The role of self-efficacy in mediating parental financial teaching on financial management behavior: a study on youths in Malang

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ABSTRACT

This study aims to examine and analyze the role of self-efficacy in mediating parental financial teaching on financial management behavior. The object of this research is the younger generation as reflected by students. Respondents in this study amounted to 100 students at the Faculty of Economics and Business, Universitas Brawijaya. This study uses quantitative data which is then analyzed using PLS Structural Equation Modeling and hypothesis testing. The results of the analysis in this study illustrate that parental financial teaching, self-efficacy, and financial management behavior have a direct relationship and show a significant positive effect. Self-efficacy is a mediator in this study. The implications of this research are expected to contribute to science and related parties.

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Introduction

As human beings, we have various needs that must be fulfilled in order to sustain our lives and well-being (OJK, 2019). These needs encompass a wide range of aspects, including basic necessities such as food, shelter, and clothing, as well as healthcare, education, transportation, and leisure activities. In order to meet these needs, we typically engage in spending or financial transactions. We use money or other forms of currency to acquire goods and services that fulfill our requirements and enhance our quality of life. Our spending habits are influenced by factors such as personal preferences, income level, cultural norms, and economic conditions. Implementing financial management practices is crucial for effectively managing our spending and achieving long-term financial stability. Financial Management Behavior can be defined as any human behavior that is relevant to financial management which includes cash, credit and savings (Xiao, 2008). Financial behavior management involves implementing strategies and practices to effectively manage your finances and work towards achieving your life goals, particularly attaining prosperity. It encompasses various aspects, including goal setting, financial discipline, savings and investments, debt management, and continuous learning about personal finance.

Financial well-being refers to a state in which individuals or families can meet their financial needs comfortably and feel financially secure. Financial well-being is closely related to financial literacy (Kaiser & Menkhoff, 2020). Financial literacy is the knowledge and understanding of financial concepts and skills that individuals possess, enabling them to make informed and effective financial decisions. It encompasses various areas such as budgeting, saving, investing, debt management, insurance, and retirement planning. Having a strong foundation in financial literacy is crucial for achieving and maintaining financial well-being. When individuals are financially literate, they can make informed decisions about spending, saving, and investing their money. They are better equipped to manage their finances, avoid costly mistakes, and plan for the future. Financial well-being is defined as the perception of the ability to maintain the current desired standard of living and what is expected in the future (Brüggen et al., 2017). This action involves the
ability to manage income, expenses, savings and investments wisely, as well as having adequate financial protection. By understanding concepts such as budgeting, saving, investing, and debt management, individuals can make choices that align with their financial goals and priorities. They can optimize their financial resources, plan for emergencies, and work towards long-term financial stability.

Many individuals face problems in managing their finances effectively. These challenges can include overspending, lack of budgeting and financial planning, insufficient savings, debt management issues, lack of financial knowledge, and emotional factors. As data collected from a government survey through the financial services authority (OJK) regarding the financial literacy index and financial inclusion in 2019. The survey shows 38.03% for financial literacy and 76.19% for financial inclusion (OJK, 2020). The data illustrates that the level of financial literacy and inclusion is still relatively low. Low literacy levels have an impact on financial problems such as the absence of planning, constraints on selecting financial instruments, and unclear investments. Financial problems are very vulnerable to occur in the younger generation due to improper financial management. In this phase, a person begins to be involved in new decisions in his life history (de Bassa Scheresberg, 2013; Thi Ngoc Mien & Phuong Thao (2015)). Another source stated that this impulsive expenditure was made to fulfill a lifestyle (OCBC, 2022). This behavior has consequential, detrimental, and negative effects for future finances and life. To address these challenges, individuals can seek financial education to enhance their knowledge and skills. Developing good financial habits, such as budgeting, saving, and debt management, is crucial. Seeking assistance from financial professionals or advisors can also provide guidance and support in overcoming these problems. With proper guidance, discipline, and effort, individuals can improve their financial management skills and work towards financial stability.

Financial behavior is the foundation of financial resilience which includes skills, actual knowledge and self-confidence (Ramalho & Forte, 2019). Financial resilience, which is built upon strong financial behavior, is the ability to withstand financial shocks and bounce back from financial setbacks. It involves effectively managing financial resources, making informed decisions, and adapting to changing circumstances. Financial behavior includes three main things, namely money management, financial planning, choosing financial products (World Bank, 2013). Financial Management Behavior is reflected in individual actions to save, credit management, make financial decisions, invest (Tang & Baker, 2016; Jorgensen et al., 2017). Good financial management behavior can be the basis for achieving long-term and short-term goals.

