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WHAT'S THE CHARGE?
PERCEPTIONS OF BLAME AND RESPONSIBILITY FOR CREDIT
CARD DEBT

BY

JANE ELIZABETH CLAYDON

A thesis submitted to the University of Sussex in fulfillment of the requirements for the
degree of Doctor of Philosophy in Sociology

University of Sussex
(January 2014)

DECLARATION

I hereby declare that this thesis has not been and will not be, submitted in whole or in part to another University for the award of any other degree.

Signature:.....

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Abstract

The purpose of the research conducted for this thesis was to investigate perceptions of responsibility and blame for rising levels of consumer debt in the UK, focusing on two key stakeholder groups often associated with the issues relating to consumer debt: individual borrowers and consumer credit lenders. Research was conducted with these stakeholders; debtors represented the individual borrowers and debt collectors from a large multi national credit card company represented lenders. Three central research questions lay at the heart of the research: what are the respondents' perceptions of why and how debtors use consumer credit; how are debtors perceived and treated by their creditors (i.e. through contact with debt collectors); what are the respondents' perceptions of who is to blame for consumer debt?

A mixed method approach was adopted, using primarily qualitative research methods in accordance with the interpretivist approach of the research. An online survey and in-depth interviews were adopted for the debtor respondents and focus groups and in-depth interviews were adopted for the debt collector respondents. The debtor respondents were recruited from the National Debt Line website, the biggest online money advice website in the UK, by posting an online survey on the site. The debt collector respondents were recruited from the shared employer of the respondents and the researcher, a large multi national credit card company.

In answer to the research questions, the research revealed that, firstly, the majority of debtor respondents perceived that their consumer credit use was to supplement their low income, which contradicted previous stereotypes of debtors as reckless spendthrifts and, instead, proposed they are agentic rational decision makers. Secondly, debtors were negatively perceived and treated by their creditors (debt collectors) in that they were stigmatised and labelled as deviant. This occurred during the debtors' social interaction with debt collectors during the debt collection process. In line with the labelling theory of deviance, this societal reaction then led to self-labelling by the debtors, who expressed feelings of shame. Thirdly, therefore, both the debtors and debt collectors primarily blamed the debtor stakeholder group as responsible for increasing levels of consumer debt, although the debtors also placed some of the blame on the creditors for acting unethically in their lending practices, namely by lending irresponsibly to debtors without an accurate assessment of the affordability of the loan.

This thesis makes an original contribution to sociological knowledge of the ways in which blame and responsibility for increasing levels of debt is perceived by different societal groups. A key part of the thesis' originality exists in its utilisation of concepts drawn from different

strands of sociological theory to explore perceptions of debt, in particular the sociology of deviance and symbolic interactionism, such as labeling, stigma and shame.

Introduction

The credit card industry has experienced unprecedented growth in the last few decades, particularly in Western society, which has been driven by a trend for consumers to use credit for consumer purchases (Burton 2008: 1). At the end of 2012, there were 56.4 million credit cards in issue in the UK alone, generating a total spend of £13.7 billion in the second quarter of 2013 (UK Cards Association, September 2013). In 2011, 62% of the UK adult population owned a credit card and even 1% of the population owned a credit card but not a debit card (The Telegraph, December 2011). Credit card companies, such as Company A at the centre of this empirical research, rely on credit card consumers revolving their balances (i.e. not paying off the full balance each month) and accruing of interest to maximize their profit. Unfortunately, revolving balances and ultimately paying monthly interest has become the norm for many credit card users, resulting in increasing their total debt owed. At the end of September 2013, UK credit card users paid a daily amount of £163 million in interest on their personal debt, and outstanding unsecured consumer credit debt stood at £158.7 billion, an increase of £1.2 billion from the previous month (The Money Charity, September 2013). In the US, 60% of credit card users do not pay off their full balance at the end of each month, meaning they revolve and pay interest on their balances (CreditCards.com).

This thesis aims to explore two stakeholder groups' perceptions of responsibility for consumer debt in the UK: borrowers and lenders. Consumer debt is defined as 'short-term debt that carries a high interest rate' (Baek and Hong 2004: 360) and is usually collateralised or unsecured, in that the debt is not secured against or tied to the debtor's assets. It is categorised into either instalment debt (i.e. loans that are paid over time and usually have a fixed payment amount) or revolving credit card debt (Tippett 2010: 15), which is debt accumulated via credit card and not paid off in full at the end of each month. This thesis focuses specifically on credit card debt as opposed to instalment debt, as the debt collector respondents were recruited from a credit card company. Further, credit card debt accounts for more than 90% of unsecured revolving debt (Tippett 2010: 15), so it is clear that it is the most widely used form of unsecured revolving debt and, thus, extremely important to study.

Three central research questions lay at the heart of the research: what are the respondents' perceptions of why and how debtors use consumer credit; how are debtors perceived and treated by their creditors (i.e. through contact with debt collectors); what are the respondents' perceptions of who is to blame for consumer debt? The

respondents' represented two key stakeholder groups most commonly referred to in academic literature and media rhetoric as the key actors in contributing to rising levels of consumer debt; lending companies and debtors. I also explored the respondents' perceptions of a third stakeholder, government financial regulators, although this was not a participant group in itself. The research respondents representing lending companies were composed of a group of twelve debt collectors from a particular UK based multi-national credit card company. The research respondents representing the debtors were a group of one hundred and ninety five debtors who took part in a survey that was posted on the National Debt Line website, ten of whom voluntarily took part in in-depth interviews and three of whom voluntarily completed an additional online questionnaire.

The topic for this thesis research was heavily influenced by my position of employment within the consumer credit sector at the time this research commenced in 2006. Working in the consumer credit industry was undoubtedly the driving force behind my interest in the topic of consumer debt. At the time the research began, it quickly became evident that more and more people in the UK were defaulting on their credit card payments. In April 2007 the total amount of personal debt in the UK stood at £1,325 billion, an increase of 10.4% from the previous year. The total amount of unsecured (consumer credit) lending was £213bn, an increase of 5.4% from the previous year. In April 2007, Britain's personal debt was increasing by £1 million every 4 minutes (Credit Action, April 2007). By May 2012, the total amount of personal debt stood at £1.458 trillion, over ten times the figure from April 2007 and solely unsecured (consumer credit) lending stood at £208 billion (The Money Charity, May 2012). Although the amount of consumer credit lending had decreased since April 2007, these statistics demonstrate how the levels of personal debt in the UK were rising steadily throughout the period of this research, which evidences the importance of research being conducted to investigate issues around consumer debt. This socio-economic activity has escalated to what I propose to be a consumer debt 'crisis', and is the driving force for my research into the issue.

I begin the thesis by outlining the Research Design adopted for the thesis. It reveals how my epistemological position as an interpretivist affected the primary methods used for the research; qualitative in-depth interviews and focus groups. The importance of my position as 'insider' researcher is also explored through a strong argument in favour of this approach, whilst recognising its limitations. The next seven chapters are dedicated to the three stakeholder groups at the focus of the research: financial lending companies,

consumers/debtors and government/financial regulators. These chapters outline academic narratives regarding the three stakeholder groups. The narratives are then compared against the perceptions of the research respondents to assess whether the academic narratives were evident within the respondents' perceptions. It is important to note here that the literature review is not a single chapter, as is traditional for Sociology Doctoral theses, but embedded within each of the chapters.

Chapters One and Two explore perceptions of Corporate Social Responsibility (CSR) and conclude that many of the respondents felt companies had not demonstrated CSR before, during or after the crisis, and furthermore felt that CSR may not even be feasible within the financial lending sector. Chapters Three, Four, Five and Six focus on the perceptions of consumerism and debt to assess how the literature frames the reasons behind consumerism and debt, and makes a comparison against the debtors' real lived experiences of them, thus answering the research question 'What are the respondents' perceptions of why and how debtors use consumer credit'. Although there is extensive literature on historical and contemporary societal consumption and consumerism, there has been a lack of attention to consumer credit specifically (Burton 2008: 30).

Therefore, Chapter Three aims to close this knowledge gap by linking theories on consumption and consumerism with theories on credit use. Further, though there are previous studies exploring the use of consumer credit, which are helpful in assessing the reasons behind soaring levels of debt in the UK in the past, such as the PSI report (Berthoud and Kempson 1992) a more contemporary study in the wake of another UK recession is necessary to comprehensively explore consumer credit and the reasons for debt. By exploring the nature and cause of indebtedness in contemporary UK society, my research can build on previous research by: trying to identify the extent and nature of indebtedness and the patterns of credit use; interviewing a wider range of people; and bringing in the institutional aspect of the lender's attitude to its customers. In Chapter Four then, it will be revealed that the majority of debtors obtained credit not for typically luxury 'consumer' items as suggested in some of the literature, but for daily living expenses to supplement their low incomes. This chapter also explores the significance of life course events in building up debt. Chapters Five and Six focus on the narratives and perceptions of debtors as a socially 'deviant' group, to understand how debtors are portrayed in previous academic literature and how the respondents also perceived them, thus answering the research question 'How are debtors perceived and treated by their creditors? (i.e. through contact with debt collectors). These chapters also assert that there appears to exist a paradox within Western capitalist society regarding perceptions of debt, in that it is encouraged yet simultaneously condemned. Specifically,

I argue in Chapter Six that respondents perceived the debtors as social deviants, which mirrors the values of the Protestant Ethic and Puritanism regarding debt.

Although this thesis focuses on perceptions of the responsibility that companies, borrowers and government regulators have for mounting consumer debt in the UK, it is evident that the ‘subprime crisis’ and subsequent Global Financial Crisis have both affected and been affected by increasing personal consumer debt. Subprime lending emerged in the US in the early part of the millenium as a type of loan offered at a rate above prime to high credit risk individuals who do not qualify for prime rate loans (Gilbert 2011: 89). Typically, subprime customers represented a socio-economic group less secure in employment with impaired credit scores (Burton 2008). Although subprime lending referred primarily to mortgage lending, this borrowing sector quickly began to struggle to keep up with their mortgage repayments, as a consequence of the socio-economic uncertainties these low income borrowers continually faced, and so began relying on other types of credit, including unsecured consumer credit products. Although subprime lending was primarily a US phenomenon, the effects of its collapse were felt all over the world, especially the UK, as is often the case with financial crises (Holton 2012: 4). Simultaneously, the UK government failed to provide adequate regulatory oversight of the UK consumer credit industry, which is a major contributing factor to the consumer debt crisis. This was apparent in primarily two key areas: the structure of the UK financial regulatory system before the crisis, which was based on a ‘principles based’ or self-regulatory approach and proved to be highly ineffective at regulating the industry; and the role that credit rating agencies played, in that they were ineffectively rating borrowers. These events, then, played a critical role in forming what I deem to now be a consumer debt crisis in the UK and are further explored in Chapter Seven. This chapter also examines the respondent groups’ perceptions of financial regulation as a contributing factor to the crisis. Their perceptions are examined to the extent in which they thought each of the key failures of financial regulation explored in the previous chapter were responsible for the crisis. It will be revealed that although the respondents generally felt that the government has a responsibility for regulating the lenders, there were significant differences in the areas of regulatory failure scrutinized by each of the respondent groups. In fact, it shall be argued throughout the thesis that the respondents’ perceptions regarding the responsibility of each of the stakeholder groups is influenced by their position, i.e. whether they are a debtor or debt collector determines whom they blame for the crisis. This will be explored in depth in Chapter Eight, which assesses who the respondents perceive to be blameworthy for the consumer debt crisis, thereby addressing the question ‘What are the respondents’ perceptions of who is to

blame for consumer debt?'. I will reveal in this final findings chapter that, though the respondents attributed some of the blame for the crisis to the lending companies, it was actually the borrowers who were attributed with the majority of the blame by both the debt collectors and the debtors.

To sum, based on interviews with debt collectors and debtors, and findings from an online survey with debtors, this thesis explored the perceptions of the respondents towards each of the three stakeholder groups at the heart of the debate surrounding who is to blame for the consumer debt crisis, to make an original contribution to sociological knowledge. I found that the respondents' perceptions towards each of the stakeholder groups and their opinions about who should be held responsible and to blame for the crisis was strongly influenced by their role either as debtor or debt collector. The debtors and debt collectors primarily blamed the debtor stakeholder group as responsible.

Research Design

1. Introduction

This chapter provides an explanation and analysis of the methodological approaches taken during the research. Firstly, I provide a rationale of the methods used, focusing on the epistemological considerations. Secondly, I conduct an exploration of the research methods used and the practical considerations that arose in the research. Thirdly, I address the potential challenges of my position as ‘insider’ researcher, which is a key aspect of the research design in that it contributes theoretically to the knowledge of insider research (Hodkinson 2005: 139). Finally, I explore the approach taken in my primary data analysis, focusing specifically on issues of generalizability and reliability.

2. Epistemological considerations

i. Interpretivism

The epistemological position that a researcher takes before conducting research is key to understanding the researcher’s motivations and preconceptions of the social world they are about to study. Epistemology centres around questions of what should be regarded as acceptable knowledge in a discipline and, more specifically, whether there is a universal social ‘truth’ that exists which can be revealed and explained (Bryman 2008: 13). I have adopted an interpretivist position, which asserts that social ‘facts’ and ‘truths’ are not considered things in themselves or universal and the social world can be assessed upon subjective observation and interpretation of human behaviour (Petrunik 1980: 216). Therefore, my data will provide accounts of narrative constructions and self-presentation rather than realist direct descriptive accounts of the ‘facts’ behind their indebtedness. It is important to note here that my interest is in subjective interpretations but, of course, this is not the only possible approach for social science.

Individuals are social actors; their positionality is fluid and their sense of self is constantly influenced and changed by their social environment. Individuals construct their understanding of their social world by reacting to it in a cyclical process where social interaction determines understanding and vice-versa. This extends to social research, as ‘all research is interpretive, and reality is being constructed at every stage of a research process’ (Maitland-Gholson and Ettinger, 1994: 18). My research did not aim to reveal universal social ‘truths’ about debt in order to assign indebted individuals into one category or another of a certain ‘type’ of debtor. Rather, it aimed to explore social perceptions of debt and indebtedness. Furthermore, as an

interpretivist it is important to adopt a reflexive research approach by making constant assessments about the ways in which the researcher made decisions during the research process, which ultimately affects the direction and content of the research (Maitland-Gholson and Ettinger 1994: 27). I hope this chapter can sufficiently unveil the ways in which my reflexivity and reflectivity was achieved throughout the research process.

Interpretivist research aims to recognise the way in which social actors provide accounts of events that are examples of ‘unanticipated or untoward behaviour’ (Scott and Lyman 1968: 46). These accounts are an attempt of the social actor to justify, excuse or blame others for such actions. Though they provide strategies to avoid such accounts in a research environment, these accounts in my own research provide useful insight into the understanding debtors have of societal attitudes towards debt in the way that they seek to justify, excuse or blame others for their indebted situation. Reflecting on my research, some of the respondents explained their indebtedness was due to external factors outside of their influence, for example life course events (as shall be explored in Chapter Four), rather than internally attributing it to their own spending patterns. Further, analysing people’s understanding and perceptions of why they are in debt is more interesting and relevant to my sociological investigation than asserting these self perceptions are an accurate account of why people are in debt. Accounting procedures such as these that the debtors used in the interviews I conducted is discussed in later chapters.

ii. Induction

The approach I have adopted in assessing the relationship between theory and research is ‘inductive’ in that the theory has been generated as a result of the research conduct (Bryman 2008: 4). This approach is typically associated with qualitative research (ibid., p.13) where there is sometimes a lack of a solidified hypothesis for which the primary research is to test. However, as I had already devised a small number of research questions that were used to conduct an exploratory investigation, this may suggest the existence of a level of pre-conceived expectations of the research outcomes. Further, Miles and Huberman (1984) assert ‘any researcher, no matter how unstructured or inductive, comes to fieldwork with some orienting ideas, foci and tools’ (1984: 27, cited in Silverman, 2005: 79).

3. Insider Research

A large portion of my primary research was conducted by holding focus groups with debt collectors of a large multi national credit company. I had been an employee of the company, working in the debt collection department, which put me in the position as ‘insider’ researcher. I

now turn to a critical discussion outlining the considerations of the position and power of the insider researcher.

i. Ethical considerations

My position as insider researcher conforms to the British Sociological Association's guidelines for conducting ethical research, outlined in their 'Statement of Ethical Practice' (March 2002). In gaining access to the research field as an insider, I obtained permission from the manager of the debt collectors for them to be involved in the focus groups, providing that the identity of the company and the respondents remained anonymous. The individual respondents also consented to participate and each signed a copy of the research statement, which guaranteed anonymity and confidentiality. All respondents were provided with a summary of the research objectives before they took part in the research were offered a copy of the transcript after. All respondents were aware that their participation in the research was voluntary, so they did not feel obligated to participate.

ii. Definition and Structure

The method of 'insider' research has evolved over time. The more traditional method involved ethnographers from the outside infiltrating into the culture of those they were studying to become 'native' (Eriksen 2004: 13). Yet, a modern and increasingly popular approach to insider research allows the researcher to undertake academic research within an institution or organisation of which they are already a member (Brannick and Coghlan 2007: 59). Indeed, it is this approach that has been adopted for the purpose of my research.

Banks (1998) has proposed a comprehensive typology of insider/outsider research, within which there are four possible positions: the *indigenous-insider* is one who endorsed the values, perspectives, behaviours, beliefs and knowledge of his or her community who can speak with authority about it; the *indigenous-outsider* has experienced high levels of cultural assimilation into an outsider culture but remains connected with their indigenous community; the *external-insider* rejects much of their indigenous community and endorses those of another to become an adopted insider; and the *external-outsider* is socialised within a community different from the one in which the researcher is doing research (1998: 8). My own research position can be associated with the indigenous-insider. Being an employee of the company used for research required me to endorse, in a professional context at least the values, perspectives, behaviours and beliefs of the company culture and the knowledge of this culture allowed me to speak with authority about it, as explained by Banks above. However, assertions that the researcher is

always *either* an insider *or* an outsider have been rejected (Merriam et al 2001; Aguilar 1981) in that there is inherent complexity in an insider's status. With each research situation and subsequent research participant, the status of insider and outsider are fluid and constantly changing depending on the culture, gender, race, education, religion, age and socio-economic class of the researcher and research participant (Merriam et al 2001: 412). Hodkinson (2005) asserts that individuals within such social groups 'cross-cut a variety of different groups rather than attaching themselves substantively to any in particular' and thus concluding that 'the notion of being *either* an insider *or* an outsider in an absolute sense is inadequate' (2005: 133).

Reflecting on my own researcher status, it can certainly be argued that I shared both insider and outsider status during the research process, not only due to the fact that I had a dual identity as co-worker and researcher but due to the fact that the respondents themselves also owned dual or even multiple identities. Many of the respondents were not only employees of the credit card company but also undergraduate students and employees of other companies. For those that were undergraduate students, this may have added another level of complexity with my position of power as my status of 'postgraduate' may have led some of the undergraduate students to perceive such a status to be superior to theirs. The implications of power imbalance between respondents and researcher as a result of this position shall be addressed later.

In attempting to clarify the definition of insider status, then, insider research is a 'non absolute concept intended to designate those situations characterised by a significant degree of *initial* proximity between the socio-cultural locations of researcher and researched' (Hodkinson 2005: 134). Thus, whilst no researcher can holistically be characterised as 'insider', as individuals within groups own more than one single identity with which the researcher can share, a researcher can associate themselves with insider status if they share a socio-cultural identity with a certain social group which allows them access to a field. Whilst I did not share all parts of my respondents identities, my experience with debt collection in the credit card company allowed me to consider myself an insider of this group, making the 'transition from insider to *insider research*' (2005: 138).

iii. Aims and strengths

One of the most important factors in any academic research is the issue of access into the desired research field. This is one of the most beneficial aspects to insider research as access is already secured. Another key advantage insider research has lies in its ability to produce rich data, which is rooted in the researcher's ability to gain a 'unique position to study a particular issue in depth and with special knowledge about that issue' (Costley et al, 2010: 3).

The insider possesses the ‘cultural competence’ (Hodkinson 2005: 136) necessary to enable more effective communication with the respondents by being able ‘to move interviews towards a situation of two-way exchange rather than the usual question-and-answer format’ (Hodkinson 2005: 139).

This ability is particularly advantageous in a focus group context where the role of the moderator is to ‘clarify ambiguous statements’ and ‘enable incomplete sentences to be finished’ (Barbour and Kitzinger 1993: 13). These advantages were certainly evident within my research, particularly during the focus group I conducted with the debt collectors of the credit card company. For example, whenever a particular company policy or industrial phrase or acronym was referred to, I had knowledge and shared understanding of this specific language, allowing the conversation to flow without having to stop to ask for clarification from the respondents on the meaning of the language used. For an outsider researcher, having to ask for clarification on the language could significantly disrupt the discussion and lead to a more descriptive conversation where respondents would be constantly needing to explain the terms they refer to, rather than discuss how these feel about them. Thus, the insider researcher enjoys a more emotive and comprehensive conversation than the outsider researcher.

Further, I was able to bring my own experiences of the work place to the conversation, which allowed the respondents to feel more confident with sharing their own experiences and establish a relationship of trust with me. Concluding his insights on insider research, Hodkinson (2005) asserts that no outsider researcher who has temporary positioning within the socio-cultural group being studied ‘can compete with the privileged view possessed by genuine insiders’ (2005: 141). Insider research, he asserts, ‘may offer significant potential benefits in terms of practical issues such as access and rapport, at the same time as constituting an additional resource that may be utilised to enhance the quality of the eventual understanding produced’ (2005: 146).

Some social scientists see being an insider as a prerequisite to social research in being able to secure data within symbols and other coded language shared between insider and participant (Wax 1985: 3). Further, by using their close position to the objects of the research and reflexive awareness insider researchers are able to articulate implicit knowledge that has been deeply segmented through a process of socialisation in an organisation by reframing it as theoretical knowledge (Brannick and Coghlan 2007: 60). Therefore, the insider researcher who has experience and understanding of issues within the organisation is able to draw out certain uncommunicated or silent collective agreements and formulate such agreements into credible theoretical arguments. The insider has ‘pre-understanding’ of the group or institution they are

researching which can help build theoretical understanding (Coghlan 2001: 49) and allows them to observe and understand forms of communication, definitions of good and bad behaviour, social roles and meanings for the phenomena of every day life for the social group being researched Wax (1985: 4).

Further, the ‘cultural competence’ that the insider researcher possesses is not only important during the data gathering stage, but also at the point of transcription and data analysis. Researchers often have transcription problems with focus group data as identifying individual speakers can be challenging (Barbour and Kitzinger 1999: 15). However, this was not problematic for me as an insider as having already established relationships with the respondents meant that I could easily identify all the voices heard during the transcription stage.

iv. Critiques of insider research

Despite these evident advantages, there are two key considerations for insider research, which must be reflected on before entering and during the time in the research field.

Firstly, though having a ‘pre-understanding’ can be beneficial to the insider researcher, it also has its drawbacks. Insider researchers are criticised for being too close to the research setting and subjects and therefore not able to achieve credible objective research (Brannick and Coghlan 2007: 60). Further, it can often be dangerous for an insider researcher to assume they share the same views as other community members or that their views are representative of the consensus ideology of the group (Aguilar 1981: 23). It has been further argued that the insider researcher may have such a comprehensive pre-understanding, they normalise social and cultural practices and behaviour which outsiders deem to be ‘strange’ as they have lost the ability to think outside of the organisation they are immersed in (Brannan et al 2007: 400). Further, the insider might fail to ask even the most basic questions they must overcome this by finding ways of ‘identifying and asking such questions themselves’ (Hodkinson 2005: 139). Lastly, this pre-understanding is not only potentially problematic during the research conduct itself but can also be challenging during the writing up stage, as conveying ‘code talk’ is far less easy to explain to outsiders (Brannan et al 2007: 398).

Secondly, it is important to consider the ‘researcher effect’ during insider research regarding the type of response insider researchers may receive (Brannan et al 2007: 400) and relations of power between researcher and participant. Having a dual identity can be dangerous for the participant in that the researcher may treat participants as friends (Homan 1980: 55). The same reflections of my dual identity are pertinent as I had a unique position as researcher and

colleague to the respondents. I used my already existing relationships with the respondents to obtain access to their feelings, perceptions and attitudes, whilst simultaneously using their disclosures for my personal benefit. This delicate balance can have significant impact on the issue of power between researcher and respondent in the research environment.

The issues above can be overcome by adopting a transparent approach and allowing respondents or others to verify or contest accounts (Costley et al 2010: 6), which helps to establish a 'relationship of trust' (Dickinson, 2010: 115). I can be confident that any researcher effect my respondents experienced was moderated by the integrity, honesty and transparency I maintained during the research process. Further, I tried to achieve this in my research setting by sharing some of my own experiences of debt collection in order to demonstrate that I was also putting myself 'on the line' by providing sensitive information in an attempt to create trust with the respondents and encourage dialogue.

Further, despite the challenges the insider researcher can have with relationships of power between themselves and the respondent, the insider researcher does have the ability to actually empower the research respondent, as a result of the open and honest conversations that respondent's can have with the interviewer who is 'familiar with their work problems and may in some cases be able to solve some of them' (Costley et al, 2010: 34). The insider can generate 'a relaxed *atmosphere conducive to open conversation and willingness to disclose*' (Hodkinson 2005: 139). The cathartic nature of the discussions held between insider researcher and research respondent was evident within my own research, as one of the debt collector focus group respondents began passionately discussing the management team. Although this was not strictly relevant to the specific topic intended for discussion around their perceptions of debtors, it demonstrated that the research environment proved to be somewhat liberating for the respondents. Further, this demonstrated that the respondents felt comfortable within the research setting, which is an important consideration within insider research and shall be discussed later in this chapter.

To sum, the potential for content rich data that insider research has is, in my opinion, matchless. Yet, it is important to consider some theoretical and practical obstacles that often make the insider experience problematic. At almost every moment in academic research we are either insiders or outsiders of some socio-cultural or socio-economic group. It is important to remain reflexive throughout any research practice, not just insider research, to ensure that the position of insider is beneficial rather than detrimental to the research. Further, although I was positioned as an insider by conducting research on my place of employment at the time, I was also an indigenous outsider in many respects, which helps to reduce bias in the research setting.

Sociology academics researching deviance are often biased toward the deviant, in that they express sympathy toward the ‘subordinate’ versus the ‘superordinate’ (i.e. they take the side of the drug addict rather than the police officer) (Becker 1967: 242). However, bias is common in academic research as the researcher often picks a side to choose and it has historically been the case that the individuals being researched are perceived by the researcher in a hierarchical relationship to one another. Specifically within deviance research, the official or professional figure of some institution is often propagated as the ‘superordinate’ and the ‘subordinate’ is an individual who is a service user of that institution. The mistake that deviance researchers make is not to sympathise with the subordinate figure, but to critique their and others’ work for portraying such ‘bias’ towards the subordinate figure. In doing so, the researcher is reinforcing such a hierarchical relationship and placing the authority on the superordinate. Therefore, demonstrating bias towards the subordinate should neither be critiqued nor have to be justified, as this will only further demonstrate that the researcher is placing the two individuals within a hierarchical relationship to one another, which in itself reinforces the hierarchy (Becker 1967: 245). Further, sociologists should accuse other sociologists who are biased towards the superordinate figures in their research (Becker 1967: 245), which is the approach taken in one of the chapters later in this thesis. Within this thesis, I represent perceptions of both the superordinate (lender) and subordinate (debtor) and the representation of the latter is extremely important in that this group is often under-represented in academic research.

Lastly, my pre-understanding of the values and culture that the employees within the company share will help me to decipher ‘code talk’ (Brannan et al 2007: 398), but ensuring reflexivity of my position I am able to communicate such cultural language and symbolic meaning to the outsider through my academic writing. Regarding issues of my position of power as insider researcher, an attempt to dilute this concern was achieved by allowing respondents to opt for having a copy of the transcript of the interview or focus group so they could validate my transcription.

4. Methods used

Not only are the issues of pre-understanding and researcher effect important to consider reflexively when undertaking insider research, but also the appropriateness of the methods used is a key consideration (Costley et al 2010: 81). I shall now provide such a discussion of the research methods used in terms of their structure, benefits to the research and sampling strategy used.

a. Online surveys

The online survey I conducted was primarily used as a recruitment technique for the debtor interview respondents, although the data from the survey has been used as evidence of respondents' perceptions within several of the chapters in this thesis. It is, therefore, important to briefly address the type of survey that I adopted and the other benefits it offered my research. Respondents (debtors) were recruited by posting the survey on the National Debtline website. With over 400,000 site visitors in 2009 (www.nationaldebtline.co.uk), the National Debtline is the UK's most widely used debt advice website. I obtained access to posting the survey on this site through a contact at the Money Advice Trust, the charity which runs the National Debtline website, whom I met whilst networking at a Money Advice Group conference in London in 2008. The survey obtained a total of 195 respondents. I adopted an online self-completion survey rather than choosing to conduct the survey face to face with respondents. There are a number of benefits to this method, primarily in that it is cheaper and quicker to administer and more convenient for the respondents but also in that it lacks interviewer presence which can often detrimentally effect responses (Bryman 2008: 217-218). This was particularly pertinent for the sensitive nature of the topic being researched (i.e. personal debt). Lastly, four of the online survey respondents also chose to partake in an online qualitative questionnaire, which provided more valuable qualitative information about the debtors' reasons for indebtedness and relationship with their creditors.

Sampling, representativeness and validity

An important consideration is that the self-completion survey method often results in a lower response rate than if conducted with the researcher present (Bryman 2008: 219). This has a detrimental effect on the representativeness of these surveys in that they have increased bias, 'unless it can be proven that those who do not participate do not differ from those who do' (ibid). Despite this, I was satisfied with the number of responses I received from the survey (195) and this is largely due to the fact that the survey was posted on the National Debt Line website. Further, it is important to again note here that the surveys were primarily conducted in order to recruit participants for the in-depth interviews, although, as already mentioned, the data generated has been used within the thesis. Therefore, statistical representativeness of the survey respondents is not a key consideration in my research design.

b. Focus groups

Definition and composition

For the focus groups, respondents (debt collector staff of the credit card company) were recruited via confidential email invitations. I held three focus groups with a total of twelve respondents; the first session had five respondents, the second session had four respondents and the final session had three respondents. A more comprehensive discussion of the sampling strategy adopted is outlined below.

According to Greenbaum (1998), there are three types of focus groups: ‘full group’, consisting of eight to ten people and lasting ninety to one hundred and twenty minutes; ‘minigroup’, of the same time as a full group but with four to six people; and a ‘telephone group’, for which the focus group is conducted via a conference call (1998: 1-2). From this definition, it is apparent that my focus groups can be categorised as minigroups, as they consisted of three to five respondents and the sessions ran from sixty to ninety minutes each. The advantage of adopting the minigroup approach is that it allows the researcher to obtain more information from each individual (*ibid.*, p.3), which enables empowerment of the respondents, a key characteristic of the focus group method (Barbour and Kitzinger, 1999: 18-19).

Regarding the number of focus groups to be held, it is essential to conduct more than one to observe patterns in behaviour and to ensure the results are valid (Knodel 1993: 42). Yet, on a practical level there are important practical considerations, such as the time and resource the researcher has to conduct, transcribe and perform analysis on the sessions (*ibid.*, p.41). As a part time self-funded researcher, my access to both time and resource was limited, thus I conducted three focus groups. Further methodological considerations that have practical elements relate to the location of the venue for the focus group. Many researchers aim for a ‘neutral’ setting which is free from influence from the surroundings (Barbour and Kitzinger 1999: 11). Although I chose a venue that belonged to the credit card company, it was used solely, and rarely, for conferences and meetings. As a company employee I had authorisation to use the venue for free after normal working hours, which accommodated the budget restraints. Further, as the employees spent the majority of their daily working time in the call centre, located in a different building, the respondents had little or no familiarity with the venue and thus some level of neutrality was achieved. Lastly, as the venue was located close to the main office building where the employee’s worked, this ensured ease of access to the venue for the respondents.

Focus groups should comprise of participants with ‘control characteristics’ (Knodel 1993: 37) of homogeneity as they are able to provide ‘the highest quality discussion’ (Greenbaum 1998: 2) by ‘debating a set of questions’ (Barbour and Kitzinger 1999: 4). As people are most likely to have already shared experiences and have discussed the topical issues being addressed in the focus group, many social science researchers prefer to work with ‘naturally-occurring’ pre-

existing groups (Barbour and Kitzinger 1999: 9). This was the rationale for my focus groups, as those I deemed to be qualified for participating in a discussion about the lending practices of the credit card company were debt collector employees of the company who had knowledge of company practices and shared experience in dealing with debtors. Each of these different types of focus groups featured a moderator who ‘functions as the leader of the discussion and stimulates discussion among the participants, saying as little as possible during the group’ (Greenbaum 1998: 2). I conformed to the role of researcher as ‘moderator’ without power or influence (Kreuger and Casey 2000: 9) in that my voice was silenced as much as possible by asking just three leading questions¹, allowing the respondent to discuss freely.

Minimal moderation was achieved by the use of visual discussion aids to stimulate conversation (Bruseberg and McDonagh 2003: 31). I created a collage of images for the focus groups relating to debt and credit to help initiate conversation around the issues at the heart of the research questions. Specifically, the collage comprised of images showing debtors locked in chains, credit cards posed as bait in the middle of animal traps and sharks dressed in business suits, all of which depicted consumer credit and debt as ‘problematic’ in an attempt to provoke the respondents into expressing their attitudes on the topic. However, this approach could be critiqued in that showing images to respondents potentially places ideas in their heads and therefore influences their responses.

Aims and strengths

Primarily, the role of the focus group is to explore attitudes and experiences around particular subjects and to observe the way in which such attitudes are constructed and expressed through the interaction that takes place during the session (Barbour and Kitzinger 1999). Exploration of debt collector’s attitudes towards debtors and the credit card company’s lending practices was certainly one of the key aims of the research, thus the focus group method most suited the research aims. Focus groups have an advantage over individual interviews in that the group can build upon the topic of discussion themselves, often without much prompting from the researcher (Langford and McDonagh 2003: 3). This results in the possibility of the conversation going in a direction, which is far less predictable and more interesting. Morgan (1996) asserts ‘the real strength of the focus group is not simply in exploring what people have to say, but in providing insights into the sources of complex behaviours and motivations’ (1996: 139) via the ‘group effect’ (ibid). This was especially pertinent for my own research in assessing how the workplace culture of debt collection was reflected in the attitudes and perceptions of debtors

¹ See ‘List of research questions’, Appendix III

expressed during the focus groups. Further, the focus group researcher is able to ask participants to compare their experiences, which eliminates the need to collate individual data and speculate about why attitudes differ (ibid). The discovery of differing opinions may not have been possible if I had analysed the individual interview transcripts separately. Lastly, Morgan asserts that there are ‘promising new uses for focus groups. The most notable of these involves researchers who are more actively engaged with the participants and their concerns’ (ibid., p.149). Regarding the use of focus groups for my own research, this certainly fits with Morgan’s vision, as my status as insider researcher allowed me to engage more with the respondents and listen to their concerns with credibility and interest.

Sampling, representativeness and validity

The sampling strategy I adopted for the focus group method was not statistically representative as this is not the aim of most focus group research (Barbour and Ketzinger 1999: 17). Rather, the appropriate number of respondents and groups depends on the research question, ensuring that the sampling strategy is topic specific by comprising the group of homogenous individuals who have knowledge on the issue being discussed (Morgan 1996: 143). I adopted a ‘purposive’ (Bryman 2008: 458) qualitative sampling strategy for the focus groups in that I chose research participants who had the most knowledge and experience of the issue being discussed. Respondents were chosen based on two key characteristics; tenure in the role and subject matter expertise. With regards to tenure, all respondents had over eighteen months experience in the debt collector role, which was above the department average for employees in that position. Regarding subject matter expertise, the respondents had specialised roles as senior debt collectors, whereby they were required to train junior debt collectors and assist them with difficult customer telephone conversations. This resulted in the respondents having more understanding of the lending policies of the company, more exposure to meetings held at senior management level and more experience with lengthier, more difficult and varied conversations with debtors. Both of these factors resulted in the respondents having most knowledge and experience with the issues being discussed in the focus group, which enabled a fuller and richer discussion revealing the attitudes of debt collectors towards the debtors and the credit card company’s lending practices.

c. In-depth interviews

Definition and composition

Interviews were conducted with both groups of respondents (debtors and debt collectors); the

strategies and recruitment strategies for this have already been explained above. Of the one hundred and ninety five survey respondents, in depth semi-structured investigative interviews, lasting between forty and eighty minutes, were conducted with a total of ten respondents who volunteered to take part via the survey. The interviews with the debt collectors were held with three of the focus respondents approximately one year after the focus groups were held. A further interview was conducted with Vince Cable who, at the time of this writing is the UK government's Business Secretary but, at the time of being interviewed in 2009, was the Shadow Chancellor for the Liberal Democrat party. Vince Cable was specifically recruited as an expert informant as shortly before the commencement of this research, his book *'The Storm'*, which provided insight into the subprime and global financial crises, was published and received wide critical acclaim. Between the years of 2006 and 2009 during which time the Global Financial Crisis and subsequent recession hit the UK, Cable was considered by many politicians and journalists to be a key spokesperson on the events, given his background as an economist, both in a corporate and academic context. However, as stated earlier in the thesis, he shall not be considered as a respondent as he does not represent any of the stakeholder groups at the focus of this research.

Silverman (2005) observes that the increased use of the interview method in social research may mirror its increased popularity in everyday culture, suggesting we live in 'what might be called an interview society in which interviews seem central to making sense of our lives' (2005: 111). However, it is for this reason that Silverman advises it is essential to question whether interviews can really help in addressing the topic of research, rather than the researcher adopting the method simply because of the 'prominence of interviews in the media' (ibid., p.48). Typically, then, interviews are a method for collecting qualitative data relating to research questions that are exploratory in nature and aim to ask 'how' and 'why' questions. The interviewee's, not researcher's, point of view is the aim of the investigation of the qualitative data (Bryman 2008: 192). Interviews can be either: structured, with a reasonably large number of direct questions that the researcher will ask; semi-structured, with a small number of leading questions that the researcher will ask; or unstructured, where the researcher may either ask the interview to provide a biography or the researcher will ask questions that have not been predetermined but dependent on the interviewee's response and are more conversational in nature (ibid., p.437). Further, interviews can vary in duration, ranging from in-depth interviews, which can last several hours and explore several social issues, to shorter interviews of thirty minutes or less duration, which focus on a few key thematic social issues.

My research aimed to understand two key socio-economic issues for the debtor group: debtors' perceptions of credit and debt; and debtors' perceptions of and relationships with their creditors.

Essentially, the interviews asked the debtors ‘about their identity’ as debtors (Silverman, 2005: 59). Thus, my interviews were aiming to investigate quite a specific set of social issues (Bryman 2008: 196) of which the debtors had experience. Further, although a brief overview of the socio-economic and socio-cultural background was provided from each of the debtors to place their indebted situation in a wider social context to assess implications for social mobility, I was not aiming to obtain a full biography of the debtors or to explore every social relationship they ever had. For these reasons, I chose to conduct semi-structured, in-depth interviews of approximately an hour duration with nine questions², as a sort of ‘interview guide’ (ibid., p.438). The questions were designed to encourage interviewees to express their opinions and share their experiences, even if this account telling led to off-topic ‘rambling’ (ibid., p.437) in a direction, that I did not expect.

Lastly, logistical considerations are important when discussing the research design, particularly in light of the fact that the interviews I conducted with the debtors were telephone interviews, rather than face to face. The reasons for choosing to do so were both practical and methodological. Practically, it was not possible for me to travel all over the country to meet the interviewees from a time and cost perspective. Methodologically, social researchers have recognised that telephone interviewing can be more appropriate for more sensitive topics, such as personal debt, ‘since interviewees may be less distressed about answering when the interviewer is not physically present’ (ibid., p.456).

Aims and strengths

Many social researchers have recognised that interviews are the most preferred method within social science research (Silverman 2005; Bryman 2008). One of the main advantages for the use of qualitative interviews is when aiming for a reconstruction of events in the research participant’s life, which cannot easily be achieved through other methods (Bryman 2008: 440). This was a particular requirement of my own research in that I wanted the debtors to recall their specific experiences with getting into debt and the relationships with their creditors. This type of account is too lengthy to be captured in an online survey or focus group, where individuals are often battling for their voices to be heard. Roulston (2010) highlights the way in which high quality interviews can be an effective and data rich method in qualitative research. Such quality can be assured using six criteria whereby interviews: are characterised by the ‘spontaneous, rich, specific and relevant answers from the interviewee’ (2010: 202); contain significantly more dialogue from the respondent than the researcher; demonstrate the researcher following up

² See ‘List of research questions’, Appendix III

to clarify the meanings of answers where necessary; are, to a large extent, interpreted throughout the interview; contain moments where the interviewer verifies their interpretation of the respondent's answer during the interview itself; are 'self communicating' in that they require little explanation (Kvale 1996: 145). Reflecting on my research, the interviews I conducted with both sets of respondents met the criteria outlined above. It was evident from the transcripts that the respondents, particularly the debtors, produced a large amount of content rich data. Additionally, during the often hour long interviews there were very few pauses or points where I would have to interject in order to provoke a response and the respondents had significantly more input than me. Further, where necessary I followed up with the respondents for clarification on the meaning of answers. Yet, there was little requirement for me to do so for either group (i.e. debtors and debt collectors), as my insider knowledge on the areas discussed meant that I was almost always aware of the language and terms being referred to. The only instances where such clarification occurred were in instances where a respondent's answer may have been interpreted in multiple ways and so validation of the interpretation was performed during the interview.

Sampling, representativeness and validity

The recruitment process for the focus group debt collector respondents differed to the debtor interviews, as the debt collectors were chosen based on their tenure with the credit card company. It is important to note that in relation to the number of debtor respondents who completed the online survey (one hundred and ninety five), those who opted to take part in the interview (ten) was relatively low in comparison. Yet, this small number of interviews still produced a large amount of qualitative quality-rich data.

Regarding validity, ensuring the credibility of interviews by evidencing the source and procedure for obtaining the information 'has been important for qualitative inquirers' (Roulston 2010: 201). Briggs (1986) has asserted the importance of the researcher asking questions in ways that might be understood by participants (1986: 25). For the interviews conducted with the debt collectors this was a relatively easy task as my insider status enabled me to have the knowledge and experience on the topic being discussed, which informed the questions to be asked of the participants. Knowing the right questions to ask the debtors during the interviews was more difficult, as I had no previous connection with them. However, again my extensive knowledge and experience of the consumer credit sector enabled me to ask questions that I knew would be relevant to the debtors' experiences with debt and their creditors. The researcher must also design an appropriate methodology (ibid., p.97). The research outline I wrote for the doctoral thesis was my dissertation essay for the MSc in Cross Cultural and Comparative

Research Methods I undertook prior to conducting the doctoral research. The MSc provided me with both the skills to write a sophisticated research design and gave me the opportunity to obtain extensive feedback and approval for the design from my lecturers and supervisors. Therefore, I am confident that the research design was appropriate and fit for the research. Further, the research process must be reflexive, by conducting an analysis of interviewing procedures and data and adopting a multiple method approach for data generation (ibid., p.101). Reflexivity during my research was ensured by reading thoroughly on the literature around the interview method before, during and after the interviews had been conducted for the purpose of preparation and analysis. This links into the importance on analysing interview data as ‘metacommunicative events’ (Roulston, 2010: 201), which was achieved by reflecting on and communicating to the reader about how I communicated to the respondents, in order to analyse the data obtained from the interviews and ensure their validity and credibility.

In terms of representativeness, 80% of the debtor respondents were women, suggesting the sample was not representative of the general population. Yet, women are more likely to obtain higher volumes of consumer debt³, seek debt advice and ‘disclose personal problems’ (Hayes 2010: 287). Therefore, it may have actually been more representative of the target population. Further important to note is how my own gender affected those respondents who chose whether to take part in the research or not. Silverman (2005) notes that ‘where the researcher was the same gender as the informant, people were far more likely to discuss their sexual interests’ (2005: 264). Though this evidence related to research conducted on sexuality, which has very obvious relevance to issues of gender, this would have affected my own research as debt is as sensitive, if not more so, than sex (Burton 2008: 32). Research conducted on a US audience concluded that Americans will talk about sex before credit card debt⁴. Therefore, as a female, it is perhaps not surprising and even inevitable and unavoidable that my research respondents were primarily female, even though I approached many male survey respondents who declined being interviewed. As debt is such a taboo subject, making it difficult to research (ibid., p.31), this makes this research project even more valuable in contributing to the knowledge on debt in society.

d. Mixed Methods approach

It could be considered that I used a mixed methods approach in two ways: firstly, by adopting both quantitative and qualitative research methods; and secondly by adopting two different

³ (http://www.consumerassist.co.za/media_info_091.html;
http://www.nationaldebtline.co.uk/pdf/media_statistics.pdf)

⁴ <http://www.creditcards.com/press-releases/Taboo-Poll-Omnibus-Release.php>

qualitative methods, focus groups and interviews. However, as mentioned earlier in this chapter the rationale for adopting a quantitative method to support my two qualitative methods was primarily strategic. As already discussed, I used the online surveys as a recruitment process for the debtor interviewees. Thus, the definition of ‘mixed methods’ for the purpose of my research and this chapter shall focus on the use of two qualitative methods; focus groups and in-depth, semi-structured interviews. It is important to note here that wherever a quotation from a respondent is used within the thesis, this quotation has been taken from the individual interviews (for the debtors) or from the focus groups or interviews (for the debt collectors), although it does not specifically state this after the quotation.

Michell (1999) highlights the benefits of adopting a mixed methods approach when using focus groups to research social phenomena. She outlines the ways in which her secondary school children respondents formed a consensus towards pre-existing public knowledge of particular social issues. Michell points out ‘Focus groups were thus a rich and productive way of gaining access to well rehearsed ‘public knowledge’ and highlighting the way in which social exchange reinforced such hierarchies’ (1999: 36). However, whilst some members dominated the group discussions and ensure their voices were heard, the voices of other more passive group members were silenced (ibid., p.37). Though it is the role of the moderator to ensure that all participants have a chance to express themselves (Morgan 1996: 140), this is not always achievable, particularly with more vulnerable respondents. Michell, then, explains the way in which the voices ‘in interview, revealed feelings and personal information which helped to develop an understanding of bullying and victimisation’ (1999: 37). Morgan (1996) corroborates that adopting a mixed method approach in qualitative social research is beneficial, particularly by combining individual interviews with focus groups as it results in the ‘greater depth of the former and the greater breadth of the latter’ (1996: 134). The original driver for my choice to combine focus groups and interviews for some of the debt collector respondents was for the purpose of validity; i.e. to ensure that the individual’s opinions and attitudes expressed in the focus group were consistent with the attitudes and opinions expressed in the one to one interview. However, it is apparent that not only did this comparison reveal the validity of the research but also reveals how groups refer to pre-existing social perceptions and stereotypes of certain other social groups and issues. This is evidenced in my own research, whereby the respondents formed a consensus that the individual debtor has primary responsibility for their own indebtedness (as shall be explored later in this thesis), yet did not always express this opinion within the individual interviews. This is demonstrated by the responses below from Rob (debt collector), firstly within the focus group and then within the individual interview.

Focus group response:

“I think the company has some responsibility but I think ultimately the responsibility should lie with the individuals. I think that although people say they’ve been given a bad deal I think ultimately it really does lie with the individuals”.

Individual interview response:

“I think its kind of a lack of education as opposed to people, I just think people just aren’t aware, there’s just not enough information. I think people just aren’t aware they can get themselves into that much trouble. And I think it’s that that’s the problem. So, to say that the individual isn’t responsible because they think it’s all going to be OK, I can see an argument for that....So, yeah, I can see the argument saying that someone shouldn’t be sort of blamed if they get themselves out there”.

This suggests groups form a consensus on certain social issues, which is reflected by the wider pre-existing social perceptions around the issues, rather than being reflective of their own attitudes and opinions. This is likely a result of attitudes becoming more extreme after group discussion (Morgan 1996: 140).

Michell (1999) asserted that the primary reason for the difference in responses from focus groups and interviews was the difference in levels of confidentiality or privacy and awareness of peer feedback respondents had with each research setting (1999: 37). Further, the interviews were important for Michell to obtain the full picture of the research respondent’s experiences, as there were several more reticent respondents who did not voice their opinions in the focus groups (ibid., p.40). Reflecting on my focus groups, there was generally an equal level of participation from each of the respondents⁵. I achieved this by purposefully selecting respondents who were of equal experience and seniority levels (i.e. they were all ‘senior’ representatives). This lowered the risk that some of the respondents in the group would perceive themselves to be the minority and thus become reticent. Additionally, Michell observed the way in which respondents would talk about their family and social relationships exclusively in the interview environment (ibid., p.36). This was certainly true for one of my respondents, Jim, who talked about wider society in the focus group, however during the one to one interview made several references to his own family and friends’ situations with debt.

⁵ For the largest focus group, 3/5 respondents had around 25% contribution each, 2/5 shared the remaining 25% between them.

Silverman (2005) further highlights the importance of adopting a mixed method approach in relation to the dangers he perceives with using interviews as the sole method in social research. His argument centres on the critique of interviews that the narrative of the interviewee is not necessarily an accurate reflection of their lived experiences (2005: 239). Having said that, I have outlined above that the actual experience of the debtor is in many ways less important than the debtor's perception of their experiences and indebted socio-economic situation, a position informed by the phenomenological nature of my research.

5. Primary Data Analysis

i. Coding

Over the past two decades Computer Assisted Qualitative Data Analysis Software (CAQDAS) has become widely used tool amongst social researchers for the analysis of qualitative texts, such as interview transcripts to help the researcher 'bridge the gap between research and practice' (Macgowan and Beaulaurier, 2005: 55). 'Atlas.ti' has been considered one of the most 'full featured' (ibid., p.48) qualitative data analysis software packages with a 'more complex inter-connected, hypertext structure' (Barry 1998). For this reason and based on advice from my research supervisors, I chose to use the software program Atlas.ti to conduct qualitative analysis on the primary data obtained from the focus groups and interviews.

A key strategy that has been adopted by social science researchers in analysis qualitative research is to break their data into smaller, more meaningful segments via the process of 'coding' (Macgowan and Beaulaurier, 2005: 49). Through this method, segments of text and quotations can be grouped and coded into "named concepts" (ibid., p.49). The key benefits of CAQDAS software are in its ability to automate and thus speed up the coding process, the way in which it enables a more complex way of assessing the relationships in the data and in that it aids more conceptual and theoretical thinking about the data (Barry 1998). Additionally, these coded concepts can then be interlinked with one another into visual diagrams called 'networks', allowing the researcher to 'display complex relationships and links between concepts' (Macgowan and Beaulaurier, 2005: 54), which encourages the 'creative process of sparking ideas and pattern recognition' (Barry 1998). Whereas my research assesses perceptions of blame and responsibility for consumer debt, Kuckartz and Sharp (2011) take a similar approach by assessing perceptions of blame and responsibility for the financial crisis, also using qualitative data. Similarly to my research, their methodology also includes coding, whereby they would 'find all instances of the word "responsibility" or "blame" in the data set, and then code that word, the sentence, the paragraph, or even a certain number of paragraphs before and after the

term' (ibid). They also mirror the interpretivist position I use by moving from an initial starting point of thinking about a "theory of responsibility" to thinking about a "theory of perception of responsibility". Once they had this coding in place, they put the results together in a 'conceptual map' to understand the 'causes, consequences and persons deemed responsible for the financial crisis' (ibid).

