

# 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.

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# 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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# Acknowledgements

Writing this thesis has been quite a challenge, particularly during the last two years, and it would have been even more difficult without the support and encouragement of my friends, my family and my colleagues. First and foremost, thanks to my supervisor Paul Webley for his advice, guidance, enthusiasm for my work, and for keeping me on track (for as much as possible). I also acknowledge the help and advice of Alan Slater who was my second supervisor. I thank the School of Psychology for the funding they have provided which enabled me to carry out the work towards this PhD thesis. My thanks go to Ellen Nyhus (Agder University College, Norway) and Paul Webley (now at School of Oriental and African Studies, UK) for the opportunity to collaborate in the data collection for Study 4. My thanks also go to all the schools in and around Exeter who have supported this project through volunteering their students. Furthermore, I would like to thank Beate Hörr at the Johannes Gutenberg University of Mainz, for allowing me to be a guest student in Mainz since July 2007, a position which facilitated the writing up process of this thesis greatly.

In addition to my academic work, I am very grateful for having had such an enjoyable and instructive time living in the UK. Indispensable, my 'English parents' Catherine and John, Parviz, Rinske, the girls from Raleigh Road, Sarah, Doerte, Wilson, Graham, and Michelle, and and and and - there are too many to all thank individually. ...

Finally, I would like to thank my father, my sister Gesine, and Stephan, for letting me go to the UK and still being there and for supporting me throughout (not forgetting the endless supply of blueberry muffins & sparkling water, while in Mainz without a car)!

# Preface

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.