

Economic Hardship, Family Finance, and College Students' Financial Well-Being

The economic hardship of college students has increasingly become a public and scholarly concern since the economic recession in 2007. Under the shadow of economic downturn, more college students are experiencing financial difficulties than at any time since 1971 and being short on money and struggling to make ends meet has become a part of college life for many students (Pryor et al., 2009). Experiencing economic hardship in college, a critical transitional period of young adults, may alter the paths of the students' future development, producing far-reaching effects on their value orientation and life satisfaction. To address this timely and critical issue, this study intends to develop a theoretical framework to explain how college students' economic hardship experiences as well as their family finance influence their psychological and behavioral adjustments, which, in turn, affect their long-term well-being. Particularly, we focus on the development of materialistic value as a cognitive coping mechanism and the development of certain financial behaviors as a behavioral coping mechanism when students deal with economic hardship.

Theoretical Framework

Most previous studies on the influence of economic hardship on young adults employ family process models (e.g., Mistry et al., 2002), suggesting that the effects of financial strains on children are largely mediated by family factors such as inter-parent stress and family resources. Taking an alternative approach, this study developed an integrative framework based on coping theories (e.g., Coyne and Lazarus, 1980) and prior research on economic hardship and materialism. As shown in Figure 1, we propose that experiencing economic hardship and/or family financial strains in college leads to negative psychological adjustments, such as depression and worries, low self-esteem, and disruptive relationships with parents. To cope with these self-identity threats, college students may adjust their value system and outlooks of monetary success. They may turn on material possessions to release stress and enhance self-esteem, thus becoming more materialistic. At the same time, under economic hardship, students may develop certain financial behaviors (e.g., cutting back expenses and using payday loan) to cope with their financial stress. In the adjustment and coping processes, it is expected that parents' financial behaviors and family financial conditions also exert significant influence on the development of financial coping behaviors and materialism values in college students. At last, college students' cognitive and behavioral coping will affect their developmental paths and eventually influence their long-term financial well-being.

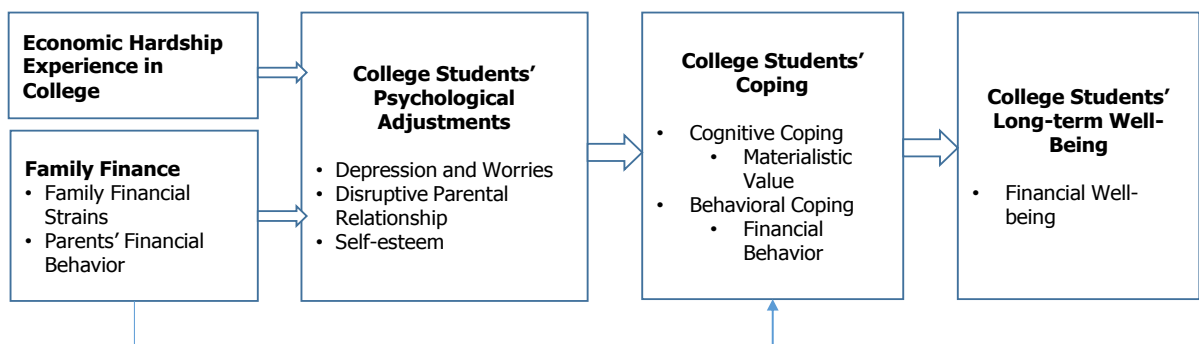


Fig. 1 The influence of economic hardship and family finance on college students

Methodology

A two-wave longitudinal survey is planned for this study. In Wave 1, we plan to collect data from both college students and their parents. Students at two major universities will be invited to participate in a web-based survey and asked questions regarding their financial conditions. At the end of the survey, students will be asked to email a survey link to their parents and invite them to attend another web-based survey. Parents will be asked questions regarding their family financial conditions and financial behaviors. The Wave 2 survey will be launched three months later. Students who attend Wave 1 survey will be invited to participate in Wave 2. The materialistic value, financial behavior, and financial well-being of the subjects will be measured in this wave.

This study will generate a unique dataset containing the information of college students' financial behavior, financial well-being, and materialistic values. The dataset will be made publicly available to other researchers. To protect subjects' privacy and confidentiality, the dataset will not contain any personal identification information. Data will be reported in aggregate form and no individual information will be revealed in any reports or research papers.