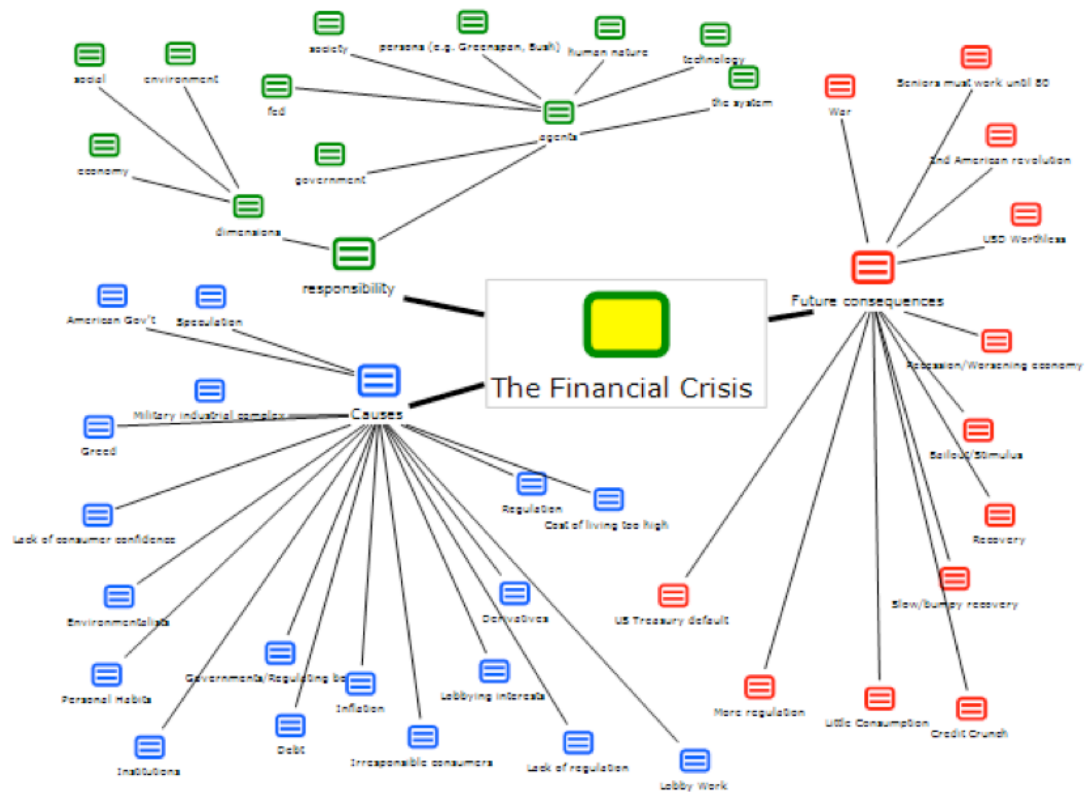


Figure 1: Conceptual map of the causes, consequences and those responsible for the crisis (Kuckart and Sharp 2011)

For my research, during the primary data analysis of the debtor interviews using Atlas.ti, it quickly became evident to me that it was possible to apply concept coding to all of the respondents' quotations. Further, it soon became obvious that once only a few codes had been created to capture each of the concepts emerging from the data, these were evident in other respondents' interviews and so were replicable. For this reason only six concepts emerged out of the codes that were captured from the debtors' responses⁶.

ii. Generalisability and Reliability

⁶ Codes used: (for the debtors) contact with creditors, emotional feelings about state of indebtedness; (for the debt collectors) perceptions of debtors, (for all respondents) opinion on credit and debt, perceptions of CSR, perceptions of government regulation.

According to the definition provided in the Concise Oxford Dictionary a generalisation is ‘a general notion or proposition obtained by inference from particular cases’ (Williams 2000: 212). Yet, many interpretivists deny the possibility of generalising from interpretive research and thus ‘reject generalisation as a goal’ (Denzin 1983: 133). However, Williams (2000) proposes that interpretivists inevitably and justifiably make generalised claims about the social world through the use of ‘moderatum’ generalisations, where certain aspects of observations ‘*can be seen to be instances of a broader recognisable set of features*’ (2000: 215). This is a view shared by Rabinow and Sullivan (1979) who assert there are ‘baseline practices’ people use; hence, leading to a ‘prior existence of the shared world of meaning’ (1979: 6). Williams gives the example of Fisher’s (1993) research which legitimately makes generalisation and even outlines five typologies of fruit machine players on a study conducted with just ten individuals interviews and four group interviews. These typologies ‘*describe the strategies of playing, the meanings players attached to their activity or the way in which individuals used the social space of the arcade*’ (Williams 2000: 212). Although generalisations have been made during my research by making inferences from the primary data obtained (to be revealed in later chapter), they are not applied to a wider social context to make claims about the ‘universality’ of the observations made.

It is also important to note that all of the respondents may have been telling me what they believed to be the socially desirable thing to say, rather than express their true feelings about something. This is particularly evident in the excerpt below, whereby the respondent makes one statement and then makes another straight after, which completely contradicts it.

“With the credit card, they constantly putting up my credit limit, constantly. And I find that very, very easy. Not that it is their fault because it’s mine, I shouldn’t have been greedy and took the money”.

(Jan, Debtor)

In this case, there seems to be a shift from an honest confession of her opinion (i.e. that the creditor, rather than herself, was to blame for her debt by increasing her limit) to what she believes is the socially desirable thing to say (i.e. that she takes responsibility for her own debt).

Conclusion

As with any research method, there are benefits as well as obstacles. Hodkinson (2005) proposes that taking an insider approach ‘may offer significant potential advantages – in respect both of the research process and the types of understanding that might be generated’ (2005:

131). Yet, he also asserts that the ‘realisation of such possible benefits and the avoidance of significant difficulties requires a cautious and reflexive approach’ (ibid). I have demonstrated this reflexive analysis by writing a comprehensive analysis of the structure, benefits and critique of my research design.

Now that we have explored the ways in which the research was conducted, the next three chapters review the literature around responsibility of the three stakeholders at the centre of this research in comparison with the respondents’ perceptions of these stakeholders’ responsibility for consumer debt.

Chapter 1: Corporate Social Responsibility: development, theories and critique

The availability of credit to consumers has contributed significantly to soaring debt levels and the subsequent consumer debt crisis. As a result, the ethical integrity of business practices of banks and other lending companies has been questioned. Such questioning has largely been framed in discussions around Corporate Social Responsibility (CSR). This chapter will now explore the development of the CSR movement, by considering some of the most popular theories within the field since it entered the academic and business realms in the first half of the 20th century. Rather than attempting to provide a definition of CSR and propose the most favourable of the theories, I will discuss the definitions of CSR according to these theories and assess both the support and critique each of the theories has received. The exploration of CSR theory is an important foundation to be built in preparation for the next chapter, which will lead to an assessment of the respondents' perceptions of CSR based on the theories discussed in this chapter.

1. The origins of CSR: development of the corporation and public scandals

The below quotation aptly summarises the development of CSR in the last few decades,

"...corporate social responsibility (CSR) has evolved as a new discipline. Initially in the 1990s, its objective was to protect the reputations of corporations. The concept of CSR has since expanded to include social compliance and environmental stewardship, climate concerns, philanthropy, and governance, thereby capturing emerging elements of the enterprise not part of the traditional model of capitalism" (Manubens 2009: 50).

In post-Fordist society, where firms began to require flexible technology and cheap labour in a relaxed regulatory environment (Kemper and Martin 2010; 253), discussions were initiated around the impact that corporations have on the environment and society. The dominant ideology that historically questioned the role of ethics in business and perceived the firm as a 'closed system' (Steurer et al 2005: 265; 267) derived from the assertion by Adam Smith (1776) that the free market economy is self-regulating by means of the 'invisible hand'. A strong proponent of a free market economy and stern critic of the emerging concept of CSR at the time of his writing was Milton Friedman, who famously asserted that 'The social responsibility of business is to increase its profits' (Friedman 1970). His argument claimed corporations cannot have social responsibilities. This dominant ideology, which propagates business ethics as an oxymoron, has been criticised for not taking into consideration the role that corporations should and actually do play in society, in terms of the political power they possess (Rajak 2006: 191),

and thus the accountability they should have. One of the earliest and most recurring critiques of the dominance of large corporations is that they have significant power over the environment, local community, political organisations and social infrastructure, which are not always efficiently controlled (Beesley and Evans 1978: 15). It has been argued (ibid., p.15) that corporations have a huge influence on the emerging society, which can both expand the opportunities available to society but also be detrimental in that the corporation has influence over the local politics, economy, workforce and local produce.

Further, Friedman did not consider that many corporate managers act in socially responsible ways as they feel they have a moral obligation to do so (Wood and Jones 1995: 255). In fact, according to Frederick (2006) the emphasis on ethical business conduct actually originated from business executives themselves, as demonstrated by acts of corporate philanthropy, social-give back policies and codes of conduct that many companies established in the 1920s (2006: 7). Companies such as Carnegie, Cadbury and Lever were among the first companies to utilise company assets to improve the conditions of their workers along with other social conditions (Blowfield and Murray 2008: 12). Kemper and Martin (2010) find the origins of CSR in small and medium firms, who were able to meet the interests of all stakeholders by being able to 'produce desirable products, employ people at secure jobs, obey relevant laws and regulations, and give something back to the communities in which it was located' (2010: 231). However, corporations simply 'giving back' to the community, even though their business products and services are not fundamentally ethical, can be deemed merely as corporate philanthropy. Yet, many other companies (The Body Shop, Innocent, Vestas Wind Systems, to name a few) began their business with ethical products and services at the core of their business model. Under this model, corporations began to be recognised by many as a 'social enterprise', if the existence of a corporation served public or social purposes, based on the fundamental principle that the collective well-being precedes all else (Dahl 1972: 17).

As corporations grew in size through the development of globalisation, governments became progressively more interested in monitoring corporate behaviour. One of the first political agendas was initiated to monitor and maintain ethical corporate behaviour was the Brundtland Report. Established in 1983 by the World Commission on Environment and Development (WCED), the aim of the report was to address a growing concern about the impact of deterioration of the environment and decline of natural resources on social and economic development. In respect of the notion of CSR, the report asserted that corporations can and should strive to achieve social equity, environmental maintenance *and* economic growth, the 'Triple Bottom Line' (Elkington 1999: 2). So, this focus on CSR made a big impact on the

implementation of CSR by the corporations themselves, specifically in terms of environmentalism.

Yet, the emphasis on CSR has not solely focused on the impact of corporate behaviour on the environment. Over the last ten years particularly, the focus on the impacts of business on human society has been elevated by numerous infamous demonstrations of corporate greed and business scandal. One of the first and most controversial of such instances was the case of Enron, the US energy company that famously went bankrupt in 2001 after conducting irresponsible accounting practices. During the time of the scandal its stock price fell from \$90 in mid 2000 to \$0.10 a few months later, costing its shareholders \$11 billion. The level of public confidence in big business at the time (2005) was 28% (Frederick 2006: 294). This incident led to the Sarbanes-Oxley act (SOX) to increase regulation of the financial sector in the US, particularly focusing on the devastating effects that illegitimate and immoral corporate behaviour has on its various stakeholders; not just shareholders but employees, customers, suppliers, partners and the wider community within which it operates. Such regulation of the financial sector did not come under public scrutiny in the UK until 2007 when the nation experienced a 'run' on the building society giant Northern Rock after it had reported significant losses and reached out to the Bank of England for financial support. The mortgage lender had experienced such losses after having been one of the many financial institutions that had been affected by the 'Subprime Crisis' of the Western world. This crisis was one of the most pertinent demonstrations of unethical corporate behaviour, driven primarily by greed, whereby millions of low-income borrowers were granted homeowner loans of substantially more than they could afford for high short-term financial returns to the lender at a high risk. Perhaps inevitably, these borrowers in their millions defaulted on their loans, causing massive write-offs and losses for many banks and building societies across the globe, leading to the 'Global Financial Crisis', for which the effects are still being felt at the time of writing this thesis.

Now that an observation of some of the background of CSR has been made, an investigation into some of the more comprehensive and most commonly referred to theories and models of CSR can proceed.

2. The development of CSR: theories and perceptions

As demonstrated above, the need for CSR has been realised by both business and government leaders. Its development has evolved significantly over the last 50 years and two leading schools of thought have emerged; the normative case and the business case. I will now explore

these schools of thought by examining the most popular theories within them. I will first outline the definitions of each theory and assess the support and critique.

i. The normative case

The normative approach to CSR proposes that businesses should be driven by moral and ethical motives, which should supersede profitability drivers. The approach asserts that companies should be engaged in CSR activities because it is simply “the right thing to do” (Harwood et al 2011: 283). Although there are many normative theories of CSR, for the purpose of this chapter, I shall focus on two of the most influential in the field of CSR and its associate disciplines: stakeholder theory and sustainable development.

Stakeholder Theory

Definition

Stakeholder Theory, developed by Freeman (1984) is one of the earliest and most commonly referred to theories of CSR. Freeman was one of the first academics to reject Friedman’s perception that a company has social responsibilities only towards its shareholders, challenging the dominant model of business at the time that was not ‘consistent with the law, and for the most part, simply ignores matters of ethics’ (Freeman 2008: 39). Instead, Freeman asserted that managers actually ‘bear a fiduciary relationship to stakeholders’ (Evan and Freeman 1988: 103). In providing a definition, he asserted a stakeholder is any group or individual ‘who can affect, or is affected by, the achievement of the organisation’s objectives’ (Freeman 1984: 46). The logic for such an assertion is derived from the notion that stakeholders have a right not to be treated merely as a means to an end but must be able to participate in the direction of the firm in which they hold a stake (Freeman 2002: 39). Further, Freeman observed that ‘businesses and the executives who manage them actually do and should create value for customers, suppliers, employees, communities and financiers (or shareholders)’ (Freeman 2008: 39).

Support

Elias (2004) argued that stakeholder theory ‘became the dominant paradigm in corporate social responsibility’ (2004: 268). Wood and Jones (1995) highlighted three ways in which stakeholders are affected by and can affect firms in that they ‘(a) set expectations for corporate performance, (b) experience the effects of corporate behaviour, and (c) evaluate the outcomes of corporate behaviour’ (ibid., p.229). They propose that ‘stakeholder theory holds the key to

understanding the structures and dimensions of business-and-society relationships, since it is the essential foundation for discerning relationships among various indicators of corporate performance' (ibid., p.231).

"Stakeholders are not unitary entities which serve a single function for a firm; rather, they engage in many different behaviours with respect to the firm, while filling several critical roles...In short, stakeholders define the norms for corporate behaviour; they are acted upon by firms; and they make judgments about these experiences " (ibid., p.231).

Castela Branco and Lima Rodrigues (2006) support stakeholder theory by proposing that,

"it is relationships rather than transactions that are the ultimate sources of a firm's wealth and it is the ability to establish and maintain such relationships within its entire network of stakeholders that determines its long-term survival and success" (2006: 119).

They further explain that CSR is a two-way relationship between a corporation and societal stakeholders, whereby approval is given for a company's behaviour. Hillenbrand et al (2011) also highlight the importance of meeting stakeholders' expectations through a CSR program in order to prevent brand and reputation damage. Their study uses a stakeholder theory approach to assess CSR and explain that studying the UK banking sector itself is of vital importance during a time when the sector has been accused of lacking completely in business ethics after a number of scandals. They identified six themes relating to the employees' and customers' perceptions of CSR that imply the necessary conditions for a firm to be regarded as socially responsible (2011: 352): transparency, integrity, minimization of negative business impacts, non financial purpose, competence and continuity (ibid., p.345-6). In concluding their results, they state:

"Given the threats to the survival of these companies that resulted from their business practices, it seems that there was a lack of competence and in the conduct of strategy that undermined the continuity of stakeholder relationships. One might note that the proliferation of complex derivatives and the compounded building of mortgage assets may have brought a troubling and problematic lack of transparency. The excesses of subprime lending might point to a failure to minimize negative business impacts. One might even question the character of such lenders: Do their roles in precipitating the crisis imply a lack of integrity or reflect an unwillingness to extend their objectives

beyond the short-run bottom line to non-financial purposes?” (Hillenbrand et al 2011: 354).

During his interview with me, Vince Cable reflected on the lack of transparency with regard to unfairness in access to information for debtors.

“But I think it’s not a symmetrical relationship because lenders have so much more information and knowledge and economics and you can talk about asymmetric information so I think that’s what’s happened there. Lenders have an obligation to ensure that lending is undertaken prudently”.

He also reflected on the issue of competence, specifically with regard to a company driving ethical behaviour:

“There are good corporations nationwide, that people invest in not just because they’re goodie-goodie but because they’re also well run companies”.

Further, he spoke about the issue of non-financial purpose, making an apt conclusion regarding companies’ interest in driving values of a non-financial purpose, in relation to companies who are focused on sharing the values of the community.

“I grew up in York with the Quaker chocolate companies, which had a very public spirited approach to business. And Shell which I worked for, good companies, first of all feel they have an obligation to their employees which is partly self interested because they want to hire and keep good people, certainly in the interest of share holders and I think good managers also have a wider concern in society. A good model will be someone like Stephen Green at HSBC whose kept his bank out of the nasty stuff and generally tried to carry out banking within an ethical framework”.

Cable also highlighted that there are strong examples of companies in a particular sector who are motivated by socially responsible outcomes that may have a positive impact on the rest of that sector.

“what very often happens is that you get one or two good firms in an industry who set a good standard for socially responsible reasons”.

Critique

Stakeholder theory appears to ask more questions than it answers surrounding the role of business in society and, generally speaking, does not provide any clarity on the issues (Stieb 2009: 413). For example, Freeman (1984; 2002; 2008) identifies that shareholders enjoy the majority of the power in the decision making processes of a firm, a process he argues should actively engage the other stakeholders concerned, as they will be the most impacted by the businesses' actions. Yet, on a pragmatic level, this proves confusing to business managers when assessing which of the stakeholders should be given the most decision making power (Stieb 2009: 413). Freeman further identifies the distribution of wealth as unequal and calls for its redistribution from solely the shareholders of a corporation to the other stakeholders concerned. However, this is problematic as it automatically assumes that every stakeholder is affected and directly impacted by the business' actions, and that this is enough to warrant the redistribution of wealth.

A very interesting and important observation Hillenbrand et al (2011) make is that lenders may have actually seen subprime lending as a facet of their social responsibility program (2011: 338), in that its unique selling point was that it aimed to provide socially affordable housing (which we are now aware was only in the short term in that low income borrowers were given mortgages but this was not affordable nor sustainable for them, hence the huge volume of defaulting and subsequent market collapse). This demonstrates how corporations do not necessarily know what is in the best interest of the stakeholders and that their decisions are, again, driven only by short term profit.

To sum, the above literature critiques stakeholder theory in that it fails to address who the stakeholders are in each situation, how much power they should have in the decision making process and how much compensation they should receive in their 'fiduciary relationship' (Evan and Freeman 1988: 103) with the company (Stieb 2009: 413). Yet, this is not necessarily something that could not be worked out through further analysis and discussions with stakeholders. However, as the above shows, stakeholder theory has been critiqued for not providing a pragmatic approach required by business managers in order to implement CSR.

Sustainable Development

Another dominant strain of CSR theory, sustainable development (SD), has developed significantly in recent years. There has been an increasing trend within CSR over recent years to focus specifically on the issues of environmental and social sustainability, as concerns around limited resources have been at the forefront of public and private attention. As explained earlier,

the emergence of globalization resulted in multinationals beginning to over-emphasise their agency and ignore their role within the community at large, which allowed for a major critique of businesses and the business environment (Marrewijk 2003: 98). This resulted in agents within the government and public sectors, particularly Non Governmental Organisations (NGOs), developing their impact and being able to influence businesses to act in a more sustainable way (ibid., p.98).

Definition

The terms sustainability, sustainable development (SD), Corporate Sustainability (CS) and Corporate Sustainable Development (CSD) are synonymous (ibid., p.102; Steurer et al 2005: 274) and often interrelated within the broader concept of CSR. However, attempts have been made to distinguish the concepts by stipulating that CSR is concerned with the company's relationship management of its stakeholders, whilst SD is 'commonly perceived as the societal guiding model' (Steurer et al 2005: 274). CS has been defined as the 'corporate guiding model' (ibid., p.274), which 'focuses on value creation, environmental management, environmental friendly production systems, human capital management and so forth' (Marrewijk 2003: 102).

The agenda for corporate sustainability was profoundly asserted in the Brundtland Report, as explored earlier, and provided the first definition of Sustainable Development as "meeting the needs of the present without compromising the ability of future generations to meet their own needs" (WCED, 1987). This led to several institutions adopting sustainability and SD as their agenda, including many corporations who thereafter adopted corporate sustainability programs. For example, the Erasmus University's Business Society Management and the EU Communication both placed CS as the ultimate goal (Marrewijk 2003: 101).

Zadek (2001) also noted that the focus has been shifting from the notion of CSR to SD as a core business activity (2001: 1). Another term synonymous with CSR, stakeholder theory and CS is 'corporate citizenship', a notion whereby corporations take accountability for their social, environmental and financial footprints (ibid., p.7).

Support

It has been proposed that the most important characteristic of SD is its tripartite structure, supported by three "pillars" of economic, social and environmental dimensions (Steurer et al 2005: 269). The economic dimension is concerned with the financial performance and competitiveness of a corporation, and its economic impact on stakeholder groups (ibid., p.269),

as ‘firms create value through the goods and services they produce’ (Bansal 2005: 200). The social dimension is important for equity of society both in the present and future generations, specifically with regards to income disparities at local and international levels, and social improvements for all stakeholders (Steurer et al 2005; Bansal 2005). Lastly, the environmental dimension is concerned with a corporation’s responsible use of natural resources, the lowering of their emissions and ecological footprint and the prevention of environmental damages (Steurer et al 2005; Bansal 2005).

SD goes further than traditional CSR in that it covers the needs of several generations of stakeholders and even future stakeholders, whilst CSR has a temporal scope (Steurer et al 2005: 274). However, Aras and Crowther (2009) assert that most analyses of sustainability are inadequate as they concentrate solely on the environmental and the social whilst financial performance, which is also imperative to the success of sustainability, is overlooked (2009: 34). It is likely this is so as authors see a conflict between financial performance of a corporation and its social and environmental performance (ibid). As such, most work on corporate sustainability does not recognise the need for understanding the importance of financial performance as an essential part of sustainability. They offer, then, what they see as a more comprehensive model (Figure 1), which looks at four aspects of sustainability and sustainable development (environment, society, financial performance and organisational culture) in both the short and long term context. Furthermore, they assert that to achieve sustainable development it is necessary to first achieve sustainability, which can occur via four actions: maintaining economic activity (as this is the *raison d’etre* of the company); conserving the environment (as this is essential for the maintenance of future generations); ensuring social justice which includes elimination of poverty and the ensuring of human rights; and developing spiritual and cultural values, where the corporate and societal values align in the individual (ibid., p.37). Thus, they argue that sustainable development involves more than just managing the interest of the stakeholders versus the shareholder.

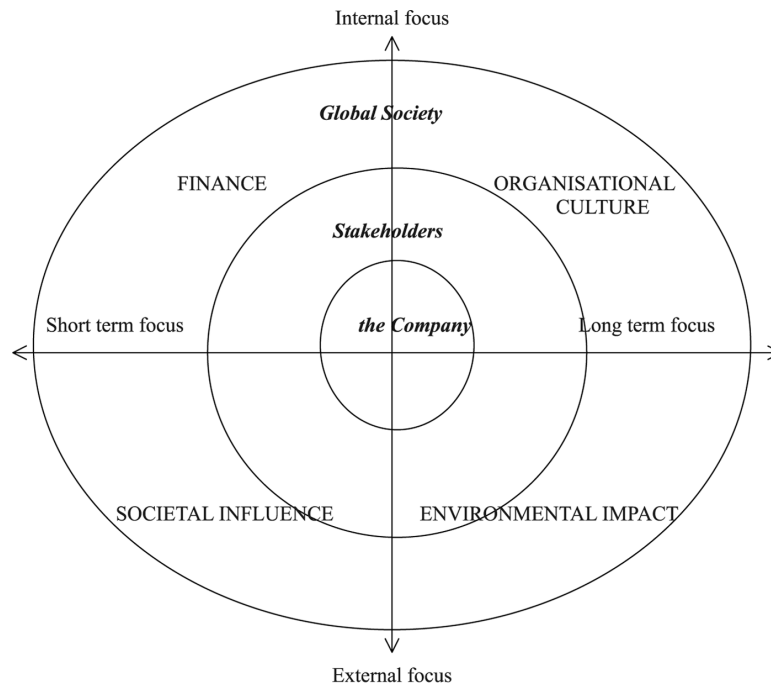


Figure 1. *The Model of Sustainable Development* (Aras and Crowther, 2009, p41)

As outlined above, sustainability focuses on ensuring that the resource utilisation of the present does not affect the future. This creates concepts with which the corporation must engage to become sustainable (such as renewable energy resources, minimising pollution and using new techniques of manufacture and distribution), and thereby accepting the costs involved in the present for ensuring sustainability in the future (ibid). This is beneficial not only to the environment, but also to the organisation, for it cannot operate tomorrow without the resources it has today (ibid). As this is directly relevant to the performance of the bottom line¹, then, there is no dichotomy between the environmental and financial performance of the company as they are mutually exclusive; the environmental performance of the company in the present day ensures the financial performance of the company tomorrow and vice versa (ibid). The bottom line is further impacted by the environmental aspect, firstly, in that the company has to make sure that it is not prohibited by large monetary fines from government bodies for not complying with environmental regulation and, secondly, by the consumption practices of the ever increasing ‘green’ consumer base (ibid).

During our interview, Vince Cable conveyed his observations of some of the recent developments and trends moving toward environmental, financial and social sustainability.

¹ See Glossary of terms, Appendix I

“Everyone’s trying to create a niche in every industry where everybody trying to behave themselves and set good standards. Just as an example I went over to Whittam this morning and saw a funeral parlour and this is a tiny company in Twickenham and they’re offering zero carbon funerals”.

Cable further explained how the demand for sustainability has also extended to the financial markets:

“you see this in financial markets, there are a lot of ethical investors. A lot of people want to put their money where their money is not being churned to fund Goldman Sachs but is actually serving a valid purpose. A lot of these companies are now offering investors environmental values, all the things people feel strongly about. So I think there is a future and it operates through various channels, firstly it operates because the co-operative institutions are reinventing themselves and are showing a sense of energy and are offering something different. And because investors are becoming more discriminating and want to use their investments to steer business in a healthy direction and its possible because consumers don’t want to buy cheap and nasty stuff produced on an unethical basis”.

Reflecting on the importance of organisational culture, specifically focusing on company structure and ownership, during our interview Vince Cable highlighted the importance of organizational culture in attributing to sustainability and sustainable development. Speaking about family-run companies, he advised:

“By their definition almost they have a longer term view because they’re passing things on from one generation to another and families often get into problems because it’s difficult to keep going. But they do have the long term sense of commitment which often the private company owned by shareholders doesn’t have.... it’s rather sad that modern capitalism has largely absorbed many of those old Victorian capitalists who had a very good work ethic and sense of social responsibility”.

Critique

Aras and Crowther’s view of corporate performance is that it should be one of ‘stewardship’ of the resources of the society and of the environment within which the corporation operates, which leads to economic and environmental sustainability (2009: 38). Yet corporations tend to think about their stakeholders in the present, rather than future generations, as these are the

stakeholders who will have an immediate impact on the company. Therefore, corporations are less likely to plan for the long-term future and more likely to concentrate on generating profit in the short term for their present shareholders. So, the Model of Sustainable Development is again more normative than it is descriptive as it depicts a vision of how a corporation should act, rather than how it does act. Hence, although Aras and Crowther can credibly argue that environmental concern is in the future interest of the corporation, this is more abstract than pragmatic as it is not how corporations tend to make their calculations.

ii. The business case

As we have seen in the above, normative theories are embedded within the roots of CSR and are certainly valuable as an idealized approach to address the role that companies should play in society. However, there has been an increased adoption of the ‘CSR for profit’ approach by business leaders, which has turned academics’ attention to this approach and away from the normative approaches of ‘duty aligned’ CSR (Gond et al 2009: 66).

Definition

Much of the CSR literature proposes that CSR projects can create economic value for the company and social value for external stakeholders by allowing the company to differentiate itself from other companies (Karaibrahimoğlu 2010: 384). The business case for CSR, otherwise known as ‘instrumental CSR’ and ‘enlightened self-interest’, ‘justifies socially responsible behaviours solely on economic grounds, that is, it considers such to be appropriate only when their underlying motivation is the attainment of superior financial performance’ (Gond et al 2009: 57). Instrumental CSR differs significantly to the stakeholder approach in that stakeholders are seen ‘as simply the means rather than the ends in themselves, and their relevance assessed by their impact on competitive advantage and financial performance’ (ibid., p.67).

The notion of ‘enlightened self-interest’ emerged as the result of a search by academics and business leaders opposed to the Friedman approach, in order to demonstrate that corporate social performance and financial performance can be positively related (Wood and Jones 1995: 230).

Support

Steiner (1972) was arguably one of the earliest theorists to observe that ‘businessmen feel it is in their enlightened self-interest to assume social responsibilities’ (Steiner 1972: 20). Several other theorists (Fama 1970; Sethi 1975; Spicer 1978; Waddock and Graves 1997) have linked social performance to financial performance, which has ‘opened the flood gates to a new and dominant form of CSR research...to demonstrate that the drive to maximize profits must include social responsibility’ (Kemper and Martin 2010: 234). Elias (2004) refers to a study by Singhapakdi et al. (1995) of marketers’ perceptions of CSR and organizational effectiveness, which indicated a positive relationship between CSR and financial performance and thus assured managers ‘that they do not need to sacrifice profit when engaging in socially responsible behaviour’ (Elias 2004: 268). Elias also refers to Smith’s (1996) study that revealed that 88% of consumers were more likely to buy from a company that is socially responsible and Orlitzky et al.’s (2003) study ‘provided strong evidence of the positive link between social responsibility and profitability’ (ibid., p.269). It is inevitable that the business will concentrate on the bottom line of the performance in order to ensure the *raison d’etre* of the firm (Aras and Crowther 2009: 36), and environmental performance is achieved in relation to the bottom line for the following reasons: to make sure that the company is not prohibited by large monetary fines from government bodies for not complying with regulation; and/or because consumers will be more likely to do business with a company if they are conducting their business practices in an environmentally friendly way (ibid., p.38).

Through the creation in the 1970s of many government bodies such as the Environmental Protection Agency and the Consumer Product Safety Commission to protect the environment, employees and consumers, it became apparent at the time that the business world was under scrutiny for not being accountable enough to their stakeholders and society in general (Carroll 1991: 39). The perception of social ‘responsibility’ during this time shifted to social ‘responsiveness’ by some writers who argued that there was not enough attention being paid to the actions of the corporation (ibid., p.40). This was a necessary reorientation as it emphasised the importance of corporate action and implementation of a social role, yet the question still remained as how to reconcile the economic orientation with such a role (ibid.). From this, a four part comprehensive model (Figure 2) was developed, which emphasised the importance of businesses responding to all aspects of the social world: economic, legal, ethical and philanthropic (ibid.). The ‘Pyramid of CSR’ rests on the notion that the *raison d’etre* of the firm is economically defined as the foundation of the pyramid. All other responsibilities (legal, ethical and philanthropic) come after or from this, meaning that the company will only ever be socially responsible if it fits in with the economic goal of making profit (ibid., p.42).

Figure 3
The Pyramid of Corporate Social Responsibility

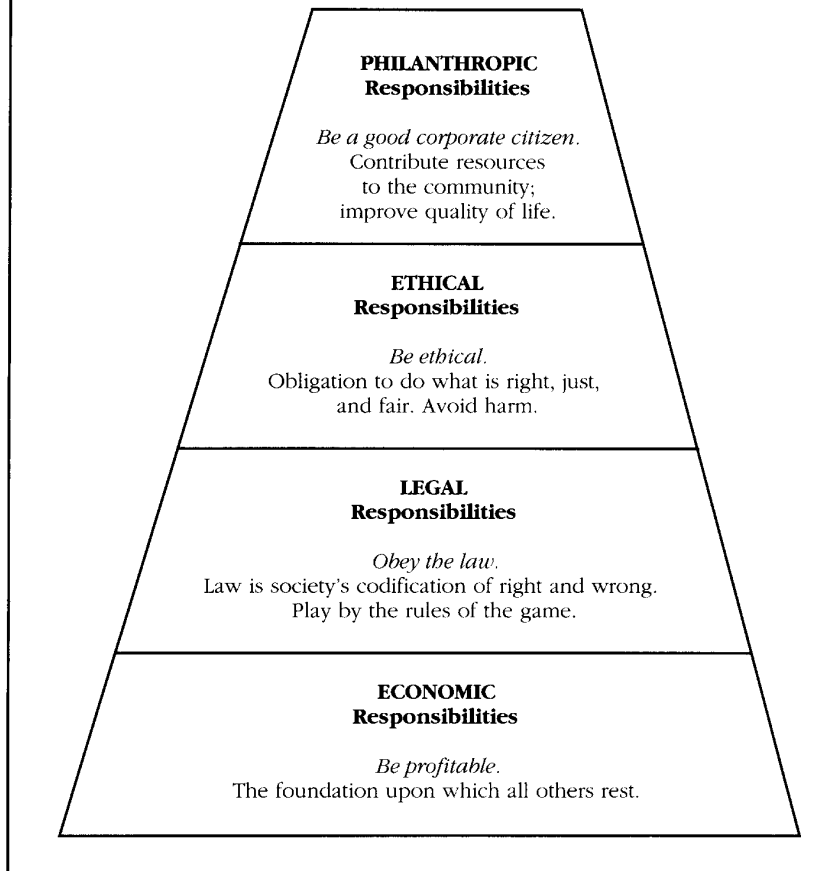


Figure 2. *The Pyramid of Corporate Social Responsibility* (Carroll 1991, p 42)

Campbell (2007) also argues that basic economic factors are important in determining whether a company is likely to engage in CSR, such as the general financial condition of the firm and the health of the economy (2007: 952). Thus, companies who are economically weak are less likely to engage in acts of CSR as they have fewer resources to invest time, effort and money into it (*'slack resource theory'*), so these corporations are unlikely to meet the threshold for socially responsible behaviour (ibid., p.952).

Castela Branco and Lima Rodrigues (2006) argue that companies 'engage in corporate social responsibility (CSR) because they consider that some kind of competitive advantage accrues to them' (2006: 111). They also refer to Wood and Jones' (1995) study, which demonstrated 'clear evidence that bad social performance is detrimental to a firm's financial performance' (1995: 115). However, though they recognize that CSR often has a financial benefit for the company, they also importantly refer to Carroll's 'Pyramid of CSR' (1991) to highlight that strong financial performance is a necessary aspect of CSR for two reasons: firstly, from a stakeholder

management perspective, the shareholder is also a stakeholder, thus their interests must be taken into consideration by managers; secondly, without a stable bottom line, there would be no organization and therefore no opportunity to initiate any CSR program or initiatives or invest in other stakeholders (Castela Branco and Lima Rodrigues 2006: 114).

However, they also make the important recognition that ‘it is not clear whether social responsibility leads to increased financial performance or whether the latter implies availability of more funds to devote to the former’ (ibid., p. 115). However, they also recognize that, regardless of the motivations behind CSR, these actions ‘will lead to social benefits’ (ibid., p. 120). They refer to Bhattacharya and Sen’s (2004) study, which highlighted that consumers recognize and react to irresponsible corporate behaviour in their consumption choices, meaning that ‘managers need to be aware of the risks of being perceived as socially irresponsible’ (ibid., p. 123).

I also make this observation via the ‘Model of Consumer Driven Corporate Responsibility’ (CDCR), which demonstrates that ‘in order to remain profitable consumer demands for CSR must be met’ (Claydon 2011: 415). As a result, the corporation not only remains profitable but: engages in socially and environmentally responsible behaviour; obtains a higher reputation and esteem in the public sphere due to the adoption of CSR; subsequently expands the scope of its customer base which contains more consumers who demand CSR; hence adopts CSR, which attracts more customers making them more profitable, and so it continues (ibid., p. 416).

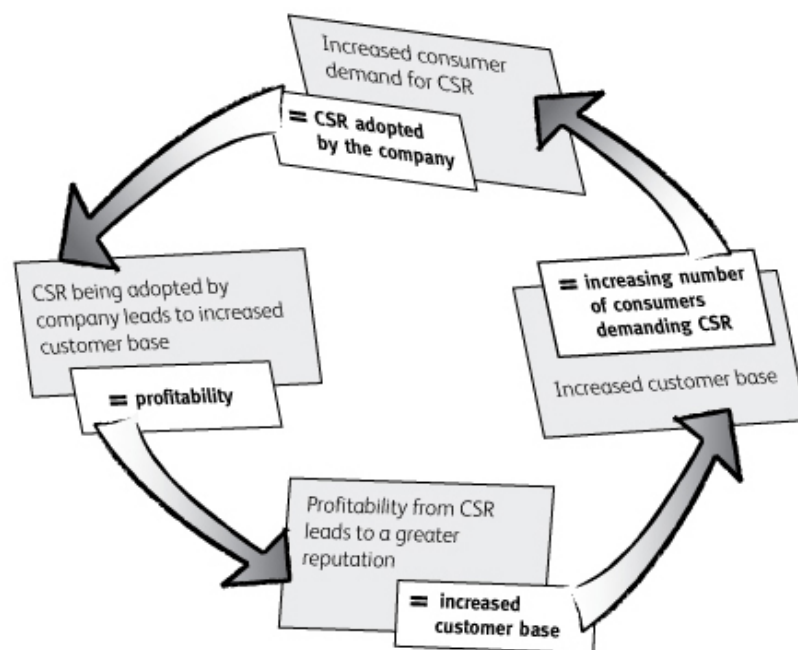


Figure 3. *The Model of Consumer Driven Corporate Responsibility* (Claydon 2011, p.416)

The model satisfies all stakeholders as the consumers have their demands met, the requirements of other stakeholders and the environment are met and the company remains profitable and increases in value as it becomes more profitable (ibid., p.415). Furthermore the company continually increases its customer base and profitability due to its reputable status and, thus, must continue to uphold its CSR policies to maintain its customer base and profitability (ibid).

During our interview, when talking about carbon neutral funerals, Vince Cable made the recognition that consumers were demanding such products, thus demonstrating that the trend for such environmentally friendly products and services was being influenced primarily by consumer demand.

“people are going for it, you know it’s woodland burial caskets of cardboard rather than expensive wooden coffins and the funeral guy said he’s amazed by the number of people who now want that but it’s their own choice and not imposed by anybody else”.

Further, Cable highlighted that morally driven and ethical business leaders do often exist, however they cannot maintain their success unless they also remain profitable.

“when I was a child the CEO² Mark Newby³ who was a Quaker, was a very idealistic man and very good businessman. People like that only survive if the company performs well and they get good investment”.

Critique

There are internal drivers for an organisation setting agendas to improve social and environmental performance because of the perceived benefits for such an action, yet there have been many criticisms of such a driving factor. Two such criticisms assert that either companies are often driven by the need to comply with regulation and legislation concerning the

² Chief Executive Officer (CEO), see Glossary of terms, Appendix I

³ Stewart, F.H. (1947) *The First Banker in New Jersey and His Patrick Halfpence*, Gloucester County Historical Society

government, rather than having a real concern for the environment, or that the environmental practice of a company is a mere Public Relations stunt for advertising purposes.

Karaibrahimoğlu (2010) studied the effects of the financial crisis on CSR to determine the impact on CSR projects during times of such crises. He asserted that the need for CSR projects has increased following increased public demand for CSR as a result of their enhanced understanding of the role of the company in affecting society (2010: 385). Further, consumer behaviour is affected by CSR projects and so companies are now judged on their social performance by some external stakeholders rather than on their economic performance by the shareholders (ibid., p.382). Despite this apparent positive correlation, Karaibrahimoğlu found that:

“there is a significant drop in numbers and extent of CSR projects in times of financial crises... organisations behaviour becomes more conservative and defensive....the dilemma is that while the financial crisis demands more CSR projects, organisations are less willing to engage in such projects in these times” (ibid., p.383).

The main body of literature, Karaibrahimoğlu asserts, proposes that CSR is instrumental to the company in that it is pursued as a profit maximization exercise (ibid., p.384). He found, however, that during economic recession and financial crisis ‘there is a significant drop in numbers and extent of CSR projects’ (ibid., p.382). He asserts that it is a mistake for companies to do so as ‘organisations need to focus on providing society’s needs’ (ibid., p.385) and so CSR is more needed and demanded by society during economic recession.

Gond et al (2009) explain the risk of depending solely on an instrumental and CSR self-regulation approach in that companies engaging in CSR solely for profit maximization could result in ‘elaborate facades’ (2009: 58), attempting to demonstrate the social responsibility of a company that is still morally and ethically corrupt. They assert that ‘if solely perceived as a means employed towards instrumental ends, (CSR) could reinforce corporate immunization and create an ethical myopia among managers’ (ibid.,p.73). Additionally, Wood and Jones (1995) assert that only studies using market-based variables show a consistent relationship between social and financial performance whereby social irresponsibility results in negative stock returns and so conclude that, ‘The relationship between corporate social performance and financial/economic performance is still ambiguous’ (1995: 261).

Returning to Carroll’s (1991) Pyramid of CSR, it has been criticized for prioritizing the economic responsibilities of the firm in that, meaning that “legal, ethical and discretionary

(charitable) responsibilities might be ‘put on hold’ if business is bad or times are tough” (Wood and Jones 1995: 233). Further, though the Pyramid stresses the financial aspect as integral to a concrete model of CSR, it does not provide an explanation of how financial performance can actually lead to the corporation’s sustainability by ensuring that money is invested in socially responsible behaviour and sustainable behaviour. Instead, the Pyramid merely asserts that the business must stay profitable only because it is the *raison d’être* of the corporation to do so (Carroll 1911: 40) and not because it has a direct impact on ensuring sustainability.

Additionally, the Pyramid implies that the corporation can always achieve profitability, without needing to rely on the other factors of CSR in the other tiers, as the financial layer is the foundation of the pyramid. However, Aras and Crowther’s model asserts that profitability is predicated upon the other factors of CSR and so the financial success of the company and its actions of CSR exist in a continuum (Aras and Crowther 2009: 36). Further, Wood and Jones (1995: 240) assert that the enlightened self-interest approach to CSR violates the stakeholder model, which suggests that all stakeholders have certain rights in evaluating corporate performance, as the instrumental approach will inevitably prioritise the rights of the stakeholders who have more impact on the firm, i.e. customers, stockholders, investors, regulators rather than those who are most impacted by the firm, i.e. communities and workers unions (Gond et al 2009: 62).

Perhaps the most important critique to the instrumental approach is the simple recognition that if CSR is solely motivated by profit, this broadens the scope for all kinds of activities not motivated by CSR to be categorized under its banner. For example, activities such as oil spill clean ups, product recalls and criminal misconduct damages are ‘expensive and hurt profitability’ (Wood and Jones 1995: 241). Thus, a program of activities initiated to prevent these occurrences, even though motivated solely by profit maximization rather than ethical duties, could legitimately be passed as a CSR program in line with the instrumental approach. Wood and Jones conclude that CSR has proved to not be measurable against stakeholder interests, thus the ‘neoclassical argument about enlightened self-interest and charitable giving tends to be seen for what it is – a weak and easily defeated stance for “doing good...just because” (ibid., p.243).

3. The critique of CSR

Though many proponents of CSR have emerged in an attempt to implement an effective way of guiding corporations toward socially responsible behaviour, many have also critiqued its effectiveness and are sceptical of both its demonstrated and potential impact and success. Despite the progress that instrumentalism theories of CSR has made in the past few decades, by

the time of the Consumer Debt Crisis, advocates of these theorists ‘had not yet been able to demonstrate conclusively that firms might make financial gains because of their social activities’ (Kemper and Martin 2010: 234). Further, the economic collapse of many companies at this time prevented ‘firms ability to generate gains for the broader society’ (ibid).

Kemper and Martin (2010) assess which of the CSR theories stand up against the test of the recession and find new ‘theoretical underpinnings for the next generation of CSR that can meet the challenges not only of the current financial crisis, but the looming ecological and geopolitical crises’ (2010: 229). They explored the issues resulting from the failure of the framework for which CSR theories have been based and propose an outline for the next generation of theory, by using three settings; the new emphasis on scrutiny, the movement away from self-regulation, and the focus of executive compensation as a cause of the problems with business behaviour (ibid). They observe the apparent tension between CSR and its ‘*raison d’etre*’ (profit maximisation for the shareholders) (Friedman 1970). They suggest that over the last few decades, voluntary standards and self-regulation adopted by companies have signalled at social performance and pro-societal attitudes, whilst simultaneously allowing the company to pursue its *raison d’etre*. However, they importantly state,

“As a result of the crisis, prominent proponents of deregulation have retracted many of their positions and now advocate much tighter regulation of firms and of markets.... This reconfiguration of the relationship between business and society and an assessment of its consequences upon the many theoretical schools concerned” (Kemper and Martin 2010: 230).

Visser (2010) stresses there is still no CSR model that has enabled the truly successful implementation of CSR (2010: 313). He asserts this in light of various staggering facts and figures, which highlight that our global ecological footprint has tripled in forty years, and the fact that Enron was voted by *Fortune* magazine to be one the ‘100 Best Companies to Work for in America’ in 2000, as well as having a ‘solid’ set of CSR codes shortly before its infamous collapse (ibid., p.314). Visser subsequently asserts that CSR has failed via three ‘curses’: firstly, ‘Incremental CSR’ as a type of continuous improvement, fails in making any substantive changes to the issue of sustainability from its lack of speed and scale; secondly, ‘Peripheral CSR’ is never fully integrated into the company’s core values and business strategies and thus is used as merely an ‘add-on’, which does little to hide the fundamentally capitalist driven motivations of the shareholders and top management; finally, ‘Uneconomic CSR’ is a critique of the ‘façade’ of the business case for CSR that asserts that ‘CSR pays’ (ibid., p.314-316). Instead, he asserts the more ‘inconvenient truth’ is CSR sometimes pays but is more a necessary

part of the change that is needed to a capitalist driven society to reverse poverty and enable sustainability of our planet (Visser 2010: 315).

Rather than critiquing the sustainability and impact of CSR programs, Rajak (2006) specifically critiques the effectiveness of the philanthropic aspect of CSR. She asserts the way in which the notion of it as a gift from the company to its local community creates relationships of ‘paternalism, patronage and control’ (2006: 199) between the givers and receivers of CSR if the receiver is not able to reciprocate the giving, as this can signal instability and inequality of their part (ibid.,p.195).

Regardless of the efforts of CSR theory to disprove Friedman’s assertion that ‘the social responsibility of a company is to increase profits’ (Friedman 1970), the argument is still being made that CSR is simply not possible in a capitalist system. Focusing specifically on the US credit card industry, Manning (2000) states that by affiliating themselves with education, social programs, political and professional groups and cultural institutions, the credit card industry is attempting to portray itself as socially responsible. Though this may appear as an act of altruism, in reality he argues:

“The bottom line is that banks do not care if mounting charge balances are for a ski vacation, book writing expenses, college tuition, a small business line of credit, a family reunion, the rent, or a divorce lawyer” (2000: 296).

Phau and Woo (2008) refer to other studies (Warwick and Mansfield 2000) that ‘raised concerns over the social responsibility of organisations such as credit card issuers who pursue young students to apply for credit cards’ (Phau and Woo 2008: 452). However, they also make an important assertion that many credit card companies do ‘show respectable displays of social responsibility in playing their part to educate young adults who are keen on applying for credit cards’ (ibid., p.453). During our interview, Vince Cable expressed the opinion that the banking industry may be showing an improvement in ethical behaviour in the short term, but will inevitably not change in the long term. He asserted that the element of greed in banking will never dissipate, as he believes the industry does not appear to have learnt anything from the recession as it is still pursuing risky banking behavior.

“I think its probably vindicated one or two of the banks that did take the responsible long term view like HSBC but the ones that were greedy like Barclays are continuing to be very greedy and building up their investment banking operation very quickly and there’s no change in tack. Regrettably I don’t see a fundamental change in the

psychology of banking, there are one or two good banks which are well run and socially responsible and that's the image they're trying to develop but the ones that failed or the ones that almost failed, I don't see a change in psychology".

Conclusion

This chapter has explored the two key schools of thought within CSR theory, the normative and business cases, and the theories within these two arguments. By assessing the literature both supporting and critiquing each of the theories, it is apparent that CSR theory still has much to prove in terms of its effectiveness, impact and successful adoption within companies' core business models. The holistic narrative of CSR as explored in this chapter is perhaps best summarized by Maignon and Ralston (2002) who define three motivations for companies to engage in CSR: managers value such behaviour in its own right; managers believe CSR enhances the financial performance of the company; stakeholders pressure firms to behave in socially responsible ways (2002: 498).

Stakeholder theory can be useful as a tool for assessing the impact companies have to each stakeholder group and, thus, the considerations they should give to each of the stakeholders. Further, it has been widely recognized that stakeholders can also have a direct impact on the company, and so their interests should be greatly considered. However, stakeholder theory has received criticism for its problematic pragmatism, in that it is often difficult to assess the weighting of considerations that each stakeholder group should be given. Further, in real terms, the stakeholder group that is most likely to negatively impact upon the company unless its needs are met is often the group whose interests are served, to the detriment of other stakeholder groups.

Sustainable development has also been widely adopted as a tool for the implementation of CSR, by focusing on its key objective to ensure that resource utilisation of the present does not affect the future. Aras and Crowther's (2009) 'Model of Sustainable Development', in particular, demonstrates how it effectively factors in four key elements to achieve sustainability: finance, societal influence, environmental impact and organizational culture. Yet, the successful implementation of this model is questionable as some companies are still demonstrating their desire to obtain short-term profit and success, rather than investing in resources for long-term sustainability. However, the investment in long-term sustainability is becoming a trend in more and more companies.

Instrumental CSR, also known as the ‘business case’ and ‘enlightened self-interest’ has, as we have seen from the above, become arguably the most widely adopted approach to CSR. By ensuring that social and environmental needs are met whilst ensuring the profitability of the company, it appears to provide a win-win situation for all stakeholders and shareholders of the company alike. However, the ethical integrity of this approach has been questioned by many, even to the extent where its values are compared to those of the Mafia organization (Gond et al 2009). Further, the business case has been critiqued in terms of its sustainability and consistency as a CSR program using this approach is likely to cease operation in times of profitability diminution and be limited even in times of profit. Gond et al (2009) also make the important observation that ‘instrumental CSR bypasses normative questions, such as what corporations do if contributing to society or stakeholders does *not* contribute to profits’ (2009: 68), which we can assume is actually to suspend their CSR activities altogether for the sake of profit maximization.

Unfortunately the recent global financial crisis has seen the credibility of CSR severely questioned. Kemper and Martin refer to Steger (2008), who asserts that the growth of global financial institutions could reduce overall CSR practices, as there are few opportunities to encourage social and environmental performance due to the huge pressure of financial markets (Kemper and Martin 2010: 236). For that reason, instrumental CSR has sustained the most damage during the crisis. However, it has not necessarily been the case that CSR practices have decreased during the recent economic downturn, as I have demonstrated that even during these times, many companies are engaging in CSR as ‘consumer demand for CSR overall is consistently rising’ (Claydon 2011: 11). Further, research has shown that in an economic recession only 18% of companies will discontinue or suspend their CSR program due to resource constraint, whereas 37% would maintain focus on CSR as a priority (Harwood et al 2011: 284). However, these findings are not consistent, as the same study showed that the majority of companies (43%) would cut CSR budgets, whilst aiming to focus on key issues (ibid).

Chapter 2: Respondents' Perceptions of CSR in the consumer credit sector

The previous chapter explored academic theories of CSR and outlined the definition, support and critique for the normative case, based on the two main theories of stakeholder theory and the theory of sustainable development, and the business or 'instrumental' case for CSR. This chapter will now assess the respondents' perceptions of CSR, which will be considered in the context of the theories of CSR that were explored in the previous chapter, to find out whether the respondents' perceptions reflect any of the theories. Firstly, the respondents' perceptions shall be framed within the normative case for CSR, specifically: the themes of stakeholder theory as identified by Hillenbrand et al (2011) in their study of employees' and customers' perceptions of CSR; and the elements of sustainable development as outlined by Aras and Crowther (2009). Secondly, the respondents' perceptions shall be framed within the business or instrumental case for CSR, specifically within the context of the model of Consumer Driven Corporate Responsibility (CDCR) (Claydon 2011). Lastly, I will assess whether Friedman's assertion, that 'the social responsibility of business is to increase its profits' (Friedman 1970) is evident within the respondents' perceptions. The perceptions examined in this chapter come primarily from the two respondent groups, debtors and debt collectors. However, another individual respondent (Keith, a Financial Advisor) was also included, though he did not fall into either the debtor or debt collector group but was recruited through the National Debt Line website, from where I recruited the debtor respondent groups. Though he does not belong to either respondent group, his perceptions are still pertinent to the issues being explored in this chapter. It is important to note here that all the debtor quotations are taken from the interviews, unless stated otherwise underneath the quotation.

In light of the increasing number of corporate scandals and examples of unethical business behaviour in the last decade, my research is not the first to examine perceptions of CSR. Elias (2004) studied the effect of high profile corporate bankruptcies and scandals portrayed in the media on business students' perceptions of CSR. In particular, he examined 'whether negative ethical behaviour by corporate managers makes students more aware of the importance of social responsibility in effectiveness' (2004: 68). The results of his study indicated that 'students in general perceived corporate social responsibility to be more important to profitability and long-term success *after* media publicity of corporate scandals' (ibid). Further, the students 'perceived social responsibility to be very important in the long term success of the firm...and this perception became even significantly more important after corporate failures' (ibid., p.274).