The transfer of financial knowledge from parents to children plays a significant role in shaping the financial management behavior of the younger generation. Parents often serve as a primary source of financial knowledge and guidance for young people, and they can play a crucial role in helping their children develop positive financial habits and avoid financial problems. Research studies, such as those conducted by Norvilitis and MacLean (2010) and Taneja et al. (2015), have highlighted the influence of parents on the financial behavior of their children. Parents who actively engage in teaching their children about money management, budgeting, saving, and other financial concepts can have a positive impact on their children’s financial behaviors and outcomes. Parents positively influence financial behavior both directly and indirectly (Noh, 2022; Zhu, 2019; Thi Ngoc Mien & Phuong Thao, 2015).). In addition, financial discussions between children and parents during childhood have an influence on the financial well-being of adults (Utkarsh et al., 2020). The impact of the role of parents has implications for financial knowledge, attitudes, behavior and long-term well-being of children (Fan et al., 2021). Based on the opinion of previous researchers, it can be seen that parents form an influence on financial behavior.

Other research states that teaching by parents does not have an influence on behavior Financial teaching by parents does not have a significant effect on financial behavior (Menkhoff, 2015; Wrottesley, 2016; Mandell & Klein 2009; Grohmann, 2018; Purwidianti and Tubastuvi, 2019). Based on the results of previous research, it illustrates that there is research inconsistency between parental financial teaching variables and financial behavior. The mediating variable in this study is self-efficacy. Self-efficacy refers to individual beliefs about their ability to achieve certain goals or tasks. Self-efficacy mediation can play a role in the relationship between parental financial teaching and financial behavior. The mediating role of self-efficacy can mean that individuals' belief in their ability to manage finances effectively and practice the financial skills learned from their parents will act as a mediator in the relationship between personal financial teaching and financial behavior.

The study aims to explore the relationship between parental financial teaching, financial behavior, and self-efficacy among undergraduate students at Brawijaya University. The study further investigates the role of self-efficacy as a mediator between parental financial teaching and financial behavior. The research design focuses on a sample of undergraduate students from the Faculty of Economics and Business at Brawijaya University, with a total of 1,137 students. The data for this study is sourced from internal academic records. This data is sourced from internal data obtained through academics. The study aims to shed light on how parental financial teaching influences financial behavior in the young generation, and whether self-efficacy plays a mediating role in this relationship. Self-efficacy refers to an individual's belief in their ability to successfully perform specific tasks or behaviors. In this case, it refers to the confidence individuals have in their ability to engage in responsible financial behavior. Based on the background of the problems above, several variables that will be examined in this study are parental financial teaching, financial behavior and self-efficacy. This study takes the title The Role of Confidence (self-efficacy) in Mediating Parental Financial Teaching on financial behavior (financial behavior) in the Young Generation.
Literature Review

Theoretical and Conceptual Background

Theory Planned Behavior

The theory of planned behavior is a development of the theory of reasoned action. This theory was developed to explain the definition of a behavioral goal unit, and make it possible to predict and explain behavior directed at that goal (Ajzen, 1985). Success in carrying out a behavioral plan depends not only on the effort exerted but also on the person's control over other factors such as necessary information, skills, and abilities, including possession of a workable plan, will, presence of mind, time, opportunity, and so on (Ajzen, 1991). The research conceptual framework is also based on the Theory of planned behavior, where the Theory of planned behavior underlies the financial behavior variable in this research construct.

The theory of planned behavior has three underlying dimensions, namely attitude toward behavior, subjective norms, and perceived behavioral control (Ajzen, 1991; Teague & Gartner, 2017). According to Conner, M., & Norman (2006) the context of attitude in the theory of planned behavior is the relationship between attitudes and beliefs, based on the attitude model by Fishbein's (1967a, 1967b), which assumes that a person may have a large number of beliefs about a particular behavior, but at any one time only a few of them tend to stand out. Subjective norms are a function of normative beliefs, which represent the preference perceptions of certain important people about whether a person should be involved or not in a behavior (Conner, M., & Norman, 2006). The third dimension of the theory of planned behavior is perceived behavioral control, included as an exogenous variable that has a direct effect on behavior and an indirect effect on behavior through intention (Madden et al., 1992). Theory of Planned behavior (Ajzen 1991) provides a framework for how a person's behavior will be influenced by three attitudinal factors: attitudes toward behavior, subjective norms, and perceived behavioral control. In this study, we have defined indicators of healthy financial behavior as a set of desired behaviors that help young adults achieve important and relevant financial, economic, and interpersonal goals for them during the young adult period.

