

Examining the Financial Attitudes and Behaviors of Y Generation via Structural Equation Modeling

Y Jenerasyonunun Finansal Tutum ve Davranışlarının Yapısal Eşitlik Modellemesi ile İncelenmesi

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Abstract

Members of Y generation composed of individuals born between 1980-2000, is a generation that has to work for living. In their lives, technology is one of the most important things. This generation, which does not like to work, loves entertainment and winning, acts aggressive to authority, consumes fast and has dissatisfied manner. Their most important characteristics are freedom, technology and loneliness. One other characteristics of this generation is having much self-confidence. The purpose of this study is to model the financial attitudes and behaviors of Y generation via structural equation modeling. With this purpose a Likert scale type questionnaire, ranging from 1 'strongly disagree' to 5 'strongly agree' is applied to 372 individuals via Computer Assisted Personal Interviewing (CAPI) on Pollyfy application. The data set is analyzed by SPSS and LISREL software. Results of the study indicate that, while the individuals of Y generation consider having an emergency funds a financial attitude, they mentioned that the financial issues do not confuse or depress them as a financial behavior.

Keywords: Financial health, financial behavior, Structural Equation Modeling

Paper Type: Research

Öz

Y jenerasyonunun üyeleri, 1980-2000 yılları arasında doğmuş, yaşamak için çalışması gereken bireylerden oluşmaktadır. Onların yaşamında teknoloji, birçok şeyden önemli bir yere sahiptir. Bu nesil, çalışmayı sevmeyen, eğlenmeyi ve kazanmayı seven, yetkililere karşı agresif bir tavır sergileyen, hızlı tüketen ve memnuniyetsiz bir tutum içindedirler. En önemli karakteristik özellikleri teknoloji ve özgürlüklerine düşkün ve tek başına olmalarıdır. Y neslinin diğer bir özelliği ise, özgüvenlerinin oldukça yüksek olmasıdır. Bu çalışmanın amacı, Y jenerasyonunun finansal tutum ve davranışlarını yapısal eşitlik modellemesi aracılığı ile modellemektir. Bu amaçla 1 "kesinlikle katılmıyorum" ve 5 "kesinlikle katılıyorum" şeklinde Likert tipi ölçeğe sahip bir anket Pollyfy uygulaması üzerinden Bilgisayar destekli kişisel görüşme formu yardımı ile 372 kişiye uygulanmıştır. Veri setinin analizi SPSS ve LISREL paket programları ile analiz edilmiştir. Çalışma sonuçları göstermektedir ki, Y jenerasyonu bireyleri finansal tutum için acil bir durum için birikim yapmaya önem verirken, finansal davranış bakımından, finansal konuların onları telaşlandırmadığı ve canlarını sıkmadığını ifade etmişlerdir.

Anahtar Kelimeler: Finansal sağlık, finansal davranış, Yapısal Eşitlik Modellemesi

Makale Türü: Araştırma

Introduction

Over the years, the prevailing paradigm to improve individual and financial family well-being has been fixated on teaching financial education and providing financial information. The assumption in academic institutions and training centers for practitioners was that financial education and financial information were the first steps leading to general consumer

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empowerment. An empowered consumer would have an advantage in the marketplace. This conventional assumption was challenged by McGregor (2005) (Delgadillo, 2014: 16).

Financial literacy is an issue which concerns all sections of society, thus also Y generation. The component parts of financial literacy can be discussed in the framework of financial knowledge, financial attitude and financial behavior. In this context, the main goal of this study is to examine the financial knowledge, attitudes and behaviors which plays an important role on the Y generation.

1. Generation Concept and Generation Y

The Turkish Language Institution explain the concept of generation as; a collection of people who were born in similar years and have experienced similar problems, problems and similar responsibilities (TDK, 2019). Every generation has its own characteristics, values, attitudes, strengths and weaknesses of them (Lower, 2008: 81). In general, the social, political, historical and economic conditions and similar problems of the same period born in the same years, sharing similar responsibilities, the human community is called a generation.

