

## **CHAPTER 2**

### **THEORITICAL BACKGROUND**

#### **2.1 Introduction**

This chapter explains about the theories that related to the study. The theories will contains the theory of money attitudes, which also discuss about power-prestige, distrust and anxiety dimension in it, and then materialism, and achievement view-vanity. The previous research and hypothesis development will also be discuss in this chapter.

#### **2. 2 Theoritical Background**

##### **2. 2. 1 Money Attitudes**

Money is very important nowadays so it could influence consumers' decision in their purchasing activities. Money attitudes itself is “a multidimensional construct and individuals associate different symbolic meanings with money” (Medina et al., 1996). Where money is involved, its primary value is its usefulness in removing obstacles that stand in the way of the person seeking power (Robert and Sepulveda, 1999). Therefore, Walker and Garman (1992, as cited in Robert and Sepulveda, 1999) stated that money represents a command over goods and services necessary to advance the self-interest of an individual in a free enterprise economy.

Goldberg and Lewis (1978, cited in Englebert and Sjoberg, 2006) identified what they called security collectors, autonomy worshippers, and power grabbers. People in any of these categories will see money for the security,

freedom, or power that it may provide, although ultimately for the purpose of minimizing a sense of vulnerability. Security collectors, which in similarity to worshippers of autonomy, hoard money in order to become less dependent and confined to the environment. Power grabbers, in contrast, are likened to people who strive to amass a fortune in order to acquire control of people around them and thus avoid experiencing helplessness and humiliation.

Money attitude in practice have several dimension scales which have been validated by Yamauchi and Templer (1982, cited in Durvasula and Lysonsky, 2010) as follow:

1. “power-prestige” – those scoring high on this dimension use money as a tool to influence and impress others and as a symbol of success;
2. “retention time” – those scoring high on this dimension plan for their financial future and monitor their financial situation closely;
3. “distrust” – those scoring high are hesitant, suspicious, and doubtful regarding situations involving money and have a lack of faith in their ability to make efficient purchase decisions; and
4. “anxiety” – those scoring high see money as a source of anxiety as well as a source of protection from anxiety

It is mentioned by Englebert and Sjoberg (2006) that there is another scale that has been developed for the purpose of measuring money attitudes, which is Money Ethic Scale that was developed by Tang (1992). Tang (1992) found that the endorsement of money as a means to gain power was associated with lower satisfaction with work, income, and co-workers as well as overall life satisfaction.

Tang (1995, as cited in Englebert and Sjoberg, 2006) in a later study found that the view of money as good tended to be related to careful budgeting and low organizational stress.

Durvasula and Lysonsky (2010) has classified those four dimension into three groups, due to the scope that only focus on young consumer which not using retention time that deals with financial planning. They put the dimension into three group, which are :

Those who view money as a tool of power. This kind of consumer will use money as their tool to dominate other people. Money will be used as the measurement of social status, which mean that the more money possessed then the higher status the person obtain. Persons scoring high on this factor use money as a tool to influence and impress others and as a symbol of success. Money is not just being used for buying food, or any other stuffs as it is to buy status, domination, and control (Goldberg and Lewis 1978, as cited in Robert and Jones, 2001).

The second one is the type of consumer who show hesitation, distrust, and suspiciousness when dealing with money and apparently price sensitive. This kind of consumer do not have an ability to make efficient purchases. They usually feel hesitate in making decision to purchase certain thing that has competitive price because they feel that they may do mistake by misjudging the price when purchasing the good. Yamauchi and Templer (1982, cited in Robert and Jones, 2001) describe persons scoring high on this factor as hesitant, suspicious, and doubtful regarding situations involving money. Robert and Jones (2001) stated that is is better to label this factor as price sensitivity because the items focus on the consumer's sensitivity to the price paid for goods and services. The feeling of

losing money and may be possible to purchase the same good in cheaper price will haunt the consumer every time they would like to purchase things.

The last type is the group of consumer who think that money is the source of anxiety, in this case, think that money as the media to reduce anxiety by spending money as much as possible. This is caused by the feeling that purchasing things will show that they have a power and able to purchase anything they want, so it will keep them feel save to be known as a powerful person in term of money possession. Compulsive buyers react to stress with higher levels of anxiety than do non-compulsive buyers (Edwards, 1993; Valence et al. 1988). According to the model of compulsive buying by Valence et al. (1988), anxiety is the central factor of the conceptualization "because it is provokes a spontaneous action and pushes the consumer to reduce the tension". According to Desarbo and Edwards (1996, cited in Robert and Jones, 2001), compulsive buyers use the shopping and buying activity as a means of relieving stress and its associated anxiety, especially during stressful periods.

