economic welfare while income and level of debt were significant for the function based on income. Differences in the percent of variance and the relative importance of variables evidenced by minimum D squared led to the conclusion that a difference existed between income and economic welfare as predictors of income adequacy perceptions.

TABLE 5. Discriminant Analysis Perceived Financial Adequacy by Demographic Characteristics

Dependent Variable	Independent Variables	Equivalent F	Minimum D Squared
Perceived Financial Adequacy	Economic Welfare	24.40*	.342
	Debt	15.44*	.474
	Automobile	11.13*	.558
	Retirement (Fully or Partial)	8.65*	.612
	Health	7.54*	.634
	Sex	6.53*	.635

$*p < .05$.

TABLE 6. Canonical Discriminant Functions Perceived Financial Adequacy by Demographic Characteristics

Function	Demographic Characteristics	Standardized Canonical Discinimant Function Coefficients	Percent of Variance	Canonical Correlation
1	Economic Welfare	.776	95.73	.491
	Debt	-.484		

Chi square 73.55 $p < .05$.

TABLE 7. Canonical Discriminant Functions Comparison of Economic Welfare and Income as Predictors of Perceived Financial Adequacy.

Predictor Category	Demographic Characteristics	Mininum D Squared	Percent of Variance	Canonical Coorrelation
Economic Welfare	Economic Welfare	.342	95.73	.491
	Debt	.474		
	Automobile Net Worth	.558		
	Retirement (Full, Partial)	.612		
	Health	.634		
	Sex	.635		
Income	Income	.253	90.82	.516
	Health	.255		
	Debt	.766		
	Home Net Worth	.891		
	Sex	.990		
	Martial Status	1.010		
	Retirement (Full, Partial)	1.010		

Of the independent variables observed in relation to perceived financial satisfaction, five were identified as significant predictors including economic welfare, debt, sex, health and net worth of automobile. One discriminant function accounted for approximately 98 percent of variance. Within the function 23 percent of the variance was attributed to the variables of economic welfare and debt. A comparison of economic welfare and income as predictors of perceived financial satisfaction revealed that economic welfare was the better predictor of the two as evidenced by the respective percents of variance (Table 8)

TABLE 8. Canonical Discrimiant Functions Comparison of Economic Welfare and Income as Predictors of Perceived Financial Satisfaction

Predictor Category	Demographic Characteristics	Minimum D Squared	Percent of Variance	Canonical Correlation
Economic Welfare	Economic Welfare	.310	97.53	.481
	Debt	.546		
	Sex	.567		
	Health	.578		
	Automobile Net Worth	.579		
Income			90.46	.484
	Home Net Worth	.150		
	Debt	.218		
	Income	.388		
	Health	.513		
	Auto	.598		
	Sex	.651		
	Martial Status	.695		

Twenty-three percent of the variance was accounted for within each function by the significant variables of economic welfare and level of debt for the first analysis and income and level of debt for the second one.

A final analysis in evaluating predictors of adequacy and satisfaction consisted of comparing respondents present and past perceptions of their financial situation and comparing their own situation to that of others. In other words, was the possibility of improved present perceptions greater if a respondent perceived his situation as better than two years ago or above average compared with other retirees? The analysis supported previous research in that a positive perception in comparing to others and to previous time spans related directly to increased levels of perceived adequacy and perceived satisfaction. It is noteworthy, however, that the greatest proportion of respondents viewed their present situation as "about the same" as two years ago when comparing themselves to an earlier time span.

Summary and Implications

The information gained from this study was an initial step in examining the relationships of economic welfare and perceived financial adequacy and satisfaction of retired families. Economic welfare proved to be an effective concept in assessing the financial situation of retirees and was found to be directly related to perceived financial adequacy and satisfaction. The relationship of perceived financial adequacy and satisfaction with specific demographic factors needs further study. For example, what impact does age, sex, and length of retirement have on perceptions of adequacy and satisfaction? What contributed to the more positive perceptions of women compared to men?

Because of the predictive nature of the study, a random sample was not obtained. For increased generalizability, a similar study would need to be conducted with a random sample. Applicability of the measures for specific groups, such as the disabled, needs to be explored. The difficulty in getting accurate, complete information for economic research is a continuing problem and a particular challenge with the retired. Thus, innovative ideas and techniques must be developed to overcome the difficulty.

The degree to which various assets contribute to the economic welfare of the retired needs further investigation. Home ownership constitutes the predominant form of housing for the retired. The current study assumed conversion of the net worth of the home into an annuity to derive the economic welfare measure. The question of preferences of the retiree must be considered in relation to home ownership. Investigation of reverse annuities, likewise, needs further study.

Data of the nature generated by this study needs to be examined and applied in preretirement and retirement programs, policy development and implementation. Because increased financial satisfaction revealed a direct correlation to economic welfare, educational programs must address how increased economic welfare can be achieved. Asset accumulation is a crucial factor and is contingent on long term planning and implementation. Programs must address the how-to of asset accumulation and the development of favorable attitudes concerning investment of assets for the purpose of providing lifetime income. The impact of inflation and the numerous concerns expressed by retirees documents such needs. Maximizing financial resources by effective management must be learned and practiced throughout the life span. Finally, level of debt and health were found to be two factors affecting the perceptions of adequacy and satisfaction. This suggests that effective program planning needs to include debt management as well as health maintenance issues.

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CONSUMER RESPONSES TO MAIL ORDER PROBLEMS AND KNOWLEDGE OF THE FTC RULE

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Abstract

The purpose of this research was to examine consumers' knowledge of the FTC mail order rule, problems encountered in ordering merchandise, and actions taken in response to problems. Results from the telephone survey indicate consumers encountered a variety of mail order problems, including many not covered by the FTC rule. A majority of the problems triggered action; however, problem resolution did not always occur. Although many respondents had little knowledge of the FTC rule, it may still be beneficial.

In response to many complaints regarding late delivery, the Federal Trade Commission (FTC)[3] issued a mail order merchandise rule in October, 1975. The major provisions of the rule follow. If the seller promises delivery by a certain date but cannot deliver as promised, the consumer must be given the option of cancelling or agreeing to a new date. Sellers who do not promise delivery dates must deliver within 30 days or give the consumer the previously described options. Consumers who choose to cancel must receive full refunds on prepaid orders within 7 business days. The rule does not apply to certain things such as: photo finishing, magazines, seeds and plants, and negative option plans.

Receiving mail order merchandise late or not receiving it at all has significant impact on consumers because they have frequently paid for the merchandise in advance. The unique nature of a mail order transaction, as opposed to an in-store sale, means that the buyer cannot know immediately if the merchandise will be available for the activity motivating the purchase. Thus if the seller does not have the product in stock the buyer cannot quickly substitute products or sellers as he could in the in-store situation. Instead, the buyer continues his plan on the faith that the mail order merchandise will arrive within some reasonable time.

Because of the classification system and measurement procedures of the Census, it is impossible to determine aggregate expenditure patterns attributable to mail order sales. Although U.S. Census retail trade statistics for 1978 show that mail order houses selling general merchandise totalled sales of $7.1 billion, this would only be a portion of total 1978 mail order sales. Gillett's [4] article reviewing the results of research on in-home shoppers suggests that the few research studies on mail order expenditures are too narrow in scope to make inferences concerning the number of households involved in mail order transactions or their average yearly expenditures. There is a general assumption, however, that mail order transactions are widespread among U.S. households, amounting to a small fraction of total household purchases.

Despite the fact that the FTC mail order rule has been in effect for over 5 years, consumers are still plagued by problems with these transactions. During the period between October 1, 1977 and June 30, 1978 (three years after the rule was adopted), 27% of all complaints logged by the FTC involved a purchase through the mail [5]. One in five complaints recorded by the Council of Better Business Bureaus in 1980 related to mail order companies [1]. Given that consumers continue to experience problems with mail order companies, the following conclusions can be drawn: 1) Sellers are not in compliance with the rule, or 2) Consumers do not understand the rule and have false expectations of sellers, or 3) Consumers do not know the rule and how to use the rule to assert their rights in mail order transactions, or 4) The rule does not cover many problems encountered by consumers.

Specific objectives of this research were to determine: 1) Problems encountered by consumers in mail ordering merchandise, 2) Actions taken by consumers in response to problems and the outcomes, and 3) Consumers' knowledge of the mail order rule. Sellers' compliance with the rule was beyond the scope of this investigation.

Procedures

Telephone interviews were conducted by trained interviewers with residents of Jackson County, in rural Southern Illinois, between April 20 and May 8, 1981. A random sample of 500 telephone numbers was drawn using the local telephone directory as the sampling frame. Once the residential number was reached, a special selection process was employed to ensure that the sample represented the experiences of both males and females [2]. A total of 349 telephone interviews were successfully completed. Nonresponses or incomplete responses accounted for the remaining 151.

The telephone questionnaire developed for the study requested information from the respondents on general mail order purchasing experiences, along with detailed information about their most recent mail order transaction as well as the last time a problem had been encountered. Care was taken to ensure that respondents answered questions based on a common understanding of the term "mail order transaction." A mail order transaction was defined as one in which "you

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place your order by mail or telephone and it is delivered by mail to your home." This definition eliminated transactions placed through catalog departments of retail stores which were received by the consumer at the store. The survey instrument also included questions concerning consumers' knowledge of the FTC mail order rule.

