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University students' attitudes towards characteristics of money before, after and during dual currency period in Estonia

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Abstract

A longitudinal panel study examines the extent to which university students' attitudes towards the characteristics of money (divisibility, durability, portability, uniformity and stability in value) were affected by the period of the single or dual currency circulation in their country. Estonian youths' attitudes towards different currencies one year before and after the dual currency circulation period, and also during dual currency circulation, was examined by self-reported questionnaire. Based on the quantitative analysis of data we may conclude that durability and stability were characteristics of money which does not changed during the single and dual currency period, but single or dual currency period of circulation of money affected the attitudes of university students towards divisibility, uniformity and durability of money.

Keywords: *economic socialization, characteristics of money, dual currency, single currency.*

1. Introduction

One of the issues in the research on economic socialization of children is the process of acquiring by them the knowledge about money and its role in the economic and social life (e.g. Roland-Lévy, 2009) and educationalists are interested in the socialization processes of money in young people (e.g. Royer, Jordan and Harrison, 1995). Money is a very important aspect of daily life and money attitudes is learnt through the socialization process established in childhood and maintained through adult life (Tang, Tang and Luna-Arocas, 2005).

Young peoples' (including university students) attitudes towards money are one of the important topics in the research of consumer socialization because money has highly evaluated among young people. For example, among 19 different topics, "becoming very well off financially" ranks number one for university students (Rubenstein, 1981); and the function of money for young people was rather for immediate use than for planning or saving for the future (Reynolds and Wells, 1977).

Despite its importance in modern living, the literature that deals with university students' money attitudes is limited dealing with its associations with personality traits (Belk, 1985; Lau, 1998; Nnedum et al., 2011; Watson, 2009), personal needs and emotions (Engelberg and Sjöberg, 2006; Hira and Mugenda, 1999; Oleson, 2004; Wong, 2012), compulsive behavior (Falahati and Paim, 2011; Lai, 2010; Roberts and Jones, 2001), and

sociodemographic variables and work experiences (Lim and Teo, 1997; Rubenstein, 1980; Wernimont and Fitzpatrick, 1972; Özgen and Bayoğlu, 2005; Yamauchi and Templer, 1982; Furnham, 1984).

At one side, there is substantial agreement (Furnham 2002; Furnham and Argyle, 1998) between economists about the essential characteristics of money emphasizing that historically rooted main properties of good money are: Durability, portability, divisibility, uniformity, and stability in value, whereby the first four are the physical characteristics of money and the last one is economic property of money (e.g. O'Connor, 2004; Nosal and Rocheteau, 2011). At the other side - little is known about attitudinal differences toward money's characteristics among peoples. From developmental viewpoint it is known that at first during economic socialization preschoolers recognize and react to the physical characteristics and functions of money (Lau, 1998). Two experimental studies in this area showed that adults: (1) in Poland prefer to use the dollar as parallel currency giving a greater emotional value (included evaluations to the portability) to the dollar compared with national currency (Tyszka and Przybyszewski, 2006), and (2) in German perceived national currency more positively (included evaluations to the stability) compared with new European currency shortly after currency exchange (Jonas, 2003).

Considerable amount of research has focused on psychological meaning of money among people in European countries experiencing the period of currency change. It was found that attitudes towards national single currency before the change of currency were more positive compared with attitudes toward the euro; and attitudes towards the euro became more favorable after its introduction among adults and adolescents (Jonas, 2003; Lassarre, 2003; Meier-Pesti, Kirchler and El-Sehity, 2003; Roland-Lévy, 2007). Although several research have concentrated on national identity and its impacts on attitudes to the euro among adults and adolescents (e.g. Müller-Peters, 1998; Müller-Peters et al, 2001; Roland-Lévy, 2003, 2007) investigating how strong emotional attachment to national currency leads to negative feelings about the euro; and how introduction of the euro has influenced adults' and adolescents' identification with Europe. Also, it was found (Kõiv, 2012) that multidimensional psychological meaning of money for adolescents was different comparing attitudes before, after and during dual circulation of currency - before and after the dual currency period it was highly evaluated symbolically and during dual currency period it was evaluated with conflicting affectional characteristics in relation to two parallel currencies.

