Money obsession, social adjustment, and economic risk perception☆

Elisabeth Engelberg*, Lennart Sjöberg

Center for Risk Research, Stockholm School of Economics, Sweden

Abstract

The present study aimed at investigating whether individual views on the importance of money are differentially linked to social adjustment as well as to economic risk perception. The analysis was based on 212 respondents who filled out questionnaires containing items measuring money attitudes, psychological constructs of social adaptation, economic risk perception and monetary behavior. Results suggested that money obsession was linked to a lower degree of social adjustment. They further showed that a high importance attached to money was to a significant degree explained by the perception of running a higher risk of economic loss.

© 2007 Elsevier Inc. All rights reserved.

JEL classification: A12 relations of economics to other disciplines

Keywords: Money attitudes; Risk perception; Social adaptation

Economic beliefs and attitudes play a major role in modern life. Whereas attitudes toward money have been fairly well investigated, research is scant on the perception of economic risks. It is of particular interest to investigate financial risk perception as contemporary economies expose the individual to personal risks that were traditionally managed collectively or institutionally (Lunt, 1999). This means that there is an increasing tendency to shift financial risks onto the individual who consequently has to manage more complex and uncertain issues pertaining to money.

It is our overall hypothesis that individual views on money are differentially linked to economic risk perception as well as self-perceived ability to cope with economic risks. We base this

☆ This study was supported by a grant from the Stockholm School of Economics.

* Corresponding author at: Center for Risk Research, Stockholm School of Economics, Box 6501, S-113 83 Stockholm, Sweden. Tel.: +46 8 736 95 83; fax: +46 8 30 72 25.

E-mail addresses: Elisabeth.Engelberg@hhs.se, elisabethengelberg@hotmail.com (E. Engelberg).
assumption on prior research suggesting that individual variation in money attitudes is differentially related to a perception of social risks. More precisely, money seems to be valued higher among people who experience a greater sense of vulnerability to social risks, such as the belief of running a high risk of being deceived by others. This previous research raises the issue of how variation in money attitudes relates to social adjustment. Knowledge in this regard is potentially useful for understanding variation in money-related behavior other than as related to clinical syndromes, such as gambling or compulsive shopping that have previously been extensively investigated (e.g., Beck and McIntyre, 1977; Black and Moyer, 1998; Lesieur et al., 1986).

The present study had a two-fold purpose. One aim was to examine how money obsession, or a high importance attached to money, relates to social adjustment. Another aim was to investigate the relation between money obsession and the perception of economic risks. Before presenting the purpose of the present study in greater detail, we first review the literature on money attitudes.

Studies on money attitudes have generated taxonomies of money behavior, and psychometrically based scales (see Furnham and Argyle, 1998). One of the earliest taxonomies emerged from the work by Goldberg and Lewis (1978). They identified different motives that give rise to particular money behaviors. Whereas people in the category of love dealers use money as a substitute for love, people in the other three categories seek money for the security, freedom, or power that it may provide. The security collector has a deep distrust of other people and therefore becomes a compulsive saver in order to alleviate his or her anxiety. The worshipper of autonomy hoards money as a means to become less dependent upon other people. Power grabbers strive to amass a fortune in order to acquire control of people around them and thus avoid experiencing helplessness and humiliation. One other taxonomy that was developed by Forman (1987) includes comparable categories to that found by Goldberg and Lewis. These are the penny-pinching miser and the power-seeking tycoon. Forman also identified other categories that equally point to how money-related behavior seems to be governed by motives to avoid negative outcomes. Whereas the spendthrift manages feelings of rejection by spending money, the bargain hunter has a compulsion to buy things for less or else anger and depression will set in.

