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Value orientation of the members of Z generation concerning to the financial competency

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Abstract

The generation of Z became more and more important part of the market cause of their early employee activity. That is why that this special consumer market became the focus points of several domestic and international studies. The generation of Z can be characterised with special consumer behaviour in case of general customer decision and from the aspect of value orientation, lifestyle and mindset. The generation marketing focuses on the factors mentioned above to find the core values and orientation points which could be used with success as a segmentation criteria to distinguish the different segments / generations and to sign the common features of them at the same time. Financial competency has been interpreted in our study as a part of the consumer behaviour influenced with several factors (external, internal ones). The main cause of focusing on the finance competency of Z generation is to understand the youngsters attitude the financial questions and decisions to define the most important elements of an education campaign which could be well-targeted in case of increasing the consciousness of this generation from the aspect of financial issues. In the frame of quantitative research with the help of standardized questionnaire we analysed the consumer of Z generation, focuses on their attitude toward money and investments, and analysed their financial competency from cognitive and affective aspects. It means that we also analysed their value orientation in case of different financial decision and their knowledge about handling money. We believe the research results could be useful for the financial supplier for understanding the special requirements of the Hungarian youngsters to create a proper solution in case of develop financial service and product for them. On the other hand the results also could be helpful for preparing relevant teaching and education programme for increasing the financial consciousness of Z generation.

Keywords: primary research, Z generation, financial competency

1. Literature background

The theoretical background of our study is based on the value-based consumer behavior models, ont the other hand the generation marketing. Systematically following this logic, focusing on these pilars presenting the relevant literature background.

Consumer behavior is defined by value trends in the longer term. It can also be interpreted as an external aspect of the value system of the individual's consumer andconsumer decisions. While examining consumer’s habits, we can’t ignore the changes in lifestyle and value system. It is no coincidence that sociological and anthropological theories are the starting points for many marketing researches, providing a basis for exploring the inner context of the factors that determine consumer confidence. The value system analysis has a decisive role in exploring the internal context of consumer behavior, it is no coincidence that methods were used in the 1960s, consumer behavioral analysis were built on the basic contexts of lifestyle and value systems, think only of AIO or VALSI and VALSII methods (Veres, 2004). According to the interdisciplinary approach of consumer behavior, the value system is linked to two environmental elements, cultural and social factors. Every society within its own borders develops a value and pre-emptive system of its culture that defines the behavior to be followed within its boundaries. For social factors, value can be linked to lifestyle, standrad of living and status dimensions. Sociological and consumption sociological approaches show a difference in terms of the importance of cultural, social or individual determinism of the value (Hofmeister-Tóth, 2003; Andorka, 2003; Giddens, 2003; Hawkins-Best-Coney, 1992).

In our opinion, based on theories, everyone can determine the culture of a given group, but group values are influenced by the determining circumstances and circumstances of everyday life. Among the valuation methods used in psychology one of the best-known in marketing science is the Rokeach Value System (1973 in Horváth, 1996) and Mitchell's "Values and Value Styles" (1983 in Horváth, 1996).The list of Kahle's values (Kahle, 1985) is already well-suited to consumer behavioral research adapting to the characteristics of market research (Hofmeister-Tóth, 2003). Value-measurement methods play an important role in expanding the toolkit of marketing research to give them the opportunity to analyze the consumer's preference and how the customer's decision-making is based. With some kind of further consideration of the value-measurement methods, values-based consumer behavior models were based on the value measurements made possible by the above mentioned methods. Based on the measurement of these values, these models were intended to explain the motives for product and service selection.

Value-based consumer behavior theories (Horváth, 1996; Grunert, 1996 in Lehota 2001) have a common feature and assume a relationship between the consumer's choice of product and service choice and the value system. These theories' concept inspired us to extend the relationship between value system and consumer behavior to financial competencies and to analyze money-related decisions, and validate the existence of a relationship between individual value orientation and financial decisions (awareness) in the case of Z generation.