Money attitudes can be affected by his/her age, gender, education, income, and ethnic background (Li, Jiang, An, Shen and Jin, 2009). According to Furnham (1984, cited in Li, Jiang, An, Shen and Jin, 2009) people who are younger, with lower income, or with less education tend to use money more as a means of power; men tend to perceive money more as a symbol of success and a means to purchase high quality products than women (Gresham and Fontenot, 1989; Li, Jiang, An, Shen and Jin, 2009).

### **2. 2. 2 Materialism**

Materialism, as defined in the Oxford English Dictionary, is a "devotion to material needs and desires, to the neglect of spiritual matters; a way of life, opinion, or tendency based entirely upon material interests".

Richins and Dawson (1992) mentioned several themes that have consistently appeared when theorists have defined materialism itself, those are:

#### **a. Acquisition Centrality.**

It is important for materialists to put possessions and their acquisition at the center of their lives. According to Daun (1983, cited in Richins and Dawson, 1992), materialism is a life-style in which a high level of material consumption functions as a goal and serves as a set of plans. Bredemeier and Toby (1960, cited in Richins and Dawson, 1992) also mention that materialists worship things, and the pursuit of possessions takes the place of religion in structuring their lives and orienting their behaviors. Another theorist note that the dominance materialism can achieve in one's life when they say of some materialists that "consumption for the sake of consumption becomes a fever that consumes all the potential energy it can get access to" (Csikszentmihalyi and Rochberg-Halton, 1981, p. 231, cited in Richins and Dawson, 1992)

#### **b. Acquisition as the Pursuit of Happiness.**

According to Richins and Dawson (1992), one of the reasons that possessions and their acquisition are so central to materialists is that they view these as essential to their satisfaction and well-being in life. Belk (1984, p. 291, cited in Richins and Dawson, 1992) stated that "at the highest levels of

materialism . . . possessions assume a central place in a person's life and are believed to provide the greatest sources of satisfaction and dissatisfaction." Another definition by Ward and Wackman (1971, p. 426, cited in Richins and Dawson, 1992) also describe that materialism is "an orientation emphasizing possessions and money for personal happiness and social progress." Materialism, stated by in Richins and Dawson (1992) can be distinguished by the pursuit of happiness through acquisition rather than through other means (such as personal relationships, experiences, or achievements).

**c. Possession-defined Success.**

According to Richins and Dawson (1992), materialists tend to judge their own and others' success by the number and quality of possessions accumulated. It is stated by Heilbroner's (1956, p. 23, cited in Richins and Dawson, 1992) that analysis, acquisitive, materialistic people value possessions "for the money they cost rather than by the satisfactions they yield." Du Bois (1955, cited in Richins and Dawson, 1992) and others also noted that materialists consider material well-being as evidence of success and proof of right-mindedness, an attitude consistent with religious teachings at the time of the Industrial Revolution (Weber [1930] 1958). The value of possessions stems not only from their ability to confer status (Veblen [1899] 1953) but from their ability to project a desired self-image and identify one as a participant in an imagined perfect life (Campbell, 1987). Materialists view themselves as successful to the extent they can possess products that project these desired images (Richins and Dawson, 1992).

Fitzmaurice and Comegys (2006) have developed two perspective on conceptualizing materialism, based on Belk's three traits and Richins and Dawson. according to Belk (1985), there are three traits that cover the domain of materialism:

a) Possessiveness

Belk (1983, cited in Belk, 1985) defined possessiveness as "the inclination and tendency to retain control or ownership of one's possessions".

b) Nongenerosity

Belk (1984b, cited in Belk, 1985) defines nongenerosity as "an unwillingness to give possessions to or share possessions with others." according to Belk (1985), nongenerosity and possessiveness are two distinct traits, as also suggested by Furby (1982, cited in Belk, 1985) that children are more likely to be generous in sharing toys if they also show possessiveness by resisting the attempts of others to take toys that have not been freely offered, which concludes a suggestion of potential negative relation between nongenerosity and possessiveness. Belk (1984b, cited in Belk, 1985) also mentioned that the conceptual domain for nongenerosity included an unwillingness to share possessions with others, a reluctance to lend or donate possessions to others, and negative attitudes toward charity.

c) Envy

According to Schoeck (1966, cited in Belk, 1985), envy defined as "displeasure and ill will at the superiority of [another person] in happiness, success, reputation, or the possession of anything desirable." Thus,

according to Belk (1985), the domain for envy involves a desire for others' possessions, be they objects, experiences, or persons.