"Overall, the results show that students believed that corporate social responsibility is important in profitability and long-term success and less important in short-term

success....they also viewed social responsibility as significantly more important in long-term success after the bankruptcies” (ibid., p.274-5).

Elias also highlighted that the results of Singhapakdi et al.’s (1996) study, which indicated that marketers viewed CSR to be important to organisational effectiveness (Elias 2004: 268). However, Elias also refers to Gioja (2002) to highlight that 82% of business students at the end of the first year of their degree believed that maximizing shareholders value was the prime responsibility of the company over social responsibility (Elias 2004: 269). As we saw from the previous chapter, Hillenbrand et al (2011) also studied perceptions of CSR and utilised a similar methodology used for this research in that they adopted a multi-stakeholder approach, by eliciting the views around CSR directly from the employees and customers of the firm being studied, through interviews and focus groups, using a normative approach (2011: 353). I will be using some of the six themes they identified within their research to analyse the respondents’ perceptions towards CSR, as this was suggested by Hillenbrand et al to be a useful ‘starting point for such an exploration’ (ibid., p.17).

1. The Normative Case

1.1. Stakeholder Theory

The respondents’ perceptions reflect some of the themes that Hillenbrand et al (2011) identify as necessary conditions for a firm to be regarded as socially responsible (2011: 352). In accordance with Hillenbrand et al’s theory, we shall consider respondents also as stakeholders of the company, in that they each can either affect or be affected by the company (Freeman 1984: 46). Interestingly, many of the debt collectors were sympathetic to the debtor stakeholder group, in that they felt credit card companies, and lenders more generally, were not acting responsibly enough towards their debtor stakeholders. Despite Hillenbrand et al having identified six conditions identified as necessary for a firm to be regarded as socially responsible, only three of the themes (transparency, competence and non financial purpose) (2011: 345-6) arose during the respondents’ answers.

Transparency

Transparency is a term that describes the beliefs of stakeholders about the openness of financial service organization (ibid., p.346).

One of the debt collectors felt the ways in which credit card companies market and advertise their products to debtors is not responsible:

“I think we have the responsibility to market it correctly in the first place to make people aware of what kind of card it is and to let them know that if they can’t put just anything they like on the card, or that if they go abroad their card will definitely work even they’ve got £30 grand on it already. It shouldn’t be that people get to the point where they’re panicking and thinking ‘It’s not working, it’s not working’ and just relying on it”.

(Eve, Debt Collector)

Another of the debt collectors felt that the terminology used by lenders should be more suitable for the average credit card customer.

“I think that their terminology is very confusing for people who take out credit especially for my generation saw it as free money rather than what it actually is which is credit and debt that must be repaid... You know I speak to so many people who think this money is theirs because we provided it to them and I think that credit card companies in general should make their terminology a bit more accessible”.

(Lucy, Debt Collector)

This was especially pertinent to the issue of terms and conditions and credit limits of consumer credit products.

“I think just because it’s legal as it’s stated in the terms and conditions, it doesn’t mean its ethical”.

(Eve, Debt Collector)

“I think creditors have been ambiguous about their intentions and level of credit that they are offering”.

(Lucy, Debt Collector)

One of the debtors reflected on the unfairness regarding their access to information, as did Vince Cable in the previous chapter. She explains how she was not aware of the terms of the agreement she had undertaken, which inevitably led to her financial difficulty.

“I think it started off with me getting a credit card which was interest free for 18 months, it sounds really good but once that time’s up, the interest just got ridiculously high and on one card the minimum payment had been £25 a month which was very affordable for me but once the interest free period was over, I was actually paying £150 a month just in interest and just £25 was just paying for the debt. And once I saw those figures I realised I’d been had a little bit naïve thinking that I’d be able to manage that. I didn’t really realise that it would get that bad actually”.

(Aisha, Debtor)

When talking about the conditions under which they obtained credit, other debtors explained:

“I think I should have looked into it more before I got the credit out but I also think the lenders should make it more clear about the consequences of taking out credit as well”.

(Kim, Debtor)

“I think there should be more information about the consequences of borrowing from the people I have a current account with”.

(Tara, Debtor)

A few of the debtors made specific reference to unfair charges, which is also linked to a lack of transparency on behalf of the creditor.

“I changed my mortgage and I’m now with a company who, what they call a subprime lender I suppose, which then lends onto other problems because the rates that they charge over the two years are more than double what I was paying with my old mortgage company, even though I have never stopped a payment on my mortgage at all so anything else like that is fine”.

(Mary, Debtor)

“Well yes and they wouldn’t cancel that Direct Debit and they charged me £38 which means I’m now £38 overdrawn in my current account with them for having no money. I mean, it’s just mad, it’s like Alice in Wonderland. Sometimes it’s got me laughing because it’s a ludicrous situation. Like I said, I spoke to this nice girl on the phone who agreed it’s just wrong and then you get this horrible answer phone message “You owe £38””.

(Tara, Debtor)

Initially Abbey National appeared to be helpful, but began to apply charges of £39.00 every time there was a hitch”.

(Corrine, Debtor, excerpt from online questionnaire response)

Competence and professionalism

Competence is a term that describes stakeholders’ beliefs that financial service organisations need to exhibit a high level of skill and professionalism in financial matters, particularly amongst their staff (Hillenbrand et al 2011: 358). The debtors’ perceptions about the competence of lending companies were revealed during their narratives of the negative debt collection practices they experienced, which demonstrated a lack of professionalism during the process.

“the phone calls just continued and it wasn’t even a person in the end, it was a strange, even when I answered, it was an automated voice talking to me. And then getting me to press various options but every option ended up not so that I could speak to anybody to talk about what was going on but so you could give some money and make a payment...I think there has been a few who have just done consistent chasing. The most difficult ones where they would call me at work and I’m not at work very much because I work part time, you know so they’d end up harassing my work colleagues by constantly phoning and being told I wasn’t there and then phoning back again, you know half an hour later”.

(Aisha, Debtor)

Yet another of the debtors experienced a similar level of incompetence and unprofessionalism from her creditor during the debt collection process.

“when I became ill I couldn’t repay it and so they passed the debt onto another company who really hounded me. They came and sat in a car outside of my house and I called the police. They were ringing me up at 11 o’clock at night or they had an automated service, which would ring me at 4 o’clock in the morning and it would have a machine voice saying ‘Please contact this number urgently regarding a personal issue’. And after a while you figure out who it’s from. But I don’t think anyone should have the right to call me up at 4 o’clock in the morning and not tell me who they are”.

(Sara, Debtor)

Clearly, the above system of calling a debtor in the very early hours of the morning demonstrates a lack of professionalism as this practice is in breach of the Office of Fair Communications (OFCOM) rules (www.stakeholders.ofcom.org.uk). However, one of the debtors did not have a negative experience with her creditors during the debt collection process.

“I mean Tesco’s have been absolutely fine. I sent them my financial statements, they sent me a letter back, end of, no nasty letters, no threatening phone calls”.

(Tara, Debtor)

Another of the debtors shared the above experience, though she did not find them to be extremely competent either:

“they never ask for payments or anything and I don’t feel that I have a bad relationship with them at all. The conversations aren’t really any kind of negotiation, they were really just telling me what they were doing for the next six months more than anything. However, I didn’t find that particularly helpful because they weren’t changing or improving my situation”.

(Kim, Debtor)

It is evident from the above that many of the respondents’ perceptions of CSR related specifically to the themes of stakeholder theory identified by Hillenbrand et al’s (2011) to be conditions for socially responsible behaviour. The respondents’ perceptions of a second strain of CSR theory, sustainable development, will now be assessed.

1.2. Sustainable development

I will now three of the four key elements of Aras and Crowther’s (2009) Model of Sustainable Development as a frame to analyse the respondents’ perceptions of sustainable development; environmental impact, financial performance, and societal influence (2009: 35). The issue of organizational culture was not raised by any of the respondents so cannot be analysed.

Environmental impact

Conserving the environment is an important aspect of sustainability, in that it is essential for the maintenance of future generations (ibid., p.37). Reflecting on the possibility of whether a company can truly be socially responsible, one debt collector spoke about the general lack of concern for environmental issues that companies still appear to have:

“in an ideal world they should but, I don’t know, making money and the idea of being responsible don’t seem to mesh. If you say that companies should, you know, look after the environment because it depends on it to survive, you just have to look around you to see that that’s not happening”.

(Matt, Debt Collector)

Financial performance

Maintaining economic activity by demonstrating a strong financial performance is important to sustainability in that it is the *raison d’être* of the company (ibid., p.36); CSR is likely to develop most in companies with a strong financial performance, thus it is a key CSR issue. In the context of consumer credit lending companies, ensuring a strong financial performance can be achieved via responsible lending practices, i.e. by preventing financial loss through irresponsible lending. Although the debt collector respondents did not directly raise the issue of financial performance and its link to sustainability in the consumer credit sector, many of them raised it indirectly using several specific examples. For example, the way in which a company uses credit reference agencies to assess the credit worthiness of customers and the affordability of the loan before making a lending decision is vital to the financial sustainability of the company, to avoid vast financial loss through non repayment of debt.

“Obviously the credit checks are there for a reason and to prevent accounts going bad in the future”.

(Jim, Debt Collector)

Further, many of the debt collectors had strong opinions and ideas about the ways in which creditors should adopt more responsible strategies to enhance their financial performance sustainably. For instance, many of the debt collectors criticised the way that credit is made too easily accessible by creditors, which can lead to unsustainable financial performance by potentially lending to customers who cannot afford to pay back their debt, which leads to financial loss.

“Now today if you want a new TV you can go and get it, people can have whatever they want then and there without having to save up.”

(Jim, Debt Collector)

“They came to me asking me if I wanted one when I didn’t. I should have had to go out and find one if I wanted another one.”

(Eve, Debt Collector)

The perception that credit is too easily obtained was shared by many of the debtors.

“I think the credit was too easily available for me. Much, much too easy and available because it was through a bank and they could see my bank account and what the actually money was that was coming in. I thought they would have looked at that a bit more closely...The bank can see how you’ve been behaving with them. As I say, I’d never been in debt before so the loan was very easy and when it was approved it was like they were approving of what I was doing. Because they don’t ask very many questions at all”.

(Jan, Debtor)

“I found it extremely easy, probably in the 1980s and 90s to get credit and the more credit cards I had, the more credit they would give me”.

(Mary, Debtor)

“There was a Fresher's Fayre at University and so I got my first amount of credit out then and then once I had that, it was quite easy to get more really”.

(Kim, Debtor)

“I’m absolutely furious. I am furious because it is too easy to get into debt”.

(Sara, Debtor)

When asking how easy it was to access credit, another of the debtors responded:

“It was too easy, if that’s what you’re asking me. And I can say that from experience because I’ve had to explain, I’ve got two children, twenty three and twenty, and it’s been very difficult trying to explain to them that it’s not a good idea when you don’t have the income. I mean, as they turned eighteen both of them had credit card post address to them and it made them feel very important that people wanted them to use their cards and things, yeah, it’s too easy, it’s definitely too easy. I’ve never had any problems getting loans or credit cards or things, and I know that both of my children could have them at the snap of their fingers if they wanted to... “They don’t worry about how you’re going to pay for it when they’re giving it to you”.

(Sandy, Debtor)

Referring to her daughters, Sandy specifically demonstrated how lending companies lend irresponsibly to those who cannot afford to pay back the loans, which leads to financial loss and a weak financial performance.

“both of them have been offered store cards...it’s just the culture we’re in now...It’s too easy, it’s definitely too easy. I mean I could have got a loan for the whole lot and paid it back but it would have exceeded my income, you know they would have given me the loan, I was offered a loan on many a time but I didn’t take it because I knew I couldn’t afford to do it that way and I didn’t want to be wrapped up in more debt”.

Sandy went onto explain a particular experience she had with one of her existing creditors offering her more credit.

“I had one the other day, Ocean Finance, “You’re a regular payer”, this, that and the other. “Would you like to borrow another £25,000, would you like to remortgage your home” and I’m thinking, gosh, I’m in debt to you and you know that and you know my circumstances because even ones that I pay the full, I still tell them what’s going on...I informed them all yet they’re still writing to me “You’re such a good customer, would you like more money”. And I think to myself, well you know all this. And I’ve got one department continuously ringing me to ask me to up my payments and the other department sending me out, “Would you like another £25,000”.

Another of the debtors explained her shock over how her daughter of eighteen managed to obtain a loan whilst having no employment.

“she did get a loan for £5,000 and she could buy anything she wanted really at that stage and it just really seemed weird to us that when she wasn’t working at only at 18, even though she had the potential to earn money in the future, people were throwing money at her. Which was very irresponsible I thought... So it’s a funny thing really because we need access to credit in order to do what we want to do in life but it is too easy because she’s been able to get it without any earnings at the time and no credit history behind her”.

(Susan, Debtor)

The above demonstrates how lending companies have made irresponsible lending decisions to lend people who cannot pay back the loans. This is problematic in ensuring a strong financial performance and subsequently a strong CSR performance. Further, it has clearly contributed not only to the UK consumer debt crisis, whereby consumers are heavily indebted, but also to the wider economic crisis where companies who have made such irresponsible lending practices, such as Northern Rock, have since become financially troubled themselves.

One of the debt collectors also explained how creditors do not make responsible and ethical lending decisions. Jim talked specifically about one debtor he had spoken with who had accumulated £50,000 of debt from credit cards, obtained a consolidation loan, but rather than destroy the cards, continued to use the credit cards, which got him into further debt. However, Jim stated about the lender:

“you also have to look at the company; why did they continue to lend after it was clear that they could not afford to, as they have just double their options to buy and debt combined by taking consolidation, why was their credit limit not reduced straight away?”.

Several more of the debt collector respondents discussed the fact that the lending companies do not utilize all the information available to them on the customer for whom they are making a lending decision, which demonstrates irresponsible lending practices and subsequent weak financial and CSR performance.

“Lenders (sic) should have made allowances for the economy going bad by doing more research into the kinds of people they began lending to....I mean they should have known that the way the economy works is that the last 10 years of massive growth could not have lasted for ever”.

(Peter, Debt Collector)

“I think lenders should look at external credit file”.

(Estelle, Debt Collector)

“I only got a loan once and I paid it all back and then they were desperate to give me another one”.

(Eve, Debt Collector)

“And I think that’s what went wrong with Northern Rock when we weren’t looking at the whole bureau file”.

(Rick, Debt Collector)

“I guess if it’s, you know, your bank, you bank with them, your wages go in there every month and you think they’re in a good position to make these decisions when in reality they’re not making the right ones. But you presume that your bank sort of know, if they say you can borrow X amount of money you think well they know how much I earn because it gets paid into my account every month and they know how much I spend because they see it before pay day each month. So you think they could make a good decision”.

(Rob, Debt Collector)

This was corroborated by one of the debtors who advised that the credit she obtained was more than what she could afford to pay back, yet her creditor did not recognize this.

“I hadn’t probably thought about how much the repayments were going to be and how I was actually going to manage to do the repayments, even though I had talked about it and I hadn’t anticipated the emergencies that arise before Christmas which took some of the money away. So, I think the credit was too easily available for me. Much, much too easy and available because it was through a bank and they could see my bank account and what the actually money was that was coming in. I thought they would have looked at that a bit more closely”.

(Jan, Debtor)

The above quotation from Jan is particularly interesting in the way she abnegates responsibility, by blaming the company and pleading ignorance and, subsequently, innocence. This corroborates Furedi’s (2004) assertion that there has been a shift from individualism in modern society, which emphasizes self-sufficiency and personal responsibility, to rights oriented individuals, which attributes misfortune and accident to others (2004: 192). We shall explore this in more detail later in chapter six when we assess the ways and reasons why blame for the crisis has been assigned by the respondents and the reasons why blame is assigned.

Jan went onto explain:

“I’d never been in debt before so the loan was very easy and when it was approved it was like they were approving of what I was doing. They don’t ask very many questions at all”.

The experience of irresponsible lending Jan was subjected to was also recognised by another of the respondents, Keith, a financial advisor. He explained how lenders were lending to people who could not afford to pay back for short-term profit, without thinking about the sustainability of that profit in a long-term context.

“the banks were lending to a vast cross section of people as it was still profitable for them to do so, not just to those with good credit ratings. I have always had the opposite approach; I have never lent any money to anyone or approved them for a mortgage if I did not think they could comfortably afford it and make the repayments, and my clients have always turned round to me in the end and said “Thank you for your advice, you were right that it was not the right decision for me to make.”

Talking specifically about the possibility of sustainability in relation to financial performance, one of the debt collectors made an interesting point about the nature of the UK lending sector as a whole.

“businesses can’t be only responsible in certain sectors and the finance sector in lending money ought to be responsible because ultimately the most profit lies in lending money that carries the highest amount of risk because they need to borrow it, they’re unlikely to pay things in interest, they’re more likely to pay late, so I think for a company in this business its very hard for them to be really responsible. I think it’s very tough for them to do. They can put things in place to make sure that they are lending only to people who can afford to pay it back but ultimately they’re going to have to take risks which will be considered irresponsible by them doing so.”

(Rob, Debt Collector)

However, one of the debtors believed that the banks and other lenders’ behaviour had changed for the better in a response to the recent consumer debt crisis.

“I do feel that things have got together because the banks are saying “No” now”.

(Mary, Debtor)

1.3. Non-financial purpose / societal influence

The final theme within Hillenbrand et al's perceptions of stakeholder theory (non financial purpose (2011: 356)) is very similar to the societal influence element of the Model of Sustainable Development (Aras and Crowther 2009: 35). For this reason, the respondents' perceptions that relate jointly to these areas will now be assessed. According to Hillenbrand et al, non-financial purpose is a term that describes stakeholders' beliefs that financial service organisations ought to have a social purpose beyond profit maximization (Hillenbrand et al 2011: 356). According to Aras and Crowther, having a societal influence involves ensuring social justice (2009: 37).

One of the debt collector respondents highlighted that it should be the responsibility of the company to provide financial education to their customers when providing financial service products, not the government as has been argued elsewhere (as we shall see in Chapter Seven).

“the average Joe is not going to make a risk assessment every time he purchases X or Y, so this is where companies have to be more responsible for educating people”.

(Sally, Debt Collector)

However, not all the debt collectors shared the same opinions regarding the responsibility of the company to act socially responsibly towards its stakeholders, as demonstrated earlier. For example, one debt collector explained that it was not feasible for a company to act in the interest of all of its stakeholders, as shareholder interests ultimately drive the motivations and behaviour of the company.

“companies should try and be responsible, you know in an ideal world you would have companies looking out for the interests of their customers as well as their shareholders but I think in reality it would be very difficult to do. I think the pressure for them to profitable would far outweigh the pressure on them to be responsible, I think it will be very, very difficult for the company to do. I mean obviously ideally we would like companies to be responsible and make sue they're doing the right things for all of their customers but I think profit sort of overrides it”.

(Rob, Debt Collector)

One of the respondents bluntly asserted his skepticism about the interest that companies have in its stakeholders:

“companies’ ultimate responsibility is to their shareholders and they don’t care about society”.

(Matt, Debt Collector)

Several of the debtor respondents experienced a lack of empathy during the debt collection process, in that the companies began to harass them. This evidences how the companies were failing to demonstrate a sense of non-financial purpose, as stakeholders felt mistreated and bullied, implying that certain values were missing within the staff of the company (Hillenbrand et al 2011: 348).

“I know they’ve not always been my friend but I didn’t expect them to be this vicious... And for what purpose, what do they hope to achieve by harassing and stressing and threatening me?”.

(Tara, Debtor)

“I was being constantly harassed by the debt collection agencies after I’d made agreements for a nominal fee for a repayment of the debt”.

(Sara, Debtor)

“they’re rude actually, even though you’ve got a payment in place. And they will harass me, when they’ve got a piece of paper and see it all signed off, they get someone else to give me a ring and say they haven’t seen that piece of paper. And they were very rude, asking me when I was going to pay more money. Barclaycard and Barclays were the worst, they would harass me every three weeks, every twenty one days they would ring me up to see if my circumstances have changed”.

(Sandy, Debtor)

“they’ve been completely unreasonable to me, they’ve exacerbated my mental health problems, I can’t communicate with them at all... Natwest have made my life a living hell. I dread the post coming, I dread the phone ringing... I was told, “It’s your fault, you undertook to pay this money back, you’ve got to pay it back, we’ll put a charge on your house, you’ll lose your home.” That’s literally what the man said to me”.

(Tara, Debtor)

“Because originally it was one of things that before Christmas they were ringing morning, noon and night, the same old story... I think we were hassled in the early stage, that’s the feeling we were getting. We used to say to the children “Don’t answer

the phone” because they were ringing all the time. And we didn’t really want to have to say that to the children really and that died down but in the initial stages it was all the time. And I had people calling the next day after I had just spoken to someone from the same call centre and said “I have already told you, we are not in a position to pay you; I’ve sent you a letter, I don’t want to speak to you on the phone, I want you to contact me in writing.” And that wasn’t happening”.

(Susan, Debtor)

“Natwest were very unhelpful and unsympathetic to my case. They wouldn’t accept an offer until the financial ombudsman¹ got involved and mostly argued over facts and figures. They finally accepted an offer but are due to re-negotiate soon... “HSBC would ring up to six times a day and were very rude, very unhelpful or unsympathetic and, quite frankly, it’s over the top regarding my debt of £400. It’s clear their staff have no understanding of debt or financial hardship. What ever you offer they always want more. I asked for twenty eight days to prepare a new budget sheet but they would not give me this time and continued to act in breach of the banking code”.

(Caroline, Debtor, excerpt from online questionnaire response)

“CapQuest were extremely rude and one particular (sic) collector was an especially nasty piece of work. Once I got the debt written off I called her for a refund on payments made to them and she was incredibly rude on the phone. Egg just does everything under the table. Going to the county court when I was abroad, refusing to give me a copy of the Consumer Credit Act² relating to my credit card because they know it is unenforceable”.

(Alan, Debtor, excerpt taken from online questionnaire response)

“I think that’s the other thing I found out was never borrow from the person that’s providing your current account. Because they’ve got just so much power over you”.

(Tara, Debtor)

“if you miss a payment for whatever reason they write to you and they will constantly ring. In fact I had on one Sunday, I didn’t answer the phone, I saw the number come up and I didn’t answer the phone, and they obviously had my number on the call back and it rang twenty one times on a Sunday...I do find them appalling. I find that if they come on the phone to you or if you ring them they are very matter of fact, they’re not

¹ See Glossary of terms, Appendix I

² See Glossary of terms, Appendix I

particularly interested in the fact that you've got a sensitive issue. As far as they see it, they've been asked to chase you; they want to know if you're going to make the payment. If you can't make the payment, they will give you a week and if you can't do it in that week, then they set a certain timescale".

(Mary, Debtor)

Mary went onto explain how she felt the debt collection practices by one of her creditors, whom she owed only £50, were over the top in that they issued a Charging Order³ against her.

"I missed a payment with them and the day that I looked at the National Debt Line website was the day I had a form come through from my local County Court saying that they were looking at putting an interim Charging Order on me...I was very concerned about it because I can't understand for the sake of the £50 why you would do something like that...this company, to me, is using really very heavy handed tactics and I just find it appalling that something like that can happen".

She concluded:

"I just think overall the way banks and credit companies operate, they've got an automated dialler which makes calls for them and they are commissioned on the number of calls they make to people and they've just got to get through those calls in a day. So consequently they're not really taking in what you're saying to them...this company, to me, is using really very heavy handed tactics and I just find it appalling that something like that can happen"

Aisha agreed:

"When this someone from NatWest had spoken to me to assess whether my situation had changed and whether there was money coming in and saw there was more money going out and she didn't want to help me"

The above perceptions of the debtor interview respondents, which demonstrate that many of them felt they were poorly treated by their creditors was also evident in the survey respondents' answers. Over half (52%) felt they were treated poorly by either some or all of their creditors during the debt collection process.

³ See Glossary of terms, Appendix I

National Debt Line

How do you feel you were treated when they contacted you to obtain payment?		
Answer Options	Response Percent	Response Count
Very well by all of them	4.1%	6
Very well by some of them	2.7%	4
Very well by a few of them	2.0%	3
Reasonably well by all of them	10.9%	16
Reasonably well by some of them	17.7%	26
Reasonably well by a few of them	6.1%	9
Poorly by all of them	32.0%	47
Poorly by some of them	20.4%	30
Poorly by a few of them	4.1%	6
<i>answered question</i>		147
<i>skipped question</i>		48

Figure 1. Response to Question 7 of the National Debt Line Survey

The theme of non-financial purpose was also evident in the survey respondents' answers, specifically when the debtors were asked whether they felt they could approach their creditors if they were experiencing financial difficulties. One would expect that if the debtors perceived the lending companies to have a purpose beyond profit maximisation, they would feel they could approach their creditors to have an open conversation with the debtor about their financial difficulties. The response was interesting in that just under half (48.2%) felt they could not approach their creditors, which may indicate a lack of non-financial purpose on the part of the creditor in that the debtors may have felt that the creditor was not interested in assisting them if they were not able to maximize profit from the debtors. Yet, the majority of the other half (37.9%) felt they could approach some of their creditors when in financial difficulties, which contradicts the response of the other half of the respondents.

Do you feel you could approach your creditors for help if you were experiencing financial difficulties?		
Answer Options	Response Percent	Response Count
No, none of them	48.2%	94
Yes, all of them	13.8%	27
Yes, some of them	37.9%	74
answered question		195
skipped question		0

Figure 2. Response to Question 8 of the National Debt Line Survey

Perhaps, then, these responses were dependent on the specific creditor that the debtor dealt with. For example, one of the respondents advised they had negative experiences with Natwest, so switched to the Co-operative bank with whom they have had a positive experience.

“I’m just ripping my hair out with Natwest, they’ve been absolutely dreadful...I bank with the Co-op now”.

(Tara, Debtor)

It is evident from the above that many of the respondents’ perceptions of CSR related to the theory of sustainable development, specifically the four elements within Aras and Crowther’s Model of Sustainable Development.

The respondents’ perceptions of a third strain of CSR theory, instrumental CSR, will now be assessed.

2. The Business Case

The perceptions of the respondents around my instrumental theory of CSR will now be assessed specifically within the context of my model of Consumer Driven Corporate Responsibility (CDCR) (Claydon 2011).

Reflecting on an (unnamed) television documentary on ethical produce in supermarkets, one of the debt collectors made the interesting point that ethical produce would only be made if there was consumer demand for it and it was cheaper to produce:

“One of the people who was being interviewed was from a supermarket said that the people will buy their food if it’s cheaper regardless of the quality, so why should we

change it when they will buy it as it is anyway. And they weren't even thinking about the fact that it adds more value to the product, they were just thinking about the fact that it costs them more money to make".

(Ruth, Debt Collector)

At the same time, Ruth asserted that the supermarkets would not voluntarily enhance the quality of the produce even at a very low cost.

"they could improve the quality of their food if they paid just a penny more than they are currently, but most supermarkets wouldn't do it even for just a penny more because it's eating into their profit margins".

Although the above statements do not link to consumer credit lending, which was the specific topic of discussion during the focus groups with the respondents, it does reveal this specific debt collector's attitude towards CSR of companies generally. Many of the respondents recognized that, ultimately, a company's profit is maximized when their customers and clients purchase their products and services. Therefore, many of their perceptions support the CDCR model in that CSR is most likely to be adopted by a company when there is consumer demand for it (Claydon 2011: 415).

"That's the thing, any company that has a general interest in making profit, has an interest in being socially responsible and to treat their customers fairly because otherwise if they deliberately try to be irresponsible...it's not going to work in their favour for the long term".

(Sally, Debt Collector)

Talking more generally about the apparent clash between the motivation for socially responsible behaviour and profitability, one of the debt collectors asserted that CSR is acceptable even if it merely an unintended consequence.

"I think if the outcome is socially responsible then who cares".

(Peter, Debt Collector)

It is evident from the above that many of the respondents' perceptions of CSR were related to the model of CDCR within the instrumental case for CSR.

3. Is CSR and ethical responsibility in the financial services industry possible and morally desirable?

We have explored the respondents' perceptions in relation to each of the specific themes or aspects. However, we now turn to assess whether the respondents thought that: CSR is feasible and should be pursued by companies; CSR is not feasible, as it is never in companies' interests to pursue it, though it should be; companies should not pursue CSR, in accordance with Friedman's assertion that 'the social responsibility of business is to increase its profits' (Friedman 1970).

One of the debt collectors demonstrated her skepticism generally about companies who pursue socially responsible behaviour and appeared to have the perception that any act of social responsibility is profit driven and, therefore, farcical.

"I think they do have a responsibility to their shareholders, their employees and their customers but at the end of the day, why do they want that responsibility? Ultimately, because they want to remain profitable....I think that's going to be their ultimate goal. It's like philanthropy, do companies give money to charities because they want to look good?"

(Emily, Debt Collector)

However, several of the debtors had more extreme views than this, expressing a direct opinion that credit lending companies can never be socially responsible due to their inherent profit driven nature.

"When I'm not feeling down about it, I'm feeling very, very angry. I hate them, I absolutely hate them...I know they've not always been my friend but I didn't expect them to be this vicious. And it astonishes me that a bank can't look at what I've got coming in and still think I can find £300 a month when I've got £370 to live on. And what purpose, what do they hope to achieve by harassing and stressing and threatening me?"

(Tara, Debtor)

"I can see lenders (sic) for what they are now and when my daughter is older I would strongly advise her not to have any credit at all or to get into the situation that I got into. And when friends of mine come to me about this thing that they can't afford, I just say to them don't do what I did because there are people out there who just want to

make money out of you and they don't care whether you can afford to pay it back or not".

(Aisha, Debtor)

"I don't believe that banks and financial institutions to be your friend despite how friendly their adverts are. They're not in business to be nice to people...absolute bastards, I'm sorry".

(Sara, Debtor)

However, some of the debtors had alternative views of their creditors, suggesting they believed CSR was possible among financial lending companies.

"Halifax have been fairly good for last six months and have frozen charges and interest for the last five months and excepted a token offer".

(Caroline, Debtor, excerpt from online questionnaire response)

"Provident Credit accepted £1 a week for a long time, and have never been unpleasant".

(Corinne, Debtor, excerpt from online questionnaire response)

Interestingly, another of the debt collector respondents asserted that social responsibility and consumer credit lending are not compatible, as the entire industry is based on taking risks.

"I think if a few years ago you were putting together a strategy that was very cautious, I think you would have been criticised for failing to make enough profit...I think for a company in this business it's very hard for them to be really responsible. I think it's very tough for them to do. They can put things in place to make sure that they are lending only to people who can afford to pay it back but ultimately they're going have to take risks which will be considered irresponsible by them doing so".

(Rob, Debt Collector)

For that reason, the respondent also believed that, though the industry might appear to be changing now in demonstrating socially responsible behaviour, asserted it will not change in the long term and, thus, another crisis is not preventable.

"I think it's only a matter of time before we start to start the cycle all over again and maybe we'll see this situation accelerated down the line and it will happen all over

again. So it might just be a short- term change, I think it will revert back to the way it was three or four years ago”.

(Rob, Debt Collector)

Conclusion

As outlined in the beginning of this chapter, there have been several studies on perceptions of CSR by other academics (Singhapakdi et al 1996; Gioia 2002; Elias 2004; Hillenbrand et al 2011). However, my research differs to these studies and brings new findings to the study of perceptions of CSR in two ways. Firstly, Elias’ (2004) respondents were from a single stakeholder group only (business students) and Hillenbrand et al’s (2011) were from two stakeholder groups (customers and employees of one particular company). Although my research was also conducted on respondents representing the same two stakeholder groups, customers (debtors) and employees (debt collectors), the customers were not simply the customers of one company but of many. Secondly, all of these studies conducted their research in a pre consumer debt crisis context, whereas my research specifically assessed respondents’ perceptions of CSR after the crisis had hit. This allows us to understand how real actions in the financial world have impacted stakeholders’ perceptions of CSR. I will now summarise how the themes of Hillenbrand et al’s stakeholder theory and the elements of Aras and Crowther’s Model of Sustainable Development were reflected in my respondents’ perceptions of CSR. I will also compare the view of the different participant groups where relevant.

The debt collectors shared the perception that companies were not being, although they should be, transparent about lending terms. This perception was also shared by the debtors’ experiences with lending agreements they had taken out, for which they explained they did not fully understand the terms of the agreement. The debtors talked at some length about the lack of competence and professionalism of debt collectors, particularly in their debt collection practices. However, the debt collectors did not discuss this issue at all, perhaps because they did not feel they lacked competence or professionalism or at least they did not want to admit to it to avoid baring the responsibility for irresponsible business practices. Similarly, as the debtor respondents spoke at some length about the lack of competence and professionalism, transparency and so forth of the creditors, this also allowed the debtor respondents to avoid accepting responsibility of their own indebtedness by instead externalising the blame. As already advised, this will be explored later in Chapter Eight, which focuses on the blame game played by the respondents.

Only a single debt collector discussed the importance of the environmental impact a company has in its quest to become socially responsible, and remained more skeptical about the current activities being followed by companies to pursue environmentalism. When discussing the importance of financial performance to sustainability and CSR, the debtors shared the perception that credit had been too easily obtainable for them, a perception that was mirrored by the debt collectors who asserted that companies had made poor lending decisions before the credit crunch, which demonstrated socially irresponsible lending. None of the respondents discussed the importance of organizational culture in attributing to sustainability and sustainable development. Perhaps the debt collectors did not feel comfortable discussing this due to their loyalty or affinity with the company. The fact that debtors did not discuss the importance of organizational culture in relation to sustainable development is not surprising given that they are unlikely to have any direct experience of financial companies' organizational culture. When discussing the importance of societal influence and non-financial purpose for a company to be socially responsible, one of the debt collectors thought societal influence to be important but focused on the need for companies to better educate their consumers about finance, whilst another felt skeptical about companies' desire to consider the interests of its stakeholders and another did not feel the company should focus on the interests of its non-shareholder stakeholders. The debtors, however, did not discuss the importance of societal influence at all.

A few of the debt collectors discussed CSR in relation to my model of CDCR (Claydon 2011), and their perceptions aligned with CDCR in that they perceived CSR to be most adopted when there is consumer demand for it. However, none of the debtor respondents discussed CSR in relation to this business case, and in general most of the responses were in relation to the normative case for CSR. Yet, there were also two of Hillenbrand et al's (2011) six themes that were not directly discussed by any of the respondents: the minimisation of negative business impacts, a term that describes the beliefs of stakeholders that financial service organisations should be forward looking and careful; and continuity, a term that describes the beliefs of stakeholders about the length of time that financial service organisations have been able to operate successfully in the market and a feeling of security that this is going to continue (2011: 345-6). However, both of these themes relate to the theme of the sustainability of financial performance, one of the four aspects of the Model of Sustainable Development (Aras and Crowther 2009: 36). They relate to the respondents' perceptions regarding the irresponsible lending practices that were taking place before the global financial crisis and their opinion that these practices should cease in order for the companies to ensure sustainability of financial performance and the ongoing continuity and security of the company.

In general, then, there was a shared perception among the debt collector respondents that companies have not demonstrated social responsibility before and throughout the consumer debt crisis. They often specifically referred to lending companies to explain how their lending policies have often proved to be socially irresponsible. Many of the respondents discussed the ways in which they felt companies should be socially responsible and even outlined the specific ways in which the companies should pursue CSR, for example through education of their customers and through increased transparency of credit terms. However, some of the respondents, specifically the debt collectors, asserted that they did not believe CSR to be feasible, because it was never in companies' interests to pursue this, as they were driven by profit only. Finally, only one of the debt collector respondents actually asserted that companies should not pursue CSR, which appears to support Friedman's assertion that 'the social responsibility of business is to increase its profits' (Friedman 1970), but not to a great extent.

Now that an assessment has been made of the respondents' perceptions towards CSR and one of the stakeholder groups, the lending companies, we shall now turn to explore the literature around and respondents' perceptions towards another of the stakeholder groups at the heart of the debate on blame for consumer debt, individual borrowers.

Chapter 3: Consumption, Consumerism, Credit and Debt

This chapter will explore the phenomenon of consumerism and consumer credit, in order to understand the theories and perceptions in the academic literature around why people consume. I shall be using two main theoretical frameworks to use when investigating the reasons behind increasing levels of consumerism and consumer credit. Firstly, I will explore the literature that asserts consumers are passive subjects of the structure of capitalism, which leaves them no option but to consume. Critical theories such as those from Marx and Adorno highlight the manipulative and oppressive mechanism of the capitalist mode of production in forcing producers of material (the labour workforce) to consume. The workforce become consumers of the products they themselves produce, in order to distract them from their mundane every day lives, entrapping them even further in dependency on the structure of capitalism. This assertion positions the consumer as a victim of the structure of capitalist society, whereby they are forced to purchase consumer goods that are made readily available to them on a mass scale. Secondly, I will outline explanations for the increasing use of consumer credit for consumerism that positions the consumer as an agent of their own actions. Such theories proposed by Bourdieu, Bauman, Lury and Manning highlight the way in which consumerism is practiced to construct or reinforce social identities and values, which have been lost through lack of social cohesion that was once demonstrated in social institutions such as religious spaces, education, family life and work. These theorists assert that consumerism can be seen as a empowering tool for individuals to construct their own social identities, norms and values, by purchasing goods that have significant cultural symbolism that can be easily identified by their peers, colleagues and family members, something they are no longer able to obtain from traditional societal institutions such as churches, schools, the home and the workplace.

Once these two positions have been outlined, I shall then explore the literature around how vast levels of consumerism have led to the phenomenon of consumer credit as a means for individuals to continue to buy into consumerism beyond their financial means. Although there is extensive literature on consumption and consumerism in society, there has been a lack of attention to consumer credit specifically (Burton 2008). Therefore, this chapter aims to close this knowledge gap by linking theories on consumption and consumerism with theories on credit use.

1. What is consumerism?

In order to explore theories around who the consumers are and why they consume, we first need to understand what consumerism actually is. Edwards (2000: 3) asserts that a solid definition of

the term ‘consumerism’ is needed and outlines three elements of consumer practice: that which focuses on the organised practise of consumers, emphasises the practice of shopping, and the relationship between the individual consumer and the commodity being consumed; that which focuses on the ‘leisure’ aspect of consumerism as the conceptual antithesis of work and production; and that which characterises consumerism as the physical act of consumption, whether it be eating, drinking or literally ‘using up’ some commodity. Yet what underpins all of these instances is the concept of commodification, which involves money exchange in order to conduct all of these instances.

“Consumption is clearly not simply a matter of style. It is also a matter of money and economics, social practices and social division, and political policy and political implication. In short, it is a matter of consumer society” (ibid).

It is important to note here that the characteristic or element of consumerism that shall be focused on for the purpose of my research and this theoretical analysis of consumerism is that which focuses on the organised practise of consumers, exploring the relationship between the consumer and the commodity.

Consumerism does not exist within a vacuum but is able to exist because of all the other things in society that exist alongside it (ibid., p.4). From this argument stems another important issue concerning structure and agency and the role the consumer has to play within a consumer society. Edwards suggests there are three key elements to this subsequent argument: consumerism is multifaceted and integral to contemporary society; consumer society is socially divisive and unjust; consumerism is increasingly important in expanding its capacity to dominate our individual lives (ibid). Featherstone (1991) has also outlined different theories of consumerism, which will be used as a guide for this chapter. In his book *Consumer Culture and Postmodernism*, Featherstone sets out to identify three main perspectives on consumer culture. First, there is the view that consumer culture is founded upon the expansion of commodity production, which has enabled the mass production of material goods for consumption. Secondly, from a critical perspective, although this greater consumption appears to be egalitarian in its enabling of a greater number of leisure activities, consumer goods are actually used as a form of ideological manipulation and ‘seductive’ containment of the population from some alternative set of ‘better’ social relations’ (Featherstone 1991:14). Thirdly, the sociological view asserts that:

“the satisfaction derived from consumer goods relates to their socially structured access in a zero sum game in which satisfaction and status depend upon displaying and sustaining differences within conditions of inflation” (ibid., p.14) .

Understanding consumer culture, in this aspect, is important in recognising how people use consumer goods to create social identities, social bonds and to differentiate themselves from other individuals and groups in society. This is achieved by using the cultural symbols and signs represented within material consumer goods, which embody a certain ‘stylization’ of consumption (Lury 1996: 4). Thus, it can be asserted that it is more important to understand the cultural meanings and significance of consumer goods in its prominence within contemporary society, rather than simply noting the growing availability of such consumer goods in terms of the production of consumption (Featherstone 1991: 14-15).

“The current phase of over-supply of symbolic goods in contemporary Western societies and the tendencies towards cultural disorder and de-classification (which some label as postmodernism) is therefore bringing cultural questions to the fore and has wider implications for our conceptualisation of the relationship between culture, economy and society” (ibid., p.14).

Featherstone asserts, then, that sociological theory on consumerism should move beyond the classic negative evaluation that consumer pleasures and subsequent cultural disorder are inherited from mass culture theory (i.e. the critical theorists). We shall now look at these three different propositions of the causes of the rise of consumerism in more depth.

2. Who are the consumers?

2.1 The consumer as a passive subject of the structural forces of capitalist society

Firstly, we refer back to Featherstone’s observation of the mass production of material goods in society leading to a consumer driven society. This can be explained further using the words of Galbraith, who in *Affluent Society* (1958) asserted that individuals within society are subject to the demand that a productive society creates for itself, using the vehicles of mass production, advertising and marketing (1999 [1958]: 127). Galbraith asserted that one of the main problems of a productive capitalist society is the actual things it produces, as it has a tendency to mass produce some things and provide a short supply of others, to the point whereby it causes social discomfort and social ill health. The reason for this is because the line which divides the poor and the rich is marked as that which divides the privately produced and marketed goods and

services from publicly rendered services, and such wealth in the former is the cause of the crisis in the supply of the latter, causing an imbalance between the two (ibid., p.227). This imbalance is evident in the struggle of the public sector for instance, not just at the time of Galbraith's writing, but also in contemporary society, as schools are overcrowded, hospitals are understaffed, the police force is inadequate, and parks, playgrounds and streets are dirty and contaminated with polluted air. This is in stark contrast to the stories of ever increasing affluence in privately produced goods whereby, as the GDP rose, so did personal income and retail sales of luxury consumer goods such as cars (ibid., p.226). Galbraith goes on to explain how this affluent form of production must ensure that other parts of society are just as affluent and dependent on such products to maintain the balance between the supply and demand of such products. For example, with the expansion of industrialism and machinery, comes the need to expand the automobile industry, which then leads to a need to expand the gasoline industry, which then requires more insurance and more space to operate them. Further, the individual consumer in society is subject to the forces of advertising and marketing that they have no choice other than to consume such goods, thus production creates its own demand. This, therefore, corroborates Featherstone's observation that the mass production of material goods for consumption in capitalist society is a direct result of the expansion of commodity production.

Marxist perceptions of consumerism focus on the way in which a commodity is representative of a person's production through labour, as the sum of their labour is presented to them as a social relation existing between the products of their labour. For Marx, the paradox of consumerism is that the worker, who is stripped of all self-worth during the process of the mode of production, is then forced to rekindle some of their identity, which has been lost through tenuous labour, by consuming. Therefore, the worker buys back the material commodity that they have made for a greater price to try to regain some of the identity and self worth they have lost during the practice of being a labourer (Marx 1844 [2000]: 400-401). Marx wrote extensively on the relation between the worker during the mode of production and the objects the worker produces, resulting in their alienation (1845; 1848; 1867). Through the mode of production, the object that the labour worker produces becomes alienated to them, as the worker is not producing the object for his or herself but as a commodity of value in itself, which is to be sold by the owner of that commodity, i.e. the capitalist owner who has bought the worker labour (Marx 1844 [2000]: 400-405).

This leads to the worker becoming a slave to the object they have produced, as the object itself becomes both a means of subsistence for their labour and the physical subsistence of the worker

himself. Thus, as the worker becomes more alienated from the object they are producing, the more they need to consume it for subsistence (ibid., p.401).. However, the alienation process is not only evident in the end result of the commodity object but also in the labour process of production of the commodity object.

Furthering Marx's theory from the private property sector to the consumer culture sector, Adorno (1944) was concerned specifically with the culture industry. He asserted that the rise of commoditised culture acts as a form of social control in alienating the lives of the exploited workers, to construct them as consumers of endless commodities (Adorno 1944 [1991]: 3). According to Adorno, the mass production of cultural goods for consumption by the masses acts as a force to keep the classes separated and, in particular, to keep the working classes part of the labour workforce. This is achieved through the immediate gratification of the working classes through consumption of cultural goods providing them with fantastical cultural symbols and images, which distracts them from their mundane daily labour-driven lives. Thus, the culture industry, through the commodification of cultural imagery it provides, appears to enlighten, democratise and provide integral freedom to the masses when it is actually merely reinforcing the class barriers and oppressing the working classes more than ever before.

“Illusory universality is the universality of the art of the culture industry, it is the universality of the homogenous same, an art which no longer promises happiness but only provides an easy amusement as relief from labour” (ibid., p.6).

Such cultural symbolism and imagery is disseminated on a mass scale through media such as films, television, radio, exhibitions or concerts, which appear to offer cultural goods as a free public service but which has been paid for by the labouring masses for a long time (Bernstein 1991: 18). The subjects of the culture industry are passive beings who are subject to the cultural images that they literally consume via cultural goods, thus are not active free-thinking agents who consume because they want to, but simply because they have no other choice (as asserted by Galbraith earlier). However, in response to the criticism that this theory has had of propagating all consumers as ‘cultural dupes’, Adorno asserted that although not all consumers are naïve, there is the possibility of them both seeing through and obeying the cultural images and symbols that they are consuming (Bernstein 1991: 10). Adorno's conclusions, then, would assert that it is the labouring masses who consume cultural goods which provides the dominated working class labourer with cultural symbols and images that distract them from their mundane, oppressed, trapped lives.

An interesting theory that both corroborates and is distinct from the classic critical theory view of the structure of capitalism in maintaining social relations comes from Pierre Bourdieu. He asserts that although social relations are economic (as Marx asserted) they are also *cultural*, whereby the prime function of the circulation of cultural values in contemporary society is predicated upon their reproduction and self-valorisation via the ‘consumption class’, whereby the structure of the economy is set up in such a way that it prohibits individuals from changing their position within the structure of it (Bourdieu 2005: 194). In this same way, the structure aids those individuals already well positioned within it, those who have inherited their position from their parents, as it protects them from any challenges to their position by others at a lower standing. Power in the structure is always unequally distributed because it is automatically allocated to individuals who have been passed their power from their parents. Bourdieu calls this ‘field theory’, asserting that the ‘field of forces is also a field of struggles’ (ibid., p.199). He made observations that depict the new type of consuming middle class, in reference to specifically two new types of social group: the *bourgeoisie* and the *petit bourgeoisie*. The new economy, Bourdieu states, also depends on a:

“...hedonistic morality of consumption, based on credit, spending and enjoyment. This economy demands a social world which judges people by their capacity for consumption, their ‘standard of living’, their life-style, as much as by their capacity for production” (ibid., p.310).

The new *petit bourgeoisie*, then, are a group who have little economic, social or cultural capital; those who are restricted by the ‘structure’ of the economy and therefore must acquire social and cultural capital via consumption in order to be socially accepted. Bourdieu also introduced the notion of the ‘economic habitus’ (ibid., p.209) to explain how consumerism was a learned behaviour rather than, as traditional economic theory would assert, a logical action made by the conscious rational individual. Thus, consumerism is a ‘habit’ whereby individuals’ ‘preferences and tastes are the product of their positioning and of their collective and individual history’ (ibid., p.210). According to this, then, traditional economic theory that asserts all individuals have the conscious or subconscious ability to choose is problematic in providing an understanding of consumer related debt, as it does not explain how the consuming individual’s actions are affected by the social norms expected of them within the structure of the market, as outlined by Bourdieu.

These theories assert that consumerism exploits passive individuals in society as part of the structure of capitalism. However, such critical theory faces criticism in the claim that capitalism is not interested in questions of class, race or gender when choosing its ‘victims’ (Edwards

2000: 20) as its main objective is simply to make profit, and so it does not care who that profit is made from. There are, then, other theories of consumerism that look in particular at the middle class as the primary consumers in society (Veblen 1994 [1899]), rather than the working class poorer individuals, as outlined above. Such a theory, which breaks away from the more traditional critical theories of the reasons for consumerism shall now be explored. To this end, we shall now return to the last of Featherstone's observation of the way in which consumerism is used as a tool to create social identities.

2.2 The consumer as an active agent

George Ritzer is one such theorist who breaks from the traditional critical theory assertions that consumer society and capitalism controls individuals and alienates them from social life via the culture industry. Instead, he explored modern consumption by rejecting the notion of the passive consumer and instead propagated the consumer as an agent, active in creating his or her own life. Although Ritzer corroborated the traditional critical theorists' assertion that labour workers are oppressed by the structure of capitalism that keeps them alienated and confined within the walls of their mundane existences, he also asserted that modern 'spectacular society' is filled with 'phantasmagoric commodities, extravaganzas and signs' (Ritzer 2001: 182) within which an individual is free to participate in consumer society. This represents a postmodern approach to the social phenomenon of culture and consumerism.

Bauman (2005) asserts that we have changed from a producer to consumer society and as such people have become trained to meet the expectations of their social identities (2005: 24). At the same time, consumer society is driven by a desire for imminent satisfaction through the purchasing of consumer goods in a society founded upon freedom of choice.

"...consumers seek actively to be seduced. They live from attraction to attraction, from temptation to temptation, from swallowing one bait to fishing for another, each new attraction, temptation and bait being somewhat different and perhaps stronger than those that preceded them..." (ibid., p.25).

Bauman explains that consumerism has replaced the work place in the aid of construction of individual identities (ibid., p.27). Where once the work place was a fixed long-term commitment and, thus, added to and even shaped the identity of the individual employee, the workplace has since become extremely flexible and so working commitments are shorter (ibid). This means that in order to construct identity, the consumer has now sought out consumerism that allows them to construct their own identity for as long or as short as they want, leading to

the flexibility of their lives (ibid). The responsibility of the individual now extends to include creating one's own social definition and having this socially recognised and approved (ibid). Yet this will be ever changing because contemporary society demands fluidity and flexibility now in their social identity, hence the discarding of fixed identities through commitment to the work ethic (ibid., p.28). The 'consumer spirit' will reject regulation of its consumerism in any way as this would mean imposing legal restrictions on freedom of choice and so the consumer supports deregulatory measures (ibid., p.29). The work ethic, before it was replaced with consumerism as means for constructing social identity of the individual, blamed the misery of the poor on their unwillingness to work charging them with moral depravity (ibid., p.37). The poor are always characterised by contrast to that which is deemed 'normal' in society: within a consumer society, the poor are assessed against the normalisation of consumerism and so characterised as failed or 'flawed consumers' (ibid., 38). Bauman goes on to explain how an individual in society who is deemed to be different to the norm, and thus a failure amongst their peers, aspires to that which they cannot fulfil – i.e. a rich life which allows consumerism,

“The poorer are the poor, the higher and more whimsical are the pattern of life set in front of their eyes to adore, covet and wish to emulate. And so the ‘subjective sense of insufficiency’ with all the pain of stigma and humiliation which accompany that feeling, is aggravated by a double pressure of decreasing living standards and increasing relative (comparative) deprivation, both reinforced rather than mitigated by economic growth in its present, deregulated, laissez-faire form” (ibid., p.41).

Another theory that opposes the critical theory view of the consumer as a working class individual subject to the oppressive force of the productive society comes from Lee (1993). He asserts that postmodern society which enables a consumption class is typical of the:

“...social consciousness that is produced from that feeling of ontological absence and lack which ensues when cultural identity becomes unbridled from the previously fixed, or at least the relatively stable, class, racial, sexual, religious and other social coordinates that have traditionally given meaning to an individual's experience of time and place. It is also the product of a loss of the social roots and the dissolution of a common cultural heritage that has normally shaped identity and self-concept, and it is, therefore, the results of the failure to secure a fully centred subjectivity” (Lee, 1993: 165).

Walter Benjamin in his research on *The Arcades Project* (1999) observed the consumerism practiced by the middle and upper classes. He focused on the importance of the rising shopping

arcades in the 19th century, which highlighted the way in which middle-class women could not only shop but also socially engage with the culture of visual consumerism (1999: 3-5).

