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The Influence of Verbal Assurances and Intrapersonal Empowerment Traits on
Contract Signing Behaviors

A Thesis

Presented in Partial Fulfillment of the
Requirements for the Degree of
Master of Science

By

Jasmine N. Ahmad

February, 2014

The Department of Psychology
College of Science and Health
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Acknowledgements

I would like to thank the many wonderful pedestrians of Chicago who participated in the study. I am grateful for their kindness. I would also like to thank my parents, my sister, and my husband for their unyielding love. Most of all, I would like to sincerely thank my thesis chair, Jessica Choplin and committee member Midge Wilson. Their support and guidance was essential on this project.

Biography

The author was born in El Paso, Texas, November 21, 1986. She graduated from Dixon High School in Dixon, Illinois, and received her Bachelor of Arts degree from Saint Mary's College in Notre Dame, Indiana in 2009.

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Abstract

This thesis examines the acceptance of nonsense explanations in a contract signing scenario. Based on review of literature in contract signing behaviors, trust, social scripts, and empowerment, it is hypothesized that low status groups would be more likely to adhere to social scripts and sign problematic contracts. However, participants would be less likely to sign problematic contracts and accept senseless explanations if they are empowered. Accordingly, groups with lower status and low scores in empowerment were predicted to be more likely to sign a problematic contract than those with low status and high empowerment. Two studies test these hypotheses. The first study examines survey data collected in the city of Chicago and measures participants' willingness to sign contracts in hypothetical scenarios. Results indicated that participants were more willing to sign problematic contracts with assurances than without assurances. Participants with low income were also more likely to agree to sign a problematic contract than participants with high income. A second study using an online sample and the inclusion of survey items to measure empowered personality traits replicated the finding of study one, however empowered traits did not predict willingness to sign the problematic contracts. Implications are discussed.

Introduction

Fraud, or intentional dishonesty for personal benefit, is an unfortunate but common experience. Such deceit is visible in contract signing scenarios, wherein consumers will sign a document under false pretenses. These contracts are often legally binding (Stark & Choplin, 2009). They provide an opportunity for the unscrupulous to take advantage of the innocent. Literature in contract signing behaviors will be explored, as well as, an examination of the social and psychological mechanisms that result in vulnerability to fraud and lead consumers to accept discrepancies between the written contract and the verbal representation of the understood agreement. The current study will examine demographics variables and personality traits associated with empowerment in relation to fraud vulnerability in a contract signing scenario.

Consumer Fraud and Contract Signing

Contracts are fundamental to a functioning society. Consumers sign a multitude of contracts in their lifetime including rental agreements, credit cards, warranties, car leases, mortgages, and insurance policies. Such contracts are essential for owning a home or car, renting an apartment, or being employed. Unfortunately, lab studies and self-report measures find that many of these contracts are not carefully read, leaving consumers susceptible to fraud (Choplin, Stark, & Ahmad, 2011; Stark & Choplin 2009; Stark & Choplin, 2010).

There are multiple cognitive and social psychological factors associated with individuals' vulnerability to fraud. Consumers are at a disadvantage due to processes such as endowment effects, sunk cost effects, positive confirmation biases, user-unfriendly forms, and a lack of contractual schemas (Stark &

Choplin, 2009). The endowment effect describes the greater value an individual places on their possessions as compared to the economic value (Thaler, 1980). Once individuals feel they have ownership they believe it is more valuable (Thaler, 1980). For example, a consumer may spend a lot of time considering major purchases like a home, and by the time they are ready to purchase and sign the mortgage, they already feel like it is “their” home and may not carefully attend to the mortgage agreement (Stark & Choplin, 2009). Sunk cost effect explains that more time and energy spent looking at different homes or cars, then the more vested a consumer would be in making a decision which would utilize all the time already put forth in searching (Arkes & Blumer, 1985; Kahneman & Tversky, 1979). If contracts are problematic, consumers feel they have already invested time and energy leading up to the purchases and they do not want to invest any more time and energy to continue looking for a better option due to sunk cost effect (Stark & Choplin, 2009). Positive confirmation bias leads individuals to confirm their preexisting knowledge, and they may not notice contradictory information (Korait, Lichtenstein, & Fischhoff, 1980). For example, a representative will state the terms of the contract which will direct the attention of the consumer to parts of the contract that would confirm the salesperson’s statements (Stark & Choplin, 2009). Furthermore, many contracts are difficult to read due to font sizes and complex language. In short, the forms are not user friendly (Stark & Choplin, 2009). Consumers may not have the schema for what constitutes appropriate contractual terms (Stark & Choplin, 2009; Stark & Choplin, 2010). Lastly, time is a valuable commodity and it may not be efficient

for a person to closely read every contract that is presented to them. An unscrupulous salesperson can easily capitalize on these cognitive and social psychological tendencies.

In order to examine contract signing behaviors, Stark and Choplin (2009) conducted a series of fraud simulation studies with students from DePaul University and surveyed a public sample on their contract reading habits. The college participants were given a three-page bogus consent form which stated they would be administering electric shocks, do push-ups, and remain in the lab until the experimenter allowed them to leave. This was the fraud manipulation. The researcher asked the participants if they had any questions, and instructed the participants to sign the form. Nearly all, 95%, willingly signed the bogus consent form. A majority of these participants barely looked at what they were supposed to be reading. In the follow up questionnaire, participants were asked to respond to a series of questions on a Likert scale about the reasons they so readily signed the contract. Trust in the researcher and the belief that nothing problematic would result because the study had been approved the Institutional Review Board (IRB) were the primary reasons offered by participants. In general, people may believe they are protected by government policies regarding standard contracts. However, the lab studies are slightly limited in generalizability to other contract signing scenarios, since students lack the same life experiences that older adults. Informed consents also do not have the same complexity and importance as signing a mortgage contract or rental agreement. However, a sense of authority and trust

created in the lab simulation could still contain some of the same elements at work in a broader contract signing scenario.

To investigate other types of contract signing beyond informed consent forms, a public sample of 207 people was polled by Stark and Choplin (2009) around general contract signing behaviors. Their findings revealed that only 57% of participants reported reading home purchase agreements, 57% read apartment rental agreements, and 73% read mortgage contracts. Far more people reported reading contracts as compared to what has been found from laboratory studies, however, it is still unsettling that a quarter of people report *not* reading their mortgage agreements. Signing contracts without fully reviewing them has the potential to be extremely costly. A consumer could sign what they believed to be a fix-rate mortgage but unknowingly sign an adjustable rate mortgage in which the rates change and if they go up, this could end in foreclosure if the consumer cannot now make the higher payments. Not only can a single foreclosure devastate a consumer, but multiple foreclosures can also result in the depreciation of other homes in the neighborhood, and ultimately impact the economy (Aalbers, 2008; Stark & Choplin, 2009).

Consumers need to take responsibility by reading contracts before they sign them, although even that may not be enough to avoid fraud. In some cases, a consumer may have read and noticed problematic issues in the contract, but nonetheless still be persuaded to sign it. Reading a contract will not prevent sunk cost effect, endowment effect, and positive confirmation biases from influencing people to sign bad contracts (Stark & Choplin, 2010). Likewise, the inability to

detect and acknowledge lies, reciprocity of trust, and adherence to communication rituals cannot be alleviated by simply reading contracts (Stark & Choplin, 2010). Stark and Choplin (2010) assert that full disclosure laws do not protect consumers because the laws will only create more complicated contracts. They suggest a mortgage counseling intervention with independent advisors to educate and empower consumers to overcome cognitive and social psychological barriers.

A set of fraud simulation studies by Choplin, Stark, and Ahmad (2011) demonstrates consumer vulnerability even when the contractual terms are made explicit. Nearly half (44%) of participants did not ask any questions when given a user-friendly contract with the problematic clauses printed in a large font in red ink. Of the participants that did question the researcher, approximately 80% accepted the explanation that the form was “an old form” or “just drafted that way.” In effect, the participants were easily made to believe that the problematic clause would not be enforced (Choplin, Stark, & Ahmad, 2011). The second fraud simulation study used hypothetical contract signing vignettes for testing the acceptance of the aforementioned explanations in a non-student sample. A third of participants reported that they were unsure or would have agreed to sign the problematic contract described in the vignette. Trust and adherence to social scripts will be explored as issues that lead to accepting nonsense explanations for problematic contractual clauses, and lead consumer to sign contracts that are not in their best interest.

