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**PERSONAL ADAPTATION TO STAGFLATION: A SOCIAL LEARNING
PERSPECTIVE**

City University of New York

PH.D. 1982

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PERSONAL ADAPTATION TO STAGFLATION:

A SOCIAL LEARNING PERSPECTIVE

-by-

JOSEPH Z. WISENBLIT

A dissertation submitted to the Graduate Faculty in Business in partial fulfillment of the requirements for the degree of Doctor of Philosophy, The City University of New York

1981

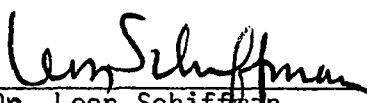
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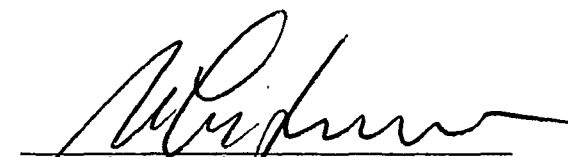
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ABSTRACT

PERSONAL ADAPTATION TO STAGFLATION:
A SOCIAL LEARNING PERSPECTIVE

-by-

Joseph Z. Wisenblit

Adviser: Professor Leon G. Schiffman

This dissertation was designed to examine the adaptation patterns of consumers to the economic stagflation of the 1970s and the early 1980s from a social learning perspective. Consistent with social learning theory, it was proposed that the individual's economic situation early in life is an important learning experience, and that this construct is a significant explanatory variable regarding his (or her) consumer attitudes and behavior during stagflation.

Early economic learning was operationalized as an experience of economic deprivation early in life or the absence of such an experience. Thus, the sample generated included

individuals who had experienced economic deprivation early in life, and a group of subjects who did not have such an experience. The focus of this study was on comparing the adaptations to stagflation of the two groups. Economic deprivation was measured through the subject's recollection of early life experiences that are indicative of economic deprivation and through the individual's perceptions of his (or her) economic situation early in life.

Personal adaptation to stagflation, defined as the dependent variable, was assessed through measuring the following constructs: (1) attitudes toward using credit and saving money, (2) attitudes related to present financial pressures, (3) consumption behavior aimed at coping with stagflation, (4) attitudes toward energy consumption and the use of limited resources, and (5) energy conservation behavior.

The findings of this research are based on data collected through personal interviews of a non-probability quota sample of 414 New York City residents. A nine-part questionnaire was administered during each interview. In addition to the measures of economic deprivation and of adaptation to stagflation, the questionnaire included measures of locus of control and a number of demographic descriptors. These constructs were also defined

as independent variables and the relationship between economic deprivation and adaptation to stagflation was explored within the context of these factors. Twelve hypotheses were formulated to investigate this relationship, and two hypotheses were designed to examine locus of control as a moderating factor between attitudes and behavioral patterns related to stagflation.

When economic deprivation was tested within the context of the other independent variables, it was revealed that individuals who had experienced economic deprivation had a less favorable attitude toward using credit, exhibited higher mental strain related to present financial pressures, and perceived the impact of present economic hardships as more severe, than subjects who did not experience early economic deprivation. There was some indication that the economically deprived display consumption behavior aimed at coping with stagflation and energy conservation behavior more frequently, and that they are early adopters of these behavioral patterns. Locus of control appeared to have limited explanatory ability in relation to adaptation to stagflation.

The findings indicate that individuals who had experienced economic deprivation early in life adapt to stagflation differently than persons who did not have such an experience. These results

suggest that early economic deprivation is a valuable construct for market segmentation and for designing product strategy during stagflation. Consumers who had experienced early economic deprivation appear to be more receptive of public policies targeted at reducing inflation and economic instability, and of new products and services aimed at saving money. On the other hand, these individuals might be less innovative, and replace products less frequently. Additional research designed to develop improved measurements of early economic deprivation must be undertaken before this construct can be successfully incorporated into marketing strategy.

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Joseph Wisenblit

New York City

October 1981

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CHAPTER I

INTRODUCTION

The objective of this dissertation is to explore the relationship between economic learning early in life and adaptation to the economic stagflation of the 1970s and the early 1980s. The remainder of this section includes an overview of stagflation. This presentation is followed by a discussion of the theoretical framework for this study and its application to studying adaptation to stagflation, the study's objectives, its significance, and the scope and limitations of this research. The chapter concludes with an outline of this dissertation.

Overview of Stagflation

Numerous marketers and public policy makers (e.g., Backman, 1978; Caplovitz, 1978a; Katona and Strumpel, 1978a; Netschert, 1978; Shama, 1980) have concluded that the 1980s represent a new era in which many economic theories that had considerable predictive ability during the 1950s and the

1960s are of limited value. Furthermore, they suggest that there is a strong possibility that the 1980s, like the late 1970s, will be characterized by a stagnant economy where growth would be replaced by staying where we are. Still further, they argue that in order to develop effective marketing strategies and effective public policies, both marketers and policy makers must better understand the consumer of the 1980s who is experiencing a consumption environment that is considerably different from the economy of the 1950s and the 1960s.

The quarter century after World War II was a period of rapid growth. Poverty was greatly reduced and most Americans were affluent in the sense that they were in a position to spend money on many things they chose to have rather than on necessities. The major reason for this economic prosperity was that energy and most raw materials were readily available and inexpensive. Furthermore, a mobile and skillful labor force was available from the shrinking agricultural sector, the closing of inefficient enterprises, immigration, increase of female participation in the labor force, and a rapid expansion of educational attainment. Still further, most of this new labor force was absorbed in the increasing production and distribution of many new goods and services encouraged by general consumer willingness to buy, population growth, and accelerated growth

in the housing and automobile industries due to suburbanization. Also, since wage and salaries increases in the 1950s and the 1960s exceeded price increases, the rate of saving was fairly constant and capital was available for investors at a low rate of interest (Galbraith, 1958, 1967; Katona, 1960, 1964; Katona and Strumpel, 1978; Katona, Strumpel, and Zahn, 1971; Lauterbach, 1972).

The 1970s differed from this earlier period in many respects: (1) the prices of energy and raw materials rose sharply coupled by concerns over their future availability (Backman, 1978; Katona and Strumpel, 1978; Netschert, 1978; Shama, 1980); (2) inflation became rapid and was accompanied by a growth in unemployment, and both phenomena severely weakened consumer confidence and trust in the ability of experts and government to effectively handle the nation's economic problems (Caplovitz, 1978a; Katona and Strumpel, 1978; Shama, 1980); (3) the pressures of inflation and recession were accelerated by growing attention and concern regarding the environment (especially the extent of pollution) because many of the pollution control standards and environmental constraints raised the operating costs of many industries (Backman, 1978; Commoner, 1972; Heller, 1972; MacDonald, 1972;

Netschert, 1978). This economic environment of continuous inflationary pressures, frequent recessions, and various shortages is termed "stagflation" (Backman, 1978; Katona and Strumpel, 1978; Shama, 1980).

Theoretical Framework

The theoretical framework proposed for this research is social learning theory. The origin of this theory is the conceptualization presented by Kurt Lewin who suggested that behavior is a function of the individual and of the environment in which it is committed (Lewin, 1935). This descriptive theory was later developed into a predictive model, the subjective expectancy value framework (Edwards, 1954). This model stated that, based on past experiences, the person develops subjective expectations regarding the outcome of behavior. These expectations were operationalized as attitudes by Rosenberg (1956, 1960), and later researchers (e.g., Bandura and Walters, 1963; Fishbein, 1963, 1967; Rotter, 1966) proposed various frameworks that focused on the relationships between cognitions and behavior. This literature is reviewed in Chapter II.

In contrast to the theories mentioned so far that have concentrated on the generic constructs of the learning process (i.e., cognitions and behavior) and on the relationship between these dimensions, theories of human development (e.g., Freud, Erickson, Jung) have focused on the cognitive constructs that the individual forms, through interactions with his environment, early in life. These researchers maintained that such cognitions are major determinants of later behavior. However, neither the researchers who have focused on the constructs of learning nor those who have concentrated on the influence of experiences early in life on later behavior have proposed a theory of economic learning; that is, a framework that is concentrated on the effects of economic experiences early in life on later consumption behavior. Like other social scientists, consumer behavior researchers have not developed a comprehensive model to study this interaction.

Application to Adaptation to Stagflation

Since it is generally believed that all consumer behavior is learned behavior (Schiffman and Kanuk, 1978), the relationship between a past economic learning experience and adaptation to the present economic environment is explored in this dissertation.

The economic learning experience is operationalized as the subject's recaptured and perceived economic deprivation early in life. The adaptation to the present economic environment (i.e., stagflation) is defined as attitudes related to consumption of products and services, actual consumption patterns, and changes in these constructs caused by the changes in the economic environment during recent years. The logic supporting these conceptualizations is now presented.

As mentioned earlier, in order to develop effective marketing strategies and effective public policies, a better understanding of consumers in the environment of the 1980s is required. Nevertheless, most of the research on the influence of stagflation on the individual has been observational (e.g., Caplovitz, 1978a, b; Roberts, 1978; Yankelovich, Skelly, and White, 1975). These studies established that the impact of stagflation on consumers' attitudes, expectations, and consumption patterns has been considerable. However, prior to this study, no researcher has attempted to examine personal adaptation to this new economic era from some theoretical perspective.

The emphasis of human development researchers on learning early in life was incorporated into this work by examining the subject's early economic experience. The concentration

of human learning and motivation researchers on subjective cognitions developed through personal experiences and their effects on later behavior, was integrated into this study by examining both economic learning and adaptation to stagflation in terms of cognitions as well as behavioral patterns. Thus, this research constitutes an exploration of personal adaptation to stagflation from a social learning perspective.

Objectives of this Study

The focus of this dissertation is on examining the adaptation patterns of consumers to stagflation from a social learning perspective. Consistent with social learning theory, it is proposed that the person's economic situation early in life is an important learning experience. Furthermore, it is suggested that this construct is significantly related to the individual's attitudes toward stagflation, and to his (or her) consumption behavior during this economic era.

Early economic learning is operationalized as an experience of economic deprivation early in life. In order to generate a sample which includes individuals who had experienced economic deprivation early in life, as well as persons who did not have

such an experience, two birth cohorts are examined in this study.

A birth cohort is defined as "those people who experienced the same significant life event within a particular period of time" (Glenn, 1977, p. 9). The two cohorts included in this study are older and younger adults. It is proposed that many older individuals who, early in life, have lived through a period characterized by vast economic instability (i.e., the Great Depression of the late 1920s and the 1930s) are likely to have experienced economic deprivation early in life. On the other hand, younger adults (i.e., individuals who were born after World War II), who have grown up during the 1950s and the 1960s, are likely to have experienced considerably less economic hardships within a similar period in their life. Thus, the objective of including older and younger adults in the sample used for this study was to generate a group of individuals who are likely to have had different economic learning experiences early in life.

Cohort analysis states that differences in cognitive and behavioral patterns among cohorts can be classified according to three types of effects (Glenn, 1977):

1. Age effects--effects produced by the process of aging.

2. Cohort effects--effects produced by belonging to a particular "birth cohort" (a term often synonymously used with the word "generation").
3. Period effects--effects produced by the influences of each period of time.

It must be stressed that the focus in this research is the period effects of economic deprivation early in life on adaptation to stagflation; thus, the purpose of this research is not to measure the effects of aging, or the effects of belonging to a particular birth cohort on present cognitions and behavior. Subsequently, this study is concentrated on comparing the adaptation to stagflation of individuals who had experienced economic deprivation (i.e., either younger or older) to that of subjects who did not have such an experience (i.e., either younger or older). Such a comparison constitutes a valuable research direction because it provides indication regarding the explanatory value of social learning theory, operationalized as an experience of economic deprivation early in life, in relation to personal adaptation to stagflation.

Examining adaptation to stagflation of both younger and older adults in relation to economic learning is consistent with the view maintained by many gerontologists that differences

in values and attitudes among age groups are less a function of aging than of historical experiences (e.g., Anderson, 1972; Bennett and Eckman, 1973; Larsen, 1978; Neugarten, Havighurst and Tobin, 1968; Roscow, 1974). In marketing, such approach was supported by a recent study (Barak and Schiffman, 1980) which demonstrated that nonchronological age variables should receive more attention in consumer behavior.

Significance of the Study

The importance of this research is outlined in terms of its contribution to the existing literature and its application in marketing.

Research Contribution

This study offers two major contributions to the existing research. First, economic learning has not been applied to the study of personal adaptation to stagflation. Furthermore, so far, researchers of economic stagflation have observed the considerable impact of stagflation on the individual, but neglected to examine personal adaptation to the new economic era from some theoretical perspective. It is hoped that

this study illustrates that, establishing a-priori propositions developed on the basis of an existing theory, regarding adaptation to stagflation, holds considerable explanatory value for comprehending this dimension.

Second, this study relates a particular learning construct, the subject's early economic experience, to consumer behavior. Such an application is rare in consumer behavior, where the treatment of learning theory has been mostly conceptual. Such an approach may encourage researchers to develop a theory of economic learning specific to consumer behavior.

Marketing Applications

Marketers constantly search for new approaches to segment markets. It is hoped that this study illustrates that, incorporating economic learning early in life into marketing segmentation during stagflation, will result in more effective marketing strategies. Such an innovative segmentation approach is valuable to marketing practitioners who, since the mid 1970s, have been facing a consumption environment and markets that are different from the ones which have existed before.

Also, the fact that half the sample consists of older individuals is congruent with the increasing attention that marketers and public policy makers have paid to this fastest growing population segment (e.g., Brotman, 1976). It was estimated that the elderly population constitutes an aggregate market of \$60 billion (Reinecke, 1976). On the other hand, many studies showed that, due to the rapidly rising cost of living, the financial situation of many aged persons is often precarious (e.g., Clark, Kräps, and Spenglers, 1978; Fox, 1970; Mason and Bearden, 1978; Myles, 1980; Rix and Sheppard, 1980). It is hoped that the findings of this study will assist marketers and public policy makers, operating during stagflation, to communicate with the elderly more effectively.

Scope and Limitations

This research examines the relationship between early economic experience and adaptation to stagflation, in the context of several factors that are considered to affect this interaction. Thus, the study includes the examinations of perceived and recaptured economic situation early in life, one personal construct (i.e., locus of control), several demographics, and attitudes and consumption patterns related to stagflation.

The major questions addressed by the data analysis are:

1. How does adaptation to stagflation of persons who had experienced economic deprivation early in life differ from adaptation patterns of individuals who did not have such an experience?
2. What is the contribution of economic experience early in life to adaptation to stagflation, in the context of other personal factors?

The generalizability of the finding of the study is limited because the results are confined to the sample used here (i.e., two birth cohorts). Furthermore, economic learning was operationalized as economic deprivation early in life, and the effects of other economic experiences were not examined. Still further, the examination of personal adaptation to stagflation was largely confined to attitudes and consumption related to specific products and services; thus, the results may not be generalizable to all consumer behavior during stagflation.

Organization of the Study

In this chapter, an overview of stagflation, the theoretical framework for this study, the objectives of this research, its significance, and its scope and limitations were outlined.

The literature reviewed in the second chapter provides the theoretical framework for studying human learning and personal adaptation to stagflation. This review focuses on the different models of social learning, and on the dimensions that were proposed to underlie the adaptations of consumers to the present consumption environment.

The research methodology employed in this study is presented in Chapter III. Here, the research model, research variables and their measurement, and research hypotheses are outlined. A discussion of the data collection procedures and the sampling design is also included in this chapter.

In Chapter IV, the data analyses performed and the resulting research findings are enumerated. The results are presented separately for each pattern of personal adaptation to stagflation, and they are summarized according to their relevance to each of the factors defined as explanatory variables in this study.

A summary of the findings, conclusions and marketing implications and suggestions for future research are provided in the final chapter.

CHAPTER II

LITERATURE REVIEW

Introduction

The theoretical framework for this dissertation is reviewed in this chapter. This literature review is focused on social learning theory. A presentation of the initial conceptualization of social learning is followed by a review of the major models that are congruent with this theory. The literature review on the impact of stagflation is focused on the dimensions that were proposed to underlie personal adaptation to stagflation.

Social Learning Theory

The theoretical framework for this dissertation is social learning theory. The origin of this theory is the conceptualization presented by Kurt Lewin, a psychologist who greatly influenced many researchers concerned with human learning and motivation. Lewin suggested that in order to understand and predict a

particular behavior we have to look at both the characteristics of the person and the environment in which the behavior is committed because this behavior is a function of the individual and the environment. Lewin termed this overall system "the field," hence the term "field theory" (Lewin, 1935). The influence of Lewin's theory on social psychology, and through psychology, its impact on consumer behavior has been considerable (Kassarjian, 1973). However, Lewin never developed his descriptive theory into a predictive model, and most of the work implementing his notions in an experimentally testable fashion was conducted by Edward Tolman (Korman, 1974).

Adopting Lewin's "field" approach, Tolman was interested in the accomplishments and adjustments of individuals in a particular environment (Tolman, 1932). Although Tolman's experiments were conducted within the framework of conditioning paradigms, he departed from the notion of many conditioning researchers which held that behavior was only a function of the experimental manipulation of the environment (Korman, 1974). Tolman felt that any individual carries into the experimental situation certain genetic characteristics and previous learning history, and thus individual differences as well as environmental variations are the determinants of response. Based on his

experiments, Tolman concluded that people learn "expectations"; that is, beliefs that a given response will be followed by some event. Tolman argued that these events could be positive or negative reinforcers and that people learn to perform (or increase their probability of performing) behavior that they "expected" to lead to a positive outcome. Thus, past success and satisfaction serve as strong reinforcing forces to promote learning in the acquisition process of new opinions and attitudes (Tolman, 1932). In essence, Tolman has established the framework for the expectancy value model (Fishbein and Ajzen, 1975).

The Expectancy Value Approach

Perhaps the best known expectancy value theory is the subjective expected utility model developed by Edwards (1954). This theory states that, when a person has to make a behavioral choice, he will select that alternative which has the highest subjective expected utility, that is, the alternative which the person expects to lead to the most favorable outcome. Rosenberg (1956) introduced an explicit expectancy value model operationalized as an attitude. Rosenberg defined attitude

as a "relatively stable affective response to an object" (1956, p. 367), and argued that the attitude is accompanied by a cognitive structure of beliefs regarding the potentialities of a particular object (e.g., an action or a policy) for attaining or for blocking the realization of goals desired by the individual. Rosenberg (1956) claimed that the more such an object was instrumental to obtaining positively valued goals or consequences, and to preventing negatively viewed outcomes, the more favorable the person's attitude toward the object. In his later work, Rosenberg (1960, 1965) expanded his definition of attitude by incorporating beliefs into this concept.

