Financial Satisfaction and Assessment of Financial Progress: Importance of Money Attitudes

Mari S. Wilhelm[1], Karen Varcoe[2], and Angela Huebner Fridrich[3]

A survey of 280 males and 279 females living in rural Arizona and California was used to explore the importance of money beliefs (obsession, retention, power/spending, and effort/ability), after controlling for objective indicators of financial well-being (income, value of assets, and amount of debt), in predicting appraisals of financial satisfaction and perception of financial progress. Results of a hierarchical model of stepwise regression suggest that money beliefs contribute more to predicting an individual's financial satisfaction than to perception of financial progress. Results also indicate gender differences in the role of money beliefs in predicting financial satisfaction and perception of financial progress.
KEY WORDS: *attitudes, satisfaction*

Determining family financial well-being has been a concern of researchers and policy makers for decades. The obvious approach to measuring financial well-being is to observe objective indicators such as income, assets, or overall net worth. For specific policy decisions (e.g. poverty levels for receipt of certain benefits) these indicators may be appropriate and sufficient. However, to understand behavior, motivation, or overall quality of life, this unidimensional approach to the assessment of financial well-being has received considerable caution (Moen, 1980; Strumpel, 1976; Cramer, 1982; Davis & Helmick, 1985).

---

[1]Mari S. Wilhelm, Associate Professor, Family Studies, School of Family and Consumer Resources, University of Arizona, Tucson, AZ 85721, (602) 621-7127.

[2]Karen Varcoe, Consumer Economics Management Specialist, Division of Agriculture and Natural Resources, University of California, Riverside.

[3]Angela Huebner Fridrich, M.S., Family Studies, School of Family and Consumer Resources, University of Arizona, Tucson, AZ 85721, (602) 621-7127.

Past research which supports multiple indicators has indicated the importance of including subjective appraisals on any overall assessment of financial well-being.

According to Campbell, Converse, & Rodgers (1976) financial well-being is one domain of life which individuals and families regularly evaluate. The positive or negative appraisal of one's financial well-being has been shown to contribute to one's overall assessment of life satisfaction (Mammen, Helmick, & Metzen, 1981). In fact, evaluations, perceptions, or appraisals of situations or events in general have been associated with individual and family ability to cope with stressor events (Boss, 1988; Lazarus & Folkman, 1984), with decision making (Janis & Mann, 1977; Paolucci, Hall, & Axinn, 1977) and with individual emotions (Lazarus, 1991). Further insight into factors which contribute to an individual's evaluation of their financial well-being should be beneficial to anyone working with families making decisions concerning unemployment, divorce, credit problems, or retirement. Additionally, arguments over finances are one of the most frequently reported areas of marital conflict, thus, knowledge concerning evaluation of one's financial well-being may be beneficial to marital counselors.

Previous Research

Importance of Objective Indicators on Appraisals of Financial Well-Being

Much research has been directed toward the understanding financial well-being. Subjective appraisals of financial well-being are frequently operationalized as financial satisfaction and relative comparisons of financial well-being. The majority of the research on financial satisfaction has focused on the causal relationship between objective indicators (e.g. income, assets, debt) and ultimate satisfaction (Cramer, 1982; Strumpel, Curtin, & Schwartz, 1976; Yuchtman, 1976; Slusher, Helmick, & Metzen, 1981; Winter, Morris, & de L. Rubie, 1988). The results of these studies clearly indicate that while a direct, positive relationship does exist between actual dollars and appraisals of financial well-being, these relationships are not perfect. Several of these studies that have explored the impact of social psychological variables in predicting one's appraisal of financial well-being have found that the social psychological variables are the strongest predictors (e.g. Davis & Helmick, 1981; Yuchtman, 1976). Many demographic and personality characteristics, such as income, assets, and perceptions of income change, contribute to the process of evaluating one's financial well-being. However, virtually no attention has been given to the psychological and symbolic aspects of money in predicting assessment of financial well-being.

Measurement of Money Beliefs

Instruments to measure money beliefs (attitudes) were initially developed by Goldberg and Lewis (1978); Rubenstein (1980); and Yamauchi & Templer (1982). Furnham (1984) combined the 60 items from the above instruments into the Money Beliefs and Behavior Scale (MBBS) and performed factor analyses resulting in six factors which he identified as Obsession, Power/Spending, Retention, Security/Conservative, Inadequacy, and Effort/Stability. Bailey and Gustafson (1986, 1991) used the Furnham instrument in their study of male and female students. They found three factors similar to those of Furnham (Obsession, Retention/Security, Inadequacy), two factors which they were unable to define, and one factor (Effort/Ability) which did not meet an acceptable level of internal consistency.

