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The declining level of trust in American corporations : a psychographic segmentation of the general public.

Arie Reichel
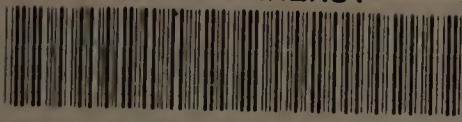*University of Massachusetts Amherst*

THE DECLINING LEVEL OF TRUST IN AMERICAN

CORPORATIONS: A PSYCHOGRAPHIC

SEGMENTATION OF THE

GENERAL PUBLIC

A Dissertation Presented

by

ARIE REICHEL

Submitted to the Graduate School of the
University of Massachusetts in partial fulfillment
of the requirements for the degree of

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School of Business Administration

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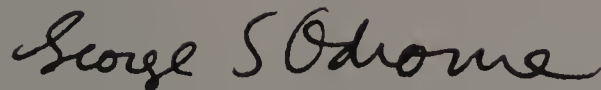Dr. Donald Frederick, Head
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ABSTRACT

The Declining Level of Trust in American

Corporations: A Psychographic
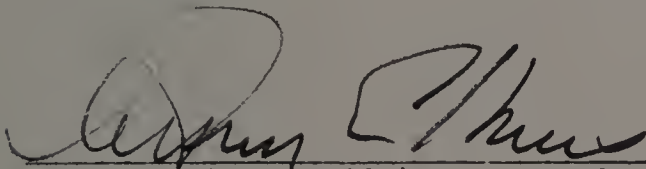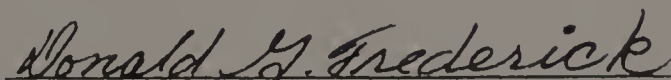
Segmentation of the

General Public

(February 1980)

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Directed by: Professor George S. Odiorne

The purpose of the study is to focus on the phe-
nomenon of the distrust of the American public in big busi-
ness. The major objective is to develop a segmentation
model of the general public in terms of the level of trust
in business.

The declining level of confidence in big business
and the people who run it is associated with the increas-
ing number and power of public interest groups and a rapid
expansion of governmental control over the "free enter-
prise" system. The basic premise is that regulations are
the outcomes of feelings, attitudes, beliefs and expecta-
tions of the general public.

In order to deal with these attitudes, it is use-
ful to conceptualize the public as the total market of the

firm. Then, applying the concept of market segmentation, two major groups were identified: the group of people with high level of confidence in big business and the people who run it, and the group of low confidence.

The two segments were measured along 17 socio-psychographic variables. The data was collected by National Opinion Research Center (NORC) during the spring of 1978. Utilizing discriminant analysis, the study identifies two distinct profiles. The major characteristics of the segment of high trust in big business and the people who run it are: they feel that what they say counts; believe that government should not concern itself with income differences; satisfied with their financial situation; have highly prestigious occupations; feel that the people running the country care about them; watch TV very little.

The segment of low trust, on the other hand, is characterized by the feeling of powerlessness; 'socialist' orientation; less satisfaction with the financial situation; have a relatively low prestigious occupation; politically alienated; less satisfied with their work; watch more TV.

Based on these profiles some internal and external corporate prolicies are suggested. The internal policy involves changes in job designs and supervision methods that will enable employees to fulfill their needs and in-

crease their job satisfaction. From the viewpoint of external policy, corporations should consider the public as the total market, and then aim their public relation campaigns toward the relevant segment.

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INTRODUCTION AND PURPOSE

Statement of the Problem: The Collapsing
Confidence in American Business

A steady stream of public opinion polls over the
years have indicated that the reputation of business has
declined. The evidence of the declining trust and confi-
dence in American business and the people who run it is
shown in Table 1.

In 1968, for instance, a national survey conducted
by Yankelovich et al. found that 70 percent of the re-
spondents expressed positive opinions toward business.
Nine years later, in 1977, only 15 percent of the respon-
dents of another survey conducted by Yankelovich et al.
expressed confidence in business--down 55 points in less
than ten years.

In a recent survey conducted by the National
Opinion Research Center (NORC) of the University of Chi-
cago, 22 percent of the respondents expressed confidence
in the people running business. While this may reflect an
increase from 15 percent to 22 percent in the level of
trust, it should be noted that NORC's questionnaires were
designed slightly differently from Yankelovich et al.

TABLE 1

The Decline of the American People
Confidence in Business*

Year	Organization Conducting the Survey	% of people who have positive attitudes and confidence in business
1950	University of Michigan (1)	90%
1966	Harris	55%
1968	Yankelovich	70%
1969	Yankelovich	58%
1970	Yankelovich	33.3%
1971	Harris	27%
1972	Yankelovich	32%
1973	Yankelovich	34%
1974	Yankelovich	19%
1975	Yankelovich	19%
1976	Yankelovich	15%
1977	Yankelovich	15%
1973	NORC (2)	22%

*Sources: Lipset and Schneider (1978)

(1) Burton R. Fisher and Stephen B. Withey (1951)

(2) NORC (1978)

Specifically, it includes only three alternative responses ("a great deal of trust," "only some," and "hardly any")—a relatively less sensitive measurement that may account for the increase in the level of trust.

Whether or not the NORC results reflect a change in the level of trust in business, the overall trend seems to be toward a decline in the level of trust in business. This trend applies not only to business in general, but also to every part of business. As reported by Lipset and Schneider (1978), the Opinion Research Corporation (ORC) has been doing regular polls on corporate reputations for over twenty years. Their data show a decline in favorability in the public's ratings of all industries and all firms. Between 1967 and 1977 the percentage of the public claiming to have "a favorable impression" of the "oil and gasoline" industry fell by 40 points.

It seems reasonable to predict that the gasoline shortage of the summer of 1979 will cause a further erosion in the image of the oil and gasoline industry. A recent article in The New York Times stated that Big Oil is embroiled in a crisis of public and political confidence. "They are the people you love to hate. Oilmen are perceived as liars, cheats, profiteers and worse" (McDowell, 1979).

The Opinion Research Corporation polls show that

specific companies generally fared better than their respective industries, but the fall-off in favorability was universal. "Not a single industry out of twenty-five and not a single corporation out of fifty actually improved its public reputation between the late 1960s and the late 1970s" (Lipset and Schneider, 1978, p. 44).

Taylor (1973) noted that public opinion polls in both the U.S.A. and Britain emphasized that business and businessmen have never been lower in the public esteem. Later studies proved a further erosion in the image of businessmen. For example, Wood (1977) reports that in a Gallup Poll completed in 1977, those interviewed were asked how they would compare the honesty and ethical standards of business and business executives with those of society in general. The predominant attitude was that the standards were lower. Almost half (49 per cent) reported that they believed they were lower, compared to only 36 percent who said they were higher. Wood goes further and reports that not only do many Americans believe business ethics are lower in comparison to society as a whole, more importantly, the predominant view is that business ethics have been declining.

The rapid decline of confidence in business has put business in the company of labor and government as institutions most distrusted by the American public (Lipset and

Schneider, 1978). Why is it important to monitor the level of confidence in business? What are the implications of the declining trust of the public in business? The following explains the significance of the problem.

<div align="center">The Significance of the Problem</div>

The significance of the declining level of trust in business will be explored in terms of:

(a) the emergence of public interest groups

(b) the increasing number of regulations and governmental regulatory agencies and their effects on (1) the corporation and (2) on GNP

(c) the legitimacy of business and the future of the free enterprise system in the United States.

The emergence of public interest groups. The declining level of trust in American business has been associated with the emergence of various public interest groups. These groups, which are beyond the control of management hierarchy, policy and internal procedures, have gained enormous influence both in the Congress and in the market- place. Table 2 depicts some of the most influential public interest groups.

Although generally perceived as being young, wooly-

TABLE 2

Public Interest Groups*

Name of Group	Founder, Year	Sponsors	Number of Members	Main Issues of Campaign
Common Cause	John Gardner, 1970	John D. Rockefeller, III Thomas Watson (IBM)	250,000	concentrate on political & governmental processes & structure pressures on Congress through legislators
Consumer Federation (CFA)	1967	Various consumer groups, cooperatives, labor unions, etc.	an amalgom of 220 organizations	Toxic Substance Act Anti-trust
Public Citizen	Ralph Nader	Public donators	an umbrella for an organization	Anti-nuclear campaign Consumer protection Tax reforms
Environmental Defense Fund (EDF)	Several Scientists	Ford Foundation Rockefeller Bros. Fund Actors Robert Redford, Paul Newman, et al.	45,000	Toxic Substances

TABLE 2 continued

Name of Group	Founder, Year	Sponsors	Number of Members	Main Issues of Campaign
Natural Resources Defense Council (NRDC)		same as above	35,000	Nuclear issues
Environmental Policy Center (Wash., D.C.)		same as above		Strip mining bill Tighter tanker safety standards Opposed to any measure that brings government and the energy industry into partnership
People's Business Commission			23,000	Cooperatives
Energy Action Committee		Wealthy Californians Actor Paul Newman		Against DNA experiments of the pharmaceutical industry Challenging oil and gas companies

*Source: Gerald L. Rosen (1976)

headed idealists, liberals with little knowledge of the real world and the practical problems involved in getting things done, the reality is far different. As noted by Rosen (1977), Common Cause, Environmental Defense Fund, Public Citizen and dozens of other groups are dominated by savvy political pros and sophisticated lawyers with ready access to corridors of power.

Post (1978) has observed the emergence of "managers" of public issues whose responsibility within their public action groups is to make the issue of a campaign "happen." Their management tools are the skills of media management, publicity, confrontation, and building public support for holding organizations to new and presumably higher levels of performance.

The issues of compaigns range from anti-trust and consumer protection to environmentalism and DNA experiments of the pharmaceutical industry.

In the next section we will examine the increasing number of regulations and regulatory agencies.

The increasing number of regulations and regulatory agencies. Aside from the increasing number and power of public interest groups, the declining level of trust in business is associated with a rapid expansion of governmental control.

Until as recently as a decade ago, the word "regu-

lation" was applied almost exclusively to the government's attempt to control prices and entry and such industries as gas, utilities, and communications. But the 1970s have witnessed the growth of cross industry social problem oriented regulations. For example, the Occupational Safety and Health Administration (OSHA) and the Environmental Protection Agency (EPA) attempt to regulate almost all industries and reflect the public concern for these matters.

As noted by Taylor (1973) and Business Week (1977), governmental control is manifested in hundreds of federal departments, agencies, divisions and bureaus regulating the nation's commerce. There is legislation concerned with the public interest in terms of banking and finance, monopoly and takeover, price control, employment and discrimination, energy and environmental protection and safety and health.

Yankelovich (1976) has suggested that the increasing numbers of one-sided legislation and regulation is directly related to the declining level of trust in business. The author believes that the lack of credibility in business leads to the legislation and regulation that is detrimental to business and which negatively affects its growth and profitability. Then, "when business doesn't thrive, the country becomes disenchanted, leading in turn to more one-sided legislation and regulation" (Yankelovich, 1976, p. 3).

Similarly, Post (1978) has suggested that the process of legislation is triggered by changes in the expectations of the public. He maintains that the changes in public expectations bring about political controversies, and then the development of legislation.

The basic premise of both Yankelovich and Post is that regulations are the outcome of the feelings, attitudes, beliefs and values of the public. Any enactment of regulations against business is the result of the attitudes of the public or of a militant interest group toward business in general, or toward a specific industry in particular.

Some scholars, such as Bernstein (1955) and Heilbroner (1976) believe that some of the regulations are the direct results of business' attempt to stave off the cutthroat competition, and that the commissions on regulatory agencies become the captives of the regulated. However, it seems that most mainstream scholars and practitioners alike believe that the regulations have severe consequences to firms in terms of cost, and to the economy in general--in terms of GNP. The remainder of this section will discuss the costs of the regulations and the effects of regulations on GNP.

The costs of regulations. As noted by Stoner (1978), there can be little question that the organizational cost of government regulations has climbed very high.

For example, Vulcan, Inc., a medium-sized manufacturer, pays out $88,000 a year in salaries just to process the 480 forms required by a variety of federal and state agencies. Eli Lilly and Company, a billion-dollar pharmaceutical company, fills out a staggering 27,000 forms a year at a cost of $15 million. In addition, there are "opportunities costs" firms must bear--for example, the losses borne because of work that does not get done while government forms are being filled out.

