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Economic Socialization, Saving and Assets in European Young Adults

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Economic Socialization, Saving and Assets in European Young Adults

Two studies were carried out, using data on the assets, economic socialization and dispositions of European teenagers and young adults. The sample of young adults (18-32) was drawn from a panel survey of the Dutch population. The Dutch sample size was 392, a significant proportion (over 25%) of whom were still living in the parental home. The sample of teenagers (mean age 14.4 years) and their parents was drawn from a three-generation study of economic socialization in Norway. The Norwegian sample size was 548 adolescents, 256 mothers, and 227 fathers. The Dutch study identified four distinct strands of economic socialization: providing pocket money, doing jobs at home, doing work for others, and parental encouragement and advice. The results showed that parental encouragement (being taught budgeting and encouraged to save) had an impact on the economic orientation of young adults; those who had encouragement were better able to control spending, had a preference to save over spending, had an orientation to the future, were more conscientious and saved more. Those children who worked as adolescents were less likely to plan to save the following year and more likely to be in debt. The Norwegian study found evidence that suggests there is a difference, though not a substantial one, in the economic socialization experience of adolescents who come from poorer and less educated backgrounds: they were less likely to receive pocket money and have part-time work but were introduced to piggy banks and savings accounts at a younger age.

Key words: *economic socialization, young adults, saving, assets*

Introduction

Though there is not a voluminous amount of research literature, there is now clear evidence that economic socialization has an impact on adolescent and adult economic behavior (Beutler & Dickson, 2008), and that there are continuities between economic behavior in adolescence and young adulthood (Ashby, Schoon, & Webley, 2011; Elliot, Webley, & Friedline, 2011).

It is reasonable to draw a few conclusions from research on economic socialization, although it has to be acknowledged that the range of cultures and contexts that has been covered is limited, and so one should be wary of over-generalizing. First, 'entitled' allowance or pocket money systems (where the money is not dependent on doing household chores or complying with rules, Miller & Yung, 1990) lead to effective economic socialization, possibly because this approach to pocket money implies more trust between parent and child, and keeps the child's contribution to family life part of

a social universe, rather than an economic one (Abramovitch, Freedman and Pliner (1991), Lewis and Scott (2000) and Pliner et al. (1996)). Using an experimental setting, for example, Pliner et al (1996) found that children who received an allowance made better use of credit and were able to price goods more accurately. In a survey, Lewis and Scott (2000) found that those adolescents who received pocket money knew more about interest rates and inflation than those who did not. In contrast, Mortimer et al. (1994) found that that receiving an allowance was not related to the amount of savings a child had, and also undermined work values. Beutler and Dickson's (2008) conclusion from a review of this literature is that it is not the type of allowance arrangements themselves that matter, but the family context in which they operate.

Second, parental modeling of sensible and sustainable financial behavior appears to have an immediate and longer term impact on the economic behavior of children (though it should be noted that the evidence for this is all retrospective). For example, Bernheim, Garrett, and Maki (2001) interviewed adults aged between 30 and 49, and found that those adults who described their parents as saving more than average themselves saved more than others as adults. Similarly, with a younger age group (students about to graduate from University), Hibbert, Beutler, and Martin (2004) found that those whose parents showed higher frequencies of prudent behaviors (saving, living within income, paying bills on time) themselves showed less credit card misuse. Interestingly, parental financial prudence increased debt avoidance but also increased financial strain (i.e., worrying about paying back debts or funding expenditure). One interpretation of this finding is that these students had been sensitized to financial matters. On a Dutch sample of late adolescents and young adults, Webley and Nyhus (2006) showed that the amount that an adolescent saves is associated with the amount that their parents have saved, and that the future orientation of adolescents is fostered by the future orientation of parents.

Third, there are continuities in economic behavior across the life span. The child who is able to delay gratification at age four will be better able to exercise self-control and be more focused on the future consequences of their actions as teenagers (Mischel, Shoda, & Rodriguez, 1992). An adolescent who has savings at 16 will be more likely to have savings at 21 (Elliot, Webley & Friedline, 2011), and an adolescent who is saving at age 16 is more likely to be saving at age 34 (Ashby, Schoon and Webley, 2011). Whilst the evidence is limited, it does suggest that economic socialization will be an important determinant of the assets of young adults.