Trust

An important factor influencing contract signing behavior is having faith that someone is telling you the truth and will do no harm. Trust is an assumption in communication and is among three other maxims guiding dialogue, of quality, manner, and relation. Quality refers to the understanding that the speaker is truthful (Grice, 1974). In a contract signing paradigm, a consumer would be inclined to believe and trust the salesperson's representation of a contract instead of reading it for themselves. In fact closely reading the contract put before them may cause discomfort because it infers that one does not believe the sales representative (Stark & Choplin, 2009). By trusting in someone, the hope is that the trust will be returned (Pillutla, Malhotra, & Murnighan, 2003). Trusting is a reciprocal and prominent social norm. In a trust game study by Fetschenhauer and Dunning (2009), participants were asked to give a portion of their money to an anonymous second player or keep the money for themselves. Most participants do not expect the anonymous second player to return the money but gave the second player the money regardless. Even when a person feels that trusting would be risky and are cynical about seeing the money returned, people will still choose to take the risk and trust an anonymous player with money (Fetschenhauer & Dunning, 2009).

Social Status

Trust is also affected by social standing. Certain groups may be at a greater disadvantage in contract signing because lower status individuals are more susceptible to a false sense of equality (Hong & Bohnet, 2007). Depending on context, low status groups composed of women, minorities, younger people, and

non-Protestants, have greater focus on equality. High status groups, composed of Caucasians, older adults, and Protestants generally have greater focus on betrayal (Hong & Bohnet, 2007). A sales representative may treat the consumer with respect, which will pacify concerns regarding inequality for the low status group. Groups with higher status will be vigilant and have higher distrust, in order to protect their status (Stark & Choplin, 2009).

Furthermore, individuals act out expectations for their roles (Rosenthal & Jacobson, 1968). If an individual is expected to trust a lender, they will fulfill that role. Expectations for an individual's behavior vary based on a multitude of factors, including gender. Meeker and Weitzel-O'Neill (1977) conclude in their own literature review that men are more successful in task-oriented behaviors because they are expected to behave in such a manner, whereas women are less successful in this regard. Furthermore, a national survey conducted in 2004 by the Federal Trade Commission (FTC) reveals low status social groups are more vulnerable to fraud than others.

The FTC (2004) examined demographic variables in relation to fraud. First, the FTC identified the most common types of fraud, which included advance fees for promised credit cards or loans, unauthorized billing for buyers' club memberships, credit card insurance, and membership in a pyramid scheme. Next the FTC surveyed whether there were racial or ethnic differences associated with being susceptible to these types of fraud to find that non-Hispanic whites were the least likely to be victims of the aforementioned scams with a rate of 6% in comparison to American Indians or Alaskan Natives at a rate of 34%, African

Americans at a rate of 17%, and of Hispanics at a rate of 14% (FTC, 2004). Other ethnic groups, including Asians have a rate of 7% (FTC, 2004). The FTC (2004) also found other variables were related to fraud victimization. Participants who expected their income to change were more likely to be victims of fraud than those who expected their income to remain the same for the next three years (FTC, 2004). Lastly, the FTC (2004) survey found participants that were uncomfortable with their debt were more likely to be victims of fraud than those who were comfortable with their debt. Interestingly, neither actual income, nor age, education, nor gender affected the likelihood of becoming a fraud victim (FTC, 2004).

The FTC investigated the type of fraud which often takes place over the phone in which victims agree to "free" memberships or provide bank information, resulting in unknown or unauthorized payments. For example, close to four million Americans were charged for memberships and publications for which they did not authorize (FTC, 2004). In the current research, however, the focus is on the social interaction of a contract signing scenario, and thus the type of fraud investigated by the FTC does not necessarily involve a victim's awareness of the fraudulent transactions. Another difference is that this type of fraud is removed from a social context. In contrast, the current study will create an awareness of problematic contractual clauses, and measure the participant's willingness to sign them anyhow. Despite these differences between operationalization of fraud in the current focus and that of the FTC's (2004), the latter's findings do inform by

identifying national trends regarding minority groups' greater vulnerability to fraud.

While the FTC did not find gender differences for fraud victims, there is evidence to suggest that women could be more susceptible to accepting a nonsense explanation in a contract signing scenario because women often feel more obligated to trust (Buchan, Cronson, & Solnick, 2008). Women are less likely to ask questions and initiate negotiation (Babcock & Lachever, 2007). A meta-analysis reveals men had better negotiation outcomes than women (Stuhlmacher, 1999). When women do negotiate with men, they are more likely to employ indirect behaviors to express dissatisfaction rather than using a direct verbal measure (Bowles & Flynn, 2010). Thus, women conform to a lower status in a mixed gender dyadic negotiations (Bowles & Flynn, 2010). If women are less likely to negotiate and feel more obligated to trust, then they may be less likely to raise questions in contract-signing scenarios. Women would comply with a gendered social script. Social scripts, in general, leave consumers susceptible to fraud because it is uncomfortable to act outside the normal sequence of behaviors.

Explanations and Assurances

If a potential contract signer does question the researcher, they are susceptible to accepting nonsense explanations. Explanation scripts are patterns of interaction, and they are more reliant on the tone of the requests rather than the content (Langer & Abelson, 1972). Langer, Blank, and Chanowitz (1978) demonstrated that people will accept nonsense explanations. The researcher asked unknowing participants if they could budge in the copier line because they were

“in a hurry,” the sensible explanation, or because they “needed to make copies,” the nonsensical explanation. Participants in both conditions allowed the researcher to butt in line. Generally, people do not pay attention to the semantics of a situation.

In relation to contract signing, explanation scripts put consumers in a vulnerable position. A typical fraud scenario involves a salesperson misrepresenting a contract in order to have the consumer sign a contract that is not in their best interest. According to Stark and Choplin (2010), if people notice a contract and verbal descriptions do not sync, the salesperson can reassure them with explanations such as, “It’s a standard form.”

Removal of the contract signing and negotiation scenarios from a traditional social context lessens the amount of social cues, thus decisions are made on relevant information. An example of a scenario removed from traditional social context is a peer-to-peer (P2P) lending environment where users can post loan requests. In such cases a potential lender evaluates loan requests and then makes a decision to on whether to fund the request. Larrimore et al. (2011) examined persuasion strategies in P2P lending situations and speculated that since traditional persuasion strategies, like foot-in-door technique, would not have the same effect in an online context as they do in a face to face interaction. When online, there appears to be greater emphasis on terms relevant to the loan. Researchers examined thousands of online loan requests using linguistic software, and found the requests with the greatest chance of being fulfilled contained long, concrete descriptions and contained words associated with numbers and money

like "thousand," "cash," and "owe" (Larrimore, Jang, Larrimore, Markowitz, & Groski, 2011). Loan requests with more qualitative words and humanizing details involving family, friends, and work may be more effective in a face to face interaction but such terms are negatively associated with loan request fulfillment when online (Larrimore et al., 2011). In short, social scripts are different for online interactions. When physically present, explanation scripts are effective (Langer, Blank, & Chanowitz, 1978). Removal from physical presence in an online interaction alters the effectiveness and there is greater focus on the content of the interaction (Larrimore et al., 2011).

As discussed above, explanation scripts highly influence behavior, but they can be offset (Anderson, 1983). People who imagine themselves performing a behavior have greater intentions to act accordingly (Anderson, 1983). In relation to a contract signing paradigm, a gendered role creates a script in which a female consumer may feel uncomfortable asking a question about a problematic contract clause (Babcock & Lachever, 2007). Anderson's (1983) research on behavior intent could be utilized in this context to change the intention to act. Furthermore, regret strengthens behavioral intent to avoid repeating the same behavior for missing an opportunity (Patrick, Lancellotti, & Hagtvedt, 2009). Patrick et al. (2009) measured participant responses to a scenario in which discounted amusement tickets were available. In the control condition, the participants were told they had purchased the tickets in the previous year and had a good time with their friends. In the regret condition, participants were told they did not purchase the tickets in the previous year but that their friends did and they had a good time.

Those in the regret condition were much more likely to intend to purchase the tickets this year and were more satisfied with their decision to purchase tickets this year when the decision making was mediated by mental imagery (Patrick et al., 2009). Inaction regret could be utilized in contract signing scenarios. For consumers who have made mistakes, the feelings of regret or loss can be utilized to avoid making the same mistakes. Explanation scripts do not dictate all interactions, and consumers would carefully attend to the contract signing scenario if they understood the potential consequences of being manipulated by explanation scripts. Empowerment techniques can be utilized to educate consumers and begin learning and imagining themselves performing differently in contract-signing scenarios.

