

## MONEY ATTITUDE – AN ABRIDGEMENT

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### ABSTRACT

In today's materialistic environment, role of money is not limited to being a medium of exchange but has become means and end for our happiness and well being. Money is same universally but it's the individual's attitude towards it that makes the difference. One develops an attitude towards money on the basis of one's experiences and situations that one encounters over lifetime. The concept of money attitude is multidimensional and it has been studied in various socio-economic and cultural settings. There were many developments in money attitude area and various tools have been developed to measure money attitude and money related behavior. Thus the understanding of money attitude, factors determining attitude of an individual towards money and measurement of money attitude is not just important for academicians but also for psychologists, marketers, policy makers, sociologists and anthropologists. It is also of too much importance for administrators and management scholars to understand all the aspects of money systematically. This article summarizes various developments that have been made in this area and encapsulates the contribution of various researchers in this field. Further it brings in the scope of study of attitude towards money in developing countries like India.

**Keywords:** Attitude towards Money, Money related Behaviour.

## **INTRODUCTION:**

In today's materialistic environment, role of money is not limited to being a medium of exchange but has become means and end for our happiness and well being. It is the life blood, as indispensable as pure drinking water for our survival. As emphasized by Feldman that in this dynamic world only one thing has been constantly important and that is 'Money' (Feldman, 1957). Money is important, be it any phase of business cycle or life cycle. With persuasion of western ideas on developing countries like India as well as rising pressure of market driven culture, the importance of money in one's life is increasing day by day. Money is an essential and indispensable factor of our daily living and existence. It is important not only to take care of our social life but also forms an important ingredient for our emotional and pecuniary happiness. Money is powerful as it has ability to influence people's well-being and cognition. For those who lack money, it acts as a motivator. Money also has power to provoke anxiety and unhappiness for those who have it in scarce (Furnham A., 1996) and for those who have money in abundance; it acts as a tool to make an impression, as a means to expound their supremacy and acts a symbol for status representation. Money as a motivator has been considered a powerful tool for economic growth and development of nation (Furnham and Argyle, 1998). Economic growth and development of nation depends to a large extent on its human capital. It has been researched that human capital can be motivated to work hard by offering higher monetary benefits and incentives (Lynn, 1991). Money is required to perform all economic and social activities. It has a bearing on our spending behavior, political outlook and our performance at workplace (Roberts & Sepulveda, 1999).

## **MONEY ATTITUDE:**

Money is same universally but it's the individual's attitude towards it that makes the difference. Thus, the study of attitude towards money has a significant substance in the study of consumer behavior (Prince, 1991). With increasing significance of money in one's life in contemporary world, it is important to understand the attitude of people towards money because it is the money attitude that determines the money behavior of an individual. The justification for importance of study of money attitude comes from the strong cause and effect relationship between attitude and behavior (Foxall, 1983; Barwise & Ehrenberg, 1985; East, 1990). Money Attitude encroaches not only on actions but also on the way of thinking of an individual (Simmel, 1997). It has capacity to influence consumer culture.

The construct of money attitude has been explained by various researchers such as people's attitudes toward money seem to be acquired through edification, specialization, know-how, and financial behavior (Furnham & Argyle, 1998).

Money attitude research has been influenced most by Furnham (1984) and Yamauchi and Templer (1982). Motives underlying money attitudes range from striving for status and power and enhancing self-worth (Lindgren, 1980).

Thus we can conceptualize money attitude as one's perception about money. It is one's attitude which delineates one's behavior in money matters. Attitude we demonstrate in money matters are multiple, it encompasses preservation of social status as well as personal contentment.

One develops an attitude towards money on the basis of one's experiences and situations that one encounters over lifetime. As we experience different situations in daily life and as the circumstances change our attitude and behavior changes over a period of time. The decisions taken related to money fully depend on money behavior which is the result of influenced of ones money attitude. Individual's attitude towards money is depends on various factors such as such as individual's childhood experiences, education, financial and social status. Depending on these factors, the attitude towards money varies from individual to individual. The development of one's attitude towards money begins from childhood. The individual starts perceiving the attitude initially by observing parents, peers and friends and later by his observation of political, social and economic environment as a whole. Thus the understanding of money attitude, factors determining attitude of an individual towards money and measurement of money attitude is not just important for academicians but also for psychologists, marketers, policy makers, sociologists and anthropologists. It is also of too much importance for administrators and management scholars to understand all the aspects of money systematically.