Research on money attitudes has also been undertaken in the pursuit of psychometrically based measures. The three most commonly used scales yield a prominent factor pertaining to the importance attached to money as a means to gain power, prestige and status. For instance, the main factor of the money attitude scale (MAS) developed by Yamauchi and Templer (1982) corresponds to views on money as compelled mainly by the power and status that is associated with wealth. More precisely, items loading on the factor for power-prestige points to the use of money as a symbol of success, and the use of money as a means to impress and influence others. The remaining factors pertain to saving behavior and emotional money associations. Items loading on the factor for Retention-Time correspond to careful spending behavior and meticulous planning of monetary resources to get a sense of security. The factor titled distrust reflects suspicion and doubt in situations involving money, and the other factor titled anxiety reflects distress and worry elicited by money matters. This scale has been found to have acceptable reliability (Gresham and Fontenot, 1989; Medina et al., 1996; Roberts and Sepulveda, 1999).

Interestingly, money attitudes seem to be unrelated to socio-economic status. For instance, Roberts and Sepulveda (1999) replicated the finding that money attitudes are essentially independent of income, as originally found in the study by Yamauchi and Templer. A related finding is that income was shown to be a poor predictor when examining emotional and behavioral correlates of money pathology (Furnham and Okamura, 1999).

Furnham (1984) investigated the relationship between demographic variables and monetary beliefs and developed, partly for that purpose, the money beliefs and behavior scale (MBBS).
There is some overlap between MAS and the MBBS, which is encouraging in consideration of the multidimensional nature of money attitudes. Both scales yield dimensions that relate to, on the one hand, perceiving money as a symbol of power, status or prestige, and on the other hand, budgeting or retaining money. The MBBS also yields a dimension relating to the obsession with money, which in the MAS is a component of the power-prestige factor. Another common instrument, the money ethic scale as developed by Tang (1992), does not overlap to the same extent with the previously discussed scales. The scale has six major factors and two of these are very similar to the factors relating to, on the one hand, power associated with wealth, and on the other hand, budgeting behavior. The remaining factors pertain to perceptions of money as good and evil, as a sign of achievement and a potential to enjoy other people’s respect.

Taken together, prior studies suggest that there is a tendency to view money as a protection against the kind of vulnerability that is inherent to social involvement. There are risks of, for example, the loss of trust and confidence in others because of their dubious schemes, or loss of autonomy and consequent dependence upon other people. Simply put, money may be viewed as a buffer against social risks. Perhaps, therefore, money is primarily associated with status and prestige that may render the behavior of other people more predictable and solicitous. Money is equally associated with the power to influence and even control others. It is therefore possible that those who particularly attach this meaning to money are prompted by a lack of proficiency to relate to other people. Based on previous research on money attitudes, we formulated our first hypothesis:

H1. Money obsession is linked to a lower level of social adjustment.

In order to test this hypothesis, we included psychological constructs that are commonly regarded as reflecting pertinent aspects of a disposition that is amenable to an ability to relate to other people (see under Section 1).

There are important reasons to examine the relation between money obsession and social adjustment, on the one hand, and economic risk perception, on the other hand. The manner in which we integrate ourselves socially partly depends upon our inter-personal abilities and previous life experiences. Similarly, the choices we make concerning money matters partly depend upon our knowledge and experience of managing economic aspects of life. We all have to live with risks to some degree in our social and financial dealings that may potentially entail some kind of loss due the inadequacy of pertinent skills. Money obsession may hence emanate from a less efficient ability to deal with risks pertaining to loss, whether they would be of a socio-psychological or a monetary kind. This line of reasoning would be consistent with theory that posits that it is not actually an aversion toward risk that people harbor, but rather an aversion to loss (Tversky and Kahneman, 1992). To abhor loss could therefore in the context of the present study be conceptualized as a safeguard to minimize vulnerability. It then becomes relevant not only to examine variation in economic risk perception as a function of money obsession, but also the self-perceived ability to take precautions with regard to economic risks. The second and third of our hypotheses were:

H2. Money obsession is linked to a perception of being at greater economic risks.

