

## THE STUDY OF MONETARY BEHAVIOR IN THE CONTEXT OF PERSONAL TIME CONCEPTION AND TIME ORIENTATION

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Numerous studies are well-known in the field of behavioral economics which are aimed to explore the relationships between the psychological factors and the monetary behavior. However, a wide range of psychological aspects of financial management continues to remain unexplored, such as the interrelation of financial strategies, goals and plans with person's time perspective, time preference and orientation. Our article is focused on a comprehensive study of person's monetary and financial management strategies in the context of time conception and time orientation.

**Keywords:** *monetary behavior, financial strategies, financial planning, personal time conception, time orientation.*

*Theoretical analysis of the issue:* There are different approaches to the interpretation of the concept of financial behavior management in literature. For example, it's defined as financial resources decision, acquisition, distribution, utilization, usually meaning a general purpose (Horne, Vachowicz), as a financial decision-making area, where personal motives are being harmonized and goals initiated (Weston and Brigham) and so on [8]. The personal finance management system implies the use of different strategies that help to create an effective mechanism for financial, as well as mental well-being. Such strategies include financial planning, monetary control, savings, regular investments, and risk insurance. It should be noted that in our study we generally focused on the study of the psychological aspects of financial planning and saving behavior.

Effective financial behavior management is a guarantee for avoiding money deficit and negative psychological state resulting from it. As the main means of acquiring money, we can single out work activity, which, besides being a factor of financial well-being, is also a factor of psychological well-being, psychological health, personal dignity and ensuring life satisfaction. Taking into consideration the fact that everyone wants to live a more prosperous life, we can say that many people make use of additional means of acquiring money. In monetary behavior, Strebkov singles out different strategies for acquiring money [3]. Nevertheless, people do not always manage to meet their needs fully with their work and additional means. In that case, a situation of money deficit arises, for the interpretation of which people use different attitudes and approaches [4].

Saving behavior and financial planning are guarantees from the perspective of the emergence of unpredictable situations and the organization of monetary behavior. Various studies have explored a number of social-demographic and psychological factors affecting saving behavior and financial planning features, such as gender, age, income level, education, financial literacy [9], conscientiousness [7], happiness and satisfaction [5], extraversion and introversion, self-esteem and self-confidence and so on. We have focused on studying the relationship between the person's time perspective, time orientation, and financial behavior management. The time perspective reflects how far people's perceptions of their future go and how they plan their consumptions and savings in advance. According to studies, time perspective varies in different decision-making areas, as well as for different people. Those who have a longer planning horizon tend to save more and have less debt [10]. A number of authors point out that the reason for having different time perspective lies in the difference of the sense of self-continuity and a high sense of self-continuity promotes the demonstration of more saving behavior in the future. However, the assumption that the person's financial planning horizon is more situational rather than a constant indicator of time preference is acceptable. Therefore, the financial planning horizon can reflect situational factors and does not only depend on a person's time preference [6]. The above-mentioned theoretical provisions allow to assume that financial planning and the person's time perspective or, as it is mostly mentioned in the well-known studies in this field, the time preference (orientation) have a certain correlation. Moreover, if we consider the planning as only a part of the monetary behavior, we can also assume that the interconnection is possible with other aspects as well.

Experimental design of the research: Based on the available study findings, we consider it necessary to explore the existing relationships between the person's time perspective, time orientation and financial behavior management. It is assumed that the person's working status, income sources, and monetary behavior management strategies interact with the psychological peculiarities of personal time conception and personal time orientation.

The "Personal time conception" method, "Self-actualization" test, and a questionnaire developed by us were used in scope of this study. The "Personal time conception" method allows to point out 3 possible types of personal time conception typical of study participants: time as a linear chain of events, time as a continuous stream of branching alternatives, time as a stable value [2]. "Self-actualization test" method, based on the second adaptation of Shostrom's questionnaire, has also been used for the study. The test is enables to demonstrate flexibility and to analyze a specific scale based on the goals and objectives of the study [1]. Therefore, we have focused on the study of time orientation. The questionnaire developed by us is aimed at obtaining information on socio-demographic data and on behavioral manifestations in conditions of money deficit, subjective explanations and attitudes of money deficit, saving behavior,

saving level required for avoiding financial difficulties in the future, time concentration of the financial behavior management, and the range of plans and goals.