## **MEASUREMENT OF MONEY ATTITUDE:**

The concept of money attitude multidimensional and it has been studied in various socio-economic and cultural settings. The multidimensionality of money is clear from different component and factors that have been discovered by various researchers, who have interpreted various meanings of money, revealed different values held by people for money and have entrusted a range of facets to money. Different dimensions, notional frameworks and particularities of money attitude have been examined so far and this article is an attempt to summarize contribution and findings in the study of attitude towards money. The major names associated with the study of money and measurement of attitude towards money are Price (1968), Wernimont and Fitzpatrick (1972), Goldberg and Lewis (1978), Rubinstein (1981), Yamauchi and Templer (1982), Furnham (1984), Tang

(1992), Forman (1987) and Mitchell et al. (1998).

Although there were many developments in money attitude area, the first pragmatic research on money attitude measurement was done by Goldberg and Lewis (1978), but it was Yamauchi and Templer (1982) who created the first empirically validated scale named as Money Attitude Scale (MAS). The contribution of Goldberg and Lewis was never validated but it was a significant contributor in the work of Yamauchi and Templer. Goldberg and Lewis suggested significance of money in terms of four values i.e. status, respect from others, freedom of choice, luxury of time.

The money measurement instruments have been categorized as peculiar measure which are the secondary measures tested once or twice such as measurement scale of Wernimont and Fitzpatrick (1972) which measured connotations of money, Lindgren's Scale (1980) which measured the perceptions of money on the 12 items rated on five point agree-disagree scale and Prince's (1993), the others are systematic measure that are robust and validated such as scales by Furnham (1984), Tang (1992) and Mitchell et al (1998). There are mainly three well developed measures of money i.e. Tang's Money Ethical Scale, Furnham's the money belief and behavior scale and Money Importance Scale by Mitchell, Dakin, Mickel, & Gray.

Tang's Money Ethical Scale (MES) has come up with six factors showing what money means to people. These factors are good, evil, achievement, respect, budget, and freedom. Furnham's investigation came up with a functional and adaptable instrument to measure beliefs and behavior regarding money. His study was comprehensive that studied the association of various demographic and social variables with money attitude and spending habits of individual's. His developed Money Beliefs and Behavior Scale (MBBS) which identified six factors i.e. obsession, power, retention, security, inadequacy and effort/ability. Mitchell et al. developed money importance scale (MIS) that has seven subscales such as value importance of money, personal involvement with money, time spent thinking about financial affairs, knowledge of financial affairs, comfort in taking financial risks, skill in handling money, and money as a source of power and status.

In addition to above measures on money, various tools have been developed to measure money attitude and money related behavior. Price's (1968) exploration came up with the development of Economic Value System which is a tool to recognize and evaluate economic standards of individuals. Wernimont and Fitzpatrick (1972) gave seven factors that described what money meant to individuals with different background. The seven factors are shameful failure, social acceptability, pooh-pooh attitude, moral evil, comfortable security, social unacceptability and conservative business values.

The study of Yamauchi and Templer (1982) resulted in a copious psychometric money attitude scale that yielded five factors i.e. power-prestige, retention time, distrust, quality and anxiety. Forman (1987) has proposed five money personalities that include spendthrift, miser, gambler, bargain hunter and tycoon. Out of all the above instruments Furnham (1984) MBBS and Yamauchi and Templer (1982) MAS are the most commonly used scales.

### **THEORETICAL BACKGROUND OF ATTITUDE TOWARDS MONEY:**

Money and attitude towards money as been tested for various demographic, attitudinal and behavioral variables have been various variables. The money has been associates with variables like compulsive behavior (Roberts & Sepulveda 1999; Hanley & Wilhelm 1992) Emotional Stability and Sensitivity toward others (Bailey and Gustafson 1991; Lown & Cook, 1990), income (Tang 1992), financial counseling (Bailey & Gustafson, 1991; Lown & Cook, 1990) education (Furnham 1984), age (Bailey & Lown 1993), gender (Graham et al. 2002) and materialism (Richins & Rudmin, 1994; Miriam Tartzel, 2002). Miriam Tatzel (2002) has associated money dispositions with different intensities of materialistic values that individual holds and has come up with classification of human behavior. She identified four types of behavior that can be predicted in relation to money i.e. Big Spender, Non-spender, Experienter and Value-seeker. It has been investigated that there is significant difference in attitude towards money between males and females (Prince, 1991; Lim & Teo, 1997; Gresham & Fontenot, 1989).

