

THE CONCEPTUAL FRAMEWORK OF THE EFFECT OF MONEY ATTITUDE AND THE MODERATING ROLE OF CREDIT CARD ON COMPULSIVE BUYING BEHAVIOR

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1. Introduction

Money attitudes can be classified into two; positive attitude and negative attitude, depending on how the individual manages the money during purchasing. People with positive money attitude used their money rationally with a sense of retention time and price sensitivity when spending their money. Those with positive attitude also has low tendency to become a compulsive buyer and less tendency to be involved with financial problem compared to those with negative attitude. Thus, those with positive money attitudes will be more prudent when shopping and in control in managing their financial resources.

On the other hand, a person with negative money attitude, are more careless and aggressive in spending their money when they go shopping. The power of prestige, conspicuous, and anxiety mood are part of negative money attitude philosophies. They tend to buy expansive branded goods and services for social status purpose and intend to show off their ability on consuming luxury items. Besides, person with negative money attitude usually spend their money emotionally rather than rationally, which leads to improper management of their financial resources. This can leads to financial problems, and if not deal appropriately, can eventually results in bankruptcy among this type of consumers.

The situation is made worse with the availability of credit cards which enable consumers to spend in advance before getting their pay. Moreover, the application of credit cards is becoming much more easier these days as banks are competing aggressively in trying to expand their credit cards market shares among consumers. The application requirement has been relaxed in which applicants only need to produce their identity card and three months' pay slips for any new application. To some extent, Bank Negara Malaysia (BNM) has also made the situation more conducive for credit card application by imposing new conditions in credit cards applications, where minimum annual income requirement has been reduced from RM24,000 to RM18,000 starting on 28 July 1999. (BNM, 1999). This encourage consumers to obtain more than one credit cards for each of them, thus increasing credit availability for their spending.

The Proposed Conceptual Framework

To study the effect of money attitude and credit card role on compulsive buying behavior, a framework are constructed based on the previous studies. The proposed framework consists of three components; the concepts of money attitude, the effects of money attitude towards compulsive buying and the role of credit card in moderating the effects of money attitude

towards compulsive buying. All of the components will be discussed as follows:

The Concept of Money Attitude

The first component used in developing this proposed conceptual framework is the concept of money attitude. This concept is proposed by Yamauchi and Templer (1982). In the model, different people perceive value and treat money differently. Hence, this attitude can be a powerful motivator in shaping individual buying behavior. There are five dimensions in money attitude namely; power prestige, retention-time, price sensitivity, anxiety and conspicuousness.

Power prestige, the first dimension, refers to those who have high perception on money as a mean of power and a measure of success. These people tend to relate money as a way to influence and impress others about themselves. This element is found to be correlated with status searching.

The second dimension is retention time, in which people who rate high in this dimensions are those who are concern about their financial future. In other words, they are more careful in monitoring their financial situations. This dimension is found to be negatively correlated with time competence while positively related to obsessive personality.

Next dimension is distrust. This dimension shows that people are deemed to be doubtful, hesitant and also suspicious with matters related to money. Several researches has relabeled distrust dimension to price sensitivity dimension because the items of distrust in the studies focused on individual sensitivity than the price that they paid for the goods or services. Therefore distrust is more suitable to be replaced with price sensitivity. This is supported in a study by Roberts and Jones (2001).

The fourth dimension under the concept of money attitude is anxiety. Usually those who score high under this dimension view money as a mean to reduce anxiety. This means that, money act as a medicine to release their stress and depression (Yamauchi & Templer, 1982).

The last dimension of money attitude is conspicuousness (quality conscious). Those who score high in this dimension, search for the very best quality in products or services. They shop carefully and more systematically as well as making comparisons in order to buy a product with the highest quality. For the purpose of this study, the label of quality has been changed to conspicuousness. This is because the meaning of conspicuous refers to individual who spend their money on goods or services in a way that other can see their wealth.

Initially Yamauchi and Templer (1982) only develop the concepts of money attitude without relating it to consumer buying behavior process. Based on the concept of money attitude towards compulsive buying behavior conducted by Robert & Jones (2001), Phau & Woo (2008), Li et al., (2009) and Lejoyeux et al., (2011) a significant relationship can be found on money attitudes towards compulsive buying behavior. Therefore, in next part will discuss more detailed on the concepts of money attitude towards compulsive buying.

Compulsive Buying Behaviour

Compulsive buying concept is derived from the purchase decisions of consumers in general. Consumer behavioral studies explain that individuals and the environment are stimuli according to the consumer behavior model (Assael, 1998; Schiffman & Kanuk, 2004). This model covers the individual aspects of perception, motivation or desire, learning, personality, emotions, and attitudes.

