

Financial Socialization: A Deep-Rooted Cause of Financial Well-Being

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Abstract

This paper investigates financial socialization's impact on public sector workers' financial well-being in Sri Lanka. Based on a preliminary study, interviews, and observations, it has been determined that the financial well-being of public sector employees is low. In order to address this issue, it is necessary to identify the root cause of the problem. Financial socialization is widely regarded as the fundamental determinant of financial well-being. The study focused on four primary financial socialization agents, namely parents, school, peers and media, to determine the extent of their influence on financial socialization. This investigation was founded on integrating two theoretical frameworks such as Social Cognitive Theory and Consumer Socialization Theory. The research utilized a deductive approach to inquiry, employing quantitative methodology, and the survey technique was a random cluster sampling technique. The model was subsequently analyzed via Structural Equation Modelling (SEM). The population of this study was 796,177 current paid employees employed by the central government in Sri Lanka. The sample of the study was 386 public sector employees in prime ministries. The results indicate that financial socialization has a favourable influence on an individual's financial well-being. Furthermore, financial socialization agents impact the financial well-being of individuals employed in the public sector. Parental influence has been found to have the greatest impact, followed by peers and school influence having the most negligible impact. The results of this study have provided benefits to various stakeholders, including the government, policymakers, and regulators, concerning improving the financial well-being of employees in the public sector. This would provide insight into the primary factor influencing financial well-being for finance professionals, financial educators, and prospective researchers.

Keywords: *consumer socialization theory, financial socialization, financial well-being, social cognitive theory, Sri Lanka, state sector employees*