

PARENTAL PRACTICES IN HELPING YOUNG
CHILDREN LEARN MONEY MANAGEMENT

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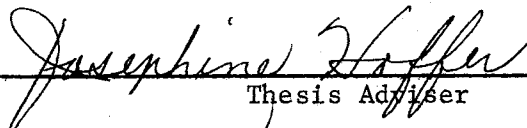
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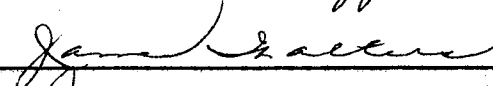
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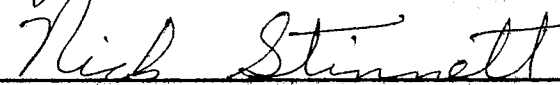
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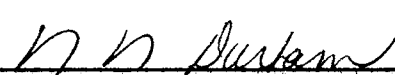
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CHAPTER I

INTRODUCTION

The Problem

This study is concerned with the guidance practices of parents in relation to their child's monetary experiences. Money touches everyone vitally and it is, therefore, a source of excitement; however, because of its complexity, money may also be a source of confusion. During the very early years, the child has no need for money because all his needs are supplied by others. During these years, however, he is being impressed with fixed ideas and attitudes regarding money. Long before the child can learn anything about the sources from which the family's money comes, the child senses its connection with his satisfactions and disappointments. Without meaning to, parents generally transfer to their children their own vague feelings about money as a measure of many values. This is accomplished with casual comments about one's home, his clothing, his food, or his other material possessions (10).

Gruenberg and Gruenberg (10) found that how the family spends or does not spend its money income is significant for the child in three ways: (1) it determines the kind of living he will experience as a growing child; (2) it sets before him patterns of living in which relative values are indicated; and (3) it influences his attitude toward men and women with respect to "superiority" or "inferiority" of one sex

against the other.

Other researchers have agreed that parents impress upon family members values and various attitudes about money. Neisser (23) indicated that the emotional tone of the family plays an important role in the values about money its members develop. Attitudes of generosity or tight-fistedness are often internalized by the child from parental example (34). Feldman (6) presented four different attitudes about money which children may develop through parental guidance and/or example:

1. He may equate the possession or availability of money with security, love, and achievement. (The parent's use of money as a substitute for love and affection).
2. The absence or lack of money may represent an emotional and/or a physical deprivation. Insufficient food, shelter, and clothing are physical deprivations but may become emotional deprivations when the child interprets as rejection the parents' withholding of material necessities and/or advantages that the child feels can be financially afforded.
3. The child may learn that money is a means to an end.
4. The child may learn to view money as an end in itself.
(p. 365)

Ojemann (24) indicated that there is no "specific recipe" or fixed age for introducing the child to money. Gruenberg and Gruenberg (10) found that conditions for introducing the child to money vary as between one area and another, as between large and small towns, as between the routine of one family and that of another, and as between one child and another in the same family. Generally speaking when a child begins to show an interest in money and when he is sufficiently mature enough to have a beginning understanding of quantitative differences, then he is old enough to start handling money. While it is desirable to get children interested in money, it is not necessary to make an issue of it, or to force money on them.

Marshall and Magruder (22) found that opportunity for children to learn the use of money is provided in four parent practices:

1. If children are given wide experience in the use of money, they will have more knowledge of money and its use than children lacking such varied experiences.
2. Children will have more knowledge of the use of money if they are given money to spend.
3. Children will have more knowledge of the use of money if they save money.
4. Children will have more knowledge of and experience with money if parents handle family income wisely (follow practices recommended by money management specialists). (p. 282)

Specifically, this study is designed to answer the question:

What are parents doing to teach their children under six years of age money management?

Need for Study

Money management concepts are more closely related to young children's lives than is generally realized. Robison and Spodek (28) reported that children's experiences in accompanying parents on marketing and shopping trips, making small purchases of their own, and of advertising, through television and other media, provide young children with a surprising amount of experiences and encounters with economic phenomena. Thus the child has many perceptions and impressions which convey little meaning to him because he lacks a framework of understanding from which to view his experiences.

McNeal (20) found that children are actively involved in the consumer process by three or four years of age. If these children are to have an opportunity to make wise choices in money management, then both parents and preschool teachers need to recognize that economic education not only has a place but is a necessary part of the early learning

experiences of the preschool child. This implies that teachers and parents need information to support them in planning teaching.

Hoffer (14) indicated that consumer education is not involved solely with buymanship but includes experiences involving earning, saving, borrowing, lending, and giving money as well. Gavian (7) found with school age children that economic competence is a continuing lifetime learning experience; therefore, educators must recognize its potential as an integral segment of our total educational system, supplemented by the informal influences of the home and community.

Children obviously need to be guided to a more objective attitude toward money and to better ways of using money. However, before teachers can effectively plan learning experiences, they need to know what the children already know about money management. McNeal's (20) study indicates that five-year-old children's knowledge of the buying process is derived of parents and other shoppers rather than through directed experiences.

Marshall and Magruder (22) have found that parents educate their children in money management. Their study supports that specific money education practices of parents affect children's knowledge and use of money.

Limited research has been conducted on what parents do to help their preschool children learn money management. Most of the investigations have been on the basis of securing data from the child concerning the monetary concepts he has acquired with little emphasis on what the parents themselves are doing. McNeal (20) in "An Exploratory Study of the Consumer Behavior of Children," reported that training children by parents in the actual elements of the consumer role is prevalent

during late preschool years and becomes much more intense during elementary school years. Therefore, there is a need for information concerning what the parents actually do to help their preschool children learn money management.

Parents and educators should be concerned with what each can and is doing to provide training in money management for the preschool child. Parents and educators should make a joint effort in order to provide effective and timely learning experiences.

The Purposes of the Study

The overall purpose of this study was to investigate parental practices for teaching the preschool child money management. Specifically, the purposes were as follows:

1. To determine what specific learning experiences parents provide for the child in money management.
2. To determine if parents differentiate between money management experiences for boys and girls.
3. To determine the family consumer activities in which parents include their children to help them learn money management.

CHAPTER II

RELATED LITERATURE

This chapter reports the findings from the literature pertaining to parental practices in helping preschool children learn money management. This review includes the following sections: (1) Areas of Money Management; (2) The Role of Teachers in Helping Young Children Learn Money Management; (3) The Role of Parents in Helping Young Children Learn Money Management; (4) Guidelines for Parents; and (5) Implications for the Present Study.