Empowerment

Empowerment enables people to take control of their circumstances (Zimmerman, 1990), and according to Zimmerman (1995), it has three dimensions, intrapersonal, interactional, and behavioral. The intrapersonal component includes the traits of self-efficacy, desire for control, and perceived competence. These are personality traits that an empowered person would utilize (Zimmerman, 1995) in a contract signing situation where a person would be more likely to ask questions, and less likely to accept nonsense answers. The interactional component of empowerment includes critical awareness, understanding causal agents, skill development, skills utilization, and resource mobilization (Zimmerman, 1995). The interactional component of empowerment in relation to contract signing behaviors would involve counseling and educating

consumers prior to making significant investments. Lastly, the behavioral component examines community involvement, organizational participation, and coping behaviors (Zimmerman, 1995). This aspect of empowerment could involve the creation of a community for consumers to work in a legislative sphere to protect themselves and others from fraud. Empowerment, in the entirety of its components, positively correlates with community involvement, political efficacy, competence and mastery, a greater desire for control, more civic duty, and an internal locus of control (Zimmerman & Rappaport, 1988). Empowerment can be increased by targeting the intrapersonal, interaction, and behavioral components (Zimmerman, 1995). Since the intrapersonal component reflects how people perceive their power in a situation, empowerment-related traits such as self-efficacy fluctuate between various situations (Zimmerman, 1995). The intrapersonal component of empowerment will be examined in the current study.

Empowerment has been studied in community, clinical, and occupational settings. A recent study found that participating in internet activities, such as blogging, social networking, and contributing to websites, was positively correlated with empowerment and civic engagement (Leung, 2009). A study of Israeli community activists further found empowerment was positively related to organizational participation and participation in decision making (Itzahky & York, 2000). In addition, Itzahky and York (2000) found gender differences in feelings of empowerment. Men were more empowered than women in the general participation. Women were more empowered when they participated in the decision-making process, and thus it would appear that they need greater

involvement than men (Itzahky & York, 2000). Supporting this conclusion, another investigation of gender and empowerment finds that women are most empowered when they have better social and emotional connections, as compared to men (Peterson & Hughey, 2003). In short, empowerment may have different effects on various groups. Since some components of empowerment can be manipulated, and the current study aims to do that by examining both personality traits and demographic variables affect an individual's willingness to sign problematic contracts.

Rationale

Research in contract signing has found people to be susceptible and vulnerable to fraud (Stark & Choplin, 2009; Stark & Choplin, 2010; Choplin & Stark, 2010; FTC, 2004). One reason is that consumers are at risk of mindlessly following explanation scripts (Langer, Black, & Chanowitz, 1978). Stark and Choplin (2010) argued that this tendency can lead to the acceptance of nonsense explanations in contract signing scenario. Consumers may notice a problematic clause in a contract between what has been verbally represented in an agreement and what is written in a contract, but they also will readily accept verbal assurances that are meant to account for any perceived discrepancy.

Low status groups, minorities and women, are more likely to be defrauded due a perceived illusion of equality, an unwillingness to negotiate, obligation to trust, and role expectations (Bacock & Lachever, 2007; Buchan, Cronson, & Solnick, 2008; Bowles & Flynn, 2010; FTC, 2004; Hong & Bohnet, 2007; Meeker & Weitzel-O'Neill, 1977; Stuhlmacher & Walters, 1999). The current

study will include ethnicity and gender, as well as, income level and highest level of education attained as a measure of status. Consumers with low status will be more likely to sign a problematic contract due a sense of obligation and role expectations; however, they will not be more likely to accept nonsense explanations. Low status groups would recognize the discrepancy and may not like the explanation or assurances but comply nonetheless.

Empowerment may predict differences in agreement to sign a problematic contract and the acceptance of nonsense explanations. A component of empowerment includes traits such as self-efficacy, perceived competence, and desire for control (Zimmerman, 1995). Those with empowered traits would be less likely to sign a problematic contract and less accepting of nonsense explanations.

Empowerment could make a more substantial difference among low status groups because they are more vulnerable to fraud (Hong & Bohnet, 2007; FTC, 2004; Meeker & Weitzel-O'Neill, 1977). High status groups are less willing to trust (Hong & Bohnet, 2007). Therefore, individuals with high status may encounter a ceiling effect because those with higher status were already vigilant for threats to their status and less likely to trust out of obligation (Buchan, Cronson, & Solnick, 2008; Hong & Bohnet, 2007). For these reasons, an interaction effect between status and empowerment is predicted. Consumers with low status and low empowerment would be more likely to sign a problematic contract than consumers with high status and low empowerment, but consumers with low status and high empowerment would not have a different response than

consumers with high status and high empowerment.

In order to improve the chances of obtaining a diverse sample, two modes of data collection will be employed. A short survey examining susceptibility to accepting nonsense explanations will be distributed in public areas in Chicago, Illinois. The same survey with the addition of questions measuring empowered personality traits will be administered online. Lengthier surveys are easier to administer online, and the online administration offers the opportunity to replicate results from the public sample. Both survey administrations will include a demographic questionnaire.

Statement of Hypotheses

- I. Participants, who are provided assurance or explanations, will be more likely to sign problematic contracts, as evidenced by their responses to hypothetical contract signing scenarios, than will those participants not provided assurance or explanation.
- II. Participants with low status, as measured by demographic variables, will be more likely to sign problematic contracts than participants with high status, as evidenced by their responses to hypothetical contract signing scenarios.
 - II A .Non-white participants who will be more likely to sign problematic contract than white participants.
 - II B .Low income participants who will be more likely to sign problematic contract than high income participants.
 - II C .Participants with less formal education who will be more

likely to sign a problematic contract than participants with more formal education.

II D. Female participants who will be more likely to sign a problematic contract than male participants.

III. Participants with low empowerment scores will be more likely to sign problematic contract than those with high empowerment scores, as measured by an intrapersonal empowerment survey composed of three sets of scales assessing self-efficacy, perceived competence, and desire for control. Signing and accepting nonsense explanations will be measured by their response to hypothetical contract signing scenarios.

IV. There will be an interaction effect between status and empowerment. Participants with low status and low empowerment will be more likely to sign problematic contracts than will participants with high status, and low empowerment. However, participants with low status and high empowerment will not differ from participants with high status and high empowerment in agreement to sign problematic contracts. Using the same instruments for assessing empowerment and likelihood of signing a problematic contract as applied in the previous hypotheses, it is specifically predicted that:

IV A. There will be an interaction effect between race/ethnicity and empowerment, such that non-whites with low empowerment scores will be more likely to sign than whites with low empowerment scores, but non-white participants with high empowerment will not differ

from white participants with high empowerment.

IV B. There will be an interaction effect between income and empowerment, such that low income participants with low empowerment scores will be more likely to sign than high income participants with low empowerment scores, but participants with low income and high empowerment will not differ from participants with high income and high empowerment.

IV C. There will be an interaction effect between education and empowerment, such that those with less formal education with low empowerment scores will be more likely to sign than those with more formal education with low empowerment scores, but participants with less formal education and high empowerment will not differ from participants with more formal education and high empowerment.

IV D. There will be an interaction effect between gender and empowerment, such that women with low empowerment scores will perform worse than men with low empowerment scores, but women with high empowerment will not differ from men with high empowerment.

Study 1

Overview of Study 1

Study 1 tests hypotheses I and II, regarding the acceptance of assurances and explanations, and social status as a predictor of signing problematic contracts. Survey collection occurred in the city of Chicago. Participants completed a three page survey which included demographics and three hypothetical scenarios that a consumer may encounter: signing an apartment lease, shopping in a store, and signing a catering contract. The second vignette was included to tamper demand characteristics. Details regarding research participants, materials, and procedure are described.

Study 1 Hypotheses

- I. Participants, who are provided assurance or explanations, will be more likely to sign problematic contracts, as evidenced by their responses to hypothetical contract signing scenarios, than will those participants not provided assurance or explanation.
- II. Participants with low status, as measured by demographic variables, will be more likely to sign problematic contracts than participants with high status, as evidenced by their responses to hypothetical contract signing scenarios.
 - II A .Non-white participants who will be more likely to sign problematic contract than white participants.
 - II B .Low income participants who will be more likely to sign problematic contract than high income participants.
 - II C. Participants with less formal education who will be more

likely to sign a problematic contract than participants with more formal education.

