

FRUGALITY

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Abstract

Frugality is a little-studied virtue, but one that is important to the lives of individuals and families, communities and broader societies. In this article we consider what we mean by frugality and discuss its role in the decision-making process, within action theory. This leads us to a normative explanation of why frugality is needed and what it signifies.

Keywords: Action theory, Frugality, Lifestyle, Prudence, Saving, Sobriety, Temperance, Virtue.

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Introduction¹

Frugality is a little-studied virtue.² It is also an important one. First, it is important for people because it largely determines the ethical quality of many of their decisions. Second, it is important for companies, which share a large part of the blame for people's excesses and may find themselves forced to tailor their strategies to their customers' immoderate demands – but which also suffer the consequences of any increase in consumer frugality, at least in times of recession. Lastly, frugality, or the lack of it, puts its stamp on the society we live in, conditioning our spending and saving, how we obtain economic resources, and many other aspects of our behavior.

Moral, social and media attitudes toward frugality are ambiguous. For many, an austere lifestyle deserves approval, although probably for diverse reasons: as a reaction against a consumer-prone society; to protect the environment and avoid resource depletion; because it is a necessary condition for the advancement of spirituality in the lives of individuals and communities; as a badge of identity in opposition to a consumer society, and so on. For others, in contrast, it is pointless to propose any legal, let alone social or moral, restriction on people's consumption, although restrictions will probably be acceptable if they are the result of free decisions by individuals.³

In this article we treat *frugality as a virtue*. We shall not (at least not directly) address the social and political aspects of frugality, which revolve around issues such as the consumer society, consumerism, consumer sovereignty, the squandering of resources, the sustainability of spending, possible injustices in the distribution of income and consumption, or the need for policies that limit the amount or modify the structure of spending. Nor shall we discuss consumer product marketing, retailing or advertising (Jeurissen and van de Ven, 2008). In the

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² Recent exceptions include Bouckaert et al. (2008b), Everett (2001), Princen et al. (2002), Westra and Werhane (1998).

³ Many economists criticize frugality, citing the “paradox of thrift” (Keynes, 1936), which states that, in the short term, an increase in saving reduces aggregate demand and so also reduces production and employment.

next section we shall try to answer the question, what is frugality? We shall then consider how frugality can become a factor in individual and household decisions. Our conclusion is that this should not be done as a categorical imperative, nor as a social, political or religious rule imposed from outside. Accordingly, we develop a theory of human action and expand the social dimension of this theory to make room for virtue as an important component of decision making. Lastly, we analyze the role of frugality in action theory and end with the conclusions.

What is Frugality?

Frugality is an imprecise word.⁴ We all have an idea of what it means to “be frugal,” “live frugally” or “spend frugally,” but when it comes down to it, we mean very different, albeit related, things. Here I propose four meanings or variants of the concept of frugality or its synonyms, such as sobriety, temperance, thrift and simplicity of life.

- 1) A frugal person is one who exercises self-control in the quantity of food and drink consumed or, in a broader sense, in purchases, consumption and expenditure;⁵ one who saves, keeps, reserves, economizes... Frugal is synonymous with austere, sober, temperate (said of one who practices temperance), restrained, well-behaved, moderate,⁶ whether in all expenditures or in certain more significant items such as food, drink or luxury goods.⁷

A frugal person voluntarily adopts a *simple lifestyle*. He does not create needs, does not possess more than necessary, forgoes a higher standard of living and accumulates few goods, especially luxury goods. This may be compatible with considerable wealth, but not wealth embodied in goods that provide consumption services, including sumptuary consumption services, i.e., number, size and quality of dwellings and means of transport, furniture, clothing, etc.⁸

Frugality is thus a quality, attitude, culture or virtue of an individual, household or social group. It is voluntary, which is to say it is not the result of mere lack of resources.⁹ The outward manifestation of a frugal attitude will probably be a moderate *level* of consumption (of all or some goods); or consumption of a small *proportion* of individual or household income; or consumption of a smaller proportion than other comparable individuals or households in the

⁴ It comes from the Latin *frugalis*, meaning frugal. Sober is a negative derivative of the Latin *ebrius*, meaning drunk or inebriated. Temperance also comes from the Latin, in this case *temperare*, which means to combine appropriately, moderate or temper. In English, sober tends to be applied to moderation in the consumption of alcohol, while temperate has a more general meaning (although the noun, temperance, is commonly used to refer to abstinence from alcoholic drink).

⁵ Frugality is “caring or sparingness in the use or supply of food and other resources” (Roberts, 1998, p. 15).