Areas of Money Management

Money management for the preschool child involves experiences in earning, spending, saving, giving, lending, and borrowing money. This may involve the child in direct experiences in which the child is an active participant or indirect experiences in which the child learns through the family's participation or experience in the various aspects of money management.

Research has indicated that a child's early money management practices may be carried over into adulthood. Grojean (9) reported that the experiences children have in acquiring and in spending money will influence their ability to translate the principles of money management into desirable practices in later life. Prevey (25) also found a significant relationship between the early practices children have and

their ability to handle money wisely in the future.

Earning Money

Alexander (1) found that long before a child is able to earn money of his own, he begins to learn some of the important principles that will help him manage money as an adult. Grojean (9) reported that it is common practice for preschool children to have some experience in obtaining money. The sources of children's money may not all be in the form of earnings, however. Children's sources of money may include money received as gifts, allowances, or doled money.

Gruenberg and Gruenberg (10) indicated that the desire to earn money is present even in young children. This desire to earn arises from an inner need to achieve, to accomplish, and to succeed in ways that will bring approval and recognition. When children become interested in earning, it is important to help them discover the difference between gifts and earnings, as well as the difference between favors and purchasable services. If children are to earn money, then parents should pay them for such work as is within the children's abilities and strengths, and as is within the parents' control. Most researchers have agreed that children should not be paid for doing common household chores (10, 18, 3). Lindberg pointed out the distinction between common household chores and "jobs" for which a young child could expect payment:

A child simply is doing his share when he keeps his room in order, helps with the dishes and yard work Children do not (or shouldn't) expect payment for this type of helpfulness. However, some work at home can be classified as a 'job'--usually time-consuming, 'adult' work that you might pay someone else to do In these cases, it's fair to pay a reasonable amount for work to be done. (p. 8)

Spending Money

Gruenberg and Gruenberg (10) indicated that the very young child has not yet any understanding of the relative values of the different coins, or of the function of money as a means of buying. His primary interest lies in the transaction rather than the value. It is only when the child has had enough experience to be able to form quantitative judgments that he can develop a sense of different values of coins. Gradually the child grasps the relation between the coins handed over, and the objects received in return.

We must expect the child to spend his money foolishly, since thus alone he can learn to discriminate. It is better to do the preliminary experimenting while he is still young and while the scale upon which he operates is still small.
(p. 54)

Gruenberg and Gruenberg (10) suggested to parents that an occasional word of advice, a conversation on the relative merits of available items, or a hint on the advisability of postponing a doubtful purchase may be helpful aids to the growing child. Gruenberg (12) reported that the child learns from his early experiences with spending not only the necessity of choosing and deciding, but also something of relative values.

Science Research Associates, Inc. (27), in a release "An Overview of Our Working World," indicated other possible learnings a child might acquire from early experiences with spending money.

Children will discover that most things are not free, and that we have to pay a price for them. The children will practice discerning what is more expensive and what is less expensive. Exercises on how price, tastes, and income affect consumer decisions and how consumer decisions affect price will help them understand the operation of the market economy and the employment theory. (p. 4)

Saving Money

Grojean (9) found in her study with preschool children that more than 85 per cent of the parents and children reported children's experiences with saving money. Gruenberg and Gruenberg (10) defined saving money as an active, meaningful process in which each child needs to discover his own reasons as well as his own methods of managing his money. For the young child, the objectives of saving must be concrete and relatively near.

For the young person--saving is not so much a problem of acquiring certain habits as one of learning to manage Saving must not be held out as a virtuous end in itself. It must come to the child as a means of buying something that costs more than he has on hand. He should learn to save as he learns to value more and more expensive objects of desire, and as he learns to project his desires into the future. He learns thus to defer his satisfactions and to forego immediate indulgence. (p. 83)

Changing Times (3) stressed the importance of the young child saving for short-term goals. There will be temptations and yieldings; but, it is through these errors that the child will learn that effort is worth making and that patience pays. As the child matures and acquires more money, he can learn to save for long-term goals.

Gruenberg and Gruenberg (10) indicated that children learn from their parents; therefore, parents need to make all their actions thoroughly reasonable. Parents should explain to young children purposes as well as benefits and risks of management.

The purpose of the parent should not be to protect the money, but to guide the child toward self-direction, firmer character and clearer purposes. (p. 85)

Giving Money

Just as it is important for children to learn the difference between gifts and earnings, it is important that children be made aware of the concrete meaning of their gifts. Gruenberg and Gruenberg (10) suggested that the essentials of the spirit of charity should be at work among children who are not yet aware of economic needs and economic differences, as well as among people of about the same economic state.

There is a need for children to acquire kindly feelings and considerations for others beginning with his own family and spreading to others. We want children to grow up with attitudes of friendliness and helpfulness ready to share what they have and give of themselves where occasion arises.
(p. 78)

Lending and Borrowing Money

Gruenberg and Gruenberg (10) defined lending as a form of trade in which time is the essential characteristic. She reported that whatever feelings have come out of the past in regard to lending money, it is necessary for children to come face to face with the possibilities and limitations, with the advantages and dangers of the relationships established by money credit. They need to understand the relationships and processes involved, without undue distortion of the facts because of parents' emotional associations.

Lindberg (18) indicated that the child learns the possibility of borrowing money while he is learning the possibility of saving. If a child wants to buy something now for which he has not the funds, a loan may be favorable. Gruenberg and Gruenberg (10) suggested the following conditions for a child's borrowing of money: (1) Why can he not wait? (2) What is the age or disposition of the child? If the father or

mother advances the money, it should be with the child understanding the obligation he thus assumes and a definite plan for paying back the money.

Changing Times (3) reported that children should not borrow for things that can be soon used up. This makes it more difficult for the child to liquidate his debt.

The Role of Teachers in Helping Young Children Learn Money Management

The experiences which a child has during the formative years is related to his ability to assume financial responsibility in his adult life.

Educators as well as parents have a role in teaching young children money management. Although child guidance experts have found that principles of money management are best learned in the home (3), Knauer (17), Special Assistant to President Nixon for Consumer Affairs, stated that the schools also have a responsibility in teaching the young people consumerism.

