



The mediating impact of money motives in the association between materialism and well-being

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**Lokaverkefni til B.S-gráðu
Sálfræðideild
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Abstract

The first part of this paper (Chapter 1) serves as background to the brief research report in the second part. It examines one of the core values of consumer culture, materialism and its effects on subjective well-being. Subjective well-being as a measure of happiness is briefly discussed. Then, three approaches to conceptualizing and measuring materialism in psychology are briefly reviewed and the advantages and disadvantages of each discussed. This is followed by a summary of the major research results that have examined the relationship between materialism and subjective well-being. Finally, theories advanced on how materialism exerts its effects on individuals are discussed in an attempt to answer the question whether materialism is inherently bad.

The second part of the paper (Chapter 2) is a brief research report examining the mediating effect of two money motives (identity and happiness) in the link between relative financial goal importance and subjective well-being. In isolation both motives fully mediated the relationship. However, when both motives were entered simultaneously, the identity motive emerged as a stronger predictor and fully mediated the relationship between relative financial goal importance and well-being while the happiness motive ceased to be significant. Important theoretical and practical implications for the direction of future research on materialism and the development of policies are briefly discussed.

CHAPTER 1.

Literature Review: Consumer culture, materialism and well-being

What is consumer culture?

Culture as defined in the social sciences is “the knowledge, beliefs, values and systems of symbolic meanings that we (sometimes unconsciously) draw on in our everyday lives.” (Carlisle & Hanlon, 2007, p. 262). Culture is often taken for granted and can be likened to wearing coloured glasses in that, although it affects all we see, do, and say, we are often not particularly aware of it. Consumerism or the “preoccupation of society with the acquisition of consumer goods” (Oxford English Dictionary) has “assumed an overwhelming significance” (Zukin & Maguire, 2004, p. 173) in our culture today. Considering how important and all-encompassing this aspect of our culture is today we can characterize it as consumer culture.

Consumer culture properly defined is „the sociocultural, experiential, symbolic, and ideological aspects of consumption“ (Arnold and Thompson, 2005, p.868). Research on consumer culture employs a multitude of different methodologies (both quantitative and qualitative) and has been very interdisciplinary (Dittmar, 2008).

In light of the major economic, social and cultural changes of the last decades which can be directly related to market economies and capitalism, consumption is a very important research topic (Diener & Seligman, 2004; Kasser, Cohn, Kanner & Ryan, 2007). Indeed, “studying consumption is an ideal bridge between research on the economy and the sociology of culture...”(Zukin & Maguire, 2004, p.173). Although the word consumption implies the ‘devouring’ of something, such as when food is consumed, modern consumption is more properly defined as “the use of resources to satisfy current needs and wants” (Cafaro, 2001, p. 471). As such it does not *by*

definition, at least, involve the ‘using up’ or destruction of anything. However, consumption today - especially in the western world – is both depleting natural resources and producing more waste than the environment can absorb and is, therefore, not sustainable. In this regard consumption *is* ‘using up’ natural resources at a destructive rate (e.g. Rockström et.al, 2010). Thus, although consumption is “as ancient as human society” (Zukin & Maguire, 2004), there is good reason to believe that modern western society is involved in overconsumption which combined with mass consumption is a cause for concern.

Consumer culture emphasizes the act of consuming as a means of living the ‘good life’. The ‘good life’ promoted by consumer culture is a life rich in material wealth, possessions and luxuries (Belk & Pollay, 1983). As such it is better termed the *material* ‘good life’ (Dittmar, 2008) in contrast to a life devoted to spiritual or moral pursuits . This is evidenced by, at least, some of the following developments of the last few decades: Rising consumption of goods and services (Diener & Biswas-Diener, 2002) fuelled by substantial increases in real income (Oswald, 1997), a major and fast advancement of technology (Kasser and Kanner, 2004) and a huge variety of discretionary consumer goods (Belk & Pollay, 1983). Accompanying those developments is a greater accumulation of private debt (Dittmar, 2004, Watson 1998; 2003), a significant increase in depression (Diener & Seligman, 2004), rising social inequality, power imbalances and environmental degradation (UN, Development programme, 2011).

Much of the research has focused on the societal, psychological and health costs of the values (i.e. economism, individualism, materialism) promoted by consumer culture when those values are actively pursued by individuals. The present paper will

focus on the effects of materialism (one of the core values of consumer culture) on personal well-being followed by a brief discussion of the manner in which consumer culture exerts its influence on people.

Measuring happiness

The rise of positive psychology with its emphasis on positive affect, well-being, optimism and hope (Seligman & Csikszentmihalyi, 2000) as opposed to psychology's traditional preoccupation with human pathology led in part to the development of measures of happiness. The changing emphasis arose from two directions: first, the need to challenge the validity of economic measures of well-being (e.g. Layard, 2003; 2010) and policies based on economic theories of human behaviour. Traditionally, emphasis has been placed on Gross Domestic Product (GDP), Gross National Product (GNP) and other economic indicators (e.g. unemployment level) as measures of a country's level of success (Common & Stigl, 2005). The underlying assumption is that a nation's economic growth (and associated measures) is an undisputed testament of its citizens' happiness. This ideology has led to most governments' reliance on economic measures rather than well-being measures (Diener & Seligman, 2004), as well as to the dominance of economic theories in the formulation of public policies (Bazerman, 2007).

The second direction for the changing emphasis in measurements of happiness came from the general shift from a medical model to a biopsychosocial model of human health and well-being which recognizes that social and psychological factors can and do have an effect on physical health (Carlisle & Hanlon, 2007).

Happiness is, however, too broad a concept and, thus, the term Subjective Well-Being came to replace it by specifying that happiness is primarily a subjective state and relying therefore on self-reports of happiness with questions such as: "how satisfied are

you with your life as a whole?” or “In general, how happy are you with your life?” (Easterlin, 2004).