As a result of the researches carried out, the researchers evaluated the generations within certain historical periods and the generations were categorized with different names in each period. Generations from the past to the present are classified under five different groups (Williams and Page, 2011: 2):

Table 1. Generations and periods

Traditionalists (1930-1945)
Baby Boomers (1946-1964)
X Generation (1965-1976)
Y Generation (1980-1999)
Z Generation (2000 and 2021)

1) Traditionalists (1925-1945): usually born between 1925 and 1945, The Great Depression and the Second World War period, the generation of living. This generation is expressed as a transitional generation. Generations of people are careful, adventurous, and have a weak imagination.

2) Baby Boomers Generation (1946-1964): This 1 billion people born in the years of the “population explosion” just after the Second World War are called Baby Boomers.

3) X Generation (1965-1976): X generation relies more on themselves than the Baby Boomers Generation, who need Group support because they are used to meeting their problems on their own.

4) Z Generation (2000-2021): it can be said that this generation, also called “Internet Generation”, was a children of technology age. People in this generation are in human history, hands, eyes, ears, etc. motor skill synchronization is defined as the highest generation. (Keleş, 2011: 131).

5) Y Generation (1980-1999): Members of this generation composed of individuals born between 1980-1999, is a generation that has to work for living. In their lives, technology is the symbol of many things. They are narcissi, individual and entrepreneur. This generation, which does not like to work, loves entertainment and winning, acts aggressive to authority, consumes fast and has dissatisfied manner. Their most important characteristics are freedom and technology. Basic specifications of Y generation are their ability to use technology and loneliness. One other characteristics of this generation is self-confidence (Çelik and Arslan Gürcüoğlu, 2016: 119).

In addition, y belt is not easy to satisfy, eager to take responsibility, comfortable, comfortable in the face of high authority is expressed in the form of discomfort, y belt is the weakest points of concentration and time management can't be stated (Baltaş, 2011: 54).

The Y generation is able to do several jobs simultaneously, and if their employees are well managed, they become a rich source of talent. They want to take the time to develop these relationships and socialize (Lovely and Buffum, 2007: 67).

It is known that they are not too patient because they do not know the economic difficulties of Generation Y. This is the biggest disadvantage of the Y belt. Y belt is the most loyal follower of children's advertising world. Because the group literally has a consumer spirit. On the other hand, this generation of Brand Passion is much more than the other generations. They can even influence and direct their families that allow them to grow up like this. Individual demands are not limited and represent an important market segment for producers who realize this demand (Holtzhausen, 2006: 315). Carter (2008: 62) states that Generation Y is one of the most important generations for marketers as its members have strong ideas at an early age.

The Y generation, which shows different characteristic characteristics through birth periods and social cultural or technological events overlapped by these dates, carries the traces of its own period like other generations and is influenced by the unique structure of its time. People exhibit different purchasing behaviors as a result of their different wishes, habits and experiences. Each generation takes into account the likes of its own generation and is influenced by trends that are considered fashion. For this reason, marketing theorists have been able to divide the larger market into smaller chapters in order to identify and reach their target customers. One of these divisions is the method of separating people according to their ages (Behrstock and Cogshall, 2010: 31).

Marketers who can divide people according to their generations produce goods and services that will address these generations as a market segment based on the characteristics of these generations and form the marketing mix for the product accordingly.

2. Material and Method

2.1. Sample and Scale

In this study, to collect the data set, Klontz Money Behavior inventory (Klontzet al, 2012:33) is translated and adapted to Likert scale type questionnaire, ranging from 1 'strongly disagree' to 5 'strongly agree' and it is applied to 372 individuals via Computer Assisted Personal Interviewing (CAPI) on Pollyfy application. To analyze the data, SPSS and LISREL software are used.

2.2. Exploratory Factor Analysis

Exploratory Factor Analysis (EFA) is used when a researcher wants to discover the number of factors influencing variables and to analyze which variables 'go together'. A basic hypothesis of EFA is that there are common 'latent' factors to be discovered in the dataset, and the goal is to find the smallest number of common factors that will account for the correlations. Another way to look at factor analysis is to call the dependent variables 'surface attributes' and the underlying structures (factors) 'internal attributes' (Tucker and MacCallum, 1997: 172). Common factors are those that affect more than one of the surface attributes and specific factors are those which only affect a particular variable (Yong and Pearce, 2013: 80).