Benjamin contradicted the classic critical theorist view somewhat by not only extending the culture of consumerism to the middle classes but also by explaining such culture was driven by aesthetic pleasure and linked to the internal consciousness or unconsciousness of the 'dream world' (ibid., p.13). Shields (1999) follows Benjamin's work in a contemporary context by visiting 'consumption sites' whereby media images can be purchased as 'ready to wear masks' that form a consumption culture through a 'social architecture of lifestyles' (1999: 1). Shields expands Benjamin's previous site of research, shopping malls, to other privately owned public spaces, such as markets, public buildings and heritage sites. Malls are unique as a site of consumption as:

"... their 'social logic' of retail capital mixed with the social ferment of crowds of people from different backgrounds and all strata forms the model for conceptions of community and the public sphere which later emerge, concretized, in public projects such as museums" (ibid., p.4).

However, although this perceives the mall as a 'site for communication and interaction', it is also the case that these 'hangers-out' are not actually consuming as 'the spending of money is not required' (ibid., p.5). Shields calls this 'lifestyle shopping' (ibid). Therefore, this account does not bring us any closer to identifying which of those people who visit malls actually purchase cultural goods, whether the middle and upper classes with their cash loaded wallets, or low-income consumers with their credit card loaded wallets.

Returning to the work of critical theorists on consumerism as outlined earlier, the majority of such thinkers have concluded that consumerism is primarily a practice of the working classes, who have been forced by the structure of capitalism to consume in order to buy back some of the identity they have lost in the process of alienation during the mode of production (Marx 1844 [2000]: 400-401). This would lead us to conclude that the consumer in Western society is primarily the working class individual. However, contrary to the classical critical theory assertion that the consumers are the working class 'slaves' of capitalism, Veblen (1994 [1899]) asserts that the consumers are also the middle classes who consume for leisure because they have the wealth and time to do so and because they enjoy the aesthetic pleasure of shopping and consumption (1994: 2). Further, consumption is 'culturally drenched' in meaning (Lury 1996: 226) in that it is saturated with images and symbols. This concept can be associated with Bauman's (2005) assertion that consumerism and consumption of cultural goods and objects has replaced the institution of work for providing individuals in society with meaning, value and

social identity which they once obtained from the workplace but have since lost since the collapse of stable working environments (2005: 27). Hebdige (1988) has asserted that the emergence of 'lifestyle' is the definitive mode of consumption (1988: 10). The goods that consumers purchase for their everyday lifestyle act as a way of differentiating their lifestyle practices and behaviours from other social groups in society, a practice that has been named 'positional consumption' (Lury 1996: 80-81). This aspect of consumerism, then, is becoming increasingly important in Euro-American societies as a consequence of the activities of particular class groups (ibid., p.81). One characteristic of modern consumerism shows a democratisation of positional consumption where the mass of society take up consumerism practices that are positional rather than functional acts of consumerism, reinforcing the social status of the individual that is represented through the act of consumerism (ibid.).

The critical thinkers including Marx, Adorno, and Galbraith have propagated consumers as 'dupes' of society, who lack the ability to understand their own repressed situation and opt out. To answer the research question, then, who is to blame for consumer debt, this assertion would propose that such blame lies with 'society' and the structure of capitalism, rather than individual borrowers, as they are not conscious of or able to change their consumerism practices. Opposing theories, however, criticise such a claim but instead emphasise the importance of consumerism and consumption in creating social identity of the individual in society, who is a free thinking, active agent in society who utilises the symbols and images represented in cultural commodity goods to construct their social identity for a number of reasons, whether it be to make them distinct from other classes, or to appear to be of a different social class, or even simply to replace institutions such as churches, education, family and the workplace with consumer culture as the source from which they obtain their identity.

Although the above theories are an important foundation with which to start analysing the reasons behind consumerism, the phenomenon of consumer credit has revolutionised consumerism in the 21st century, meaning many of the above theories may not uphold in the 'credit card nation' (Manning 2000) that we now live. Thus, I will now extend the above theories on consumerism to the realm of the credit card consumer, in line with the theme of the research; to find out perceptions of who the consumers of credit are and whether such perceptions are evident within the research respondents' narratives and experiences of consumer credit and debt, as shall be explored in the next chapter.

3. The use of credit in Anglo-American society

The literature on consumerism made significant and important observations about how consumerism acts to reinforce social identities and social relations between groups at the time of its writing. However, the use of consumer credit in contemporary society is blurring the class distinctions that were once identified by an individual's taste in consumer goods and 'lifestyle' consumption practices. At the time of Bourdieu's writing the notion of consumer credit would not have been as popular in the socio-economic structure of society as it is now in contemporary society. Yet, if it had, both theorists may have had to reconsider the notion of cultural elitism. This recognition shall now be elaborated by a discussion of the use of consumer credit.

3.1. Consumer credit in early 20th century America

In *Financing the American Dream*, Calder (1999) aimed to investigate how consumer credit was invented and how it helped to make the culture of consumption what it is today. He explains the increase in consumer credit usage within the framework of the 'American Dream', which he asserts alludes to notions of 'self-fulfilment', 'freedom' and a 'better life' through the accumulation of consumer goods and leisure opportunities (1999: 4). The 'good life' is characterised by its abundance of materialistic goods (ibid., p.5). Calder explains how it has become the common way to finance such an expensive lifestyle with the use of consumer credit (ibid., p.9). He also explains that giving credit to consumers has now become normalised, where once it was thought of as a privilege only worthy for businesses, and aims to explain the reason for such normalisation (ibid., p.8). He does so by asserting that consumer credit has been caused by, and at the same time has aided, the 'culture of consumption', which he defines as:

"...a particular way of living that attempts to make sense of the nexus of selling, buying, using and disposing of commodities in which most people today conduct their affairs. It defines the "good life" not primarily in terms of satisfying work, or economic independence, or devotion to God, or commitment to the group, or any other ideal honoured by people past and present, but rather is dedicated to the proposition that "good living" means have lots of goods" (ibid., p.7).

Calder further asserts that retailers, advertisers, economists and bankers have provided the indoctrination and set forth the ideal images of what successful human beings enjoying the 'good life' should look like (ibid., p.8). In this culture of consumption, such depiction of idealised human life is characterised by consumerism, which questions the dominant ideology that modern consumption culture is purely a hedonistic activity of pleasure seeking and 'living for today' (ibid.).

Consumer credit is often said to have begun in the 1950s, as supported by its enormous swell between 1945 and 1958, primarily because of the introduction of the credit card itself (ibid., p.17). Modern consumer credit was built on two foundations: the method of instalment credit, which is the process whereby the sales of goods is paid off by the consumer over a period of time in instalments; and the subsequent array of sources of credit, of which the most popular at the time were retailers, commercial banks and personal and sales finance companies (ibid.). Both of these factors led to massive changes in the way people borrowed money in American society, as we shall explore later. There was a significantly large increase in consumer debt between 1920 and 1929, which saw debt figures rise in this period by 131%, indicating that there were more borrowers than before and that those borrowers were borrowing larger amounts than before (ibid., p.18). Such credit plans featured prominently in the selling of electrical household goods and other expensive consumer durable goods, which together constituted the ‘American Dream’ (ibid., p.19). Janet Ford describes such a system of credit that emerged at the time as ‘continuous, regular, organised, a series of increasingly impersonal, often visible bureaucratic transactions between individuals and institutions’ (1989: 13).

Such lenders then advertised their services heavily to the American public, soon making household consumer credit one of the most popular financial services of the 1920s (Calder 1999: 22). The increasing usage of such credit began to break off the shackles of moral deviance that credit once had tied to it, as the act of using consumer credit was so widespread, it could be neither condemned nor justified (ibid., p.24). In a later chapter, we shall explore the social labels attached to credit and debt.

3.2. *Credit Card Nation*

Robert D. Manning (2000) takes Bauman’s above theory of the ‘failed consumer’ further to explain how such consumers have begun to obtain credit in order to extricate themselves from their trapped identity as ‘failed’ consumers to fulfil a lifestyle of consumerism. He argues the reason that we have become a ‘Credit Card Nation’ is because people are using credit cards to support their increasing consumption needs in the context of the economically declining state of US society (2000: 22-3). The patterns between work, leisure and saving began fundamentally shifting after the 1981-82 US recession (ibid., p.61) and as a result of the historically changing dynamic of US post-industrial capitalist society with declining wages, shrinking welfare programs yet simultaneously excessive materialistic expectations (ibid., p.22). No longer did people save for the future, as was once the American tradition; instead the “magic of plastic” enabled people to be able to play without having to work hard (ibid., p.61). This is illustrated in the advert for the Sony-Citibank credit card:

“Who said hard work never killed anybody? Some dead guy....Use the new Sony Card and turn the things you buy into everything Sony.....movies, music, electronics, games....The Sony Card.....The Official Currency of Playtime” (ibid., p.3).

Manning demonstrates the effectiveness of marketing campaigns by credit card corporations such as American Express, Mastercard, Visa, and Citibank whose marketing strategies seek to empower the consumer by giving the opportunity to live the lifestyle of the rich and famous (ibid., p.6). He also importantly highlights how, in 1999, the Consumer Federation of America (CFA) assembled a press conference at the national Press Club in Washington, based on the first academic study of student credit card debt, which included many in-depth interviews with students in debt (ibid., p.159). The study unfolded a national revelation; that increasing amounts of young people were being negatively impacted by debt they had accumulated whilst in higher education (ibid.). Some of the consequences included dropping out of higher education, bankruptcy, family conflicts, unemployment and homelessness due to bad credit history, school rejection and even suicide (ibid., p.160). The impact of higher education costs on debt will be explored later in Chapter Six.

3.3. The PSI Report

There were several surveys during the 1950s that collected details of people's attitudes towards debt, though there was no such survey of credit use in households in the UK, nor was there any analysis of the social and economic influences on the pattern of borrowing (Berthoud and Kempson 1992: 3). Therefore, the PSI Report was developed by the Policy Studies Institute with three main aims: to identify spending commitments and budgeting methods of UK households with differing levels of income, focusing specifically on families with resources unequal to their needs; to measure and analyse the pattern of credit used by households; and to obtain information about the nature and extent of indebtedness (ibid., p.3-4). There were three concerns that dominated the debate about household finances in the 1990s: the increasing gap between rich and poor; the rising use of consumer credit; and the growing number of households in debt (ibid., p.1). Along with high levels of unemployment and increase in lone parents the reason for the concerns above was largely due to the UK economy of the 1980's, as although the average household was 25% better off than a decade earlier, not everyone shared equally in this prosperity, so the gap between rich and poor widened (ibid.). As a result of the above, consumer credit between 1970 and 1980 doubled (ibid.).

“Credit is condemned as a ‘bad thing’, which encourages people to live beyond their means, and to buy luxury goods they have not earned. Credit is said to be advertised and promoted too energetically, and too easy to obtain.....There are, therefore, frequent calls for creditors to adopt ‘more responsible lending policies’. This means crying their wares less vigorously, directing their promotions at people who can afford to repay, and enquiring into the circumstances of candidates for loans...” (ibid., p.1).

I find it extremely interesting to note that this recommendation was being made to consumer credit lenders almost thirty years ago and, yet, this did not stop the emergence of subprime lenders and the subsequent ‘subprime crisis’, ‘credit crunch’ and Global Financial Crisis we are seeing at the time of writing this thesis. Further, Berthoud and Kempson explain above how the discursive construction of debt asserts it as a ‘bad thing’ (ibid). I will elaborate on this understanding in a later chapter and relate it back to theories about debt as deviant, by observing the way in which debt has been labelled in society throughout history through academic literature and in modern day discourse.

Although there was an increase in the amount of credit use in the UK from 1970 to 1980, people were still cautious about it. According to Berthoud and Kempson, less than a fifth of adults were in favour of credit, many people feeling it should only be used as a last resort and half of the people interviewed thought it was never a good thing (ibid., p.42). Strangely, however, although many of the people interviewed were borrowers, they still seemed to react against the credit boom (ibid). This is also evident in the responses of the debtors interviewed for this thesis research, which shall be revealed in a later chapter. Further, the number of people who opposed the notion of credit but still borrowed money rose from 11% in 1979 to 20% ten years later (ibid). Those people who were most ‘in favour’ of credit were under forty and had above average incomes; those who were most strongly against it tended to be the elderly and those with a low income. Further, ‘consumers’ took a favourable view of credit, whereas people in hardship were neutral (ibid., p.43). This is particularly interesting to note as it challenges the modern day stereotype of the debtor, the irresponsible lower class individual whose greed has led to over-commitment. This stereotype is also recognised and challenged by Treas (2010) who asserts that increase in bankruptcy is not a result of being able to keep up ‘with the fictional free-spending Carrie Bradshaw, but just making ends meet’ (2010: 7). However, the PSI Report suggested that ‘people get into debt for any number of reasons: poverty, changes in circumstances, poor money management, over-commitment and even deliberate non-payment’ (Berthoud and Kempson 1992: 179).

“If we are to tackle the problem of debt then we must look beyond stereotypes. Many people get into financial difficulties through no fault of their own..... But there is still a great deal of stigma attached to the debt. Stereotypes which stress individual inadequacy reinforce the stigma and cause unnecessary hardship” (ibid., p.180).

This is corroborated by Treas again, who identifies that as more Americans found themselves in non standard, part time work that offered less wage and benefits in the late 90s and early part of the millennium (2010: 7), the average American was having to use credit to pay household and medical bills (ibid., p.6).

However, Collard and Kempson (2005) contradict the earlier assertion that high income leads to consumerism, which leads to credit use (Berthoud and Kempson 1992: 60). Their later study (the Policis Survey) demonstrated that people on low incomes borrow more often than people with high incomes for necessities (2005: 11). 75% of the people living in the poorest households say that they have a need to borrow money (ibid), which corroborates the assertion that declining wages and shrinking welfare programs is the reason why people are using credit to support themselves, as a supplement to their low income (Manning 2000: 160; Treas 2010: 6).

3.4. Debt and the Life Cycle/Life Course

A large body of literature has recently evolved focusing on how consumer debt develops over the life course or life cycle of an individual or family. Life course sociology ‘emphasizes the variability of temporal patterning across socio-demographic groups and cohorts and the interdependence of age-related social roles’ (Mann and Mann 2010: 2). Life cycle stages are defined as ‘the combinations of trends in households’ earning power and consumption demand’ (Baek and Hong 2004: 362). This body of literature is particularly relevant for helping us to understand why people use consumer credit and subsequently get into debt.

Baek and Hong’s (2004) research showed that life-cycles stages ‘were significant factors affecting installment debt and credit card debt’ (2004: 359). They observe that although there is much literature on the sociology of the life-cycle and life-course, there has been little attention paid to how the life-cycle stages impact debt. They assert the life-cycle stages are important in understanding how and why households accumulate debt, as for some families it is important to finance their children’s education whilst for others retirement planning is a more important financial goal. Baek and Hong also observe that traditional life-cycle theories have focused on the importance of age in consumption behaviour, however they emphasise the importance of stages of the life-cycle in being more significant in predicting consumer behaviours (ibid: 264).

For example, they found that ‘debt demand increased as a household expanded’ (2004: 374) and ‘a higher proportion of single-parent households held all types of debt compared to the households in a childless middle-aged couple stage’ (ibid). Mann and Mann (2010) also make the observation of the importance that life events over the life course have on debt, such as serious adverse health events and divorce (Mann and Mann 2010: 14). Both of these life events were prevalent among my debtors as a significant contributing factor to their debt, which is explored in Chapter Four.

Interestingly, Mann and Mann also assert that the nature of a household’s financial profile changes little over the life span (2010: 25), meaning that they believe households with low income to have little socio-economic mobility as the life course develops, as they remain on low income. In summary, they conclude,

“People at all ages are now using credit not only to manage the mismatch of steadily increasing lifetime income with a desire for reasonably stable levels of consumption. They also use credit to respond to increased levels of income and wealth volatility” (2010: 33).

Tippett also examines the impact of life course events on indebtedness and asserts that ‘experiencing negative life course risks increases the likelihood of holding debt’ (2010: iv). She explains that the life-cycle/permanent income (LC-PI) hypothesis, which ‘proposes that households consume a constant portion of their expected income/wealth over the life course and borrow to finance consumption in periods where income is lower than expected life course income’ (2010: 16), is the most dominant theory in understanding consumption and savings behaviour in the field of economics (ibid). She concludes,

“Understanding how households utilize non-collateralised debt has important implications for studies of stratification and inequality. In the absence of sufficient income and assets, the ability to draw upon debt to meet financial demands (i.e. smooth consumption) suggests improved well-being. The inability to smooth consumption in times of need implies increased risk, insecurity and stress. Access to debt does not guarantee economic well-being, however....households with consistently high debt burdens are more likely to report negative financial outcomes, even after controlling for differential experiences with negative life events” (Tippett 2010: 121).

An assessment of how the debtors’ perceptions of the reasons for the consumer credit use and debt accumulation will be framed within these theories of debt over the life course/life cycle in the following chapter.

Conclusion

The literature outlined in the above has provided an important historical journey through the theories of consumerism over the last three centuries, which can help to establish the perceptions embedded within the academic literature around the reasons for consumerism and, subsequently, the use of credit for consumer goods. Critical theorists have highlighted the manipulative and oppressive mechanism of capitalism, whereby the labour workforce becomes alienated during the process of production (Marx 2000 [1844]: 400-401) and individuals within society become subject to the demand that a productive society creates for itself through consumption (Galbraith 1999 [1958]: 127), which acts as a force to keep the classes separated (Adorno 1991 [1944]: 6). Within this set of critical theories, consumers are defined primarily as the mass working class who are forced into the act of consumerism due to their socio-economic position in society and are, therefore, passive subjects of the forces of capitalist society. Alternatively, postmodern theories on consumerism present consumers as active agents who use cultural symbols and signs to freely participate in consumer society (Ritzer 2001: 182). According to this set of postmodern theories, consumers purchase cultural goods to construct identities either for representing style (Hebidge 1988: 10) or their social position (Lury 1996: 80-81), i.e. to avoid being considered ‘failed consumers’ (Bauman 2005: 38).

Despite which of the above theories one considers to be accurate, it is clear that the credit card has expanded the consumerist nature of the society in which we live. The literature on credit card usage demonstrated how it has primarily been used by those on a low income, either for the purchase of material goods that depict the ‘American Dream’ (Calder 1999: 3), to supplement a low income by using it to finance necessities or during difficult life course events.

Now that the literature around consumerism has been explored, the next chapter will assess the respondents’ perceptions of consumerism, using the literature above as a framework for such an assessment.

Chapter 4: Why people use consumer credit: the debtors' responses

This chapter will now address the first research question, 'What are the respondents' perceptions of why and how debtors use consumer credit?' by assessing the respondents' narratives and their experiences of consumerism and consumer credit, which will be considered in the context of the theories of consumerism that were explored in the previous chapter. The responses from the debtors were taken either from the interviews or the online survey or questionnaire, and therefore include both qualitative interview and questionnaire data and quantitative survey data. There was one interview respondent (Sam, an economist) who did not strictly fall into either the debtor or debt collector group, however was recruited through the National Debt Line website. Though he does not belong to the respondent group, his perceptions are still pertinent to the issues being explored in this chapter.

Though the previous chapter included theories that position consumers as passive subjects, support for this argument was not evident within the research findings as none of the respondents perceived consumers to be passive subjects. There were no respondents who perceived consumers to be 'victims' of the structure of capitalist society, as proposed by the critical theories from Marx and Adorno and Horkheimer that we saw in the previous chapter. Rather, as I demonstrate below, all of the respondents proposed that consumers are active agents who practice consumerism to construct or reinforce social identities and values, as proposed by Bourdieu, Bauman, Lury and Manning in the previous chapter. There were several of the respondents' narratives that fell into the category of consumerism as a form of agency, which I have broken down into several subcategories: consumerism and credit use as a demonstration of high income and class; credit use in pursuit of the 'good life'; credit use for leisure and entertainment; credit use for education costs; and credit use as an income supplement (i.e. non consumerism).

1. Consumerism and credit use as a demonstration of high income and class

As we saw in the previous chapter, Benjamin (1999) and Shields (1992) asserted that the consumer class is constituted of primarily the educated white middle class with professional-managerial roles and that consumerism is driven by aesthetic pleasure. This was evident with one of the debtors, Mary, who was a credit manager. When asked to recall the reason why she first obtained credit, Mary explained:

"The first one was when I started work, I wanted a credit card and I'd just opened my bank account and I thought I want a credit card and I wanted to see what sort of things

I can buy. I was just about to start a job working in London and it seemed the ideal time for me to get something so that if I did need to have a nice outfit and things like that when I was going out and meeting people, that I needed a credit card to do it. My earnings at the time weren't particularly high but I just felt that I needed nice clothes and I needed to make myself look as presentable as possible. So I think that's what I thought. My first credit card was for make up and other things like that, I can't really remember what they were but I'm sure it was clothes or something like that".

(Mary, Debtor)

Berthoud and Kempson (1992) asserted that high income leads to consumerism, which leads to credit use. According to them, people scoring high on consumerism were credit users (1992: 60). The debtor responses below indicate that those on higher incomes obtain consumer credit.

"For a number of years now I've had debt problems. I like nice things, nice clothes and things and because I am a reasonably high earner and I am of the opinion that I work hard and I like to, not necessarily play hard but because I don't have time really to go out much or do anything very much but I do like to buy nice things. Particularly when I've been abroad, obviously I take advantage of the fact that I bring back things with me that I wouldn't necessarily get otherwise. So over quite a number of years I suppose I've always shopped in Marks and Spencer's and buy every day clothes and go onto websites and go into things like Harrods and all sorts of shops like that where I think I might like to buy something nice and I just buy it".

(Mary, Debtor)

"I'm fortunate enough that I own my own house and I have actually paid the mortgage. I'm proud that I'm a single mum, raised my boy, got him off to Uni, paid for my house, I've got good qualifications, I've always had a professional job".

(Tara, Debtor)

"the car credit was for a car that I wouldn't have chosen to drive if I was on one income".

(Sandy, Debtor)

Although the above debtors were not necessarily on 'high' incomes, they had academic qualifications and professional jobs with moderate incomes. Further, they used credit to purchase goods that created an impression of a high income, such as expensive cars and designer clothes.

2. Credit use in pursuit of the ‘good life’

As we saw in the previous chapter, many credit plans in the early part of last century featured prominently in the selling of electrical household goods as well as other expensive consumer durable goods (washing machines, cars, vacuum cleaners, kitchen equipment, televisions, stereos (Calder 1999: 13), which constituted the ‘good life’ (ibid., p.7). In fact, 90% of sewing machines and 75% of furniture items were purchased with consumer credit in the early part of the 20th century (Burton 2008: 33). The quantitative survey responses below demonstrate that the second highest reason for the use of consumer credit by the respondents was for homeware and furniture.

Q4. What have you spent most of the money on in building up this debt?		
Answer Options	Response Percent	Response Count
Fashion and clothing	3.1%	6
Homeware and furniture	13.8%	27
Household renovations	11.3%	22
Leisure and entertainment	11.8%	23
Cash to pay bills	50.8%	99
Holidays	6.7%	13
Presents for children	2.6%	5
Other (please specify)		42
answered question		195
skipped question		0

Figure 1: Response for Question 4 of National Debt Line Survey

“I mean, the household items I could have gone for cheaper, I could have bought a cheaper cooker, I could have bought a cheaper fridge rather than a more expensive model but I kind of thought well the credit card money is there that I could start using that to pay for it. And I didn’t want to buy stuff that was just going to break and I thought I’ve got this money now and I’m not going to get it again, I might as well buy stuff that’s going to last”.

(Aisha, Debtor).

The above statement from Aisha demonstrates that she preferred purchasing the more expensive branded homeware products as opposed to the cheaper versions. Tara expressed a similar view:

“When I obtained the loan it was for doing some improvements to my house... I don’t live a luxurious lifestyle but it wasn’t a problem for me; they were happy to lend me this money”.

(Tara, Debtor)

The above statements evidence that respondents use consumer credit to purchase goods in pursuit of the ‘good life’.

Manning (2000) made the observation that those without social, economic and cultural capital now purchase it through the use of credit (2000: 22-3) to extricate themselves from their identity as ‘failed consumers’ (Bauman 2005: 38). Credit cards have become a tool of empowerment for consumers as they have been given the opportunity to live a lifestyle they would not ordinarily have been able to afford, as demonstrated by two of the debtors below.

“Being an only parent, I felt I had to give as much as I could to my son and that caused me to take a loan out to go on holiday... I wanted to take him on holiday”.

(Jan, Debtor)

“on the credit cards there were a couple of holidays on there. And obviously the car credit was for a car that I wouldn’t have chosen to drive if I was on one income”.

(Sandy, Debtor)

Sandy went onto explain how these cars had been bought for her children.

“both of them have got the cars we bought them when they were seventeen and passed their test”.

(Sandy, Debtor)

Although a car might seem like a functional purchase, it can also be seen as a luxury item and corroborates the theory that the item was purchased by Sandy to pursue the ‘good life’.

However, it is also important to note that in many Western countries a car is not necessarily considered a luxury item’. It is only my personal opinion, then, that when finances are restricted, as they were for Jan, cars and holidays are a luxury item rather than functional.

Therefore, using credit to purchase such goods could be argued to be an attempt at pursuing the

‘good life’.

3. Credit use for leisure and entertainment

As can be seen from Figure 1 above, the third highest reason for the survey respondents’ debt was leisure and entertainment (11.8%). Veblen’s notion that the consumer class is constituted primarily of the ‘leisure class’ who consume merely for leisure as they have the wealth and time to do so (1994: 2) is somewhat evident among the debtor respondents, then, in that 11.8% of the survey respondents advised they used their credit and built up their debt for leisure and entertainment purposes. However, this reason for indebtedness was not evident within the interview and questionnaire respondents at all and other reasons for indebtedness (i.e. cash to pay bills and homeware/furniture) represented a larger population of the debtors.

4. Credit use for education costs

Manning (2000) stated that young people are getting into debt now to support themselves through university (2000: 160), which was certainly evident amongst some of the debtors. When asked how she first got onto debt, Kim explained:

“Well, it first began when I first joined university really. I first got a student loan because my parents weren’t earning enough to be able to assist me financially, and so that covered my tuition fees and most of my accommodation. Then spending money was acquired through part time jobs and I had three jobs at one point and trying to study at the same time. So then I started taking out credit cards and loans and things like that and then it just began to spiral whereby I was taking out one to pay back another. I think that’s where it started and then I did a second degree and only had a part time job and then it all snowballed really until I couldn’t take anymore credit out to pay back other debt”.

When asked whether she obtained the initial credit for daily living or to support leisurely activities that she could not have otherwise afforded, Kim explained:

“I think it was for both really. I never went out excessively but I did take out loans to keep up with other people a bit as well, yeah. And then it was also day to day buying food shopping etcetera as well”.

When asked whether she thought getting into debt was the only way to pay for university for young people from low-income backgrounds, she advised:

“I think the way I did it was really the only way I could have done it. If there was another way then I’m certainly not aware of it and it’s not very well publicised. So, I think, yeah I would do it the same way again.... Most of the people in my year had their parents pay their accommodation costs and tuition fees so their student loans paid for their day to day living and some of them had part time jobs as well so they could avoid getting into debt really”.

Another debtor explained that much of her debt was accumulated by having to pay for education for her child.

“It was for university fees for my eldest daughter... I couldn’t have had all the money up front to put my eldest one through education or university and at times I had to borrow”.

(Sandy, Debtor)

One of the debtor questionnaire respondents also attributed further education to her indebtedness.

“My bank overdraft is from when I was studying to be a teacher (I graduated as a mature student in 2003). The credit card debts have amassed slowly since I started working”.

(Wilma, Debtor)

5. Credit use as an income supplement (non consumerism)

Collard and Kempson (2005) demonstrated that people on low incomes borrow more often than people with high incomes for necessities (2005: 1). This theory is evident within the survey respondents as 47.2% had earnings in the lowest bracket of between £0 and £15,000, representing the largest single category, while 40% of respondents’ also had debts of over £15,000, which was the highest bracket.

Q1. How much credit card debt do you currently have?		
Answer Options	Response Percent	Response Count
Between £0 and £5,000	29.2%	57
Between £5,000 and £15,000	30.8%	60
Over £15,000	40.0%	78
answered question		195
skipped question		0

Figure 2: Response for Question 1 of National Debt Line Survey

Q2. What is your personal annual income?		
Answer Options	Response Percent	Response Count
Between £0 and £15,000	47.2%	92
Between £15,000 and £30,000	32.8%	64
Over £30,000	20.0%	39
answered question		195
skipped question		0

Figure 3: Response for Question 2 of National Debt Line Survey

What is your income?	How much credit card debt do you currently have?		
	£0-£5k	£5k-£15k	Over £15k
£0-£15k	16%	16%	15%
£15-£30k	8%	10%	14%
Over £30k	5%	5%	11%

Figure 4: Cross tabulated results for responses to Questions 1 and 2 of National Debt Line Survey

The above table (Figure 4) demonstrates that the debtor group representing the highest proportion of the total population of debtors were, in descending order: those with an income of less than £15,000 and between £0 and £5,000 of debt (16%); those with an income of less than £15,000 and between £5,000 and £15,000 of debt (16%); those with an income of less than £15,000 income and over £15,000 of debt (15%); those with an income of between £15,000 and £30,000 and over £15,000 of debt (14%); those with an income of over £30,000 and over £15,000 of debt (11%); those with an income of between £15,000 and £30,000 and between £5,000 and £15,000 of debt (10%); those with an income of between £15,000 and £30,000 and

debt of between £0 and £5,000 of debt; those with an income of £30,000 and between £5,000 and £15,000 of debt; and those with an income of over £30,000 and between £0 and £5,000 of debt.

The above also shows that the majority of the debtor population (47%) had an income of less than £15,000. Within this group of debtors, the majority had debt of between £0 and £15,000, however a large percentage (a third of this group) had debt of over £15,000. The group representing the lowest population within the debtors was those who earned over £30,000 and owed less than £15,000. Therefore, this mirrors the assertion that those with lower incomes have higher amounts of debt (Manning 2000; Berthoud and Kempson etc). In fact, the third highest proportion of debtors had an income of less than £15,000 yet owed more than £15,000 of debt, meaning their debt to income ratio was at least 100%. And the lowest proportion of debtors were those who earned over £30,000 and owed either less than £5,000 (5%) or between £5,000 and £15,000 of debt (5%). However, it is also important to recognize that 11% of the respondents were in highest income group but also had the higher level of debt, which is more than double the figure for those on high incomes but with lower levels of debt (5%). In a similar study, Tippet (2010) also makes the observation that ‘wealthy households have disproportionately more debt than non-wealthy households’ (2010: 11). Mann and Mann make the recognition that ‘bankrupt households generally come from the bottom quartiles of the population in assets and income and the top quartile in debt’ (Mann and Mann 2010: 1). They observe that ‘the top 40 percent of the income distribution is significantly less likely to file for bankruptcy’ (2010: 23). This also mirrors my research findings from the survey respondents that demonstrates the debtors with the most amount of debt are primarily from the lowest bracket of income. One possible explanation for why these respondents on high incomes might be more likely to also have a large debt than to have a smaller debt is that high income leads to high consumerism and credit use (Berthoud and Kempson 1992: 60).

The above shows that the debtors were mainly on lower incomes, which supports Manning (2000) and Collard and Kempson’s (2005) assertions.

“I was having to borrow more money so that I could pay my bills and my rent so that I could live...Having to buy things that were very expensive, for example at the time my flat had no flooring so I got some flooring. So, yeah, things that cost a lot of money, money that I didn’t actually have”.

(Aisha, Debtor)

“some things I needed at home, you know, I needed a new boiler as it was broken and couldn’t fix it because it was about twenty years old. I needed a tumble drier that I couldn’t get paid for. I did get a washing machine that was paid for by Pensions Security because of my son’s medical condition but they wouldn’t pay for a tumble drier to dry all of his clothes because of his condition. And so I had to buy a tumble drier and consequently different things added up”.

(Jan, Debtor)

Another of the debtor questionnaire respondents had an interesting story behind the build up of his debt:

“Quite simply, I was working on cruise ships on six month contracts. I would use the card to pay for everything for six months and then pay it off in full. Egg considered me an unprofitable customer and tried to find an excuse to close my account. They said being abroad for more than six months was the excuse; therefore they closed the card account. This was just after I had paid £5000 off. This then had a knock on effect with all of my other credit accounts”.

(Alistair, Debtor)

This again shows how the debtor was dependent on credit for daily living and when his credit limit was reduced, his finances became unmanageable. Similarly, Jan was a single mother who was claiming state benefits because needing to care for her disabled son full time meant that she was unable to work.

“I’m on benefits and I wanted to move to this area for medical reasons because one member of my family was living here who has now subsequently moved. The move actually caused me a lot of money, I didn’t have a lot of help with it so I got further and further into debt”.

She went on:

“I actually have to use credit to pay for stupid things like travelling to hospital from here to London and back again. And at times I do get my fares paid, when I get to the hospital but then I can’t claim the money back until the next visit and I haven’t had the money up front to pay for it. And then when I do get the money refunded, it has to go on buying food. So at the moment, I’m not being able to pay my household daily bills like

food. I'm having to cope with having £20 a week for two of us because I'm so much in debt".

Sara was disabled and so could not work and had to rely on benefits.

"I haven't been able to work since 2004 because of illness and disability....So my only income is income support, incapacity benefit and disability living allowance. I live in a rented flat with council tax benefits...I still have a number of debts that I ran up when I stopped working and there were a couple I think before then. But most of them have been since I stopped working".

She goes onto explain where her original debt came from, which was not a result of purchasing unnecessary luxury items.

"it was the really basic things and especially when I was working because I wasn't on any massive salary but was in London and the cost of living was very high....And things like I bought a bed and I bought just basic things like fridges...and parking tickets. I know it sounds really not sort of life and death but because I'm disabled I have to drive everywhere and in London there's nowhere to park, so I end up getting loads of tickets and they're about £130 each. And I refused to pay one of them and they sent debt collectors after me and I ended up paying a lot of money plus extra costs. And that wasn't because of sort of like throwing away my money buying jewellery, it was because I had to go out".

Sara then goes onto explain her thoughts about the 'type' of people that get into debt by being offered credit by irresponsible lenders:

"it's kind of enticing people but those who are vulnerable, those who are in need of a washing machine but they just don't have £200 to go and buy one, they're really the kind of people who are getting into debt. And it's not the upper or middle classes, it's people who are already on the breadline".

This relates to the literature on deviance and stigma, which shall be explored later in this chapter, where we will assess how cultural and media representations have shaped lay people's views into thinking there are 'types' of people (i.e. deviants versus non deviants). It is also interesting to note that Sara is attempting to distance herself from this stigmatizing category by using the terms "they" and "kind of people" to differentiate herself from.

Another of the debtors also made the observation that borrowing is common for those on low incomes and believed that this practice was becoming more normalized.

“when you’re first starting out, if one of you isn’t working at times you have to borrow but you borrow to what you can afford, you don’t borrow beyond. But it’s becoming more and more the case now that people borrow beyond what they can afford”.

(Sandy, Debtor)

It is again interesting that Sandy is distancing herself from the deviant, stigmatizing category of debtors. Yet another of the debtors was a single mother who lost her job due to mental health problems and was claiming benefits at the time of our interview.

“I’m fifty six years old and a single mum of an adult son, who’s eighteen and now in university. I became unemployed in April last year, so that’s April 09 isn’t it? Just for health reasons, some to do with my physical health, others to do with my mental health. I’m still in treatment for both of that stuff. I’m on a benefit which replaced Incapacity Benefit and it’s a whole new world of Hell for me because I am a novice with the benefit system because I’ve always worked”.

(Tara, Debtor)

Another of the debtors, who completed the questionnaire, told her story behind the reasons she found herself in debt.

“Married in 1984, one son born 1985, moved to North East in 1989, seemed like a good idea at the time. Husband died in 1993, lost house in a bankruptcy of my brothers in 1995 and forced to rent from local authority. Developed cancer in 1994, and off work for twelve months trying to recover... Have had numerous extended periods of ill health since... Debts began shortly after my husband’s death as I tried to cope with young child and no family support, borrowed from loan companies to pay rent etc. Not eligible for benefits as got 10 pence a week more than limit. Tried to pay rent, council tax and all other utilities and feed and clothe my son on £75.00 approximately”.

(Connie, Debtor)

The credit use by the respondents in the above was solely for supplementing a low income, as Manning, Treas and Collard and Kempson assert. Therefore, the credit use was not used for

consumer purposes so we cannot make an assessment here of the reasons why these particular debtors consume (i.e. in pursuit of the ‘good life’).

6. Credit use and debt over the life course

The importance of how debt evolves over the life course, or life cycle, was explored in the previous chapter, focusing on the way in which certain stages of the life cycle have a significant impact on whether an individual or family is more likely to obtain consumer credit and accumulate debt. This is certainly very relevant to the debtors in my research, as many of the debtors explained their debt as being the result of a specific life event or period of their life course. However, it is also important to recognize how the debtors’ narratives of their life-course is important in my data collection process, as their identity is temporal and always changes over time (Strauss 2009 [1959]: 7). Strauss (1959) reiterates how identity is connected with how one presents themselves to others and sees themselves ‘in the mirrors of their judgements’ (ibid., p.11). Strauss also recognizes the importance of timing during the ‘human experience’ (ibid., p.33) in that the present is always coming up, the future is moving towards us or moving away as present action diminishes into the past (ibid). This is important for identity in the way that the individual is constantly making an assessment or evaluations of their actions (ibid). This is certainly evident within the debtors’ narratives of their acts of consumption and consumerism, as they often reflected on past actions with hindsight and future actions with conjecture, which can be seen in the following statements from the debtors. In assessing past, present and future acts simultaneously, the individual is making a judgement of themselves and, thus, making themselves and their act an ‘object of scrutiny’, which significantly contributes to the making of their identity (ibid., p.34-5). Through conversing with my debtors about their experiences of debt, the above would occur as they were constructing their narratives about their indebtedness to me as a new ‘participant’ (ibid., p.35). This links back again to the recognition I made in the Research Design chapter that I cannot assert that the debtors’ statements regarding their indebted situations and previous actions were entirely accurate or truly reflective of the reality of the situation as it happened at the time. Instead, I can only recognize that the debtors’ statements are narratives of their experiences, or ‘self-appraisals’, to use Strauss’ term (ibid., p.36). My role as interpretivist researcher, then, is simply to observe and assess how the debtors are self-appraising, which links to their feelings of shame and blame as will be revealed later.

Tippett (2010) examines the impact of life course events on indebtedness and asserts that ‘experiencing negative life course risks increases the likelihood of holding debt’ (2010: iv). This mirrors the experiences of the debtors in my research, as many of them experienced negative life events such as divorce, ill health, job loss and other personal life changing events.

Two of the debtors explained how being a single parent resulted in their current indebted situation (Baek and Hong 2004: 374).

“I’m a single parent with one child and I live in a housing association flat....I went from being full time to part time and a child and having other responsibilities which just meant that I couldn’t afford to keep up those kind of payments”.

(Aisha)

“I’m 51, a single mum with an almost 13 year old boy with a lot of medical problems... I was married at the time of my son’s birth but then when my husband found out he had so many medical problems he just left and I’ve been his carer ever since...” And I’m in an awful lot of debt... Being an only parent, I felt I had to give as much as I could to my son and that caused me to take a loan out to go on holiday. I’ve had a lot of problems trying to now repay it and I can’t keep up with the repayments”.

(Jan)

Sandy explained how divorce played a significant contributing factor to her indebtedness (Mann and Mann 2010: 14).

“I am recently separated and I’ve been left with all the bills in the house from the mortgage to the council tax, everything. And I have a daughter who is a dependable adult and so I was supporting her as well and I just couldn’t afford to pay all the bills... Everything that I borrowed on credit cards or the loan was all based on two incomes, i.e. it was all affordable. I was married for 25 years so it was a long time, you know, we were well established. You know, with the house and everything, everything was comfortable, should I say. So it wasn’t a struggle to pay them when there was two wages coming into the house”.

She also explained how sending her children to university had a big impact on her levels of indebtedness (Baek and Hong 2004: 359)

“My youngest daughter went to University...I couldn’t have had all the money up front to put her through University and at times I had to borrow...and my oldest daughter’s gone through Toni and Guy training in London so I had that education to pay for as well”.

Several of the debtors also explained how health issues significantly contributed to their debt problems (Mann and Mann 2010: 14). Talking about how she uses credit to pay for her son's health problems, Jan advised,

"I actually have to use it to pay for stupid things like travelling to hospital from here to London and back again".

She went onto explain how her own health has effected her employability,

"I have a lot of health issues myself now and I wouldn't be able to hold down a full time job now as what employer would give me the time off that I have to have to take my son to hospital and also, it would mean I'm not around during the day and during the night".

Sara also explained how health had a significant impact on her life course and resulted in debt.

"I haven't been able to work since 2004 because of illness and disability. So my only income is income support, incapacity benefit and disability living allowance. I live in a rented flat with council tax benefits...I know it sounds really not sort of life and death but because I'm disable I have to drive everywhere and just in London where to park, when you're going to get a ticket and their about £130 each. And I refused to pay one of them and they sent debt collectors after me and I ended up paying a lot of money plus extra costs and that wasn't because of sort of like throwing away my money buying jewellery, it was because I had to go out".

Yet, many of the respondents did not just experience a single negative life course event. Susan experienced several in quick succession, all of which resulted in her family building up debt.

"Due to medical problems, my husband had to have a big operation and so he stopped working and started looking after the children. Then when we had our third child, the company that I worked for went into administration, so with that and my husband's bad health we ended up taking out another mortgage. When I was 39, I unexpectedly got pregnant with our fourth child and I got diagnosed with postnatal depression...I just couldn't think straight so I knew I couldn't function well, so I knew I couldn't work. So in terms of running up debts, it's been on credit cards....we've really just used it for things that we've needed every day and obviously we had it in mind that in the future I would be working again full time and starting to earn money. So we needed a credit

card to support us through daily expenses so that's what we've used the credit cards for".

Tara also explained how several different life course events, becoming a single parent, suffering health problems and loss of employment, all attributed to her indebtedness.

"I'm 56 years old and a single mum of an adult son, whose 18 and now in University. I became unemployed in April last year for health reasons, some to do with my physical health, others to do with my mental health...I was victimised at work because of my mental health; I was forced to go part time, they told me they couldn't support me. My only option in the end was to leave after receiving pressure from my manager about not hitting targets and they came about very quickly so my pay was cut from £1500 to £500 a month within a matter of weeks."

One of the questionnaire respondents, Corrine, also attributed more than significant negative life course events to her indebtedness.

"My husband died in 1993 and I lost the house in a bankruptcy of my brother's in 1995 so was forced to rent from the local authority. I developed cancer in 1994, and was off work for 12 months trying to recover. I have had numerous extended periods of ill health since".

From the above debtor responses, it is evident that various life course events, as outlined in literature in the previous chapter, significantly affected the debtors' financial situation and subsequently resulted in their indebtedness. However, whereas this literature generally attributes debt to a single life course event (Mann and Mann 2010; Tippet 2010; Loonin and Renuart 2007; Baek and Hong 2004; Lopes 2008), my research reveals how the respondents experienced multiple life course events, often in quick succession. For example, many of the debtors suffered ill health, which simultaneously led to more financial costs (prescriptions, travel to hospital, etc) and subsequent unemployment due to their inability to work. This links to Rowntree's (1901) notion of "primary" and "secondary" poverty, whereby those whose who have insufficient earnings for necessities (primary poverty) have to get into debt to purchase such necessities. These debt repayments then become part of expenditure categorised by Rowntree as secondary poverty ((1971) [1901]: 117-8). This is certainly evident for the single largest portion of the debtors in this research, who asserted that they used credit (and therefore got into debt) to pay for necessities.

As a result, the combination of these factors led the debtors to get further into debt and entrapped them in a cycle of deprivation, whereby poverty is cumulative in that one aspect of poverty often leads to another, building up into a vicious cycle of debt, poverty and deprivation, which is hard to escape (Browne 2006: 341). For example, those who are deprived and in poverty often suffer ill-health due to poor housing quality and poor diet, which means inability to thrive academically and therefore inability to secure well paid employment (ibid), which is certainly evident for the debtors in this research. Another assertion within this theory is that the 'cycle of deprivation' is a result of poverty being passed down through generations (Townsend 1974), however I cannot assess whether this is true for the debtor respondents of this research, as I did not focus on the financial situations of the debtors' previous generations during the interviews, so cannot conclude whether their parent's financial situation led to their own financially deprived state.

Returning to some of the theories on the life course specifically, it is clear that Tippet's explanation of the life-cycle to permanent income hypothesis, as outlined in the previous chapter, is not evident in the debtors' responses in my research. The debtors did not demonstrate that they used consumer credit with the expectation that their income or wealth over the life course would catch up with their borrowing levels, as they generally did not discuss their long term vision of their financial position. The respondents borrowed because they had no way to survive financially, due to the multiple life course events they encountered, and did not appear to consider whether future income would mean their borrowing and debt was sustainable and manageable.

Conclusion

As already mentioned, the literature on consumerism and consumption that was outlined in the previous chapter was separated into two categories; that which propagated consumers as passive subjects of the structural forces of capital society, and the other which propagated consumers as active agents. None of the theories supporting the notion that consumers are passive subjects were evident among the respondents as such a rationale in the responses was completely lacking. However, this could be due to the fact that the questions in the survey, questionnaire and interviews did not specifically ask debtors if the reason for their consumption and consumerism was because felt oppressed by the forces of capitalism.

Several of the questionnaire and interview respondents' narratives and the survey responses did support the theories within the category that presented consumers as active agents. There was some evidence from the respondents to suggest that consumerism and credit use is a

demonstration of high income and class, whereby consumerism is driven by aesthetic pleasure, as suggested by some of the literature outlined in the previous chapter (Benjamin 1999; Shields 1992; Berthoud and Kempson 1992). Three of the interview debtor respondents could be considered middle class in that they had professional jobs. One of these debtors used credit specifically to purchase aesthetic consumer goods, such as clothes and cosmetics, and another debtor used credit to pay for a car that was considered as a luxury item by the debtor. There was further evidence to suggest that consumerism is driven by a pursuit of the 'good life' (Calder 1999) in that the second highest reason for the use of credit according to the survey responses was for homeware and furniture. Although most people 'need' homeware and furniture, as for many people they are basic goods, there was recognition by at least one of the debtors that they purchased more expensive homeware and furniture, again arguably in pursuit of the 'good life' characterised by expensive, branded, non-essential items. A further two of the interview debtor respondents explained how they used credit to purchase luxury items as a tool of empowerment (Manning 2000: 22-3) in order to avoid identity as a 'failed consumer' (Bauman 2005: 38). Veblen's concept, that the consumer class is constituted primarily of those who consume purely for leisure (1994: 2), was evident among the survey respondents in that it was demonstrated as the third highest reason for the respondents' indebtedness. However, this finding was not evident in the interview or questionnaire respondents at all, meaning there is mixed evidence to support this theory of consumerism. There was also evidence among three of the interview and questionnaire debtor respondents to support Manning's assertion that credit is often used for education costs (2000: 160).

The strongest evidence, however, supported the notion that credit is used as an income supplement for those on low incomes and may have experienced negative life course events, i.e. for withdrawing cash to pay bills, rather than for consumerism of goods (Manning 2000; Collard and Kempson 2005). This is demonstrated in the survey research in that the largest single category of the respondents (47%) fell into the lowest earnings bracket (£0 - £15,000), whilst 40% also fell into the highest indebtedness bracket (over £15,000). This means the largest single category of debtor survey respondents owed more than their annual income. Further, the majority (50.8%) of survey respondents used cash to pay for bills, which again supports the theory that credit is used to supplement low incomes, rather than for purchasing consumer goods. These same findings were also prevalent in several of the questionnaire and interview debtor respondents' narratives regarding the reason they had to use credit and subsequently became indebted. This contradicts the evidence supporting the theories that those on a high income use credit for aesthetic consumerism, as outlined above. Yet, it could be argued that this does not necessarily rule out the latter, which could simultaneously be occurring.

It is important to note here to recognize a potential methodological issue with the above responses obtained from the interviews with the debtors. As I highlighted in the Research Design chapter, interviews have been critiqued as a methodological tool due to the fact that the narrative of the interviewee is not necessarily an accurate reflection of their lived experiences (Silverman 2005: 239). Therefore, it is important to recognize that the conclusions and assertions made in this chapter regarding the reasons for consumer credit use are based solely on the respondents' narratives of their own debt and credit use, and therefore may not be an accurate representation.

Now that an assessment has been made of the debtors' perceptions and narratives of the reasons for their consumer debt, the next chapter will turn to explore the perceptions of consumer debt from both the respondent groups.

Chapter 5: The ‘Deviance’ of Debt

This chapter now examines the debtor stakeholder group to investigate the perceptions embedded within some of the academic literature on the question of whether debtors are to blame for the consumer debt crisis. These perceptions shall be considered in the context of the notion of debt as a form of deviant behaviour by outlining some of the more common theories on the definitions of deviance, exploring how and why debt is labelled as deviant in the literature. I will then highlight how debt is negatively represented and stigmatised within academic studies on debt from the discipline of psychology, whereby debt is propagated as a form of compulsive, addictive and pathological behaviour. The next section explores the theory of societal reaction (Kitsuse 1964: 87), which, it is asserted, emerges as a result of labelling. This shall be explored through the concepts of shame and self-labelling. The final aspect to this chapter explores my recognition that the discourse around debt appears to be paradoxical.

1. The Sociology of Deviance

1.1. Definitions of deviance and labelling theory

“Symbolic interaction involves interpretation, or ascertaining the meaning of the actions or remarks of the other person, and definition, or conveying indications to another person as to how he (sic) is to act” (Blumer, 1969: 66).

Several attempts have been made by sociologists to define ‘deviance’ and ‘deviant behaviour’, in terms of social perceptions of deviance. Rock (1968) asserted he was ‘more interested in the process by which deviants are defined by the rest of society’ (1968: 176). This line of enquiry supports the interpretivist approach adopted for the purpose of this chapter that shall follow the same rationale by exploring how debt is labelled as deviant, rather than attempting to establish whether debt should be defined as a form of deviance or deviant behaviour.

Labelling theory originates from a branch of sociology known as Symbolic Interactionism, which is based on the premise that people act on the basis of meaning that grows out of interaction with others, which is continually modified by interpretation (Blumer 1969: 4). In defining deviance, Becker (1973) refers to individuals who are rule breakers and thus labelled as ‘outsiders’, irrespective of whether the individual also believes they have broken a rule. In defining rules, Becker asserts that they can be either formally bound by law, or ‘informal agreements, newly arrived at or encrusted with the sanction of age and tradition’ (1973: 2). Becker makes observations of how such formal and informal rules are enforced:

“whether a rule has the force of law or tradition or is simply the result of consensus, it may be the task of some specialized body, such as the police or the committee on ethics of a professional association to enforce it; enforcement, on the other hand, may be everyone’s job or, at least, the job of everyone in the group to which the rule is meant to apply” (ibid).

This assertion could be extended when observing a financial institution, as I have done in this chapter, in that the ‘specialized body’ that enforces the rules of debt repayment is the debt collection department. Rules are both formally and informally enforced, formally in that debtors are punished for non-repayment of debt via the legal system and informally by being labelled by the debt collection body as deviant.

After assessing how rules are enforced and deviant behaviour from the rules is punished formally and informally, Becker goes on to provide definitions of deviance. He observes that scientific research at the time of his writing had:

“accepted the common-sense premise that there is something inherently deviant (qualitatively distinct) about acts that break (or seem to break) social rules. It has also accepted the common-sense assumption that the deviant act occurs because some characteristic of the person who commits it makes it necessary or inevitable that he should” (ibid., p.3).

Becker observes that another common view of deviance identifies it as pathological in the sense that it is a disease (1973: 5), as evident in the psychological studies on debt that will be reviewed later in this chapter. In concluding his own view of the definition of deviance, Becker aligns with the sociological relativistic view of deviance as the ‘failure to obey group rules. Once we have described the rules a group enforces on its members, we can say with some precision whether or not a person has violated them and is thus, on this view, deviant’ (ibid., p.8). Yet, Becker also recognizes the flaws in this theory in that many groups have many different rules, so what one group may define as deviant behaviour another might define as conformist to their group rules (ibid). For that reason, when studying deviants sociologists must take into account the important consideration that ‘some people may be labelled deviant who in fact have not broken a rule’ (ibid.,p.9). This is certainly pertinent for my research as indebtedness itself breaks no rules, though indebted individuals are still labelled as rule breakers, as shall be evidenced later. Further, Becker asserts that the way in which deviance is reacted to by other people is important in the labelling process and is problematic as ‘just

because one has not violated a rule does not mean he may not be treated, in some circumstances, as though he had' (ibid., p.12). As such:

"we cannot know whether a given act will be categorized as deviant until the response of others has occurred. Deviance is not a quality that lies in behaviour itself, but in the interaction between the person who commits an act and those who respond to it" (ibid., p.14).