Importance of Money Beliefs on the Assessment of Financial Well-Being

Despite the knowledge that money first originated as a medium of exchange within the marketplace, psychologists have long suggested that money is in fact a multifarious symbol endowed with significance and meaning for each individual. As such, money is recognized as a commanding motivator of our behavior (Belk & Wallendorf, 1990; Goldberg & Lewis, 1978; Gurney, 1988; Lindgren, 1980). Little empirical research has actually been conducted on the psychological and symbolic nature of money (Bailey & Gustafson, 1986; Furnham, 1984; Hanley & Wilhelm, 1992; Rubenstein, 1980; Yamauchi & Templer, 1982). Much of the literature in this area is descriptive (Gurney, 1988; Lindgren, 1980). Lindgren (1980) proposed that our attitudes and feelings surrounding money are integrated into our lives and thus, motivate behavior in subtle ways. In addition to the association made between money and social power, control over change, prestige, freedom through increased choice, and independence, Lindgren identified an interface between one's perception of self and one's perception of the environment. This concept somewhat parallels the idea of social comparison or relative comparison which is readily accepted as a strong predictor of reports of financial satisfaction. Lindgren (1980) also suggested that outcomes of this interface (or comparison) may create a desire to live-up-to a self-concept. Such a desire results in what Lindgren defines as the money drive, thus, influencing one's expectations, plans, anxieties, and disappointments. Gurney (1988) coined the term "money self". According to Gurney this "money self" influences behaviors, goals, and reactions to our lives.

Gender and Beliefs About Money

While few studies exist on the relationship between gender and money attitudes (Furnham, 1984, Bailey & Gustafson, 1986) other studies exist which may provide insight into gender differences and money beliefs. In his study with 132 male and 124 female adult participants from Great Britain, Furnham (1984) reported significant differences between males and females on three of six money attitudes. Females reported fewer beliefs related to obsession with money, greater beliefs reflecting conservative and security consciousness, and less belief that they had control over their financial situation. He reported no significant differences on power, retention, or inadequacy beliefs. In a study of American college students, Bailey and Gustafson (1986) found significant effects by gender on four of six money attitudes. Female students reported lower scores on obsession and inadequacy beliefs than males students and they reported higher scores on security and effort beliefs than the male students.

Other research which may provide insights on the money beliefs of women focus primarily on the gender wage gap and money management within the household. Research on the gender wage gap suggests that females are more likely to undervalue their services than are males despite the fact that they may contribute equal or more effort to their work (Bielby & Bielby, 1988). Jackson (1989) used relative deprivation theory to develop a model incorporating the meaning of money as a concept to help explain the gender wage gap. Jackson's model used past research of gender influences on money attitudes and on role commitments based upon stereotypic beliefs of family and work roles to suggest that gender differences in the meaning of money will influence one's pay value, pay expectations, and comparative referent; those with attitudes reflecting high importance in money will value higher pay, will expect higher pay, and will select appropriate referents to reflect that attitude. This model supports the suggestions of Lindgren (1980) and Gurney (1988) concerning the money self-concept. Other studies have found that females were statistically less likely than were males to report the goal of making money as a reason for starting their own businesses (Cromie, 1987) and to report lower levels of confidence in making investment decisions than males (Estes & Hosseini, 1988). This seems to be true in spite of the fact that a recent poll conducted by **Money Magazine** (Belsky, 1992) reports that women may actually be better than males at investment decision making.

Within the home, historically the earnings of women have been viewed as secondary to the earnings of the husband. Additionally, boys have grown up with the expectation of being the family breadwinner while girls have grown up with the expectation of being the caregiver. Hood (1986) supported this perspective suggesting that even when women are employed outside the home they do not necessarily see themselves as family breadwinners. According to Klebanow (1991), any recent movement from this norm has not changed the expectation of most females that their money and power will come from their relationship with a man versus their own efforts at financial attainment. This is frequently reinforced by the husband's attitude (Yablonsky, 1991). The fact that females tend to attach less meaning to employment outside the home and that, overall, men get paid more than women has resulted in men having the major decision making power within the home. Thus, Klebanow (1991) suggests that women have a greater challenge in discerning the complexities of the money equals power relationship.