Fishbein's (1963) theory is similar to Rosenberg's model because both theories are extensions of the subjective expectancy utility model. Fishbein (1963) stated that a person's attitude toward any object is a function of his beliefs about the object and of the implicit evaluative responses associated with these beliefs.

In their theory of social learning and personality development, Bandura and Walters (1963) support the view of the expectancy value model by considering learning from a combination cognitive-behavioral perspective. They support Rosenberg's

and Fishbein's models by differentiating between acquisitions (i.e., cognitive tendencies to act in a particular manner) and performance (i.e., the actual behavior).

The Multicomponent View of Attitudes

The models developed by Rosenberg (1956, 1960, 1965) and by Fishbein (1963, 1967) have laid the foundations for the multicomponent view of attitudes. This approach has been extremely instrumental in social scientists' examinations of the relationships between attitudes and behavior (Fishbein and Ajzen, 1975). In consumer behavior, the Fishbein model has accounted for a large amount of the research published over the past several years (Engel, Blackwell, and Kollat, 1978; Schiffman and Kanuk, 1978). The multicomponent approach views attitudes as complex systems comprising the person's beliefs about the object, his feelings toward the object, and his action tendencies regarding the object. Thus, this view assumes a relationship between attitudes and behavior. The three attitude components proposed by this model are (Fishbein and Ajzen, 1975).

1. The cognitive perceptual component which represents a person's information about an object. This component

includes either verbal statements of belief in the existence of the object or evaluative beliefs about the object.

2. The affective or feeling component which deals with the person's overall feelings of like or dislike for a situation, object, policy, idea, and so forth.
3. The behavioral or conative component which consists of overt actions and verbal statements concerning behavior. These statements represent the person's behavioral expectations regarding the object.

There is some controversy among researchers over the nature of the cognitive-affective relationship. This disagreement hinges largely on the distinction between affect (e.g., like-dislike) and evaluation (e.g., good-bad, agreeable-disagreeable, and so forth). In a review article, Day (1973) concludes that many marketing researchers use measures that treat affect and evaluation as synonymous. This approach is based on the notion that affects and evaluations are generally congruent, and that both should be combined into an overall attitude judgment (Day, 1973).

The Consistency Theory Approach

The theories reviewed so far outline the presence of various cognitive components related to behavior. A comprehensive conceptualization as to the relationship between cognitions and behavior and its effect on human learning is proposed by consistency theory. The origin of consistency theories can, in large part, be traced to Fritz Heider's principle of balance (Heider, 1944, 1946, 1958). Heider was interested in the factors that influence an individual's causal attributions based on his perceptions of the relationships between elements. Heider concluded that a balanced state exists when a person's attitude or sentiments toward two entities composing a unit (e.g., a person and an event) are both positive or both negative. If an imbalanced state develops (e.g., a liked person becomes linked to an unliked person or to an unliked event), forces toward a balanced state will arise. A state of imbalance produces tension and arouses behavior designed to reduce this tension. According to Heider, the tension reduction behavior will be changed through action or attitude change; that is, through some cognitive reorganization.

Heider's notion of cognitive reorganization was extended

by Osgood and Tennenbaum (1955) who conceptualized the congruity principle, and by Festinger (1957) who developed the theory of cognitive dissonance. These theories proposed sophisticated approaches for examining the direction and the magnitude of the tension reduction process conceptualized by Heider (1944, 1946, 1958).

Rotter's Theory of Perceived Control

Rotter (1966, 1971) developed a learning theory based on perceived control, and conceptualized a construct termed internal-external locus of control. This construct deals with the way a person views himself in conjunction with his experiences, and with the meaning that he makes of those interactions. Thus, conceptually, Rotter's theory is related to the notion of cognitive reorganization. In social learning terms, perceived control is referred to as the generalized expectancy of internal or external control of reinforcement. Thus, this theory is an extension of the subjective expected utility model reviewed earlier.

Rotter (1966) suggested that people differ in terms of their perceptions as to where the control of reinforcement is

lodged. Thus, people high on internal control believe that events (whether positive or negative) are a consequence of their own actions, and that the attainment of reinforcement is due to their own effort and under their control. On the other hand, people high on external control believe that events are unrelated to their behavior, that they are beyond personal control, and that the attainment of reinforcement is not due to their own efforts and not under their own control. It is predicted that persons who see reinforcement as based on chance forces over which the individual has no control will learn less from reinforcement. Thus, no matter what experiences one has, if they are not perceived as the result of one's own actions, they are not effective for altering the ways in which an individual sees things and consequently functions (Korman, 1974). In order to measure perceived control, Rotter (1966) developed the internal-external locus of control scale.

The Clinical Approach

The theories reviewed so far are focused on the constructs (i.e., cognitions and behavior) that are the foundations of

human social learning. However, these constructs are presented as generic conceptualizations that are applicable to any learning situation, but are not applied to any particular learning pattern other than for illustrative purposes. Therefore, although these theories provide the foundation for studying the relationship between personal economic experiences and subsequent consumer behavior, they provide general dimensions (e.g., attitudes, subjective expectations, behavior), rather than specific measures, for researching such economic learning.

Like social learning theories, models of personality development (e.g., Freud, Erickson, Jung) focus on the cognitive constructs that the individual forms through his interactions with the environment, and on the effects of these cognitions on later behavior. However, unlike the theories reviewed so far, developmental models concentrate on specific experiences, the individual's interactions early in his life, as major determinants of later behavior. While a comprehensive review of the developmental theories is beyond the scope of this dissertation, it should be pointed out that the orientation of these theories is clinical, that the measures used are qualitative and observational, and that they focus on non-economic

experiences early in life. Therefore, the measures developed here have limited value for researching economic learning. However, the vast influence of theories focused on early life experiences on the study of human learning and motivation, offers considerable support to the proposition that economic deprivation early in life significantly influences later consumption behavior.

Another body of research that focused on the influence of life experiences on later behavior is the study of life events during adulthood (e.g., Catalano and Dooley, 1977; Dohrenwend and Dohrenwend, 1974; Holmes and Rahe, 1967; Sarason, Johnson, and Siegel, 1978). While a comprehensive review of this research is beyond the scope of this dissertation, it should be mentioned that researchers in this area have concentrated on stressful life events such as the death of a family member, serious illness or injury within the family, marital and sexual difficulties, and the like. Thus, although the measures developed here include some response items regarding financial and economic experiences, most of the questions are related to stressful life events (e.g., the Social Readjustment Rating Scale developed by Holmes and Rahe, 1967; the Life Experiences Survey developed by Sarason,

Johnson, and Siegel, 1978). Therefore, this research area does not offer an overall theory, or measurement, of economic learning.

Katona's Theory of Adaptive Consumer Behavior

While extensive models of social learning were developed, only one group of researchers, the Katona school, constructed a theory of adaptive consumer behavior that is largely based on social learning. This framework was developed on the basis of empirical examinations of the interactions among certain personal-internal variables (i.e., personal attitudes and expectations) and external variables (i.e., personal income and price of goods). Most of this research has been conducted by the Economic Behavior Program of the Institute of Social Research established at the University of Michigan in 1946 (Katona, 1974). This research consists mainly of analyses of the relationships between aggregate economic trends and consumer sentiment.

Based on these studies, the Katona school maintains that, from a purely economic perspective, consumer behavior is not rational, and that since discretionary expenditures fluctuate

to a much greater extent than income, they are dependent not only on the ability to buy but also on confidence and willingness to buy (Katona, 1968, 1975; Katona and Mueller, 1968). Thus, levels of consumers' aspirations and expectations are the focus of Katona's theory. Consistent with social learning theory, Katona maintains that levels of aspirations are raised with success (defined as a person's perceptions of his successes) and lowered with failures (defined as the person's perceptions of his disappointments). Thus, when people feel they are making progress and when they feel optimistic regarding their own and the economy's progress, new wants arise and consumption expenditures are higher; whereas when individuals are uncertain about the future, they scale down their aspirations. In the absence of major personal financial stimuli or significant information about economic trends, habitual consumption behavior prevails (Katona, 1968, 1974, 1975; Katona and Mueller, 1968; Katona, Strumpel and Zahn, 1971).

The major drawback of Katona's framework is that the functional relationships between consumer aspirations, economic attitudes, and consumption behavior are obscure. While Katona sometimes defines aspirations and expectations

as "motivational" (intrinsic) forces, at other times he views them as "filters" that determine the person's selective perceptions of his environment and its economic stimuli (Nicosia, 1966). Thus, although the measures used by Katona were effective in showing a relationship between consumers' perceptions and periodic economic fluctuations, Katona's theory of adaptive consumer behavior has limited theoretical or operational value for a "micro" approach aimed at studying the effects of economic learning early in life on adaptation to the present stagflation.

Adaptation to Stagflation

This literature review is divided into two sections. In the first section, major studies focusing on the impact of stagflation on the individual are reviewed. In the second section, the literature concentrating on a specific aspect of stagflation, consumer behavior related to the energy shortages, is reviewed.

The Impact of Stagflation on the Individual

While numerous surveys (e.g., CBS/New York Times Polls, 1978; Roberts, 1978; U. S. News and World Report, 1977; Yankelovich, Skelly, and White, 1975) established that the changes in the United States economy during the 1970s have effected the attitudes, expectations, aspirations, and consumption behavior of Americans, few studies researched this impact in depth. Two major studies on the impact of stagflation on the individual were conducted by Caplovitz in 1976 (Caplovitz, 1978a, b), and by Shama in 1976 and in 1978 (Shama, 1978, 1980). Both Caplovitz and Shama captured similar cognitive dimensions that included persons' perceptions regarding the impact of stagflation on their households, mental strain caused by the present financial pressures, changes in individuals' attitudes toward business and the government, and changes in their economic aspirations, caused by the changing economic environment. Also, the questionnaires used by both researchers included similar measures of individuals' alterations of their consumptions and expenditures in response to stagflation. Such coping strategies included numerous ways of saving money related to shopping for products and services, and to household maintenance.

While the studies conducted by Caplovitz (1978a, b), and by Shama (1978, 1980) are similar, each research possesses certain advantages. Caplovitz has studied the cognitive aspects of the impact of stagflation in a more systematic fashion than Shama by developing measures for such dimensions as the perceived impact of, and the mental strain caused by, present financial pressures. On the other hand, Shama's analysis of the alterations of consumption patterns during stagflation was more sophisticated than the procedures used by Caplovitz. While Caplovitz presented primarily frequency distributions and cross-classifications of data compiled in 1976, Shama conducted factor analyses of consumption patterns within two data sets collected two years apart, in 1976 and in 1978 (Shama, 1980). Shama's analyses showed that there was little variation among the behavioral dimensions underlying consumption during stagflation derived within the 1976 data, and the factors generated by the analyses of the 1978 data.

The studies conducted by Caplovitz and by Shama represent a serious empirical effort to research the impact of stagflation on the consumer. Both studies examine similar dimensions, and there is considerable similarity and duplication among the measures used by both researchers. However, these studies

are limited in that they are primarily observational. Both researchers observed cognitive reorganizations and alterations of consumption behavior caused by stagflation, but neither researcher attempted to examine the personal adaptation to the new economic era from some theoretical perspective that was previously developed by social scientists (e.g., the theory of social learning).

The Impact of Energy Shortages on the Individual

A landmark study of energy alternatives, titled "Energy Future," was conducted by The Energy Project at the Harvard Business School (Stobaugh and Yergin, 1979). In this study, conservation was identified as the key energy source for the near future. Yergin (1979) concluded that if the United States makes a serious commitment to conserve energy, primarily through adjustments in the way people live, the nation may consume 30 to 40 percent less energy than it does now and still enjoy the same or an even higher standard of living. However, many researchers argue that little attention has been paid to the psychological dynamics that underlie energy use, although such information is essential to the formulation of

effective energy policies and to the responsible marketing of energy resources (Anderson and Lipsey, 1978; Blumstein et. al., 1979; Curtin, 1976; Hayes, 1977; Hutton and Collins, 1978; McDougall and Ritchie, 1979; Psychology Today, 1979; Scherhorn, 1979).

Although many studies have focused on consumer attitudes toward energy usage, the generalizability of their findings is limited because most studies were conducted in the context of a particular energy usage pattern. While many researchers examined the relationship between attitudes toward energy and various modes of gasoline usage (e.g., Alpert and Golden, 1977; Cunningham and Peterson, 1977; Milstein, 1979a; Omura and Talarzyk, 1974; Pettit and Johansson, 1979; Reilstein, Lovelock and Dobson, 1980; Reizenstein and Barnaby, 1978a, b; Shapiro and D'Amore, 1980; Talarzyk and Omura, 1975), only a few studies have focused on consumer attitudes toward residential energy conservation (Darley, 1978; Milstein, 1976, 1979b, c; Russo, 1977; Seligman, Darley and Becker, 1978). Moreover, some researchers studied this issue in an experimental manner (Burleigh and Patterson, 1976; Claxton and Anderson, 1979; Craig and McCann, 1977; Kohlenberg, Phillips, and Proctor, 1976).

A few researchers (Milstein, 1976, 1979b, c; Seligman, Darley and Becker, 1978) have explored the dimensions underlying consumer attitudes regarding conservation such as: (1) materialism and the perceived discomfort in conserving energy; (2) cynicism and skepticism regarding the legitimacy of the energy crisis; (3) faith in technology to solve the energy problem; (4) the impact of the individual's action in solving the overall energy problem. One study presented an Attitudinal Energy Conservation Index that corresponds with these dimensions (Murphy, Laczniak and Robinson, 1979).

Like the literature regarding attitudes related to the energy problem, the empirical research on energy conservation is quite diversified. While some researchers have focused on energy consumption during a particular time period (Milstein, 1977, 1979a), some studies concentrated on the use of a given energy conserving product within the residential sector (e.g., Darley, 1978; Rubin and Davis, 1980; U. S. Department of Energy, 1978), and other researchers conducted experiments on the effect of energy labeling and energy information on the purchase of appliances (Claxton and Anderson, 1979; Craig and McCann, 1977; Hutton and McNeill, 1979). Still

further, some studies examined the effect of feedback provided by the utility company on residential energy use (Burleigh and Patterson, 1976; Kohlenberg, Phillips and Proctor, 1976; Russo, 1977).

The Attitudinal Energy Conservation Index reviewed earlier, was coupled with the Behavioral Index of Energy Conservation. This instrument was designed to measure residential energy conservation behavior. There was indication of a moderate relationship between energy related attitudes and energy conservation behavior (Murphy, Laczniak and Robinson, 1979).

Summary and Conclusions

This literature review illustrated that early conceptualizers of social learning suggested that behavior is a function of the person and the environment in which it is committed; also, based on past experiences, the individual develops subjective expectations (i.e., cognitive acquisitions) regarding the outcome of behavior (i.e., performance). Later theoreticians operationalized these expectations as attitudes, and many models (e.g., the multicomponent view, consistency theory, the

notion of perceived control) were developed with the intention of examining the interaction between attitudes and behavior. Also, it was shown that researchers of human development focused on personal experiences early in life as major determinants of later behavior. However, no comprehensive theory of economic learning was developed by either social learning, or human development, or consumer behavior researchers.

The literature review of the empirical research on the impact of stagflation on the individual indicated that studies in this area did not, as yet, examine personal adaptation to stagflation from some theoretical perspective. This is also true regarding the empirical evidence on reactions of consumers to the energy shortages. The purpose of this research is to examine personal adaptation to the economic stagflation from a theoretical perspective--the theory of social learning.

The theoretical framework framework for this dissertation was reviewed here. The methodology employed for this research is described in the following chapter.

CHAPTER III

RESEARCH METHODOLOGY

Introduction

Attention is now directed to the methodology employed in the research presented here. A discussion of the data collection procedures and a description of the sample are presented first. This discussion is followed by a presentation of the research model, the research variables, and their measurements. Finally, research hypotheses are enumerated.

Data Collection Procedures

This section consists of a description of the data collection procedures. This discussion is divided into three parts: (a) the field force and the interviewing procedures, (b) the validation and editing procedures, and (c) the questionnaire.

The Field Force and the Interviewing Procedures

The data was collected through personal interviews. All interviewers were undergraduate, junior and senior level, marketing students at Baruch College of the City University of New York. The interviewers were trained during a series of sessions over a five week period. The training consisted of instructions on general interviewing techniques, handling refusal and non-response, and role playing situations concentrating on eliminating interviewer bias.

About six weeks before the interviews, each interviewer was asked to contact potential interviewees with specified demographics (outlined in the sample description) and asked for their permission to be interviewed. The interviewers submitted the names of the persons who had agreed to be questioned, and personalized cover letters (to accompany the questionnaire) were prepared.

Each interviewer was requested to voluntarily complete at least six interviews within a three week period, and at least one considerably shorter interview (i.e., the reliability retest for certain measures used), three weeks later. The initial interview lasted approximately one hour. The questionnaires

were packaged with return-envelopes that could be sealed by the respondent to insure confidentiality. The interviews were conducted individually and each respondent was asked to complete his own questionnaire. The interviewer was present to instruct, answer questions if a problem arose, and to check that all parts of the questionnaire have been completed.

The Validation and Editing Procedures

The interviewers were requested to complete the interviews voluntarily as part of their marketing research studies. There was no penalty for not returning the questionnaires or for conducting less than six interviews. In order to insure that there would be no falsification of the data, all interviewers were given credit for the assignment. However, further validation of the interviews was conducted by contacting at least one respondent out of all the questionnaires returned by each interviewer to verify that the interview took place; thus, about 35 percent of all respondents reported to have been interviewed were contacted by phone. This verification revealed that only two interviewers apparently falsified the data, and the questionnaires submitted by them were not used.

A total of 497 questionnaires were returned. After editing and checking whether the demographics of the respondents correspond to the specifications required within the sample design, there was a total of 414 fully completed questionnaires that were used in the analysis.

The Questionnaire

A nine-part questionnaire was administered during each interview (see Appendix A). A personalized cover letter was provided to increase respondent cooperation. The letter identified the interviewer as a college student and assured the respondent of the legitimacy of the research as an academic exercise.

In order to test the questionnaire, it was administered to a number of small groups of older respondents (members of Pioneer Women, a charity organization sponsored by the United Jewish Appeal Federation of New York). The focus of the testing were older, rather than younger, respondents because the main concern was difficulties that older individuals might have in completing the questionnaire. Also, members of the Doctoral Faculty in Business at the City University of

New York, knowledgeable in marketing research, were consulted during the questionnaire's development. Their comments were reflected in the preparation of the final version of the questionnaire. The questionnaire's testing revealed that most measures of environmental concern and socially responsible consumption behavior (originally intended to be used) had to be deleted because many elderly persons have had problems understanding such terms as "ecology" and "pollution."