II D. Female participants who will be more likely to sign a problematic contract than male participants.

Research Participants

One hundred and seven participants completed surveys in the city of Chicago. People were approached in public areas, like parks or on the sidewalk. The sample was mostly collected in areas that were populated by working professionals and tourists.

Sixty-one were male and forty-three were female. Three did not report gender. Sixty-two participants reported their race/ethnicity as white, 16 reported Hispanic, 15 reported African American, 9 reported Asian, 3 reported multiple races or ethnicities, and 2 did not report race or ethnicity.

Seven participants were between the ages of 18-21, 18 participants were between the ages of 22 and 25, 16 participants were between the ages of 26-30, 34 participants were between the ages of 31 and 40, 12 participants were between the ages of 41-50, 8 participants were between the ages of 51 and 60, and 12 participants were 61 and over. Generally, 41 or 38.3% of participants were under the age of 30 and 66 or 61.7% of participants were 31 and over.

In terms of highest level of education completed, 7 participants completed a doctoral or professional degree, 28 participants completed a Master's degree, 38 completed a Bachelor's degree, 10 completed an Associate's degree, 17 attended college and did not complete or they are currently enrolled, and 7 graduated from

high school. A majority of respondents, 66 or 61.7% highest level of education completed was a Bachelor's degree or a Master's degree.

The sample was spread over several income brackets. Eleven reported making less than \$10,000, 2 reported making between \$10,000 and \$14,999, 10 reported making between \$15,000 and \$24,999, 8 reported making between \$25,000 and \$34,999, 13 reported making between \$35,000 and \$49,999, 17 reported making between \$50,000 and \$74,999, 22 reported making between \$75,000 and \$99,999, 12 reported making between \$100,000 and \$149,999, 5 reported making between \$150,000 and \$199,999, and 5 reported making \$200,000 or more, and 2 did not report income.

Materials/Procedure

First, participants were asked to complete a demographic questionnaire (see Appendix A). The questionnaire included items for participants to report their age, gender, race/ethnicity, income level, and highest level of education attained. Afterwards, participants were provided with three hypothetical contract signing scenarios and asked to respond to questions about them (see Appendix B). These scenarios were modified from the scenarios in Choplin, Stark, and Ahmad (2011) fraud simulation studies.

In the first scenario, the participant were asked to imagine they are about to sign an apartment lease for a studio which includes parking. The lease explicitly states that the apartment does not include parking. The landlord's response is manipulated. In the assurance condition, landlord explains, "not to worry, that you will get a parking space." In the no assurance condition, the

landlord does not offer a reassuring message. An explanation for the discrepancy is also manipulated. In the explanation condition, the landlord explains the form reads that way “because it is a standard form.” In the non-explanation condition, the landlord notes that the form reads that way with no further explanation. After reading this scenario, participants were asked to rate their agreement with four items on a seven-point Likert scale, having to do with whether they would agree to sign the lease, if they would have agreed to sign the lease if they knew the lease read that way when they first contacted the landlord, if they do not like the explanation for the language in the lease regarding parking, if they accepted the explanation of the language in the lease regarding parking, and if they have signed an apartment lease in the past.

The second scenario asks the participants to imagine they are shopping and notice a sign saying they will be videotaped. The participants are told that the cameras are set up to deter shoplifters, and the participant would be asked if they will continue to shop. This scenario is included to tamper demand characteristics. Otherwise, participants may realize that they are not supposed to sign the contracts in the other scenarios. Analogous to the first scenario, they will be asked to rate their agreement on a series of four statements on a seven-point Likert scale. The participant were asked if they would continue to shop, if they would have entered the store to shop even if they knew about the videotaping before they entered, if they do not like the explanation for the videotaping, and if they accepted the explanation for the videotaping.

The third scenario asks the participant to imagine they are about to sign a catering contract. The catering contract states that full payment is due one week before the event. This clause is undesirable in the event something goes wrong. In an assurance condition, the caterer tells the participant, “not to worry that you will only need to pay 50% one week before the event.” The no assurance condition omits the reassuring message from the caterer. Explanation for the discrepancy is then manipulated. In the explanation condition, the participant is told that the contract reads that way because “it is a standard form.” The non-explanation condition does not include the modifier, and the caterer only notes that the contract reads that way. The participants are asked to rate their agreement on a series of five questions on a seven-point Likert. The participants are asked if they would agree to sign the contract as is, if they would have agreed to sign the contract as it is even if they knew that the contract read that way when they first contacted the catering company, if they do not like the explanation for the amount due one week before the event, if they accept the explanation for the amount due one before the event, and if they have signed catering contracts in the past.

Study 1 Results

Major Hypotheses

The first hypothesis predicts that participants who are provided assurances or explanations will be more likely to sign problematic contracts. To test this prediction, participants reported level of agreement to sign a contract that did not fit their current interests was tested for differences between assurance and explanation factors in a two-way analysis of variance.

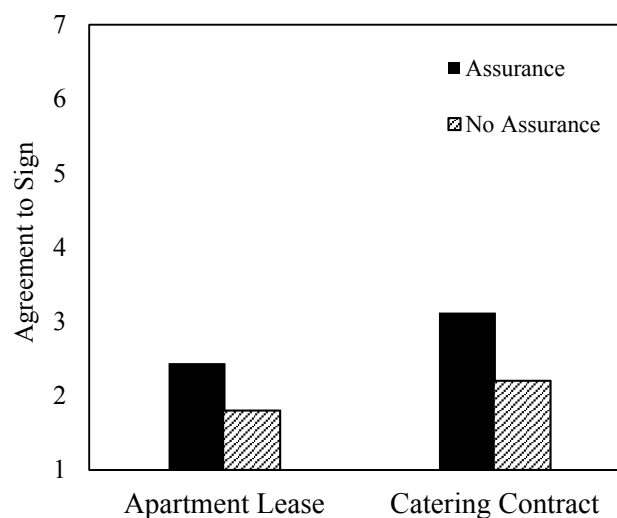
A 2 x 2 ANOVA examining the explanation and assurance factors in agreement to sign an apartment lease was not significant, $F(3,107) = 2.01, p = .12$. Explanation condition did not differ significantly in the agreement to sign the apartment lease, $F(1,107) = .57, p = .45$. Assurance was significantly related to agreement to sign the apartment lease, $F(1,107) = 4.30, p = .04, \eta_p^2 = .04$. Participants who were given an assurance were more willing to sign the lease as is ($M = 2.44, SD = 1.88$) than participants who were not given an assurance ($M = 1.80, SD = 1.38$). There was no significant interaction between the explanation and assurance factors in agreement to sign the apartment lease, $F(1,107) = 1.15, p = .29$.

An analysis of variance examining the explanation and assurance factors in agreement to sign a catering contract was significant, $F(3,105) = 3.26, p = .03, \eta_p^2 = .06$. The explanation was not significant, $F(1, 107) = .57, p = .45$ in the catering contract scenario. The assurance had a significant effect in predicting willingness to sign the catering contract, $F(1,105) = 4.57, p = .04, \eta_p^2 = .04$. Participants who received an assurance were more willing to sign the catering

contract as is ($M = 3.12$, $SD = 2.39$) than participants who did not receive an assurance ($M = 2.20$, $SD = 1.80$). There was no significant interaction between the explanation and assurance factors in agreement sign the catering contract, $F(1,105) = 2.26$, $p = .14$.

Overall, assurance conditions for both the catering contract and the apartment scenario had a significant effect on agreement to sign. Explanation conditions did not have an effect, and there was no interactions in either scenario.

Figure 1. Agreement to Sign by Assurance Condition in Study 1



The second hypothesis predicts that participants with lower status, as measured by demographic variables: gender, race, education, and income, will be more likely to sign problematic contracts than participants with high status. To test the hypothesis, two regressions for each demographic variable were conducted to explore potential interaction effects and study the amount of variance explained by each independent variable for the apartment lease and the catering contract scenarios.

Men and women did not differ in likelihood to sign the problematic apartment lease, $b = -.03$, $t(103) = -.29$, $p = .77$, $F(6, 97) = 1.22$, $p = .31$.