Statement of Purpose

In summary, it is suggested that an appraisal of a family's financial well-being is an important component in one's appraisal of their overall life satisfaction as well as potentially serving as a motivator of behavior coping strategies. Further, the hypothesis that one's beliefs about money has the potential to influence the extent to which one may be satisfied with their financial situation or perceive their family to be making financial progress is supported by the literature. The primary purpose of this paper is to explore the importance of money beliefs, after controlling for objective indicators of financial well-being (income, value of assets, and amount of debt) in predicting appraisals of financial well-being, specifically financial satisfaction and perception of financial progress. Through the use of a hierarchical model of stepwise regression analysis, the relative importance of money beliefs and objective indicators of financial well-being will be determined. Additionally, this method of regression analysis allows the determination of whether money beliefs serve a mediating, moderating, or purely additive function in predicting appraisals of financial satisfaction and financial progress. The literature also suggests potential gender differences in money beliefs and/or the impact those money beliefs may have on behavior. Thus, separate analyses are performed for male and for female financial managers.

Method

Procedure

The data for this study were collected in conjunction with the cooperative regional research project NC182, Family Resource Utilization as a Factor in Determining Economic Well-Being of Rural Families. Eight states participated in the study, but only Arizona and California are included in the analyses for this study[1]. The sampling frame was households from two counties in each state selected based on two criteria:

1. At least 20 percent of the population from each county had to be employed in agriculture related jobs.

2. The counties were categorized based on having low, medium, or high economic progress as measured by change in per capita income. One county was selected randomly from those with low growth in per capita income and one county was selected randomly from those with high growth in per capita income. Households from the selected counties in each state were randomly chosen and sent questionnaires with a letter asking that household members determine a financial manager who would complete and return the questionnaire; a similar questionnaire was included for completion by a second adult within the household.

Between California and Arizona a total of 1,674 households received mailed surveys. Participation in the study was voluntary; 571 questionnaires were returned from those indicating they were the family financial manager, a response rate of 34%; another 287 questionnaires were returned from the other adult within the household.

Sample

A total of 280 males and 279 females identified themselves as the financial manager within their household and are, thus, included in the analysis for this study. (Note: The total sample of financial managers and other adults within the household was used for the factor analyses of the money beliefs items.) The sample of financial managers was predominately white. The sample was equally distributed across age groups with the exception of those under age 25 representing only 4% of the sample. Seventy-one percent of the sample was currently married, with 53% within their first marriage. These descriptions were similar for male and female financial managers. More than half of the households where males were indicated as the financial managers had incomes $30,000 or less; and one fifth reported that they had no debt with another third reporting debt less than $7500. Reports of the financial situation in those households where a female was identified as the financial manager showed slightly lower incomes and slightly lower asset values than households where men were financial managers. In these households slightly more than half reported incomes less than $25,000 and asset values less than $20,000. Similar reports on level of debt occurred for households irrespective of having a male or female financial manager.

Analysis

Exploratory factor analysis was used to reduce a large number of attitudinal variables to a limited number of factors. Attitudes that are correlated with each other will tend to group together, and the factor analysis allows the researcher to calculate a factor from a group of variables. Typically, a researcher will give a name to each factor based on some perceived common characteristic of the variables found to be grouped together by the factor analysis. The factors obtained from the factor analysis were used as independent variables in regression analyses, along with objective factors of economic status.

Measures

Dependent Variables

Appraisal of financial well-being was conceptualized to include an indicator of financial satisfaction and an indicator of perceived financial progress. Financial satisfaction was measured using four items indicating level of satisfaction with income, material goods, resources to meet financial emergencies, and net worth. Each item was rated on a 5-point Likert scale from very dissatisfied to very satisfied. The four items were summed with a higher score indicating a higher level of overall financial satisfaction. Perceived financial progress was measured using two items indicating the financial manager's perception of financial progress compared to five years ago and the manager's expectation of financial progress five years into the future. Both items were rated using a 5-point Likert scale from much worse to much better. The items were summed with a higher score indicating an assessment of greater financial progress.

Independent Variables

The three indicators of objective economic well-being included total income before taxes, total value of household assets, and total amount of household debt. Each was measured by providing a series of dollar ranges (e.g. $5,000-$9,999) and the respondent was asked to indicate which of the dollar ranges reflected the appropriate income, asset value, or debt level. Higher "scores" thus indicated higher dollar values.