Thus, during last decade several studies have introduced to study changes in money attitudes towards single or parallel currency among people in different European Union countries from a psychosocial, cognitive and social representations perspectives, but we may miss the significance of the advent of introduction of the euro if we ignore the component of meaning of money with regard to its characteristics. The introduction of the euro in Estonia gave a unique opportunity empirically test changes in the attitudes toward currency in terms of characteristics of money in three time-points - before, during, and after introduction of euro.

The purpose of the research was to evaluate attitudinal differences toward characteristics of money among university students before, after and during dual currency exchange in Estonia.

It was hypothesized that: (1) there will be differences in attitudes held toward the physical characteristics (divisibility, durability, portability, uniformity) of money during single and dual currency period; (2) there will not be differences in attitudes held toward the economic characteristic (stability in value) of money during single and dual currency period.

2. Method

2.1. Study design and subjects

A convenience sample of university students was selected from one state university with an enrollment of 17000 students in Estonia. A longitudinal study follows the same sample over three times: during single currency in January 2010 when the national currency was Estonian kroon and in January 2012 when the national currency was euro, and also in January 2011 during the dual currency period with parallel circulation of Estonian kroon and euro. A total of 196 university students were sampled 12 months before the dual currency period (January 2010), 190 of them were sampled during dual currency circulation period (1 - 15 January 2011) and 192 12 months after the dual currency period (January, 2012). The sample (N=192) ranged in age from 19 to 44 years (M=21.87, SD=3.90). Women were overrepresented 71% (n=162) as compared to men, 29% (n=93). Data were collected by a self-report anonymous questionnaire that students filled out in their classes.

2.2. Instrument

Questionnaire items were constructed based on characteristics of money that were contained in economically oriented literature (e.g. O'Connor, 2004; Nosal & Rocheteau, 2011): divisibility, durability, portability, uniformity (physical characteristics) and stability in value (economic characteristic). The importance of five characteristics of money was measured by seven point Likert scales from "Not at all important" (1) to "Very important" (7). A questionnaire containing the attitude measures towards the Estonian national currency (EEK) and the euro (EUR) and the participants were asked to evaluate each currency with regard to the five characteristics of money.

3. Results

Table 1 shows comparison between means of questionnaire items scores of university students' attitudes towards five characteristics of money before, during and after the introduction of the euro. Comparing the perceptions of students across three different timepoints (years: 2010, 2011, 2012), the results suggest significant differences for 18 of the 30 items at $p < 0.05$ or $p < 0.01$.

Table 1. Mean scores and t-values of characteristics of money across questionnaire items among university students before (years 2010), during dual currency period towards EEK and EUR (year 2011) and after dual currency period (year 2012)

Characteristic of money	Before EEK (A)	Dual EEK (B)	Dual EUR (C)	After EUR (D)	A - B	A - C	A - D	B - C	B - D	C - D
Stability in value	4.54	4.31	4.36	4.41	1.07	1.16	1.65	0.92	0.76	1.60

Portability	6.12	5.64	5.02	5.35	3.17*	6.78**	8.86**	3.36**	4.98**	2.40*
Durability	4.93	4.84	4.89	4.71	0.55	0.27	0.94	0.27	0.26	0.94
Divisibility	4.99	4.62	3.59	4.12	2.06*	2.13*	5.15**	7.16**	2.57*	2.54*
Uniformity	6.66	6.44	5.09	5.64	2.22*	9.22**	9.54**	8.54**	7.10**	3.92*

*p < .05. **p < .01.

Research results indicated that three characteristics of money (divisibility, portability, and uniformity) were differently evaluated across rating scales: (1) EEK was more highly evaluated before dual circulation compared with currencies circulating during dual period and after currency exchange; (2) EUR has lower evaluations than EEK during dual circulation; (3) EUR got lowest evaluations during dual circulations compared with evaluations given to the single currency before and after dual circulation period, whereby there were no statistically significant differences in the evaluations given to two characteristics of money (durability and stability in value) across rating scales comparing evaluations between three study periods.