Likewise, gender did not predict agreement to sign the problematic catering contract, $b = -.16$, $t(103) = -1.63$, $p = .12$, $F(6, 96) = 2.82$, $p = .01$.

Table 1

Summary of Hierarchical Regressions Using Gender to Predict Agreement to Sign Problematic Contracts (N = 104)

Variable	Model 1			Model 2		
	B	SE B	β	B	SE B	B
Apartment Lease						
Gender	-.01	.10	-.01	-.03	.10	-.03
Assurance	.22	.10	.23*	.19	.10	.20
Explanation	-0.05	0.10	-0.05	-.02	.10	-.02
Gender x assurance				-.11	.10	-.11
Gender x explanation				.09	.10	.09
Assurance x explanation				.09	.10	.09
R^2		.02			0.01	
Catering Contract						
Gender	-.17	.10	-.17	-.16	.10	-.16
Assurance	.21	.10	.21	.21	.10	.21
Explanation	-.17	.10	-.17	-.17	.10	-.17
Gender x assurance				-.05	.10	-.05
Gender x explanation				.12	.10	.11
Assurance x explanation				-.19	.10	-.20
R^2		.08			.10	

* $p < .05$. ** $p < .01$

Race and ethnicity were examined by grouping respondents by their self-report of race and ethnicity into white and Asian respondents and nonwhite non-Asian respondents due to similar rates of fraud victimization (FTC, 2004). Race and ethnicity did not predict agreement to sign the apartment lease, $b = .01$, $t(103) = .08$, $p = .93$, $F(6, 98) = 1.01$, $p = .42$. Furthermore, the variable did not predict agreement to sign the catering contract, $b = -.03$, $t(103) = -.24$, $p = .81$, $F(6, 96) =$

1.38, $p = .23$.

Table 2

Summary of Hierarchical Regressions Using Race to Predict Agreement to Sign Problematic Contracts (N = 104)

Variable	Model 1			Model 2		
	B	SE B	β	B	SE B	B
Apartment Lease						
Race	.04	.11	.04	.01	.12	.01
Assurance	.20	.10	.20*	.19	.12	.19
Explanation	-.10	.10	-.10	-.07	.12	-.07
Race x assurance				.12	.12	.12
Race x explanation				.05	.12	.05
Assurance x explanation				.12	.11	.12
R^2		.02			.001	
Catering Contract						
Race	-.03	.11	-.02	-.03	.12	-.03
Assurance	.19	.10	.19	.21	.11	.21
Explanation	-.15	.10	-.15	-.13	.11	-.13
Race x assurance				.06	.11	.05
Race x explanation				.01	.12	.01
Assurance x explanation				-.13	.11	-.13
R^2		.03			.02	

* $p < .05$. ** $p < .01$

Education was not a significant predictor of agreement to sign the apartment lease, $b = -.05$, $t(103) = -.49$, $p = .63$, $F(6, 100) = 1.10$, $p = .37$.

Education did not predict agreement to sign the catering contract, $b = -.04$, $t(103) = -.44$, $p = .66$, $F(6, 98) = 1.69$, $p = .13$.

Table 3

Summary of Hierarchical Regressions Using Education to Predict Agreement to Sign Problematic Contracts (N = 104)

Variable	Model 1			Model 2		
	<i>B</i>	<i>SE B</i>	β	<i>B</i>	<i>SE B</i>	<i>B</i>
Apartment Lease						
Education	-.04	.07	-.06	-.04	.08	-.05
Assurance	.20	.10	.20*	.19	.10	.19
Explanation	-.08	.10	-.08	-.06	.10	-.06
Education x assurance				.04	.08	.05
Education x explanation				-.05	.08	-.07
Assurance x explanation				.09	.10	.09
R^2		.02			.01	
Catering Contract						
Education	-.05	.07	-.07	-.03	.07	-.04
Assurance	.21	.10	.21*	.21	.10	.21*
Explanation	-.16	.10	-.16	-.13	.10	-.13
Education x assurance				-.04	.07	-.05
Education x explanation				-.02	.07	-.03
Assurance x explanation				-.14	.10	-.14
R^2		.04			.04	

* $p < .05$. ** $p < .01$

In a model examining assurance, explanation, and income as predictors of agreement to sign the apartment lease, income significantly predicted agreement to sign, $b = -.22$, $t(104) = -2.24$, $p = .03$. The model explained 5% of variance in agreement to sign, $R^2 = .05$, $F(6, 98) = 1.88$, $p = .09$. Income negatively correlated with agreement to sign the apartment lease, $r(105) = -.24$, $p = .01$. Participants with higher income less are likely to agree to sign the problematic apartment lease. However, income did not predict agreement to sign the catering contract, $b = -.01$, $t(103) = -.12$, $p = .92$, $F(6, 97) = 1.61$, $p = .15$.

Table 4

Summary of Hierarchical Regressions Using Income to Predict Agreement to Sign Problematic Contracts (N = 104)

Variable	Model 1			Model 2		
	<i>B</i>	<i>SE B</i>	β	<i>B</i>	<i>SE B</i>	<i>B</i>
Apartment Lease						
Income	-.09	.04	-.24*	-.09	.04	-.22*
Assurance	.16	.09	.18	.16	.09	.17
Explanation	-.04	.09	-.05	-.03	.09	-.03
Income x assurance				.01	.04	.01
Income x explanation				-.01	.04	-.03
Assurance x explanation				.10	.09	.10
<i>R</i> ²		.07			.05	
Catering Contract						
Income	-.01	.04	-.02	-.004	.04	-.01
Assurance	.21	.10	.21*	.20	.10	-.13*
Explanation	-.15	.10	-.15	-.13	.10	-.13
Income x assurance				.002	.04	.01
Income x explanation				.02	.04	.06
Assurance x explanation				-.14	.10	-.14
<i>R</i> ²		.04			.03	

* $p < .05$. ** $p < .01$

Study 1 Discussion

Hypothesis I predicted that assurances and explanation effect agreement to sign problematic contracts. Across both the scenarios, assurances did have increase the agreement to sign, but explanations did not and there was no interaction. Hypothesis I was partially supported.

Hypothesis II predicted that demographic variables, gender, race, education, and income would predict agreement to sign problematic contracts. Income significantly related to agreement to sign the apartment lease, however it did not relate to agreement to sign the catering contract. No other demographic variables related to agreement to sign problematic contracts. Hypothesis II was

largely unsupported.

Study 2

Overview of Study 2

In study 2, hypotheses I and II are retested. Hypothesis I and II examine the acceptance of assurances and explanations and social status as a predictor of signing problematic contracts. Study 2 also tests hypotheses III and IV.

Hypothesis III and IV examine empowerment as a predictor of signing problematic contracts and the interaction between of status and empowerment

Survey collection was completed online and participants were obtained through Amazon's Mechanical Turk, an online forum wherein users are paid to complete tasks, in this case survey completion. The survey contained the same demographic questionnaire and hypothetical scenarios from study 1, and it included an intrapersonal personality trait questionnaire. Details regarding research participants, materials, and procedure are described.

Study 2 Hypotheses

Hypotheses I and II are retested in study 2.

- III. Participants with low empowerment scores will be more likely to sign problematic contract and accept nonsense explanations than those with high empowerment scores, as measured by an intrapersonal empowerment survey composed of three sets of scales assessing self-efficacy, perceived competence, and desire for control. Signing and accepting nonsense explanations will be measured by their response to hypothetical contract signing scenarios.
- IV. There will be an interaction effect between status and empowerment.

Participants with low status and low empowerment will be more likely to sign problematic contracts than will participants with high status, and low empowerment. However, participants with low status and high empowerment will not differ from participants with high status and high empowerment in agreement to sign problematic contracts. Using the same instruments for assessing empowerment and likelihood of signing a problematic contract as applied in the previous hypotheses, it is specifically predicted that:

IV A. There will be an interaction effect between race/ethnicity and empowerment, such that non-whites with low empowerment scores will be more likely to sign than whites with low empowerment scores, but non-white participants with high empowerment will not differ from white participants with high empowerment.

IV B. There will be an interaction effect between income and empowerment, such that low income participants with low empowerment scores will be more likely to sign than high income participants with low empowerment scores, but participants with low income and high empowerment will not differ from participants with high income and high empowerment.

IV C. There will be an interaction effect between education and empowerment, such that those with less formal education with low empowerment scores will be more likely to sign than those with more formal education with low empowerment scores, but participants with

less formal education and high empowerment will not differ from participants with more formal education and high empowerment.