Results

Demographic Characteristics of Respondents

The respondents tended to be single (58%), female (54%), and 18 to 30 years old (54%). Over half reported incomes above $10,000 and a fourth reported undertaking some post-graduate work. Approximately 36% of the respondents were college students; 45% of the remaining respondents were professionals, housewives, or unskilled laborers. Although Jackson County is primarily rural, the demographic characteristics were highly influenced by the presence of Southern Illinois University in the county.

Mail Order Purchasing Behavior, Problems, and Consumer Responses

Of the 349 respondents, 254 or 73% stated that they do purchase merchandise through the mail. (See Table 3.) Only 26% placed mail orders frequently (at least every two months); the remainder made mail order purchases two or three times a year (37%) or once a year or less (37%). Approximately 35% of the 349 respondents had experienced problems with mail orders at some time; 44% of the current mail order purchasers reported having experienced problems and 11% of those who did not currently order by mail had experienced problems in the past.

Table 1 displays the frequencies of the type of problems respondents encountered, whether or not action was taken on each problem, and the frequencies of problem resolutions if action was or was not taken. The three most common problem occurrences were failure to receive merchandise (18%), merchandise not shipped when promised (14%), and receiving poor quality merchandise (13%). In 74% of the occurrences when the problem was "never received the merchandise," consumer action was taken. However, only 41% of these actions led to resolution of the problem as viewed by the consumer.

The following problems were the ones on which action was taken each time the problem occurred: billing or refund errors, initial failure to return a negative option card, and clothing not fitting. For two of these problems each action resulted in problem resolution; however, only 20% of the actions taken on billing or refund problems resulted in resolution.

The three problems for which consumers most frequently took no action were: merchandise not as expected (54%), merchandise out of stock (50%), and poor quality (47%). In each instance where the consumer took no action when merchandise was out of stock, the problem was reported as resolved, however. In contrast, when merchandise was not as expected or of poor quality and the consumers involved took no action, 83% and 75% of these occurrences, respectively, were reported as not resolved.

Table 2 presents the types of actions taken by consumers to resolve mail order problems and the success of the actions from the respondent's point of view. In 70% of the mail order problems consumers took some action to resolve those problems. The most common responses were to write or telephone the company (39%), or to return the merchandise (19%). Two-thirds of those consumers who took some action to resolve a problem reported that they were successful in doing so. Nearly half of the consumers who reported taking no action in response to a mail order problem indicated that the problem was eventually resolved. However, in a number of cases, respondents defined resolution of the problem as the consumer's acceptance of the situation or "chalking it up to experience" rather than correction of the problem.

Consumer's Knowledge of the FTC Mail Order Rule

All respondents were asked four questions designed to evaluate their knowledge of the FTC rule. The first question asked was, "If a seller promised delivery within so many days and cannot deliver the merchandise as promised is there anything he is required to do?" Although almost 75% of the respondents gave the correct response (yes), only 13% knew that the seller is required to notify the buyer of the delay and give the buyer the option of cancelling the order with a refund or agreeing to a new shipping date. Over half of the respondents incorrectly stated that the only requirement was that the seller notify the consumer of the delay.

The third question asked of respondents was, "If a delivery date is not specified, is the seller required to deliver the merchandise within a certain length of time?" Seventy percent of the respondents gave the correct response (yes), but only 30% knew that the seller must deliver the merchandise within 30 days. One-half of the respondents incorrectly specified the length of time as either three weeks or less or as two months or less.

In order to determine if a relationship existed between respondents' knowledge of the FTC rule and relevant variables, a knowledge variable was computed by assigning scores to respondents' answers. A score of one was assigned if the respondent knew sellers are required to do something if they cannot deliver merchandise when promised. Likewise a score of one was assigned for knowing sellers are required to deliver merchandise within a certain length of time if they do not specify a delivery date. Knowing exactly what sellers are required to do in the first situation and the exact length of time in the second situation were each given scores of two.

Table 1. Percent of Problems Resolved by Whether Consumers Took Action to Resolve the Problem and Type of Problem.

Type of Problem as a Percent of Total Problems		n (131)	Took Action	Took Action		No Action	
				Resolved	Unresolved	Resolved	Unresolved
Never received merchandise	(18%)	23	74%	41%	59%	0%	100%
Merchandise not shipped when promised	(14%)	18	61	91	9	100	0
Poor quality	(13%)	17	53	89	11	25	75
Merchandise not as expected	(8%)	11	46	80	20	17	83
Damaged merchandise	(8%)	10	60	17	83	25	75
Merchandise out-of-stock or on back order	(6%)	8	50	75	25	100	0
Seller made substitution	(5%)	7	71	80	20	50	50
Billing or refund problem	(5%)	6	100	20	80	0	0
Order filled incorrectly	(5%)	6	83	60	40	0	100
Failure to return negative option card	(5%)	6	100	100	0	0	0
Clothing didn't fit	(4%)	5	100	100	0	0	0
Delivery problem	(4%)	5	80	100	0	100	0
Other	(7%)	9	78	57	43	100	0

Table 2. Percent of Problems Reported as Resolved by Type of Action.

Type of Action	n	%	Reported as Resolved n	Reported as Resolved %
	(131)	(100)	(79)	(60)
Wrote or phoned the company	51	39	29	57
Returned the merchandise	25	19	22	88
Cancelled the order	6	5	4	67
Contacted a third party	4	3	2	50
Stopped payment on a check	2	2	1	50
Don't remember	2	2	2	100
Total	90	70	60	67
No Action	41	30	19	48

The maximum total score possible was six. Respondents who scored one or less were considered not knowledgeable. Respondents with scores of two were considered to have general knowledge of the FTC rule. A score of three or more placed respondents in the knowledgeable category. Approximately 40% of the respondents were categorized as not knowledgeable, 33% were placed in the general knowledge category, and 27% were termed knowledgeable.

Chi square analysis was used to determine whether consumers' knowledge of the FTC rule was related to selected mail order shopping and demographic characteristics. The results of the Chi square analyses are presented in Table 3. Chi square tests of differences in knowledge of the FTC rule by whether the respondent purchased merchandise through the mail, frequency of purchases, and whether the purchaser had experienced problems with mail order transactions were all statistically insignificant. Knowledge of the FTC rule was also unrelated to the respondent's age, sex, marital status, income, education, and occupation.

Discussion

The majority of respondents did engage in mail order transactions and many of those transactions included some problems. The unique nature of the mail order transaction which does not allow for immediate communication between buyer and seller can be assumed to be the basis for many of the problems. The fact that the majority of respondents who had experienced problems were current mail order purchasers suggests that consumers accept occasional problems as a part of ordering through the mail.

In one-third of the problems, consumers took no action. When problems occur with mail order purchases, consumers may expect that some problems will resolve themselves over time and other problems will require intervention. For example, if merchandise is not delivered when expected, no action is required if the consumer believes the order will arrive within some reasonable length of time. However, if a seller has made a substitution which is unacceptable to the consumer, action is required if the problem is to be corrected. Yet the research results indicated that many consumers took no action even when there was no reason to believe that the problem could be corrected without action. Viewed from a cost-benefit approach, their inaction may be rational. Rational consumers, knowing a problem could not be corrected without action, would choose to act only if the expected net benefits of acting exceed the expected net benefits of not acting.

There may be two scenarios in which the net benefits of not acting exceed those of acting. In the first of these, the consumer may decide that doing nothing to correct a problem is costless but taking action involves costs. However, the consumer may be uncertain whether benefits will result from either response to the problem. Unless the consumer expects that taking action is more likely to result in benefits through correction of the problem, he would choose the no-cost response and do nothing.

For example, with problems such as out-of-stock merchandise or merchandise not delivered when promised, the costs of taking no action are zero unless the consumer had planned to use the merchandise on a specific date. Action to correct the problem, such as writing or phoning the company, involves time and money costs. The consumer may believe that the seller will ship the merchandise at the earliest date possible, and that any action he takes will not speed delivery. Therefore, the consumer may expect that the outcome of either response to the problem will be identical benefits; the company will ship the merchandise when it can. The consumer would then choose the no-cost response and do nothing to correct the problem. Action would be taken only if the consumer is certain no benefits could result from inaction -- if the long delay signals to the consumer that he will not receive the merchandise unless he takes action or if the merchandise will be useless if it is not delivered as scheduled.

In the second scenario, the consumer may decide that there are either no or low costs of taking no action, but action involves some time and money costs. In contrast to scenario 1 where the benefits of both action and no action are uncertain, here the benefits of taking no action are known. Only the benefits of taking action are uncertain. Therefore, the consumer may choose not to act because the net benefits of action are unknown.

For example, in problems such as poor quality, damaged merchandise, or merchandise not as expected, the consumer may be able to repair or modify the merchandise or use it as is for its original or an alternative purpose. Therefore, the benefits of no action may be known, i.e., the use value of the merchandise. The costs of no action -- time and money spent to repair or modify the merchandise and the opportunity costs resulting from the consumer receiving merchandise that was not what he desired -- may be low. In contrast, action to correct the problem, such as writing the company or returning the merchandise, involves both time and money costs. The consumer may expect these costs to be high if he considers the merchandise to be an indication of the overall performance of the company, suggesting that repeated requests would be necessary to receive a refund or that a replacement item would be of similar quality, requiring additional actions to correct the problem. Consequently, the consumer may also question whether any action to correct the problem would be effective. In that case, he would choose to do nothing to correct the problem since only the net benefits of no action are known.