In an effort to measure the impact of this "legal explosion" Fortune magazine has surveyed a cross section of top U.S. corporations. The survey data suggests that "the annual bill for legal departments and outside counsel (excluding overseas operations) is something on the order of $1.3 billion for the 1,300 U.S. companies listed in Fortune's annual directors" (Carruth, 1979). Furthermore, two out of three corporations said they were then either defendants in, or threatened by, class action suits.

It should be noted that in most cases the costs of regulations are passed on to the consumers. Weidenbaum (1975) maintains that "the public does not get a 'free lunch' by imposing public requirements on private industry. Although the costs of government regulations are not borne by the taxpayer directly, in large measure they show up in higher prices of goods and services that consumers buy.

These higher prices, we need to recognize, present the 'hidden tax' which is shifted from the taxpayer to the consumers" (p. 44).

Regulations and GNP. As noted earlier, Yankelovich (1976) maintains that regulations do not permit business to thrive, therefore leading to economic crises.

This agreement is supported by Crandell (1979), who believes that the growing regulations could eat into our ability to grow economically. "Productivity growth has slowed to about one percent per year, a rate which will permit very little improvement in the average standard of living and even less ability to address other pressing social problems. There can be little doubt that regulation has contributed to this sharp deceleration in growth" (p. 32).

This argument is supported by Weidenbaum (1975), who maintains that the costs of the regulations are re-flected, among other things, in the lower rate of growth and productivity that has been experienced by the American economy in recent years. In addition, the author believes that another hidden cost of government restrictions is the reduced rate of innovation.

Public distrust in business and the legitimacy of the free enterprise system. Legitimation is the process by which an institution justifies to the society its right to

exist, and that right is based upon the congruence of ac-
tivities and social values (Epstein and Votaw, 1978).
Similarly, Dowling and Pfeffer (1975) have suggested that
legitimacy is the "congruence between the values associated
with the organization and the values of the environment"
(p. 122). Institutions, organization, social ideas, ide-
ologies, distribution of social values such as power and
wealth, economic systems and most other products of human
life are subject to the dynamics of legitimacy.

Boulding (1978) argues that the survival of the
free enterprise system will depend much more on the ability
to retain legitimacy than on any other factor, including
the internal dynamics of the market environment itself:

> if there is one thing on which everything else
> hangs, it is the dynamics of legitimacy. If
> you lose legitimacy you have lost everything
> (p. 71).

Silk and Vogel (1976) maintain that the confidence
crisis may have severe consequences in terms of the legiti-
macy and acceptance of business by the public:

> A society cannot function well without public
> confidence in the institutions and its leaders,
> and in the United States large business corpora-
> tions and their executives are critical elements
> in a healthy and stable social order. It makes
> a big difference whether the institutions that
> dominate a society exercise their authority ac-
> cording to legitimate claims or whether the
> public regards their role as improper or illegi-
> timate. The business community has every reason
> to be concerned about the American public's
> present lack of confidence in it (p. 34).

Moreover, Sethi has noted that corporations have been accused of bureaucratizing a large part of human activities and standardizing products, culture and performance to the lowest common denominator of economic efficiency. They have also been accounted for, along with the Congress and the Pentagon, as being responsible for the prosperity or decline of various communities.

Thus, apart from the implications of the lack of confidence in business with respect to the increasing power of public interest groups, regulations, and regulatory agencies, the confidence crisis may affect the legitimacy of the free enterprise system in the United States.

The Purpose of the Study

The purpose of the study is to investigate the phenomenon of the distrust of the American public in business. As such, there are two major objectives:

1) An in-depth empirical investigation of the American public in terms of the level of trust in business. Specifically, the study will attempt to identify those people with low vs. those with high levels of confidence in business.

2) The development of a descriptive model of segmentation of the public in relation to their level of trust in business.

Outline of the Study

This chapter presented the problem of public distrust in business. It also discussed the significance of the problem in terms of the emergence of powerful public interest groups; the increasing number of regulations and regulatory agencies; and the legitimacy of the free enterprise system.

Chapter II explores the socio-political environment of corporations. Note that the issues discussed in Chapter I are parts of the socio-political environment of organization. Moreover, Chapter II will lay the foundations of the concept of segmenting the public in terms of the level of confidence in business.

Chapter III presents general postulations and definitions. It explains the nature of exploratory studies and deals with the variables to be studied in this research.

Chapter IV is concerned with methodology including the description of the sample and sampling techniques, and the purpose of Discriminant Analysis.

Chapter V will present results and findings. The chapter will include both figures and verbal interpretation of the results.

Chapter VI concludes the study with a summary of the research.

C H A P T E R   I I

THE SOCIO-POLITICAL ENVIRONMENT OF CORPORATIONS

Introduction and Purpose

The social and policital environments as sub-systems of the
organization's environment. The socio-political environ-
ment of the corporation has been the focus of numerous
books and articles. Both practitioners and academicians
seem to notice the increasing importance of the external
forces on organizations. As noted by Post (1978), what the
real world of practicing managers affirms is that all or-
ganizations are confronted with an abundance of economic,
political and social issues that cannot be ignored. De-
pending on the industry setting and the current state of
the external environment, a company's top management may be
primarily involved in dealing with regulators and lobby-
ists, citizens and politicians from local communities,
fighting a corporate take-over, or designing the company's
strategy for the next decade.

To fully understand the effects of the external
forces on organizations it seems helpful to utilize the
concept of organizations and environments as systems. A
system, according to Kast and Rosenzweig (1970), is an

"organized or complex whole--an assemblage or combination of things or parts performing as a complex or unitary whole" (p. 110).

As a system, the organization is dependent on its environment. A change in one part or set of parts in the environment affects the organization. The open system approach views organizations as energetic input-output systems. The input of energies and the conversion of output into further energic input consists of transactions between the organization and its environment. As presented by Thompson (1967):

> " . . . The complex organization is a set of
> interdependent parts which together make up the
> whole because each contributes something and re-
> ceives something from the whole, which in turn is
> interdependent with the larger environment. Sur-
> vival of the system is taken to be the goal, and
> the parts and their relationships presumably are
> determined through evolutionary process."

As noted earlier, the external environments or organizations can also be viewed as systems, composed of various sub-systems. Consequently, the external environment is often partitioned into numerous components. Based on Duncan (1972), Thorelli (1976), Tereberry (1968), Osborn and Hunt (1974), Hodge and Anthony (1979), Lawrence and Lorsch (1969), Indik (1968), Holloway and Hancock (1973), Elbing (1974), and Carroll and Tosi (1971) the environment of organizations is made up of the following parts or sub-systems:

        Consumers
        Suppliers
        Competitors
        The socio-cultural system
        The political system
        The economic system
        Technology
        Unions and employment agencies and
        natural resources.

The purpose of Chapter II is to concentrate on two sub-systems of the external environment: The socio-cultural system and the political system of organization. First, both the social environment and the political environment, and their components and processes will be discussed. Then, the two sub-environments will be combined together consti-tuting the socio-political environment. The last part of the chapter will deal with the application of the market segmentation concept to the socio-political environments of organizations.

The Social Environments of Corporations

In order to understand the significance of the so-cial environment we need to know about both the components and the major issues of this sub-system with respect to American corporations. First, let us examine the various components of the social environment.

The components of the social environments. According to Stoner (1978) the social environment of organizations is

comprised of the values, mores and customs of the society. These sets of behavioral expectations are often referred to as the cultural system of a society. As noted by Hodge and Anthony (1979) culture is society's basic beliefs, attitudes and role definitions. "It is the vehicle by which a society is created and propagated through time" (p. 70).

Hall (1977) maintains that the beliefs and attitudes, values, mores, customs and role definitions--are all man's medium. There is not one aspect of human life that is not touched and altered by them. This means personalities, how people express themselves, the way they think, how economic and government systems are put together and function, and what the expectations are from "big business."

The current set of values, attitudes and expectations of the public toward the free enterprise system and "big business" can be classified along two major issues: (1) The social responsibility expectations and (2) the legitimacy issue. Let us first examine the expectations as to "socially responsible" behavior of business.

The expectations of social responsibility. During the last two decades it seems that more and more people came to believe that business needs to be concerned about the social effects of its action. Most of these expectations reflect the belief that the social outputs of business are a sig-

nificant variable in the quality of life. Therefore, business can no longer think almost exclusively of economic output. Business decision-makers are expected to recognize some obligation to protect and improve the welfare of society as a whole along with their own interests (Davis, 1976).

Ac cording to Elkins (1977) more and more corporations have realized the necessity to react to the public expectations and are constantly engaging in 'socially responsible activities.' Reily (1976) reports that 86 percent of companies surveyed by the American Management Association initiate voluntary programs to comply with the increasing expectations toward corporate social responsiveness.

It should be noted that most corporate social expenditures, such as the renewal of urban neighborhoods, training of unskilled minorities, or the rehabilitations of released convicts, are anticipated to bring about positive outcomes from the viewpoint of the firm. Specifically, almost all executives studied by Holmes (1976) believed that corporate reputation and good-will would be enhanced through social endeavors. Executives' concern with corporate reputation and acceptance by the public brings us to the issue of legitimacy.

Corporate legitimacy. According to Parsons (1960) organi-

zations are legitimate to the extent that their activities are congruent with goals and values of the social system within which they operate. Legitimacy, then, is a condition that occurs with the congruence of organizational activities with the expectations and set of values of the public. A crisis of legitimacy, i.e., when the organization does not operate in accordance with the prevailing beliefs, norms and values, may be deterimental to the survival of the organization (Boulding, 1978). When the public loses its confidence not only in a specific organization or an industry, but in a whole system, such as the free enterprise system--there is a high liklihood that the system will be disposed of or drastically modified to better fit the expectations.

To illustrate this argument, let us consider the case of the oil industry. Despite its vast resources, the oil industry is now facing a threat of an influx of new regulations. " . . . for the first time some critics are beginning to sense victory in their struggle to force a breakup of the companies to make them more responsive to what they believe to be the public interest" (McDowell, 1979).

These increasing pressures toward "socially responsible" conduct of corporations may indicate that their legitimacy is dependent upon their responsiveness to the

public's demands. Therefore, apart from reacting out of "corporate morality," protection against militant communities or managerial ego satisfaction (Elkins, 1977) a corporation may act in a "socially responsible" way in order to maintain its legitimacy in the public's eyes.

Thus far we have examined the social environment of business, emphasizing the issues of "social responsibility" and legitimacy. The next section will deal with the political environment.

The Political Environment of Corporations

Introduction. The political environment of organizations, or the political system, is the way society governs itself. Hodge and Anthony distinguish between the components and the porcesses of the political system. Let us first examine its components.

The components of the political system. Several authors have suggested different ways of conceptualizing the parts of the political system. Hodge and Anthony (1979) describe it as comprised of governmental units at all level of government: Federal, state and local.

Hellriegel and Slocum (1974) distinguish between direct and indirect parts of the corporation's political environment. The direct parts are the major competitors, major customers, major suppliers, employees (especially

unions and trade associations), local government, state government, and Federal government. The _indirect_ parts of the political environment are the consumer groups, minority groups, environmentalists, religious groups, other industry groups, etc. Terry (1977) has stated that the political part of the external environment "covers any body or institutions which has power to legislate over or set policy for an organization. It covers the government, trade unions, owning bodies or boards of directors, and so on" (p. 3).

The above description of the political environment presents the concept of power to legislate or set policies. This introduces the importance of the political processes from the viewpoint of corporate management.

The political processes. As noted earlier, the political environment of business includes both components of "units" and processes. Keohane and Nye (1971) have supplied us with a broad definition of the political environment processes. The authors define politics as a relationship " . . . in which at least one actor consciously employs resources, both material and symbolic, including the threat or exercise of punishment, to induce other actors to behave differently than they have otherwise" done (p. xxiv).

One of the most powerful political processes is the Public Issues Life Cycle studied by Post (1978). The au-

thor maintains that public issues generally appear to pass
trough a series of phases which can be treated as a life
cycle. The cycle begins with unmet public expectations
about the performance of a particular firm or industry.
This period of changing social expectations may extend over
many months. Next, the issues of the dissatisfaction be-
come politicized. It requires the interested citizens and
public action groups to bring the issue to the attention
of representatives, Senators, state legislators, regulatory
personnel, or even candidates for political office. The
third phase of the life cycle is a legislative phase, which
generally refers to that period of time surrounding the
enactment of legislation pertaining to the public issue.
As a result, the corporations are facing an immense number
of regulations (see Chapter I).

