

Desire for Money: How Power and Status Needs Influence Financial Behavior

Meike Kakas | Faculty of Business & Economics | University of Basel

Introduction

Money is a major element in people's life as it serves the purpose of fulfilling needs. It is investigated whether the desire to spend and save serve needs differently:

Saving might satisfy a power need (exerting control) as it enables control over financial resources.

Spending in general might satisfy a status need (being admired by others) as it enables to display social desirability.

Hypotheses

H1: The need for power increases the desire to save more than the desire to spend money.

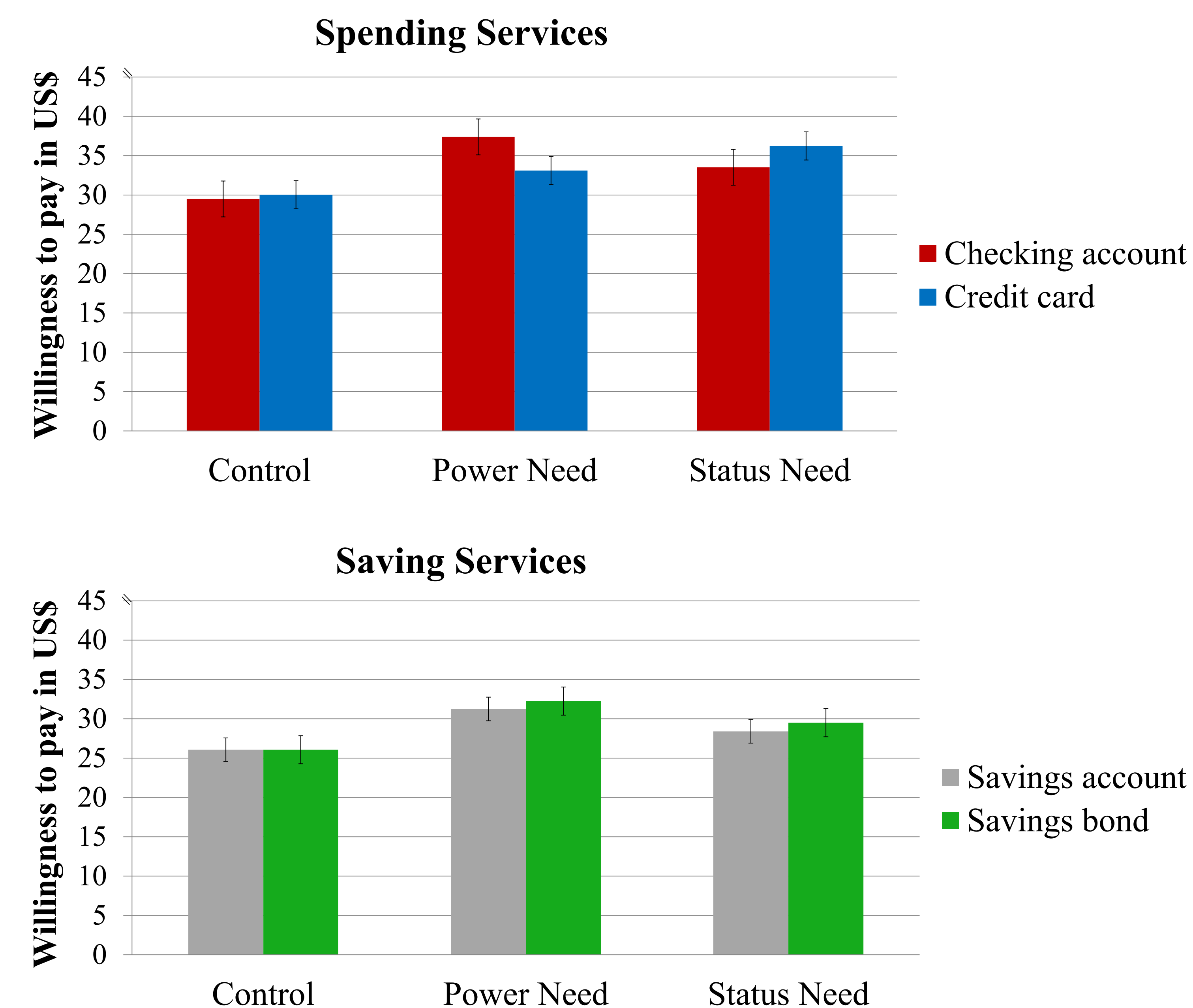
H2: The need for status increases the desire to spend more than the desire to save money.