Additionally, some consumers may take no action to correct these problems because they believe

Table 3. Knowledge of the FTC Mail Order Rule by Personal and Mail Order Shopping Characteristics.

Characteristics	Levels of Knowledge: Not Knowledgeable (n=139)	General Knowledge (n=114)	Knowl-edgeable (n=96)	n	χ^2 (Significance Level)
Age in Years				(349)	
18 to 30	40%	33%	27%	190	
31 to 40	30	36	34	73	7.51
41 to 55	48	26	26	31	(.48)
56 to 65	37	36	27	22	
Over 65	55	27	18	33	
Sex				(348)	
Male	35	35	30	161	2.28
Female	43	31	26	187	(.32)
Marital Status				(349)	
Single	43	28	29	201	5.08
Married	35	39	26	148	(.08)
Income				(321)	
Less than $10,000	47	32	21	127	
$10,000 to $20,000	42	27	31	108	3.36
Over $20,000	44	32	24	86	(.50)
Education				(349)	
Did not complete h.s.	59	27	16	29	
High school diploma	25	36	39	31	14.14
Attended college	42	35	23	153	(.17)
Bachelor's degree	49	24	27	37	
Some graduate work	33	35	32	54	
Graduate degree	31	31	38	45	
Occupation				(349)	
College student	36	35	29	119	1.03
Non-student	42	32	26	230	(.60)
Use of Mail Order				(349)	
Yes	37	35	28	254	3.54
No	48	26	26	95	(.17)
Frequency of Purchases				(254)	
At least every 2 months	39	25	36	66	6.57
2 or 3 times a year	32	41	27	93	(.16)
Once a year or less	40	37	23	95	
Experienced Problems				(349)	
Reported a problem	33	36	31	121	3.54
Reported no problem	43	31	26	228	(.17)

that the problems are the result of their own errors in processing the catalog description, leading to unfounded expectations. For example, one respondent who received merchandise that was not what he expected reported that in rereading the catalog description he found that the merchandise had been accurately described. He chose to do nothing to correct the problem because he decided his expectations had been unrealistic.

Some consumers who encounter poor quality, damaged merchandise, or merchandise not as expected do take action to correct the problem. If the merchandise has no use value to the consumer, he is certain that inaction will result only in costs. In that case, action might occur even though the net benefits of action are unknown.

In contrast to the above scenarios, where some decisionmakers may decide no action yields the higher net benefits, is the situation where the rational decision is to take action because it yields higher expected net benefits. For example, in all six cases where respondents had failed initially to return a negative option card (a system used by most book and record clubs to notify the seller if the consumer does not want to purchase a selection) the respondents took action to correct the problem. Assuming the consumer did not want the selection, nothing could be gained by taking no action but costs would result -- either the financial costs of paying for the selection or the time costs involved in returning the merchandise and correcting any consequent billing problems. The costs of action (such as returning the card, writing or phoning the company, or marking the merchandise "Return to Sender") may be low in relation to the benefits -- not paying for an unwanted selection.

Rational consumers who choose to take action to correct a problem would choose the lowest cost action. The fact that the most common redress method chosen by the respondents in this study was to write or phone the company, relatively low-cost actions compared to returning the merchandise or contacting a third party, suggests consumers are cognizant of the costs of redress.

Consumers in the sample encountered a wide variety of mail order problems, only two of which were covered by the FTC rule. Since the rule does not relate to the majority of problems experienced by consumers, it may not be surprising that nearly 40% of the respondents had little or no knowledge of the rule. It was expected that higher-educated, higher-income consumers would be more likely to know the rule than consumers with lower income and less education. It was further expected that consumers who frequently order through the mail would be more knowledgeable than consumers who order less frequently or not at all. Yet Chi square analyses indicated that none of these variables were significantly related to knowledge of the rule.

The failure to find any variables which were significantly related to knowledge of the rule could be the result of several factors. One explanation may be that the FTC rule has been effective in reducing the number of problems consumers experience with delayed shipments. Respondents would have little reason to learn the specific provisions of the rule if they anticipate no future use of the information. In this sample, only 18 of the 131 problems involved merchandise not shipped when promised. However, given the respondents' overall unfamiliarity with the rule, it is possible that this problem was under- or over-reported. One-fourth of the respondents stated that sellers had up to two months to deliver merchandise when a delivery date was not specified. Consequently, they would not have reported experiencing a problem with an order in which, for example, merchandise was delivered six weeks after the company received the order.

The respondents' unfamiliarity with the rule may also be related to the rule's provisions. The rule sets standards for sellers' delivery of merchandise but does not make new, low-cost redress options available to consumers. With merchandise not delivered when promised, the consumer had the same options prior to the rule as now; he can choose to do nothing or he can contact the FTC, an unfamiliar procedure to most consumers (and generally ineffective in solving individual problems). Although with knowledge of the rule the consumer may believe action to correct the problem is more likely to be successful; nevertheless, action involves costs and inaction may not. Therefore, even consumers who have been exposed to the rule may not have retained the information, believing that while the rule may reduce the number of problems they encounter, it has little relevance once a problem occurs.

Additionally, consumers may frequently order merchandise through the mail with very broad time constraints for delivery or order well in advance of the planned time of use under the assumption that delivery will be delayed. If this is true, consumers may feel the rule is not relevant.

In conclusion, the results of this study indicate that few consumers know the specific provisions of the rule. Furthermore, it may be unrealistic to expect them to, suggesting that increased information dissemination may be ineffective. The rule may have had a significant impact on consumer welfare, however, if it induced better seller performance regarding shipping time.

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CONSUMER RISK PERCEPTION AND RISK RESPONSE: IMPLICATIONS FOR RESEARCH AND EDUCATION

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Abstract

The purpose of this paper was to examine two major risk response strategies by consumers and the degree to which they are used by the consumer. The results indicate inadequate risk response by consumers. Possible reasons include risk perception failures or the belief by consumers that society will compensate the individual if a hazard occurs. These findings indicate the need for consumer education programs if we are to achieve the optimal level of protection.

Introduction

The role of the consumer in the consumer protection process has received increased attention in recent years. The current conservative climate favors a move from the regulatory approach to the informed buyer approach. The latter approach has been advocated on the basis of greater freedom of choice, provision for differences in consumer willingness to pay for protection and greater efficiency since the responsibility for protection is borne by the consumer. As a result of changing attitudes towards consumer protection the issue facing the researcher and educator today is no longer "who should protect the consumer?" but rather "how much responsibility will the consumer assume for his own protection?" The question is of particular importance in the area of risk and uncertainty. Consumer risk perception and risk response can have a significant impact on the degree to which the informed buyer approach will achieve the optimal degree of consumer protection in the marketplace.

The purpose of this paper is to explore some of the findings in the literature concerning consumer risk response and to relate such findings to the economic theory of utility maximization under risk. Implications for consumer research and consumer education are then discussed.

The two major risk response strategies of a consumer may be classified as follows: 1) provision for compensation in the event that a hazard occurs and 2) reducing the consequences of a hazard once it occurs. Purchase of insurance by consumers is an example of the first strategy while purchase of smoke detectors or use of seat belts is an example of the second strategy. Each of these strategies is discussed below with respect to the degree to which they are used by the consumer.

Compensation for a Hazard: Purchase of Insurance

Testimony by George Bernstein, Federal Insurance Administration, before a U.S. Senate subcommittee in 1972 indicated that many people are unwilling to by insurance. He commented:

> most property owners simply do not buy insurance voluntarily, regardless of the amount of equity they have at stake. It was not until banks and other lending institutions united in requiring fire insurance from their mortgagers that most people got around to purchasing it
> and we just need look at our automobile insurance laws to recognize that unless we force that insurance down the throats of the drivers, many, many thousands of people would be unprotected on the highways. People do not buy insurance voluntarily unless there is pressure on them from one source or another [2; p 23.].

People have also been resistent to earthquake or flood damage insurance (1, 7, 8). Kunreuther found that people would not voluntarily insure themselves against such natural disasters even when insurance rates were subsidized. These findings were reinforced by several field and laboratory studies of insurance purchase decisions. Slovic in his review of these studies noted that "one robust finding from this research has been that people are more willing to insure against small losses with relatively high probabilities than against large but unlikely losses" (11, p. 5). In an experiment performed by Slovic and other researchers persons were presented with five natural hazards with probabilities of occurance ranging from 0.002 to 0.25 (10). The expected loss and the insurance premium were the same for all five hazards (the probability of occurance varied inversely with the the magnitude of the losses). In this manner a differential response to high probability, low loss hazards and low probability, high loss hazards could be investigated. Again the findings indicated that individuals were more willing to insure against the high probability, low loss hazards.

Two major reasons for reluctance to insure by individuals have been proposed. First, people may not worry about low probability hazards so that no response is perceived to be necessary. Second, people may regard insurance as a type of

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investment. The higher the probability of a hazard, the more likely the individual is to receive some return from his investment and the greater the incentive to purchase insurance.

Reducing the Consequences of a Hazard: Seat Belt Usage.

Seat belt usage was examined in this section to investigate consumer interest in reducing the consequences of a hazard. Seat belts were selected for two major reasons. First, there has been a considerable number of safety campaigns in the area of automobile safety including the use of seat belts. Thus the consumer is to some extent informed of the hazard. Second, insurance may provide inadequate compensation in the case of a major injury or a fatality so that there is an incentive for the consumer to use seat belts in addition to purchasing insurance. This inadequacy may reflect problems of recovery in the case of high losses or the realization that only the dependents of the accident victim are compensated in the case of death.