A reliability retest of certain measures used (refer to the discussion of the independent variables later in this chapter) was conducted three weeks after the initial interview. The interviewing and validation procedures for the data collection during the retest were identical with those used in the initial questioning. A sample of the materials used in the retest is given in Appendix B.

Sample Description

A non-probability quota sample was the method used to select respondents. The objective of the sampling procedure was to generate a group of persons who were likely to have experienced economic deprivation early in life and compare

their adaptations to stagflation with those of individuals who were likely to have experienced considerably less economic hardships within a similar period in their life. This objective was accomplished by selecting older and younger respondents. The subjects in the older groups were persons 60 years old and over who have lived in the United States during the 1930s and the 1940s--economic era characterized by vast instability and shortages (the Great Depression, rationing during World War II). The respondents in the younger group were 35 years old and younger. It must be stressed that the focus of this research was the influence of early economic deprivation, and not the influence of chronological age, on adaptation to stagflation. Thus, using chronological age as the primary demographic control characteristic for the sample was done to assure that the sample includes persons who had experienced economic deprivation early in life, as well as individuals who did not have such an experience.

Since the subject's economic learning early in life was the major variable in this study, only respondents who were either born in the United States or who came to this country when they were five years old or younger were included in the sample. The interviewers were instructed to select

older and younger respondents within the same city block to control for as many socioeconomic variations as possible.

Only individuals who maintain their own household (either married or single) were included. Also, only subjects who are completely or significantly responsible for most consumption decisions (measured through a question regarding family decision making) were selected.

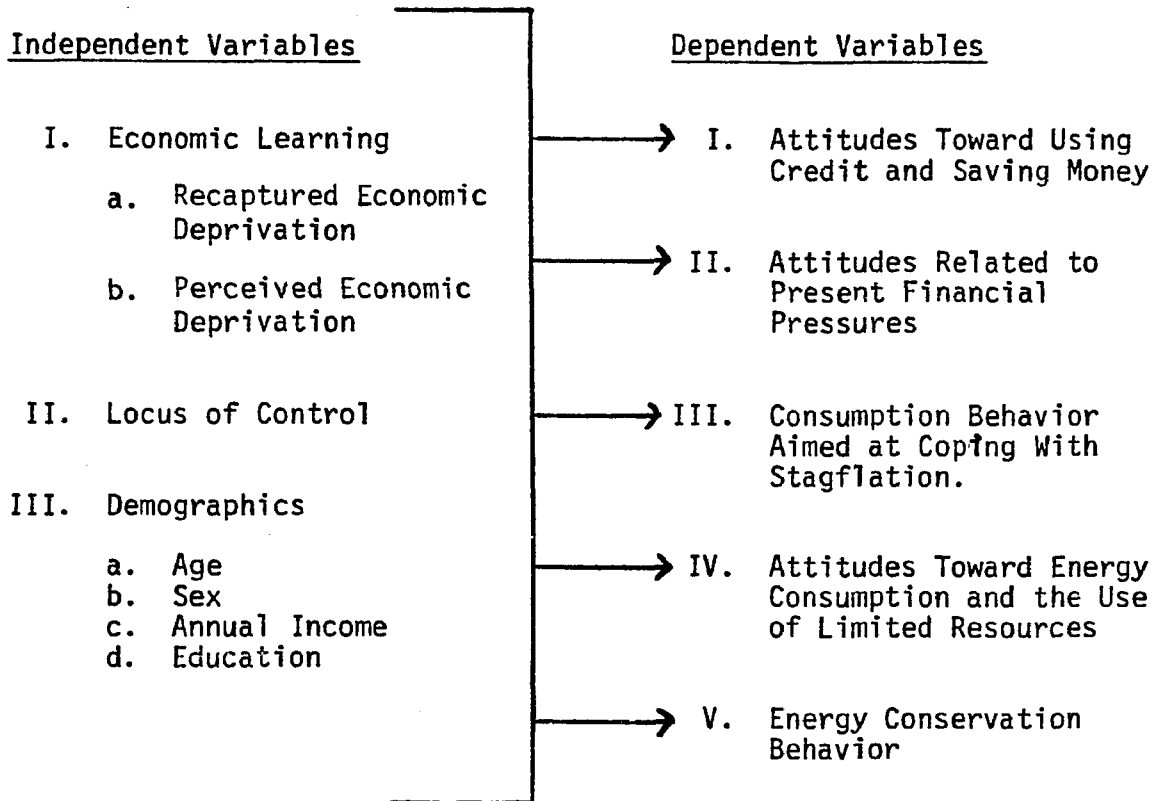
The total sample of 414 individuals (i.e., 212 younger and 202 older) was drawn from the residents of New York City. The sample included 220 males and 194 females. The interviewers resided in various areas within the five boroughs of New York City, and they selected respondents within their neighborhoods. This dispersion of the interviewees throughout the city provided a good cross-section sample of the New York City population.

Research Model

The flow-chart presented in Figure 1 shows the relationships examined in this study. The independent variables are presented on the left side and the dependent variables are presented on the right side of the model. The variables are discussed in the following sections.

Figure 1

The Research Model



The Dependent Variables

As illustrated in the research model, there were five dependent variables--three attitudinal and two behavioral. As the literature review revealed (see Chapter II), there is considerable similarity and duplication among the measures used to study personal adaptation to stagflation. In this research, the measures used to study the dependent variables were instruments used in past empirical research on the impact of stagflation on the individual. The responses to the attitude measurement statements were measured on Likert type scales indicating the intensity of agreement (or disagreement) with each statement, while the responses to the behavioral items were obtained on a bipolar scale, ranging from "always" to "never," indicating how frequently each behavior has been undertaken.

Because of the similarity among the response items regarding adaptation to stagflation, the responses to the attitude statements and to the behavioral items were factor analyzed.¹ The following discussion includes an examination of the measures used for each dependent variable and the results of the factor analysis for each data set. These constructs are discussed under the following headings:

(a) attitudes toward using credit and saving money, (b) attitudes related to present financial pressures, (c) consumption behavior aimed at coping with stagflation, (d) attitudes toward energy consumption and the use of limited resources, and (e) energy conservation behavior.

The discussion of the various measures of the dependent variables is followed by an outline of the procedures used to compute the attitudinal and behavioral scores that were used in the analysis of the data.

Attitudes Toward Using Credit and Saving Money

Measures of attitudes toward using credit and saving money consisted of psychographic items previously used to research these concepts (e.g., Adcock, Hirshman, and Goldstucker, 1976; Blackwell, Hawes and Talarzyk, 1975; Garcia, 1978; McNees, 1980; Wells, 1971). These measures appear in Part IV of the questionnaire (see Appendix A). When the responses to the attitude statements in this section of the questionnaire were factor analyzed, two dimensions relevant to using credit and saving money appeared.

The first dimension consisted of three items regarding the use of credit:

	factor loading
I like to pay cash for everything I buy	.7681
It is wrong to use credit cards because you spend money you don't have	.7813
To buy anything, other than a house or a car, on installment is unwise	.6328

The second dimension consisted of two items regarding saving money:

	factor loading
For me, it is more important to live graciously now than to save up money for the future	.7354
I'm not very good at saving money	.7495

Attitudes Related to Present Financial Pressures

The measures used to study attitudes related to present financial pressures were developed by Caplovitz (1978a, b) in his studies of the impact of economic stagflation on the individual. Similar items were used by Shama (1978, 1980). The response items used to measure these dimensions appear in Part V of the questionnaire. When the responses to the attitude statements in this section of the questionnaire were

factor analyzed, two attitudinal dimensions appeared. These dimensions correspond to those outlined by Caplovitz (1978 a, b).

The first dimension consisted of three statements related to mental strain caused by the present financial pressures:

	factor loading
I don't worry about how I'm going to make ends meet	.6966
Because of the financial pressures I'm frequently depressed	-.7362
The present financial pressures often make me want to scream and shout in anger	-.7589

The second dimension consisted of three statements related to the perceived impact of the present financial pressures:

	factor loading
I've stopped buying luxury items	-.6934
Because of inflation I'm doing without many things I need	-.5230
I've decided to lower my standard of living to make ends meet	-.6247

Consumption Behavior Aimed at Coping with Stagflation

Measures of individuals' alterations of their consumptions and expenditures in response to stagflation consisted of questions used by Caplovitz (1978a, b) and Shama (1978, 1980) in their studies of the strategies that individuals employ in coping with stagflation. These measures appear in Question 5 in Part VI of the questionnaire. When the responses to the questions in this section were factor analyzed, three dimensions relevant to consumption behavior aimed at coping with stagflation appeared.

The first dimension consisted of five items related to shopping behavior:

	factor loading
I buy food or other products with coupons I've clipped from newspapers or magazines	.5364
I purchase items on sale	.6789
I buy store brands rather than brand name drugs and foods	.5100
I "shop around" for the best price	.7530
I take advantage of "sale" items in the supermarket by "stocking up"	.6195

The second dimension consisted of three items regarding saving behavior related to household maintenance:

	factor loading
I repair my clothes or have them repaired rather than buying new ones	.5102
I have furniture reupholstered instead of buying new ones	.6310
I have small electric appliances repaired (for example: toaster, mixer) rather than replacing them with new ones	.6446

The third dimension consisted of three items that provide indication of resourceful economical behavior related to household maintenance:

	factor loading
I make household repairs myself instead of hiring people to do them as I used to	.5362
I send cards instead of giving gifts or sending flowers	.5294
I store small electric appliances in hopes of finding some use for them in the future	.5755

The time of changing shopping habits as a result of stagflation was measured by asking the respondents whether they have changed

their shopping habits during the past five years and, if so, when did they start changing their shopping patterns (see Questions 4a and 4b in Part VI of the Questionnaire).

Respondents who have started changing their shopping habits five or six years ago were classified as "early adopters," respondents who have started doing so three or four years ago were classified as "late adopters," subjects who have started doing so two or less years ago were classified as "laggards," and those who have not changed their shopping habits were classified as "non-adopters."

Attitudes Toward Energy Consumption and the Use of Limited Resources

The measure used to study the attitudes of the respondents toward energy consumption was a modification (i.e., stating items in Likert type format) of the Attitudinal Energy Conservation Index (Murphy, Lacznick, and Robinson, 1979). The dimensions measured by this instrument correspond with those suggested by some researchers (Milstein, 1976, 1979b, c; Seligman, Darley, and Becker, 1978) as underlying the attitudes of consumers toward the energy problem.

The items used to study the attitudes of the respondents

toward the use of limited resources were taken from the Socially Responsible Consumption Behavior Scale (Antil and Bennett, 1979). The pretest of the questionnaire indicated that older respondents have had problems with understanding many of the scale's items regarding ecology and pollution; thus, the scale could not be used in its entirety and the items used were those which older persons have not had difficulties understanding.

The attitude statements relating to energy consumption and the use of limited resources appear in Part IV of the Questionnaire. When the responses to this Section were factor analyzed, two dimensions relevant to these factors appeared.

The first dimension consisted of four attitudinal statements related to energy saving:

	factor loading
Energy is not my problem because there is nothing I can do about it	.5941
It is difficult to reduce energy consumption at home	.6024
I won't conserve energy while others go on wasting	.7091
An individual's energy conservation at home has no impact upon the nation's overall energy consumption	.6882

The second dimension consisted of four attitudinal statements regarding the use of limited resources:

	factor loading
Consumers have the right to use up as much energy as they want as long as they can pay for it	.5332
I've often thought that if we could get by with a little less there would be more left for future generations	-.5461
People should stop increasing their consumption of products so that our resources will last longer	-.7390
Natural resources must be used in moderation even if people must do without some products	-.6563

Energy Conservation Behavior

Energy conservation behavior was measured by using an abbreviated version (i.e., pertaining only to residential energy conservation) of the Behavioral Energy Conservation Index (Murphy, Laczniack, and Robinson, 1979). This measure appears in Question 3 in Part VII of the Questionnaire. When the responses to this section of the questionnaire were factor analyzed, one dimension related to residential energy conservation

appeared. This dimension consisted of three behaviors aimed at reduced usage of electricity:

	factor loading
Turn off lights when not in room	.6151
Put low-watt light bulbs in places that require little light	.7528
Reduce use of electrical appliances (example: stereo, TV, etc.)	.7558

The time of changing energy consumption behavior in order to conserve energy was measured by asking the respondents whether they have changed their energy consumption behavior since 1973, and if so, when did they start changing this consumption pattern (see Questions 1a and 1b in Part VII of the Questionnaire). Respondents who have started changing their energy consumption patterns five or six years ago were classified as "early adopters," respondents who have started doing so three or four years ago were classified as "late adopters," subjects who have started doing so two or less years ago were classified as "laggards," and those who have not changed their energy consumption behavior were classified as "non adopters."

Scoring the Dependent Variables

In this section, the procedures used to compute the attitudinal and behavioral scores for the respondents are outlined.

Attitudinal Scores

As shown in the preceding sections, the attitudinal dependent variables consisted of groups of attitude measurement statements; these groups were derived through factor analysis. The response to each statement was obtained by measuring the respondent's intensity of agreement with the statement on a 6-point Likert-type scale ranging from "strongly agree" to "strongly disagree." The responses were scored on a 6-point continuum, the higher the score, the higher the level of disagreement. Negatively worded statements were scored in reversed fashion so that their scoring is consistent with positively worded statements measuring the same concept. The respondent's raw score on each attitudinal variable (i.e., each factor generated through the factor analysis) was obtained by adding up his (or her) responses to the statements that compose that attitudinal dimension and dividing the total

by the number of statements that were added up in that case.

Within most of the statistical analyses used the attitudinal dependent variables were used in continuous form. However, for some statistical procedures they were transformed into categorical data. When used in categorical form, the raw scores for each attitudinal variable were classified into high, medium, and low levels of disagreement based on the means and the standard deviations of the scores within the total sample. Respondents with scores higher than the figure derived when one standard deviation was added to the mean were classified as "high" on that dimension, while individuals with scores lower than the figure obtained when one standard deviation was subtracted from the mean were classified as "low" on that factor; the remaining scores were classified as "medium."

Behavioral Scores

As illustrated in the preceding sections, the behavioral dependent variables consisted of groups of self-reported behaviors; these groups were generated through factor analysis. The response to each behavioral measure was obtained by asking the respondent to indicate how frequently he (or she) has

undertaken that behavior on a 5-point bipolar scale ranging from "always" to "never." The responses were scored on a 5-point continuum, the lower the score, the more frequently the person has undertaken that behavior. The respondent's score on each behavioral variable was obtained by adding up the scores of his (or her) responses to the behaviors that compose that dimension and dividing the total by the number of behaviors included in that factor.

In most of the statistical analyses conducted, the behavioral dependent variables were used in continuous form. However, for some procedures they were transformed into categorical data. When used in categorical form, the scores for each behavioral dimension were classified into three levels based on the means and the standard deviations of the scores within the total sample. Respondents with scores lower than the score obtained when one standard deviation was subtracted from the mean were classified as undertaking that behavior "always or often," while individuals with scores higher than the figure derived when one standard deviation was added to the mean were classified as undertaking that behavior "seldom or never;" the remaining respondents were classified as undertaking that behavior "occasionally."

A summary of the factor analysis and the semantic interpretations of the scores computed for the dependent variables is presented in Table 1.

The Independent Variables

As illustrated in Figure 1, the independent variables were divided into three groups; each group consisted of one or more variables. These variables are now discussed under the following headings: (a) economic learning, (b) locus of control, and (c) demographics.

Economic Learning

Economic deprivation experienced early in life (or the lack of such experience) was defined as the economic learning experience. The focus of this study was the evaluation of this dimension as an explanatory variable for personal adaptation to stagflation.

As demonstrated in the literature review (Chapter II), no solid theory of economic learning has been developed and there are no readily available measures of economic deprivation.

Table 1

Summary of the Factor Analysis and Semantic Interpretations
of the Scores Computed for the Dependent Variables

Dependent Variable	Factors Derived in Factor Analysis	Score	
		High	Low
I. Attitudes Toward Using Credit and Saving Money	1. Attitude Toward Using Credit	favorable	unfavorable
	2. Concern for Saving Money	high concern	low concern
II. Attitudes Related to Present Financial Pressures	1. Mental Strain Caused by Present Financial Pressures	high mental strain	low mental strain
	2. Perceived Impact of Present Financial Pressures	perceive impact as more severe	perceive impact as less severe
III. Consumption Behavior Aimed at Coping with Stagflation	1. Shopping Behavior Aimed at Saving Money	behavior <u>less</u> frequent	behavior <u>more</u> frequent
	2. Saving Behavior Related to Household Maintenance	behavior <u>less</u> frequent	behavior <u>more</u> frequent
	3. Resourceful Economical Behavior Related to Household Maintenance	behavior <u>less</u> frequent	behavior <u>more</u> frequent

Table 1 (continued)

<u>Dependent Variable</u>	<u>Factors Derived in Factor Analysis</u>	<u>Score</u>	
		<u>High</u>	<u>Low</u>
IV. Attitudes Toward Energy Consumption and the Use of Limited Resources	1. Concern for Saving Energy	high concern	low concern
	2. Concern for the Use of Limited Resources	high concern	low concern
V. Energy Conservation Behavior	1. Residential Energy Conservation	behavior <u>less</u> frequent	behavior <u>more</u> frequent

Therefore, for this study, two measures of early economic deprivation were generated from the research tools used in studying life experiences and perceived subjective well-being. The two measures were: (a) a measure of Recaptured Economic Deprivation (abbreviated RED), and a measure of Perceived Economic Deprivation (abbreviated PED).

The two measures are subjective in that they both reflect personal cognitions related to economic deprivation early in life. Such a research approach is consistent with the emphasis of social learning theory on the individual's perceptions of events and their effects on later behavior that was illustrated in the literature review (e.g., the subjective expected utility model). Also, each measure grasps a different dimension of early economic deprivation; that is, while Recaptured Economic Deprivation (RED) examines recollection of events that are indicative of early economic deprivation, Perceived Economic Deprivation (PED) reflects the subjects perceptions of his (or her) economic situation early in life. The relationship between the two measures is discussed in the section following the description of the

development, testing, and scoring of each measure.

A Measure of Recaptured Economic Deprivation (RED)

Part I of the questionnaire (see Appendix A) contains a measure of recaptured economic deprivation early in life (i.e., RED). The respondents were presented with a checklist of economic hardships and were asked to indicate which ones, if any, they remember having experienced while growing up; that is, before they established their own household. The items included in the list were either borrowed from or developed on the basis of questions appearing in the Life Experiences Survey (Sarason, Johnson, and Siegel, 1978), the Life Event Schedule (Dohrenwend and Dohrenwend, 1974), and questionnaires used in the Retirement History Surveys conducted periodically by the United States Department of Commerce (e.g., Fox, 1979; Levy, 1979).

