Do Financial Restrictions Deteriorate Or Improve Self-Control? the Role of Mindfulness

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Do financial restrictions influence self-control? In a series of studies that include an analysis of an archival data, three online studies, and one behavioral study, we demonstrate that the stage of financial restrictions influence self-control and mindfulness is the mechanism behind the found effects.

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EXTENDED ABSTRACT  
Perception that your monetary situation does not let you to consume what you desire or want is something prevalent that each individual might experience in life. This paper examines how the duration of financial restrictions influence self-control behavior of individuals.  

One stream of research on financial constraints demonstrate different coping strategies that people might use such as considering opportunity costs (Spiller 2011), efficiency or priority planning (Fernbach et al. 2015) or preferring material goods over experiences (Tully et al. 2015). All these findings suggest that those who are financially constrained are somewhat mindful (i.e., being aware of the present-moment and accept it non-judgmentally) of their current situation which helps them in controlling themselves from engaging in activities that might have positive consequences now but do not lead to long-term benefits. However, another stream of research suggest the negative effect of financial restrictions on self-control performance, as those who have scarce resources (e.g., financial resources) focus single-mindedly on managing the scarcity at hand and they might neglect other and even more important things (Mullainathan and Shafir 2013).  

In this paper, we provide a solution to these conflicting results about the effects of being financially restricted on self-control. We differentiate between duration of financial restrictions and suggest that these different findings actually refer to either having short-term or long-term financial restrictions. More specifically, we suggest that when someone perceives him/herself to be financially restricted for a short period of time, the person would not be mindful about the situation, which would deteriorate self-control. However, we suggest that the results would not be the same for those who perceive financial restrictions for a longer period of time. Imagine you go out for shopping. You like several items, having in mind that you have financial restrictions (i.e., you have mortgage bills to make, your expenses for the month are over your budget, etc.). Hence, you are mindful of your current financial situation. You control yourself and go to the cashier with the items that you would like to purchase (self-control task 1). You make the payment and then the cashier suggests you an offer with a discount on an item (self-control task 2). In this case, because you are mindful of your current financial situation, you would simultaneously experience the second self-control task with the first-one and you would be better off resisting the offer. Hence, we suggest that you would be better in self-control.  

We first preliminary tested our prediction using archival data of Bank of Italy for a period between 2006 and 2014. More specifically, using the archival data, we demonstrated that those who have financial restrictions for a longer period of time (a) spend less for both durable and non-durable goods ($\beta = .02$, $p < .001$) and (b) have more deposit savings ($p = .069$), controlling for the income and liabilities.  

In study 1, using an online panel, we randomly assigned participants to short-term or long-term financial restrictions writing-task conditions. The result demonstrated that those who have financial restrictions only for a short-period of time are more willing to pay for products that are offered to them impulsively compared to those who have financial restrictions for a longer period of time ($t(130) = 1.86, p = .065$).  

In study 2, we replicated the findings of study 1 using again an online panel. After the financial restrictions manipulation as in study 1, we asked participants to imagine themselves in two situations taken from Dewitte, Bruyneel and Geyskens (2009), where they need to decide between ordering a healthy versus unhealthy option in order to measure their self-control performance. In this study, we demonstrated that those who have short-term financial restrictions also behave impulsively in an unrelated domain compared to those who have long-term financial restrictions ($t(143) = 2.105, p = .037$).  

In study 3, we tested our predictions again in an unrelated domain by comparing preference for healthy versus unhealthy products in eating domain for both short-term and long-term financial restrictions conditions. The result showed that those who have financial restrictions for a shorter period of time prefer more unhealthy food over healthy food compared to those who have financial restrictions for a longer period of time ($t(109) = 1.668, p = .098$). Furthermore, we asked participants to complete the Mindful Attention Awareness Scale (Brown and Ryan 2003). We have also demonstrated mindfulness as the underlying mechanism explaining the effect of stage of financial restriction on self-control ($\alpha = .1855$, 90% confidence interval $[CI] = [–.43, –.04]$).  

In study 4, we demonstrated the effects in a behavioural context. Upon arrival to the lab, participants were randomly assigned to the mindfulness or control conditions; we manipulated mindfulness by asking participants to meditate following the instructions of the mindfulness app for fifteen minutes on a yoga mat. Participants in both meditation and control conditions were assigned randomly to short-term or long-term financial restrictions conditions. After reading two scenarios adapted from Spiller (2011), participants engaged in a writing task, to reinforce the duration of the financial restriction (i.e., short-term versus long-term) manipulation. Next, participants were shown the menu of the bar and they were asked to choose the items that they would purchase. For each item, participants were provided with calories and cost information. In this study, we demonstrated that while in the control condition, we replicated our key findings so that those who have financial restrictions for a shorter period of time engage in behaviour that is low in self-control compared to those who have financial restrictions for a longer period of time ($F(1, 93) = 20.94, p < .001$), the results were not the same for those who were in the mindfulness condition ($p = .218$). In the mindfulness condition, the effect attenuated so that self-control behaviour did not significantly differ among the different stages of financial restrictions.  

The results of this paper have implications for self-control, financial restrictions, and mindfulness literature by demonstrating the effect of stage of the financial restrictions on self-control.  

REFERENCES  

