoring* as a covariate in the model. Parental monitoring was measured by five items using a scale ranging from 1 = *never* to 4 = *very often*. These five items are as follows: (1) how often their parents wanted to know exactly where they were

and what they were doing, (2) told them what time to be home when they went out, (3) told them what they could watch on TV, (4) made sure they did their homework, and (5) found out about their misbehaviors. Following Yang and Schaninger (2010), a composite score was derived for parental monitoring, with higher scores reflecting higher levels of monitoring.

Results. We tested our hypothesis in a two-stage structural equation modeling analysis using Mplus. In the first stage, we specified the direct-effect model (see fig. 1), which contains only the independent variable (i.e., parental love at ages 10–15), the two dependent variables (i.e., income and financial discipline at ages 24–25), and the control variables. The mediator (EQ) was not included in the model. In the second stage, we tested the indirect-effect model (see fig. 2) by including the mediator.

Direct Effects of Parental Love on Future Financial Discipline and Income. As shown in figure 1, the direct-effect model fits the data well: $\chi^2 = 145.4$, $df = 59$, $p < .001$, comparative fit index (CFI) = .98, root mean square error of approximation (RMSEA) = .033. Consistent with our expectations, early parental love was positively related to future personal income ($\beta = .274$, $p < .05$) and financial discipline ($\beta = .165$, $p < .01$).

Results pertaining to the control variables were consistent with our expectations. Specifically, personal income was significantly related to gender ($\beta = -.838$, $p < .001$), with women having lower incomes than men. Furthermore, and consistent with expectations, student status was negatively related to personal income ($\beta = -.962$, $p < .001$). In addition, family SES was positively related to the child’s future income ($\beta = .253$, $p < .001$) and financial discipline ($\beta = .082$, $p < .001$). This suggests that children from wealthier families are more likely to have higher incomes and better financial discipline. Respondents’ marital status at age 24 or 25 years was positively related to income ($\beta = .416$, $p < .001$) and financial discipline ($\beta = .090$, $p < .05$), which is in line with some prior findings showing that marriage enhances financial health (Hirschl et al. 2003).

Neither eldest son status nor the number of siblings significantly affected any of the dependent variables ($p > .05$). Parental monitoring was not significantly related to personal income or financial discipline in adulthood, which is consistent with previous research showing that, in the presence of parental love, the effect of parental monitoring diminishes (Bogenschneider et al. 1998). As children age,

2. We included *student status* as a covariate in study 1 because 28.4% of participants in cycle 8 were either full-time or part-time students.

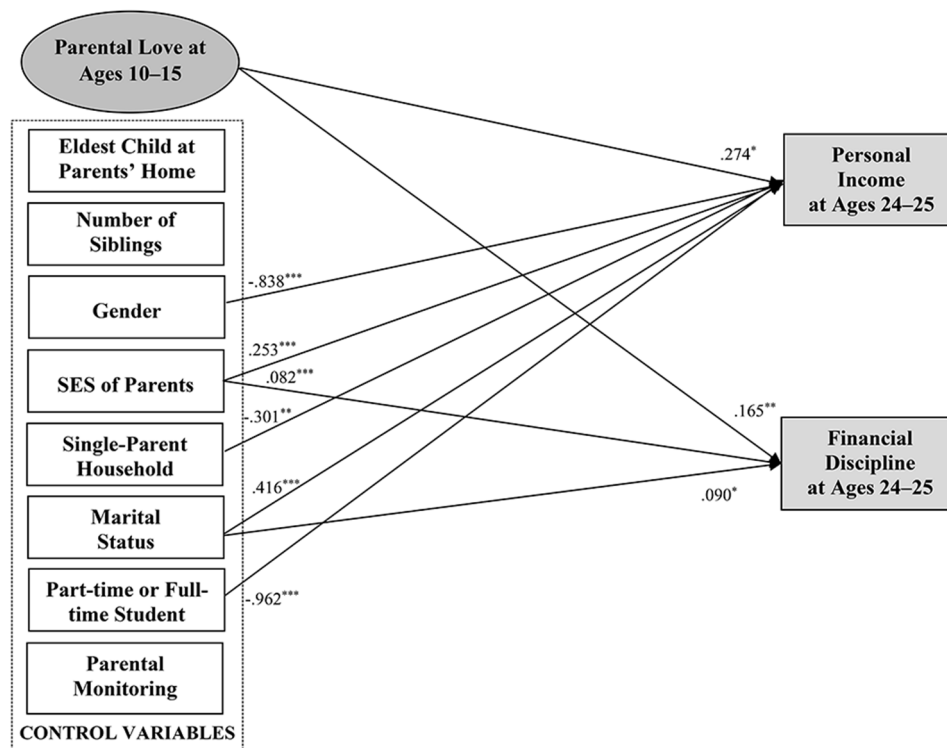


Figure 1. Direct effect of parental love. Parental love was found to be positively related to both measures of financial health: personal income and financial discipline (study 1). SES = socioeconomic status. (1) Fit indexes: $\chi^2 = 145.4$, $df = 59$, $p < .001$, CFI = .98, RMSEA = .033. (2) All paths are estimated, but only significant paths are displayed. Values associated with each path are unstandardized regression coefficients. * $p < .05$. ** $p < .01$. *** $p < .001$.