Thus, as shall be explored in the next chapter, I am able to ascertain from my observations of debt collectors that debtors are labelled as deviant, not from the characteristics or the acts committed by the debtors themselves but simply in the way that debtors are reacted to (Kitsuse 1964: 87) by debt collectors. However, Becker's assertion that 'the perspectives of the people who engage in the behaviour are likely to be quite different from those of the people who condemn it' (ibid., p.16) contradicts Hayes' (2000) assertion that self-labelling occurs after an episode of labelling by others (2000: 31). The self-labelling process, as outlined by Thoits (1985), derives from the Symbolic Interactionist approach, which assumes that 'self-conceptions emerge from and are sustained in social relationships' (1985: 222), whereby the individual sees themselves as a kind of person from the eyes of others. The next chapter will explore whether these theories stand up in view of the debtors' attitudes and perceptions of themselves and their behaviour.

Further, Lemert (1981) asserts that the definition of deviants as those who break the rules assumes that these individuals carry out their daily lives by continually referring to such rules and acting accordingly. Yet, 'human beings make rules, change them as they deem fit, use them in many ways and even get along without them, depending on how they evaluate them in relation to their ends' (1981: 287). Thus, as rules change according to the values of the culture and time for which they pertain, so does the definition of deviants who deviate from such norms and values. This is a common theme in the Symbolic Interactionist perspective, as actors are seen to negotiate meaning and co-construct reality (Berger and Luckmann 1966: 13). Further, this is certainly pertinent to the changing rules around debt and the subsequent ways in which deviance from the rules has been punished more severely since the economic recession began (Langley 2009: 1404).

1.2 Primary and Secondary Deviance and Societal Reaction

Lemert (1951) asserted that deviance should be viewed in terms of primary and secondary deviance, whereby the former refers to the initial acts of rule breaking or deviation from social

norms (which may or may not be discovered) and the latter refers to the consequences of others' reaction to that rule breaking behaviour if the deviant's behaviour is discovered. Kituse (1964) also rejected the previous tradition of deviance theory to identify forms of deviant behaviour to instead identifying 'processes by which persons come to be defined as deviant by others' (1964: 87-8), a process he termed 'societal reaction'. Rather than attempting to define various behaviours as deviant in their differentiation to societal and cultural norms, Kitsuse asserted that deviance must be understood in the way it is interpreted and then labelled as such by societal actors (ibid, p.88).

"Forms of behaviour per se do not differentiate deviants from non-deviants; it is the responses of the conventional and conforming members of the society who identify and interpret behaviour as deviant which sociologically transform persons into deviants" (ibid., p.97)

Lemert (1951) also asserted that the only way to identify deviance is through societal reaction to a specific behaviour (Lemert 1951: 55). Lemert further asserted that societal reaction occurs even when there has only been a 'minor violation' (1951: 55) of the rules, resulting in the overstatement and misrepresentation of deviance, meaning that a large portion of the deviance becomes assumed, leading to myths and stereotypes (ibid). This action is politically motivated as part of a 'rivalry or conflict of groups in the situation as they aspire to power or struggle to maintain their position in a hegemony of relations', thereby 'seeking to embarrass the party in power' by 'seizing on some otherwise unimportant deviant' (ibid., p.56).

This research will focus on studying secondary, rather than primary, deviance by looking at the processes of societal reaction, labelling theory, stigmatisation via debt collectors' social interaction with debtors in the debt collection process and their consequences for debtors' self-identity, for example resulting in feelings of shame.

1.2. The 'death' of Deviance?

It is important to recognize that many contemporary authors on deviance have noted its decline, and instead associated with the discipline of criminology. Therefore, it is important to explore this assertion in light of the fact that a significant portion of this thesis has been dedicated to the concept of deviance and the sociology of deviance, to assess whether my reference to it is justified. Sumner (1994) asserted that the sociology of deviance 'died' in the mid 1970s, after which point it no longer enjoyed academic acclaim and was replaced by criminology (1994: 300).

Sumner explains that the sociology of deviance emerged in 1950s, as part of the effects of social control and the government's social administrative approach to the sick, unemployed, criminal, mentally ill and troubled (ibid., p.301). The sociology of deviance, he explained, was 'a rational, liberal-minded, attempt to make the society of the powerful more economic, more predictable, more humane and less chaotic' (ibid., p.301), all in the guise of social democracy. However, it was as short lived as the government's temperamental approach in attempting to deal with 'deviants' at the time. Thus, when the 'troublesome' failed to be restrained or reformed by the various administrative attempts to do so, the government changed tactics and turned to crime and law (ibid., p.305), hence the birth of criminology replaced the sociology of deviance. Therefore, Sumner rendered the sociology of deviance as nothing more than 'an ideological practice' (ibid., p.302), which was 'beyond rescue as a scientific behavioral category of any great value' (ibid.).

In response to Sumner, Miller et al (2001) set out to empirically test his hypothesis that deviance had died by 1975 and had been replaced by criminology. They did so by analyzing the most cited scholars and works on the sociology of deviance from 1993 to 1999 (2001: 43). They found some support for Sumner's claims, in that 'the majority of the most-cited scholars in deviance today conduct research in other areas, primarily in criminology' (ibid.). They concluded that 'these findings seem to show the declining influence of scholarship in the sociology of deviance' (ibid.). Yet, much of the criminological literature provides ethnographic evidence of the continuing existence of labelling and deviance in a modern context, many of which are relevant for the purpose of this thesis on consumer debt. Treadwell et al (2013) provide a contemporary analysis of labelling and deviance in a consumer culture context by examining the way in which young men were labelled as 'dangerous' in the controversy surrounding the consumer 'riots' (2013: 10). Martin (2009) also focuses on current social labelling of certain youth groups in a consumer culture context by examining the public perceptions of 'chavs', particularly by the media. He observes the way in which those labelled as marginalised or socially excluded 'remain keenly attuned to consumerism' (2009: 140). Pearce and Charman (2011) also explore labelling in a modern day setting, by interviewing respondents to explore how their label of 'asylum seeker' impacted on them, in the ways they associated with it (2011: 305). They found that as the label 'asylum seeker' was particularly negative, 'many sought to hide or reject this identity' (ibid., p.308). This was also the case for many of my respondents who rejected the label of 'debtor', as will be revealed in Chapter Six.

Goode (2002) strongly opposes the notion that the sociology of deviance is dead and instead asserts that it is simply a 'decline in the supposed ideological function of the field for the ruling

elite and not its declining intellectual vitality' (2002: 107). The decline of the sociology of deviance, he asserts, is no more than an 'intellectual fad', which the discipline of sociology has fallen victim to (ibid). He explains,

"Deviance is an analytical concept, much like gender, stratification, race, crime, and socialization. It is palpable, though constructed, real-world phenomenon that can be located and analyzed. In contrast, the sociology of deviance is a field of study. The "sociology of deviance" – the sociological study of real or supposed violations of normative expectations – may be an increasingly unfashionable or decreasingly innovative area of study, but deviance will always be with us. Even if sociologists stop studying deviance, the real or supposed violations of norms and reactions to actual and potential violations of normative expectations will eternally remain as a fundamental element in the dynamics of societies everywhere. Norms are universal, and they are violated in every institutional sphere in every society that has ever existed, throughout the entire stretch of human existence. And reactions to these normative violations, real or supposed, take place everywhere. Actors may not call what they do when they punish, shun, or condemn whom they regard as wrongdoers, but "deviance" seems an appropriate sociological term for behaviour that calls forth such reactions. And if it is not called "deviance", what should it be called? To imagine that "deviance" will disappear when sociologists stop studying it represents as form of magical, wishful thinking." (ibid., p.108)

Therefore, in light of the above response to the critique of the sociology of deviance and the contemporary literature on deviance and labelling in the field of criminology, I can be confident that my reference to it in this thesis is justified. Thus, I will now continue to explore the ways in which debt has been signified as deviant behaviour.

2. Instances of Stigmatisation

Now that sociological theories of deviance and labelling have been outlined, some of the ways in which debt is stigmatised as deviant in academic literature shall be explored by reviewing a selection of studies on debt from the psychology discipline.

2.1 Psychological studies on debt

This section explores the ways in which debt has been negatively represented as deviant in academic literature specifically within the academic discipline of psychology. By focusing

specifically on the language used to describe debt and indebtedness and the use of ‘profiling’ in a sample of studies, it shall be argued that such action is an example of stigmatisation by these academics. The depiction of debt as a form of compulsive and addictive behaviour has also been recognised by Burton (2008), who also notes the growing scale of consumer ‘misbehaviour’ in contemporary society, whereby moral obligation has now become distanced (2008: 109).

The psychology discipline, specifically developmental psychology, has focused on deviant behaviour as a result of ‘incomplete cognitive development’ (Moschis and Cox 1989: 734). Academic perceptions of the ‘problem’ of indebtedness view debt as a result of lack of willpower or self-control and are therefore likely to be stigmatised than problems perceived to be outside an individual’s control (Hayes 2000: 32). Before addressing the specific research and literature on the profile of debtors, it is important to address the terminology to be used. Firstly, much of the research focuses on compulsive consumer buying behaviour more generally, rather than specifically making reference to credit card misuse. However, observations have been made in such research that ‘credit card misuse is similar to compulsive buying’ (Pirog and Roberts 2007: 72), thus for the purpose of this chapter it shall be assumed that credit card misuse is considered a form of compulsive consumer buying behaviour. Secondly, much of the research does not stipulate that individuals who ‘misbehave’ (Fullerton and Punj 2002: 1239) with, ‘misuse’ (Palan et al 2011: 81) or ‘abuse’ (Faber and O’Guinn 1988: 97; Tokunaga 1993: 285; Moschis and Cox 1989: 732) credit do so exclusively in the form of revolving large balances or defaulting on payments. Yet, the observation is made that ‘misbehaving’ credit users include those who struggle to make repayments. Thus, for the purpose of this chapter it shall be assumed that indebtedness is considered a form of credit card misuse in the reviewed literature.

Debt as ‘Compulsiveness’ or ‘Impulsiveness’

Faber and O’Guinn’s (1988) work was some of the earliest to depict the psychological ‘profile’ of a debtor, asserting that credit users and debtors displayed ‘compulsive consumption’ whereby they ‘fail’ to ‘control this behaviour’ (1988: 99-100). They assign derogatory terms to debtors by labelling them as being ‘senseless and repugnant’, ‘more envious’ and ‘higher on overall materialism’ along with having a ‘greater degree of nongenerosity’, ‘possessiveness’ and ‘obsessive compulsiveness’ (ibid., p.100-103). Additionally, they differentiate compulsive debtors to ‘normal’ shoppers (ibid., p.101). Further, admittance of their stigmatisation technique is evident in the below statement surrounding their results, which they assert ‘indicate that the people we have labelled “compulsive consumers” actually are more compulsive than other people’ (ibid., p.102). They represent debtors as often demonstrating compulsive, uncontrollable

behaviour, which is not treatable with consumer counselling or education on budgeting (ibid., p.106). According to them, this group of people cannot escape their pre-determined genetic tendency to compulsively consume and abuse credit.

Phau and Woo (2008) also make the distinction between ‘compulsive’ and ‘non compulsive’ consumers in their investigation on money attitudes and credit card usage. Again, they make reference to existing literature from the psychology discipline that labels credit card users as ‘compulsive’, ‘senseless’, ‘insecure’ individuals who ‘lack control’ (2008: 443), have ‘little concern for careful management of their funds’ (ibid., p.445) and are typically different to ‘normal consumers’ (ibid., p.444). They demonstrate further preconceptions of credit card users and compulsive buyers as having a low social status as they ‘correlate buying with social status’ (ibid.). They also make a clear link between youth and credit card use as only individuals between the ages of 17 and 29 were asked to take part in their study (ibid., p.447), as ‘the younger the individual, the less likely they are to make careful plans and preparation regarding money for the future’ (ibid., p.451). Further labelling by Phau and Woo of debtors as dysfunctional and, thus, deviant is evident in that they claim ‘compulsive buyers are not just financially handicapped but that their behaviour is more psychological’ (ibid., p.453), along with their observation that they carry the ‘heavy burden of shame’ (ibid.).

Pirog and Roberts’ (2007) research aimed to explore what characteristics differentiate individuals that misuse credit and those that do not amongst a sample of college students. Their hypotheses assumed that dysfunctional personality traits, such as emotional instability, introversion, materialism, the need for arousal, impulsiveness and lack of conscientiousness, are linked to credit card use (2007: 65-69). The fact that such hypotheses were made evidences the link being made between credit card use and personality disorders, thus representing debt as deviant.

Debt as a lack of self-control

This depiction of debtors is unfortunately not unique as it aligns with other psychological academic studies that portray debtors as deviant. In the US in particular, self-control failure has been attributed to several personality disorders and social problems, such as substance abuse, gambling, sexual promiscuity and criminal activity (Pirog and Roberts 2007: 72). Baumeister (2002) assesses specifically the issue of ‘impulsive’ consumer behaviour as a result of self-control ‘failure’ (2002: 670). Interestingly, Baumeister, contradicts the way in which previous research on impulsive consumer behaviour determines that the individual consumer feels ‘helpless’ and not in control of their behaviour, instead asserting that ‘irresistible impulses are

more a matter of rationalisation than of genuinely being helpless against strong desires' (ibid., p.671). Thus, debtors are portrayed as purposefully deviant.

"Returning home with an unnecessary and expensive purchase, the buyer probably would rather explain to the disapproving spouse that "I couldn't resist" than "I was too lazy and selfish to resist" (ibid).

Further, Baumeister stresses that self-control fails when compulsive consumers and debtors are incapable of altering themselves and their behaviour (ibid., p.672). Akin to Faber and O'Guinn, Baumeister asserts that a certain group of people are born with the inability to self-control, therefore becoming a victim of their own pre-determined 'helplessness' (ibid., p.670). In addition, 'abnormal' debtors are directly compared to 'normal' people with 'high self control' who are 'fairer and more trustworthy' (ibid). This is a direct example of debtors being stigmatised as 'dysfunctional' and thus 'deviant'. Palan et al's (2011) research focuses on credit card misuse and compulsive buying behaviour among college students, particularly on aspects of self-esteem, power-prestige and risk-taking (2011: 81). Like the studies on consumer credit 'misuse' and 'misbehaviour' outlined in the above, they classify debt as a 'growing problem' and symptomatic of compulsive buyers' 'chronic tendency to spend beyond one's needs and means' (ibid). They characterise compulsive buying as 'harmful', 'senseless', 'abnormal', 'uncontrollable', 'chronic', 'irrational' and 'conspicuous' (ibid., p.81-86) behaviour by individuals who have a 'lack of self-control' (ibid., p.84). These are yet more clear examples of debtors being represented as dysfunctional and, thus, deviant.

This demonstrates how these psychological academic studies stigmatise debt, which then continually perpetuates the stigmatisation and leads to more of the same research. Interestingly, however, many of the preconceptions of debt as deviant were eventually disproved in their study, i.e. that conscientiousness and emotional instability is not linked to credit card misuse (Pirog and Roberts 2007: 71). The fact that the study's hypotheses propagated there is a link between debt and deviance, even though this was disproved in the study, demonstrates that there exists a shared perception by psychology academics that there is some link between debt and deviance. In fact, it has been argued that it is impossible to conduct academic research without bias and inevitably every researcher chooses a 'side' before conducting the research (Becker 1967: 239).

Debt as addictive behaviour or pathology

Tokunaga (1993) aimed to study ‘unsuccessful credit users’ to ‘develop an integrative profile of people with credit related problems’ (1993: 285). However, he also assesses current social perceptions of whether ‘spending money can be an addiction’ (ibid., p.286), focusing on media portrayals of ‘shopping madness’ and portrayals of spending by self-help groups such as Debtors Anonymous as ‘an unmanageable illness’ whereby consumers are “compelled”, ‘helpless’, and out of control” (ibid., p.287) as Hayes (2000; 2010) has also revealed. Tokunaga refers to previous research on credit card use whereby the profile of a typical debtor has been established as young, not highly educated and from broken relationships who ‘used credit to influence other people or to make themselves feel better, and exercised less control over their financial situation’ (1993: 287). Further, he highlights how previous research has found compulsive credit users to have pre-addictive personalities, whereby the ‘pre-addict is that of an energetic nonconformist’ and has ‘a learned set of dysfunctional behaviours’ (ibid., p.291). Tokunaga therefore hypothesises that ‘people with credit-related problems have psychological profiles similar to that of addicts’ (ibid., p.294). Again, such a depiction of a debtor reveals representing them as deviant by specifically linking debt to other deviant behaviour such as drug or alcohol addiction. The propensity to ‘diagnose’ indebtedness as problematic behaviour is reflective of the increased use of psychological labels in academia and popular culture more generally since the 1980s (Furedi 1994). Furedi asserts that this trend represents an ‘externalisation of responsibility from the self’ (1994: 192), enabling the shift of blame from the individual being diagnosed to some externality. This concept shall be explored later in this thesis when assessing the respondents’ perceptions of who is to blame for consumer debt.

Debt as rule breaking

Fullerton and Punj (2002) also focus on the ways in which consumers demonstrate deviant by violating the ‘social contract’, ‘moral codes’ and ‘ignore social responsibility’ (2002: 1241; 1247). They create several typologies of consumer ‘misbehaviour’ and analyse the consequences of such a ‘dark’ side of the consumer (ibid., p.1239). They propose an extensive list of ‘negative consumer behaviour’ (ibid., p.1240) some of which have direct relevance to consumer indebtedness and default, including ‘wilful disobedience of rules’, ‘bad check passing’ and ‘assertions to avoid payment’ (ibid., p.1239). Fullerton and Punj then explore potential reasons for consumer misbehaviour, making reference to notions that deviant conduct can be a result of ‘perverse’ variants of hedonistic consumption and consumer socialisation or an act of ‘revenge, for real or imagined injustices’ (ibid., p.1245). From a sociological perspective, Burton (2008) observes that there is a:

“significant and growing group of consumers for whom defaulting on credit agreements is an accepted occurrence in everyday life. Won’t pay rather than can’t pay appears to be an emergent consumer philosophy” (2008: 69).

Debt as an indication of a lack of education

As Pirog and Roberts (2007) have highlighted, Spitze (1963) also makes a link between lack of education and higher consumer debt, asserting that ‘those with higher educational levels have greater knowledge about credit’ (1963: 160). Ironically, Spitze critiques the stigmatisation of debt, yet by making the link between education and poor credit use, this actually reinforces the representation of a debtor as uneducated, thus relating to other examples of labelling debtors as ‘senseless’ and ‘irrational’ (Palan et al 2011: 81).

The above studies on debt propagate the image of debtors behaving in irrational and compulsive ways, asserting that debt is abnormal and therefore deviant. I will later explore arguments that propose these instances of portraying debt in such a way is not only problematic but also questionable, given that debt has become increasingly normalised over the last forty years particularly (Cohen 2007: 61), hence the reason why so many people are now indebted.

2.2 Alternative perceptions of debtors

However, alternative perceptions of debtors do exist that do not propagate them as deviant. This exists mainly within the body of sociological academic literature on consumer studies. We have already seen how labelling theory and the sociology of deviance do not necessarily express value judgement on the accused deviants, but rather simply highlight the ways in which deviants are labelled by societal actors. Consumer studies, meanwhile, do make a value judgement of debtors, yet provide a sympathetic account of them as being victims of the force that a consumer society has over them. From a sociological perspective, then, ‘these perspectives emphasize the *processes* which characterise the development of deviancy, and deviance is generally viewed as a consequence of poor socialisation’ (Moshis and Cox 1989: 734). Social structure and, specifically, social class has been the key focus for the study of deviant behaviour in sociological research (ibid., p.735). Cohen (2007) indicates the increased use of consumer credit is a result of contemporary culture, which ‘imposes powerful social pressures on consumers to meet ever-evolving standards of appropriate outward presentation’ (2007: 61). Raijas et al (2010) studied over-indebtedness in Finnish consumer society, asserting that ‘debt problems are diverse and complex’ (2010: 210). Rather than attributing the cause of over-indebtedness to the

‘irresponsible’ and ‘deviant’ consumer, they assert external factors primarily cause over-indebtedness.

“The social environment “forces” one to acquire commodities, and governments repeatedly encourage citizens to consume because consumption has positive effects on the GDP...indebtedness has been promoted by positive development in the economy and employment...Developments in the credit market, aggressive credit marketing, easy access to various credit products, and positive consumer attitudes towards credit-based consumption have all contributed to the growth of credit use” (Raijas et al 2010: 209-210).

Further, Raijas et al found that changes to people’s personal lives was a significant factor in leading to their indebtedness along with the observation they make that the number of people in low income groups, such as students, pensioners, unemployed and single, has increased significantly since the 1990s (2010: 214). In addition, they found that lack of financial resources for young people often leaves them inexperienced in managing their personal finances. Interestingly, they also note how taking out certain types of credit can be a rational action of the consumer in empowering them with socio-economic mobility:

“Taking out a loan is a common and constructive practice in that it opens new opportunities, such as concentrating on studies”.
(ibid., p.210).

To sum, Raijas et al assert,

“over-indebtedness comes about as a sum or interaction of difference reasons...Both decreasing income and increasing expenses can cause indebtedness. Over-indebtedness does not pertain to any one age or life situation, either. The young are the most vulnerable because of their little experience and scanty resources. Older people and families with children have the most financial commitments. Commercial enterprises today offer credit with aggressive and appealing marketing campaigns. They have made it very easy to obtain credit without collateral or guarantees” (ibid., p.215).

Burton (2008) also recognises that changes to personal circumstances can have a significant effect on default rates amongst debtors, specifically relationship breakdown and unemployment, which then lead to income problems (2008: 115). Starr (2007) also stresses the importance of socio-cultural factors and seeks to establish that ‘as much as self-control problems may be

enacted in the realm of cognition, their “root causes” are located as much in the social, cultural and economic dynamics of capitalism as they are in the neuropsychological domain’ (2007: 216). Specifically, Starr puts forward the argument that consumers are active rather than passive subjects of media messages (ibid).

Some of the psychological literature (Faber and O’Guinn 1988; Palan et al 2011) that has been shown above to directly depict debt as deviant has also recognised the role that external forces play in leading to a debtor’s situation, primarily in the way that consumer society encourages use to ‘embrace materialism’ and ‘display good that confer status and power’ (Palan et al 2011: 81). However, they also make the observation that ‘irresponsible use of credit cards’ (ibid., p.83) can be a result of an individual’s low self-esteem, whereby they purchase material goods in order to ‘seek higher-status group memberships’ (ibid). This link has been made by Palan et al as a result of pre-conceived ideas they had about debt and debtors rather than proven research findings, as they highlight that previous research ‘did not find any significant relationship between self-esteem and credit card debt’. Further, their own research found no significant relationship between compulsive buying and self-esteem or risk taking (ibid., p.89). Further, they quickly return to attributing a debtor’s status as a result of their ‘compulsive buying tendencies’ (ibid., p.81).

Interestingly, Tokunaga also focuses more on the social aspect of psychological theory to assess whether observing parents’ use of credit has an impact on consumers’ later spending behaviours. Indeed, Tokunaga’s findings revealed that credit users were ‘more likely to have parents who themselves had experienced credit-related problems’ (1993: 300) and that credit user experience suffered adverse life effects suggesting that ‘credit-related problems may result from external factors’ (ibid., p.302). Additional interesting findings in Tokunaga’s study found that credit users ‘displayed lower risk-seeking preferences’ than non credit users, confirming that ‘Credit subjects were more risk averse’ than non credit subjects (ibid., p.304). Contradictory to previous literature on credit use, then, which portrays people with credit problems as ‘willingly and intentionally abusing their financial obligations’ (ibid., p.309), he asserts that:

“subjects with credit problems do not appear to be willing miscreants but rather conservative, inhibited, perhaps ‘gun-shy’ individuals whose tendencies are exacerbated by the occurrence of adverse life events” (ibid., p.310).

Yet, Tokunaga still continues to adhere to previous depictions of debtors as deviant in his assertion that ‘people with credit-related problems resemble people already addicted to a

particular substance' (ibid., p.311). Cohen (2007) analyses the role of the consumer, specifically through household financial management, in shaping socially responsible consumerism. Interestingly, Cohen concludes that despite the 'extensive literature, much of it motivated by deeply seated passions, describing the moral dimensions underlying the relationship between debt and consumerism' (2007: 60), simply blaming irresponsible consumer credit use as the key aspect in sustainable consumption is politically complex. He starts by outlining five broad explanations proposed by scholars as to the reason for the 'accumulation of untenable debt' (ibid., p.59), which are: consumption binges and uncontrolled extravagance; pursuit for status and social prestige; competition of the middle classes for positional goods; disproportion inflation against wage increase in the past few decades; and lack of public financial education and literacy (ibid., p.60). He asserts, 'The dominant tendency of this work has been to ascribe the growth in personal debt to consumers' penchant to indulge in superfluous extravagances that, by extension, leave behind a wake of ecological and human havoc' (ibid., p.62). However, Cohen contradicts these dominant theories that propagate consumer credit use as solely a means for people to get into debt, instead asserting that credit cards are a 'convenient tool for procuring goods and services' (ibid., p.61-62), and a safe and logic alternative to cash. As Raijas et al (2010) have done, Cohen (2007) importantly outlines an alternative perspective (perhaps in response to societal pressures), which propagates the use of consumer credit as rational, in that it provides civilians with important personal security and social mobility that other payment methods do not provide (2007: 61). As wider society has adopted the use of consumer credit as an alternative to other payment methods, so too do individuals within that society in order to conform to social trends (ibid., p.63). The life course or life cycle theory of debt explains that people use consumer credit to meet their consumption demands as their income steadily rises (Mann and Mann 2010: 33), which also supports the argument that consumer credit is used by many in a rational way. However, Mann and Mann also make the recognition that 'there is necessarily some debt, unrelated to life course shocks or income smoothing, resting solely on a failure to manage consumption to match income' (2010: 33). However, unlike the authors we have seen above that label these debtors as 'irrational' or 'compulsive', Mann and Mann recognize these debtors simply to be 'overoptimistic' or lack 'financial sophistication' (2010: 33). Chrystal (1990) also asserts that credit use can be 'reasonable' and 'productive' (1990: 10) and further explains how it is rational to borrow when purchasing durable goods, such as financing for housing, cars, expensive domestic products and household repairs as the purchases are often required immediately but have long lasting use, which makes sense to pay back for them over a number of years (ibid.).

"...one individual may buy a car which enables her to find a better job – the extra income covering the cost of a car loan. Similarly, the purchase of a washing machine

may enable a housewife to take a part time job, again generating more income than outgoings” (ibid).

He also recognises the stigma attached to debt, which he explains is rooted in a misunderstanding of the majority of the general public about the reasons for credit use in the UK at that time, which propagated credit and debt as a form of ‘sickness in our economy and society’ (ibid., p.8). However, using Chrystal’s rationale, consumer credit and debt cannot always be announced as a ‘sickness’ in society but can actually benefit and socially mobilise individuals on low incomes who would not otherwise be able to purchase such goods which will make a productive and favourable impact on their lives. Further, Cohen (2007) and Burton (2008) corroborate the notion that the phenomenon of consumer credit, debt and the plastic payment method overall is normalised in contemporary culture, whereby ‘credit has now become an accepted part of everyday life’ (Burton 2008: 67). Burton goes onto explain how social perceptions of credit and debt have changed from the ‘old’ to ‘new’ economy, whereby in the old economy debtors were thought of as frivolous and inadequate, whereas in the new economy consumers are considered as ‘victims of materialistic consumer society and the aggressive marketing practices of lenders’ (ibid).

Rock explores the representation of debtors as deviant using a ‘typical’ case of debt collection, whereby a debtor is ‘stigmatised if he (*sic*) lives in a particular street or works in a particular occupation’ (ibid., p.179) and ‘models of types of candidate: the ‘good’, the ‘bad’ and the ‘marginal’ are built (ibid). More specifically, Rock observes how defaulters are categorised into one of three stereotypes ‘the Feckless, the Unfortunate and the Professional’ (ibid., p.180) and those debtors who do not reply to letters are labelled as either ‘a dishonest debtor, a stupid debtors or an evasive debtor’ (ibid., p.180) where those that ignore letters are ‘made more deviant’ (ibid., p.181). Importantly, Rock makes the observation that:

“All types of collector believe that their usefulness lies in the important symbolic value of the change of heading on the dunning letters¹ to that of the stigmatizing name of a firm of debt-collectors. They attempt to maximise the unpleasant meanings associated with their occupation” (ibid).

Despite some of the obvious stigmatisation of debtors by the debt collectors that Rock observed, he asserts that there is ‘an absence of consensus’ (ibid., p.179) about whether default on debt is ‘fully deviant’ (ibid) behaviour. Though these alternative perceptions clearly exist they are too

¹ See Glossary of terms, Appendix I

few and far between. The dominant perception of debtors as indulgent individuals who have been irresponsible with their finances by purchasing ‘superfluous extravagances’ continues to exist (Cohen 2007: 62). Further, public discourse fails to focus on prudent lending practices ‘but rather suggests that consumers have an individual obligation to exercise greater prudence’ (ibid., p.63). Lastly, Scheff (2000) blames the ‘alienating consequences of modernity’ (2000: 89) in the fragmentation of communities and decreasing shame thresholds, which he asserts ‘may have had powerful consequences on the levels of awareness and self-control’ (Scheff 2005: 89). Scheff’s concept on shame and society will be explored later in this chapter.

3. Self-labelling and Shame: Theories on the Effects of Stigmatisation and Societal Reaction

Although there exist alternative perceptions within the academic literature that do not propagate debt as deviant, the dominant perception signifies debt as such, as highlighted in the academic literature from the psychology discipline outlined above. As we learned, debtors have come to be defined as deviant by others via the process of secondary deviance (Lemert 1951: 55) and societal reaction (Kitsuse 1964: 87). Now that instances of such stigmatisation and societal reaction have been outlined, the next section of this chapter shall explore theories on how and why secondary deviance and societal reaction then develop into self-labelling, primarily through the concept of shame.

Scheff (2000; 2005) reviews both the academic literature in the disciplines of psychology and sociology to review the treatment of shame in such academic literature (2000: 84). Most importantly for this thesis in situating the concept of self-labelling, Scheff reviewed Cooley’s (1956 [1902]) concept of the ‘Looking Glass Self’, which fits with the Symbolic Interactionism approach (Scheff 2000: 88). This concept has three principles: how one imagines they appear to others; how one imagines others judge them; how one feels about their imaginations (Cooley 1956 (1902): 184). This corroborates the assertion that instances of labelling debtors by societal actors (i.e. debt collectors) via societal reaction (i.e. the institutionalized punishment of debtors in the form of court proceedings) then develop into future imagined judgments by the stigmatized individual and finally result in the feeling of shame. The next chapter shall explore whether this process is evident within the debtors’ self-perceptions.

Whilst the other labelling theories outlined above have focused on the process of labelling, Goffman (1963) focused on the effects of ‘spoiled identity’ felt by the stigmatized individual. The term stigma originates from the Greeks who used it as a reference to ‘bodily signs designed to expose something unusual and bad about the moral status of the signifier’ (1963: 1).

Although stigma can derive from physical deformities, it can also derive as a result of an individual's non-physical character, which is perceived to be weak, dishonest and treacherous (ibid., p.3). The notion of stigma as a 'spoiled identity' is important, then, as it relates to two of the key themes outlined in this chapter: social reactions and external labels/definitions of a person's character (as we have already explored using the concept of societal reaction); and the way that individuals may internalise these attributions and feel pessimistic or ashamed. Regarding the latter, it is important to consider whether 'the stigmatised individual assumes his (*sic*) differentness is known about already or is evident on the spot, or does he (*sic*) assume it is neither known about by those present nor immediately perceivable by them?' (Goffman 1963: 132). Goffman explains this in terms of 'discredited' versus 'discreditable' (or potentially discredited) whereby those with a physical characteristic (such as a tattoo), are immediately discredited visually by others, yet those with a non-physical characteristic (such as indebtedness) will only be discredited if that characteristic becomes known to others (ibid., p.4). However, if the debtor's debt does become known this can lead to that individual feeling shame, which can result in self-labelling (Hayes 2000; 2010) and feelings of isolation, depression and hostility. We shall explore in the next chapter whether the debtors demonstrated any such feelings as a result of perceiving themselves to be stigmatised due to their indebtedness. Using Goffman's terminology, we might consider the debtors as 'discreditable' in that their stigma is non-physical, however their indebtedness is already known by the debt collectors they speak to.

Thoits (1985) observed that individuals self-label as they 'observe and classify their behaviours, thoughts, and feelings from the perspective of the wider community' (1985: 243). Reflecting on Rotenberg's (1974) theory that self-labelling is a prerequisite to becoming deviant (1974: 76-78), Hayes' study 'explores the role of labelling in the process by which individuals come to perceive their personal indebtedness as indicative of a deviant status' (2010: 274) after one or more instances of the individual being labelled by other societal actors. To achieve this, he conducted interviews with forty six debtors, recruited from Debtors Anonymous (DA) in the US, using a snowball sample. As was the case for my respondents demographics, Hayes' respondents were 'overwhelmingly female' and 'between the ages of 30 and 50' (ibid., p.278). Akin to Scheff, Hayes investigates an indebted individual's perceptions of their debt as 'shameful' and how this particular emotion plays a key role within the labelling process that labels indebtedness as morally deviant. Specifically, he notes a 'critical event or turning point served as passive status cues in the self-labelling process' (2010: 288). Passive, not just active, status cues can be transmitted without direct interaction through one's social and cultural environment, whereby individuals 'bring with them cultural expectations derived from a lifetime of socialisation' (ibid., p.293). For instance, cultural norms surrounding financial transactions, results in self-labelling (ibid., p.284) (as has already been highlighted in the above

assessment of previous academic depictions of debt as deviant). However, Hayes explains that the labelling process takes place more prominently via 'active status cues' that are brought to the individual's attention (ibid., p.286), which he argues is evident in self-help groups. Hayes asserts that 'a single episode of labelling is more often than not insufficient for promoting the transformation from a non-deviant to deviant identity' (ibid., p.296), yet labelling does not have to be active and can occur passively over a period of time, before the debtor makes the transition from self-labelling as non-deviant to deviant (ibid.). Yet, he asserts that all the debtors in his study who were subject to labelling inevitably self-labelled their identity as deviant (ibid., p.297). Lastly, Hayes proposes that future research on labelling should consider the importance of different types of reference others and those within a more formal network (i.e. outside of family and friends) to explore how debtors are labelled as deviant (ibid., p.299).

Hayes highlights that individual's may rely on others identifying their behaviour as problematic (ibid., p.276). Hayes explains that there are, however, two factors which would contradict the rationale for debtors self-labelling as deviant; firstly, that debtors keep their debt a secret from their friends and family; secondly, that the American culture normalises debt. Therefore, Hayes attributes self-help groups such as Debtors Anonymous to part of the problem of debt being labelled as deviant, as it enables the debtors to make the 'transformation from a non-deviant to deviant status' (ibid., p.274). Although I agree with Hayes' assertion that labelling is unlikely to stem from friends and family, I disagree that self-help groups are likely to contribute to UK debtors' self-labelling, primarily because the existence of self-help groups is not as prominent in the UK as in the US. UK debtors do still demonstrate self-labelling, as I will demonstrate in the next chapter but are more likely to discuss their debt with their creditors, rather than a self-help group.

It is important to recognise here that although this thesis focuses on the perceptions of debt as deviant within the public and academic realms of the West (primarily the UK and US), this perception has also been noted elsewhere in the World. Brumley (2013) observed that Mexican debtors, many of whom were left bankrupt after the country experienced an economic crisis in 1993, were perceived by the government and elite members of society as 'problematic' and 'troublemakers' who had a 'culture of not paying' (1993: 146). During the recession, mortgage payments tripled leaving many debtors unable to make their repayments (ibid., p.147). Interestingly, however, these debtors did not experience the same self-labelling as the debtors' in my research, as we shall see in the next chapter. In fact, quite the opposite applied, as these debtors came together to form a socio-political movement known as '*El Barzón*', otherwise known as 'responsible debtors'. Rather than seeing themselves as to blame for their own indebtedness and default, this activist group expressed the view that, whilst they recognised that

they were responsible for their debt, they did not accept the unfairness of the amounts they owed (ibid., p.149). Instead, they blamed the money owners (banks and other lenders) to be responsible for the crisis (ibid., p.147). This shared perception led and collective identity enabled *El Barzón* to create a strong and organised opposition to the banks and lenders, which resulted in many of the debtors being able to negotiate payment settlements and other terms that were considered fair by the debtors. Perhaps, then, if UK debtors had shared this same perception of themselves as not to blame for their unfair levels of debt, a similar opposition movement may have resulted.

4. The Paradox of Debt

It has become increasingly evident that there exists a ‘profound moral confusion’ (Graeber 2012: 9) about debt, particularly in Western society, in that consumerism is encouraged whilst debt is simultaneously condemned. The history of this paradox of debt is important to outline here for the purpose of this thesis as it is also evident in my research (as shall be explored later in this thesis); many of the debt collector respondents’ narratives and perceptions of debt revealed a condemnation of debt as morally wrong, whilst the debtors expressed how they felt they had been encouraged to get into debt by the consumer culture they are exposed to in the UK. Mann and Mann (2010) have also observed this paradoxical relationship, arguing that on the one hand consumer debt serves to facilitate consumption smoothing and investment, yet on the other burdens income and offsets wealth (2010: 3), therefore acting as ‘an important nexus between adverse events and financial stability’ (ibid). This paradox, I will now assert, is rooted both in the Christian religion, specifically within the values underpinning the Protestant Ethic, and the social structure of capitalism.

4.1 Origins of the link between debt and deviance in the Protestant Ethic

Sociologists have observed that ‘Religion has played a pivotal role in the acceptance of credit and debt in society’ (Burton 2008: 24), and has thus contributed greatly to the depiction of debt as deviant, specifically within Christianity. The ‘Protestant ethic’ and the ‘Puritan temper’ were moral codes that existed in American society to emphasize the importance of work, sobriety, frugality and sexual restraint, which underpinned moral conduct and social respectability (Bell 1976: 55). Underpinning the Protestant Ethic were values of ‘getting ahead’ and self improvement via frugality, industry and shrewdness (ibid., p.57). Graeber (2012) notes that American society in particular has been ‘the population least sympathetic to debtors’ as its moral code is founded on idea that ‘morality is a matter of paying one’s debts’ (2012: 16).

Max , 's work in particular made a causal analysis of the influence of Puritanism upon economic activity. In 'The Protestant Ethic and the Spirit of Capitalism' (1992) [1930], he sought to determine the characteristics of modern Western capitalism by separating capitalism from the pursuit of gain in history. Although profit through economic exchange is evident throughout history from Ancient periods, only in the West did capitalist activity become associated with the 'rational organisation of formally free labour' (1992 [1930]: xi) through a disciplined labour force and regularised investment of capital. The 'spirit of capitalism' was a term he used to define the normative behaviour of the capitalist entrepreneurs of the 19th century. Its most important feature was the moral significance it had in that it was not simply a way of making a living but rather meant that the individual was testing his or her inner resources as an agent, a person in charge of his own existence (Poggi 1983: 40). Weber argues that the reason for this transition in cultural economic behaviour at the time was the Puritan, specifically Calvinist, concept of 'calling' from which the capitalist spirit was born. Although there is a 'calling', which is given to the individual from God and, hence, is a pre-determined fate in the eyes of the Calvinist, the entrepreneur is expected to continuously access a wide range of possible combinations of components in order to realise the best combination likely to make the most return. So, although entrepreneurs were capitalists, they were not also consumers as they were conservative with money, in view of the fact this was the only way of leading a life worthy of moral decorum. The spirit of modern capitalism, then, is not the pursuit of materialism as traditional capitalism once was, but the fact that, 'Man is dominated by the making of money, by acquisition as the ultimate purpose of his life' (Weber 1992 [1930]: xvii). On a pastoral level it became obligatory to regard oneself as chosen and the medium of 'good works' was an assurance of this, thus success through the accumulation of wealth was deemed as a sign of such 'calling' (ibid., p.xiii). In effect, to be capitalistic 'served as technical proof that one belonged a priori to the elect rather than to the damned' (Rotenburg 1978: 11) and thus, chosen by God.

Bucholz (1998) also outlined the societal attitudes towards money during the era of the Protestant Ethic in the 16th century. He notes how the 'Protestant Ethic provided moral limits on consumption during the early stages of industrialisation in Western Europe and the United States' (1998: 871). The ethos of the Protestant Ethic, Bucholz outlines, 'helped to legitimize the capitalist system by providing a moral justification for the pursuit of wealth' (ibid., p.872) and 'served an important function in limiting consumption to build up a productive base' (ibid., p.882). At the same time that the Protestant Ethic celebrated these behaviours, it condemned behaviours that did not support these aspirations; thus, 'lavish consumption' was not encouraged as,

“the world existed to serve the glorification of God and for that purpose alone. The more possessions one had, the greater was the obligation to be an obedient steward and hold these possessions undiminished for the glory of God increasing them through relentless effort...each person’s duty was to accept their involvement in worldly affairs as their calling. Hard work was exalted as a virtue, laziness or leisure was a sin to be avoided” (ibid., p.873).

Thus, it is evident in Bucholz’s account of the Calvinist beliefs and the Protestant Ethic that individuals were believed to be chosen by God via a ‘calling’ if they worked relentlessly to accumulate wealth and not spend their money on consuming luxury, un-necessary.

Consumerism and debt were ‘curtailed in the interests of creating capital wealth’ (ibid., p.874) and, thus, ultimately believed to be ‘sinful’ and deviant. Burton (2008) makes this same observation that debt was considered by Protestant moralists to be a sinful form of gratification. On the other hand, those who demonstrated thriftiness were believed to be those who would go on to be ‘called’ and enjoy ‘material success and spiritual fulfilment’ (Bucholz 1988: 874).

Although these values were prominent in the Protestant and Puritan era, Bell (1976) observes how the values of the ‘new’ society, which was founded on mass production and mass consumption, epitomized a ‘consumption ethic’ rather than a Protestant one (ibid., p.63-66). Importantly, Bell also notes how along with the abandonment of previous Protestant values such as saving and abstinence came new values, namely the ‘old Protestant fear of debt’ (ibid., p.66).

“All of this came about by gearing the society to change and the acceptance of cultural change, once mass consumption and a high standard of living were seen as the legitimate purpose of economic organization. Selling became the most striking activity of contemporary America. Against frugality, selling emphasizes prodigality; against asceticism, the lavish display. None of this would have been possible without that revolution in moral habit, the idea of instalment selling” (ibid., p.69).

Thus, the era of debt began and the ‘seduction of the consumer had become total’ (ibid., p.70). Galbraith also observes that ‘there has been an explicable but very real retreat from the Puritan canon that required an individual to save first and enjoy later’ (1998 [1958]: 145). Yet, although Bell (1976) argues that although the dominance of the Protestant ethic and Puritan temper was replaced long ago by values of hedonism, he also observes how these codes and values are still ‘trapped’ in modern capitalism (ibid., p. 78) as it never developed its own ideology consistent with the change (ibid). This is largely evident in the way capitalism relies on enforcing the typical Protestant and Puritan value of hard work, aspiration, self improvement and

achievement, yet simultaneously promotes abundance, luxury and material ease (ibid., p.84), thereby demonstrating an ‘extraordinary contradiction’ (ibid., p.71) within the social structure of capitalism itself (ibid). This demonstrates a paradox within the concept of debt in Western (particularly American) culture, in that individuals are expected to align with Protestant values of austerity, simplicity and restraint, whilst simultaneously being encouraged to engaged in capitalism and immerse themselves in the values of consumerism, which promotes exuberance and abundance. Yet, the motive here is clear, in that it capitalized on the inherent values of American Protestant culture and adopted them for its own progression,

“American business was the dynamic agency tearing up small-town life and catapulting America into world economic dominance; and it was doing so within the language and cover of the Protestant Ethic. The fact of the transition is evident. The overt contradictions in the language and ideology – the lack of any coherent moral or philosophical doctrine – have only become manifest today.” (ibid., 76).

Galbraith also asserts that the Puritan ethos was not abandoned but ‘merely over-whelmed by the massive power of modern merchandising’ (1998 [1958]: 146).

Rotenburg (1978) also argued that attitudes towards deviance originated during the era of the Protestant Ethic, and asserted that they were still evident during the time of his writing. To this end, he asserts ‘it is useful to assess contemporary approaches to deviance by examining the attitudinal treatment implications associated with a specific metaphor which predominated during various historical phases’ (ibid., p.6), particularly as ‘very little has been said about the impact predestination may have had on our conceptions of, and attitudes toward, the “unsuccessful ones”’. In order to evidence this he interviewed mental health patients in Eastern and Western institutions to ascertain the difference between Western and Eastern individuals’ tendency to label themselves (which will be address later in this chapter) as deviant. Further, he interviewed Americans and Israelis to capture their general perceptions towards ill mental health. Rotenburg concluded that Western mental health patients perceived themselves as ‘sick, incurable and rejected’ (ibid., p.119), whereas Eastern patients perceived themselves as ‘healthy and accepted, believed in his chances to be cured, attributed his “temporary” problem to external causes’ (ibid). Further, he found in general that ‘Westerners are consistently more deterministic than non-Westerners in perceiving present success or failure from general indications in one’s past history’ (ibid., p.109). To sum, Rotenburg found that Westerners differed to non-Westerners in their perceptions of determinism, which he attributes to the influence that the Protestant Ethic and Calvinist doctrine has had on Western society whereby individuals are perceived to be born either into the ‘damned’ or ‘elect’ category (ibid., p.101).

This attitude, he argues, continues to have a strong influence on the way on which labelling of an individual to be either fundamentally the “good-elect” or “wicked-damned” occurs (ibid., p.8). Relate this to your participant groups?

Kalberg (2002) asserts that religion is still a prevalent force in contemporary society by observing the ‘work obsessed’ nature of society (2002: xii) and the way in which ‘We praise the work ethic of our peers and “hard workers” and generally assumed to be good people of good character’ (ibid). An example of how Protestant Ethic values in particular towards debt still exist in contemporary society can be found in Langley’s (2009) Foucauldian assessment of the way in which ‘subprime’ debtors in the US have been punished with foreclosure and forbearance after the economic collapse of the Western financial sector of 2006. Langley observes how those who deviate from the norm are used to maintain order in the way they are punished publicly to deter others from following this behaviour and how they are morally judged, in alignment with the Protestant Ethic.

“Across centuries, law has occupied a pivotal role in the punishment of debtors as ‘deviants’, ensuring the actual delivery of a pound of flesh to creditors as was the case during the Roman Empire, for instance....Although no longer marked by punishment through incarceration, the law continues to morally regulate deviants in today’s mass mortgage market in the US through the foreclosure processes that have devastating and degrading consequences for those who do not keep up their repayments” (2009: 1407).

Langley explains how such punishment through the ‘legal, calculative and self-disciplinary form taken by presently selective forbearance arrangements’ (ibid., p.1411) normalises the ideology that borrowers are solely responsible for credit obligations and thus supports perceptions of debtors as deviant and damned. Graeber (2012) makes the same recognition, asserting that ‘we are moving toward a restoration of something much like debtors’ prisons’ (2012: 17) by observing how debtors are increasingly being jailed for failure to pay debts. Yet, this seems particularly unjust when recognising that many debtors have not ended up in their indebted state due to a lifestyle of exuberance but for having to fund practical necessities such as household bills, as we saw in the previous chapter.

4.2 Capitalism and debt

It is also important to recognize the paradoxical nature of credit and debt in the context of capitalism, in that the low-income individual is encouraged to consume via the use of consumer credit, whilst simultaneously becoming a slave to the material goods he or she produces, as

Marx asserts. Marx wrote extensively on the relation between the worker during the mode of production and the objects the worker produces during distribution, exchange and consumption (1857; 1867), observing how production is the starting point and consumption the final end (2000 [1857]: 384). Galbraith (1998) [1958] summarises Marx's theory of how the capitalist system oppressed man by using him as a means of material production. He noted how one Marx asserted that the poor working class experience 'miserable consumption' (1998 [1958]: 65) in that there are not enough commodities for both the rich and poor to consumer as the rich demand and consumer more. However, consumer credit has significantly changed this dynamic as the poor working class now can obtain the purchasing power they always desired through credit and no longer feel inferior. Consumer credit also serves a purpose for the capitalist in that it ensures the continual increase in production as both consumer demand and the consumer's ability to purchase using consumer credit increases (ibid., p.117). The end result 'has been an elaborate and ingenious defense of the importance of production' (ibid., p. 115) and has rationalized 'the importance of production and the urgency of consumer need' (ibid., p.116).

Galbraith stresses that production is important because 'social well-being and contentment require that we have enough production to provide income to the willing labor force' (ibid., p. 144). To ensure there is always the need for production, there must be desire for material goods or 'wants' as Galbraith calls it (ibid., p. 145). However, consumer demand is limited to those who can afford it, and thus 'consumer demand thus comes to depend more and more on the ability and willingness of consumers to incur debt' (ibid.). Without production, and without debt to encourage consumer demand, there would be a decline in total spending and thus a decline in the total output of the economy (ibid., p. 148).

"And increase in consumer debt is all but implicit in the process by which wants are now synthesized...The process of persuading people to incur debt, and the arrangements for them to do so, are as much a part of modern production as the making of the goods and the nurturing of the wants...an interruption in the increase in debt means an actual reduction in demand for goods" (ibid., p. 145-8)

The importance of consumer credit to capitalism also has significance to Marx's concept of commodity fetishism (Marx 1999 [1867]: 42) when observing how social relations are often defined by humans' relationship to commodities (Salerno 2012: 275).

"Most of our time is spent working for them, shopping for them, using or consuming them, speaking about them, talking into them, texting on them, watching them on TV, and going to school so that we can buy more of them. They even take care of us when

we are sick. We are buried in them when we die. We live and breathe commodities. And we are often addicted to our things” (ibid).

Marx explained how commodity fetishism occurred at a time when people were becoming demystified with religion, observing how mysticism with the material world was replacing mysticism with the spiritual world (Marx 1999 [1867]: 42-50; Salerno 2012: 276;), whereby ‘the product assumes an aura that is magical and sensical’ (ibid., p.277), thus ‘Marx promoted the notion that commodities need to be demystified’ (ibid).

“The debt incurred by so many Americans reflects the transformation of these hidden emotional needs (including a need for authentic community) into a craving for things...Our commodities come to represent the fulfillment of our deepest desires, our most primitive cravings for connection, or reconnection” (ibid).

Salerno observes how the credit card has become a powerful mystical object in itself, with the ability to ‘secure almost anything for their bearer’ and therefore giving us as the owner ‘special powers’ (ibid., p.278). This is especially true for the working class consumer, as the credit card connects the ‘have-nots’ to a ‘world of things they can afford...a world wherein plastic is transmuted into dreams’ (ibid., p.280). Horkheimer and Adorno (2001) [1944], who continued Marx’s critique of the capitalist system into the 20th century as part of the Frankfurt School, also recognised the power that consumption culture appeared to give consumers. Yet, they asserted how this was merely an ‘artificial impression of being in command’, whilst it was in fact the culture industry itself that dictated the culture that the man of leisure had to accept (2001 [1944]: 74). Marcuse (1992), also a member of the Frankfurt school, echoes this assertion by observing how ‘needs which actually are offered to individuals by institutions, and in many cases are imposed upon individuals, end up becoming the individuals own needs and wants’ (1992: 32). In other words, the consumption and consumer industry mass produced material goods with the purpose of making consumers believe they wanted and needed these things. Through consumer credit, all consumers, regardless of their financial situation, were able to partake in the consumption of these supposed ‘wanted’ and ‘needed’ items.

Merton (1938) also observed the paradoxical nature of a capitalist social structure and the cultural values within it, by explaining how every group in society sets out both desirable ends a set of moral or regulatory procedures by which one can attain these ends (ibid., p.673). Yet, there often exists a conflict between these goals and ends, whereby there ‘may develop a disproportionate, at times, virtually exclusive stress upon the value of specific goals, involving relatively slight concern with the institutionally appropriate modes of attaining these goals”

(ibid). Merton's explanation of the conflict between goals and ends is evident within the context of credit and debt. He explains how there is an 'extreme emphasis upon the accumulation of wealth as a symbol of success' (ibid., p.675) (which, as explained earlier, lies in the values of the Protestant Ethic). As noted above, in the case of credit and debt the way in which most working class low-income individuals have been able to attain this goal is through the obtaining of credit and accumulation of debt to be able to purchase the 'good life'. The goal of the accumulation of wealth is then moderated by the 'equilibrium' between the two phases of the social structure (end goal and method of attainment), whereby the method of attainment is regulated in some way.

