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Applying the Theory of Planned Behavior to Retain Credit Counseling Clients

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Abstract: This study applied the theory of planned behavior to examine factors associated with the intention and behavior of staying in debt management plans (DMP) using data collected from a sample of clients of a national credit counseling agency. The findings of this study suggest that the behavioral intention is positively associated with the attitude toward the behavior, perceived control, satisfaction with the service, and debt-reducing behavior; at the same time, behavioral intention is negatively associated with other financial behaviors. The behavior of staying in a DMP is positively associated with the behavioral intention and perceived control.

The traditional nonprofit credit counseling industry emerged in the 1950s and 1960s in response to rapid growth in unsecured consumer debt during that time (Schiller 1976). The credit counseling industry took about three decades to reach 200 agencies; growth peaked in the mid-1990s with at least 1,200 agencies established, and currently there are about 870 active agencies (Hunt 2005).

According to a comprehensive review of the credit counseling industry, these credit counseling organizations typically provide four types of services to consumers: financial education, budget counseling, debt management plans (DMP), and bankruptcy referrals (Hunt 2005). In recent years, debt management plans have become more critical for credit counseling organizations compared to other services provided by these organizations. One reason is that newcomers in the industry are competing for lower proportions of “fair shares” support for credit counseling organizations provided by creditors. Thus, revenue-generating approaches such as DMPs are more important for these organizations than ever before.

In a DMP, a consumer pays a credit counseling organization a set amount each month. The organization uses these deposits to pay the debtor’s credit card bills, student loans, medical bills, or other unsecured debts according to a payment schedule worked out between the consumer and her/his creditors. Creditors may agree to lower interest rates or waive certain fees if the consumer is repaying debt through a DMP (Federal Trade Commission 2005).

A DMP could be beneficial for three directly-involved parties: the consumer, the creditor, and the credit counseling organization. The consumer could avoid creditors or collection agencies and legal actions, receive lower interest rates and fees, and improve his or her credit history if bankruptcy is avoided. For the creditor, the principal would be repaid in full or in part. A DMP

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seems similar at first to a Chapter 13 repayment plan but they differ in several important aspects (see Hunt 2005 for a detailed discussion). Some research shows that in terms of principal recovery, the outcome from a DMP is slightly better than that of a Chapter 13 repayment plan (Hunt 2005). The unique role of the credit counseling organization is to serve as a middleman, receive “fair share” payments from the creditor, and collect service fees from the consumer. Beltz (2004) conducted a theoretical analysis and concluded that a strong partnership between creditors and credit counselors who provide DMPs would benefit the creditors, credit counselors, and debt-strapped consumers.

In an ideal situation, the consumer would be fully informed about her/his options (whether to enroll in a DMP or file bankruptcy; if filing bankruptcy, whether to file Chapter 7 or Chapter 13) and would make decisions appropriate to her/his situation. Similarly, in an ideal situation, all creditors and credit counseling organizations would behave ethically and professionally. Thus, a DMP can be beneficial for all directly-involved parties, which would have indirect benefits for society. For example, when a consumer stays in a DMP or, even better, successfully completes a DMP, it is a win-win situation for all involved. However, reality is not perfect. Unethical approaches to consumers with debt problems exist in the credit counseling market (Loonin and Plunkett 2003) and government agencies and consumer advocate organizations are currently acting on some of these issues (Hunt 2005).

Even though there are consumer protection issues regarding DMPs in the credit counseling industry, a DMP has the potential to assist at least some debtors in getting out of debt. For some consumers, this may be their best choice among several options. A recent study indicates that consumers who were recommended for a DMP and chose to start payments had a significantly lower incidence of bankruptcy over the two years following counseling (Staten and Barron 2006). A better understanding of consumer behavior in successfully completing a DMP will not only help consumers with debt troubles achieve their personal financial goals, but also assist creditors and credit counselors in reaching their business goals. However, approximately one-half of debt management plans fail after about six months. Anecdotal evidence suggests the completion rate of DMPs is a bit higher than that of Chapter 13 plans, which is only about 33% (Hunt 2005).