There have been several studies concerning seat belt effectiveness using different injury criteria. When occurances have been divided into no injury, any injury category effectiveness has been measured at about 20%. By combining moderate, serious, and fatal injuries, a 35% reduction in injuries has been reported. When serious injuries and fatal injuries are combined, effectiveness has ranged from 50% to 60% (3, 9).

In spite of these findings seat belt usage in the U. S. remains low. According to studies by the National Highway Traffic Safety Administration (NHTSA) seat belt usage for 1976-1980 models is approximately 14% (9). This ranges from approximately 7% for standard size automobiles to 17% for subcompact automobiles. Officials in NHTSA do not believe that seat belt usage will increase above 30% even under the most intensive educational campaigns. Consumer disinterest in seat belts was responsible for the recommendation to require passive restraints such as airbags and automatic seat-belts in automobiles in the U.S. However, this decision has since been reversed.

Various reasons for consumer disinterest in seat belts have been proposed. First drivers may overestimate their driving skill. Second, drivers may believe that they have control of the situation and can avoid accidents. Finally the reward for wearing seat belts is not readily perceived. Given the low probabilities of major automobile accidents (one in every 3.5 million trips will result in a fatal accident) most drivers do not experience a fatal or serious accident. Each safe trip reinforces the low perception of risk (11). As in the case of insurance, the low probability hazard is ignored by the individual.

An economic analysis of decision-making under risk is presented in the next section in order to provide additional insight concerning consumer a risk response.

Utility Analysis of Decisions Involving Risk

Purchase of Insurance

This analysis is based on work by Friedman and Savage (5). In this analysis the consumer is assumed to maximize utility and elects to live at risk or purchase insurance depending on which strategy yields the higher utility. The case for risk averse individual (i.e. one willing to purchase insurance) is illustrated in Figure 1.

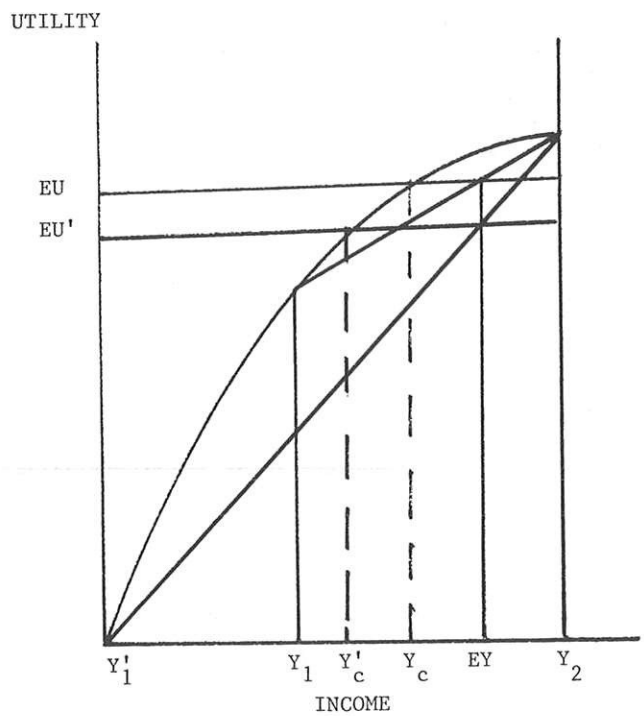

Figure 1. Insurance Premium a Risk-Averter Would be Willing to Pay.

Income and utility are measured on the horizontal and vertical axes respectively. The utility curve is concave downward reflecting risk aversion or diminishing marginal utility of income.

Again failure to use seat belts may reflect 1) neglect of low probability hazards by risk averse drivers or 2) risk preference behavior on the part of drivers.

Discussion

As we move towards greater consumer accountability it is important to explore consumer response in the areas of risk and uncertainty. Assuming that consumers are risk averse then risk perception becomes a major issue. If low probability, high loss hazards are neglected by the consumer, then a less than optimal level of protection will be achieved for society as a whole. The informed buyer approach to consumer protection means that 1) consumers must be informed of the probabilities of various hazards and 2) consumers must use this information in making risk response decisions. The challenge to consumer researchers and consumer educators is to assist the consumer to make the appropriate response.

If consumers prefer risk then failure to purchase insurance (or take other protective action) will, in general, result in higher levels of utility for consumers. The informed buyer approach will result in an optimal level of protection of society as a whole. However, in an advanced industrial society such as the U.S. the degree to which the individual bears the full consequences of his actions is open to question. Victims of flood damage may receive compensation from the government. Similarly, accident victims may have access to publicly provided medical care and they and their dependents may be aided by a variety of welfare programs. Under such circumstances risk preference behavior on the part of some member of society may be a response to the belief that society will protect the individual from the full consequences of his actions. The problem is similar to the free rider problem in the case of public goods. If the individual insures (or takes other protective action) he may never benefit from his action. Conversely, if he does not insure he may still be compensated in the event that the hazard occurs. Failure to respond to low probability, high loss hazards by risk averse individuals may also reflect the same free rider situation.

Increased reliance on consumer initiative in the consumer protection process has increased the need for consumer education programs. Such programs demand, in turn, an understanding of consumer risk behavior which is likely to become a major research issue in the 1980s.

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CONSUMER SATISFACTION WITH COMPLAINT HANDLING: AN OREGON ANALYSIS

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Abstract

A hypothetical model of consumer complaint handling behavior was developed as a basis for constructing research hypotheses. Two behaviors were investigated: the decision to complain or not to complain, and satisfaction with complaint handling. In this study consumer complaint behavior was not dependent upon demographic characteristics, but was related to attitudinal variables.

What happens when consumers are dissatisfied with a product or service? Some do nothing and some complain. Those who do complain have three options available to them: they may complain informally to family, friends, and/or others; they may complain formally to retailers or manufacturers; or they may complain formally to third party complaint agencies (ie government agencies, Better Business Bureaus, etc.) (1, 3, 4). It has been noted by other researchers that the majority of dissatisfied consumers either do not complain or complain informally to friends, family and others. Of those who do complain formally, the usual course of action is to complain to business directly. Few individuals choose to complain to third party agencies (7, 8).

When a consumer does complain, it is assumed that the individual expects a reasonable resolution of the problem. Whether or not that expectation is met, directly influences the individual's satisfaction with complaint handling. In an earlier study it was reported that, in general, consumers who had taken action to resolve a serious problem were not satisfied with the solution to the problem (Tarp). However, reasons for the dissatisfaction were not reported.

Procedures

This study was designed to identify relationships between characteristics of consumers and two consumer complaint behaviors: 1) Whether or not formal complaint action is taken and 2) Whether or not satisfaction with complaint resolution was achieved. A model was developed to reflect relationships reported in earlier research and to facilitate hypothesis testing. (Figure 1).

A questionnaire had been developed by the Oregon Consumer Services Division (OCSD) to obtain data about consumer attitudes in Oregon. A sample of 1,000 names of consumers in Oregon was drawn from all current Oregon telephone directories using a table of random numbers. Questionnaires were sent to those selected using the following procedure:

1) Pre-survey postcard sent to all participants, January 14, 1980
2) First questionnaire mailed, January 10, 1980
3) Follow-up postcards sent to all participants, January 24, 1980
4) Second questionnaire mailed to non-respondents (certified mail) February 26, 1980

Of the 1,000 questionnaires mailed, 658 were completed and returned. Completed questionnaires were coded by the research analyst in the OCSD and coded responses were punched on computer cards. This card deck was duplicated and used as the source of data to be analyzed for this study.

The statistical analysis for this study was completed at the Milne Computer Center, Oregon State University. SPSS (5) programs for Crosstabulation and the Chi-square test for independence were run on the Cyber Computer. Since Chi-square is a relatively weak statistic and can cause even slight relationships to appear significant, one trial regression analysis was run using the Log-Linear Model from the Biomedical Computer Programs, P-series (2). The results of the analysis confirmed the assumption that there were insufficient significant data to warrant the use of a stronger statistical instrument.

Results of the Analysis

Subjects were asked to name the most serious problem they had experienced in the past year. The analyst then coded the problem according to the following categories: Auto, House, Recreation, Health, Clothing/personal care, and Groceries.

Of the 658 respondents, 465 (71%) indicated that they did take some action to solve their most serious consumer problem. Of the 132 respondents who chose not to complain, 45 (34%) did not think that it was worth the time or effort to get the problem corrected, 26 (20%) did not know where to go or what to do to get the problem corrected, and 21 (15%) thought that nobody would be interested in the problem. A variety of reasons for not taking action was reported by the remaining 40 (30%) respondents.

Of the respondents who took action, 186 reported that there was no cost involved in the complaint handling process. Sixty three respondents reported expenditures under $50.00 while 23 respondents spent between $50 and $100 to resolve their

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problem. Eight-six respondents reported that complaint handling costs were over $100.

