



Money Attitude And Impulse Buying

Maria Rio Rita

maria.riorita@staff.uksw.edu

Vita Agesi Argentina

vitaagesiargentina@gmail.com

Satya Wacana Christian University, Indonesia

Abstract

By the time someone makes a purchase of goods that have been planned, it is not infrequently to be followed by suddenly appeared purchases without any prior purchase intention. Money attitude is perceptions / attitudes towards money that can determine someone's financial behavior. This study focuses on a person's money attitude towards impulse buying on the students of Economics and Business Faculty, Satya Wacana Christian University, Salatiga. Money attitude was measured using four dimensions of power-prestige, retention time, anxiety, quality. Data were obtained through questionnaires and sampling techniques using nonprobability sampling by convenience sampling method. The sample in this study were 150 students of Economics and Business Faculty, Satya Wacana Christian University, Salatiga. The study results indicated that there was a correlation between money attitude and impulse buying.

Keywords: Power Prestige, Retention Time, Anxiety, Quality, Impulse Buying.

Introduction

Nowadays many people do not purchase based on their needs but because of desire. Habits in current consumption activities may affect on a person's future life (Bristol, 2001). Teenagers tend to be unable to avoid their desire for something they see. In particular, adolescents serve as the main target of the market segments, because their purchasing power increased dramatically and they seem to have a high awareness of the brand, store image, and the value concept of the price (Bristol, 2001). Wulfert et al (2002) explained that adolescents experienced strong emotions during puberty and were weak to restrain themselves, they were more likely as adults to follow reckless and performed risky activities. At first, they sometimes make a plan before making a purchase of a product, about what items will be purchased, quantity, price, place of purchase, and so forth. However, they usually make sudden purchases and feel sudden desire when they see an item or service. Purchasing pattern like this can be regarded as impulse purchases.

Rook and Fisher (1995), defined the nature of impulse purchases as "a consumers' tendency to buy spontaneously, unreflectively, immediately and kinetically", while Loudon and Bitta (1993) stated it as unplanned purchases. Engel and Blackwell (1995) defined unplanned purchases or impulsive purchases as an act of purchases action made without prior plans or purchasing decisions which were made while someone was in the store.

Impulse buying can be understood as a decision-making process which involves only a few customer's cognitive processes but also usually show a high emotion degree. Previous researches has found a variety of factors related to impulse purchases, such as age and income (Wood, 1998), gender and self identification (Ditmar, et al 1995), or emotional state (Rook & Fisher, 1995).

Impulse buying also can be basically seen from the financial side, one sample is by observing someone's attitude toward money (money attitude). Furnham (1984) showed that money attitude was basically related to the person's income. Monica (2013) asserted



that the behavior of using money in the hands would have different treatment between one another. This was due to the desire of every individual to spend the money they have was different between one another.

Roberts and Jones (2001) argued that money attitude was as an instrument of power (power), a source of anxiety, and obsession. From the perspective of psychology, Yamauchi and Templer (1982) classified money attitude in five dimensions, namely power-prestige, retention time, quality, distrust and anxiety. Lai (2010) examined 906 adolescents between the ages of 16-20 in Taiwan colleges and suggested a strong correlation between money attitude and impulse buying.

So far studies on impulsive buying behavior are only conducted in the field of marketing. Researchers try to link the impulse buying behavior with finance, especially personal finance by adding money attitude variable that is suspected of having links to impulse buying. Thus the research issue that will be answered by this study is whether money attitude related to impulse buying attitude of the students of Economics and Business Faculty, Satya Wacana Christian University Salatiga?

Literature Review and Hypothesis Development

Money Attitude

Generally, money has the same meaning but individual attitudes towards money create differences. Taneja (2012) defined money attitude simply as a person's perception of money. Lindgren (1980 in Taneja (2012) stated that underlying motives of money attitude more emphasized to obtain the status, power and boost self-esteem. Thus money attitude concept is considered as someone's perception on money.

From the perspective of psychology, Yamauchi and Templer (1982) classified money attitude in five dimensions, namely power prestige, retention time, distrust, anxiety and quality. Distrust dimension is not used in this research because it is not fit in measuring the money attitude variable. Quality dimension is also not used here since the influence of quality dimension towards the impulse buying will be different between goods with high quality and low. In fact, in this study, impulse buying that will be examined is not specific to a particular item.

The first domain is power prestige which consists of status, importance, advantages, and acceptance aspects. Wang (2004) found that increasing power-prestige degree had a significant impact towards impulsive buying behavior. According to Setyawan (2011) power-prestige is a psychological attitude which make an individual think that money is a kind of strength. In addition, money is a symbol of success for those who have it.

