

Do Financial Restrictions Deteriorate or Improve Self-Control?
Moderating Effect of the Duration of Financial Restrictions on Saving,
Indulgence, and Rational Behavior

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Abstract

Do financial restrictions deteriorate or improve self-control? In a series of studies that include two different archival datasets from Italy and Germany, laboratory experiments and a field study, we demonstrate that the duration of financial restrictions influences saving, indulgence, and rational behavior. Although previous research might suggest that those who have financial restrictions are worse in self-control than those who do not have financial restrictions, we demonstrate that within consumers who experience financial restrictions, duration of experiencing financial restrictions positively influences self-control. We further demonstrate that the results are not explained by adaptation or sensitization but are explained by the experiential knowledge that one gains as the duration of the financial restrictions increases. We discuss the theoretical contributions and managerial implications of our research.

Keywords: *financial ; restrictions; self-control*

Track: Consumer Behaviour