2.3. Structural Equation Modeling

Structural Equation Modeling (SEM) offers a means of developing and evaluating ideas about complex (multivariate) relationships. It is this property that makes SEM of interest to the practitioner of science (Grace, 2006:4). SEM represents the hybrid of two separate statistical

traditions. The first tradition is factor analysis developed in the disciplines of psychology and psychometrics. The second tradition is simultaneous equation modeling developed mainly in econometrics, but having an early history in the field of genetics (Kırmızı, 2008:89-90). SEM techniques provide us with excellent tools for conducting preliminary evaluation of differential validity and reliability of measurement instruments among a comprehensive selection of population groups (Raines-Eudy, 2000: 124).

3. Findings

The detailed results for EFA, and SEM are given in Table 2 and Figure 1.

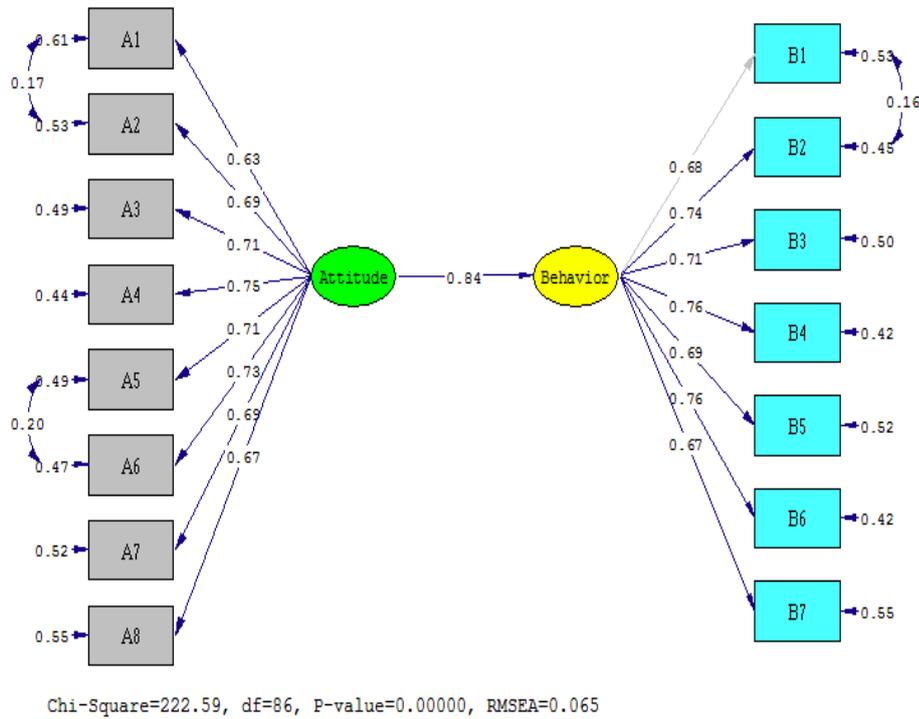
Table 2. EFA results and Cronbach's α values for the factors financial behavior and financial attitudes

Factors/Items	Factor Loading	Eigen value	Explained Variance (%)
FA (Financial Attitudes)			
FA1. I am saving for retirement.	0.681		
FA2. I am saving for goals such as cars, houses, etc.	0.666		
FA3. I have a plan for meeting my financial goals in the event I become incapacitated.	0.653		
FA4. I have an emergency fund.	0.772	7,465	49,765
FA5. I have a spending plan.	0.721		
FA6. I consistently follow my spending plan.	0.703		
FA7. I am taking the steps necessary to meet my financial goals.	0.681		
FA8. I can enjoy life because of the way I'm managing my money	0.614		
FB (Financial Behaviors)			
FB1. Financial issues do not confuse or depress me.	0.779		
FB2. I am proud of my financial situation.	0.755		
FB3. I could handle a major unexpected expense	0.736	1,208	8,055
FB4. I am securing my financial future	0.660		
FB5. I have money left over at the end of the month	0.653		
FB6. My financial behaviors are consistent with my values, goals and dreams.	0.673		
FB7. I feel good about how I interact with my family around money.	0.650		