Richins and Dawson (1992) conceptualize materialism as a personal value such that people who are more materialistic have "acquisition at the center of their lives," "view these [possessions] as essential to their satisfaction and well-being in their life," and "tend to judge their own and others' success by the number and quality of possessions accumulated". for Richin and Dawson (1992), materialistic people have a system of central beliefs and behaviors that distinguish them from less materialistic people.

Materialism is the extent to which a person is considered materialistic (Schiffman and Kanuk, 2007). According to Richins and Dawson (1992), characteristics that signified a materialistic person is a person that:

1. Especially value acquiring and showing off possessions;
2. Particularly self-centered and selfish;
3. Seeks for lifestyle full of possessions;
4. Whom many possession do not give them greater personal satisfaction.

Materialistic people desires to have lots of "things" rather than a simple lifestyle which more down-to-earth. From the satisfaction dimension, materialistic people never feel satisfied for what they already possess, and their possession never lead them to greater happiness.

Result of a study showed that high materialists listed their valued possessions as items worn or seen in public, as opposed to more private

possessions (Richins, 1994). Richins (1994) also suggests that high-materialist consumer may get pleasure from acquiring or showing the good, rather than from using the good. High materialists, compared to low materialists view themselves more as spenders and also have a more favorable attitude toward borrowing money across a wider variety of situations (i.e., to buy home furnishing; to have optional or corrective dental work; to buy a recreational vehicle, camper, trailer, or boat; to buy a second or vacation home; etc.) (Watson, 2003, cited in Fitzmaurice and Comegys, 2006).

According to Micken and Roberts (1999, cited in Fitzmaurice and Comegys, 2006), materialists are searching for certainty and need to chase away feelings of ambiguity. Therefore, high materialists are not as focused on the acquisition of possessions to fix their personal identity. Being overly focused on acquiring material possessions has been linked with lower self-esteem (Richins and Dawson, 1992), dissatisfaction, and low levels of subjective well-being (Burroughs and Rindfleisch, 2002, cited in Fitzmaurice and Comegys, 2006).

According to Richins (1994), materialists may value good because they can signal accomplishment and derive pleasure from the acquisition of the goods, rather than from their possession or use of the goods. Once the good is acquired, pleasure is derived from the communicative aspect of the good—that is, ownership of the good acts to communicate positive impressions to others.

### **2.2.3 Achievement Vanity**

Spenner and Featherman (1978, cited in Durvasula and Lysonsky, 2010) define achievement as an accomplishment when compared against performance

standards. Achievement, for example, refers to worldly success in terms of accumulation of academic credentials, attainment of social status, and financial success. Richins and Dawson (1992) themselves believe that materialism is the symbol of achievement. People may purchase things because they can purchase it, as the result of what they already achieved. Achievement vanity in this case then could be referred to excessive preoccupation with achievements (Durvasula and Lysonsky, 2010). Achievement vanity can easily be seen when consumers use consumption as a way of demonstrating status, success or conspicuous consumption (Dholakia and Levy, 1987). Through the possession of products, consumers can display how their personal achievement produced their successes.

### **2.3 Previous Research**

The results of previous study written by Durvasula and Lysonsky (2010), show that young Chinese consumers view money as the means by which power and prestige can be displayed that confirms McClelland's (1961, cited in Durvasula and Lysonsky, 2010) understanding of achievement. Money also represented something that deals with distrust and anxiety. Attitudes toward money clearly have an impact on materialism, specifically with the dimensions concerning power and prestige and anxiety. The power-prestige dimension of money attitudes is also related to achievement view. The results of the previous study show that young Chinese treat money as a source of power and prestige. This attitude is in significant contrast to earlier generations which were prohibited from such thoughts. The young Chinese consumers are likely to model the attitudes of young people found in post-industrial societies where young Chinese

are likely to become part of the global segment that seek fulfillment from consumption of the latest goods and trends, with money comes the ability to express oneself and to feel more important. This tendency was demonstrated in our study via the association between power-prestige dimension of money attitudes and achievement view vanity.