Implications

This study will make two important theoretical contributions. First, it provides a theoretical explanation for the timely issue regarding how economic hardship experiences in college influence young adults. Most previous studies on economic hardship focus on children or adolescents under 18. However, college, an important transitional period of young adults, has been largely neglected. Second, based on coping theories, this study provides an alternative theoretical explanation to the widely used family process model for the influence of economic hardship and family finance on young adults.

The finding of this study will provide important implications for educators and public policy makers. As financial difficulty of college students has increasingly become a public concern, this study intends to reveal how college students make both cognitive (materialism development) and behavioral (financial behavior development) adjustments in order to cope with the economic hardship. These results will allow educators and public policy makers identify the potential mal-adaptations and devise strategies to help college student develop appropriate financial behaviors and formulate a healthy development into adulthood. In addition, as young adults become more materialistic than ever, public policies to combat materialism are failing (Burroughs et al., 2013). The findings of this study will help public policy makers better understand materialism and develop effective strategies to reduce materialism in college students.

References

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- Coyne J. C. and Lazarus, R. S. (1980). Cognitive style, stress perception, and coping. In I. L. Kutash & L. B. Schlesinger (Eds.), *Handbook on Stress and Anxiety: Contemporary Knowledge, Theory, and Treatment* (PP. 144-158). San Francisco: Jossey-Bass.
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- Pryor, John H., Sylvia Hurtado, Linda DeAngelo, Laura Palucki Blake, and Serge Tran (2009). The American Freshman: National Norms Fall 2009. Retrieved at <http://heri.ucla.edu/PDFs/pubs/TFS/Norms/Monographs/TheAmericanFreshman2009.pdf>

Budget Justifications

Itemized Budget

Item	Amount
1. Survey data collection	
1.1 Financial incentives to participants	\$6,000
1.2 Questionnaire printing, envelop, and postage	\$2,000
2. Conference Travel	\$3,000
Total	\$11,000

1. Survey Data Collection

In order to collect data from both college students and their parents and evaluate the long-term effects, we will launch three surveys (two surveys at wave 1 and one survey at wave 2). The first survey will be conducted at two public universities and focus on students' economic hardship experiences. It will be a web-based survey. The second survey is targeting Wave 1 participants' parents and focuses on household finance. Considering some parents may not be familiar with online survey, we will give them an option to take a hard copy survey. We will send a paper survey to his/her parents with a prepaid envelop upon a student' request. In Wave 2, we will launch the third survey to collect information on subjects' materialistic values, financial behaviors and financial well-being. To encourage participation, we plan to offer a random drawing of several cash prizes for each survey: one prize of \$400, three prizes of \$200, and ten prizes of \$100. In the second survey, we request a budget of \$500 to cover questionnaire printing and \$1500 for envelope and postage. The total cost of data collection is \$8,000.

2. Conference Travel

A total of \$3,000 is requested to support the travel to NBER group meeting or other domestic conferences to present the results of the proposed studies. Presenting results in the meetings and conferences will give researchers a chance to collect feedback and further improve the study.

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ACADEMIC POSITIONS

Assistant professor	08/2013-Present
-Department of Marketing College of Business & Public Administration Old Dominion University	
Visiting Assistant Professor	01/2013-05/2013
-School of Business -Indiana University Southeast	
Post-Doctoral Associate	08/2010-08/2012
-Hough Graduate School of Business Warrington College of Business Administration The University of Florida	

EDUCATION

Ph. D.	12/2010
-Major: Retailing and consumer sciences; Minor: Social Psychology Norton School of Family and Consumer Sciences The University of Arizona, Tucson, Arizona	

RESEARCH INTERESTS

- **Consumer Financial Behavior and Consumer Well-being:** consumer financial behavior, self-regulation and goal-driven behavior, materialism, and consumer well-being.
 - **Consumer Online Communication:** effectiveness of eWOM communication, linguistic analysis of online reviews, and market impact of eWOM.
 - **Services Marketing:** consumer co-creation, service employee management, and customer relationship management.
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JOURNAL PUBLICATIONS

- Serido, Joyce, Soyeon Shim, Jing Jian Xiao, Noel Card, and Chuanyi Tang (Forthcoming), "Financial adaptation among college students: Helping students cope with financial strain," *The Journal of College Student Development*.
- Tang, Chuanyi and Lin Guo (Forthcoming), "Digging for Gold with a Simple Tool: Validating Automatic Text Mining Method in Studying Electronic Word-of-Mouth (EWOM) Communication," *Marketing Letters*.
- Tang, Chuanyi, Yongmei Liu, Hyunjoo Oh, and Barton Weitz (2014), "Understanding Newcomers' Socialization: The Role of Goal Orientation and Proactive Personality," 90(1), *Journal of Retailing*.
- Serido, Joyce, Soyeon Shim, and Chuanyi Tang (2013), "A developmental model of financial capability: A framework for promoting a successful transition to adulthood", *International Journal of Behavioral Development*, 37(4), 287-297.
- Serido, Joyce, Soyeon Shim, Leslie Bosch, and Chuanyi Tang (2013), "Identity Styles among Young Adults: A Longitudinal Study of Socialization Factors and Consequences on Financial Capabilities," *Journal of Consumer Affairs*, 47(1), 128-152.
- Guo, Lin, Eric J. Arnould, Thomas W. Gruen, and Chuanyi Tang (2013), "Socializing to Coproduce: Pathways to Consumers' Financial Well-being", *Journal of Service Research*, 16(4), 549-563
- Shim, Soyeon, Joyce Serido, and Chuanyi Tang (2013). "After the financial crash: What individual factors differentiate young adults' trust in banks and financial institutions?" *Journal of Retailing and Consumer Services*, 20(1), 26-33.
- Shim, Soyeon, Joyce Serido, and Chuanyi Tang (2012), "The Ant and The Grasshopper Revisited: The Present Psychological Benefits of Saving for Tomorrow", *Journal of Economic Psychology*, 33(1), 155-165.
- Xiao, Jingjian, Chuanyi Tang, Soyeon Shim, and Joyce Serido (2011), "Understanding Risky Credit Behaviors of College Students: Roles of Financial Knowledge, Parental Socioeconomic Status, and Planned Behavior Factors," *Journal of Public Policy & Marketing*, 31(2), 239-245.
- Serido, Joyce, Soyeon Shim, Auhba Mishra, and Chuanyi Tang (2010), "Family environment and its impact on college students' well-being," *Family Relations*, 59 (October), 453-464.
- Guo, Lin, Jingjian Xiao, and Chuanyi Tang (2009), "Understanding the Psychological Process Underlying Customer Satisfaction and Retention in a Relational Service," *Journal of Business Research*, 62(11), 1152-1159.
- Xiao, Jingjian, Chuanyi Tang, and Soyeon Shim (2009), "Acting for Happiness: Financial Behavior and Life Satisfaction of College Students," *Social Indicators Research*, 92(1), 53-68.
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REFERRED CONFERENCE PRESENTATIONS

- Tang, Chuanyi, Lin Guo, and Mahesh Gopinath, "A Social Cognitive Model of Consumer Well-Being: A Longitudinal Exploration of the Role of the Service Organization," presented as a competitive paper at the 2013 AMA Summer Marketing Educators' Conference, Boston, Massachusetts, August