H3. Money obsession is linked to a lower self-perceived ability to protect oneself against economic risks.

In order to test these hypotheses, we investigated economic risks that are of pertinence to ordinary life of people in general. The perception of economic risks was for this purpose also examined in relation to money management and monetary habits.
1. Method

1.1. Participants

Participants consisted of applicants to the Stockholm School of Economics (SSE) who were offered to take an entrance test. They were selected on the basis of high school grades or score on a test of intellectual ability. The invitation contained information that the test was about personality, as well as social skills important to vocational success. Participants were informed that the collected data would also be used for research. The present analysis was based on 212 respondents (137 men, 75 women) who were tested simultaneously. The average age was 20.5 years (range 18–34).

1.2. Questionnaire

Two different questionnaires were distributed to respondents. One of these was compulsory to complete and contained items pertaining to the psychological constructs. The other questionnaire was completed on a voluntary basis, in the event of time lag between the different sets of tests, and contained the remaining scales in the present study.

1.2.1. The money attitude scale

As an index of money obsession, we used the MAS (Yamauchi and Templer, 1982). More precisely, we used an index based on the items for the factors of power-prestige, distrust, and anxiety, and did not include the items pertaining to the retention factor. There were several reasons that warranted the deletion of the retention items. First, these items assess monetary behavior that by most standards would be considered as rational, i.e., careful use of money and planning for one’s financial future. This aspect diverges in substance from the psychological money-related connotations that are reflected in the remaining items of MAS. Second, prior research indicates that budget-minded individuals do not tend to perceive money as a symbol of power/prestige (Furnham, 1984) and do not to tend to associate money with anxiety or stress (Tang, 1993, 1995). Third, prior research has also shown that budget-minded individuals are less prone to excessive spending and have less favorable attitudes toward borrowing money than people who endorse items reminiscent of those of the power-prestige factor (e.g., Heath and Soll, 1996; Lea and Webley, 1995; Watson, 2003).

The scale of MAS consists of 29 items. Items of the power factor include, for example: “Although I should judge the success of people by their deeds, I am more influenced by the amount of money they have”. Items of the distrust factor include: “When I make a major purchase, I have the suspicion that I have been taken advantage of”, and that of the anxiety factor: “I worry that I will not be financially secure”. Responses were recorded on a seven-point Likert-type scale with “never” and “always” as end points. The instruction was to rate the extent to which each statement was an accurate description of common thoughts, feelings and behavior on the part of the respondent.

1.2.2. Measures of psychological constructs

There were seven measures that corresponded to different psychological constructs. To begin, the UCLA loneliness scale (Russell, 1996, $\alpha = 0.85$) was administered, followed by two sub-scales of life adjustment (Sjöberg, 2001). The sub-scales were work interfering with leisure/family ($\alpha = 0.91$, 11 items) and leisure/family interfering with work ($\alpha = 0.88$, 6 items). Impression management was measured to assess the extent of concern for self-presentation (Crowne and Marlowe,
1960, $\alpha = 0.84$), taken as an indicator of proneness for social adjustment. We also included the emotional intelligence scale developed by Schutte et al. (1998, $\alpha = 0.89$) to measure self-efficacy and social skills. A scale of Machiavellianism (Christie and Geis, 1970, $\alpha = 0.82$) was included as this concept has been associated with a strategy of social conduct that involves manipulating others for personal gain. The concept, as such, may be regarded as an aspect of social competence (see Sloan Wilson et al., 1996, for an overview). When measured with the scale by Christie and Geis, Machiavellianism was through partial validation found by Yamauchi and Templer to relate to MAS. They also found that MAS related with moderate strength to anxiety and we therefore included a measure of emotional stability (Hendriks et al., 1999, $\alpha = 0.87$).