their emotional connectedness with their parents (which is often associated with parental love) plays a more important role in guiding their behavior than past physical rules and supervision (Yang and Schaninger 2010).

Testing the Indirect Effects of Parental Love on Financial Discipline. Turning now to the indirect-effect model, including the EQ mediator, our results revealed another good fit to the data: $\chi^2 = 408.9$, $df = 127$, $p < .001$, CFI = .95, and RMSEA = .041. As shown in figure 2, the effect of parental love on both future personal income and financial discipline ran through the indirect path (i.e., through EQ).

Specifically, parental love was positively associated with EQ ($\beta = .632$, $p < .001$), which was in turn positively related to personal income ($\beta = .117$, $p < .001$). In addition, parental love's direct effect on personal income became non-significant after EQ was introduced into the direct-effect model. Therefore, EQ mediated the effect of parental love on personal income. With respect to the indirect effect of parental love on financial discipline, parental love was pos-

itively associated with EQ ($\beta = .632$, $p < .001$), which was in turn positively related to financial discipline ($\beta = .051$, $p < .01$). Also, the direct effect of parental love on financial discipline remained significant ($\beta = .133$, $p < .05$).

Follow-up analyses of the total, indirect, and direct effects of parental love showed that the mediator (EQ) accounted for 69.1% of the total effect of parental love on personal income (indirect effect = .074, $t = 3.19$, $p = .001$; total effect = .107, $t = 2.06$, $p < .05$), and EQ accounted for 19.4% of the total effect of parental love on financial discipline (indirect effect = .0328, $t = 2.73$, $p < .01$; total effect = .165, $t = 3.09$, $p < .01$).

Of the seven control variables, EQ also mediated the effect of marital status on both personal income and financial discipline (marital status \rightarrow EQ: $\beta = .359$, $p < .001$; EQ \rightarrow income: $\beta = .117$, $p < .001$; EQ \rightarrow financial discipline: $\beta = .051$, $p < .01$). Thus, it appears from these results that married respondents tend to have higher emotional stability, which in turn boosts both their income and their financial discipline.