Money Beliefs were measured using a modified listing of Furnham's (1984) Money Beliefs and Behaviors Scale (MBBS). In the present study the 38 items of the MBBS were used to measure the money attitudes of adult males and females. Each item was ranked using a 5-point Likert response set from Strongly Disagree to Strongly Agree. Research suggests that money beliefs as well as the influence of those beliefs may differ for males and for females (Bailey & Gustafson, 1986, 1991; Klebanow, 1991; Estes & Hosseini, 1988) thus, separate factor analyses were performed for males and females.

Results

Factor Analysis

Factor loadings for males and females separately and for the total sample are reported in Table 1. Only those loadings greater than 0.4 are indicated. Differences were found between males and females. Additionally, results were different from those of the Furnham (1984) or the Bailey and Gustafson (1986, 1991) factor structures.

Obsession. The factor most parallel to Furnham's "Obsession" consisted of nine items for the females and seven for the males. The belief "I firmly believe that money can solve all of my problems" had the strongest relationship to the factor (loading) for males. The belief "I feel that money is the only thing I can really count on" had the strongest relationship to the factor for females. Seven of the items are part of Furnham's (1984) original factor structure. Males and females show salient loadings on the seven original items. The first seven items clearly reflect an obsession in thinking about money. In addition, the females produced salient loadings on two items which reflect money being used as power (eg. "buy friendships," and "money as a weapon").

Retention. The "Retention" factor consisted of five items for the females and nine items for the males. Three of these items were part of Furnham's original "Retention" factor. For this factor, both males and females show salient loadings on items pertaining to feelings of guilt about spending and decisions about money. However, the males also show salient loading on items reflecting a sense of concern versus guilt over money.

Inadequacy. Twelve items loaded for both males and females on the "Inadequacy" factor. Males and females both show salient loadings on the four items adapted from Furnham's findings. These factors seem to reflect how the individual feels about his or her finances and how they compare to their friends with respect to financial success. The remaining items in this factor reveal several differences between the males and females. Females show salient loadings on items reflecting an unrealistic view of the power of money (eg. "money can solve all my problems," "money is ahead of pleasure," "I would do practically anything for money"). These items did not load on this factor for the males. Another finding of interest is that male subjects showed salient loadings on items reflecting an inability to make decisions about or to save money, as well as a view of themselves as being less financially successful than their friends think they are.

Power/Spending. The "Power/Spending" factor consists of nine items for the females and seven items for the males. Once again, males and females produced salient loadings on the four items which Furnham (1984) reported as part of this factor. These four items seem to reflect the need to spend money. Males also report salient loadings on items which reflect money as power (eg. "buying friendships," "feeling superior", and "looking down on those with money"). These items did not load on this factor for the females, perhaps suggesting that they do not view money as power with the same connection to spending as do males.

Effort/Ability. Six items for females and five items for males are included in the "Effort/Ability" factor. Two items, reflecting the fairness of one's income, given one's abilities, factored similarly to Furnham's structure (1984). Differences between the sexes occur on the remaining items. Females showed salient loadings on items reflecting their ability to save and manage their money. These items did not load on this factor for the males perhaps reflecting the view that men do not pattern financial management with an earnings vs effort relationship. On the other hand, males show salient loadings on items reflecting a desire not to lend money. These items did not load on this factor for the females.

Conservative/Security. The final factor, "Conservative/Security" consists of four items for the females and one item for the males. All four of the items are included in Furnham's (1984) factor structure. The females produced salient loadings on all of the items reflecting a traditional view of money (eg. not lending money, prompt payment of bills). However, males only produced one salient loading on the prompt payment of bills.