1.2.3. Economic risks

Twenty-three items\(^1\) were developed to measure economic risk perception. The instruction was to rate the extent to which the respondent considered himself or herself at risk of experiencing each of the different circumstances listed. For example: “My financial assets decrease in value”, or “A rapid increase in inflation”. Each of the items was rated on an eight-point scale anchored by “non-existent”/“very great”.

The same 23 items were then rated anew in order to assess the extent that the respondent thought of his or her ability to protect himself or herself from each of the economic risks.

A robust finding in prior risk research is a tendency to consider one to be at a lower risk for most hazards than what is believed to be the case for other people in general (Sjöberg, 2000, 2003). Economic risks were therefore rated a final time and with the instruction to assess the extent of risk for people in general.

1.2.4. Economic self-perceptions

Perception of self as an economic actor was measured with twelve items, of which the following two were the target items. These were: “How able do you consider yourself to be when it comes to managing your money?” and “What control do you have over your personal expenses?” Responses were recorded on a five-point Likert-type scale for questions.

As people tend to prefer outcomes that are certain (Tversky and Kahneman, 1992), we included four items measuring the degree of security wanted when making financial investments. These items basically measure different degrees of aversion to financial loss and were the following: “I want to be certain that all my investments are free of risk”; “I prefer a safe enough investment with a guaranteed return rather than a risky investment with the potential to yield a higher return”; “I am prepared to take the risk to lose money only in the event that there is a chance to gain money”; and “I am prepared to borrow money in order to finance an investment that I believe in”. Acronyms for the items are loss aversion 1, 2, 3, and 4, respectively. The instruction was to rate the extent of agreement with each one on a seven-point scale anchored by “not at all”/“completely”.

1.2.5. Monetary behavior

In order to control for differences in economic behavior, we used the scale developed by Furnham (1999) that measures monetary habits of young people. It consists of 20 attitude statements about spending and saving that were rated on a seven-point scale anchored by disagree/agree. Items pertaining to each of the first four factors that emerged in Furnham’s analysis were added to form four dimensions. The fifth factor, work ethic, was not deemed relevant to

---

\(^1\) A copy of the measure can be obtained from the second author upon request.
include in the present analyses. The dimensions were spending (e.g., “I tend to spend money as soon as I get it”), saving (e.g., “I have always tried to save”), mechanics of banking (e.g., “I wouldn’t be without a credit card”) and indifference to money (e.g., “Having a lot of money has never been my aim in life”).

2. Results

A combined measure of money attitudes was calculated by adding the scale responses for the items of the factors of power-prestige, distrust, and anxiety (Cronbach’s alpha = 0.80, 22 items). This measure was termed money obsession (M = 5.06, S.D. = 2.73). Inter-correlations between the combined measure, the risk protection index (see below) and the psychological constructs are presented in Table 1.

2.1. Psychological constructs

On the basis of the measure for money obsession, the sample was divided at the median into two groups differing in levels of importance attached to money. Mean values for the psychological constructs were converted into standardized scores and subjected to t-tests. t-Testing revealed significant differences between the two levels of money obsession for all constructs: loneliness, t(d.f. = 1, 210) = −4.89, p < .001; life adjustment, t = 4.06, p < .001; Crown Marlowe, t = 5.14, p < .001; Schutte scale, t = 2.95, p < .01; Machiavellianism, t = −4.18, p < .001; and emotional stability, t = 3.83, p < .001. Mean values as well as standardized scores are presented in Table 2, and suggested that respondents with a high level of money obsession tended to be less endowed with a disposition that enhances social adeptness, and to be less emotionally stable as well as more Machiavellian. The differences in terms of standard scores are about 0.5 units, corresponding to a medium size effect according to norms suggested by Cohen (1988).

2.2. Economic risk perceptions

On the basis of the 23 items pertaining to economic risk perception, indices were computed for personal and general economic risks, respectively, and the ability to protect oneself on a personal level against these risks. These were termed personal and general risk index, respectively, and risk protection index.

