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Would you do something for me? The effects of money activation on social preferences and social behavior in young children

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ABSTRACT

The research presented in this paper shows that merely activating the idea of money affects the social behavior and social preferences of young children who do not understand the economic functions of money. From an economic point of view, money is universal, instrumental, and can be defined by the functions that it provides. From the psychological point of view, money is more symbolic and emotional than instrumental, and can serve as social resource in interpersonal and intrapersonal regulation. These effects of money are connected with its symbolic, rather than its instrumental, nature. To test whether the symbolic and instrumental meanings of money are developing at appropriate ages, we conducted two experiments on 5–8 year olds. After money activation, children were more selfish in economic games, revealing less prosocial preferences and were less prone to help the experimenter than children from the control group. Even if children at this stage do not understand the economic mechanisms of money and are not able to use money properly in the instrumental context, they react to symbolic activation. This might imply that the symbolic meaning of money is more primal than the instrumental meaning.

1. Introduction

Money is one simultaneously one of the most ubiquitous and exceptional elements in society. From an economic point of view it is a universal, instrumental, and market-driven force that may be defined by the functions it provides. Mansfield (1992) argues that money is everything that fulfills the typical functions of money. Money serves as a medium of exchange, a mean of storing wealth and value, a means of evaluation, and a unit of account (Begg, Fischer, & Dornbusch, 2003). Theories of money in economics are based on a model of rational behavior and are typically concerned with the macroeconomic level of analysis.

Psychological approaches to money, however, pay attention to the different peculiarities of human attitudes or related behavior (Lea, Tarpy, & Webley, 2009). From the psychological or anthropological point of view, money is not universal, because some of its forms are strictly reserved for special situations (Belk & Wallendorf, 1990; Zelizer, 1989, 1994). Numerous studies indicate that money is symbolic and emotional rather than instrumental (Crawford, 1994; Trachtman, 1999; Wilson,

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1999) and might be perceived as a social resource in interpersonal and intrapersonal regulation (Zhang, 2009; Zhou & Gao, 2008; Zhou, Vohs, & Baumeister, 2009).

The dichotomy between the instrumental and symbolic meanings of money forms the basis of various theories developed by psychologists and anthropologists, e.g., the theory of sacrum and profanum (Belk & Wallendorf, 1990) or the tool/drug theory (Lea & Webley, 2006). Moreover, studies of attitudes towards money have also demonstrated the dual nature of money (Furnham, 1984; Tang, 1995; Yamauchi & Templer, 1982). In line with these studies, people differ with each other in how they perceive the role of money in life. Some people interpret money mainly as an instrument for economic transactions, while others are more attached to its symbolic and emotional functions. Nevertheless, both the scarum/profanum theory and the tool/drug theory suggest that, in some situations, people act in accord with the instrumental nature of money, whereas in other circumstances they seem to follow its symbolic nature (Belk & Wallendorf, 1990; Lea & Webley, 2006).

Money can, therefore, be clearly defined by its dual symbolic and instrument nature. However, to the best of our knowledge, no research has yet been conducted to directly analyze how the perception of the symbolic nature of money develops in life and whether the growth of the ability to react to this symbolic meaning is primary to the understanding of the instrumental nature of money. In other words, little is known about how children understand the dual nature of money. The main aim of the research presented in this paper was, therefore, to examine whether young children, who do not understand the instrumental nature of the economic system, are susceptible to the effects of the symbolic aspects of money. The results of the two experimental studies revealed that activating the general idea of money affects social preferences and social behavior in children so that that they tend to make more individualistic choices and become less ready to help others.

As the existing literature on economic socialization suggests, children pass through several stages in order to achieve an adult understanding of money, and the order of these stages is universal across cultures (Webley, Burgoyne, Lea, & Young, 2008). However, there are different theories on how many of these stages there are. For example, Jahoda (1979) or Leiser (1983) suggest three stages, and Strauss (1952) proposes nine. Furnham and Argyle (1998) argue that the sub-stages can be combined into three main phases: (1) no understanding of money; (2) understanding of some isolated concepts; and (3) linking of isolated concepts to full understanding. These three phases are related to the stages of cognitive development proposed in the classical theory by Piaget (Piaget & Inhelder, 1972). The first phase takes place at the very beginning of the pre-operational stage, the second is related to the later pre-operational stage and the concrete operational stage, and, the third phase of economic socialization is connected to the formal operational stage.

The first phase is typical of children at the age of 3–4, who are able to recognize money (coins and notes), although they may not realize that coins and notes differ from each other, and will treat them as toys rather than as a medium of exchange (Berti & Bombi, 1988; Strauss, 1952, 1954). At 4–5 years old, children pass into the second phase. They understand the general idea of money, but are not able to recognize its nominational and the transactional value (Berti & Bombi, 1988; Strauss, 1952). Later on, children begin to recognize that some coins or notes have higher value and some are worth less, but they still treat a commercial transaction as a ritual (Berti & Bombi, 1988). At 6–7 years old (the beginning of primary school) children develop a better understanding of money as a mean of exchange, and this is strictly connected to the growth of their mathematical abilities (Kupisiewicz, 2004). By the age of 8–10, children can efficiently recognize notes and coins and know how to use them in market transactions (Kupisiewicz, 2004). However, even if they understand that money can be exchanged for goods and work can be exchanged for money, they are still not able to connect these two circles of exchange in one system (Leiser, Sevón, & Lévy, 1990). The third phase begins around the age of 11, when children begin to understand the relationship between the two circles of exchange and to recognize that the prices of goods reflect the costs incurred, including the workers' wages. In other words, while older children understand the economic system of exchange, younger children perceive an exchange through its social or ritual connotations (Leiser et al., 1990).

The above overview suggests that perceiving money symbolically precedes understanding it from the perspective of its instrumental and, economic functions. In line with these results, we expected that children at the age that is representative of the second phase of economic socialization should be able to react to the symbolic meaning of money, even if they were not capable of using it properly in a purely economic or instrumental context.

Vohs, Mead, and Goode (2006, 2008) have recently examined the psychological effects of the symbolic meaning of money in a series of experiments with adult participants. These experiments were based on the subliminal priming with concepts or images related to money. After such priming, participants (compared to those in the control condition) were less willing to help, and sought less help for themselves, even when performing an unsolvable task. Additionally, participants who were reminded about money preferred working alone, playing alone, putting more physical distance between themselves and other people and were less prone to donate money to University Student Fund. Vohs, Mead, and Goode (2006) conclude that money activation causes people to behave self-sufficiently, i.e., putting effort into attaining personal goals and preferring to be separated from others. However, the effects of money activation have two sides: negative (reduced helpfulness and separation from others), and positive (persistence on challenging tasks or taking more work for oneself) (Mogilner, 2010). Other researchers have claimed that money activation can generate a wide range of responses, such as a broad sense of strength, confidence or efficacy, self-interested behavior, abuse of interpersonal relationships, and sensitivity to potential restrictions of freedom or threats to autonomy (Gino & Pierce, 2009; Liu, Smeesters, & Vohs, 2012; Zhou et al., 2009). Zhou et al. (2009) found that reminding about money could reduce distress about social exclusion, in the sense that money could be seen as a substitute for a social acceptance. All the effects listed above seem to reflect the symbolic/affective rather than economic/instrumental meaning of money. Moreover, priming people with ideas about money seems to be an effective method of studying their reactions to its symbolic meaning.