When Consumer Well-Being Meets Small Business Ownership: Transforming Financial Service Systems to Eradicate Disparate Treatment and Discrimination

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Racial/ethnic minority consumers seeking to start their own businesses are among the most vulnerable to marketplace discrimination. In this paper we utilize transformative service research to disentangle and compare the socio-cultural barriers that different ethnic consumer groups experience in the financial service system.

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EXTENDED ABSTRACTS

“Conceptualizing Transformative Service Research”
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In our presentation we seek to offer an alternate paradigm within which to consider the role of services and the service consumer within society. We pull especially from theories of social structure and ecosocial environments to frame our most dominant premises:

1. Services are so ubiquitous that they, to a large degree, structure the world within which consumers live, the ecosocial environment.
2. Reciprocally, other components of the ecosocial environment influence services and the success of services.
3. At times, there is a tension between these service social structures and the agency of individuals or groups of consumers.
4. In some sense, given services contribution to the social structure and ecosocial environment within which consumers live and their impact on consumer well-being, many services approach the level of a public good.
5. Services can be intentional, unconscious, or unintentional of their transformational impacts.

We utilize this paradigm to frame the area of transformative services research (TSR). In this conceptualization and theory building we both build on and add to the transformative consumer research stream. We define TSR as service research that strives to create uplifting changes and improvements in the well-being of both individuals and communities (Anderson, Ostrom, and Bitner 2010).

This transformative view is especially apt for looking at services because service consumers are often vulnerable (Baker, Gentry and Rittenburg 2005) in that they often lack a degree of control and agency, service consumers are often disadvantaged, most especially with regard to expertise and decreased knowledge in comparison to the service provider, and services are consumer-centric, experiential and co-created, thus more intimate than physical goods.

From this macro level view of services, it is apparent that services have the ability to uplift and transform individual consumers and communities. Conversely, “they also, often unwittingly, have the ability to marginalize, judge, and stigmatize citizens and communities and to compromise sustainability” (Anderson et al. 2010). If services create socio-cultural structures, they can be considered envirogenic (Jamner and Stokol 2000) and can act as stressors, as enablers of well-being or ill-being, as providers of resources and/or as sources of safety or danger. Furthermore, even though we are focused on the collective consumer, well-being is influenced not only by the environment, but also by personal attributes. There is a dynamic interplay between structure and person. The level of congruence between the individual and the environment (structure) is connected to well-being. We will use research examples focused on consumer collectives to illustrate our above premises.

REFERENCES


“ There’s No Place Like Home…Or Is There?”
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When Dorothy’s home is destroyed by a tornado in The Wizard of Oz, she sweetly declares, “There’s no place like home.” Her words resonate with viewers who have formed their own place attachments, which occur when individuals bond with particular physical spaces (Milligan 1998). Attachment to home or place develops over time and is formed through commodification and singularization processes (e.g., acquisition, decoration, ritual performance) that facilitate home becoming “me” or “mine” (Kleine and Baker 2004). Disruption of strong place attachments, such as those wrought by natural hazard events, leads to a profound sense of loss and necessitates renegotiation of self (Brown and Perkins 1992). In addition, when multiple displacements occur simultaneously, as they do in disaster, there is a loss of sense of community, and a desire to sustain community by keeping people in community. Such severe injuries create dependence and require the infusion of outside resources and services (shelter, food, clothing, financial assistance) into individuals’ lives and community for them to recover. Business, government, and non-profit services provide the resources which assist consumers in reconstituting the world in which they live.

The present research explores the tensions between community and individual identity reconstitution processes as housing (collective) versus home-creation (individual) needs are negotiated in disaster recovery. Qualitative, longitudinal data collected in a rural community in the Western United States impacted by a tornado inform our purpose. The tornado caused two deaths, rendered 100 homes uninhabitable, and left one-quarter of the community’s residents homeless. To understand how housing/home needs were negotiated, members of multiple constituent groups
were questioned about how recovery resources were garnered and distributed, as well as how resources were received and used.

Tensions between collective and individual identity reconstitution processes arose immediately after the tornado touched down, and continued throughout the entire data collection process (multiple site visits over the course of a year). Narratives reveal that the social and economic structure imposed by service providers supplying resources were at odds with survivors’ familiar processes of home creation and the development of place attachment. We know that place attachments facilitate adaptation (Milligan 1998); yet our data show numerous impediments to reconstructing home: (1) recipients of burdens of costs versus the gift of benefits, (2) shared versus personal responsibility, (3) equality versus individuation motivations, and (4) personal privacy versus public transparency. Each constraint will be explored in the presentation.

