Making Financially Confident Decision-Makers Who Are Real-World Ready

Girl Scouts of Southeastern Michigan February 2026 White Paper

girl scouts of southeastern michigan

Executive Summary

Financial literacy and economic well-being begin forming in childhood and adolescence, often before children can understand specific financial concepts. As children get older, they gain a deeper understanding of the economic world around them. While financial knowledge and skills are important to learn, research consistently shows that financial well-being involves more than one's economic status and understanding of abstract concepts.

An important stage in financial well-being is a young person's economic identity development. Economic identity is how someone understands themselves in relation to money and financial responsibility. This identity, formed early in life, is influenced by important adults around a child reinforcing values and expectations of responsibility, while also involving the child in real financial decision making.

Another important factor leading to economic well-being is financial education involving experiential components. Financial education programs in which students practice the financial concepts they learn have consistently outperformed lecture-based financial education in building financial confidence. Financial confidence is one of the single most influential determinants of financial well-being in adulthood. Experiential entrepreneurship programs allow for the practice of financial concepts with the added benefits of boosting a young person's confidence and interest in owning their own business as adults.

Gender gaps in financial confidence and entrepreneurship begin during childhood and increase into adolescence. Girls, especially as they enter adolescence, receive less encouragement to take risks, less exposure to economic responsibility, and to practice financial skills in real-world environments. Without early intervention to rectify these limitations, young women may experience negative long-term economic outcomes.

Girl Scouts of Southeastern Michigan (GSSEM) provides programming that allows girls to engage in real-world financial experiences. Experiential programs like the annual Girl Scout Cookie Program and the annually offered Surviving the Real World financial literacy program give girls early economic encouragement and provide structured opportunities for influential adults to instill a strong financial value system and teach important financial skills.

Evidence from the Girl Scout Cookie Program shows that youth develop responsibility, money management skills, goal setting, decision making, and financial self-confidence through this supported practice model. Surviving the Real World has resulted in significant growth in participants' ability to handle money matters and increased interest in concepts such as banking and saving money.

Early and regular investment in these types of experiential learning can bring about significant individual and societal outcomes, such as increased adult financial well-being and long-term public cost savings. For funders, supporting the expansion of this type of programming is an effective strategy to increase economic mobility and economic engagement.

Financial Literacy in Childhood and Adolescence

Financial well-being has been extensively studied and is defined in literature as "a subjective assessment of one's current and financial future life."[i] Financial well-being does not only cover financial knowledge and financial status, but also a person's perception of their financial knowledge and how well they can apply that knowledge in real life.[ii]

Financial literacy is an important component to creating financial well-being. Youth who lack financial self-confidence are more likely to accumulate debt, use "extreme coping strategies," and feel stressed over finances.[iii] Financially literate people have been shown to more effectively navigate economic challenges such as job loss and unexpected medical expenses.[iv] It has also been shown to protect against stress and anxiety that stem from economic crises.[v] Financial literacy and well-being are an important part of childhood and adolescent development, and developing this competency starts at a young age.[vi]

Economic Identity

An integral step on the path to financial literacy and well-being is economic identity. Economic identity is the way a person experiences themself in relation to money, responsibility, and decision-making.[vii] This identity does not form primarily through financial knowledge and skills, but instead starts with values instilled by parents, peers, and other influential adults in their lives.[viii] Relevant values to a healthy economic identity include self-respect, a person's sense of accomplishment, and a person's belief that they are capable of and expected to manage finances responsibly, a feeling of competence in relation to finances, and a sense of independence in financial decision making.[ix]

Economic identity is strongly influenced and improved with early and repeated exposure to real financial decision-making.[x] Children are more likely to develop a healthy economic identity if they are in conversations about the benefits and consequences of spending, the importance of saving and planning, and the opportunities and pitfalls of credit.[xi] In addition, there is a significant advantage to parents and guardians including their child in family financial decisions and discussing the outcome of those decisions in an age-appropriate manner.[xii]

When parents practice a culture of financial responsibility, youth internalize these standards and want to live up to the expectations that the adults set.[xiii] As a result, youth begin to see financial responsibility as an integral part of their identity.[xiv] Trusting young people with real financial choices helps them build confidence in their future ability to navigate the often tricky world of money matters.[xv]