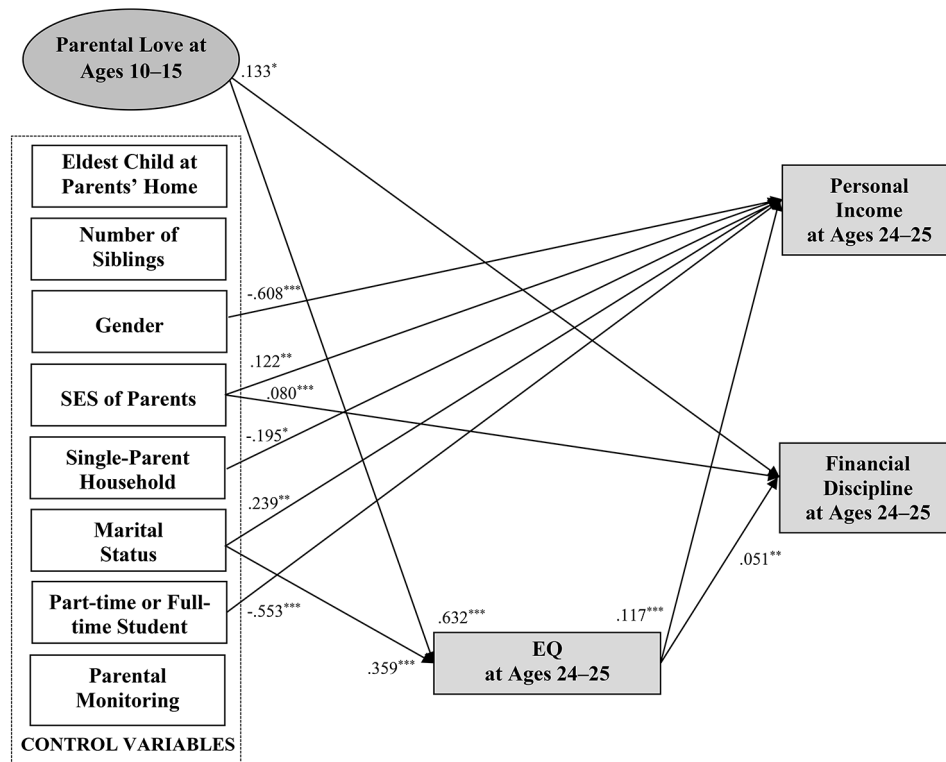


Figure 2. Indirect effect of parental love through emotional quotient (EQ). Effects of early parental love on both future personal income and financial discipline are mediated by EQ (study 1). SES = socioeconomic status. (1) Fit indexes: $\chi^2 = 408.9$, $df = 127$, $p < .001$, CFI = .95, RMSEA = .041. (2) All paths are estimated, but only significant paths are displayed. Values associated with each path are unstandardized regression coefficients. * $p < .05$. ** $p < .01$. *** $p < .001$.

Testing Whether There Are Nonlinear Trends for Parental Love. We also examined whether there are nonlinear trends for parental love and whether trajectory parameters need to be considered for the model. We tested a latent growth model for parental love in cycles 1–3 specifying and testing a linear function and a nonlinear competing model to determine what better fit the trajectory (see the appendix, available online). The results suggest that the parental love trajectory is better represented by a nonlinear function. As shown in the appendix, the shape of this nonlinear model is a diminishing-return curve, that is, starting low at cycle 1, rising up at cycle 2, and plateauing out at cycle 3. However, results from a quadratic trend analysis revealed that the nonlinear effects were nonsignificant. Thus, at least in our data, there does not appear to be an effect of “too much parental love.”

Study 2: Sensitivity Analysis Using Cross-Sectional Data Results from the longitudinal data indicate that children who reported receiving more attention and nurturance from their parents between the ages of 10 and 15 years were, at

ages 24 and 25, were more likely to report higher incomes, more savings, and less delinquency in paying bills. This result was obtained even after controlling for several variables that could independently affect financial health, such as family SES, gender, and growing up in a single-parent household. A final result of note from this longitudinal study is that the effects of parental love on financial discipline and income were mediated by the child’s emotional quotient, suggesting that the reason parental love enhances children’s financial health is that it increases EQ.

To replicate these findings using a different method (cross-sectional vs. longitudinal) and a different sample of respondents, we collected additional data from 398 American adults (60.3% female; $M_{age\ range} = 35-44$). Participants were asked to recall how their parents (or step-parents or foster parents) interacted with them during their childhood (i.e., “when you were around 10 years old”), then they were asked to rate the same 5-item parental love measure as in the main study ($\alpha = .95$). Respondents further rated their levels of EQ, personal income, and financial discipline at the time

of the study, using the same measures as used in the main study. Education was treated as an additional covariate in the analysis.

While retrospective data may raise some questions about the respondent's ability to accurately recall this information, scholars have concluded that retrospective data possess acceptable reliability for testing hypotheses relating to an individual's relative standing in some distribution during childhood, such as how close a child was to her parents (Richins and Chaplin 2015). The purpose of this study is to validate the findings of the longitudinal analysis using different data from a different country.

Results showed that our model fit the data well, with $\chi^2 = 243.5$, $df = 99$, $p < .001$, $CFI = .95$, and $RMSEA = .060$. As shown in figure 3, consistent with the results of the longitudinal study, the effects of parental love on personal income and financial discipline ran primarily through the indirect path via EQ. Specifically, parental love was positively associated with EQ ($\beta = .129$, $p < .001$), which in turn was positively related to personal income ($\beta = .241$, $p < .05$) and financial discipline ($\beta = .331$, $p < .001$). Therefore, EQ mediated the effect of parental love on personal income and financial discipline.

General Discussion

What is the effect of early parental love on the future financial well-being of children? To the extent that mental and social health are crucial determinants of professional success, we should expect that early parental love will improve future financial well-being. However, it is possible that parental love has no effect, or even a negative effect, on financial well-being to the extent that financial well-being depends even more critically on other factors (e.g., the ability to exercise self-discipline) and to the extent that receiving parental love has a negative effect on these factors, which can be inferred from prior research (e.g., Robinson et al. 1995). Whether the future financial well-being of children who receive higher levels of parental love is higher or lower is thus a question of theoretical interest. It is also a question of substantive interest for relatively obvious reasons: Parents worldwide seek to enhance the financial health of their children.

