

SELECTED ASPECTS OF ECONOMIC SOCIALIZATION AND SAVING BEHAVIOR – COMPARATIVE STUDY

Sabina Kołodziej

Katarzyna Konior

Economic Psychology Chair

Kozminski University

ul. Jagiellonska 57/59, 03-301 Warszawa

e-mail: skolodziej@alk.edu.pl

Abstract: One consequence of the current economic crisis raised by politicians, economists and educators is the issue of individual economic resourcefulness of people, manifested inter alia in saving. The results of previous studies suggest that the propensity to save is related to the level of economic knowledge. The referenced study is to analyze the forms of formal and informal economic education and savings behavior of young people from three European countries: Poland, Ukraine and Denmark. Those countries have different current situation as well as socio-economic history. Also, the level of society financial status varies, which may significantly affect the analyzed saving behavior. The respondents group consists of 120 young people who enter the labor market and take the first independent financial decisions. The conducted analysis shows that there are significant differences between Poles, Ukrainians and Danes in the aspect of educational influences remembered from childhood. With regard to the saving behavior, the majority of respondents declare saving money, the frequency of these behaviors is similar in the groups of Ukrainians and Danes, and slightly higher among respondents from Poland. Moreover, the most regular saving habits characterizing respondents from Denmark, while answers of Poles and Ukrainians are similar. The results suggest that economic education, both formal and informal, plays a virtual role in shaping young people's behavior, but individual's economic statement sets the boundaries of saving behavior.

Keywords: economic knowledge, economic socialization, savings, Danes, Poles, Ukrainians

Introduction

Saving is as old as human culture [11]. It is hard to disagree, because savings behavior can already be seen in the history of primitive men who gathered food supplies, weapons, or other products that helped them ensure survival in the future. Also today, the savings are a very important part of the household management, allowing individuals not only to fulfill the needs in case of losing the income source, but also to improve the quality of life through the purchase of goods and services. The issue of saving was analyzed for a long time by economists, who explained these behaviors with reference to the concept of *homo economicus*, accepting the assumption about the rationality of decisions

made by households and purposeful nature of the savings.

Development of research has shown, however, that economic theories are unable to explain the overall behavior of savings and over time researchers began to take into account the psychological aspects [11]. Among many distinguished factors that significantly affect one's ability to deal with the surrounding reality and make effective decisions is the level of economic knowledge. Persons who are able to assess their financial abilities in the context of current economic reality, probably will not be prone to overconsumption by taking next credits and loans, because they are aware of money cost [2, 3]. By analogy, adequate professional training of future employees will prepare them for employers' requirements [5, 6]

as well as acquaintance of mechanisms connected with investing and saving money can improve one's decisions in this field and result in better financial condition of an individual or a household.

The term economic knowledge is often used interchangeably with the notion of economic literacy and is defined as a basic knowledge of key economic concepts [1]. However, in [3] indicated that the differentiation among the constructs of economic literacy, knowledge and education ought to be implemented. General literacy refers to one's ability to write and read [13], but this term is often defined broadly as the ability to understand and use materials related to prose, document or quantitative information. Analogically, the term of economic literacy can be conceptualized as having two dimensions: understanding (which refers to personal economic knowledge) and use (personal economic application). In this context, economic literacy implies that the person must have the ability and confidence to use his personal economic knowledge to make economic decisions [3]. Consequently, the measurement of economic literacy requires not only tests identifying the level of knowledge, but also methods to examine the possibility of its use in specific situation.

A concept which refers to "the whole process by which a child will develop an understanding of the economic world is economic socialization. It concerns the acquisition of knowledge, skills, behavior, opinions, attitudes and representations, which are relevant to the economic world" [9]. Thus, economic socialization is a process designed to equip children with the knowledge and skills needed for effective management of their financial resources in the future. This process takes place through formal and informal education. Informal education takes place mainly in the family, through everyday observations and experiences. Although this research topic is present in psychology consistently since the early 70's of the twentieth century, its relevance in recent years is rising again. This is mainly by increasing consumer activity among younger and younger children. According to research results, part of 4 years old children has their own money, while 40% at the age of 4-18 years regularly receives pocket money [4]. Also, the availability of new media makes children earlier and earlier influenced by advertisements which have a high power of persuasion

especially in the youngest group. Recent studies on economic socialization highlight the question of relevant activities aimed at preparing children to the modern economic realities [4, 7, 12].