A vital part of the reform we are seeking must be the inclusion of consumer education at every level of the educational process. Every effort should be made to help our young citizens become alert, responsive, and responsible consumers. (p. 111)

Strauss and Schuessler's (30, 31) studies, from 1950-1952, indicated that preschool children were capable of only limited learnings in money management. In reports of their studies, these investigators found that no child under five years and two months of age was able to name correctly all the United States coins and only one child under eight years of age was able to state consistently that coins were of a

given denomination because their numbers were printed on them. Other findings included: (1) Up to age six, children believe the customer and the storekeeper pay each other and one can buy money as well as goods in a store; (2) Up to about six years to six years and eight months, children assume the storekeeper always gives money as part of the transaction; and (3) At six years and eleven months, children become aware that money is central to buying.

New studies challenge these findings. Marshall and Magruder (22) found that money concepts during the preschool years lag behind that of other concepts because of the lack of meaningful experiences provided. White (33) stressed that children receive feelings of satisfaction from successful interaction with the environment, when the environment provides changing and interesting feedback. His theory of effectance motivation applies pressure to educators to provide experiences and materials required to motivate further exploratory behavior by young children. Robison (27) stated:

Children start school with a wide range of concepts about money, from vague, confused ideas to some rather sophisticated understandings. (p. 73)

She also emphasized the important role of the preschool teacher to encourage the discovery and development of concepts about money through effective materials and timely experiences.

Other research indicated that learning abilities of young children in the area of monetary concepts are much greater than has been generally supposed. West (32) found that both three- and four-year-olds scored high on the money identification task (measured the child's ability to identify coins as money), with four-year-olds scoring slightly higher than the three-year-olds. Using the same tests and the same

laboratories as McCarty (19) had used four years earlier in her study, West found that the three-year-olds were able to differentiate the real money from the pretend money almost as accurately as McCarty's five-year-olds; percentages of responses of three-year-olds being 83 per cent and the five-year-olds, 86 per cent. West contributed this greater ability to identify coins to the change in mathematical content in early childhood education curriculum over the four years that lapsed between the studies. It also indicated that today's children can and are increasing in ability to learn monetary concepts as opportunities for related experiences are provided.

The Role of the Parent in Helping the Young Child Learn Money Management

The role of the parent in helping young children learn money management should not be underestimated. Before a child begins formal education, he is familiar with the coins and the bills from observing his mother handling money while shopping. At first, money has a fascination for the young child and as soon as he is tall enough to reach the counter, he wants the fun of handing the money over (11).

McNeal (20) found in his study of the consumer behavior of children that:

Children of all ages view the shopping process as exciting. Their comments imply that it contains many pleasure giving things to be discovered. For the preschooler, particularly, going shopping usually will take precedence over any other activity. (p. 66)

Young children learn through observation as well as directed experiences. Parents giving the children explanations for refusing to purchase items and seeking the opinions of the young children about

tentative items for purchasing are effective experiences in that they acquaint them with factors that the parents consider in purchasing various products.

Gordon (8) indicated that parent practices need improvement if they are to aid the development of consumer practices of young children. While it should be one of the most effective agencies for helping children learn money management, the family is too often negative in influence. Children could develop the unwise practices of the family as well as the wise practices.

Grojean (9) reported that parents are aware of their influence on the child's ability to handle money wisely. Parents often indicated concern about the effects of their methods of teaching their child money management.

Guidelines for Parents

Many articles in the popular periodicals as well as the professional journals have offered guidelines to parents in developing an effective means of teaching responsible consumer behavior. Lindberg (18) reported that in far too many families, money is the prime source of friction between the parents and the children. He suggested eight basic guidelines to aid parents in "helping to set children straight on handling money":

1. Parents' attitudes and examples set the tone for a child's approach to money management.
2. Children can and should learn to manage money.
3. An allowance, if properly handled, is the most effective tool for teaching children to manage money.
4. Money is not generally effective as a reward or as punishment.
5. There is a definite distinction between routine home chores and 'jobs' for which a youngster can expect payment.

6. Children do get a sense of achievement and pride from earning their own money outside the home.
7. 'Consumer' training at home and at school is essential.
8. Youngsters should take part in family financial discussions. (p. 8)

If children are to be good money managers, then their parents have to be good money managers (3, 18, 22). Lindberg (18) indicated that parents should take a close look at their own money philosophy as the first step and the best preparation for teaching their children about money.

Changing Times (3) reported that parents should begin to teach their children the wise use of money by teaching him to be responsible. Encouraging the child to assume without pay household responsibilities scaled to his ability was suggested as one way the child might be taught responsibility.

A young child will grasp the purposes of money and its limitations if he is given a few pennies of his own to spend when shopping with his family. A child learns from his mistakes, but he needs to be given enough information so he has some idea of what the right decision is. Parents should show a child what his money will purchase, tell him which items are the best buys and why, then let him make his own choice and live with it until he has money again (3).

Many authors (5, 3, 15, 22, 10, 2, 16) have stressed the educational value of supplying children with money which they can manage. There has been disagreement among researchers, however, concerning the effectiveness of an allowance as the children's primary source of money. Those advocating allowances tend to hold that preschoolers can be given an allowance if they are ready for it. Very young children have little concept of time; therefore, it would be more effective to give them a

few pennies consistently every few days rather than once a week or month (18, 3). Lindberg (18) suggested that parents begin with a small amount for the allowances, depending on the child, and increase the amount and the financial responsibilities gradually as the child develops management ability or as his need for money increases. The allowance can be effective only if it is handled properly. The allowance should come regularly and automatically, in the same amount, regardless of the child's behavior.

Far too often, children become emotional about money when it's used as a disciplinary measure. When a child is paid for thoughtfulness . . . he learns to put a monetary value on character and achievement. The same is true if he is 'fined' In addition, the educational value of an allowance is lost when it is used as a reward or punishment. It becomes difficult for a child to plan his spending when he cannot count on a fixed amount each week.
(p. 8)

Dobson (4) had a different view of an allowance. He indicated that a child should be paid for doing household chores and that his allowance should be contingent on his behavior. Since our society is built on monetary rewards, the same system should be used with one's children.