Parental Financial Teaching

Experiential Learning Theory is a learning theory developed by David Kolb, this theory states that learning occurs through experiences experienced by individuals (Morris, 2020). Parents become the main socialization agents about financial learning which function as a filter for information from outside and become the basis for socialization of sustainable finance in one's life (Kolb 1989). Financial socialization by parents is used to study the impact of socialization on individual financial results which focuses on the close relationship between parents and children (Gudmunson & Danes, 2011). This theory has two dimensions, namely the process of financial socialization and individual results (Rea et al., 2019). Parental financial teaching is an important component to be able to explicitly transfer financial knowledge and skills (Serido & Deenanath, 2016). Parents as role models make the element of “exemplary” as the most common method of financial socialization of parents through daily interactions, teaching finance by parents is an important component to be able to explicitly transfer financial knowledge and skills (Serido & Deenanath, 2016). Parents have an important role in a child's financial management skills (Zhao & Zhang, 2020).

Parents have an important role for children's finances at college age, positive relationships between parents and children contribute to building relationships in the financial sector during the transition from adolescence to adulthood (Shim et al., 2010). Everyday interactions provide access for children to acquire or learn knowledge, skills, and financial behavior from the practice and teaching of parents, directly or indirectly (Dew & Xiao, 2011). The results of socialization from parents provide output in the form of healthy and responsible financial behavior. At a young age they start to get involved in financial management and start paying bills (Scanlon et al., 2007). Financial socialization is a process of learning and instilling financial values in individuals from an early age, both from the family, school, and other social environments. Financial socialization aims to form good behavior in financial management, such as saving, investing, minimizing debt, and avoiding excessive consumptive behavior.

Based on research conducted by Angulo-Ruiz and Pergelova (2015) on high school students, they found that teaching finance by their parents had an impact on financial behavior. The same thing also happened in Asia, as research conducted by Zhu (2019) found that teenagers in Hong Kong who receive financial instruction from their parents find managing finances easier than teenagers who do not receive any training. The level of information provided by parents to children can reduce the number of credit card owners (Norvilitis and MacLean, 2010; Pinto et al., 2005). Financial teaching by parents is a guide for children in carrying out positive financial behavior. Family finance socialization includes students' perceptions of their parents' financial norms and direct parental finance teaching, which results in the acquisition of specific financial knowledge and skills about various areas of finance (Zhu, 2019). Parents have an influence on the formation of financial knowledge, attitudes, and behavior in young adults (Jorgensen & Savla, 2010). Parents have been found to influence the financial socialization of their children (Alhabeeb, 1999; Clarke, Heaton, Israelsen, & Eggett, 2005; John, 1999). Socialization is the process of how people learn how to act and interact in their society (Agnew, 2018). Financial socialization in the family is an important part of learning done at home and can help family members to build positive attitudes and behaviors towards finance.
Self-efficacy

Self-efficacy is defined as people's beliefs about their ability to produce a level of performance that is designated as having an influence over events that affect their lives. Self-efficacy beliefs determine how people feel, think, motivate themselves and their behavior (Bandura, 1978). According to Albert Bandura, who developed social cognitive theory, the main psychological factor influencing behavior and goal attainment is perceived self-efficacy, belief in one's ability to achieve or succeed at a given task (Bandura, 1978). Someone with high self-efficacy believes that they are able to do something to change the events around them, while someone with low self-efficacy thinks they are basically unable to do everything around them.

Self-Efficacy is a measure of a person's assessment of his ability to achieve or complete challenging tasks. This variable is related to motivation and behavior change as stated by (Bandura & others, 1977). Increasing Self-Efficacy makes individuals devote time and energy to focus on the goals to be achieved. Previous research has found that self-efficacy is related to achieving good goals such as good health, good academic grades, increased achievement and other superior social skills (Bandura et al., 1977). Self-Efficacy refers to an individual's belief in their ability to successfully perform a certain task or achieve a certain goal.