As it was stated above, the problem of saving behavior is analyzed by economist as well as researchers from social sciences. Their analysis focus on the motives of savings and characterize the propensity to save of one or many countries, e.g. Europeans propensity to save is a subject of international research. One of them was carried out in 14 European countries [10]. According to the results, 72% of Poles declare that they have savings. This result puts Poland in the middle of the ranking of the studied countries. The same percentage of saving was reported also in the UK, Belgium and Italy. The worst results in terms of saving were presented to Romania (52%), Turkey (61%), Slovakia (64%), Czech Republic (67%), but also Germany (70%) and Spain (71%). It can therefore be noted that Poland is ahead of Western European countries.

Issues of conducted research

One consequence of the current economic crisis raised by politicians, economists and educators is the problem of individual economic resourcefulness of people, manifested inter alia in saving. The referenced study was to analyze the forms of formal and informal economic education and savings behavior of young people from three European countries. The above results of studies on saving behavior in different European countries have shown differences in this regard between eastern and western European countries, and therefore in the study participated representatives from countries with different current situation and socio- economic history: Ukraine, Poland and Denmark. Ukraine, as a country in Eastern Europe, in terms of economic development and prosperity of the population still remains behind Poland and other countries from post-communist bloc, which joined the European Union. Poland according to the results of analysis presented above, in terms of saving is in the middle ranks of European countries. The third state is Denmark, a country with high indicators of society's wealth and economic development.

The countries selected for the study have different levels of economic development, as well as a wide variation in income. Statistics shows that Danes can boast the best earnings among the three countries (the average wage in 2012 was almost 3 thousand Euro). In the second place were Poles - with the average salaries of about 800 Euro – and at the end were Ukrainians, whose average earnings in November 2012 amounted to less than 300 Euro. On the basis of these data it can be assumed that these countries may differ also in terms of savings behavior, namely the propensity to save.

Methodology of research

Questionnaire survey was conducted in the first half of 2013, among young people in the selected three countries: Poland, Ukraine and Denmark.

The developed for the survey questionnaire contained questions on: saving attitude, taken saving behavior, systematic saving and part of the income that respondents devote to savings. For each declared activity points according to the scale of 0-1 was given, where 1 meant savings or in accordance with the scale of 0-1-2, where 2 meant high levels of saving. Points then were summed, which translated into a result the overall propensity to saving, assuming that the more points, the higher the propensity to save. Sample question:

“How often do you save money? a) from each payment, b) not from each payment, but at least every 2-3 months c) occasionally, less than every three months.”

The questionnaire included also questions relating to formal and informal activities in the field of economic education, which took place in the respondents' childhood. Sample questions :

“Did you have lesson on economics or business in your school? a) yes; b) no; c) I do not remember”.

“Do your parents taught you how to save money? a) yes; b) no; c) I do not remember”.

For the purposes of international study, the questionnaire was translated and adapted to the online version– respondents completed the survey online.

In each country were randomly selected 40 people, aged 20 - 30 years, or young people who enter the labor market, or act on it shortly,

take the first independent financial decisions and start managing their own money. Besides, a prerequisite for participants in this study was a native nationality of the country and permanent residence in its territory, in order to avoid distortion of cultural heritage. According to those conditions, the presented research was conducted on 120 persons groups of young adults (among them 62 were men). The average age in all group was similar and amounted: 23,75 years in Poland, 23,9 in Ukraine and 26,23 in Denmark. In all the three countries surveyed, the majority of respondents graduated from university (Poland - 57%, Ukraine - 78%, Denmark - 67%). The remainder of the respondents from Poland and Ukraine had secondary education, only in Denmark there was a group of respondents with primary education (15%). The respondents also answered the question on the level of their earnings in relation to the average wage noted in the country. The data thus obtained allow the determination of the subjective level of respondents' earnings, taking into account the wealth of the society. According to the answers it can be concluded that the majority of Poles (79%) and Ukrainians (57%) identified their earnings as average, while in the group of Danes dominated earnings above the average (70%). The remaining respondents spoke in similar numbers of earnings above or below average (in case of Denmark - equal to or less than the average). Due to the fact that in this study young people, who begin their earning for a living, were tested, part of them (55% in Poland, 65% in Ukraine and 30% in Denmark) declared that they were financially supported by their parents.

It should be noted that the presented research was conducted on relatively small samples, but the majority of previous studies on economic decisions, regarding saving, was carried out among students, participating or not in the courses in economics [3]. For this reason, their cognitive value is limited because the majority of students do not earn money and remain totally dependent on their parents, so that their economic autonomy is limited. In the referred studies participants were also young people, but not students (as seen in the level of education of the respondents). For this reason, the difficulty of reaching the subjects was significantly higher, but the results may be more similar to the actual distribution of the variables tested in the population of young Europeans. However,

the study was conducted as a pilotage, preparing for in-depth research on a large, representative sample.

