# FEELINGS OF FINANCIAL GUILT: EXPLORING THE FACTORS THAT INFLUENCE FINANCIAL GUILT DURING THE COVID-19 PANDEMIC

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## 1. INTRODUCTION

COVID-19 is one of the deadliest and most challenging viruses negatively impacting on businesses since the end of 2019. Mobility of people was fully restricted after the outbreak of the pandemic since this is an airborne contagious virus. As a result, social distancing and lockdowns have become mandates that impact or disrupt the buying and shopping habits of consumers as well as their consumption patterns (Donthu & Gustafsson, 2020). Thereby, consumers have developed new habits and ways of shopping in order to face the perceived fear and risk under this emergent situation. Consumer guilt categories experienced by the customers as suggested by Burnett and Lunsford (1994) describe the cause of guilt felt by consumers. They are health guilt, moral guilt, social responsibility guilt and financial guilt. Financial guilt is experienced when the consumption decisions are not justifiable. For example, if a consumer spends excessively beyond his financial obligation/capacity and then regrets the consumption decision made because of not allocating the financial resources correctly, it is financial guilt.

Ferreira (2014), in his study explained that during the crisis in Southern Europe, the consumers' financial guilt was associated with guilt evidence related to the state of guilt, focus of guilt and purchase decision. Thereby, it was evident that consumers in crisis context "feel more guilt before they have even made the transgression, due to the existential guilt that is latent" (p. 21). Also, he revealed that the financial guilt felt by consumers is more likely to emerge because something was bought, than because something was not. The study could not find which type of purchase decision is relevant to financial guilt. Interestingly, it was possible to arrive at one effective conclusion regarding the purchase group while there were no or less clear conclusions regarding the non-purchase group. Anyhow, there is a lack of studies that explain how customers' fear appeal can trigger behaviour associated with financial guilt among customers. Therefore, the objective of this study was to identify financial guilt experienced by the consumers during the crisis period of COVID-19.

## 2. LITERATURE REVIEW

Guilt is a concept associated with self-conscious emotions "for which the object of reflection is one's self" (Smith, 2012, p.22). According to the researcher it is also a category of feelings like shame or embarrassment caused by an action or inaction of an individual when he/she should face a situation that violates his/her points of view both ethically and morally. Thereby, a feeling to be identified as guilty conscious, an individual must act upon a personal interest which seen as a potential harm by the society or a waste of benefit by the particular doer. Additionally, there are studies that conclude that guilt will appear as long as there is a feeling of obligation or liability when the individual can blame himself when faced with a certain social context or situation. This explains the term of existential guilt (Lindsay- Hartz et al., 1995, as cited in Ferreira 2014). There is a necessity to critically evaluate the importance of addressing human feelings in marketing, even if they are positive feelings (e.g., satisfaction) or negative feelings (e.g., guilt) though companies usually appeal to positive feelings (Ferreira, 2014). Financial guilt, the one that is will be explored more deeply ahead, emerges from the feeling of not making a correct allocation of one's financial resources. In other words, consumers feel that they are misallocating their spending, taking into account their necessities, budget constraints and proper management of their money. It happens, for instance, when someone buys something expensive that was not really needed or when a good offer is missed

(Silva, 2014).

The negative impact of the COVID-19 pandemic will result in worsening global food insecurity for an extra 820 million people (Fernando, 2020). “Indeed, famines and malnutrition might kill more people in the Global South than the Coronavirus disease in the longer term” (Swan, 2020, p.2). On the other hand, that could create guilt among customers where buying extra units are perceived to be unethical as it could affect the consumption of others. Financial guilt is experienced when the consumption decisions are not justifiable. This depends on the perception of a particular customer. For an example, this is the feeling experienced by a consumer who spends excessively beyond his/her financial obligation/capacity and then regrets the consumption decision made as opposed to allocating the financial resources wisely.