<table>
<thead>
<tr>
<th>Table 1</th>
<th>Inter-correlations between money obsession, risk protection index, and psychological constructs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Money obsession</td>
<td>–</td>
</tr>
<tr>
<td>2. Risk protection index</td>
<td>−0.35**</td>
</tr>
<tr>
<td>3. UCLA loneliness scale</td>
<td>0.29**</td>
</tr>
<tr>
<td>4. Life adjustment scale</td>
<td>−0.37**</td>
</tr>
<tr>
<td>5. Impression management</td>
<td>−0.34**</td>
</tr>
<tr>
<td>6. Schutte scale</td>
<td>−0.19*</td>
</tr>
<tr>
<td>7. Emotional stability</td>
<td>−0.32**</td>
</tr>
<tr>
<td>8. Machiavellianism</td>
<td>0.29**</td>
</tr>
</tbody>
</table>

* p < .01.
** p < .0001.
### Table 2
Mean values and standardized scores of indices of social adjustment and psychological constructs in two groups of levels denoting money obsession

<table>
<thead>
<tr>
<th>Money obsession</th>
<th>Mean values</th>
<th>Standardized scores</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low (Mean)</td>
<td>High (Mean)</td>
</tr>
<tr>
<td>Loneliness</td>
<td>1.36 (0.22)</td>
<td>1.54 (0.32)</td>
</tr>
<tr>
<td>Life adjustment</td>
<td>1.65 (0.38)</td>
<td>1.88 (0.43)</td>
</tr>
<tr>
<td>Impression management</td>
<td>3.03 (0.38)</td>
<td>2.75 (0.39)</td>
</tr>
<tr>
<td>Schutte scale</td>
<td>3.50 (0.28)</td>
<td>3.36 (0.36)</td>
</tr>
<tr>
<td>Machiavellianism</td>
<td>1.80 (0.37)</td>
<td>2.02 (0.38)</td>
</tr>
<tr>
<td>Emotional stability</td>
<td>3.62 (0.25)</td>
<td>3.44 (0.39)</td>
</tr>
</tbody>
</table>

The indices were analyzed by means of t-test with the two levels of money obsession. Results showed that the two groups differed significantly with regard to personal risks, \( t(\text{d.f.} = 1, 114) = -2.99, p < .01 \), and ability to protect oneself against the same risks, \( t(\text{d.f.} = 1, 98) = 0.05, p < .01 \). Mean values as well as standardized scores are presented in the upper portion of Table 3. The results suggested that respondents of high money obsession rated the risks as more severe, and that they considered themselves as less able to protect themselves against these risks. There was no significant difference between groups with regard to the general risk index, \( t(\text{d.f.} = 1, 77) = -0.83, p = .41 \).

### Table 3
Mean values of economic risk perceptions, economic self-perceptions, and monetary behavior in two groups of levels denoting money obsession