⁶ These other terms are broader, though. A person who does not talk much, for example, is moderate in speech but not frugal.

⁷ On the (observable) qualities of a frugal consumer, cf. Bardhi and Arnould (2005), Shoham and Brencic (2004).

⁸ These components of wealth provide their owner with services that the owner (or others) may “consume” or use, such as protection (and ostentation) in the case of housing, and transportation (and ostentation) in the case of vehicles, etc. Other components of wealth provide services that are not directly “consumed.” Share ownership, for example, gives control of a company and provides income and security, although not the same kind of security as may be provided by a house.

⁹ A poor person’s outward behavior will be frugal, but his motivations and attitudes may not be.

same environment (relative income); or a reduced *rate of growth* of consumption relative to the rate of growth of income.¹⁰

- 2) Frugality can also mean controlling the quality of what one purchases, consumes or possesses: not higher-quality, more expensive goods,¹¹ but healthy, sustainable products that do not adversely affect one's own health or that of others or the environment, etc., (responsible or sustainable consumption) (Daly, 2008; Princen, 2005; Scherhorn, 2006). Frugal, in this sense, describes a person who spends wisely (McCloskey, 2006a, 2006b) and makes informed decisions about how resources are used (Roberts, 1998, p. 15).

A person may decide to *spend less* (save, conserve, avoid waste) or to *spend better*. Both options may be described as frugal (although obviously they will have different implications). Spending "better" may mean very different things to different people, but will always entail at least considering *a broad range of effects* that the actions of individuals, households and communities can have on themselves as decision makers, on others, and on the environment.

This may also entail at least implicitly recognizing that the agent has certain *long-term goals* other than the mere pursuit of immediate satisfaction through spending, consumption or possession.¹² These other goals may be economic (deferral of consumption and spending decisions in order to achieve a sustainable high standard of living) (Bardhi and Arnould, 2005); environmental (acknowledging the impact these decisions may have on the environment, given the planet's limited resources and equally limited waste storage capacity) (Burgess, 2003); cultural (recognizing that consumption does not make people happy, establishing an independent identity, avoiding a "race" to consume, or deciding not to submit to the tyranny of consumption) (Bouckaert, 2008);¹³ or spiritual ("to open the mind to spiritual goods, such as inner freedom, social peace and justice, or the quest for God or 'ultimate reality'") (Bouckaert et al. 2008a, p. 3).

Frugal people also *avoid waste* (DeYoung, 1986) and tend to *conserve* and administer carefully the things they use or possess, so that they last longer. This is probably not the most common use of the term, but such behavior is commonly found in frugal people.

- 3) Frugal or thrifty people may accumulate wealth, but often they are generous and selfless, donate and share, save for the benefit of others (through inheritance) or to create employment (productive investment), exercise solidarity or charity, and collaborate in social initiatives (including advocacy of frugality itself). Nevertheless, selflessness and frugality are two different qualities and do not necessarily go together.¹⁴
- 4) A person who leads a simple life does not need to put so much effort into earning a living, with all that entails in terms of working hours, exhaustion, stress, etc., and so

¹⁰ In economics, average propensity to consume is the proportion of total income that is consumed, while marginal propensity to consume is the proportion of a given increase in income that is consumed.

¹¹ A frugal person tends to be aware of the value of things and of their price: he shops in the sales, buys generic or own brand products, looks for the best offers, etc. (Shohan and Brencic, 2004).

¹² This latter tendency is usually known as hedonic or festive shopping, impulse buying or self-indulgence, etc. Cf. Miller (1998), Sherry (1990).

¹³ There is already an extensive literature on the relationship (or, rather, lack of relationship) between the level of consumption and happiness (Easterlin, 1974; Frank, 2008; Layard, 2005; Myers, 1993).

¹⁴ Although virtues tend to develop simultaneously.

can give more time to culture, leisure, family life and social relationships (Ekins, 1998). Good frugality may evolve into time frugality, aimed at improving the quality of the means of earning a living, i.e., at making informed decisions about working hours, work-life balance, etc. (Graaf, 2003; Jeurissen and van de Ven, 2008).

To sum up, Lastovicka et al. (1999, p. 88) provide this useful definition: “Frugality is a multidimensional consumer lifestyle trait characterized by the degree to which consumers are both restrained in acquiring and in resourcefully using economic goods and services to achieve long-term goals.”