Table 1.
Factor Analysis of the Modified Money Beliefs and Behavior Scale

Item	Loading Total	Female	Male
Factor (Obsession)			
*I firmly believe that money can solve all of my problems.	.74	.63	.76
*I believe that time not spent on making money is wasted time.	.74	.72	.61
*I feel that money is the only thing I can really count on.	.72	.77	.57
*Compared to most other people I know, I believe that I think about money much more than they do.	.69	.64	.57
*I would do practically anything legal for money if it were enough.	.67	.63	.67
*I sometimes feel superior to those who have less money than I do regardless of their ability and achievements.	.63	.72	.45
*I am proud of my financial victories--pay, riches, investments, etc--and let my friends know about them.	.53	.59	.49
I sometimes "buy" friendship by being very generous with those I want to like me.	.62	.72	
I often use money as a weapon to control or intimidate those who frustrate me.	<.4	.55	
ALPHA	.82	.80	.84
Factor (Retention)			
*Even when I have sufficient money I often feel guilty about spending money on necessities like clothes, etc.	.66	.70	.64
*I often have difficulty in making decisions about spending money regardless of the amount.	.65	.74	.61
*I often say "I can't afford it" whether I can or not.	.63	.60	.65
*In making any purchase, for any purpose, my first consideration is cost.	.45	.43	<.4
*I feel compelled to argue or bargain about the cost of almost everything I buy.	.42	<.4	.42
I worry about my finances much of the time.			.56
The amount of money that I have saved is never quite enough.			.52
I often fantasize about money and what I could do with it.			.52
I prefer to use money rather than credit cards.			.42
ALPHA	.64	.62	.66
Factor (Inadequacy)			
*I am worse off than my friends think.	.73	.72	.67
*Most of my friends have more money than I do.	.59	.63	.69
*I worry about my finances much of the time	.54	.69	.43
*I often feel anxious and defensive when asked about my personal finances.		.45	<.4
I am proud of my ability to save money.	.58		-.41
I am better off than most of my friends think.	-.54		-.67
The amount of money that I have saved is never quite enough.	.50	.66	
I often do fantasize about money and what I could do with it.		.61	
I often have difficulty in making decisions about spending money regardless of the amount.			.43
I would do practically anything legal for money if it were enough.		.42	

Table 1 (Continued)
Factor Analysis of the Modified Money Beliefs and Behavior Scale

Item	Total Male	Loading Female	
I firmly believe that money can solve all of my problems.		.43	
I put money ahead of pleasure.		.47	
ALPHA	.66	.64	.68
Factor (Power/Spending)			
*If I have money left over at the end of the month (week), I often feel uncomfortable until it is all spent.	.62	.72	.68
*I often spend money on myself when I am depressed.	.61	.62	.65
*I often buy things that I don't want because they are on sale or reduced in price.	.55	.65	.71
*I often buy things that I don't want or need to impress people because they are the right things to have at the right time.	.57	.59	.78
I often give large tips to waiters/waitress that I like.		<.4	
I prefer to save money because I'm never sure when things will collapse and I'll need the cash.	-.41		
I sometimes "buy" friendship by being very generous with those I want to like me.			.63
I sometimes feel superior to those who have less money than I do regardless of their ability and achievements.			.46
I often feel disdain for money and look down on those who have it.			.42
ALPHA	.74	.80	.69
Factor (Effort/Ability)			
*I believe my present income is about what I deserve, given the job I do.	.79	.62	.57
*I believe that my present income is far less than I deserve given the job I do.	-.76	-.54	-.45
I believe that the amount of money that a person earns is closely related to his/her ability and effort.		.46	<.4
I am proud of my ability to save money.		.54	
I prefer to save money because I'm never sure when things will collapse and I'll need the cash.		.50	
I always know how much I have in my bank, savings account, or credit union.		.47	
I prefer not to lend money.			.63
I rarely give money to beggars or drunks when they ask for it.			.58
ALPHA	.75	.82	.68
Factor (Conservative/Security)			
*I prefer not to lend money.	.66	.62	
*I rarely give money to beggars or drunks when they ask for it.	.53	.45	
*I always pay bills (telephone, water, electricity, etc.) promptly.	.51	.53	.41
*I prefer to use money rather than credit cards.		.51	
ALPHA	.36	.37	.36

Male/Female Differences. The differences found not only between males and females but also between the current study and the findings of Furnham (1984) and Bailey and Gustafson (1986) were not unexpected, and the strategy for selection of items for the subscales used in the analysis followed several steps. First, any item that loaded on a similar factor for both males and females was retained. Second, any item that loaded on a similar factor at 0.4 for one (male or female) and loaded at less than 0.4 for the other (male or female) and loaded at 0.4 for the total sample was retained. Finally, a Cronbach's Alpha was calculated for the combined sample. Any item that reduced the alpha level was dropped from the factor. Those items which were retained for a particular factor are identified with an asterisk in Table 1. The resulting factors, while not totally identical in the items included, were conceptually similar to the factors reported by Furnham (1984) and later by Bailey and Gustafson (1986, 1991). In order to facilitate consistency, it was decided that the factor names, with the exception of "Power/Spend" would parallel those of Furnham. The "Power/Spend" factor was renamed to "Spend". For a more detailed discussion on this topic refer to Wilhelm, Fridrich & Varcoe (1992). Internal reliability was determined for items included in the final factors by conducting tests for Cronbach's Alpha. Tests were conducted for males and females separately and for the combined sample. Alpha reliabilities are reported in Table 1.