Subjective Well-Being, then, is an area of research that attempts to gauge people’s happiness through self-report measures. The most widely used and robust measure of Subjective Well-Being (henceforth SWB) is based on the idea that an individual’s well-being involves both emotions and thoughts. As such, it attempts to measure three components: positive affect and negative affect (the two affective components) and satisfaction with life (a cognitive component). The two affective components were intended to capture moods and emotions (positive and negative) such as happiness and pride, and stress and depression among others. Although, it is debated whether and how independent these two components are from one another in the short term, as the time frame increases they become clearly separable (Diener, Emmons, Larsen & Griffin, 1985). In order to determine people’s self-reported satisfaction with their lives the Satisfaction With Life Scale (SWLS) was developed. It is a global measure designed to capture satisfaction with life across several domains (such as, work, family and so on) (Diener, Suh, Lucas & Smith, 1999). Different subjective well-being measures correlate between themselves (Diener, et.al, 1999) and with external indicators of well-being (reports by others, health status, frequency of smiles etc.) which lends support to the theoretical underpinnings of the construct (Helliwell & Putnam, 2004).

Most of the research on SWB has focused on the correlates of SWB, such as age, gender, race, religious affiliation, social support to name just a few, and, of course, income. The literature on income and SWB is enormous and understandably so considering the implications for policy, individuals and societies. Of course, that money brings happiness is by no means an unreasonable assumption to make. We know that poverty is an unhappy state (Ahuvia, 2002; Hulme, Moore & Shepherd, 2001) and

money should provide us with the resources to lead a happier life (better education, more leisure activities and so on) (Cummins, 2000). In fact, research shows that more affluent people tend to be physically and mentally healthier, experience less stress in their lives, and live longer among other things (Diener & Biswas-Diener, 2002). However, the issue is complex and involves a distinction between a national versus an individual level of analysis, absolute versus relative income and social comparisons, the issue of rising expectations and adaptation, and cultural considerations (i.e. individualism versus collectivism), to name just a few (see for example, Csikszentmihalyi, 1999; Diener & Biswas-Diener, 2002; Dolan, Peaswood & White, 2008; Frey & Stutzer, 2002; Kahneman, Krueger, Schkade, Schwarz & Stone, 2004).

Suffice it to say that, although many studies have found that increased income only slightly improves SWB beyond relative basic needs and that other variables such as community involvement, marriage, family life, engaging work and so on exert a greater influence on SWB (see for example, Cummins, 2000; Diener & Seligman, 2004; Easterlin, 2004; Kahneman, Krueger, Schkade, Schwarz & Stone, 2006) the issue is still hotly debated (for example, Bjørnskov, Gupta & Pedersen, 2008; Caporale, Georgellis, Tsitsianis & Yine, 2009; Easterlin, 2005).

For the purposes of this paper it is not necessary to delve deeper into whether more money and possessions will make us happy but focus rather on *why wanting* more money and possessions (materialism) is most certainly not going to make us happy and why, despite that, this belief so pervades our culture (Belk, 1985).

Materialism

Broadly speaking materialism is the theory that matter alone exists and implies a denial of everything that is considered immaterial (i.e. minds, spirits, divinity etc.)

(Penguin dictionary of philosophy, 2000). Psychological definitions of materialism do not diverge much from this core definition but have emphasized different aspects and have been more focused on materialism's relation to happiness and well-being. Nonetheless, the core philosophical distinction remains since psychological definitions often contrast materialism with spiritualism (Dittmar, 2008; Richins & Dawson, 1992).

There are three distinct approaches in psychology to materialism which have led to different measuring instruments. In what follows these three approaches and the associated measuring instruments are discussed along with their advantages and disadvantages and the results they have yielded.

Materialism as a personality trait

Belk (1985) defined materialism as "The importance a consumer attaches to worldly possessions. At the highest levels of materialism, such possessions assume a central place in a person's life and are believed to provide the greatest sources of satisfaction and dissatisfaction" (p.265). In this approach materialism is measured by three enduring personality traits: possessiveness, non-generosity and envy.

Possessiveness is the tendency to want control over one's possessions and a preoccupation over the loss of possessions, and saving. Those are all related to a more general desire to control one's environment. Non-generosity is defined as "an unwillingness to give possessions to or share possessions with others." (Belk, 1984, p.291) and is also related to negative attitudes towards charity for the less fortunate or poor. Envy is defined "a displeasure or ill-will" toward another person or possession and as with possessiveness and non-generosity it is considered to be a trait rather than an attitude (Belk, 1984, p.292).

These three traits serve as indicators of materialism such that the more possessive, non-generous and envious one is the more materialistic he is presumed to be (Belk, 1984). A later version of the BMS included “preservation” as a fourth trait which is defined as “the conservation of events, experiences, and memories in material form” (Ger & Belk, 1996, p. 64). Studies using the BMS have found negative correlations between materialism and well-being (Belk, 1985) as well as correlations between higher scores of depression and materialism (LaBarbera & Gürhan, 1997).

However, Belk’s treatment of materialism as a personality trait places several limitations on the instrument. For one thing, rather than an enduring trait, materialism is more likely a state which can change during one’s lifetime and according to one’s circumstances. This is, in part, evidenced by ‘simplicity’ movements – a conscious effort by individuals not to be materialistic (Dittmar, 2008). Furthermore, there are serious issues of confounding of the materialistic traits of envy and non-generosity with negative emotions (Dittmar, 2008) which could explain the association found between the BMS and SWB. Moreover, although this view approaches popular conceptions of materialism (Ryan & Dziurawiec, 2000) it ignores other important considerations pertaining to materialism such as the symbolic meaning invested into objects, as well as the belief that objects can make one happy.

Finally, the reliability of the scale has been very variable and barely reaches 0.70 (Richins & Dawson, 1992; Ryan & Dziurawiec, 2000; Sirgy, et al., 1998). Belk argues at one point that low reliability simply reflects the complexity of the construct (Ger & Belk, 1996) however such complexities need not hinder reliable measures.