Consequently, differences in attitudes toward multiple characteristics of money before, after and during currency exchange were revealed across three characteristics of money – divisibility, portability, and uniformity; and not among two characteristics of the money: durability and stability in value. Specifically - the meaning of money across three abovementioned characteristics of money tended to be: (1) qualitatively oppositional during dual currency circulating period – relatively low evaluations towards new currency versus relatively high evaluations towards the old currency, (2) highly evaluated towards national currency before currency exchange compared with evaluations during currency exchange and after this period with new currency, and (3) lowest evaluations were given to the new European currency during dual circulation compared with single currency circulation one year before and after introduction of the euro.

4. Discussion

Understanding money attitudes is essential because these attitudes shape peoples' purchasing behavior - spending habits, political ideology, and their attitudes toward the environment (Roberts et al., 1999). In order to better understand people's use of money, it is necessary to consider the essential characteristics that money originally served and continues to serve in modern economies. Since Aristotle's days it was discussed about the characteristics of a good money and economists usually characterize the main properties of money with durability, portability, divisibility, uniformity and stability in value (O'Connor, 2004), whereby in the area of economical psychology a new research question was raised - are there changes in the attitudes towards currency in terms of its characteristics before, during and after currency exchange? The design of present panel survey enables to identify both the stable and changing components of students' attitudes in relation to the physical and economic characteristics of money before, after and during dual currency circulation periods.

Results of the study showed that there were some stable aspects of the money attitudes with regard to five characteristics of money, and also some unstable: (1) evaluations of the two characteristics of money – durability and stability in value, seems to be stable over times for university students, and (2) evaluations of three characteristics of money –

divisibility, portability and uniformity, were unstable during different phases of research – before, after and during dual currency circulation. Namely, the national currency with regard to its characteristics as divisibility, portability and uniformity was more highly evaluated: (1) compared with the new European currency during dual circulation, and (2) compared with parallel currency circulating during dual circulation period and also with new currency after currency exchange. Lowest ratings of the money were given in terms of divisibility, portability and uniformity to the new currency during parallel circulation period compared with single currency circulation. Also it was revealed that the portability of the euro was lower compared with old national currency.

In conclusion, durability and stability in values were characteristics of money, which tended to not change during the single and dual currency period, but single or dual currency period of circulation of money affected the attitudes towards divisibility, portability and uniformity of money. Previous experimental studies are in the line of emphasizing changes in the attitudes and showing that evaluations of different parallel currencies in specific terms of portability were different (Tyszka and Przybyszewski, 2006), and shortly after introduction of the euro perceptions of new and old currency were different in terms of stability (Jonas, 2003). Also, findings (Kõiv, 2012) have showed that during dual currency period the affective dimension of money dominated compared with utilitarian meaning of money and also differentiated two parallel currencies – highly emotionally positive towards national currency and highly negative towards new European currency. Present results indicated the same tendencies in the area of the attitudinal differences toward three characteristics of money (divisibility, portability and uniformity), and we may speculate that the reason of this finding is connected with affectional meaning money conveys besides its economical meaning.

Overall results of the present study suggested that our two hypothesis were partly confirmed – there were differences in attitudes towards three physical characteristics (divisibility, portability, uniformity) of money during single and dual currency period, and there was no differences in attitudes held towards the durability (physical characteristic) and stability in value (economic characteristic) as two other characteristics of money during single and dual currency period. The classification of characteristics of money in terms of its physical and economical properties seems not to be all-encompassing to explain differences in the subjective attitudinal meaning of money during singular and dual circulation. Generally, present research results provide evidence that attitudes toward currencies, especially in terms of physical properties of money, were influenced by currency exchange in the society during dual currency circulation.

This area of investigation seems to be of crucial importance, both pragmatic and scientific, for all the countries experiencing transformation in the area of currency exchange. From the economical viewpoint it is virtually easy to answer a question *What are good qualities of money?*, enumerating that money works best when it has the following characteristics: portability, durability, divisibility, stability, and uniformity. Answering to the question rooted in the economical psychology: *Are there continuities and discontinuities of respondents' attitudes towards money with regards to its good qualities?* was an essence of this preliminary descriptive study.

Future research efforts should attempt to improve upon the limitations of the present study - more representative samples are needed (the present study's sample was from one university) and hence limits generalization of findings, but provides preliminary information for a larger study. Research in the area of evaluation of national and European currency with regard to the currencies' divisibility, durability, portability, uniformity and stability of value before, after and during the introduction of the Euro would be endangered as taking new prospects in the area of functional meaning of money.

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