Marshall and Magruder (22) and Rand (26) were among the researchers who found allowances to be ineffective. Marshall (21) indicated in her study about opinions of parents that the allowance recommendation did not reflect parent's experience. Only one-fourth of the parents giving allowances believed in the cause and effect of the recommendation. Half of the parents giving an allowance and most of the parents not giving an allowance, lacked this belief. Allowance and nonallowance parents differed in financial knowledge and responsibilities. When ten to twelve year old children given allowances were matched with ten to twelve year old children not given allowances, findings were as

follows:

1. There is no difference in financial knowledge and responsibility between children given an allowance and those not given an allowance.
2. Parents who give their children allowances differ in other practices and attitudes about money from parents who handle the problem of providing spending money for their children in other ways:
 - a. providing their children with a wider variety of experiences in the use of money
 - b. making the purposes of spending money clearer to their children
 - c. stating that their children received more spending money
 - d. permitting or encouraging their children to earn money away from home (pp. 49-50)

Marshall and Magruder (22) made the following suggestions for children learning the use of money: (1) Children can learn by watching how their parents and other grown-ups manage their money; (2) Children can be told the truth when there is not enough money to buy some of the things that they want--and even some which they may really need; and (3) Children must learn what money is for--what it can and cannot do.

Ojemann (24) reported six characteristics of parental practices in helping children learn the use of money:

1. Does my child receive, according to a well-defined plan, some money which it is his responsibility to manage, even though I can give little more than enough for the barest necessities?
2. Do I gradually increase the amount of money and the responsibility which the child assumes so that by the time he reaches high school he purchases all his clothing and school supplies?
3. Does my child contribute his share to the general routine duties of the household without pay?
4. Do I give my child an opportunity to learn the important facts about the family's arrangements so that he sees the relation of his income and responsibilities to those of the entire family?
5. Do I allow my child to suffer the consequences of unwise spending?
6. Do I give my child an opportunity to learn saving for a concrete object and then help him to understand the difficulties involved in future planning? (p. 10)

Research indicated that experiences in money management for boys and girls should be the same. This is not always the practice, however. Prevey (25) reported that parents consistently employed better money management practices with the boys than with the girls. Boys more frequently than girls were encouraged to have earning experiences and they were helped to develop an understanding of the family financial picture as a whole. It is no wonder that Hansen (13) found boys actually having more experiences with money than girls.

Implications for the Present Study

These observations from the literature have implications for the present study: (1) children are participating in the consumer role at an earlier age and to a greater degree than previous generations; (2) although the preschools can provide meaningful learning experiences, there is a need for the development and refinement of suitable curricula based on what children already know about money management; (3) parents can play an important role in the development of their children's knowledge of money management but there is a need for further research pertaining to what parents are doing now to help their children learn money management; and (4) before a suitable guide for use by parents and schools can be developed, there is a definite need for further research pertaining to the knowledge, monetary experiences, and money management practices provided for the preschool child.

CHAPTER III

METHOD AND PROCEDURE

The present study was an investigation of money management experiences provided by parents to help their young children learn money management. To achieve the foregoing purpose: (1) the subjects were selected; (2) a money management inventory was developed; (3) the inventory was administered to the parents; and, (4) the responses of the subjects were analyzed and compared in regard to the subsidiary purposes of the study.

Selection of Subjects

The parents of the three- four- and five-year-old children enrolled in the Oklahoma State University Child Development Laboratories, Stillwater, Oklahoma, between August 31, 1972, and May 11, 1973, were the subjects for this study. One or both of the parents of these children provided the data requested on the money management inventory. The distribution of the parents' children by age and sex is presented in Table I. Forty-seven parents participated in the study. Three sets of parents had two children who were enrolled in the Child Development Laboratories and these parents were counted with each of their children. All responses of parents who agreed to participate in this study were used. The fact that parents of 25 girls and 25 boys participated in this investigation was coincidental.

TABLE I
CHILDREN BY AGE AND SEX

| Age Group | Boys (N = 25) | Girls (N = 25) | Total (N = 50) |
|---------------------------------|------------------|-------------------|-------------------|
| Three-year-olds (3:0 - 3:11) | 5 | 1 | 6 |
| Four-year-olds (4:0 - 4:11) | 11 | 18 | 29 |
| Five-year-olds | 9 | 6 | 15 |

Development of the Money Management Inventory

There was no available instrument by which the investigator could ascertain what money management practices parents had provided to help their young children learn money management. The first step to develop such an instrument was to list money management experiences parents could provide for their children. These were formulated from the investigator's observations of the subjects' children playing "store" in the Child Development Laboratories, a review of studies of parental practices involving children in money management experiences, and a review of current recommendations and guidelines for parents in helping young children learn money management. The inventory was designed specifically to investigate the following: (1) what specific learning experiences parents provided for their children in money management; (2) if parents differentiated between money management experiences for boys and girls; and (3) to what extent parents included their children in

family consumer activities to help them learn money management. Space was provided on the inventory for parents to write in any experiences that were not included on the inventory which they had found effective in helping their young children learn money management.

Prior to its administration, the inventory was reviewed for clarity and purpose by three specialists in Early Childhood Education; on the basis of recommendations, one question was deleted because of overlapping content with other questions.

Administration of the Money

Management Inventory

A form letter which explained the purpose of the study and asked for the parent's agreement to participate was provided each parent. The parent's signature on the letter signified his intent to participate. As the letters were returned to the Child Development Laboratory teachers, the participating parents received the money management inventory at the school. Each parent filled out the inventory in his home and returned the completed inventory to his child's teacher. In most cases, the mother was the only parent who participated; however, in six cases, the father provided the information. The money management inventory and the letter to the parents may be found in the Appendix.

CHAPTER IV

ANALYSIS OF DATA

The overall purpose of this study was to investigate what money management experiences had been provided by parents to help their pre-school children learn money management. The money management inventory developed for obtaining the data investigated the following: (1) what specific learning experiences parents provided for their children in money management; (2) if parents differentiated between money management experiences for boys and girls; and (3) to what extent parents included their children in family consumer activities to help them learn money management.

The data were responses of 47 parents. Three sets of parents had two children who were enrolled in the Child Development Laboratories; therefore, these parents were counted with each of their children making a maximum total of 50 responses. To achieve the purposes of this study, data are presented in table form reflecting the parents' responses to experiences provided for boys and girls three-, four-, and five-years of age. Responses of parents are reported by frequency and percentage as related to experiences in the following areas: (1) sources of money; (2) paying for items; (3) managing money; (4) saving money; and (5) credit. Suggested experiences by parents which they had found effective in teaching their children money management are presented in summary form.