Once the legislative phase has been reached, the
ability of management to delay, deflect, or prevent enact-
ment of a particular legislative approach has generally
passed. At this point, argues Post, the appropriate manage-
ment response is preparation for compliance with the pub-
licly legitimized new set of social expectations.

The final phase of the public issues life cycle is
a litigation phase. The author has observed that after the
legislation period there are many practical management is-
sues to be resolved, and it is rare that the agency offi-

cials and industry's managers will reach complete consensus on standards, requirements or compliance. Thus, the potential for litigation inevitably develops. On such matters as equal employment opportunity, environmental protection, and product safety practices, litigation has been frequent and often highly publicized.

The Public Issues Life Cycle illustrates the interrelationships between public expectations and beliefs, public action or interest groups, and the legislation and regulatory bodies. As is often the case, there is an interaction between the elements of the social and the political systems. Both are parts of the external environment of organizations, and are characterized by sets of values, beliefs and expectations. Thus, the two systems are often combined to comprise the socio-political environment of organizations.

The Socio-Political Environment

Duncan (1972) has suggested that the socio-political environment of organizations consists of the following components:

1) Government regulatory control over the industry

2) Public political attitudes towards industry and its particular product

3) Relationship with trade unions with jurisdiction in the organization.

These components of the socio-political environment constitute sources of pressures directed toward corporate management. Indeed, dealing with these "external affairs" has become an especially crucial part of organizational activity (Business Week, January 22, 1979). As noted by Ansoff (1977) for the past one hundred years, socio-political management has remained a minor activity, but it is now emerging and is probably the most important problem management will face over the next fifteen years.

Sadler (1975) has developed a planning framework for dealing with the pressures exerted by the socio-political environment. According to his model (see Table 3) there are three sources of social pressures: employees, customers, and the public. The three groups tend to constrain management decisions. Sadler suggests that each one of these sources of social pressures is associated with differetn types of social constraints. The author enumerates these as follows:

a) Environmental social change

b) Resistance to change on social grounds

c) Responsibility for social change.

Consequently, each source of social pressures may impose the above three types of social constraints. For

TABLE 3

A Planning Framework for Social Policies*

Types of Social Constraint	Sources of Social Pressures		
	Employees	Consumers	Public
Environmental Social Change	Attitudes towards authority	Consumer protection	Concern over power of large corporation
Resistance to Change on Social Grounds	Resistance to new technologies	Reluctance to adopt new shopping habits	Low evaluation of technologists and business executives
Responsibility for Social Consequences	Redundancy	Smoking and health	Pollution

*Source: Sadler (1975)

example, the public imposes social constraints in terms
of concern over the power of large corporations and pol-
lution.

Let us examine the significance of the public as a
source of pressures. Specifically, the next section will
focus upon the attitudes of the public toward big busi-
ness. In order to analyze the public's attitudes, it is
suggested that the concept of <u>market segmentation</u> be ap-
plied.

<div align="center">

<u>Segmenting the Public According to Its
Confidence in Business and the
People Who Run It</u>

</div>

<u>The concept of market segmentation</u>. The concept of market
segmentation was first developed by scholars and practi-
tioners in Marketing. Kotler (1976) maintains that the
analysis of market segments is the heart of marketing
strategy. He describes marketing segmentation as " . . .
the process of identifying groups of buyers with different
buying desires or requirements . . . it is the subdividing
of market into distinct subsets of customers, where any
subset may conceivably be selected as a market target to
be reached with a distinct marketing mix: (pp. 142-144).
The more accurately a sub-market or a segment is defined,
the more effectively and efficiently it can be reached.

From the viewpoint of the seller, market segmenta-

tion has three major advantages: First, the seller is in a better position to spot and compare marketing opportunities. He can examine the needs of each segment and determine the extent of current satisfaction. Segments with relatively low satisfaction from current offerings of a service or a product may represent excellent marketing opportunities.

Second, the seller can make finer adjustment of his product and marketing appeals. Instead of one marketing program aimed to draw in all potential buyers, the seller can create separate marketing programs aimed to meet the needs of different buyers.

Third, the seller can develop marketing programs and budgets based on a clearer idea of the response characteristics of specific market segments. He can allocate funds more efficiently to achieve the desired effects in different parts of the market (Kotler, 1976).

By way of analogy, one might consider the public as the total market. Our objective, then, is to segment the public into distinctive subsets in terms of their level of confidence in business. Next, we will attempt to identify the characteristics of each "market target." For example, what are the characteristics of the people with a high level of trust in business, vs. the segment of people with a low level of trust? After identifying the characteristics

of each segment, corporations may develop programs to reach each segment in order to affect the level of trust.

To carry out the segmentation scheme, one needs to examine first the criteria often used in market segmentation studies.

Bases for segmenting markets. According to Schwartz (1977) there are two broad ways to segment markets: (A) demographic segmentation, and (B) psychographic segmentation.

Demographic segmentation. This base for segmentation refers to selecting target markets on the basis of statistical information about sex, age, marital status, income, ethnic factors, education, geographic location and occupation. Each of the above criteria was found to be significant in terms of marketing decision making. For example, the demand for many products varies depending on the geographic location of the consumer. People in different professions have different needs for many products.

Demographic analysis has one major weakness. It does not provide us with good insight into the psychological makeup of the target consumer. Therefore, it is now considered useful by many marketing authorities, especially experts in consumer behavior, to study consumers in terms of their life styles, social roles, values, expectations and attitudes. Together with demographic variables, the behavioral aspects of segmentation constitute the psycho-

graphic segmentation.

     The psychographic criteria for segmentation. Dem-
by (1974) has developed the following three-level defini-
tion of psychographics:

    1.   Generally, psychographics may be viewed as
         the practical application of the behavioral
         and social sciences to marketing research

    2.   More specifically, psychographics is a quanti-
         tative research procedure that is indicated
         when demographic, socioeconomic, and user/
         non-user analyses are not sufficient to ex-
         plain and predict consumer behavior.

    3.   Most specifically, psychographics seeks to
         describe the human characteristics of con-
         sumers that may have bearing on their re-
         sponse to products, packaging, advertising
         and public relation efforts. Such variables
         may span a spectrum from self-concept and life
         style to attitudes, interests and opinions, as
         well as perceptions of product attributes.

     In addition to being a method for segmenting mar-
kets, psychographics are useful in selecting media to
reach target consumers. While Demographics help us to seg-
ment a market on the basis of such factors as income and
age, psychographics enable marketers to go one step beyond

and choose media based on interests, attitudes, and life-style of prospective consumers (Schwartz, 1977).

Similar to the concept of psychographics is the AIO. AIO's refer to measurements of activities, interests, and opinions (Wells and Tigert, 1971). When researchers use AIO measures, variables such as income, life cycle, education and other demographics are also included (Engel, et al., 1978).

As noted earlier, we may consider the socio-political environment of business as the total market. Therefore, it is suggested to segment the public along the psychographic variables.

Segmentation of the public: a psychographic approach. Thus far it was stated that the attitudes of the public toward big business have an important bearing upon the future of the free enterprise system. Lack of confidence in business is associated with increasing number of regulations and regulatory agencies that cost billions and affect the growth of GNP. Moreover, the declining level of trust is crucial in terms of the legitimacy of big corporations. The attitudes of the public are transformed through the political processes to restrictions imposed on firms, not only affecting their profitability, but also endangering their survival.

In order to deal with public attitudes toward busi-

ness, it is useful to conceptualize the public as the total market of the firm. Furthermore, it is suggested to segment this market in terms of the level of confidence in business. Following the outlines of the segmentation study these steps will be taken:

First, the public (or the "total market") will be segmented into two major groups:

    (A) Those people with <u>high</u> level of confidence in business and the people who run it

    (B) Those people with <u>low</u> level of confidence in business and the people who run it

Second, we will select a group of psychographic variables that may explain the differences between the two groups.

Third, we will attempt to discriminate between the group of the high trust and the low trust along the psychographic variables. Since at this point there has not been much written about segmenting the public in terms of level of trust, this study is <u>exploratory</u>. The beginning of the next chapter will describe the purpose and nature of exploratory studies.

C H A P T E R   I I I

POSTULATIONS AND DEFINITIONS

The Nature of Exploratory Studies

Churchill (1979) states that the general objective
in exploratory research is to gain insights and ideas.
The exploratory study is particularly helpful in breaking
broad, vague problem statements into smaller, more precise
sub-problem statements, hopefully in the form of specific
hypotheses. The exploratory study is also used to increase
the analyst's familiarity with the problem. Moreover, it
may be used to clarify concepts. As noted by Katz (1964)
the exploratory study seeks what is, rather than predicts
relations to be found.

Kerlinger (1976) has suggested the following three
purposes of exploratory studies:

1) to discover significant variables in the field
   situation (rather than in a laboratory)

2) to discover relations among variables and

3) to lay the groundwork for later, more systematic
   and rigorous testing of hypotheses.

The author includes exploratory under the category
of field studies. Field studies are ex post facto scien-

tific inquiries aimed at discovering the relationships and interactions among sociological, psychological and demographic variables. The investigator in a field study first looks at a social or institutional situation, and then studies the relations among the attitudes, values, perceptions and demographic variables of individuals and groups in the situation. He ordinarily manipulates no independent variable. In short, field studies in general, and exploratory studies in particular, seem to be the appropriate method for Psychodemographic inquiries.

Let us examine our study according to the above discussion.

Our Research as an Exploratory Study

This study focuses on the phenomenon of the public confidence in business, a subject which has been relatively less explored especially from the viewpoint of its significance to corporate management.

Following Kerlinger's statements in the above sections, this study attempts:

1) to discover significant variables that help to discriminate between the group of people with high level of trust, vs. the group of people with low level of trust in business and the people who run it.

2) to lay the groundwork for later more syste-

matic and rigorous testing of hypotheses.

Specifically, this study will attempt to

state initial hypotheses, based on our sta-

tistical results, that will lay the foundation

for more studies in this field.

As an exploratory study, this research is not based
on a set of specific hypotheses based on observations or on
studies conducted in the past. Contrary to most laboratory
experiments or field experiments, we start with a set of
postulations.

Postulations

As maintained in the previous chapters, the atti-
tudes of the public toward big business and the people who
run it have a significant bearing upon the nature and func-
tioning of our economic system. The attitudes, feelings
and perceptions of the public are carried to the political
arena through the Public Issues Life Cycle (Post, 1978).
The public lack of confidence in business is closely asso-
ciated with the increasing number of regulations and con-
straints imposed on corporate management.

These regulations present not only an increase in
costs and decrease in the freedom of corporations, but also
reflect a gradual erosion in the legitimacy of the American

economic system.

As an exploratory study, this research attempts to identify the Psychographic variables associated with confidence in business. Specifically, our main postulation is that it is possible to differentiate between the segment of the public with the high level of confidence in business and the segment with low level of trust along a set of Psycho-demographic cultural variables.

Our objective, then, is to see whether we are able to distinguish between those people with a high level of confidence in major corporations and those people with a low level of confidence in terms of a set of discriminating variables. In other words, the study attempts to describe the profile of the person with low trust, vs. the profile of the person with high trust.

As a segmentation model, the study is an attempt to identify the characteristics of each segment in a way that enables the researcher or the practitioner not only to calssify the population into two groups, but also to predict affiliation with a specific segment based on the information presented by the descriptors. For example, a well specified model should enable us to randomly select a person anywhere in the United States, inquire about his/her age, income, values and other characteristics, and then predict whether this person is likely to have a low or high

confidence in major corporations.

In order to better understand the above statement, the next section depicts a detailed explanation of the suggested segmentation model.

The Public Segmentation Model

Introduction. Wind (1978) maintains that "the segmentation model requires the selection of a basis for segmentation as well as descriptors of the various segments. The variables used as bases for and descriptors of segments . . . can be divided into two types--general customer characteristics, including demographic and socioeconomic characteristics, personality and life style characteristics, and attitudes and behavior toward mass media and distribution outlets, and situation-specific customer characteristics such as product usage and purchase patterns, attitudes toward the product and its consumption, benefits sought in a product category, and any responses to specific marketing variables such as new product concepts, advertisements, and the like."