However, there have been massive changes in the nature of the economy and society over the past fifty years (and substantial changes over the past twenty years), and significant changes in economic socialization practices, so it is not clear how and if economic socialization is working now. It seems likely, however, that in a society and economy that strives to provide immediate gratification, parents will have to be more active if they wish to regulate their children's behavior.

Economic socialization practices have also changed. Webley, Nyhus, and Otto (2011) have found that recalled socialization experiences are significantly different for different generations. Pocket

money has become the norm: 67% of Dutch 16-30 year olds report having received pocket money regularly compared to only 19% of those aged 61 and over. Doing household chores for money has also become much more common. The majority of those who are 61 plus report never doing chores for money, whereas in the youngest age only 21% have not experienced this. And finally, working as an adolescent is now much more common. Most of the over 61s (68%) did not do this, whereas in the under 30 group, the vast majority (78%) have had at least one job.

Furthermore, Elliot, Webley and Friedline (2011) have offered a different interpretation of why there are continuities in economic behavior. They have proposed an institutional explanation, which is based on the assumption that the acquisition of financial competence and knowledge (and therefore the accumulation of assets) is strongly influenced by structural failures related to social class and race. This suggests that, whilst an approach which focuses on economic socialization might work for middle- and upper-income families, it ignores important factors which are relevant to lower-income families. Saving, from this perspective, is not solely an individual matter (determined by dispositions like future orientation and self-control) but is also a social act, one that requires well-developed links to the facilities and support that financial institutions provide. Effective saving (and budgeting) also requires practice, which means having sufficient money to save and make budgeting decisions (and budgeting errors from which one can learn). According to this perspective, children from poorer backgrounds are doubly disadvantaged, first by lacking the experience of dealing with financial institutions, and second by having less experience and practice with managing larger sums of money.

This paper has two aims. First, we wish to provide evidence for the impact of distinct aspects of economic socialization on the economic behavior and asset accumulation of young adults. This is an extension of work carried out by Webley, Nyhus, and Otto on older age groups. Second, we want to explore whether low-income groups provide a different kind of economic socialization experience, as implied by the institutional approach. We use two data sets for this purpose: the DNB Household survey in the Netherlands (a large panel representative of the population) and data from Norwegian parents and their teenage children from a three-generation study of economic behavior carried out in Norway and the United Kingdom (Nyhus & Webley, 2011; Otto, 2009; Webley, Nyhus, & Otto, 2011).

Study 1

Method

Participants

The analyses reported here have used a sample of 18-32 years olds, 392 panel members, 153 men and 259 women, who completed the economic socialization questions on the DHB questionnaire in 2006. Panel members are categorized as head of household (163), spouse (89), permanent partner (not married) (37), child living at home (101), and housemate (2). All participants completed part two of the economic and psychological constructs questionnaire, which included economic socialization items, dispositional measures, saving attitudes but only 215 completed part 1, which included income, financial situation, saving measures and saving motives. The analyses involving these measures therefore used a significantly lower N.

The average net income of the heads of household was €22,080, for the spouses €10,030 and for those children living at home €5,180. Overall, the mean net income was €13,800.

Measures

General information

There are a number of demographic questions in the DNB Household survey. Those covering age, gender and educational level were included in the analysis

Personality characteristics or dispositions

Future orientation and present orientation. Future orientation and present orientation were measured by a Dutch translation of Strathman et al.'s (1994) "Consideration of Future consequences" (CFC) scale. This assesses the extent to which people consider future versus more immediate consequences of their actions. Two factors in the CFC have been distinguished by Antonides and Nyhus (2009) (present orientation and future orientation). A factor analysis on data from the whole panel revealed that 3 factors with eigenvalues greater than 1 account for 56% of the variance. Two simple scales were formed by simply adding the items that loaded on factor 1 and factor 2; these correlated over .95 with their respective factor scores, and both were reliable (alphas of .79 and .71).

Conscientiousness. Conscientiousness was assessed using a Dutch translation of the 10-item conscientiousness scale from the IPIP (Goldberg, 1999; International Personality Item Pool, 2001).

Economic socialization. The preamble to the economic socialization section of the questionnaire was "The next 6 questions are about your childhood. Please think back to the time you were a child and try to answer the following questions as best as possible." Six questions then followed:

1. When you were between 8 and 12 years of age, did you receive an allowance from your parents then? By allowance we mean a fixed amount received on a regular basis.
2. When you were between 8 and 12 years of age, did you do little household chores (like washing the car) for which you received some money from your parents?
3. When you were between 8 and 12 years of age, could you spend your money as you pleased?
4. Did you have a job on the side (like a newspaper round, a job on Saturday etc.) when you were between 12 and 16 years of age?
5. Did your (grand)parents try to teach you how to budget?
6. Did your (grand)parents encourage you to save money between the age of 12 and 16?