Sources of Money

Table II presents data of parents' responses concerning the experiences they had provided their preschool children as related to the sources of money. The data indicate that the experience most often provided by parents was sharing with the child information that mothers and fathers receive money for the work they do. Only three of the 50 children did not receive this experience. The least provided experience as related to the sources of money concerned providing payment for only those jobs parents would have otherwise hired someone else to do. Only one child was provided this experience.

The frequency of the experiences provided for the girls as related to the sources of money varied only slightly from the frequency of the same experiences provided for the boys. Five more girls than boys received information concerning the family's resources and in payment for household chores. Eleven of the 16 girls receiving these experiences were four-year-olds while only two of the nine boys receiving these experiences were four-year-olds.

The data in Table VII indicate that of the 25 boys in this study, one four-year-old boy and one five-year-old boy did not receive any experience in the area of money management as was related to the sources of money. All of the 25 girls were provided some experience in this area.

Paying for Items

Table III presents data of parents' responses concerning the experiences they had provided their preschool children as related to paying

TABLE II
 FREQUENCY AND PERCENTAGE OF PARENTS' RESPONSES RELATED
 TO EXPERIENCES IN SOURCES OF MONEY

| Experiences: Sources of Money | Boys (N = 25) | | Girls (N = 25) | | Total (N = 50) | |
|---|------------------|----|-------------------|----|-------------------|----|
| | f | % | f | % | f | % |
| Sharing with the child information concerning the family's resources | 9 | 36 | 16 | 64 | 25 | 50 |
| Sharing with the child that mothers and fathers receive money for the work they do | 23 | 92 | 24 | 96 | 47 | 94 |
| Providing payment for household chores assumed by the child | 3 | 12 | 8 | 32 | 11 | 22 |
| Providing payment for only those jobs you would have otherwise hired someone else to do | 0 | 0 | 1 | 4 | 1 | 2 |
| Providing the child occasionally with the same amount of money | 7 | 28 | 8 | 32 | 15 | 30 |
| Providing the child with a regular amount of money on a regular basis | 1 | 4 | 4 | 16 | 5 | 10 |
| Providing the child with money whenever he thinks he needs it | 2 | 8 | 3 | 12 | 5 | 10 |
| Providing the child with money whenever you think he needs it | 14 | 56 | 15 | 60 | 29 | 58 |

TABLE III

FREQUENCY AND PERCENTAGE OF PARENTS' RESPONSES RELATED TO EXPERIENCES IN PAYING FOR ITEMS

| Experiences: Paying for Items | Boys | Girls | Boys | Girls | Boys | Girls | Boys | Girls | Total |
|---|---------------|----------|--------------|----------|--------------|----------|---------------|----------|----------|
| | (N = 25) | (N = 25) | (N = 25) | (N = 25) | (N = 25) | (N = 25) | (N = 25) | (N = 25) | (N = 50) |
| | <u>Rarely</u> | | <u>Never</u> | | <u>Often</u> | | <u>Always</u> | | |
| | f | | f | | f | | f | | % |
| Providing opportunity for child to shop as an observer | 0 | 0 | 0 | 0 | 19 | 18 | 6 | 7 | 100 |
| Providing opportunity for child to shop as a participant | 7 | 10 | 4 | 0 | 12 | 15 | 2 | 0 | 92 |
| Explaining that a person must pay for items before they belong to him | 0 | 0 | 0 | 0 | 0 | 0 | 25 | 25 | 100 |

for items. The data indicate that all of the 50 children received experience in shopping as an observer with six boys and seven girls always having this experience and 19 boys and 18 girls often having this experience. Four of the 25 boys were reported as never having the experience of shopping as a participant while all of the 25 girls were reported as receiving this experience. All of the 50 children were provided an explanation from their parents that a person must pay for items before the items belong to him. The 50 children were reported as always receiving this experience.

Managing Money

Table IV presents data reflecting parents' responses concerning the experiences they had provided their preschool children as related to money management. The data indicate that the experience most often provided by parents was explaining to the young child honestly why he could not have a particular item. Reasons explaining why the child could not purchase items he wanted were reported as follows: (1) the child does not need it (31 responses); (2) the parents cannot afford it (34 responses); and (3) the item is not good for the child (27 responses). Only two parents did not provide this experience for their preschool daughters, while 24 of the 25 boys were reported as having this experience.

The data indicate that the least provided experience as related to money management was permitting the child to get something else when he was unhappy with a purchase he had selected. Only one parent reported that her four-year-old daughter was provided this experience.

The data indicate that over half of the children were provided

TABLE IV

FREQUENCY AND PERCENTAGE OF PARENTS' RESPONSES RELATED
TO EXPERIENCES IN MANAGING MONEY

| Experiences: Managing Money | Boys (N = 25) | | Girls (N = 25) | | Total (N = 50) | |
|---|------------------|----|-------------------|----|-------------------|----|
| | f | % | f | % | f | % |
| Showing him what to buy | 4 | 16 | 6 | 24 | 10 | 20 |
| Showing him several items that his money will buy and permitting him to make the final decision | 19 | 76 | 22 | 88 | 41 | 82 |
| Showing him several items his money will buy, sharing with him which are the best buys and why, and permitting him to make the final decision | 17 | 68 | 19 | 76 | 36 | 72 |
| Providing him with money to buy whatever he wants | 2 | 8 | 5 | 20 | 7 | 14 |
| Purchasing for him whatever he wants | 1 | 4 | 1 | 4 | 2 | 4 |
| Permitting him to get something else when he is unhappy with a purchase he has selected | 0 | 0 | 1 | 4 | 1 | 2 |
| Permitting him to live with his mistakes until he has money again | 13 | 52 | 13 | 52 | 26 | 52 |

TABLE IV (Continued)

| Experiences: Managing Money | Boys (N = 25) | | Girls (N = 25) | | Total (N = 50) | |
|---|------------------|----|-------------------|----|-------------------|----|
| | f | % | f | % | f | % |
| Including the child in decisions of family purchases | 6 | 24 | 10 | 40 | 16 | 32 |
| Sharing verbally with the child the family's spending habits | 10 | 40 | 15 | 60 | 25 | 50 |
| Discussing money or money problems in the presence of the child | 9 | 36 | 11 | 44 | 20 | 40 |
| Sharing with the child why you select one item over another during shopping | 17 | 68 | 17 | 68 | 34 | 68 |
| Comparing items for the child | 8 | 32 | 11 | 44 | 19 | 38 |
| Explaining to the child honestly why he can not have a particular item he wants | 24 | 96 | 23 | 92 | 47 | 94 |

experiences in the following: (1) making final decisions concerning purchases; (2) living with their mistakes until they had money again if they were unhappy with a purchase of their selection; and (3) receiving explanations as to why one selection over another might be made when shopping. Ten boys and 15 girls were also included in discussions concerning the family's spending habits.