The basis for segmentation. In our case the level of trust in people who are running major companies is the basis for segmentation. Consequently, the analysis will focus on the differences between two groups, or two segments:

a) the segment of the population who expressed a
great deal of trust in people who are running

major corporations, and

b) the segment of the population who expressed
"hardly any confidence" in the people who are
running major corporations.

It should be noted that the above groups represent
a clustering-based segmentation design. Green (1976), has
suggested that real-world segmentation studies have fol-
lowed one of two prototypical patterns:

1) An a priori segmentation design in which manage-
ment decides on a basis for segmentation such as
product purchase, loyalty, customer type, or
other factor. The survey results show the seg-
ments' estimated size and their demographic,
socioeconomic, psychographic, and other relevant
characteristics.

2) A clustering-based segmentation design in which
segments are determined on the basis of a clus-
tering of respondents on a set of "relevant"
variables. Benefit, need and attitude segmen-
tation are examples of this type of approach.
As in a priori segmentation studies, the size
and other characteristics (demographic, socio-
economic, purchase, and the like) of the seg-
ments are estimated.

This study represents a clustering-based segmenta-

tion design. The segmentation will be done based on the following question: "As far as the people running major corporations are concerned, would you say you have a great deal of confidence, or hardly any confidence at all, in them?"

The two segments will be contrasted along a set of descriptors.

The descriptors/discriminating variables. The variables to be included in the segmentation model as the descriptors can be classified according to the following criteria:

     I.   socio-demographic variables

     II. socio-psychological variables

    III. exposure to mass media

The following sections discuss each category. In some cases a prediction is made in terms of the association between a descriptor and the level of trust. Most of the variables, however, are examined in light of their relevance to the segmentation model, exploring some possible directions that will be elaborated through the statistical analysis.

     I. The socio-demographic descriptors. The socio-demographic descriptors include age, income, social class, education and the prestige of a person's occupation.

     A. Age. One of the major divisions in our society today appears to be along age lines. Many younger people

share values and behaviors more closely with each other
than they do with other people, even their parents.

Mockler (1975) maintains that young people tend to
express negative feelings toward business, holding it re-
sponsible for what is wrong with the country. Likewise,
Elkins and Callaghan (1978) maintain that colleges and uni-
versities became the center of radical anti-business acti-
vities.

It should be noted that the significant differences
in values and expectations from business as a function of
age were apparent also when comparing between business ad-
ministration students who were not of the "radical fringe"
and business executives. Although both groups are asso-
ciated with "business," they had different views about the
purpose and nature of business (Weber, 1969).

It seems that the most critical evaluation of the
gap between generations in terms of their attitudes toward
business was formulated by Kristol (1975). The author
maintained that we have managed to create a "new class" of
young people who is hostile to the business community. The
new class displays two fundamental characteristics: it com-
bines a morbid ignorance with a driving hostility for busi-
ness and a lust for power over it.

Whether a function of accelerated puberty, afflu-
ence or the result of socialization processes in school,

age seems to be a major source of socio-psychological dif-
ferences. Therefore we may expect age to be a significant
discriminator for the varying levels of confidence in big
business and the people who run it.

B. Income. Radical economists such as Heilbroner
(1976) would argue that those who benefit most from the
economic system will be in favor of maintaining the status-
quo. Being rewarded by the system, a person is more likely
to continue his or her interaction and positively evaluate
it (Homans, 1950). Therefore, the assumption is that the
higher the income, the more likely is the person to be in
favor of maintaining the current situation and to express
trust in big business and the people who run it. Moreover,
those who are in the highest income brackets are probably
either the owners of 'big business' or the people who run
it and derive most of their financial rewards from it.

According to a recent study by Gallup (The Gallup
Opinion Index, 1979), 37% of those earning $20,000 and over
expressed either "a great deal" or "quite a lot" of confi-
dence in big business versus only 21% of those people earn-
ing between $3,000 to $4,999. Consequently it seems plau-
sible to predict that the group of high level of confidence
in big business will be correlated with high income.

It should be noted that income is not necessarily
an accurate measure of wealth. The income of a person may

reflect a small portion of his or her wealth. Most sur-
veys however, find it extremely difficult to gather infor-
mation about wealth. Therefore, it is often assumed that
income measures wealth.

C. Prestige of a person's occupation. Similar to
income, those people whose occupation is considered to be
prestigious are presumably the people who have vested in-
terests in maintaining the economic system. Note that al-
though there are some exceptions, most of the prestigious
occupations are financially rewarding (Hodge et al., 1966).
Accordingly, we can expect the people who trust big busi-
ness and the people who run it to be of more prestigious
occupations.

D. Education. A Gallup survey conducted in 1977
(Gallup, 1978) indicated that the perception of big busi-
ness varies with the level of education. While 21% of
college graduates considered big business to be the biggest
threat to the country, 26% of the high school graduates per-
ceived business this way. Only 17% of people with elemen-
tary school education considered big business to be the
biggest threat to the country.

Similarly, when asked about confidence in big busi-
ness, 11% of college graduates indicated "a great deal" of
confidence versus 14% of high school graduates and 9% of
people with elementary school education. Hence it is ex-

pected that the level of education will constitute a sig-
nificant descriptor, discriminating between the two seg-
ments of the study.

E. Social class. Social class has long been re-
cognized as an important determinant of a person's values
and attitudes. Essentially, there are two procedures for
assessing class standing. One, the objective method, uses
indexes of income, level of education and occupation. The
second is the subjective method which defines social class
by asking people where they place themselves (Hollander,
1976).

Whether measured in the objective or subjective
methods, differences in experience by social class affect
psychological states, social contact, educational oppor-
tunities and occupational expectations. Together with the
other descriptors mentioned earlier, social class is ex-
pected to significantly discriminate between the segment
of high confidence vs. the segment of low confidence in
business.

II. Socio-psychological descriptors. Under the
category of socio-psychological descriptors there are vari-
ous variables, or groups of variables--all measure atti-
tudes, beliefs, values and feelings. The first cluster of
variables depicts the socio-economic political views of a
person.

A.   The socio-economic political views are measured by 4 variables: political orientation, the extent of political alienation, capitalist vs. socialist inclination, and the extent of economic alienation.

1.   Political orientation refers to the person's perception of his/her political views. (Specifically, this variable is measured on a scale of 7 points (See Appendix A) and ranges from "extremely liberal" to "extremely conservative.") 2.   Political alienation, on the other hand, reflects the person's perception of the attitudes of national leadership toward the citizens. Are the people running the country really caring about what happens to the "Average" American? Thus, beyond political views--whether a person is liberal or conservative--there lies the issue of alienation from the political system.

Aside from political alienation and political orientation, the socio-economic political dimension includes 3. economic alienation. This has to do with the perceptions of income distribution in the country. Those who are alienated from the economic system believe that the "rich get richer and the poor get poorer."

4.   Related to the economic alienation is the economic orientation. Specifically, this variable reflects the attitudes toward reducing income differences between the rich and the poor. The "capitalists" are those who be-

liev that government should <u>not</u> concern itself with income differences. The "socialists," on the other hand, are those who are in favor of government reducing income differences.

5. The last variable in the category of the socio-economic political views is the person's attitudes toward improving and protecting the physical environment.

Although a relatively large part of the pollution is attributable to nonbusiness sources, a disproportionately high share of criticism falls on business and industry (Elkins and Callaghan, 1978). Various public interest groups consider protecting the environment as the key issue in their efforts to increase the number and the scope of legislation related to the pollution control.

While some people may express favorable attitudes toward the "natural environment" in general, our intent here is to examine the respondent's perception of the <u>ex-penditures</u> involved in improving and protecting the environment. Introducing public expenditures may constitute a different consideration from the viewpoint of the taxpayer. Our intent here is to discover whether or not a person's attitudes toward government's expenditures on the physical environment can serve as a discriminating variable between the groups of high trust and low trust in bug business and the people who run it.

The next cluster of the socio-psychological de-

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scriptors in the segmentation model is the satisfaction indicators.

B. The satisfaction indicators. Satisfaction in general, and job satisfaction in particular, have been the focus of numerous studies. The interest in satisfaction ties in directly with the rising concern about the quality of life. There is an increasing acceptance of the view that material possessions and economic growth do not necessarily produce a high quality of life (Lawler, 1973). Recognition is now being given to the importance of the affective reactions, or the perceptions of the people, rather than only to the "objective," economic, or material accomplishment.

The segmentation model includes two satisfaction indicators: 1. satisfaction with the financial situation and 2. job satisfaction.

1. The extent of satisfaction with the financial situation may have a bearing upon a person's trust in big business and the people who run it. Dissatisfaction with financial situations can be associated with distrust in big business, while satisfaction with financial situation, on the other hand, can be associated with a high level of trust and confidence in business. This argument is similar to the logic about income and trust.

It should be noted, however, that income and sat-

isfaction with the financial situation represent two dis-
tinct dimensions. Income is an "objective" measurement,
while satisfaction with the financial situation implies a
"subjective" judgement. Two persons of the same income may
have different levels of satisfaction with their financial
situation.

2. Job satisfaction. Job satisfaction is probably
the most studied human factor in organizations, with much
of the work resulting from the interest generated by Haw-
thorne studies and the point of view known as "human rela-
tions." The majority of the studies attempted to relate
job satisfaction with intra-organizational variables of
productivity, absenteeism and turnover (Lawler, 1973; Car-
rol and Tosi, 1977).

The present study examines the effect of job satis-
faction on the level of trust. Along with the other de-
scriptors, it is expected that the extent of satisfaction
with a job will discriminate between the group of 'high
confidence' and 'low confidence.'

C. Desirable socio-psychological attributes (val-
ues). The desirable socio-psychological attributes repre-
sent the pivotal values and beliefs of a person. These
characteristics, when perceived as crucial to the mainte-
nance of the cultural system, are expected to be trans-
formed from one generation to another through the social-

ization process.

The three values of success, honesty and respon-
sibility are part of what Weber (1958) considered to be the
Protestant Ethic that contributed to the rise of capitalism
in the western world. Consequently, one may expect those
who have confidence in business to believe in these values.
However, it can be argued that the people who believe in
these values may be disenchanted with big business and the
people who run them. Our analysis, therefore, is aimed at
determining which alternative postulation can be accepted.

D. The last variable in the socio-psychological
category of the descriptors is the perceived power or im-
pact of alienation. This variable is measured on a con-
tinuum ranging from a sense of having power and impact on
the "system," to a feeling of detachment, powerlessness
and inability to have any impact. This is the feeling that
"What you think doesn't count very much any more." (See
Appendix A.)

Similar to the economic and political alienation,
the impact of alienation is believed to be related to the
confidence issue. Thus the alienated person is liekly to
be associated with the segment of distrust, whereas the
"socialized" or "involved" person is likely to be asso-
ciated with the segment of trust.

III. Exposure to mass media. The mass media con-

stitute the nation's public information system. As such, there are three different viewpoints about the independence and control of mass media. The first, presented by Green (1979) argues that big business "sways" mass media in order to increase profit and power. The contradictory viewpoint maintains that mass media is in opposition to business (Davis, 1979). The third viewpoint, represented by Cutlip (1979) maintains that today's news reporting is generally balanced, factual and fair, far more balanced than the perceptions businessmen hold.

Whether one accepts one of these arguments there is no doubt that mass media is the main channel of communicating major events that have a bearing upon the public perceptions of business. Our objective, then, is to empirically investigate the relationship between exposure to mass media (TV in our case) and the level of confidence in big business and the people who run it. Will the people who trust business be characterized with a high level of exposure to TV? Or, maybe exposure to television is not a statistically significant discriminating variable.

As noted earlier, exposure to mass media, socio-demographic and socio-psychological variables serve as the descriptors of the segments, or the discriminating variables. These psychographic characteristics are expected to describe the profile of the person with a high level of

trust in major corporations; to distinguish this person

from the one with a low level of trust; and to be utilized

for future random classifications. Table 4 depicts a sum-

mary of the discriminating variables of the model.

