Delphi Study of Experts' Rankings of Personal Finance Concepts Important in the Development of the InCharge Financial Distress/Financial Well-being Scale[1]

This study sought the counsel of a group of experts throughout the United States with expertise in a variety of occupations in personal finance. They were presented a list of concepts and asked for their judgments on which would best measure the construct, *personal financial well-being*. The concepts were presented to them in the context of a financial distress scale. Three phases of data collection using a modified version of the Delphi qualitative research methodology found unanimity on two concepts, "Worry about being able to meet normal monthly living expenses" and "Living today on a paycheck-to-paycheck basis," as well as strong consensus on several other concepts.

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Introduction

One of the domains of overall psychological well-being is personal financial management, and a key determinant of psychological well-being is economic distress. Many objective measures of financial well-being exist, such as income, net worth, and debt-to-income ratios. However, an effective measure of subjective personal financial well-being or financial distress does not exist. A key step in the development of a subjective scale, therefore, would be to solicit the opinions of experts to create an instrument that could be used to assess the negative aspect of one's personal financial well-being, sometimes called financial strain, as well as to measure the positive aspects of overall financial well-being.

Purpose

The purpose of this study was to seek the counsel of a group of experts throughout the United States with expertise in a variety of occupations in personal finance on a list of concepts that, in their judgment, best measure the construct, *personal financial well-being*, presented to them in the context of a financial distress scale. The collective views of experts could then be incorporated into the decision-making process when creating a subjective measure of financial well-being.

Anticipated Uses of the Findings

The opinions of a national panel of experts in personal finance are reported as rankings of personal finance concepts in terms of importance. Those views are to be utilized in the process of creating a new measure of subjective financial well-being, the InCharge Financial Distress/Financial Well-Being scale (IFDFW). The experts' opinions will be combined with other research findings and statistical data obtained about the many related concepts via focus groups, telephone and mail surveys. It is anticipated that the IFDFW, once constructed, field tested, and normed, will be used by experts to accurately and reliably assess efforts and treatments aimed at reducing financial distress and improving personal financial well-being. Those efforts might involve information, education, counseling, and advice. The expectation is that the IFDFW could be used to track the changes, advances and progress that individuals, families and the general population make in their financial condition over time.

Literature Review

Distress about financial matters is real and increasingly prevalent in American society. Rising numbers of bankruptcies are indicative of such financial distress and poor financial well-being. Concerns about personal finances have been linked to health (Bagwell, 2000; Drentea, 2000; Drentea & Lavrakas, 2000; Jacobson, Aldana,

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Goetzel, Vardell, Adams, & Pietras, 1996; O'Neill, Xiao, Sorhaindo, & Garman, 2004; Pearlin & Radabaugh, 1977). One's debt burden also has been found to negatively affect health (Bagwell, 2000; Drentea & Lavrakas; Sorhaindo & Garman, 2002). The negative spillover effects of perceived financial stress also impact children (Takeuchi, Williams & Adair, 1991) and family members (Freeman, Carlson, & Sperry, 1993; Lorenz, Conger, Simon, & Whitbeck, 1991). Stresses about personal finances contribute to marital stress (Freeman, Carlson & Sperry; Olson, McCubbin, Barnes, Larsen, Muxen, & Wilson, 1983). The negative impacts on marriage include decreased levels of cooperation, increased negative communications and hostility (Conger et al., 1990). Financial stress also is associated with lower self-esteem (Kernis, Grannemann & Mathis, 1991). Economic strain or distress often manifesting as financial distress has been found to be a good predictor of well-being as it significantly reduces psychological well-being (Campbell, 1981; Campbell, Converse and Rodgers, 1976; Grasmick, 1992). Stress about one's personal finances also has been found to negatively impact job performance (Garman, Leech & Grable, 1996; Joo, 1998; Sorhaindo & Garman, 2002).