In the context of credit and debt, my assertion is that this is regulated by the emphasis on the 'responsible use' of credit, whereby irresponsible use of credit (i.e. over-indebtedness, default and bankruptcy) are deemed 'deviant'. This links to Merton's further observation that those who strive to aspire to the accumulation of wealth but fail then look to 'escape' from the social structure altogether (ibid., p.678). This behaviour is then deemed 'anti-social' by the rest of society (ibid., p.679), even though it was impossible for the individual to achieve the goal through conventional means. In the context of credit and debt, the example of bankruptcy, or at least the perception of bankruptcy, best describes this outcome. Falling victim to the social pressure to strive to achieve the goal of the accumulation of wealth, the debtor becomes over-indebted and unable to honour their repayments. The dominant perception, then, follows that the debtor then chooses to 'escape' the social order (ibid., p.678) by declaring bankruptcy. This, according to Merton then, is an almost inevitable outcome for the individual succumbing to social pressure and striving to achieve the impossible goal of the 'American Dream'. Further, as this will apply to the majority of societal individuals, for whom the goal is unattainable, 'anomie ensues' (ibid., p.674). In the context of credit and debt, this is evident in the recent Global Financial Crisis and subsequent recessions of the Western world.

"The dominant pressure of group standards of success is, therefore, on the gradual attenuation of legitimate, but by and large ineffective, strivings and the increasing use of illegitimate, but more or less effective, expedients of vice and crime. The cultural demands made on persons in this situation are incompatible. On the one hand, they are asked to orient their conduct toward the prospect of accumulating wealth and on the other, they are largely denied effective opportunities to do so institutionally. The consequences of such structural inconsistency are psycho-pathological personality, and/or antisocial conduct, and/or revolutionary activities. The equilibrium between culturally designated means and ends becomes highly unstable with the progressive emphasis on attaining the prestige-laden ends by any means whatsoever" (ibid., p.679).

To sum, the ‘stress on pecuniary success and ambitiousness for all thus invites exaggerated anxieties, hostilities, neuroses and antisocial behaviour’ (ibid., p.680).

The above shows, then, how a paradox of debt exists in Western society, particularly in the UK and US. This is corroborated by Rock’s (1968) assertion that ‘Default on debts does not appear to be either fully deviant or fully normal behaviour’ (1968: 176). Despite debt having been encouraged amidst the growth of a capitalist society to enable more demand for goods and, hence, more production (Galbraith (1998) [1958]) and subsequently normalised through the emergence of consumerism in the industrial era (Bell 1976), many of the Protestant and Puritan values towards debt as ‘deviant’ still exist in contemporary society (Rotenburg 1978; Kalber 2002), as we have seen in the psychological literature on debt and as we shall see in the next chapter on the respondents’ perceptions of debt. I have observed the way in which this paradox has been rationalised through the concept of ‘responsible consumerism’, whereby consumers who fail to do so responsibly (by failing to manage their consumption and consumer debt levels) are punished accordingly and in a public way, in order to deter others from following suit (Langley 2009). As I have demonstrated through Merton’s work, this unfortunately results in many debtors choosing to ‘escape’ the social order (1938: 678), specifically via bankruptcy. In the next chapter, I will explore whether this was evident for any of the debtor respondents.

Conclusion

In this chapter I have explored sociological theories around deviance and labelling theory, primarily focusing in the first section on the notion of societal reaction. Through exploring academic literature from the psychology discipline I argued that there are many examples of stigmatisation of debt through the ways debtors were labelled as ‘misbehaving’, ‘compulsive’ and ‘uneducated’ consumers. Further, I outlined the theories on the effects on stigmatisation and societal reaction on self-labelling through the feeling of shame. In the last section, I highlighted the paradox that exists within the concept of debt in Western society, in that whilst consumerism has been encouraged in a capitalist society since the industrial period, debt has simultaneously been condemned. This has resulted in the ideology surrounding the need for ‘responsible’ consumption (and therefore credit use and debt accumulation) and punishing those who do not comply.

In the next chapter, the theories on effects of stigmatisation and social reaction on self-labelling will be assessed in relation to the primary research conducted with the respondents. I shall start by looking at the ways in which labelling and societal reaction is demonstrated in the debt

collectors' perceptions of debt, which shall be compared against the academic literature from the psychology discipline as explored in this chapter. Then I will analyse whether the debtors demonstrated self-labelling through feelings of shame following their contact with debt collectors to assess whether societal reaction leads to self-labelling. I will also explore whether the paradoxical perception of debt is evident for any of the respondents, specifically by observing whether they demonstrate any of the perceptions of debt linked with the values of the Protestant Ethic, and whether any of the debtors have expressed a desire to 'escape' the social order, as Merton asserted (1938: 678).

Chapter 6: Labelling and Shame: respondents' perceptions of debt

This chapter now turns to investigate the perceptions of the respondents that debtors are responsible for their consumer debt, in order to address the second research question 'How are debtors perceived and treated by their creditors? (i.e. through contact with their debt collectors). These perceptions shall be considered in the context of the notion of debt as a form of deviant behaviour, based on the common theories on the definitions of deviance I explored in the previous chapter, exploring how the respondents label debt as deviant and assessing why they do so. I will do this by, firstly, assessing the ways in which respondents labelled debt as deviant, by embedding these perceptions within the academic literature on debt. I shall reveal that such labelling of debt is evident in societal attitudes through the empirical research conducted with debt collector employees of the credit card company used for this research, though a demonstration of alternative attitudes towards debt shall also be put forward. Secondly, I will demonstrate how debtors demonstrate 'self-labelling' and assess whether this comes as a result of societal reaction (i.e. labelling by others).

1. Respondents' Labelling of Debt as Mirrored in the Academic Literature

It has been highlighted in the previous chapter how debt has been stigmatised by some of the psychology literature on debt. The next section will explore the wider institutionalisation of labelling debt as deviant occurring in the financial services industry, supported with specific citations from my focus groups and interviews with the debt collectors, using the same themes that emerged from the psychology literature. This relates back to Kitsuse's assertion that societal reaction towards a particular behaviour defines it as deviant (1964: 87).

One of the key themes to emerge from the psychology literature was that it represented debt as a form of addictive or pathological behaviour. The labelling of debtors as credit card 'junkies' is particularly evident in the debt collectors' attitudes.

"They're trying to maintain a lifestyle that they can only afford to do with credit".
(Sally, Debt Collector)

Interestingly, the way in which the debt collector here perceives the debtor is matched by one of the debtor's self-perceptions of how she is perceived by the debt collectors of her creditors. She was particularly concerned about the perceptions of debtors as lazy and irresponsible.

“You know, people think, well I suppose the reader of the Daily Mail anyway, thinks that you just sit at home in luxury watching Jeremy Kyle all day and it’s not, it’s a wretched existence”.

(Tara, Debtor)

The labelling by the debt collectors of debtors as credit card ‘junkies’ is further evident within several more of the debt collectors’ perceptions of debtors.

“I think that some credit cards have customers that are always paying back their minimum due but when you see what they’ve bought in building up that debt, and it’s things like restaurants and clothes that you don’t really need, I don’t think that’s ethical at all”.

(Eve, Debt Collector)

“You know you hear of footballers who have gone bankrupt because they have spent all of their money on gambling and you think how could they have done that when they earn so much but they’ve just spent all of it”.

(Matt, Debt Collector)

The above statements also reveal values evident with the Protestant Ethic as asserted by Weber (1930), i.e. that spending rather than saving money, especially through the use of credit and subsequently the acquisition of debt, is morally wrong.

“working in collections has definitely opened my eyes, especially the way people openly talk about debt. You know I used to think that a lot of money to owe was couple of thousand here or there, and then you look at people and £70,000 plus debt and it doesn’t really budge an eyelid”.

(Jim, Debt Collector)

It is particularly interesting to note the ways in which the label of ‘debtor’ was rejected by the respondents, akin to Pearce and Charman’s (2011) research respondents who rejected their label of ‘asylum seeker’ as it had negative connotations (2011: p.308). For instance, one of the debt collectors self-labelled her own previous state of indebtedness as ‘stupid’, which importantly highlights the way in which she attached a stigma to debt and now disassociates herself from it.

“I think, well I don’t think, I know, when I was 18 I was pretty stupid and got into thousands of pounds of debt because I wanted to drive around in a nice car....And it

was ridiculous, it was irresponsible, I didn't know much about credit and I've paid it all of now which is great.... I blame myself for being stupid enough to do it and not thinking it through".

(Emily, Debt Collector)

Again, the above statement from Emily demonstrates values of the Protestant Ethic in that she perceives profligacy and the acquisition of debt as morally wrong.

Of particular interest is the way in which one of the debtor respondents, Sandy, demonstrated this in that she talked about debtors as if they were 'other' to herself, thus disassociating herself from the label.

"I think ignorant people are in more debt and I don't mean that rudely. My education, luckily, gave me an insight into understanding and reading the small print and a lot of people don't have that benefit, do they?...My older brother's continuously in debt and my younger brother is very much like my parents and me, I suppose, you spend what you have. You don't run up big overdrafts and things, you can afford luxuries if you pay them back you don't exceed your financial situation...I'm not a snob, but when you live on a council estate and you haven't got a mortgage to pay and you want to throw away £100 on a pair of trainers for your children and you just give the, £50 here and £100 there and it's easy come, easy go".

Yet again, Sandy's perception of her brother's debt reveals values akin to the Protestant Ethic, in that she asserts that people should be frugal and not spend what they do not have. Further, these statements reflect the perception of debt as a form of pathological behaviour, even though it is actually a debtor holding these perceptions.

Another of the key themes within the literature represented debt as a form of rule breaking behaviour. This negative labelling of debtors as misbehaving is evident in several of the debt collectors perceptions of debtors, whereby debtors are labelled as having a lack of conscientiousness or knowing the rules of socially acceptable behaviour, such as telling the truth. The below comment from the debtors is particularly aligned with Burton's (2008) observation of the 'won't pay' debtors (2008: 69).

"There's people who have spent money knowing they can't pay it back; I've definitely had that before".

(Eve, Debt Collector)

“There are definitely people who are difficult about paying and it’s more about the fact they want something sorted out, so “I won’t pay you until you’ve sorted this out for me”.

(Rob, Debt Collector)

“It’s quite funny actually because when you talk to them and check their Experian file you know that they’re hiding something or not telling the truth...they’re asking you for more credit and you can see on their credit file that they’ve got a default and you think, come on, you must know”.

(Rick, Debt Collector)

It is interesting again that the way the debt collectors perceived the debtors as rule breakers, in the way they lie about their credit history, is matched by the debtors’ self perceptions of how they are perceived by the debt collectors of their creditors. When asked how they thought the debt collectors perceived her from the conversations she had with them, one of the debtor respondents in the questionnaire responses advised:

“They perceive you as a liar and treat you like scum of the earth and they are aggressive, rude, threatening and unsympathetic”.

(Carol, Debtor)

Another of the debtors explained that whilst talking to the debt collector, there was a perception from the collector that debtors lie about their situation:

“He said, “Well, we have to say this, you are probably telling the truth but some people just do anything to wriggle out of paying”.

(Tara, Debtor)

Another mirrored this perception:

“Some were extremely rude and not prepared to listen, others listened but still wanted their money now. I think most of them perceive me as trying to avoid paying up, but that is not the case. I need help to develop a plan to pay them back at a manageable rate”.

(Connie, Debtor)

The final theme to appear in the literature that also appeared in the debt collectors' responses represented debt as an indication of a lack of education, specifically financial education. The stigmatisation of debtors in such a way as to label them as significantly uneducated is evident in the debt collector's perceptions of debtors:

"not an awful lot of people have the education and knowledge that we have. And some of these people just didn't know what they were getting themselves into. But a lot of people thought that credit was a way of achieving certain things without thinking about the consequences because they just don't have that level of understanding".

(Sally, Debt Collector)

The above statement is particularly interesting in the way that the respondent refers to the debt collector group as 'we' to distance herself from the uneducated debtors as 'others'. Another debt made reference to the misunderstanding that many of the company's debtors had about a particular product, labelling these debtors in a derogatory way in regards to their lack of financial education.

"I think that just shows the lack of financial (sic) education in people that they think that there is possibly a limitless card out there. To me that principle is crazy".

(Eve, Debt Collector)

When this same debt collector told a story about a debtor she thought to be financially uneducated, this provoked laughing from the group, which appeared as if the whole debt collector group were mocking the 'ignorance' or 'stupidity' of the debtor.

"some people are stupid about their credit file¹ sometimes, I mean, I've mentioned Experian² to people before and they don't know what it is. And they ask what it is, and I say well it's your credit file and they actually can't believe that credit card companies share information. I had one woman trying to tell me that was illegal. But I told her that's what everyone in the whole country is doing, you know, that's how it works. She just didn't get it at all. I'm really surprised that people don't know what it is".

Eve also asserted that lack of financial education was more prevalent within a particular demographic.

¹ See Glossary of terms, Appendix I

² See Glossary of terms, Appendix I

“It is more young people as well because they are old enough at 18 to go and think ‘Great, I can buy whatever I want on my credit card. I mean I’ve got friends who are like ten grand in debt and they should never have got that far in debt because they didn’t really realise what they were doing and they just buy things that cost like thirty pound and they don’t realise that they’re getting further into debt and the amount of interest that builds up”.

Another two debt collectors made similar assertions that debtors were primarily from a particular demographic, suggesting this is due to a lack of financial education in that social group.

“I don’t want to sound snobby, but those people were the lower working classes and as such the whole credit issue came along and a lot of those people just got themselves way, way into debt”.

(Jim, Debt Collector)

“In an ideal world, it would be lovely to live in a world where people only take credit out when they need it for bare essentials and that can afford to pay it back. But it’s never going to happen like that as you always get people, especially those who are uneducated about debt, as they just don’t think about it before they get it and then end up in trouble when they don’t expect to”.

(Eve, Debt Collector)

Spitze (1963) critiqued the labelling of debtors as deviant (1963: 60). Yet, ironically, by making the link between financial education and poor credit use, this actually reinforces the label of a debtor as uneducated, thus relating to other examples of labelling debtors as ‘senseless’ and ‘irrational’ (Palan et al 2011: 81). This perception of debtors as uneducated will also be explored in another chapter later in this thesis, when perceptions about failures in financial regulation as being the cause of the global financial crisis will be explored. One such area, as we shall see, is the lack of publicly funded financial education for consumers and debtors.

Cohen (2007) observed the way in which debtors are directly labelled as either ‘good’ or ‘bad’ in the credit scoring systems used by credit managers to then segment borrowers in terms of their credit history, whereby:

“technology allows users to divide customers into narrow geographic segments based on demographic, economic, or other relevant criteria and to develop spatially

calibrated marketing strategies. In the case of financial services, firms can maximize their returns by tailoring the effective interest rate to customers' creditworthiness". (2007: 61).

Again, this labelling and segregation between 'good' and 'bad' debtors is evident in the debt collectors accounts of dealing with higher risk debtors:

"with high risk you're looking for it a bit more because you know there's something out there that's stopping, well not stopping, but showing you that they're possibly going to go bad".

(Rick, Debt Collector)

Hayes (2010) explains how his understanding of the way in which debtors are labelled was rooted in his experience as a former collector with a consumer finance company (2010: 280). Hayes asserts indebtedness has a stigma attached to it that has created a discourse which implies that the problem of debt lies with the individual's lack of willpower, which is different to the problems of alcoholism or drug addiction whereby society deems the problem as an 'illness', for which people deserve to have help for. Rock (1968) has outlined how labelling occurs by debt collectors. He conducted empirical research on debt collectors in assessing the 'types' that debtors are categorised into by debt collectors, specifically by observing the ways in which 'debt collectors have constantly to choose which defaulters they are going to treat as deviant' (1968: 176). He observed that creditors justify their debt collection actions by propagating the notion that certain debtors are deviant in the way that they 'do not conform' and argue that 'no normal person would behave as the people they deal with behave' (ibid., p.177). Further, Rock asserts that creditors opinions are enforceable in action by the 'elaborate system of courts, prisons and so on with which they can coerce debtors', whereby their opinions and actions 'receive authoritative approval from the state' (ibid., p.177).

"Debt-collection is a consciously conceived series of actions, and the result is a far more articulate system than that which obtains with any other mode of enforcement. The system has to cope with a vast number of cases, and procedures have to be routinized and simplified. This leads to a relative inflexibility and to the use of very general assumptions about causes and effects. It also leads to an automatic increasing of the pressure put upon the defaulter, coupled with an assumption of his (sic) increasing guilt and deviance. If the debtor does not intervene, he (sic) will routinely become identified as a deviant" (ibid., p.178).

Rock's (1968) assertion that there is evidence of labelling of debtors into 'feckless', 'unfortunate' and 'professional' categories by debt collectors (1968: 180) is certainly demonstrated in the attitudes of the debt collectors' attitudes and labelling of debtors into the various categories. For example, 'feckless' are deemed as ultimately 'bad' people and are assigned extremely derogatory labels by some of the debt collectors, if they had a particularly high-risk profile.

"I would definitely trust someone who was overdue with a low risk product that they were going to pay more than I would for someone with a high risk³ one".

(Pete, Debt Collector)

"if they were on a repayment program I would treat them like shit and think, huh, scum".

(Emily, Debt Collector)

Further, the 'unfortunate' debtor is labelled as such by the debt collector in such a way that appears to help them to bypass the guilt that can come as a result of the job:

"This guy was a really nice guy, he was really, really upset you know because he was relying on the card it and didn't have any cash, two years ago I would have felt a lot worse dealing than what I do now, now its just business as usual, and again apart from the exceptional circumstances where people are in debt because either they have experienced a bereavement or something like that, I generally don't have any sympathy".

(Matt, Debt Collector)

"My main frustration with our debtors is when they refuse to help themselves... I get frustrated and don't feel empathy with them when they become less inclined to help themselves because of a technicality and they get so caught up in the emotion of being offended. They don't actually see the rationale behind business practice, that is the only time I get frustrated... when I speak to people now it makes me think I don't feel sorry for you anymore".

(Lucy, Debt Collector)

³ See Glossary of terms, Appendix I

"I get frustrated when people cannot help themselves. But then again you have to remember that you can only give them so many chances. You know when they're screaming and shouting and you down the phone and literally begging you for more money or free your card for use when you know they just cannot afford it therefore I don't really feel sorry for that person I just feel, you know, you brought it on yourself".
(Ruth, Debt Collector)

1.2 Respondents' perceptions of debt as mirrored in the literature on Capitalism

As we have seen from the above, many of the respondents' perceptions of debt mirror the discourse on debt as seen from the psychology literature in the previous chapter. This chapter also explored some of the theory on debt within the literature on capitalism, much of which is also evident within the respondents' narratives.

For example, Merton's observation that those who strive to aspire to the accumulation of wealth but fail then look to 'escape' from the social structure altogether (1938: p.678), which I asserted in the context of credit and debt is the example of bankruptcy, is evident some of the respondents' narratives. One of the questionnaire respondents, 'Alan', had made the decision to refuse the money he owed to his creditors. Instead of using bankruptcy as an option, he instead chose to claim that the agreement and subsequently the debt was not enforceable by quoting the Consumer Credit Act (1974).

"I believe that the early CCAs are all unenforceable and I have no intention of paying...The final debt is 2500 pounds to Egg for a loan. Same thing, they sent me a true copy of the original CCA but it is unenforceable due to missing prescribed terms and so I am not paying that either"

Another of the questionnaire respondents, 'Caroline', was also refusing to pay her creditors over a dispute regarding the figures she believed she owed, resulting in her taking her creditor to court,

"HSBC will not except my offer, they are still adding interest and I'm waiting for them to issue court proceedings over a £400 debt"

However, contradictory to Merton's assertion, many of the debtors did not want to escape the social order but instead wanted to take responsibility for their own debt and conform to

society's expectations of them to repay and were in the process of making repayment plans with their creditors when I spoke to them.

One of the debtors interviewed, Susan, explained that although she refused to pay her full minimum payments, she took responsibility for her debt by offering them a certain amount, therefore not totally escaping the social order.

"I wrote to them and said "I'm not paying this, my financial situation has changed, I'll pay you £20 until the end of March" ... I just thought we're not gonna pay them this year, so we're doing it ourselves".

Although she hadn't yet filed for bankruptcy, Jan was strongly considering it to avoid having to make repayments for the rest of her life and thus escape the situation now.

"So I am feeling quite confused... do I borrow some more money and then go for bankruptcy? Because if I negotiate payments of what I can actually afford, it's gonna hang around with me until I die".

However, Jan also expressed that she wanted to take responsibility for repaying her debt and not escape from the situation.

"I don't want to bury my head in the sand but I can't afford to pay what they're asking me to pay. I am willing to make payments and I will make payments regularly but I can't keep up with the payments that I am supposed to pay".

There is an obvious contradiction here in what Jan is saying; at one point she advised me she wanted to pursue bankruptcy to avoid repaying for the rest of her life, yet at another she advise she is willing to make payments and take responsibility. Perhaps this latter statement is another demonstration of how the respondent tells the researcher what they perceive to be the socially acceptable thing to do.

Another of the debtors, Mary, explained how she became bankrupt, although she admitted responsibility for her own debt. She proceeded to explain how bankruptcy had a negative impact on her social standing, therefore demonstrating that although she did escape the social order, she regrets it because she does not like the feeling of being socially excluded.

Yet another of the debtors explained how she had conformed to society's expectations of her to repay her debt, even though she was struggling to pay.

"I've kept the payments going continuously, I've never missed a payment, I've never given more than I can afford to, I mean I've got to make sure that all my bills are paid every month" (Sandy, Debtor).

It is also important to note here that, as we saw in Chapter Four, most debtors were using credit not to pursue goals and aspire higher position in society as Merton claimed, but instead simply to supplement a low income and life course events that had led them into debt.

Another of the theories on debt explored in the previous chapter asserted that credit made consumers, particularly low-income consumers, feel powerful (Salerno 2012: 278) and even had a mystical aura (Marx 1999 [1867]: 42-50). This was certainly evident in some of the debtor respondents' narratives regarding their credit use.

"I get a hit and a buzz from having things around me, having a belief that things make you happy. Finding inner happiness is quite hard. When we're little we didn't have anything, and trying to make up for that now for our children and making sure that our children don't have the same childhood as we did. Other people make remarks about your clothing and your personal possessions and it's hard, it's embarrassing and other people judge." (Aisha, Debtor)

"I like nice things, nice clothes and things and because I am a reasonably high earner and I am of the opinion that I work hard and I like to, not necessarily play hard but because I don't have time really to go out much or do anything very much but I do like to buy nice things. Particularly when I've been abroad, obviously I take advantage of the fact that I bring back things with me that I wouldn't necessarily get otherwise. So over quite a number of years I suppose I've always shopped in Marks and Spencer's and buy every day clothes and go onto websites and go into things like Harrods and all sorts of shops like that where I think I might like to buy something nice and I just buy it" (Mary, Debtor).

However, it is important to note here again that most debtors, as seen in Chapter Four, were using credit not to make them feel powerful but instead simply to supplement a low income.

1.3 Alternative perceptions of debtors

As was explored in the previous chapter, there were alternative perceptions of debtors in the academic literature. These were also evident within the debt collectors' perceptions toward debt, which shall now be assessed.

Tokunaga's findings revealed that credit users were 'more likely to have parents who themselves had experienced credit-related problems' (1993: 300) and that credit user experience suffered adverse life effects suggesting that 'credit-related problems may result from external factors' (ibid., p.302). This perception is evident in one of the debt collectors' statements about debtors, which asserted that parents play an important role in normalising debt:

"Some people as well have learned from their parents who have had debt and they think it's OK to have a credit card and a car that's on finance".

(Rick, Debt Collector)

As recognised by Cohen (2007: 61) in the previous chapter, one of the debtors recognised that credit can be rational for those who need to supplement their income. Yet, in the next sentence, she also recognises that generating more income would have eradicated the need for obtaining credit.

"credit has been a useful source for us over the years in keeping going. Whether we would have been better off to have got my partner to get another job in the early days - in hindsight that might have been a better thing".

(Susan, Debtor)

One of the debt collectors also recognised the rational use of credit from his experiences.

"I've got a credit card but because, one, I want a credit file and, two, I think I'm responsible enough to control the amount that I use it".

(Rick, Debt Collector)

Burton's (2008) assertion that debt is becoming normalised (2008: 67) is corroborated by more of the debt collectors:

"In this country in order to go to university you need to get into a massive amount of debt. That shows that the practice is normalised; in order to achieve X you need to

borrow Y. Whereas in other countries that service is provided by the government and it is not encouraged for people to get into debt just to get what they want out of life”.

(Sally, Debt Collector)

“Society makes us think we have to have certain things and most people in a group of people feel excluded if they don’t have what the others have or they feel pressured to actually go and get that when it’s not really necessary and, therefore, getting themselves into trouble”.

(Ruth, Debt Collector)

Another of the debt collectors also avoided negative labelling of the debtors and stressed the external situation of the debtor as being the problem, not the debtor.

“There are a percentage of people who are currently borrowing money that can’t afford it, through no fault of their own, because they’ve lost their jobs because of the current climate”.

(Peter, Debt Collector)

Another of the debt collector respondents did express some sympathy towards debtors in certain situations.

“Most of the time I just want to help them, even if it’s just to re-educate them. If they’re shouting at me then I will just tell them how to sort it out by stating X, Y and Z but if they are being more calm about it then I will try to give them as much advice possible about how they can overcome the situation or get through it”.

(Ruth, Debt Collector)

“I think with situations like redundancy and situations which they could not foresee they I’m inclined to have more sympathy than those that have just racked themselves into debt that they couldn’t have afforded two years ago let alone now”.

(Eve, Debt Collector)

However, this last respondent then quickly then went onto depict the debtor, in what appeared to be a mocking of the debtor, as ‘feckless’ or ‘unfortunate’, as we saw in some of the other responses above.

"I remember speaking to this one chap who we have reduced his line of credit and he was like "Oh I can't afford to eat or live" without his credit facility and he said "Oh I've lost my job and I need you to reinstate it" and I just remember thinking 'You might think that's going to help you but it's not'. And I know it's a difficult decision because he was saying he couldn't afford to eat unless I sorted that out but that was just going to cause him to get into more debt, it wasn't going to solve the problem".

She went onto explain:

"It really depends on their attitude, some people you feel sorry for especially if they've just lost their job and something they couldn't expect to happen and so their lives are just completely ruined. But then there are people that come that you can tell just didn't think about what they were spending and now can't afford to pay it back".

(Eve, Debt Collector)

Another two debt collectors portrayed a very similar perception:

"Depending on the reasons for their financial difficulties, say if they had a good job and high income compared to their borrowing and they've lost it for whatever reason I'd be a bit more sympathetic as opposed to someone whose basically taken out all the credit they can get, say they've borrowed from Peter to give to Paul. An example when was I used to work in collections and there was a chap who openly admitted he had got into £50,000 in debt from credit cards, got a consolidation loan and then, rather than destroy the cards, just ended up using his cards further and had the £50k debt. So, he just doubled the amount of debt over a period of time before he actually realised how bad it was, then continued to bury his head in the sand by not actually seeking advice or doing anything. Until it got too late and then he really wanted to blame everyone else other than himself for the mess he was in. And for someone like that I don't think you can really have any sympathy for them; they've made their own bed, they can lay in it".

(Jim, Debt Collector)

So, although it appears the debt collectors were capable of demonstrating sympathy for the debtors and did not always demonstrate a negative perception of them, for many of them showing such empathy was not their default position when first contacting a debtor.

2. Instances of debtors' self-labelling after interaction with creditors

Although there were some sympathetic views towards debtors, many of the above responses illustrated the debt collectors' negative perceptions of debtors and the ways in which they often make judgements about the debtors either before or during their conversations with them. As these instances of labelling via societal reaction by debt collectors have now been outlined in the first part of this chapter, the next section of this chapter assesses how labelling can lead to self-labelling by the debtors, as outlined in the previous chapter. This will be assessed from the debtors' feelings about themselves and their indebted situation after having had interaction with debt collectors of their own creditors. As we learned in the previous chapter, individuals self-label by observing and classifying their behaviours, thoughts, and feelings from the perspective of the community (Thoits 1985: 243). I will now make an assessment of whether and, if so, how the debtors started to self-label after interaction with the debt collectors of their creditors, specifically focusing on the effect that labelling had on this self-labelling process.

Debtor pseudonym	Negative contact with creditor(s) (Primary deviance)	Evidence of self-labelling? (Secondary deviance)	How?
Mary	✓	✓	Kept debt a secret from friends and family; feels her CCJ ⁴ makes people look at her differently
Sandy	✓	✓	Kept debt a secret from friends and family
Jan	X	✓	Felt ashamed; felt she had to 'admit' her debt. Scared by media depictions of debt
Tara	✓	✓	Felt ashamed
Kim	X	X	Feels her situation is normal; most people she knows in debt
Aisha	✓	✓	She feels she's been naïve; her situation is now out of control
Sara	✓	✓	Feels she doesn't deserve the luxuries she has; feels that she could have been more responsible and careful
Susan	✓	X	Not worried about her situation

Figure 1. Evidence of debtors' negative interaction with creditors and subsequent self-labelling

The above table outlines, for each of the debtors interviewed, whether they experienced labelling in the form of negative interaction with their creditors, whether they subsequently demonstrated episodes of self-labelling during the interview process, and a brief summary of their feelings, which denotes their emotions and perceptions of their own indebtedness.

Referring back to Hayes' detection of a 'critical event' that prompted his debtor respondents to approach Debtors Anonymous (2010: 288), this finding is similar to that of the debtors I

⁴ See Appendix for Glossary of Terms

interviewed who turned to the National Debt Line in their moment of criticality (i.e. the point where they were about to or just had defaulted on their credit card payments). Similar to my study, Hayes created codes that enabled him to ‘distinguish variations in both others’ labelling and self-labelling episodes and the impact of each in leading an individual to question her non-deviant identity’ (ibid., p.281). However, whereas Hayes focused on the role of the debtor’s informal social network (friend, acquaintance, stranger, relative, spouse, helping professional) (ibid), I focused on the role of the debtor’s creditors, specifically debt collectors, when assessing labelling and self-labelling episodes. This refers back to Cooley’s concept of the ‘Looking Glass Self’ (1956 [1902]: 184), whereby one imagines how they appear to others, how others judge them and reflect on how they feel about their imaginations. Further, though Hayes focuses primarily on the role of self-help groups in attributing to a debtor’s self-labelling as deviant (2010: 280), he also recognises that more indirect or ‘passive’ labelling takes place.

As can be seen from the below, the majority of debtors showed some form of self-labelling after having experienced societal reaction in the form of negative interaction with their creditors. Debtors who had experienced more negative contact had been significantly exposed to labelling, which led them to self-label as deviant. For example, Tara had several instances of contact with her creditors.

“And I keep making the £10 a month because they keep ringing me and making me cry”.

At the time of my interview with Tara she had received several letters, which threatened repossession action. This level of exposure to societal reaction in the form of negative interaction with her creditors could have directly led to her self-labelling.

“Then last week I got a letter from them saying “We want this £38 straight away or we’ll send bailiffs, we’ll do this we’ll do that”, you know we’ll put a horses head in your bed etcetera, etcetera”.

Kim, on the other hand, had relatively little contact with her creditors as she was in the early stages of indebtedness at the time of my interview with her. As a result, she had not been exposed to the same level of negative interaction and, thus, labelling or societal reaction from her creditors.

“I started getting letters when I had more debt than I do now because I had started to fall behind with payments. I arranged payment plans with most of them which last about 6 months each before they are renewed again. So the only time they contact me now is

at the six month period just to ask me if I am able to pay anymore. I'm not in a position to do so at the moment so they simply note that on the system and then extend the agreement again as before. So, they never ask for payments or anything and I don't feel that I have a bad relationship with them at all. The conversations aren't really any kind of negotiation, they were really just tell me what they are doing for the next 6 months more than anything".

(Kim, Debtor)

Consequently, Kim had not entered the self-labelling stage:

"I don't feel ashamed. I think it's quite common. I have told people and I'm pretty open and honest about it. Maybe not to my employers but certainly to friends and family".

(Kim, Debtors)

2.1. Stigma and Shame

Especially pertinent to Scheff's (2000; 2005) notion of shame, Aisha and Tara explicitly expressed feelings of shame as a form of self-labelling after experiencing societal reaction from negative interaction with their creditors. Crying through her response, one explained:

"I feel so ashamed that I'm doing it.... It's a punishment for being poor and out of work".

(Tara, Debtor)

"When we were little we didn't have anything and I'm trying to make up for that now for our children by making sure that our children don't have the same childhood as we did. Other people make remarks about your clothing and your personal possessions and its hard, its embarrassing and other people judge".

(Aisha, Debtor)

Self-labelling in the form of feelings of shame was also evident in Jan's response, as she perceived herself as "greedy":

"I shouldn't have been greedy and took the money. That's how I look at it really, that's why I feel ashamed".

(Jan, Debtor)

Two of the debtors revealed their feelings of shame about their debt in the way that they kept their debt a secret.

"I do have to keep a lot of things to myself and a lot of people in my position do keep things to themselves, they don't want to share it with other people so you're question about whether other people would be sympathetic to you or anything like that I just find it very difficult".

(Mary, Debtor)

Interestingly, however, one of the respondents demonstrated feelings of shame without having had any instance of labelling, as at the time of her speaking with me her creditors had not contacted her to chase payment. When asked whether she had approached her creditors to advise them of her debt, Jan responded, whilst crying:

"I'm too scared. I'm too scared. If it comes from someone else, like Housing Aid, that's fine and I'm responsible for it. And I feel ashamed that I got into debt".

"I read in the paper yesterday about how many people are actually in debt and how things are, and how the country has had a record number of bankruptcies etc. So, I do understand other people are in the same situation as me but that doesn't make me feel any better about my situation. I still feel ashamed of it".

Although Sandy's debt was obviously revealed to her creditors from whom she could not keep it a secret, she did conceal it from others:

"I didn't tell everybody, I didn't publicise it, but over the phone I explained to them why I'd been left in this position and I did explain that I had no forwarding address and I had no means of contacting".

(Sandy, Debtor)

Though Mary had kept her debt a secret, she still felt the effects of self-labelling in that she perceived herself in the eyes of others, which corroborates Cooley's notion of the 'Looking Glass Self' as explored earlier.

"I obviously had to admit the debt and I couldn't say, "No, I don't owe this" because I did.... once you've got the country court judgement other people look at you in a bad way".

(Mary, Debtor)

The above statement from Mary also demonstrates that, contradictory to Merton's assertion, she did not want to avoid responsibility and escape the social order but quite the opposite; Mary was concerned of the social consequences of her bankruptcy.

This also corroborates Goffman's idea of the discredited and discreditable (1963: 4) as we explored in the previous chapter and it could be argued that Mary was discredited. Though her stigma was attributed to her personal, not physical, characteristics (indebtedness) this was known by her creditors. Therefore, Mary imagined that they attached a stigma to her. The notion of the discreditable stigmatised individual is also evident in Sandy and Jan's responses, as although their indebtedness was not necessarily known by either their creditors (in Jan's case) or friends and family (in Sandy and Mary's case), they still bear a stigmatised perception of themselves that they are not 'normal', hence why they kept their indebtedness a secret.

2.2. No evidence of self-labelling

Hayes asserted that all debtors are at some point exposed to the labelling process, although 50% of his debtors initially rejected such labelling efforts (2010: 282). This mirrors the responses of Susan who, despite having had contact with her creditors, did not demonstrate self-labelling in that she did not feel shame.

"I'm a sensible person and I know a lot of people who were in that situation and they were not in the same sense of mind I was in; they were depressed and they were anxious. And that would have been a nightmare for them".

(Susan, Debtor)

Rather than blaming herself for her situation by incorporating the perceptions of others through the Looking Glass Self, Susan refused to blame herself or self-label as a matter of principle against the creditors, who she perceived to be those truly responsible and to blame.

"I don't feel worried about our situation as some people do, I'm not worried about our debt, I'm just in the mind that I'm not paying it. I just think it's too much and I don't care what I've agreed to with the company, I don't think it's a reasonable thing so I'm making a stand against it in that sense".

(Susan, Debtor).

Palan et al (2011) make reference to a study of college students (Joo, Grable and Bagwel 2003) whereby self-labelling was also not evident, as they ‘freely acknowledge that they use credit cards to pay for discretionary items such as food away from home, entertainment, alcoholic beverages and tobacco’ (2011: 81). This clearly differs from Hayes’ studies (2010; 2000) whereby the majority of debtors self-labelled as a result of societal reaction.

The above, then, demonstrates mixed evidence that labelling or societal reaction leads to self-labelling and contradicts Hayes’ assertion on the previous page that all debtors who experience societal reaction then go onto experience self-labelling. Evidence of ‘labelling episodes being instrumental in the identity change process’ (Hayes 2010: 297) was found in a lot of the cases examined in my research, in that many debtors who demonstrated self-labelling had been subject to negative contact with creditors. Yet, there was the case of Susan, who had been subject to societal reaction in the form of negative interaction with her creditor, did not demonstrate any form of self-labelling. Goffman (1963) also makes the same observation by explaining that:

“it seems possible for an individual to fail to live up to what we effectively demand of him, and yet be relatively untouched by this failure; insulated by his alienation, protected by identity beliefs of his own, he feels that he is a full-fledged normal human being, and that we are the ones who are not quite human” (1963: 133).

Conclusion

The previous chapter explored the stigmatisation demonstrated in some of the academic research, primarily from the psychology discipline, which depicted debt as a form of addictive or pathological or rule breaking behaviour or an indication of a lack of education within the debtor. These themes also emerged within the debt collectors’ perceptions of the debtors and it was quite evident that many of the debt collectors did not have a favourable or sympathetic perception of debtors and often made judgements about debtors during or even before they had spoken to the debtors. Further, Rock’s observations of the categorising of debtors by debt collectors as dishonest, stupid or evasive (1968: 180) were also evident among the debt collectors’ responses. Specifically, the debt collectors perceived debtors with high-risk products as untrustworthy and even “scum”. The debt collectors who demonstrated such portrayals of debtors generally showed a lack of sympathy or empathy, and even a sense of contempt, toward debtors. There were two themes that appeared in the psychology literature that did not appear in the debt collectors’ perceptions about debt; the representations of debt as ‘compulsiveness’ or impulsiveness’ and debt as a lack of self-control. Although the perceptions of debt as impulsive

and a demonstration of a lack of self-control were not explicitly stated, it was implicitly suggested by one of the debt collectors.

“if I knew I only earned that much I would not apply for a card because I knew I wouldn’t be able to pay it back”.

(‘Ruth’)

Many of the respondents’ perceptions of debt also demonstrated values of the Protestant Ethic in that they believed people should be frugal by avoiding excessive consumer spending and debt. It was also revealed how many of the respondents’ narratives and perceptions of debt related to the literature on capitalism as explored in the previous chapter. It was evident that some of the debtors refused to repay their debt as a way of escaping the social order (Merton 1938), however it was evident in more of the debtors that they wanted to conform to society’s expectations for them to take responsibility for their debt by making repayments. It was also evident how some of the debtor respondents viewed credit as mystical and a form of empowerment (Salerno 2012; Marx 1999 [1867]), however I also made the recognition that most of the debtors simply used credit to supplement a low income rather than for true consumerism purposes, as demonstrated in Chapter Four.

Despite many debt collectors demonstrating negative perceptions of debtors, many of them also had alternative perceptions of debtors and debt. They supported Cohen’s recognition that debt and the use of credit is a progressively normalised social practice, due to the increasing social pressure for consumerism (2007: 61). One of the debt collectors also agreed with Cohen’s assertion that credit can have a rational use (ibid), in that he obtained a credit card to build his credit file, which is often necessary to secure a mortgage. Further, several of the debt collectors demonstrated sympathy towards the debtors and did not always make negative judgements of them, particularly those debtors whose indebtedness was seen as a result of unfortunate personal circumstances ‘through no fault of their own’, such as unemployment or bereavement. Yet, the debt collectors adopted this sympathetic position with an air of caution and it was evident that this approach was not their ‘default’ position when first contacting a debtor.

Turning to the concept of self-labelling, it was evident from the debtors’ responses that they had differing experiences of societal reaction, which led to differing self-perceptions. More than half of the debtors experienced self-labelling by expressing feelings of shame and stigma after having experienced societal reaction in the form of negative interaction with their debtors. This finding is consistent with the assertion that labelling by others (societal reaction) leads to self-labelling (Hayes 2010; Scheff 2000, 2005; Goffman 1963). However, one of the debtors

experienced self-labelling without having been subjected to societal reaction, and another debtor who had been subjected to it did not demonstrate self-labelling. Lastly, one of the debtors showed no signs of self-labelling but had also not been subjected to societal reaction, which could be consistent with the argument that self-labelling only occurs after societal reaction. Yet, this would contradict the experience of the debtor who experienced self-labelling but not societal reaction. Reflecting back on the theory of Symbolic Interaction (Blumer 1969: 66), it seems that not all the debtors appeared to act on the basis of meaning that grew out of interaction with their creditors. It is also important to note that though self-labelling can occur after societal reaction it does not necessarily lead to a 'deviant career' (Becker 1973: 24-25) or 'other troubles' (Petrunik 1980: 217). Rather, the instances of self-labelling mainly result in feelings of shame and alienation for the debtor, though this was not the case for all the debtors.

Although there is mixed evidence above from both the debtors and debt collectors, I conclude the above has demonstrated how debt has been labelled as deviant by some of the debt collector respondents. These debt collectors' perceptions of debt and debtors mirrored the academic literature that stigmatised debtors as 'misbehaving', 'compulsive' and 'uneducated' consumers. They also asserted that the debtors had ultimate responsibility for their own indebtedness, as opposed to the lenders or the government. One of these debt collectors even appeared to become angered when debtors would not take responsibility for their own indebtedness, but instead had the "gumption to sit there and scream at you down the phone" (Lucy, Debt Collector). In turn, demonstrations of self-labelling were evident in some of the debtors through the ways in which they felt shame. Further, it was demonstrated, as the previous chapter indicated, that societal reaction sometimes leads to self-labelling in that increased negative interaction with creditors had an impact on the way in which some of the debtors self-labelled. Yet, this was not the case for all the debtors.

Now that an assessment has been made of the literature surrounding debt and the respondents' perceptions of individual borrowers' responsibility for consumer credit debt, the next chapter will explore the literature around and perceptions toward the final stakeholder, financial regulators.

Chapter 7: Financial Regulation: the failures attributing to increasing consumer debt

This chapter explores another of the key stakeholders that has been frequently referred to in discussions around the reason for increasing consumer debt (although they do not represent the stakeholder groups in this research): government (financial regulators). For the purpose of this chapter I will specifically look at the arguments surrounding how the government failed to provide adequate regulatory oversight of the consumer credit industry in the UK, how this has been considered a major contributing factor to the consumer debt crisis in some of the key literature on the subject and will then assess the prevalence of these arguments within the respondents' responses. It is important to note here that there are two respondents that do not strictly fall into either the debtor or debt collector group, however were recruited through the National Debt Line website. These two respondents are Keith, a Financial Advisor, and Sam, an Economist. Though they do not belong to either respondent group, their perceptions are still pertinent to the issues being explored in this chapter.

Harwood et al (2011) in their study of UK companies found that 'legislators influence greatly the organisation's decision to engage in CSR activity' (2011: 286). They found that legislators and regulators are the stakeholder groups that have the highest influence on whether a company engages in social and environmental activity (ibid). This observation is extremely appropriate and accurate in light of the recent consumer debt crisis and wider Global Financial Crisis in that the industry could not demonstrate that it was able to effectively self-regulate, which has subsequently resulted in a more heavily regulated environment at a higher cost to firms (Kemper and Martin 2010: 229). However, it is not only the consumer credit companies who have been criticised post-crisis, but also the sleeping regulators for letting the debt crisis happen on their watch (ibid p.235). Prudential regulation aims to limit the effects to stakeholders created by such a crisis, yet the regulation in place at the time of the crisis evidently failed to meet such objectives. Some of the key arguments surrounding how such regulatory failure led to the crisis shall now be explored. This will help us understand how government, as well as creditors/lenders and debtors, is perceived by the respondents as a central stakeholder in the blame game surrounding the consumer debt crisis.

It is not possible for this chapter to explore all the aspects of financial regulation that have been criticised for contributing to the consumer debt crisis but I have chosen to explore the most commonly referred to within the literature surrounding the issue of regulatory failure. The regulation of the credit rating agencies that rated consumer credit products shall first be explored followed by an assessment of the ineffectiveness of the 'light touch' and tripartite regulatory systems in the UK scrutiny. I then turn to assess the lack of financial education

available for consumers as leading to the crisis. Lastly, I assess some alternative views of the respondents that were not evident in the examined literature relating to the failures of the UK regulatory system in preventing the consumer debt crisis. Primarily, these relate to issues surrounding unethical lender behaviour and UK bankruptcy law.

In general, there was a strong assertion amongst the respondents that the government has a responsibility to regulate the financial industry.

“I think the responsibility should be with the government and they should be responsible for regulating the market because that’s what they should control. You can’t get private companies to have any interest in the social well being which is why it should be left to the government”.

(Sally, Debt Collector)

“The companies are responsible to an extent as they are the ones who are providing the credit but yeah the government should regulate it a bit more to ensure that people don’t get into as much debt as the companies number one purpose is to make as much money as possible and their motivation is always going to be to make money”.

(Matt, Debt Collector)

However, the respondents felt that the government had failed to effectively regulate the industry, which contributed significantly to the crisis.

“I don’t think they’ve responded to it at all; I think they’re so out of touch, they don’t know ordinary people’s lives are like, I really don’t think they’ve got a clue”.

(Tara, Debtor)

When asked if they had ever been angered with the way the government dealt with the crisis and the lack of regulation before it, one debtor responded:

“Oh yeah, I mean I don’t know many people that haven’t been fumed by that to be honest”.

(Sandy, Debtor)

1. Credit rating agencies

The role that credit rating agencies (CRAs) had in collecting and disclosing information to the markets during the peak of consumer credit lending has been recognised as a leading issue of the debt crisis, resulting in the assertion that better regulation of CRAs is crucial (Freixas 2010: 391). Diamond and Rajan (2009) explain that the specific reason for the failing of CRAs is due to the fact that they were rating credit products when too distant from the applicant and therefore could process only limited information of the applicant such as their credit score, rather than other socio-economic factors, such as monthly incomings and outgoings in order to assess the borrower's creditworthiness and affordability (2009: 3). Importantly, The Turner Review (2009) further addressed the fact that CRAs were not but should have been registered and supervised by financial regulators (Financial Services Authority 2009: 8).

The debt collectors that were interviewed made similar observations. Specifically, they critiqued the ways in which CRAs collect and distribute information about debtors in an ineffective way, in that varying information is held by different agencies, meaning creditors may not see the full financial profile of a debtor.

"We were talking the other day about how some information is on Call Credit, some is on Experian, some is on Equifax which is just crazy isn't it? It should all be in one regulated place and that's the be all and end all of it. It shouldn't be that we have to look and think they've got five credit cards there and six over there".

(Estelle, Debt Collector)

"I think it can be dangerous because it might not take into consideration the whole picture. And I think that's what went wrong with Northern Rock; they weren't looking at the whole bureau file".

(Rick, Debt Collector)

Yet, one debt collector highlighted the problematic nature of Estelle's above proposal.

"Well the only thing with that is that there will probably be a big uproar and everyone will say 'Oh the government's Big Brother' and they can see how much money we've got in our account and things like that. That's what people dread the most isn't it".

(Rick, Debt Collector)

2. An ineffective UK regulatory system: light-touch and tripartism

“The economic crisis has provoked a questioning not just of international integration – globalization – but of the whole private-enterprise system. The cry has gone up: ‘self-regulation is finished’, ‘laissez-faire is dead’, or ‘the end of Thatcherism’”.

(Cable 2009: 117)

In his book *The Storm* (2009), Vince Cable, the Liberal Democrat MP and Secretary of State for Business, Innovation and Skills at the time of writing this thesis, focused on ineffective regulation in attributing to the financial crisis, however this also applies specifically to the regulation of the consumer credit industry. During my interview with him in 2009, he talked about the ‘regulatory test of fitness’ he proposed banks should be put through.

“I think there is quite a strong element of consumer behaviour and, you know, companies and the banks must observe the bankers’ codes. They’ve already entered into an agreement but its voluntary. What’s built into all kind of responsible behaviour towards borrowers and depositors, not having unfair charging, things like this kind so. One element would be having a code of conduct to deal with your consumers. I think another would relate to bonus payments, not creating a culture of greed and long term investment in capitalist. I think another would be getting out of a position where banks are too big to fail, relying on tax payers to bail them out, that’s not a comfortable position to be in”.

When talking about the regulatory test of fitness he further stated that ensuring responsible behaviour by banks would play a big factor in this initiative.

“What’s built into all kind of responsible behaviour towards borrowers and depositors, not having unfair charging, things like this kind. One element would be having a code of conduct to deal with your consumers”.

(Vince Cable)

For several decades, the UK financial regulatory and supervisory system has operated under a ‘light-touch’ regulatory approach, otherwise known as ‘principles-based’ or ‘risk-based’ approach (Tomasic 2010: 103), which simply outlined high level principles of business behaviour that should be adhered to (Davies 2010: 89). Though originally created to resolve the weakness of the self-regulation that had traditionally been in place in London (Tomasic 2010: 104), the UK’s Financial Services Authority (FSA) became founded on principles-based or light-touch regulation (Ford 2008: 1). In 2001, shortly after its creation, it developed eleven ‘Principles of Business’ that were accompanied by extensive but short high-level requirements.

Yet, within a few years these were reduced by 40% and replaced with more ‘streamlined provisions’ (Ford 2008: 14). The FSA finally moved to a principles-based approach, which merely outlined high level principles of business behaviour to adhere to (Davies 2010: 89), and even ceased to continue with prescribing specific examinations that individual employees within certain sectors must take, instead leaving the decision to the company as to what they felt was most appropriate for their circumstances (Ford 2008: 7). This principles-based regulatory approach, for the first time in history, attracted the majority of the largest companies choosing to set up large branches and even headquarters in London, rather than New York (ibid., p.1).

Another of the key perceived benefits of the principles-based approach was that it was significantly less costly for regulators and enforcers than a rules-based system (ibid., p.7). These benefits were not just felt by the regulator but the companies also, in that implementation of principles-based compliance programs purportedly encouraged a culture of compliant and ethical behaviour, rather than mere adherence to checklist of correct and incorrect behaviour (ibid., p.29). Yet, it was argued that a rules-based system did not deter unethical actors but actually allowed individual actors to jump through a number of loopholes to continually pursue unethical behaviour (ibid.). As a result, the US mirrored this approach shortly after when the US Treasury Secretary at the time, Hank Paulson, asserted that the US should move to a more UK flexible style approach in order to ‘preserve its global competitiveness’ (ibid., p.2). At the time Northern Rock collapsed, ‘there was almost universal agreement that markets could be allowed to regulate themselves’ (ibid., p.108) under the premise that ‘industry actors would see it as being in their self-interest to ensure that markets continued to operate effectively (ibid.). It has even been asserted that if a principles-based system had been implemented earlier in the millennium, the Enron accounting scandal would not have taken place as account standards relied too much on ‘detailed rules to determine appropriate accounting treatment’ (ibid., p.11). As such, a principles-based approach was implemented within accounting regulatory bodies shortly after. Yet, these markets assumptions assertions have evidently become falsified with the collapse of the markets under a self-regulatory or light-touch regulatory approach (Tomasic 2010: 103).

Another dominant trend before the crisis in the UK was a move towards a tripartite system, often perceived positively, in that it encourages co-operation with industry to help identify the means to achieve regulatory goals (Ford 2008: 28). Tripartism is a regulatory policy that involves a third party with public interest, such as a trade association or industry council to play a substitute regulatory role, whereby all three parties have access to the same information, have a seat at the negotiating table and have the same empowerment to prosecute as the regulator, making it a useful tool in enforcement (ibid., p.56). Tripartism, it is argued, can ‘facilitate

attainment of regulatory goals, prevent corruption, and prevent the kind of agency capture that is harmful to the public good and regulatory goals' (ibid., p.55). Yet Davies (2010) proposes that one of the failures of UK regulation lie in tripartism itself; specifically in the relationship between the Treasury, the Bank of England (the central bank of the UK) and the FSA:

"In principle, the Treasury was responsible for the institutional structure of the regulatory system and for the legislation behind it, the Bank of England was described as 'contributing to the maintenance of the stability of the financial system as a whole', while the FSA was given the responsibility of authorising and supervising individual banks and other financial institutions under the Financial Services and Markets Act 2000" (Davies 2010: 94).