Research results

In accordance with the above forms of economic socialization influences it can be

assumed that the formation of the future economic behavior of young people is done through formal and informal education. Therefore, the questionnaire developed for the survey included questions on the subject. The below graph shows the frequency of formal and informal economic education activities taken by schools and respondents' parents.

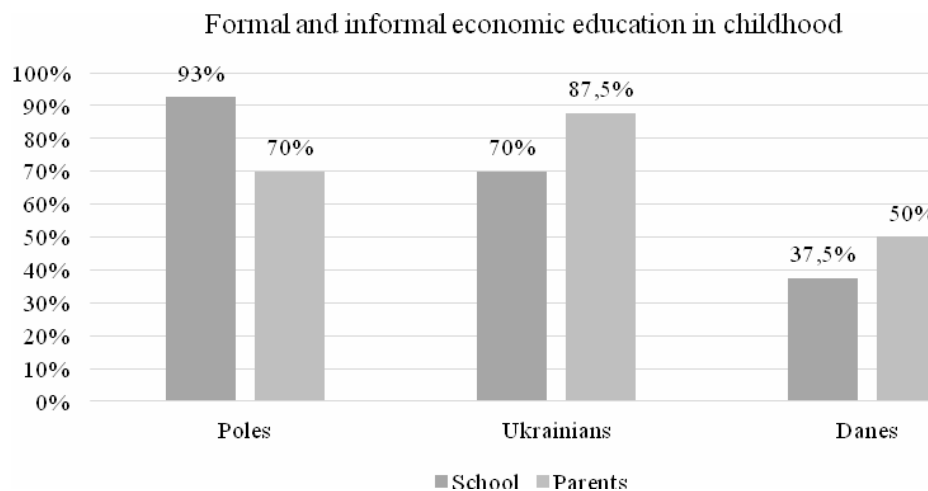


Fig. 1. The frequency of activities on economic education taken by respondents' school and parents

According to the presented results, the most interactions in economic education were remembered by the Polish respondents, then Ukrainians, while the response of the Danes proved far less activity in this area. It should be noted, however, that these results are only respondents' declarations and relate to the past, which can significantly affect the obtained results. In addition to these data, it can be stated that the vast majority of respondents from all

the three countries indicated the conversation as the main form of parents activity in the sphere of economic socialization.

In order to verify the significance of those differences in formal and informal educational impacts in respondents' childhood between the three analyzed nationalities, the non-parametric Kruskal-Wallis test of significance of differences was conducted. The results of this test were presented in the following table.

Table 1. Kruskal-Wallis analysis of differences in formal and informal economic education between three groups

	df	(a) Mean range	Chi ²	Significance level
Poland	119	68.99	18.78	0.001
Ukraine		70.23		
Denmark		42.29		

The results of this analysis showed that there are significant differences between Poles, Ukrainians and Danes in the aspect of educational influences remembered from

childhood. Relatively interesting, however, was the result of low levels of educational activation declared by the Danes. According to the literature, the research carried out in the

countries with a long tradition of free market showed more activities in the field of economic education.

According to the questions concerning saving attitudes and saving behaviors, the results

allowed to characterize the three analyzed groups of respondents. One of the first questions of the questionnaire referred to making any savings behavior, as shown in figure 2.

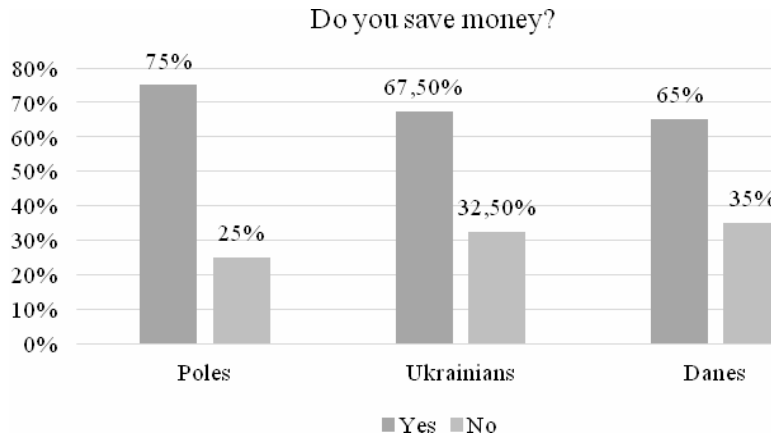


Fig. 2. Saving behavior among Poles, Ukrainians and Danes

The above figure shows that the majority of respondents declare saving money, the frequency of these behaviors is similar in the groups of Ukrainians and Danes, and slightly higher among respondents from Poland. People who were not taking savings behaviors were asked about the reasons for such a situation. Among the most common response, regardless of the country of origin of the respondents were too low wages and lack of willpower. Some Ukrainians also pointed to the lack of need for

saving and low confidence in the sense of these activity. Figure 3 presents the regularity and frequency of savings behaviors.