A number of published studies have examined financial distress in credit counseling clients (Bagwell, 2000; Garman et al., 1999; Kim, Garman, et al. 2003; Sorhaindo & Garman, 2002; Staten, 2002). Researchers at the InCharge Institute of America have collected data from two populations of new credit counseling clients enrolled in their debt management program (DMP). In past studies, these researchers have found that DMP clients, at the time of enrollment, report that they had reduced financial well being, were dissatisfied with their current financial situation, and were seriously distressed about their finances (Kim, Garman, et al.; Kim, Sorhaindo, et al. 2003; Sorhaindo, Kim, & Garman, 2003). InCharge also has conducted follow-up studies of some of those same clients (Sorhaindo & Garman, 2002) and found increases in financial well-being and decreases in financial distress among those who remained in the program (Bagwell, 2000; Sorhaindo & Garman; Sorhaindo et al., 2003). Those and other studies have used various combinations of similar questions that inquired about financial well-being and distress about financial matters.

Methodology

The methodology for this study involved five steps: (1) Create a list of personal finance concepts relevant to financial distress and financial well-being; (2) Identify a panel of experts in personal finance; (3) Utilize a modified version of the Delphi process as a qualitative research method; (4) Create a survey instrument to assess the views of the experts; and (5) Collect data using three-phase Delphi process.

Personal Finance Concepts Relevant to Financial Distress and Financial Well-Being

For the last fifteen years, a variety of researchers have examined various conceptual models of overall well-being. They have employed systems theory to better understand personal financial well-being as well as reviewed literature and research on the topics of personal finance, stress, financial distress, bankruptcy, credit counseling, and workplace financial education. Those efforts came together beginning in 1996 when researchers began to identify what might be described broadly as the various concepts, issues, and components related to personal and family financial well-being. A series of survey studies and speeches about them were begun starting in 1996 (Garman, 1997a; Garman, 1997b; Garman, 1997c; Garman, 1997d; Garman, 1998; Garman, Camp, Kim, Bagwell, Baffi, & Redican, 1999; Garman & Leech, 1997; Kratzer, Brunson, Kim, Garman, & Joo, 1998) that included a variety of personal finance concepts, including questions on the topics of financial satisfaction, financial stressors, feelings of financial well-being, financial behaviors, and impacts on family and work.

Many of these concepts are identified in Porter's conceptual framework (1990). Many also were among the scaled listing of 35 poor financial behaviors in Garman, Leech & Grable (1996). Other concepts were noted in or alluded to in the work of Beautler & Mason (1987), Godwin & Carroll (1985), Grasmick (1992), Hafstrom & Dunsing (1973), Joo (1998), Mirowsky & Ross (2003), Pittman & Lloyd (1988), Prochaska-Cue (1998), and Ross & Huber (1985). The researchers in 2002 and 2003 examined various research instruments, conceptual models, concepts, issues and survey questions (Bagwell, 2000; Garman, 1998; Garman et al, 1999; Joo, 1998; Kim, Garman, et al. 2003; Kim, Sorhaindo, et al. 2003; Sorhaindo & Garman, 2002). These studies referred to 51 concepts, attributes and objects that might be construed to be relevant to aspects, conditions or dimensions of personal financial distress and financial well-being.

Each concept was then restated as a statement specific to certain circumstances. For example, the concept of "availability of financial resources" was stated in three different formats: "availability of savings to pay for 3 months' living expenses," "availability of money to go out for entertainment," and "availability of money to pay for minor emergency."

In May 2004 an e-mail survey was conducted of over 50 personal finance college professors and 40 financial education experts in business. It asked them to critique and offer suggestions regarding the 51 concepts described as being associated with financial distress/financial well-being. Comments and ideas were received from 30 professors and 18 businesspersons, including several additional suggested concepts some of which were judged redundant with other concepts.

From all the sources above, 58 personal finance concepts were eventually identified as most relevant to personal financial well-being and financial distress. Collectively, these concepts illustrated certain salient life experiences, behaviors, concerns, perceptions and personal judgments regarding the common personal finance topics of money, credit, and economic resources.

To narrow the list of concepts to those most appropriate, each concept was judged against four criteria standards: (1) Concept must clearly describe distinct aspects of financial distress and/or financial well-being, (2) Concept must be different enough to avoid being confused with other concepts, (3) Substantial likelihood that the concept would occur in a substantive proportion of the population; and (4) Substantial likelihood that concept would occur with adults whether or not they utilized credit cards and installment loans/leases.

