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CONSUMER SOCIALIZATION IN THE FAMILY

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The need for consumer education in the schools has been clearly understood for a long time. However, it is often difficult to convince state leaders, school administrators and legislators that the mandate should remain and that dollars allocated in this way are well spent. Findings from a recently completed study support the need for consumer education at the high school level.

PROBLEM

The consumer socialization study(*) was initiated in order to gain information about financial and consumer learning in families. The textbooks and reference materials have extensive advice about what parents *should* be doing to teach children money management, but there is little factual information about what parents are *actually* doing. The evidence in finance classes at the university level is that little teaching has occurred, particularly for females. The purpose of the study was to identify the extent to which mothers pass on financial information and experiences to their children. It was hoped that information gained from the study would be helpful in planning effective programs in financial education. Answers to several questions were needed: (a) What kinds of consumer education is transmitted across generations? (b) How do early consumer learning experiences influence adult teaching of consumer education? and (c) Are male and female children given equal opportunities in the family to acquire financial management information and competencies?

METHODS

A sample of 609 mothers with at least one child under 18 years of age was drawn by the University of Illinois Survey Research Laboratory. The women were interviewed by telephone during January-March, 1984 about selected attitudes, feelings about various dimensions of family life, and financial information and values they might have received from parents and would transfer to their oldest child.

Respondents in the study sample had an average age of 36 years and 74% of them were in a first marriage with an average duration of 10 years. Nine percent were married for the second time, 5% had never married and 12% were separated, divorced or widowed. Many of these women worked outside the household (58%), either employed full-time (36%) or part-time (22%), but a substantial number (42%) of them were involved only in household work. Fifty-four percent of them had a high school education or less while 27% had some

(*) See Footnotes

college education, 12% had a college degree and 7% had completed some graduate work.

The age of the oldest child ranged from 1 to 18 years with a mean age of 14.9 years. Two hundred nineteen of the respondents had oldest children less than eight years of age which was 36% of the sample. The mothers of 8-10 year olds were 12.5% of the sample, mothers of 11-14 year olds 22.5% and mothers of 15-18 year olds 29.1%. The children included 311 (51%) boys and 298 (49%) girls.

The financial part of the questionnaire asked about nine types of experiences or information (see table 1). The transfer of specific kinds of financial information is only one possible indicator of financial education or experience in the family. These nine indicators represented important areas of consumer competencies: discretionary income planning, financial planning, financial control, risk management and estate planning. The respondents were asked if they received this information from their parents (yes or no). If the answer was yes, they were asked at what age they received the information. Later in the interview they were asked if they had given this information or experience to their oldest child and the age at which this communication had happened. When mothers had children less than eight years of age, they were asked how old they thought the child should be when the information was provided.

RESULTS AND DISCUSSION

When recalling childhood family experiences, 14.3% of the respondents answered "no" to all nine questions. Financial education of the nine indicated types was not part of their conscious memory. The women who did report some of these experiences usually indicated two to three "yes" answers for the set of nine questions. Only three respondents could say "yes" to all nine items and 15 additional women had eight "yes" answers. The evidence from these selected indicators suggest minimal financial information transfer from parents to children for female children who are now adults in Illinois.

Table 1 reports responses of women concerning childhood financial education experiences. The most dramatic absence of experience is in record keeping (91.1%) which represents financial control of plans. This is an important learning experience for young people since it is a subtle, but effective way to help children appreciate the total demands on family income and how own needs must fit within the income limits. This kind of learning works better than "lectures" and seems to encourage attitudes of "taking turns" with large expenses like winter coats or sports equipment and planning ones own priorities in concert with priorities of other family members. The

outcome is a more coopperative effort, reduced tension and greater satisfaction. Record keeping also provides tangible evidence for evaluation of how the money resource has been allocated in order to assess progress toward important values and goal priorities.

Another absence of experience which is alarming is the participation in discussions about major family purchases like buying houses and cars (77.3%). Such family discussions can assist children in learning factual information, decision processes and family values and goals.

TABLE 1. Financial Education Information and Experiences in the Family of Orientation

Question	Percentage Yes	Percentage No	Mean Age (Years)
1. As a child did you receive an allowance?	50.3 (n = 305)	49.7 (n = 301)	9.3 (n = 238)
2. Did you help your parents keep records of family expenses?	8.9 (n = 54)	91.1 (n = 555)	12.4 (n = 50)
3. Were you taught by your parents how to use a budget? (a plan for spending?)	41.3 (n = 251)	58.7 (n = 357)	12.4 (n = 210)
4. Did your parents ever include you in discussions about major family purchases like buying a house or car?	22.7 (n = 138)	77.3 (n = 471)	13.8 (n = 123)
5. Did your parents ever tell you the amount of family income?	27.2 (n = 165)	72.8 (n = 442)	13.4 (n = 132)
6. Did your parents tell you about property and liability coverages on the family car?	29.4 (n = 170)	70.6 (n = 408)	15.5 (n = 160)

7. Did your parents ever tell you about the amounts and types of life insurance coverage your family had?	31.7 (n = 189)	68.3 (n = 407)	15.2 (n = 157)
8. Were you ever informed where all necessary documents were in case of the death of your parents?	53.5 (n = 326)	46.3 (n = 282)	16.1 (n = 329)
9. Did your parents ever discuss with you the contents of their will?	28.4 (n = 154)	71.6 (n = 388)	20.4 (n = 472)

Table 2 indicates that adult responses in the survey have better intentions for financial information transfers to their oldest child. The perceived pressure for them to respond in socially desirable ways, however, may have affected their answers. They may have reported more optimistically than they were actually behaving and thus the findings must be viewed with caution. Another difficulty is the amount of missing information since there were so many oldest children who were less than eight years of age. Despite these limitations, the percentages seem to indicate that mothers are attempting to give more information to their own oldest child than they themselves received.