The investigation by Burnett and Lunsford (1994) has led the way to categorize this feeling of financial guilt according to the decision of purchasing or not purchasing a particular good or service by a consumer. For an example, if a consumer happens to buy a good which has a serious negative impact on the environment, he/she might feel the guilt occurring due to that particular purchase, purchase guilt. This purchase guilt worsens at times when a consumer has violated his/her own ethical conditions by purchasing an ethically disturbing good when he/she has had options, or has chosen to purchase a good that violates his ethical conduct over the good that is congruent with it.

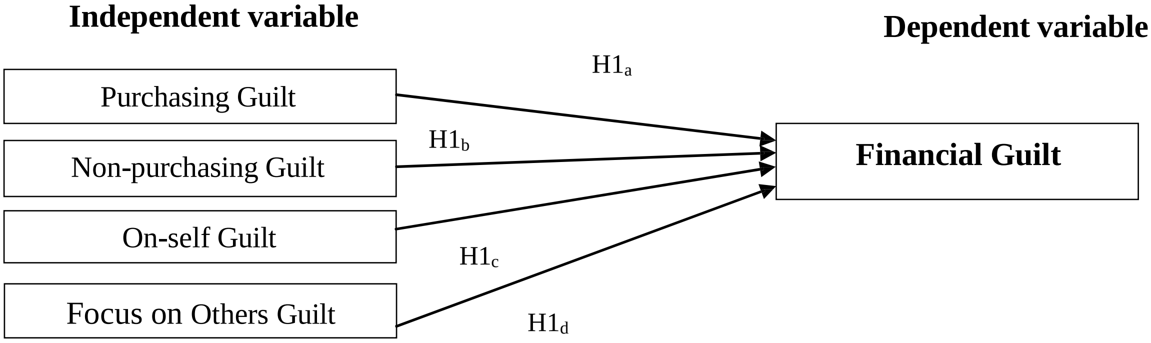
Similarly, the decision of not purchasing a particular good or service also translates into guilt; non-purchase guilt.

Financial guilt is further classified in terms of anticipatory and reactive states, occurring in both decisions to purchase as well as not to purchase, related to oneself or another. The study by Dhal, Honea and Rajesh (2003) has suggested another dimension of consumer guilt where individuals feel guilty because “they were unable to regulate their behaviour or reach standards they had set for themselves” (p.164).

***H1a**: There is a significant relationship between Purchasing Guilt and Financial Guilt.* ***H1b**: There is a significant relationship between Non Purchasing Guilt and Financial Guilt.* ***H1c**: There is a significant relationship between an On Self Guilt and Financial Guilt.*
***H1d**: There is a significant relationship between Other Guilt and Financial Guilt.*

## 2. METHODOLODY

The survey was conducted in the Western Province of Sri Lanka where a considerable number of customers use internet for shopping. Convenience sampling method was used to select a sample of 102 customers. Correlation analysis was used to find answers for the research questions and to test the hypotheses.



Source: Developed by Researcher Figure 01. Conceptual Framework

**RELIABILITY OF THE RESEARCH INSTRUMENT**

The researcher conducted a pilot test to validate the questionnaire. During the pilot test, the questionnaires were administered to 30 randomly selected respondents. According to the reliability test, the values of Cronbach's Alpha was higher than 0.7 and that shows that the reliability is in a very good level.

Table 01. Reliability

| **Variable** | **Cronbach's Alpha** |
|---|---|
| Purchasing Guilt | 0.879 |
| Non-purchasing Guilt | 0.762 |
| On-self Guilt | 0.984 |
| Others Guilt | 0.735 |
| Financial Guilt | 0.902 |

*Source: survey data (2020)*

## 3. RESULTS AND DISCUSSION

***Demographic Profile of the Sample***

Part A of the questionnaire covered the demographic characteristics of the respondents, such as gender, age, level of education, income level, family status and some background information such as product usage and payment methods. The personal information were helpful to contextualize the findings and to formulate solid recommendations on the subject matter.