2. The characteristics of Z generations from the aspect of generation marketing,

The difference between generations as a segmentation criterion can be successfully applied in many areas of marketing. The reason for this is that the generations can be characterized very well along the common values that are expressly assigned to them. Values, common experiences, the identities that make it possible for them to characterize a generation, since these attributes connect people, they represent a kind of organizing principle between a variety of individual fates, stories, and characteristics. Identities within generations frame the decisions of the people who belong there and also distinguish them from other generations (Törőcsik, et al, 2014).

The members of the Z-generation - the target group of our primary research project - have been fully integrated into the world, which is increasingly determined by the various digital technologies: they are the IT or Digital X (DX) generations. The Z-generation, which started working in the early years of the 21st century, is characterized by rapid changes. Named not by accident the English word "zappers", that is, "catching, jumping". They live in a much faster rhythm than their predecessors, and if they do not like something - like a job – the're ready for immediate changes. Compared to their predecessors, they represent a completely different world: modern techniques, information technology, and the online world have become adults with them and become part of their personality. They live their social relationships at the same time in the real world and in the virtual world as well. For them, it is self-evident that their everyday communication, emotional, social life, creativity and playfulness are shared by the mobile phone, internet and the digital assets, shared with each other and with the widest public (Facebook, Twitter, Instagram, etc.) The members of the digital X practically never knew the world without internet, telecommunication and television. Do they therefore struggle with the lack of interpersonal skills and are unable to actively listen?

The crisis and the subsequent events drew attention to the deficiency associated with financial knowledge (Klapper - Lusardi - Panos, 2012). Before the crisis due to general welfare and unlimited liquidity, some groups were socialized as they haven't learnt to handle and allocate their money, because that message come from everywhere, that they can replace their lack of liquidity with loans. Before the crisis, Johnson and Sherraden (2007) have already pointed out that it would be expedient to involve the younger generation in the preparation of financial processes by extending the subjects taught in financial terms or even by involving family financial decisions. A similar view was already made by Osana, Tucker and Bennett (2003), as this could lead to greater financial responsibility. Irresponsibly borrowed, early, unreasonable consumption, either indirectly or directly, but can be linked to financial culture and the lack of financial culture. Examining financial culture has become an increasingly fashionable concept and research area. Numerous articles, research, thesis and diploma work deal with it, but exact, tangible steps have not really been made in the direction of development. Each major bank mentions the development of financial culture as part of CSR's activities, but notable results haven't been found yet.

The development of financial culture and knowledge is the responsibility of financial institutions, which are often part of CSR's activities as part of their activities (Lentner et al., 2015). The development of financial culture as a leader word is always positive, and there are positive examples and initiatives on the topic (bank-organized competitions for general and secondary school students, information publications, series of lectures, etc.), the main thing is that the development of the financial culture of young people is a priority, which can not be done without a prior assessment of their basic knowledge. After the level survey, it would be necessary to develop a strategy with all stakeholders involved (banks, education, government) in order to be able to release prepared, financially not illiterate economic players in the last step of the education system.

3. Methodology

The study introduces the results of a quantitative research focusing on the two aforementioned generations. We conducted a standardised questionnaire, subject to prior testing during the 2015-2016 data collection, both cases using the CAPI method. During the 2015 research, we received 2675 acceptable questionnaires from our sample, gathered through the snowball method. During 2016, we used the same sampling to collect 3736 questionnaires.

In our study of two consecutive years, we were focusing on the research of attitudes related to money, and the value of money.

We asked participants to rank statements on a four-level scale, based on how much they accept the statement according to their own opinions, where 1 was the complete disapproval, and 4 was the complete approval.

4. Results

In the first round, we analysed how the participants see the role, function and various value dimensions of money, and how important they consider them (Table 1).

According to the average values gained for the statements, we concluded that on the one hand, they considered the security and long-term value dimension of money to be the most important, and in case they have to earn the money themselves, they will value the money more. On the other hand, they didn't seem to see much value in the material possessions which can be bought with money, or the social value of money, or the value of connections.