As a result, the list of 58 was shortened to 20 concepts that might be construed to be the most relevant to aspects of personal financial well-being. Therefore, in effect, the final 20-concept list comprises a conceptual framework of personal financial distress/financial well-being. Table 1 lists the 20 concepts in alphabetical order.

<u>Identify a Panel of Experts in Personal Finance</u>

People from a number of different disciplines and interests deal with the personal finance issues facing consumers. These include financial planners, financial advisors, investment experts, creditors, financial educators, marriage counselors, pastoral counselors, bankruptcy attorneys, professors, cooperative extension specialists and agents, college financial aid counselors, retirement educators, specialists in workplace financial education, and people working in credit counseling, credit unions, banks, and mutual funds. Also, the military employs financial counselors and legal counsel on financial matters. There is one national professional association whose membership comprises people working in nearly all of these professions, the Association for Financial Counseling and Planning Education (AFCPE).

The most recent AFCPE membership list which contained personal information for the over 800 members was examined. The AFCPE list represented a diverse population with varying backgrounds, experiences, expertise, and geographic locations. A random sample of the names was not appropriate because the researchers wanted to obtain the opinions of nationally known experts who had demonstrated in one way or another genuine expertise and knowledge in personal finance. One hundred and ten members were identified by the researchers as people who met the following criteria: Had been long-time members of the AFCPE, served on its board of directors or committees through the years, made research or best practice presentations to the membership at the organization’s annual conferences, written educational materials in personal finance, and/or otherwise were known as leaders in personal finance.

The 110 names were subject to a second examination against the above criteria in an effort to create an expert panel with more than basic expertise about personal finance. As a result, the list was pared to 52 names. The group included representatives of the following major subgroups of members with substantial expertise in personal finance: academic teaching professors, cooperative extension specialists, cooperative extension agents, retirement educators, financial educators, financial writers, workplace financial education businesspersons, military financial counselors, civilian financial counselors, for-profit financial counselors, and certified counselors in the credit counseling industry. These types of professionals represent perhaps the largest sub-groups within the AFCPE membership. Both active and retired people were identified.

The panel of 52 experts included 36 women and 16 men, 33 people with doctoral degrees, 18 academic teaching professors, 12 extension specialists and agents, 2 attorneys, 2 people from foundations, 10 military financial counselors and financial aid specialists, 9 from various for-profit businesses, 5 retirement specialists, 6 from credit counseling, and 3 retired persons. These numbers add up to more than 52 because of overlapping categories. The 52 experts selected were from 31 states and the District of Columbia.

<u>Utilize the Delphi Process as a Research Method</u>

This study employed the Delphi method from qualitative research methodology. The Delphi process presumably gets its name from the famed Greek Delphic oracle Pythia, who was skilled in interpretation and foresight and who predicted future events from the temple of Apollo at Delphi (Neill, 2003).

The purpose of the Delphi nominal research process “is to elicit information and judgments from participants to facilitate problem-solving, planning, and decision-making (Dunham, 1998, p. 1). It is a very good tool for obtaining input from recognized sources of expertise, and there is no need for face-to-face conversations (Betterproductdesign, 2004). It utilizes repeated measurements and controlled feedback. The Delphi research process "is a means of aggregating the judgments of a number of individuals in an effort to improve the quality of decision-making (Cornell Cooperative Extension, 1994, p. 1)." The Delphi process has some rigor in that it strengthens the validity of the results considerably, and it is understood that knowledge of some value will evolve (Neill, 2004). Moreover, it results in synthesis and clarity on the research question posed.