IV D. There will be an interaction effect between gender and empowerment, such that women with low empowerment scores will perform worse than men with low empowerment scores, but women with high empowerment will not differ from men with high empowerment.

Study 2 Method

Research Participants

Two hundred participants will be recruited through Amazon's Mechanical Turk. Mechanical Turk is a marketplace for people to retrieve information from other people to complete human intelligence tasks or "HIT". Participants will receive a nominal monetary sum to compensate their time in completing the survey.

Two hundred and eighteen people responded to the survey posted on Amazon's Mechanical Turk. The range of time spent varied from 0.27 minutes to 90.78 minutes with an average of 5.29 minutes ($SD=7.29$). Respondents who spent less than 2 minute or more than 11 minutes completing the survey were removed from the sample. The final sample for analyses contains 194 respondents. The average time for this group is 4.52 minutes ($SD=1.92$) and the range is from 2.02 minutes to 10.95 minutes.

Half the sample (50%) is female. In terms of race and ethnicity, 142 reported as white, 19 reported Asian, 10 reported Hispanic, 13 reported African American, 1 reported Native Hawaiian/Pacific Islander, 1 reported other, and 8

reported multiple races or ethnicities.

Twenty-five participants were between the ages of 18-21, 39 participants were between the ages of 22 and 25, 31 participants were between the ages of 26-30. Thirty-eight participants were between the ages of 31 and 40, 35 participants were between the ages of 41-50, 20 participants were between the ages of 51 and 60, and 6 participants were 61 and over. Generally, 95 or 49% of participants were under the age of 30 and 99 or 51% of participants were 31 and over.

In terms of highest level of education completed, 6 participants completed a doctoral or professional degree, 12 participants completed a Master's degree, 71 completed a Bachelor's degree, 24 completed an Associate's degree, 55 attended college and did not complete or they are currently enrolled, 25 graduated from high school, and 1 reported not completing high school. A majority of respondents, 150 or 77%, have some college education or completed a Bachelor's degree.

Most of the sample was at the lower end of the income brackets. Forty-seven reported making less than \$10,000, 17 reported making between \$10,000 and \$14,999, 26 reported making between \$15,000 and \$24,999, 29 reported making between \$25,000 and \$34,999, 31 reported making between \$35,000 and \$49,999, 22 reported making between \$50,000 and \$74,999, 8 reported making between \$75,000 and \$99,999, 7 reported making between \$100,000 and \$149,999, 6 reported making between \$150,000 and \$199,999, and 1 reported making \$200,000 or more.

Materials/Procedure

Participants first completed a demographic questionnaire. Empowerment was measured using a survey adapted from Leung (2009) that combines three surveys to measure intrapersonal empowerment: five self-efficacy items (Tipton & Worthington, 1984), four perceived competence items (Florin & Wandersmann, 1984), and five desire for control items (Burger & Cooper, 1979). Leung (2009) first combined these three instruments to examine empowerment effects on user-generated internet content. Leung (2009) conducted an exploratory factor analysis on the combined measures and had eigenvalues greater than 1.0 and Cronbach's alphas at .77, .70, and .60. Lastly, participants will be given the same hypothetical contract signing scenarios seen in study one.

Study 2 Results

Major Hypotheses

The first hypothesis predicts that participants who are provided assurances or explanations will be more likely to sign problematic contracts. To test this prediction, participants reported level of agreement to sign a bad contract was tested for differences between assurance and explanation factors in a two-way analysis of variance.

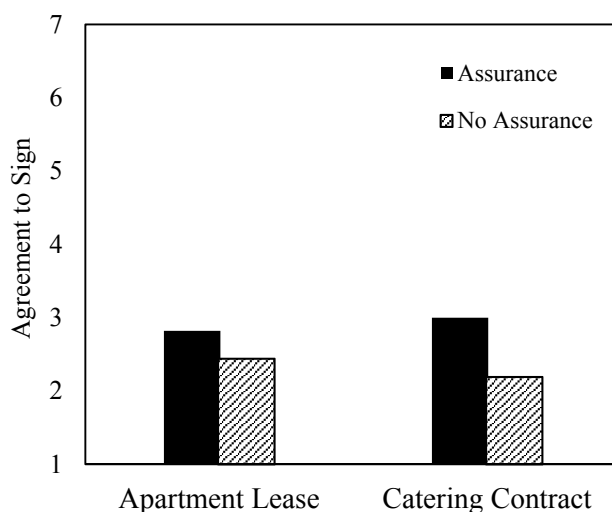
Explanation condition did not differ significantly in the agreement to sign the apartment lease, $F(1,187) = .22, p = .64$. Assurance was marginally significant in predicting agreement to sign the apartment lease, $F(1,187) = 3.18, p = .08, \eta_p^2 = .14$. Participants who were given an assurance were more willing to sign the lease as is ($M = 2.81, SD = 1.61$) than participants who were not given an assurance ($M = 2.44, SD = 1.32$). There was no significant interaction between the explanation and assurance factors in agreement to sign the apartment lease, $F(1,187) = .04, p = .85$,

The explanation condition was not significant, $F(1, 187) = .07, p = .79$ in the catering contract scenario. The assurance condition did have a significant effect in predicting willingness to sign the catering contract, $F(1,187) = 11.39, p = .001, \eta_p^2 = .14$. Participants who received an assurance were more willing to sign the catering contract as is ($M = 3.00, SD = 1.90$) than participants who did not receive an assurance ($M = 2.19, SD = 1.33$). The interaction between assurance and explanation was not significant, $F(1,187) = .47, p = .49$.

Replicating study 1, the assurance condition increased agreement to sign contracts in both scenarios. Explanation conditions did not affect agreement to

sign and there were no interactions.

Figure 2. Agreement to Sign by Assurance Condition in Study 2



To examine hypotheses II, III, and IV regression equations with demographics variables, empowerment traits, and explanation/assurance factors were entered as predictors to predict agreement to sign bad contracts.

Self-efficacy, perceived competence, and desire for control scales are used to measure intrapersonal empowerment. The self-efficacy scale contains 5 items ($\alpha = .86$), the perceived competence scale contains 4 items ($\alpha = .80$), and the desire for control scale contains 5 items ($\alpha = .57$). See table 2 for means, standard deviations, and correlations.

Table 5

Empowerment Trait Scales

	1	2	3	Alpha	Number of Items	Mean	SD	N
1. Self-Efficacy	1			0.86	5	3.85	0.64	193
2. Perceived Competence	.51**	1		0.80	4	3.30	0.86	193
3. Desire for Control	.44**	.34**	1	0.57	5	3.89	0.50	193

Gender did not predict agreement to sign the problematic apartment lease, $b = -.04$, $t(190) = -.53$, $p = .60$, $F(9, 181) = .49$, $p = .89$. Likewise, it did not predict agreement to sign the catering contract, $b = .003$, $t(190) = .05$, $p = .96$, $F(9, 181) = 1.76$, $p = .08$. Empowered traits, perceived competence, self-efficacy, and desire for control did not predict agreement to sign either contract and did not interact with gender.

Table 6

Summary of Hierarchical Regressions Using Gender and Empowerment Traits to Predict Agreement to Sign Problematic Contracts (N = 191)

Variable	Model 1		Model 2			
	B	SE B	B	B	SE B	β
Apartment Lease						
Gender	-.04	.07	.12	-.04	.07	-.04
Perceived Competence	.03	.10	.02	.02	.10	.02
Self-Efficacy	-.06	.14	-.04	-.06	.14	-.04
Desire for Control	-.04	.16	-.02	-.04	.17	-.02
Assurance	.12	.07	.12	.12	.08	.12
Explanation	-.03	.07	-.03	-.03	.08	-.03
Gender x Perceived Comp.				.04	.10	.04
Gender x Self-Efficacy				.001	.14	.001
Gender x Desire for Control				-.08	.17	-.04
R^2		-.01			.03	
Catering Contract						
Gender	.001	.07	.001	.003	.07	.003
Perceived Competence	.04	.10	.03	.05	.10	.04
Self-Efficacy	.10	.14	.06	-.06	.14	.04
Desire for Control	-.19	.16	-.06	-.08	.16	-.04
Assurance.	.24	.07	.24**	.25	.07	.25**
Explanation	.01	.07	.01	.02	.07	.02
Gender x Perceived Comp.				.08	.10	.07
Gender x Self-Efficacy				.07	.14	.05
Gender x Desire for Control				.11	.16	.05
R^2		.03			.04	

* $p < .05$. ** $p < .01$

Analogous to study 1, race is a dichotomous variable dividing white and Asian respondents from non-white and non-Asian respondents due similar rates of fraud victimization (FTC, 2004). Race did not predict agreement to sign the problematic apartment lease, $b = -.02$, $t(188) = -.27$, $p = .79$, $F(9, 179) = .70$, $p = .71$. Likewise, it did not predict agreement to sign the catering contract, $b = -.12$, $t(188) = -1.68$, $p = .96$, $F(9, 179) = 2.18$, $p = .03$. Empowered traits did not predict agreement to sign either contract, and empowered traits did not interact with race.