## **2. 4 Hypotheses Development**

### **2.4.1 Money Attitudes toward Materialism**

Money could be the source of all desires to purchase things. When consumer owns a lot of money, the individual will has tendencies to show off in order to expose what they have in possession.

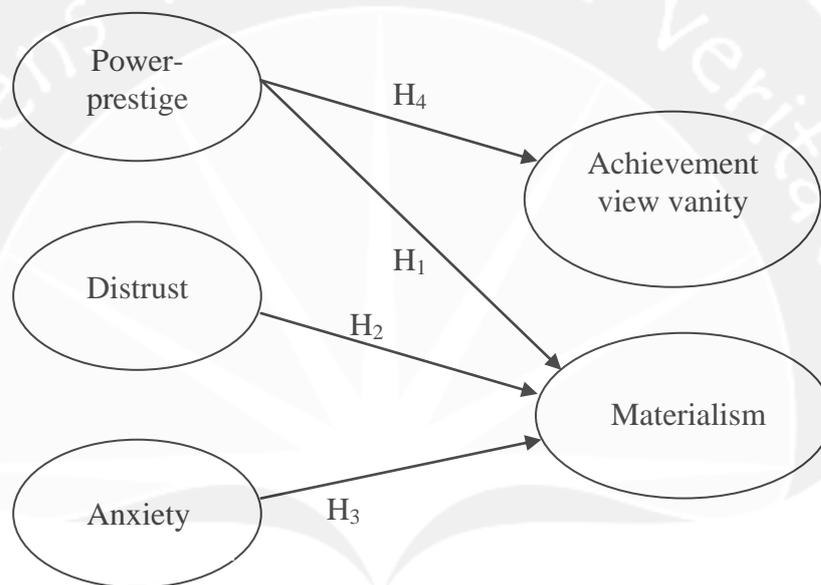
Yamauchi and Templer (1982, cited in Li *et.al*, 2009) mentioned that Individuals who hold such strong beliefs will use money as a means to impress others and gain social recognition. In this case, money becomes the source of power to dominate other people. Those people who think this way may use money in order to fulfill their desire.

Eastman, Goldsmith, and Flynn (1999, cited in Fitzmaurice & Comegys, 2006) suggest that “some materialists are motivated to acquire goods to signal to both themselves and surrounding others the attainment of status in society. Still cited from the same sources, goods also can communicate other information about the owner, including group membership (e.g., environmentalist) and other association (e.g., health conscious, adventurous traveler, aware of latest development in technology product such as cell phones, uniqueness of a consumer, etc.). Those could be the reason of one individual to spend their money for goods.

Those materialists may be afraid if they cannot purchase the things, they may be looked down by others so they were tempted to purchase more things. So, the act of purchasing goods and money spending are just the way to ease the anxiety of being looked down by other people.

Figure 2.1

## Research Framework



Source: Durvasula and Lysonsky (2010)

Another issue about the behavior of purchasing good also influenced by the tendency of consumers who may feel reluctant to spend their money. This may happen caused by thoughts of consumers who expect to be able to purchase the same thing with cheaper price in another place.

Therefore it can be hypothesized as follows:

**H<sub>1</sub>: Power-prestige has a significant relationship with materialism.**

**H<sub>2</sub>: Distrust has a significant relationship with materialism.**

**H<sub>3</sub>: Anxiety has a significant relationship with materialism.**

#### **2.4.2 Power-prestige toward Achievement Vanity-view**

As mentioned by Dholakia and Levy (1987), achievement vanity can easily be seen when consumers use consumption as a way of demonstrating status, success or conspicuous consumption. Consumers will tend to purchase things in order to show the capabilities they have, in this case, materialistically. They will think that all of the possession they have will be able to demonstrate the successfulness they have achieved. This behavior will lead them to the tendency of vanity, and mostly tend to impress others.

Therefore it can be hypothesized:

**H<sub>4</sub>: There is a significant relationship between the power-prestige and achievement view of vanity.**