Two Different Paths, One Destination: How Money-Views and Self-Views Jointly Influence Saving Behavior

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This research suggests that how consumers’ view of money, either as a means or an end, will result in systematically different preferences in their saving strategies. We further suggest that, when money- and self-views are aligned, consumers are more likely to make savings-oriented decisions.

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EXTENDED ABSTRACT

Recent research argues that how money is perceived (i.e., money-view) would affect individuals’ attentional focus (Lea and Webley 2006), which may then influence their strategies to pursue a goal (Chernev 2004; Higgins 1997; Pham and Higgins 2005). However, little research has investigated how different attentional focus of money influences consumer saving behavior.

The current research proposes that individuals’ money-views would predict the type of strategies they apply in saving. Prior literature posits that individuals view money as a means (vs. an end in itself) if they focus on the exchange value of money (vs. the money itself) (Lea and Webley 2006). This implies that, when individuals view money as a means (vs. an end in itself), they are likely to attend to how to use money (vs. how to accumulate money), highlighting potential financial losses (vs. gains) when saving is of interest. Hence, we propose that individuals who view money as a means (vs. an end) are likely to prefer a saving strategy that minimizes (vs. maximizes) financial losses (vs. gains).

In addition, the meaning of money has often been discussed together with the meaning of such social constructs as morality (Furnham 1984; Tang 1992) and power (Garbinsky, Klesse, and Aaker 2014; Rucker, Dubois, and Galinsky 2011; Yamauchi and Templer 1982). Therefore, the effects of money perceptions on saving behavior could be better understood when examined together with the effects of social perceptions, such as those of people’s self-views. Prior literature demonstrates that interdependent (vs. independent) individuals tend to focus more on losses (vs. gains), trying to minimize losses (vs. maximize gains) when pursuing a goal (Aaker and Lee 2001; Hamilton and Biehal 2005; Lee, Aaker, and Gardner 2000; Zhou and Pham 2004). By extending these findings to the context of saving, we predict that individuals who view themselves as interdependent (vs. independent) are likely to prefer a saving strategy that minimizes (vs. maximizes) financial losses (vs. gains).

More importantly, we further propose an interaction effect of money- and self-views on saving behavior. Past research posits that, when individuals experience a feeling of fit in the course of goal pursuit, they experience increased engagement, thereby being more motivated to pursue the goal (Higgins 2006; Lee, Keller, and Sternthal 2010; Wadhwa and Zhang 2015). Following this argument, we suggest that, when money- and self-views are aligned in predicting preferred saving strategies, such an alignment would increase individuals’ engagement in saving and their motivation to save.

In Study 1a (N=70), we test whether one’s money-view results in different preferences for saving strategies that emphasize minimizing (maximizing) financial losses (gains). Results showed that participants who wrote the essay supporting the money-as-end (vs. money-as-means) view generated more saving strategies that focused on maximizing financial gains (MEnd = .61, SD = 1.48 vs. MMeans = -.76, SD = 1.30; F(1, 61) = 16.37, p < .01). In Study 1b (N=109), we attempted to minimize demand effects of money-view manipulation used in Study 1a. We used a word scramble task with five words that are similar to the meaning of means (e.g., medium, procedure) or the meaning of end (e.g., goal, purpose), and a sentence completion task with three words for each condition. For the control condition, we used neutral words (e.g., computer, sheet) for both tasks. Results show that participants who were in the money-as-end condition generated a larger number of saving strategy that aims to maximize financial gains (M = .59, SD = 1.08), as compared to those who were in the money-as-means condition (M = -.52, SD = 1.06) or those in the control condition (M = -.27, SD = 1.54; F(2, 100) = 7.68, p < .01). Simple contrasts show an insignificant difference between the money-as-means and control conditions (p > .10).

In Study 2 (N=95), we test whether one’s self-view would influence her preferred saving strategy. We first manipulated one’s self-view (Trafimow et al. 1991). Then, participants were presented with ten popular saving strategies and asked to how much effort they would put into each saving strategy (summed up to 100%). The result shows that interdependent (vs. independent) participants allocated more efforts on saving strategies emphasizing minimizing financial losses (vs. gains) (MIndependent = 53.29%, SD = 17.15% vs. MIndependent = 65.42%, SD = 17.45%; F(1, 87) = 9.03, p < .01).

In Study 3a (N=221), we tested the interaction effect of one’s money-view and self-view on her saving behaviors. We used the manipulation of money-view from Study 1a, and the manipulation of self-view from Study 2 in a random order. As our key dependent measure, we asked participants to imagine receiving a windfall of $100 or $1,000 and make a decision on how much money to save. The repeated measures results show that there was a significant interaction between one’s money- and self-views in both $100 and $1,000 conditions (F(1, 214) = 7.47, p < .01). That is, participants allocated more money to savings when their preference for saving strategies induced by their money-view and by their self-view are aligned. By using the money-view manipulation in Study 1b, we found the similar patterns in money allocation decisions with $3,500 in Study 3b (N=217). A two-way ANOVA shows a significant interaction effect between one’s money- and self-views on the percentage of money allocated to savings (F(2, 205) = 7.66, p < .01).

This research contributes to the prior literature on saving behavior as well as the psychology of money. First, our research shows that one’s money-view plays an important role in her saving behavior. Second, we show that money view interacts with self-view in affecting saving behaviors. Practically, this research can guide consumers to choose appropriate saving strategies for their savings success depending on their perceptions of money as well as their self-construal. In our next study, the underlying mediation effect of the alignment of savings strategy on saving-related decisions will be investigated.

REFERENCES