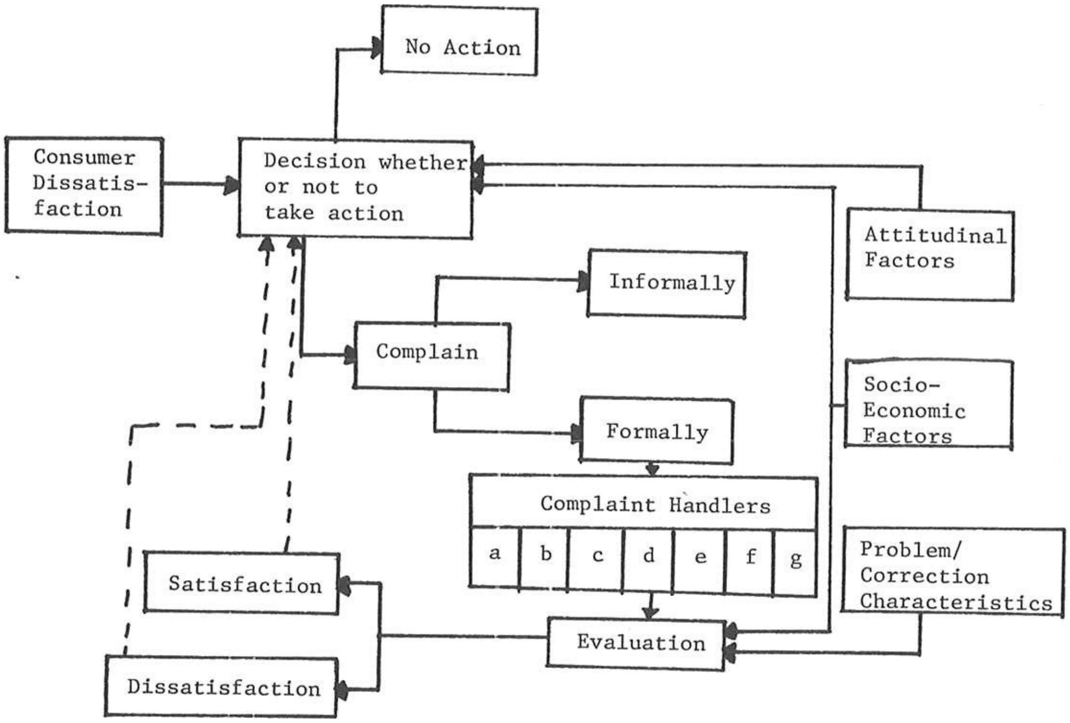

FIGURE 1. Model of Complaint Handling.

Most of the subjects who took some action made one contact (136 respondents), however 87 made two contacts and 91 made three contacts in their attempts to resolve their most serious problem. Respondents satisfaction with the resolution of their complaints is reported in Table 2.

TABLE 2. Satisfaction with Problem Resolution

Level of Satisfaction	Number of Respondents Reporting
Not at all satisfied	101
Not completely satisfied, but did get something	60
Not completely satisfied, but solution acceptable	83
Completely satisfied	53
Received more than asked for	36
Total	333

Twenty null hypotheses were used to test relationships between selected variables and 1) the decision to complain or not to complain; 2) satisfaction with the complaint handling process. Only six null hypotheses were rejected. Whereas in previous studies the consumer's age, level of education, sex, marital status, and income were found to be predictors of whether or not an individual would complain about an unsatisfactory good or service, in this study there were no statistically significant ($p < .05$) relationships between demographic factors and the independent variables.

The researcher was able to conclude that the decision to complain or not to complain was dependent on two factors: the party considered to be responsible for the problem, and the type of problem experienced. Respondents identified one of five parties as being responsible for the problem they had reported experiencing: the place where the product was purchased, the place where the product was serviced, the manufacturer, self, or government. The respondents were more likely to complain when the place where the product was purchased, the place where the product was serviced, or the manufacturer was considered to be responsible for the problem.

Furthermore, respondents were more likely to complain when the problem was related to their house, and less likely to complain when the problem was with groceries or recreation. (Categories were Auto, House, Recreation, Health, Clothing, and Groceries.)

Satisfaction with complaint handling was dependent upon the respondent having made only one very helpful contact during the complaint resolution process. However, when the one contact made was considered to be not at all helpful, respondents reported being not at all satisfied with complaint handling. Satisfaction was also dependent on the cost of problem correction. The complainants tended to be more satisfied when the cost of problem correction was low. When the government or the respondents themselves were identified as being responsible for the problem, respondents were less likely to be satisfied with the problem resolution. However, when the place where the product was purchased, the place where the product was serviced, or the manufacturer were considered to be responsible for the problem, respondents were likely to be satisfied with the resolution of the problem.

Conclusions

Oregon Consumers were most likely to complain when dissatisfaction occurred in connection with a product related to the house, and when business was considered to be responsible for the problem. However, when dissatisfied consumers complained, they were most likely to be satisfied with the resolution of the problem when it took only one helpful contact to resolve the problem and when the cost of resolving the problem was low.

The implications of these findings are important for business, consumers, and for consumer educators. Consumers need to know that the likelihood of dissatisfaction increases as the cost of a product/service increases. Therefore consumers need to be well informed and realistic in their expectations when high priced purchases are planned. Businesses can promote availability and use of accurate, easy to use information, especially when products and services are higher priced. In businesses where consumers are more likely to complain about a perceived problem, the complaint process should be simple, low cost, and designed to be perceived as very helpful. Consumer educators need to emphasize that information search is especially important when selecting and purchasing high priced items having to do with the home. Consumer educators can also provide assistance in achieving satisfactory complaint resolution by teaching about effective complaint procedures. Consumer dissatisfaction is avoided and satisfaction more likely to be realized when all concerned parties assume a portion of the total responsibility.

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THE OPINIONS OF SELECTED ILLINOIS SECONDARY SCHOOL CONSUMER TEACHERS REGARDING INDUSTRY-SPONSORED INSTRUCTIONAL MATERIALS

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Abstract

Secondary school consumer teachers make frequent use of industry-sponsored instructional materials. The appeal of these teaching aids is usually ease of availability or the free or low cost. While some of these resources have educational value, others serve only to promote a particular company or industry. Selected Illinois secondary school teachers are aware of the potential bias of class resources from business. These consumer educators judged certain sources of materials as more objective than others and believed that despite prejudiced content, instructional resources from business can be of value in the classroom.

Introduction

"All companies have a wealth of information about the products, services, and policies related to their own business and should be encouraged to share these resources with consumers by developing informational and educational activities and materials."(1) -- Manager of Consumer Information and Education, Consumer Affairs Office, American Express Company.

"Corporations are inappropriate sponsors of educational materials precisely because they have something to sell."(2) -- Report from the Center for the Study of Responsive Law regarding industry-sponsored educational materials.

Under the banner of public service, hundreds of corporations and trade associations sponsor educational materials for classroom use. A recent article in Business Week estimated that "nearly 3,000 corporations" are distributing publications and other educational materials.(4) The inherent danger of these teaching aids involves biased content and unintended advertising messages. A major cause of this situation is that industry "materials are not field-tested on children and most systems of evaluation/feedback are within the industries themselves."(3)

Schools have usually welcomed these supplementary materials. With financial strife and budget restrictions an educational way of life, teachers view free or low-cost industry materials as a blessing. In addition, ease of availability and attractive packaging add to the appeal.

From the standpoint of the individual business or trade association, students provide a captive audience for the presentation of product pictures, trademarks, and brand names. Industry-sponsored materials frequently present a limited view of a particular topic. Examples include a presentation on nuclear energy without a discussion of potential dangers or mention of alternative energy sources, such as solar; the use of the "four basic food groups" as a justification to purchase the products of a company; or a filmstrip regarding consumer buying which features the products of a particular company.

Very few efforts have been undertaken to assess the educational impact of business-sponsored materials. An investigation conducted by the Center for the Study of Responsive Law documented industry efforts in the areas of nutrition, energy, environmental education, and economics. The study concluded that "educators need to receive less graciously what they are given by corporations and demand from the public what students deserve."(2)

Purpose of the Study

The instructional materials used in secondary school consumer education classes may be classified into six categories. These are: (1) teacher-prepared resources; (2) materials from textbook and other publishing companies, (3) media information (newspapers, magazines, and television), (4) government-sponsored publications, (5) consumer organization materials, and (6) business and industry materials. This study attempted to evaluate the educational contribution of business materials based on the opinions of selected Illinois secondary school consumer teachers.

In this study, industry-sponsored instructional materials for consumer education were defined as teaching aids made available to teachers by an individual business enterprise or a trade association representing a particular industry or group of companies. These materials include a company or association name and are offered to teachers free or at a low cost.

Methodology

The procedures of this study consisted of: (a) an identification of commonly used consumer education instructional resources sponsored by

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business organizations; (b) definition of the population to be studied; (c) preparation of the survey instrument; and (d) administration of the instrument.

Resource Identification

A search of textbook bibliographies, resource lists, and professional journals was conducted to identify industry-sponsored consumer materials. In addition, individual teachers were contacted for similar information based on class experiences. These efforts resulted in a list of 31 companies and trade associations which regularly offer instructional materials for use in consumer education programs.

Population Definition

The group selected for this study consisted of Illinois secondary school consumer teachers who have been active with the Illinois Consumer Education Association within the past three years in one of the following capacities: (a) officer or member of the executive board; (b) chairperson or member of a committee; or (c) program participant at the state conference or a regional workshop. A total of 87 individuals were identified. This group was selected for this study as a result of their active involvement in consumer education beyond the classroom.

Instrument Preparation

A preliminary questionnaire was developed to measure the uses and opinions regarding industry-sponsored consumer materials. This survey was administered to five consumer teachers. In addition, the instrument was critiqued by two collegiate-level consumer educators and two business communication professors. The suggestions of these individuals were used to improve the clarity, format, and content of the final questionnaire.

Instrument Administration

The survey instrument, long with a cover letter, was sent to the 87 individuals identified for this study. A total of 57 completed questionnaires were returned, for a 65.5 percent response rate; of these, 56 were usable.

Findings

For the purpose of analysis and drawing conclusions, frequency distributions and mean scores were computed based on the use and opinions regarding industry-sponsored consumer materials.

Frequency of Use Regarding Consumer Education Materials

The secondary school consumer teachers in this study used teacher-prepared materials with greatest frequency, followed by publishing company materials. Instructional resources sponsored by consumer organizations were used least frequently.

TABLE 1. Frequency of Class Use by Selected Illinois Secondary School Consumer Teachers Regarding Sources of Consumer Education Instructional Materials

Source	Mean[2]
Teacher-prepared materials	1.23
Textbook, workbook, publishing company materials	1.34
Media (newspapers, magazines)	1.50
Government-published materials	1.88
Industry-sponsored materials	2.05
Consumer organization materials	2.52

Regarding business-sponsored teaching aids, six sources of materials were used by more than 50 percent of the respondents. These were Procter and Gamble Company, Household International (Money Management Institute), J. C. Penney Company, the American Council of Life Insurance, the Better Business Bureau, and the New York Stock Exchange.

TABLE 2. Most Frequently Used Industry-Sponsored Instructional Materials of Selected Illinois Secondary School Consumer Educators

Source	Number	Percent
Procter and Gamble	39	69.6%
Household International (Money Management Institute)	37	66.1%
J. C. Penney	35	62.5%
American Council of Life Insurance	32	57.1%
Better Business Bureau	30	53.6%
New York Stock Exchange	28	50.0%
American Bankers Association	27	48.2%
Sears, Roebuck and Company	27	48.2%
Insurance Information Institute	26	46.4%
Continental Illinois National Bank	23	41.1%

Information Source and Advantages Regarding Industry-Sponsored Materials

Teachers indicated that "an advertisement or information received in the mail" or an "exhibit at conference or workshop" were the most common sources of knowledge regarding the availability of industry-sponsored consumer materials.

TABLE 3. Sources of Information Regarding Industry-Sponsored Consumer Education Instructional Materials for Selected Illinois Secondary School Teachers.

Source of Information	Percent
Advertisement in magazine or professional journal	8.9%
Advertisement or information received in the mail	35.7%
Other teachers, resource list, or textbook bibliography	19.7%
Exhibit at conference or workshop	35.7%

[2]Lower mean scores indicate more frequent use.

The overwhelming response, 69.7 percent, regarding the main advantage of teaching aids from business was the "free or low cost."

TABLE 4. Responses Regarding the Main Advantages of Industry-Sponsored Consumer Materials as Viewed by Selected Illinois Secondary School Teachers

Advantage	Percent
Ease of availability	12.5%
Free or low cost	69.7%
Includes lesson plans and/or teacher's guide	8.9%
Other (current content)	8.9%
Total	100.0%

Content Objectivity of Industry-Sponsored Materials

Based on the ranking of the various sources of consumer education materials, teachers viewed resources from publishing companies as most objective and industry-sponsored items as least.

TABLE 5. Opinions of Selected Illinois Secondary School Consumer Teachers Regarding the Overall Content Objectivity of Sources of Consumer Education Instructional Materials

Source	Mean[3]
Publishing company materials	1.79
Consumer organization materials	2.66
Government published materials	2.82
Media (newspaper, magazines, radio, television excluding advertising)	3.25
Industry-sponsored materials	4.48

Regarding the content objectivity of individual sources of business-sponsored consumer materials, the mean scores ranged from 1.31 to 2.44. The sources of business resources rated as being most objective in their presentation of content were: the New York Stock Exchange, the Better Business Bureau, the National Dairy Council, Dow Jones Company, and J. C. Penney Company.

TABLE 6. Content Objectivity of Sources of Industry-Sponsored Consumer Materials as Viewed by Selected Illinois Secondary School Consumer Teachers.

Source	Mean[4]	Responses
New York Stock Exchange	1.31	29
Better Business Bureau	1.33	33
National Dairy Council	1.33	21
Dow Jones and Company	1.35	17
J. C. Penney Company	1.36	36
American Stock Exchange	1.41	17
Household International (Money Management Institute)	1.45	39
Insurance Information Institute	1.48	26
Continental Illinois National Bank	1.58	25
Sears, Roebuck and Company	1.62	28
Citibank of New York	1.67	8
American Bankers Association	1.70	29
Merrill, Lynch Company	1.75	12
National Consumer Finance Association	1.75	16
Kraft, Inc.	1.77	17
National Retail Merchants Association	1.77	9
McDonald's Corporation	1.80	9
Kemper Insurance	1.80	10
General Mills	1.82	17
Illinois Bell Telephone Company	1.83	22
Aetna Life and Casualty Company	1.84	18
Allstate Insurance Company	1.88	16
American Council of Life Insurance	1.89	34
Advertising Council	1.91	20
Amoco Oil Company	2.00	15
Procter and Gamble	2.11	43
Chamber of Commerce of the United States	2.15	13
Kellogg Company	2.22	8
National Federation of Independent Business	2.33	6
National Association of Manufacturers	2.44	9

[3]Mean scores are based on rank orders of the sources; a lower mean indicates more content objectivity relative to the other sources.

[4]Lower mean scores indicate more objectivity of content.

Most Valuable Consumer Education Resources

In response to the request to list the most helpful and worthwhile instructional aids, excluding business-sponsored materials, teachers indicated that the daily newspaper (including The Wall Street Journal) was most valuable. Consumer-oriented periodicals (Consumer Reports, Changing Times, Money, Current Consumer) and consumer education textbooks also received frequent mention.

TABLE 7. Teaching Resources Viewed as Most Helpful by Selected Illinois Secondary School Consumer Educators (Excluding Industry-Sponsored Materials)

Item	Responses
Daily newspapers (including The Wall Street Journal)	16
Consumer periodicals (Consumer Reports, Changing Times, Money, Current Consumer)	15
Consumer education textbooks	13
Government publications	10
Teacher-prepared materials	8
Publishing company filmstrips	7
Publishing company teaching units, cases	6
News magazines (Time, Newsweek, U. S. News and World Report)	5
Guest speakers	4

Conclusions

As a result of the statistical findings, the following conclusions have been developed:

1. All secondary school consumer teachers responding use industry-sponsored materials with varying degrees of frequency. Teachers use free items more often than those with some cost involved.

2. Teachers are informed most frequently regarding industry-sponsored materials through mail advertisements and at convention exhibit areas. The free or low cost of these teaching aids is viewed as the main appeal.

3. Most teachers appear to be aware of potential bias in business-sponsored consumer materials. In addition, many teachers believe students are sophisticated enough to realize the promotional intent of many materials from business organizations.

4. A distinct pattern does not exist between the objectivity of individual company materials and those of trade associations. A number of each were rated as both "very objective" and "biased."

5. Teachers believe that despite biased aspects, most industry-sponsored consumer materials serve some educational value. As a textbook supplement and to present varied opinions were viewed as two common benefits.

Recommendations

Based upon the findings of the study, the following recommendations are offered:

1. Consumer educators should use a variety of instructional resources. Teachers must attempt to detect potential bias in all teaching materials including those offered by business organizations. While industry-sponsored teaching aids may have educational value, the merit could be outweighed by slanted content and advertising messages.

2. Consumer educators must take precautions when using industry-sponsored materials. This includes the presentation of opposing views, discussion regarding biased statements, and creation of awareness among students regarding potential advertising messages.

3. Consumer educators should avoid using business-sponsored materials which serve no other purpose than to promote a particular company or industry. This situation can exist when an instructional aid is prepared without input from educators; or, if an item involves a topic not within the scope of the business organization.

4. Consumer educators must utilize the potential educational value of biased instructional resources. Students should be taught to recognize the economic benefits of these materials to a business. In addition, students must develop the ability to recognize and investigate potentially biased statements.

5. Consumer educators should be consulted by business organizations when developing materials intended for class use. In addition, teachers, parents, and consumer advocates must exert pressure to assure the objectivity of industry-sponsored instructional materials.

6. Organizations concerned with consumer education must assume a role in the evaluation of all instructional materials. Efforts to critique potentially biased resources are a necessary function of consumer education groups.

A teacher's awareness of biased content in a particular item can only result from scrutiny and use of varied instructional resources. Every consumer educator has a professional responsibility to regularly preview, analyze, and evaluate learning materials. Only after such efforts will slanted content and unintended company endorsements be phased out of classrooms.

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RESEARCH IN DEVELOPMENT OF CAREER COMPETENCIES: HOME ECONOMICS EDUCATION COMPETENCIES AND CAREER ALTERNATIVES RESEARCH

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This afternoon we will share with you a national study designed to examine career alternatives for home economics education graduates. We will talk with you first about how the study was initiated, then explain the standardization process of home economics education competencies and last, discuss the methodology for the career alternatives research being conducted at the Ohio State University.