TABLE 4

A Summary of the Discriminating Variables*

===

I.   Socio-demographic Variables

    A.   Age
    B.   Income
    C.   Prestige of a Person's Occupation
    D.   Education
    E.   Social Class

II.   Socio-psychological Variables

    A.   Socio-economic Political Views
        1.   Political Orientation
        2.   Political Alienation
        3.   Economic Alienation
        4.   Economic Orientation
        5.   Attitudes Toward Conservation of the
             Natural Environment

    B.   Satisfaction Indicators
        1.   The Extent of Satisfaction with the
             Financial Situation
        2.   Job Satisfaction

    C.   Desirable Socio-psychological Atrributes (Values)
        1.   Honesty
        2.   Success
        3.   Responsibility

    D.   Perceived Power (Impact Alienation)

III.   Exposure to Mass Media

    A.   Number of Exposure Hours to TV

_____

*for the measurements of the variables: see Appendix A

C H A P T E R   I V

METHODOLOGY

Purpose

The purpose of Chapter IV is to describe and ex-
plain the methodology of the study. First, we will focus
on the method of sampling and data collection. Then we
will describe the sample selected for the analysis. Fi-
nally, the method of Discriminant Analysis will be dis-
cussed, its purpose and utilization in this study.

Data Collection and Sampling Design

The data for this study was collected by a survey
administered by the National Opinion Research Center at the
University of Chicago. The survey has been conducted dur-
ing the months of February, March and April of 1978 by in-
terviewing 1532 people constituting a representative sample
of the United States. Most of the details in the following
sections are based on General Social Surveys, 1972-1978:
Cumulative Codebook (Davis, 1978).

NORC sampling design. The 1978 NORC General Social Survey
is a stratified, multistage, area probability sample of
clusters and households in the continental United States

(Alaska and Hawaii are not included). The universe sampled in these studies is the total noninstitutionalized English-speaking population of the United States, 18 years of age and older.

The selection of geographic areas at successive stages was done in accordance with the method of probabilities proportional of size. Furthermore, the clusters of households were divided into replicated subsamples in order to facilitate estimation of the variance of sample estimators of population characteristics.

The following sections delineate a detailed explanation of NORC sampling procedures.

Block quota. As noted by Davis (1978), the sample is a multistage area probability sample to the block or segment level. At the block level, however, quota sampling is used with quotas based on sex, age, and employment status. The cost of the quota samples is substantially less than the cost of a full probability sample of the same size, but there is, of course, the chance of sample biases mainly due to not-at-homes which are not controlled by the quotas. However, in order to reduce this bias, the interviewers are given instructions to canvass and interview only after 3:00 p.m. on weekdays or during the weekend or holidays.

This type of sample design is most appropriate when

the past experience and judgment of a project director sug-
gest that sample biases are likely to be small relative to
the precision of the measuring instrument and the decisions
that are to be made.

Selection of PSU. The Primary Sampling Units
(PSUs) employed are Standard Metropolitan Statistical Areas
(SMSAs) or non-metropolitan counties selected in NORC's
Master Dample. These SMSA's and counties were stratified
by region, age, and race before selection (King and Rich-
ards, 1972).

Selection of sample within PSUs. The units of se-
lection of the second stage were block groups (BGs) and
enumeration districts (EDs). These EDs and BGs were stra-
tified according to race and income before selection.

The third stage of selection was that of blocks.
The blocks were selected with probabilities proportional
to size. In places without block statistics, measures of
size for the blocks were obtained by field counting.

The average cluster size is five respondents per
cluster. This provides a suitable balance of precision
and economy.

Interviewer instructions. At the block or segment
level, the interviewer begins a travel pattern at the first
DU (dwelling unit) from the northwest corner of the block
and proceeds in a specified direction until the quots have

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been filled.

The quotas call for approximately equal numbers of men and women with the exact proportion in each segment determined by the 1970 Census tract data. For women, the additional requirement is imposed that there be the proper proportion of employed and unemployed women in the location. Again, these quotas are based on the 1970 Census tract data. For men, the added requirement is that there be the proper proportion of men over and under 35 in the location.

These particular quotas have been established because past experience has shown that employed women and young men under 35 are the most difficult to find at home for interviewing.

Sampling error. Although the mean squared error cannot be estimated directly from a quota sample, one can make estimates of sampling variability using procedures such as those outlined by Stephan and McCarthy. Past experience would suggest that, for most purposes, this sample of 1,500 could be considered as having about the same efficiency as a simple random sample of 1,000 cases. In making this judgment concerning the design effect, we are concerned with the "average" effect upon a large set of different variables of the clustering of households at the last stage of selection. Any statement of sampling error

assumes that the bias in quota sampling due to the lack of control over respondent availability is slight for the study under consideration.

Probability. As noted earlier, the 1978 NORC national probability sample is a stratified, multistage, area probability sample of clusters of households in the continental United States. The selection of geographic areas at successive stages is in accordance with the method of probabilities proportional to size (p.p.s.). Furthermore, the clusters of households are divided into replicated subsamples in order to facilitate estimation of the variance of sample estimators of population characteristics.

At the first stage of selection, Standard Metropolitan Statistical Areas (SMSAs) and non-metropolitan counties covering the total continental United States were grouped according to size strata within the nine Census regions. All population figures and other demographic information were obtained from 1970 Census reports. Within each size stratum grouping based upon geographic location, or racial characteristics (or both), was accomplished before selection. The final frame was further separated into zones or "paper strata" of equal population size in order to facilitate the selection of replicated subsamples of primary sampling units (PSUs). The selection of PSUs was designed to produce four independent subsamples of

equal size. The four subsamples were randomly combined to form two larger subsamples of 101 PSUs each. The large subsamples are thus internally separable into two replicated subsamples for variance estimation purposes.

The second-stage procedure involved the direct selection of Census block groups or enumeration districts (E.D.'s) within SMSAs or counties, eliminating the traditional intermediate stage of clustering selections within urban places or country divisions. The increase in geographic dispersion within the primary areas has a negligible effect on field costs. Before selection, the Census tracts, minor civil divisions, and Census county divisions containing the block groups and E.D.'s were carefully stratified by geographic location, income and race, in order to maximize the precision of sample estimation within the PSU. Block groups and E.D.'s were then selected with probabilities proportional to size in numbers sufficient to satisfy survey demands for households expected throughout the decade. Lists of the separate households contained in the second stage blocks or E.D.'s were constructed by field personnel or obtained from directories. Thus, the principal NORC national probability sample is, in effect, an inventory of identifiable households, each with a known probability of selection.

In a typical sample survey with equal probability

of selection for individual households (i.e., a self-weighing sample), households at which interviews will take place are probabilistically selected from the available lists of addresses for blocks and E.D.'s. The method of probabilities proportional to size results in the assignment of approximately equal numbers of interviews in each final stage cluster, which in turn leads to increased precision in the estimation of overall population characteristics.

Field Work and Interviewer Specifications. The NORC study employed standard field procedures for national surveys, including interviewer hiring and training by area supervisors in interviewing locations when necessary. The sampling procedures were reviewed by having interviewers take a training quiz after they had studied the sampling instructions specific to this study. Around the same time, publicity materials were sent to area supervisors; these included letters to be mailed locally to the Chief of Police, the Better Business Bureau, the Chamber of Commerce, and the various news media.

After these steps were completed, interviewers received materials needed for data collection (assignments, specifications, blank interview schedules). Each interviewer completed one practice interview which was evaluated by NORC. Actual interviewing then commenced; completed

interviews were immediately returned to NORC where they were edited for completeness and accuracy. Twenty per cent of the interviews were validated. Feedback on specific problems was given to individual interviewers and on general problems to all interviewers.

Once field work was completed, the edited questionnaires were coded and keypunched and the resulting data were cleaned.

The interviewers were instructed about specific interviewing problems. The specifications informed the interviewers of the intent of the question, provided caution signals where a potantial problem might exist, and recommended probes or provided interpretations which could be suggested to the respondent should the respondent have difficulty in understandint the question. All the specifications work toward increasing the internal validity of the data collected.

Davis (1978) concludes that the NORC national probability frame, with its broad geographic dispersion, its reverses of additional SMSAs and counties, and its built-in replication, provides sufficient flexibility for application to a wide range of survey tasks. Its design is based on the consideration of sampling problems that NORC and other organizations have encountered in part surveys, and it is believed that it substantially eliminates many

of these difficulties.

The Sub-Samples of the Study

This study focuses on two sub-samples: (a) 331 persons who indicated a high level of confidence in big business and the people who run it, and (b) 245 persons who indicated a low level of confidence in business. Each one of these sub-samples is considered to be a representative sample of the relevant universe. For example, sub-sample (a) represents those people in the United States who have a high level of trust in business.

As indicated earlier, the method to be used to analyze the differences between the 2 groups is Discriminant Analysis. The next section presents an overview of the technique.

Discriminant Analysis

The purpose of discriminant analysis. Discriminant Analysis, as noted by Tatsuoka (1971), Finn (1974) and Nie et al. (1975) is a method of studying group differences by finding a linear combination of the predictor of "discriminating" variables that show large differences in group means.

As noted by Frederick (1975), discriminant analysis provides the researcher with a set of weights that can

be used to classify individuals or objects in one group or another. The technique can be used either as a purely descriptive technique for synthesizing dimensions of group differences or as an inferential method for classifying new cases with unknown membership.

The procedure. The analysis begins with the objective to distinguish between two or more groups of cases. In our study we will try to differentiate between the group of people who indicated having a high level of trust in people running major companies, and the group of people who indicated having hardly any level of trust in people running major companies.

After identifying the groups, or the segmentation base, the next step is to determine what data will be used in order to distinguish between the groups. In other words, the researcher has to select the discriminating variables, or in terms of the segmentation model, the descriptors of the segments.

The Discriminant Analysis forces the two (or more) groups to be as statistically distinct as possible. This is done by forming a linear combination of the discriminating variables in the form of a discriminant function.

It should be noted that the groups, or segments, can be discriminated in various alternatives. Specifically, a discriminant analysis program, such as SPSS (Nie et al.,

1975), supplies the researcher with various linear combinations, each of which is constructed in such a way as to maximize the seapration of the groups. The maximum number of functions which can be derived is either one less than the number of the groups, or equal to the number of discriminating variables.

The discriminant functions enable the researcher to identify and interpret the variables contributing most to the differentiation between the groups. This is done by interpreting the discriminant weights. For this purpose it is useful to examine the standardized weights which are scale-free.

Discriminant analysis includes tests of significance that enable us to find out whether or not the discriminating variables have sufficiently separated between the groups. The null hypothesis is that the derived function (or functions) does not reflect singificant differences between the groups as measured on the discriminating variable. The test assumes that the population is multivariate normal. Variables found not tp have significant discriminating power can be dropped from the analysis, thus reducing the number of the discriminating variables.

Furthermore, discriminant analysis enables us to classify individuals in one group or another with a known probability of error.

The classification. The classification function coeffi-
cients are used to classify each group separately. The
classification equations are derived from the pooled
within-groups covariance matrix and the mean discriminant
scores for each group on the respective functions for the
discriminating variables. The classification coefficients
are multiplied by the relevant raw variable values, summed,
and added to a constant. An equation for one group would
take the following form:

$$C = C_{io} V_{i1} + C_{i2} V_2 + \ldots + C_{ip} V_p + C_{io}$$

where:

C_{io} is the classification score for group

C_{ij}'s are the classification coefficients

C_{io} - constant

V's are the raw variables values (Nie et al., 1975)

The next chapter will present and describe the re-
sults of the discriminant analysis.

CHAPTER V

PRESENTATION AND DESCRIPTION OF RESULTS

Introduction

The purpose of Chapter V is to present and describe the results of the statistical analysis. The chapter is divided into two major sections. Presented and discussed in the first section are groups means, prior probability, the stepwise procedure, and tests of significance. Furthermore, this section includes the presentation and interpretation of the discriminant function coefficients, their magnitude and signs.

The second section of this chapter deals with evaluation of the discriminant function in terms of the classification results.

The presentation and interpretation of the results relies heavily on the analyses suggested by Tatsuoka (1971), Klecka (1975) and Churchill (1979).

The Discriminant Function

Results of the discriminant analysis are presented in tables 5-10. Following is an examination of each table separately.

Group means. The two groups of the analysis consist of 331 respondents who express high level of confidence in big business and the peopel who run it, and 245 respondents representing the "low confidence" segment of the population.

Table 5 depicts the group means for the 18 descriptors. Examining the means of the descriptors may give an indication about their contribution to discriminate between the two groups. For example, satisfaction from one's job is higher among the group of 'high trust' than the job satisfaction of the group of 'low trust.' Any further analysis can be misleading, because the objective is multivariate analysis rather than a univariate one.