In this study, the stimulus that will be used to explain consumer behaviour is a good stimulus in the form of individual money attitudes. According to (Schiffman & Kanuk, 2004), the desire to appear and be perceived well by others can also be a stimulus. This stimulus pressures individuals to fulfill it (Schiffman & Kanuk, 2004). A person's cognitive functioning acts as a regulator in determining the direction taken to address the stimulus. Compulsive buying is considered as a response to a specific stimulus. In actuality, the effects model of stimulus and response is a model of consumer behaviour in this study. Further discussions of the concepts is proposed in the research model.

The Relationship between Money Attitudes and Compulsive Buying

Using the money attitudes concepts developed by Yamauchi and Templer (1982), other researchers have conducted studies relating this concept to compulsive buying. They found that the dimensions of money attitudes are significantly related to compulsive buying (Robert & Jones, 2001; Phau & Woo, 2008; Li et al., 2009 and Lejoyeux & Weinstein, 2010).

According to Roberts and Jones (2001), a conceptual model of money attitudes towards compulsive buying consists of three of the five dimensions in money attitudes established by Yamauchi and Templer in 1982. The first stimulus is power-prestige. It is defined as a negative attitude towards money which significantly influences them to become compulsive buyers (Roberts & Jones, 2001). Price sensitivity is the second stimulus that Robert and Jones (2001) used to understand the relationship between money attitudes and compulsive buying behavior. They found a positive relationship between this stimulus and compulsive buying behavior. The last stimulus suggested by Robert and Jones (2001) in their research is anxiety. This negative money attitude significantly increases the tendencies to become compulsive buyers (Roberts & Jones, 2001). In this research, only three components of money attitudes were used in understanding the relationship of money attitudes and compulsive buying. The other two components in the concept of money attitudes by Yamauchi and Templer (1982) were not used. The reason, according Roberts and Jones (2001), for not doing so is because the sample they used were students. It is not suitable to measure students according to these two variables since they do not have enough money and are unemployed. However, such variables are measurable on professional workers as they have the money to spend by cash and credit cards.

Phau and Woo (2008) conducted a study on the influence of money attitudes towards compulsive buying. They used two negative money attitudes (power-prestige and anxiety) as well as two positive money attitudes (retention time and price sensitivity) in their research. Their findings contrasted from other researchers because they only focused on undergraduates. The study did

not show any significant relationships between anxiety, distrust, or retention. Only power-prestige has a significant relationship with compulsive buying. Phau and Woo (2008) concluded that young adults are concerned with things that elevates their status. Different findings are expected to be found in this study as it is conducted among professional workers.

Next, Li et al. (2009) did a study on the concepts of money attitudes towards compulsive buying. They only used three of the five concept of money attitudes (power-prestige, retention time and conspicuous consumption) proposed by Yamauchi and Templer in 1982. Their study was conducted on young Chinese consumers which was differs from studies conducted in the Western culture. In this context, all dimensions of money attitudes have significant relationships with compulsive buying (Li et al., 2009). The researchers found that Chinese consumers scored lower in the dimension of power prestige than the quality dimension.

The latest study of money attitudes towards compulsive buying was conducted by Lejoyeux and Weinstein (2010), the researchers used four of the five dimensions of money attitudes (power-prestige, retention time, price sensitivity and anxiety) in studying compulsive buying behavior among students. Lejoyeux and Weinstein (2010), also found that power-prestige, price sensitivity, and anxiety scored high on compulsive buying compared to retention time. The finding was consistent with the research conducted by Li et al. (2009), Phau and Woo (2008), and Roberts and Jones (2001).

After reviewing past research, it is discovered that there is a gap in the body of knowledge. Firstly, none of the studies used all of the dimensions in the money attitude model. For example, Roberts and Jones (2001) only used power prestige, retention time, and anxiety; Phau and Woo (2008) used power prestige, retention time, anxiety, and price sensitivity; Li et al. (2009) used power-prestige, retention time, and conspicuous consumption; lastly, Lejoyeux & Weinstein (2010) only used power-prestige, retention time, price sensitivity, and anxiety. Secondly, the scope of research subjects used by past research was limited. Most only used undergraduates (Robert & Jones, 2001; Phau & Woo, 2008; Li et al., 2009 and Lejoyeux & Weinstein, 2010). To fill this gap, this study will use all dimensions of money attitudes as well as use professional workers with credit cards as sample.