- Guo, Lin, Cuiping Chen, and Chuanyi Tang, “Forging Relationships to Coproduce: A Consumer Commitment Model in an Extended Service Encounter,” accepted as a competitive paper at the *2012 AMA Summer Marketing Educators’ Conference*, Chicago, Illinois, August.
- Guo, Lin, Mary Ann Eastlick, and Chuanyi Tang, “When Consumers’ Role Matters: Examining Consumers’ Appraisal and Adaptation after an Online Service Failure,” presented as a competitive paper at the *2011 AMA Summer Marketing Educators’ Conference*, San Francisco, California, August.
- Guo, Lin, Eric Arnould, and Chuanyi Tang, “Socializing to Coproduce: Pathways to Consumers’ Financial Well-being,” presented as a competitive paper at the *2011 AMA Summer Marketing Educators’ Conference*, San Francisco, California, August.
- Chen, Cuiping, Lin Guo, and Chuanyi Tang, “An Empirical Test of the Role of Consumer Perceived Value of E-Retailer in both Pure-Play and Multi-Channel E-Retailing Contexts,” presented as a competitive paper at the *2010 AMA Summer Marketing Educators’ Conference*, New Orleans, Louisiana, February.
- Chen, Cuiping, Chuanyi Tang, and Matthew O'Brien, “An Empirical Test of the Drivers of Consumer Trust in an E-Retailer and its Outcomes Directed toward Customer Retention,” presented as a competitive paper at the *2010 AMA Winter Marketing Educators’ Conference*, New Orleans, Louisiana, February.
- Tang, Chuanyi and Sherry Lotz, “Effects of Firms’ Pre-complaint Handling Actions on Consumers’ Complaint Responses Utilizing a Goal-driven Model,” presented as a competitive paper at the *2009 AMA Winter Marketing Educators’ Conference*, Tampa, Florida, February.
- Tang, Chuanyi and Lin Guo, “Sabotage to Regulate Emotions: A Motivation Model of Frontline Employee’s Sabotage Behavior,” presented as a competitive paper at the *2009 AMA Winter Marketing Educators’ Conference*, Tampa, Florida, February.
- Serido, Joyce, Soyeon Shim, and Chuanyi Tang, “Family Environment, Financial Coping Behaviors and the Financial and General Well-Being of Emerging Adults,” presented as an individual paper at the 4th Conference on Emerging Adulthood, Atlanta, Georgia, October, 2009.
- Tang, Chuanyi and Eric J. Arnould, “Toward an Enriched Organizational Ecology Framework of Foreign Market Entry: the Explanation for Retailers’ International Expansion,” presented as a competitive paper at the *2008 AMA Winter Marketing Educators’ Conference*, Austin, Texas, February.
- Xiao, Jingjian, Soyeon Shim, and Chuanyi Tang, “Financial Behavior, Financial Satisfaction, and Life Satisfaction,” presented as a competitive paper at the *2007 Conference of the International Society for Quality-of-life Studies*, San Diego, CA, December.

POSTER CONFERENCE PRESENTATIONS

- Shim, Soyeon, Joyce Serido, and Chuanyi Tang, “After the Financial Crisis: What Individual Factors Differentiate Young Adults’ Trust in Banks and Financial Institutions?” Presented at the *2010 American Council on Consumer Interests Conference*, Atlanta, Georgia, April.
- Tang, Chuanyi and Jingjian Xiao, “Factorial and Discriminant Analyses of the Factors that Predict Customer Retention in the DMP,” the *2007 American Council on Consumer Interests Conference*, St. Louis, Missouri, April.

INVITED PRESENTATION

Tang, Chuanyi and Mary Ann Eastlick, “Goal Setting and Goal Striving: the Self-regulation Model of Goal Attainment on Consumer Debt Behavior,” invited presentation at *Take Charge America Institute Research Council Meeting*, Tucson, Arizona, January, 2007.

FUNDED RESEARCH EXPERIENCE

Funded Project as Principal Investigator

Tang, Chuanyi, Yuping Liu-Thompkins, and Lin Guo (2014), “Predicting Significant Life Events through Financial Activities,” Non-financial data support from *Wharton Customer Analytics Initiative (WCAI) Research Opportunity*.

Tang, Chuanyi and Mary Ann Eastlick (2008), “Goal Setting and Goal Striving: the Self-regulation Model of Goal Attainment on Consumer Debt Behavior,” **\$4910** funded by *Take Charge America Institute*.

Funded Project as Project Coordinator & Data Analyst

2007 - Current

Project: Formation of Financial Behaviors among Young Adults (received \$300,000 in total from *Citi Foundation* and *National Endowment of Financial Education*. Project website: <http://aplus.arizona.edu/faqs.html>). The purpose of the project is to understand the development of young adults’ financial behavior and financial well-being. I have been actively involved in this project from idea development, subject recruiting, data collection, to data analysis and the resulting publication.