Questions 5 and 6 (which correlated $r = .66$) were combined into one measure of parental encouragement, and the parental control item (Question 3) was dropped, as it was thought to be ambiguous. The other three questions are treated as free-standing items that assess pocket money, jobs at home and employment respectively.

General money management.

Two measures of self-reported saving were used: *actual saving* (“did your household put any money aside in the last 12 months?”, with a dichotomous response scale) and *planned saving* (“is your household planning to put any money aside during the next 12 months”, with a four point scale from “yes, certainly” to “certainly not”).

The respondent’s *preference for spending over saving* was assessed using a single item “Some people spend all their money immediately. Others save some money in order to have something left to fall back on. Please indicate what you would do with money that is left over having paid for food, rent/mortgage and other necessities.” This has a 7-point response scale from (1) “I like to spend all my money immediately” to (7) “I want to save as much as possible.”

The respondent’s ability to *control spending* was measured using one item: “Do you find it difficult to control your expenditures? Please indicate how difficult you find this on a scale from 1 to 7, where 1 means ‘very easy’ and 7 means ‘very difficult’.”

Assets and income

Savings and assets. The DNB data set has data from a very wide range of assets, including financial assets (current accounts, money in mutual funds, savings accounts) and concrete assets (vehicles, property). Following Nyhus and Webley (2001) and Webley, Nyhus, and Otto (2011), assets we believe to be psychologically similar have been combined. The following measures of saving are used:

- (i) Liquid saving = the balance on current and savings accounts, deposit books, employer-sponsored savings plans and loans to family and friends. This corresponds to what most people see as saving and is generally very low risk.
- (ii) Investment saving = money in mutual funds, shares, bonds, and savings certificates. This is riskier saving than liquid saving.
- (iii) Insurance saving = annuity and endowment insurance
- (iv) The sum of debt (considered here to be negative savings). This is the sum of the individual's overdraft, private loans, extended lines of credit, outstanding debts on hire-purchase or mail order firms, debts based on payments by installment and/or equity based loans, study loans and credit card debt.
- (v) Total savings = liquid + investment + insurance saving – debt.

Net income. A large range of different sources of income (salaries, interest payments, transfer payments such as pensions and unemployment benefits) were added together and mortgage interest payments and income tax subtracted to create an index of net income¹.

Results

First we present some descriptive statistics so as to paint a clear picture both of the socialization experience of the sample, and their current assets.

Economic socialization measures

On the “Parental encouragement” scale, 26 individuals (6.7%) reported that they were not taught budgeting and not encouraged to save money at all. At the other extreme, 76 people (19.7%) were given advice and practical help on budgeting and received messages that saving is important. The modal score on this scale was 4 (which is equivalent to getting some budgeting advice and help and being told the importance of saving).

Receiving pocket money was the norm: 66% reported receiving it and only 13% said that they did not. The remainder received pocket money occasionally, or reported that it was sometimes forgotten.

Some reported doing household chores for money “sometimes” (31%), but 23% reported never doing chores for money at all. A similar percentage (22%) reported that they did not have a job as an adolescent; a smaller percentage reported having many jobs (10%), and larger percentage reported having “a few jobs” (39%).

¹ The procedures used to calculate net income are fully described in the documentation for the 2006 data set, which can be found at: http://www.centerdata.nl/en/TopMenu/Databank/DHS_data/Codeboeken/

Assets

The distribution of assets (Table 1) varied widely. This reveals a huge variety in the possession of assets. Most young adults had some liquid savings (only 9% do not) and the mean value of these savings was almost €7,000. The vast majority did not have investment or insurance savings, and 25% had debts of some kind. Debts outstripped their total assets for 18%, and some of these debts were substantial.