Materialism as a value

Building on previous work on values (e.g. Rokeach & Ball-Rokeach, 1989), Richins and Dawson (1992) developed a scale of materialism defined as a value rather than a

personality trait. A value is a guiding principle of life and is assumed to influence one's attitudes and goals in life, as well as, subsequent behaviour (Hogg & Vaughan, 2011). Materialism thus defined is then "a set of centrally held beliefs about the importance of possessions in one's life" (Richins & Dawson, 1992, p. 308).

Based on the literature and laymen's notions of materialism they created the Material Values Scale (MVS) which consists of three main dimensions: Centrality, Success and Happiness. Those scoring high on materialism on the MVS are likely to value possessions and their acquisition (Centrality) more than those scoring low. Moreover, materialists are more likely to use material possessions as an indicator of success both for themselves and others (Success) and more likely to believe that material possessions will lead to happiness and life-satisfaction (Happiness). The MVS consists of 3 subscales (reflecting the aforementioned dimensions) with 18 items in all (Richins & Dawson, 1992). A shorter scale was developed in 2004 with good psychometric properties (Richins & Dawson, 2004).

People scoring high on the MVS scale were found to experience less satisfaction with friends, family, income and their life in general. Moreover, they tended to value financial security more than warm relationships (Richins & Dawson, 1992). Another study, found that individuals who scored higher on the MVS were less satisfied with their life as a whole, their standard of living, their family life, as well as the amount of fun and enjoyment in their lives (Ryan & Dziurawiec, 2000).

The MVS takes into account those issues that the BMS ignored, especially the symbolic quality of material possessions (i.e. objects as symbols of status and objects as a potential route to happiness). However, as a global measure of materialistic values it does not offer the possibility of comparing an individual's materialistic values with other

equally important values in his/her life. In other words, although it provides an indication of the absolute importance of materialism in an individual's life, it does not tap its relative importance (Dittmar, 2008).

Materialism as a goal

According to this approach, materialism is a tendency to focus on financial goals in life relative to other goals. Based on Deci and Ryan's (2000) Self-Determination Theory (SDT), Kasser and Ryan (1993) developed the Aspirations Index (AI). SDT, which was based on humanistic theories, posits the existence of universal psychological needs (Competence, Autonomy and Relatedness) that are necessary for human well-being after basic physical needs have been satisfied (i.e. food, warmth etc.) (Deci & Ryan, 2000).

According to SDT, life goals (or aspirations) are extrinsic in so far as they have not been imposed on by external circumstances (such as rewards) and intrinsic in so far as they are pursued for their own value. Goals like Image, Popularity and Financial Success are classified as extrinsic while goals such as Community Involvement, Self-acceptance and Affiliation (good relationships) are intrinsic (Kasser & Ryan, 1996).

The AI can be used in several ways, but the authors recommend constructing indices reflecting the relative centrality of one goal - or group of goals - as opposed to other goals. It is for example possible to reveal how important financial goals are in proportion to other goals for individuals (Relative Financial Goal Importance - RFGI) and how important extrinsic goals are (i.e. not just financial goals) in comparison to intrinsic goals (Relative Extrinsic-Intrinsic Value Orientation - REIVO) (Sheldon & Kasser, 2008).

Cross-cultural studies have shown that goals measured with the AI can be grouped on a circumplex according to the compatibilities and conflicts between them. The groups of goals can be divided along two major axes, one contrasting intrinsic and

extrinsic goals and the other physical self and self-transcendence goals. This circumplex of goals has been found to recur across cultures (Grouzet et.al, 2005) - as do values (Schwartz, 1994). Kasser and Ryan (1993) found that college students who placed more importance on financial goals were less actualized, showed less vitality, more depression and more anxiety. In another study using a more general sample of adults, relative extrinsic goal orientation (including financial aspiration) was significantly related to lower vitality, less self-actualization and more physical symptoms (Kasser & Ryan, 1996).

Materialism and Subjective Well-Being

Despite the different measures used, as we have seen, materialism has consistently yielded a negative correlation with SWB not only in the US and Europe where most studies have been conducted but also in the developing world (Dittmar & Kapur, 2011; Karabati & Cemalcilar, 2010). One study administered all three of the aforementioned scales and found negative correlations with several subjective well-being measures (Kasser & Ahuvia, 2002). Furthermore, a meta-analysis of studies on materialism and well-being as measured by both the BMS and MVS scales also found negative correlations with life satisfaction (Wright & Larsen, 1993). Another study assessed materialism and financial well-being and found that materialistic people tend to have more financial worries, worse money-management skills and tend to engage more in compulsive buying and spending (Garðarsdóttir & Dittmar, 2012). It is, also, increasingly becoming more recognized that psychological ill-health can compromise physical health. For example, there is a link between stress and coronary heart disease. Some of the literature has found positive correlations between materialism and stress which means that materialism may have indirect effects on physical health (e.g. Burroughs & Rindfleisch, 2002; Eckersley, 2006).

Going beyond the individual level, materialism has also been negatively linked to societal and environmental well-being. Materialists have been shown to be less cooperative (Sheldon & McGregor, 2000) with a more Machiavellian disposition (McHoskey, 1999) and more intolerant and prejudiced (Duriez, Vansteenkiste, Soenens, & DeWitte, 2007). Moreover, those with an intrinsic value orientation were found to engage in more ecologically responsible behaviours (i.e. recycling) (Brown & Kasser, 2004) while in another study higher scores on materialism were related to fewer such activities (Richins & Dawson, 1992).

These findings should not come as a surprise considering the way values and goals are arranged either close to each other or opposite one another on the circumplex. There is inherent conflict between intrinsic and extrinsic goals, physical self and self-transcendence within the system of goals. In other words, it is a see-saw effect of goals such that, when you prioritise one goal the opposing goal cannot be prioritised at the same time (Sheldon & Kasser, 2001). As such if your highest goal in life is your own personal success then it follows that societal success cannot be prioritised at the same time. Thus, the more energy (and time) is expended on acquiring material goods and accumulating wealth, the less is left to pursue other goals that have a greater contribution to well-being (Csikszentmihalyi, 1999). The same is true for values (Sagiv & Schwartz, 2000).