This study reports findings from a sample of consumers who enrolled in a DMP offered by a national credit counseling agency and examines what factors affect their intention and behavior of staying in the plan. The study applies the theory of planned behavior as a guiding framework to identify influential factors. The findings of this study will have implications for credit counselors to better understand their clients’ behaviors and therefore offer them improved service. In the following sections, we first review the literature about retention behavior and introduce the theory of planned behavior. Then, we present the research questions and hypotheses along with the method, findings, and discussion. The final section concludes with implications for credit counselors.

CONCEPTUAL BACKGROUND

Literature on Customer Retention

Customer retention is increasingly being seen as a significant managerial issue, especially in the context of a saturated market or lower new consumer growth (Ahmad and Buttle 2002). However, almost all literature in marketing on customer retention is devoted to for-profit purposes. The purpose of this review is to provide background information on customer retention since few research studies in this area are found for nonprofit organizations. Some strategies developed for commercial organizations may be helpful for nonprofit credit counseling organizations as well.

Previous research has demonstrated the importance of customer retention. A study reports that “reducing defections by 5% boosts profits 25% to 85%” (Reicheld and Sasser 1990, 110). The empirical findings convince managers and business consultants of the importance of improved customer retention and motivate managers to prioritize the development of a sound and profitable customer retention strategy in order to compete successfully in today’s marketplace.

Past research relevant to customer retention has addressed the issue from various perspectives. For example, in designing a successful customer retention strategy, it is suggested that a company should consider four steps: (1) measure customer retention, (2) interview former customers, (3) analyze complaint and service data, and (4) identify switching barriers (DeSouza 1992). Moreover, an investigation, through case studies, tested whether a theoretical position relating to strategies for retaining customers reflects practices in four firms (i.e., in the context of NFB’s CD business, SUK’s business, HDoX’s business of selling hydrogen peroxide, NIA’s retail business, respectively) (Ahmad and Buttle 2002). Their findings suggest that both theoreticians and managers should consider “business context” in developing and implementing customer retention strategies.

Some studies focus on the relationship between customer satisfaction and customer retention. With the use of the constructs of customer satisfaction and relationship quality, for instance, a conceptual model of the satisfaction-retention relationship was developed for investigating the customer retention process (Hennig-Thurau and Klee 1997). In addition, in a services context, the impact of switching barriers as potential moderators of the satisfaction-customer retention linkage were specifically examined (Patterson 2004). The results show that across each industry studied (i.e., dry cleaning agencies, automotive servicing, and hairdressing), the satisfaction-repeat purchase link is stronger under conditions of low switching barriers; the link is weaker when switching barriers are perceived to be higher. A study by Appiah-Adu, Fyall, and Singh (2000) indicates that there is a moderately strong relationship between UK tourism firms’ marketing culture and customer retention. Moreover, marketing academics and managers claim that a strong marketing culture will lead to customer retention via customer satisfaction in tourism firms.

However, in measuring the effects of trust and involvement on customer retention with the assumption of general customer satisfaction, researchers found that customer satisfaction is not a construct on its own but is combined with retention (Teichert and Rost 2003). Researchers have

also proposed and tested models regarding customer retention from other perspectives. A game-theoretic model developed by McGahan and Ghemawat (1994) suggests that large firms are likely to exhibit greater customer retention rates than their smaller rivals in equilibrium even when their customer retention technology does not exhibit increasing returns to scale. Their proposed model is supported by an empirical analysis of competition in life insurance businesses of U.S. insurance companies. Additionally, a holistic model of customer retention incorporates service quality perceptions, price perceptions, customer indifference and inertia (Ranaweera and Neely 2003). The results show that, except for customer inertia, perceptions of service quality, price perceptions, and customer indifference have a direct linear relationship with customer retention, even in mass services with low customer contact. The results also show both price perceptions and customer indifference moderate the relationship between service quality perceptions and customer retention. Furthermore, there is evidence to indicate that inertia is a relatively unstable condition and that reliance by service providers on inertia to retain customers can indeed be a risky strategy.

The customer retention construct itself, however, has rarely been studied (e.g., Crosby and Stephens 1987; Reichheld and Sasser 1990; Rust and Zahorik 1993). In the study by Hennig-Thurau and Klee (1997), customer retention, focusing on repeated patronage of a marketer or supplier, is closely associated with repeat purchasing behavior and the brand loyalty construct. They argue that implicit differences exist on the conceptual level between customer retention and both of these constructs.