<table>
<thead>
<tr>
<th>Money obsession</th>
<th>Mean values</th>
<th>Standardized scores</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low (Mean)</td>
<td>High (Mean)</td>
</tr>
<tr>
<td>Personal risk index</td>
<td>3.43 (0.86)</td>
<td>3.95 (0.99)</td>
</tr>
<tr>
<td>General risk index</td>
<td>4.86 (0.95)</td>
<td>5.01 (0.66)</td>
</tr>
<tr>
<td>Risk protection index</td>
<td>5.60 (0.93)</td>
<td>5.01 (1.01)</td>
</tr>
<tr>
<td>Own ability</td>
<td>2.73 (1.24)</td>
<td>3.12 (1.44)</td>
</tr>
<tr>
<td>Economic loss</td>
<td>3.77 (1.33)</td>
<td>4.79 (1.48)</td>
</tr>
<tr>
<td>Unforeseen expenses</td>
<td>4.43 (1.23)</td>
<td>5.01 (1.12)</td>
</tr>
<tr>
<td>Money management</td>
<td>2.07 (0.84)</td>
<td>1.52 (0.60)</td>
</tr>
<tr>
<td>Financial control</td>
<td>1.93 (0.72)</td>
<td>1.35 (0.53)</td>
</tr>
<tr>
<td>Loss aversion 1</td>
<td>4.18 (1.59)</td>
<td>4.40 (1.64)</td>
</tr>
<tr>
<td>Loss aversion 2</td>
<td>4.66 (1.48)</td>
<td>4.89 (1.41)</td>
</tr>
<tr>
<td>Loss aversion 3</td>
<td>4.26 (1.40)</td>
<td>4.17 (1.46)</td>
</tr>
<tr>
<td>Loss aversion 4</td>
<td>2.83 (1.46)</td>
<td>2.84 (1.40)</td>
</tr>
<tr>
<td>Saving</td>
<td>5.59 (1.00)</td>
<td>5.39 (0.97)</td>
</tr>
<tr>
<td>Spending</td>
<td>3.34 (1.36)</td>
<td>3.32 (1.21)</td>
</tr>
<tr>
<td>Banking</td>
<td>4.30 (1.27)</td>
<td>4.36 (1.30)</td>
</tr>
<tr>
<td>Indifference</td>
<td>3.43 (1.40)</td>
<td>2.86 (1.22)</td>
</tr>
</tbody>
</table>

* \( p < .01 \).
** \( p < .0001 \).
test, $p < .001$. The items were subjected to a factor analysis with oblimin rotation and three factors emerged. The first factor accounted for 35% of the variance and items were interpreted to reflect the risk of failing in one’s economic self-sufficiency ($\alpha = 0.91$, 9 items), e.g., “Illness that disables me to work either part time, or full time”. The second factor accounted for 13% of the variance, and was interpreted as risks pertaining to economic loss, e.g., “I lose some of the money that I have invested in funds and/or shares” ($\alpha = 0.83$, 9 items). The third factor accounted for 7% and was interpreted to reflect the risk of unforeseen expenses ($\alpha = 0.81$, 5 items), e.g., “My income declaration is not acknowledged and I will have to pay more in tax than I had reckoned with”. Acronyms for the three factors were own ability, economic loss, and unforeseen expenses, respectively.

The three factors were $t$-tested with the two levels of money obsession. There was a marginal difference between groups with regard to own ability ($t(d.f. = 1, 142) = -1.74, p = .09$) and significant differences with regard to economic loss, $t(d.f. = 1, 148) = -4.44, p < .001$, and unforeseen expenses, $t(d.f. = 1, 144) = -2.95, p < .01$. Mean values are presented in the upper portion of Table 3 and suggested that respondents of high money obsession thought that they run a higher risk to experience economic loss and unforeseen expenses as compared to their counterparts. The effect sizes were medium to large in the two significant cases.

### 2.3. Economic self-perceptions

Items pertaining to economic self-perceptions were subjected to $t$-testing with the two levels of money obsession. Mean values as well as standardized scores are presented in the middle portion of Table 3. Analyses showed significant differences between groups: money management, $t(d.f. = 1, 210) = -5.50, p < .001$, and control over expenses, $t(d.f. = 1, 210) = -6.59, p < .001$. These results suggested that respondents of high money obsession perceived themselves to be less able money managers, and to have a slacker control over expenses, as compared to those of low money obsession. The effect sizes were medium to large.

The four items pertaining to loss aversion were $t$-tested with the two levels of money obsession. Mean values are presented in middle portion of Table 3. These analyses did not show significant differences between groups (loss aversion 4, $t(d.f. = 1, 182) = -0.94, p = .35$; loss aversion 3, $t(d.f. = 1, 181) = -1.06, p = .29$; loss aversion 2, $t(d.f. = 1, 180) = 0.44, p = .66$; and loss aversion 1, $t(d.f. = 1, 180) = -0.04, p = .97$).