Materials and methods

- **Participants:** 152 US residents (60% males, M age = 34.7 years)
- Survey-based questionnaire via MTurk
- **Design:** 3 (conditions: power need, status need, control) x 2 (desire to spend, desire to save)
- **Dependent variables:**
 - Willingness to pay for banking services
 - Interest in spending and saving bonus programs
 - Money attitude scale
- **Control variables:**
 - Tightwad-spendthrift scale
 - Desire for money in general
- **Evaluation:**
 - Mixed-design ANOVA with repeated measures

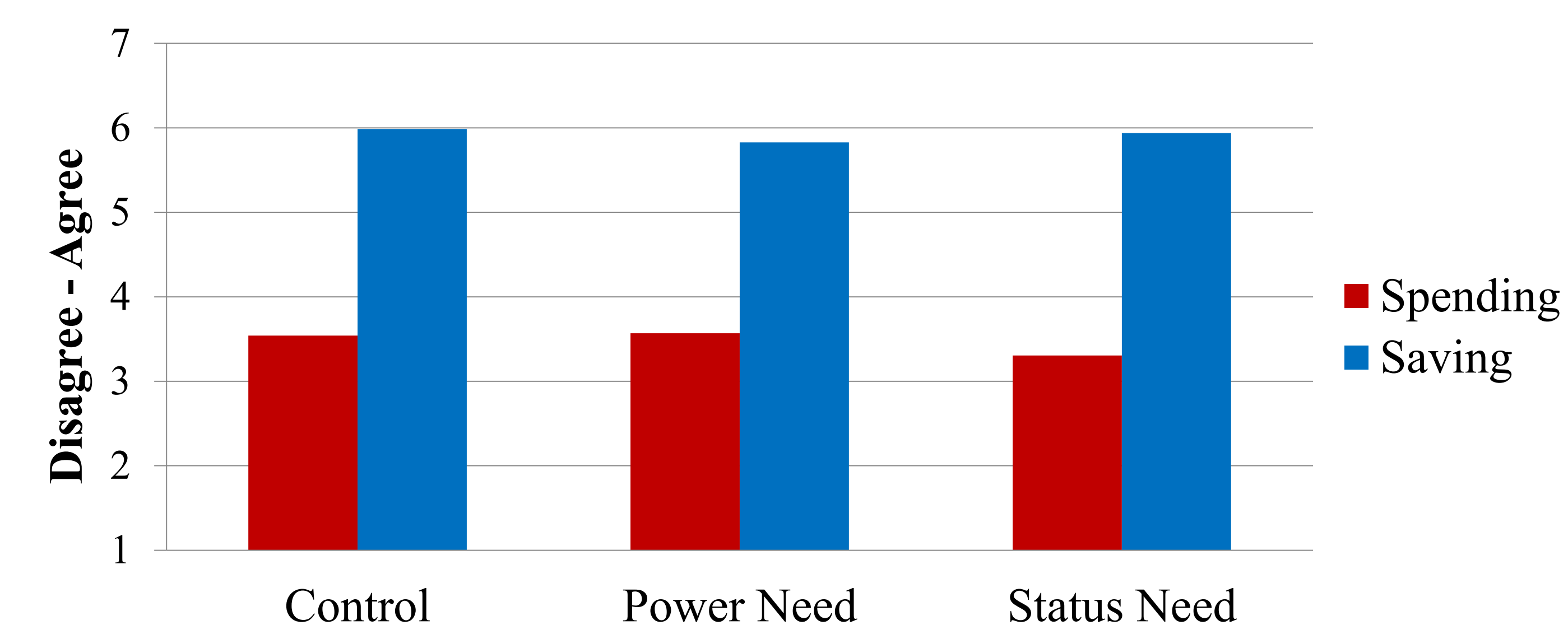
Results

Effect of Power and Status Needs on the Willingness to Pay (WTP) for Spending and Saving Services



- Power- and status-seeking individuals show a slightly higher WTP for spending and saving services than baseline participants
- Power- and status-seeking individuals do not differ in their WTP for spending services
- Power-seeking individuals show a slightly higher WTP for saving services than status-seeking individuals
- All results are non-significant

Effect of Power and Status Needs on Spending and Saving Desires as a Function of Interest and Attitudes towards Spending and Saving



- Saving is significantly favored across all conditions
- No effect of power and status needs

Conclusions

No evidence was found to support the hypotheses.

Limitations of this study:

- Number of participants: Data involving more participants might improve reliability
- Contradictory statements of money attitude scale might account for gap between spending and saving desires
- Used priming method for the need of power is not established: A lab study would allow using established priming methods

References

- Lea, S. E., & Webley, P. (2006). Money as tool, money as drug: The biological psychology of a strong incentive. *Behavioral and brain sciences*, 29(2), 161-209.
- Magee, J. C., & Galinsky, A. D. (2008). 8 Social Hierarchy: The self-reinforcing nature of power and status. *Academy of Management annals*, 2(1), 351-398.
- Neel, R., Kenrick, D. T., White, A. E., & Neuberg, S. L. (2016). Individual differences in fundamental social motives. *Journal of Personality and Social Psychology*, 110(6), 887.
- Winter, D. G. (1973). The power motive.

Further information

This project was proposed in the Master's seminar of Behavioral Marketing during the spring semester 2017.

It was further conducted as Master's thesis project, supervised by Prof. Dr. Brendl and Dr. Ozgun Atasoy.