Table 02. Demographic Profile

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|
| **Gender** | | | | |
| Male | 34 | 33.3 | 33.3 | 33.3 |
| Female | 68 | 66.7 | 66.7 | 100.0 |
| **Total** | **102** | **100.0** | **100.0** | |
| **Age** | | | | |
| Below 18 | 2 | 2.0 | 2.0 | 100.0 |
| 18-25 | 5 | 4.9 | 4.9 | 4.9 |
| 26-35 | 88 | 86.3 | 86.3 | 91.2 |
| 36-45 | 4 | 3.9 | 3.9 | 95.1 |
| 46-55 | 1 | 1.0 | 1.0 | 96.1 |
| Above 55 | 2 | 2.0 | 2.0 | 98.0 |
| **Total** | **102** | **100.0** | **100.0** | |
| **Civil Status** | | | | |
| Married | 47 | 46.1 | 46.1 | 46.1 |
| Single | 55 | 53.9 | 53.9 | 100.0 |
| **Total** | **102** | **100.0** | **100.0** | |
| **Education** | | | | |
| Advanced Level (A/L) | 5 | 4.9 | 4.9 | 4.9 |

| | | | | |
|---|---|---|---|---|
| Certificate/Diploma | 11 | 10.8 | 10.8 | 15.7 |
| Degree | 71 | 69.6 | 69.6 | 85.3 |
| Masters | 14 | 13.7 | 13.7 | 99.0 |
| Ordinary Level (O/L) | 1 | 1.0 | 1.0 | 100.0 |
| **Total** | **102** | **100.0** | **100.0** | |
| **Income** | | | | |
| 100,001-200,000 | 10 | 9.8 | 9.8 | 9.8 |
| 20,000-50,000 | 42 | 41.2 | 41.2 | 51.0 |
| 50,001-80,000 | 32 | 31.4 | 31.4 | 82.4 |
| 80,001-100,000 | 14 | 13.7 | 13.7 | 96.1 |
| Below 20,000 | 4 | 3.9 | 3.9 | 100.0 |
| **Total** | **102** | **100.0** | **100.0** | |
| **Time taken to place the next order** | | | | |
| 1-3 days | 21 | 20.6 | 20.6 | 20.6 |
| 4-7 days | 40 | 39.2 | 39.2 | 59.8 |
| 8-14 days | 18 | 17.6 | 17.6 | 77.5 |
| More than 2 weeks | 11 | 10.8 | 10.8 | 88.2 |
| Within 24 hours | 12 | 11.8 | 11.8 | 100.0 |
| **Total** | 102 | 100 | 100 | |

*Source: Survey data (2020)*

**How did you prioritize your purchasing experience during the COVID period?**

Table 03. Prioritized Purchasing Items

| **Rank** | **Item** |
|---|---|
| 1St Choice | Essential Goods |
| 2nd Choice | Medicine |
| 3rd Choice | Home Appliance |
| 4th Choice | Apparel |
| 5th Choice | Cosmetics |
| 6th Choice | Furniture |
| 7th Choice | Sports Appliance (Electronic Items) |
| 8th Choice | Musical Instruments |

*Source: Survey Data (2020)*

Table 04. Descriptive Statistics

| **Descriptive Statistics** | | | | | |
|---|---|---|---|---|---|
| | N | Minimum | Maximum | Mean | Std. Deviation |
| Purchasing Guilt | 102 | 1.13 | 5.00 | 3.7953 | .74934 |
| Non-Purchasing Guilt | 102 | 1.00 | 4.86 | 3.5434 | .72511 |
| Oneself-Guilt | 102 | 1.00 | 5.00 | 3.5353 | .78509 |
| Focus on Other Guilt | 102 | 1.00 | 5.00 | 3.5490 | .75364 |

*Source: Survey Data (2020)*

In terms of the other guilt factors, the mean value was 3.5490 and the standard deviation was 0.75364. In summary, when considering the mean value and the standard deviation of all factors, the researcher identified that purchasing guilt influences the financial guilt to a large extent, while non-purchase guilt, on self-guilt, and other guilt influence to a moderate extent.