Most previous studies on customer retention focused on the for-profit sector. In this study, we examine retention behavior in a unique setting of credit counseling, a service provided by nonprofit organizations, that has gone unexamined in previous studies. In addition, we employ the theory of planned behavior as a guiding framework to identify factors that affect retention behavior, which is another unique feature of this study as compared with previous studies.

The Theory of Planned Behavior

The theory of planned behavior focuses on factors that determine individuals' actual behavioral choices. According to this theory, behavioral intentions are influenced by three antecedents: the positive or negative valence of attitudes about the target behavior; subjective norms; and perceived behavioral controls. In turn, behavioral intention influences one's behavior patterns (Ajzen 1991; Ajzen and Fishbein 1980). An attitude toward a behavior is recognized as a person's positive or negative evaluation of a relevant behavior and is composed of a person's salient beliefs regarding the perceived outcomes of performing a behavior. A subjective norm refers to a person's perception of whether significant referents approve or disapprove of a behavior. To capture nonvolitional aspects of behavior, the theory of planned behavior incorporates an additional variable—perceived behavioral control, which is not typically associated with traditional attitude-behavioral models (e.g., Fishbein and Ajzen 1975). The perceived behavioral control describes the perceived difficulty level of performing the behavior—reflecting both past experience as well as anticipated barriers. As a general rule, the more favorable the attitude toward performing a behavior, the greater the perceived social approval; the easier the performance of the behavior is perceived to be, the stronger the behavioral intention. In turn, the greater the behavioral intention, the more likely the behavior

will be performed. In addition, the perceived control may affect the behavior directly (Hrubes, Ajzen, and Daigle 2001). The theory of planned behavior and its former version, the theory of reasoned behavior, have been applied in many subject areas such as weight loss, occupational orientation, family planning, consumer behavior, voting, alcoholism, hunting, etc. (Ajzen 1991; Ajzen and Fishbein 1980; Hrubes, Ajzen, and Daigle 2001).

In this study, we apply this theory in the context of credit counseling and use it as a guide to identify factors that affect the behavioral intention and actual behavior of clients who enroll in a debt management plan.

RESEARCH QUESTIONS AND HYPOTHESES

Two broad research questions are asked in this study: (1) Do factors specified by the theory of planned behavior affect client intention and behavior of staying in debt management plans; (2) What are other factors that are associated with client intention and behavior of staying in debt management plans? Based on the literature review, we propose following hypotheses:

- H1: The behavioral intention to stay in a DMP is positively associated with the attitude toward the behavior;
- H2: The behavioral intention to stay in a DMP is positively associated with the subjective norm;
- H3: The behavioral intention to stay in a DMP is positively associated with the perceived control;
- H4: The behavioral intention to stay in a DMP is positively associated with the satisfaction with the service;
- H5: The behavioral intention to stay in a DMP is positively associated with the positive financial behavior;
- H6: The behavior of staying in a DMP is positively associated with the behavioral intention;
- H7: The behavior of staying in a DMP is positively associated with the perceived control.

H1, 2, 3, 6, and 7 are developed based on the theory of planned behavior (Ajzen 1991; Ajzen and Fishbein 1980). H4 is developed based on retention literature in marketing (Hennig-Thurau and Klee 1997). Because no previous research on the association between financial behaviors is found, H5 is proposed based on the assumption of the spillover effect of positive financial behaviors. We regard staying in a DMP as a good financial behavior; thus, other desirable financial behaviors should be positively associated with the behavior intention.

METHOD

Data

This study used a self-administered questionnaire to collect data. Clients who enrolled in a debt management plan administered by a national credit counseling agency were recruited for the study. The agency issued three recruiting announcements to its clients in its monthly statements and 356 clients who were interested in the survey contacted us via telephone, email, or fax with their contact information. However, only 326 surveys were sent out because 29 clients provided incomplete contact information. We sent out questionnaires between November 2005 and February 2006 by email to those with an email address or via postal mail to those without an