Prior probabilities. In order to calculate the discriminant function one has to specify the prior probabilities for the groups. In our case the groups were considered to have equal probabilities (i.e., the prior probability for each group was .50).

Stepwise procedure. The stepwise procedure was used in our analysis because it is believed that it results in an optimal set of the selected variables. The assumption is that the stepwise procedure is an efficient way of approximately locating the best set of discriminating variables. These variables are selected on the basis of their contribution

TABLE 5

Group Means and Standard Deviations of the 17 Descriptors

Variable	Group 1 'High Trust' (n=331)		Group 2 'Low Trust' (n=245)	
	Mean	Standard Deviation	Mean	Standard Deviation
Age	46.19	16.57	42.89	19.88
Prestige of Occupation	40.69	16.68	30.97	16.89
Education	13.12	5.64	11.91	8.51
Income	12.86	18.26	14.78	24.50
Political Orientation	4.41	1.49	4.24	1.63
Political Alienation	2.23	1.16	1.68	1.12
Perceived Power	1.93	1.24	1.25	.90
Economic Alienation	2.11	1.16	1.62	1.17
Social Class	2.62	.68	2.34	.80
Financial Satisfaction	2.33	.92	1.88	.75
TV Hours	2.38	1.95	3.01	2.55
Natural Environment	1.97	1.57	2.00	1.83
Economic Orientation	2.54	2.69	1.26	1.95
Success	2.95	.76	2.94	1.14
Honesty	4.09	.87	4.04	1.04
Responsibility	3.34	.71	3.36	1.00
Job Satisfaction	3.11	1.64	2.81	1.64

to the discriminant function.

The stepwise procedure begins by choosing the single variable which has the highest value on the selection criterion. In our case, the selection criterion is Wilks lambda. This criterion is the overall multivariate F ratio for the test of differences among the group centroids. The variable which maximizes the F ratio also minimizes Wilks' lambda, a measure of group discrimination. This test takes into consideration the differences between the centroids and the homogeneity within the groups (Klecka, 1975).

As shown in Table 6 the first variable to enter the analysis was perceived power. Then the next variable which in conjunction with the first variable produces the best criterion value is the second variable to enter the equation: economic orientation. Given these two variables, the third variable contributing most to the discriminating power is financial satisfaction. The rest of the variables are selected in the same logic, i.e., contribution to the discriminating power, given the variables already included in the equation.

In every stepwise discriminant analysis a variable is eligible for selection only if its partial F ratio is sufficiently large. The partial F ratio refers to the liklihood ratio of equality on the test variable over all the

TABLE 6

Summary Table of the Stepwise Discriminant Analysis

Step Number	Variable	F to Enter or Remove	Number Included	Wilks Lambda	Sig.
1	Perceived Power	52.11188	1	.91677	.000
2	Economic Orientation	44.96935	2	.85996	.000
3	Financial Satisfaction	27.23779	3	.81092	.000
4	Prestige of Occupation	24.32779	4	.77778	.000
5	Political Alienation	3.99735	5	.77236	.000
6	Job Satisfaction	2.55001	6	.76892	.000
7	TV Hours	1.56216	7	.76681	.000
8	Responsibility	1.29587	8	.76506	.000
9	Success	.98480	9	.76373	.000
10	Income	.97968	10	.76241	.000
11	Age	.59952	11	.76241	.000
12	Social Class	.32677	12	.76116	.000
13	Honesty	.15413	13	.76095	.000
14	Political Orientation	.18012	14	.76071	.000
15	Economic Alienation	.07476	15	.76060	.000
16	Education	.02137	16	.76058	.000

groups, given the distribution produced by the variables already entered. In other words, this is a test for the statistical significance of the amount of centroid separation added by this variable above and beyond the separation produced by the previously entered variables. This F ratio is the F-to-enter (Klecka, 1975, p. 453). In our analysis the minimum value selected for entry was 1.0.

Out of the 17 discriminating variables, only one variable was not included in the analysis: the attitudes toward expenditures on maintaining and improving the natural environment. The other 16 variables were statistically significant.

It should be noted that the sequence of inclusion of the 16 variables, as shown in table 6, does not necessarily reflect their relative importance as discriminators. In order to assess their importance, one has to examine the discriminant function coefficients.

The discriminant function test of significance. The maximum number of discriminant functions to be derived is either one less than the number of groups, or equal to the number of discriminating variables, whichever is smaller. Since there are only two groups in our analysis, one discriminant function was computed. Before attempting to interpret the discriminant function, we should check its statistical significance. Table 7 depicts the test of

TABLE 7

Test of Significance: Discriminant Function

Eigenvalue	Canonical Correlation	Wilks Lambda	Chi-Square	D.F.	Significance
.31479	.48931	.76058	154.90259	16	.000

significance of the discriminant function.

As shown in table 7, the discriminant function is highly significant. The canonical correlation of (.489) is a measure of association between the discriminant function and the set of (2-1) dummy variables which define the 2 group membership. As noted by Klecka (1975), it tells us how closely the function and the "group variable" are related. The canonical ocrrelation can be further interpreted, when squared, as the proportion of variance in the discriminant function explained by the groups. As shown in table 7, our discriminant function is moderately correlated with the two groups.

The unstandardized discriminant function coefficients. The unstandardized discriminant function coefficients are reported in table 8. These coefficients are used to obtain a discriminant score for the function by multiplying each coefficient by the respective variable value (for example, the actual age of a specific respondent) and summing the products plus the constant. The discriminant scores are calculated for each case and are used for classification purposes.

The unstandardized coefficients do not reflect the relative importance of the discriminating variables since they have not been adjusted for the measurement

TABLE 8

Unstandardized Discriminant Function Coefficients

1	Age	.0034
2	Prestige of Occupation	.0234
3	Education	-.0019
4	Income	-.0040
5	Political Orientation	.0236
6	Political Alienation	.1811
7	Perceived Power	.4139
8	Economic Alienation	-.0251
9	Social Class	.0740
10	Financial Satisfaction	.4625
11	TV Hours	-.0547
12	Economic Orientation	.1785
13	Success	.0980
14	Honesty	-.0405
15	Responsibility	-.1252
16	Job Satisfaction	.0773
	Constant	-3.3497

scales and variability in the variables. For example,
age is measured on a scale normally from 1 year to 100
years. Income, on the other hand, is measured on a scale
ranging from zero to one million dollars and above. Con-
seuqently, one has to analyze the standardized discrimi-
nant function coefficients for relative importance.

The standardized discriminant function coefficients. One
of the most useful tools supplied by discriminant analy-
sis is the set of the standardized discriminant function
coefficients.

First, the standardized coefficients can be used
to compute the discriminant score for a case in which the
discriminating variables are in standard form. Each score
represents the number of standard deviations that case is
away from the mean of all other cases on the discriminant
function.

Second, the standarzied coefficients are of great
analytic importance in terms of the association of each
variable with a specific group, and assessing the relative
contribution of each variable to the discriminant func-
tion.

Table 8 illustrates the standardized discriminant
function coefficients, their rank order, and group cen-
troids.

TABLE 9

Standardized Discriminant Function Coefficients
and Groups Centroids

	Variable	Standardized Coefficient	Rank (Signs Ignored)
1	Age	.06207	11
2	Prestige of Occupation	.40860	4
3	Education	-.01359	16
4	Income	-.08567	10
5	Political Orientation	.03692	14
6	Political Alienation	.21381	5
7	Perceived Power	.48104	1
8	Economic Alienation	-.03009	15
9	Social Class	.05558	12
10	Financial Satisfaction	.40990	3
11	TV Hours	-.12307	7
12	Economic Orientation	.44323	2
13	Success	.09291	9
14	Honesty	-.03871	13
15	Responsibility	-.10645	8
16	Job Satisfaction	.12770	6

Group 1 - 'High Trust' -   .48

Group Centroids: Group 2 - 'Low Trust' - -.65

The relative magnitude of the standardized co-
efficients.   The relative magnitude of the standardized

coefficients (ignoring signs) is very informative.   The

five variables which exert the greatest effects are:

    1.   perceived power

    2.   economic orientation

    3.   financial satisfaction

    4.   prestige of occupation

    5.   political alienation

All these descriptors have coefficients of .40 and

above.   Variables that seem to contribute relative very

little to the discrimination between the two groups are:

    . level of education

    . economic alienation

    . political orientation

    . the value of success, and

    . social class.

In order to further interpret the relative mag-

nitude of the standardizec coefficients, we will (a) ex-

press them as integers and (b) present them according to

the magnitude of their weights.   Table 10 presents the

rough indications of the relative importance of each

variable.

The results indicate that only one out of the 5

socio-demographic variables rank relatively high in terms

TABLE 10

Rough Approximation of the Standardized Discriminant
Function Coefficient, Ranked According to Relative
Magnitude

Rank	Variable	Approximate Coefficient	Category*
1	Perceived Power	48	IA
2	Economic Orientation	44	SP
3	Financial Satisfaction	41	ST
4	Prestige of Occupation	41	SD
5	Political Alienation	21	SP
6	Job Satisfaction	13	ST
7	TV Hours	-12	MM
8	Responsibility	-11	DA
9	Success	10	DA
10	Income	- 9	SD
11	Age	6	SD
12	Social Class	6	SD
13	Honesty	- 4	DA
14	Political Orientation	4	SP
15	Economic Alienation	- 3	SP
16	Education	- 2	SD

*SD = socio-demographic; SP = socio-economic political;
ST = satisfaction indicators; DA = desirable attributes;
IA = impact alienation; MM = mass media

of contribution to the discriminant function; prestige of a person's occupation (rank 4). The other socio-demographic variables of age, income, education and social class were ranked 11, 10, 16 and 12 respectively. Thus, their contribution is relatively very low.

Exposure to mass media, in our case the hours a person watches TV daily, is also a relatively low contributor to the discriminating function. Ranked as 7th out of the sixteen variables in the equation, its weight (12) is much less than half of the weight of the largest contributing variable (impact alienation: 48).

The socio-psychological variables were previously divided into 4 distinct clusters: a. socio-economic political views; b. satisfaction indicators; c. desirable socio-psychological attributes; and d. sense of impact (alienation). The cluster of the desirable socio-psychological attributes seem to contribute relatively little to the discrimination. Thus, the values of honesty, success and responsibility are poor discriminators between the group of high and low confidence in big business and the people who run it.

On the other hand, another dimension of the socio-psychological variables, the sense of impact (impact alienation), is the most important discriminator. Its stan-

dardized coefficient amount is .48.

The two other clusters of the socio-psychological descriptors are the socio-economic political views and the satisfaction indicators. Out of the 5 original variables of the socio-economic political views only 4 entered the discriminant function. As noted earlier, the attitude toward conservation of the natural environment was not statistically significant. Of the remaining 4 variables, 2 can be considered as high contributors: capitalism vs. socialism ranked as number 2, and political orientation ranked as number 5 among the 15 descriptors. Political orientation and economic alienations are very low contributors (ranks 14 and 15, respectively).

Both satisfaction indicators rank relatively high. The standardized coefficient of the extent of satisfaction with a person's financial situation (41) is the third in magnitude. The coefficient of satisfaction with one's job, while ranked sixth among the 16 descriptors, is less than half of the weight of impact alienation.

After analyzing the contribution of the descriptors in terms of magnitude of the standardized coefficient, let us examine the meaning of the signs of the coefficients.

Analysis of coefficients' signs. As shown in tables 9-10, the discriminant function coefficients are

characterized by signs of plus or minus. Thus far we ig-
nored the sign of each coefficient. However, the signs
have an important role in interpreting the results of the
discriminant analysis.

When we compare the sign of the standardized dis-
criminant weight of each variable with the sign of the
group centroids, we should be able to define the profile
of each group. Note that the centroid of group one--re-
presenting the people who have high level of confidence--
is +.48. The centroid of the group with low confidence is
-.65. (The implication of the difference between the abso-
lute values of the centroids will be discussed in the fol-
lowing section.)

The variables connect-d with group one are those
with positive standardized discriminant weights. Thus, the
variables most likely to associate a person with the public
segment of high level of confidence in big business and
the people who run it are: perceived power, economic orien-
tation, financial satisfaction, prestige of occupation,
political alienation, job satisfaction, success, age, social
class, and political orientation.