The Delphi study process asks participants, especially those who are widely dispersed geographically, to complete multiple questionnaires, typically by mail or e-mail (Custer, Scarcella & Stewart, 1999). Developed by Olaf Helmer and Norman Delkey for the Rand Corporation in the 1950s and 1960s (Sahin, 2004; Taylor-Powell, 2002; McNeil, undated), the Delphi methodology seeks, in an informal way, to obtain subjective opinions from a group that "can be directly converted to a formal model, when the data is more knowledge based (Cline, 2000, p 1.)" The Delphi technique is used when there is a lack of objective information for appropriate decision-making, and it can be substantially more accurate than interviewing individual experts or meeting face-to-face in groups. The method takes advantage of multiple "expert" views while at the same time eliminates traditional facilitation issues like groupthink, undue influence by verbal personalities, and biased individuals (Synergy Fest, 2004). It is a particularly helpful tool where unanimity of opinion does not exist, perhaps "due to a lack of scientific evidence, as well as where there is contradictory evidence on an issue…. (Pope & Mays, 2000, p. 1)"

The Delphi technique is widely used in long-range planning in defense, government, education, health, transportation, and international affairs. The original Delphi method began with an open-ended questionnaire to solicit information and/or opinions. Multiple rounds of surveys were utilized. Participants were asked in a series of rounds to rank the relative importance of the ideas or concepts and also to offer editing suggestions, new ideas and other changes. Respondents prioritized ideas in the first questionnaire, and then mailed back their responses. The researchers summarized the responses and sent a second questionnaire again requesting experts to rank their opinions. The process was repeated until rankings are firm and a consensus is attained (Michigan State University, 1994.

The Delphi technique has been modified through the years. There usually are three rounds of surveys that are designed to yield consensus. Those familiar with the Delphi method report that:

> "The modified Delphi technique is similar to the full Delphi in terms of procedure (i.e., a series of rounds with selected experts) and intent (i.e., to predict future events and to arrive at consensus). The major modification consists of beginning the process with a set of carefully selected items. These pre-selected items may be drawn from various sources including related competency profiles, synthesized reviews of the literature, and interviews with selected content experts. The primary advantages of this modified Delphi are that it (a) typically improves the initial response rate, and (b) provides a solid grounding in previously developed work (Custer, Scarcella & Stewart, 1999)."

In effect, the participants brainstorm the task at hand by not only ranking the concepts listed on a questionnaire, but also comment on the clarity, usefulness, strengths, and weaknesses of the individual concepts and offer additional new concepts for consideration. When "dominant, highly evaluated ideas emerge via consensus, the exercise is declared finished. The end product is a list of ideas with their concomitant strengths and weaknesses (Dunham, 1998, p. 2)."

Create a Survey Instrument to Assess the Views of the Experts

A survey instrument was created to seek the opinions of experts on which statements best described the concepts in the construct of personal financial distress and financial well-being. The eventual selected concepts would be those the experts thought would validly assess the construct of financial distress and financial well-being. The 20 conceptual statements (not phrased as questions) were listed in alphabetical order on a survey questionnaire form that was designed to solicit experts' rankings and opinions on the suitability for inclusion on what was described to them as the a financial distress scale. In the first phase, experts were asked to rank their top ten choices. In the second phase, they were asked to rank their top ten out of 14 concepts listed. The third phase asked them to rank their top five of ten concepts listed.

A cover letter was prepared that accompanied the survey questionnaire sent to the expert panelists that, in part, stated that the questions on the eventual scale would be presented to individuals who would be asked to "evaluate their current financial situation using items designed to measure financial distress." Subsequent communications to the experts suggested that the eventual IFDFW would be "used to track the changes, advances and progress that individuals, families and the general population make in their financial condition over time."

Collect Data Using Three-phase Delphi Process

There were three phases to this Delphi study. The first mailing of the 52 survey instruments and letters were distributed by first-class mail in early September 2004. Five survey forms were returned because of inaccurate addresses that could not be reconciled. Two people declined to participate in the study. Thus, there were 45 experts in the panel. One of the 45 chose not to respond to the first questionnaire, leaving 44 responses to the Phase 1 survey, and one expert chose to not respond to the third questionnaire. The origination point for the data collection was Orlando, Florida, which suffered four successive hurricanes during the several weeks period between early September and late-October. This delayed mail delivery. Thus, it was decided to conduct the first follow-up reminder via e-mail, rather than the traditional post-card or second letter. E-mail was the primary data collection method for Phases 2 and 3. There were 45 responding participants (including one Phase 1 non-respondent) during Phase 2; there were 44 responses during Phase 3. Thus, all three phases had high participation rates.