Since the list was generated specifically for this study, it was necessary to evaluate the reliability of this instrument.

During the development and testing of the questionnaire, the measure was subjected to a number of test-retest procedures and was found to be stable over time. The final test-retest reliability score for this instrument was based on the correlation between the responses of 67 respondents (who were interviewed twice) to the original questionnaire and their responses to the same measure three weeks later (see Appendix B). Such a procedure is generally considered an adequate estimate of a measure's reliability over time (Peter, 1979). The test-retest correlations for all but the sixth item on the original list were above .95 indicating that the measure is adequately stable and reliable. The final check-list of economic hardships used in computing the respondent's recaptured economic deprivation score is presented in Table 2.

Scoring

Since it is impossible to either rank or quantify the items on the check-list presented in Table 2 in terms of their relative

Table 2

The Measure of Recaptured Economic Deprivation

We would like to learn about your economic experiences when you were growing up. Listed below are things that may have happened in your family when you were growing up. Please put a check mark (✓) next to each situation that took place in your family during that time period. You may check one situation, none, all situations, etc.

"When I was growing up, I remember ..."*

- [] Our family's major wage earner was unemployed for a long period of time creating severe economic problems for our family.
- [] Our family being dependent on friends or relatives to help provide some of our basic necessities (for example: food, clothing, a place to live).
- [] Our family being dependent on public assistance (for example: relief agencies) to provide some of our basic necessities.
- [] An immediate family member suffering a mental breakdown because of economic pressures.
- [] Economic pressures causing separation within the family (for example: a family member taking a job away from home to support the family, a divorce).
- [] Our family being evicted from an apartment because of not being able to pay the rent.
- [] Our family losing its house due to foreclosure.
- [] Our family losing its business (for example: due to bankruptcy).

*By "when I was growing up" we mean when you were living with your family, before you had established your own household.

Table 2 (continued)

- [] Our family losing most of its investments or savings (for example: due to downturn in the stockmarket or the collapse of a bank).
- [] A family member's medical problem going uncared for because we couldn't afford the expense.
- [] Severe arguments or conflicts within our family because of money problems.

intensity of personal economic deprivation, using this measure in an interval form would be inadequate. Therefore, the scoring technique used provided only categorical data of economic deprivation present or economic deprivation not present. In order to be classified as having experienced economic deprivation early in life respondents had to have checked at least one item on the check list. An expanded discussion of the logic supporting this scoring criteria is presented later in this chapter.

A Measure of Perceived Economic Deprivation (PED)

Part II of the questionnaire contains a measure of perceived economic deprivation (i.e., PED). Each respondent was asked to describe his (or her) economic situation during three early periods in his (or her) life. The precise questions used are presented in Table 3. Direct questioning of a person's assessments regarding the quality of various dimensions of his (or her) life during past periods is consistent with the methods used in studying subjective well-being and perceived quality of life (e.g., Andrews and Withey, 1976; Campbell, Converse, and Rodgers, 1976; Cantril, 1965).

As is the case with the recaptured economic deprivation measure,

it was necessary to evaluate the reliability of the tool used to study perceived economic deprivation early in life. During the development and testing of the questionnaire the measure was subjected to a number of test-retest procedures and was found to be stable over time. The final test-retest reliability score for this measure was based on the responses of 67 respondents to the original questionnaire and their responses to the same measure three weeks later (see Appendix B). The test-retest correlations for all questions were above .85 indicating that the measure is adequately stable and reliable.

Scoring

The Likert-type scales used as response alternatives for each of the questions were treated as interval scales and each scale was scored from 1 to 5; for example, "very good" was given a score of 1 point, "very bad" was given a score of 5 points, and "neither good nor bad" was given a score of 3 points. The scores for all three scales were totaled providing an overall score for perceived economic deprivation. The possible scores ranged from 3 to 15 points.

Based on the mean and the standard deviation of the score

within the total sample, this variable was categorized into three levels. One standard deviation was subtracted from the mean and a score of six or less was considered no presence of perceived economic deprivation. One standard deviation was added to the mean and a score of eleven or higher was classified as presence of perceived economic deprivation. Thus, the remaining segment, a score between seven and ten, was considered neutral. For most of the data analysis the neutral segment was dropped, and only respondents who indicated either presence or no presence of perceived economic deprivation early in life were included. A discussion of the logic supporting this methodology is presented in the next section.

The Economic Deprivation Measures and their Scoring--
An Expanded Discussion

As indicated in the preceding sections, there are no readily available research instruments to study either economic learning or economic deprivation, and therefore the measures used to study these concepts are largely original. As illustrated, these measures possess an adequate degree of reliability. Because of the problems in measuring economic learning, much of the data

analysis was focused on the extremes; that is, comparing respondents who have experienced economic deprivation (i.e., both recaptured and perceived) and individuals who have not experienced economic deprivation (dropping from the analysis respondents who scored neutral on economic deprivation).

The above treatment of the economic deprivation measures permits some evaluation of their content validity; that is, how well they relate to the domain they assess (Kerlinger, 1973). As demonstrated in Table 4, there is a highly significant relationship between the person's recaptured and perceived economic deprivation experienced early in life. Most respondents (98 percent) who perceived economic deprivation early in life had recalled experiencing one or more situations of economic deprivation when growing up, while most respondents (98 percent) who had not perceived economic deprivation early in life did not recall experiencing economic deprivation during that period. This highly significant association between the recaptured economic deprivation (i.e., RED) and the perceived measure of economic deprivation (i.e., PED) provides indication of content validity for the dimension termed economic deprivation early in life.

Table 4
 The Relationship Between the
 Two Measures of Economic Deprivation

Recaptured Economic Deprivation (RED)	<u>Perceived Economic Deprivation (PED)</u>			
	Present n = 117		Not Present n = 113	
	<u>n</u>	<u>%</u>	<u>n</u>	<u>%</u>
Present	115	98.3	2	1.8
Not Present	<u>2</u>	<u>1.7</u>	<u>111</u>	<u>98.2</u>
T O T A L	117	100.0	113	100.0

$\chi^2 = 21.042; 1 \text{ d.f.}; p \leq .0000$

Locus of Control

As illustrated in the literature review (Chapter II), locus of control is an operationalization of the personal attribution process conceptualized within social learning theory; it is an important factor in understanding the individual's interpretations of past events and their effect on later attitudes and behavior. Therefore, when studying the impact of economic deprivation early in life on present adaptation to stagflation, locus of control was examined as a predictor variable.

The individual's locus of control was measured by administering Rotter's Internal-External Locus of Control Scale (see Part VIII of the questionnaire). The scale consists of twenty-three forced choice items with six filler items. It is scored in the "external direction"; that is, the higher the score the more external the individual. The scale has been validated and has been widely used in research on learning and personal attribution (Lefcourt, 1976).

In the data analysis, locus of control was dichotomized into two levels. Respondents who scored below the sample's mean on the scale were classified as "internally controlled,"

and respondents who scored above the sample's mean were classified as "externally controlled."

Generally, locus of control was defined as an independent variable. However, when examining some relationships among the dependent variables (i.e., attitudes and behavior) it was used as a moderating factor.²

Demographics

This section consists of a discussion of the logic followed in selecting specific demographics as independent variables, and the measurement and the data collapsing procedures used for each demographic variable.

Age

As demonstrated earlier (Chapter I), age was the basis for the stratification of the sample used in this study. Therefore, the individual's chronological age was examined as an independent variable.

The respondent's age was measured through an open-ended

question--"What is your age?"--appearing in the final section of the questionnaire. In the data analysis, the age factor was dichotomized to reflect the sample's stratification; respondents between the ages of 24 and 35 were classified as "younger," and respondents who were 60 years old and over were classified as "older."

Sex

The respondent's sex was examined as an independent variable in relation to some dependent variables that consisted of attitudes and behaviors related to shopping; these dependent variables are discussed later in this chapter. Since in some cases shopping may be primarily the responsibility of a particular household member, variables related to shopping were examined in relation to gender.

Annual Family Income

The respondent's total annual family income was examined as an independent variable because some of the dependent variables studied consisted of personal attitudes and behaviors related

to saving and spending; such factors may be influenced by the individual's income.

Annual family income was measured through a close-ended question. Thirteen income categories were provided as alternative responses to the question. The alternatives were scaled at \$2,000 intervals (see Question 9 in Part IX of the questionnaire). The short intervals and the large number of income categories were designed so that the income data could be used in interval form. However, in most of the data analysis, the income factor was dichotomized into two categories: \$20,000 and under, and over \$20,000.

Education

The respondent's education was examined as an independent variable because some of the dependent variables consisted of personal attitudes and behaviors related to saving money, using credit, and energy consumption; such factors may be effected by the individual's education.

The person's education was measured through a close-ended question. Seven education categories were provided as alternative responses to indicate the highest grade attended

or degree received by the respondent (see Question 7 in Part IX of the questionnaire). In the data analysis, the education factor was dichotomized into two categories: have attended college and have not attended college.

Research Hypotheses

The research hypotheses are enumerated under two major headings: (a) an overall hypothesis, and (b) directional hypotheses.

An Overall Hypothesis

This hypothesis reflects the proposition that the relationship between economic deprivation early in life (i.e., the operationalization of economic learning in this study) and personal adaptation to stagflation should be studied within the context of demographics and locus of control. It is proposed that, within this relationship, early economic deprivation has better explanatory ability than the other independent factors. In order to statistically test this proposition, the following overall hypothesis was formed:

H-1: Economic deprivation early in life (i.e., either recaptured or perceived) is a significant factor, while demographics and locus of control are not significant factors, in relation to each pattern of personal adaptation to stagflation (i.e., each dependent variable).

The above hypothesis is relevant to all dependent variables (attitudinal and behavioral) and it was examined separately in relation to each one.³ Since it is illogical to assume that demographics do not effect adaptation to stagflation, it is apparent that this hypothesis will have to be rejected in most cases. However, testing this hypothesis is a mean to examine the significance of early economic deprivation in relation to personal adaptation to stagflation, within the context of the other independent factors.

Directional Hypotheses

The following directional hypotheses are based on the proposition that persons who had experienced economic deprivation early in life (either recaptured or perceived), are likely to adapt

to stagflation differently than individuals who did not have such an experience. The theory supporting this proposition was reviewed in Chapter II.

The directional hypotheses are grouped under the same headings used in the discussion of the dependent variables.

Attitudes Toward Using Credit and Saving Money

Consistent with learning theory it is proposed that individuals who had experienced economic deprivation early in life are more likely to be concerned about using credit too often and about saving money. The following hypotheses are designed to test this proposition:

- H-2: Persons who had experienced economic deprivation early in life have a less favorable attitude toward using credit than individuals who did not have such an experience.
- H-3: Persons who had experienced economic deprivation early in life are more concerned about saving money than individuals who did not have such an experience.

Attitudes Related to Present Financial Pressures

Consistent with learning theory it is proposed that subjects who had experienced economic deprivation early in life are likely to feel more apprehensive about the stagflation of the 1970s (i.e., fear of worse economic instability to come) than individuals who did not experience economic deprivation early in life. The following hypotheses are designed to test this proposition:

- H-4: Persons who had experienced economic deprivation early in life exhibit a higher level of mental strain caused by present financial pressures than individuals who did not have such an experience.
- H-5: Persons who had experienced economic deprivation early in life perceive the impact of present financial pressures as more severe than individuals who did not have such an experience.

Consumption Behavior Aimed at Coping with Stagflation

Consistent with learning theory it is proposed that individuals who had experienced economic deprivation early in life will be more likely to adopt consumption behaviors aimed at coping with stagflation than persons who did not experience economic deprivation early in life. The following hypotheses are designed to test this proposition:

- H-6: Persons who had experienced economic deprivation early in life exhibit shopping behavior aimed at saving money more frequently than individuals who did not have such an experience.

- H-7: Persons who had experienced economic deprivation early in life display saving behavior related to household maintenance more frequently than individuals who did not have such an experience.

- H-8: Persons who had experienced economic deprivation early in life exhibit resourceful economical behavior related to household maintenance more frequently than individuals who did not have such an experience.

H-9: Persons who had experienced economic deprivation early in life are early adopters of consumption behavior aimed at coping with stagflation.

The following hypothesis is based on the notion that locus of control is a moderating variable regarding the consistency between a person's attitudes and his (or her) behavior within a particular personal adaptation pattern. The research backing this proposition was reviewed in Chapter II. The following hypothesis was formed to test this proposition in relation to attitudes and behavior related to consumption during stagflation:

H-10: Internally controlled individuals display greater consistency between attitudes related to present financial pressures and consumption behavior aimed at coping with stagflation, than externally controlled persons.

Attitudes Toward Energy Consumption and the Use of
Limited Resources

Consistent with learning theory it is proposed that persons who had experienced economic deprivation early in life are more concerned about saving energy and using up limited resources than individuals who did not experience economic deprivation early in life. The following hypotheses are designed to test this proposition:

- H-11: Persons who had experienced economic deprivation early in life are more concerned with saving energy than individuals who did not have such an experience.
- H-12: Persons who had experienced economic deprivation early in life are more concerned with using up limited resources than individuals who did not have such an experience.

Energy Conservation Behavior

Consistent with learning theory it is proposed that subjects who had experienced economic deprivation early in life conserve more energy than individuals who did not experience economic deprivation early in life. The following hypotheses are designed to test this proposition:

- H-13: Persons who had experienced economic deprivation early in life conserve more energy than individuals who did not have such an experience.
- H-14: Persons who had experienced economic deprivation early in life are early adopters of energy conservation behavior.

The following hypothesis is based on the notion that locus of control is a moderating variable regarding the consistency between a person's attitudes and his (or her) behavior within a particular personal adaptation pattern. The research backing this proposition was reviewed in Chapter II. The following hypothesis was formed to test this proposition in relation

to attitudes and behavior related to energy consumption:

H-15: Internally controlled individuals display greater consistency between attitudes toward energy consumption and the use of limited resources, and energy conservation behavior, than externally controlled persons.

Summary

The research methodology employed in this dissertation was presented in this chapter.

The data were collected by personally interviewing a quota sample of New York City residents. A nine part questionnaire was administered during each interview.

Measures of economic deprivation, locus of control, and demographics (the independent variables), as well as measures of attitudes and behaviors regarding personal adaptation to stagflation (the dependent variables) were included in the questionnaire. Specific scoring criteria were applied to each measure.

The hypotheses presented are based on propositions derived from the literature review (i.e., Chapter II), and they were enumerated under two headings: (a) an overall hypothesis, and (b) directional hypotheses (subdivided into five groups corresponding to the five dependent variables).

The testing of the research hypotheses is presented in the following chapter on data analysis and research findings.

Footnotes

¹The method used was Principal Component Analysis, Varimax Rotation.

²Locus of control was used as a moderating factor to test hypotheses H-10 and H-15. An expanded discussion of these tests is presented in Chapter IV.

³The overall hypothesis was tested through MANOVA procedures in relation to each dependent factor. A detailed discussion of this test is presented under the heading "Step 1" in the outline of the data analysis procedure presented in Chapter IV.

CHAPTER IV

DATA ANALYSIS AND RESEARCH FINDINGS

Introduction

The research methodology employed in this study was presented in the previous chapter. Attention is now directed to the data analysis and the research findings.

A three-stage data analysis procedure, in which personal adaptation to stagflation was examined within the context of the independent variables, is presented first. This discussion is followed by a description of the application of this procedure to each pattern of personal adaptation to stagflation, and a summary of the findings is then presented. Additional analysis, where economic deprivation alone (i.e., without the other independent variables) was examined in relation to personal adaptation to stagflation, is presented in the final section of this chapter.

The implications of the total research findings, conclusions, and suggestions for future research are presented in the final chapter.

The Data Analysis Procedure

The major findings of this study were generated through a three-stage procedure that was developed for the data analysis. A $p \leq .05$ level of significance was defined as the criterion for reporting a "significant" relationship. Each step in this procedure is now described.

Step 1: Test of Each Dependent Variable Within the Context of the Independent Variables (MANOVA Procedures)

The first step consisted of testing the significance of the economic learning factors, Recaptured Economic Deprivation (RED) and Perceived Economic Deprivation (PED), within the context of the other independent variables (i.e., locus of control and demographics). Here, all the independent variables together were examined in relation to each pattern of personal adaptation to stagflation (i.e., each dependent variable). Thus, this procedure was a test of the relationship proposed in the overall research hypothesis:

H-1: Economic deprivation early in life (i.e., either recaptured or perceived) is a significant factor, while

demographics and locus of control are not significant factors, in relation to each pattern of personal adaptation to stagflation (i.e., each dependent variable).

The above hypothesis was tested by using Multivariate Analysis of Variance (MANOVA). MANOVA was used because it is a technique designed to test the effects of a number of independent variables on two or more dependent variables simultaneously (Hair, Anderson, Tatham, and Grablovsky, 1979). Thus, it is equipped to handle the proposed research model which consists of a few independent variables and dependent variables that are composed of distinct factors. For example, the dependent variables termed attitudes toward using credit and saving money, and consumption behavior aimed at coping with stagflation, were each measured through a separate set of response items and are therefore defined as two dependent variables; however, each is divided into distinct components (generated through factor analysis). Thus, the variable termed attitudes toward using credit and saving money was divided into attitude toward using credit and attitude toward saving money, and a separate score

was computed for each attitude. The variable termed consumption behavior aimed at coping with stagflation was divided into three distinct behaviors, and a separate score was computed for each behavior. A summary of the components of the dependent variables was presented in Table 1.

Within the MANOVA, the independent variables were used in categorical form; each factor was dichotomized into two levels. A summary of the format in which these variables were used in this analysis is presented in Table 5. The dependent variables were used in continuous form. Dichotomizing the independent factors was necessary in order to maintain the required ratio (i.e., approximately 1 to 4) between the number of cells and the number of cases included in the analysis. Also, in order to maintain this requirement, not all demographics were entered into each MANOVA. A preliminary examination of the data (i.e., crosstabulations) showed that while age and income were related to all the dependent variables, sex and education were related only to some dependent factors. Thus, age and income were included in each MANOVA, and either sex or education was entered as the third demographic factor. The independent variables were tested in relation to each dependent variable, and the results of these analyses (i.e., each MANOVA) are presented within the

Table 5

The Format of the Independent
Variables Within the MANOVA

<u>Independent Variable:</u>	<u>Levels (Groups)</u>	
	<u>1</u>	<u>2</u>
RED (Recaptured Economic Deprivation)	Present	Not Present
PED (Perceived Economic Deprivation)	Present	Not Present
Locus of Control	Internally Controlled	Externally Controlled
Age	Younger (24-35 years old.)	Older (60 years old and over)
Sex	Male	Female
Income	Up to \$20,000	Over \$20,000
Education	Attended College	Did not Attend College

discussion of each pattern of personal adaptation to stagflation later in this chapter.