The Moderating Effect of Credit Card Usage on the Relationship between Money Attitudes and Compulsive Buying

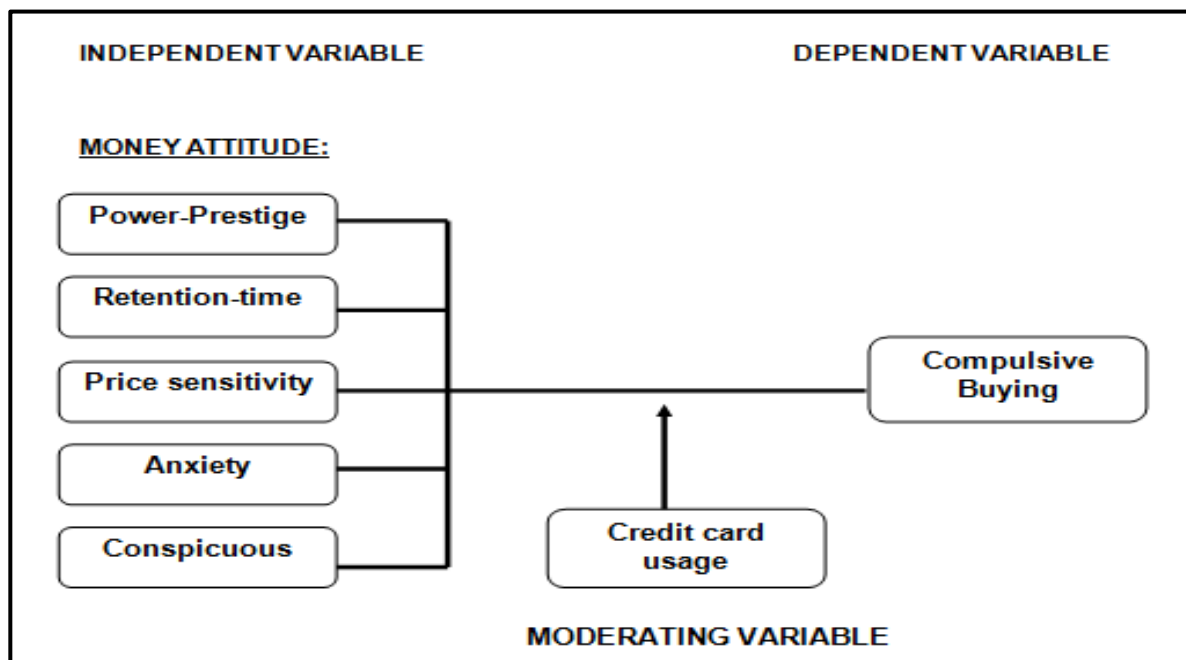
This is the last component to develop the conceptual framework of the effects of money attitudes towards compulsive buying tendencies and the moderating role of credit card usage. As mentioned earlier, this study will adopt the conceptual model developed by Phau and Woo (2008) and Roberts and Jones (2001). Just like the studies previously conducted, the weapon effect theory will be used to predict the effect of credit card usage on money attitudes and compulsive buying behavior. The weapon effect theory shows that credit cards encourage purchases by making transactions easier. In other words, when buyers are exposed to an aggressive stimulus like a credit card, it can make them behave aggressively.

Most previous researchers imply that credit cardholders are able to buy things at any time even without cash in their pockets. The availability and convenience of credit cards has made credit

card users to only have a low involvement in the purchasing process. Which ultimately leads to aggressive buying. In a nutshell, the weapon effect theory is useful in investigating the moderating effects of credit card usage on the relationship of money attitudes and compulsive buying.

It is worth mentioning again that identifying the relationship between money attitudes and compulsive buying tendencies is not the sole objective of this study. Instead this study also seeks to investigate the moderating effect of credit card usage on the aforementioned relationship. Thus, this study will conceptualize and adopt past research (Yamauchi and Templer, 1982; Robert & Jones, 2001; Phau & Woo, 2008; Li et al., 2009 and Lejoyeux & Weinstein, 2010) to achieve its objectives.

Figure 3.1: The Proposed Model Framework to Identify the Effects of Money Attitudes towards Compulsive Buying Tendencies and the Moderating Role of Credit Card.



Sources: Adopted from Lejoyeux et al., (2011), Li .et al (2009) Phau and Woo (2008) and Roberts and Jones (2001)

Based on previous conceptual models, compulsive buying is proposed to be a function of money attitudes (power-prestige, retention-time, price sensitivity, anxiety, and conspicuous consumption) and credit card usage is positioned as the possible moderator for this study. In order words, compulsive buying is the dependent variable while money attitudes (power-prestige, retention-time, price sensitivity, anxiety, and conspicuous consumption) are antecedents of compulsive buying with Credit card usage as the moderating variable.

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