The importance of experiential learning

While economic identity serves as a necessary building block of financial well-being, knowledge of financial concepts is also important in building financial capability and economic identity. Within the field of financial education, experiential and practice-based financial learning programs consistently show better outcomes than lecture-based programs.[xvi] Without financial exercise and practice, concepts remain hard to understand, and youth lack the confidence built through direct experience.[xvii]

When applied learning involves entrepreneurship, there are the added benefits of increasing students' intention to become entrepreneurs later in life and bolstering self-confidence in their ability to be entrepreneurs in the future.[xvii] Entrepreneurial skills include "taking calculated risks, formulating an effective team, organizing necessary resources, planning a business and recognizing opportunities."[xixi] While not all youth may go on to become entrepreneurs, these competencies directly overlap with the skills necessary for financial well-being.

The knowledge gained in financial literacy and entrepreneurship programs is important to financial well-being, and most effectively learned with direct practice opportunities. These opportunities help youth develop financial self-confidence, which is the strongest predictor of later financial health.[xx]

Gender differences in financial education and entrepreneurship

In early childhood girls are equally as likely as boys to volunteer for leadership positions and opt in to things they perceive as difficult.[xxi] In adolescence, however, girls begin to opt out of competitive subjects and activities, leadership roles, and risk-bearing decisions.[xxii] This is largely attributed to girls' receiving less adult encouragement to participate in these activities.[xxiii]

When exploring the impact on financial literacy and economic identity development, research shows that once young people reach adolescence boys are more likely to have opportunities to manage money independently, make their own spending and investment decisions, and are more encouraged to take financial risks.[xxiv] Conversely, adolescent girls' financial education and exposure has traditionally focused on saving, budgeting, and caution with money. In addition, families are less likely to share financial decision-making with adolescent girls. This results in girls feeling like finance and risks are "not for them," while boys their age start to develop financial self-confidence.[xxv] The resulting differences between adolescent boys' and girls' financial risk tolerance and financial confidence[xxvi] lead girls to report they are "good with money" at lower levels than boys the same age.[xxvii] The financial consequences of these actions, if not addressed, impact girls into adulthood.

Despite recent progress, women are still significantly less likely to start or own a business than men.[xxviii] Worldwide women only own one-third of businesses, and in 2019 only 20% of startups had at least one female starting member.[xxix] Researchers attribute this largely to gender disparity in funding for women's businesses.[xxx] In 2018 only 4% of total investment went to all-female businesses, with that figure dropping to 2% in 2020.[xxxi]

Experts recommend that to close the gap in entrepreneurship and funding society must normalize women's empowerment.[xxxii] Girls need access to an environment that teaches them that they are capable financial agents and gives them the opportunity to practice financial and entrepreneurial skills. Experiential learning that encourages girls to practice financial skills in real-world situations is necessary for their eventual adult financial well-being.

Experience in Action

Girl Scout Cookie Program

The Girl Scout Cookie program, initially starting in 1917, provides a real-world opportunity for Girl Scouts to build the psychological, behavioral, and social foundations that young people need to develop long-term financial capabilities.

Each year Girl Scouts begin the season of the entrepreneurial program examining what they might accomplish with the money earned through cookie sales. Options include using the money earned to support troop travel, field trips, meeting supplies, or for specific prizes earned based on number of boxes sold. Troops may also choose to use the money earned to offset the cost of uniforms and membership. After considering options, the Girl Scout or troop choose the goal they would like to work towards and determine the number of cookie boxes they must sell to reach that goal.

Leading up to the beginning of cookie sales, Girl Scouts learn about money management, people skills, and business ethics. Once cookie sales begin, youth practice these skills through real-life transactions and sale management. Under the guidance and support of troop leaders, parents, and other adult volunteers, youth take the lead in the sales, product, and money management.