Table 7

Summary of Hierarchical Regressions Using Race and Empowerment Traits to Predict Agreement to Sign Problematic Contracts (N = 191)

Variable	Model 1			Model 2		
	<i>B</i>	<i>SE B</i>	β	<i>B</i>	<i>SE B</i>	β
Apartment Lease						
Race	-.02	.10	-.02	-.03	.11	-.02
Perceived Competence	.03	.10	.03	.13	.13	.11
Self-Efficacy	-.07	.14	-.04	-.12	.20	-.08
Desire for Control	-.03	.17	-.02	-.11	.23	-.05
Assurance	.12	.07	-.04	.12	.08	.12
Explanation	-.04	.07	-.04	-.04	.07	-.04
Race x Perceived Comp.				.16	.13	.14
Race x Self-Efficacy				-.14	.20	-.09
Race x Desire for Control				-.16	.23	-.08
R^2		-.01			-.02	
Catering Contract						
Race	-.20	.10	-.14*	-.17	.10	-.12*
Perceived Competence	.05	.10	.04	-.02	.13	-.01
Self-Efficacy	.12	.14	.07	-.07	.20	-.04
Desire for Control	-.13	.16	-.07	-.01	.22	-.01
Assurance.	.23	.07	.23**	.22	.07	.22**
Explanation	.01	.07	.01	.02	.07	.02
Race x Perceived Comp.				-.06	.13	-.05
Race x Self-Efficacy				-.25	.20	-.16
Race x Desire for Control				.08	.22	.04
R^2		.05			.05	

* $p < .05$. ** $p < .01$

Education predicted agreement to sign the problematic apartment lease, $b = -.17$, $t(190) = -2.28$, $p = .03$, $F(9, 181) = 1.20$, $p = .30$, however there were no interactions between education and empowered traits.. Education did not predict agreement to sign the catering contract, $b = -.12$, $t(190) = -.1.60$, $p = -.12$, $F(9, 181) = 2.34$, $p = .02$. Education negatively correlated with agreement to sign the catering contract, $r(189) = -.17$, $p = .01$. Perceived competence, an empowered trait, interacted with education, $b = -.18$, $t(190) = -2.22$, $p = .03$, $F(9, 181) = -2.34$, $p = .02$.

Table 8
Summary of Hierarchical Regressions Using Education and Empowerment Traits to Predict Agreement to Sign Problematic Contracts (N = 191)

Variable	Model 1			Model 2		
	<i>B</i>	<i>SE B</i>	β	<i>B</i>	<i>SE B</i>	β
Apartment Lease						
Education	-.13	.06	-.17*	-.13	.06	-.17*
Perceived Competence	.07	.10	.06	.06	.10	.05
Self-Efficacy	-.08	.14	-.05	-.09	.14	-.06
Desire for Control	.01	.16	.01	.02	.16	.01
Assurance	.12	.07	.07	.11	.07	.11
Explanation	-.03	.07	-.03	-.04	.07	-.04
Education x Perceived Comp.				.03	.07	.04
Education x Self-Efficacy				-.12	.12	-.08
Education x Desire for Control				.12	.13	.07
<i>R</i> ²		.02			.01	
Catering Contract						
Education	-.08	.06	-.11	-.09	.06	-.12
Perceived Competence	.06	.10	.05	.06	.10	.05
Self-Efficacy	.08	.14	.05	.07	.14	.05
Desire for Control	-.09	.16	-.05	-.09	.16	-.05
Assurance	.23	.07	.23**	.23	.07	.24**
Explanation	.02	.07	.02	.01	.07	.01
Education x Perceived Comp.				-.16	.07	-.18*
Education x Self-Efficacy				.07	.12	.05
Education x Desire for Control				-.08	.12	-.05
<i>R</i> ²		.05			.06	

* $p < .05$. ** $p < .01$

Income predicted agreement to sign the problematic apartment lease, $b = -.25$, $t(190) = -3.25$, $p = .001$, $F(9, 181) = 1.67$, $p = .10$. Income and agreement to sign were negatively correlated, $r(189) = -.21$, $p = .002$. Income also predicted agreement to sign the catering contract, $b = -.16$, $t(190) = -2.14$, $p = .03$, $F(9, 181) = 2.22$, $p = .02$. Income had a marginally significant negative correlation with agreement to sign the catering contract, $r(189) = -.11$, $p = .07$. Empowered traits and income did not have any significant interactions.

Table 9

Summary of Hierarchical Regressions Using Income and Empowerment Traits to Predict Agreement to Sign Problematic Contracts (N = 191)

Variable	Model 1			Model 2		
	<i>B</i>	<i>SE B</i>	β	<i>B</i>	<i>SE B</i>	β
Apartment Lease						
Income	-.11	.03	-.24**	-.11	.03	-.25**
Perceived Competence	.08	.10	.07	.07	.10	.06
Self-Efficacy	-.06	.14	-.04	-.05	.14	-.03
Desire for Control	.04	.16	.02	.06	.16	.03
Assurance	.16	.07	.16*	.16	.07	.16*
Explanation	-.01	.07	-.01	-.01	.07	-.01
Income x Perceived Comp.				-.03	.05	-.06
Income x Self-Efficacy				.01	.07	.01
Income x Desire for Control				.07	.07	.09
R^2		.04			.03	
Catering Contract						
Income	-.07	.03	-.16*	-.07	.03	-.16*
Perceived Competence	.08	.10	.07	-.06	.16	-.03
Self-Efficacy	.10	.14	.06	.14	.14	.09
Desire for Control	-.07	.16	-.04	-.06	.16	-.03
Assurance	.26	.07	.26**	.25	.07	.25**
Explanation	.01	.07	.01	.01	.07	.25
Income x Perceived Comp.				-.06	.05	-.13
Income x Self-Efficacy				.06	.06	.09
Income x Desire for Control				.06	.07	.07
R^2		.06			.05	

* $p < .05$. ** $p < .01$

Study 2 Discussion

Study 2 replicated the findings of study 1 in a different population and in a different medium. Assurances did predict the agreement to sign problematic contracts, and explanations did not predict agreement to sign. Hypothesis I, regarding assurances, is supported.

Demographic variables listed in hypothesis II, gender and race, did not correlate with agreement to sign problematic contracts. Education did predict agreement to sign the apartment lease, but it did not predicted agreement to sign the catering contract, and income predicted agreement to sign in both scenarios. Where education and income are significant predictors, they are negatively correlated in agreement to sign. Those with higher levels of education and income are less likely to sign a bad contract. Hypothesis II is partially supported.

Empowerment traits, perceived competence, self-efficacy, and desire for control did not predict agreement to sign. Therefore, hypothesis III is unsupported.

Of the four demographic variables and three empowerment traits, there was one significant interaction between perceived competence and education, therefore hypothesis IV is largely unsupported.

General Discussion

Major Findings

With assurances, participants were more likely to report agreement to sign contracts and leases that were not in their best interest. This result occurred across both studies in street and online samples. Participants trusted the assurances provided in the hypothetical contact signing scenarios and were more likely to agree to sign the contract.

In both studies, income correlated negatively with agreement to sign the apartment lease, but it did not correlate with agreement to sign the catering contract. Education negatively correlated with agreement to sign the apartment lease within the online sample. Gender and ethnicity did not correlate with agreement to sign in either scenario, however underrepresented minorities are more likely to be victims of fraud (Federal Trade Commission, 2004) and women are less likely and less successful at negotiating contracts (Babcock & Lachever, 2007; Stuhlmacher, 1999). Future research should continue to measure demographic variables and test for differences.