The Final Four Factors. Only four of the six factors were retained for further analyses. "Conservative/Security" was dropped due to the low Chronbach Alpha. "Inadequacy" was dropped due to concern for conceptual similarity with the dependent variables under study. The four factors retained included Obsession, Retention, Spend, and Effort. Paralleling the definitions of Furnham (1984) high scores on the "Obsession" factor reflect a preoccupation with the importance and status of money; high scores on the "Retention" factor reflect a difficulty with the spending of money; high scores on "Spend" reflect a need to spend money to feel good; and high scores on "Effort/ability" reflect the belief that as persons they receive a level of income they deserve.

Male/Female Levels for Belief Factors and Objective Variables. Significant differences in means (not reported) were found between the male and female financial managers on the money attitudes of obsession, retention, and spend. Males were significantly higher on obsession while females were higher on retention and spend. No significant gender differences were found for the independent variables of gross income, value of assets, and amount of debt nor for the dependent variables of financial satisfaction and financial progress.

Regression Results

The regression results for Financial Satisfaction and for Financial Progress are shown in Table 2. Equation 1 estimates the effects of objective indicators and money belief variables on financial satisfaction. Financial satisfaction was significantly associated with all three objective indicators of financial well-being (Equation 1A). Male and female financial managers who reported higher gross incomes, a higher value of assets, and lower levels of debt were likely to report greater financial satisfaction. Equation 1B shows the results of adding money beliefs to the regression. Equation 1B tests for whether money beliefs mediate or moderate the relationship between objective indicators or whether the model is purely additive.

Table 2.
Standardized Coefficients for Regressions of Assessment of Financial Well-Being on Objective Indicators of Financial Situation and Money Beliefs as Reported by Males and Females.

	Assessment of Financial Well-Being							
	Financial Satisfaction (Equation 1)				Financial Progress (Equation 2)			
	1A		1B		2A		2B	
	Male	Female	Male	Female	Male	Female	Male	Female
Objective Indicators								
Gross Income	.33***	.26***	.25***	.23***	.20**	.22**	.15*	.23*
Value of Assets	.23***	.34***	.16**	.27***				
Amount of Debt	-.24***	-.28***	-.14**	-.24***	.20**	.15*	.24**	.16*
Money Beliefs								
Obsession			.02	-.03			.16*	.07
Retention			-.17***	-.24***			-.02	-.00
Power			.06	.13*			-.06	-.02
Effort			.37***	.26***			.18*	.06
Adj R^2	.21***	.26***	.36***	.38***	.10**	.08	.12**	.08**

*p<.05, **p<.01, ***p<.001

Results indicate that the significant direct effects of the objective indicators of financial well-being remained for both males and females, suggesting that their influence is not mediated by money beliefs. For males, however, the influence of value of assets and amount of debt may be moderated by money beliefs as indicated by a reduced significance level and reduced beta weights. For both males and females, Equation 1B also estimates the effects of money beliefs on financial satisfaction. For females, results indicate that money beliefs of "Retention", "Spend", and "Effort" contributed significantly to the explained variance in financial satisfaction after objective indicators were partialled out. Female financial managers who reported higher levels of belief in money related to "Spend" and "Effort" and lower levels of belief in money "Retention" were likely to report higher financial satisfaction. For males, results indicate that money beliefs of "Retention" and "Effort" contributed significantly to the explained variance in financial satisfaction after objective indicators were partialled out. Male financial managers who reported lower money "Retention" beliefs and higher money "Effort" beliefs were likely to report higher financial satisfaction.

Equation 2 estimates the effects of objective indicators and money belief variables on appraisal of financial progress. The appraisal of financial progress was significantly associated with two objective indicators of financial well-being, gross income and amount of debt (Equation 2A). Male and female financial managers who reported higher gross incomes and higher levels of debt were likely to report a more positive appraisal of financial progress. Equation 2b shows the effects of adding money beliefs. Results suggest that for the female family financial managers, money beliefs did not significantly influence their appraisal of their family's financial progress after the influence of objective indicators of financial well-being were partialled out. For males, however, two money beliefs, money obsession and money effort significantly influenced their appraisal of financial progress. Males with higher scores on money obsession and money effort were likely to have a more positive appraisal of financial progress. Additionally, there is evidence that these money beliefs may moderate the relationship of objective indicators of financial well-being as evidenced by the reduction in significance level and change in beta weights.

