

ALLOWANCE OF EIGHTH GRADE STUDENTS AND CONSUMER ACTIONS SURVEY: RESULTS AND APPLICATIONS

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Problem Statement

Clearly and consistently in the popular literature, parents are advised that allowances contribute to the development of money management skills of children [1,5,6]. Despite the pervasiveness of recommendations for the use of an allowance in money management education, limited research has been conducted to empirically evaluate the effectiveness of this practice.

The primary purpose of this survey of eighth grade students was to examine the relation of an allowance to money management skills as measured by a Consumer Action Index. Secondary purposes were to examine specific family practices and individual adolescent behaviors and their relation to consumer actions.

Procedures

Three hundred and twenty-one eighth grade students in a mid-size midwestern public school system were surveyed in March, 1985. The students completed a fifteen minute two-part questionnaire that contained the Consumer Action Index (CAI) and relevant demographic information. The CAI, a measurement of spending and saving practices, was an adaption of an instrument developed by Pershing [4]. Respondents indicated on a 5-point Likert-type scale how frequently 24 consumer actions applied to them. One represented "very seldom applied" and five represented "very frequently applied." A high score indicated actions of a good consumer. The CAI had a Crohbach alpha coefficient of reliability of .807.

Findings

The survey revealed that over 65% of the students received an allowance that ranged from \$1.00 to \$25.00 per week with \$5.00 being the modal amount received. Over 80% of those who received an allowance reported they were free to spend the money as they desired with no stipulations as to spending. There was a difference in the CAI

mean score between students who received a discretionary allowance that was undesignated as to spending and those who received an allowance that had some stipulated spending [Table 1, ($t = 1.78$, $p = .077$)]. Students with some stipulated spending had higher CAI mean scores than students who received a discretionary allowance. Although the difference was not significant at the .05 level of significance, it was within the .10 level generally accepted for initial research of a topic. Perhaps a totally discretionary allowance may not foster the development of good consumer actions because real needs are provided by parents and student spending is peripheral.

Table 1

T-Test of Means on the Consumer Action Index

Name	N	Mean	SD	t	Significance
Newspaper reading					
Non-Readers	150	2.899	.479		
Readers	76	3.103	.531	2.91	.002
Save Money					
Non-saver	64	2.712	.480		
Saver	141	3.157	.477	6.17	.000
Talk About Money					
Do Not Talk	186	2.888	.486		
Talk	50	3.234	.425	4.58	.000
Talk About Family Money					
Do Not Talk	152	2.874	.508		
Talk	59	3.239	.478	4.76	.000
Parental Model					
Poor Model	15	2.681	.546		
Good Model	245	3.045	.484	2.80	.005
Composition of Allowance					
Stipulated	31	3.107	.395		
Discretionary	155	2.937	.500	1.78	.077

For purposes of this study three groups were identified: (1) students who did not receive an allowance ($n = 105$), (2) students who received an allowance for performing tasks ($n = 34$), and (3) students who received a share allowance—no tasks required ($n = 135$). Statistical test results ($F = 1.353$; $df = 2,290$; $p = .260$) using the CAI score as the dependent measure indicated no significant difference in CAI means among the three identified groups. Because the findings were not significant the groups were reframed to reflect students who received an allowance and those who did not receive an allowance in further analysis and discussion.

Table 2

Consumer Types

Type	CAI Score	Mean Allowance
Poor	0.000 - 2.740	\$7.07
Average	2.741 - 3.238	5.19
Good	3.239 - 5.000	5.55

A more in-depth analysis was conducted by grouping the CAI mean scores into three types of consumers: poor, average, and good. Ensuing one-way ANOVA test of means and t-test results revealed that poor consumers had the highest mean allowance of \$7.07 (Table 2) while average and good consumers had mean weekly allowances of \$5.19 and \$5.55 respectively. Correlation analysis of CAI mean scores and monetary size of an allowance also indicated a weak negative relationship ($r = -0.144$, $p = .049$). As larger allowances were associated with lower CAI mean scores, one can conclude that a larger allowance did not result in good shopping and spending practices for this survey population of eighth grade students. Adolescents who receive large allowances may not be motivated to spend wisely because no need exists.

Data analysis results identified two parental practices and two individual actions that resulted in significantly higher CAI mean scores (Table 1). T-test results indicated that students who communicated with their parents about money had significantly higher CAI mean scores. However, only a small percentage (17%) of the students surveyed reported that they frequently talked to their families about money.

Students who believed their parents were good money managers also had significantly higher CAI mean scores. This finding is indicative of the social learning theory of development which posits that children imitate role models [2]. This finding reaffirms the influence of the parental model.

Adolescents who engaged in saving money and students who reported reading newspapers both had higher CAI means scores than adolescents who did not engage in these activities. These findings support previous research [3,4].

Conclusion

The results of this survey suggest that merely giving children an allowance does not result in better money skills because students who received an allowance did not have better money management skills as measured by the Consumer Action Index. However, students who communicated with their families about money, those who thought their parents were good money managers, those who saved money, and those who read newspapers had better money skills as measured by the CAI.

Implications

Development of money management skills in children is a complex task. Parental endeavors in this matter can be augmented by consumer education teachers with the following activities:

1. including assignments that would involve families in discussions concerning money;
2. encouraging goal oriented savings and exploring mechanisms for implementing savings plans;
3. assigning newspaper reading about consumer issues;
4. studying comparison shopping;
5. encouraging students to budget their allowance or spending money;
6. providing parenting education concerning the development of money management skills and emphasizing the importance of communicating about money.

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PRINT MEDIA SOURCES AND TOPICS FOR USE BY CONSUMER EDUCATION TEACHERS

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Consumer educators have come to rely on many resources to supplement traditional textbooks. They have found this necessary as social forces and events frequently change the "landscape" of the traditional course content. Questions remain, however, about the extent to supplement the text materials and the best sources for such materials.

Of the sources of supplementary materials, however, the print media has the greatest impact on the content of the consumer course. This occurs because the volume of resources available to the instructor is almost limitless. It eventually becomes necessary for the consumer educator to sort through the many possible sources of print media such as magazines and newspapers and select those that are most helpful and cost efficient. The instructor must also determine which topics to expand upon and how much time should be devoted to topics based upon a combination of text and print media material.

Problem Statement and Procedures

The problem of the study was to determine the print media sources and topics which best assist the teacher in supplementing a consumer education course.