Table 1. Distribution of assets.

| | Minimum | No of people with minimum | Maximum | Mean |
|--------------------|----------|------------------------------|---------|-------|
| Liquid savings | 0 | 27 (9%) | 91,825 | 6,953 |
| Insurance savings | 0 | 275 (91%) | 77,143 | 789 |
| Investment savings | 0 | 250 (83%) | 33,193 | 451 |
| overdraft | 0 | 266 (88%) | 6,885 | 158 |
| Total debt | 0 | 228 (75%) | 200,000 | 3,474 |
| Total savings | -159,673 | 55 ¹ (18%) | 111,456 | 4,720 |

Note: N for all measures = 302, ¹ figure provided here is for number with negative savings.

The relationship between economic socialization, dispositions and economic behavior

Table 2 describes the relationships between the economic socialization measures and the other measures. The relationships are relatively weak, which is not surprising given the retrospective nature of these measures, but they are consistent with previous research. Partial correlations controlling for age, net income, education, and gender have the same pattern of significant results, except that encouragement is no longer significantly correlated with conscientiousness.

Parental encouragement is associated with having saved in the last year, a preference for saving over spending, ability to control spending, conscientiousness, and being more oriented to the future. Therefore, being taught budgeting and receiving encouragement and practical advice about saving do appear to encourage an orientation to the future and behaviors that prepare for that future. The counterintuitive finding that doing household chores for money and working as an adolescent is associated with not planning to save in the next year has several possible explanations. It may be that these subjects learned, as adolescents, to take on additional work when they needed money rather than saving over time. It could also be that these adolescents had a strong preference for spending which motivated them to seek work.

Table 2. Rank correlation coefficients between economic socialization indicators and adult economic behavior and relevant dispositions

| | Plan to Saved in last year | Preference save next year | Control of for spending | Conscientiou ness index | Present orientation | Future orientation | |
|--------------------------------------|----------------------------------|---------------------------------|-------------------------------|----------------------------|------------------------|-----------------------|--------------|
| Encouragement | .24** | .11 | -.18** | .13* | .11* | -0.11 | .21** |
| Did household chores for money | .02 | -.14* | .00 | .05 | .02 | .03 | -.02 |
| Pocket money | .10 | .08 | .03 | .06 | .02 | -.04 | .01 |
| Child worked as adolescent | -.07 | -.18** | .10 | -.07 | .00 | .06 | .03 |

Note: Only significant coefficients shown. * p<.05, ** p<.01. Ns vary between 211 (two savings measures) and 386 (correlations involving conscientiousness). Correlation coefficients are Spearman’s rho.

The relationship between economic socialization and assets

To see if economic socialization has an independent value as a predictor of assets, we carried out a hierarchical form of multiple regression on various assets, exploring the effects of groups of variables in turn. The variables were entered into the analysis in the following order: economic and demographic (net household income, education, age), “personality” characteristics (conscientiousness, future orientation, present hedonism), dispositions (preference for spending over saving, ability to control money), and economic socialization. The rationale for this hierarchical approach was to provide the most conservative test for the significance of the economic socialization variables, since the simplest explanation for the value of assets an individual has is his or her income. Only variables in a group with significant individual effects were retained at each stage. Investment and insurance savings were omitted from this analysis as these assets were not held by the majority of this age group.

The results of these regression analyses are presented in Table 3. It is striking (and surprising) that income was not a predictor of the amount of these assets, though the range of income was nowhere near as great in this group as in the whole sample. Both present orientation and control of spending predicted liquid savings and total savings: the latter was also predictive of total debt. Parental encouragement was predictive of total savings, whilst working as an adolescent was predictive of debt and total savings (probably through its effect on debt). Working as an adolescent was positively associated with the amount of debt, and negatively with total savings. It may be that those who worked as adolescents came from less well-off backgrounds, and this accounts for the predictive power of this variable².

² Information about parental background of the majority of the panel participants is not available in the DNB survey. It also does not provide details of the primary occupation of participants, but does classify them into a number of categories (the largest of which is ‘employed on a contractual basis’). A number these categories were collapsed to make

Table 3. Multiple regression models for predicting various forms of assets

| Independent variable | Liquid savings | | Sum of Debt | | Total savings | |
|----------------------------|----------------|------------|-------------|------------|---------------|------------|
| | Beta | <i>p</i> < | Beta | <i>p</i> < | Beta | <i>p</i> < |
| Net income (log) | | | | | | |
| Education | .17 | .005 | | | | |
| Age | | | .15 | .05 | | |
| Present orientation | -.24 | .001 | | | -.13 | .05 |
| Future orientation | | | | | | |
| Conscientiousness | .09 | ns | | | | |
| Preference for spending | | | | | -.12 | .1 |
| Control of spending | .22 | .001 | -.28 | .001 | .28 | .001 |
| Parental encouragement | | | | | .13 | .05 |
| Child worked as adolescent | | | .14 | .05 | -.12 | .05 |
| Adjusted R square | .20 | | .12 | | .20 | |