Is materialism inherently bad?

Does this mean that materialism is inherently bad? Although, the literature is predominantly negative towards materialism *per se*, several studies have been carried out examining the positive effects of possessions on well-being. Most material possessions have a symbolic value as well as a functional/instrumental purpose. They have a functional value in so far as they serve practical purposes, for example, the fridge

or washing machine. They have a symbolic value in so far as they reflect who we are and provide us with a sense of identity, a personal narrative or remind us of important relationships in our lives (Ahuvia, 2005; Belk, 1988; Dittmar, 2004; 2008). Material possessions can also be used in social interactions and activities, as in the gift-giving of objects which can be a way of expressing our love and appreciation of others (Csikszentmihalyi, 2000). Finally, they are likely to fulfil social and biological (evolutionary) needs, such as the need to store resources, the need to feel attractive, the need for social prestige (Ahuvia, 2007) as well as the need to control our environment (Furby, 1978).

Although positive aspects of material possessions and their capacity to fulfil biological and social needs are undisputed, material possessions have acquired a disproportionate focus in the lives of people in mass-consumer societies. It is this excess that leads to discussions of the ‘dark side’ of materialism rather than possessions in and of themselves (Dittmar, 2007). In our culture, consumption has become “a leisure and lifestyle activity” which arguably puts an increased emphasis on financial goals in life (Dittmar, 2004, p.207). Moreover, since most consumption in affluent societies is not about simple sustenance anymore (i.e. Belk & Pollay, 1983), this increased desire to consume must be meeting other needs (Richins, 1994). Although, these are likely to be basic psychological needs (such as the need to form lasting relationships, the need to maintain or enhance a sense of identity etc.), consumer culture communicates the message that material wealth and possessions can be a viable means in fulfilling these needs. However, the capacity of possessions to actually deliver on the promises made (in advertisements, for example) about providing us with these psychological benefits is very limited (Dittmar, 2008). For example, one may be striving to form a lasting relationship with one’s partner by buying them an expensive gift. This sort of argument

is often communicated in advertisements. However, the effort and time spent on earning the money and finding the gift may have been better spent in actually sharing some quality time with one's partner. The fact that relationships have a higher correlation at the individual level with SWB than wealth (see the discussion on SWB above) is an indication that trying to form or maintain good relationships via money and material goods is not likely to be the right avenue.

In light, then, of the above it is worthwhile to consider how and why materialism exerts its effects and whether something about our consumerist culture is perpetuating materialism (Dittmar, 2007). In fact, there are some fairly negative characterizations of consumer culture in the literature as 'the cage within' (Dittmar, 2008), 'cultural fraud' (Eckersley, 2006), a 'vicious cycle' (Csikszentmihalyi, 2000) or the 'dark side' (Kasser & Ryan, 1993). All four terms have in common the sense of inescapability and the futility of consumer culture's valued pursuits. Eckersley (2006) puts it this way: "One of the most important and growing costs of our modern way of life is 'cultural fraud': the promotion of images and ideals of 'the good life' that serve the economy but do not meet psychological needs or reflect social realities. To the extent that these images and ideals hold sway over us, they encourage goals and aspirations that are in themselves unhealthy." (p.256)

Different theories have been advanced on how materialism should have such negative influence on our well-being. Three of them are reviewed in what follows.

Self Determination Theory

As already mentioned, according to SDT, materialism is inherently bad and a focus on materialistic goals takes time and resources away from more psychologically fulfilling goals. Although, according to this theory, it is important to internalize cultural values so as to act in a self-determined (intrinsically motivated) manner, not all cultural

values (and associated goals) are equally good. As such, there are cultural values that may be “inherently inconsistent with human nature” (Deci & Ryan, 2000, p. 247), or less compatible with the basic psychological needs posited by SDT as necessary for optimal functioning and well-being. Moreover, pursuing extrinsic goals (recall that financial goals are extrinsic goals) even if valued culturally are likely to represent an attempt to compensate for basic needs (Deci & Ryan, 2000). We have already seen some studies that support the view that extrinsic goals lead to lower well-being.

Value conflict

Others have argued that it is not materialism which is intrinsically bad but that it is directly opposed to other values which are equally important to an individual within his/her culture. Burroughs and Rindfleisch (2002) drawing on Schwartz’s research on values (e.g. Sagiv & Schwartz, 2000) hypothesized that individuals who value materialism (an individualist value on the circumplex) as much as they value close relationships (a collectivist value) are likely to experience more psychological tension from conflicting values which in turn leads to lower well-being over time. They found materialism to be negatively correlated with collective values (i.e. benevolence, universalism) and that individuals with strong collective values experienced more conflict and stress leading to lower well-being (as opposed to individuals who scored low in collective values).

Another study conducted among college students in the UK and Croatia moved across similar lines and found that in both countries materialism negatively correlated with SWB as in most of the previous research. As regards, value conflict, they found that in the UK value conflict between materialism and community values was strongly associated with lower SWB although in Croatia the association barely reached

significance. The researchers attributed the differential findings for the two countries to different political history, as well as to different levels of consumerism with the UK associated with higher consumerism and lower community value orientation. The implication here could be that materialism may not create value conflict when it is viewed as a community goal (i.e. in Croatia) rather than an individualistic goal (i.e. in the UK) (Dittmar, 2008).

Yet another study comparing people high in religiosity (born-again Christians) and low in religiosity (non born-again Christians) using the BMS scale found that non-generosity and envy was negatively correlated with SWB in the first group but positively related with SWB in the latter group (La Barbera & Gurhan, 1997). In interpreting this finding, the researchers theorized that those low in religiosity may experience less value conflict (between secularism and materialism) in their lives than those with very spiritual values.

Motives

Finally, there is the view that materialism is not intrinsically bad but depends on one's reasons (motives) for pursuing financial goals, wealth and material possessions.