The effect of self-efficacy is also found in the ability to achieve or complete challenging tasks. This variable is related to motivation and behavior change as stated by (Bandura & others, 1977). Increasing Self-Efficacy makes individuals devote time and energy to focus on the goals to be achieved. Research by Neymotin 2010 Provides an explanation of the theoretical relationship that high self-efficacy allows individuals to process negative information and act to overcome these problems. Research on women conducted by Sanders & Weaver, (2015) found that self-efficacy is defined as a woman's confidence in facing financial problems and achieving her financial goals. Individual belief in the ability to manage finances including self-efficacy in the financial aspect.

Self-efficacy can have a positive impact on finances, and can help a person manage finances. Research conducted by (Faique et al., 2017) on the younger generation in Malaysia found that the self-efficacy of young Malaysian adults has an indirect effect on their financial behavior through the mediation of financial attitudes. This is supported by Xiao et al., (2014) who found that young adults' financial self-efficacy is positively related to perceptions of financial independence. Research on the younger generation also carried out by Tang & Baker (2016) found that self-esteem is directly related to financial behavior (eg credit and savings management) in a sample of US adults. On credit behavior has been studied by (Mewse et al., 2010) who said that debtors with a good level of self-efficacy are able to settle debt obligations. Dulebohn and Murray (2007) studied the role of self-efficacy in retirement investment behavior, the results support their hypothesis that high investment self-efficacy will be positively related to choosing retirement investment as an opportunity, while individuals with low self-efficacy will perceive responsibility as a threat. Previous research provides a causal relationship between self-efficacy and financial behavior. Someone with a good level of self-efficacy can carry out good financial behavior. Increasing financial self-efficacy can help individuals feel more confident in making financial decisions, increase control over their finances, and reduce financial stress.

Financial Management Behavior

Financial behavior is an individual's way of managing finances to make ends meet which refers to the financial management technique chosen by the individual (Deenanath et al., 2019). This refers to individual behavior in managing individual income in solving financial problems (Falahi et al., 2012). In other words, financial behavior refers to the way individuals use information and knowledge to solve financial problems by involving financial decisions. Financial decisions include how to earn money, how to save money, investing in long-term assets, financial expenses and considering financial risks. Someone who has responsibility for managing finances will implement cash management, savings and credit management (Zhao & Zhang, 2020), credit management includes three things, namely not being in arrears when making payments, having credit limits, and paying down payments (Norvilitis & MacLean, 2010; Liu & Zhang, 2021). Financial behavior is related to financial decisions such as saving, loans, taxes, retirement funds and financial well-being (Ingale, 2022). Other research states that financial behavior involves habits and patterns of thinking in managing money which include spending patterns for shopping, debt management, investment decision making, retirement fund decisions which are influenced by the environment.

The implementation of financial behavior is shown by (Yong et al., 2018) by providing an illustration that individuals will carry out financial behavior if someone has felt the impact of the behavior and has control over this behavior. Tang and Baker (2016) Personal finance management to measure individual financial behavior which is reflected in the size of saving outside retirement accounts, investing in risky assets, retirement savings, and credit management. Specifically, Otto & Webley (2016) financial behavior in young adults is limited to budgeting, spending and saving. This is in line with the opinion (Ali et al., 2015) that financial practice as positive financial behavior includes four things, namely preparing an expenditure budget, managing short and long term finances, and owning emergency funds.

The construct of financial behavior refers to individual financial results observed according to Gudmunson and Danes (2011) there are two types of interrelated financial behavior. First, financial behavior is a pattern and action over time such as income, savings, spending, and gifts. The second is financial turning point and decision making, this behavior is more like an event involving the initiation or termination of passive financial processes. In an effort to find out how the financial behavior of each individual, this study uses several indicators. The indicators used refer to research by Otto & Webley (2016) that financial behavior in young adults is limited to budgeting, spending and saving. This opinion is in line with (Xiao et al., 2009) which states that financial behavior
consists of expenditure management, balance control and savings. Behavior is defined as an activity that is carried out by individuals repeatedly and becomes a habit. Financial behavior itself can be defined as behavior carried out by individuals both consciously and unconsciously related to financial decision making (Tang & Baker, 2016).

