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Parental Financial Teaching and Youth Financial Literacy: The Role of Family Business Background in Indonesia

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financial literacy; parental financial teaching; family business; comparative study.

ABSTRACT

Purpose: *This research endeavors to examine the differences in parental financial teaching (PFT) and financial literacy (FIL) between individuals with family-business backgrounds and those without in Indonesia.* ***Methodology****: Data from 542 respondents, collected via an online questionnaire, were compared using descriptive statistics and independent t-tests.* ***Results****: The analysis showed that parental financial teaching (PFT) in family-business is higher; however, financial literacy (FIL) between the two groups is not significantly different.* ***Findings****: Research proved that a family-business environment fosters more intensive financial socialisation. Nevertheless, this does not lead to significant differences in financial literacy.* ***Novelty****: This research integrates the financial literacy variable and parents parental pedagogical practices into a single empirical framework that accommodates differences in family backgrounds.* ***Originality****: This study's original findings in Indonesia challenge the assumption that greater parental financial teaching in family businesses automatically results in higher financial literacy.* ***Conclusion****: This research examines the difference in financial teaching and financial literacy between family-business backgrounds and non-family-business backgrounds. The results show that even though financial teaching is higher in family-business, financial literacy in the two groups is not significantly different.* ***Type of Paper:*** *Research paper.*

INTRODUCTION

Financial literacy among the younger generation has become an urgent necessity in navigating the complexities of modern economic systems. An adequate and high level of financial literacy makes individuals more capable of managing personal finances, wisely decision-making in investment, and avoided from unhealthy consumptive behaviour traps (Chen & Volpe, 1998; Altaf & Batool, 2025).

Unfortunately, various studies reported that the majority of teenagers and students still have limited understanding about the basic concept of finances, such as compound interest, inflation, and risk management (Adiandari, 2023; Hafizha & Arifin, 2025). Consequently, efforts in financial education from an early childhood are crucial in shaping a financially resilient generation (Sajid, 2024; Abitoye et al., 2023).

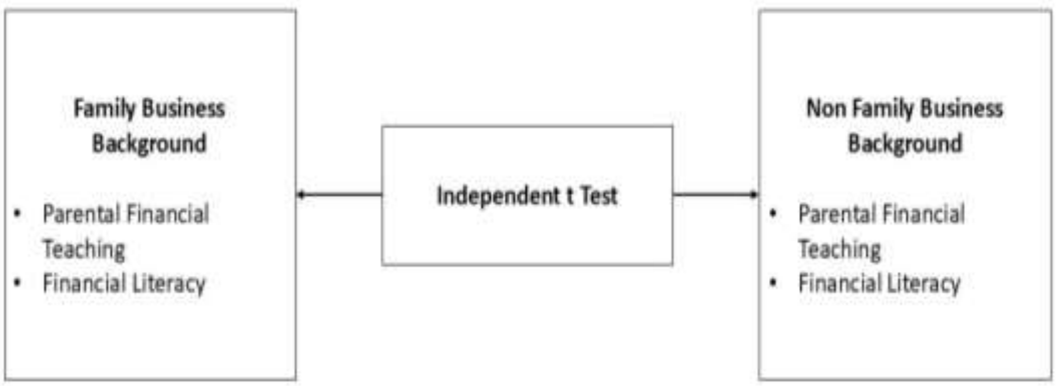
Families, particularly parents, play a central role in the development of children's financial literacy through a process commonly known as parental financial teaching or family financial socialisation. The form of teaching encompasses discussions about money, budget management, and inculcation of financial values through daily practice (Calamato, 2021; Putri et al., 2020). Study shows that children who engage in financial conversation with their parents demonstrate a greater understanding of finances compared to those who do not (Murugiah et al., 2023; Sharif & Naghavi, 2020). The collaboration between families and education institutions, as exemplified by Belinova et al. (2021), has also been proven to be effective in strengthening the transmission of financial values at an early age.