TABLE 1
Descriptive Statistics of the Total, Online, and Mail Samples

	Total (%) N=185	Online (%) n=136	Mail (%) n=49
Gender			
Male	29	31	22
Female	71	69	78
Age*			
<35	32	37	18
35-50	37	40	27
>50	31	23	55
Race			
White	79	80	78
Non-White	21	20	22
Education			
High school or lower	16	12	27
Some college	22	21	22
College	34	38	26
Advanced degree	28	29	25
Income*			
Less than \$19,999	11	6	25
\$20,000 to \$29,999	9	7	12
\$30,000 to \$49,999	33	34	33
\$50,000 to \$69,999	19	19	20
\$70,000 to \$89,999	17	22	2
\$90,000 or higher	11	12	8
Household Size			
1 person	26	22	37
2 people	26	25	29
3 people	19	21	14
4 people	19	21	14
More than 5 people	10	11	6
Marital Status			
Married	52	55	43
Not married, but living with a partner	9	7	12
Never married	19	21	16
Separated/divorced	15	13	19
Widowed	5	4	10
Job Status*			
Full-time	70	73	61
Part-time	10	11	8
Unemployed but looking for a job	5	6	4
Not working (students, retired, etc.)	15	10	27

Note: * Significant at 5%, based on chi-square tests. The table excludes 25 observations that have missing values for these variables.

email address. After submitting a completed survey, each respondent received \$10 for his or her participation. Of the 88 clients who were mailed a survey, 50 replied, resulting in a response rate of 57%. Of the 238 clients who were emailed a survey, 160 responded, resulting in a response rate of 67%. The total number of surveys we received, therefore, was 210, with an overall response rate of 64% (210/326).

Table 1 presents frequency distributions of the total sample and the two sub-samples, email and postal mail. For the total sample, the typical respondent in this survey is female (71%), white (79%), with a college degree (34%), with a family income of \$30,000-\$49,999 (33%), with a household size of one or two (26% and 26%, respectively), married (52%), and working full-time (70%). Distributions of the three age groups are similar.

We conducted chi-square tests to examine any differences between the two samples, postal mail and email. The results show three differences: age, income, and job status. Those aged 50 or younger are more likely than their older counterparts to return the survey online. Those with family income levels lower than \$30,000 are more likely to return the survey by mail, and those with family income levels of \$70,000 or higher are more likely to complete the survey online. Workers are more likely to return the survey online and non-workers are more likely to return the survey by mail.

Variables

Behavior. If a client has completed the DMP, the status is coded as 6. If a client is active in the DMP account, the status is coded as 5. When a client misses more than one payment or is late more than twice, this status is referred to as “retention” and coded as 4. If a client has been sent to retention twice, the status is coded as 3. If a client’s account is closed because of non-payment, the status is coded as 2. If a client’s account is closed at the client’s request, the status is coded as 1. For the behavior index, a higher score indicates a greater likelihood of the client to stay in the DMP. Information about these behaviors was provided by the cooperating credit counseling agency, which was matched by the account number with the survey data.

Intention. Two 7-point bipolar adjective scales were used to assess participants’ intentions to stay in debt management plans. On the first scale, respondents indicated their intention to stay in the DMP to reduce debt (*extremely strong – extremely weak*). The second scale asked them whether they intended to stay in the DMP (*extremely likely – extremely unlikely*) (Cronbach’s alpha =0.82).

Attitude. Attitude toward the behavior was assessed by asking respondents to evaluate staying in the DMP on two 7-point scales with endpoints labeled *extremely good – extremely bad* and *extremely wise – extremely foolish* (Cronbach’s alpha =0.71).

Subjective Norm. Respondents were asked to indicate the extent to which they thought their families, friends, and colleagues encouraged them to stay in the DMP using three 7-point scales (*extremely unlikely – extremely likely*) (Cronbach’s alpha =0.84).

Perceived Control. Two 7-point scales were used to measure perceived behavioral control by asking respondents to rate the difficulty of staying in the DMP (*extremely difficult – extremely easy*) and the truth of the statement, “If I wanted to, I could easily stay in the DMP” (*extremely false – extremely true*) (Cronbach’s alpha =0.77). All the above variables are major variables specified in the theory of planned behavior (Ajzen 1991).