As it can be seen from Table 2, according to the results of explanatory factor analysis, the items of the scale formed in two factors which we renamed them as Financial Attitude (FA) and Financial Behaviors (FB). The eigenvalues, variance explanation ratios of factors and the factor loadings of each item is also given in Table 2. The total variance explanation ratio of these two factors is calculated as 57.81.

Within the Financial Attitudes of Y generation, the item: FA4 "I have an emergency fund" has the greatest loading as 0.772. For the Financial Behaviors of this generation, FB1 "Financial issues do not confuse or depress me" has been found the most effective item with the loading of 0.779.

Figure 1. Structural Model for the Financial Attitudes and Behaviors



Goodness of fit statistics and the limits for the structural model given in Figure 1 is given in Table 3.

Table 3. Limits and the results of the structural model

Fitness Criterion	Perfect Fitness	Acceptable Fitness	Model
RMSEA	$0 \leq RMSEA \leq 0.05$	$0.05 < RMSEA \leq 0.10$	0.04
NFI	$0.95 \leq NFI \leq 1$	$0.90 < NFI < 0.95$	0.97
NNFI	$0.97 \leq NNFI \leq 1$	$0.95 \leq NNFI < 0.97$	0.98
CFI	$0.97 \leq CFI \leq 1$	$0.95 \leq CFI < 0.97$	0.98
SRMR	$0 \leq SRMR < 0.05$	$0.05 \leq SRMR < 0.10$	0.038
GFI	$0.95 \leq GFI \leq 1$	$0.90 \leq GFI < 0.95$	0.93
AGFI	$0.90 \leq AGFI \leq 1$	$0.85 \leq AGFI < 0.90$	0.90

Source: Schermelleh-Engel *et al.*, 2003, Doğan and Özdamar, 2017

(RMSEA: Root Mean Square Error of Approximation, NFI: Normed Fit Index, NNFI: Non-Normed Fit Index, CFI: Comparative Fit Index, SRMR: Standardized Root Mean Square Residual, GFI: Goodness of Fit Index, AGFI: Adjusted Goodness of Fit Index)

As it can be seen table 2, our model outputs are found to be between acceptable fit and perfect fit.

Besides these Fitness Criteria if the value of $\{\chi^2 / df\}$ is less than 3 it means that there is an acceptable fit. For this model χ^2 / df is obtained as $222.59/86 = 2.588$ that means the model is statistically significant.

When we examine the most important variable on Financial Attitude, the item; "I have an emergency fund" is found the most effective one with the coefficient of 0.75.

The results also indicated that on the Financial Behaviors of Y generation, the most important variables are "I am securing my financial future" and "My financial behaviors are consistent with my values, goals and dreams." with the coefficient of 0.76.

It can also be seen from Figure 1 that the attitudes of Y generation has a positive and big effect on their financial behaviors with the coefficient of 0.84.

4. Discussion and Conclusion

Financial health is one of the most important terms for people to feel and behave better in daily life. As in the past it has been observed from many studies, people's behaviors have a great correlation with their financial situation.

Besides by the changing world, peoples (new generations) behaviors are also changing. In this study which we examined the relation between the financial attitudes and behaviors of Y generation, the results indicate that there is a positive and great correlation between these two terms.

On the other hand, for the financial behaviors of Y generation the most effective factors are found as: handling with a major unexpected expense, being aware of the current financial situation and knowing himself for not being confused.

Being in a good position from the financial health is very important for Y generation especially in our country in recent years. As a result of this study it can be recommended to the individuals of Y generation to be much healthy from the financial side of the life is that;

Having a monthly spending plan and obeying this plan and having a little emergency fund for the unexpected expenses, being aware of his/her current financial situation and being consistent with their goals are the most important factors.

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