

Chapter 3

Personal values

Introduction

In this chapter, you will:

- understand that everyone has a set of personal values, which develops as they grow up;
- define these values, beliefs and attitudes, including thoughts, opinions and feelings;
- explain how these values, beliefs and attitudes impact on behaviour patterns including:
 - the feedback effect;
- understand how the value system is influenced by external factors, such as:
 - culture;
 - society;
 - peer groups;
 - perceptions;
 - stereotyping;
- consider how your own personal values might impact on financial decision making, including:
 - ethics;
 - charity.

Learning outcomes

In this chapter, you will:

- explore personal values, beliefs and attitudes, and how each (and combinations of each) impacts on behaviour patterns;
- consider the external influences on values and behaviour, such as culture, society and peers;
- explain personal and financial decision making within these contexts, including ethical investment, charitable donations and attitudes to managing debt.

3.1 Background

Your personal values and the way in which you apply them to your life will have an impact on the way in which you take decisions. Your values will influence how you make decisions, when you make them and how much you will care about the consequences of decisions, both to yourself and others. Financial decision making is no different and is made in the context of personal values.

3.2 Defining and understanding values, beliefs and attitudes

The choices that we make in life are influenced by our values, beliefs and attitudes. While our deep-seated values, attitudes and beliefs show in our behaviour, we may not be conscious of how they influence us. People aren't always entirely clear about why they behave in the way that they do, or make the choices that they do. But what do we mean by 'values', 'attitudes' and 'beliefs'?

3.2.1 Values

'Values' give us a structure for organising our attitudes and affect the form that those attitudes take. They are generalised feelings or beliefs about desirable behaviour or goals. Values involve the concepts of 'good' and 'bad', and of how things ought to be.

Values fulfil a number of functions:

- they give us standards against which to evaluate actions – both our own, and those of other people;
- they justify our opinions and conduct;
- they help us to plan our behaviour and help us to decide between different alternatives;
- they affect our social relations, how we present ourselves to the world, and how we see and judge others.

Our values are organised into hierarchies, within which some are more important to us than others, and their importance can change over time. They also vary from person to person, and across different groups and cultures.

You will hold a wide range of values that have different importance to different people in different settings. These may be grouped as:

- *social values*, relating to:
 - the value of harmony and the need to avoid conflict;
 - relationships, eg how to handle conflicts;
 - gender, eg the roles of the sexes and how they should relate to one another;
 - the value of fidelity, ie being trustworthy;
- *economic values*, relating to work and money, the distribution of wealth, and status;
- *moral values*, such as:
 - whether truth is all-important, or whether kindness may be more important;
 - the importance of justice – ie whether 'being fair' matters;

- *religious and cultural values*, such as:
 - the importance that religion plays in your life;
 - the importance of family;
 - respect for the beliefs of others;
- *personal values*, such as:
 - how you regard food and eating (eg ‘social’, ‘enjoyable’, ‘distressing’);
 - those relating to what you regard as ‘beautiful’ or ‘ugly’.

3.2.2 Beliefs

‘Beliefs’ are more specific and detailed than values. They are less about the way that we think things ought to be and more to do with the way that we think things are. They are not only religious beliefs, but can include beliefs in, for example, free speech, or enterprise, or equality.

Beliefs can be described as ‘absolute’ beliefs – for example, ‘*it is acceptable to do X but not Y*’; alternatively, beliefs may be ‘causal’ – that is, one thing causes or makes another thing happen: for example, ‘*if I do X then Y may happen*’.

Activity 3.1

Consider and comment on the following three statements.

- a) If I work hard, I will pass my exams and earn more money when I get a job.
- b) If I cheat at my exams, I will have a better chance of passing, but the Church says that this is wrong.
- c) I don’t have to declare everything on my tax return – nobody else does!

3.2.3 Attitudes

‘Attitudes’ refer to how, at a given time and place, we are disposed towards something; they are a general feeling or evaluation about a person, event or issue. Attitudes are usually limited to socially significant events or things, and are usually quite general rather than specific.

