

Exploring the Relationship Between Financial and Non-financial Risk Taking Behaviors

A better understanding of general and financial risk-taking behaviors can assist consumer educators, financial planners and policy makers. The purpose of this paper was to examine risk-taking behavior across multiple arenas.

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There is growing evidence that financial problems among U.S. consumers begins during early adulthood (McKenna, Hyllegard, & Linder, 2003), quite possibly during the more risky college years, as a result, this research sought to explore the relationships between risky financial behaviors and other types of risky behavior. Evidence suggests that some individuals may actively seek multiple types of risks while others seek to avoid as much risk as possible (Zuckerman & Kuhlman, 2000). The college years in particular, are generally associated with a multitude of risky behaviors including “binge drinking” (Douglas, et al., 1997), gambling (Huang & Boyer, 2007), and sexual experimentation (Martins, Tavares, da Silva Lobi, Galetti & Gentil, 2004). This research explores the connections between multiple risk taking behaviors of college students and seeks to ascertain whether a consistent risk profile is exhibited in all three arenas. The research questions included: 1) do individuals demonstrate consistent risk-taking tendencies across differing types of risks, and 2) is risky behavior as related to sexual and alcohol related activities associated with unfavorable financial behavior?

Data for this study were drawn from 312 undergraduate students from a southeastern research university. Responses to questions were used to create three indices. In order to differentiate between above and below average levels of risk taking behavior, indices were transformed into dichotomous variables utilizing means as cut offs. Examples of survey questions includes:

- *Risky Financial Behavior:* How often do you --pay only minimum payments on credit cards, pay finance charges on your credit card, buy items on impulse, receive collection calls, bounce checks;
- *Risky Sexual Behavior:* How old were you when you first had sex, with how many partners have you had sex, it is acceptable to have sex with casual dating partners the first night, in an exclusive relationship it is ok to have sex with a different person;
- *Risky Drinking Behavior:* How often do you drink more than 4 drinks in a single night, drive drunk, appear in public intoxicated, get very intoxicated, get mildly intoxicated.

A binary logistic regression analysis was conducted to predict the likelihood of exhibiting above average financially risky behavior based upon whether a respondent exhibited above average alcohol related risky behavior and sexually risky behavior, controlling for gender, race, family income, relationship status, and employment status. Results indicate that: 1) participation in sexually risky behavior was found to be positively correlated with participation in financially risky behavior; 2) individual's who exhibited risky behavior in sexual activities were 2.06 times as likely to exhibit financially risky behaviors, and 3) participation in risky alcohol related behavior was not found to be significantly correlated with participation in financially risky behavior. It is important to note that the generalizability of this study is limited both by its population and by the convenience sampling techniques that were employed in data collection.

References

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Endnotes

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