According to the given answers, the three level of regularity was distinguished: the first level consisted of the respondents who declared saving from each salary, the second - saved money regular, every 2-3 months and the third level – saved not systematically, less than every 3 months.

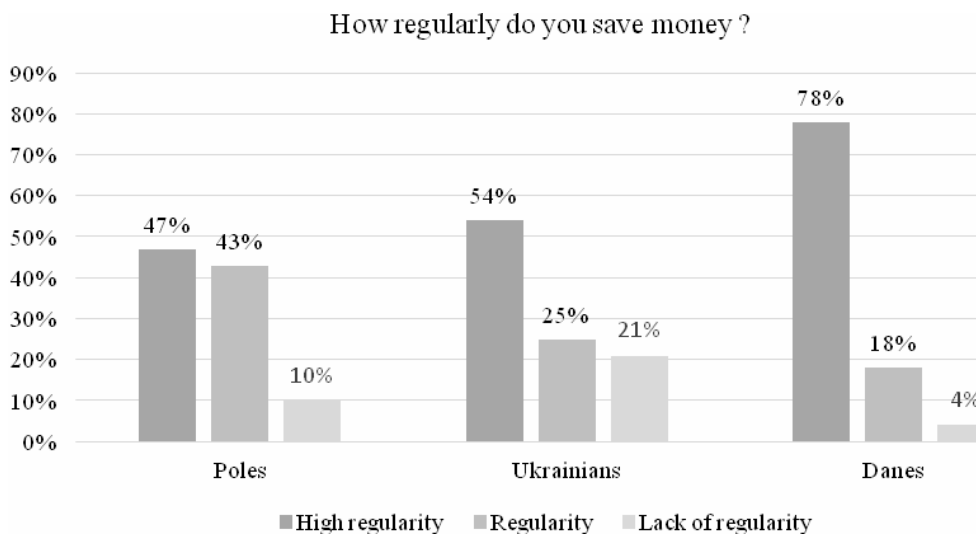


Fig. 3. Regularity of saving behavior among Poles, Ukrainians and Danes

As it can be observed on the above figure, the most regular saving habits characterized respondents from Denmark, while Poles and Ukrainians are similar in this regard. It should be also noted that every fifth respondent from Ukraine saved money not on a regular basis which can be connected to the lowest income level among the three analyzed countries.

The questionnaire also included the question about the purpose of saving, in which the subject's task was to choose the three most important for him or her purposes of the saving behavior. Analysis of the frequency of individual choices indicates discrepancies between Polish and Ukrainian respondents and citizens of Denmark. Namely, Poles and Ukrainians as the most important goals of saving indicated frequently saving for holiday trips (Poles - 47.5%, Ukrainians - 37.5%) and durable goods (such as home electronics and household equipment; Poles - 27.5% Ukrainians - 31%), while the Danes as the goal

of their savings indicated a good with much higher values, such as house / flat (40%) or car (25%). The results may be related to the level of prosperity of the surveyed societies as well as individual financial capabilities of the respondents. It should be also noted that, according to the above characteristics of the surveyed groups, the vast majority of Danes (70%) identified their earnings as above average, which together with the observed regularity may be also translated into setting different goals in relation to the saving decision.

With regard to the educational aspect of saving, the respondents were asked about the sources of the current knowledge of the analyzed behavior. Like the previous question, respondents chose the three most important sources of knowledge for them from the presented list. Frequency of choosing the three most popular sources of knowledge is shown in figure 4.