Step 2: Tests of the Directional Hypotheses (ANOVA Procedures and Tests of Groups' Mean Scores)

The analysis outlined in Step 1 indicated that all the independent factors taken together had explanatory value in relation to most dependent variables. As expected, in each case H-1 was rejected because economic deprivation never was the only significant factor in relation to personal adaptation to stagflation. Thus, in Step 2 a more detailed examination of the relationships shown significant in Step 1 was conducted. Here, each attitude or behavior defined as a dependent variable and represented by a distinct respondent score on that factor, was tested in relation to the independent variables. The focus of this testing were the relationships proposed in the directional hypotheses outlined earlier.

Within this step, ANOVA (Analysis of Variance) procedures were conducted; in each analysis, a single dependent variable (i.e., compared with more than one dependent factor in the MANOVA tests) was tested against the independent factors.

For example, the test of the dependent variable termed attitudes toward using credit and saving money against the independent variables (i.e., the MANOVA in Step 1) indicated that both RED and PED had a significant overall effect on this dependent variable. In Step 2, two corresponding Analyses of Variance were conducted; in the first ANOVA, attitude toward using credit was tested with the independent variables, and in the second ANOVA, attitude toward saving money was tested against these factors. Thus, in each ANOVA, one dependent variable was tested with the independent factors. The format of the variables (i.e., continuous or categorical) was the same format used in the MANOVA tests.

As expected, there were considerable similarities between the MANOVA and ANOVA procedures. However, since this research design includes groups of dependent variables and a few independent factors, it was necessary to evaluate the overall effect of each independent variable on each dependent group (i.e., MANOVA procedures) before the examination of the directional relationships proposed in this study (i.e., ANOVA procedures and tests of groups' mean scores).

The final stage of this step consisted of a look at the mean scores on the dependent variables for each level (i.e.,

group) of the independent factors that were significant within that relationship. Since each independent variable consisted only of two groups, no range test were applicable because in a two-level case an indication of significance is actually a statement that the two groups are significantly different.

As mentioned, the focus of this examination were the directional hypotheses regarding the relationships between economic deprivation and personal adaptation to stagflation. The examination of these hypotheses was relevant only if one or both economic deprivation factors, that is, either RED or PED, were significant in the MANOVA and ANOVA procedures applied to that dependent variable. If neither RED nor PED were significant, the focus of the disucssion was the independent variables that were significant in relation to that dependent factor.

Step 3: Testing of the Hypotheses Regarding Early Adaptation to Stagflation and the Consistency Between Attitudes and Behavior

Step 3 was relevant only to four hypotheses. Here, the hypotheses regarding early adoption of behavior aimed at coping with stagflation (i.e., H-9 and H-14), and the hypotheses

regarding the consistency between attitudes and behavior (i.e., H-10 and H-15) were tested.

The hypotheses regarding early adaptation were tested by crosstabulations. The hypotheses related to the consistency between attitudes and behavior were examined through regression analyses. Detailed discussions of these analyses are presented wherever Step 3 was applied.

In the following sections, the results of the data analysis procedure outlined here, regarding each pattern of personal adaptation to stagflation, are presented.

Findings Regarding Attitudes Toward
Using Credit and Saving Money

Step 1

When the independent variables were tested in relation to attitudes toward using credit and saving money, RED, PED, and age were significantly related to these attitudes. The results of the MANOVA used in this test are summarized in Table 6.

Table 6
Test of the Independent Variables in Relation
to Attitudes Toward Using Credit and Saving Money
(MANOVA)

Test of the Hypothesis of No Overall Effect of Each of the Following Independent Variables	F Ratio (Wilks' Criterion)	Level of Significance
RED	5.82	.0034
PED	5.15	.0065
Locus of Control	0.78	.4579
Age	7.15	.0010
Income	1.69	.1871
Education	2.62	.0748

Step 2

Here, each attitude was tested separately in relation to the independent variables through two ANOVA procedures. The results of each test are now presented.

Attitude Toward Using Credit

As demonstrated in Table 7, RED, PED, and age were significantly related to attitude toward using credit.

The hypothesis designed to examine the relationship between attitude toward using credit and economic deprivation was:

H-2: Persons who had experienced economic deprivation early in life have a less favorable attitude toward using credit than individuals who did not have such an experience.

The above hypothesis was accepted because both RED and PED were significantly related to attitude toward using credit, and because persons who had experienced early economic deprivation scored lower on attitude toward using credit than individuals

Table 7

Test of the Independent Variables in Relation
To Attitude Toward Using Credit (ANOVA)

Dependent Variable: Attitude Toward
Using Credit

Independent Variables	F Ratio	Level of Significance
RED	6.20	.0135
PED	5.96	.0154
Locus of Control	1.39	.2400
Age	7.29	.0075
Income	3.18	.0761
Education	3.57	.0601
<hr/>		
Test of the Model	6.98	.0001

who did not have such an experience (see Table 8). Also, as demonstrated in Table 8 older persons had a less favorable attitude toward using credit than younger individuals.

Attitude Toward Saving Money

When the independent variables were tested in relation to attitude toward saving money, only age was significantly related to this factor. Older persons were more concerned about saving money than younger individuals.

The hypothesis designed to examine the relationship between attitude toward saving money and economic deprivation (i.e., H-3) could not be accepted because neither RED, nor PED, were significantly related to this attitude.

Findings Regarding Attitudes Related to Present Financial Pressures

Step 1:

When the independent variables were tested in relation to attitudes related to present financial pressures, PED, locus of

Table 8

Group Means on Attitude Toward Using Credit for Each
Independent Variable Significantly Related to this Attitude*

Independent Variable	Levels of Independent Variable (Groups)	Group Mean on Attitude Toward Using Credit**
RED	Present	2.86
	Not Present	3.16
PED	Present	2.81
	Not Present	3.21
Age	Younger	3.41
	Older	2.61

*at the $p \leq .05$ level

**The higher the score, the more favorable the attitude.

control, age, sex, and income were significantly related to these attitudes. The results of the MANOVA used in this test are summarized in Table 9.

Step 2:

Here, each of the two factors that compose the dependent variable termed attitudes toward present financial pressures (i.e., mental strain and perceived impact), was tested separately against the independent variables through two ANOVA procedures. The results of each test are now presented.

Mental Strain Caused by Present Financial Pressures

As demonstrated in Table 10, PED, locus of control, age, sex, and income were significantly related to mental strain caused by present financial pressures.

The hypothesis designed to examine the relationship between mental strain caused by present financial pressures and economic deprivation was:

H-4: Persons who had experienced economic deprivation early in life exhibit a higher level of mental

Table 9

Test of the Independent Variables in Relation
to Attitudes Related to Present Financial Pressures
(MANOVA)

Test of the Hypothesis of No Overall Effect of Each of the Following Independent Variables	F Ratio (Wilks' Criterion)	Level of Significance
RED	1.18	.3075
PED	7.37	.0001
Locus of Control	4.10	.0173
Age	17.72	.0001
Sex	3.99	.0193
Income	19.88	.0001

Table 10

Test of the Independent Variables in Relation
to Mental Strain Caused by Present Financial Pressures
(ANOVA)

Dependent Variable: Mental Strain Caused
by Present Financial Pressures

<u>Independent Variable</u>	<u>F Ratio</u>	<u>Level of Significance</u>
RED	2.27	.1245
PED	19.88	.0001
Locus of Control	10.46	.0001
Age	18.73	.0001
Sex	4.74	.0301
Income	10.23	.0015

Test of the Model 8.76 .0001

strain caused by present financial pressures than individuals who did not have such an experience.

The above hypothesis was accepted because PED was significantly related to mental strain, and because individuals who indicated PED scored higher on mental strain than subjects who did not indicate PED (see Table 11). Also, as shown in Table 11, externally controlled individuals exhibited higher level of mental strain than internally controlled respondents, older persons scored higher on mental strain than younger adults, females showed lower mental strain than males, and respondents with higher annual income showed lower mental strain than respondents with smaller income.

Perceived Impact of Present Financial Pressures

As demonstrated in Table 12 PED, age, sex, and income were significantly related to the individual's perceived impact of the present financial pressures.

The hypothesis designed to examine the relationship between perceived impact of present financial pressures and economic

Table 11

Group Means on Mental Strain Caused by Present Financial Pressures for Each Independent Variable Significantly Related to this Factor*

Independent Variable	Levels of Independent Variables (Groups)	Group Mean on Mental Strain Caused by Present Financial Pressures**
PED	Present	3.04
	Not Present	2.61
Locus of Control	Internally Controlled	2.78
	Externally Controlled	3.21
Age	Younger	2.79
	Older	3.16
Sex	Male	3.07
	Female	2.88
Income	Up to \$20,000	3.13
	Over \$20,000	2.77

*at the $p \leq .05$ level.

**The higher the score, the higher the mental strain.

Table 12

Test of the Independent Variables in Relation
to Perceived Impact of Present Financial Pressures
(ANOVA)

Dependent Variable: Perceived Impact of of Present Financial Pressures		
Independent Variable	F Ratio	Level of Significance
RED	0.20	.6560
PED	8.43	.0039
Locus of Control	0.16	.8520
Age	7.86	.0053
Sex	5.37	.0210
Income	37.17	.0001

Test of the Model	13.01	.0001
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deprivation was:

H-5: Persons who had experienced economic deprivation early in life perceive the impact of present financial pressures as more severe than individuals who did not have such an experience.

The above hypothesis was accepted because PED was significantly related to perceived impact, and because individuals who indicated PED scored higher on perceived impact than subjects who did not indicate PED (see Table 13). Also, as shown in Table 13, older persons perceived the impact of present financial pressures as more severe than younger subjects, males scored slightly higher on perceived impact than females, and individuals with higher annual income scored lower on perceived impact than respondents with lower income.

Findings Regarding Consumption Behavior

Aimed at Coping with Stagflation

Step 1

When the independent variables were tested in relation to

Table 13

Group Means on Perceived Impact of Present Financial Pressures for Each Independent Variable Significantly Related to this Factor*

Independent Variable	Levels of Independent Variables (Groups)	Group Mean on Perceived Impact of Present Financial Pressures**
PED	Present	4.00
	Not Present	3.13
Age	Younger	3.37
	Older	3.98
Sex	Male	3.72
	Female	3.61
Income	Up to \$20,000	4.00
	Over \$20,000	3.22

*at the $p \leq .05$ level

**The higher the score, the more severe the perceived impact.

consumption behavior aimed at coping with stagflation, only age was significantly related to this behavior. The results of the MANOVA used in this test are presented in Table 14.

Step 2

When separate ANOVA procedures were conducted to test the independent variables in relation to each of the three distinct factors that compose the dependent variable termed consumption behavior aimed at coping with stagflation, only age was significantly related to each behavior.

The mean scores on each behavior for each age group are summarized in Table 15. As shown in this table, compared with younger individuals, older persons exhibited shopping behavior aimed at saving money, saving behavior and resourceful behavior related to household maintenance, more frequently than younger individuals.

Since neither RED, nor PED, were significantly related to consumption behavior aimed at coping with stagflation, it was not possible to test the proposed directional relationships between economic deprivation and these behaviors, and the hypotheses designed to test these relationships (i.e., H-6, H-7, and H-8) could not be accepted.

Table 14

Test of the Independent Variables in Relation
to Consumption Behavior Aimed at
Coping with Stagflation
(MANOVA)

Test of the Hypothesis of No Overall Effect of Each of the Following Independent Variables	F Ratio (Wilks' Criterion)	Level of Significance
RED	0.14	.9323
PED	0.64	.5962
Locus of Control	0.72	.5416
Age	2.97	.0322
Sex	1.12	.3408
Income	1.34	.2615

Table 15

Consumption Behavior Aimed at Coping with Stagflation:
Group Means for Each of the Age Levels*

<u>Dependent Variable:**</u>	<u>Age Levels</u>	
	<u>Younger</u>	<u>Older</u>
Shopping Behavior Aimed at Saving Money	2.92	2.50
Saving Behavior Related to Household Maintenance	3.79	3.16
Resourceful Economical Behavior Related to Household Maintenance	3.86	3.40

*Age was the only independent variable indicated to be significantly related to this group of dependent variables (i.e., within the overall MANOVA and the separate ANOVA procedures).

**The lower the score, the more frequent the behavior.

Step 3

The first hypothesis tested in this stage was designed to examine the relationship between early adoption of consumption behavior aimed at coping with stagflation and economic deprivation. This hypothesis was:

H-9: Persons who had experienced economic deprivation early in life are early adopters of consumption behavior aimed at coping with stagflation.

When both RED and PED were separately crosstabulated with the time of changing personal shopping habits as a result of stagflation, both were significantly related to this factor. About 60 percent of the early adopters indicated PED, and about 57 percent reported RED. Among the laggards, 55 percent did not indicate PED, and 60 percent did not report RED. Most of the non-adopters did not indicate PED (60 percent), and did not report RED (63 percent).

Apparently, there is a significant relationship between the variables specified in H-9. However, the lack of a larger difference in the ratios of those who indicated RED or PED versus those who did not, within the early adopters group,

provides only limited support to this hypothesis.

The second hypothesis tested in this stage was designed to examine the relationship between locus of control and consistency between attitudes and behavior related to consumption during stagflation. This hypothesis was:

H-10: Internally controlled individuals display greater consistency between attitudes related to present financial pressures and consumption behavior aimed at coping with stagflation, than externally controlled persons.

The above hypothesis was tested through regression analysis. In line with the notion that attitudes precede behavior, attitudes related to present financial pressures were defined as the independent variables and consumption behavior aimed at coping with stagflation was termed the dependent variable. Separate regressions were run for internally controlled and for externally controlled persons.

The analysis provided limited support to the above hypothesis. For internally controlled persons, attitudes related to present financial pressures explained 41 percent

of the variation in shopping behavior aimed at saving money, compared with 21 percent of the variation explained for externally controlled individuals; perceived impact of present financial pressures was the major contributor to the variation explained. However, the amount of variation in saving behavior related to household maintenance explained by these attitudes for the internally controlled, was not significantly different from the amount explained for the externally controlled. Thus, H-10 received only limited support.

Findings Regarding Attitudes Toward Energy
Consumption and the Use of Limited Resources

Step 1

When the independent variables were tested in relation to attitudes toward energy consumption and the use of limited resources, age was significantly related to these attitudes and locus of control was somewhat related to this dependent factor. The results of the MANOVA used in this test are summarized in Table 16.

Table 16

Test of the Independent Variables in Relation
to Attitudes Toward Energy Consumption
and the Use of Limited Resources
(MANOVA)

Test of the Hypothesis of No Overall Effect of Each of the Following Independent Variables	F Ratio (Wilks' Criterion)	Level of Significance
RED	0.00	.9983
PED	0.03	.9702
Locus of Control	2.41	.0924
Age	5.14	.0066
Income	0.91	.4042
Education	0.34	.7138

Step 2

When separate ANOVA procedures were conducted to test the independent variables in relation to each of the two attitudes that compose the dependent variable termed attitudes toward energy consumption and the use of limited resources, the results were consistent with those of the MANOVA. Older persons were more concerned with saving energy and with the use of limited resources than younger individuals. Locus of control was somewhat related to both attitudes (i.e., at the .07 - .08 level of significance), where internally controlled subjects scored slightly higher on concern with saving energy and on concern with the use of limited resources than externally controlled individuals.

Since neither RED nor PED were significantly related to concern with saving energy or to concern with the use of limited resources, the hypotheses designed to test the relationships between these attitudes and early economic deprivation (i.e., H-11 and H-12) could not be accepted.

Findings Regarding Energy
Conservation Behavior

Step 1, Step 2

Because energy conservation behavior consisted of a single dependent factor, a MANOVA was not applicable and only an ANOVA was conducted. Here, age and sex were significantly related, and income was moderately related, to energy conservation behavior. The results of this test are presented in Table 17.

As demonstrated in Table 18, older individuals conserved more energy than younger adults, males conserved slightly more than females, and respondents with lower annual income conserved slightly more than respondents with higher income.

Since neither RED nor PED were significantly related to energy conservation behavior, the hypothesis designed to test the relationship between this behavior and early economic deprivation (i.e., H-13) could not be accepted.

Table 17

Test of the Independent Variables in Relation
to Energy Conservation Behavior
(ANOVA)

Dependent Variable: Energy Conservation
Behavior

<u>Independent Variables</u>	<u>F Ratio</u>	<u>Level of Significance</u>
RED	0.15	.7007
PED	0.17	.6848
Locus of Control	0.02	.8912
Age	19.69	.0001
Sex	5.82	.0167
Income	3.30	.0706

Test of the Model 7.26 .0001

Table 18

Group Means on Energy Conservation for Each Independent Variable Significantly Related to this Behavior

Independent Variable	Levels of Independent Variable (Groups)	Group Mean on Energy Conservation Behavior***
Age*	Younger	2.84
	Older	2.19
Sex*	Male	2.40
	Female	2.65
Income**	Up to \$20,000	2.27
	Over \$20,000	2.65

*at the $p \leq .05$ significance level

**at the $p \leq .07$ significance level

***The lower the score, the more frequent the behavior.

Step 3

The first hypothesis tested in this stage was designed to examine the relationship between early adoption of energy conservation behavior and economic deprivation. This hypothesis was:

H-14: Persons who had experienced economic deprivation early in life are early adopters of energy conservation behavior.

When both RED and PED were separately crosstabulated with the time of adopting energy conservation behavior, only RED was significantly related to this factor. About 55 percent of the early adopters reported RED, while 64 percent of the laggards, and 59 percent of the non-adopters, did not report RED.

Apparently, there is a significant relationship between the variables specified in H-14. However, the lack of a larger difference in the ratio of those who reported RED versus those who did not report RED, within the early adopters group, provides only limited support to this hypothesis.

The second hypothesis tested in this stage was designed to examine the relationship between locus of control and consistency between attitudes and behavior related to energy consumption. This hypothesis was:

H-15: Internally controlled individuals display greater consistency between attitudes toward energy consumption and the use of limited resources, and energy conservation behavior, than externally controlled persons.

The above hypothesis was tested through regression analysis. In line with the notion that attitudes precede behavior, attitudes toward energy consumption and the use of limited resources were defined as the independent variables and energy conservation behavior was termed the dependent variable. Separate regressions were run for internally controlled and for externally controlled individuals.