Initiating the Career Alternatives Research

The American Vocational Association (AVA), Home Economics Division, has a standing research committee. The membership of the committee is comprised of selected home economics education researchers representing 15 universities or state education departments. The committee which is chaired by Dr. Elizabeth Simpson, Dean of the School of Home Economics, University of Wisconsin, has the charge to encourage independent and cooperative research on priority issues. During the committee meeting in December of 1981, considerable discussion was held on the current status of home economics education programs. Home economics education programs have been placing particular emphasis on reaching new audiences. As new audiences are identified, new occupations or careers will be provided for graduates. Out of this discussion a priority issue was identified: career alternatives for home economics education graduates.

As a member of the research committee I was named as contact person. In this case a contact person is one who people contact if they have or are currently conducting research on this topic or if they are interested in a cooperative research effort.

Five universities at this point have agreed to focus on the topic along with The Ohio State University (OSU) by conducting both independent and cooperative research. Those universities are:

a) University of Minnesota - completing a study of employers expectation of home economists in business and industry.

b) Florida State University - interested in cooperative research efforts.

c) Purdue University - currently completing a study identifying competencies needed by home economics media specialists.

d) Oklahoma State University - will examine the data base from American Home Economics Association (AHEA) membership survey.

e) Iowa State University - will complete case studies and focus groups.

f) Ohio State University - synthesize research completed at this time related to the topic. Will conduct a national study.

I would like to point out at this time we are committed to our education programs in home economics. Our studies are well grounded in each of the subject matter areas of home economics, they are generalists not specialists. Their greatest salable strength is their educative process orientation. Our graduates are skilled in planning, organizing, evaluating, communicating and human relationship skills among others. They must demonstrate these skills in an undergraduate program under qualified supervision in order to obtain certification. Students move from peer teaching, microteaching, a variety of field experiences to student teaching as these process skills are emphasized. We believe these skills which are essential in teaching in formal settings are equally valuable to the employer in community agencies, business and industry. In order to expand career options we believed a systematic examination of home economics education graduates who are employed in non-traditional settings was needed. Dr. Ruth Dohner and I are conducting such a study with the support of the Bureau of Adult and Vocational Technical Education in the U.S. Department of Education.

Standardization of Competencies in Home Economics Education

In preparing home economics educators in higher education there are essentially three components of an undergraduate program model ("Competency-based," 1974).

(1) General Education - courses that comprise learning common to all educated people, i.e. mathematics, language, literature, science.

(2) Specialized Education - courses in field of knowledge that prepare the home economist, i.e. family and child development, home management and housing, clothing and textiles, food and nutrition.

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(3) Professional Education - courses that provide competence as an educator of home economics using educative process to help people learn.

Examples of program models that have been implemented can be found in the 1981 AHEA Yearbook (Ray, 1981) including the Ohio State University's program (Gritzmacher, 1981).

Within the home economics profession there has been a demand for program accountability and accreditation expectations. This calls for clarification and standardization of professional preparation and competence as a basis for evaluation of home economics education graduates prior to and during employment.

There have been several national efforts to standardize what we do in the specialized and professional education components of home economics education programs. Several of the major efforts at clarification and standardization of preparation will be described here. There are many interim steps that will not be discussed.

The first standardization effort was related to secondary home economics rather than the undergraduate program, but was a significant first step. It answered the question what should be taught in secondary home economics programs?

From 1962-1964 seven workshops were sponsored by the home economics branch of the U.S. Office of Education in cooperation with various universities. The workshop participants examined specific home economics subject areas and then developed an outline of supporting concepts and generalizations. The final workshop included 31 participants who finalized the concepts that generalizations for all subject areas taught in secondary programs. This publication is called Concepts and Generalizations: Their Place in High School Home Economics Curriculum Development (1967), called in the profession the "Bird Book." This then established what home economics educators teach. The next step is to establish what competence is needed to teach these concepts and generalizations.

The second significant step was identified by the AHEA teacher education section and is related to the professional education component of an undergraduate program. This effort was to identify the basis for assessing professional abilities of all home economists as related to their roles in the educative process. Although not always labeled an 'educator' home economists are often involved in the teaching and learning process in professional roles of many kinds ("Competency-based," 1974).

This second step was accomplished through a national invitational workshop held in Ames, Iowa. Seventy-one home economists from all subject matter areas and professional sections of AHEA had sent representatives and others were chosen because of their interest in competency-based education or home economics teacher education. From this group a series of pre-professional and professional level competencies were established. Criteria were written for evaluating these competencies. This publication is called Competency-Based Professional Education in Home Economics: Selected Competencies and Criteria (1972) or the "Tree Book". Here are two examples of these statements:

1) The participant (home economist) will formulate and communicate internally consistent professional beliefs based on philosophies of home economics and of education in the context of contemporary society. (p. 11).

2) The participant (home economist) will organize home economics offerings into a sequential and integrated pattern to meet the needs of given audiences. (p. 15).

After these competencies were established teacher educators felt a need to find ways to evaluate whether their graduates met these competencies. A document was compiled by home economics teacher educators to meet this need. This publication is called Instruments for Assessing Selected Professional Competencies for Home Economics Teachers (1978). This includes a collection of instruments which home economics educators were willing to make available to fellow professionals.

The third major effort is related to the specialized education component of an undergraduate program. This effort established competencies graduates would possess in the subject matter areas. In 1978 the U.S. Office of Education, Bureau of Occupational and Adult Education with the endorsement of AHEA, AVA and Home Economics Education Association (HEEA) held an invitational clinic in Kansas City. Invited participants wrote the subject matter competencies. These competencies were validated by circulating them to 3-4 subject matter specialists from the AHEA subject matter sections. This publication is called Competencies from Home Economics Teachers: Selected Competencies in Clothing/Apparel and Textile Products, Consumer Education and Management, Housing and Living Environments, Human Development and Family, Nutrition and Food Management (1978).

The home economics profession now has in place a set of competencies and criteria for specialized and professional education in home economics education. These efforts in identifying these competencies and having them in operation by colleges and universities as guidelines for 5-10 years, makes us feel as though this background is a substantial basis for following graduates and the jobs they hold.

Approaches to Career Alternatives Research

We will leave the historical component of standardization in this profession and move to approaches we examined in research career alternatives. It seemed when we began the question was who will employ home economics education graduates? Where can home economics education graduates find jobs?

Originally we thought we would go directly to the employer and find out whether they would hire graduates with these clearly defined competencies. We discussed this approach with people who have done research with business and industry or worked in business and industry. This discouraged us from taking this approach. They described the following problems.

1) A researcher can be assured of a low percentage of returns from business and industry and, therefore, the study would be very costly to conduct.

2) Personnel divisions in companies can be very diverse and sometimes individual departments do hiring. Therefore, whom do you interview or send a survey in a company?

3) When you go to an employer and ask them if they would hire a person with these competencies an employer's response can only be speculative, hypothetical. They may say they would hire a person with those qualities but would they actually hire one?

After these discussions we decided the focus of our research had to be on the graduates, what kinds of competencies they possessed, where they had jobs and what the jobs entail rather than to focus on the companies. Therefore, the purpose of the research currently underway at the Ohio State University is to study graduates with home economics education competencies who pursued alternate careers.

Career Alternatives Research Objectives and Methodology

In reviewing the literature we looked specifically for studies examining occupational careers of home economics graduates. There are no national studies that had a wide focus of the job and the person on the job. There are some related studies of graduates from specific universities. Three master's studies looked at the differences between graduates holding home economics related and home economics non-related jobs and another examined career choice.

Mitchell (1978) examined the relationship among occupation, job satisfaction and personal needs of home economics education graduates. The sample consisted of 188 graduates from University of Tennessee. Graduates in related home economics jobs were more satisfied than those in non-related jobs and personal need for a job did not differ for home economics education graduates than the norm of women on the Edwards Personal Preference Schedule. Mitchell also found that 99 percent of the variance in job satisfaction could be accounted for by personal need.

Pursell (1976) surveyed 123 graduates from the University of Nevada-Reno. The Job Competency Evaluation Form developed by Pursell was validated by the developers of the "Tree Books" and reliability was established based on a test/retest method. This study showed that graduates in home economics related jobs had greater need and use of education competencies than those in non-related jobs. Harken (1976) used the same sample as Pursell and found that a major portion of the graduates were employed outside of the home and worked in traditionally related home economics employment.

Hodgkins (1977) studied three factors influencing career choice of 446 graduates of Louisiana State University. These factors were family composition, adequate preparation and personal need. Hodgkins found that numbers and ages of children had an effect on occupational status. Home Economics graduates perceived their college programs as adequately preparing them to pursue their home economics related occupations. She also found that graduates who pursued a home economics related career tended to do so largely for personal satisfaction.

In the first three studies (Mithcell, 1978; Purcell, 1976; Harkens, 1976) the home economics related and non-related home economics occupations were decided by the participant, therefore, it is unclear what jobs fit into these categories from these studies. Home economists may view only traditional jobs as home economics related. Even if that is the case the numbers in these studies of non-related or non-traditional careers is small and did not provide any definitive insights. There needs to be more precise determination of job categories in studying careers.

There seems to be several variables looked at in these studies that held promise and should be considered in the national career alternatives research, i.e., job satisfaction, competencies needed and used on the job and gained at the teacher training program, personal need, and family composition.

Based on these findings and other literature review the objectives of this research are to:

1. Identify and categorize career alternatives via job description and titles in business, industry and community agencies for graduates with degrees in home economics education.

