

# Book Review

## Financial Planning and Counseling Scales

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This book features over 200 scales and other measurement tools useful in a field which defines itself in a number of ways, including financial planning and counseling, consumer science, personal finance, and family and consumer economics. Representing a much-needed resource for the discipline's researchers, educators, clinicians, and practitioners, the volume has brought together the tools of our trade-instruments to measure financial constructs. Its purpose is to provide a variety of measurement instruments previously published in journal articles for use in a wide variety of financial settings.

The editors are applied researchers in three different fields who themselves have experienced the frustrations surrounding the search for appropriate measurement tools, and who set out to fill the need for a collection of such instruments. John E. Grable, Ph.D., CFP®, holds the Vera Mowery McAninch Professor of Human Development and Family Studies professorship at Kansas State University. He serves as the director of the Certified Financial Planner™ Board of Standards, Inc. and International Association of Registered Financial Consultants registered undergraduate and graduate program, director of the Institute of Personal Financial Planning, and co-director of the Financial Therapy Clinic at Kansas State University. He served as the founding editor of the *Journal of Personal Finance*, and currently serves as the co-editor of the *Journal of Financial Therapy*.

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The book is segmented into eight chapters. The first two chapters introduce the topic of measurement in the social sciences and discuss the process of scale development. Chapter 3 details the emergence of a new interdisciplinary field, financial therapy. The final five chapters provide information about measurement tools related to financial planning and counseling. The first three chapters are reviewed individually, and the final five are reviewed as a group, for they share a common format to detail instruments representing scales for measuring financial constructs.

### Chapter 1. Measurement in Practice

Farrell J. Webb (Kansas State University) offers an overview of the process of measurement instrument construction in Chapter 1. He discusses the enduring quality of valid, reliable measurement tools based on thoughtful

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design and framed by sophisticated methodology. Such instruments provide concrete measurement of abstract constructs. The most important point in this chapter is the distinction made between scales and indices, because it sets the stage for the presentation of the scales included in the book. In the social sciences, scales represent a collection of interchangeable indicators that together measure a construct reasonably well. Indices, on the other hand, are mathematically manipulated constructions made up of multiple items not necessarily arranged around a single theoretical construct. The focus for indices, then, is their psychometric or mathematical foundation that enables the creation of a tangible, mathematical score.

An example of an index would be a FICO score, which is used to determine a consumer's credit worthiness. The difference is that, while both scales and indices are composite measures consisting of multiple indicators, a scale measures a one-dimensional construct using related indicators, while an index may have unrelated items that, combined, represent a multidimensional construct. Scores computed from scales have the ability to measure constructs reasonably well, not because the mathematical score can be computed, but because that score derives its meaning from the underlying linkages among the indicators that measure the theoretical construct represented by the scale.

### **Chapter 2. Issues to Consider When Evaluating "Tests"**

In a clear, concise presentation of the principles underlying testing and measurement, Michael J. Roszkowski (La Salle University) and Scott Spreat (Behavioral Health at Woods Services, Inc.) explain the need for standardization and review a number of concepts related to the development of assessment tools. The first section of this chapter includes a review of levels of measurement that help determine use of correct statistical tests, and score interpretation. Additional sections provide details about measuring reliability and validity, and an explanation of standard error of measurement.

While the book editors make no judgments about the precision and accuracy of the instruments detailed in the book, Chapter 2 provides adequate explanation of the importance of techniques for determining both reliability and validity of measurement tools. Readers, by noting the reliability information and indicators of validity provided for a specific tool, can determine whether the instrument warrants further consideration based on intended use. Perhaps the most important point made in Chapter 2 is summarized

in the concluding remarks: development of measurement tools that consistently measure what they are intended to measure is a laborious process. Researchers and practitioners, then, are cautioned to seek an existing instrument useful to their situation rather than trying to develop a new scale of their own.

### **Chapter 3. The Future of Financial Planning and Counseling: An Introduction to Financial Therapy**

In Chapter 3, Drs. Grable and Archuleta describe an interdisciplinary approach to financial planning and counseling, and provide scenarios that demonstrate the need for an emerging new discipline termed *financial therapy*. They explain financial planning and counseling as a field of research and practice, and discuss its historical origins. The authors give information about a number of approaches to the way financial counseling and planning has been taught and practiced, and provide a table that effectively summarizes the similarities and differences among the approaches, allowing the reader to easily compare and contrast them. They go on to provide a historical perspective on the development of the field of marriage and family therapy, and this discussion is directly related to the real purpose of this chapter, to present evidence of the need for the emerging interdisciplinary field of study called financial therapy.