During our research, we also wanted to know which statements or factors are the ones which, for some reason, are connected in the value statement and thought processes of participants.

In order to understand this, we conducted a factor analysis, which resulted in a multi-factor structure to be analysed. Apart from statistical indicators (KMO index and total variance value), we also considered the professional explanation of factor groups, finally choosing a four-factor structure to be the final version (Table 2).

In light of this, we can define the following factor groups:

- "Connection value of money": in this factor, there are elements which mean explicitly the connection capital which can be realised through money, and social connections, which the person can build using only money.
- "The joy factor of money": those elements, which are dominated with feelings of happiness realisable, reachable, and purchasable with money.
- "Long term value orientation of money": the group of elements made up of those considering money a tool of investments and savings. It's no surprise that due to this, the statement "Money should be spent, not amassed" was represented in the negative in this group. Reason is: this is a personification of money's immediate value, which is in opposition of its long-term use through savings or investments.
- "Value of alternative profit": a group of elements in which instead of money, the usefulness of time, social responsibility, social sensitivity dimensions were collected. Furthermore, the question of money's usefulness and value is further complicated by the question if that money was earned by the participant, or not.

Statements	Money's connection capital value	Money's joy factor	Money's long term value orientation	Money's value of alternative profit
I'm more valuable with more money.	0,84484	0,11006	0,00060	0,00624
With more money, I have more friends.	0,80081	0,02373	0,00264	0,10017
Those who have money are always happy.	0,74228	0,18359	-0,04997	-0,07041
Money is needed for me to build relationships with people I like.	0,72718	0,06145	-0,06460	0,14538
I'm more valued with more money.	0,70634	0,23011	0,09053	0,00204
Money can be used to buy anything.	0,55863	0,22380	-0,12294	-0,18244
Money is important, because I can use it to buy things necessary to my happiness.	0,17494	0,72153	-0,07468	-0,05695
Money gives a sense of security.	-0,06459	0,68137	0,12689	0,10165
If I have no money, I'm less happy.	0,25352	0,67746	-0,01776	-0,08689
The more money I have, the happier I am.	0,41092	0,62958	-0,05302	-0,06125
Money is important for me to reach my goals.	0,08057	0,57512	0,07045	0,25390
Money is value.	0,25462	0,41952	0,37796	-0,14026
Money needs to be spared.	0,02446	0,13565	0,82938	0,10514
Money should be spent, not amassed.	0,25432	0,27424	-0,70064	0,17155
I value money more if I'm the one who earns it.	-0,01305	0,12122	0,37263	0,33202
Money is important for me because it's my tool for helping others.	0,03312	0,07809	0,15335	0,68660
Money isn't as important as free time.	-0,00092	-0,07219	-0,16319	0,67694

Table 2: Factors by the perceived value of money

Source: personal research, 2016 N=3736 KMO=0,853; total variance=53,5%

We also conducted a cluster analysis for various factors (Table 3).

As a result for the cluster analysis, we defined four groups:

- The segment of "Undervaluing" (962 people), whom considered all factors less important compared to the other segments.
- The group of "Those happy via money" (1109 people), whom are participants overstating the joy factor of money, while understating its alternative usefulness (social use, or the factor considering time more important than money).
- The group of "Those preferring connections and savings" (534 people), whom value money the same as connections and savings they can realise using it.
- The group of "People want to live well by doing good" (1131), who consider the social usefulness of money the most preferred, while underestimating the joy factor value of money. This means that those are the people not aiming to realise their own goals and happiness, but are driven by the will to aid others.

	Clusters			
Factors	Undervaluing	Those happy via money	Those preferring connections and savings	People want to live well by doing good
Money's connection capital value	-0,727611799	-0,01648879	1,62377712	-0,131607749
Money's joy factor	-0,883816369	0,565230351	-0,873101719	0,609749961
Money's long term value orientation	-0,374471242	0,058717734	0,623443027	-0,033417514
Money's value of alternative profit	0,039506321	-0,93955529	0,118246105	0,831846434

Table 3: Segments by money's perceived value

Source: personal research, 2016 N=3736

We also analysed the various segments based on their ages (Pearson's Chi-square test significance value, and corr. std. residuum values were taken into consideration).