Satisfaction. Two 7-point scales measured satisfaction with the DMP. One scale asked participants to respond to the statement, “I am satisfied with the DMP’s service (*extremely agree – extremely disagree*). The other measure asked respondents to rate the relationship with the DMP (*extremely good – extremely bad*) (Cronbach’s alpha =0.91). These variables were adapted from Hennig-Thurau and Klee (1997).

Financial Behaviors. Respondents were asked questions about whether or not they performed fourteen financial behaviors at the survey time. These financial behaviors included: following a financial plan, increasing savings, reducing debts, following a budget, cutting down living expenses, working with a financial planner, contributing to a dependent care or health care program, considering retirement needs, contributing to a retirement plan, making more than the minimum payment, stopping unnecessary purchases, stopping credit card use, reviewing monthly bills, and seeking financial information. These variables were developed based on previous studies (Hilgert, Hogarth, and Beverly 2003; Xiao, Soheindo, and Garman 2006). Factor analyses were conducted that resulted in two factors associated with these financial behaviors. The behaviors were then grouped into two categories: first, “debt-reducing behavior,” including seven specific behaviors, and second, “other financial behaviors,” including six specific behaviors. One specific behavior, making more than the minimum payment, is not included in either category. The reason is that this behavior statistically fell in the other financial behavior category but it fits better conceptually in the debt-reducing behavior category.

Demographic Variables. Demographic variables include perceived health, gender, age, race, education, household income, household size, marital status, and job status.

Data Analyses

For variables that have multiple items (intention to stay, attitude, subjective norm, perceived control, and satisfaction with the service), the scores were averaged and ranged from 1 to 7 for each. The coding of several variables was reversed for the convenience of reading the results. We first conducted a series of bivariate analyses using the behavioral intention and behavior as the dependent variables against the attitude toward the behavior, subjective norm, perceived control, satisfaction, and several demographic variables. We selected variables that show differences in bivariate analyses and included them in the regression analyses. Alternative linear regressions were conducted to examine potential effects of factors predicted by the theory of planned behavior and relevant literature.

FINDINGS

Behavior Intention

Results From the Bivariate Analyses

Table 2 presents the results of ANOVA when the behavioral intention was tested as the dependent variable against the attitude, subjective norm, perceived control, satisfaction with the service, and financial behaviors. Respondents were divided into two groups. Those who reported an average score of 7 (64% of the total sample) formed a group labeled “more likely to stay,” while the rest, whose average scores ranged from 1-6 (36% of the sample), formed another group labeled “less likely to stay.” Respondents who are more likely to stay in the plan have a more favorable attitude than those who are less likely to stay: 6.65 versus 5.98 on a 7-point scale. Those who perceive more control over staying and those who are more satisfied with the DMP services are more likely to stay. However, the scores of the subjective norm do not show differences between the two groups in terms of intention. Also, compared to the mean scores of other variables in Table 2, the subjective norm has the lowest mean. We categorized financial behaviors into two groups based on factor analyses, the debt reducing behavior and other financial behavior. The number of debt-reducing behaviors is associated with the intention. Those in the “more likely to stay” category reported 6.07 debt-reducing behaviors compared to those in the “less likely to stay” category, who reported 5.43. No association is found between the other financial behaviors and intention to stay.

TABLE 2
ANOVA Results: Behavioral Intention by Attitudes, Subjective Norm, Perceived Control and Satisfaction

	Total sample	Less likely to stay	More likely to stay
Theory of planed behavior			
Attitudes	6.43	5.98	6.65***
Subjective norm	4.63	4.65	4.61
perceived control	5.22	4.56	5.55***
Satisfaction with the service	6.30	5.72	6.60***
Financial behavior			
Debt reducing behavior	5.85	5.43	6.07**
Other financial behavior	3.66	3.46	3.76

*** $p < .001$

Note: The scores are based on 7-point scales. The higher the score, the more positive attitude, more desirable subjective norm, more perceived control, and more satisfaction. The debt reducing behavior index ranges from 1-7 and the other financial behavior index ranges from 1 to 6. The higher the index number, the more positive financial behaviors performed.

Table 3 presents the results of chi-square tests when the behavioral intention is tested against specific financial behaviors and demographic variables. Several financial behaviors show differences between those who are more likely to stay and those who are less likely to stay. These behaviors are following a financial plan, cutting down on living expenses, reviewing monthly bills, and seeking financial information. For example, 69% of respondents who report

reviewing monthly bills are in the “more likely to stay” group, compared to only 15% who do not review monthly bills in the same group.

