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## **Feeling Guilty About Money: How Consumers Prioritize Cleansing Tainted Money Over Redeeming Moral Failures**

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Although prior literature suggests that guilt motivates general, cross-domain compensation, we demonstrate that consumers who feel guilty about money seek compensation in a strikingly specific way. This specific compensation suggests that consumers who feel guilty about money try to cleanse the tainted money rather than redeem themselves from moral failures.

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# Feeling Guilty About Money: How Consumers Prioritize Cleansing Tainted Money Over Redeeming Themselves From Moral Failures

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## EXTENDED ABSTRACT

Consumers can feel guilty about money, for instance, when they receive a product refund by stretching the truth or obtain a pay raise by exaggerating their contribution to a project. Given that consumers feel guilty about money, does this affect how they spend that money? Since feeling guilty about money signals a problem in one's moral standing, it should thus encourage spending the money in ways that restore this threatened morality (Baumeister, Stillwell, and Heatherton 1994; Keltner and Gross 1999; Izard 2010). But exactly how do people counter the threat to their moral standing exemplified by the guilt-tainted money?

One possible response is to engage in moral balancing (Nisan 1991)—people who feel guilty about money can restore their moral standing by participating in various kinds of pro-social activities, such as donating the money or volunteering time. A second possibility relies on a more generalized model of moral compensation. Rather than engaging in pro-social activities, the guilt may simply encourage people to engage in activities that improve their own welfare (e.g., investing in their health or education). This prediction is based on a perspective that views moral system to be interconnected with other domains of self, consequently allowing improvements in one domain to compensate for shortcomings in another domain (Monin and Jordan 2009; Steele 1988).

In contrast to these two perspectives, we propose a more specific compensation process. We argue that compensatory actions can be highly constrained by (1) the *moral* nature of guilt, and (2) the *association* between the guilt and money. First, prior research suggests that emotions motivate actions as a response to the emotion-eliciting event (Frijda 1986). Thus, when guilt arises from personal contexts (e.g., failing to adhere to a diet goal), it will trigger actions that improve the self (e.g., spending on healthy food or books; Khan, Dhar, and Wertenbroch 2005). However, when guilt results from events undermining the welfare of others (e.g., cheating), it will motivate actions that improve others' welfare (e.g., charitable giving; Haidt 2003). Second, recent findings suggest that the compensatory actions can be even more specific depending on whether guilt is associated with money or not. De Hooze et al. (2011) demonstrate that guilt motivates pro-social behaviors focused on victims, rather than a general pro-social orientation. Also, Levav and McGraw (2009) show that feelings can be attached to money and these feelings associated with money influence how consumers spend that money. These findings indicate that guilt can be attached to money, and this association between guilt and money may limit the compensatory efforts to pro-social actions that involve the tainted money, just as they were limited to actions that involved the victims. Therefore, while people who feel guilty about money would spend this money pro-socially, they would not engage in pro-social actions that do not involve the money (e.g., donating untainted money and volunteering time). Our predictions suggest that consumers focus on cleansing *money* rather than redeeming *themselves*. If they aim at moral redemption, they would prefer giving time over money (Reed, Aquino, and Levy 2007).

Study 1 examined whether guilt promotes virtuous spending in general or only those specific to its moral domain. Participants were randomly assigned to one of the three conditions: moral guilt, non-moral guilt, and control. All participants read a scenario in which

they received a refund. While participants in both guilt conditions felt guilty about their refund, only those in the moral guilt condition felt guilty because of a transgression; those in the non-moral guilt condition felt guilty due to a private self-control failure. Next, participants indicated how likely they were to spend some of the refund on various spending categories. The results confirm that unlike non-moral guilt, moral guilt uniquely increases pro-social spending, but not other forms of virtuous spending for self or close others.

Studies 2 and 3 tested whether the guilty spend money pro-socially only when the guilt is associated with the money (consistent with a motivation to cleanse the tainted money) or also when it is elicited by reasons unrelated to the money (consistent with a striving for general moral balance). For instance, in study 3, all participants took part in an Implicit Association Test to measure their prejudice against disabled people. Whereas the control group received money simply for participating in the test, a second group received money because they qualified for a follow-up study due to their strong prejudice against the disabled. Compared to participants in the control, those who received the money because of their alleged prejudice engaged in increased pro-social spending. However, people in a third group, who also received a negative test result but received money as a reward for their participation (not for the test result), did not show any increase in pro-social spending. The studies show that guilt promotes pro-social spending when it is directly associated with the money being spent, more so than when guilt is unrelated to the money.

Study 4 demonstrates that guilt associated with money increases preference for giving money over giving time to charities—even though volunteering time can be more effective at compensating for moral failures (Reed et al. 2007). Study 5 shows that those who lied for a refund uses that refund more pro-socially, but not their other money—even though money should be fungible. These findings indicate that the compensatory actions do not reflect a generalized drive for moral remedy, but rather a specific desire to remove the unpleasant guilt attached to money.

Finally, in Study 6, we measured feelings about money either before or after participants' donation decision and find a reduction in guilt after the donation. The result confirms the effectiveness of people's attempt to cleanse their tainted money by spending it pro-socially.

Our results show that compensatory efforts that arise from guilt can be strikingly specific when guilt is moral in nature and is associated with the money being spent. This specific compensation process indicates that people's specific desire to cleanse tainted money is more powerful than their quest for general moral redemption.

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