The variables most likely to place a person within
group two, the people who have low confidence in big busi-
ness and the people who run it, are those with negative
standardized discriminant weights: TV hours, responsibil-

ity, income, honesty, economic alienation and education.

Based on the above grouping of the discriminating variables, we may compose the profiles of each group. Persons who are highly likely to belong to the segment of high trust in business have:

1. a high perceived power;

2. a "capitalist" orientation;

3. high level of satisfaction with present financial situation;

4. highly prestigious occupation;

5. low political alienation;

6. high level of satisfaction with the work they do;

7. very little exposure to TV;

8. the belief that responsibility is not necessarily the most desirable attribute to have;

9. the belief that trying hard to suceed is a highly desirable attribute;

10. low income.

The above 10 characteristics are listed in descending order in terms of discrimination power. It is important to realize that the weights of the last five variables are low compared with the first five. In addition, there are 6 other attributes that may characterize this segment, but since their discriminating power seems to be

very little they were left out of the profile. These are
the variables of age, social class, honest, political or-
ientation, economic alienation and education.

Next, let us compose the profile of the "low con-
fidence" segment of the public. People who are highly
likely to belong to this segment have:

1. low perceived power;

2. a "socialist" orientation;

3. a low level of satisfaction with the present
    financial situation;

4. low prestige occupations;

5. a high level of political alienation;

6. low satisfaction with the work they do;

7. high exposure to TV;

8. the belief that responsibility is a most de-
    sirable attribute to have;

9. the belief that trying hard to succeed is not
    necessarily a highly desirable attribute;

10. relatively high income.

As with the profile of the "high confidence" seg-
ment, the last 5 variables have relatively low discrimi-
nating power, and the same 6 variables were omitted.

According to the two profiles, we should be able
to classify people with unknown group membership into one
of the two segments based on their 10 characteristics. The

next section deals with the liklihood of correct classifi-
cation of cases with unknown membership.

Classification Results

Thus far we were able to distinguish between two
segments of the public with respect to their level of con-
fidence in big business and the people who run it. This
distinction was based on 17 descriptors. Out of the 17,
16 were found to be statistically significant, and there-
fore were included in the discriminant function. This
function, whether in the unstandardized or standardized
form, should enable us to classify future cases with un-
known membership. By classification is meant the process
of identifying the likely group membership of a case when
the only information available is the case's values on the
16 discriminating variables.

Furthermore, the classification is used in testing
the adequacy of the discriminant function. By classifying
the cases used to derive the function in the first place
(our 576 subjects) and comparing predicted group member-
ship with actual group membership, one can empirically
measure the success in discrimination by observing the per-
centage of correct classification.

As indicated by Klecka (1975) the traditional clas-
sification equations are derived from the pooled within-

groups covariance matrix and the centroids for the discriminating variables. The resulting classification coefficients are multiplied by the raw variable values, summed together, and then added onto a constant.

Table 11 depicts the classification function coefficients. Note that there are separate equations for each group. Each case will have two scores, and then would be classified into the group with the highest scores.

The comparisons between predicted and actual membership often referred to as the confusion matrix are summarized in Table 12. Under the assumption of a multivariate normal distribution, the classification scores are converted into probabilities of group membership.

The entries on the diagonal of Table 12 represent the "hit rate" or the proportion correctly classified. Note that out of the 331 actual cases of group 1 (high trust), 234 were correctly classified. Thus, the discriminant function enabled us to correctly classify 70.7% of the segment of high trust. In group 2, the low trust segment, 182 out of 245 actual cases were correctly classified (74.3%). Overall, 72.2% of the sample members were correctly classified as "high trust" group or "low trust" group on the basis of their 16 descriptors.

It should be noted that there are two baises that have to be taken into consideration when analyzing the

TABLE 11

Classification Function Coefficients

Variable	Group 1: 'High Trust'	Group 2: 'Low Trust'
Age	.09532	.09144
Prestige of Occupation	.10970	.08316
Education	.00444	.00663
Income	.00553	.01012
Political Orientation	.86834	.84150
Political Alienation	1.1246	.91932
Economic Alienation	.57520	.10620
Perceived Power	.00927	.03775
Social Class	3.7376	3.6537
Financial Satisfaction	2.2431	1.7191
TV Hours	.90828	.97027
Economic Orientation	-.12451	-.32673
Success	2.1657	2.0546
Honesty	3.2889	3.3348
Responsibility	3.0097	3.1516
Job Satisfaction	1.2801	1.1924
Constant	-33.619	-29.920

TABLE 12

Confusion Matrix: Linear Discriminant Analysis

Actual Group	Total Number of Cases	Predicted Group Membership	
		Group 1	Group 2
Group 1 - High Trust	331	234 70.7%	97 29.3%
Group 2 - Low Trust	245	63 25.7%	182 74.3%

- -

72.2 Percent of Known Cases Correctly Classified

Chi-Square = 113.778   Significance = 0

classification results. The first bias has to do with the classification procedure. As noted by Frank et al. (1965) there is an upward bias in the classification because the proportion of correct hits is somewhat overstated. This upward bias results because the data that we used to develop the discriminant model was also used to test the model. Since the criterion used to fit the model results in the discriminant equation which provides an optimal fit to the data at hand, the actual predictive efficacy of the model should be tested on a new sample of data.

The second bias has to do with the relation of an underlying assumption of the discriminant analysis. The classification is based on three major premises: (1) the costs of misclassifying a person of 'high trust' as a 'low trust' and a person of 'low trust' as 'high trust' are equal; (2) the a priori probabilities of 'high trust' or 'low trust' are equal; and (3) the distribution of the variables in the two populations is multinomial with equal and unknown covariance matrices.

The inequality of the absolute values of the group centroids (.48 and .65) can be considered as an indication that the third premise has been violated. In this case, it is often suggested to try the quadratic form of discriminant analysis. Various trials of the quadratic form did not improve our results.

Therefore, it seems logical to argue that in our case the actual difference in the dispersion matrices is very little.

In summary, the discriminant analysis has provided us with one statistically significant discriminant function. Out of the initial 17 descriptors, 16 are included in the equation. Using the standardized discriminant weights we compiled the profile of the segments of "high trust" and "low trust" in big business and the people who run it. Our function has correctly classified 72.7% of the cases.

C H A P T E R   V I

SUMMARY AND CONCLUSIONS

The purpose of the study was to focus on the phe-
nomenon of the distrust of the American public in business.
The major objective was to develop a segmentation model of
the general public in terms of the level of trust in busi-
ness.

The declining level of confidence in bug business
and the people who run it is associated with the increasing
number and power of public interest groups and a rapid ex-
pansion of government control over the "free enterprise"
system. The basic premise is that the regulations are the
outcomes of the feelings, attitudes, beliefs and values of
the public.

The plethora of regulations tend to impose high
costs on corporations and also on the consumers, who pay
"hidden taxes." Moreover, it has been argued that the
costs of regulations constitute a threat to the productiv-
ity and the GNP.

From an institutional perspective, the confidence
crisis has a bearing upon the legitimacy of the American
corporation. When the public loses its confidence not only
in a specific organization or an industry, but in the whole

system, there is a high liklihood that the system will be disposed of or drastically modified to better fit the ex-pectations.

In order to deal with public attitudes toward big business, it is useful to conceptualize the public (or the socio-political environment) as the total market of the firm. Then, applying the concept of market segmentation, we divided the public into two major groups: the group of people with high level of confidence in big business and the people who run it and the group of low confidence.

The two segments were measured along 17 socio-psychographic variables in order to distinguish and de-lineate the characteristics of each group.

Utilizing discriminant analysis, we came up with two distinct profiles: (1) the segment of high confidence in big business and the people who run it, and (2) the segment of low confidence in big business and the people who run it. The group of 'high trust' tends to:

(1) feel that what they say counts (a high degree of perceived power);

(2) believe that government should not concern itself with income differences ("capitalist" orientation);

(3) be well satisfied with their present financial situation;

(4) have a highly prestigious occupation;

(5) feel that the people running the country care about what happens to them;

(6) feel satisfied with the work they do;

(7) watch TV very little;

(8) believe that responsibility is not necessarily the most desirable attribute to have;

(9) believe that trying hard to succeed is a highly desirable attribute;

(10) be of not very high income bracket.

The group of 'low trust' in business tends to:

(1) feel that what they say does not count (a low degree of perceived power;

(2) believe that government should concern itself with income differences ("socialist" orienta-tion);

(3) be less satisfied with their present financial situation;

(4) have a relatively low prestigious occupation;

(5) feel that the people running the country do not care about what happens to them (political alienation);

(6) feel less satisfied with the work they do;

(7) watch more TV;

(8) believe that responsibility is a most desirable

attribute to have;

(9) believe that trying hard to suceed is not ne-
cessarily a highly desirable attribute;

(10) be of relatively high income.

Reviewing the above profiles, it seems that we can describe the segment of high level of confidence in business as composed of people with high self-esteem. These are the people who feel that they have an impact on the system, they are satisfied with their prestigious jobs, and do not expect government to take care of income differences. The segment of low trust, on the other hand, represents the people who seem to have less self-confidence and self-esteem. These people believe that what they say does not have any impact probably because the people running the country do not care about what happens to them. However, they expect the government to be concerned with income differences. Thus, they indicate an attitude that although they are powerless, there are other powerful people or institutions who can and ought to change the present situation.

The "low trust" people also watch television more often, which sometimes may supply them with an anchor of stability in a rapidly changing and hostile environment. Furthermore, they seem to be the kind of people who join what Odiorne calls the passionate groups. "The ecology

movement, the zero population growth movement, and the preservation-of-something-or other societies--all these groups that do not start with reality and explicit goals" (Odiorne, 1979) constitute an outlet for feelings of frustration, passion and anger.

Dissatisfied with the job they do, feeling alienated from the main sources of power in society, these people are likely to embark on campaigns against real or perceived villains. The institution of Big Business in particular has become a clear target because of the major role it plays in Western life. Money, power, quality of life, values and modes of behavior are influenced either directly or indirectly by big business and the people running it. Moreover, the involvement of some corporations in unlawful and unethical conduct, the unending stories of business fighting regulations that are in the public interest, have all contributed to the evolution of the image of big business as one of the principle culprits of evil in our society.

The segment of people who have a high degree of confidence in big business can be analyzed according to the theories of Hertzberg (1959) and Maslow (1954). The persons with a prestigious occupation, who are satisfied with their jobs and with the present financial situation, are likely to have actualized themselves. They receive

enough hygienic and motivating factors in terms of achievement, recognition and financial rewards. Consequently, they have vested interests in maintaining the economic and social system, and are less likely to look for enemies or targets of hostility.

Following are some of the policy implications based on the preceding sections.

Policy Implications

As noted earlier, the declining level of confidence in business and its potential and actual effects on government and corporations is not merely a hypothetical academic topic of discussion, but rather a real and pressing issue. Many corporations fear that public distrust is threatening their survival.

The results of our study suggest that the efforts of top management should be directed not only toward a general public relations campaign, but also toward specific policy issues aimed at improving public trust in business. These efforts can be classified into internal and external policies. Let us first examine the internal policies.

Internal policy implications. As noted earlier, corporate management tends to devote much time and money for external affairs. The results of our study suggested that they should pay attention also to the internal affairs of the

organization. The segment of people who distrust big busi-
ness is characterized, among other things, by the belief
that what they say does not count; the feeling of dissat-
isfaction with their job and with their present financial
situation; and by less prestigious occupations. While it
is naive to expect everybody to be satisfied with the fi-
nancial situation and with the prestige of their occupation,
one should be able to affect the feelings of impact aliena-
tion and job dissatisfaction. This requires top management
to pay more attention to job design and supervisory train-
ing throughout the organization.

By job design it is meant that management should
attempt to be tuned in to the needs of their employees.
Designing jobs that will enable the employees to fulfill
their needs may bring about an increase in the satisfaction
and a decrease in the feeling of alienation. Therefore
management should be concerned with improving the quality
of work life. As suggested by Odiorne (1977), "The work-
place of the future will have to say to people working
there 'you are somebody,' rather than the opposite. Too
many jobs tell their doers 'you are nobody' all day long.
. . . Letting people know what is expected of them; defin-
ing challenging goals; and giving them control over their
own resources, the freedom to do their jobs in their own
ways, the regular feedback of results . . ." (pp. 20-24).