TABLE 3
Chi-Square Test Results: Behavioral Intention by Financial Behaviors and Demographic Variables

	Less likely to stay	More likely to stay
All sample	34%	66%
Financial behaviors		
<i>Follow a financial plan</i>		
No	50	50
Yes	30	70
<i>Cut down on living expenses</i>		
No	46	54
Yes	30	70
<i>Review monthly bills</i>		
No	85	15
Yes	31	69
<i>Seek financial information</i>		
No	48	52
Yes	31	69
Demographic variables		
<i>Health</i>		
poor health	55	45
Ok	41	59
Good	31	69
Excellent	22	78
<i>Age</i>		
<35	47	53
35-49	24	76
>49	32	68
<i>Education</i>		
high school or lower	21	79
some college	45	55
College	41	59
advanced degree	24	76
<i>Marital status</i>		
Married	40	60
live with partner	56	44
never married	25	75
sep./divorced	22	78
Widowed	10	90

Note: All chi-square test results in this table are statistically significant at the 5% or better level.

Health, age, education, and marital status show differences in terms of intention to stay. Those respondents with better health are more likely to stay. Respondents who are middle-aged, unmarried, or with either very low or very high education levels are more likely to stay as compared to their counterparts, respectively. For example, 44% of cohabiting and 60% of married couples are in the “more likely to stay” group as compared to 75% of never married, 78% of separated or divorced, and 90% of widowed respondents in the same group.

TABLE 4
Regression Results of Behavioral Intention (N=190)

Variable	Parameter Estimate	Standard Error	Pr > t	Standardized Estimate
<i>Model 1</i>				
Intercept	2.6010	0.4745	<.0001	0.0000
Attitude toward the behavior	0.4245	0.0792	<.0001	0.3704
Subjective norm	0.0857	0.0514	0.0969	0.1084
Perceived control	0.1539	0.0439	0.0006	0.2320
<i>F = 24.75, p<.0001, R² = .2953</i>				
<i>Model 2</i>				
Intercept	2.3316	0.4843	<.0001	0.0000
Attitude toward the behavior	0.3387	0.0871	0.0001	0.2955
Subjective norm	0.0711	0.0512	0.1670	0.0899
Perceived control	0.1330	0.0444	0.0031	0.2005
Satisfaction with the service	0.1588	0.0704	0.0253	0.1688
<i>F = 20.25, p<.0001, R² = .3045</i>				
<i>Model 3</i>				
Intercept	2.0682	0.4930	<.0001	0.0000
Attitude toward the behavior	0.3332	0.0852	0.0001	0.2907
Subjective norm	0.0536	0.0505	0.2891	0.0678
Perceived control	0.1425	0.0442	0.0015	0.2148
Satisfaction with the service	0.1340	0.0696	0.0556	0.1425
Debt-reducing behavior	0.1281	0.0420	0.0026	0.2019
Other financial behavior	-0.0724	0.0367	0.0502	-0.1295
<i>F = 15.80, p<.0001, R² = .3413</i>				

Results From the Regression Analyses

Table 4 presents the results of the regression analyses. The purpose of these regression analyses is twofold. One is to examine if variables that show statistical differences in the bivariate analyses still show their associations in multivariate analyses. The other purpose is to explore

whether or not factors other than those specified by the theory of planned behavior can help explain the behavioral intention.

The regression analyses have been conducted in several alternative models. In model 1, we only included three variables specified in the theory of planned behavior: the attitude, subjective norm, and perceived control. Three variables explained the variance of 30%. In model 2, we added the satisfaction variable, the explaining power increased by less than 1%. In model 3, we added two financial behavior variables. The explaining power increased to 34%. According to model 3, attitude, perceived control, satisfaction and debt reducing financial behavior show positive associations with the behavior intention. The other financial behavior shows a negative association, while the subjective norm does not show a statistical association.