A research survey which was published in A Psychology Today survey report was administered to find difference in individual's beliefs about money (Rubenstein, 1981) and it was found that individual differences persist when it comes to people's belief about money.

A survey to identify the categories of shoppers on the basis of money pathology and found that spenders' money behavior ranges from spendthrift to miserly (McClure, 1984). Money attitude influences not only individuals' purchase behavior and political beliefs but also individual's attitude towards its environment (Roberts & Sepulveda 1999)

It has been researched in various cultural settings that people generally associate their success level to the amount of money they hold thus they work more towards achievement and success (Tang et al., 1997). Positive relationship has been found between age and education with inclination to financial planning. As the age

increases inclination for financial planning increases and similarly as the level of education increases propensity to do financial planning increases. It has also been investigated that people's money attitudes in the past and future differ between two nations (Bailey & Lown, 1993). Multiplicity of differences in perceived value of money was found among groups of people with different experiences, gender and socio-economic environment. Person's attitude towards money is very much influenced by these factors. Working individuals generally hold positive attitude towards money. Individuals who are not employed have negative attitude towards money such as they are more apprehensive and suspicious about money matters (Wernimont & Fitzpatrick, 1972). Attitude towards money is independent of individual's income level (Yamauchi & Templer, 1982). Studies have supported that there is a noteworthy dissimilarity in the opinion about money among people from different biographies such as students, trainees, scientists, technicians and hawker. Money has power to enhance self-esteem of individual's (Hanley & Wilhelm's, 1992).

Below is the Summary of contribution in the study of money and money attitude:

<b>Authors &amp; Year of Contribution</b>	<b>Contribution</b>
Price (1968)	Economic Value System
Wernimont and Fitzpatrick (1972)	Measurement Scale with 40 adjective pairs measured on seven point bipolar semantic differential scale Generated seven factors: shameful failure, social acceptability, pooh-pooh attitude, moral evil, comfortable security, social unacceptability and conservative business values.
Goldberg and Lewis(1978)	Forwarded four values that point out significance of money: status, respect from others, freedom of choice, luxury of time
Rubinstein (1981)	Money and Life Survey , published in <i>A Psychology Today</i>
Yamauchi and Templer (1982)	Money Attitude Scale (MAS): 29-item scale which records responses on a 5 point Likert type scale ranging from strongly agree to strongly disagrees. Generated five factors: power-prestige, retention time, distrust, quality and anxiety
Furnham (1984) & Kirkcaldy and Furnham (1993)	Money Beliefs and Behavior Scale (MBBS): 60 belief statements on 7 point agree-disagree scale Generated six factors: obsession, power, retention, security, inadequacy and effort/ability.
Forman (1987)	Money Sanity Scale Generated five factors: Spendthrift, miser, gambler, bargain hunter and tycoon.
Tang (1992, 1995)	Money Ethical Scale (MES): measured money as a symbol of achievement and success. 30 declarative statement type items were their in Tang's full fledged scale(1992) and Short-form of previous scale had 12 items. Generated six factors: good, evil, achievement, respect, budget, and freedom
Prince's (1993)	Seven questions to measure money belief and five questions to measure money value were used for measurement.
Mitchell et al. (1998)	Money Importance Scale (MIS) Generated seven factors: value importance of money, personal involvement with money, time spent thinking about financial affairs, knowledge of financial affairs, comfort in taking financial risks, skill in handling money, and money as a source of power and status.

#### **FUTURE SCOPE OF STUDY:**

The elucidation of conceptual and theoretical underpinning of money attitude and with increasing importance of money in today's materialistic world it seems imperative to explore the subject under study. The attitude forms the cognitive inducement that shapes the individuals behaviour is general. The money attitude of a person is the main controller of money related behaviour. The thorough understanding of the concept and the review of the developments that have taken place in the field has opened avenues of research in the field of money psychology. There is a scope of investigation of development in the attitude towards money over the lifetime. The changing magnitude of money attitude can be examined with the help of certain available instruments or a new instrument can be developed to measure attitude towards money social, cultural and economic settings that are different from the one for which the tools have been developed already. The gender comparison, cultural contrast etc could be the different areas where the study of difference in attitude towards money can be premeditated.

## CONCLUSION:

In the emerging economies like India, the sap of the study of attitude towards money still needs to be exhausted. Although the study of Money is as old as the study of human psychology, but the area of attitude towards money is a quiet novel. Looking at the contribution of various researchers en route for measurement of attitude towards money, forms the strong contention for further use of such tools and make use or intensification of auxiliary paraphernalia of available robust apparatus.

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