The analysis did not provide support for the above hypothesis. The amount of variation in energy conservation behavior explained by attitudes related to energy consumption and the use of limited resources for the internally controlled was not

significantly different from the amount explained for the externally controlled. The amount of variation in behavior explained by attitudes, for both groups, was small (i.e., about 25 percent); concern about the use of limited resources was the major contributor to the variation explained.

Summary of the Findings

In this section, the findings presented so far are summarized. It should be noted that this discussion is a summary and a brief evaluation of the major findings regarding each of the independent variables. An extensive discussion of the results is presented in Chapter V.

This presentation is divided into three sections; that is, the results regarding each of the study's independent variables are presented separately.

Economic Deprivation

Within the context of the other independent variables, both RED and PED appeared to have greater explanatory value in

relation to attitudes than in relation to behavior. Both factors were significantly related to attitude toward using credit. However, only PED was significantly related to the mental strain caused by the present financial pressures and to the perceived impact of these hardships. Neither RED nor PED were significantly related to concern with saving money, consumption behavior aimed at coping with stagflation, attitudes toward energy consumption and the use of limited resources, and energy conservation behavior. Nevertheless, there was some indication of a significant relationship between economic deprivation and the time of changing personal shopping habits as a result of stagflation, when these factors were crosstabulated.

Generally, both RED and PED appeared to have similar explanatory value in relation to the dependent variables. However, while PED appeared to have greater explanatory value than RED in relation to cognitions about present financial pressures, RED had greater value regarding early adoption of behavioral patterns aimed at coping with stagflation.

Locus of Control

Locus of control appeared to have limited explanatory ability in relation to personal adaptation to stagflation.

As an independent variable, locus of control was significantly related only to mental strain caused by present financial pressures; here, externally controlled individuals showed higher mental strain than internally controlled subjects. Locus of control was somewhat related to attitudes toward energy consumption and the use of limited resources; here, internally controlled individuals were slightly more concerned with saving energy and with using limited resources than externally controlled respondents.

As a moderating variable regarding the consistency between attitudes and behavior, locus of control was a significant moderator between the perceived impact of present financial pressures and shopping behavior aimed at saving money. However, it did not significantly influence the relationship between attitudes related to energy consumption and the use of limited resources, and energy conservation behavior.

Demographics

The findings regarding each of the demographic factors are now summarized.

Age

A person's age was the only independent variable that was significantly related to each personal adaptation to stagflation. Compared with younger individuals, older persons had a less favorable attitude toward using credit, a higher concern for saving money, higher scores on mental strain caused by present financial pressures, perceived the impact of these hardships as more severe, exhibited consumption patterns aimed at coping with stagflation more frequently, were more concerned with saving energy and with using up limited resources, and conserved more energy.

The implications of the high explanatory value of the age factor for the evaluation of the research questions and propositions of this study are discussed in Chapter V.

Sex

Sex was significantly related to attitudes regarding present financial pressures and to energy conservation behavior. Compared with females, males scored higher on mental strain caused by present financial pressures, perceived the impact of these pressures as more severe, and conserved more energy. However,

it should be noted that the differences in the mean scores on these factors between males and females are small. Thus, although sex was significantly related to some patterns of adaptation to stagflation, there is little evidence regarding the direction of these relationships.

Income

Total annual family income was highly related to attitudes pertaining to present financial pressures. Persons with annual income of up to \$20,000 scored higher on mental strain caused by financial pressures, and perceived their impact as more severe, than individuals with income in excess of \$20,000 a year.

Income was somewhat related to attitude toward using credit and to energy conservation behavior; individuals with higher income favored using credit and conserved less energy than persons with lower income.

Annual family income seems to be an adequate explanatory variable regarding adaptation to stagflation primarily because it is highly related to attitudes toward present financial pressures; the direction of this relationship is consistent with

the notion that persons with higher income tolerate financial pressures better than individuals with lower income.

Education

The individual's educational level appeared to be a weak explanatory variable in this study. Education was moderately related only to attitude toward using credit; persons who have attended college favored using credit more than those who have not attended college. However, the difference between the groups' mean scores on this attitude was small.

Additional Analysis and Findings

Since the focus of this dissertation is the relationship between economic deprivation early in life and personal adaptation to stagflation, the purpose of this discussion is to provide further insight into this relationship. This presentation concentrates on directional hypotheses that were not supported when economic deprivation was tested within the context of the other independent variables. Here, a more "liberal" view was taken toward examining the explanatory value

of economic deprivation; thus, it was tested separately from the other independent factors, in relation to dependent variables to which it was not significantly related when it was examined within the context of the other independent factors.

It must be stressed that the analysis presented here is not an attempt to fully support hypotheses that could not be accepted within the statistical tests presented earlier in this chapter; such an approach is contradictory to the proposition that early economic deprivation should be examined within the context of demographics and locus of control. However, the limited support given to some hypotheses by the analysis presented here, provides valuable insight into the relationship between economic deprivation and adaptation to stagflation.

The statistical technique used here was crosstabulation, and the Chi-Square criterion was the test statistic. In this analysis, all the variables were used in categorical form. Whenever the relationship between the two variables crosstabulated was significant (i.e., a $p \leq .05$ level of significance), the table's cells were examined to detect the direction of the relationship. Statistically, such a procedure is less rigorous than the three stage procedure consisting of MANOVA, ANOVA, and testing of the mean scores, that was used to test economic

deprivation within the context of the other independent variables. Thus, even if the results of the crosstabulation support the direction proposed in the corresponding hypothesis, such evidence should be regarded as limited support.

In order not to clutter the major findings with these secondary results, the tables discussed here are presented in Appendix C. The results of significant crosstabulations are now presented.

Consumption Behavior Aimed at Coping With Stagflation

While neither RED nor PED were significantly related to consumption behavior aimed at coping with stagflation when they were tested within the context of the other independent variables, both RED and PED were significantly related to each of the three factors that make up this dependent variable in two-way crosstabulations.

Individuals who reported RED, and subjects who indicated PED, exhibited shopping behavior aimed at saving money more frequently than respondents who did not report RED or PED. The results of these crosstabulations are presented in Table C-1 (see Appendix C). These findings provide support for the

following hypothesis:

H-6: Persons who had experienced economic deprivation early in life exhibit shopping behavior aimed at saving money more frequently than individuals who did not have such an experience.

Individuals who reported RED, and subjects who indicated PED, displayed saving behavior related to household maintenance more frequently than respondents who did not report RED or PED. The results of these crosstabulations are presented in Table C-2. These findings provide support for the following hypothesis:

H-7: Persons who had experienced economic deprivation early in life display saving behavior related to household maintenance more frequently than individuals who did not have such an experience.

Individuals who reported RED, and subjects who indicated PED, exhibited resourceful economical behavior related to household maintenance more frequently than respondents who

did not report RED or PED. The results of these crosstabulations are presented in Table C-3. These findings provide support for the following hypothesis:

H-8: Persons who had experienced economic deprivation early in life exhibit resourceful economical behavior related to household maintenance more frequently than individuals who did not have such an experience.

Energy Conservation Behavior

While neither RED nor PED were significantly related to energy conservation behavior when they were tested within the context of the other independent variables, both RED and PED were significantly related to this behavior in two-way crosstabulations.

Individuals who reported RED, and subjects who indicated PED, displayed behavior aimed at saving energy more frequently than respondents who did not report RED or PED. The results of these crosstabulations are presented in Table C-4. These findings provide support for the following hypothesis:

H-13: Persons who had experienced economic deprivation early in life conserve more energy than individuals who did not have such an experience.

In conclusion, when economic deprivation was tested in relation to the behavioral aspects of personal adaptation to stagflation through two-way crosstabulations, it was significantly related to each behavior; the directions of these relationships were consistent with those proposed in the directional hypotheses related to these variables. However, even this "liberal" treatment of economic deprivation (i.e., not within the context of the other independent variables) failed to support the proposition that this dimension is related to attitude toward saving money, and to attitudes regarding energy consumption and the use of limited resources.

Summary

The data analysis and the research findings were presented in this chapter.

The results were reported in relation to each pattern of personal adaptation to stagflation (i.e., each dependent

variable) and a summary of the findings related to each factor used as an independent variable in this study was presented. A more "liberal" approach for assessing the explanatory ability of economic deprivation, the dimension this study focused on, was discussed after the major findings were summarized.

The implications, conclusions, and limitations of the study's findings, as well as directions for future research are presented in the following chapter.

CHAPTER V

SUMMARY, CONCLUSIONS, MARKETING IMPLICATIONS, AND SUGGESTIONS FOR FUTURE RESEARCH

Introduction

The objective of the research described in this dissertation was to explore the relationship between early economic learning, operationalized as economic deprivation early in life, and adaptation to stagflation. The literature review (Chapter II) indicated that such a research effort has not previously been undertaken, and that a theoretical foundation for such a study exists in social learning theory. The methodology, data analysis, and findings of this study were described in Chapter III and in Chapter IV.

In this final chapter, attention is directed to the implications of the research findings for the development of marketing strategies and for future consumer behavior research. These topics are presented under three headings: (a) economic learning, (b) locus of control, and (c) demographics. They correspond to the factors defined as independent variables in this study. A succinct review of the findings precedes

each discussion of the conclusions, marketing implications, and suggestions for future research.

Economic Learning

When tested within the context of the other independent variables, both economic learning factors (i.e., recaptured economic deprivation and perceived economic deprivation) were significantly related to attitude toward using credit; that is, individuals who had experienced economic deprivation early in life had a less favorable attitude toward using credit than respondents who did not have such an experience. Perceived economic deprivation was significantly related to the mental strain caused by present financial pressures and to the perceived impact of these hardships; that is, individuals who perceived themselves as economically deprived early in life exhibited higher mental strain and perceived the impact of present financial pressures as more severe, than subjects who did not perceive themselves as economically deprived.

When economic deprivation was tested within the context of the other independent variables, it was not significantly related to any behavioral aspect of personal adaptation to

stagflation. However, in two-way crosstabulations of each measure of economic deprivation with each behavior (i.e., consumption behavior aimed at coping with stagflation and energy conservation behavior), economic deprivation was significantly related to each behavior. Specifically, individuals who had experienced economic deprivation early in life displayed consumption behavior aimed at coping with stagflation more frequently, and conserved more energy, than respondents who did not have such an experience. Also, economic deprivation was moderately related to early adaptation to stagflation. Neither recaptured economic deprivation, nor perceived economic deprivation, were significantly related, in any analysis approach, to attitude toward saving money, and to attitudes regarding energy consumption and the use of limited resources.

Age and Economic Learning

As mentioned earlier, the objective of the sampling procedure used here was to generate a group of individuals who, most likely, had experienced economic deprivation early in life, and a group of subjects who, most likely, did not have such an experience. Therefore, age and the related

factor of living through a particular economic era early in life, were the stratification basis followed in designing the sample. As a result of this procedure, there was a highly significant relationship between age and both recaptured and perceived economic deprivation; that is, most older respondents had experienced economic deprivation early in life, and most younger adults did not have such an experience.

Although age and economic deprivation were highly related, economic deprivation was a weaker explanatory variable than age in relation to personal adaptation to stagflation. Of the dozen directional hypotheses proposed, regarding the relationship between economic deprivation and personal adaptation to stagflation, three hypotheses were confirmed, and six hypotheses received limited support (i.e., when economic deprivation was tested alone and not with the other independent factors). On the other hand, if economic deprivation had been replaced by age as the explanatory factor, in each directional hypothesis (i.e., "older" for persons who had experienced economic deprivation early in life and "younger" for individuals who did not have such an experience), each of the twelve hypotheses would have been

accepted. This would have occurred either when age was tested within the context of the other independent factors, or when it was tested as a single independent variable. Nevertheless, when an analysis of the directional relationship was conducted only for the older segment, the relationships between economic deprivation and personal adaptation to stagflation were generally not significant.

The implications of the relationship between age and economic deprivation are discussed in the following two sections.

Conclusions and Marketing Implications

Economic deprivation early in life has never before been applied to the study of personal adaptation to stagflation. The above findings indicate that, to some extent, individuals who had experienced economic deprivation early in life adapt to stagflation differently than persons who did not have such an experience. While both measures of economic deprivation were valuable, perceived economic deprivation early in life seemed to have greater explanatory ability, than recaptured economic deprivation, for cognitions related to present financial pressures.

The findings of this research suggest that, during stagflation, marketers should develop marketing strategies that take advantage of the early economic experiences of their consumers. For example, since individuals who had experienced economic deprivation early in life had an unfavorable attitude toward using credit, the positioning (i.e., advertising appeals) of credit-related products and services aimed at that segment should stress that there is nothing wrong with using credit, and that it is an important payment mechanism in today's economic structure. Also, policy makers and designers of programs targeted at public acceptance of practices that reduce inflation and economic instability (e.g., higher saving and lower spending) should expect greater receptivity of such notions among individuals who had experienced economic deprivation early in life, because there is indication that these persons feel more apprehensive about the present stagflation. Marketers of new products and services aimed at saving money (e.g., stores that sell exclusively no-name brands) should appeal first to individuals who had experienced economic deprivation early in life; these individuals exhibit consumption behavior aimed at coping with stagflation frequently, and there is some evidence that they are early adopters of such practices. This

conclusion is also valid for the marketing of energy saving devices and for promoting energy conservation.

On the other hand, individuals who had experienced economic deprivation might be less innovative; that is, they might be less receptive to new products that are extensions of existing products or to new products that possess major technological advantages and are generally more expensive (e.g., color TVs, Touch-Tone Telephone, audio-visual recording devices). Thus, a product strategy intended to shorten the life span over which a product satisfies the customer aimed at frequent replacement of the product (i.e., planned obsolescence), might not be successful among persons who had experienced economic deprivation. This conclusion is particularly valid regarding style obsolescence where the product policy is aimed at encouraging replacement of products that still work through frequent changes in style rather than through alterations of the functional features of the product.

Suggestions for Future Research

The major limitation of a segmentation approach that takes advantage of consumers' economic experiences early in life

is that the relationship between this factor and age remains somewhat unclear. The fact that most relationships between economic deprivation early in life and personal adaptation to stagflation were not significant when they were examined in relation to older individuals only, provides some support to the notion that the variations in personal adaptation observed here should be attributed to period effects (i.e., effects produced by the subject's economic experiences early in life); that is, rather than to age effects (i.e., effects produced by the process of aging), or to cohort effects (i.e., effects produced by belonging to a particular "generation"). However, the fact that age was significantly related to each pattern of personal adaptation to stagflation, while economic deprivation was related only to some patterns, does not allow the conclusion that early economic deprivation is a better explanatory variable than age for understanding personal adaptation to stagflation.

Before economic deprivation, and the more general concept termed economic learning, experienced early in life can be successfully incorporated into market segmentation and into planning product strategy, extensive research designed to develop improved measurement of early economic deprivation must be

undertaken. It is necessary to develop a battery of questions that allow for a better evaluation of the person's early economic experiences. Such measures should include questions of early economic recollection as well as response-items that measure the subject's perceptions of his (or her) early economic situation because this study showed that both types are valuable measures. Also, such instruments should measure the effects of early economic experiences on a continuum. A quantitative scoring method should be established for assigning scores to various economic events early in the subject's life so that their relative impact can be evaluated; such an approach has been used in developing "stress scales" in life-events research, but it has not been applied to studying economic deprivation. Such research tools will enable a far more sophisticated statistical analysis than the dichotomous measures of economic deprivation (i.e., presence or no presence) used in this study.

It is strongly believed that this study has demonstrated that economic learning, operationalized as economic deprivation early in life, is a worthwhile approach for understanding

consumer behavior during stagflation. Only better measurement of economic learning would enable an accurate assessment of its explanatory value for personal adaptation to stagflation. Such instruments should be designed to enable separating period effects from age effects, and from cohort effects, so that the explanatory value of each variable can be estimated. This research direction would lead to a recognition of economic situation early in life as a distinct learning construct. So far, this dimension has been regarded as part of human learning, and it received minor attention in life-events research, but it did not receive the recognition it deserves as a distinct dimension within these broad theories.

Locus of Control

When tested as an independent variable, in relation to all patterns of personal adaptation to stagflation, locus of control was significantly related to mental strain caused by present financial pressures, and moderately related to attitudes toward energy consumption and the use of limited resources. Internally controlled individuals revealed less mental strain produced by present financial pressures, and were slightly more concerned with saving energy and with

using up limited resources, than externally controlled individuals.

As a moderating variable regarding the consistency between attitudes and behavior, locus of control was a significant moderator between the perceived impact of present financial pressures and shopping behavior aimed at saving money. However, it did not significantly influence the relationship between attitudes related to energy consumption and to the use of limited resources, and energy conservation behavior.

Conclusions and Marketing Implications

Locus of control appears to have limited ability, either as an explanatory variable, or as a moderating factor, for personal adaptation to stagflation. Therefore, locus of control is not likely to be a basis for effective segmentation during economic stagflation. However, there is indication that this factor has some value in relation to two cognitions: perceived impact of present financial pressures, and concern with the use of limited resources. Thus, future research relating locus of control to adaptation to stagflation should focus on these cognitions.

Suggestions for Future Research

More studies designed to measure the explanatory ability of locus of control for personal adaptation to stagflation should be undertaken, before this factor can be successfully applied to marketing during stagflation. Based on this study, a useful direction for researching this relationship is examining locus of control in relation to perceived subjective well-being. Such research should be aimed at creating more sophisticated measures of the perceived effects of the existing economic stagflation.

Another valuable research area is examining locus of control in relation to attitudes toward energy consumption and the use of limited resources; the findings of this study indicate that locus of control is related to these factors. Such future research should be aimed at enriching the dimension of socially responsible consumption behavior, a construct that has received considerable attention from consumer behavior researchers in recent years.

Demographics

Demographics were related to all aspects of personal adaptation to stagflation. However, no single demographic

factor, except age, was significantly related to all aspects of personal adaptation. The findings regarding age, and their implications, were discussed earlier.

Sex was significantly related to two factors: attitudes regarding present financial pressures, and energy conservation behavior. However, the differences between males and females on these factors were small. There was significant indication that persons with higher income tolerate present financial pressures better than individuals with lower earnings. Also, there was some indication that persons with higher income are more likely to use credit, and to conserve less energy. Education was somewhat related to attitude toward using credit, but the differences in this attitude between persons who have attended college, and those who have not, were small.

Conclusions and Marketing Implications

Among the demographics examined, age and income appear to have considerable explanatory value for personal adaptation to stagflation. The implication of the significant relationship between age and adaptation to stagflation, and the need to separate between aging effects and effects produced by early

economic deprivation, in relation to this adaptation, were discussed earlier.