Only 3.8% of the mothers answered "no" to all nine questions and most of them answered "yes" to four questions (mode). Twenty-two respondents said "yes" to all nine items. The 92% of the sample (cumulative percent) said "yes" to seven items compared to the six "yes" answers for their childhood experiences. Despite the improvements of financial education with the third generation family member, there is still evidence of unmet educational needs. Many mothers have not yet taught risk management. The chances are likely that if these two kinds of facts have not been transferred, then little else has been done in the area of risk management.

TABLE 2. Financial Education Information and Experiences in the Family of Procreation With Own Oldest Child

Question	Percentage Yes	Percentage No	Mean Age in Years
1. Has this child ever received an allowance?	75.1 (n = 292)	24.9 (n = 97)	8.15 (n = 293)
2. Has this child ever assisted you in keeping records of family expenses?	24.1 (n = 94)	75.9 (n = 296)	11.1 (n = 94)
3. Has he/she been taught to use a budget (a plan for spending?)	61.6 (n = 239)	38.4 (n = 149)	11.2 (n = 24)
4. Have you ever included him/her in discussions about major financial decisions like buying a house or a car?	70.5 (n = 273)	29.5 (n = 114)	10.9 (n = 276)
5. Have you ever told him/her about the amount of your family income?	58.6 (n = 228)	41.4 (n = 161)	11.1 (n = 389)
6. Have you ever told him/her about property and liability coverages on the family car?	55.7 (n = 206)	44.3 (n = 164)	13.4 (n = 226)
7. Does he/she know about the amounts and types of life insurance coverage the family has?	43.3 (n = 166)	56.7 (n = 217)	11.9 (n = 173)

8.	Does he/she know where documents are in case of your death?	58.1 (n = 225)	41.9 (n = 162)	11.3 (n = 228)
9.	Have you ever discussed with him/her the contents of your will?	39.6 (n = 108)	60.4 (n = 165)	11.3 (n = 225)

IMPLICATIONS FOR CONSUMER EDUCATION TEACHERS

The most important implication of the study is that it documents the need for consumer education in Illinois. Fifty-four percent of the women in this sample had only a high school education so would not have had the opportunity for college course work in finance, economics, business or related content areas. Without the consumer education mandate, there would be minimal opportunity for them to learn this important life management competency unless they had been in a 4-H Club as a child or were to seek classes offered by Cooperative Extension by their own initiation. Sometimes young women are not aware of what they do not know about money management, what they need to know, and where they can find relevant information. The study gives evidence of an unmet educational need which schools with resources of competent teachers could meet.

The study should also encourage consumer educators in recognizing the important job they are doing which is a service to a larger society. The need for financial and consumer education, particularly for women, has never been greater due to the increasing number of single-parent households and the increased life expectancies. The females who do not divorce often outlive their husbands and find it necessary to manage inherited as well as earned assets. Other women who have remained in long-term marriages and not worked outside the household can find themselves with inadequate income in old-age if there are no joint survivor pension benefits. The economic security of women is dependent upon the financial management competencies they acquire.

Educators need to find ways of reminding families of the importance of teaching finance to children. Many of the mothers in the survey remarked that they had not taken the time to teach in these areas and were planning to do so immediately. The interview brought to their conscious attention something which they intended, but had "put off" doing. The importance of open, honest communication in the family about money management needs to be emphasized. Open communication which is skillfully executed can increase cooperation and reduce anger and tensions. Children need to learn to talk about money management problems without emotional outbursts. The

family is a very important agent of socialization for both factual and emotional uses of money. It is hoped that the study(**) will be useful in identifying ways in which more effective consumer education programs can be developed. Consumer education contributes to one of the most important life competencies, the creation of economic security. Schools and families are important partners in the development of these human resource attributes.

(**) See footnotes

Footnotes

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(**) Rettig, K. D., Ries, C. Buckley, H. M., Morganosky, M., and Anderson, J. (1984). Consumer socialization in the family: A preliminary report. Department of Family and Consumer Economics Paper Number 121. School of Human Resources and Family Studies. Urbana, Illinois: University of Illinois at Urbana-Champaign.

THE PERFECT INFORMATION FRONTIER: A TOOL FOR TEACHING THE PAYOFFS TO COMPARISON SHOPPING

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Consumer educators frequently advocate comparison shopping, stressing the payoffs that result. Yet unfortunately students may be more strongly influenced by the conventional wisdom — price and quality differences for most products are relatively small in most markets. Indeed, in a 1982 survey by Atlantic Richfield [1, p. 50], con-

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