Sometimes, attitudes may be changed by circumstances, events or advice. Your attitude to your football club may change according to whether it is winning or losing; your attitude to children may change when you have your own. Other attitudes may be resistant to change, because they are deeply embedded. On occasion, we may have no attitude towards, or opinion about, something, but be neutral.

Activity 3.2

Tick to show how you see your attitude towards each issue shown. Add three issues of your own choosing. Compare your attitudes with those of others. What does this tell you about attitudes in general?

	Highly positive	Positive	Neutral	Negative	Strongly negative
Children					
School/college					
Work					
Sport (watching)					
Sport (participating)					
Marriage					
Debt					

Activity 3.3

Sam had a part-time job in a large bookshop, filing and typing letters. Most of the time, she was stuck in an office at the back and didn't see anyone. Her attitude towards work was fairly jaded:

This is completely dull. It's a waste of my time and there is no point in my sitting here all on my own being bored and lonely, just for the money, when I could claim benefits for a while instead.

Sam's attitude changed when she moved from the back office out into the main shop, where things were very different. She found that she really liked books – especially children's books – and she had a knack for dealing with customers. These things made her something of a favourite with many customers and they'd ask her what book she recommended for their child's birthday. She suggested a children's reading club to the bookstore owner. They had a trial run, which went very well, and it became a monthly after-school fixture, hosted by Sam.

Explain how Sam's experience changed her attitude. Give an example from your own experience of how an attitude of your own has changed.



3.2.3.1 Thoughts, opinions and feelings

Attitudes feed directly into how we think about specific things and into our opinions. While beliefs and, to an extent, attitudes are usually buried quite deeply – we're not aware of them unless we actively think about them – our thoughts are usually quite clear to us. Feelings may also be strong enough to influence thoughts and attitudes.

Activity 3.4

Consider the following statements.

- John did not *feel* confident about passing his driving test: he was nervous and *thought* he would fail. He saw the test as a real barrier; he had a *negative attitude*.
- Jez *felt* confident about passing the test and *thought* that he had done enough practice to make it easy. His *attitude was therefore positive* and his *thoughts* focused on owning his own car.



Who do you think was most likely to pass? Why?

3.3 How values, beliefs and attitudes impact on behaviour patterns

Our feelings affect how we behave. In Activity 3.4, you may have assessed John as more likely to fail, because he is building negative barriers and thoughts. He is likely to be nervous, make mistakes and lack concentration. Jez, on the other hand, is more likely to pay attention to what he should be doing and be confident enough to pass (although he should avoid overconfidence).

3.3.1 The feedback effect

The link between thoughts, feelings and behaviour is clear, and can be traced back to attitudes and so to our personal values. This is called the **feedback effect**. All it means is that if someone expects to fail, they probably will; if they expect to succeed, they have more chance of doing so.

The **feedback effect** is linked to expectations—to what we expect to happen. Expectations are usually self-fulfilling; the feedback effect refers to the fact that our own attitudes to a task mean that we affect its outcome.

In economics, you will see a clear example of the feedback effect in what are called 'expectations-led' events. For example:

- if people *expect* a share price to fall, they will start to sell the shares – as a result, the price *will* fall;
- if interest rates are *expected* to rise, people will save more money and borrow less; banks therefore have to pay out more interest and gain less from lending and they *will* therefore raise interest rates;
- if people *expect* increased unemployment, so save more for the future and put off spending, this means that production of goods and services needs to fall, and so unemployment *will* rise.

The feedback effect means that expectations are frequently self-fulfilling: if John, in Activity 3.4, expects to fail his test, he is likely to do so; the same applies to Jez, in that he expects to pass his test and is therefore likely to do so.

3.3.2 Building a belief system

Your belief system is influenced by the messages that you receive, society, and the culture in which you are brought up. These shape the basis of your beliefs. There are then other influences that act on these. Messages are passed on by relatives, teachers, society, peers and the **media**. Messages can either be **overt (or explicit)** or **covert (or implicit)**.