Since the findings indicate that annual income effected the individual's tolerance of present financial pressures, effective segmentation during stagflation should consider income. Policy makers and designers of programs targeted at public acceptance of practices that reduce inflation and economic instability (e.g., higher saving, less credit usage, energy conservation) should expect greater receptivity to these ideas among persons with lower income who were shown to be more apprehensive about the present economic environment than individuals with higher income. Directions for developing more sophisticated segmentation related to income are presented in the next section.

Suggestions for Future Research

In order to effectively incorporate annual income into a segmentation approach for marketing during stagflation, more research designed to examine the relationship between income and other constructs discussed in this research is needed. The relationship between the changes in a person's income (i.e.,

absolute, and adjusted for escalated cost of living figures) over the years, economic learning, and his tolerance of the 1970s stagflation should be researched. Such an attempt was incorporated into the questionnaire used here, but the high non-response rate regarding past income prevented any meaningful analysis; thus, at present, the relationship between income and economic learning early in life remains unclear.

Conclusion

The objective of this research was to explore the relationship between economic learning early in life and personal adaptation to stagflation. It is hoped that this study has demonstrated that economic learning early in life represents a basis for segmentation during stagflation that is worthy of future marketing research. The conclusions of this research were used to generate suggestions for such studies.

APPENDIX A

**Baruch
College**
The City
University of
New York
17 Lexington
Avenue
New York
N.Y. 10010



December 1980

Dear Mr. Doe:

WILL YOU DO US A FAVOR?

The person handing you this letter is a marketing student at Baruch College of the City University of New York. The attached questionnaire is being administered as part of a study conducted by several faculty members at Baruch College. The student is administering the questionnaire as part of his (or her) classwork.

The questionnaire is easy to complete. Most of the questions can be answered by putting a check mark (✓) next to the response that best represents your opinion. The questionnaire is divided into a few parts. Please answer all questions.

The student is committed to collect all information in a sealed envelope to ensure confidentiality. All your responses will remain strictly confidential and will be used for academic purposes only.

Your participation in this interview is a valuable service to this important research project and is greatly appreciated. Hopefully you will find it an interesting and enjoyable experience.

Thank you for your cooperation.

Sincerely yours,

A handwritten signature in cursive script that reads "Joe Wisenblit".

Joe Wisenblit
Department of Marketing
Baruch College

I-6 _____

CONSUMER SURVEY

PART 1: We would like to learn about your economic experiences when you were growing up. Listed below are things that may have happened in your family when you were growing up. Please put a check mark [✓] next to each situation that took place in your family during that time period. You may check one situation, none, all situations, etc.

"When I was growing up I remember..."*

- Our family's major wage earner was unemployed for a long period of time creating severe economic problems for our family. 7-
- Our family being dependent on friends or relatives to help provide some of our basic necessities (for example: food, clothing, a place to live). 8-
- Our family being dependent on public assistance (for example: relief agencies) to provide some of our basic necessities. 9-
- An immediate family member suffering a mental breakdown because of economic pressures. 10-
- Economic pressures causing separation within the family (for example: a family member taking a job away from home to support the family, a divorce). 11-
- Family members of school age (possibly yourself) having to take a job to help support their family. 12-
- Our family being evicted from an apartment because of not being able to pay the rent. 13-
- Our family losing its house due to foreclosure. 14-
- Our family losing its business (for example: due to bankruptcy). 15-
- Our family losing most of its investments or savings (for example: due to downturn in the stockmarket or the collapse of a bank). 16-
- A family member's medical problem going uncared for because we couldn't afford the expense. 17-
- Severe arguments or conflicts within our family because of money problems. 18-

* By "When I was growing up" we mean when you were living with your family, before you had established your own household.

PART II: It is possible that during certain periods of your life you were better (or worse) off than during other periods. We would like you to describe certain periods in your life from an economic point of view.

1. How would you describe your economic situation during your childhood?

very good	quite good	neither good nor bad	quite bad	very bad	21-
-----------	------------	-------------------------	-----------	----------	-----

2. How would you describe your economic situation during your early teenage years?

very good	quite good	neither good nor bad	quite bad	very bad	22-
-----------	------------	-------------------------	-----------	----------	-----

3. How would you describe your economic situation during your early adulthood?

very good	quite good	neither good nor bad	quite bad	very bad	23-
-----------	------------	-------------------------	-----------	----------	-----

4. In contrast to you and your family, how would you describe the economic situation of most people around you during your childhood?

much better off	somewhat better off	neither better nor worse off	somewhat worse off	much worse off	24-
--------------------	------------------------	------------------------------------	-----------------------	-------------------	-----

5. In contrast to you and your family, how would you describe the economic situation of most people around you during your early teenage years?

much better off	somewhat better off	neither better nor worse off	somewhat worse off	much worse off	25-
--------------------	------------------------	------------------------------------	-----------------------	-------------------	-----

6. In contrast to you and your family, how would you describe the economic situation of most people around you during your early adulthood?

much better off	somewhat better off	neither better nor worse off	somewhat worse off	much worse off	26-
--------------------	------------------------	------------------------------------	-----------------------	-------------------	-----

PART III: It is possible that your economic experiences throughout your life have influenced your present shopping habits. By present shopping habits we mean what products you normally buy, how often you buy them, when and where you usually buy them, etc. We would like you to describe how your economic experiences during certain periods in your life have influenced your present shopping habits.

1. How would you describe the influence that your economic experiences during your childhood have had on your present shopping habits?

<u>extreme</u> influence	<u>moderate</u> influence	<u>slight</u> influence	<u>no</u> influence	<u>don't</u> know
-----------------------------	------------------------------	----------------------------	------------------------	----------------------

29-

2. How would you describe the influence that your economic experiences during your early teenage years have had on your present shopping habits?

<u>extreme</u> influence	<u>moderate</u> influence	<u>slight</u> influence	<u>no</u> influence	<u>don't</u> know
-----------------------------	------------------------------	----------------------------	------------------------	----------------------

30-

3. How would you describe the influence that your economic experiences during your early adulthood have had on your present shopping habits?

<u>extreme</u> influence	<u>moderate</u> influence	<u>slight</u> influence	<u>no</u> influence	<u>don't</u> know
-----------------------------	------------------------------	----------------------------	------------------------	----------------------

31-

32-

PART IIIa: In this part we would like to ask you about your economic experiences during two periods in the history of this country: the Depression (the late 1920s and the 1930s) and World War II. Please answer only those questions that apply to you.

1. Were you living in this country during the Depression? Card 3
 yes (go to the next question) no (go to question 6) 46-
2. Do you remember the Depression?
 yes (go to the next question) no (go to question 6) 47-
3. Today do you mention your economic experiences during the Depression in conversations with your friends or family? If you do, how frequently do you mention these experiences? 48-
- | | | | | | |
|------------------|-------------------|-------------------------|------------------|-----------------------|--|
| never
mention | seldom
mention | occasionally
mention | often
mention | very often
mention | |
|------------------|-------------------|-------------------------|------------------|-----------------------|--|
4. How would you describe your overall economic experience during the late 1920s and the 1930s? 49-
- | | | | | | |
|------------------------|-------------------|-------------------------|-----------------------|-------------------------|--|
| extremely
difficult | very
difficult | moderately
difficult | slightly
difficult | not at all
difficult | |
|------------------------|-------------------|-------------------------|-----------------------|-------------------------|--|
5. How would you describe the influence of your economic experiences during the Depression on your present shopping habits? 50-
- | | | | | | |
|----------------------|-----------------------|---------------------|-----------------|---------------|--|
| extreme
influence | moderate
influence | slight
influence | no
influence | don't
know | |
|----------------------|-----------------------|---------------------|-----------------|---------------|--|
6. Were you a civilian (that is, you were not living in an army facility and you were not a member of the U.S. armed forces) living in this country between the years 1940 and 1945? 51-
- yes (go to the next question) no (go to Part IV)
7. Do you remember your shopping experiences during World War II? 52-
- yes (go to the next question) no (go to Part IV)
8. Today, do you mention your shopping experiences during World War II in conversations with your friends or family? 53-
- | | | | | | |
|------------------|-------------------|-------------------------|------------------|-----------------------|--|
| never
mention | seldom
mention | occasionally
mention | often
mention | very often
mention | |
|------------------|-------------------|-------------------------|------------------|-----------------------|--|

9. Listed below are products that may have been in short supply during World War II. Do you remember having difficulties getting any of these products even when you have had the money to buy them? Please put a check mark [✓] next to each product that you remember having difficulties getting. You may check one product, none, all, etc.

- | | | |
|---------------------------------------|---|-----|
| <input type="checkbox"/> eggs | <input type="checkbox"/> soap or personal care products | 54- |
| <input type="checkbox"/> flour | <input type="checkbox"/> leather goods (shoes, coats) | |
| <input type="checkbox"/> rice | <input type="checkbox"/> rubber footwear | |
| <input type="checkbox"/> sugar | <input type="checkbox"/> cigarettes | |
| <input type="checkbox"/> coffee | <input type="checkbox"/> gasoline | |
| <input type="checkbox"/> butter | <input type="checkbox"/> heating fuel or coal | |
| <input type="checkbox"/> milk | <input type="checkbox"/> rubber tires | |
| <input type="checkbox"/> meats | <input type="checkbox"/> nylons | |
| <input type="checkbox"/> canned foods | | |

10. If you had experienced any difficulties in getting products during World War II, how would you describe these experiences overall?

- | | | | | | |
|-------------------------------|--------------------------|--------------------------------|------------------------------|--------------------------------|-----|
| <u>extremely</u>
difficult | <u>very</u>
difficult | <u>moderately</u>
difficult | <u>slightly</u>
difficult | <u>not at all</u>
difficult | 56- |
|-------------------------------|--------------------------|--------------------------------|------------------------------|--------------------------------|-----|

11. How would you describe the influence of your shopping experiences during World War II on your present shopping habits?

- | | | | | | |
|-----------------------------|------------------------------|----------------------------|------------------------|----------------------|-----|
| <u>extreme</u>
influence | <u>moderate</u>
influence | <u>slight</u>
influence | <u>no</u>
influence | <u>don't</u>
know | 57- |
|-----------------------------|------------------------------|----------------------------|------------------------|----------------------|-----|

PART IV: In this part we would like to find out about some of your interests and opinions. Please read each statement and then check the appropriate box indicating your level of agreement or disagreement with that statement. The scale has six points, ranging from "STRONGLY AGREE" to "STRONGLY DISAGREE." Remember that there are no right or wrong answers. We are interested in your opinions.

	STRONGLY AGREE	MODERATELY AGREE	SLIGHTLY AGREE	SLIGHTLY DISAGREE	MODERATELY DISAGREE	STRONGLY DISAGREE	
Consumers have the right to use as much energy as they want as long as they can pay for it -----	[]	[]	[]	[]	[]	[]	34-
Being in debt is bad even if the borrowed money enables you to live well -----	[]	[]	[]	[]	[]	[]	35-
Today, nearly all banks are a safe place to keep your money -----	[]	[]	[]	[]	[]	[]	36-
It is not worth the trouble to turn off the air conditioning and open the windows everytime it gets a little cooler outside -----	[]	[]	[]	[]	[]	[]	37-
I like to pay cash for everything I buy -----	[]	[]	[]	[]	[]	[]	38-
Energy is not my problem because there is nothing I can do about it -----	[]	[]	[]	[]	[]	[]	39-
We probably will never have a depression in the U.S. as serious as the depression of 1929 -----	[]	[]	[]	[]	[]	[]	40-
For me, it is more important to live graciously now than to save up money for the future -----	[]	[]	[]	[]	[]	[]	41-
I've often thought that if we could get by with a little less there would be more left for future generations -----	[]	[]	[]	[]	[]	[]	42-
It is wrong to use credit cards because you spend money you don't have -----	[]	[]	[]	[]	[]	[]	43-
People should set aside special saving accounts for things like a child's education or an emergency -----	[]	[]	[]	[]	[]	[]	44-
People should stop increasing their consumption of products so that our resources will last longer -----	[]	[]	[]	[]	[]	[]	45-
To buy anything, other than a house or a car, on installment is unwise -----	[]	[]	[]	[]	[]	[]	46-
It is difficult to reduce energy consumption at home -----	[]	[]	[]	[]	[]	[]	47-
Investing in the stock market is too risky for most people -----	[]	[]	[]	[]	[]	[]	48-
I won't conserve energy while others go on wasting -----	[]	[]	[]	[]	[]	[]	49-
I'm not very good at saving money -----	[]	[]	[]	[]	[]	[]	50-
An individual's energy conservation at home has no impact upon the nation's overall energy consumption -----	[]	[]	[]	[]	[]	[]	51-
It is good to buy things on credit because you can pay it back when money is cheaper -----	[]	[]	[]	[]	[]	[]	52-
Natural resources must be used in moderation even if people must do without some products -----	[]	[]	[]	[]	[]	[]	53-

PART V: In the past few years, economic events have frequently been discussed in the news. Listed below are statements concerning the impact that the changing economy may have had on you. Please check the appropriate box indicating your level of agreement or disagreement with each statement. The scale has six points ranging from "STRONGLY AGREE" to "STRONGLY DISAGREE."

	STRONGLY AGREE	MODERATELY AGREE	SLIGHTLY AGREE	SLIGHTLY DISAGREE	MODERATELY DISAGREE	STRONGLY DISAGREE	
It seems that inflation will end soon -----	[]	[]	[]	[]	[]	[]	54-
I've stopped buying luxury items -----	[]	[]	[]	[]	[]	[]	55-
I don't worry about how I'm going to make ends meet -----	[]	[]	[]	[]	[]	[]	56-
Because of inflation I'm doing without many things I need -----	[]	[]	[]	[]	[]	[]	57-
In spite of the economic events of the last few years I still believe in the American dream -----	[]	[]	[]	[]	[]	[]	58-
Things have gotten so bad that many people have to do illegal things in order to survive -----	[]	[]	[]	[]	[]	[]	59-
The economy is getting better; soon things will be as good as ever -----	[]	[]	[]	[]	[]	[]	60-
I've decided to lower my standard of living to make ends meet -----	[]	[]	[]	[]	[]	[]	61-
Because of the financial pressures I'm frequently depressed -----	[]	[]	[]	[]	[]	[]	62-
Money seems to be becoming worthless -----	[]	[]	[]	[]	[]	[]	63-
Economically speaking, I've never been hurt so bad before -----	[]	[]	[]	[]	[]	[]	64-
I'm as interested now in owning expensive things as I've ever been -----	[]	[]	[]	[]	[]	[]	65-
The present financial pressures often make me want to scream and shout in anger ---	[]	[]	[]	[]	[]	[]	66-
I've surprised myself with how well I have been able to cope with the financial pressures -----	[]	[]	[]	[]	[]	[]	67-

PART VI: We would like to know how the recent changes in the economic situation have influenced your shopping habits and the ways you spend money.

1. How would you describe your economic situation now as compared with your economic situation five years ago?

much worse somewhat worse the same somewhat better much better

68-

2. How would you describe the economic situation of your friends now as compared with their economic situation five years ago?

much worse somewhat worse the same somewhat better much better

69-

3. Do you and your friends discuss the present economic situation? If you do, how frequently?

never seldom occasionally often always

70-

4a. During the past five years, have you changed your shopping habits (that is, what products you normally buy, when and where you buy certain products, how often you buy them, etc.) as a result of the changing economic situation?

yes (answer question 4b) no (go to question 5)

71-

4b. When did you start changing your shopping habits as a result of the changing economic situation?

5-6 3-4 1-2 less than
years ago years ago years ago one year ago

72-

5. Listed below are activities related to shopping, the use of credit and savings, and homemaking. We would like to know how frequently you have done each of these things over the past five years. Please check the appropriate box next to each activity. If you think that a certain activity is not part of your household responsibilities, please check the "Does Not Apply" box.

	ALWAYS	OFTEN	OCCASIONALLY	SELDOM	NEVER	DOES NOT APPLY	
I buy food or other products with coupons I've clipped from newspapers or magazines -----	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	73-
I look for new ways for preparing leftover foods -----	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	74-
I purchase items on sale -----	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	75-
I fall behind on my house payments -----	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	76-
I buy store brands rather than brand name drugs and foods -----	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	77-
I "shop around" for the best price -----	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	78-
I repair my clothes or have them repaired rather than buying new ones -----	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	79-
I take advantage of "sale" items in the supermarket by "stocking up" -----	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	80-1
I postpone major purchases that I normally would have made -----	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5-
I fall behind on paying bills -----	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6-
I make household repairs myself instead of hiring people to do them as I used to -----	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7-
I buy things on credit when I do not have the money to pay for them right away -----	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8-
I use savings or borrow money to pay my bills -----	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9-
I put off medical or dental treatment because of the expense -----	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10-
I spend money on lotteries, the numbers or horses in hopes of making a lot of money at once --	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11-
I eat in fast food outlets instead of eating in restaurants -----	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12-
I have furniture reupholstered instead of buying new ones -----	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13-
I send cards instead of giving gifts or sending flowers -----	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14-
I have small electric appliances repaired (for example: toaster, mixer) rather than replacing them with new ones -----	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15-
I store small electric appliances in hopes of finding some use for them in the future -----	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	16-
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	17-

4. Do you live in:

- a private house 35-
- an apartment in an apartment house
- an apartment in a private house
- other (please specify: _____)

5. How do you pay for each source of power (electricity, gas, etc.) used in your house or apartment? Please check all that apply.

	<u>INCLUDED IN MY RENT</u>	<u>I PAY FOR IT SEPARATELY</u>	
Heating and hot water -----	[]	[]	36-
Electricity -----	[]	[]	37-
Gas -----	[]	[]	38-
Other (please specify: _____) ---	[]	[]	39-
			40-

PART VIII: SOCIAL REACTION INVENTORY

This is a questionnaire to find out the way in which certain events in our society affect different people. Each item consists of a pair of alternatives lettered a or b. PLEASE CIRCLE THE ONE STATEMENT OF EACH PAIR (and only one) WHICH YOU MORE STRONGLY BELIEVE TO BE THE CASE. This is a measure of personal belief; obviously there are no right or wrong answers.

Remember:

CIRCLE THAT ALTERNATIVE WHICH YOU PERSONALLY BELIEVE TO BE MORE TRUE.