Carver and Baird (1998) argued, for example, that financial goals need not be detrimental to well-being when pursued for intrinsic reasons. Similarly, if involvement in one's community as a goal is pursued for extrinsic reasons (i.e. image or popularity) then it should be negatively related to well-being. Although they did not measure SWB, but self-actualization, it can be assumed (in line with SDT theory and research) that more self-actualized individuals should score higher in well-being (Ryan & Deci, 2000).

Strivastava, Locke and Bartol (2001) developed their own money-making motives scale with three second-order factors which they termed negative, positive and freedom of choice money-making motives and tested it on business students and entrepreneurs. They found that Money Importance (a scale comparable to the RFGI index) was negatively related to well-being¹ as predicted by SDT. However, when negative money-making motives (i.e. overcoming self-doubt, showing off, social comparison, power seeking) were entered in the equation, the link between Money Importance and well-being was insignificant, indicating that motives mediated the relationship. Furthermore, positive money-making motives (i.e. financial security, family support) had no effect on well-being.

The researchers concluded that the reasons (motives) people have for wanting money explains or explains *away* in some cases, the negative relationship between materialism (defined as a financial goal and aspiration) and well-being. Although they acknowledged that their money motives list was not exhaustive their results did indicate an indirect relationship between financial goals and well-being.

While Strivastava et.al. developed their money-making motives list largely via exploratory methodology, Garðarsdóttir (2006) developed a list of six money-motives based on literature and previous research on buying motives and buying behavior (cited in Dittmar, 2008). The aim was to see if the money-motives mediated the relationship between the relative importance of financial goals (measured with the RFGI) to SWB.

¹ They measured well-being with the Mental Health Index which consists of 38 items with two higher order factors: Psychological Distress and Psychological Well-Being. "It captures the pleasant affect and unpleasant affect components of SWB" (Strivastava, et al., 2001, p. 964)

The six money-motives examined in that study were divided into two categories based on how likely they were to be realistic and achievable. As such, *financial security*, *success* and *worth and pride* were categorised as realistic in that money is, at least, relatively likely to be able to fulfil them. *Happiness*, *identity* and *overcoming self-doubt* were categorized as unrealistic since money and material possessions was deemed unlikely to fulfil them. Indeed, the study found positive associations between the two of the realistic money motives (*success* and *worth and pride*) and SWB and no relation between financial security and SWB. Furthermore, there were negative associations between the unrealistic money-motives and SWB with the *happiness* and *overcoming of self-doubt* motives emerging as the stronger predictors.

The broader implication of this study was that financial goals are not in and of themselves detrimental to well-being but depend on the reasons (motives) that people have for pursuing them. As such, if your reason for pursuing financial goals is to gain financial security then it is not likely to negatively affect your well-being. However, if your motive for pursuing financial goals is to gain happiness or to overcome self-doubt, it is likely to be particularly detrimental to your well-being levels.

Conclusion

We have seen the largely negative effects of materialism on well-being and how materialism may be exerting these effects. Whether or not materialism is inherently bad or not, it is very likely that excessive preoccupation with wealth and possessions in the long run will be detrimental to well-being. The discussion becomes more urgent when we consider also the broader social and environmental effects of materialism. Even in the unlikely case that our preoccupation with acquiring possessions were to be positive

for our well-being, it is most certainly not sustainable if the future of our species is to be guaranteed.

It is also rather worrying in this context that some studies have reported an increase in materialism and extrinsic values in the last decades. For example, in a relatively recent study about work values in the US, Twenge, Campbell, Hoffman and Lance (2010) found that the generation born in the years between 1982 - 1999 (which they have termed Generation Me) had a more extrinsic value orientation than Baby Boomers (born between 1946 - 1964). In another study carried out in the US by Twenge et.al. (2009), the authors found significant rises in psychopathology among current generations of college and high school students in comparison to past generations (going as far back as 1938 for college students and 1951 for high school students). They attributed this to an increased focus on extrinsic values (money, appearance, status) and a shift away from intrinsic values (see, however, Trzesniewski & Donnellan (2010) for a contrary view).

If these studies are, in fact, reflecting a true increase in extrinsic and materialistic values in recent generations then it is all the more important to consider also how materialism affects children and how we can counter these effects, for example through education or policies. Although this issue is not discussed in the present paper, negative effects of materialism on children have been documented (e.g. Dittmar, 2008; Goldberg, Gorn, Peracchio & Bamossy, 2003).

CHAPTER 2.

Brief report: Qualifying the link between financial goals and subjective well-being: The role of happiness and identity money motives

Abstract

Previous research on the relative importance of financial goals has consistently found a negative relation to subjective well-being. This cross-sectional, questionnaire study ($N = 641$) replicates this finding and examines two money motives (identity and happiness) as mediators in the relationship between relative financial goal importance and subjective well-being. In isolation both motives fully mediated the relationship. However, when both motives were entered simultaneously, the identity motive emerged as a stronger predictor and fully mediated the relationship between relative financial goal importance and well-being. This study has important theoretical implications for the direction of future research on materialism and subjective well-being as well as practical implications for the development of policies targeting materialism.

A large and growing body of literature has investigated the link between the importance people place on financial goals as opposed to other life goals and their subjective well-being. Subjective well-being is an area of research that attempts to gauge people's happiness through self-report measures. Different subjective well-being measures correlate between themselves (Diener, Suh, Lucas & Smith, 1999) and with external indicators of well-being (reports by others, health status, frequency of smiles etc.) which lends support to the theoretical underpinnings of the construct (Helliwell & Putnam, 2004). Subjective Well-Being is comprised of three components: positive affect and negative affect (the two affective components) and satisfaction with life (a cognitive component).