The **media** are the means by which a message is carried or transmitted.

Overt (or explicit) messages are those that are obvious and clearly expressed, such as the messages that many religious texts carry about rules or behaviour.

Covert (or implicit) messages are those that are hidden – but they may be more powerful as a consequence, because they may act on our subconscious.

Activity 3.5

List three television advertisements that you have seen recently. For each, say what the overt message was and any covert messages that were also carried.

Compare these examples with those of other group members.

Which messages do you think are the most powerful? Why?

3.4 External influences on values and behaviour

Your individual values begin to form when you are very young, so the earliest sources of your values are home, family, culture, religion, school and friends. As you grow up,

however, you will be exposed to many other sources, such as work organisations and colleagues, the media and attitudes in society in general. You may get different messages from these different sources and some of them may conflict.

Some of the strongest influences will come from the following sources.

- *Culture*

This means the way in which you are brought up, including the accepted norms of behaviour and attitudes within your culture. Some cultures, for example, have different attitudes to marriage, women, alcohol, who has responsibility for childcare, what, when and how you eat, and so on.

- *Society*

Society may reinforce the cultural norms or, if your culture is not the mainstream one in that society, cause conflict. Society may be telling you to do things that are culturally unacceptable to you.

- *Peers*

Your peers are your equals in a social situation – that is, brothers and sisters, and cousins, school friends, work colleagues, team mates on sports teams, etc. Again, you may have to deal with messages that could conflict with both culture and society.

Although many of your values form when you are young, they can change as you get older – but they don't change easily. You might change your set of values regarding something such as the importance of family – but this may happen only once in your life.

Activity 3.6

Consider events in relation to which your values might influence your buying decisions. You might consider, for example, a decision whether or not to:

- buy snakeskin boots;
- buy clothes from a company that employs very young children overseas;
- put your savings in a bank that advertises that it invests ethically.

It's also possible to say that a community, or a section of society, holds certain values. Even a business can have a particular value set.

Activity 3.7

How do you think business values are changing currently? The table shows what might be called 'traditional' business values. On the right, fill in how you think these might be changing.

Traditional values	Changing values
Hierarchical organisations (you do exactly what your boss tells you – no more and no less)	
Motivated by profit above all	
Competitive	
Male-dominated	
Short-term planning	
Massive corporate hierarchies	
Using up resources	

Did you know?

Advertisers use psychology to sell products. People want others to perceive them in a particular light, so they:

- imitate (copy) others – such as pop or soap stars;
- identify with others (unconsciously copy them), such as using the same hygiene products as a footballer or model;
- comply with others – that is, copy someone’s behaviour in order to get their approval.

This is why you will see successful people, famous people and images of desirable lifestyles in adverts for financial services.

3.4.1 Perceptions

Our ‘perceptions’ represent our understanding of how something is. We gather perceptions from a whole range of different inputs, some of which may be sensory – such as touch, sight, sound and smell – and others may be non-sensory.

Perceptions play a key role in the judgements that we make and how we make choices. Perceptions can be formed consciously or unconsciously. For example, we might look at a person and consciously perceive that they look fit and well, or we might absorb a number of different inputs over a long period – comments overheard; articles read – and subconsciously form a particular perception of someone.

The biggest influence on how we perceive things comes from ourselves – that is, the unique mix of emotional, psychological, social and physical factors that make you into who you are. This mix includes your own set of values, attitudes and beliefs. So my perception of something will be different from yours, because it has been filtered by the differences in my personality, values, etc.

You should note that:

- looking at something on the basis purely of the facts available is called ‘objective analysis’;
- looking at something through the filter of our feelings and opinions is called ‘subjective analysis’.

Because of this, perceptions can be distorted – that is, they tell us something other than reality. They do this because people look at things subjectively. We are prone to:

- *selective attention* – that is, we subconsciously tune into messages with which we agree and tune out those with which we don’t;
- *selective distortion* – that is, we interpret information in a way that fits in with our belief system.