Saving Money

Table V presents data of parents' responses concerning the experiences they had provided their preschool children as related to saving money. The experiences reported as being provided most often were: (1) permitting the child to save money for items he wanted to purchase and that cost more than the money he had available; and (2) providing opportunity for the child to save money. Forty-six children were reported as having each of these experiences. Of the 46 parents who provided opportunity for their children to save money, piggy banks were reported 45 times as a means of saving money while local banks or credit unions were reported 21 times. Twenty-three of the 50 children were reported as having a savings account. Eleven of these children were reported as not knowing about their savings account, ten of the children approved of their savings account, and two of the children requested their savings account.

The data indicate generally that parents did not insist that their children save money. Slightly less than one-half of the parents encouraged their children to save for short-term or long-term goals. Of the 24 children reported as saving for short-term goals, 18 saved for small toys, 13 saved for candy, one saved for special foods, and one saved for

TABLE V
 FREQUENCY AND PERCENTAGE OF PARENTS' RESPONSES RELATED
 TO EXPERIENCES IN SAVING MONEY

| Experiences: Saving Money | Boys (N = 25) | | Girls (N = 25) | | Total (N = 50) | |
|--|------------------|----|-------------------|-----|-------------------|----|
| | f | % | f | % | f | % |
| Providing the child with doled money designating a definite amount to be saved | 1 | 4 | 1 | 4 | 2 | 4 |
| Providing the child with an allowance designating a definite amount to be saved | 0 | 0 | 0 | 0 | 0 | 0 |
| Permitting the child to save only when and what he wants to save | 6 | 24 | 8 | 32 | 14 | 28 |
| Encouraging the child to save for long-term goals | 9 | 36 | 13 | 52 | 22 | 44 |
| Encouraging the child to save for short-term goals | 11 | 44 | 13 | 52 | 24 | 48 |
| Providing opportunity for the child to save money | 21 | 84 | 25 | 100 | 46 | 92 |
| Permitting the child to save money for items he wants to purchase and that cost more than the money he has available | 11 | 44 | 13 | 52 | 24 | 48 |
| Providing the child with his personal savings account where money received as gifts is saved | 9 | 36 | 14 | 56 | 23 | 46 |

church. Of the 22 children reported as saving for long-term goals, eight saved for their education, 13 saved for large toys, and one saved for clothing. One mother reported her son as saying he was saving his money for a farm and a horse, while another four-year-old boy was saving for a car. Among the other items reported as being saved for were books, presents, trips, and vacations.

The data indicate that the least provided experience as related to saving money was providing an allowance designating a specific amount to be saved. None of the 50 children were provided this experience.

Although the data in Table VII indicate that 49 of the 50 children received experiences with saving money, the frequency of the experiences was limited in most cases to less than one-half of the children being involved in any particular experience. The two experiences contrary to this generalization were discussed earlier as the most frequently provided experiences as related to saving money.

Credit

Table VI presents data reflecting parents' responses concerning the experiences they had provided their children as related to loaning, borrowing, and giving money. The data indicate that the most frequently provided experience as related to credit involved permitting the child to loan his money to other members of the family. Six boys and seven girls were provided this experience. The least provided experiences were as follows: (1) requiring the child to pay back borrowed money with interest; and (2) permitting the child to take back money he had given to his friends. None of the 50 children received these experiences. Only one parent reported that his child could take back money he

TABLE VI
 FREQUENCY AND PERCENTAGE OF PARENTS' RESPONSES RELATED
 TO EXPERIENCES IN CREDIT

| Experiences: Credit | Boys (N = 25) | | Girls (N = 25) | | Total (N = 50) | |
|--|------------------|----|-------------------|----|-------------------|----|
| | f | % | f | % | f | % |
| Permitting the child to borrow money from other members of the family | 4 | 16 | 6 | 24 | 10 | 20 |
| Requiring the child to pay back money borrowed from members of the family | 6 | 24 | 6 | 24 | 12 | 24 |
| Requiring the child to pay back money borrowed with interest | 0 | 0 | 0 | 0 | 0 | 0 |
| Sharing with the child family purchases bought on credit | 3 | 12 | 4 | 16 | 7 | 14 |
| Discussing with the child advantages and limitations of credit | 1 | 4 | 2 | 8 | 3 | 6 |
| Permitting the child to loan his money to other members of the family | 6 | 24 | 7 | 28 | 13 | 26 |
| Sharing with the child the difference in lending money and giving money | 6 | 24 | 4 | 16 | 10 | 20 |
| Permitting the child to give money to other members of the family following through with the idea that gifts are final | 5 | 20 | 6 | 24 | 11 | 22 |

TABLE VI (Continued)

| Experiences: Credit | Boys (N = 25) | | Girls (N = 25) | | Total (N = 50) | |
|--|------------------|----|-------------------|----|-------------------|----|
| | f | % | f | % | f | % |
| Permitting the child to take back money he has given to other members of his family | 1 | 4 | 0 | 0 | 1 | 2 |
| Permitting the child to give money to his friends following through with the idea that gifts are final | 4 | 16 | 4 | 16 | 8 | 16 |
| Permitting the child to take back money he has given to his friends | 0 | 0 | 0 | 0 | 0 | 0 |

had given to other members of his family.

Although the data in Table VII indicate that of the 50 children, 12 boys and 13 girls received some experiences in credit, the frequency of the experiences involved less than 13 of the children for any particular experience. This implies that credit is an area of money management in which preschool children are provided limited experiences.