Findings

The mean scores (based on ranking given, where 1 indicates highest importance) for each concept are shown in Table 1. Each score, such as 4.92 in the Phase 1 column, is an arithmetic mean calculated by dividing the sum of the total scores by the number of respondents who rated the associated concept (in this instance, 4.92 = 123 [summed total] divided by 25 [respondents]). No respondents ranked more than their top-10 choices in Phases 1 or 2, nor did anyone rank more than their top-5 choices in Phase 3. Respondents in phase 3 were asked to rank their top-5 choices from a list of 10. Thus each mean score is a score for only those respondents who chose to rank those particular concepts.

Data for all three phases are presented in this report. Tables 1, 2 and 3 provide the respondents' rankings for the three phases of the Delphi study, and Table 4 shows concepts that were ranked in the first and/or second phase but not ranked in the third phase. Many experts wrote in their suggestions for other concepts and ranked them as part of their highest rankings. These are summarized in Table 5. In addition, the experts were requested to provide written comments about the study in general as well as each of the concepts listed for their consideration.

Scores and Rankings for the Three Phases

Table 1, *Mean Score Data for Three Phases*, presents all 20 concepts listed on the Phase 1 questionnaire. These are the concepts shown in alphabetical order on the questionnaire for the experts to rank. Given that there were 20 concepts listed, there was quite a range in the number of rankings for each concept. The rankings ranged from 37 (of the 44) for one concept to 5 for another, and the median point was 21 responses (data not shown in the tables). Ten concepts received 22 or more rankings. The five highest ranking concepts in Phase 1 and their mean scores were "T" Worry about being able to meet normal monthly living expenses (3.97), "N" Living today on a paycheck-to-paycheck basis (4.79), "A" Ability to handle $1,000 financial emergency (4.92), "R" Spend some time at work on personal financial concerns (4.92), and "K" Feelings about level of stress today (4.93). There were a number of written-in concepts, and these are shown in Table 5.

A natural cut-off point was observed in the Phase 1 range of rankings, and the 6 concepts receiving fewer than 12 rankings from the 44 respondents were eliminated from inclusion on the Phase 2 list of concepts. Accordingly, the Phase 2 questionnaire presented the 14 highest-ranking concepts from Phase 1 to the experts for their evaluation, and this is shown in Tables 1 and 2.

As shown in Table 1, the rankings from Phase 2 showed a growing consensus, although again there were a number of written-in concepts, and these are shown in Table 4. The five highest-ranking concepts in Phase 2 and their mean scores were "T" Worry about being able to meet normal monthly living expenses (2.53), "N" Living today on a paycheck-to-paycheck basis (4.38), "S" Stressed about one's personal finances in general (5.31), "K" Feelings about one's current financial condition (5.36), and "P" Satisfaction with one's present financial situation (5.86).

Table 1 shows that two of the five top-ranked concepts were ranked so in both Phases 1 and 2. These two are "T" Worry about being able to meet normal monthly living expenses, and "N" Living today on a paycheck-to-paycheck basis. The same two top-10 concepts from both Phases 1 and 2 were so ranked in Phase 3, as shown in Table 1.

Table 1 – Mean Score Data for Three Phases
(Lower Scores Indicate Higher Rankings)
"What are the 10 most important concepts to include on the InCharge Financial Distress Scale?"

20 Concepts (in alphabetical order)	**Phase 1 (N=44)**	**Phase 2 (N=45)**	**Phase 3[a] (N=44)**
A. Ability to handle $1,000 financial emergency	4.92	5.89	4.00
B. Ability to manage money	6.21	6.38	4.62
C. Assessment of quality of personal financial behaviors	7.90[b]		
D. Availability of savings to pay for 3 months' living expenses	6.74	6.50	
E. Availability of money to go out for entertainment	8.00[b]		
F. Availability of money to pay for minor emergency	6.00	6.46	4.18
G. Confidence about a plan to reach financial goals	6.80	7.17	
H. Confidence about long-term financial future	6.18[b]		
I. Confid' about being on-track for a finan' success' retirement	6.64[b]		
J. How well off financially	6.40[b]		
K. Feelings about level of financial stress today	4.93	6.42	3.27
L. Feelings about one's current financial condition	5.36	5.36	3.06
M. Knowledge of personal finances	5.48	6.43	4.27
N. Living today on a paycheck-to-paycheck basis	4.79	4.38	2.24
O. How good or bad finances are likely to be a year from now	7.25	7.72	
P. Satisfaction with present financial situation	5.96	5.86	3.38
Q. Secure about one's personal finances for retirement	7.45[b]		
R. Spend some time at work on personal financial concerns	4.92	7.52	
S. Stressed about one's personal finances in general	5.07	5.31	3.23
T. Worry about being able to meet normal mon' liv' expenses	3.97	2.53	1.47

[a] = Experts were asked to only rank their 5 top choices (not 10)
[b] = Received fewer than 12 rankings from 44 respondents, thus excluded from Phase 2 list

Table 2, *Rank Ordering for Three Phases*, shows how the experts ranked each concept in each of the phases. The top 14 ranks are shown for Phase 1 (20 concepts listed), 14 ranks for Phase 2 (14 concepts listed), and the top 10 ranks (10 concepts listed) are shown for Phase 3. Note that the top-two ranked concepts in all three phases were the same, with number 1 as "T" Worry about being able to meet normal monthly living expenses, and number 2 as ""N" Living today on a paycheck-to-paycheck basis.

Table 2 – Rank Ordering for Three Phases
(Lower Scores Indicate Higher Rankings)
"What are the 10 most important concepts to include on the InCharge Financial Distress Scale?"

20 Concepts (in alphabetical order)	**Phase 1 (N=44)**	**Phase 2 (N=45)**	**Phase 3 (N=44)[b]**
A. Ability to handle $1,000 financial emergency	3	6	7
B. Ability to manage money	11	7	10
C. Assessment of quality of personal financial behaviors	-		
D. Availability of savings to pay for 3 months' living expenses	12	11	
E. Availability of money to go out for entertainment	-	10	
F. Availability of money to pay for minor emergency	10	12	8
G. Confidence about a plan to reach financial goals	13		
H. Confidence about long-term financial future	-		
I. Confid' about being on-track for a finan' success' retirement	-		
J. How well off financially	-		
K. Feelings about level of financial stress today	5	8	5

L. Feelings about one’s current financial condition	7	4	3
M. Knowledge of personal finances	8	9	9
N. Living today on a paycheck-to-paycheck basis	2	2	2
O. How good or bad finances are likely to be a year from now	14	14	
P. Satisfaction with present financial situation	9	5	6
Q. Secure about one’s personal finances for retirement	-		
R. Spend some time at work on personal financial concerns	4	13	
S. Stressed about one’s personal finances in general	6	3	4
T. Worry about being able to meet normal mon’ liv’ expenses	1	1	1

[a] = Experts were asked to only rank their 5 top choices (not 10)

Table 3, *Top Ranked Phase 3 Concepts in Descending Order*, lists the results from the last phase of the Delphi study where the experts were requested to rank only their top 5 concept choices. A strong consensus exists among the experts on six concepts: (1) “T” Worry about being able to meet normal living expenses, (2) “N” Living today on a paycheck-to-paycheck basis, (3) “L” Feelings about one’s current financial condition, (4) “S” Stressed about one’s personal finances in general, (5) “K” Feelings about level of financial stress today, and (6) “P” Satisfaction with present financial situation. Each of these 6 concepts had a weighted ranking between 1.47 and 3.38, and these scores are in contrast to the four lower ranked concepts that had weighted rankings between 4.0 and 4.62.

Table 3 – Top Ranked Phase 3 Concepts
(Lower Rank Scores Indicate Higher Rankings)
“What are the 5 most important concepts to include on the InCharge Financial Distress Scale?”

Concepts in descending order	**Rankings**
T. Worry about being able to meet normal monthly living expenses	1
N. Living today on a paycheck-to-paycheck basis	2
L. Feelings about one’s current financial condition	3
S. Stressed about one’s personal finances in general	4
K. Feelings about level of financial stress today	5
P. Satisfaction with present financial situation	6
A. Ability to handle $1,000 financial emergency	7
F. Availability of money to pay for a minor emergency	8
M. Knowledge of personal finances	9
B. Ability to manage money	10

Table 4, *Five Concepts Ranked on Phases 1 and 2 But Not on Phase 3*, identifies 5 concepts that were listed in Phases 1 and/or 2, but not among the top 10 choices in Phase 3. These are the concepts that a substantial minority of the experts ranked as important but only in the early phases.

Table 4 – Five Concepts Ranked on Phases 1 and 2 But Not on Phase 3
(Lower Rank Scores Indicate Higher Rankings)

Concepts (in relative descending order of importance in the two phases)	**Rank in Phase 1 (N=44)**	**Rank in Phase 2 (N=45)**
R. Spend some time at work on personal financial concerns	4	13
D. Availability of savings to pay for 3 months’ living expenses	12	11
G. Confidence about a plan to reach financial goals	13	-
O. How good or bad finances are likely to be a year from now	14	14
E. Availability of money to go out for entertainment	-	10

Written-in Concepts Offered by the Experts

At every phase of the Delphi study, the experts were invited to write in any new concept and rank it among their choices. In phases 2 and 3, the experts were also invited to write in and give rankings to any of the 20 concepts from each of the previous lists.

There were 18 written suggested concepts in Phase 1 that were also ranked among the experts' top-10 choices. The researchers frequently judged the experts' written suggestions to be derivatives of the other listed concepts, such as "worry about meeting family's most basic needs (food, clothing, shelter)"and "concern about amount of debt owed." A variety of single unique ideas were offered, including "cannot pay minimum on monthly credit accounts," "concern over amount of debt owed," "negative credit rating," and "makes minimum payments on credit cards." One concept—"unwise use or management of credit"—was written-in and ranked by three experts in Phase 1,[2] and no other written-in concept was suggested by two experts. Thus, the original 20 concepts were deemed inclusive for the purposes of the research.

In Phase 2, the experts wrote in and ranked 14 concepts that were not listed on the questionnaire. Some were unique, such as "borrowing to pay bills" and "cannot pay minimum on monthly credit cards." As in Phase 1, most were judged to be duplicative phrasing of already identified concepts.

In Phase 3, the experts wrote in and ranked 6 concepts not listed on the questionnaire, again similar to those in Phases 1 and 2. The 44 experts made 28 notations next to the 10 questions primarily offering comments such as "feelings are hard to measure," "L, S, P, K all get the same thing," "L, K and P are too similar," "A and F seem the same," and "I believe the scale should include both perceptions and behaviors." Three written concepts appeared more than once in all three phases: (1) "personal finances impact on health," (2) "personal finances impact on relationships," and (3) unwise use or management of credit."

Additional Comments or Suggestion About Creating the Scale

On each of the three phases, the closing section included a sentence with space for two lines of written comments asking "If you have any additional comments or suggestions you would like to offer about creating the InCharge Financial Distress Scale, please write them in below." These comments were not concepts with the experts' rankings; rather they were about the study itself and the effort to create a financial distress scale. Some quotes are shown in Table 5, *Additional Comments (Selected) From Experts*.

Table 5 – Additional Comments (Selected) From Experts
(Some are slightly edited)

I found these concepts difficult to rate as they are not parallel, and they leave out many areas of finance…Important to do or not to do!
Surveys are not my forte, but I would suggest having us choose between 3 or 4 statements that get at the same point if you are looking for wording. Things that say the same basic thing are difficult to rank compared to other items.
The lead-in "stem" to the items and the competence concept (e.g., ability, assessment, feelings, etc.) are crucial to maintaining focus on the financial concept
Write them in the same voice, first person, such as: "I worry about…." I cannot…." "I do not …." or if not stated in the negative, then state them in the positive, or use an anchoring statement with positive at one end and negative at the other
Make it clear that it is the respondent's perception of the situation rather than objective measures of circumstances.
My ranking would change depending on how some of these issues are worded
I believe the scale should include both perceptions and behaviors
Sometimes other stressor (health, divorce, loss of jobs, etc) may contribute greatly to financial distress. Should consideration of those be in a financial distress scale? Maybe item "T" gets to this
Options: feeling of not getting ahead, feeling of falling behind, inability to buy things for children, constant worry about bills-paying bills.
It looks like you've taken special care not to include statements regarding debt and/or credit. However, I