In order to assess the determinants of money obsession, a stepwise regression analysis was undertaken with the combined measure as the dependent variable. The independent variables consisted of the three factors of personal economic risks, the four items of loss aversion, and the two items of self-perceptions pertaining to money management and control over expenses. The analysis showed a significant result, $F(4, 118) = 19.02$, MSE = 4.72, $p < .0001$, $R^2 = 0.40$, suggesting that about 40% of the variance in money obsession was explained by the independent variables. Standardized regression coefficients are presented in Table 4. These suggested that the risk of economic loss made the most important contribution toward the explanation of money obsession, followed by a sense of lacking financial control, being rather risk prone with money, and a sense of lacking in money management ability.

### 2.4. Monetary behavior

The four dimensions of monetary behavior were $t$-tested with the two levels of money obsession. Mean values as well as standardized scores are presented in the lower portion of Table 3. Results showed that indifference to money yielded a significant difference between groups, $t(d.f. = 1,$
Table 4
Standardized regression coefficients for economic risk factors, beliefs and self-perceptions, with money obsession as the dependent variable

<table>
<thead>
<tr>
<th></th>
<th>$\beta$</th>
<th>$t$</th>
<th>$p$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic loss</td>
<td>0.33</td>
<td>4.51</td>
<td>.001</td>
</tr>
<tr>
<td>Financial control</td>
<td>-0.28</td>
<td>-2.82</td>
<td>.01</td>
</tr>
<tr>
<td>Loss aversion 4</td>
<td>0.21</td>
<td>2.94</td>
<td>.01</td>
</tr>
<tr>
<td>Money management</td>
<td>-0.21</td>
<td>-2.12</td>
<td>.05</td>
</tr>
</tbody>
</table>

195) = 2.99, $p < .01$, with a medium effect size, suggesting that respondents of high money obsession were less indifferent to money. The remaining dimensions showed non-significant results (spending, $t$(d.f. = 1, 190) = 0.13, $p = .90$; saving, $t$(d.f. = 1, 191) = 1.44, $p = .15$; mechanics of banking, $t$(d.f. = 1, 195) = −0.35, $p = .72$).

3. Discussion

Our investigation on money obsession had a two-fold purpose. Firstly, we aimed at examining whether a high importance attached to money is related to a low degree of social adjustment. Our hypothesis about such a relationship was based on prior findings that consistently point to money being viewed as a social buffer in various manners to a varying degree across individuals. Secondly, money obsession was investigated in relation to economic risk perception. The assumption was that individuals who consider themselves to be at higher economic risks are inclined toward such a tendency by virtue of placing a higher value on money. That is, individuals who place a high value on money would be more prone to abhor the consequences of economic risks. Overall results based on the two levels of money obsession suggested that there were important differences in line with our expectations. A high degree of money obsession was found to be lower on a number of indices and concepts related to adaptation of a social kind.

Respondents rated personal risks as lower in comparison to the ratings for people in general, which was in line with prior research. It was however compelling to find a significant difference between levels of money obsession with regard to the personal as opposed to the general risk index. Obviously, economic risk perception at a personal level reflects fundamental differences between individuals that are not necessarily discernable along risk judgments at a collective or general level.

In addition, there were differences particularly in the perception of vulnerability toward circumstances that may entail economic loss. These results may be interpreted in light of self-perceptions with regard to money management and financial control. That is, money obsessive individuals tended to view themselves as less able in these respects, although they did not differ from less money obsessive respondents when it came to monetary behavior and aversion to loss. Yet, the regression analysis clearly suggested that money obsession was to a large extent a function of vulnerability to risks pertaining to economic loss, but also of a less secure handling of money. A penchant for being more daring with money should presumably be associated with a sense of being at a greater risk to lose money. The regression model is nonetheless somewhat counter-intuitive because a strong attachment to money should be linked to a tendency to handle financial resources with greater care. The model is however consistent with prior research showing that less budget-minded people are more inclined toward excessive spending and to borrow money (e.g., Heath and Soll, 1996; Lea and Webley, 1995; Watson, 2003).
Overall, the most robust finding of the present research was the link found between money obsession and a sense of vulnerability to risks of economic loss. There was in other words a great consistency by which the risk factor of economic loss emerged in the results. The standardized scores suggested that the two levels of money obsession differed markedly with regard to the perception of running the risk of losing on investments and other financial assets. In the regression analysis, the factor of economic loss was shown to contribute the most toward the explanation of money obsession. The present research thus provides strong support for our assumption that the view on money as symbolic of social status and power is concomitant with a more pronounced aversion toward the loss of money.