This program provides parents, guardians, and other important role-models with a structured opportunity to help young entrepreneurs develop economic identity and financial self-efficacy. As discussed above, it is incredibly important to economic identity that youth learn values. In a 2016 report of Girl Scout Cookie Program outcomes, 94% of study respondents reported developing responsibility and integrity.[xxxiii] Girl Scouts in the program also reported the benefits of early exposure to the practice tracking money, with 88% of respondents reporting that they developed money management skills such as developing budgets, taking cookie orders, and handling customers' money.[xxxiv] In addition, 85% of respondents reported improvement in their goal setting capabilities helping them to increase economic self-confidence.

In addition to these specific outcomes, almost two-thirds (65%) of Girl Scout respondents reported that they improved on all five reported-on outcomes: business ethics, money management, goal setting capabilities, people skills, and decision-making skills. These entrepreneurial skills are directly transferable to economic identity development and financial well-being. As discussed above, economic empowerment is cumulative. Girls' practice of these skills during the Cookie Program deepens confidence, identity, and transferability of skills to other areas of their lives.

Surviving the Real World Simulation

GSSEM provides additional financial and entrepreneurship education programs throughout the year. One such program is the Surviving the Real World, which allows youth to practice their real-world financial skills in a "financial survival simulation." During the program youth navigate career choices, manage a budget, and make major financial decisions.

Surviving the Real World presents Girl Scouts with circumstances that they might face in real life and requires them to make decisions under pressure. Financial literacy as a life skill includes budgeting and spending, knowing about credit, debt, and tradeoffs, understanding how to save money and how to invest money.[xxxv] This program provides an environment where youth can experience and reflect on the consequences of their economic choices safely, allowing them to more confidently move forward with future financial decisions.

Funding Financial and Entrepreneurial Education

When children obtain the financial skills they need to navigate adult responsibilities, their individual gains can lead to societal returns. Research consistently supports that investments in children's development, especially childhood education and skill-building, create benefits into adulthood such as improved educational attainment, stronger workforce participation, and higher lifetime earnings.[xxxvi] Improvements in adults' education and applied skill development are associated with increased tax revenue, reduced reliance on public assistance, and lower costs related to the criminal justice and social service systems.[xxxvii]

In addition, research suggests that proactively identifying sources of inequity, evaluating the gender equity of funding policies and normalizing the empowerment of women are effective strategies in fighting the gender disparity in business ownership.[xxxviii] Recent estimates show that closing gender gaps in entrepreneurship could boost GDP by 6-12%.[xxxix]

Funders should focus on expanding financial and entrepreneurial education that allows youth to practice real-world financial decision making. Due to the continuing gender disparities in financial education and entrepreneurship globally, it is especially important for funders to invest in girl-centered models that have demonstrated positive outcomes. Programs that create opportunities for girls to practice economic decision making and that encourage girls to take financial risks can address early confidence gaps and support girls in becoming financially literate women. Financial support for this type of programming makes significant differences in individuals' lives, something that leads to widespread economic improvements.

Conclusion

Financial confidence and competence do not emerge organically in adulthood. Adult financial competency depends on early economic identity development, something created through the instillation of strong financial values, expectations around money, and real-world practice of financial skills and concepts. This financial practice is supported through experiential financial and entrepreneurial learning, which build the confidence necessary to foster financial resilience and confidence, things necessary for long-term economic well-being.

As youth mature into adolescents and adults, gender gaps develop in financial confidence and entrepreneurship. These gaps are not caused by girls' and young women's financial knowledge or abilities, but instead by unequal encouragement and access to practice opportunities throughout the most formative time in their economic identity development. These gaps often begin early in childhood and grow throughout their adolescence.

Girl-led programming such as the Girl Scout Cookie Program and other GSSEM financial literacy initiatives offer important opportunities for early economic empowerment and practice. The long-practiced Cookie Program provides a tested model where parents, guardians, and other important adults in girls' lives can teach important financial values, set expectations for responsible money management, and allow girls to practice their financial skills in a low-risk environment. This has led to measurable outcomes in financial confidence, financial and entrepreneurial skills, and economic agency.

Early investment in applied financial and entrepreneurship education can create long-lasting change on both the individual and community level. Financial education improves workforce readiness and increases economic preparation, which leads to long-term public cost savings. When programming addresses the gender confidence and opportunity gaps, it has the potential to not only change girls' and young women's financial futures but also address the negative impacts these gaps have on the economy.

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