Every decision to spend, consume or possess may be described as frugal to some extent, but a person who is thrifty one day and prodigal the next is not usually considered frugal, although we may consider a person frugal if he is temperate in eating and drinking but not in other uses of his income. It is not isolated actions that concern us, but the more or less intensive and *consistent behavior* of a person who lives frugally; that is, a person whose decisions are frugal in all, or at least many, of the important areas of life: frugality as a *lifestyle*, or a *virtue*.¹⁵

McCloskey (2006a, p. 3) states that the virtue of frugality is a combination of temperance and prudence (although strictly speaking it belongs to temperance). *Temperance* can be said to have two dimensions: a negative dimension, which has to do with moderating or curbing impulses, and a positive dimension, which relates to “respecting” or “treating a thing with consideration” (Pieper, 2003, p. 222). Both dimensions are apparent in the descriptions of frugality given earlier, although the negative one tends to predominate. Nevertheless, the positive dimension is more important: “temperance has a meaning and a purpose, which is to put order into the interior of man (...). Temperance therefore means putting order into one’s self” (Pieper, 2003, p. 225). It is not, therefore, a negative virtue (“resisting passion”), but a positive one (“putting order into passion”), with respect to the pursuit, use and possession of material goods. Later we shall see how this is so.

Prudence is the other virtue that plays a role in frugality, although strictly speaking it plays the same role in all virtues: “all virtue is necessarily prudent” (Pieper, 2003, p. 36). Prudence is the virtue that aligns every action with reason. It therefore concerns the means to achieve ends. It entails, first, “a knowledge of the particular situation in which the particular action takes place” (Pieper, 2003, p. 46), which is the basis for judgment about what is the right thing to do; and second, a prescription (command) that leads to action. Prudence thus presupposes that human actions have an end. If there is no end, prudence is pointless and so is frugality.

Frugality can be analyzed as an *individual* lifestyle, but also as a *social* one, insofar as it is practiced collectively and is valued by society for the effects it has on growth, economic stability, income distribution, trust, respect for the environment, etc. Insofar as frugality has effects on (local, national or global) society, it may become a *political goal*, one that governments may promote, impose or control (Jeurissen and van de Ven, 2008).

¹⁵ It is difficult to distinguish externally between frugality as a lifestyle and frugality as a virtue. The virtue of frugality always gives rise to more or less consistent behavior, whereas a frugal lifestyle may be due to external pressure rather than true virtue, which is always voluntary. On the other hand, a frugal lifestyle often becomes a moral process, so that consumption decisions are taken as a genuine ethical duty (Miller, 1998; Bardhi and Arnould, 2005). On various social and psychological aspects of a frugal lifestyle, cf. Bardhi and Arnould (2005), Cherrier and Murray (2002), Max-Neef (1991, 1992), Shoham and Brencic (2004) and Price et al. (1988), among others.

In any case, as a virtue, frugality lies *midway* between excessive expenditure, waste or extravagant consumption, on the one hand, and avarice, meanness or stinginess, on the other (Aristotle, 2009, 1104a, pp. 66-67). A frugal person may be *magnificent* in his spending, yet always thinking of others.

An Action Theory

How does frugality manifest itself in the decisions, character and way of life of an individual, household, community or country? The starting point of our analysis will be personal decision-making and we will draw on a *theory of human action* that has immediate application in the theory of the firm (Argandoña, 2003, 2005a, b, 2007, 2008a, b, c; Pérez López, 1991, 1993a, 1998; Rosanas, 2008). Taking this approach, we will be able to understand what frugality is and how it influences a person's decisions, not through *a priori* theories or moral recommendations established from outside the agent, but through the very conditions of the agent's action.

Suppose a person is walking along the street in a city one morning. She is tired and thirsty and is thinking of taking a rest and having something to drink. She knows from experience what quenching her thirst and getting her strength back involves. She is also aware of the costs her decision may have: less time for walking, the money she has to spend... She immediately becomes aware of other decisions that are linked to the previous one and interact with it, such as what kind of establishment to stop at, how long to stay there, what to drink, and so on.

The starting point of all action is a present *problem* or *need*, i.e., a situation the agent considers less desirable or less satisfactory (in this case, she is tired and thirsty). As soon as the problem makes itself felt, the person experiences a *desire* to change the situation to one she considers more satisfactory (one in which she is not tired or thirsty) by taking some *action*.

The next stage in the process is *deliberation*. There are four phases of deliberation:¹⁶ 1) consideration of the *alternatives* available to the agent (carry on walking, sit on a public bench, buy a bottle of water, or go into a bar and order a soft drink, a coffee or a beer, etc.); 2) analysis of the *expected effects* of each option (if the agent carries on walking, she will become more tired; doing exercise despite being tired may be good for her health; coffee may keep her awake at night; she likes beer; water is cheaper; a soft drink will quench her thirst quicker, etc.); 3) choice of the *decision criteria* (the agent has not got much time; health and rest are very important; she has not got much money to spend, etc.), and 4) *assessment of the alternatives*, using the chosen criteria (the "trade-offs" we hear about from economists: how much money the agent is willing to spend now in order to quench her thirst; how she rates the pleasure of having a coffee now against the cost of sleeping badly later, and so on).