**Empirical Review and Hypothesis Development**

**The Impact of parental financial teaching on financial management behavior**

Financial teaching by parents plays an important role in shaping financial behavior. Financial learning of young adults gained from early financial socialization leads to positive financial attitudes toward their financial problems (Shim et al, 2010). Previous studies have documented how parental financial teaching positively influences students' financial attitudes (Shim et al., 2010). A person's attitude is formed through the process of teaching finance by someone who has a positive impact on a person's financial behavior (Shim et al., 2009). Based on previous research, the first hypothesis is formulated as follows:

**Hypothesis 1:** Parental financial teaching has a significant effect on the financial behavior of the younger generation

**The Impact of parental financial teaching on self-efficacy**

Self-Efficacy is a measure of a person's assessment of his ability to achieve or complete challenging tasks. This variable is related to motivation and behavior change as stated by (Bandura & others, 1977). Increasing Self-Efficacy makes individuals devote time and energy to focus on the goals to be achieved. Previous research has found that self-efficacy is related to achieving good goals such as good health, good academic grades, increased achievement and other superior social skills (Bandura & others, 1977). Self-Efficacy influences the way a person thinks, feels and acts. Someone who has financial knowledge from their parents has a higher Self-Efficacy tendency compared to those who don't. High self-efficacy allows individuals to process negative information and act to overcome these problems.

**Hypothesis 2:** Parental financial teaching by parents has a significant effect on the self-efficacy of the younger generation

**The impact of self-efficacy on financial management behavior**

Self-efficacy is considered an important factor when understanding people's financial management behavior, and a number of studies have examined the relationship between self-confidence, financial attitudes, and financial behavior. Research by Faique et al, (2017) found that self-confidence in young Malaysian adults has an indirect influence on their financial behavior through the mediation of financial attitudes. Furthermore, in a sample of US young adults Xiao et al, (2014) found that young adults' financial Self-Efficacy was positively related to their perceived financial independence. Tang and Baker (2016) also found that self-confidence is directly related to financial behavior (eg, credit and savings management) in a sample of US adults. It was found that students with positive self-esteem were less likely to become compulsive hoarders when they had significant financial education and experience (Noh and Cha, 2018).

**Hypothesis 3:** Self-efficacy has a significant effect on the financial management behavior of the younger generation

**The impact of self-efficacy as a mediator**

The role of mediation Self-efficacy is a mediator between parental teaching styles and children's learning outcomes (Kong & Yasmin, 2022). Self-efficacy has a role as a mediator or liaison between financial teaching from parents and financial behavior. This means that Self-efficacy is considered as a factor influencing how financial teaching from parents affects individual financial behavior. This study will test the hypothesis that individuals who have high Self-efficacy (ie strong self-confidence in their ability to manage their finances) will be more likely to apply the financial teaching given by their parents in their financial behavior. In this case, self-efficacy is considered as a factor that mediates the relationship between parental financial teaching and individual financial behavior.

**Hypothesis 4:** Self-efficacy mediates Parental financial teaching on financial behavior in the younger generation.

![Figure 1: Conceptual Model of the Study; Source: Authors](image-url)
**Research and Methodology**

This research was conducted in an effort to test, explain, and prove the theory in a knowledge. Based on the objectives to be achieved, this research can be categorized as explanatory research with a quantitative approach, so that it can provide an explanation of the causal relationship between existing variables through hypothesis testing. Explanatory research is a research method that intends to provide an explanation of the position of the variables to be studied and the effect between one variable and another (Sekaran et al., 2016). This study uses a quantitative approach aimed at describing or presenting it in the form of numbers or in the form of numbers as a measuring tool. Quantitative research uses a certain procedure that produces data in the form of numbers which are then analyzed using statistics to determine the effect between variables. Quantitative research using valid, reliable instruments and appropriate statistical analysis will produce research results that do not deviate from the actual situation. This study intends to provide an explanation and analyze the relationship between Parental financial teaching, financial behavior, Self-efficacy in students of the faculty of economics and business, University of Brawijaya in Malang city.

**Variable Measurement**

**Parental Financial Teaching**

Financial teaching by parents to children known as parental financial teaching is the stage of transferring knowledge from parents to children through the process of financial socialization. Parental Financial Teaching (PFT) is financial education given by parents to their children. Parental financial teaching aims to help children understand basic concepts of financial management, such as expense management, savings management, investment, debt and credit, and how to make the right financial decisions. Parents providing a good financial education can help their children to become more financially independent and able to manage their money well in the future.