Summary of Experiences in the Various Areas of Money Management

Table VII presents data summarizing parents' responses concerning experiences they had provided their children in the following areas of money management: (1) sources of money; (2) paying for items; (3) managing money; (4) saving money; and (5) credit. The data indicate that each of the 50 children were provided experiences in at least one area of money management. Experiences were provided most often in the area of paying for items with all of the 50 children receiving experience in this area. The least provided experiences for young children were in the area of credit with only 12 of the 25 boys and 13 of the 25 girls having experiences with credit.

The data indicate that all of the 25 girls were provided experiences in each of the following areas: (1) sources of money; (2) managing money; and (3) saving money. Twenty-three of the 25 boys were reported as receiving experience with the sources of money, while 24 of the 25 boys were reported as receiving experience in managing and saving money.

TABLE VII
 FREQUENCY AND PERCENTAGE OF PARENTS' RESPONSES AS
 RELATED TO EXPERIENCES IN VARIOUS
 AREAS OF MONEY MANAGEMENT

| Experiences: Various Areas of Money Management | Boys (N = 25) | | Girls (N = 25) | | Total (N = 50) | |
|---|------------------|-----|-------------------|-----|-------------------|-----|
| | f | % | f | % | f | % |
| | Sources of Money | 23 | 92 | 25 | 100 | 48 |
| Paying for Items | 25 | 100 | 25 | 100 | 50 | 100 |
| Managing Money | 24 | 96 | 25 | 100 | 49 | 98 |
| Saving Money | 24 | 96 | 25 | 100 | 49 | 98 |
| Credit | 12 | 48 | 13 | 52 | 25 | 50 |

Suggestions for Experiences As Related
 to Money Management

These experiences were suggested by parents as effective in helping their preschool children learn money management. Suggestions for experiences as related to sources of money were reported as follows: (1) showing the child where the parents work and what they do that they get paid for; and (2) playing pretend games in which the child is a waitress taking the parents' orders, serving them, presenting the check to the parents, and receiving payment for the services provided. Other professions might also be substituted in this experience.

Suggestions for experiences as related to paying for items and services were reported as follows: (1) showing the child a bill for something he saw purchased, then showing the child how to write and mail

a check just like money; (2) allowing the child to pay his own way in the movies with his own money; and (3) permitting the child to help an older brother, sister, or parent write monthly checks for monthly bills.

Suggestions for experiences as related to managing money were reported as follows: (1) permitting the child to make selections for gifts within a specific price range (two parents made this suggestion); (2) following through with the idea that lost money does not get replaced; and (3) explaining that money parents earn at work is used to pay for many things such as nursery school, a house, and food.

Suggestions for experiences as related to saving money were reported as follows: (1) permitting the child to accompany his parents to the bank; and (2) providing the child with a clear piggy bank so the money can be seen after it is put in. The child can watch his money grow.

Suggestions for experiences as related to credit were reported as follows: (1) permitting the child to borrow money with the understanding that borrowed money must be paid back; (2) preparing an account sheet with blocks representing the amount of money to be paid back; and (3) allowing the child to earn money for doing extra jobs in order to get the debt paid more quickly.

CHAPTER V

SUMMARY AND RECOMMENDATIONS

This study was designed to obtain information concerning money management experiences provided by parents to help their preschool children learn money management.

The money management inventory developed for obtaining the data investigated the following: (1) the specific learning experiences parents provided for their children in money management; (2) if parents differentiated between money management experiences for boys and girls; and (3) to what extent parents included their children in family consumer activities to help them learn money management.

The subjects for this study were 47 parents whose children were currently enrolled in the Oklahoma State University Child Development Laboratories, Stillwater, Oklahoma. The children ranged in age from three to five years. One or both of the parents provided the information for the study. Testing was conducted during the spring semester, 1973.

The data were analyzed to determine the frequency and percentage of parents' responses related to experiences provided for their preschool children in money management. The analysis also indicated whether parents differentiated between boys and girls in providing money management experiences.

Findings

1. More than 95 per cent of the children were provided experiences as related to sources of money.

2. Experiences for preschool children to pay for items were provided most frequently by all the parents with all of the 50 children having some experience in this area of money management.

3. Parents provided experiences in managing and saving money for all of the 25 girls and for 24 of the 25 boys.

4. Half of the children, 12 boys and 13 girls, were provided some experience with credit; however, experiences provided by parents in this area of money management were the most limited.

5. There were no sex or age differences in regard to the children's degree of involvement in experiences as related to sources of money, paying for items, managing money, saving money, and credit.

6. All of the children were involved in varying degrees in family consumer activities.

Recommendations for Further Research

The following suggestions are made on the basis of the findings of this study.

1. A similar study using a larger and more representative sample of parents with children three to five years of age should be conducted to check for significant differences in experiences planned for girls and boys in money management.

2. A similar study of parents with children younger than three years and older than five years of age should be conducted to determine

at which level experiences in each of the areas of money management are provided for the child.

3. Methods of helping parents teach economic competence should be researched and these findings related to parents.

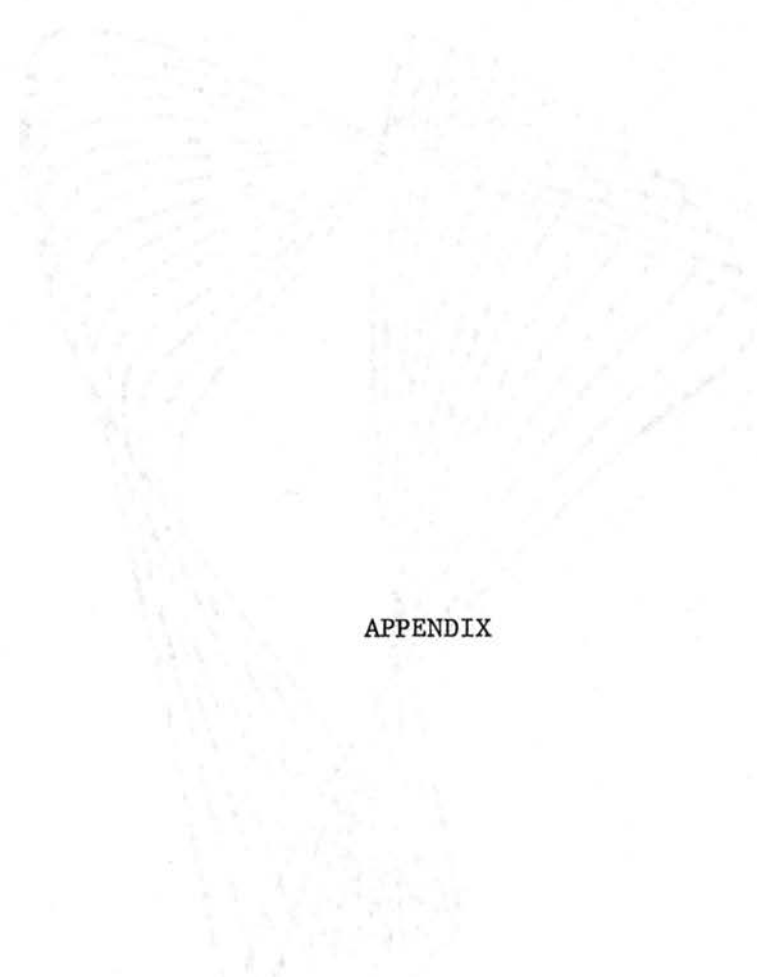
4. The content of consumer education curricula being taught in nursery schools, kindergartens, and elementary schools should be studied to determine its relevance to today's society.

