

The Impact of the Current Economic Environment on Motivation to Save: Differences by Three Age Groups

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Introduction

Has the current economic situation affected consumers' motivation to save? Are the odds of being affected different among generations? Of those who have been affected, whose future economic situations are likely to have been affected negatively? This study examined the association between generations and their reactions to the current economic environment in regard to the motivation to save money, comparing young (younger than 27 years old), middle (27 to 63 years old), and older (64 and older) generations.

Data and Methods

The data came from a convenience sample of University of Georgia students, one of their parents, and one of their grandparents who participated in a survey in the summer 2009. A total of 482 usable responses were obtained, and each of these responses was treated as an independent observation. Most of the respondents filled out the questionnaire on the Internet, whereas about one-sixth of them filled out the paper-and-pencil format of the questionnaire and returned it to the researchers through postal mail. Of the two logistic regression models assessed, the first examined how generations were associated with the odds that the respondents' motivations to save would be affected by the current economy. The second model examined how generations were associated with the odds that their future economic situation would be affected negatively by the current economic downturn.

Results and Implications

There was a significant difference among the generations both in the odds of their motivation to save being affected and in the odds of their economic future being negatively affected. Specifically, compared to the young generation, the middle generation was about 1.6 times more likely to have their motivation to save affected, and the older generation was about half as likely to have been affected. The more types of life events they experienced in the past few years, the more likely they were to have both their motivation and economic future affected. None of the control variables considered—psychological measures such as materialism, self-efficacy, savings behavior in the past 12 months, debt level, perceived financial knowledge, and various demographic variables—were significant.

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