Behavior

Results of Bivariate Analyses

To conduct bivariate analyses, the behavior is categorized in two groups. Those whose scores are 5 or 6 are included in the “stayed” group; the others are included in the “dropped” group. Table 5 presents the results of ANOVA when the behavior variable is tested against the intention, attitude, subjective norm, perceived control, satisfaction, and financial behaviors. The behavior index score is higher when the client’s intention is stronger, attitude is more positive, perceived control and satisfaction are stronger, while subjective norm and the two broad financial behaviors do not show associations.

TABLE 5
ANOVA Results: Behavior by Intention, Attitudes, Subjective Norm, Perceived Control and Satisfaction

	Total sample	Dropped	Stayed
Theory of planned behavior			
Intention	6.53	6.03	6.68***
Attitudes	6.35	5.90	6.48***
subjective norm	4.59	4.47	4.63
perceived control	5.20	4.60	5.38**
Satisfaction with the service	6.27	5.88	6.39**
Financial behavior			
Debt-reducing behavior	5.85	5.73	5.88
Other financial behavior	3.66	3.54	3.69

** $p < .01$; *** $p < .001$

Note: The scores are based on 7-point scales. The higher the score, the stronger intention, more positive attitude, more desirable subjective norm, more perceived control, and more satisfaction. The debt reducing behavior index ranges from 1-7 and the other financial behavior index ranges from 1 to 6. The higher the index number, the more positive financial behaviors performed.

Only one specific financial behavior and one demographic variable (age) show associations in chi-square tests (Table 6). Clients reporting “cut down on living expenses” are more likely to stay, and clients aged 35-49 are also more likely than other age groups to stay.

TABLE 6
Chi-Square Test Results: Behavior by Financial Behaviors and Demographic Variables

	Dropped	Stayed
All sample	28%	72%
Financial behaviors		
<i>Cut down on living expenses</i>		
No	46	54
Yes	23	77
Demographic variables		
<i>Age</i>		
<35	41	59
35-49	19	81
>49	24	75

Note: All chi-square test results in this table are statistically significant at the 5% or better level.

Results of Regressions

Four regression models are used to identify determinants of the behavior (Table 7). In model 1, only the behavior intention is included. In model 2, perceived control is added. In model 3, attitude and subjective norm are added. In model 4, satisfaction is added. Model 3 and 4 do not greatly improve the explaining power of the model. Comparatively, model 2 generates the best results. According to this model, the behavior is positively associated with behavior intention and perceived control, which is consistent with the theory of planned behavior (Ajzen 1991).

DISCUSSION

Our findings suggest that the theory of planned behavior could potentially help explain the behavioral intention in the context of debt management plans. The attitude toward the behavior has the largest effect compared to the other two variables. The subjective norm does not show an effect in both bivariate analyses and the regression model (model 3 in Table 4). In this study, questions regarding the subjective norm are related to social support. We asked whether or not family, colleagues, and friends encouraged the respondents to stay in a DMP. If carrying credit card debts is an undesirable and shameful social behavior, receiving social support would be limited since consumers would not let their colleagues and friends know their debt problems, which is evidenced by a low mean score of the subjective norm.

The findings also indicate that several other variables not suggested by the theory of planned behavior may also affect the behavioral intention. One such factor is satisfaction with the service. In addition, two broad financial behaviors show opposite effects in the regression model (model 3 in Table 4). The debt reducing behavior is positively associated with the behavioral intention while the other financial behavior carries a negative association. This finding implies that to effectively help clients get rid of undesirable debts, strategies should focus on debt reduction instead of saving or long-term financial planning aspects.

The findings also further support the theory of planned behavior in the regression analyses when determinants of the behavior are explored. Among several alternative models, only the

behavioral intention and perceived control show associations with the behavior, which is consistent with specifications of the theory of planned behavior (Ajzen 1991).