Results for the perceived ability to safeguard against economic risks were consistent with the overall pattern, as the risk protection index related negatively to money obsession. Furthermore, this Index related positively to measures of social adjustment to about the same extent as money obsession related negatively to the same variables. This raises the issue of whether a proclivity for attaching a high importance to money is actually a means to safeguard against social risks. Although the present study merely suggests this to be the case it remains for future studies to more conclusively explore this aspect. In the meantime, results for Machiavellianism provide tentative support. This concept related to money obsession, as found by Yamauchi and Templer (1982), in addition to life adjustment in a negative direction. Respondents with a leaning toward Machiavellianism tended in other words to be more concerned with money and less socially integrated. The strong negative correlation found between Machiavellianism and impression management further strengthens the conclusion regarding poorer social adjustment, since it suggests that the Machiavellian type does not have a pressing need to be apprehended as socially acceptable by others. This result is consistent with other research suggesting that individuals who engage in impression management reported that their negative emotions were less frequent, less intense and of shorter duration (Flett et al., 1988), presumably out of a concern to present themselves in a favorable manner.

Conclusions based on the present results should be drawn with caution. Although fairly large, the sample was restricted in terms of age, interest in higher education, occupational focus, and nationality. Although money obsessed respondents were revealed to have a less social disposition across all of the constructs used to test our first hypothesis, the standardized scores suggested merely a moderate difference. A sample of greater heterogeneity, in particular regarding diversity in academic foci, should presumably reveal even larger differences between levels of money obsession.

Furthermore, respondents overall did not differ in monetary habits, however, they were of an age when differences of this kind should be rather small. Income level, experiences of life in general and of the nature of one’s profession are likely to shape habits in this regard over time. Furthermore, most studies in the literature reveal that money attitudes tend to change somewhat with age and education. Older people tend to be less obsessed by money and more prone to engage in financial planning (Furnham, 1984; Tang, 1995), but also to worry more about money, presumably because of the increase in financial obligations that usually come with age (Roberts and Sepulveda, 1999). More educated people equally tend to be less obsessed by money and not to the same degree view it as a tool to influence others (Furnham, 1984).

The socio-economic dimension at a national level is another variable that may limit generalizability of the present results. According to data from surveys in 15 countries of the EU (cited in O’Connell, 2004), Sweden has one of the highest levels of income and equality. It is hence plausible that this kind of socio-economic factor tends to somewhat attenuate variation in money obsession. On the other hand, the participants were applying for admission to a school of economics, which probably is a sign of their concern with monetary matters.
On the basis of the present results, we conclude that obsession with money is linked to a lower degree of social adjustment, although the direction of causality is unclear at this stage. Results nevertheless suggest that money attitudes seem to play a rather decisive role in people’s attempts to balance the dynamics of both social and societal influences exerted on them. Importantly, obsession with money was explained to a significant degree by the perception of being at a higher risk of economic loss. In view of the many financial challenges that are inextricable to contemporary life, this finding prompts further research on the individual variation in money attitudes and related perceptions of economic risk. On the whole, the interplay between economic factors and social psychological concepts on the one hand, and beliefs on the other hand, is a field of research that is new and promises to further our understanding of social and economic behavior.

References