The second domain is retention time, include saving, hoarding money. Someone in this indicator tends to be cautious in using money. They choose to secure their money by storing (Ose and Orr, 2007 in Blaszczynski & Nower, 2008). According to Setyawan (2011) retention time is one of someone's psychological attitudes which refer to his or her behavior which do not want to spend money. Money will be used must be planned in advance. So money that will be used is not spent in the previous day.

The third domain is anxiety. Anxiety is concerned feeling about the financial well-being in the future. Someone who is oriented to this characteristic domain tends to think suspicious and doubtful. Someone is un believe to make a purchase because he or she is sensitive to price, so he or she is going to give a complaint against the goods they buy (Setyawan, 2011).





Impulse Buying

Rook and Fisher (1995), defined the impulsive purchases nature as "a consumers' tendency to buy spontaneously, unreflectively, immediately and kinetically". Impulse buying is influenced by factors such as economic, personal, temporal, spatial, and even culture. It varies not only between different buyers who consider to buy the same items, but also for the same buyers who buy the same items in different situations (Stern, 1962), thus it is often assumed that personal and situational factors are significant. Lai (2001) described the factors that influence impulsive purchases, such as external stimuli (store displays, promotions and advertising), internal perceptions (lifestyle, personality, emotion, money and time pressures), the purchase behavior (price, time of purchase, payments) and demographic variables (age, gender, income, occupation, marital status, education, household income and social status).

Different buying situations cause different impulsive buying behavior. There is a tendency for consumers to buy impulsively when they are hedonistic and enjoy shopping (Hoch and Loewenstein, 1991; Dittmar et al, 1995). Beatty and Ferrell (1998) suggested that the more time available, the more likely that consumer will make a purchase.

According to Rook (1987) impulsive purchase was a consumer behavior disorders, and often resulted in "lost control" of the consumers, so impulse purchases was called as bad or negative behavior. Consumers make purchases without planning, occur suddenly, and with a strong desire to buy something immediately at the time in the store without any consideration for the consequences in the future. Additionally, Rook (1987) described 4 tendencies of impulse buying, ie

1. Spontaneous Urges to Buy: sudden encouragement that is appeared to make a purchase on the time.
2. Power and Compulsion: Intensity & Force: the desire for immediate action and necessary feeling to do it
3. Excitement and Stimulation: a joyful feeling when making a purchase
4. Disregard for Consequences: their disregard for the consequences that will be accepted.

Hypothesis Development

The Impact of Money Attitude towards Impulse Buying

Personal Finance is one part of financial science that studies the personal or household financial management. Tyson (2010) suggested the things learned in personal finance: "spending, taxes, saving and investing, insurance, and planning for the major goals like education, buying a home, and retirement. In particular, impulsive buying behavior in terms of personal finance is a part of the personal expenditure (spending) management of. So it is important for individuals to undertake the personal or household financial management.

Monica (2013) defined the behavior using money in the hands will have a different treatment between one another. Furnham (1984) showed that the attitude of the money was basically related to the person's income. The earned income can encourage individual consumption activities by purchasing goods or services. Usually individuals make a plan before purchasing an item on what they want to buy. However, some people buy goods spontaneously or perform unplanned purchases.



In an impulsive purchase, consumers have strong and positive feelings toward a product that must be purchased, so that in the end they decide to buy it (Mowen and Minor, 2002).

Impulse purchases tend to ignore the adverse impacts that may occur which can lead to regret feeling, related to money that is already spent that will cause financial problems with budget or expenditure ballooning.

1. Power –Prestige. Many people regard money as a rule. Power-prestige is also included to be used for reaching status, competition, external recognition, achievement of material goods. Many people consider having money as having the power (Goldberg & Lewis, 1978). While the views of Yamauchi and Templer (1982) were the same as Robert & Jones (2001) which stated that high power-prestige value in using money was considered to impress and influence others and as a symbol of success. So someone with a high power prestige value tends to perform impulse buying.

H₁: Power-prestige has a correlation with impulse buying

2. Retention time. This second dimension emphasizes on financial planning and careful use of money. Higher retention time value reflects the behavior that thinking about and preparing for the money to be useful in the future, whereas someone with a low retention time value tends to be oriented to the present than the future. People tend not to think about saving for the future, but the money they have is used for present (Yamauchi and Templer, 1982). A person who is included in this indicator will be very careful when using his or her money and feels unsafe when spending money (Lim and Teo, 1997). Someone who has a high retention time value tends not to perform impulse buying because he or she will save his or her money. People with low retention time value will do impulse buying because of their perception that money will be used for shopping.