So for example, if you believe that a particular person is lazy, you may tend to notice when they are doing nothing (selective attention). If you see them apparently concentrating hard, you may perceive that they are actually absorbed in a magazine and not working at all (selective distortion). You would be interpreting what you see in a way that is consistent with your expectations.

Perceptions matter because, when you make choices, you are affected by your perception of yourself; you’re also affected by how you want others to perceive you, so external perceptions influence your choices and behaviour.

3.4.2 Stereotyping

Stereotyping is a good example of this sort of distortion and it can lead to people seeing others in an entirely wrong way. Stereotyping means assuming that certain groups of people must automatically share the same characteristics. It’s often used about different races of people – but can also be used about the sexes, or people of different ages, and so on.

Stereotyping involves assuming that certain groups of people automatically share the same characteristics because they belong to that group.

Examples of stereotypes might be:

- ‘*women don’t know the off-side rule*’;
- ‘*darts players are unfit men who drink a lot of beer*’;
- ‘*accountants are boring*’.

3.5 Personal values and decision making

Your personal value system affects how you behave. Your values may affect *how* you choose to deal with your finances (for example, your attitude to risk) and in *what* you choose to invest.

- The 'how' is influenced by your attitude to risk and by your needs, wants and aspirations.
- The 'what' is influenced by values, such as **ethics**.

Ethics are standards of personal conduct that guide our decisions and behaviour. They are based on our core values and refer to what we think is 'right' or 'wrong'.

Activity 3.8

A single person with few responsibilities has more freedom to make choices. As people get older, their life events can limit their freedom of choice and their outlook, because they have more responsibilities and wish to take fewer risks.

Consider the likely differences in spending between the following people, each of whom has inherited £10,000.

- a) Jayne, who is single, in education and aged 18;
- b) Salik, who is single, in employment and aged 22;
- c) Mark (aged 27) and Jennifer (aged 26), who are married, have two children and a large mortgage, and are both employed;
- d) Dennis, who is aged 70 and retired, has a good pension and has paid off his mortgage.



Did you know?

A mortgage is a special type of loan that enables people to buy property. In return for lending you the money to buy the house, the lender will hold rights over that property as security that you will repay the loan.

3.5.1 Financial decision making

Financial decisions are also made within the contexts of your particular value system and perceptions. You may be particularly influenced by:

- ethical investment;
- charitable donations;
- managing credit, debt, or interest.

3.5.1.1 Ethical investing

‘Ethical investing’ is about putting your savings to work for you in a location where they’re used for good purposes – or, at least, where they’re not used for bad ones. Ethics are a set of standards about what we think is right so, of course, one person’s opinion about what is ethical may differ from that of another.

It can be hard to see the ethical element of some financial decisions. If someone buys shares on the **stock market**, they can quite easily find out about the company and decide whether they’re comfortable with what it does – but, sometimes, it’s not so easy to see the relationship. For example, the bank into which they put their money may lend to businesses that do things about which the investor would not be happy, were they only to know about these loans.

A **stock market** is a market on which shares are bought and sold.

Ethical investment is a relatively recent trend that aims to meet the needs of people who care about how their money is used. There are specific financial products that are marketed as ‘ethical investments’ to help people who want to invest in this way. Indeed, there are financial institutions that sell only ethical products.

Activity 3.9

It is proposed that elephant hunting should be allowed again in parts of Africa, because populations have increased and elephant herds are now damaging crops. Do you think that it is ethically right to destroy wildlife so that humans can benefit?

Activity 3.10

List some of the choices that a shopper might make and concerns they might have if they were to want to buy groceries and household shopping ethically.

3.5.1.2 Charity

Some people’s investment decisions will be affected by their attitudes towards charity. They may invest in businesses that have a good record of supporting charities in general,

or in businesses that support a particular charity. Many businesses now have a **corporate responsibility strategy (CRS)**. This will outline how the business supports its workers, how it is environmentally sound, how it supports the communities in which it works and the charitable work that it does.