2. Analyze job environment, responsibility, job satisfaction, preparation and competence, and personal need, in relation to careers of home economics education graduates in business, industry and community agencies.

The research is designed in two parts, quantitative and qualitative. The quantitative will include a sample of home economics education graduates from 264 colleges and universities in the United States. These graduates will be idenfied by the teacher educators in the institutions from which they graduated. This will be accomplished with a mailed questionnaire to all home economics teacher education institutions. Criteria for naming graduates is that they have at least one degree in home economics education and be employed in a unique career (other than teaching, extension and utility companies) for one to ten years.

After the home economics education graduates have been identified they will be contacted by mail to determine whether they meet the criteria and if they are willing to participate in the study. Those who wish to participate will receive a packet of instruments and a questionnaire.

The instruments and questionnaire will measure (a) job satisfaction-evaluation of one's job and responses to activities, events and conditions on the job, (b) job preparation and competence, measured by the Job Competency Evaluation Form developed by Pursell (1976), (c) personal need, (d) job responsibliity and promotional potential, (e) job environment and organizational structure. The data collected will be analyzed to determine categories of unique careers home economics education graduates hold and descriptors of the career and people in these careers.

The qualitative component of the research will use two strategies to provide indepth descriptions of these careers and job opportunity categories available to home economics education graduates. The strategies will help describe interactions and other details of the job that are difficult to qualify. Case study interviews will be conducted. The researcher will follow several people holding these jobs, take notes about their daily responsibilities and encounters with people, and from these notes describe this career. Focus groups (Calder, 1977) will be conducted to do some problem analysis in regard to the unique jobs held by home economics education graduates. These two methods will obtain more specific information to aid in advising potential students and making adjustments in teacher education programs training these graduates.

This research to examine career alternatives for home economics education graduates comes at a time of need in the profession, but, is also placed appropriately in our history. Past efforts in clarifying what home economics educators are prepared to do makes it possible for us to expand our audiences and identify new career opportunities for the future.

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AN ANALYSIS OF COMPETENCIES FOR UNIVERSITY GRADUATES MAJORING IN CONSUMERS' ECONOMICS IN HOME ECONOMICS AS PERCEIVED BY EDUCATORS, FEDERAL LEGISLATORS, CONSUMER PROTECTION AGENCY DIRECTORS, AND ATTORNEYS GENERAL

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Abstract

Purpose was to develop a list of competencies and compare perceptions of competency desirability and attainment as rated by educators, federal legislators, and attorneys general. No significant differences were found in the desirability ratings within or between groups. Significant differences were found between desirability and attainment levels of both groups.

Introduction

The complexity of the contemporary commercial marketplace has fostered a trend toward increasing the countervailing power of the consumer through consumer advocacy and protection. In the past decade, awareness of consumer fraud and its particularly devastating effects on the young, the poor, the disadvantaged, and the elderly has brought about a public focus and political response to this problem.

A widely held opinion among consumer protection authorities is that preventative activity through consumer education rather than remedial legal action is the ultimate solution. In 1973 Karanjian noted:

Only recently have most Attorneys General realized the great potential of consumer education as a preventative device...Such education is increasingly being viewed as a primary, not ancillary, function of their consumer protection activity. (7, p. 422)

Emphasis on consumer education and the need for it is apparent. The impetus has taken an interdisciplinary tack. Peter Drucker has observed this trend:

Now we are increasingly organizing knowledge and the search for it around areas of application rather than around the subject areas of the discipline...this is a shift in the meaning of knowledge from an end of itself to a resource. (5, pp. 351-352)

The discipline of home economics has long been associated with the goal of improving the quality of life for individuals and families. Ronald Stampfl has defined the present role of home economics in regard to consumers' education:

The challenge is clear and compelling. It is the home economist, trained in the user perspective who can best help American consumers understand and function in the post-industrial society. And it is the home economist whose input must be sought as government, business, and educational institutions attempt to aid consumers in solving the problems they are sure to encounter as our economic system continues to evolve. (9, p. 27)

However encouraging to educators the avowed resurgence of interest in consumers' education, authorities warn of accompanying problems. Creighton has cautioned:

The continuing frustration of consumer educators has not been so much a lack of support as it has been a lack of well defined goals and methods. As a consequence of this divergence between task and tools, consumer education has been handicapped by an absence of sense of purpose and ambivalence of viewpoint. (3, p. 80)

Concern regarding the relevancy and accountability of consumer education has stirred interest in the application of the principles of competency-based education to the discipline. Competency-based education provides a learning environment in which explicit statements of desired competencies and criteria for evaluation are designed and made known to the participants. Learning achievement of specified competencies is defined from the systematic analysis of end performance that is desired. Morse and Terrass simply explain competency-based education as "a procedure in which persons come to understand that various competencies are expected of them...then demonstrate that they have attained the competencies required". (8, p. 33)

Garman (6) assessed the consumer education literacy of perspective consumers' education teachers as measured by a valid and reliable test. Overall achievement was less than 60 percent indicating a mediocre level of comprehension of cognitive consumer education concepts. He found no other comprehensive study which measured consumer education literacy by means of a cognitive education test.

Purpose of the Study

The primary problem of this study was to determine the degree to which identified competencies in consumers' economics were perceived as desirable and attained by university graduates majoring in consumers' economic in home economics. Competencies were rated by two groups: (1) Educators in consumers' economics at the university level, and (2) federal legislators, consumer protection agency directors, and attorneys general.

The underlying assumptions of this study were: (1) The state government level is the center of consumer protection and advocacy in the United States; (2) The office of the attorney general is the state level office most commonly charged with protection of consumers' interests; (3) Federal legislators present the constituency in matters of consumers' education program funding and research development; (4) The consumers' economics major in home economics has expertise to mediate, counsel with the

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public in regard to consumer problems, and provide relevant education opportunities to consumers.

This study had four main purposes. They were to:

1) Develop a list of competencies based on a review of literature and personal experience gained through a 6-week internship in the Consumer Protection Division, the Office of the Attorney General, the State of Texas.

2) Determine the competency attainment level of graduates with a major in consumers' economics in home economics as perceived by educators, legislators, consumer protection agency directors, and attorneys general.

3) Compare the perceptions of educators, federal legislators, consumer protection agency directors, and attorneys general in regard to relevant program development.

4) Analyze research findings with conclusions and recommendations designed to improve consumers' economics curriculum planning and implementation at the university level.

Four null hypotheses were established. The null hypotheses form was used because it was better fitted to statistical techniques involving scores and ratings and there was no previous research as to the perceptions of the groups surveyed on which to base a directional choice. The hypotheses were:

1) There is no significant difference between the perceived level of competencies attained by consumers' economics majors in home economics and the desired level of competency as rated by educators in home economics.

2) There is no significant difference between the perceived level of competencies attained by consumers' economics majors in home economics and the desired level of competency as rated by federal legislators, consumer protection agency directors, and attorneys general.

3) There is no significant difference in the ratings of competencies educators perceive as desirable for consumers' economics majors to achieve and the ratings of competencies legislators, consumer protection agency directors, and attorneys general perceive as desirable.

4) There is no significant difference in the ratings of competencies perceived as attained by consumers' economics majors in home economics by educators in home economics and legislators, consumer protection agency directors, and attorneys general.

Procedure

The research sample consisted of educators, federal legislators, consumer protection agency directors, and attorneys general. The names and addresses of consumer protection agency directors were taken from the Directory of Consumer Protection and Environmental Agencies (4). Every federal legislator listed in the directory of the 95th Congress (2) was surveyed. The colleges and universities selected for this study were those obtained in research by Burton (1) in which 20 schools offering programs in consumer economics in home economics were identified. The compilation was based on information obtained from a questionnaire sent to 3,000 persons listed in the January, 1976, issue of the American Council on Consumers' Interests Newsletter requesting response from personnel at institutions with consumer related degree programs.

The instrument was developed by the researcher after an extensive review of literature in the field. Content validity was established by a panel of experts. After validation 100 competencies representing a broad range of consumers' education topics were categorized into six major competency areas, fourteen terminal objectives, and eighty enabling objectives. A five-point Likert type rating scale was used to survey the respondents' perceptions. The instrument was sent to 28 educators, 585 federal legislators, and 48 consumer protection agency directors and attorneys general.

Findings

Instrument ratings were tabulated and reported using ranges, means, and frequencies. The null hypotheses were tested using analysis of variance and paired t-tests. The data were summed to yield total scores for the six major competencies: A - Evaluating money management techniques for effectiveness; B - Assess the role of government in protecting the consumer; C - Evaluate roles of advertising in consumer purchasing; D - Evaluate the legal rights, responsibilities, and procedures of redress related to consumer purchasing; E - Develop a set of values and appraise the effect of value systems on consumer behavior; and F - Evaluate wise consumer buying skills. The six major competency areas were tested as to differences in desirability and attainment level ratings within each group and among all groups. One overall measure of desirability on all competencies was tested as to the difference between desirability and attainment level ratings. The .05 level of significance was used.

Analysis Within Groups

The first two hypotheses were tested by analysis of ratings within groups. The means of each groups' ratings were computed per item per competency for both the desirability and attainment levels. A total competency desirability sum and competency attainment sum were obtained for each group. The means of Group One, educators, and Group Two, legislators, agency directors, and attorneys general were found to move in the same direction with competency desirability means generally higher than competency attainment means for both groups. Educators indicated attainment levels less than desirable in all competency areas surveyed with the following exceptions: