

Article Summary

Afonso, Joao – J.P
110 – M01 – Fall 2013 Managerial Accounting
Professor Michelle Liu
10/30/2013

Summary Article #1

10/31
102/100

In the article "Net Worth, Self-Worth and How We Look at Money" published by Paul Sullivan from the NY Times, he shares with his audience the findings of a new academic research from The Journal of Financial Therapy. This research explains how the way you feel about money can affect your overall lifestyle - such as how you spend, how much you save and even how healthy you are. The results place itself in relation to my previous survey on "Financial Independence and Monetary Behavior" for Accounting 110.

Brad Klontz, an associate professor at Kansas State University, along with his colleague Sonya L. Britt, conducted a survey on 442 people about 72 different money-related beliefs and analyzed the results. Both of them explain how the jobless rate in America continues to grow, and houses are still regaining their value after the crash in 2008. Mr. Klontz is a clinical psychologist in Hawaii and made great observations on his patients regarding money-related issues. Some of them were in extremely stress due to having little or no money. On the other hand, he had patients who were excessively anxious or guilty about having too much money. After the results of his survey, he separated the answers in four broad categories: money avoidance, worship, status and vigilance.

The results were quite interesting. Those who fell in the avoidance category are the one who tend to distance "themselves from money" said Klontz. He later added, "This group may be worried about abusing credit cards." Most people in this category tend to have low incomes and low net-worth.

Worship is basically the opposite from avoidance. However, just as destructive. These people believe that money makes everything better – the feeling derived from the things money can buy are greater than anything else. Consequently, people in this group tend to be in greater debt. "This is the money belief pattern that afflicts the majority of Americans." Said Mr. Klontz.

People in the status category are linked to their self-worthiness and their net-worth. They tend to take greater risks in order to impress friends and family.

Vigilance was the category with greater balance. These people tend to not share their information about income or wealth. However, their excessive weariness about spending money, keeps them from enjoying life.

Mr. Klontz said that the answers of this study could help therapists and financial advisors to quickly understand their clients' beliefs about money. "This raises the question of how people's beliefs about money have been altered. He then added, "People needed to ask themselves what role their behavior might or might not have played in the broader financial problems."

Article Summary

Afonso, Joao – J.P
110 – M01 – Fall 2013 Managerial Accounting
Professor Michelle Liu
10/30/2013

Summary Article #2

“Does Money Corrupt?” This is a question where answers might be just as controversial as the research conducted by “PBS’s News Hour” called “Money on the Mind”. JJ Feinauer from Deseret News published an article on PBS research regarding money effects of human behavior.

“What is it about being wealthy that might make people behave differently?” According to Paul Piff – doctoral student at the University of California, Berkley – the more money you have, the more selfish and “morally reprehensible” you are. By playing simple board games such as Monopoly and dice they found alarming results: wealthy people tend to endorse unethical behaviors. This includes stealing from work – which makes the researchers question if wealthy people, such as CEO’s, have acted unmorally at one point in their careers in order to get where they are now.

Interesting, in this research various experiments were conducted. For instance: In California, at a pedestrian walk, 90% of the time people stopped their cars. Except for those driving luxury cars. They were 3-4 times more likely to break the law and not stop for pedestrians.

Another experiment, interviewees were told, “By the way, there is candy there. They are for children for another study, but feel you’re welcome to take a few pieces if you want to.” They were recited back to every participant. The results were very interesting. Wealthier people took 2 times more candy from children, as did poor participants.

In terms of honesty, participants had to report dice scores when cash was on the line. “People all the way on the top (who make 150k – 200k a year) were actually cheating 4 times as much as someone at the bottom, who makes under 15k a year.”

Money does come with a set of values. It can be a great asset in your life. It could make all your dreams come true – bringing you life-long happiness. It could be used for charity purposes and to help family in need. Some new studies even show that by being generous and charitable, you’ll live longer, more fulfilled, and more expressive as a person. For example, Bill Gates and Warren Buffet – self made billionaires – give their money back to charity, showing that the results of this research are not universal. Therefore, the researchers have come to heavy criticism because of this research.

Article Summary

Afonso, Joao – J.P
110 – M01 – Fall 2013 Managerial Accounting
Professor Michelle Liu
10/30/2013

Comparison Between Articles

Both articles addressed the same issue as my previous work for Accounting 110. They talked about monetary behavior. How much are you likely to change based on your income? Does money change integrity? Does it bring more happiness or problems?

According to “Net Worth, Self-Worth and How We Look at Money” published by Paul Sullivan from the NY Times, there are 4 categories for money-related behavior.

- Money avoidance: whom distant themselves from money based on low income and assets.
- Worship: The feelings derived from the things money can buy are key to achieving happiness. However, they tend to be greater debt.
- Status: They take greater risks to impress others. They also tend to lie about their losses.
- Vigilance: These are the more balanced group. They are more private about money, but enjoy life less than others.

Complementing Paul Sullivan’s article, “Money on the Mind” published by JJ Feinauer from Deseret News, researched money effects on human behavior. Based on several experiments (including monopoly, dice and interviews) results concluded, “the more money you have, the more selfish and “morally reprehensible” you are”. However, these results are not universal.

In my opinion, the second article was more informative. It included a 5-minute video with real life examples of how your behavior can change based on money – which is the key subject to my survey. It also explained in greater details why and how richer people tend be greedier. On the other hand, the first article was better written. It was published by a financial source (The New York Times) by an author who owns a management column at the newspaper.

Consequently, according to both sources and my own survey, we can conclude that money does change behaviors. It can change how you think in terms of investing your money, donating it to charity, or what your most valuable asset is. However, we cannot assume if it corrupts or changes integrities. That’s dependent upon individuals. Results show that the chances of being morally unethical are greater if you have more money.

Article Summary

Afonso, Joao – J.P
110 – M01 – Fall 2013 Managerial Accounting
Professor Michelle Liu
10/30/2013

References

1. Sullivan, Paul. "Net Worth, Self-Worth and How We Look at Money." *The New York Times*, May 6, 2011.
2. Feinauer, JJ. "Does Money Corrupt? A controversial study explores the effects of money on human behavior." *Deseret News (Salt Lake City)*, July 19, 2013.