Individuals with high levels of financial literacy tend to exhibit a higher risk tolerance as they are able to calculate the risks and outcomes rationally (Hermansson & Jonsson, 2021; Mahdzan et al., 2020). Factors such as financial confidence, family experience, and education about risk contribute to shaping individual risk tolerance patterns (Oztop & Kuyu, 2020; Tharayil, 2024). Therefore, comprehensive financial education must incorporate an understanding and simulation of risk from an early stage, so that the younger generation is able to confront economic uncertainty strategically.

Children raised in family-business environments are more likely to be exposed to daily financial learning processes, including budget management, risk-taking, and long-term financial planning. Michiels & Astrachan (2024) highlight that financial education in family-business context frequently occurs informally through real-life experiences and observation, thereby serving as an effective platform in shaping children's financial literacy. Exposure to business decisions and managerial challenges in family-business beliefs can strengthen the understanding of investment, risk, and financial planning concepts— knowledge that is not always acquired from those from non-family-business. backgrounds (Rajuddin, 2023; Firli, 2017). This positions family-business backgrounds as an essential contextual variable to be explored in financial literacy study.

Even though many studies serve the roles of parents and formal education in developing teenagers' financial literacy, research that specifically compares parental financial teaching and financial literacy between children from family-business and non-family-business remains limited. The majority of literature likewise has not yet integrated financial literacy and parental pedagogy variables into a single empirical framework that accommodates a different family background (Saeed et al., 2024; Khan et al., 2024). Thus, this research aims to fill the gap by examining family-business backgrounds significantly influential to financial literacy levels and effectiveness of parental financial teaching.

Figure 1. Research Model



METHOD

Analysis Method

This research uses a quantitative approach with comparative methods to examine the differences between the two groups based on the presence of family-business background. The population of this research consists of 542 respondents from across Indonesia, divided into two groups: 202 individuals with family-business background and 340 individuals with no family-business background. The respondents' ages range from 17 to 55 years, comprising students and the general public, in accordance with the inclusion criteria. All participants provided informed consent, and their anonymity was guaranteed. Data were collected through distributing online questionnaires that were systematically designed to measure parental financial teaching and financial literacy.

Questionnaire instruments designed using a 5-point Likert scale, ranging from "Strongly Disagree" (1) to "Strongly Agree" (5), allowing respondents to rate their agreement levels with various statements related to the variables that are being studied. Independent Sample t-tests were used to examine the hypotheses because this technique is capable of measuring the mean differences between two groups that are statistically not paired on two main variables: parental financial teaching and financial literacy. The analysis was carried out using statistical software assistance in order to ensure validity and reliability of the results.

RESULTS AND DISCUSSION

RESULTS

This research was supported by 542 respondents consisting of two main groups: 202 individuals with family-business backgrounds and 340 individuals with no family-business background. Table 1 presents the result of the descriptive analysis of the respondents' data.

Table 1. The Descriptive Analysis of The Respondents' Data

Item		Family Business	Non Family Business
Gender	Male	110	103
	Female	92	237
Ages	17 - 23 Years	189	240
	24 - 39 Years	11	95
	40 - 55 Years	2	5
Total Respondents		202	340

Source: Data Processed, 2025

Based on gender, family-business groups show a relatively balanced distribution between males (110 individuals or 54.5%) and females (92 individuals or 45.5%). On the other hand, non-family-business groups are dominated by females (237 individuals or 69.7%), whilst males constitute only 103 individuals or 30.3%. Overall, the female proportion is greater in this research, representing 60.7% of the total respondents. On the age side, respondents are predominantly in the 17–23 age range, which represents a domination of respondents from student or young adult circles. In family-business groups, 189 individuals (93.6%) fall within this age group, while in non-family-business groups there are 240 individuals (70.6%). The age group of 24–39 years is more frequently found in non-family-business groups (95 individuals or 27.9%) than in family-business groups (11 individuals or 5.4%). Meanwhile, respondents aged 40 to 55 years represent only a small percentage (2 individuals in family-business and 5 individuals in non-family-business groups). Demographic distribution shows that the majority of respondents are at a relevant life stage for the formation of financial behaviour, more precisely the transition period toward economic independence. The high proportion of teenagers and the dominance of females, especially in non-family-business groups, may be taken into consideration in analysing the research results, because these demographic factors potentially influence perceptions toward financial education and individual financial literacy levels.The collected data subsequently underwent two tests, namely a normality test and a Equality of Variances (Levene's) test. Table 2 presents the results of the normality test that was conducted.

Table 2. Normality Test

Variable	Group	W	p
PFT	Family Business	0.910	< 0.001
	Non Family Business	0.952	< 0.001
FIL	Family Business	0.946	< 0.001
	Non Family Business	0.980	< 0.001

Source: Data Processed, 2025

All p-values for the Shapiro-Wilk test are less than 0.0001. This means that the data for the two groups (family-business and non-family-business) on both parental financial teaching (PFT) and financial literacy (FIL) variables significantly differ from normal distribution. Because normality assumption was violated, the Mann-Whitney U test was utilised. Table 3 shows the result of the Equality of Variances (Levene's) test.

Tabel 3. Test of Equality of Variances (Levene's)

	F	df_1	df_2	p
PFT	1.569	1	540	0.211
FIL	3.463	1	540	0.063

Source: Data Processed, 2025

Table 3 shows that the p-values for both variables (PFT=0.211 and FIL=0.063) are greater than 0.05. This indicates that there is no strong evidence that variation between family-business groups and non-family-business is different. In other words, the assumption of similarity of variances (homogeneity) is fulfilled. After these two tests were conducted, an independent t-test was subsequently performed. The results of the independent t-test are presented in Table 4.

Table 4. Independent t Test

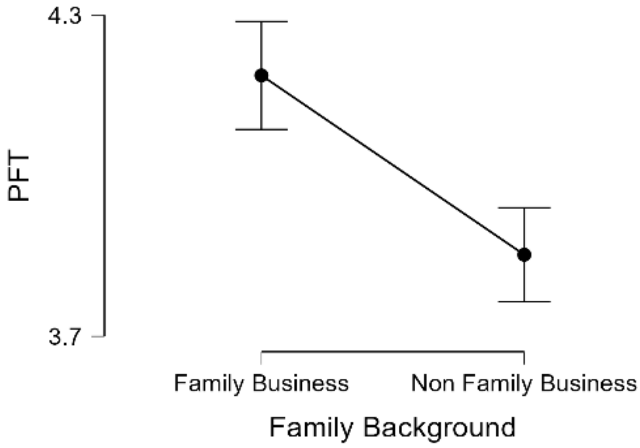
	W	df	p
PFT	42724.000		< 0.001
FIL	33087.500		0.478

Note. Mann-Whitney U test.

Source: Data Processed, 2025

Based on Table 4, it can be seen that the p-values from parental financial teaching variables are lower than 0.05, amounting to <0.001. This demonstrates that there is significant difference from the two respondent groups regarding parental financial teaching. Nonetheless, on the financial literacy variable, p-values show higher than 0.05, with a value of 0.478. This means that there is no significant difference between the two respondent groups. Figure 2 shows that there is a significant difference between the family business and non–family business groups for the variable of parental financial teaching.