However, in pragmatic terms, the problem lie with whom had the final authority to make decisions regarding individual institutions and the wider system, meaning that nobody had the power to prevent the crisis before it hit (ibid).

Brummer (2008) makes the same observation about the 'shambles' that the tripartite system made of decision-making (2008: 100). He explains the failure of the system was in shifting bank supervision to the FSA, which weakened the Bank of England's authority (ibid., p.102). The Bank of England had traditionally acted not only as a supervisor to other banks but also as a mentor to them, resulting in a close relationship between the banks and the supervisor (ibid., p.104). However, once the power shifted to the FSA, though the banks still looked to the Bank of England for support and advice, it had no authority to act on any issues it observed within the banking system (ibid). In conclusion, Brummer asserts that the government's inability to deal with the crisis directly was due to political concerns; the Bank of England was disempowered to act on the events it witnessed while the FSA failed to grasp the potential danger in Northern Rock's lending portfolio (ibid., p.109). This resulted in the failure of the tripartite system (ibid).

Similar observations of the failings of this regulatory structure were made by one of the debtor respondents.

"Something you said about the FSA, that's it - have something completely independent of the industry overseeing the industry, that's what's needed because otherwise people won't have any faith in it at all and the government needs to lead by example".

(Sara, Debtor)

Another of the respondents, a financial advisor, also pointed to the change in regulatory structure in the UK in contributing to the crisis, specifically the changing nature of the Bank of

England's role. He explained that when he first entered the UK banking sector, all lending transactions and even small monetary transactions such as foreign exchange had to be approved through the Bank of England. However:

"This process stopped when Thatcher came into power as the competition opened up within the mortgage market and eventually the credit lending market. This enabled individuals to obtain large amounts of credit as the risk was calculated by the bank or lender themselves".

(Keith, Financial Advisor)

Further, the literature explored in the previous chapter focused on the impossibility of a self-regulatory environment, an assertion that was also evident in one of the debt collector's perceptions. When asked about the feasibility of self-regulation, he stated:

"I'd say that's open to abuse isn't it. Probably I'd say it's better to have it regulated by a complete onlooker that's not involved in it. I think having companies sort of regulate themselves and have agreements between them I think they will choose things that suit that industry but which don't suit customers. So I think it would be slightly irresponsible to let companies make their own rules if that makes sense, because I think they would agree on things that helped each other rather than helping the customers, which is the idea of it. The things they would agree on would not hurt the companies in any way, so to me that doesn't really make sense I don't think and I don't think companies should be allowed to do that really".

(Rob, Debt Collector)

Keith focused on ineffective regulation in causing the crisis by asserting that many of the key individuals in the regulatory sector, such as consultants (as we saw in the previous chapter) had links to the banks and, thus, to other agendas. These individuals were not neutral or objective in their approach but instead were comfortable in allowing the banks to self-regulate.

"They were all in their own cosy little club and personally did very well out of their positions".

(Keith, Financial Advisor)

3. Lack of financial education for consumers

One theme of regulatory failure that did not arise from much of the broader literature on financial regulation and the credit crisis but did appear as a common theme in the debtors' responses was the issue of public financial education. As this issue was discussed at some length by the respondents, but did not appear in the literature outlined above, I decided to explore the literature on financial education more widely. This led me to discover that, in fact, there has been an increasing amount of literature around the need for financial education, as well as renewed political support for financial education since the crisis (Willis 2011: 429). The reason for this renewed support is driven by the argument that if 'ordinary' consumers had received better financial education 'they would have made better mortgage choices and would have accumulated sufficient precautionary savings to weather the recession' (ibid). Hodge (2010) refers to a report issued by Axa in 2009, "*The roadmap to stability – consumer financial education*", which also concluded that the demand for subprime mortgages was driven by a lack of financial literacy (2010: 6). Fox et al (2005) asserted that the demonstration of high bankruptcy rates, high consumer debt levels and low savings rates among Americans was a result of low financial literacy levels, and stressed the 'need for financial education' (2005: 195). They argued that the importance of financial literacy lay in its ability to enable 'effective consumer financial decision making' (ibid). However, although there has been an urge from the private sector for the public sector to invest in financial education, there has been no move from the government to do so, which has left the private sector responsible for implementing financial education programmes in the workplace (Hodge 2010: 1). Yet, it is highly probable that such schemes will be suspended in times of economic downturn and private education does not guarantee that all sectors of the population will be covered for such education, i.e. individuals who are self-employed, or even the unemployed who are potentially in most need of financial education, may lose out.

Despite the appearance of success that financial education programs portray, Fox et al admit that there remains a constant challenge for financial educators and evaluators to isolate the effects of financial counselling and education, meaning that it is often 'impossible to attribute success solely to the debtor financial education program (2005: 202). They further state that there is limited evidence of the impact of such programs in the financial education literature and thus 'definitive statements on the impact of financial education are premature' (ibid., p.208). Willis (2011) asserts that the common perception that better education, regardless of whether publicly or privately provided, would have prevented the recession is a fallacy as 'research to date does not demonstrate a causal chain from financial education to higher financial literacy, to better financial behaviour, to improved financial outcomes' (2011: 429). The reason this is the case, Willis asserts, is because when consumers purchase financial products such as loans, mortgages or credit cards, their choices are dictated largely by other variables such as emotional

states, biases, stress and even the weather, which can ‘trump’ logical decision-making (ibid., p.430). Therefore, Willis argues that financial education programmes are not effective in encouraging consumers to make better financial decisions, given that:

“The financial marketplace is dynamic, yet personal finance decisions are episodic, so consumers do not keep up with changes as they live their daily lives. Due to financial education’s short shelf life, a prerequisite for effectiveness would be frequent education throughout the life cycle” (ibid).

Willis further asserts that financial education is not effective as there is a lack of interest or even resistance to participation, given that the voluntary financial education that is available today is rarely used (ibid). Willis asserts that the only way financial education could be effective is if it were frequent and provided subjects with immediate feedback about why their consumer financial decisions could be incorrect (ibid). She concludes that a cheaper and more effective path to increasing the likelihood of consumers choosing affordable mortgages is to implement ‘regulation that aligns mortgage seller incentives with long-run mortgage affordability’ (ibid., p.432). Yet, this puts the responsibility for the financial stability of a nation entirely on the regulators and, as we have seen from the crisis, regulators cannot necessarily be fully depended on for overseeing the entire financial industry effectively.

As stated earlier, several of the respondents put forward the argument that lack of financial education was a primary cause of increasing levels of consumer debt and the subsequent crisis.

“I think at the very least people should have education, I mean, a lot of kids at school, what they learn is completely irrelevant and I think financial education is a must”.
(Sara, Debtor)

Several of the debtors felt that they would have been in a more beneficial financial position now if they had have been more financially educated and aware of the consequences of getting into debt.

“I think the way I funded my University costs was really the only way I could have done it. If there was another way then I’m certainly not aware of it and it’s not very well publicized”.
(Kim, Debtor)

"I should have been more responsible but I was never taught and so found it hard to understand. People should be more equipped when it comes to choosing credit and dealing with debt".

(Aisha, Debtor)

Further, it is apparent that there is room for more publicly funded financial education (Hodge 2010: 6). This is clearly prevalent in the interviews with the debtors who showed a clear lack of financial literacy, which led to them making poor financial decisions with disastrous personal results. For example, it was clear when speaking with some of the debtors that they had no real understanding of the terms and conditions of the credit agreements they were signing up to, the consequences of failing to meet those terms and their legal rights when dealing with creditors.

"I'd never heard of charging orders and I've researched a lot myself and a lot of what they're saying is hot air...But when they just say over the phone "We'll take your house" which is literally what they said to me, what do I know?"

(Tara, Debtor)

"I don't understand things like interest rates and how they're calculated. Sometimes the wording on the agreements when I've gone back and looked is not really clear and I think with a lot of the letters they send out it's very difficult to understand what a threat is and what their legal right is as well and to determine one which has no actual weight. And I wish I had known more about it because I would feel more confident. For example, I didn't know that they couldn't come to your home unless they had a court order or something, I'm not sure even that's correct but my fear was always that someone would break in and take the little bits that I had. And then I realised that almost is never going to happen and its not likely to happen for the kind of debts I had but that feeling kind of pervaded all my dealings with people and I felt really disempowered not knowing what my rights were. They should tell people in school".

(Sara, Debtor)

Sara went onto say:

"The main thing is education, people will not accept all the enticements all the companies send out. If you can understand that you've paid out more than thirty per cent than what you've actually borrowed, nobody would do that. Ultimately it is my responsibility as a borrower to repay my debt but if I fall into problems I think the government should be there to make me aware of my rights".

When talking about what she is expecting to happen during the debt collection process once she had defaulted on her payments, another debtor explained:

“I don’t know how debt works, I’ve never been in debt before so I don’t know how the negotiation works, what are the legal requirements that you have to abide by, do they have the right to come to my home? I don’t know... I’m completely blind to what the procedures are and how you would go about it”.

(Jan, Debtor)

The above statement from Jan clearly demonstrates a lack of awareness of the terms of financial products and, therefore, a lack of financial education.

Reflecting on her level of financial education at the point of obtaining her first credit agreement, another debtor explained:

“I didn’t really know very much about credit. I could have found out more if I wanted to but at the time I didn’t think about that and you just sort of get what you need. I certainly didn’t think about the consequences long term and just considered what I needed for day to day living in the short term”.

(Kim, Debtor)

An important point to note, however, is that the level of financial education provided to people does appear to differ across certain parts of the UK. Sam, an economist, reflected on his experience of financial education in Scotland:

“I didn’t receive any financial education in secondary school but I remember receiving some basic things about how to deal with income in higher education because obviously there is a consequence in having student loans as it means you have to sit down and budget. And there was information available about how to manage your expenditure and bills but not as part of the University education but as one of the services available to students”.

He further asserts that he thinks such financial education is beneficial, particularly to those in certain low-income areas of the country.

“to have it as part of the national education I think is beneficial...At a local level I think it would be quite useful and if it’s something we could do then I think we would encourage it within certain cities and local areas but it is difficult to figure out what education is going to be with the current political situation”.

One of the debtors observes that the level of financial education provided to UK school attenders has changed since she attended school, demonstrating there are differences by age and generation.

“My education, luckily, gave me an insight into understanding and reading the small print and a lot of people don’t have that benefit, do they? There is no financial education in schools today. Neither of my children, and they both went to completely different schools, one in the public sector and one not, have had any education at all on debt management or finance management or anything... So, I think it should be in schools, the same as sex education, I think it’s important to have....we don’t have the knowledge but we’re not being given the knowledge. If you don’t get it from your parents then you don’t get it full stop”.

(Sandy, Debtor)

Several of the debt collectors also asserted that there is a lack financial education available to consumers.

“There is no education about credit cards, interest rates, when I was at school there was nothing at all”.

(Jim, Debt Collector)

“It’s definitely about education as well and you should really do more of it when you’re at school, instead of learning social studies which you never really need”.

(Eve, Debt Collector)

“I think the individuals in society should know exactly what it is that they sign up for and that if you are only paying off your minimum payment. And we get to the point where our amounts of debt are outweighing our gross national wage, which I think is basically lack of education and finance in general and something we should be thinking about in schools... I think if there was better education around finance then people would make better and more education choices about finance”.

(Lucy, Debt Collector)

At one point during one of the focus groups, the respondents had a conversation whereby they all agreed there is not enough access to financial education for consumers to be able to make good borrowing decisions.

“You have to make sure that financial education is available to everyone. Yes, it’s out there but it’s not readily available to everyone”.

(Rick, Debt Collector)

“Yeah. And also, people don’t know how to read their financial information when it’s given to them, for example their credit file. We know how to read it properly but they perhaps don’t; they just see numbers and aren’t able to understand what that actually means... And they just don’t know what is ‘good’ or ‘bad’. I’ve had people say to me before when I’ve told them we take into account their debt and I see they’ve got £15,000 and we think that’s bad whereas they think it’s quite good”.

(Estelle, Debt Collector)

A separate conversation on the issue of financial education arose between two of the debt collectors in a different focus group.

“when you grow up, you know, you don’t have the responsibility for having to find out everything, you don’t have to go on the internet and find out about sexually transmitted diseases (sic) and stuff, that information is given to you by the health and education authorities, by the government. And I’m not saying be particular about credit cards and stuff but the whole ‘credit’, the whole idea of borrowing should be learned about in the same way”.

(Matt, Debt Collector)

Another of the debt collector respondents directly disagreed with Matt and instead asserted that financial education should not be solely the responsibility of the government to provide, but that individual consumers should also take the responsibility to educate themselves about finance and debt.

“its not even as if the information is not out there for financial education, you just have to take the responsibility to go and find it yourself”.

(Peter, Debt Collector)

In a response to this, however, another of the debt collectors came back with the below response, which again asserts that financial education is not consistently provided by the government to consumers and so the individual consumer's lack of education is not necessarily solely their responsibility.

“not everyone has the same level of understanding or the same understanding that you (Peter) have; they may have been brought up in a completely different environment and that's why they might be completely oblivious to what effect the debt might have”.

(Sally, Debt Collector)

It is also interesting to note from the above debt collector respondent, Sally, that she again (as she did in a quote in a previous chapter) appears to be distancing herself from the debtors by explaining to the group that 'they' (the debtors) have a different level of education to 'us' (the debt collectors).

4. Other areas of regulatory failure not mentioned in the literature

There were further areas of regulatory failure that the respondents focused on that do not appear in the literature outlined above; specifically, the need for regulating unethical behaviour, which respondents perceived to be endemic in the lending and debt collection sector.

“You know all the things about them sending you gifts and them upping your credit limit without asking and what's the other things they used to do, all that sort of seduction - that should be illegal. If you want a loan, you should be able to go and get that but not any more and not having bank carrots dangling in front of you, so you need to tighten that up... There's nothing in place for you to turn to and say 'I'm being treated unfairly' that has real teeth in terms of policy making. And I think as consumers we don't have any rights when it comes to debt”.

(Sara, Debtor)

Sara went onto say,

“I think the government should regulate some of the underhand dealings that creditors have like telephone calls and sending people out, and get rid of private collection agencies as they will drive people to be brutish and thuggish and won't really solve the problem”.

More of the respondents commented on the lack of ethical practice within the lending and debt collection sector.

“the Office of Fair Trading have looked into the fact that Charging Orders and things like that are used against consumers and whether it’s seen as unfair practice. To me, I felt that this was being totally unfair and due to the fact that I was only owing £50, which, as of tomorrow, I will be clearing so that won’t be outstanding anymore”.

(Mary, Debtor)

“new legislation requires for credit card companies to treat customers fairly because if they cannot pay it back they have no right to ask for it”.

(Ruth, Debt Collector)

One debtor respondent pointed to another area of financial regulation they perceived to contribute significantly to increased debt levels and the crisis, which could be considered as ineffective regulation: bankruptcy law. When explaining the reason for possible high levels of debt in the UK, Mary pointed to the ease with which consumers can build up debt and then have it eradicated under the bankruptcy law in the UK.

“I think that’s why a lot of people now are declaring themselves bankrupt and, to me, when that was brought in that people could declare themselves bankrupt and it would be cleared within a year. And I think, when that legislation came in, it actually furthered it because people saw it as an easy way out. Thing’s like the IVA’s¹ and things like that that people can just take on that it’s an easy way to clear all this debt because they say, “Here you are, I’ll pay you 20p in the £1 and I don’t have to pay you anymore”. And consequently they just build up the debt and get a way out and unfortunately because I’m old school, I don’t see things like that because I know what it can do to people and I wouldn’t want to put myself into that situation. I know people who have done it and it is an easy way out for people to get rid of their debts. So I think there’s a lot to be answered for with legislation like that and as I said with the way that the banks are acting and reacting to people”.

(Mary, Debtor)

As we have seen in a previous chapter, Mary’s perception of bankruptcy as an “easy way out” for debtors reflects a common discourse for bankruptcy to be deemed as morally deviant

¹ See Glossary of terms, Appendix I

(Langley 2009: 1409). However, one debtor opposed this perception and provided an alternative explanation for the reason people turn to bankruptcy; simply because they have no other choice.

“There’s no support there when you need it, Citizens Advice Bureau² was good because it told me what to do, but there’s a lot of people might not have the stomach to go running round. I mean I’m good at spreadsheets and things so I did all that on my own but I couldn’t see some novice doing that on their own. I can see why people give up and put their hands up and go bankrupt”.

(Sandy, Debtor)

Though they have differing views of bankruptcy, the above responses are interesting in that both Mary and Sandy appear to distance themselves from debtors and perceive themselves as outside this category. They refer to debtors as “other people”, rather than themselves and differentiate themselves from “some novice”. This relates back to another theme identified in the previous chapters addressing labelling theory deviance. By not associating herself as a debtor, it could be argued that Mary feels there is a stigma attached to debt and therefore disassociates from it (Scheff 2000; 2005).

Conclusion

As stated earlier, it has not possible to explore all the aspects of financial regulation that have been subject to scrutiny after the consumer debt crisis. Yet, many of the key areas of apparent ineffective regulation of this industry have been explored to help us understand how the respondents also perceive the government as a central stakeholder in the blame game surrounding the consumer debt crisis.

It is evident that the complete lack of regulation of credit rating agencies was a major failing in that CRAs were not adequately rating the risk of many consumer credit borrowers. Further, a lack of widely available public financial education has certainly appeared to significantly contribute to the consumer debt crisis in that the general public are not making sound borrowing decisions as they have not had the financial education to do so. Lastly, a wider failing of regulators in the UK lay in the ineffectiveness of their regulatory systems in that a light-touch or even deregulatory approach had been adopted. This resulted in a lack of supervision of firms or punishment for unethical and illegal behaviour, which encouraged a culture of risk prone and ‘deviant’ behaviour (Gond et al 2009: 76) in the consumer credit industry, and wider financial

² See Glossary of terms, Appendix I

sector more generally. Subsequently, regulators globally are changing direction by moving away from market based and light-touch approaches and returning to stricter programs that conduct high levels of supervision, monitoring and punishment. The respondents also made the above observations. However, they made further assertions about the failures in regulation of the consumer credit sector that did not appear in the literature. These surrounded the issues of bankruptcy, in that UK law makes it too easy for debtors to file for bankruptcy and therefore allows them to abdicate responsibility for their debt to a certain extent, and the lack of regulating unethical behaviour of lending firms.

Now that an assessment of the respondents' perceptions of government financial regulation in attributing to the consumer debt crisis has been made, the next chapter will examine the notion of blame. Theories of blame attribution shall be explored, followed by an assessment of how the respondents assign and attribute blame for consumer debt.

Chapter 8: The Blame Game and the Consumer Debt Crisis

“When crises occur, something or somebody must be blamed – for causing the crisis, failing to prevent it, or inadequately responding to it” (Boin et al 2010: 706).

This chapter will now explore the perceptions of the two groups of respondents (debtors and debt collectors) regarding who is ultimately to blame for high levels of consumer debt, in order to answer the final research question ‘What are the respondents’ perceptions of who is to blame for consumer debt?’.

Many different actors and phenomena have been blamed for the consumer debt crisis, however this chapter will focus on three key stakeholder groups at the heart of this research: the lending companies, the individual borrowers or ‘debtors’ as they have been called throughout this thesis, and financial regulators (government). The choice of these three groups as the key focus of blame for consumer debt is corroborated by the observation from columnist Melanie Phillips:

“There were three sets of people in this calamity; there were the bankers, there was the government that failed to regulate and there was us, who actually all borrowed as if there was no tomorrow”.

(Melanie Phillips, *Question Time*, BBC One, 26th January 2012)

1. Definitions of blame and theories of blame attribution

Before we assess which group has been at the centre of blame, first we need to understand what blame is and why blame attribution occurs. Blame can be defined as an ‘act of attributing a personal failure to another person or event’ (Fast and Tiedens 2009: 97). Blaming has also been explained as the process for ‘externalising problems to sources outside the self’ (Furedi 2004: 193). A blameworthy action can also be considered as the failure to do something that was demanded of the individual, i.e. an obligation (Cowton 2010: 3). Diamond and Hicks (2011) assert that ‘attributing blame involves an additional negative evaluative judgment, such as perceiving that the partner intentionally caused harm or that the partner’s behavior has no defensible justification’ (2011: 2). The culture of blaming aims to ‘seek a specific target to which responsibility can be assigned’ (Locke 2009: 577) to someone (either an individual or an organization), particularly where some form of compensation is being sought (ibid).

There are several differing theories on why blame is attributed. Sinclair (2010) explains how blame attribution and ‘moral panic serves key political objectives in fragile times’ (2010: 91).

Tilly (2010) observes that ‘everyone plays the game of credit and blame’ and ‘We grow up demanding credit, avoiding blame if possible’ (2010: 383). This is a result of the human tendency to perceive and describe social experiences as stories (ibid). However, he goes onto explain how the game of blame is not a game at all but a very necessary part of human emotion and social reasoning (ibid). He takes the example of the terror attacks in New York on September 11th 2001 to demonstrate how the families of the victims wanted to blame, in order to identify an ‘us-them boundary with responsible government officials on one side and victims on the other’ (ibid., p.387). Diamond and Hicks (2011) extended observations of people’s self-image and self-worth protection through the attribution of blame by examining couples’ relationships during the 2007-2009 Global Financial Crisis and made associations between relationship quality and partners’ blame attributions for money problems (2011: 1). They made the observation that ‘well functioning couples protect their positive views of one another by locating blame outside of the relationship’ (ibid., p.2) as it provides couples with ‘a convenient scapegoat for their financial pressures’ (ibid). This could also be applied for the UK consumer debt crisis, as we have seen in previous chapters how some of the debtors blaming their debt for problems with their social relationships.

Though they recognize that blame can be a rational act, as a form of self-image protection, especially when the individual feels threatened, Fast and Tiedens (2009) contradict Tilly’s assertion that blame is a necessary human instinct and assert that ‘the spread of blame is detrimental to individual and collective well-being and overall performance’ (Fast and Tiedens 2009: 97). They assess whether blame is socially contagious by observing whether blame is spread in a group when an individual within that group observes another making a blame attribution (2009: 98). They define blame contagion as ‘the tendency for a person to engage in blaming behaviours shortly after being exposed to another individual making a blame attribution for a behavior’ (ibid). The reason this occurs is that the individual observes the blame attribution and attempts to mirror the pursuit of self-image protection (ibid., p97). During their experiments, Fast and Tiedens found ‘participants who observed an actor make a blame attribution for a failure were more likely to make blame attribution for their own, unrelated, failures’ (ibid., p.100). Relating this to the goal of self-image protection, they also found that participants who were in a more affirmed position about their own self-image were less likely to be defensive and make strong blame attributions (ibid., p102). Therefore, blame contagion was eliminated amongst those who had the opportunity to affirm their self-worth (ibid., p103). It is important to note here that the academics who conducted this research study are organizational behaviourists and so there is a strong element of social psychology to the research, which suggests that a concept such as blame is quantifiable. However, this research does not aim to

make such a quantifiable assessment, rather simply to highlight the perceptions of blame that the respondents had.

Boin et al (2010) also recognize the importance of the goal to protect one's self-image through the blame game by explaining that 'Offering others up for blame holds out the hope of deflecting it away from oneself' (2010: 709). They explain that the blame game tends to occur 'in the wake of extraordinary, disturbing and destabilizing events' (ibid., p.706). They take the example of Hurricane Katrina but we can take the example of the consumer debt crisis for the purpose of this chapter to assess which groups have been blaming and are blamed for the crisis. They further observe how crises are assessed in terms of impact and significance and whether they can be seen as an isolated incident or an indicator of structural failure (ibid., p.707). In the case of the UK consumer debt crisis, it is clearly evident that the crisis is considered to be an indicator of structural failure, resulting in ongoing discussions about the reform needed to financial regulation of banks and other types of lending institutions, as well as the reform needed to the lending policies of such institutions.

Locke (2009) focuses on the phenomenon of conspiracy culture as 'an outcome of the means of moral accounting, or blame attribution' (2009: 567), whereby 'conspiracy theorizing can be viewed as a form of moral reasoning that accounts for suffering by attributing blame' (ibid., p.568).

"the growth of conspiracy culture may be connected to what seems to be an emerging discourse of blaming, widely referred to as 'blame culture', a term frequently applied to organisations said to be marked by mutual blaming and scapegoating" (ibid., p.576).

Locke also argues that, as well as a culture of blaming, a blaming of culture (ibid., p.567) also exists whereby the blame attribution is made towards individuals who are representatives of some larger organization, institution, or group of individuals, rather than blaming specific individuals. This could definitely be said of the tendency for media, government, academics and the wider public to blame the 'banking culture' for the consumer debt crisis, as not one particular banker has been targeted. This is with the exception of some key banking figures, such as Sir Fred Goodwin, former Chief Executive of the Royal Bank of Scotland, who was duped as the 'World's Worst Banker'¹ and was publicly attributed blame by the UK government and Royal family by having his 2004 Knighthood for 'services to banking' removed in 2012. However, in general, 'bankers' and banking culture have often been attributed blame for this

¹ http://www.slate.com/articles/business/moneybox/2008/12/whos_the_worlds_worst_banker.html

crisis (Sinclair 2010: 93) (as we shall see later in this chapter). Locke (2009) explains how blame attribution is used as an attempt to understand ‘why people experience difficulties, injury or trying circumstances of one kind or another, providing solutions to the ‘Why me?’, or ‘Why us?’ question’ (2009: 578). People previously used ‘God’ as the centre of blame, however in a modern disenchanted world they no longer rely on this same tactic and so resort to blaming other individuals or groups for their suffering (ibid., p.579).

Furedi (2004) also observes the culture of blame in modern society and explains that there has been a shift from individualism, which emphasizes self-sufficiency and personal responsibility, to a rights oriented individuality, which attributes misfortunate and accident to others (2004: 192). This has also led to an increased compensation culture in what Furedi explains to be a ‘new complaints industry’, which has the mission of educating people to realise what they thought was their fault can actually be blamed on others (ibid., p.193). As we explored briefly in a previous chapter, Furedi asserts that there is a propensity to diagnose problematic behaviour and emotional trauma, even if mild, as some form of ‘syndrome’ (ibid., p.193-194). This trend, he asserts, represents an ‘externalisation of responsibility from the self’ (ibid., p.192), enabling the shift of blame from the individual being diagnosed to some externality, whereby there has been an ‘important shift in social attitude towards personal responsibility and expectations of entitlements from other people and institutions’ (ibid). This suggests, then, that societal actors are increasingly tending to externalize the blame and look for scapegoats.

2. Perceptions on who is to blame for the crisis

An (2011) recognizes that how people perceive who is responsible for a crisis, either an individual employee or the wider organization, ‘might vary according to how the organization assigns the cause for the crisis’ (2011: 169) and makes the assertion that people who read a scenario with an individual level of responsibility strategy will exhibit more blame and anger than those who read with an organizational level (ibid., p.170). Therefore, though a single individual may have actually caused the crisis, people prefer that an organization admit responsibility for the crisis ‘instead of blaming the individual employee who committed the crisis’ (ibid).

Similar to my research on the consumer debt crisis, Hellwig and Coffey (2011) examine attitudes about the Global Financial Crisis, particularly focusing on how citizens attribute responsibility to government and private sector actors, but do so by assessing economic ideology, political sophistication and partisan dispositions as demonstrated in mass opinion public polls and elite strategies (2011: 417). They found that 66% of their respondents believed

that banks and investment companies were to blame for the crisis, followed by 25% who thought the government was to blame, 7% didn't know and only 2% believed businesses were to blame (ibid., p.419). They also found that a Labour partisan is less likely to blame the crisis on the government, as the Labour government was in power at the time of the crisis, and most likely to blame the crisis on the US, the international financial system and domestic bankers (ibid., p.420). Conservatives and non-government actors, however, were more likely to attribute the blame to Labour government regulation and failure of economic policy (ibid., p.421).

2.1. Ineffective financial regulation is to blame

Boin et al (2010) observe how 'Governments and their leaders are often key targets for (*sic*) blaming impulses' (2010: 706). They also observe the way in which governments respond to blame for a crisis by: firstly, denying there is a problem; secondly, denying responsibility for it; lastly, finally admitting both the problem and the responsibility for it. As Brummer (2008) observes, this was particularly evident in the UK government's response to the run on Northern Rock:

"At no point was there clear cooperation in the handling of the Northern Rock crisis. In fact in the immediate aftermath, all three authorities became involved in an unseemly public spectacle of blaming each other for the mess".

(2008: 110).

Treas (2010) explains that 'Sensible government regulation could have kept both borrowers and lenders from the practices that were unsustainable' (2010: 5). There was consensus amongst some of the debt collector respondents that the government has a responsibility to play a key role in regulating the consumer credit industry. Two of the debt collectors believed the government was solely to blame above the other parties involved (the first we have seen in a previous chapter):

"I think the responsibility should be with the government and they should be responsible for regulating the market because that's what they should control. You cant get private companies to have any interest in the social well being which is why it should be left to the government".

(Sally, Debt Collector)

"I think ultimately if the onus is on anyone it should be on the government because companies' ultimate responsibility is to their shareholders and they don't care about

society... “The companies are responsible to an extent as they are the ones who are providing the credit. But, yeah, the government should regulate it a bit more to ensure that people don’t get into as much debt as the companies number one purpose is to make as much money as possible and their motivation is always going to be to make money”.

(Matt, Debt Collector)

However, there was no indication from the debtor respondents that the government was solely to blame for the consumer debt crisis.

2.2. Financial corporations / lenders are solely to blame

McDowell (2010) also explains how blame attribution for the crisis has ‘emphasized the acts of agents rather than structural effects’ (2010: 194). She makes an analysis of representations of bankers in media discourse, post crisis, observing how the portrait of the stereotypical banker is one as a ‘villain’ and morally reprehensible. As such, much of the blame for the crisis has been laid on the shoulders of individual bankers (ibid., p.193).

“the figure of the rampant, insecure figure of a greedy bank employee – typically, although not always, a male trader or dealer and/or his superior/boss/the CEO – occupies centre stage” (ibid., p.197).

As outlined earlier, we can see this rhetoric portraying bankers as the villains of the crisis possibly reaching its peak in January 2012 when Sir Fred Goodwin had his knighthood annulled by the Queen (BBC News, 31st January 2012). This was no doubt a response by the UK government to mounting public pressure for punishment to be served as a form of compensation (Locke 2009: 576). However, speaking on Question Time shortly before the annulment, Caroline Lucas MP stated that Goodwin should not just be “held up as some sort of sacrificial lamb” (*Question Time*, BBC One, 19th January 2012). Two weeks later on the same programme, Daily Mail columnist Melanie Phillips made the same observation about bankers being held up as the prime suspects for the cause of the crisis.

“I am a little concerned about what I think is a kind of lynch mob mentality that has grown up at the moment about bankers. Bankers did bad things, for sure, but they are being made scapegoats”.

(Melanie Phillips, BBC Question Time, 26th January 2012)

The rhetoric of bankers as villains is also evident in popular culture, for example on the Channel 4 programme *Deal or No Deal*, whereby contestants aim to 'beat the banker' to win the most amount of money on the show. It can also be seen in Feirstein's (2010) analysis of the '*100 People, Companies Institutions and Vices to Blame for Getting Us Into this Mess*', where he labels some key bankers and chief executives as 'Dark Knights' (2010: 454), 'Manipulators' (ibid., p.455) and even 'Evil Incarnate' (ibid., p.453). In fact, Graeber (2012) asserts that it is near impossible to find a single sympathetic representation of a money lender in world literature (2012: 10). McDowell also explains the dangers with these dramatic representations of corporate greed and risk taking as they 'play a part in establishing a particular culture in the world of finance that may have blinded the key protagonists to the consequences of their actions' (2010: 195). Further, it propagates other actors, such as regulators and the public, as the 'helpless audience' (ibid) subjected to witnessing the unfolding tragedy.

Sullivan et al (1999) assert that a large part of the blame for over-indebtedness of an individual should lie with their creditor, which often provided them with credit lines far exceeding their annual income (1999: 316). In their study of the causes of over-indebtedness in Finnish society, Raijas et al (2010) assert that one of the main root causes is due to the 'aggressive and appealing marketing campaigns' (2010: 215) of credit products by commercial enterprises as 'They have made it very easy to obtain credit without collateral or guarantees' (ibid). Further, they claim over-indebtedness can be avoided by creditors who make a proper assessment of the debtor's ability to pay and the value of their collateral (ibid., p.220). They also make the interesting argument that consumers do not always act rationally, which contradicts Cohen (2007) and Raijas et al (2010) as outlined in Chapter Five, therefore suggesting that the lenders and policy makers should take more accountability than borrowers for avoiding over-indebtedness (ibid).

Gilbert (2011) asserts that individual loan officers, not the organization as a whole, made lending decisions (2011: 88). These decisions were made without moral or ethical integrity as lenders were aware that not all the borrowers had the means to pay the money back, yet still approved the loans (ibid., p.104). He argues that, although lending to a borrower who is unlikely to be able to repay the loan is not an illegal act, it is immoral and unethical, on the basis that an ethical decision is one founded upon 'doing others no harm' and 'treating others as you would wish to be treated' (ibid., p.97). Making the decision to lend to someone who is unlikely to be able to repay is going to harm that person and others, such as the shareholders of the lending company, the taxpayer having to bail out the company from going bankrupt after having made such poor lending decisions, and the employees of the company who could be at risk of losing their job if the company were to go bankrupt (ibid., p.89).

He further argues that, although it is not entirely the responsibility of the lender to ensure that the borrower is making the right personal decision to borrow, certain predatory lenders purposefully chose to target uneducated, non English speaking borrowers who were desperate for more cash flow but had significant equity in their homes (Gilbert 2011: 100). As outlined in previous chapters, Gilbert also recognizes that borrowers have the inability to ‘grasp the complexity of the loan terms’ (ibid), meaning it is not necessarily their fault. Treas (2010) makes a similar observation that few new credit card holders ‘understand enough of the fine print’ (2010: 6). Gilbert is not advising that the lender should be responsible for the borrowers’ level of understanding of the loan terms before approving the application. However, he does highlight narratives from borrowers who state that the lenders pushed them into loans they could not afford and also makes the recognition that most of these loans then went into foreclosure within two years, indicating irresponsible lending.

In order to understand whether the lenders are to blame for the consumer debt crisis we also have to assess whether corporations are able to receive blame, by considering whether they can be recognized as moral agents and, thus, able to be blamed for a lack of responsible action (Cowton 2011: 1). In particular, this issue centres on the notion of collective, as opposed to individual, responsibility in the distribution of blame, whereby the collective group or organization is also considered as having failed to meet some moral obligation (ibid., p.3). Cowton highlights that normative individualism argues that the notion of collective responsibility is unfair, as an individual within that collective may not have any knowledge of or may have even disagreed with the action that was taken by the group (ibid., p.12). Methodological individualism, which claims that social phenomena must be explained by showing how they result from individual actions (Weber 1968 [1922]: 13), argues, not that it is unfair on the individual in the collective to blame the collective, but that it is not actually possible to associate moral agency with groups (Cowton 2011: 5). Cowton observes how this is the position of Milton Friedman in his assertion that only individuals, not corporations can have responsibilities. However, the media and public rhetoric surrounding the consumer debt crisis have often focused on collective groups, such as ‘bankers’, and assigned them with moral agency and blame for the crisis. Is this position justified, then? Cowton asserts an alternative perception to the methodological and normative individualists by recognizing that groups can have moral responsibility assigned to them as groups form intentions and deliberate actions (ibid., p.6). Cowton asserts, then, that for corporate responsibility to be achieved and for the corporation to be blamed when it fails to meet its moral obligations, it is necessary to ascertain that groups exist and can act in a rational manner (ibid., p.9). Cowton concludes, however, that perhaps rather than asking whether groups can act in a rational manner, there may be no need to attribute blame to the group as an entity, as the blame can be attributed to certain individuals

within the group (ibid., p.12). Further, in his opinion, it would be wrong to attribute the blame for the crisis on the corporate group as a whole, when only certain individuals within the group (i.e. CEOs, bankers, etc) are those who failed to meet their obligations (ibid., p.13).

Perhaps then, there is room here for an alternative term to replace Corporate Responsibility, which focuses on attributing the blame to only those individuals within the corporation who were directly involved in making decisions and performing acts that failed to meet their moral obligations. Perhaps the term 'Executive Responsibility' is more apt, as this addresses specifically the Executives of the corporation who do have the power and authority to make decisions that affect the corporation's wider stakeholders. However, this would ignore those who may have had a similar impact but were not Executives, such as Directors or Bankers. Yet, it would seem farcical to create a separate terminology for each of the actor groups and so, perhaps, when the term Corporate Responsibility simply needs to be accompanied with a more specific explanation as to which individuals or group of individuals are being referred to in the attribution of blame.

When answering the question on whether the lender, borrower or government is to blame, one debt collector respondent asserted:

"Yeah, I mean for all intents and purposes you could say 'all of the above' have got some sort of sort of responsibility but I would say that primarily financial service providers".

(Lucy, Debt Collector)

Reflecting on the responsibility that specifically lenders had in relation to the crisis, some of the debt collectors assigned blame to the lending companies as a whole, as opposed to specific individuals within them.

"I think the company has some responsibility".

(Rob, Debt Collector)

"University is one place where people will borrow money because it's the first time away from their parents, away from their comfort zone and basically being given a thousand pounds which you can just walk away with straight away, I'm sure a lot of people gave into the temptation there. Obviously in that case it is the lender's shoulders that it would fall on, for a start they're going into a target market where there's no secure income, no secure accommodation, or anything like that and there's a very, very

high chance that the debt will go bad. Also the fact that students aren't aware of how the product works and how much it's going to cost them over a long period of time".

(Jim, Debt Collector)

However, several debt collectors assigned the blame to specific individuals within the company (e.g. bankers) rather than at the company level.

"I think it's connected in terms of the UK as the crisis isn't really the fault of every single person, it's the fault of lenders and certain people...I was watching a program the other day with Jeremy Paxman and it was talking about who should be responsible from a banking point of view, and there were a couple of dudes, one from RBS and one from HSBC or whatever, and the upshot was that these people made poor choices and they should be massively responsible for what happened. I think that all companies are responsible for doing similar things".

(Peter, Debt Collector)

"I think it's the fault primarily of the bankers and some individuals who have not behaved responsibly and that goes back to the Head of Risk Management telling us that we cannot sustain this growth".

(Emily, Debt Collector)

The above statements corroborate Cowton's (2011) assertion that there may be no need to assign the blame to the entity as a whole, as certain individuals can be specifically assigned blame instead (2011: 12).

Interestingly, although in previous chapters we have seen negative depictions of the lending companies from the debtors' responses, none of the debtor interview respondents explicitly attributed blame for the crisis to the lender. Further, as we can see from Figure 1 below, only 5.1% of the survey respondents attributed full blame for consumer debt solely to the lending company.

Whose responsibility do you think it is to avoid credit card debt?		
Answer Options	Response (%)	Response Count
The credit card companies (companies should not lend to people who cannot afford to make repayments)	5.1%	10
The individual (people should not borrow money that they cannot afford to pay back)	31.8%	62
Shared responsibility of lender and borrower	58.5%	114
Government/Regulatory body	4.1%	8
Don't know	0.5%	1
Other (please specify)		10
answered question		195
skipped question		0

Figure 1. Response to Question 9 of National Debt Line Survey

2.3. The borrower (debtor)

Treas (2010) investigates a set of popular and political narratives that were expressed during the years when the consumer debt crisis was most profound, whereby the ‘victim’ (the individual borrower) was blamed for their economic difficulties (2010: 3). The most common narrative depicted the victim as irresponsible, unethical, ‘deadbeat’, ‘fraudsters’ who were even duped ‘predatory borrowers’ out to ‘milk’ the system (ibid., p.5). Treas further demonstrates the rhetoric of debtors as being to blame by making reference to a testimony from the former Chairman of the US Federal Reserve, Alan Greenspan, who asserted “Personal bankruptcies are soaring because Americans have lost their sense of shame” (ibid., p.5) and a speech from George Bush who, when signing the Bankruptcy Abuse Prevention and Consumer Protection Act in 2005, stated “Too many people have abused bankruptcy laws. They’ve walked away from debts even when they have the ability to pay them” (ibid., p.6). The rhetoric that the borrowers are to blame for consumer debt is evident within Feirstein’s (2010) analysis of *The Top 100 People, Companies, Institutions and Vices to Blame for Getting Us into This Mess*, whereby he dupes borrowers ‘The Greater Fools’, asserting they are:

“Infantile American consumers, who bought all those luxury S.U.V.s and wide-screen TVs they didn’t need, signed all those mortgages they didn’t read, lost their retirement account and jobs and, in the end, paid for the bailouts” (2010: 456).

This rhetoric is also evident within sociological literature, which depicts consumer bankruptcy as ‘an extreme form of misbehaviour’ (Burton 2008: 109) and bankrupts are labeled as ‘serial defaulters’ (ibid., p.116). However, Treas refutes these assumptions by showing how the ‘victims’ experienced a very different reality during the recession, one of financial hardship. She highlights how medical expenses were the cause of 50% of bankruptcy cases. She further explains how these narratives served to obscure the real structural causes of the economic problem in the US and that ‘blaming the victim allowed banks and credit card companies to rally support for their lender-friendly, bankruptcy legislation’ (2010: 6). This led to the consumers being left with the wrong impression that bankruptcy was no longer available to them, leaving them in even more debt by the time the recession hit (ibid). Referring to Manning’s (2000) depiction of the nature of the ‘credit card nation’ we live in, she asserts:

“On our college campuses, credit card pitches have become as much a part of freshman orientation as a free pizza. Bombarded with this assurance of their credit-worthiness, is there any wonder that Americans succumb to borrowing? The industry they are in league with, however, has evolved to exploit them” (ibid).

Treas contradicts the representation of the borrower and bankruptee as irresponsible by explaining how those people were having to ‘take painful steps and endure real hardships to stay out of bankruptcy court’ (ibid., p.10), including pawning their possessions and going without water and electricity (ibid., p.14). This clearly contradicts the depiction of the individual bankrupt as an opportunist as it was almost always the last resort (ibid., p.5). Langley (2009) also observes there exists a discourse that asserts borrowers should be primarily responsible for the ‘reproduction of debt relations’ (2009: 1406), which is ‘deeply engrained in financial economies, and is central to the power, privilege, and profits of lenders’ (ibid).

“borrower responsibility for credit obligations continues to be normalized through the legal, calculative, and self-disciplinary form taken by presently selective forbearance arrangements, and the political prospects for coresponsibility between lender and borrower are simultaneously closed down” (ibid., p.1411).

Although Burton (2008) makes the observation that bankruptcy is a form of consumer deviance, whereby consumers are using bankruptcy as a strategy to ‘wipe their slate clean of debts and start over’ (2008: 118), she also recognizes that many consumers are forced to go bankrupt by their creditors, rather than choosing to do so voluntarily (ibid).

In his analysis of who is to blame for increasing consumer debt, Davies (2010) also recognizes the role consumers had to play in that they ‘had become used to levels of consumption, and a standard of living, higher than their income could justify’ (2010: 3). Turner (2008) opposes the above perceptions of borrowers being the irresponsible group who are to blame, by explaining how consumers were actually encouraged to borrow by banks and the government (2008: 33). Riaz et al (2011) observed that institutional actors’ perceptions and narratives of the crisis did not address the issues relating to the nature of consumer culture or debt and its societal consequences (2011: 209). Therefore, the respondents they spoke to did not consider either the individual borrower or the culture of consumerism and debt to be to blame for the crisis.

Many of the debt collectors strongly attributed much of the blame for the consumer debt crisis to individual borrowers. The below statements fit with the dominant discourse that asserts debtors are solely to blame (Langley 2009: 1413).

“Why is it all diminished responsibility and then when credit card companies try to get back what they owed they get told that they are being too forceful, that they’re being threatening”.

(Lucy, Debt Collector)

“It’s like if I wanted to go and buy a TV I wouldn’t expect the company I’m buying it from to tell me what the best TV is for me”.

(Peter, Debt Collector)

Several more of the debt collectors attributed the blame solely to the individual borrower.

“I’m not the biggest fan of the company or big business as a whole, but from my experience I don’t think the company have done anything particularly malicious or have been sneaky or done anything particularly untoward to get people into this situation and I think that the media, they have to sell their papers to the general public which is why they have always focused on the company. For example, when everything kicked off with fast food and overweight issues in this country, the media focused on the companies who sold fast food, like McDonalds, and not the people who were eating the food. So I think people do have a certain responsibility”.

(Matt, Debt Collector)

The below statements from one of the debt collectors depict the debtors as active agents in their indebted situation, rather than as passive agents or ‘victims’ as Treas asserted (2010: 13).

“I feel everyone needs to be aware of what they’re getting themselves into but I think everyone can be aware on a personal level...It’s not even as if the information is not out there for financial education, you just have to take the responsibility to go and find it yourself”.

{Peter, Debt Collector)

Referring to her own previous indebted situation, another debt collector stated:

“it was ridiculous, it was irresponsible. I didn’t know much about credit and I’ve paid it all off now which is great but do I sit there and say my creditor (sic) was to blame for lending to me when I didn’t have a job? No. I blame myself for being stupid enough to do it and not thinking it through. I really do and maybe that’s where my opinion stems from because I’ve done it...I think, and it’s probably contentious, but I think the responsibility lies solely at the consumer and I think that they know their finance more than anyone and its their responsibility to borrow responsibly. I believe companies have a responsibility to lend to those that can afford but not to the general public or to the world but because they have responsibility to their shareholders to maintain a profitable business”.

(Emily, Debt Collector)

The above statement from Emily reinforces the negative stereotype of the debtor as irresponsible. This negative labelling of debtors as deviant was also demonstrated in Chapters Five and Six.

A surprising number of the debtors also attributed the blame to themselves for their own indebtedness. There was one debtor whose perception of their own responsibility for indebtedness, it could be argued, mirrored the rhetoric we saw above that debtors were ‘predatory borrowers’ (Treas 2010: 5).

“With the credit card, they constantly put up my credit limit. And I find it very, very easy to spend the extra they give me. Not that it is their fault because it’s mine, I shouldn’t have been greedy and took the money”.

(Jan, Debtor)

The above statement from Jan is particularly interesting in that it appears to contradict itself straight away, i.e. she begins to externalise blame for her indebtedness to her creditor, in

accordance with Furedi's (2004) assertion that this 'blame culture' is a common feature of contemporary society (2004: 192). However, she then quickly goes on to reassign the blame to herself, reinforcing the typical cultural stereotype of the debtor as 'greedy'. It is difficult, therefore, to understand whether these statements are a true reflection of Jan's perceptions of her indebted situation, or whether she was simply telling me as the interviewer what she believed to be the socially desirable thing to say.

Another debtor made an interesting comment that, again, reinforced the rhetoric behind debtors as predatory borrowers who will not look to take the responsibility for their own borrowing. However, she was aiming to distance herself from that identity by admitting the blame for her own indebted situation.

"you've got the people who have gone out there and just spend, spend, spend and think it's everybody else's fault. I know people like that and then they throw their hands up in the air that it's not right and it's not their fault. One thing I've learnt is that you have to take responsibility for it before you move on. I've always been that kind of pragmatic person in life anyway. You've got to take that certain level of responsibility".

(Sandy, Debtor)

However, the majority of debtors, despite admitting that they were irresponsible with their borrowing, did not refer to the rhetoric of predatory borrowers. Rather, they referred to the fact they had not taken the time to read the terms and conditions correctly, or to understand the interest rate, or did not fully recognize the long-term consequences of taking on the debt.

"It was a case of couldn't be bothered to read the small print, I suppose. But with the loan, I did know how much the repayments were going to be and for how long and I really thought that I could manage it and the emergencies that could happen were blocked out of my mind".

(Jan, Debtor)

"I didn't really know very much about credit. I could have found out more if I wanted to but at the time I didn't think about that and you just sort of get what you need. I certainly didn't think about the consequences long term and just considered what I needed for day to day living in the short term".

(Kim, Debtor)

““In retrospect in a way I got myself into debt because you get used to two wages and when you realise there isn’t, its very difficult to claw your way out. So, I don’t feel sorry for myself saying ‘there, there, there, you didn’t ask for this’. I just looked at how I planned to get out of it and maybe I shouldn’t have been so silly, like doing things like because he worked longer hours and worked shifts, I went and did the credit card thing. So really it landed on my lap even though it was joint spend it was in my name...I never thought I was going to have a problem paying it, to be fair, but I really should have thought about that and I accept that...I think we’re all responsible when we sign that dotted line”.

(Sandy, Debtor)

This contradicts the perception of debtors as ‘predatory’ or those who were just looking to ‘milk’ the system for as much as possible before declaring bankruptcy. In fact, most of the debtors expressed that bankruptcy was not a route they wanted to pursue but instead put the responsibility back onto themselves to get out of the situation they were in. This mirrors Treas’ (2010) assertion that bankruptcy was not chosen as the first option as the ‘easy way out’ by ‘opportunistic’ borrowers (2010: 11). In fact, when talking about her indebted situation, one debtor advised:

“It does worry me and it does cause me stress but it’s my own fault and I’m not excusing myself from this because clearly I’ve got myself in this situation and it’s only me that can really get me out of it, I suppose”.

(Mary, Debtor)

2.4. Joint responsibility

Gilbert (2011) asserts that no single individual caused the subprime lending fiasco but it was the ‘aggregated decisions and actions of many individuals’ (2011: 104). Pirog and Roberts (2007) highlight the importance in dual responsibility of both the borrower and the lender in the application and purchase of credit, specifically for student borrowers, as ‘he or she clearly requires help in understanding the nature of the problem, its consequences, and way to overcome it, if not avoid it altogether’ (2007: 73). Turner (2008) asserts that, although regulators failed and more regulation is inevitable:

“if we pin the blame for the housing bubbles on the regulators, central banks or even ‘greedy’ bankers, we will fail to redress the real causes. They were almost certainly all culpable” (2008: 39).

Importantly, though Palan et al (2011) focus primarily on the ‘compulsive’ behaviour of the debtor in ‘misusing’ credit, they also highlight the actions that credit card companies could take in order to promote responsible borrowing and thus demonstrate responsible lending, asserting that ‘there needs to be a concerted effort by academic and business institutions to help young consumers develop responsible credit card behaviours’ (2011: 91). Brinkmann (2004) makes an important assertion that, rather than assigning blame for unethical consumer behaviour to either the business or the consumer, there should be a ‘*shared* responsibility of business and consumers’ whereby there is an increase in ‘the consumer’s awareness of their moral responsibility *as* consumers’ (2004: 129) and consumers become ‘socially conscious consumers’ (ibid., p.134).

From the survey response to the question, ‘Whose responsibility do you think it is to avoid credit card debt?’, it was evident that the majority (58%) of debtor respondents believed that the responsibility lie jointly with the individual borrower and the lender (see Figure 1). When asked who should be responsible for debt and over-indebtedness, the individual borrower, the credit card lender or the government, several of the debtors placed importance on joint responsibility.

“I think lenders shouldn’t lend more than what people can afford to pay back. But also people shouldn’t try to borrow more than they can afford to pay back either....I think I should have looked into it more before I got the credit out but I also think they lenders should make it more clear about the consequences of taking out credit as well”.

(Kim, Debtor)

“I think it should be a joint responsibility between the person asking to take out the debt and the people giving it. I don’t think they investigate, like I said, they make it too easy, they don’t investigate your needs, some companies do, I know that since I’ve been assessing whether to sell the house or to stay here, there are some companies who lend mortgages for instance that do it on what you have left at the end of the day, they don’t do it on what you earn because anyone could put down a larger income down if they wanted to, there are certain employers that will”.

(Sandy, Debtor)

“I think you have to look at, A, the business and, B, the customer and I think you can argue both”.

(Ruth, Debt Collector)

During our interview, Vince Cable, spoke in detail the government's role in the crisis, in its inability to effectively regulate the financial services industry and the lending companies for lending irresponsibly. However, he only made one statement that asserted blame for irresponsible lending and the crisis, which again stressed joint responsibility between the lender and the borrower, mirroring the perceptions of the debt collectors and debtors above. He made the important observation that borrowers can be irresponsible as they are active rather than passive agents. However, he further asserts that the lender has more information and resources to make a responsible lending decision than the consumer has to make a responsible borrowing decision. Therefore, although he stresses both actors are responsible, he attributed more blame to the lender than to the borrower.