Discussion

There were three primary goals of this study. The first goal was to determine the relative contribution of money beliefs in predicting one's financial satisfaction and perception of financial progress. The second goal was to determine if money beliefs serve a mediating, moderating, or purely additive function in contributing to these predictions. And the third goal was to explore the differing role of money beliefs in these predictions based on gender. Results suggest that money beliefs contribute more to the prediction of one's financial satisfaction than to one's perception of financial progress. For both males and females money attitudes are significant contributors in predicting current financial satisfaction. The money belief of "Effort" is especially important for males, having the strongest relative contribution across both objective indicators of financial well-being and other money beliefs. The money belief of "Retention" is negatively associated with financial satisfaction for males and is the third strongest predictor. Thus, for males, financial satisfaction is increased as they possess a belief that they deserve what they earn and a belief free from associating guilt with the spending of money. A similar relationship between money beliefs of "Retention" and "Effort" and financial satisfaction exists for females. In addition, for females the money belief of "Spend" was also a significant predictor of financial satisfaction suggesting that in addition to the absence of guilt related to the spending of money, females are more financially satisfied if they also have the belief that money can be used to feel good.

Money attitudes are considerably less important in predicting a perception of financial progress. For males, two money beliefs, "Effort" and "Obsession" contribute to predicting a sense of financial progress. The more males feel obsessed with the importance of money and feel that they earn what they deserve, the more likely they are to report a perception that they are making financial progress. Money beliefs are virtually irrelevant in predicting a perception of financial progress by females.

Additionally, the results of this study determined that the direct relationship of objective indicators of financial well being to financial satisfaction and perception of financial progress is not mediated by money attitudes. Money beliefs do appear to moderate the relationship between objective indicators and financial satisfaction. However, the contribution made by money beliefs to predicting financial progress is primarily additive.

The expansion of the financial services market beyond individuals and families who have large discretionary funds for investment has resulted in the need for counselors and planners to become more aware of the subjective needs of their clients. The understanding of money attitudes and the relationship of those attitudes to appraisals of financial satisfaction and financial progress is one step in providing better services. This study suggests that money beliefs may be somewhat different across genders and that those beliefs will influence financial satisfaction and to a lesser extent perception of financial progress. The counselor or planner cannot assume that his or her beliefs will be similar to those of a client. The extent to which one feels guilt over spending, receives rewards from spending, and feels that they deserve their income will all influence how satisfied they are. Thus, the findings of this research suggests that counselors and planners are advised to explore these beliefs with their clients.

Endnote

1. Cooperating states are: Arizona, California, Illinois, Indiana, Iowa, Kansas, Michigan, and Minnesota.

References

Bailey, W., & Gustafson, W. (1986). Gender and gender-role orientation differences in attitudes and behaviors toward money. In K. Kitt (Ed.), *Proceedings of the Fourth Annual Conference of the Association of Financial Counseling and Planning Educators* (pp. 11-20).

Bailey, W. & Gustafson, W. (1991). An examination of the relationship between personality factors and attitudes toward money. *Handbook of Behavioral Economics*, Volume 2a. JAI Press, Inc.

Belk, R. W. & Wallendorf, M. (1990). The sacred meanings of money. *Journal of Economic Psychology*, *11*, 35-67.

Belsky, G. (1992, June). The five ways women are often smarter than men about money. *Money Magazine, 21*(6), 74-81.

Bielby, D. D. & Bielby, W. T. (1988). She works hard for the money: Household responsibilities and the allocation of work effort. *American Journal of Sociology*, *93*(5), 1031-1059.

Boss, P. (1988). *Family Stress Management*. Beverly Hills: SAGE.

Campbell, A., Converse, P. E., & Rodgers, W. L. (1976). *The Quality of American Life: Perceptions, Evaluations, and Satisfactions*. New York: Russell Sage Foundation.

Cramer, S. L. (1982). The relationship of economic welfare and perceived financial adequacy and satisfaction of midwestern urban, retired families. *Proceedings of the 28th Annual Conference of the American Council on Consumer Interest* (pp. 44-49). Columbia, MO: American Council on Consumer Interests.

Cromie, S. (1987). Motivations of aspiring male and female entrepreneurs. *Journal of Occupational Behaviour*, *8*, 251-261.

