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A Pilot Study of Personal Financial Literacy Among Hospitality Students

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ABSTRACT

This study will utilize the personal financial literacy survey instrument developed by the Jump$tart Coalition for Personal Financial Literacy to measure the personal financial literacy of hospitality students at a Midwestern University as compared to a recently conducted national survey of all college students. It is hypothesized that hotel students in a hospitality business program will score higher on this survey than the overall college population. Descriptive analysis will be performed on all survey items. In order to compare the results of the single University sample to the overall college sample, both t-test and one way analysis of variance (ANOVA) calculations will be performed as the researcher is primarily testing for between-group variance.

Keywords: hospitality education, financial literacy, Jump$tart survey

INTRODUCTION

Although there is an evolving body of research and literature regarding the financial literacy of college students, no studies to-date have focused specifically on students in hospitality management programs. Researchers in both the financial services field as well as the education field have attempted to identify the current state of financial literacy among college students as well as the impact of personal finance education delivered to college students.

LITERATURE REVIEW

For the purposes of this study we accept the definition of Hogarth (2002) who describes financial literacy in behavioral terms stating that financially literate individuals are 1) knowledgeable, educated and informed on the issues of managing money and assets; 2) understand the basic concepts underlying the management of money and assets; and 3) use that knowledge and understanding to plan and implement their financial decisions.

Historically, detailed information has been available on the financial literacy of high school students, primarily through the work of the Jump$tart Coalition for Personal Financial Literacy. Every two years since 1998, this organization has administered a 45-minute exam to 12th graders throughout the United States. Their 2008 survey, given to 6,586 high school seniors, had a mean score of 48.3 percent (Mandell, 2008b). In 2008, for the first time, the identical questions were given to 1,030 full-time college students and a mean score of 62.2 percent was achieved (Mandell, 2008a). While the organization reported no inference or conclusion from the variation between the two groups, one can draw one or two inferences from this information which will help form the hypotheses for this study, particularly that financial education is increased over time.
Two additional studies focused on college students are highly relevant to this study. The first, conducted by Chen and Volpe (1998), and which built on work previously conducted by Volpe, Chen, and Pavlicko (1996) and Danes and Hira (1987), surveyed 924 college students from 14 college campuses. Their survey yielded a mean score of 52.9 percent. The second study surveyed 407 students at Texas A&M University – Commerce and was conducted in 2005 (Manton, English, Avard & Walker, 2006). The mean percentage score was 34.8 percent.

No studies have been conducted on business students in general or hospitality students in particular. As part of the ongoing research of the preparation of hospitality students for future business careers, a study of the personal financial literacy of college-level hospitality students is warranted.

**PURPOSE OF STUDY**

The purpose of the study is to measure the personal financial literacy of hospitality students at a Midwestern University as compared to a recently conducted national survey of all college students. It is hypothesized that hotel students in a business program will score higher on this survey than the overall college population due to their interest in business and exposure to business concepts in their coursework.

**RESEARCH METHODOLOGY**

This study will utilize the personal literacy survey instrument developed by the Jump$tart Coalition for Personal Financial Literacy. Based on personal correspondence with the survey’s author, it has been determined that this instrument may be used for any scholarly purpose provided that the source is acknowledged. This survey instrument has been well tested and was given to 6,586 high school students and 1,030 full-time college students in 2008. The instrument consists of 31 multiple choice questions which are designed to test personal financial literacy. In addition, there are 25 classification questions on items including demographic and the personal investing factors. This survey is believed to have established content, predictive, and construct validity through its prior use and pilot study will not be conducted due to the extensive prior testing and use of this survey (Lucey, 2005).

**Sample**

The sample will consist of all students enrolled in hospitality management coursework at a single Midwestern University in the Spring 2011 semester. In this case the sample will consist of the entire population. As such there will not be random sampling or stratification, although these techniques may be used in future studies in this area. There are expected to be approximately 100 unique students enrolled in hospitality courses for the Spring 2011 semester. As the surveys will be provided during class time, the response rate is expected to exceed 90%.

**Procedures**

Approval of the survey and associated procedures will be obtained from the Institutional Review Board (IRB) at the University where the research will be conducted. It is expected that surveys will be administered during the week of April 4-8, 2011. During this period, 11 courses
will be offered and it will be possible for the researcher to personally oversee the administration of the survey to each class. This oversight will prevent completion of the survey on multiple occasions as each student will only be offered the survey once. No premium or other benefit will be offered to the participants other than the option of receiving the results of the study upon its completion.

**DATA ANALYSIS**

Descriptive analysis will be performed on all survey items. In order to compare the results of the single University sample to the overall college sample, both $t$-test and one way analysis of variance (ANOVA) calculations will be performed as the researcher is primarily testing for between-group variance. This will enable the researcher to determine if there are statistically significant differences between the single University population and the national college sample. Analysis will be performed using SPSS Version 17. Given the anticipated high response rate, non-response bias is considered to be minimal. However, given that the survey will be administered over the course of a week and some students may be made aware of the questions by prior respondees, wave analysis will be conducted by class to determine if there is a change in average responses over time.

**POTENTIAL LIMITATIONS AND AREAS FOR FUTURE STUDY**

Because only hospitality students at a single University are being included in the initial study, results should not be generalized to broader populations. Also, while the survey results from Jump$Start are available for each question, no relationships can be drawn based on responses from individual students as the original survey data is not made available to the broader research community.

Additional future studies in this area will be conducted to measure 1) the personal financial literacy of hospitality students among different universities (cross-sectional) and 2) the efficacy of coursework in personal financial management based on pre- and post-course surveys (longitudinal).

**REFERENCES**


