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FINANCIAL SPENDING BEHAVIOR PATTERNS BASED ON EDUCATION, GENDER AND AGE

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Abstract:

This paper develops an analysis in the field of financial spending behavior. The study will focus particularly on habits based on education level, gender and age. Towards this objective, we will present and test three hypotheses based on the education level for the respondents, the differences between males and females, and the correlation between the spending behavior and age. Unlike most of the previous studies, this analysis has a double approach. First of all, it presents several findings regarding differences in terms of spending behaviour and also conclusions in terms of explaining financial patterns. We contribute to the literature examining the concern over the spending behaviour of individuals from Romania. Furthermore, this contribution is focused on understanding and explaining the results and their influence using statistical analysis.

Key words: *consumer behaviour, financial patterns, age groups, Romania*

1. Introduction

The financial crisis of 2008 to 2011 with major micro and macroeconomic influences, had significant impact on the consumer purchasing behaviour around the world. As a result, the purchasing patterns in Romania had also undergone notable changes. (Stefan, et al., 2016) reported that the past recession had major effects both on European countries, as well as on European Union as a whole. Also, natural disasters have an impact on economies. People tend to save more in times of crisis, and savings are perceived as a buffer for households. Moreover, these negative effects influence the saving behavior through emotional and psychological attitudes. (Filipski et al., 2019).

The increasing interest in research concerning financial issues has heightened the need for a study on the spending behaviour of respondents based in Romania. In detail, the mentioned age group has certain priorities in their spending patterns such as: entertainment, leisure, clothing or communication.

The aim of this study is to investigate the financial behavior spending habits based on levels of education, gender and age. As a result, the objective of this study was to determine spending patterns in the following:

1. Financial behaviour depending on the level of education;
2. Financial behaviour differences between males and females;
3. Financial correlation regarding the spending behavior and age.

One of the most significant current discussions in this research includes a cause-and-effect analysis of the results obtained. The motivation of the study is that after the outbreak of the global financial crisis, both saving and consumption have registered developments contrary to those specified in the literature. Moreover, given that preferences and needs change from one generation to the next, we have decided to capture these changes over time.

The paper is structured as follows. Part 2 presents the literature review, followed by the research method that examines spending behavior in the next section. The results and discussions appear in section 4, and the paper ends by presenting the conclusions and future research directions.

2. Literature review

A considerable amount of literature has been published on the topic of consumer behaviour. Specifically, this refers to research about how individuals make decisions to spend their resources: time, money and effort. Important to realize is that consumers financial attitude can be associated with specific families, individual characteristics or education (Hira, et al., 2000).

The behavior of the consumer is related to the decision to buy. Buying decision depends on many factors as: money, individuals preferences, education level, age, gender, culture, social status, economic and psychological environment etc. Consumers are unique, having personal needs and wishes, which are varied and diverse from one another (Sahney, 2009). People's decision to consume or postpone consumption for the future depends on the income level, health, prosperity (Del Ponte and DeScioli, 2019). Therefore, decisions can take the form of options such as: watching films, going to coffee bars, restaurants, clothes, accessories, phone cards, telephone bill, buying books etc. As pointed out by (Ramya and Ali, 2016), consumer behaviour refers to selection, purchase, consumption of goods and services for the satisfaction of their wishes.

Nowadays, markets have grown more and more from an economic point of view. Some consumers are more interested in the production side rather than the buy side. Loudon and Bitta (1988) argued that the customers want to know more about a particular product before buying it. Thus, the role of the buyer is a very important one, since the latter may influence the demand and supply on the market, which may depend on the following transactions.

In addition the action to buy depends on the individual's preferences, but especially on his psyche. The psychic is based on the nature of human being, on which its behavior depends. The latter may be influenced by the preferences of other people around. For example, in an academic environment, students' preferences also depend on

those of their roommates, faculty colleagues, but especially money. Outing with friends in the city at theater, cinema, cafes, bought books or clothes worn is intimate with the environment, but also with money, education, culture.

Some empirical studies that investigate the composition of public spending for primary education. Based on a time-fixed effect, the authors, Cinnirella and Schueler (2018) demonstrate that there is a positive link between central spending and the vote share for pro-nationalist parties. Moreover, Lergetporer et al (2018) show that the support education spending is diminished when there is information about the income levels. Also, in view of some authors like Ozturk and Cavusgil (2019), consumer spending behavior is interesting to be analyzed in terms of the convergence-divergence-cross-convergence (CDC) framework and the coevolution theory. The authors argue that the global convergence is fundamental in business decisions.