Most of the research on the relative importance of financial goals is based on Self-Determination Theory (e.g. Deci and Ryan, 2000) which classifies goals as intrinsic or extrinsic based on their ability to satisfy innate psychological needs. Life goals are extrinsic in so far as they have been imposed on by external circumstances (such as rewards) and intrinsic in so far as they are pursued for their own value (such as personal growth). Financial goals in particular are extrinsic because they are pursued for extrinsic gains such as social status, image and popularity which are unlikely to fulfil the psychological needs that are presumed to be integral to well-being (Kasser & Ryan, 1993; 1996).

This research direction has consistently found a negative relationship between the importance placed on financial goals in life and subjective well-being. For example, Kasser & Ryan (1993) found that college students who placed more importance on financial goals were less actualized showed less vitality, more depression and more anxiety. In another study using a more general sample of adults, relative extrinsic goal

orientation (including financial aspiration) was significantly related to lower vitality, less self-actualization and more physical symptoms (Kasser & Ryan, 1996). Cross-cultural studies have obtained similar findings (i.e. Kasser & Ahuvia, 2002; Ryan, et al., 1999).

Financial goal importance has generally been equated to materialism such that those who value financial goals in their lives relative to other goals are thought to be more materialistic. However, although measuring materialistic values via relative financial goal importance is common, this approach may be too specific to fully capture the construct of materialism. That is because it focuses on a narrow goal (the importance of financial goals) and ignores other characteristics of materialistic values such as beliefs that money can bring happiness or make us “better” people (Garðarsdóttir, Dittmar & Aspinall, 2009). In particular, this approach has been criticized for neglecting to ask *why* people want more money and possessions (e.g. Carver and Baird, 1998). The basic assumption is that financial goals are inherently bad and as such, placing more weight on them versus other goals is detrimental to well-being.

However, research on motives has found that the reasons people have for pursuing financial goals may mediate the relationship between financial goal importance and subjective well-being. Strivastava, Locke and Bartol (2001) developed their own money-making motives scale with three higher-order factors which they termed negative, positive and freedom of choice money-making motives and tested it on business students and entrepreneurs. They found that the importance people placed on money was negatively related to well-being as predicted by Self Determination Theory. However, when negative money-making motives (e.g. overcoming self-doubt, showing off, power seeking) were entered in the equation, the link between money importance and well-being was insignificant, indicating that motives mediated the relationship.

Furthermore, positive money-making motives (e.g. financial security, family support) had no effect on well-being.

Their study was criticized for tipping the scales, so to speak, by pitting 51 money motive items against one item of financial importance (Sheldon, Ryan, Deci & Kasser, 2004). Notwithstanding this criticism, their study still found money motives to be better negative predictors of subjective well-being than financial aspirations. Sheldon et al. (2004) found that financial goal importance and motives *both* produced independent effects on subjective well-being. Yet, their study used 51 items to assess goal contents (extrinsic versus intrinsic) and 4 items to assess motives (controlled versus autonomous). In addition, the items used to measure motives may have been too abstract to fully capture the relevant constructs (Garðarsdóttir, et al., 2009).

Drawing from the aforementioned studies, as well as consumer culture research, Garðarsdóttir, et al. (2009) measured negative and positive money motives from Strivastava, et al. (2001) and relative financial goal importance as in Sheldon, et al. (2004) along with two more previously unexamined motives (happier-self and financial success motives). They found that, although relative financial goal importance was negatively related to well-being, when motives were included in the analysis, financial goal importance ceased to be a significant predictor of subjective well-being. In addition, negative money motives and the motive for a happier-self negatively predicted subjective well-being whereas positive money motives and the motive for financial success had the opposite effect. This led them to theorize that different motives for financial aspiration may have different effects on well-being depending on whether they can realistically fulfil goals. As such, wanting money to become a happier, more ideal

person (happier-self motive) was termed unrealistic whereas wanting money in order to feel successful (financial success motive) was termed realistic.

Why Money Motives

It would seem, then, that money motives are more accurate predictors of subjective well-being than financial goals. As Garðarsdóttir et al. (2009) point out, previous research on consumer culture also supports this claim, at least, in so far as particular money motives are concerned. This study focuses on the happier-self motive previously researched by Garðarsdóttir et al. (2009) but attempts to examine it as two separate motives. Although, they are likely to be related since they reflect ideals that are often intertwined in the promotion of consumerism, the literature suggests that they are conceptually and practically separable and produce different negative consequences for well-being (Dittmar, 2008). In particular, although both motives are expected to be related to negative affect, the identity motive is more likely to be related to shopping compulsion.

Happiness as motive

It is by no means unreasonable to assume that money may lead to happiness. We know that poverty is an unhappy state (Ahuvia, 2002) and money should provide us with the resources (i.e. better education, leisure activities and so on) to lead a happier life (Cummins, 2000). However, most research shows that more money and possessions do not increase happiness beyond (relative) basic needs (e.g. Csikszentmihalyi, 1999; Diener & Biswas-Diener, 2002). Furthermore, and more importantly, wanting more money (i.e. materialism) can be detrimental to well-being (e.g. Dittmar, 2005; 2008). This is especially true when the desire for more money is driven by psychological motives that are unlikely to be fulfilled by money and possessions. Furthermore,

research on buying motives and buying behaviour shows that people often buy things for mood enhancement – to feel better – but the effect is rather short-lived and not likely to increase well-being or satisfaction with life in the long term (e.g. Dittmar, 2007; 2008).

Identity as motive

Research on buying motives and buying behaviour has, also, consistently found that people often buy things to enhance their identity (Belk 1988; Dittmar, 2008). It has long been recognised in consumer culture research that material possessions fulfil more than simple practical functions for people (e.g. Richins, 1994; Dittmar, 1992).

Identity today is no longer ascribed but acquired since previously stable elements for identity construction (i.e. religion, family, nationality) are no longer inborn characteristics (Zukin & Maguire, 2004). As such, people are expected to ‘become’ who they are (Dittmar, 2008). Self-discrepancy theory (e.g. Higgins, 1987) proposes that identity lies on a continuum with actual identity (who I am) on one end and ideal identity (who I would like to be) on the other. When people feel dissatisfied with their actual identity they will strive to reach a more ideal identity by filling in the gap between the two. Dittmar (e.g. 2005; 2008) calls these gaps *identity deficits* and argues that consumer culture promotes certain ideals (i.e. the ideal of the material good life and the perfect body) that cannot be realistically fulfilled by material possessions and wealth.