The authors make the case for this new model as, "...the study of cognitive, emotional, behavioral, relational, economic, and integrative aspects of financial health" (p. 49). While the efforts of the authors, all of whom are involved in the forging of this new field of study, are laudable, readers of this reference volume may question the relevance of Chapter 3 to the editors' stated purpose for the book, to fill the need for a compiling of financial planning and counseling scales for use by practitioners and researchers. Perhaps the information in Chapter 3 would best serve the purposes of the authors as a separate, expanded book, framed by the historical and theoretical approaches used in both fields. Such a work could serve as an important graduate-level textbook in this important, emerging field of study, and I urge the authors to pursue such a worthwhile and much-needed endeavor.

### **Chapters 4-8. Measurement Tools**

The next five chapters present information about measurement and assessment tools in a consistently uniform way. The chapters are arranged by broad topic, and include measurement instruments for financially related attitudes and behaviors, financial knowledge and management, risk, couple and family relationships, and professional aspects

of the financial helping relationship. Some specific examples of tools included in the book are scales to measure compulsive buying behavior, decision-making styles, financial well-being, risk tolerance, financial socialization, and preference for financial planner.

Each scale has Listing Descriptives presented in the same order, allowing for easy comparison among tools. The editors provide actual instrument titles for named scales; when original authors provided no titles for measurement tools, the editors provide titles based on content. The editors categorize each instrument by key words.

Complete referencing information for the instrument's source allows the reader to access the journal article describing the instrument in more detail. The editors also provide source reference material for instruments adopted or adapted from previously published scales. A description of the scale provides information about the intended purpose, and the editors include details about the sample used in testing or administering the instrument as well as instructions for scoring. Important components for each measurement tool are the reliability (Cronbach's alpha) statistics and indicators of validity provided when available. Special notes detail the use, availability, cost, and copyright requirements of the instruments. The editors provide either the scale items for each instrument, or provide appropriate information for accessing the scales.

Overall, this book fills a gap in the collection of resources available to those in the financial planning and counseling discipline. For those seeking a tool to measure a financial construct, this scholarly book presents a plethora of scales on a variety of financial topics. Information about the measurement instruments is presented in a uniform way for easy comparison of one scale to another. The provision of adequate details and a reference for the source of each scale allows the user to determine which of the scales merit consideration for specific projects.

There are many potential uses for the instruments in the book. While some were developed specifically to measure constructs in research, many of the scales can be used by practitioners and educators. Assessment of a client's money management skills, for example, might be a good use of a selected instrument by a financial counselor. Adult educators may want to determine the financial knowledge of adult learners prior to and following a financial education workshop, and there are a number of instruments included that measure financial knowledge. Those practicing

financial therapy might choose a tool that can help identify spouses' approaches to financial management, or one that compares their attitudes about money.

Several things might improve *Financial Planning and Counseling Scales*. One would be a less cumbersome arrangement of terms in the Subject Index. It was difficult to locate scales by general topic, and if readers do not know the exact terminology chosen by the authors for placement in the index, they may have to peruse an entire chapter to find an appropriate scale. Most readers seeking a tool to measure financial knowledge, for example, would expect all terms referring to that construct to be associated with page numbers of appropriate scales. Not many would be able to distinguish among financial knowledge indexes, quizzes, scales, tests, or financial literacy scales, yet each of these listings in the Subject Index directs the reader to different page numbers rather than listing all page-number locations with each term. In fact, there are nine different page-number listings for each instrument measuring financial knowledge, depending upon exact terminology used. One would at least expect to find scales listed in the Subject Index using the key words associated with the scale entry in the text, but this was rarely the case.

Another improvement would be the inclusion of a complete scholarly reference list at the end of the book with each Source and Source Reference and the page numbers of their locations in the book. Such a reference list would be useful to those seeking a scale designed by a specific researcher or group of researchers. A list of individual author names and the page numbers on which they appear would be very helpful.

In closing, I would like to commend the editors for a fine reference book useful to financial planning and counseling researchers, educators, clinicians and practitioners. We have needed such a volume in the field for years. This book would make an excellent addition to the personal libraries of those who regularly seek ways to measure a variety of financial constructs.