3. Purpose and research method

In support of this research, we have conducted an investigation regarding the consumer profile and their financial behaviour. Specifically, the survey consisted in a nationwide opinion poll with 1.302 participants aged between 15 and 29 years old. In particular, this population age group represents 18.8 % of the Romanian population (Central Population and Housing Census Commission Romania, 2012). The study included the following regions: North-East, South-East, South, South-West, West, North-West, Center and Bucharest. Furthermore, the questionnaire included a series of questions regarding consumption behaviour, individual preferences, amounts spent on each activity and overall budgets.

With this in mind, the specialized literature perceives the individuals in the age group of 15-30 years old a part of the society strongly influenced by media and advertisements. Correspondingly, this will have a major impact on their spending behaviour (Attri, 2012).

The analytical method used were different test of independent sample t-test for normally distributed data, and One-Way ANOVA test and comparative financial behaviour was measured by analyzing respondents perceptions. Responses were code and analyzed with *IBM SPSS Statistics software*.

4. Results and discussion

The study proposes to build and taste some hypothesis about spending behavior in education, sex and age, based on individual characteristics such as satisfaction with life, money, preferences, time, attitudes towards films, coffee, phones, books and so on. Every respondent had to choose from a variety of categories and answers. Table 1 summarises a descriptive statistics regarding these variables.

Table 1 – Descriptive statistics

Spending behavior	N	Range	Mean	Std. Deviation	Variance	Skewness		Kurtosis	
						Statistic	Std. Error	Statistic	Std. Error
Watching films (Cinema/buying DVDs etc.)	1278	400	17.41	42.420	1799.437	4.478	.068	26.911	.137
Going to coffee bars/bars/restaurants/pubs	1282	1500	89.26	140.514	19744.288	4.435	.068	29.462	.137
Clothes/footwear/accessories	1271	2000	175.03	181.565	32965.799	3.295	.069	18.258	.137
Phone cards / telephone bill	1275	800	48.56	55.079	3033.741	5.277	.069	44.994	.137
Buying books	1265	500	16.54	42.829	1834.302	4.914	.069	35.839	.137
Other	1153	1200	26.31	98.859	9773.066	6.107	.072	48.017	.144

Source: Author's own calculations using SPSS Statistics 22.0

We were interested if there are differences in term of spending behavior depending on level of education. As determined by one-way ANOVA, significant differences were found in terms of Watching films (Cinema/buying DVDs etc.) ($F_{7,1278} = 5.786$, $p < 0.001$), Going to coffee bars/bars/restaurants / pubs ($F_{7,1282} = 7.329$, $p < 0.001$), Clothes/footwear/accessories ($F_{7,1271} = 4.998$, $p < 0.001$), Phone cards/telephone bill ($F_{7,1275} = 4.506$, $p < 0.001$) and Buying books ($F_{7,1265} = 5.5335$, $p < 0.001$). As expected, respondents with post-university education spend more money on all the considered means, that behavior could be explained by their highest income.

Table 2 – one-way ANOVA

Spending behavior	Maximum years/grades of schooling	General education (maximum 10 years)	Vocational school	High school	Post-high school (non-university)	University/college	Post-university (Master, PhD)	F
Watching films (Cinema/buying DVDs etc.)	8.28	13.49	18.63	15.51	15.00	28.16	34.98	5.786***
Going to coffee bars/bars/restaurants / pubs	21.61	64.07	99.49	94.63	73.57	126.48	155.74	7.329***
Clothes/footwear/accessories	109.26	146.82	193.61	177.68	171.85	224.34	233.33	4.998***
Phone cards/telephone bill	23.28	41.72	42.04	52.92	57.93	53.30	68.56	4.506***
Buying books	7.22	11.86	6.67	17.51	7.50	26.06	39.81	5.335***
Other	6.00	15.48	38.31	30.09	14.81	38.39	37.40	1.590

Note: *** - $p < 0.001$; ** - $p < 0.01$; * - $p < 0.05$

Source: Author's own calculations using SPSS Statistics 22.0

Income increases with higher levels of education. As a result, the amount of money spent on watching films, going out, buying clothes or books is considerably higher for university students and post-university graduates. For example young adults with bachelor degrees earned more than high school graduates and a little bit more than associate degrees (National Center for Education Statistics, 2016).

College students spending habits have been thoroughly analyzed by the scientific literature. The main reason is that they are on their own and further away from home and family. On the same time, having their own money to spend may influence an improper spending behaviour which can be explained by the higher expenses on

clothes/footwear/accessories (224.34) or going to coffee bars/bars/restaurants/pubs (126.48).

A large and growing body of literature has investigated the spending behaviour using the t-sample test. For example, (Mansoor, et al., 2011) stated that consumers adopted new and various behaviour habits due to new financial trends, as a result from the last economic crisis.

Table 3 – Independent-sample t-tests

Spending behavior	Male	Female	t
Watching films (Cinema / buying DVDs etc.)	20.90	13.94	2.940**
Going to coffee bars / bars / restaurants / pubs	116.99	61.62	7.193***
Clothes / footwear / accessories	180.09	170.02	0.988
Phone cards / telephone bill	49.02	48.11	0.295
Buying books	11.64	21.45	-4.097***
Other	29.06	23.51	0.953

Note: *** - $p < 0.001$; ** - $p < 0.01$; * - $p < 0.05$

Source: Author's own calculations using SPSS Statistics 22.0

Specifically, independent-sample t-tests were conducted to compare the mean scores computed for male and female and to determine if there are significant differences. Thus, males spend significantly more money than females on watching films (Cinema / buying DVDs etc.) ($t_{(1276)} = 2.940$, $p < 0.01$) and going to coffee bars / bars / restaurants / pubs ($t_{(1280)} = 7.193$, $p < 0.001$). However, females are spending more on buying books ($t_{(1263)} = -4.097$, $p < 0.001$). For the other spending behaviors, there was found no significant differences.

Point often overlooked, (Hira, et al., 2000) also emphasize that gender is a social phenomenon. However, studies that analyzes the differences in spending patterns and financial perceptions between women and men are still at an incipient stage.

Table 4 – Correlation matrix

Spending behavior	1	2	3	4	5	6	7
Age	1	-.004	.112**	.094**	.111**	.027	.092**
Watching films (Cinema / buying DVDs etc.)	-.004	1	.228**	.356**	.112**	.146**	.073*
Going to coffee bars / bars / restaurants / pubs	.112**	.228**	1	.370**	.179**	.045	.080**
Clothes / footwear / accessories	.094**	.356**	.370**	1	.297**	.123**	.150**
Phone cards / telephone bill	.111**	.112**	.179**	.297**	1	.119**	.059*
Buying books	.027	.146**	.045	.123**	.119**	1	.068*
Other	.092**	.073*	.080**	.150**	.059*	.068*	1

Note: *** - $p < 0.001$; ** - $p < 0.01$; * - $p < 0.05$

Source: Author's own calculations

Along with respondents age increasing, their spending habits starts suffering various changes. Consequently, with the emergence of major life events such as the first job, having a new family or retirement has a great influence on money allocation.

Thereupon, considering the relationship between spending behavior and respondents age, there was found a positive correlation with going to coffee bars / bars / restaurants / pubs ($r = 0.112$, $p < 0.01$), clothes / footwear / accessories ($r = 0.094$, $p <$

0.01), phone cards / telephone bill ($r = 0.111$, $p < 0.01$) and Other spendings ($r = 0.092$, $p < 0.01$). However, the correlation is not significant in terms of watching films (cinema / buying DVDs etc.) and buying books.

5.Conclusions

Nowadays, the global economy is facing tremendous challenges. Therefore, the consumers buying patterns are perceived as a selection of decisions influenced by internal and external circumstances. The primary findings of this research is that individuals with superior education levels, have increased financial means. As stated by (Lusardi, 2008) „financial literacy affects spending behaviors”.

The results suggest that distinctive events in a person's life have an important impact on how resources are allocated. In other words, young people who do not have a lot of obligations will be tempted to spend more time and money than those who prioritize their choices, taking into account the opinions of others (family, bosses, etc.).

In addition, there is a positive correlation between spending behavior and respondents age; as you get older, spending behavior tends to occupy a more prominent role in adult life. Also, the level of education level puts its mark on spending behavior, as the higher it is, the more people will want to develop and allocate more resources to that. In terms of sex, both women and men tend to spend, but it depends on the categories of goods and services on which they are based. Our findings show that men tend to consume more with city outlets (movies, bars, telephones), while women with home-based (reading books and others).

In conclusion, this study proposes to present the customers purchasing habits and the way their education, age, or sex influence these patterns and it is very useful in providing support for researchers. As future research directions, we aim to expand the study using other variables, such as going to theater, museum, travel, etc.

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