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APPENDIX

DELAWARE STATE UNIVERSITY
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MONEY MANAGEMENT EXPERIENCES PROVIDED

BY PARENTS FOR YOUNG CHILDREN

Parent's Name _____

Child's Name _____ Age _____ Sex _____

Check as many of the experiences listed below each question which you have provided to help your child learn about money.

I. What experiences have you provided to help your child learn about the sources of money?

- sharing with the child information concerning the family's resources
- sharing with the child that mothers and fathers receive money for the work they do
- providing payment for household chores assumed by the child
- providing payment for only those jobs you would have otherwise hired someone else to do
- providing the child occasionally with the same amount of money
- providing the child with a regular amount of money on a regular basis
- providing the child with money whenever he thinks he needs it
- providing the child with money whenever you think he needs it

Other experiences you have found helpful in helping your child learn the sources of money:

II. What experiences have you provided to help your child learn that you pay for things?

- providing opportunity for the child to go on shopping trips in which he is an observer:
- rarely
- never
- often
- always

- providing opportunity for the child to go on shopping trips in which the child is a participant (selects and pays for items himself):
 - rarely
 - never
 - often
 - always
- explaining to the child that a person must pay for items in a store before they belong to him

Other experiences you have found helpful in helping your child learn that you pay for things:

- III. What experiences have you provided to help your child learn to manage his money?
- showing him what to buy
 - showing him several items that his money will buy and permitting him to make the final decision:
 - minor purchases (type of cereal, candy, small toy, etc.)
 - major purchases (style and color of clothing, shoes, pet, etc.)
 - showing him several items his money will buy, sharing with him which are the best buys and why, and permitting him to make the final decision:
 - minor purchases
 - major purchases
 - providing him with money to buy whatever he wants
 - purchasing for him whatever he wants
 - permitting him to get something else when he is unhappy with a purchase he has selected
 - permitting him to live with his mistakes until he has money again
 - including the child in decisions of family purchases
 - sharing verbally with the child the family's spending habits
 - discussing money or money problems in the presence of the child
 - sharing with the child why you select one item over another during shopping

- comparing items (example: by size, weight, etc.) for the child so that he might learn why you select one item over another during shopping
- explaining to child honestly why he cannot have a particular item he wants
 - he does not need it
 - you cannot afford it
 - it is not good for him

Other experiences you have found helpful in helping your child to learn to manage his money:

IV. What experiences have you provided to help your child learn about saving money?

- providing the child with doled money designating a definite amount to be saved
- providing the child with an allowance designating a definite amount to be saved
- permitting the child to save only when and what he wants to save
- encouraging the child to save for long-term goals (check those that apply)
 - education
 - clothing
 - large toys
 - Other: _____
- encouraging the child to save for short-term goals (check those which apply)
 - small toys
 - candy
 - special foods
 - Other: _____
- permitting the child to save money for items he wants to purchase and that cost more than the money he has available
- providing opportunity for the child to save money
 - piggy bank
 - local bank
- providing the child with his personal savings account where money received as gifts is saved
 - on child's request
 - on child's approval
 - child does not know about it

Other experiences you have found helpful in helping your child to learn about saving money:

V. What experiences have you provided to help your child learn about money as credit?

- permitting the child to borrow money from members of the family
- requiring the child to pay back money he borrows from members of the family
- requiring the child to pay back money he borrowed with interest
- sharing with the child family purchases bought on credit
- discussing with the child advantages and limitations of credit
- permitting the child to loan his money to other members of the family
- sharing with the child the difference in lending money and giving money
- permitting the child to give money to other members of the family, following through with the idea that gifts are final and cannot be taken back
- permitting the child to take back money he has given to other members of his family
- permitting the child to give money to his friends, following through with the idea that gifts are final and cannot be taken back
- permitting the child to take back money he has given to his friends

Other experiences you have found helpful in helping your child to learn about money as credit:

VI. What age did you begin to provide money experiences for your child?

- Girl
- Boy

**OKLAHOMA STATE UNIVERSITY • STILLWATER**

Department of Family Relations & Child Development
(405) 372-6211, Ext. 6084
April 23, 1973

74074

Dear Parents

A study of parental practices that parents have found helpful in teaching their preschool children to learn money management is being made. Research does not indicate what parents should do or what they are doing; therefore, we are attempting to find out what practices you have found helpful or effective in helping your child learn to manage money. A checklist will be used to collect the data. If you are willing to participate in this study, please sign your name below and return this form to your child's teacher. The checklist may also be received from and returned to your child's teacher.

We will be most happy to share with you the results of the study. Thanks for your assistance.

Sincerely,

Linda Sholar, Graduate Assistant

Josephine Hoffer, Associate Professor
Acting Head, Family Relations and
Child Development

Parent's Signature _____

VITA

Linda Sue Sholar

Candidate for the Degree of

Master of Science

Thesis: PARENTAL PRACTICES IN HELPING YOUNG CHILDREN LEARN MONEY
MANAGEMENT

Major Field: Family Relations and Child Development

Biographical:

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Professional and Honorary Organizations: Oklahoma Association on
Children Under Six; Southern Association on Children Under
Six; American Home Economics Association; Phi Beta Alpha.