Explanations did not affect agreement to sign and there were no differences by gender, race/ethnicity, or education. Empowered personality traits, self-efficacy, desire for control, and perceived competence did not predict agreement to sign faulty contracts.

Implications

Other than income, no other demographic variables or personality traits correlated or predicted agreement to sign problematic contracts. Everyone is

vulnerable, especially to assurances. Trust is important to the fabric of society; however the unscrupulous can exploit this vulnerability and they are protected by no representation clauses (Stark & Choplin, 2009). No representation (i.e., disclaimer) and no reliance clauses contained in legal documents state that the sales representatives did not falsely represent the contract and the signee read the contract and did not rely on representations (Stark & Choplin, 2010). Courts in six states, have interpreted these clauses such that consumers must prove they reasonably relied on the fraudulent representations (Stark & Choplin, 2010). As a result, consumers are barred from bringing fraud action without proof of reasonable reliance (Stark & Choplin, 2010).

The current study demonstrates that consumers are reliant upon assurances due to the social norm to trust (Fetchenhauer & Dunning, 2009; Pillutla, Malhotra, & Murnighan, 2003; Grice, 1974) and perhaps these legislations should be revisited in the light of growing research on the ease to which consumers are influenced by assurances and deceived by unscrupulous representatives (Choplin, Stark, & Ahmad, 2011; Stark & Choplin, 2009; Stark & Choplin, 2010). Evidence from laboratory studies in students and vignette research on public samples find that most students will sign an obviously problematic informed consent (Choplin, Stark, & Ahmad, 2011; Stark & Choplin, 2009) and a third of participants in a public sample would agree to sign a problematic contract with nonsense explanations (Choplin, Stark, & Ahmad, 2011). The current studies build upon these findings to demonstrate the effectiveness of assurances. Moreover, some groups may be more at risk than others. Demographic factors like income and

education are predictors in agreement to sign problematic contracts. Currently, consumers in some states are barred from bringing cases of fraud to court due to reasonable reliance clauses, however the research is finding that consumer regularly trust and rely upon assurances when signing contracts.

Limitations of Research

The study relied upon hypothetical vignettes that ask participants to imagine themselves in these situations, and the participants' responses which may not always reflect actual behavior. While research did not find differences between groups, some racial or ethnic minority groups are more vulnerable to fraud (Federal Trade Commission, 2004) and the difference could be accounted for by the specificity of the contract signing situations described in the vignettes.

Future Directions

Research in assurances can be further explored in other instances of fraud. Demeanor of the representative and environment may play a role in signaling trust. For example, perhaps senseless explanations in the current study were a signal for consumers that the representative was untrustworthy in the hypothetical scenarios and did not influence participants to sign the contract. In regards to environment, a professional setting may also be a signal to trust, and set the stage for white collar crimes. A differentiation between formal and informal settings during contract signing may result in strong differences by demographic variables such as education, income, gender, and race/ethnicity.

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Appendix A. Demographic Questionnaire

What is your gender

- Female
 Male

What is your age?

- 18-21
 22-25
 26-30
 31-40
 41-50
 51-60
 61 and over

What is the highest level of education you have completed?

- Did not finish high school
 Graduated from high school
 Attended college but did not complete degree or currently enrolled
 Completed an Associate degree (AA, AS, etc.)
 Completed a Bachelors degree (BA, BS, etc.)
 Completed a Masters degree (MA, MS, etc.)
 Completed a Doctoral or Professional degree (JD, MD, PhD, etc.)

What is your income?

- Less than \$10,000
 \$10,000 to \$14,999
 \$15,000 to \$24,999
 \$25,000 to \$34,999
 \$35,000 to \$49,999
 \$50,000 to \$74,999
 \$75,000 to \$99,999
 \$100,000 to \$149,999
 \$150,000 to \$199,999
 \$200,000 or more

What is your ethnicity? (Check all that apply)

- African American
 American Indian/Alaskan Native
 Asian
 Hispanic/Latino
 Native Hawaiian/Other Pacific Islander
 White

Appendix B. Contract Signing Scenarios

I would have agreed to sign the lease even if I knew the lease read that way when I first contacted the landlord.

1 2 3 4 5 6 7
Strongly Disagree *Unsure* *Strongly Agree*

I do not like the explanation for the language in the lease regarding parking.

1 2 3 4 5 6 7
Strongly Disagree *Unsure* *Strongly Agree*

I accept the explanation of the language in the lease regarding parking

1 2 3 4 5 6 7
Strongly Disagree *Unsure* *Strongly Agree*

I have signed an apartment lease in the past

1 2 3 4 5 6 7
Strongly Disagree *Unsure* *Strongly Agree*

Shopping

Included to tamper demand characteristics. There are no explanation or assurance factors.

You enter a supermarket to purchase some items when you see a sign saying that shoppers are being videotaped. You ask the security guard why you are being videotaped and she tells you that the cameras were set up to track shoplifters. Would you leave or proceed to shop in the store?

I would continue to shop.

1 2 3 4 5 6 7
Strongly Disagree *Unsure* *Strongly Agree*

I would have entered the store to shop even if I knew of the videotaping before I entered.

1 2 3 4 5 6 7
Strongly Disagree *Unsure* *Strongly Agree*

I do not like the explanation for the videotaping.

1 2 3 4 5 6 7
Strongly Disagree *Unsure* *Strongly Agree*

I accept the explanation for the videotaping.

1 2 3 4 5 6 7

*Strongly Disagree**Unsure**Strongly Agree***Catering****No assurance, No explanation**

You are about to sign a contact with a catering company to cater a six person party you are planning that was supposed to require only a 50% payment one week before the event when you notice that the contract explicitly says that you must pay 100% of the bill one week before the event. You would like not to pay the full bill amount before the event takes place in case something goes wrong and they do not perform the catering functions on the day of the party. You ask the caterer if you could speak with his supervisor. He leave the office and returns with the owner of the company. When you ask the owner about this provision, he tells you he has no explanation.

Assurance, No explanation

You are about to sign a contact with a catering company to cater a six person party you are planning that was supposed to require only a 50% payment one week before the event when you notice that the contract explicitly says that you must pay 100% of the bill one week before the event. You would like not to pay the full bill amount before the event takes place in case something goes wrong and they do not perform the catering functions on the day of the party. You ask the caterer if you could speak with his supervisor. He leave the office and returns with the owner of the company. When you ask the owner about this provision, he tells you he has no explanation but you will only need to pay 50% one week before the event.

No assurance, Explanation

You are about to sign a contact with a catering company to cater a six person party you are planning that was supposed to require only a 50% payment one week before the event when you notice that the contract explicitly says that you must pay 100% of the bill one week before the event. You would like not to pay the full bill amount before the event takes place in case something goes wrong and they do not perform the catering functions on the day of the party. You ask the caterer if you could speak with his supervisor. He leave the office and returns with the owner of the company. When you ask the owner about this provision, he tells you that the contract only reads that way because it is a standard form.

Assurance, Explanation

You are about to sign a contact with a catering company to cater a six person party you are planning that was supposed to require only a 50% payment one week before the event when you notice that the contract explicitly says that you must pay 100% of the bill one week before the event. You would like not to pay the full bill amount before the event takes place in case something goes wrong and they do not perform the catering functions on the day of the party. You ask the caterer if you could speak with his supervisor. He leave the office and returns with the owner of the company. When you ask the owner about this provision, he tells you that the contract only reads that way because it is a standard form and

you will only need to pay 50% one week before the event.

I would agree to sign the contract as it is.

1	2	3	4	5	6	7
<i>Strongly Disagree</i>			<i>Unsure</i>	<i>Strongly Agree</i>		

I would have agreed to sign the contract as it is even if I knew that the contract read that way when I first contacted the catering company.

1	2	3	4	5	6	7
<i>Strongly Disagree</i>			<i>Unsure</i>	<i>Strongly Agree</i>		

I do not like the explanation for the amount due one week before the event.

1	2	3	4	5	6	7
<i>Strongly Disagree</i>			<i>Unsure</i>	<i>Strongly Agree</i>		

I accept the explanation for the amount due one week before the event.

1	2	3	4	5	6	7
<i>Strongly Disagree</i>			<i>Unsure</i>	<i>Strongly Agree</i>		

I have signed catering contracts in the past

1	2	3	4	5	6	7
<i>Strongly Disagree</i>			<i>Unsure</i>	<i>Strongly Agree</i>		

Appendix C. Intrapersonal Empowerment Survey