PROFESSIONAL ASSOCIATIONS

American Marketing Association, 2007-present

PROFESSIONAL SERVICE

Reviewer, *Journal of Consumer Affairs*

Reviewer, *Journal of Advertising Research*

Reviewer, *Journal of Electronic Commerce Research*

Reviewer, *Journal of Family and Economic Issues*

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EDUCATION

Ph. D.	2010
Major: Retailing; Minor: Social Psychology <i>The University of Arizona, Tucson, Arizona</i>	
M. A. in Management	2004
<i>Renmin University of China, Beijing</i>	
B. A. in Economics	2001
<i>Renmin University of China, Beijing</i>	

ACADEMIC EMPLOYMENT

2009-Present University of New Hampshire, Peter T. Paul College of Business and Economics, Marketing Department: Assistant Professor

2004-2009 University of Arizona, Retailing and Consumer Science Department: Graduate Research Assistant

RESEARCH INTERESTS

- Consumer well-being; Consumer coproduction; Consumer-Service Provider relationships
- Consumer e-trust; Online marketing communication; Online service failures

PUBLICATIONS

Tang, Chuanyi and Lin Guo (Forthcoming), "Digging for Gold with a Simple Tool: Validating Automatic Text Analysis Method in Studying Electronic Word-of-Mouth (EWOM) Communication," *Marketing Letters*

Guo, Lin, Eric J. Arnould, Tom W. Gruen, and Chuanyi Tang (2013), "Socializing to Co-produce: Pathways to Consumers' Financial Well-Being," *Journal of Service Research*, 16(4), 549-563

Chen, Cuiping, Matthew O'Brien, and Lin Guo (2012), "Consumer Trust and Loyalty in e-Tail," in Angeline G. Close (Ed.), *Online Consumer Behavior: Theory and Research in Social Media, Advertising, and E-Tail*. New York, NY: Routledge, Taylor and Francis Group

Guo, Lin, Jingjian Xiao, and Chuanyi Tang (2009), "Understanding the Psychological Process underlying Customer Satisfaction and Retention in a Relational Service," *Journal of Business Research*, 62(11), 1152-1159

Guo, Lin (2003), "Exploring Customer Relationship Management from the Perspective of Customer Value," *China Economist*, 9, 19-21 (In Chinese)

Guo, Lin, and Rong Wan (2003), "A Framework of Supply Chain Management in China's Textile Industry," *Enterprise Economy, China*, 13, 113-115 (In Chinese)

Guo, Lin, Chuanyi Tang, and Rong Wan (2003), "An Investigation of Consumers' Adoption of Environment-friendly Shopping Bags," *Environmental Protection*, 8, 55-57 (In Chinese)

REFERRED CONFERENCE PRESENTATIONS

Tang, Chuanyi, Lin Guo, and Mahesh Gopinath (2013), "A Social Cognitive Model of Consumer Well-Being: A Longitudinal Exploration of the Role of the Service Organization," 2013 American Marketing Association (AMA) Summer Marketing Educators' Conference, Boston, MA, August.

Guo, Lin, Cuiping Chen, and Chuanyi Tang (2012), "Forging Relationships to Coproduce: A Consumer Commitment Model in an Extended Service Encounter," 2012 American Marketing Association (AMA) Summer Marketing Educators' Conference, Chicago, IL, August.

Guo, Lin, Mary Ann Eastlick, and Chuanyi Tang (2011), "When Consumers' Role Matters: Examining Consumers' Appraisal and Adaptation after an Online Service Failure," 2011 American Marketing Association (AMA) Summer Marketing Educators' Conference, San Francisco, CA, August.

Guo, Lin, Eric J. Arnould, and Chuanyi Tang (2011), "Socializing to Coproduce: Pathways to Consumers' Financial Well-Being," 2011 American Marketing Association (AMA) Summer Marketing Educators' Conference, San Francisco, CA, August.

Guo, Lin, Sherry Lotz, and Cuiping Chen (2011), "The Role of Perceived Control in Customers' Justice Perceptions of Service Recovery: A Dual Process Model," 2011

American Marketing Association (AMA) Winter Marketing Educators' Conference, Austin, TX, February.

Chen, Cuiping, Lin Guo, and Chuanyi Tang (2010), "An Empirical Test of the Role of Consumer Perceived Value of an E-Retailer in Both Pure-Play and Multi-Channel E-Retailing Contexts," 2010 American Marketing Association (AMA) Summer Marketing Educators' Conference, Boston, MA, August.

