

Behavioral economics and money

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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 affects intelligence, 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 (Burnham 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 as a symbol for status representation.

Money as a motivator has been considered a powerful tool for economic growth and development of nation (Burnham 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 ; Supplied, 1999).

MONEY ATTITUDE: 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 (Foxtail, 1983; Barbwire & Renege, 1985; East, 1990).

Money Attitude encroaches not only on actions but also on the way of thinking of an individual (Simmer, 1997). It has capacity to influence consumerculture. 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 (Burnham ; Argyle, 1998). Money attitude research has been influenced most by Burnham (1984) and Yamaha and Tempter (1982). Motives underlying money attitudes range from striving for status and power and enhancing self-worth (Lingered, 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 ultimate, 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. Read about difference between behavioural theory and contingency theory of leadership

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

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by observing parents, peers and friends and later by his observation of political, social and economic environments as a whole. Or academicians but also tort psychologists, marketers, policy makers, sociologists management scholars to understand all the aspects of money