Of course, possessions - and by extension money - can have some positive aspects on people’s identity such as, providing them with a personal narrative, a sense of coherence, and in reminding them of important relationships. However, contemporary consumer culture increasingly communicates the message (mainly through advertising) that material goods can provide people with further psychological benefits. Identity is a particularly fruitful marketing domain in this respect (Dittmar, 2004; 2008).

Indeed, striving for a more ideal self through material means can have a negative effect on well-being, since they can only fulfil this ideal to a very limited extent. In fact, research shows that trying to compensate for identity deficits via material means is a rather futile pursuit which can even lead to a clinical disorder (i.e. compulsive buying) with certain vulnerable groups (e.g. Dittmar, 2005; 2008).

Aims and hypotheses of the current study

This study aims to replicate previous research on the mediating effect of happiness and identity money motives in the relationship between relative financial goal importance and subjective well-being. Furthermore, it aims to separate the money motives of happiness and identity both for concept clarity and to investigate the indication in previous research that the two motives are in fact distinct. Although the research clearly suggests that the happiness money-motive is detrimental to well-being (Garðarsdóttir, et al., 2009), less is known about the identity money-motive.

In line with previous research we expect the importance of financial goals relative to other goals to be negatively related to subjective well-being (hypothesis 1). Furthermore, we expect the happiness and identity motives to negatively predict subjective well-being (hypotheses 2 and 3 respectively). Moreover, we predict that the relationship between relative financial goal importance and subjective well-being will be partially or fully mediated by the happiness money motive (hypothesis 4) and the identity money motive (hypothesis 5). Finally, the two money motives were examined simultaneously to examine their relative contribution to subjective well-being beyond relative financial goal importance.

Method

Participants and procedure

Participants were recruited via snowball sampling using e-mail and social networks resulting in 664 responses. All Icelandic contacts of the researchers were asked to take part in the survey and to forward the link to the survey. Every participant received a message with a short description of the studies aims and a link to the online survey. Participants were told that they could opt out of the study at any point and that their responses were anonymous. The study was approved by the Icelandic data protection authority.

Out of the original sample of 665 Icelandic adults, 641 remained in the analysis after deleting 24 cases for complete nonresponse and imputing 51 cases with SPSS v.17 MVA module's EM imputation (see Sheffer, 2002 for a discussion of SPSS's MVA module). The average age of the respondents used in the analysis was 38 years ($SD = 10.28$, range = 18-71). There were 139 (21,7 %) males and 464 (72,4%) females and 38 (5,9%) did not report their gender.

Measures

Participants answered a questionnaire that consisted of four sections. One section was for demographics including age and the rest were the measurement scales for the core constructs.

Subjective well-being was measured with a composite scale which consisted of two scales. The 5-item Satisfaction With Life Scale (SWLS; Diener, Emmons, Larsen & Griffin, 1985; $\alpha = .89$) was designed to measure the cognitive component of subjective well-being. Participants responded to items such as *in most ways my life is close to my*

ideal on a seven-point Likert-type scale. To measure the affective components of subjective well-being a shortened 10 item version of the Positive and Negative Affect Schedule (PANAS; Watson, Clark & Tellegen, 1988; $\alpha = .90$) was used. Participants indicated the extent to which they have experienced positive affect (i.e. *enthusiastic, determined*; 5 items; $\alpha = .89$) and negative affect (i.e. *nervous, upset*; 5 items; $\alpha = .87$) in the past week on a six-point Likert-type scale ranging from *very slightly* (1) to *not at all* (6). The internal reliability for the composite measure was very good; $\alpha = .86$

Relative Financial Goal Importance was measured with 16 items selected from the Aspirations Index (AI; Kasser & Ryan, 1993/1996). Twelve items were selected to measure intrinsic goals (self-acceptance, affiliation and community; $\alpha = .86$) and 4 items to measure financial goals (for example *to have many expensive possessions, to be rich*; $\alpha = .79$). Participants rated how important each item was to them on a seven-point Likert-type scale ranging from *low importance* (1) to *high importance* (7). The relative centrality of financial goals as opposed to other goals was calculated by subtracting the average score of all intrinsic items from the average score of the four financial items giving a means-adjusted measure of the relative financial goal importance, as recommended by the scale's authors (<http://faculty.knox.edu/tkasser/aspirations.html>). Higher scores reflect greater adherence to materialistic goals.

Money motives were measured with a 10-item scale adapted from Garðarsdóttir (2006) and Dittmar, Long & Meek (2004). It was designed to measure two factors, identity motives (5 items; $\alpha = .86$) and happiness motives (5 items; $\alpha = .88$). The identity motive scale was designed to capture ideal identity (i.e. *to feel more like the person I want to be*), future identity (i.e. *to feel more like the kind of person I realistically hope to be in the future*) as well as social identity (i.e. *to give me the sense that I belong to a*

particular group of people). The happiness motive scale was designed to capture mood enhancement (i.e. *to improve my mood*) as well as the belief that earning more money can bring happiness (i.e. *because these days you need money to be happy*). Participants rated how much they agreed with each item on a seven-point Likert-type scale ranging from *completely disagree* (1) to *completely agree* (7). Higher scores reflect greater inclination to pursue money for reasons of identity or happiness.

Results

Table 1 displays the descriptive statistics and inter-correlations for the variables used in the study. As expected there was a negative correlation between relative financial goal importance and subjective well-being as well as, between the happiness and identity motives and subjective well-being. Interestingly, the two motives produced slightly higher negative correlations with subjective well-being than the relative financial goal importance. Furthermore, the happiness and identity motives were highly correlated.