H₂: Retentiontime hasa correlation with impulse buying

3. Anxiety. Durvasula and Lyonski (2010) stated that people with high distrust value were often suspicious and doubt related to situations involving the use of money and did not believe in their ability to make intelligent buying decisions efficiently. A person becomes unbelieve to buy goods that have been planned as related to price sensitivity. People who behave anxiety over money will tend to be cautious in spending money because they think the money should be kept to meet the needs and financial well-being in the future to be assured. This anxiety attitude will prevent people from impulse buying actions.

H₃: Distrust has a correlation with impulse buying

Research Methods

Population in this study was all students of the Economics and Business Faculty of Satya Wacana Christian University (SWCU), as many as 1050 (Administration and Payments Department, Economics and Business Faculty of Satya Wacana Christian University Salatiga). The samples in this study were undergraduate students Economics and Business Faculty of Satya Wacana Christian University Salatiga. In addition, the sampling in this study was conducted within the scope of undergraduate and diploma III at Economics and Business Faculty of Satya Wacana Christian University Salatiga, because the post graduates students usually already have their own income and are not in the adolescent age range, so it is



assumed that they have a different mindset with teenagers. Teenagers are in the age range between 18-22 years. The sampling technique used here was nonprobability sampling by convenience sampling method.

Concept measurement of the variables in this study used a Likert scale. Measurement of money attitude variable was performed by using the statement indicator developed by Yamauchi and Templer (1982) with 3 dimensions, while the measurement of impulse buying variable was performed by statements indicators developed by Rook (1987).

Prior to the analysis of the data, it is necessary to perform a pilot test by distributing questionnaires to 30 respondents. Then we performed Reliability and Validity tests. Furthermore, to determine the Likert scale range of respondents' answers average value in each category we used the formula (Santosa, 2012):

$$\text{Interval} = \frac{\text{Maximum value} - \text{mininum value}}{\text{Number of class}}$$

$$= \frac{3 - 1}{2} = 2$$

From the description above we can obtain variable rate categories as follows:

Range	Description
1.0to 3.00	Low
> 3.00 to 5.00	High

Data analysis of this study used chi square analysis to analyze the correlation between variables.

Analysis and Discussion

Characteristics of the Respondents

Respondents in this study were amounted to 150 people who were in the scope of undergraduate and diploma III at the Economics and Business Faculty of Satya Wacana Christian University (SWCU).

	Category	Amount	Percentage
Gender	Male	49	32,7%
	Female	101	67,3%
Age	18-20	117	78%
	21-22	33	22%
Status	Working	8	5%
	Not working	142	95%
Allowance/month	Rp.100.000 to Rp. 500.000	20	13%
	Rp.600.000 to Rp.1.000.000	46	31%
	> Rp.1.000.000	84	56%
Income of working students/month	Rp. 100.000 to Rp. 1.000.000.	14	9,3%

Source: Processed Primary Data, 2014

Based on data from Table 2 the respondents were dominated by women as much as 67.3% and the number of male respondents was 32.7%. From the data, the respondents



were dominated by age under 20 years as much as 78% and the remaining 22% were aged over 20 years. The respondents who had a working status were only 14 people, which meant that the majority of respondents did not work. For respondents with the working status had arrange of income for each month between Rp.100.000-Rp.1.000.000. As many as 56% got allowance every month in average of more than Rp. 1.000.000 while 31% had allowance between Rp. 600.000 to Rp. 1.000.000 and the remaining 13% had allowance of Rp. 100.000to Rp. 500.000.

Validity and Reliability Tests

In the validity test, there were 9 indicators in money attitude variable and 1 indicator on impulse buying variable which were declared invalid. Next step was reliability test phase. In reliability test, all indicators of money attitude and impulse buying variables were stated reliable, because all of these variables showed Cronbach alpha value of > 0.60.

Table 3. Description of Money Attitude and Impulse Buying Variables

Dimension of the Variables		Mean Score	Description	
Power	-	Prestige	3:17	High
Retention		Time	2:43	Low
Anxiety			3:58	High
Spontaneous	Urges	to Buy	3.61	High
Power and	Compulsion:	Intensity & Force	3:18	High
Excitement	and	Stimulation	3:39	High
Disregard for	Consequences		2.61	Low

Source: Processed Primary Data, 2014

Based on the data in Table 3, the description for Prestige Power dimension of Money Attitude variable was high, indicated that overall students considered money as strength or a symbol of success. Score value in Retention Time category was low. Students on this dimension tent not to plan for future financial and less careful in using it. Furthermore, score value in the anxiety category was high. This indicated that students with high anxiety score did not believe in their ability to make intelligent buying decisions efficiently. Impulse buying dimension in Table 3 which included Spontaneous Urges to Buy, Power and Compulsion, excitement and stimulation had high scores.