**Bivariate Analysis-Correlation**

Table 05. Correlations

| Correlations | | | | | | |
|---|---|---|---|---|---|---|
| | | Financial Guilt | Purchasing Guilt | Non Purchasing Guilt | On self-Guilt | Focus on Other Guilt |
| Financial Guilt | Pearson Correlation | 1 | .585** | .610** | .525** | .527** |
| | Sig. (2-tailed) | | .000 | .000 | .000 | .000 |
| | N | 102 | 102 | 102 | 102 | 102 |

The correlation between the purchasing guilt and financial guilt was statistically significant at the level of 0.01 with a Pearson correlation coefficient of +.585. It shows that there is a positive relationship between the purchasing guilt and financial guilt. Relationship between the non-purchasing guilt and financial guilt was statistically significant at the 0.01 level with a Pearson correlation coefficient of +.610. It shows that there is a positive relationship between the non-purchasing guilt and financial guilt. The correlation between the on-self guilt and financial guilt was statistically significant at the 0.01 level with a Pearson correlation coefficient of +.525. It shows that there is a positive relationship between the on- self guilt and financial guilt. Further, the correlation between the other guilt and financial guilt was statistically significant at the 0.01 level with a Pearson correlation coefficient of +.527. It shows that there is a positive relationship between the focus on other guilt and financial guilt.

## 4. HYPOTHESIS TESTING

Table 06. Hypothesis Testing

| | | |
|---|---|---|
| H1a: There is a significant positive relationship between purchasing guilt and financial guilt | Accepted | **Pearson Correlation** |
| H1b: There is a significant positive relationship between non purchasing guilt and financial guilt | Accepted | **Pearson Correlation** |
| H1c: There is a significant positive relationship between on self-guilt and financial guilt | Accepted | **Pearson Correlation** |
| H1d: There is a significant positive relationship between other guilt and financial guilt | Accepted | **Pearson Correlation** |

*(Source –Developed by researcher)*

## 5. CONCLUSION

This study focused on analyzing the levels of financial guilt experienced by the consumers due to their new normal consuming decisions during the COVID-19 pandemic. There are four variables that basically influence the financial guilt; purchase, non-purchase, on-self and others guilt. With respect to the Sri Lankan sample, the objective of this research was to analyze the impact of those main categories of guilt towards generating the ultimate financial guilt of consumers. The results suggest that there is a significant positive relationship between the financial guilt and the four components; purchase, non- purchase, on self and other guilt. The analysis showed that the factors of non-purchase guilt influence the financial guilt of consumers to a large extent while the effect of other three forms of guilt; purchase guilt, one self-guilt and others guilt factors have moderate effects on the financial guilt.

According to the respondents of the research, they had felt guilty because their behaviour has been a poor reflection of their ideal self. Interestingly, this category of customers with on-self guilt has accounted for a majority of 52.1% of the total instances of consumer guilt being the largest category across the entire consumer guilt taxonomy. Failure of personal standards; buying products that were harmful to the health, purchasing expensive goods including clothing, jewellery, make-up, technological products and products related to entertainment were the major causes reported under on-self guilt. The findings also gave insights into few other interesting topics related to different perceived ideologies of financial guilt during the crisis. It was evident how carefully social judgments and values held by consumers must be managed, since a consumer who is more focused on his/her own welfare was validated through the study. More precisely, no differences were highlighted in terms of gender, educational qualifications, and age since they did not show a correlation with the degree of financial guilt felt. The majority of the sample was females (67%) who, as defined in most of the literature (Kayala, Simintiras & Ranaa, 2017) are emotionally driven in deciding their purchases and financially guiltier than men when associated with making purchasing decisions. But interestingly, the results of this study suggest that there is no any difference between women and men with regard to financial guilt felt as a result of their purchases. The data also suggested that the consumers preferred buying essential goods over medicine, clothes and furniture during the pandemic and hence, spending extra for that category of goods might generate less financial guilt than the other categories.

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