The sample of the study consists of 70 respondents, 48 female and 22 male. The main criterion for participating in the study is to be in adulthood. Such kind of arrangement of the sample is conditioned by the fact that during the economic socialization adults' perceptions of the functions of money begin to form at the age of 12-15, however, given the fact that a person deals with the main sources of acquisition of financial resources in adulthood, the lower age limit of the study sample has been chosen 18 years. Everyone who has reached the age of adulthood already deals with the problem of self-management of their financial resources and income, and is capable of work activity and able to apply for formal means of acquiring money.

### **The explanation and the analysis of the results**

As a result of the analysis of the data, it's been found out that there is an interconnection between the working status and the types of personal time conception (Pearson  $X^2$   $p = .032$ ). The results allow to say that people who are employed and have stable income are mostly characterized by short-term planning, striving for strict control over time by authoritative means, reduction of desires and plans, work for narrow and concrete results, fear, anxiety, control issues, dependency and weakness (Time as a linear chain of events, 22.2%). People who are non-employed but have stable income are mostly characterized by long-term planning, flexible and adaptive plans ("organic time"), flexible and non-authoritative control over time, increase of desires and plans, work on result system, ability to predict short-term and long-term outcomes (Time as a continuous stream of branching alternatives, 31.7%). An interesting interconnection has been displayed between working status and money-acquiring strategies too (Pearson  $X^2$   $p = .029$ ). 30.4% of those who prefer to apply to family members for acquiring money are non-employed, but have stable income. Among them, compared with the other two groups, the saving strategy also prevails in percentage - 15.9%. For non-employed, however stable income-earners, the strategy of being satisfied with the already existing income and not looking for additional means is also much higher, 10.1%, than for the other two groups. With regard to applying friends and acquaintances, as well as to credit services, those who work and have stable income are more focused on these strategies, 5.8% and 4.3%, respectively. None of the respondents, who work and have stable income, apply to the strategy of being satisfied with what already exists and not looking for additional means.

As a result of the analysis, another interconnection has been displayed between the types of personal time conception and the strategies for the money acquisition (Pearson  $X^2$   $p = .006$ ). The results allow to say that 28.6% of those, who prefer to apply to family members for acquiring money, are characterized by short-term planning, striving for strict control over time by authoritarian means, reduction of desires and plans, fear, anxiety, controlling issues, dependency and weakness (Time as a linear

chain of events). 4.8 % of those who want to apply to friends and acquaintances are more likely to have long-term planning capabilities and thorough development of short-term plans, weakness of time control, striving for the "happy medium" in their desires and plans, tranquility, understanding, acceptance, calmness (Time as a stable value). Thus, it becomes clear that in terms of working status, on the one hand, there is an interconnection between the existing personal time conception and on the other hand, the strategies for the acquisition of money. In their turn, there are also interconnections between the personal time conception and the strategies for the acquisition of money.

As a result of the study, a connection between the periodic concentration of the financial behavior management and the types of personal time conception has been displayed too (Pearson X2  $p = .001$ ). The percentage expression (25.8%) allows to say that for those who carry out financial behavior management, based on the current period, time is perceived as an irreversible and objective phenomenon, and a person is perceived as dependent on that time and not free. They are characterized by short-term planning, striving for strict control over time by authoritative means, reduction of desires and plans (Time as a linear chain of events). For those who become oriented in the management of financial behavior based on the next few months, the perception of time is mostly manifested as a flexible phenomenon that can be slowed down, accelerated, recaptured, repeated, and so on. Therefore, they are characterized by long-term planning, flexible and adaptive plans ("organic time"), flexible and non-authoritarian control over time (Time as a continuous stream of branching alternatives). Those who carry out financial behavior management within the next 1-5 years, are mainly characterized by the most flexible and creative approach to time, long-term planning capability and thorough development of short-term plans (Time as a stable value).

Now let's have a look at the relationships between monetary-financial behavior and time orientation. The analysis of the study data shows that there are significant differences in time orientation between those who have "I'm guilty" attitude and those with "No one is guilty" attitude in the case of money deficit (Levene's  $p = .905$ , ANOVA  $p = .027$ , Post Hoc  $p = .027$ ), (Fig. 1.).

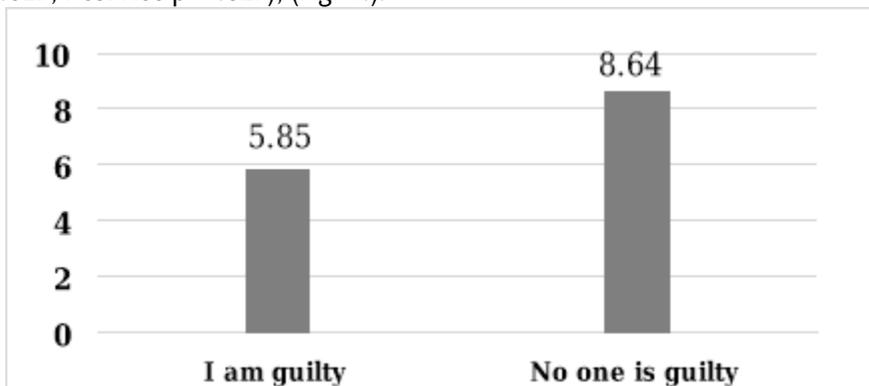


Figure 1. Manifestation of attitudes in the "Time orientation" scale

In the case of money deficit, the average level of time orientation of those who blame themselves is lower ( $M = 5,85$ ), so it is more characteristic of them to concentrate on only a certain period of time and the discrete perception of their vital path. Meanwhile, in such situations, those who do not blame themselves, have a higher level of time orientation ( $M = 8,64$ ). This allows to suppose that they are better at living in the present, that is, these people are able to live the present moment fully. The most characteristic of them is the ability to live now instead of preparing for the future "real life". This also proves that they are better at feeling the continuity of the past, the present, and the future. There also exist significant differences in time orientation indicators between those who have plans and goals for the current period and those who have plans and goals for the next 5 or more years (Levene's  $p = .951$ , ANOVA  $p = .011$ , Post Hoc  $p = .019$ ). Those whose most distant plans and goals are linked to the present are more capable of living and feeling the present in its entirety ( $M = 9.07$ ). Meanwhile, those whose most distant plans and goals are linked to the next 5 or more years have a lower outcome of the average expression of the time orientation ( $M = 4,67$ ), so they are more characterized by the concentration on only a certain period of time, the discrete perception of their vital path (Fig.2).

Let's also take a look at the study of saving behavior. The results show that there is a strong positive correlation ( $r = .472^{**}$ ,  $p = .000$ ) between the percentage of current savings and that of the savings required to avoid possible financial difficulties in the future ( $r = .472^{**}$ ,  $p = .000$ ), and a negative correlation was observed between time orientation and the percentage of savings required to avoid future financial difficulties ( $r = -.280^*$ ,  $p = .023$ ). This means that the higher is the person's capability of truly living the present in its entirety and not that of preparing for the future "real life", the lower is the percentage of savings that are needed to avoid the potential financial difficulties of the future.

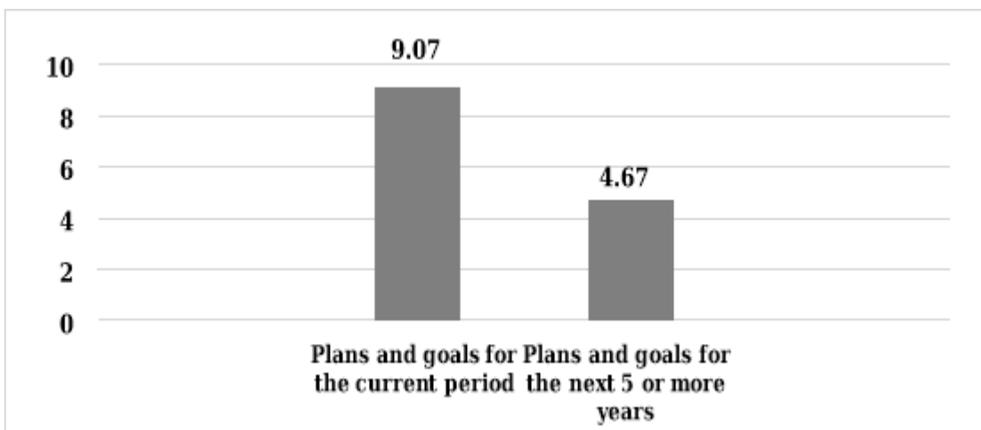


Figure 2. Manifestation of time orientation mean values in the perspective of plans and goals

We have studied the relationships between the different strategies of the monetary-financial behavior and the person's time perspective and time orientation. We particularly focused on financial planning and saving behavior, but effective management of financial behavior also implies monetary control, regular investments and risk insurance, which, however, have not been studied within the scope of this study. The psychological aspects of the formal acquisition of money (monetary strategies) are not thoroughly studied, so further studies of the management of monetary behavior can be developed in those separate areas too.

### **Conclusions**

1. Effective management of monetary behavior is one of the most important conditions for financial and mental well-being, as well as it is the basis for the development of the social environment.
2. People, who are employed and have stable income, are characterized by the perception of time as a linear chain of events, and people, who are non-employed but have stable income, by the perception of time as a continuous stream of branching alternatives.
3. In the event of money deficit, those, who prefer to apply to family members, are characterized by the perception of time as a linear chain of events, and those, who prefer to apply to friends and acquaintances, perceive time as a stable value.
4. Those, who perceive time as a linear chain of events, manage their financial behavior based on the present, in the case of management over the next few months, time is perceived as a continuous stream of branching alternatives, in the case of the next 1-5 years - as a stable value.
5. The higher is the level of a person's time orientation, the lower is the level of savings required to avoid possible financial difficulties in the future.
6. Individuals, who have higher level of time orientation, are not looking for guilty ones to interpret the situation of money deficit, unlike those who consider themselves to be guilty.
7. Only those, who have financial plans linked to the present, are characterized by a higher level of time orientation, unlike those, whose long-term plans relate to the next 5 or more years.

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## **ИЗУЧЕНИЕ ДЕНЕЖНОГО ПОВЕДЕНИЯ В КОНТЕКСТЕ ЛИЧНОСТНОЙ КОНЦЕПЦИИ ВРЕМЕНИ И ВРЕМЕННОЙ ОРИЕНТАЦИИ**

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Многочисленные исследования хорошо известные в области поведенческой экономики, направлены на изучение взаимосвязей между психологическими факторами и денежным поведением. Тем не менее, широкий спектр психологических аспектов финансового менеджмента продолжает оставаться неисследованным, такие как взаимосвязь финансовых стратегий, целей и планов с временной перспективой человека, временными предпочтениями и ориентацией. Наша статья посвящена всестороннему изучению стратегий денежно-кредитного и финансового менеджмента человека в контексте концепции времени и временной ориентации.

**Ключевые слова:** *финансовое поведение, финансовое планирование, финансовые стратегии, концепция личного времени, временная ориентация.*

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ՀԱՄԱՏԵՔՍՈՒՄ**

*Հայրապետյան Դ.Ռ., Ամիրադյան Ա.Վ. (ԵՊՀ, Երևան, Հայաստան)*

Բազմաթիվ ուսումնասիրություններ հայտնի են վարքագծային տնտեսագիտության ոլորտում, որոնք ուղղված են հոգեբանական գործոնների և դրամական վարքի միջև փոխհարաբերությունների ուսումնասիրմանը: Այնուամենայնիվ, ֆինանսական կառավարման հոգեբանական ասպեկտների լայն շրջանակ շարունակում է մնալ չբացահայտված, ինչպիսիք են ֆինանսական ռազմավարությունների, նպատակների և ծրագրերի փոխհարաբերությունները մարդու ժամանակակից հեռանկարի, ժամանակային նախասիրությունների և կողմնորոշման հետ: Հոդվածը նվիրված է մարդու դրամական և ֆինանսական կառավարման ռազմավարությունների համապարփակ ուսումնասիրությանը՝ ժամանակի անձնային կոնցեպցիայի և ժամանակի կողմնորոշման հայեցակարգի համատեքստում:

**Հանգուցային բառեր** – դրամաֆինանսական վարք, ֆինանսական պլանավորում, ֆինանսական ռազմավարություններ, ժամանակի անձնային կոնցեպցիա, ժամանակային կողմնորոշում: