

RIGHTS-DRIVEN CONSUMER ACTIONS: THE LINK BETWEEN AWARENESS OF CONSUMER RIGHTS AND FINANCIAL INDEPENDENCE

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Abstract

This research suggests that as individuals' financial standing improves and they achieve a debt-free status, the link between their awareness of consumer rights and their ability to act on this knowledge becomes stronger. The study utilized a multistage random sampling method to gather data from a diverse group of consumers across Kerala. The findings indicate that consumers who are free of debt are more likely to translate their awareness of consumer rights into informed actions, demonstrating a positive correlation between financial stability and proactive consumer behavior. The study highlights the significance of debt freedom in empowering consumers to make better decisions regarding their rights, underlining how financial security can lead to more active engagement with consumer protection principles. The paper discusses the broader implications of these findings, emphasizing the need for further research into how financial literacy and consumer education can enhance consumer rights awareness and behaviors, particularly in regions with varying levels of economic stability. The results could inform policy makers and businesses about the role of financial independence in fostering informed consumer practices.

Keywords: consumer rights awareness, debt-free status, consumer rights informed behaviour

Introduction

Being knowledgeable about and actively exercising their rights empowers consumers to make informed decisions and achieve greater autonomy in the marketplace. Previous studies, such as those by Ishak & M. Zabil (2012), have demonstrated a positive correlation between consumer rights awareness and consumer behavior. However, despite consumers' understanding of their rights, financial obligations or indebtedness to businesses often inhibit them from asserting these rights in accordance with established regulations. This research investigates how the combination

of consumer rights awareness and debt-free status influences consumers' ability to act on their rights. By examining the interactive effect of these two factors, the study seeks to shed light on how financial independence may enhance consumers' ability to engage in informed behaviors related to consumer protection.

Literature Review and Theory

Consumer rights-based actions are deliberate behaviors driven by an understanding of one's entitlements (Mulvey et al., 2023). Research has shown that informed consumers tend to make more prudent decisions compared to those with limited awareness (Dommeyer & Gross, 2003; Zandstra et al., 2016; Rhein & Schmid, 2020). Agbonifoh and Edoreh (1986) identified that the root cause of consumers' disadvantaged position in the marketplace is often a lack of awareness. When consumers are knowledgeable about their rights, they are better equipped to make informed choices, ultimately leading to greater consumer autonomy (Reisch & Zhao, 2017; Coulson-Thomas, 2010; Wang et al., 2021; Devi & Rao, 2016; Adkins & Ozanne, 2005; Campbell et al., 2011). Consumers who are aware of their rights are more likely to file complaints with sellers or service providers if they encounter any issues with purchased goods or services. Previous studies support the idea that consumer rights awareness fosters consumer complaint behavior (Agbonifoh & Edoreh, 1986; Ajzen, 1985; Azizah et al., 2022; Dommeyer & Gross, 2003).

However, despite awareness of their rights, consumers' financial obligations can prevent them from engaging in informed consumer behavior. Research by Turunen and Hiilamo (2014) found that growing indebtedness leads to stress, limiting consumers' bargaining power and impeding their ability to make thoughtful purchasing decisions. This financial pressure and its psychological effects can undermine the enforcement of consumer rights (Chelminski & Coulter, 2011; Ondersma, 2014; Redmond, 2000; Tay et al., 2016; Hiilamo, 2020; Robb et al., 2012). Based on existing literature, it can be hypothesized that consumers' debt-free status enhances the connection between their awareness of consumer rights and their ability to act on those rights.

Conceptual Model and Hypothesis

H1: *As consumers become debt-free, the link between their awareness of consumer rights and their ability to act on those rights becomes stronger.*

Methodology

1. Participants and Methodology

This research was carried out among household consumers in Kerala, India. Initially, a pre-test was conducted with 50 participants to refine the interview schedule, ensuring that necessary adjustments were made to the instrument before the final round of data collection. The study utilized a multi-stage random sampling approach, selecting a total of 300 respondents. Kerala was divided into three regions: South, North, and Central. From each region, one district was randomly chosen, and within each district, one Panchayat and one Municipality were selected at random. Additionally, one ward from each of the selected Panchayats and Municipalities was chosen for data gathering. To ensure diverse representation, a random selection of 50 households was made from each ward. This method enabled a comprehensive representation of Kerala through six wards, where data was gathered from consumers in each of the selected households. The data collection process included responses from 300 individuals, with no missing data in the sample.

2. Measurement of Variables

2.1 Consumer Rights Awareness

To assess the participants' awareness of consumer rights, a tailored measure was developed, considering the specific context of consumer rights in India. The questionnaire covered areas such as consumers' entitlement to safety, information, choice, the right to complain, remedies, and

education. Each correct response was assigned a score of one, reflecting the participant's level of awareness regarding their rights.

2.2 Debt-Free Status

The respondents' financial situation was measured using a single-item, five-point scale to assess their debt-free status. The scale ranged from 1 to 5, with higher values indicating a greater degree of financial freedom from debt. This approach allowed for a clear understanding of how indebtedness or the lack thereof influenced the behaviors and attitudes of the consumers in the study.

2.3 Consumer Rights-Informed Behavior

To evaluate the behaviors of respondents in relation to their awareness of consumer rights, a ten-item scale was designed. This scale mirrored the structure of the consumer rights awareness measure and focused on rights-based behaviors. The respondents rated their behavior on a scale from 1 to 5, where 1 signified "never" and 5 represented "always." The scale demonstrated an adequate level of internal consistency (with a Cronbach's alpha of 0.842) and validity, confirming its reliability for accurately capturing consumer rights-related behavior.

3. Data Analysis

The data collected were analyzed using SPSS software. Ordinary least squares (OLS) path analysis was employed to test the interaction effect of consumer rights awareness and debt-free status on consumer rights-informed behavior. The analysis revealed that there was no significant issue with multicollinearity among the independent variables, ensuring the robustness of the model and the validity of the results.

Results

Table 1

Socio-Demographic profile of respondents.

	n	%
Gender		
Female	110	36.7
Male	190	63.3
Age		
> 45	149	49.7
Others	151	50.3
Education		
College Education	39	13
Others	261	87
Annual Income		
> 25000	93	31
Others	207	69
Employment Status		
Agriculture and Agriculture Labourer	111	37
Government and semi-government	30	10
Others	159	53

The gender distribution indicated that 36.7% of the respondents were female, while 63.3% were male. In terms of age, 49.7% of participants were over 45 years old. Regarding educational qualifications, 13% of the respondents had completed college-level education. Analysis of annual income revealed that 31% of the participants earned more than Rs. 25,000. The occupational profile showed a diverse range of employment, with 37% of individuals working in agriculture or as agricultural laborers, while 10% were employed in government or semi-government positions.

Table 2*Summary Statistics*

	Mean	SD	Min	Max
Consumer rights awareness	5.62	1.48	1	8
Debt free status	2.9	0.82	1	5
Consumer rights-based behaviour	2.32	0.59	1	4.5

The summary statistics for all measures revealed that respondents had an average score of 5.62 out of 10 for consumer rights awareness. The average debt-free status score was 2.90 out of 5, while the average score for consumer rights-informed behavior was 2.32 out of 5.

Table 3*Correlation between consumer rights awareness, debt free status and rights informed behaviour*

	Consumer right awareness	Debt free status	Consumer right informed behaviour
Consumer right awareness	-		
Debt free status	0.855*	-	
Consumer right informed behaviour	0.901*	0.902*	-

*P < .05

The Pearson correlation analysis demonstrated a strong and statistically significant positive relationship between consumer rights awareness and consumer rights-informed behavior, with a correlation coefficient of .901. Similarly, the link between debt-free status and consumer rights-informed behavior was also found to be positive and significant, with a correlation of .902.

Table 4*Interaction effect of consumer right awareness and debt free status on consumer behavior*

Variable	Coefficient	SE	T	P-Value
Consumer right awareness	0.1148	0.0276	4.1533	0
Free from debt	0.1807	0.0568	3.1816	0.0016
Consumer right awareness X Free from debt	0.0297	0.0087	3.4001	0.0008

Model Summary: $R^2 = .8806$, $F(3, 296) = 727.7133$, $p = .0000$

Source: Primary survey

The findings indicate that the correlation between consumer rights awareness and consumer rights-informed behavior is both positive and statistically significant, aligning with previous studies (Chelminski & Coulter, 2011; Dommeyer & Gross, 2003; Ondersma, 2014). In addition, the study reveals that the coefficient between debt-free status and consumer rights-informed behavior is also positive and significant. Specifically, consumers who are aware of their rights are more likely to engage in rights-informed behavior ($b_1 = .1148$), and consumers who are debt-free are more likely to exercise their rights ($b_2 = .1807$). Furthermore, the interaction effect between consumer rights awareness and debt-free status on consumer rights-informed behavior was found to be significant ($b_3 = .0297$). This confirms the hypothesis that the connection between consumer rights awareness and rights-informed behavior strengthens as debt-free status increases.

The study provides a clearer understanding of this interaction by demonstrating that when the debt-free status is 2 out of 5, the impact of rights awareness on rights-informed behavior is .1742. However, when the debt-free status increases to 4 out of 5, the effect of rights awareness on rights-informed behavior rises to .2336. These results suggest that as consumers' debt-free status increases, coupled with a higher level of consumer rights awareness, their behavior becomes more prudent and reflective of informed decision-making.

Discussion and Conclusion

The positive and significant relationship between consumer rights awareness and consumer rights-informed behavior supports existing literature (Chelminski & Coulter, 2011; Dommeyer & Gross, 2003; Ondersma, 2014). This study specifically explores the influence of debt-free status in enhancing consumer rights awareness and rights-informed behavior, finding that consumers who are financially unburdened are more likely to assert their rights effectively.

The implications of these findings are significant for both consumer education and policy formulation. Consumer educators should design programs that focus not only on improving general consumer rights awareness but also on enhancing financial literacy and debt management strategies. Tailoring educational initiatives to assist consumers in achieving financial freedom could result in more responsible and knowledgeable consumer behavior, combining consumer rights awareness with sound financial practices. Such initiatives could be integrated into broader financial education curricula, equipping consumers with the tools they need to make informed decisions.

For policymakers, the results underscore the importance of offering financial counseling services and implementing debt management programs to promote responsible borrowing and spending. Furthermore, policymakers should consider incentivizing debt reduction and prudent financial practices to foster a consumer environment where individuals are empowered to assert their rights with confidence.

However, this study does have limitations, primarily because it is cross-sectional, which restricts the ability to establish causal relationships among the variables. Future research could address these limitations by testing the model over time and incorporating potential covariates to deepen understanding of the dynamics between consumer rights awareness, debt-free status, and consumer behavior.

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