Based on the results, we can state that the group undervaluing all factors compared to other segments held the older members of the Y generation (26-39 y. o.) less than the prior estimate. This is not a surprising result, as the perspective which considers all values not really important is characteristic of younger generations that don't really have a solidified value system and preference system yet.

For the group who considered money the most notable tool of happiness, older members of the Y generation were more than the prognosis, whereas younger ones (20-25 y. o.) were scarcer than what we thought. This can also be logically described, as participants who already have their own wages, and are usually at the start of their career paths can also be described to be earning money for their personal goals, and the establishment of their futures (their own place to live, and their own family).

Among those preferring connections and savings, we found that there were more members of very young (Z generation) and older (X generation) members than assumed.

It seems that for youths on the starting point of their careers, still having no personal wages, the value of money is mainly found in its usefulness as connection capital. The other overstated dimension is the usefulness of money as investments, which this group considered more important. We believe that the preference for this dimension causes the appearance of members of the X generation in this cluster in higher numbers as well.

Among members overstressing the social and happiness factors of money, there were less members of the youngest generation than assumed, which is connected to how the very young generation still has no solidified value systems and preference systems related to perceiving the value of money, and can also be described via supporting and aiding others with money having no definitive and important role for people who don't usually have their own wages yet.

	Statistical indicators	Age groups				Total
Clusters		<20	20-25	26-39	40<	
Undervaluing	People	87	174	684	17	962
	Corr. std. residuum	1,840	1,795	-2,730	0,303	
Those happy via money	People	71	150	871	17	1109
	Corr. std. residuum	-1,909	-2,930	3,757	-0,394	
Those preferring connections and savings	People	59	91	369	15	534
	Corr. std. residuum	3,156	0,537	-3,037	2,246	
People want to live well by doing good	People	70	192	856	13	1131
	Corr. std. residuum	-2,258	0,796	1,176	-1,608	

Table 4: Generational attributes of segments based on money's perceived value

Source: personal research, 2016 N=3736; sig=0,000

5. Conclusion

In this study, we used generation marketing perspective to analyse the value systems related to attitude towards money for various age groups.

Based on the baseline of value-based consumer behavior theories, we used the generation marketing approach to examine the value system of young people regarding the judgment of money and how to make decisions about money, and the two descriptors of the relationship between the two descriptive variables.

Our other aim was to demonstrate the relationship between the judgment of the value of money and the way in which money management and financial decision can be made

As part of the quantitative research, we analysed 3736 acceptable questionnaires, and recruited participants using the snowball method.

Based on the results of analysing the value of money, we concluded that its role in security, and long-term value dimension were considered the most important, whereas participants didn't consider the material possessions, the social value, or connection value of money all that important.

Regarding the perception of money's value, we conducted a factor analysis for our statements, which yielded four factors as a result, based on the statistical indicators, and the professional description: Money's connection capital value, Money's joy factor, Money's long term value orientation - and Money's value of alternative profit. We also conducted a cluster-analysis for the factors, which yielded four segments as results: Undervaluing (962 people), Those happy via money (1109 people), Those preferring connections and savings (534 people), and People want to live well by doing good (1131 people).

In order to unearth the generational specifics of each segment, we analysed them according to their age constitutions. Based on significance values, we were able to determine a statistically sound connection between the segment one is a member of, and the age of said person. In light of this, we described the generational specifics of clusters.

As the next step of our research, we plan to further describe the segments' socio-demographic specifics, so that we obtain an even more in-depth picture of our various target groups. As this information may - we believe to - prove useful for those offering financial services, helping them clearly see the attitude of various consumer groups towards money, which may help in planning target group specific services and communication.

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