[2] While the concept of "credit" and its misuse is often correctly considered as an indicator of financial distress, millions of American adults do not use consumer credit, such as credit cards and installment loans; thus, it would not be in and of itself a valid concept to present to all persons as a measure on a financial well-being scale.

feel these are major contributors to financial distress-regardless of the reasons.
Glad you deleted the concepts you removed. As one's sense of urgency over an issue grows, the stress level over it will increase proportionately or greater (i.e., the looming crisis w/Baby Boomers' retirement). Also, when one has adequate income or reserves to cover expenses and the costs of debt burdens, personal financial planning is not nearly as important as it is should be if resources are interrupted or depleted.

Comments on Strengths or Weaknesses of Individual Concept as Measures

In Phases 2 and 3, the experts were requested to "comment on each idea's strength or weakness as a measure." Many suggestions were offered in Phase 1 even though the questionnaire directions did not demand that action. The most frequent of the 28 comments on the three questionnaires that were written next to various concepts were "redundant," "too similar" and "vague." The "vague" comment was applied to concept B once and to M twice. "Redundant" was marked once for concepts L, P and S.

Discussion and Recommendations

This study sought the counsel of a group of experts throughout the United States with expertise in a variety of occupations in personal finance on a list of concepts that in their judgment best measures the construct, *personal financial well-being*, presented to them in the context of a financial distress scale. After three phases of data collection using the Delphi methodology, the experts repeatedly ranked certain concepts as important.

The concepts for which there was unanimity included "Worry about being able to meet normal monthly living expenses" and "Living today on a paycheck-to-paycheck basis." These two concepts were ranked 1 and 2, respectively, in all three phases of the study (See Table 2). In the next 8 rankings in Phase 3, the experts recommended two "feelings" concepts ("level of financial stress today" and "about one's current financial condition) and two "ability" concepts ("to handle $1,000 financial emergency" and "to manage money)." The experts also recommended in Phase 3 one concept each related to "stress" ("about one's personal finances in general"), "satisfaction" ("with present financial situation"), "availability" ("of money to pay for a minor emergency"), and "knowledge" ("of personal finances").

Three concepts were ranked in both Phases 1 and 2 but not on Phase 3 (see Table 4): "availability of savings to pay for 3 months' living expenses," "how good or bad finances are likely to be a year from now," and spend some time at work on personal financial concerns." One concept was ranked in Phase 1 only and not on Phases 2 or 3: "confidence about a plan to reach financial goals."

The very essence of this study is simply to identify concepts recommended by experts. The experts have provided their advice on a list of concepts that in their judgment best measures the construct of personal financial well-being presented to them in the context of a financial distress scale, and in fact a strong consensus exists among the experts on six concepts. It is now incumbent upon those involved in creating the InCharge Financial Distress/Financial Well-Being scale to consider the recommended concepts as possible candidates to include on the eventual list of that measurement instrument.

The next step in the development of the InCharge Financial Distress/Financial Well-Being scale is to review statistical data from previous and on-going research on the same 20 personal finance concepts, particularly the results from correlations, factor analysis and reliability calculations. The researchers have available six datasets where many of these concepts were among the questions asked. In addition, three new national datasets were collected in the summer of 2004.

This type of validation research requires a deep examination of construct validity, predictive validity and content validity. Accordingly, in addition to analyzing statistical output noted above, the degree of agreement in the Phase 1 and 2 rankings in the present study, even though not carried forward in the Phase 3 rankings, may be re-examined as possible candidates to include on the eventual list of important concepts in the measurement scale. It may also be appropriate for the researchers to review the concepts not ranked in any of the three phases from the perspective of construct validity. For example, one omission from the experts' rankings is that they did not rank as important either of two concepts on retirement ("confidence about being on-track for a financially successful retirement" and "secure about one's personal finances for retirement"). Eventually, final judgments can then be made and explanations put forward as the intent is to develop a valid and reliable measure of the construct of financial well-being. Then norms can be established and the scale can be used to establish functional relationships among variables.

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