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Individualism, Collectivism, and Goal-Oriented Saving

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This study examines how individualism (vs. collectivism) influences people's goal-oriented saving decisions. Three experimental studies show that the effect of individualism (collectivism) on people's propensity to save is contingent on the purpose of saving. People who are chronically or situationally high in individualist values (the "individualists") have a higher propensity to save for self-enhancing purposes (e.g., job transition or education) than do those who are high in collectivist values ("the collectivists"). When saving for self-enhancing purposes, the individualists also show a higher propensity to resist temptations for immediate gratifications than do the collectivists. However, the individualists and the collectivists do not differ in their propensity to save and to resist myopic temptations when saving for self-indulging purposes (e.g., saving for a vacation).

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tivated to achieve the failed goal. Thus, we will find more self-punishing behavior when participants are persistent with their goals (Study 1), when the failed goal is more accessible in their mind when they make decisions (Study 2), or when they believe that self-punishment is useful in achieving their goals (Study 3).

In study 1, goal persistence was primed with a “sentence unscrambling task”, and guilt was elicited with a recall task. All participants recalled an experience where they did not spend their own money prudently and felt responsible for their decisions. After that, self-punishment was assessed with a “news reading task” where participants chose one piece of news among two: one about a baby who died because of child abuse, the other about how to take an enjoyable vacation. As predicted, when experiencing guilt, participants who were persistent with their goals were more likely to pick up the sad news than participants who were less persistent with their goals (72.2% vs. 38.9%, $p < .05$).

Study 2 extended the findings of Study 1 in three aspects. First, a different goal violation scenario was employed to elicit guilt: failure in academic performance. Second, rather than goal persistence, participants’ chronic achievement motivation was measured and used as the moderator (Hart and Albarracín 2009). Third, self-punishment was measured more directly. Participants indicated the amount of penalty they wanted to allocate to themselves for giving a wrong guess. Supporting the “deterrence” account, guilty participants allocated significantly more penalty points to themselves than did non-guilty participants only when chronic achievement motivation was high (2.81 vs. 1.45, $p = .001$), but not when it was low (1.24 vs. 1.59, $p = .373$).

Study 3 further supported the “deterrence” account by showing the moderating role of individual beliefs regarding whether self-punishment is a good way for goal achievement. It found that participants were more willing to forgo pleasant experiences in response to guilt (than non-guilt) only when they regarded self-punishment as useful in achieving their goals. Belief regarding the instrumentality of self-punishment was assessed with 3 items (e.g., “Self-punishment for one’s goal failure makes one remember the failed goal better”; Cronbach’s $\alpha = 0.77$). Guilt was manipulated as in study 2, and self-punishment was assessed with two scenario questions (e.g. forgoing a coupon of dining at a five-star restaurant, accepting a concert ticket from a close friend). Results hold for both combined and separate responses.

Overall, this research added to the growing body of research on self-conscious emotions by looking at the strategic motivational function of guilt.

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Domestic savings rate in the United States is persistently lower than that in some East Asian countries such as Japan. The United States and East Asia also differ markedly on an important cultural dimension, namely individualism (vs. collectivism). The United States is characterized by higher individualism and lower collectivism than are East Asian countries (Hofstede 1980). It may be tempting to posit that individualism is associated with lower propensity to save than is collectivism. In this research, we show that chronically salient or situationally primed individualism is actually associated with a higher propensity for goal-oriented saving than is collectivism, provided that the saving is for self-enhancing rather than self-indulging purposes.

Hypotheses. People often save money for a specific purpose. We recognize two distinct types of saving in terms of their purposes. The first type involves saving for self-enhancement, such as saving for a better education or career. The other type relates to saving for self-indulgence, such as saving for a vacation or a luxury car. The dichotomy between the self-enhancing and self-indulging goals is akin to the dichotomy between virtues and vices (Dhar and Wertenbroch 2000).

We expect that people high in individualist value (the “individualists”) have a higher propensity to save for self-enhancing purposes than do those high in collectivist value (“collectivists”). Such differential propensity to save for self-enhancement can be explained by the difference in self-orientation associated with the individualists versus the collectivists. The individualists define the self as an autonomous entity separated from others, whereas the collectivists view the self as part of a social network and connected with others (Markus and Kitayama 1991). Because of their orientation toward the self, the individualists will attach more importance to goals that hold high stakes for self-enhancement (Markus and Kitayama 1991). Consequently, the individualists will be motivated to save for self-enhancing goals, especially when saving is the only means for achieving such goals. By contrast, the collectivists insist on self-others connection and show pervasive attentiveness to the relevant others. Research has shown that the perception of an extended social network can serve as a psychological “cush-

ion” against financial risks (but not other types of risks such as physical risks) (Hsee and Weber 1999; Mandel 2003). Because of this cushion effect, the collectivists will be more tolerant of financial uncertainties and consequently are less motivated to save for personally significant goals compared with the individualists. However, the individualists and the collectivists will not differ in their propensity to save for self-indulging purposes. This is because self-indulgence is not more pertinent to the goal orientation of the individualists versus the collectivists and is thus unlike to induce differential propensity to save between the individualists and the collectivists.

H1: *The individualists have a higher propensity to save for self-enhancing purposes than do the collectivists, whereas the individualists and the collectivists do not differ in their propensity to save for self-indulging purposes.*

People often need to resist myopic temptations to prematurely dip into their savings in order to fulfill their savings plan. Because the individualists have a strong motivation to fulfill their savings plan for self-enhancing purposes, they will be less likely to yield to myopic temptations when following through such a plan than will the collectivists. However, the individualists and the collectivists will not differ in their ability to resist myopic temptations when saving for self-indulging purposes, because the motivation to save for such purposes does not differ between the two groups of individuals in the first place.

H2: *The individualists have a higher propensity to resist myopic temptations than do the collectivists when saving for self-enhancing purposes; the individualists and the collectivists do not differ in their propensity to resist myopic temptations when saving for self-indulging purposes.*

METHODS AND RESULTS

The hypotheses were tested through three experiments, in which individualism (collectivism) was manipulated through either situational prime or culture. In experiment 1, we manipulated individualism (vs. collectivism) through situational prime. The experiment features a 2 (prime: individualism vs. collectivism) \times 2 (purpose of saving: self-enhancing vs. self-indulging) design. Participants were 190 undergraduate students in a Canadian university. We first primed individualist or collectivist values using a scenario about a tennis match (Aaker and Lee 2001). Participants then imagined a scenario in which they made decisions on how much to save out of a fixed amount of personal income for an anticipated job transition (self-enhancement) or for a vacation (self-indulgence). Consistent with hypothesis 1, the individualists saved more than the collectivists for job transition ($p < .05$), whereas the collectivists saved directionally more than the individualists for a vacation. The same findings were replicated in experiment 2, using different prime for individualism (collectivism) (Trafimow, Triandis, and Goto 1991) and different stimuli for purpose of saving (education vs. vacation).

Experiment 3 is a cross-country study, which features a 2 (country: US vs. Japan) \times 2 (purpose of saving: self-enhancing vs. self-indulging) design. Participants were 300 undergraduate students from a US university and 300 undergraduate students from a Japanese university. Purpose of saving was manipulated as previously. After indicating the amount of savings, participants imagined a scenario in which their most favourite musician has come to town to stage a live concert. Temptation for immediate gratification was measured in terms of the amount of money they would spend out of their savings to buy a concert ticket. Consistent with hypothesis 1, the US participants reported a higher savings rate than did their Japanese counterparts for job transition ($p < .05$), but the two groups did not differ in their savings for the vacation. Furthermore, the US participants showed a higher tendency to resist myopic temptation than did the Japanese participants when saving for self-enhancing purposes, as indicated by the lower amount of money they spent on the concert ticket ($p < .05$). However, the tendency to resist temptation did not differ between the US and the Japanese participants when saving for a vacation. Thus, hypothesis 2 was supported.

DISCUSSION

Our findings show that individualism (vs. collectivism) promotes goal-oriented saving behavior, provided that the saving is for self-enhancing purposes. So far, we have focused on decision contexts where the saving is for relatively short-term goals and saving is the only means of achieving the goals. In the next step, we will investigate whether the individualists’ relatively high propensity to save for self-enhancement will persist when alternative means for obtaining financial resources (e.g., borrowing) is available, or when the saving is for long-term goals.

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