The relationship between economic socialization measures and parental affluence

For a sub-set of the sample (those participants who were children living at home), it was possible to check whether those who received pocket money regularly, or experienced other forms of economic socialization, came from more affluent backgrounds than those who did not. The sample was necessarily small (55 individuals where there is data for head of household net income, 87 for head of household education), but there were no significant correlations between any of the economic socialization measures and head of household income or education. The relationships were in the expected direction (pocket money and head of household income $\rho=.10$, worked as adolescent and head of household income, $\rho=-.15$), but these were nowhere near significance.

Study 2

Method

Procedure and participants

The data for study 2 were collected as part of a three-generation study of economic behavior carried out in Norway and the United Kingdom. The data come from students in high schools in Kristiansand, Norway and their parents. Teenage students completed questionnaires at school

the data amenable to chi-square analysis. This showed that those who had worked as adolescents were more likely to be self-employed, and those who had not worked were more likely to be students.

themselves, and passed on questionnaires to mothers, fathers, and grandparents. This paper uses only data obtained directly from students and their parents.

The student sample consisted of 548 adolescents (49 were excluded based on their behavior or the way they had completed the questionnaire). The gender split was almost exactly 50%. There were responses from 256 mothers and 227 fathers. Complete response sets (student, mother, and father) were available from 213 families. The sample is skewed towards the middle class: 50% of both fathers and mothers had university degrees, in comparison to roughly 30% nationally (Statistics Norway, 2009).

Measures

Students and their parents completed complementary questionnaires, with a wide variety of measures. Only those measures used in the analysis are reported here; copies of the full questionnaires are available from the authors.

General information

Parents were asked about the highest *level of education* they had completed (six ordinal categories from “no formal qualifications” to “university higher degree”).

Fathers and mothers independently reported their *net household income* per month by ticking 11 income ranges. These correlated $\rho=.78$, so a single measure was calculated by summing the two scores and dividing by 2.

Pocket money

The adolescents were asked about receiving *pocket money* (“Do you get pocket money/allowance?”) and about the relationship between this and doing *chores* (“Is your pocket money/allowance dependent on you doing household chores?”).

Parents were also asked about *pocket money* (“Do you give money to your child REGULARLY (pocket money/ allowance)”) and its relationship with *chores* (“Do you sometimes reduce your child’s pocket money/ allowance when chores have not been carried out?”). A further question asked who is mainly *involved with the child’s pocket money/ allowance*.

Outside work

Both parents and children were asked about *part-time work*. The question for the children was “Do you have any out of school-hours employment, for which you are paid (like a paper round, or Saturday-job)?”, whilst for parents it was “Does your child have any out of school-hours employment for which s/he gets paid? In both cases the response was a simple yes/no.

Access to bank accounts and money boxes

Parents were asked a number of questions about money boxes and bank accounts. The questions used in the analyses were:

- “Have you ever arranged for your child to have a piggy bank/ moneybox?”
- “When did you do this? When your child was years old.”
- “Has your child access to a bank account where money can be deposited and withdrawn?”
- “When did you open the account? When my child was years old.”
- “Have you opened a savings account for your child?”

Parental practices

Four measures were derived separately for mothers and fathers, which are described below.

Parental practice: discuss. This consisted of 3 questions (i) I encourage my child to tell me how s/he spends her/his money (ii) I talk about ways to limit spending (iii) I help my child differentiate between things s/he really needs and things s/he wants. This scale had an alpha of .74 for mothers and .68 for fathers.

Parental practice: Control/ monitor. This comprised 3 questions (i) I monitor my child’s spending behavior (ii) I restrict my child’s spending (iii) My child and I review her/his spending. This scale had an alpha of .78 (for both mothers and fathers).

Parental practice: Encouraging thinking about the future. This was based on 4 questions (i) I encourage my child not to touch her savings until sometime in future (ii) I remind my child that sometime in the future s/he will appreciate having saved (iii) I talk about things s/he might want to spend more money on when s/he is a bit older (iv) I remind her/him of her/his current saving goal when new ideas for spending come up. This has an alpha of .75 (both for mothers and fathers).