Davis, E. P., & Helmick, S. A. (1981). Composite measures of financial satisfaction: An analysis of two indices. In M. M. Dunsing (Ed.), *Proceedings of symposium on Perceived Economic Well-being.* Urbana-Champaign, Illinois: Illinois Agricultural Experiment Station.

Davis, E. P. & Helmick, S. A. (1985). Family financial satisfaction: The impact of reference points. *Home Economics Research Journal*, *14*(1), 123-131.

Estes, R. & Hosseini, J. (1988). The gender gap on wall street: An empirical analysis of confidence in investment decision making. *The Journal of Psychology*, *122*(6), 577-590.

Furnham, A. (1984). Many sides of the coin: The psychology of money usage. *Personal and Individual Differences*, *5*(5), 501-509.

Goldberg, H. & Lewis, L. (1978). *Money Madness: The Psychology of Saving, Spending, Loving, and Having Money.* London: Springwood.

Gurney, K. (1988). *Your Money Personality.* New York: Doubleday.

Hanley, A., & Wilhelm, M. (1992). Compulsive buying: An exploration into self-esteem and money attitudes. *Journal of Economic Psychology 13*, 5-18.

Hood, J. C. (1986). The provider role: Its meaning and measurement. *Journal of Marriage and the Family*, *48*, 349-359.

Jackson, L. A. (1989). Relative deprivation and the gender wage gap. *Journal of Social Issues*, *45*(4), 117-133.

Janis, I. L. & Mann, L. (1977). *Decision Making: A psychological analysis of conflict, choice, and commitment*. New York: The Free Press.

Klebanow, S. (1991). Power, gender, and money. In S. Klebanow & E. L. Lowenkopf (Eds.). *Money and Mind*. New York: Plenum Press.

Lazarus, R. S. (1991). *Emotion and Adaptation*. New York: Oxford University Press.

Lazarus, R. S. & Folkman, S. (1984). *Stress, Appraisal, and Coping*. New York: Springer Publishing Company.

Lindgren, H. C. (1980). *Great Expectation: The Psychology of Money*. Los Altos: Williams Kaufmann, Inc.

Mammen, S., Helmick, S. A., & Metzen, E. J. (1981). Factors affecting perceived income adequacy. In M. M. Dunsing (Ed.). *Proceedings of the* *symposium on perceived economic well-being*. Urbana-Champaign, Illinois: Illinois Agricultural Experiment Station.

Moen, P. (1980). Developing family indicators. *Journal of Family Issues*, *1*, 5-30.

Paolucci, B., Hall, O. A., & Axinn, N. (1977). *Family decision making: An ecosystem approach*. New York: John Wiley & Sons.

Rubenstein, C. (1980, May). Your money and your life. *Psychology Today*, 47-58.

Slusher, B. J., Helmick, S. A., & Metzen, E. J. (1981). Perceived economic well-being: The relative impact of value concordance and resource adequacy. In M. M. Dunsing (Ed.). *Proceedings on the Symposium on Perceived Economic Well-Being.* Urbana-Champaign, Illinois: Illinois Agricultural Experiment Station.

Strumpel, B. (1976). Introduction and model. In B. Strumpel (Ed.), *Economic Means for Human Needs*. Ann Arbor, MI: Institute for Social Research, University of Michigan.

Strumpel, B., Curtin, R. T., & Schwartz, M. S. (1976). Economic life-styles values, and subjective welfare. In B. Strumpel (Ed.), *Economic Means for Human Needs*. Ann Arbor, MI: Institute for Social Research.

Wilhelm, M.S., Huebner-Fridrich, A., & Varcoe, K. (1992). Gender difference in Money attitudes: A factor analysis. In D.R. Iams (Ed.), Proceedings of the Association for Financial Counseling and Planning Education (pp.157-171). Charleston, South Carolina.

Winter, M., Morris, E. W., & De L. Rubie, M. (1988). The subjective assessment of financial well-being among farmers. In Proceedings of the annual conference of the Association of Financial Counseling and Planning Educators (pp. 293-299).

Yablonksy, L. (1991). *The emotional meaning of money.* New York: Garden Press.

Yamauchi, K. T., & Templer, D. I. (1982). The development of a money attitude scale. *Journal of Personality Assessment*, *46*(5), 522-528.

Yuchtman, E. (1976). Effects of social-psychological factors on subjective economic welfare. In Strumpel, B. (Ed.), *Economic means for human needs* (pp. 107-129). Ann Arbor: Institute for Social Research.