Table 1. *Descriptive statistics and inter-correlations of study variables*

	<i>M</i>	<i>SD</i>	1	2	3	4
1. Relative Financial Goal Importance	-2.30	1.24	-			
2. Happiness Motive	2.88	1.27	.57**	-		
3. Identity Motive	2.91	1.31	.53**	.81**	-	
4. Subjective Well-Being	6.18	2.34	-.16**	-.22**	-.27**	-

Note. $N = 641$. ** $p < .01$, two tailed.

Three hierarchical multiple linear regression analyses were carried out to test whether the happiness motive on the one hand (hypothesis 4) and the identity motive on the other (hypothesis 5) mediate the relationship between financial goal importance and subjective well-being. In the third analysis both motives were entered simultaneously to both test for mediation and see the interactions between the study variables. These

hypotheses were tested following the procedures outlined by Baron and Kenny (1986) who recommend three conditions that need to be met for a mediation analysis to be carried out. The first two of their suggested preconditions were met for all analyses as indicated by the correlations in table 1. Condition three, whether or not there is mediation is reported in tables 2 (for the happiness motive), 3 (for the identity motive) and 4 (for both motives simultaneously). Respondent age was controlled for in all of the analyses.

Table 2 lists the results from the hierarchical regression with the happiness motive as mediator. The findings show that both relative financial goal importance and the happiness motive were negative predictors of subjective well-being as expected (hypothesis 1 and 2 respectively). Overall the addition of the happiness motive significantly improved the prediction of subjective well-being beyond that which relative financial goal importance predicted, although the increase in variance explained was very small 2%. Nonetheless, the happiness motive fully mediated the relationship as indicated by the fact that relative financial goal importance dropped to non-significance when the happiness motive was added into the equation, supporting hypothesis 4. The beta weight for relative financial goal importance was reduced to nearly zero when the happiness motive was entered.

Table 2. Hierarchical regression examining the mediating effect of the happiness motive in the relationship between relative financial importance and subjective well-being.

		ΔR^2	F	B	SE	β
<i>Step 1</i>	Relative financial goal importance	.02***	13.89***	-.27	.07	-.14***
<i>Step 2</i>	Relative financial goal importance	.02***	13.75***	-.09	.09	-.05
	Happiness motive			-.33	.09	-.18***

Note. $N=641$. *** $p < .001$; age was controlled in all steps.

Table 3 lists the results from the hierarchical regression with the identity motive as a mediator. The findings show that the identity motive was a negative predictor of subjective well-being as expected (hypothesis 3). The addition of the identity motive significantly improved the prediction of subjective well-being by 4%. Furthermore the identity motive fully mediated the relationship between relative financial goal importance and subjective well-being. The association between relative financial goal importance and subjective well-being was reduced to non-significance when the identity motive was added in the equation, supporting hypothesis 5.

Table 3. Hierarchical regression examining the mediating effect of the identity motive in the relationship between relative financial goal importance and well-being.

		ΔR^2	F	B	SE	β
<i>Step 1</i>	Relative financial goal importance	.02***	13.02***	-.27	.07	-.14***
<i>Step 2</i>	Relative financial goal importance	.04***	13.97***	-.05	.08	-.03
	Identity motive			-.42	.08	-.24***

Note. $N = 641$. *** $p < .001$; age was controlled in all steps.

In the final analysis both motives were entered simultaneously to test if both motives mediate the relation between subjective well-being and relative financial goal importance. As can be seen from the results presented in table 4, when both motives are entered simultaneously, the model accounts for a 4% increase in explained variance. However, this is entirely due to the identity motive since the happiness motive is not a significant predictor of subjective well-being once the identity motive is entered in the model.

Table 4. Hierarchical regression examining the mediating effect of the happiness motive and the identity motive (entered simultaneously) between relative financial goal importance and subjective well-being.

		ΔR^2	F	B	SE	β
Step 1	Relative financial goal importance	.02***	13.02***	-.27	.07	-.14***
Step 2	Relative financial goal importance	.04***	13.46***	-.05	.09	-.03
	Happiness motive			-.00	.13	-.00
	Identity motive			-.42	.12	-.23***

Note. $N = 641$. *** $p < .001$; age was controlled in all steps.

Discussion

As in previous studies (i.e. Kasser & Ryan, 1993; 1996) the importance placed on financial goals relative to other life goals negatively predicted subjective well-being when examined in isolation. However, the two money motives examined here (happiness and identity) fully mediated the relationship between relative financial goal importance and subjective well-being. Yet, when the motives were examined simultaneously the happiness motive ceased to be a significant predictor. Although, the two motives were highly correlated, the identity motive was more strongly associated with subjective well-being and in fact, fully mediated the association between relative financial goal importance and subjective well-being.

Thus, this study has shown that aspiring to financial goals in life is not in and of itself detrimental to well-being. The negative effects of financial goals depend on the reasons (i.e. motives) people have for pursuing these goals, most significantly the motive for an ideal identity. This study does not contradict previous research on financial aspirations rather it qualifies it by showing that relative financial goal importance is only one component of materialism, albeit an important one (e.g. Kasser & Ryan, 1993; Kasser & Ahuvia, 2002). Furthermore, it shows that the relative centrality of financial

goals in one's life as an indicator of materialism is likely to be dependent on the underlying motive, which supports previous research on money-motives (i.e. Garðarsdóttir, et al., 2009).

Previous research on identity deficits and their relation to buying compulsion (Dittmar, 2005) as well as, materialism and debt collection in Iceland (Garðarsdóttir & Dittmar, 2012) underscores the importance of including money motives in the research of materialism. More specifically, the results show that striving for an ideal identity via money and possessions is an important indicator of materialism in Iceland. This finding has important theoretical implications for the direction of future research on materialism and demonstrates that the negative association often found between financial goals and subjective well-being is more complicated. Finally, a practical implication here involves the development of policies targeting materialism. Understanding what it is that makes a relative financial goal orientation detrimental is key for policy development since targeting this motive alone may be easier than challenging deep-seated beliefs about the importance of financial prosperity.

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