“In a sense we’re all responsible. Just the term ‘irresponsible lending’ assumes that borrowers are helpless individuals who have no power over their own lives which is obviously not true; you get irresponsible borrowing as well as irresponsible lending, But I think it’s not a symmetrical relationship because lenders have so much more information and knowledge and economics, and you can talk about asymmetric information so I think that’s what’s happened there. Lenders have an obligation to ensure that lending is undertaken prudently”.

It is important to note here that although Vince Cable was, at the time of the interview, a Member of Parliament and is now, at the time of writing, a member of government, his views are not representative of the government in general. In fact, due to the fact that he, at the time of this writing, is a member of a coalition government, many of his views actually contradict the broader government (Conservative, as opposed to Liberal Democrat) position. This is the reason why he is considered an expert informant as opposed to a respondent, as outlined earlier in this thesis.

2.5. The alternative neutral argument – nobody is to blame for the crisis

Sinclair (2010) explains how financial crises are understood in two ways, the exogenous approach and the endogenous approach, which has a significant impact on who gets blamed for them (2010: 104). The exogenous approach, supported by Milton Friedman, asserts that financial markets are efficient allocators of resource when left to their own devices, and that a crisis occurs when there is a deviation from this normal state, for example through intervention from government policy (ibid., p.95). The endogenous account, supported by Marxian theorists, assert that financial crises begin inside finance, specifically ‘the internal ‘laws of motion’ of the capitalist mode of production that produce constant change and upheaval, rather than

equilibrium between demand and supply' (ibid). It could be argued that the endogenous argument is evident within the rhetoric that attributes blame for the crisis to the corporations and irresponsible lenders, as we have seen above. However, it could strongly be argued that the exogenous approach is evident in the assertion below that:

“the top teams of financial service organisations now widely regarded as complicit in the genesis of the crisis...would not, at that time, have thought themselves as undertaking wildly irresponsible behavior. Rather, each firm was acting in accordance with emergent norms in the industry that were regarded as attractively profitable at an acceptable risk and therefore good for the company” (Hillenbrand et al 2010).

However, there appeared to be no indication from any of the respondents of a neutral position, i.e. that the consumer debt crisis was not the fault of any individual or group of people or that the crisis was the inevitable result of the nature of capitalism. Each of the respondents attributed the blame to an actor; either themselves, others or both.

3. Summary of findings

From reviewing the respondents' perceptions we can see that there are three levels of blame: individuals (bankers, borrowers); collectives of people (banks, governments); and structures (society, culture, capitalism). However, blame was rarely attributed at a structural level by the respondents, but instead attributed to individuals or collectives of people. This links back to Furedi's theory that people blame other people, especially those in power (Furedi 2005, 6 September, BBC News).

There was some evidence to suggest that the respondents' perceptions of who is to blame relates to their position as actors (Riaz et al 2011: 208). One of the debt collectors actually made the recognition that her position as an employee of a financial firm has influenced her perceptions.

“I think working with the company has made me loyal to them and that's perhaps created a different view to what someone out of the company would, but as Mike said I don't think the company has done anything dramatically irresponsible. It's got credit card companies and it's got banks a bad name because of the actions of the minority”.
(Emily, Debt Collector)

It was evident from the debt collector group responses that they placed the majority of the blame for soaring debt levels and the subsequent crisis on individual borrowers. This finding is

consistent with Graeber's (2012) observation that throughout history lenders have typically 'shunted off responsibility' of debt 'onto some third party, or insist that the borrower is even worse' (2012: 11). It also corroborates the assertion that people always aim to blame others for their own failings (Furedi 2004; Locke 2009; Tilly 2010) and that positionality of the actor is key to understanding who they will attribute blame to (Riaz et al 2011: 208).

"Politicians are not likely to say that they were guilty of fuelling the fire with ill-considered social interventions. Regulators rarely confess to having been asleep at the wheel. Bankers are unlikely to put their hands up and acknowledge that it was their short-term greed and recklessness which was to blame" (Davies 2010: 5).

It also corroborates Treas' (2010) observation of the dominant rhetoric around borrowers and debtors as 'predatory', who were attributed a significant portion of the blame for the crisis (2010: 11).

It is extremely interesting to note from the survey responses (see Figure 1) that the vast majority (90.3%) of debtor respondents attributed blame for their indebted situation either solely to themselves or jointly between themselves and the lender. This self-directed blame attribution differs from the debt collector respondents who generally attributed the blame primarily outside of themselves and their employer, with whom they were strongly affiliated, to the borrowers/debtors and the government. Although some of them did recognize that the lender had "some responsibility" for irresponsible lending and subsequent soaring debt levels, this was not a strong assertion amongst the debt collector respondents. Therefore, Riaz et al's (2011) assertion that actors' perceptions of who is to blame for the crisis are dependent on their positionality (2011: 208) is only partly true, as it is evident only for the debt collector respondents. Further, the evidence that the debtors were attributing the blame to themselves, rather than externalizing it to other actors, contradicts the assertion that most people play the blame game (Tilly 2010: 383) by externalising problems to sources outside the self (Furedi 2004: 192). The only exception to this came from Jan, as we saw in Chapter Two, as she appears to plead ignorance and, therefore, innocence to her accumulation of debt.

"I hadn't probably thought about how much the repayments were going to be and how I was actually going to manage to do the repayments, even though I had talked about it and I hadn't anticipated the emergencies that arise before Christmas which took some of the money away. So, I think the credit was too easily available for me. Much, much too easy and available because it was through a bank and they could see my bank

account and what the actually money was that was coming in. I thought they would have looked at that a bit more closely”.

(Jan, Debtor)

The above statement from Jan corroborates Raijas et al’s assertion that lenders are to blame for making access to credit too easy (2010: 215).

As we can also see from Figure 1, financial regulators were blamed the least. Only 4% of the survey respondents felt the government was to blame and there were few responses from the debt collector focus groups and no responses from the debtor interviews that blamed regulators. This corroborates findings from the previous study conducted by Riaz et al on the Global Financial Crisis that the regulatory bodies were neutral in their perceptions of who was to blame for the crisis and that regulation itself was not a key area of focus for blame for other institutional actors (2008: 196). Although they look at the wider Global Financial Crisis rather than simply just the consumer debt crisis as I have, the survey response also corroborates Hellwig and Coffey’s (2011) observation that only 25% of respondents believed that the government was to blame, as opposed to 66% who thought banks and investment companies were to blame for the crisis (2011: 419). Their further observation that non-Labour government actors were more likely to attribute blame to Labour government regulation was evident in a statement from Vince Cable, who stressed during our interview that financial regulation implemented by Labour was “regulation that hasn’t worked” (Vince Cable, MP).

So, why did the debtors attribute the blame to others significantly less than the debt collectors did? One explanation can refer to Fast and Tiedens’ (2009) explanation that blame is a form social contagion (2009: 103). The debt collectors were interviewed as a group where blame attribution to others was more likely to be socially contagious, whereas the debtors were interviewed on a one to one basis, where there was no ability for the blame to be spread. Further, the debtors had been identified and recruited on the basis of this ‘debtor’ label, meaning they may have come to see themselves in these terms and internalize the blame they had been hearing attributed to them from the media and other sources. This relates to the notions of societal reaction and self-labelling as explored in Chapters Five and Six. An alternative explanation could suggest that the reason for the debtors’ internal rather than external attribution of blame is due to the fact that they wanted to present themselves as agents (i.e. choice makers) rather than passive ‘cultural dopes’. This contradicts Furedi’s theory that we all want to victimize ourselves (2004: 192), although the debtors do also victimize themselves when talking about them being ‘harassed’ or treated unfairly by their creditors. Further, it is important to note that the respondents’ narratives as portrayed to me, the

researcher, may not be representative of their actual experiences. They could have been presenting themselves to me as accepting blame because, again, they simply felt this was the socially desirable thing to say.

Further questions are raised here around the other actors implicated in the blame game, i.e. the government/regulatory bodies and the lending companies. This question ties back to the issue of whether organisations as a whole can be collectively responsible for any immoral or unethical action (Cowton 2011: 4). We could argue that the perception that only individuals can be responsible for failing to uphold their moral obligations is evident in the survey, which shows that only 9.2% of respondents believed the responsibility for credit card debt should lie either with the government / regulatory body or the lending company. This is further corroborated in the interview responses from both the debt collectors and the debtors who did not attribute the blame primarily to lending companies or the government for the crisis. However, one of the debt collector's perceptions of collective versus individual responsibility contradicted the assertion that the pursuit of individual responsibility is preferable over collective responsibility (ibid., p.5). When asked where the responsibility for ethical lending should lie within the company, he stressed the importance of collective responsibility.

"I think it's probably under the umbrella of the organisation as a whole. I think if a few years ago you were putting together a strategy that was very cautious, I think you would have been criticised for failing to make enough profit. The more cautious you are, the less risk you are taking then the less profit can be made so I think holding someone personally accountable is probably unfair because they would have been under some kind of pressure to make it a profitable decision. And obviously if you read into it that you have to take risks and some accounts are going to have to go bad for others to be profitable, otherwise you would never take risks. So I think it would be unfair to hold any individual personally responsible because there would have been a lot of pressure on them".

(Rob, Debt Collector)

He went onto explain:

"Holding anyone individually responsible would be a tough thing to do because the industry as a whole, so not just this company but all the other companies that are in the credit industry, they did everything to make sure that their plans were profitable and that involved lending to people who were higher risk but had higher profit returns and don't pay back everything that they're borrowing".

This was corroborated by another of the debt collectors who asserted that not simply one individual is responsible for making a decision within a company, but by several so the responsibility should sit with the collective.

“when somebody makes a policy, makes a certain rule, it has to get signed off by various different people so it’s not just the person who sits here and comes up with it, it’s various different people”.

(Ruth, Debt Collector)

Conclusion

Despite the unwillingness of various actors to take responsibility and accountability for the crisis, Davies recognizes that the crisis has ‘been no end of a lesson for politicians, central bankers, regulators and financiers’ (2010: 216). The aim of this chapter has been to explore the rhetoric and discourse around blame and the crisis from previous studies, and to compare those with the perceptions from the research respondents used for this research. Furedi (2004) asserts that blame is a negative force in modern society, which discourages individuals from taking personal accountability and responsibility for their own actions (2004: 192). However, we cannot deny that blame attribution is a common human behavior, which has been particularly prominent after the consumer debt crisis. One of the debt collector respondents highlighted the problematic nature of the question of who is ultimately blamed.

“You have to think about who has the responsibility to say ‘Right, it’s going take you forty0 years to pay it back if you keep going this way’. You know, who really has the responsibility to say ‘Right, let’s sort this out and get down the balance’”.

(Rick, Debt Collector)

As we can see from the above, though the respondents attributed some of the blame for the consumer debt crisis to the lending companies, surprisingly it was the borrowers who were attributed with the majority of the blame by both the debt collectors and the debtors themselves. This supports Langley’s (2009) observation that there exists a discourse that asserts that borrowers should be primarily responsible for debt (2009: 1413). Although, the debt collectors also attributed wider blame and some mentioned shared responsibility. It is also important to remember, as highlighted in Chapters Three and Four, that people on low incomes borrow more than those on high incomes for necessities to supplement a low income (Manning 2000: 160). This begs the question, then, of whether blame can justly be attributed to a social being who has

got into debt for this reason, insofar as they may instead be seen as victims of the social structure of the economy and the crisis.

Conclusion

The aim of this thesis has been to explore perceptions of responsibility for the consumer debt crisis from two key stakeholder groups; debt collectors (representing consumer credit lending companies) and debtors (representing the consumer credit borrowers). This is informed by the vastly increasing consumer debt figures in the UK (as we saw in the introductory chapter). I will now summarise the outcomes from each of the chapters and highlight the conclusions that can be drawn about the respondents' perceptions and how the findings answer the three research questions posed at the beginning of the thesis: what are the respondents' perceptions of why and how debtors use consumer credit; how are debtors perceived and treated by their creditors (i.e. through contact with debt collectors); what are the respondents' perceptions of who is to blame for consumer debt?

Research Design

This research was founded on an interpretivist epistemological position, asserting that the statements from the respondents are narrative constructions and social perceptions, rather than social 'facts' or 'truths' about debt. The research aimed to observe and assess how the respondents represented themselves and their behavior to the researcher. An inductive approach was adopted whereby, rather than a hypothesis being formulated against which the results were tested, the theory derived as a result of the research being conducted. However, it is important to note here that as a number of research questions to be posed to the respondents had already been formulated, I did have a certain level of pre-conceived expectations of the research outcomes. This will be discussed at length later in this chapter. Although mainly qualitative methods were used (in-depth semi-structured interviews and focus groups), a quantitative method (online survey) was also used, albeit primarily as a method of recruitment for the debtor interview respondents. Further, some of the debt collector focus group respondents were also asked to participate in an interview, to gain more in-depth responses and assess whether the focus group situation influenced the respondents' perceptions and narratives. As we saw in Chapter Six, some of the debt collector respondents formed a consensus on certain social issues, which reflected wider pre-existing social perceptions that actually differed from their own personal opinions and perceptions, as unveiled during the individuals interviews.

Another important characteristic of the research was my position as an insider researcher. This position not only allowed me, the researcher, to obtain access to the debt collector respondents but also to create content rich data by being able to communicate effectively with them and create a better dialogue, due to shared language and experience and a relationship of trust. An

‘outsider’ researcher could, arguably, not have achieved this same research experience. Further, the pre-understanding I had of the consumer credit industry and the debt collection environment allowed me to better understand the debtors’ experiences of dealing with their creditors, which would not have been as well understood by an outsider researcher. In general, then, my insider status gave me ‘cultural competence’ that an outsider researcher lacks.

When assessing the data from the interviews, a coding technique was used using the Computer Aided Qualitative Data Analysis Software (CAQDAS) Atlas.ti. Using the coding technique available in this software enabled me to identify recurring themes and concepts within the respondents’ dialogue and the networks between these themes and concepts, as shall now be revealed.

Summary of findings

In Chapter Two, I examined how the respondents’ perceptions of the lending companies’ responsibility for consumer debt can be framed within normative and instrumental theories of Corporate Social Responsibility (CSR), as outlined in Chapter One. Several previous studies of attitudes and perceptions of CSR have focused on the perceptions of a single stakeholder group, such as business students or marketers (Elias 2004: 269). However, my research adopted a multi stakeholder approach whereby the research respondents represented two different stakeholder groups (lending companies and debtors/consumers). A previous study (Hillenbrand et al 2011: 353) also adopted a multi stakeholder approach from two stakeholder groups (employees and customers), yet from only a single company. The debtor respondent group within my research, however, represented a customer base from a number of different lending companies. Further, my research focuses specifically on respondents’ perceptions of CSR within financial lending companies, which none of the above studies focused on. In this chapter, it was discovered that the debt collectors’ perceptions aligned with the instrumental case for CSR and, specifically, my Model of Consumer Driven Corporate Responsibility (CDCR) (Claydon 2011: 415) as they felt that companies are most likely to engage in CSR for profit driven motivations. However, this was not a perception shared by the debtor respondents and, in general, the majority of the respondents’ perceptions aligned with the normative case for CSR, as they felt companies should be socially responsible regardless of the consequence to profit. The key finding, however, was that although the respondents asserted lending companies should be socially responsible, they also shared the view that CSR in the financial lending sector has not been evident either before or during the consumer debt crisis and neither is it likely to be evident even after the crisis as these companies are driven by profit only. I shall explore later in this chapter how the respondents’ perceptions towards CSR affects the respondents’ broader

perceptions about who is to blame for consumer debt and, specifically, whether responsibility can and/or should be assigned to financial lending companies.

In Chapters Three and Four, I explored the debtors' explanations regarding their reasons for obtaining consumer credit and framed these within existing theories of consumerism. Exploring the debtors' own accounts of their consumer debt was an important step to take before making an assessment of the respondents' perceptions of debtors. It was revealed that all the respondents' perceptions or narratives of their experiences were framed within the theory of consumers as active agents. A key finding here, then, is that the debtors preferred to perceive themselves as active agents rather than passive subjects. This is corroborated in Chapter Eight whereby the majority of debtor respondents assigned the blame for their indebtedness either entirely or partially to themselves, rather than externalizing the blame to others as previous theories on blame have asserted is always the case in modern society (Furedi 2004: 192). Yet, specific theories within which their perceptions were embedded did differ. Only a few of the debtors' responses corroborated the theory that consumerism and credit is an indicator of high income and class (Benjamin 1999: 3-5; Shields 1992: 1; Berthoud and Kempson 1992: 60) or that credit is obtained for higher education costs, such as university fees (Manning 2000: 160). More of the debtors' accounts corroborated the theory that consumerism and credit is used to purchase goods in pursuit of the 'good life' (Calder 1999: 5). However, the majority of debtors' responses, both from the interviews and the online survey, corroborated the theory that credit is obtained to supplement a low income (Manning 2000: 160; Collard and Kempson 2005: 11; Treas 2010: 6) rather than for any form of consumerism, primarily for withdrawing cash to pay bills. Further, many of the respondents' narratives of their indebted situations as revealed in Chapter Four reflected theories explored in Chapter Three regarding how life course events can have a significant impact on an individual's debt attribution, either as single events or in combination. An interesting finding revealed that the survey respondents' responses strongly corroborated the theory that credit is issued for leisure and entertainment (Veblen 1994 [1899]), however this was not evident within the debtors' interview responses at all. One explanation for the difference in responses here could be the research method itself; due to the anonymity of the survey, these respondents may have felt comfortable revealing that their consumer credit was obtained for this reason, whereas the interview respondents may not have felt as comfortable revealing this and so focused their accounts on other reasons that they may have felt would be judged less by me as the researcher, i.e. that they obtained credit as an income supplement.

In Chapter Five it was argued that in the psychological literature on debt there has existed for some time a perception of debt as deviant as it depicted debtors as 'greedy', 'compulsive' and 'irresponsible', as opposed to being 'victims' (Treas 2010: 4) of irresponsible lending. I also

highlighted in this chapter the paradox that appears to exist within the concept of debt, as consumerism has been encouraged and normalized in a capitalist society since the industrial period, whilst debt has simultaneously been condemned. This has resulted in the ideology surrounding the need for 'responsible' consumption (and therefore credit use and debt accumulation) and punishing those who do not comply, which is rooted both in the Christian religion, specifically within the values underpinning the Protestant Ethic, and the social structure of capitalism. The paradox of conflicting values, and specifically the values of the Protestant Ethic, was also evident within the respondents' perceptions in Chapter Six in that they perceived debtors as frivolous, and frivolity and the acquisition of debt as morally wrong.

Another key finding in Chapter Six revealed that this perception also exists among the respondents, based on the evidence of key instances of labelling through societal reaction, in the debt collector respondents' perceptions of debtors, the debtors' narratives of their experiences with their creditors during the debt collection process and the debtors' self-perceptions. To some extent, the findings corroborated the theory that societal reaction leads to self-labelling (Thoits 1985; Hayes 2000), as many of the debtors did self-label after experiencing societal reaction via contact with their creditor. This finding was also confirmed by the ways in which many of the debtors, as revealed from their responses within many of the chapters, aligned with the character portrayal of debtors as deviant, in that they referred to these 'other' debtors as 'they' or 'them' in an attempt to distance themselves from this characteristic. However, an important finding revealed that societal reaction does not always lead to self-labelling, as not all the debtors demonstrated this. Another key finding demonstrated how debt is considered 'shameful' (Goffman 1963: 1) as many of the debtors felt ashamed of their indebted situation. It also revealed in this chapter that many of the respondents' perceptions of debt demonstrated values of the Protestant Ethic, as well as the literature on capitalism as explored in the Chapter Five. Specifically, it was evident that some of the debtors refused to repay their debt as a way of escaping the social order (Merton 1938), however it was evident in more of the debtors that they wanted to conform to society's expectations for them to take responsibility for their debt by making repayments. It was also evident how some of the debtor respondents viewed credit as mystical and a form of empowerment (Salerno 2012; Marx 1999 [1867]).

One of the key findings in Chapter Seven was that, in general, there was a strong assertion among the respondents that the government has a responsibility to regulate the financial industry and, specifically, consumer credit companies. The respondents' perceptions of the ways in which government should effectively regulate the industry were framed within the key areas in which financial regulatory oversight had failed (credit rating agencies lack of public financial education and ineffective regulatory systems) as identified as the most prominently

featured in the literature on the consumer debt crisis, which was outlined in the same chapter. However, the focus of these areas varied among the respondent groups; the debtors focused on a lack of financial education, whereas the debt collectors focused on the role of the credit rating agencies. This finding is significant, again in relation to the ways in which the respondents assigned blame for consumer debt, as I discuss below. Further, it was revealed that there were other areas of concern among the respondents that did not appear in the literature on the crisis, namely the need for regulating unethical behaviour in the consumer credit lending sector and the need to address bankruptcy law.

In Chapter Eight popular perceptions of who is to blame for the consumer debt crisis were explored. Previous studies showed how each of the stakeholder groups (debtor/consumers and lenders) had been assigned blame for the crisis. It is interesting to note that the externalization of blame in play here and how perceptions of blame are dependent on the actors' positions (Riaz et al 2011: 208). In the literature, government actors often assigned blame to debtors (Treas 2010: 5) and the general public and media assigned blame to the lenders (McDowell 2010: 193). Turning to the respondents, their perceptions of the two stakeholder groups also strongly indicate the ways in which they assigned blame for the crisis. Though the respondents attributed some of the blame for the crisis to the lending companies, surprisingly it was the borrowers who were attributed with the majority of the blame by both the debt collectors and the debtors themselves. From the survey responses it was revealed that the vast majority (90.3%) of debtor respondents attributed the blame for their indebted situation either solely to themselves or jointly between themselves and the lender. This supports Langley's (2009) observation that there a discourse exists that asserts borrowers are primarily responsible for debt (2009: 1413).

I discovered in many chapters that both the debtor and debt collector respondents used blame assignment. For example, in Chapter Seven, it was identified that the debt collectors' perceptions of financial regulatory failure focused on the role of the credit rating agencies, which enabled the respondents to externalise the blame to another party (Furedi 2004: 192) rather than choosing to focus on the issue of irresponsible lending, which would have directed the blame internally to the lending companies. Similarly, the debtors chose to focus on the lack of availability of publicly funded financial education as one of the key areas of financial regulatory failure. This indicates that they were, again, externalising the blame for their lack of awareness of the terms of their financial agreements to the government rather than taking responsibility for their own awareness and education. This finding is corroborated in Chapter Two, where I identified how the debtors focused on the unfairness of unclear and obscure lending terms and conditions, which again suggests they were externalising the blame for not being aware of the terms and consequences of their own credit agreements to the lending

companies. However, in general the debtors were the only group who did accept full or at least partial responsibility for their own indebtedness, and therefore did not completely externalise the blame as might have been expected. One potential explanation for this relates to the findings in Chapter Six where I found how self-labelling was evident in many of the debtors. It could be argued that the debtors who labelled themselves as deviant after experiencing societal reaction from contact with their creditors subsequently assigned blame to themselves for their indebted situation as part of this labelling process. Another reason that the debtors assigned blame to themselves rather than externalising it to the lending companies relates to the respondents' perceptions as revealed in Chapter Two. As outlined above, the respondents did not feel CSR was feasible due to the fact that companies' main driver is profit, which could explain the reason why they felt that the companies could not be attributed any blame for consumer debt and the crisis.

I further identified that the respondents' perceptions revealed three levels of blame; toward individuals (borrowers), toward collectives of people (lenders, governments), and toward structures (society, culture, capitalism). However, the respondents rarely attributed blame at a structural level. Rather, they attributed it to individuals or collectives of people. This supports Furedi's theory that people blame other people, especially those in power (Furedi 2005, 6 September, BBC News). Lastly, an important consideration for the way blame was assigned, which is related to the research design, is the fact that the debt collectors were interviewed as a group where blame attribution was more likely to be socially contagious. However, the debtors were interviewed on a one to one basis, where there was no ability for the blame to be spread.

Limitations of the research

As stated above, although the research conduct was based on an inductive approach, a number of research questions were pre-formulated, meaning that I had pre-conceived expectations of the research outcomes. This could have potentially resulted in the respondents providing socially desirable answers to me as the researcher, as the questions I asked may have given the respondents an indication of my pre-conceived ideas. This could have further resulted in the respondents not revealing all the perceptions they would have done if there had been no pre-formulated questions, as the respondents would have had free reign to discuss any issues they felt were important, as opposed to following the structure of my questioning. Therefore, there may have been some key social perceptions, issues and themes that were missed because of the pre-formulated questions. For the reasons above, and again referring back to the interpretivist nature of the research, it is not possible to rely on the data as evidence of social 'facts' that can be generalized to predict future behaviour. However, due to the qualitative nature of the

research and, specifically, the open-ended nature of the in-depth interview questions, the research questions were open and evolved with the dialogue with the respondent. Therefore, the respondents, rather than myself, led the interview to a large extent.

A further potential limitation to my research conduct is related to my position as an insider researcher. Although there are many benefits to this position, it can also create obstacles to the research. In particular, having a pre-understanding can actually be detrimental to the research in that cultural practices and behaviours can be normalised by the insider researcher and bias can occur. An outsider research, then, would not necessarily normalise these behaviours but instead observe them within important social themes that might not be identified by the insider researcher. It could also be argued that the number of research respondents was limited, however this was influenced by time and resource constraints outside of the researcher's control. Further, as the methods used were qualitative, this generated an ample amount of content rich data with which many key observations could be made and social themes identified.

Future research possibilities

As stated above, the fact that I conducted this research as an insider researcher could have had a detrimental impact on the research in that certain social practices observed by the researcher could have been normalized. Therefore, one way in which the research could be developed in an interesting manner would be for an outsider to conduct the same or similar research, as I may not have identified some social themes due to my insider researcher status. As also stated above, there were a limited number of research respondents due to time and resource constraints. With additional resources, a further research project could build upon this research by conducting research with a larger number of respondents to assess whether the findings vary as the number of respondents increase. Although it has been argued that this research provides a broader assessment of perceptions of CSR than previous studies as it focuses on more stakeholder groups, this research could also be developed to include respondents who represent more stakeholder groups. The research could be extended to include: debt collector respondents from a number of financial lending companies and respondents from other types of organisations within the financial lending sector, such as credit rating agencies (as they formed a large part of the focus in Chapter Five), and financial regulators.

Further, though I have analysed the ways in which debt and debtors have been labelled as 'deviant' specifically via societal reaction after contact with their creditors, I did not explore the ways in which credit scoring also labels the debtor in a particular way. Credit scoring has a

significant impact on the ways in which borrowers and debtors are labelled and treated, as it often leads to discriminatory behavior on behalf of the creditor or lender (Burton 2008: 55). For this reason, there is a huge opportunity for future research to be conducted on the impact of credit scoring on perceptions and subsequent treatment of debtors, which could expand on the research conducted within this thesis.

Finally, another interesting way in which the research could be developed is to explore a different type of consumer credit within the financial lending industry, what is commonly referred to as ‘pay day loans’¹ or ‘loan sharking’. This sector has significantly expanded since the consumer debt crisis, as more people are becoming desperate for credit but are simultaneously being refused access to it by the mainstream lenders, as banks and credit card companies have become more stringent with their lending decisions. This sector has also become increasingly controversial and campaigned against² as it targets consumers who are on the economic margins of society yet charges them massive interest rates, some exceeding a four thousand annual percentage rate (The Guardian, 9 December 2011³). Research into this area could develop the research conducted for this thesis by exploring perceptions both of and toward this sector, specifically in relation to blame and responsibility for consumer debt.

Answering the research questions

This thesis has taken the reader through a journey exploring the perceptions debtors and debt collectors have of responsibility and blame for consumer debt, focusing on three key stakeholders; debtors, lenders and financial regulators. I achieved this by asking three central research questions: what are the respondents’ perceptions of why and how debtors use consumer credit; how are debtors perceived and treated by their creditors (i.e. through contact with debt collectors); what are the respondents’ perceptions of who is to blame for consumer debt? Beginning with an overview of theories of Corporate Social Responsibility, I first assessed the debtors’ and debt collectors’ perceptions of the lender’s responsibility for consumer debt. My key finding here revealed that the respondents felt lending companies should be socially responsible for consumer debt but ultimately do not act responsibly. The thesis then turned to explore theories of consumerism and how these theories were reflected in the debtors’ reasons for their use of consumer credit and subsequent indebtedness. This chapter provided an answer to the research question ‘What are the respondents’ perceptions of why and how debtors use consumer credit?’ by identifying how the majority of debtors used credit and

¹ See Glossary of terms, Appendix I

² <http://www.endlegalloansharks.org.uk/>

³ <http://www.guardian.co.uk/money/2011/dec/09/payday-loans-get-cheap-credit>

accumulated debt for cash to pay bills, i.e. to supplement their low income. I then went onto explore labelling and deviance theory, and answered the research question ‘How are debtors perceived and treated by their creditors? (i.e. through contact with debt collectors)’ by revealing that debtors were labelled as deviant by debt collectors via societal reaction, and subsequently identified how debtors then self-label. The thesis then turned to provide insight into the perceptions of the role of financial regulation in the consumer debt crisis, as revealed both in the literature and the respondents’ perceptions. I revealed how the respondents believed financial regulation had failed to prevent the consumer debt crisis and perhaps even contributed to it, specifically in that they believed bankruptcy law enables debtors to be absolved of responsibility for their consumer debt. The final chapter in the thesis provided an answer to the research question ‘What are the respondents’ perceptions of who is to blame for consumer debt?’. I evidenced how debtors are the stakeholder group assigned the most blame for consumer debt by the respondents, even the debtors themselves, which was a surprising finding.

Originality of the research

This research has made a significant original contribution to methodological knowledge in several ways. Although several previous studies of attitudes and perceptions of CSR have focused on the perceptions of a single stakeholder group (Elias 2004: 269) or multi stakeholder groups that only included respondents from the same company (Hillenbrand et al 2011: 353), this research adopted a multi stakeholder approach representing stakeholders of different companies. Further, this research focuses specifically on respondents’ perceptions of CSR within financial lending companies, which none of the above studies focused on. Most importantly, the research has represented the argument for responsibility for the consumer debt crisis from both sides (i.e. debtors and lenders). More original still, the research combines different strands of socio-economic theory (consumerism, deviance theory, labelling theory, business ethics, CSR and Sustainable Development) from different disciplines (sociology, economics, social psychology, business management) to provide a thorough investigation of the perceptions of and attitudes towards responsibility for consumer debt. It has done this on both a micro and macro level, in that it has evidenced labelling theory taking place among individual borrowers and small groups of debt collectors and then applied this to wider theories of CSR.

In Chapter Four, I made an original contribution to knowledge regarding debt over the life course, in that I revealed how debtors often experience multiple life course events, which entrap them in a debt and poverty cycle, as opposed to a single life course event as asserted by the existing literature on the subject (Mann and Mann 2010; Tippet 2010; Loonin and Renuart 2007; Baek and Hong 2004; Lopes 2008). In Chapter Five, I referenced the sociology of

deviance when analyzing how debt is perceived as deviant, despite the argument that it died in the mid 1970s (Sumner 1994). In doing so, my research can actually be seen to contribute to knowledge in the sociology of deviance and, perhaps, it's resurrection in that I contemporized the traditional concepts of deviance that flourished in the 1960s and early 1970s with research in the millennium era. Further, though previous studies (Davies 2010; Treas 2010) showed how each of the stakeholder groups at the centre of this research had been assigned blame for the consumer debt crisis, these studies focused on public rhetoric, rather than conducting research directly with respondents that represented each of the stakeholder groups, which this research has accomplished. Lastly, the research was conducted with a unique insider position within the consumer credit sector, which has not been achieved by another conducting research on this topic. Importantly, this research was conducted during the time when the consumer debt crisis was evolving.

This thesis has also made a significant original contribution to empirical knowledge in that it revealed for the first time that debtors are labelled as deviant and placed at the centre of blame for the consumer debt crisis, not only by debt collectors representing lenders, but by themselves in the way that they self-labelled. This research also challenged previous theories that stereotyped consumers and debtors as passive 'victims' of the structure of capitalist society (Marx 1844; Adorno 1944; Galbraith 1958), instead asserting that consumers and debtors are often active agents who are in control of their spending behaviours and make rational choices when consuming, as demonstrated in the response from Rob (debt collector) below,

"I've got a credit card but because, one, I want a credit file and, two, I think I'm responsible enough to control the amount that I use it".

The empirical evidence also contradicted the previous stereotype of debtors as spendthrifts and compulsive shoppers (Benjamin 1999; Shields 1992) and the psychology literature's representation of debtors as symptomatic of compulsive buyers' 'chronic tendency to spend beyond one's needs and means' (Palan et al 2011: 81) in that it demonstrated how the majority of the respondents used consumer credit to supplement their low income. Also relating to this point, the research revealed the existence of an apparent contradiction in the debtors' self perceptions and the reasons they gave for their accumulation of debt, in that they blamed themselves for being "greedy" (Jan, Debtor), yet the reason for their debt was to supplement a low income, not to fund an extravagant lifestyle. Finally, this research made an original contribution to theoretical and empirical knowledge in its development and application of the theory of the Model of Consumer Driven Corporate Responsibility (Claydon 2011: 415), which was used for the first time to analyse respondents' perceptions of CSR and revealed that many

respondents felt that companies are most likely to engage in CSR for profit driven motivations, which corroborates the theory behind CDCR (ibid).

Concluding remarks

To sum, this research has revealed that the respondents primarily considered debtors to be to blame for consumer debt. Perhaps surprisingly, debtors even considered themselves to be responsible for their own financial situation, more so than any other stakeholder. Although debtors were assigned the majority of the blame for consumer debt, this research revealed that debtors are not ‘spendthrifts’ who use consumer credit to fund an extravagant lifestyle but are instead using consumer credit to supplement their low incomes. Many economists argue that market economies work in a boom-bust cycle, meaning that another financial crisis of some kind will occur, at which time this research will serve as a theoretical and empirical point of reference.

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Appendix I. Glossary of terms

Bottom line: a company's net earnings, net income or earnings per share (www.investopedia.com).

Chief Executive Officer: a firm's leader and top executive, responsible for their overall operations and performance. He or she is held responsible for the firm's success or failure (www.businessdictionary.com).

Charging Order: If a creditor has a county court judgment against the debtor being ordered to repay a debt, they may be able to apply to the court for a charging order to enforce the judgment in the cases of non-payment. A charging order gives the creditor security for the debt, in that the debt would become 'secured' against the debtor's assets (www.nationaldebtline.co.uk).

Citizens Advice Bureau: Part of the Citizens Advice Service, a regulated charity, the bureau provides free advice to citizens in England and Wales on their rights as citizens (www.citizensadvice.org.uk).

Consumer Credit Act (1974): piece of legislation protecting the rights of consumer credit users. Within this legislation, consumers have the right to request a copy of their signed credit agreement from their creditor (www.legislation.gov.uk).

County Court Judgement (CCJ): an order made by a County Court for a debt to be repaid in England and Wales (www.bankrupt.co.uk).

Credit file: a record of an individual's personal details, financial commitments that involve credit (mortgage, credit cards, loans etc) and historical payment records for these financial accounts (www.learnmoney.co.uk).

Dunning letters: an informal term for a letter of collection, a written notification of the pending amounts, which is meant to encourage customers who are late with their payments to make a payment (www.businessdictionary.com).

Experian: a credit reference agency in the UK that provides factual information about customers in order for them to make fair, consistent, responsible and profitable lending decisions and to authenticate the customer (www.help.creditexpert.co.uk).

Financial Ombudsman: an independent expert in settling complaints between consumers and businesses providing financial services in the UK (www.financial-ombudsman.org.uk).

High risk (borrower/debtor): a borrower/debtor who demonstrates a negative borrowing profile, as evidenced on their credit file. For example, payments that have been made late, a high debt to income ratio (where the borrower's debt and outgoings substantially exceed their income), and a large number of credit products.

Individual Voluntary Agreement (IVA): a debt solution based on government legislation that requires a debtor's creditors to accept a debt repayment plan they can afford (www.iva.net).

Pay Day Loan: A type of short-term borrowing where an individual borrows a small amount at a very high rate of interest (www.investopedia.com).

Appendix II: List of figures

Research Design

Figure 1. 'Conceptual map of the causes, consequences and those responsible for the crisis', Kuckartz, A.M. and Sharp, M.J. (2011) 'Responsibility: A Key Category for Understanding the Discourse on the Financial Crisis - Analyzing the KWALON Data Set with MAXQDA 10', *Forum: Qualitative Social Research*, 12, 1

Chapter 1

Figure 1. 'The Model of Sustainable Development', Aras, G & Crowther, D. (2009) *The Durable Corporation*, Surrey: Gower Publishing Ltd, p.41

Figure 2. 'The Pyramid of Corporate Social Responsibility' Carroll, D. (1991) 'The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organisational Stakeholders', *Business Horizons*, 34, 4, p.42

Figure 3. The Model of Consumer Driven Corporate Responsibility, Claydon, J. (2011) 'A New Direction for CSR: the shortcomings of previous CSR models and the rationale for a new model', *Social Responsibility Journal*, 7, 3, p.416

Chapter 2

Figure 1. Response to Question 7 of the National Debt Line Survey, "How do you feel you were treated when they contacted you to obtain payment?"

Figure 2. Response to Question 8 of the National Debt Line Survey, "Do you feel you could approach your creditors for help if you were experiencing financial difficulties?"

Chapter 4

Figure 1: Response to Question 4 of National Debt Line Survey, "What have you spent most of the money on in building up this debt"

Figure 2: Response to Question 1 of National Debt Line Survey, "How much credit card debt do you currently have?"

Figure 3: Response to Question 2 of National Debt Line Survey, "What is your personal annual income?"

Chapter 6

Figure 1: Evidence of debtors' negative interaction with creditors and subsequent self-labelling

Chapter 8

Figure 1. Response to Question 9 of National Debt Line Survey, "Whose responsibility do you think it is to avoid credit card debt?"

Appendix III: List of Interview, Focus Groups, Questionnaire and Survey Questions

1. Interview questions for National Debt Line respondents

You, the debtor

- Please provide some personal information about yourself, your background, current working status etc?
- How much consumer debt do you currently have (i.e. credit cards, loans, hire purchases, store cards etc).
- How and why did you first start borrowing on such consumer products?
- Background of parents – did they have any debt? What are their perceptions of debt? How about friends?
- What prompted you to approach the National Debt Line website?
- Have you fallen behind with repayments in the past or recently? How many times?

The creditors

- How did you get to the point where you found it difficult to manage your debt?
- At this point, did you approach your creditors? If so, how did they handle your case?
- How do you feel you are treated by your creditors? Can you provide any specific examples of either very good or very bad service when you have approached them either to advise financial difficulties or when you have fallen late with a payment?
- From the conversations you had with the debt collectors, how did they in particular treat you? How do you think they perceive you?
- When you got the card out, how did you do it? Were you approached or did you actively seek it out?
- What was your knowledge of credit at the time? Did you read the terms and conditions or think about the long term consequences of debt?

General questions

- How do you perceive and feel about debt now? What recommendations would you make to others?
- Who do you think should be responsible for debt and over-indebtedness in the UK: the individual borrower themselves; the credit card lender for providing credit above a person's income; the government for lack of regulation of lending institutions and the lack of financial education they provide; or the society in which we live which encourages a consumer society where people are left behind if they don't 'Keep up with the Jones'?

2. Interview Questions for Vince Cable

- You have expressed your view about the role of corrupt banking, through large remuneration for irresponsible lending practices, and the lack of government regulation of such banking practices in leading to the crisis. However, what is your view about the role that the over-indebted consumer has had to play in the crisis; should they be as accountable for borrowing more than they can afford to pay back?
- Why do you think over-indebtedness and extreme levels of consumption is more of a problem in the UK in comparison to other European countries?

- Many economists and academics are theorising about the future of capitalism, with many of them calling for and even predicting an end to the ‘casino capitalism’ that we have experienced in the Western markets, with an emergence of new ‘conscientious’ or ‘ethical’ forms of capitalism, which are less concerned with high levels of short term profit and more with lower but consistent long term stability. Could you tell me, firstly, how you think capitalism *should* take shape post crisis and, secondly, how you think it *will* take shape?
- One of the main elements in ensuring Corporate Responsibility indeed comes is increased regulation of large MNCs, however, some academics assert for actions to be deemed as ‘responsible’ and ‘ethical’, they must be moral in intention, rather than enforced by regulation. What is your view on this: do you think the credibility of corporate responsibility becomes devalued if ethical behaviour is enforced upon a company rather than voluntary?
- How do you feel the government could have better coped with the crisis; what would you have done differently and what would be your recommendations for future policy for banking regulation?

3. Debt Collector Interview Questions

- Who do you think should have ultimately responsibility for soaring debt levels in the UK: the borrowing individual, the corporate lender, the government or society in general.
- You mentioned last time that people can have whatever they want then and there without having to save up and that there was simplicity of having a card, but if every time you wanted to spend something you had to go to the bank and withdraw the actual cash then I think people would spend a lot less. Do you notice this yourself or amongst your peers?
- You also mentioned there is no education about credit cards, interest rates, when I was at school there was nothing at all. Can you elaborate on this and explore how much the government should play a role in the financial education of people?
- You also pointed out that those people who can afford it now are not necessarily the ones who can afford it in six months time, for example those who have big earnings, a big credit limit, spend that credit limit and then got made redundant the next day.
- You had to leave early last time and there were a few questions that you did not manage to answer, so I’m going to go into those now.
- Do you think that having worked in the company changes your perceptions of who you think is responsible?
- In terms of your loyalty to the company, how do you think that affects the customers that you talked to? Does it make you disengage with them, does it prevent you from being able to put yourself in their shoes?
- How do you feel about the customers you talk to who are overindebted or in financial difficulties?
- I want to explore the notion of sub-prime; do you think that a) there is a distinction made between ‘sub-prime’ and ‘prime’ by the company in terms of lending and treatment?
- Do you think, consciously or not, you make any distinctions between sub-prime and prime customers when you talk to them?

4. Questions for Debt Collector Focus Groups

- Who do you think should have ultimate responsible for over soaring debt levels in the UK? i.e. the creditor, the consumer, the government or society as a whole?
- How do you view the actions of high risk, over indebted consumers / borrowers?
- How do you view the lending policies of company 'A' – are they responsible or irresponsible?

5. Questions for National Debt Line Debtor Questionnaire

- Please provide some personal information about yourself, your background, current working status etc.
- What prompted you to approach the National Debt Line website?
- How much consumer debt do you currently have (i.e. credit cards, loans, hire purchases, store cards etc).
- How and why did you first start borrowing on such consumer products?
- Have you fallen behind with repayments in the past or recently? How many times?
- How did you get to the point where you found it difficult to manage your debt?
- At this point, did you approach your creditors? If so, how did they handle your case?
- How do you feel you are treated by your creditors? Can you provide any specific examples of either very good or very bad service when you have approached them either to advise financial difficulties or when you have fallen late with a payment?
- From the conversations you had with the debt collectors, how did they in particular treat you? How do you think they perceive you?

6. Questions for National Debt Line Interview Debtor respondents

- Please provide some personal information about yourself, your background, current working status etc.
- What prompted you to approach the National Debt Line website?
- How much consumer debt do you currently have (i.e. credit cards, loans, hire purchases, store cards etc).
- How and why did you first start borrowing on such consumer products (i.e. particular purchase or to substitute low income)?
- Have you fallen behind with repayments in the past or recently? How many times?
- How did you get to the point where you found it difficult to manage your debt?
- At this point, did you approach your creditors? If so, how did they handle your case?
- How do you feel you are treated by your creditors? Can you provide any specific examples of either very good or very bad service when you have approached them either to advise financial difficulties or when you have fallen late with a payment?
- From the conversations you had with the debt collectors, how did they in particular treat you? How do you think they perceive you?

7. Online survey on the National Debt Line webpage

Q1. How much unsecured consumer credit debt do you currently have?

- Under 50% of my income
- Between 50% and 100% of my income
- 100% or more of my income

Q2. How many different creditors do you have?

- Under three
- Between three and ten
- Over ten

Q3. What makes up the majority of purchases you have made in order to accrue this debt?

- Fashion and clothing
- Homeware and furniture
- Leisure and entertainment
- Cash to pay bills
- Other (please specify)

Q3. How much income did you have when you took out your initial consumer credit?

- More than I currently earn
- Less than I currently earn
- The same as I currently earn

Q4. How many times have you defaulted on payments to your creditors in the last 12 months?

- More than three times
- Once or twice
- None (if choosing this option, please skip to....)

Q5. Did your creditors contact you when you defaulted on your payment?

- Yes
- No (please go to question 7)

Q6. How do you feel you were treated when they contacted you to obtain payment?

- Very well
- Satisfactorily
- Poorly

Please give details of how you were treated:

Q7. Do you feel you could approach your creditors for help if you were experiencing financial difficulties?

- No, none of them
- Yes, some of them (please specify which creditors you feel you could NOT approach)
- Yes, all of them

Q8. Whose responsibility do you think it is to avoid credit card debt?

- The credit card company's (companies should not lend to people who cannot afford to make repayments)
- The individual's (people should not borrow money that they cannot afford to pay back)
- Both of the above
- No one's – it is inevitable
- Other (please specify)
- Don't know

Please explain your answer:

Q9. Do you have any other comments or experiences you would like to mention, on the subject of credit card debt?

Q10. Would you be willing to take part in a one-to-one follow-up interview of 30-45 minutes?

- Yes (please leave your contact number or email address:)
- No
- Not sure

Appendix IV: Consent Form

Department of Sociology
School of Social Sciences and Cultural Studies
 University of Sussex
Falmer, Brighton BN1 9SN
Telephone: 07985 290971
 Jec30@sussex.ac.uk

CONSENT FORM

Title of Project: Is it responsible to lend to the 'Sub-prime'? A study of Corporate Social Responsibility and Consumer Credit Lending

Name of Researcher: Jane Claydon

Name, telephone number & email of Supervisor: Dr Susie Scott, 01273 873775, s.scott@sussex.ac.uk

About my project: The research intends to examine corporate social responsibility of a credit card company in the UK. The project will also explore the problems of the credit nations of the UK and US to demonstrate the need for social responsibility within a credit hungry society. The research participants will remain anonymous and the interviewee will be sent a copy of the final report. If any material is to be published, it will remain anonymous.

Please initial box

1. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving any reason, without my legal rights being affected. ☐
2. I give permission for this interview to be tape recorded ☐
3. I acknowledge that anonymised extracts of my interview might be used in academic and other publications ☐

I agree to take part in the above study.

 Name of Interviewee

 Date

 Signature

 Researcher

 Date

 Signature

1 for interviewee; 1 for researcher.

Appendix V: Email Templates to Gatekeepers

1. National Debt Line

15.05.2009

Hi

I have been conducting a PhD at the University of Sussex over the last two years on Corporate Responsibility and Sub-prime lending. My research focuses on two aspects of CSR and consumer credit lending: debt collection practices of the credit card company; and the discourse of debt as morally deviant.

I have been speaking with Jim Fearnley over the last couple of years about my research and he has been very keen to help me with it. I have had a chat with him today about the possibility of conducting some quantitative and qualitative research with some of your clients who are seeking advice from you regarding their indebtedness. Ideally, I would like to be able to conduct some interviews with people who are indebted, which would obviously be qualitative research. However, Jim has advised me that there are some protocol issues at the moment with the way in which interviews for research purposes are conducted via your website. Jim advised that he would be able to help me recruit respondents but that this may take some time while these protocol issues are being ironed out.

So, in the meantime, he suggested that I may be able to advertise an online survey for indebted individuals looking at your website to give me some quantitative research results whilst I'm waiting to see if I can set up some qualitative interviews. He suggested I speak with you about the possibility of hosting the online survey through your website in terms of seeing whether you have the space to accommodate such a survey.

If you would like to see my research outline or need any references from supervisors at Sussex University, please let me know.

I look forward to hearing from you.

Kind regards
Jane

Jane Claydon (BA, MSc)
DPhil in Sociology
07985 290971

2. Vince Cable

20.04.2009

Dear Mr Cable

I am currently undertaking a PhD at the University of Sussex in Sociology and my research is called 'Corporate Responsibility and Sub-Prime Lending'. It focuses on the dangers of a lack CSR within consumer credit lending, reflecting on the recent credit crunch as verification of this notion.

I see you have recently written a book 'The Storm' which makes similar observations. As someone who has an esteemed reputation and knowledge of the economy and past recessions, I would love the opportunity to listen to your thoughts on the recent sub-prime crisis as part of my research. I understand you must have an incredibly hectic schedule but would you be able to spare me an hour to visit you to discuss this?

I look forward to hearing from you and wish you every success with your book.

Kind regards
Jane

Jane Claydon (BA, MSc)
DPhil in Sociology
07985 290971

Appendix VI: Email template to debtor respondents

To whom it may concern,

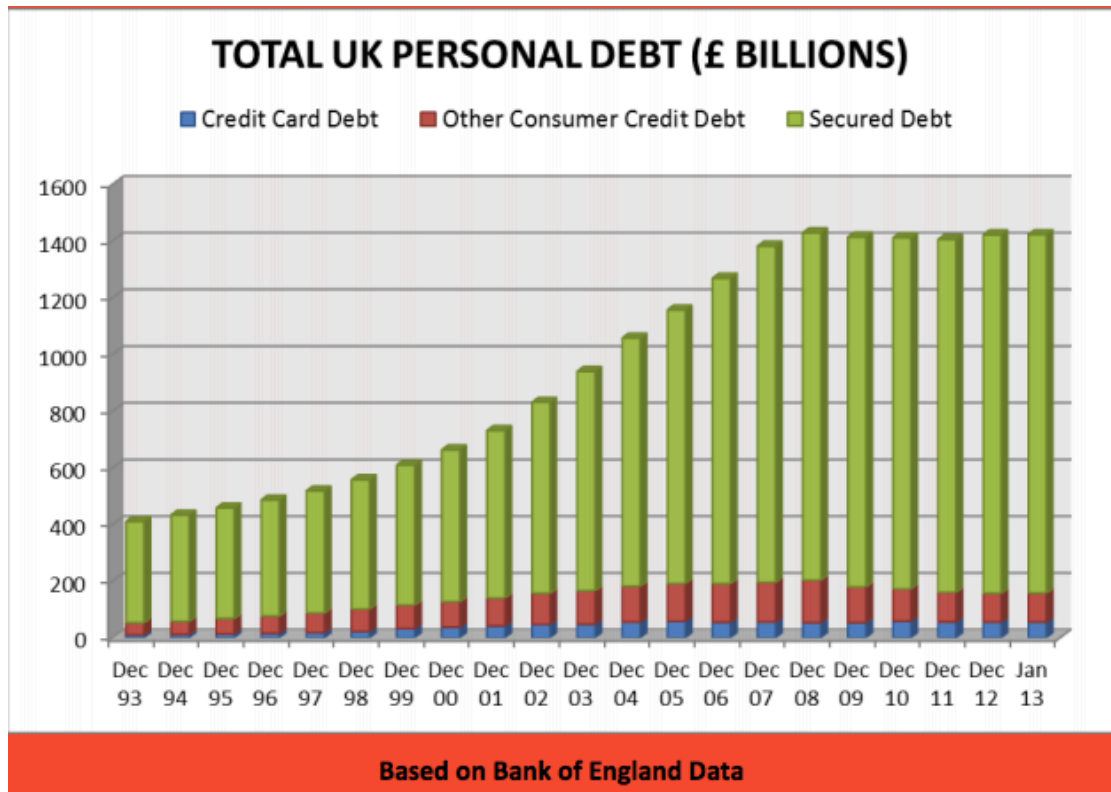
I am contacting you as you have recently completed a survey I posted on the National Debt Line website and have agreed to take part in a one to one research interview with myself as part of my PhD research. I would like to thank you for your participation; the research I am currently doing with the University of Sussex on consumer credit and debt is extremely significant during the current economic downturn we are facing in the UK.

The interviews I will conduct will be either in person (if you are in the South East area) or will be via the phone (I will contact you). I would like to advise that anything you share with me will be for the purpose of my PhD research alone and your identity will remain anonymous. If you are still interested in taking part in one of these interviews then please reply to this email to advise your availability for the next three months, your phone number and your address (can be just town) if you are in the South East of the UK (excluding London).

I look forward to talking with you.

Kind regards
Jane Claydon

Appendix VII: Current consumer debt statistics



Total UK Personal Debt: Credit Action (www.creditaction.org.uk)