**Self-Efficacy**

Self-efficacy is a person’s belief in the ability possessed to carry out certain missions in order to achieve the desired goals. This belief is related to certain activities, this belief is formed by past experience, this belief is subjective based on the perception of the individual self. A person’s self-confidence will have an impact on ideas, initiative, creativity, courage, perseverance, enthusiasm for work. Someone with high confidence will be self-actualized and willing to take risks.

**Financial Management Behavior**

Financial behavior refers to all actions or decisions related to individual or family financial management, be it in terms of spending, saving, investing, debt and credit, as well as other financial decisions. Financial behavior includes both positive and negative financial behavior, and is influenced by various factors such as economic conditions, culture, values, norms, knowledge, and individual experiences.

**Findings and Discussions**

The next data analysis method used in this study is the Partial Least Square (PLS) method. PLS analysis aims to predict the effect of variable X on variable Y and explain the theoretical relationship between the two variables. The formal model defines the latent variables as linear aggregates of the indicators.

**Validity and Reliability**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicator</th>
<th>Item</th>
<th>Loading Factor</th>
<th>Average</th>
<th>Cut Off</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parental Financial Teaching</td>
<td>Parent direct teaching</td>
<td>PDT 1</td>
<td>0.696</td>
<td>0.712</td>
<td>0.6</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PDT 2</td>
<td>0.753</td>
<td></td>
<td>0.6</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PDT 3</td>
<td>0.739</td>
<td></td>
<td>0.6</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PDT 4</td>
<td>0.659</td>
<td></td>
<td>0.6</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Parental financial role</td>
<td>PFRM 1</td>
<td>0.719</td>
<td>0.712</td>
<td>0.6</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>modeling</td>
<td>PFRM 2</td>
<td>0.757</td>
<td></td>
<td>0.6</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PFRM 3</td>
<td>0.659</td>
<td></td>
<td>0.6</td>
<td>Valid</td>
</tr>
<tr>
<td>Self-Efficacy</td>
<td>Self-efficacy on Budgeting</td>
<td>SEA1</td>
<td>0.624</td>
<td>0.660</td>
<td>0.6</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SEA3</td>
<td>0.686</td>
<td></td>
<td>0.6</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SEA4</td>
<td>0.670</td>
<td></td>
<td>0.6</td>
<td>Valid</td>
</tr>
</tbody>
</table>
in the table above shows that all items have a valid loading factor value with a value of > 0.6, this illustrates that these items have a strong relationship with the construct that you want to measure in the study. In this study, if the images in the model show that all items have met the validity criteria with a loading factor > 0.6, it is a good indication of construct validity.

Reliability Test

Reliability testing is carried out with the value of Composite reliability which is a method of measuring the reliability of a research instrument used to measure complex constructs. This method takes into account the reliability of individual items and their weights to produce more accurate reliability values for the constructs being measured. According to Hair Jr. (2015), to calculate the CR value, we must assign a weight to each item based on the reliability of the individual item.

The data shows that the composite reliability value for each latent variable is above 0.7 and the Cronbach alpha value for each variable is also above 0.6. The test results also show that all indicators that measure parental financial teaching, self-efficacy, and financial management behavior can be declared reliable.

Inner Model Analysis

The next analysis is an analysis of the inner model which is a structural model analysis. After analyzing the outer model, the next stage of analysis is the analysis of the inner model. Inner model analysis is an analysis stage in Structural Equation Modeling (SEM) which aims to predict the causal relationship between latent variables in a model.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Composite Reliability</th>
<th>Cronbach’s Alpha</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Management Behavior</td>
<td>0.877</td>
<td>0.835</td>
<td>Valid</td>
</tr>
<tr>
<td>Parental Financial Teaching</td>
<td>0.878</td>
<td>0.839</td>
<td>Valid</td>
</tr>
<tr>
<td>Self-Efficacy</td>
<td>0.917</td>
<td>0.900</td>
<td>Valid</td>
</tr>
</tbody>
</table>

Source: Primary Data, 2023

The next analysis is an analysis of the inner model which is a structural model analysis. After analyzing the outer model, the next stage of analysis is the analysis of the inner model. Inner model analysis is an analysis stage in Structural Equation Modeling (SEM) which aims to predict the causal relationship between latent variables in a model.

