The Economic Psychology of Adolescent Saving

Submitted by Annette Michaela Cosima Otto, to the University of Exeter as a thesis for the degree of Doctor of Philosophy in Psychology, June 2009. This thesis is available for Library use on the understanding that it is copyright material and that no quotation from the thesis may be published without proper acknowledgement.

I certify that all material in this thesis which is not my own work has been identified and that no material has previously been submitted and approved for the award of a degree by this or any other university.
Abstract

The thesis addressed the saving behaviour of adolescents within the social context of the family, which has received little attention to date. The research regarded adolescent economic socialization and the development of saving behaviour as an integral part of general socialization and adolescent psychological development.

The importance of saving was investigated relative to alternative ways for getting larger sums of money. Three large survey studies with adolescents and one survey study with adolescents and their parents were carried out. In Study 1, 470 students between the ages of 11 and 18 took part. The results of this study revealed that adolescents do think of saving as a means of accumulating larger sums of money. Studies 2 and 3 sampled 290 and 443 students between the ages of 11 and 17 and 13 to 14, respectively, providing empirical evidence of adolescents’ endeavour for independence, reflected by their saving motives as well as the changing of their attitudes towards saving as a skill. The thesis examined a number of significant predictors for adolescents’ general tendency to save.

The studies linked adolescent saving with home atmosphere and perceived parenting style empirically for the first time. A path model illustrates the associations that were found between the behaviour and attitudes of the parents and the saving behaviour and attitudes of their adolescent child. It demonstrates that the development of saving behaviour is linked to the power relationship between parent and child. The findings support the behavioural life-cycle hypothesis as well as the benefits of being raised in an ‘authoritative home’ with regard to skills in saving.
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This thesis investigated the saving behaviour of adolescents. Specifically, I investigated the development of saving behaviour during a period of time that has received little systematic empirical or theoretical analysis (i.e. adolescence). Although adolescence is routinely assumed to be an important period for the development of economic behaviour, research typically focused only on children or adults. The thesis starts with two introductory chapters that review the research on adult saving, children’s saving, as well as what is known about adolescent saving. The first chapter discussed the economic psychological approach to saving, while the second chapter examined why the study of adolescent saving would benefit from a general socialization approach. Together, they provide the background for the investigation of adolescent saving as part of becoming an economic agent.

The research made two contributions: to provide empirical evidence for the importance of saving during adolescence, and to build links between the saving behaviour of children and that of adults. Specifically, I used a context-based approach that took into account the interactive relationship between the adolescent and the immediate environment (the social context of the family). Within this framework, I explored what role parents play in the development of their adolescent child’s saving behaviour. In the final empirical chapter, the direct, as well as, indirect influences of parents on their adolescent child’s saving behaviour were illustrated in a path model. The results highlight the link between the saving behaviour of adolescent economic agents and the general psychological development of adolescents within the social context of the family.