This showed that students had no plan in making a purchase and without strong motivation to make the purchase when they saw the products in store. While Disregard for Consequences dimension had a low score, indicated that even though most of the students performed impulse buying but some of them were still pay attention to the negative consequences that could arise when the made a purchase.

Correlation between Money Attitude and Impulse Buying

Based on the Chi square, we can gain test results as follows:

Table 4. Correlation between Power Prestige and Impulse Buying

		Impulse Buying		Total
		Low	High	
Power-prestige	Low	47	16	63 (42%)
	High	22	65	87 (58%)
Total		69 (46%)	81 (54%)	150



Asymp. Sig. (2-sided)
0,001

Source: Processed Primary Data, 2014

Probability value on power prestige dimension was smaller than 0.05, thus H0 was rejected. This indicated there was a correlation between power prestige dimension and impulse buying. The results of Table 4 above described that students who had a low power-prestige and low impulse buying were as many as 47 people. Students with high power-prestige had high impulse buying as many as 65 people. Students who had low prestige value power were less likely to do impulse buying and vice versa. Students with high power-prestige value were tent to perform high impulse buying anyway. This is because by doing impulse buying they expected to gain social status and was able to impress others.

Table 5. Correlation between Retention Time and Impulse Buying

		Impulse Buying		Total
		Low	High	
Retention Time	Low	34	13	47 (31%)
	High	25	78	103 (69%)
Total		59 (39%)	81 (54%)	150

Asymp. Sig. (2-sided)
0,002

Source: Processed Primary Data, 2014

Probability value on retention time dimension was smaller than 0.05, thus that H0 was rejected. This indicated that there was a correlation between retention time dimension with impulse buying. Furthermore, Table 5 explained that most of the students had a high retention time and high impulse buying values. This meant that although the majority of students had financial planning, they still performed impulse buying. This indicated that most of them usually make spontaneous or unplanned purchase. Students in this dimension were prefer to save than spend money they have. This happened because most of them received money from their parents, that's why they did not worry about running out of money and continue to do impulse buying.

Table 6. Correlation between Anxiety and Impulse Buying

		Impulse Buying		Total
		Low	High	
Anxiety	Low	32	20	52 (35%)
	High	36	62	98 (65%)
Total		68 (45%)	82 (55%)	150

Asymp. Sig. (2-sided)
0,001

Source: Processed Primary Data, 2014

Probability value in the anxiety dimension was less than 0.05, thus H0 was rejected. This indicated that there was a correlation between distrust dimension and impulse buying. The results in Table 6 showed that the majority of students had high anxiety score and high impulse buying as many as 62 people. It indicated that even though they were unsure of their ability to make an efficient purchase, they could not resist the impulsive purchases.





Table 7. The Correlation between Anxiety and Impulse Buying

		Impulse Buying		Total
		Low	High	
Anxiety	Low	44	11	55 (37%)
	High	20	75	95 (63%)
Total		64 (43%)	86 (58%)	150

Asymp. Sig. (2-sided)
0,001

Source: Processed Primary Data, 2014

Probability value of anxiety dimension was less than 0.05. It means that H₀ was rejected. This indicated there was a correlation between anxiety variable and impulse buying. Someone who is oriented towards anxiety dimension will feel anxious how to spend money when they have it. However, when they do not have any money they will also feel uneasy because they cannot shop. Table 7 showed that the number of students who had high anxiety value and high impulse buying higher than the other value of the other criteria were as many as 75 people. This indicated that most of them were anxious when they had money and looked on how to spend it so they performed impulse buying.

Conclusion

Based on the study results it be concluded that there was a correlation between money attitude and impulse buying. In addition, this study showed that SWCU EBF students performed high impulse buying. Doing impulse purchases in the long term will have a negative impact on a person's financial condition because it causes the extravagance situation. Therefore, students must control themselves and avoid impulse purchases.

Research Limitations and Suggestions

The researcher realize that there are limitations in this study that can be improved or developed in future studies, namely:

1. Respondents in this study were students who incidentally did not have their own income, when in fact the money management comes from the self work is different with money management earned without work. According to Ika (2011), decision-making process of financial management is determined by the background or the nature of the income whether it is fixed income or non-fixed income.
2. This study used a questionnaire developed by Yamauchi and Templer (1982), in which not all the questions were suitable to measure money attitude variable. Thus, in the future studies, it is better to use more experimental questions, for example by using the word "if" or "whether".

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