<table>
<thead>
<tr>
<th>Variable</th>
<th>( R^2 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Management Behavior</td>
<td>0.612</td>
</tr>
<tr>
<td>Self-Efficacy</td>
<td>0.243</td>
</tr>
</tbody>
</table>

\[ Q^2 = 1 - [(1 - R_1^2)(1 - R_2^2)] \]

\[ Q^2 = 1 - [(1-0.612)(1-0.243)] = 0.706 \]

Source: Primary Data, 2023
Hypothesis Result

Structural modeling and hypothesis testing is done by looking at the estimated value and critical point value (t-statistic) which is significant at $\alpha = 0.05$. Based on the conceptual framework of this study, hypothesis testing and modeling of the relationship between variables were carried out. The description of the results of testing the relationship between the variables of this study can be explained as follows:

Table 4: Hypothesis Result

| Hypothesis | Description | Path Coefficient | Standard Deviation (STDEV) | T Statistics ($|O/STDEV|$) | P Values | Interpretation |
|------------|-------------|------------------|---------------------------|---------------------------|----------|----------------|
| H1         | Parental Financial Teaching -> Financial Management Behavior | 0.486 | 0.081 | 6.027 | 0.000 | Significant |
| H2         | Parental Financial Teaching -> Self-Efficacy | 0.493 | 0.075 | 6.612 | 0.000 | Significant |
| H3         | Self-Efficacy -> Financial Management Behavior | 0.704 | 0.052 | 13.582 | 0.000 | Significant |
| H4         | Parental Financial Teaching -> Self-Efficacy -> Financial Management Behavior | 0.347 | 0.064 | 5.436 | 0.000 | Significant |

Source: Primary Data, 2023

Based on the results of the direct influence hypothesis test in Table, the path coefficient values for each variable influence have been explained as follows:

i. The results of the data analysis show that the path coefficient value of the influence of Parental Financial Teaching on Financial Management Behavior shows a p value of 0.000. The test results indicate that the influence of Parental Financial Teaching on Financial Management Behavior has a p-value <0.05, so it can be said that Parental Financial Teaching has a positive and significant effect on Financial Management Behavior. Therefore, H1 is accepted.

ii. The results of the data analysis show that the path coefficient value of the effect of Parental Financial Teaching on Self-Efficacy shows a p-value of 0.000. The test results show that the effect of Parental Financial Teaching on Self-Efficacy has a p-value <0.05, so it can be said that Parental Financial Teaching has a positive and significant effect on Self-Efficacy. Therefore, H2 is accepted.

iii. The results of the data analysis show that the path coefficient value of the influence of Self-Efficacy on Financial Management Behavior shows a p value of 0.000. The test results show that the effect of self-efficacy on financial management behavior has a p-value <0.05, so it can be said that self-efficacy has a positive and significant effect on financial management behavior. Therefore, H3 is accepted.

iv. Testing the Self-Efficacy mediation relationship is shown in Table 4. The results of Table 4 explain that the significance value (p-value) of the effect of financial knowledge on firm performance through financial behavior is 0.000. These results explain that the relationship between Parental Financial Teaching and Financial Management Behavior through Self-Efficacy has a p-value <0.05, so H4 of this study is accepted.

Based on the results, it can be concluded that Self-Efficacy mediates the relationship between Parental Financial Teaching and Financial Management Behavior.
Discussion

The Effect of Parental Financial Teaching on Financial Management Behavior

The results of the study explain that parental financial teaching has a positive and significant effect on financial management behavior (H1). These results indicate that every increase in the level of parental financial teaching in the younger generation (students) is able to increase financial management behavior, which means that every increase in the transfer of financial knowledge from parents to children will further improve financial management behavior in children. This is because the components of financial teaching by parents have a relationship with financial behavior, in this case financial management. Parents provide teaching about finance through parent direct teaching and parental financial role modeling. Parents provide direct instruction to their children by discussing family finances, teaching them to be smart buyers, teaching the importance of saving and how to invest. Parents are also a role model for children in managing finances, this occurs as a result of the daily interactions between parents and children. Children will imitate the actions taken by parents in dealing with various financial problems.

The Effect of Parental Financial Teaching on Self-efficacy

Based on the results of data analysis, it can be concluded that parental financial teaching has a positive and significant effect on financial management behavior (H2). Parental Financial Teaching can have a significant influence on Self-efficacy in the younger generation. These results indicate that each increase in the level of parental financial teaching in the younger generation (students) is able to increase self-efficacy. This shows that any increase in the transfer of financial knowledge from parents to children will further increase a child's confidence in making financial decisions. Components on financial teaching by parents have a relationship with financial behavior in this case financial management.

Parental financial teaching is a process in which parents provide financial knowledge and skills to children, with the aim of helping children develop good financial management skills in the future. Parental financial teaching can be done in various ways, such as providing regular pocket money, providing lessons on how to save money, and providing hands-on experience on how to shop wisely. The implication on self-confidence is that a person will feel more confident in carrying out certain tasks when he feels he has good abilities and skills to do so. In this case, Self-efficacy refers to a person's belief about his ability to overcome the challenges he faces, namely the challenges of managing finances. Parental financial teaching formed by parent direct teaching and parent financial role modeling can have a positive effect on children's self-efficacy.

The Effect of Self-efficacy on Financial Management behavior

The results of the data analysis show that there is a positive and significant influence between self-efficacy and financial management behavior (H3). This shows that the higher a person's level of self-efficacy, the more capable he is of managing his finances well. If students have a high level of self-efficacy in managing their personal finances, this can have a positive impact on their ability to manage finances. Students who believe they have the skills and ability to manage finances well tend to be more active in budget planning, prioritizing expenses, saving, and making wise financial decisions. High self-efficacy in the financial context has a significant influence in increasing individual motivation to make wise decisions in managing their finances. When someone believes they have the abilities and skills needed to manage their finances well, they feel more motivated to face financial challenges and take appropriate action.

The Effect of Parental Financial Teaching on Financial Management Behavior through Self-efficacy

Research shows that Parental Financial Teaching has a positive effect on Financial Management Behavior through self-efficacy (H4). Parental financial teaching is formed by parent direct teaching and parent financial role models. Parent direct teaching refers to parents' efforts to actively teach their children financial concepts and skills. This can include providing explanations, discussions or hands-on experiences involving children in everyday financial decisions. Meanwhile, the parent financial role model refers to the financial behavior of parents who become role models for children. Parents who set good examples of financial management, such as saving regularly, investing wisely, or managing debt responsibly, can set a strong example for their children to develop good financial behavior.

Self-efficacy (self-confidence) in the financial context is dominated by self-efficacy indicators in investment. This means that the research focus is more related to how confident individuals are in carrying out investment activities and making decisions related to financial investments. Self-efficacy indicators in investing are used to measure the level of individual confidence in carrying out investment activities which include knowledge, skills, and confidence in the context of financial investment. By highlighting self-efficacy in investing, this research can provide insight into how an individual's level of confidence in investing can influence their financial behavior, such as the investment decisions they make, portfolio management, or risk tolerance in an investment context.

Conclusions

Research on financial behavior is a rapidly growing research area due to the importance of financial literacy and good financial behavior in achieving individual and family financial well-being. This research was conducted to find out the relationship between parental financial teaching, self-efficacy and financial behavior variables. The results of the study explain that parental financial
teaching has a positive and significant effect on financial management behavior. The results of the study explain that parental financial teaching has a positive and significant effect on financial self-efficacy. The results of this study also show that self-efficacy is an important factor in developing financial management skills. Self-efficacy is defined as a person’s belief in his ability to perform an action or achieve a certain goal. By increasing the level of self-efficacy, a person will have greater confidence in managing his finances, thereby encouraging individuals to take more proactive actions in making sound and appropriate financial decisions.

Following are some recommendations for future research related to the topic of the effect of Parental Financial Teaching and Self-efficacy on Financial Management Behavior in the younger generation:

i. Consider additional variables: Future research may consider including additional variables such as perceived risk, propensity to invest, or level of income in the effect of Parental Financial Teaching and Self-efficacy on Financial Management Behavior.

ii. Longitudinal studies: Longitudinal studies can be carried out to examine the changes that occur in the financial behavior of the younger generation over time and the extent to which the influence of Parental Financial Teaching and Self-efficacy continues to play an important role.

iii. Cross-cultural studies: Cross-cultural studies can be carried out to compare the influence of Parental Financial Teaching and Self-efficacy on Financial Management Behavior among young people from different cultures.

iv. In-depth analysis of Parental Financial Teaching: Future research can better examine and understand what factors influence the effectiveness of Parental Financial Teaching in shaping children’s financial behavior.

v. Influence of technology: Future research may consider how technology can influence the process of teaching finance by parents and how this can affect financial literacy and financial behavior of individuals.

vi. Other factors: Other factors that can affect parental financial teaching, such as gender, education, and family economic status. Further studies can explore how these factors can moderate the relationship between family financial socialization and individual financial well-being.

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