Chen, Cuiping, Matthew O'Brien, and Lin Guo (2010), "Under What Conditions Does Trust Make a Consumer Re-Patronize or Even Stay Loyal to an E-Retailer?" 2010 Academy of Marketing Science Annual Conference, Portland, OR, May.

Chen, Cuiping, Matthew O'Brien, and Lin Guo (2010), "An Empirical Test of an Integrative Model of Consumer Trust in an E-Retailer," 2010 Academy of Marketing Science Annual Conference, Portland, OR, May.

Tang, Chuanyi and Lin Guo (2009), "Deviance to Regulate Affects: A Motivation Model of Frontline Employees' Workplace Deviance," 2009 American Marketing Association (AMA) Winter Marketing Educators' Conference, Tampa, FL, February.

Guo, Lin (2007), "The Influence of Service Contact Employees' Perception of Customer Injustice on their Perceived Psychological Contract Violation," 2007 American Marketing Association (AMA) Summer Marketing Educators' Conference, Washington, DC, August.

Guo, Lin and Sherry L. Lotz (2007), "A Theoretical Model of Customers' Justice Perceptions in Service Recovery," 2007 American Marketing Association (AMA) Summer Marketing Educators' Conference, Washington, DC, August.

POSTER PRESENTATIONS

Guo, Lin and Jingjian Xiao (2007), "An Examination of Customer Retention Behavior in Debt Management Program," the Annual Conference of the American Council on Consumer Interests (ACCI), Saint Louis, MO, April.

Guo, Lin and Eric J. Arnould (2007), "How to Forge Customer Relationship in the Credit Counseling Industry: Antecedents and Consequences of Consumers' Commitment to the Service Provider," Global Retailing Conference, Tucson, AZ, March.

Guo, Lin (2005), "Consumers' Perceived Service Quality of Internet Auction Sites," Global Retailing Conference, Tucson, AZ, March.

INVITED PRESENTATIONS

Guo, Lin, and Eric J. Arnould (2007), "How to Forge Customer Relationship in the Credit Counseling Industry: Antecedents and Consequences of Consumers' Commitment to the Service Provider," Take Charge America Research Institute Council Meeting, Tucson, AZ, January.

RESEARCH GRANTS**Funded Projects as PI**

2005 "How to Forge Customer Relationship in the Credit Counseling Industry: Antecedents and Consequences of Consumers' Commitment to the Service Provider," with co-investigator Eric J. Arnould, funded by Take Charge American Research Institute, \$2200

2008 "When Consumers' Roles Matter: A Model for Examining an Online Service Failure Appraisal," with co-investigator Mary Ann Eastlick, funded by the Direct Marketing Policy Center, \$3740

2008 "A Research Model of Customers' Justice Perceptions in Service Recovery," with co-investigator Sherry L. Lotz, funded by Norton School of Family and Consumer Sciences, \$1460

2013 "The Influence of Service Contact Employees' Perception of Customer Injustice on their Perceived Psychological Contract Violation," Summer Research Grant, funded by Peter T. Paul College of Business and Economics, \$2980

2014 "Predicting Significant Life Events through Financial Activities," with co-investigators Chuanyi Tang and Yuping Liu-Thompkins, Wharton Customer Analytics Initiative (WCAI) Research Opportunity Grant, non-financial data support

PROFESSIONAL ASSOCIATIONS

American Marketing Association (2007-present)

Academy of Marketing Science (2010-2011)

American Council on Consumer Interests (2007-2008)

PROFESSIONAL SERVICE

Reviewer, European Journal of Marketing, 2014

Reviewer, International Journal of Hospitality & Tourism Administration, 2013

Reviewer, Journal of Electronic Commerce Research, 2013

Reviewer, Journal of Service Research, 2011- present

Reviewer, American Collegiate Retailing Association (ACRA) conference, 2011-present

Program Committee Member, the 2011 Asian-pacific Conference of the Association of Consumer Research, November 2010 - June 2011

Reviewer, American Marketing Association (AMA) Marketing Educators' Conference, 2010-present