TABLE 7
Regression Results of Behavior (N=190)

Variable	Parameter Estimate	Standard Error	Pr > t	Standardized Estimate
<i>Model 1</i>				
Intercept	1.3389	0.5712	0.0201	0.0000
Behavioral intention	0.5031	0.0867	<.0001	0.3899
<i>F = 33.70, p < .0001, R² = .1520</i>				
<i>Model 2</i>				
Intercept	1.1353	0.5764	0.0504	0.0000
Behavioral intention	0.4381	0.0922	<.0001	0.3395
Perceived control	0.1198	0.0612	0.0518	0.1399
<i>F = 19.02, p < .0001, R² = .1690</i>				
<i>Model 3</i>				
Intercept	1.1772	0.7126	0.1002	0.0000
Behavioral intention	0.4430	0.1022	<.0001	0.3433
Attitude toward the behavior	0.0310	0.1185	0.7942	0.0209
Subjective norm	-0.0519	0.0721	0.4727	-0.0508
Perceived control	0.1134	0.0632	0.0741	0.1325
<i>F = 9.57, p < .0001, R² = .1714</i>				
<i>Model 4</i>				
Intercept	1.1360	0.7254	0.1191	0.0000
Behavioral intention	0.4375	0.1038	<.0001	0.3390
Attitude toward the behavior	0.0156	0.1279	0.9030	0.0106
Subjective norm	-0.0545	0.0727	0.4550	-0.0533
Perceived control	0.1100	0.0642	0.0884	0.1284
Satisfaction with the service	0.0327	0.1008	0.7457	0.0270
<i>F = 7.61, p < .0001, R² = .1719</i>				

CONCLUSION AND IMPLICATIONS

Before the conclusion and implications of the findings are presented, we need to be aware of the assumptions and limitations of the study. We assume that success is defined as completing a debt management plan, which may be true for only some of the consumers. Some consumers may

drop out because they gain unexpected resources to repay their debts themselves without the help of the credit counseling organization, which is good. Others drop out because their financial situation is getting worse and bankruptcy is a better option for them. According to a 1999 survey conducted by Visa, a third of consumers who dropped out of a debt management plan had filed for bankruptcy (Hunt 2005). Limitations of this study include the relatively small sample size and the data from only one credit counseling organization. Another limitation is potential self-selection biases. We do not know if there are systematic differences between survey respondents and nonrespondents in this study. Keeping these limitations in mind, we summarize the findings of the study below.

In this study, we used data collected from a sample of clients from a national credit counseling organization and applied the theory of planned behavior as a guiding framework to examine factors associated with the client's behavioral intention and behavior in a debt management plan. Our findings indicate that factors specified by the theory of planned behavior, the attitude toward the behavior and perceived control have positive associations with behavioral retention. In addition, we also find two other factors, such as satisfaction with the service and debt-reducing behavior, demonstrate positive associations with the intention to stay. However, the other financial behavior shows a negative association and the subjective norm shows no association with the behavior intention. In addition, only the behavior intention and perceived control are positively associated with the behavior of staying in the DMP. These findings have following implications for credit counselors when they work with their clients to complete a debt management plan.

Emphasize an Attitudinal Change

The research findings indicate that the attitude toward staying in a DMP is more important compared to the other factors specified by the theory. If a client is fully informed that a DMP is the best option, the counselor should provide information about the benefits of completing the plan to this client to help create positive attitudes toward staying in the plan.

Raise Clients' Perceived Control Ability

Counselors also need to provide resources and information to clients and help them increase their confidence in fighting the debt problem. If clients feel more in control of their debt problem through completion of a DMP, they would have a stronger intention to stay in the plan. Our findings suggest that the perceived control has both direct and indirect effects on client behavior of staying in the DMP.

Improve Client Satisfaction

The overall satisfaction of the services will improve a client's intention to stay. Counselors need to treat their clients with respect and convince them that counselors are working for them instead of just collecting service fees from them. Providing more satisfactory services for the clients will result in a client's stronger intention to stay. This in turn will increase the likelihood of remaining in the DMP, which will benefit all parties involved: the client, counselor, and creditor.

Encourage Clients to Develop Positive Financial Behaviors

The findings of this study indicate that positive debt-reducing financial behaviors may enhance the intention to stay. Specifically, the findings show that respondents who report more specific debt-reducing behaviors are more likely to stay in a DMP. Counselors should encourage their clients to develop these positive financial behaviors, which may help improve their financial status and eliminate undesirable debts sooner. Consumers performing these financial behaviors are more likely to stay in the plan compared to others who do not. In addition, counselors should be aware that their clients may expect more from them about debt reducing strategies and ideas than other financial topics, such as saving and long-term financial planning. To encourage the clients to complete a debt management plan, counselors should focus on only debt-reducing strategies and caution when offering advice on other financial topics.

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