A **corporate responsibility strategy (CRS)** is a set of plans or policies drawn up by a business to show that it is acting in a responsible manner – towards workers, the environment, the community, etc.

Charitable donations made out of income might also have tax benefits to an individual.

3.5.1.3 Managing finance

Your financial choices will be affected not only by what you borrow, spend or invest, but also by how well you feel you can manage the costs and consequences. Many people are happy to go into debt (and most people who, for example, want to buy a house, have no choice) provided that they can manage this debt. This means forward planning and budgeting. The same may be said for credit in general.

If you have a responsible attitude to borrowing, you are more likely to gain credit. In terms of investment, it is your attitude to risk and reward – as explored in Chapter 5 – that is the key factor influencing choice.

Chapter summary

In this chapter, you have:

- learned that everyone has a set of personal values, which develop as they grow up;
- defined these values, beliefs and attitudes;
- learned how these values, beliefs and attitudes impact on behaviour patterns;
- considered how the value system is influenced by external factors, such as culture, society and peer groups;
- thought about how your own values might impact on your financial decision making.

Key terms: feedback effect; the media; overt (or explicit); covert (or implicit); stereotyping; ethics; stock market; corporate responsibility strategy (CRS)

Suggested answers to activities

Activity 3.1

Each expresses a belief; each belief is underpinned by a value.

- a) This statement is underpinned by values of fairness, reward for hard work and economic values that say 'more money is good'.
- b) This statement is underpinned by a moral belief, based on religion.
- c) This statement is not about a lack of beliefs, but rather expresses a belief that the result is more important than the action and that dishonesty is justified by the belief that 'everyone does it', even though this is not true.

Activity 3.2

Your discussion will have shown you that attitudes are different for different people. They will also have revealed some of the reasons (based in beliefs and values) for particular attitudes.

Activity 3.3

Sam's attitude changed, because she had a more fulfilling experience of work.

Activity 3.4

John is more likely to fail, because he is building negative barriers and thoughts. He is likely to be nervous, make mistakes and lack concentration.

Jez is more likely to pay attention to what he should be doing and to be confident enough to pass (although he should be wary of overconfidence).

Activity 3.5

A typical advertisement will carry the overt message 'buy me'. The covert message will be along the lines of '*this product will make you popular/beautiful/more attractive to the opposite sex/a better driver/a better mother*', etc. The covert messages are generally much stronger and more effective than the overt ones, because they act at a subconscious level.

Activity 3.6

This is a question for discussion, with no right or wrong answer.

Activity 3.7

Traditional values	Changing values
Hierarchical organisations (you do exactly what your boss tells you – no more and no less)	Employee empowerment (you are encouraged to use your initiative and take responsibility)
Motivated by profit above all	Socially responsible business
Competitive	Co-operation and partnership
Male-dominated	Balanced male/female partnerships
Short-term planning	Including the longer-term view
Massive corporate hierarchies	Networks of smaller businesses
Using up resources	Using resources responsibly; trying not to be wasteful

Activity 3.8

- a) Jayne will be able to afford college or university education without the assistance of her parents. She will also be in a better position to buy property. It would be advisable for her to invest some of the money for the future, but, as a young person, she is just as likely to spend it on travel, entertainment or fashion.
- b) Salik is already earning and £10,000 is not enough to retire on – but it may be enough to encourage him to set up a business, or to put a deposit on property.
- c) Mark and Jennifer could put it towards lowering their mortgage, but are more likely to spend it on their children.
- d) Dennis doesn't really need the money, but may have children or grandchildren on whom he would wish to spend it.

Activity 3.9

This is a question for discussion, with no right or wrong answer.

Activity 3.10

For example, such people may be concerned about:

- buying from a large supermarket if they have heard that it puts profit ahead of ethics;
- shopping locally to support farmers and food suppliers in their area;
- how the animals that have provided the meat that they eat (if they are not vegetarian) were looked after.