I more strongly believe that:

1. a. Many of the unhappy things in people's lives are partly due to bad luck. 41-
b. People's misfortunes result from the mistakes they make.
2. a. One of the major reasons why we have wars is because people don't take enough interest in politics. 42-
b. There will always be wars, no matter how hard people try to prevent them.
3. a. In the long run people get the respect they deserve in this world. 43-
b. Unfortunately, an individual's worth often passes unrecognized no matter how hard he tries.
4. a. The idea that teachers are unfair to students is nonsense. 44-
b. Most students don't realize the extent to which their grades are influenced by accidental happenings.
5. a. Without the right breaks one cannot be an effective leader. 45-
b. Capable people who fail to become leaders have not taken advantage of their opportunities.
6. a. No matter how hard you try some people just don't like you. 46-
b. People who can't get others to like them don't understand how to get along with others.
7. a. I have often found that what is going to happen will happen. 47-
b. Trusting to fate has never turned out as well for me as making a decision to take a definite course of action.
8. a. In the case of the well prepared student there is rarely if ever such a thing as an unfair test. 48-
b. Many times exam questions tend to be so unrelated to course work that studying is really useless.
9. a. Becoming a success is a matter of hard work, luck has little or nothing to do with it. 49-
b. Getting a good job depends mainly on being in the right place at the right time.
10. a. The average citizen can have an influence in government decisions. 50-
b. This world is run by the few people in power, and there is not much the little guy can do about it.
11. a. When I make plans, I am almost certain that I can make them work. 51-
b. It is not always wise to plan too far ahead because many things turn out to be a matter of good or bad fortune anyhow.

CIRCLE THAT ALTERNATIVE WHICH YOU PERSONALLY BELIEVE TO BE MORE TRUE.

12. a. In my case getting what I want has little or nothing to do with luck. 52-
b. Many times we might just as well decide what to do by flipping a coin.
13. a. Who gets to be the boss often depends on who was lucky enough to be 53-
in the right place first.
b. Getting people to do the right thing depends upon ability; luck has little or nothing to do with it.
14. a. As far as world affairs are concerned, most of us are the victims of 54-
forces we can neither understand, nor control.
b. By taking an active part in political and social affairs the people can control world events.
15. a. Most people can't realize the extent to which their lives are controlled by accidental happenings. 55-
b. There really is no such thing as "luck."
16. a. It is hard to know whether or not a person really likes you. 56-
b. How many friends you have depends upon how nice a person you are.
17. a. In the long run the bad things that happen to us are balanced by the good ones. 57-
b. Most misfortunes are the result of lack of ability, ignorance, laziness, or all three.
18. a. With enough effort we can wipe out political corruption. 58-
b. It is difficult for people to have much control over the things politicians do in office.
19. a. Sometimes I can't understand how teachers arrive at the grades they give. 59-
b. There is a direct connection between how hard I study and the grades I get.
20. a. Many times I feel that I have little influence over the things that happen to me. 60-
b. It is impossible for me to believe that chance or luck plays an important role in my life.
21. a. People are lonely because they don't try to be friendly. 61-
b. There's not much use in trying too hard to please people, if they like you, they like you.
22. a. What happens to me is my own doing. 62-
b. Sometimes I feel that I don't have enough control over the direction my life is taking.
23. a. Most of the time I can't understand why politicians behave the way they do. 63-
b. In the long run the people are responsible for bad government on a national as well as on a local level. 64-

PART IX: YOU AND YOUR HOUSEHOLD

1. Are you male or female? 66-
 male
 female

2. What is your age? _____ 67-

3. Some people have other "ages" besides their "official" or "date of birth" age. The questions which follow have been developed to find out about your "unofficial" age. Please specify which age group you FEEL you really belong to: twenties, thirties, forties, fifties, sixties, seventies, or eighties.

	<u>20's</u>	<u>30's</u>	<u>40's</u>	<u>50's</u>	<u>60's</u>	<u>70's</u>	<u>80's</u>	
I FEEL as though I am in my -----	[]	[]	[]	[]	[]	[]	[]	69-
I LOOK as though I am in my -----	[]	[]	[]	[]	[]	[]	[]	70-
I DO most things as though I were in my--	[]	[]	[]	[]	[]	[]	[]	71-
My INTERESTS are mostly those of a person in his/her -----	[]	[]	[]	[]	[]	[]	[]	72-

4. Were you born in the United States?
 yes (go to question 5) no (answer 4a) 73-

- 4a. How old were you when you first came to the U.S.? _____ 74-

5. What is your marital status? 76-
 married
 single
 widowed
 separated or divorced

6. Which statement best describes how your family presently makes most financial decisions regarding buying most products and services? 77-
 I decide alone
 My spouse and I decide together
 My spouse decides alone
 Family members decide together

Who are the other family members, aside from you and your spouse, participating in these decisions?

7. What is the highest grade attended or degree received by you?

78-

- Elementary school
- Some high school
- Graduated high school
- Some college
- Still going to college
- College graduate
- Postgraduate work

80-2

8. Which category best describes your occupation?

- Professional, technical (doctor, lawyer, teacher, engineer, etc.)
- Business owner
- Business manager or executive
- Sales or clerical work (secretary, bookkeeper, bank teller, etc.)
- Craftsman, foreman or construction worker
- City worker or Federal employee (police, fireman, transit, mailman, etc.)
- Service worker (waiter, airline stewardess, cook, etc.)
- Student
- Homemaker (housewife)
- Retired -- What was your primary occupation before retirement?
Please specify _____
- Other -- Please specify _____

5-

9. So that we can compare this study with the whole population by income groups, we would like to ask you about your total family income during several periods in your life. By total family income we mean income before taxes that includes all wages, social security and pension payments, interest, dividends, etc., of all persons living on this income.

The following is a list of income categories. Each category has a number next to it.

- | | |
|------------------------|-------------------------|
| 1. under \$8,000 | 8. \$20,001 - \$22,000 |
| 2. \$8,000 - \$10,000 | 9. \$22,001 - \$24,000 |
| 3. \$10,001 - \$12,000 | 10. \$24,001 - \$26,000 |
| 4. \$12,001 - \$14,000 | 11. \$26,001 - \$28,000 |
| 5. \$14,001 - \$16,000 | 12. \$28,001 - \$30,000 |
| 6. \$16,001 - \$18,000 | 13. over \$30,000 |
| 7. \$18,001 - \$20,000 | |

9a. Which number corresponds with your present total family income? _____ 7-

How many people live on this income? _____ 9-

How do you feel about your present total family income?

- | | | | | | |
|--------------------------------|----------------------------|--|-------------------------------|-----------------------------------|-----|
| <u>completely</u>
satisfied | <u>mostly</u>
satisfied | <u>mixed</u>
(about equally
satisfied and
dissatisfied) | <u>mostly</u>
dissatisfied | <u>completely</u>
dissatisfied | 11- |
|--------------------------------|----------------------------|--|-------------------------------|-----------------------------------|-----|

9b. Which number corresponds with your total family income five years ago? _____ 12-

How many people have lived on that income? _____ 14-

How did you feel about your total family income five years ago?

- | | | | | | |
|--------------------------------|----------------------------|--|-------------------------------|-----------------------------------|-----|
| <u>completely</u>
satisfied | <u>mostly</u>
satisfied | <u>mixed</u>
(about equally
satisfied and
dissatisfied) | <u>mostly</u>
dissatisfied | <u>completely</u>
dissatisfied | 16- |
|--------------------------------|----------------------------|--|-------------------------------|-----------------------------------|-----|

9c. Which number corresponds with your total family income ten years ago? _____ 17-

How many people have lived on that income? _____ 19-

How did you feel about your total family income ten years ago?

- | | | | | | |
|--------------------------------|----------------------------|--|-------------------------------|-----------------------------------|-----|
| <u>completely</u>
satisfied | <u>mostly</u>
satisfied | <u>mixed</u>
(about equally
satisfied and
dissatisfied) | <u>mostly</u>
dissatisfied | <u>completely</u>
dissatisfied | 21- |
|--------------------------------|----------------------------|--|-------------------------------|-----------------------------------|-----|

RESPONDENTS 60 YEARS OLD AND OVER PLEASE ANSWER Q.9d;
YOUNGER RESPONDENTS PLEASE GO TO QUESTION 10.

9d. Which number corresponds with your total family income fifteen years ago? _____ 22-

How many people have lived on that income? _____ 24-

How did you feel about your total family income fifteen years ago? _____ 26-

<u>completely</u> satisfied	<u>mostly</u> satisfied	<u>mixed</u> (about equally satisfied and dissatisfied)	<u>mostly</u> dissatisfied	<u>completely</u> dissatisfied
--------------------------------	----------------------------	--	-------------------------------	-----------------------------------

10. What is the source (or sources) of your present total family income? Please check the box next to each source that applies, and circle the source from which most of your income comes from.

- wages earned 27-
- social security 28-
- pension payments 29-
- dividends or interest 30-
- rent from property 31-
- unemployment insurance 32-
- veteran's benefits 33-
- disability insurance 34-
- support from family 35-
- other (please specify:) _____ 37, 39, 40

11. What race do you identify with?

- white 45-
- black
- oriental
- hispanic
- other (please specify:) _____ 58-

61-3

THANK YOU FOR YOUR COOPERATION

INTERVIEWER, PLEASE FILL OUT AFTER COMPLETION OF INTERVIEW

Respondent's name: Mr. Mrs. _____
Miss Ms. First Last

Respondent's home telephone number: _____
area code number

Respondent's relation to you: _____

Location of Interview: _____

Date of Interview: _____ Length of Interview: _____

INTERVIEWER'S NAME: _____
First Last

INTERVIEWER'S NUMBER: _____

INTERVIEWER PLEASE READ AND SIGN

I have reread this completed questionnaire and I certify that all questions requiring answers have been recorded in the respondent's exact words, and that all spaces requiring a check mark (✓), a number, or a letter are filled in. This bona fide interview has been obtained following all quota and interviewing specifications. I agree to keep the content of the questions, respondent's answers, and the subject of this interview confidential.

INTERVIEWER'S SIGNATURE: _____

DATE: _____

APPENDIX B

Baruch
College
Baruch
College of
New York
17 Lexington
Avenue
New York
N.Y. 10010



January 1981

Dear Mr. Doe:

We would like to thank you for completing the questionnaire which the student handing you this letter has administered to you a few weeks ago.

The attached questionnaire is part of a follow-up study that we are conducting at Baruch College. This questionnaire is much shorter than the previous questionnaire and completing it should take no longer than ten minutes. Some of the questions are similar to the ones you have answered a few weeks ago; please answer them anyway. Again, all your responses will remain strictly confidential and will be used for academic purposes only.

Your participation in this follow-up study by giving us a few more minutes of your time is greatly appreciated, and is a valuable service to this important research project.

Again, thank you for your cooperation.

Sincerely yours,

Joe Wisenblit
Joe Wisenblit
Department of Marketing
Baruch College

1-6 _____

CONSUMER SURVEY

PART 1: We would like to learn about your economic experiences when you were growing up. Listed below are things that may have happened in your family when you were growing up. Please put a check mark [✓] next to each situation that took place in your family during that time period. You may check one situation, none, all situations, etc.

"When I was growing up I remember..."*

- [] Our family's major wage earner was unemployed for a long period of time creating severe economic problems for our family. 7-
- [] Our family being dependent on friends or relatives to help provide some of our basic necessities (for example: food, clothing, a place to live). 8-
- [] Our family being dependent on public assistance (for example: relief agencies) to provide some of our basic necessities. 9-
- [] An immediate family member suffering a mental breakdown because of economic pressures. 10-
- [] Economic pressures causing separation within the family (for example: a family member taking a job away from home to support the family, a divorce). 11-
- [] Family members of school age (possibly yourself) having to take a job to help support their family. 12-
- [] Our family being evicted from an apartment because of not being able to pay the rent. 13-
- [] Our family losing its house due to foreclosure. 14-
- [] Our family losing its business (for example: due to bankruptcy). 15-
- [] Our family losing most of its investments or savings (for example: due to downturn in the stockmarket or the collapse of a bank). 16-
- [] A family member's medical problem going uncared for because we couldn't afford the expense. 17-
- [] Severe arguments or conflicts within our family because of money problems. 18-
19-

* By "when I was growing up" we mean when you were living with your family, before you had established your own household.

PART II: It is possible that during certain periods of your life you were better (or worse) off than during other periods. We would like you to describe certain periods in your life from an economic point of view.

1. How would you describe your economic situation during your childhood?

very good quite good neither good quite bad very bad
nor bad

21-

2. How would you describe your economic situation during your early teenage years?

very good quite good neither good quite bad very bad
nor bad

22-

3. How would you describe your economic situation during your early adulthood?

very good quite good neither good quite bad very bad
nor bad

23-

4. In contrast to you and your family, how would you describe the economic situation of most people around you during your childhood?

much somewhat neither somewhat much
better off better off better nor worse off worse off
worse off

24-

5. In contrast to you and your family, how would you describe the economic situation of most people around you during your early teenage years?

much somewhat neither somewhat much
better off better off better nor worse off worse off
worse off

25-

6. In contrast to you and your family, how would you describe the economic situation of most people around you during your early adulthood?

much somewhat neither somewhat much
better off better off better nor worse off worse off
worse off

26-

27-

PART III: It is possible that your economic experiences throughout your life have influenced your present shopping habits. By present shopping habits we mean what products you normally buy, how often you buy them, when and where you usually buy them, etc. We would like you to describe how your economic experiences during certain periods in your life have influenced your present shopping habits.

1. How would you describe the influence that your economic experiences during your childhood have had on your present shopping habits?

<u>extreme</u> influence	<u>moderate</u> influence	<u>slight</u> influence	<u>no</u> influence	<u>don't</u> know	29-
-----------------------------	------------------------------	----------------------------	------------------------	----------------------	-----

2. How would you describe the influence that your economic experiences during your early teenage years have had on your present shopping habits?

<u>extreme</u> influence	<u>moderate</u> influence	<u>slight</u> influence	<u>no</u> influence	<u>don't</u> know	30-
-----------------------------	------------------------------	----------------------------	------------------------	----------------------	-----

3. How would you describe the influence that your economic experiences during your early adulthood have had on your present shopping habits?

<u>extreme</u> influence	<u>moderate</u> influence	<u>slight</u> influence	<u>no</u> influence	<u>don't</u> know	31-
-----------------------------	------------------------------	----------------------------	------------------------	----------------------	-----

32-

INTERVIEWER, PLEASE FILL OUT AFTER COMPLETION OF INTERVIEW

Respondent's name: Mr. Mrs. _____
Miss Ms. First Last

Respondent's home telephone number: _____
area code number

Respondent's relation to you: _____

Location of Interview: _____

Date of Interview: _____ Length of Interview: _____

INTERVIEWER'S NAME: _____
First Last

INTERVIEWER'S NUMBER: _____

INTERVIEWER PLEASE READ AND SIGN

I have reread this completed questionnaire and I certify that all questions requiring answers have been recorded in the respondent's exact words, and that all spaces requiring a check mark (✓), a number, or a letter are filled in. This bona fide interview has been obtained following all quota and interviewing specifications. I agree to keep the content of the questions, respondent's answers, and the subject of this interview confidential.

INTERVIEWER'S SIGNATURE: _____

DATE: _____

APPENDIX C

Table C-1

The Relationship Between Economic Deprivation
and Shopping Behavior Aimed at Saving Money

Recaptured Economic Deprivation	Display Shopping Behavior Aimed at Saving Money			Total
	Always or Often	Occasionally	Seldom or Never	
Present	64.6	49.7	37.8	50.9%
Not Present	35.4	50.3	62.2	49.1%
Total	100%	100%	100%	
n	(48)	(145)	(37)	(230)

$$\chi^2 = 6.21; 2d.f.; p \leq .0448$$

Perceived Economic Deprivation	Display Shopping Behavior Aimed at Saving Money			Total
	Always or Often	Occasionally	Seldom or Never	
Present	62.5	51.0	35.1	50.9%
Not Present	37.5	49.0	64.9	49.1%
Total	100%	100%	100%	
n	(48)	(145)	(37)	(230)

$$\chi^2 = 6.26; 2 d.f.; p \leq .0436$$

Table C-2

The Relationship Between Economic Deprivation and
Saving Behavior Related to Household Maintenance

Recaptured Economic Deprivation	Display Saving Behavior Related to Household Maintenance			Total
	Always or Often	Occasionally	Seldom or Never	
Present	74.2	50.5	29.2	50.9%
Not Present	25.8	49.5	70.8	49.1%
Total	100%	100%	100%	
n	(62)	(103)	(65)	(230)

$$\chi^2 = 25.68; 2 \text{ d.f.},; p \leq .0000$$

Perceived Economic Deprivation	Display Saving Behavior Related to Household Maintenance			Total
	Always or Often	Occasionally	Seldom or Never	
Present	74.2	49.5	30.8	50.9%
Not Present	25.8	50.5	69.2	49.1%
Total	100%	100%	100%	
n	(62)	(103)	(65)	(230)

$$\chi^2 = 24.08; 2 \text{ d.f.}, p \leq .0000$$

Table C-3

The Relationship Between Economic Deprivation and
Resourceful Economical Behavior Related to Household Maintenance

Recaptured Economic Deprivation	Display Resourceful Economical Behavior Related to Household Maintenance			Total
	Always or Often	Occasionally	Seldom or Never	
Present	70.0	49.7	25.8	50.9%
Not Present	30.0	50.3	74.2	49.1%
Total	100%	100%	100%	
n	(50)	(149)	(31)	(230)

$$\chi^2 = 15.29; 2 \text{ d.f.}, p \leq .0005$$

Perceived Economic Deprivation	Display Resourceful Economical Behavior Related to Household Maintenance			Total
	Always or Often	Occasionally	Seldom or Never	
Present	70.0	49.7	25.8	50.9%
Not Present	30.0	50.3	74.2	49.1%
Total	100%	100%	100%	
n	(50)	(149)	(31)	(230)

$$\chi^2 = 15.29; 2 \text{ d.f.}; p \leq .0005$$

Table C-4

The Relationship Between Economic Deprivation
and Energy Conservation Behavior

Recaptured Economic Deprivation	Display Energy Conservation Behavior			Total
	Always or Often	Occasionally	Seldom or Never	
Present	64.4	47.0	44.6	50.9%
Not Present	35.6	53.0	55.4	49.1%
Total	100%	100%	100%	
n	(59)	(115)	(56)	(230)

$$\chi^2 = 5.90; 2 \text{ d.f.}; p \leq .0545$$

Perceived Economic Deprivation	Display Energy Conservation Behavior			Total
	Always or Often	Occasionally	Seldom or Never	
Present	64.4	46.1	46.4	50.9%
Not Present	35.6	53.9	53.6	49.1%
Total	100%	100%	100%	
n	(59)	(115)	(56)	(230)

$$\chi^2 = 5.82; 2 \text{ d.f.}; p \leq .0545$$

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