

**Attitudes Toward Free Markets and Interest in
Pro-Market Organizations:
Evidence from Students In Free Enterprise**

Amanda S. King
Georgia Southern University

John T. King
Georgia Southern University

It is not surprising that students who study free markets tend to have a positive attitude about free markets. For example, Breeden and Lephardt (2002) find that the higher the level of economics course the surveyed student is enrolled in, the more pro-market the student is. What they do not show, however, is if these students are in higher level economics courses because of their beliefs or if they have these beliefs because they are in higher level economics courses. In this note, we explore this question by examining whether students exhibiting an extracurricular interest in free markets without having necessarily studied economics or business tend to be pro-market. Surprisingly, we find that students who express an interest in joining Students In Free Enterprise (SIFE) are actually significantly *less* pro-market than their peers. Beyond this finding, our characterization of the student interested in SIFE relayed in this note should be useful to anyone recruiting for a business-related student organization.

SIFE is a non-profit organization with teams on college and university campuses around the world. Its mission is to “provide college and university students the best opportunity to make a difference and to develop leadership, teamwork and communication skills through learning, practicing and teaching the principles of FREE ENTERPRISE” (SIFE USA, 12). As the name implies, SIFE is

decidedly business oriented, but strives to attract students from all majors and backgrounds. SIFE team members plan, manage, and implement projects with the goal of teaching others principles that will increase their quality of life. The SIFE team on our campus started its first full year in the fall of 2004 with an intensive recruiting campaign. Student leaders visited approximately 30 classes in the College of Business Administration. We surveyed¹ students from these classes to learn more about the type of student who is likely to be interested in SIFE.

Our work can be linked to two distinct bodies of literature. The first deals with attitudes and beliefs regarding free markets. According to Breeden and Lephardt (2002), male students and students with higher grades in economics courses are more pro-market. Parker, Spears, and Jones (2002) use factor analysis to show that a student's degree of economic conservatism is influenced by locus of control and by gender and personality. Gender and personality are also shown to influence individual economic decision-making in Parker and Spears (2002). Barilla, Parker, and Paul (2005) use the Rotter conceptualization of locus of control to determine student personality types and find that different personality types impact students' perceptions of free markets. Students who believe they have control over their environment are more likely to be pro-market than are students who believe they have no control over their success. A second body of literature deals with the benefits of students becoming engaged on campus outside of the classroom. See Astin (1975 and 1984), MacKay and Kuh (1994), DeSousa and Kuh (1996), Watson and Kuh (1996), and Furr and Elling (2002) for research on this topic.

Data and Results

Our survey included basic demographic questions, questions about whether or not the student heard the SIFE recruitment presentation, their response to the presentation if they heard it, and

¹ The survey instruments used are available from the authors upon request.

questions from a survey created by Breeden and Lephardt (2002) on student attitudes toward free markets. These were used to determine the characteristics of students interested in SIFE. Ten classes were sampled, all of which heard the presentation from the same student. Responses were received from 359 students. Thirty percent of the respondents reported majors in the College of Business Administration compared to only 20% of students university-wide, but eight of the ten classes sampled were freshmen level, meaning that even these students had a limited exposure to business in an academic setting. The other colleges represented in the responses were those of Liberal Arts and Social Sciences (15%), Health and Human Sciences (15%), Science and Technology (10%), Education (9%), and Information Technology (3%). The survey was completed at a regional comprehensive public university in the southeast with about 16,000 students. Approximately 90% of the students were full-time, 52% were female, 72% were white, and 23% were African-American.²

Females were more likely than males to sign up for more information (females made up 48% of those who responded and 54.1% of those who signed up). African-Americans also signed up in higher proportions than other races (15% of respondents and 18.8% of those who signed up), a result that is consistent with that of other researchers (e.g., see Watson and Kuh, 1996). We conducted means tests to compare the free market attitudes of those who responded to the recruitment talk with those who did not. Table 1 gives results for means with significant differences. Variance ratio tests determined whether we used T-tests with unequal variances or with equal variances. All differences are significant at the 5% level unless otherwise noted.

Those who signed up for more information upon hearing the presentation were significantly more likely to attend the first meeting. For those who did not attend the first meeting, students who signed up for more information were significantly more likely to report scheduling conflicts or forgetting about the meeting, and were also more likely to

² Complete descriptive statistics are available from the authors upon request.

report either having attended another meeting or plans to attend another meeting. Those who neither signed up for more information nor attended the first meeting were more likely to report having not attended because they were not interested, or because they didn't know about the meeting. These results are important because they imply that students did not feel pressured to sign up for information regardless of interest.

Our most interesting finding is that students who signed up for more information about SIFE were actually more likely to hold a negative view of the free market system than students who did not sign up. They were more likely to report believing that the free market system encourages greed and materialism, and that it leads to the abuse of natural resources. We examined the differences between male and female students to see if these results were being driven by the fact that the majority of students who signed up were female. In most cases, females had less favorable views of free markets than males, although neither group reported particularly strong beliefs. The only cases where males had less favorable beliefs than females were for the statements that "free markets encourage unethical business behavior" and "lead to excessive risk of business failure." Breeden and Lephardt (2002) and Parker, Spears, and Jones (2002) find that females are less pro-market than males. Our results³ confirm these earlier findings, but it is important to note that the significant differences between those who

³ We created an index measuring how positively the students in the original survey feel overall about free markets and found that males have more positive beliefs than females. Again, neither group had particularly strong beliefs. Eleven of the questions in the Breeden and Lephardt (2002) are negative statements. Thus, a response of 1 means that the students are more pro-market. To obtain an overall score of pro-market beliefs, the negative statements were recoded so that a 1 is a 5 for "pro-marketness." Then the 20 responses are summed for each individual. The least pro-market response is now 20 and the most pro-market response is 100. The data was sorted by gender, and a means test on the pro-market score was done. The male mean score was 64.97, and the female mean score was 62.54, making males slightly more pro-market than females, but with neither group having a particularly strong pro or anti-market belief.

signed up for information on SIFE and those who did not are not the same as those between males and females (see Table 1). We take this as an indication that our results are NOT being driven by the makeup of the group.

Finally, we sent an email survey to all 71 members of the SIFE team. Fifteen students responded for a response rate of 21%. We asked students for basic demographics, to rank how active they had been in SIFE during the year, and how they heard about SIFE originally. The survey also included the Breeden and Lephardt (2002) survey on attitudes about free markets. Seventy-three percent reported having attended more than five meetings during the year, while 66.7% reported actively participating in one or more SIFE projects. See Table 1 for the significant differences between the group of people who sought more information about SIFE and the smaller group that actually actively participates in SIFE. Neither group strongly believed that the free market leads to insufficient provision of important public services, although those who are members of the team were less likely to believe this than those who only sought information.⁴ In this respect, members of Students In Free Enterprise had a more favorable view of free markets. Members of SIFE were significantly more likely to believe that free markets lead to inflation. While this result is surprising, it is in line with our other findings that students interested in SIFE have less favorable views of free markets.

Conclusion

Our findings seem to support the idea that students' positive attitudes towards free markets are the result of education rather than an inherent interest in business or market activity. We were surprised to learn that, of the students in our survey, students interested in SIFE and

⁴ While it is true that any non-rival good (whether purely public or not) will be undersupplied by competitive markets, we follow Breeden and Lephardt (2002) in interpreting this belief as a negative view of free markets.

members of SIFE held less favorable views of free markets than those who were not interested in the organization. Since the goal of this organization is to teach the merits of free enterprise, this is not as expected and warrants further study. It may be that the curriculum being taught in business courses focuses on the benefits of a free market system while the popular press focuses on its negative effects. Students with a primarily extracurricular interest in markets would thus have more exposure to the negatives. Over the next few years, it will be interesting to see if a greater understanding of free markets through hands-on experience in SIFE will lead to more favorable views about free markets for these students. Alternatively, their understanding and awareness of the free enterprise system may lead them to cautious support as they learn of both the merits and the ethical and social dilemmas that a market economy creates.

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