In order to achieve these goals, attention must be paid to supervisory training. Educating supervisors to be more responsive to their subordinates should eliminate the feelings of alienation--the feeling that what the employee says does not count--thus increasing job satisfaction and trust in big business and the people who run it.

Aside from formulating internal policies aimed at improving the quality of work life, corporations should continue their public affairs management efforts.

External policy implications. From the viewpoint of external policy, the major implication of this study is that corporations should consider the public as the total market. Then they should segment it the way it was suggested earlier. In other words, public relations campaigns ought to be aimed toward the relevant segment.

As of today, it seems that most of the public relations campaigns--designed to improve the image of either a specific corporation, a whole industry, or the free enterprise system--are aimed toward the wrong segment of the population. Spending millions of dollars for sponsoring public television programs is not necessarily the most efficient way to reach the target audience. Advertising in newspapers read mainly by the segment of high confidence in business can increase the already favorable attitudes of the readers, but miss the 'low confidence' segment.

Our findings indicate that the group who distrusts big business tends to view more television than the other group. Therefore, it is suggested to extensively utilize the electronic mass media for public relations campaigns. Moreover, corporations should attempt to provide more information about their operations both at home and abroad. A step in this direction has been taken by the United States Chamber of Commerce through the production of its own television "talk show" to explain the business side of issues.

Limitations of the Study and Suggestions for Future Research

The major limitations of the study lies within the nature of exploratory and ex post facto studies. As an exploratory study, the data used were collected in 1978. Thus, prior surveys were not included in the analysis (except for indications about the declining level of trust, as depicted in Table 1). Further studies may attempt to investigate trends and shifts in the composite profiles of the two groups utilizing both cros-section and cross-years analyses.

In addition, as an ex post facto study the issue of causality should be dealt with very carefully. The results ought to be interpreted in terms of degrees of association rather than causes and effects. For example, it is beyond

the scope of this study to determine whether or not mass media exposure is responsible for the declining level of confidence in big business. Nor does it attempt to assess the image of business as presented in television. It does, however, indicate that distrust in business is associated with exposure to television. Therefore it suggests to reach the 'low confidence' segment through television, both by special advertising (i.e., 'commercials') aimed at improving the image of big business and reestablishing trust, and by ensuring that corporations get a fair treatment by reporters.

The increasing sophistication of social sciences research in general, and of public opinion surveys in particular, will enable us to further investigate the interrelations between the general public and the American corporations.

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APPENDIX A

I. Socio-Demographic Variables

1. Age

Response	No. of Responses
10-19	32
20-29	375
30-39	334
40-49	217
50-59	228
60-69	165
70-79	132
80 or over	42
No Answer, Don't Know . . .	7

2. Respondent Income

Income	No. of Responses
Under $1,000	18
$ 1,000 to 2,999	72
$ 3,000 to 3,999	83
$ 4,000 to 4,999	54
$ 5,000 to 5,999	63
$ 6,000 to 6,999	68
$ 7,000 to 7,999	62
$ 8,000 to 9,999	103
$10,000 to 14,999	279
$15,000 to 19,999	222
$20,000 to 24,999	194
$25,000 or over	214
Refused	41
Don't Know	56
No Answer	3
Not Applicable	0

3. Prestige of Respondent's Occupation

Response Code	No. of Respondents
10-19	136
20-29	228
30-39	348
40-49	386
50-59	143
60-69	133
70-79	26
80-89	4
Not applicable, No answer	128

Prestige Scores

The prestige scores assigned to occupations in this study were taken from a rating system developed at NORC in 1963-1965 in a project on occupation prestige directed by Robert W. Hodge, Paul S. Siegel, and Peter H. Rossi. This concept of prestige is defined as the respondents' estimation of the social standing of occupations. The prestige scores in the Hodge-Siegel-Rossi study were generated by asking respondents to estimate the social standing of occupations via a nine-step ladder, printed on cardboard and presented to the respondent.

> The boxes on the ladder were numbered 1-9 from bottom to top. In addition, the first, firth, and ninth boxes were labeled "bottom," "middle," and "top," respectively. The occupational titles were printed on small cards and the occupational prestige ratings were collected by requesting re-

spondents to sort the cards into boses formed by the rungs of the ladder. [P. 35.][1]

Significance testing between two prestige scores, or among a group of scores, requires knowledge about the standard errors. Since there is a different standard error term for each pair of scores, Siegel has provided a few values which are likely to exceed most actual standard errors. For more detail on standard error, sources of the prestige scores, and the method of translating the respondents' rankings into a standardized metric system, see Siegel, Prestige in the American Occupational Structure.

4. Respondent Education

Level of Education	No. of Responses
No formal schooling	6
1st grade	4
2nd grade	1
3rd grade	8
4th grade	20
5th grade	13
6th grade	19
7th grade	39
8th grade	126
9th grade	63
10th grade	96
11th grade	90
12th grade	541
1 year of college	105
2 years	120
3 years	55
4 years	119

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[1]Paul S. Siegel, Prestige in the American Occupational Structure. Unpublished Ph.D. Dissertation, Department of Sociology, University of Chicago, March, 1971. (Available from Photoduplication Department, University of Chicago Libraries, Chicago 60637.)

4. Respondent Education continued

Level of Education	No. of Responses
5 years of college	34
6 years	
7 years	17
8 years	16
Don't Know	3
No Answer	3

5. Social Class

a. Question.

If you were asked to use onf of four names for
your social class, which would you say you belong
in: the lower class, the working class, the middle
class, or the upper class?

b. Responses.

Response	No. of Responses
Lower class	83
Working class	715
Middle class	693
Upper class	36
No class (vol.)	0
Don't know	2
No answer	3
Not applicable	0

II. Socio-Psychological Variables

A. Socio-Economic Political Views

1. Political Orientation

a. Question.

We hear a lot of talk these days about liberals and
conservatives. I'm going to show you a seven-point

scale on which the <u>political</u> views that people might hold are arranged from extremely liberal-- point 1--to extremely conservative--point 7. Where would you place yourself on this scale?

b. Responses

Political Views	No. of Responses
Extremely liberal	22
Liberal	142
Slightly liberal	241
Moderate, middle of the road	549
Slightly conservative . . .	263
Conservative	188
Extremely conservative . .	30
Don't Know	70
No Answer	27
Not Applicable	0

2. Political Alienation

a. Question.

Now I want to read you some things some people have told us they have felt from time to time. Do you tend to feel or not the people running the country don't really care what happens to you.

b. Responses.

Response	No. of Responses
Yes, feel	779
No, not feel	678
Don't know	63
No answer	12
Not applicable	0

3. Economic Alienation

a. Question.

Do you tend to feel or not that the rich get richer and the poor get poorer.

b. Responses.

Response	No. of Responses
Yes, feel	1120
No, not feel	355
Don't know	43
No answer	14
Not applicable	0

4. Economic Orientation

a. Question.

Some people think that the government in Washington ought to reduce the income differences between the rich and the poor, perhaps by raising the taxes of wealthy families or by giving income assistance to the poor. Others think that the government should not concern itself with reducing this income difference between the rich and the poor.

Here is a card with a scale from 1 to 7. Think of a score of 1 as meaning that the government ought to reduce the income differences between rich and poor, and a score of 7 meaning that the government should not concern itself with reducing income differences. What score between 1 and 7 comes closest to the way you feel? (CIRCLE ONE):

GOVERNMENT SHOULD DO
SOMETHING TO REDUCE
INCOME DIFFERENCES
BETWEEN RICH AND POOR.

GOVERNMENT SHOULD NOT
CONCERN ITSELF WITH
INCOME DIFFERENCES.

```
|_____|
  1      2      3      4      5      6      7
```
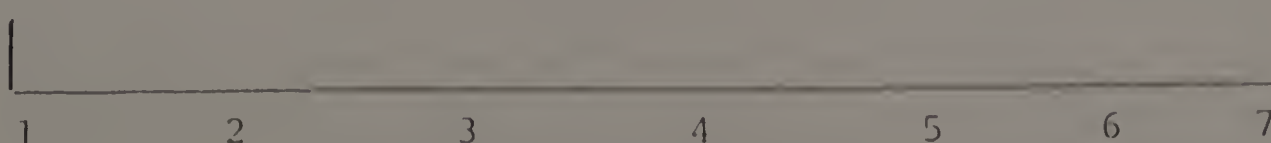
b. Responses.

Response	No. of Responses
Government should	146
	82
	130
	157
	81
	57
Government should not . . .	94
Don't Know	11
No Answer	3
Not Applicable	771

5. Attitudes Towards Conservation of the Natural Environment

a. Question.

We are faced with many problems in this country, none of which can be solved easily or inexpensively. I'm going to name some of these problems, and for each one I'd like you to tell me whether you think we're spending too much money on it, too little money, or about the right amount. Are we spending too much, too little, or about the right amoung on improving and protecting the environment?

b. Responses.

Attitude	No. of Responses
Too little	801
About right	501
Too much	146
Don't Know	80
No Answer	4
Not Applicable	0

B. Satisfaction Indicators

1. The Extent of Satisfaction with Financial Situation

a. Question.

We are interested in how people are getting along
financially these days. So far as you and your
family are concerned, would you say that you are
pretty well satisfied with your present financial
situation, more or less satisfied, or not satis-
fied at all?

b. Responses.

Response	No. of Responses
Pretty well satisfied . . .	518
More or less satisfied . .	646
Not satisfied at all . . .	365
Don't Know	2
No Answer	1

2. Job Satisfaction

a. Question.

On the whole, how satisfied are you with the work
you do--would you say you are very satisfied,
moderately satisfied, a little dissatisfied, or
very dissatisfied?

b. Responses

Response	No. of Responses
Very satisfied	651
Moderately satisfied	463
A little dissatisfied . . .	108
Very Dissatisfied	58
Don't Know	1
No Answer	29
Not Applicable	222

C. Desirable Socio-Psychological
Attributes (Values)

a. <u>Questions.</u>

A. The qualities listed on this care may all be important, but which <u>three</u> would say are the <u>most desirable</u> for a <u>child</u> to have?

B. Which <u>one</u> of <u>these three</u> is the <u>most</u> desirable of all?

C. All of the qualities listed on this card may be desirable, but could you tell me which three you consider <u>least important</u>?

D. And which <u>one</u> of these three is <u>least important</u> of all?

    1. That he is honest

    2. That he tries hard to succeed.

    3. That he is responsible.

b. <u>Responses.</u>

    1. Honesty

Response	No. of Responses
One most desirable . . .	581
Three most desirable . .	470
Not mentioned	449
Three least desirable .	15
One least desirable . .	5
Don't Know	2
No Answer	10
Not Applicable	0

2. Success

Response	No. of Responses
One most desirable . . .	41
Three most desirable . .	181
Not mentioned	881
Three least desirable .	344
One least desirable . .	73
Don't know	2
No answer	10
Not applicable	0

3. Responsibility

Response	No. of Responses
One most desirable . . .	118
Three most desirable . .	378
Not mentioned	917
Three least mentioned .	93
One least mentioned . .	14
Don't Know	2
No Answer	10
Not Applicable	0

D. Perceived Power (Impact Alienation)

a. Question.

Now I want to read you some things some people
have told us they have felt from time to time. Do
you tend to feel or not that what you think doesn't
count very much any more?

b. Responses.

Response	No. of Responses
Yes, feel	836
No, not feel	594
Don't know	87
No answer	15
Not applicable	0

III. Exposure to Mass Media

a. Question.

On the average day, about how many hours do you personally watch television? (VAR: TVHOURS)

b. Responses.

No. of hours	No. of Responses
00 hours	91
01 hours	316
02 hours	418
03 hours	287
04 hours	194
05 hours	99
06 hours	55
07 hours	8
08 hours	30
09 hours	3
10 hours	12
11 hours	0
12 hours	10
13 hours	1
14 hours	0
15 hours	1
16 hours	0
17 hours	0
18 hours	1
20 hours	1
24 hours	1
Don't Know	1
No Answer	3
Not Applicable	0

IV. Level of Confidence in Big Business

a. Question.

As far as the people running institutions are concerned, would you say you have a great deal of confidence, only some confidence, or hardly any confidence at all in them?

- Major Companies

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A great deal  .   .   .   .   .  331
Only some    .   .   .   .   .  885
Hardly Any  .   .   .   .   .  245
Don't Know  .   .   .   .   .   68
No Answer    .   .   .   .   .    3
Not Applicable  .   .   .   .    0
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