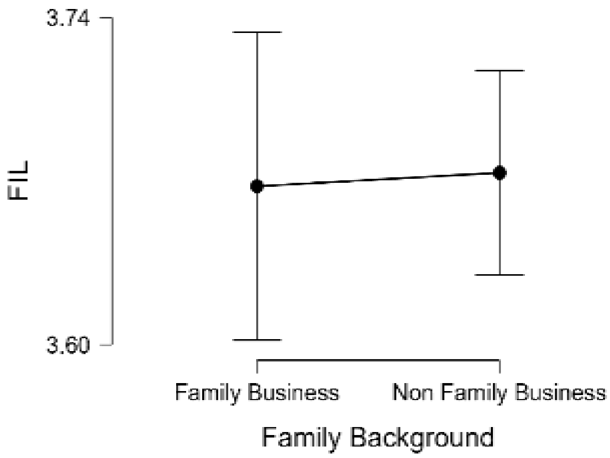
Figure 2. Descriptive Plot – PFT



Source: Data Processed, 2025

Figure 2 shows that there exist differences between both groups. Parental financial teaching for family-business groups is greater than that for non-family-business groups. This condition indicates that parents who have a business tend to teach financial management to their children. However, Figure 3 reveals that there are no significant differences in the financial literacy variable. It can be said that even though respondents from family-business groups receive teachings provided by parents concerning financial management, their financial literacy remains the same as that of non-family-business groups. This might be realistic because parental pedagogy pertaining to finance is admittedly not the individuals' main factor for gaining financial knowledge.

Figure 3. Descriptive Plot – FIL



Source: Data Processed, 2025

DISCUSSION

This research confirms the first hypothesis, namely that there are significant differences in parental financial teaching between family-business and non-family-business groups. Family-business households tend to cultivate a more intensive and practical financial socialisation environment for their children. The family-business setting functions as a scientific laboratorium, in which entrepreneurial values and family-based skills are transmitted directly from parents to children (Michiels & Binz Astrachan, 2024; Calamato, 2021). Children in such families are not only taught theoretical concepts but are also involved in business operations, enabling them to acquire contextual understanding of cash-flow management, profitability, and investment (Sajid, 2024; Belinova et al., 2021). Consequently, financial teaching practices in family-business contexts are more integrative and applied, which explains why their parental financial teaching scores are higher than those of non-family-business households.

On the other hand, the result of the research shows that there is no significant difference in the financial literacy level between the two groups. This indicates that even if the teaching environment diverges, the outcomes of children's financial literacy from both groups reach an equivalent level. Financial literacy is a multidimensional construct that is not only influenced by family, but also by formal education, peers, and access to digital information (Hafizha & Arifin, 2025; Khan et al., 2024). Individuals from non-family-business backgrounds might compensate for the lack of practical teaching at home by increasing their interest and seeking financial information independently (Sharif & Naghavi, 2020; Chen & Volpe, 1998). Additionally, this research is in accordance with studies showing that financial literacy is highly influenced by internal factors such as educational level, individual interest in finances, and self-control, which can be possessed by anyone regardless of their family background (Hermansson & Jonsson, 2021; Firli, 2017). Accordingly, it can be concluded that a family-business background certainly provides strong initial capital in the form of teaching, but it does not automatically guarantee a higher financial literacy level in adulthood.

For family-business managers and parents, these results underscore the necessity to complement practical exposure with structured financial education within the household or business. For policymakers and curriculum designers, this highlights the critical role of formal financial education programs in schools and communities. Such programs must be designed to systematically provide the practical and conceptual knowledge that some students gain at home, thereby ensuring equitable financial literacy outcomes for all individuals, regardless of their family background.

CONCLUSION

The purpose of this study is to examine whether there is a difference between the two respondent groups related to parental financial teaching and financial literacy. These two groups consist of respondents with a family business background and those without a family business background. The results of this study show that there is a difference in parental financial teaching between these two groups. PFT shows significant differences. Respondents with a family business background demonstrate higher levels of parental financial teaching. However, in terms of financial literacy, there is no significant difference between the two respondent groups. FIL did not show any significant differences between the two groups.This finding is quite interesting because it implies that respondents who were taught about finance by their parents have the same level of financial knowledge as those who were not taught by their parents. This phenomenon may serve as a basis for future research. This study is limited by its online survey method, which, while efficient, can compromise data depth and accuracy due to the lack of researcher supervision, potential for distracted responses, and inability to clarify questions in real-time. Future research is advised to adopt qualitative methods to understand the nuances and context of parental financial teaching. Furthermore, longitudinal studies are required to track how PFT influences individuals' financial decisions and stability in the long term.

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