Summary of Findings. Across both a longitudinal study and a cross-sectional study that involved recalling the level of parental love that respondents received as children, we found that more parental love increased the future financial

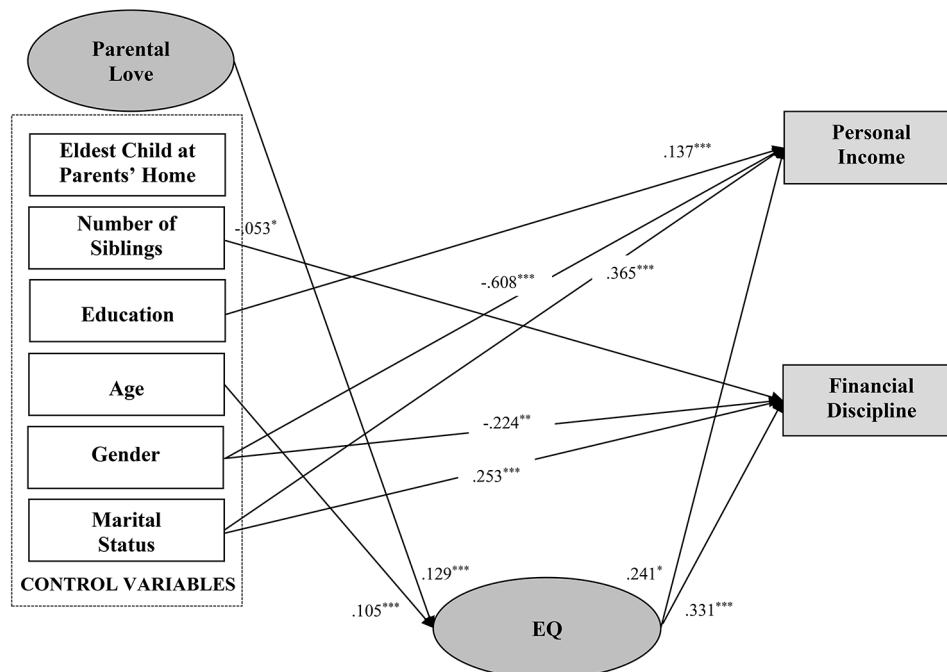


Figure 3. Results of sensitivity analysis using retrospective data from study 2. Effects of early-life parental love on future income and financial discipline are mediated by emotional quotient (EQ). (1) Fit indexes: $\chi^2 = 243.5$, $df = 99$, $p < .001$, $CFI = .95$, $RMSEA = .060$. (2) All paths are estimated, but only significant paths are displayed. Values associated with each path are unstandardized regression coefficients. * $p < .05$. ** $p < .01$. *** $p < .001$.

discipline of the respondents as well as their future financial income. Specifically, results from the longitudinal data set revealed that children who received higher levels of parental love between the ages of 10 and 15 were more likely to report better financial discipline and higher levels of income a whole decade later—at the age of 24 or 25. Furthermore, we found that EQ mediated the link between parental love and both financial discipline and income.

These results provide strong evidence that parental love matters in more ways than literature has considered before now. Specifically, not only does parental love matter for the healthy psychological development of children and for the quality of their social life, it also matters for their future financial well-being, and this seems true cross-culturally.

Theoretical and Substantive Contributions. Our findings are important for both theoretical and substantive reasons. Theoretically, we are the first to explore and document a link between parental love and future financial well-being. Another theoretical contribution stems from documenting the mediating role of EQ. Future research should also consider the possibility that parental love influences financial well-being through other means, such as subjective well-being.

Substantively, our findings suggest that an important answer to the question “What can parents do to enhance the financial well-being of their children?” is to provide children with adequate levels of parental love and nurturance. Indeed, our findings suggest that the higher the level of love and nurturance that parents provide to their children, the better their children’s future financial health will be.

Limitations and Concluding Remarks. The present research suffers from the limitations of reverse causality and endogeneity, which is true of any empirical investigation based on measured (vs. manipulated) variables in which respondents are not randomly assigned to the experimental conditions. For example, it is possible that a third variable (e.g., family culture) determines both the level of parental love in a family as well as financial discipline. Along similar lines, it is possible that genetic factors may determine both the levels of parental love and financial discipline in the families in our data set.

Our data also do not allow us to rule out the possibility that respondents who were already financially disciplined—or were slated for such discipline in the future due to reasons other than parental love—reported receiving higher levels of love and nurturance from their parents. Of course, the longitudinal study alleviates such a concern, and the media-

tion of EQ places an onus on these types of these alternative explanations, making them less parsimonious than our own. That said, however, it is imperative—particularly given both the theoretical and substantive significance of the topic—that future research be devoted to further explore the preliminary evidence in favor of the positive relationship between parental love and financial discipline that we have documented.

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