Stress Related to Financial Confidence

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Abstract

The purpose of this study was to analyze four-year college level students and the relationship of financial confidence, stress levels, between men and women. We hypothesized that a student's grade level in college as well as their gender might have an impact on how they are affected by stress, and how much financial knowledge and confidence that they might have. Using a fifteen-question online survey, we gauged over (150) students attending Arizona State University and asked them questions relating to both their financial confidence (nine questions) and their reported stress levels (six questions). The survey questions relating to this study were derived from two academic research studies. The first nine questions were found in a study analyzing financial knowledge amongst students, and the final six questions were taken from a study designed to gauge stress amongst students. After collecting the correlation data and interpreting it for our survey questions, we were able to conclude that all grade levels as well as gender did not have an overly significant correlation in terms of stress levels or financial confidence. Across the board, Arizona State University students seemed to have similar responses to the questions, and only a limited amount highlighted significance to either grade level or gender. Our study shows that the grade level or gender, college students experience similar amounts of stress/anxiety made no impact having a common level of understanding of their own personal finances.

There is a direct relationship between financial confidence and their reported stress levels amongst college students. Students facing financial burdens while enrolled in an undergraduate program are more likely to encounter higher levels of stress. This study utilized a survey in order to gauge differences in levels of stress and financial burden between men and women, as well as

the differences between students in different college grade levels such as freshman, sophomore, junior, and senior. Students are inundated by numerous factors which cause immense levels of stress. “Currently, 25% of college students drop out after their first year, and only slightly more than half of the students attending 4-year institutions complete their baccalaureate degree within 6 years of their first enrollment” (Coccia, 2016, p. 28). Whether it be meeting a deadline, coordinating a group project, or simply maintaining a certain GPA, students have an abundant amount of work to keep up with and can fall victim to stress virtually any time. This study is necessary in order to gain a better understanding of the extent to which a student’s total level of stress is affected by their personal financial confidence.

Addressing this extensive issue regarding student’s mental health should be the concern of educational professionals, regardless of where they are in the world. Finding new ways to adapt learning curriculums in order to create an effective, stress free environment would benefit both the student and the university. Another major factor which may contribute to already overwhelming amounts of stress amongst students are personal finances. Having agency in personal finances having the confidence to make educated, non-risky decisions is directly related to having lower amounts of stress. Many students are thrown into situations where they must undertake the role of being their primary financial support system while understanding money management directly following college. Not having adequate confidence to do so effectively can leave students with even extensive amounts of pressure more so than what their school schedules already provide. Understanding how financial confidence, or lack thereof, relates to stress levels which students experience could potentially benefit generations of students to come.

Stress is something that college students everywhere are extremely familiar with. Whether it be

due to daunting deadlines, over packed work schedules, or meeting a certain GPA requirement, there is always something that a student must consider, and therefore stress about. There has been an immense amount of research which investigate the excessive levels of stress that millennials (ages 18-33) must cope with, mainly amongst those who attend a four-year university. According to Coccia (2016) about "80% of college students reported being "moderately stressed" and about 12% reported being "severely stressed", in a survey conducted by the American Psychological Association" (p. 28). One must assume that even the students who reported only being only moderately stressed as opposed to being severely stressed have better coping mechanisms in place to deal with such burdens. College students are frequently faced with tremendous amount of workloads, and the ways that they deal with the daunting tasks in front of them, be it academic responsibilities or personal matters can make or break their own academic careers.

Coccia (2016) also states how the factors which may affect how a student may cope with such stress levels could be due to personal characteristics such as gender, or age (p. 29). Males and females may have extremely different methods of dealing with personal amount of stress, and even more so amongst the different age groups, or grades such as freshman, sophomore, junior, or senior. The more time a student spends in college the more burden of stress that they must manage and overcome. Students are more effective in being able to manage stress when a stressful situation may arise.

Peate (2017) reported that although many students might claim that college was "the best time of their young life," many students are less-happy and more anxious than they had ever been at any other point in their lives (p. 377). College provides an entirely new amount of

freedom for many students, and many of which do not necessarily know how to split their efforts between work and play. Dedicating too much time or too little time towards one of these two groups can leave a young academic dissolved and lost. Not considering oneself up to standard with surrounding peers can also leave a student feeling defeated and stressed when, most students do in fact struggle. What is stress, and how can we identify it if we cannot pinpoint an exact point of origin common across the board for young college students? Acknowledgment that stress can have both positive and negative attributes. Don Franks (1994) states how stress provides us with a wide variety of mental stimuli, which without we would all live "very bland and boring lives" (p. 1). People would not be able to "learn, grow, or strive for their optimal potential" without stress to push them forward (Franks, 1994, p. 2).

This positive reinforcement for stress in tight situations cannot be considered without looking at the negative aspect as well. Stress can affect the body negatively in several different ways, many of which include health complications or even depression. Overall, a broad definition of stress as reported by Frank (1994) is "the response to the environment, characteristics of the individual, or combination of these elements" (p. 2). Whatever the individual student's academic load might look like, stress will always find a way to either push the individual forward or hinder them from reaching their potential. One of the top priorities that many educational professionals should adopt according to Hewitt & Stubbs (2017) should be the integration of new learning technologies which will "maximize learning while also providing the support necessary to minimize student stress" (p. 1). Most universities such as Arizona State University, have an extensive amount of resources to assist students in times of need. The

varying levels of stress that individual students experience throughout their college careers must be viewed as one of the top limiters of their success.

Finances are looked at closely by most adults and individuals in the world today. Budgeting and saving are major components of finances and are crucial to the success of the individual. Parents eventually think about their children's opportunity of attending college and if they choose to attend, will they be able to afford it or at least find a way for their child to get a loan, financial aid, or scholarships. As a young adult enrolling in college these are major concerns to think about, but some students think about this more than others. For example, according to Haultain (2010) in New Zealand "student loans are at the top of the list of non-housing debt for all New Zealand households" (p. 322). In other words, the most debt in the average household directly relates to student debt. Where a great deal of stress comes into play is questioning if one's major will make them enough return in order to pay off the loans in the future. As you can see, student debt is a very important thing to be looking at not only in New Zealand, but across the globe.

According to Despard (2016) on average "seventy percent of students looking to attend a college or university in the United states borrow money to attend school" (p. 8). That's saying almost 3 in 4 students attending school are accruing some kind of student debt. Of course, their individual debt varies from student to student and can be very low, it still counts as student debt. It also can be very high and the chance of them paying it back anytime in an adequate amount of time might seem unrealistic. This is where a good deal of students run into financial difficulties which follow them through their adult life.

The choice of your degree can play a huge role on your finances while in college but also when you graduate and get into the workforce. The medical field is a great example of this. If a student is aspiring to go to medical school and become a doctor, most likely the student will be in school for at least eight years or more. Going to be a medical professional is one of the costliest degrees to obtain and this being due to the amount of time in school. Many professions in this field will come along with larger salaries which most would believe would be easier to pay off quicker. This is not always the case though for everyone. According to a report by Grayson, Newton, and Thompson (2012) on average "86% of students coming out of medical school in the United States had come out with some number of student debt from their time in university" (p. 983). When looking at that statistic, many begin to wonder. How many of those were going to be general practitioners, compared to doctors like anesthesiologists, radiologists, surgeons, etc.? Included in this particular study by these three scholars stated the average amount of debt these students had was around "158,000 dollars" (Grayson, Newton, & Thompson, 2012, p. 984). Taken from Grayson, Newton, and Thompson (2012) now looking at the average salary of a doctor was around "180,000 – 200,000" with the highest of earning doctors being over 400,000 (p. 984). If a student were on the higher end, the student debt does not seem like an issue and the investment was worth it, but if the student were on the lower end, it may take longer to pay off. According to the article by Perna, Kvaal, and Ruiz (2017) even though most students will borrow for college and accrue student debt, "it is still worth it for them and is a profitable investment in the long run" (p. 284).

Many also believe that going to community colleges compared to spending the time all four years at a four-year university will lessen the student debt, and for some, that is true.

According to the article by Baker and Doyle (2017) most students who attend community college for their associate degree "do not borrow to pay for the education they receive at the community college" (p. 132). However, the amount of credits in which the students completed was less and when they had paid for the credits, there was a direct correlation found that not only were more credits completed, but in less time. Therefore, when students paid for their school instead of getting it for free, they were more successful. A good point about this though is that the students had far less debt from a community college rather than if they had spent their time at a four-year institution. The number is somewhere around "two thousand dollars per year at the community college compared to a far larger number usually at a four-year institution" (Baker, & Doyle, 2017, p. 145)

Students pursuing an undergraduate degree suffer from a lower level of financial literacy which creates an aversive risk for mental health implications. Sussman and O'Brien (2016) "observe the most costly borrowing when maintaining the savings in an account is relevant to a consumer's sense of responsibility" (p. 801). The amount of personal responsibility is evident by an individual who has a very specific financial goal. Students financial goals are all unique, but a student's agency regarding their financial literacy directly weighs in on the amount stress perceived in one's life. Students expect to "borrow from their future and expect their credit limit to truly capture their future earnings potential" (Soman & Cheema, 2002, p. 36). This course of action can result in areas of issue such as over spending, lowered credit scores, or even going into debt due to keep up with their friends. Long-term planning and an attempt to figure out a financial goal throughout college can limit the amount of debt following graduation.

Gender roles create a distinct level of attitude differences of the value for acquired money. According to Edwards, Allen, and Hayhoe (2007) "men tend to view money in a more agentic role while women perceive money in a more communal role" (p. 92). Male students' perception is to continuously drive to power while gaining wealth whereas women's perception is to focus on retention of monetary value rather than obsessing over it like male students (Edwards, Allen, & Hayhoe, 2007). Students receiving monetary benefits from their guardian tend to be more emotionally dependent more so than students experiencing anxiety about their finances (Edwards, Allen, & Hayhoe, 2007, pp. 98-99). Both male and females have expectations, by their guardian figure, to manage their finances accordingly while in college. Students attending college should be able to engage in less risky financial decisions. Financial education programs promote a better understanding on finances would directly affect the accrued amount of risky financial decision made by a young adult (Xiao, Tang, Serido, & Shim, 2011). Parental involvement and guidance, both directly and indirectly, leads to a better understanding of one's financial ability in controlling finances (Xiao, Tang, Serido, & Shim, 2011). Involving children at a younger age will deepen their understanding and build their confidence in their ability to adapt to managing their finances. Programs in school such as, "working with a student, on a regular basis, in preparing plans and goals for their personal finances in addition for follow-up feedback would promote better financial responsibilities" (Xiao, Tang, Serido, & Shim, 2011, p. 240). Parents should guide their children in making appropriate financial decision rather than enabling them when they might encounter a risky financial situation.

Students often encounter risky situations when spending to appear that they have more than what they in fact own. Risky credit card behavior has a lasting effect on both credit and

mental health. Many universities "deliver prevention programs and implement policies on variety of high-risk health issues" (Adams, Troy & Moore, 2007, p. 102). Prevalent health issues can surface when a student does not have a sense of understanding regarding their financial literacy. Debt avoidance can be harmful to a student's emotional well-being and can in turn surface.

Methods

Participants

Participants (N= 150) included 34 freshman, 37 sophomores, 43 juniors, and 36 seniors (M=2.54, SD=1.09). Of those 150 undergrad participants, 39 identified as male, 108 identified as female and 3 identified as other (M=1.76, SD= 0.47). Participants were required to be at least 18 years of age to participate in this study. Participants were also required to consent to taking part in a survey which gauges both financial confidence and current stress levels. Participants must be currently attending college in pursuit of their undergraduate degree.

Design

Qualtrics Survey Software was used to administer the survey to participants. If participants were not 18 years of age or were not attending a university in pursuit of their undergraduate degree, they were immediately denied access and dismissed from the survey. If the participants qualified and met the requirements, then they advanced to the next steps and completed the brief survey.

Measures

Self-Disclosure

Self-disclosure was utilized using a five-point Likert scale. This evaluation measured participants confidence level when asked about a variety of financial disclosures, mostly tied into

education costs. This analysis measurement asked fifteen questions which were constructed by a scale that ranged from 1 (not very confident) to 5 (very confident). When analyzing the results, the students who had more confidence regarding their finances scored higher on the Likert scale. The composite measures used for the purpose of this survey were collected from two outside sources. The (9) questions presented on the survey which address confidence in the participant's financial confidence and stability are derived from a (Afifi, Davis, Merrill, Coveleski, et al., 2015) study analyzing economic uncertainty and communication amongst family members. The scales pulled from this study will help us to analyze differences in stress levels relating to monetary uncertainty as well as confidence. The (6) remaining survey questions we have included in our survey are scales pulled from a study which utilizes an "Anxiety Scale" (Onwuegbuzie, 2000). This study investigated different anxiety levels amongst students aiming to learn new languages in school. We found these scales particularly useful because much like the students learning new languages, college students are faced with similar situations and must learn to cope with both anxiety and stress in order to be successful academically.

Discussion

Gender: After analyzing the data we collected for both stress levels and financial confidence, it was clear that there was no major correlation between these two factors and the gender of the participants of the study. Out of 15 questions (nine designed to gauge financial confidence and six designed to gauge stress/anxiety levels), only six were determined to be significant. Four of the survey questions relating to the financial confidence portion resulted in significance, but this

type of result dispersed throughout the results, and did not directly point to any significant relationship. This tells us that even though there were a few positive correlations in our data, there was no sufficient data to tell us that student's gender really affects how they are impacted by either stress levels or lack/gain of financial knowledge. The way that students are affected by these variables seem to be rooted to a deeper relation, but not related to gender.

Class Level: After examining the correlations between class levels and the same two factors as before (stress & financial confidence), no major correlations were found to be able to draw a conclusion between these factors. Out of the 15 survey questions, only one (question #1) came back with significance for class level. This signifies that even though a single question came back with significance, there was not enough of a positive correlation between class levels and our two variables. Keeping this information in mind, we will not be able to state that a student's grade level impacts how the individual experiences stress or how competent their knowledge is financially. These two factors might be affected by a deeper variable other than class level or gender.

Implication

After analyzing the results of our correlational data, we were able to conclude that there was not a positive correlation linking age and class level to stress levels or financial confidence. Our stated hypothesis detailed that there would be a strong relationship between these two groups, but this was ultimately not supported by our data. Our data revealed that there was a

distributed amount of stress as well as financial knowledge amongst all college students, with no outliers to support strong knowledge of financial confidence.

Limitation

There were multiple limitations when it came to conduct this research on stress levels and financial confidence. Targeting only Arizona State University students limited our results to only students at a single university. Due to this limitation, our data could only represent a population of a single university rather a multitude of universities. The second major limitation involved with our study was the age requirement (18+). Due to this limitation, there would be no way for us to account for all students, mostly freshman, who might be under this age. We collected this data on Qualtrics, which is a computer application that pulls data from other digital users. Our data would not be representative of students who might not have had access to an online device at the time.

Future studies

Possibilities for future studies might benefit from looking at our same survey questions, but instead of using gender and class level, alternative variables could be used that might better serve to understand the financial correlation of college students. We did not find any real correlations between class level/gender and financial confidence/stress levels. If a future research group were to take our survey but compare the results to different factors in student lives might reveal more data as to why students feel stress and how they are affected by their financial knowledge/confidence.

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***Appendix A*:**

Informed Consent Document

If you decide to participate in our study, your participation will involve answering 15 questions focusing on your personal financial confidence and stress levels.

As a result of this survey, you may feel uncomfortable discussing your financial disposition. Stress levels may increase due to uncovering gaps in knowledge and confidence regarding financial standing. You may feel that your confidentiality is in danger; however, no information about your name or location will be collected, only information about school year and gender will be asked for.

Your participation in this study is completely voluntary. You may refuse to answer a question at any time and at your own discretion may choose to opt out of the study at any point.

While participation may offer you no direct benefit, you are assisting researchers in learning more about the relationship between stress and financial confidence. No compensation will be offered to participants.

If you have any questions about the study, please feel free to contact Jake Pearson at jdpears4@gmail.com. You may also contact George Bryant at gbryant1@asu.edu.

Sincerely,

Jake Pearson

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By continuing to the online survey, you acknowledge that you understand the above statements, are at least 18 years of age at the time of this survey and choose to willingly participate in this study. If you do not agree with the above statement or are not at least 18 years of age and/or do not wish to participate in this study, you make close the survey now.

Appendix B

Hello, you are invited to participate in student run research study regarding stress and personal finances. This study will be supervised by George Bryant of Arizona State University. Participation in this study is completely voluntary and will aim to connect personal stress and financial confidence.

Appendix C

How sure are you that, ONE YEAR FROM NOW, you will:

1. Be able to pay your tuition?

2. Be able to pay your rent?

3. Be able to pay your textbooks?

4. Have enough money to meet your expenses?

5. Have health insurance?

6. Have enough money to cover a major health issue?

7. Have your typical amount of savings?

8. Be able to maintain the same lifestyle you currently experience?

9. Have enough money to afford a well-balanced diet?

Scale is based upon a 1 to 5 Likert-type scale with 1 being “very unsure” and 5 being “very sure.” There was also a column where participants could check which items were inapplicable. The items were then all reverse coded and the NA category was removed

1. Learning new financial information does not worry me, I can understand it in no time.

2. I am anxious with my finances because, no matter how hard I try, I have trouble understanding it.

3. I do not worry when I hear new or unfamiliar words, I am confident that I can understand them.

4. I never feel tense when I have to speak about my financial situation.

5. I feel confident that I can easily discuss my financial knowledge in a conversation.

6. I get anxious when I have to speak about myself in front of an audience.

Scale is based upon a 1 to 5 Likert-type scale with 1 being “Highly Disagree” and 5 being “Highly Agree”. A score of 3 would be neutral representing no particular preference.