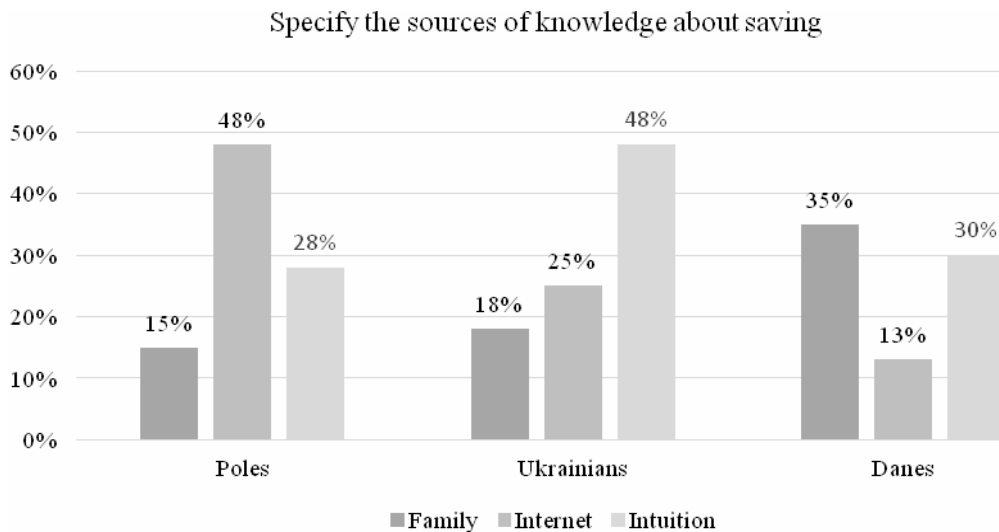


Fig. 4. The frequency of indicating different sources of knowledge about saving among Poles, Ukrainians and Danes

As it is shown in figure 4, the most common source of knowledge for the Poles is the internet, while for Ukrainians –intuition, which can be understood as basing on their own beliefs, opinions, which are rarely associated with reliable knowledge in a particular area. Intuition together with information from family members are the most common sources of knowledge for young Danes. Selected by the

respondents kinds of sources of knowledge allow to indicate that they are mainly based on hearsay opinions and beliefs of their own and their family members, sometimes looking for information on the Internet. Evaluation of the reliability of information obtained in this way would require in-depth research, taking into account the analysis of websites visited.

Conclusion

The study and the statistical analysis allowed to formulate some important conclusions. The first part of the used questionnaire focused on formal and informal economic education activities taken by schools and respondents' parents. According to the given answers, the most activities in economic education were remembered by Polish respondents, then Ukrainians, while the response of the Danes proved far fewer actions taken in this area. The result of the conducted Kruskal-Wallis test proves that those differences are statistically significant. However, the fact that the lowest of the results were obtained by the Danish group of respondents is surprising. The authors assumed that Denmark, as a country with a much longer tradition of a free market, and also considered as offering one of the best conditions in the world to do business, pays a lot of attention to the education of the society, including economic issues. Denmark economic strength is based on a large number of small and medium-sized businesses, very flexible in adapting to changing conditions. Perhaps the results were influenced by the fact of a relatively lower level of education of the respondents in Denmark compared to other groups.

It has been also shown that the saving activity of young people in Poland is similar to the inhabitants of less economically developed Ukraine, and at the same time is not very different from Danes whose earnings are significantly higher. What could be the cause of such a result? It can be associated to the financial crisis, which in recent years affected the whole of Europe, with a different extent. As a consequence, people felt insecurity and maybe therefore more often decided to save money for the future, regardless of the economic situation of a particular country. This tendency can be seen especially in the analysis of the declared saving goals among Poles and

Ukrainians. Those groups saved mainly on the so-called "rainy day", which shows their fear and lack of financial stability. In addition, these results may complement the analysis of Potocki [8], showing that despite the positive attitude towards saving, the amount of income may not allow young Poles (and probably neither Ukrainians) to collect savings at a satisfactory level.

In this context, sources of knowledge about savings, to which respondents referred when seek the information are also extremely important. As the results showed, the vast majority of them were based on hearsay opinions of family members or on their own intuition, which - according to many studies on the psychological aspects of decision making process - very often leads to making quick decisions based on the use of heuristics. Using the above mental shortcuts can lead to making wrong economic decisions, which will affect the financial condition of the respondents. In this light, the result indicating the relatively frequent declarations of Poles about the search for information on saving on the web may seem positive. However, it should be noted here that unambiguous interpretation of this result would require the analysis of web pages on which respondents are seeking economic knowledge.

Summarizing, it should be noted that the above results clearly indicate the importance of educational activities in the field of economic knowledge, aimed at developing attitudes to saving and preventing adverse financial decision-making. This aspect is particularly important in case of young people who - as it was already mentioned - in most cases are unable to satisfy their needs only from current income. Economic education in this field could have a positive impact on their long-term financial situation. However, results of the study also indicates that, despite the positive attitude for saving, young people in many cases do not have the possibility of saving money because of insufficient level of income.

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