Then come the *decision*, the *execution* of the action and the *results*. After that, possibly unconsciously, the *assessment* of the results (mainly from two viewpoints, namely whether the action had the expected effects and whether it also had other, unexpected effects) and, as a consequence of the assessment, the *correction* of the action, where necessary (Argandoña, 2003, 2005a).

¹⁶ This is a rational, not a psychological, analysis of the decision process.

So far, the decision we have used as an example seems strictly personal, and yet it unquestionably also affects other people, such as the waiter in the bar, the people at the other tables in the bar, or passers-by. Things are more complicated if, instead of one person, there are two people walking along the street together, because then each must additionally consider the other person's needs and preferences.

From what we have said so far, it is clear that the expected *effects* or *results* of the action are very important. There are three possible types of effects (Pérez López, 1991, 1993a): 1) *extrinsic effects*, which are the environment's response to the agent's action; in our example, being able to rest and have a drink, but perhaps also others such as having an interesting or unpleasant view, or feeling oneself an object of curiosity to passers-by; 2) *intrinsic effects*, which are other effects within the agent that are distinct from the response of the environment, such as the pleasure of trying an unfamiliar new drink or learning about the effects that a very cold soft drink can have on one's health, and 3) *external effects*, which are the effects the action has on other agents, such as the satisfaction of the agent's companion, the indignation of the waiter at the way he is treated, etc.¹⁷

If an action has three types of effects, it follows that the agent can have three types of *motives* for performing the action (Pérez López, 1991, 1993a): 1) *extrinsic motivation*, when the agent is interested in the external effects of the action (quenching her thirst and having a rest); 2) *intrinsic motivation*, when the agent wants to experience the internal effects, distinct from the effects caused by the response of the environment (trying out a new drink), and 3) *transcendent motivation*, when the agent wants to bring about an effect on another person (her companion's enjoyment).¹⁸

In any case, every action always has some combination of these three types of effects, whether sought or anticipated by the agent or not. In evaluating her action, the agent may conclude that her thirst has been quenched, but also that the soft drink she tried did not taste very good and that her companion was bored while they sat and rested. All this may affect the decisions the agent makes in the future. This is important because *the agent knows that she will experience problems* (needs) again in the future and that these problems may be similar (tiredness, thirst) or different (friendship, travel), and so she will have to make other decisions, which may be similar or not. The agent's assessment of the outcome of her initial action may influence her ability to satisfy future needs or act similarly or differently in the future. Her decisions must therefore be *consistent* (Argandoña, 2008c). In other words, a person's decisions are not unrelated to one another; they cannot be assessed independently of one another but form a whole and have a meaning.

Therefore, every action can be assessed according to three *criteria* (Argandoña, 2008b, c; Pérez López, 1991, 1993a): 1) *effectiveness*, which measures the degree to which the extrinsic effects satisfy the agent's needs (whether the drink quenched her thirst); 2) *efficiency*, which is the result of the other effects the action has on the agent herself (whether she enjoyed the drink, whether she learned something useful about bars or soft drinks), and 3) *consistency*, which is the result of the effects the action has on the other agents involved and determines whether the

¹⁷ Note that these external effects are effects brought about in the other agent, not in the decision maker.

¹⁸ Extrinsic motivation is not the same as altruism, at least not as altruism is generally understood in the social sciences: what an altruistic agent seeks is an effect in herself (her satisfaction of seeing her companion rested and refreshed), as happens, for example, when the agent's utility function includes the effects of her own or another person's action on another person.

agent will find it easier or more difficult to perform the same or other actions in the future with the same people or others. Efficiency and consistency measure whether the agent's ability to effectively satisfy the same or other needs in the future has increased or decreased.

Effectiveness, efficiency and consistency can act in different directions. For example, taking a rest and having a drink may have been effective physically (the agent's thirst is quenched) and even economically (the expenditure was worthwhile), and yet inefficient (the satisfaction obtained and the learning that took place reduced the agent's incentive to repeat that action in the future) and inconsistent (others with whom the agent needs to interact in the future will be less willing to do so) (Pérez López, 1991, p. 55).

None of these three dimensions can be reduced to the other two: there does not have to be a trade-off between them. For instance, a person may choose to sacrifice a small amount of effectiveness for a small amount of efficiency (e.g., drink something she does not like, but which is good for her health), but this may not always be possible if, for example, she finds the action increasingly unpleasant or other people refuse to collaborate. In the latter case, we would say that the action generates *negative learning*, which makes it impossible, or at least more difficult, to make the best decisions in the future. For example, present consumption may endanger the agent's health (as in the case of certain addictions), or make other agents unwilling to collaborate with her (e.g., because of her antisocial behavior), or deprive her of the means to continue to consume in the future (e.g., when present satisfaction is financed through unsustainable borrowing), or deprive the economy of the means to maintain future consumption (depletion of resources, environmental damage).

Action in an Environment with Other Agents: Virtues

The example we have used to illustrate our action theory is undoubtedly realistic, but highly simplified. Here we shall add certain features that complicate it but that are relevant to our analysis of frugality.

- 1) Human decisions are never strictly individual: they all have a social element because the human person is a "social animal" (Aristotle, 1994, I.2), educated in society and continuously relating to others. This means that the individual decision we presented earlier is conditioned by social factors.

These social factors appear at various points in the decision process, depending on variables such as history, culture, learning, character development, and the lifestyle of the society or community in which the decision maker lives. They appear in the definition of the end or goal of the action, that is, the perception of the need and the impulse to satisfy it; in the listing of available alternatives to satisfy that need; in the analysis of the expected effects of the various alternatives; in the criteria for assessing the alternatives; and therefore in the decision itself and in the assessment of the action.

We do not intend to dwell on the ways in which society influences individual decisions. We simply mean to acknowledge that such influences exist, that they are complex and that they affect individual decisions.

- 2) One type of social influence deserves special mention. It concerns a type of knowledge we might call abstract (Argandoña, 2008b, c),¹⁹ that is not the fruit of experience but that is received, at least partly, from outside. Examples might be the advice a person receives from her doctor, what her parents taught her, what the other members of her social circle think, what she reads in the newspapers, or the shared knowledge of her community (not necessarily proven, reliable, scientific knowledge).²⁰
- 3) Apart from these broad and often indeterminate, yet undeniable, social influences, many decisions have a direct social dimension insofar as they are made in collaboration with other people or taking other people into account (in our example, the companion and the waiter). We could even say that the decision maker forms an organization with those other people, albeit a temporary one. Other people are part of the environment that provides us with the extrinsic effects we seek through our actions, so we must take the external effects our action has on them into account.

Pérez López (1993a, p. 13) defines an organization, even a very basic one, as “a group of people who coordinate their actions to achieve objectives in which they all have an interest, although conceivably for very different reasons.” There are three elements here that are relevant to our purpose: the group of people (two friends or spouses who are the customers, and the waiter); the coordination of actions (driven by friendship or marriage, or a business relationship); and the variety of motives (one person may be thirsty, the other wants to please the one who is thirsty, and the third wants to earn a living as a waiter).

- 4) Each person’s decisions will be the result not only of the variables just mentioned, but of the person’s entire history (inevitably influenced by others in the organization, the community in which the person acts, and society as a whole). Even the seemingly simple decision to sit down and have a drink will be influenced by at least two sets of variables.
 - a) What the person has *learned* on an *operational* level (Pérez López, 1991) through prior experiences of taking a rest and having a drink (whether water is thirst-quenching or not, whether cold soft drinks cause discomfort or not, whether beer is addictive, or whether conversation with other people is irritating). Some of this “operational learning” can be acquired randomly or by trial and error (Pérez López, 1991, pp. 81-82), but not all of it. Learning about certain harmful addictions, for example, is a very slow and costly process (for the individual and for society); and the addiction greatly reduces the chances that what the person learns will enable her to change her behavior (Pérez López, 1991, pp. 43-45).²¹
 - b) What the person learns on an *evaluative* level (Pérez López, 1991), i.e., what she learns by evaluating her own past actions, not only in terms of how effective they were (extrinsic effects) but also how efficient (intrinsic effects) and, above all, how consistent (the extent to which they made it more or less difficult for her to make

¹⁹ Pérez López (1991, p. 64) calls it “rational knowledge.”

²⁰ The problem of information about these effects is analyzed in Jacobsen and Dulsrud (2007).

²¹ This means that, besides what a person learns, a higher rule is needed to assess the validity, not of the results (whether beer is addictive), but of what a person learns (whether it is good to consume a product that is addictive). This brings us back to evaluative learning, which is discussed later.

good decisions in the future). In other words, what is evaluated is not the effects of an action nor the action itself, but the decision rule the agent uses.²²

Evaluative learning is when the agent internalizes the effects of her decisions. Some lessons are easy to internalize: once a person has acquired a taste for beer, it is very easy to anticipate the satisfaction to be gained by drinking a beer after a long walk, so it is easy to give in to this “temptation” (what Pérez López, 1991, calls “spontaneous motivation”). Others are more difficult to internalize: abstract knowledge may tell a person that beer can damage her health and she may well have some experience of this, but if she loves beer she might not be strong enough to resist the “temptation,” unless she develops an internal mechanism that enables her to overcome spontaneous motivation.

The mechanism in question is an ethical one, namely *virtue* (Argandoña, 2008b, c; Pérez López, 1991, 1993a). The mechanism by which virtues are acquired has a *rational* component (the knowledge, gained from abstract learning and some kinds of personal experience, that certain behaviors are good for the agent and others bad) and a *virtual* component (acquisition of “willpower” through deliberate repetition of acts that are consistent with rational conviction, acts consisting of the negation of spontaneous motivation when it is contrary to the dictates of reason).²³ What the virtues provide, therefore, is a capacity for self-control or self-governance: the capacity to want what is good for oneself.

This capacity develops when an agent seeks what is best for her in all respects, which, as we shall see, is not a selfish attitude. It does not take much effort to seek what is best for oneself on the level of extrinsic effects; it is likely to be less easy on the level of intrinsic effects, and it is certainly more difficult on the level of external effects because it means doing what is best for others because it is good for them. And that depends not on the effects themselves but on the agent’s *motivation*. That is why a virtuous person is one who always seeks the good of others, even if the other does not exist, or the agent does not know exactly what is good for the other, or the agent is wrong about what is good for the other, or the other’s reaction is the opposite of what the agent expected or intended.

Virtues are *capabilities* or *habits* that an agent may acquire, not states she has already achieved. Depending on her motivation in each case, the agent builds up her ability to make decisions that are effective and efficient in the short run and consistent in the long run, i.e., decisions that enable her to satisfy present needs (subject to presently available resources, knowledge, tastes, capabilities, etc.) without undermining, or rather, while positively enhancing, her ability to satisfy future needs.

Frugality in Action Theory

The action theory we have presented gives us a clue as to why frugality is important. We are talking about what are usually regarded as economic decisions, i.e., decisions about the

²² The agent uses the decision rule to resolve conflicts between motivations, as when the agent feels like a beer (extrinsic motivation) but knows it is not good for her health (intrinsic motivation), or when she wants to rest (extrinsic motivation) but her companion would like to keep walking (transcendent motivation).

²³ It is this second dimension of virtue that explains why many people profess the value of frugality but do not practice it (Steigerwald, 2008).

possession, use or consumption of goods. Through these decisions the agent pursues an *external effect*: she has a need that can be satisfied through an action, which usually involves the use of goods (the agent's resources) and which elicits a response from the environment, usually also consisting of goods and services, which is what satisfies the need. This brings us to the question that interests us here: what role does frugality play in decisions of this kind?

As we already said, what interests us is not isolated decisions, but consistent frugal behavior within the framework of a chain of decisions, with a long-term perspective, i.e., over a lifetime. In action theory the key to making right decisions of this kind lies in the three decision criteria mentioned earlier: effectiveness, efficiency and consistency.

A decision is technically and ethically correct when it is *effective* (quenches thirst), *efficient* (pleases the agent or teaches her something interesting) and *consistent* (does not undermine her or other people's ability to make effective, efficient and consistent decisions in the future). Consistency, which is the most important criterion, is achieved when the decision is *virtuous*.²⁴ This occurs when a person is moved by an appropriate mix of motivations: *extrinsic* (the desire to quench her thirst), *intrinsic* (the desire to acquire operational learning that will help her make technically better decisions in the future) and *transcendent* (the desire that her decision should help to improve other people).

Now, the various senses of frugality that we introduced at the beginning of this article make more sense. Frugality as *self-control, austerity or sobriety* implies not giving primacy to extrinsic motivation, so as to leave room for "other motives," which may be extrinsic (e.g., saving today in order to have resources in the future: for retirement, for emergencies or as an additional source of income),²⁵ intrinsic (e.g., enjoying consumption, avoiding harmful addictions, trying a new drink) or external (saving for the benefit of others, to share, to leave an inheritance or to create wealth for use in the service of others). The first meaning of frugality alludes to the reason for spending or saving and sometimes is combined with the third, saving for others. As we explained earlier, motivation is the key to frugality.

Frugality as a *quality*, as *wisdom in expenditure or the making of informed consumption decisions* (second meaning), relates to considering all the effects of the decision (extrinsic, intrinsic and external), i.e., how it affects the agent's health, the sustainability of the agent's standard of living (the risk of excessive borrowing, for example), the stability of her family, what other family members learn on an operational and evaluative level (and therefore also the knowledge, capabilities and virtues the family develops), the environment (depletion of natural resources, pollution, climate change, sustainability), the health of other people, the economic opportunities available to those involved in the production of the goods that are consumed, and so on. This, in turn, relates to the fourth meaning of frugality presented at the beginning of this note: frugality as *quality of life in the pursuit of the economic means* to finance spending.

Our action theory rests, as we have seen, on the concept of virtue as the key to understanding the rights and wrongs of consumption and saving decisions. As we saw, virtue has a *rational* dimension: the agent seeks, gathers, stores and processes the information available from her

²⁴ This is not to say that the agent acts in accordance with some extrinsic (philosophical, social, legal or religious) rule, but that she considers all the effects of the action (extrinsic, intrinsic and external) on the agent and also on other people, which is the key to ethical behavior (Pérez López, 1991).

²⁵ The fact that they are extrinsic does not mean that they do not also have a significant ethical component insofar as these decisions imply the virtue of prudence.

own personal experience and what we have called abstract knowledge. It also has a *virtual* dimension: the agent develops the operational habit that constitutes virtue by repeating certain acts, guided by an appropriate intention or motivation. All this obviously includes a *personal component*, but also a significant *social component*. As we said, the virtue of frugality has these two dimensions. We can therefore extend our analysis to a wide range of responsibilities of agents: responsibilities toward themselves, toward their family, toward their community and toward society as a whole.

This way of understanding the role of frugality has many important consequences. The following is merely a sample:

- 1) Frugality, understood as temperance plus prudence, is part of all human consumption and expenditure decisions. It is always a *personal virtue*, exposed to all the influences of society, viz. family, school, church, local community, media, social norms and customs, laws and regulations, states of opinion, ideologies and so on. The *role of society* is very important, but should not blind us to the importance of personal decisions.
- 2) People can always become *more frugal*, i.e., nobody is ever 100% frugal. They can also become less frugal. Becoming more frugal *does not necessarily mean consuming or spending less*, but consuming and spending *better*. What is “better” is not to be judged by a single criterion – in terms of social justice, for example (the extent to which the agent takes the material needs of other people into account), or environmental sustainability, or culture, etc. What is better in any given case will be decided by the criteria stated earlier, namely that consumption decisions must be effective (they must satisfy the needs of the agent), efficient (they must provide the agent with certain satisfactions, otherwise the agent will end up rejecting them) and consistent (they must take into account the effects of the agent’s actions on herself and others).
- 3) Frugality as a virtue *is not innate*: a person may have a certain inclination toward frugality, but she will not be frugal if she does not make an effort to live frugally.
- 4) Virtue is founded on the *agent’s experience* and what we earlier called *abstract knowledge*. From her experience and from abstract knowledge the agent gathers information about the extrinsic, intrinsic and external effects of her actions. Improving one’s knowledge and experience through study and reflection, etc. is the *rational* part of virtue. One way to do it is by creating an environment (in the family, in education, in civil society, etc.) in which agents are provided with the information they need in order to make their consumption and expenditure decisions and which makes it easier for them to control their spontaneous motivation, i.e., by incorporating frugality into people’s culture and lifestyle.
- 5) Frugality as a virtue is achieved through the *repetition of acts* (where the acts are performed for the right motives). To develop the virtue of frugality the agent must continually exercise frugality, which will be easier for her if she has the support of the kind of sober environment just mentioned.
- 6) The virtue of frugality does not aim to repress consumption or expenditure decisions, but simply to *allow self-control* by the agent, so that the agent is able to dominate her spontaneous motivation. As Aristotle said (2009, 1104a, pp. 66-67), virtue is a

happy medium: not just “going part of the way,” but taking into account all the effects and giving priority to those that deserve most attention.

- 7) Virtues *do not grow in isolation*, but require harmonious growth. In particular, a person who eats in moderation but drinks to excess cannot be said to be frugal.
- 8) Developing virtues *changes the agent’s decision rule*, making it more consistent. This means that future decisions will no longer be a repetition of past decisions because there will have been changes in the person’s assessment of her needs (a frugal person will have the same needs, but different desires or wants) (Jeurissen and van de Ven, 2008),²⁶ the options available (a frugal person sees possibilities where others see none, because she has developed the ability to do so), the person’s assessment of the expected effects of each option, and thus also the person’s motivations for action (a virtuous person is increasingly inclined to take other people’s needs into account, i.e., to act out of transcendent motivation).
- 9) Consequently, a person’s *ability to understand and practice frugality depends on the degree to which the person has already acquired the virtue of frugality*. That is why an intemperate person may find it difficult not only to practice frugality, but even to understand why he should live frugally, even though he may have the necessary abstract knowledge.²⁷
- 10) What constitutes frugal behavior *cannot be determined on the basis of extrinsic criteria* such as the absolute amount of a person’s expenditure, or a person’s expenditure as a percentage of his income, or one person’s expenditure compared to that of other people in similar or less privileged circumstances. If frugality is a virtue, it is – and can only be – a *personal decision*,²⁸ which, as we said earlier, must take into account the information provided by society when assessing the effects of a decision, including, for example, the impact of consumption on health, on conscience formation in the family or the community, on other people and their needs, and on the environment.

Conclusion

Consumerism, consumer capitalism, consumer sovereignty, logic of sufficiency (Scherhorn, 2006), “shading” and “distancing” of consumption from nature (Princen, 1997, 2005), “scarcity-based mentality of self-restraint” vs. “abundance-based mentality of self expression” (Lindsey, 2007), sustainable consumption, “exchange economy” vs. “regard economy” (Bruni, 1999)... The level and composition of consumption are not a matter of indifference to our society, much less

²⁶ This raises numerous points of interest, such as the tyranny of immediate gratification (Buchholz, 1998) or the conflict between immediate pleasure while the need is satisfied and long-term comfort once the need has been satisfied (Scherhorn, 2006).

²⁷ Which is why Pérez López said that “ethics analyzes the process by which man may develop his ability to perceive reality, i.e., the whole of the reality that affects him, not just the small part of reality that attracts him or that he happens to observe at a particular point in time.”

²⁸ “The important thing with (...) *temperantia* is, first, the subject’s internal willingness, and second – and only second – the subject’s outward behavior” (Pieper, 2003, p. 107).

the motivation of consumption, its social function and its connection with problems such as sustainability, growth, income distribution, wealth and moral progress.

We do not have answers for all the questions raised in the vast literature. The view of consumption and saving that we see in our contemporaries ranges between, on the one hand, euphoria at the achievements so far and the prospects they hold for humanity and, on the other, sadness at the amount that remains to be done, criticism at the costs of those achievements and, above all, blame for the deterioration many detect in the moral quality of our societies.

In any case, it is very unlikely that we will agree any time soon about how best to tackle these issues because we lack a common conceptual framework – and are unlikely ever to have one, given that we would first have to agree on the nature and purpose of man and the nature of society and why it exists or is needed. Nevertheless, continuing to discuss these issues is not a waste of time if it allows us to find common ground. That is, in a nutshell, the purpose of the action theory presented in this study: a conceptual framework which leads to a theory of virtue that may shed light on human behavior, organizations and society.

Accordingly, we have discussed the virtue of frugality, which we believe may help us understand the consumption and saving decision-making process from an ethical viewpoint and so shed light on the great social, political, economic, religious and moral questions from the perspective of the individual decision maker.

Our way of understanding frugality leads us to this quote from Pieper (2003, p. 267):²⁹ “It does not matter what a person eats, or how much he consumes, so long as he does not harm his neighbor, whom he lives with, does not harm himself and does not damage his own health. The important thing is whether he is ready and willing to forgo it, with a joyful heart, when need or duty so require.” Frugality, as a combination of temperance and prudence, demands, as we said, that all the effects of human action be taken into account: the effects on the agent and the effects on others (including the environment, which will affect others now and in the future). It consists of “putting order into the inside of man” (Pieper, 2003, p. 235), an order each person must find for himself because it is not given (Pieper, 2003, p. 234). This, it seems to me, may be a good starting point – on the personal level, of course – for trying to understand the ambiguous position of consumers in developed countries, as reflected in these words by Steigerwald (2008, p. 792): “The condition of thrift on the edge of abundance provides one unpretentious yet useful way of pinpointing how and why these elements congealed. And *what we see is neither the hoodwinked nor the empowered consumer*, but, rather, Americans muddling through life adjusting to the current state of things, partially committed to holding on to old values yet essentially coaxed along by the expanding opportunity to consume goods with apparent confidence that doing so would not wreck their personal finances. Americans at the cusp of affluence were betwixt and between, and that indecisive state can indeed tell us much about the nature of the consumer society” (my emphasis).

²⁹ Here, Pieper is citing Saint Thomas Aquinas (1990, 2-2, 146, 1 ad 2), who is himself citing Saint Augustine (399).

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