Parental practice: Consistency. This was measured using a single item: I manage to be consistent in the rules we have set up around money matters.

Data preparation

Analyses were carried out to check the pattern of missing data in the parental and child data separately. Missing values were not missing completely at random, so missing observations were estimated and imputed separately for each data set by using the EM (expectation maximization and maximum likelihood) method provided by the software package SPSS 18. The two data sets were then combined into one data set for subsequent analysis.

Results

Economic socialization and parental affluence and education

When children and their mothers and fathers are asked independent questions about the same topics, they often do not agree on the answers. This can reflect a different understanding of the question (for example “what is pocket money?”) or a different perception of reality. We begin with the question “Who is mainly involved with your child’s pocket money/ allowance?” Table 5 reveals a degree of consensus: 71% of parents agree on who is mainly involved (the shaded cells in the table). This information was recoded in two ways, first to reflect who was primarily involved (the mother or the father), second to reflect the degree of involvement (both parents saying that they were involved, through to both parents saying the other was the most involved). Neither household income nor level of parental education was associated with who was primarily involved, but household income correlated with degree of parental involvement in pocket money ($\rho=.14, p <.05$), and mothers level of education correlated with involvement ($\rho=.24, p <.001$).

Table 4. Answers to the question “who is mainly involved in pocket money?”

| | | Father: Parent most involved in PM | | | |
|-------------|----------------|------------------------------------|------|----------------|-------|
| | | Self | Both | Other (Mother) | Total |
| Mother: | Self | 24 | 11 | 99 | 134 |
| Parent most | Both | 7 | 26 | 8 | 41 |
| involved in | Other (father) | 26 | 7 | 5 | 38 |
| PM | Total | 57 | 44 | 112 | 213 |

Table 5 provides information about pocket money. Receiving pocket money is the norm: according to the adolescents, over 90% get pocket money (according to the parents, the figure is 74%). This difference is probably a consequence of a slight difference in wording since the parents were asked about “regular” giving. There is no difference in respect of household income, but those who receive pocket money do have better educated mothers.

Table 5. Pocket money in Norway

| | No pocket money | Receives pocket money |
|-----------------------|-------------------------|-------------------------|
| According to child | 54 (9.9%) | 494 (90.1%) |
| Mean Household income | 29,150 kroner per month | 31,100 kroner per month |
| Mother’s education | 3.6 | 4.2* |
| Father’s education | 3.9 | 4.2 |

* $p <.05$ (t-test)

“Entitled” pocket money systems are, however, less common than those where pocket money is dependent on chores. According to the adolescents, pocket money is dependent, in whole or in part, on doing chores for the vast majority. Mothers who are better educated are more likely to use this

system, which might be the result of educated mothers being more likely to work, and so needing more help with housework. According to parents, money is reduced if chores are not carried out, but not as often as the children believe. Fathers reduce pocket money more often than mothers. This approach is associated with household income, with the more affluent being more likely to make pocket money dependent on chores.

Table 6a. Pocket money and chores in Norway

| | Pocket money dependent on doing household chores (according to child) | | |
|-----------------------|--|--------------|-------------|
| | Yes entirely | Yes partly | Not at all |
| Total number | 156 (28.5%) | 284 (51.85%) | 108 (19.7%) |
| Mean Household income | 15.1 | 14.6 | 14.4 |
| Mother's education | 4.5 | 4.0 | 3.6*** |
| Father's education | 4.3 | 4.2 | 3.8 |

*** p < .001, F_{2,253} = 8.2

Table 6b. Pocket money sometimes reduced if chores not carried out (reported by parents)

| | Yes | No |
|-------------------------|-------------|-------------|
| Total number of Mothers | 127 (49.6%) | 129 (50.4%) |
| Mean Household income | 15.4 | 14.0** |
| Mother's education | 4.12 | 4.07 |
| Father's education | 4.25 | 4.06 |
| Total number of Fathers | 101 (76.7%) | 52 (23.3%) |
| Mean Household income | 15.4 | 14.2* |
| Mother's education | 4.2 | 4.1 |
| Father's education | 4.23 | 4.10 |

*p < .05, ** p < .01

Part-time employment among adolescents is not that common, though again parents and children disagree (quite often) about whether they have outside employment. This may be because parents are just asked one question (about jobs outside school) whereas the children are first asked about for other people working outside the home and then about a more formal paid job. Parents may include babysitting as a job, which children might classify as work for other people.

Of the 55 children whose mothers say they have outside work, 22 report that they don't; similarly of the 51 children whose fathers say that they have outside work, 19 say that they don't. Here, we have assumed that the adolescents have provided more accurate information about whether they have work or not. Table 7 shows that those whose mothers are more poorly educated are more likely to have part-time employment.

Table 7. Adolescent part-time employment in Norway

| | No part-time employment | Has part-time employment |
|-----------------------|-------------------------|--------------------------|
| Total number | 437 (79.7%) | 111 (20.3%) |
| Mean Household income | 14.6 | 15.6 |
| Mother's education | 4.2 | 3.7* |
| Father's education | 4.1 | 4.3 |

* p <.05 (t-test)

The vast majority of children did have piggy banks, access to bank accounts where money can be deposited and withdrawn, and savings accounts (around 90% for all of these). Having access to a bank account was correlated with mother's education ($\rho=.15, p<.05$), but there were no significant relationships with the other two variables. The age at which the bank account was opened did not correlate with parental level of education but was positively associated with household income ($\rho=.17, p<.05$). The age when a piggy bank/money box was arranged did not correlate with household income, but was positively associated with level of father's education ($\rho = .25, p<.005$). Parental practices were not strongly associated with income and education (see Table 8).

Table 8: The association between parental practices, parental income and education

| Parental Practice | Sample | Household income | Mother's education | Father's education |
|---------------------------------------|---------|------------------|--------------------|--------------------|
| Discuss | Mothers | | | |
| | Fathers | | | |
| Control/Monitor | Mothers | | | |
| | Fathers | .14* | | |
| Encouraging thinking about the future | Mothers | | | |
| | Fathers | | | -.14* |
| Consistency | Mothers | | .26** | .18** |
| | Fathers | .31** | | .21** |

Notes: Only significant correlations shown. Figures are Spearman's rho. * p<.05, ** p<.01

Education and income were correlated with self-reported consistency in managing rules around money matters, and income was associated with father's monitoring and control.

Discussion

It is clear from the evidence presented here that whilst there is considerable variation in the assets and the economic orientation of young adults, there is far less variation in economic socialization, at least as assessed here. Most children receive pocket money, most do household chores for money, and most do part-time work (the figures in study 2 relate to young teenagers; many more will undertake part-time work as they get older).

But economic socialization does seem to matter. Those Dutch young adults who had been encouraged to save and taught budgeting were more conscientious, more future oriented, better able to control spending, and had saved more in the previous year. Working as an adolescent and doing household chores for money were negatively associated with planning to save in the following year, and working as an adolescent was also predictive of indebtedness and lower total savings. In older age cohorts (31-60), working as an adolescent was found to be associated with a preference for spending over saving and finding it more difficult to control spending (Webley, Nyhus, & Otto, 2011), which suggests either that this experience does indeed have a longer term impact on behavior (perhaps through having had a large disposable income at a formative period of life) or that it is a marker for another variable, such as parental income or social class.

The Norwegian evidence, however, does not reveal that parental affluence or education has much of an impact on economic socialization practices. The experience of those from poorer or less educated backgrounds may be slightly different, but not necessarily inferior: they appear to have a longer experience of bank accounts, and are more likely to have “entitled” pocket money, which other evidence suggest may be a better socialization experience.

This does not, however, contradict Elliot, Webley & Friedline’s (2011) institutional perspective. A more plausible interpretation is that the “Nordic model” (Andersen et al 2007; Christiansen, Petersen, Edling, & Haave, 2006) of a universalistic welfare state has effectively nullified the institutional constraints on poorer families. The Nordic model, which operates in Norway and other Scandinavian countries is characterized by generous welfare benefits (free education, universal healthcare, good safety net provisions), very low levels of corruption, and strong egalitarianism. Although the Netherlands has recently shifted from a model that stresses collective responsibility to one that stresses personal responsibility (van Oorschot, 2006), its structures and egalitarianism make it much more similar to Norway than to the United States.

We believe that in those parts of Europe with low inequality and sound welfare states that the individual experience in families is more important than the class or income constraints. Further, we suspect, like Beutler and Dickson (2008), that rather than the details of specific parenting practices (e.g. whether pocket money is “entitled”), it is the provision of good experiences (and appropriate guidance) by parents and educators that matters most.

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