Consider federal funds made possible the allocation of 60 identical trailers for displaced survivors. All were white on the exterior, all had the same floor plan, all had the same color of paint on the walls, and so forth. In other words, the behaviors, cognitions, and affect that typically lead to place attachment (e.g., freedom of choice over which home to inhabit and how to decorate it once occupied) were constrained by the commoditized state of the housing. The standardization of the trailers as well as rules against decorating trailers served to hinder positive adaptation by survivors. Though residents were displaced, they did not also want to feel misplaced. Survivors fought back and resisted the homogenizing forces of living in a commoditized home. Some broke the “rules” and hung things on the walls, while others viewed the housing as temporary and got out as quickly as possible, and still others had little choice and were forced to make the standardized housing their homes.

The presentation concludes with a discussion on (1) how transformative service research may play a role in community development or reconstitution and (2) the types of home-rebuilding services in disaster recovery that contribute to individual and community transformation. The data collection and analysis of this research is complete.

REFERENCES

“When Consumer Well-Being Meets Small Business Ownership: Transforming Financial Service Systems to Eradicate Disparate Treatment and Discrimination”
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Service systems are inherently complex because of the number and intricacy of the steps that construct them. This complexity creates a critical tension among service agents’ abilities to follow formal procedures and structure to deliver desired service outcomes (Shostack 1987). The discretionary nature of many service systems requires employees to diverge from the normative to meet dueling demands of the firm and of their customers (Bone and Mowen 2010). Bone and Mowen conclude that service agents in roles that require decision latitude may exert personal biases that result in disparate or discriminatory actions taken toward customers.

Complexity and divergence in service systems increases the risk that disparate, and even discriminatory actions will be taken by firms and their agents to achieve desired firm and employee outcomes. Prior research has argued that disparate or discriminatory actions are a threat to consumers that are in transitory states of vulnerability (Baker, Gentry, and Rittenburg 2005).

Particularly among immigrants, individuals, at an increasing rate, are starting small businesses in pursuit of their dreams in order to avoid barriers that come with traditional jobs (Kelleher 2008). Yet only two out of 10 small businesses succeed in the first year (Fairlie 2009). Stimulating growth and survival of small business is a pressing concern for federal, state, and economic stakeholders. Recent U.S. Senate hearings held on minority entrepreneurship call for transformative efforts to help minority-owned enterprises as service consumers overcome the “tremendous hurdles” that they “must face each day to gain fair and adequate access to venture capital, credit, and business and technical training” (Kerry 2008).

Census and economic research has reported that minority entrepreneurs are the most vulnerable to marketplace discrimination among consumer groups (Wainwright 2007). Where is discrimination among small business owners most likely to manifest its ugly head? A report from the U.S. Chamber of Commerce (2005) concludes that lack of access to capital and credit is the most common obstacle for African American and Hispanic business owners. Moreover, Wainwright (2007) reported finding quantitative evidence that minority-owned businesses are substantially and significantly more likely to be denied credit than are white-owned businesses. These consumers must maneuver complex service systems to garner the required resources.

In this paper we seek to disentangle the socio-cultural barriers in the small business bank lending service system. We argue that transformative service research can stimulate dialogue and intervention strategies to provide greater access to capital financing for racial/ethnic minority consumers, who out of necessity, start their own businesses. We employ an in-depth interview method to investigate the pilgrimage of consumers seeking to improve their quality of life through small business start-ups. The method chosen was the Zaltman Metaphor Elicitation Technique (ZMET) (Zaltman 1997), an in-depth interview format that focuses on uncovering the informants’ emotions, beliefs, and values. We purposefully sampled small business owner informants to represent three racial/ethnic groups of small business owners: White/Caucasian, Hispanic, and African-American. Thirty-nine informants who owned a small U.S. business were recruited for this study. Sixteen were White, 13 were Hispanic, and 10 were African American. Informants were asked to prepare for their 90-minute interview by writing down at least five thoughts and feelings about seeking financing for their businesses. Informants were also asked to find a picture that represented each of their thoughts or feelings. The combination of the approaches elicited rich and descriptive insights into the informants’ perceived vulnerability. Interviewers were matched to the informant based on their race and language of origin. This step was taken to enhance conversational flow and to ensure cultural sensitivity.

We contrast interviews conducted with the “White” majority to those conducted with minority consumers (African-American and Hispanic). Interpretative analyses use historical, political and sociological ideology perspectives to inform this comparison
of consumer experiences. We identify compelling differences in the barriers and conditions encountered in capital-seeking marketplace exchanges, factors that increase the likelihood of vulnerability in this service system, and in the coping mechanisms employed to protect from disparate treatment.

Our findings suggest that minorities perceive heightened restrictions of access to financial resources. Both minority and majority consumers describe their interactions with banks as a “financial pipeline.” Akin to water as an essential resource for survival, majority White informants describe their experiences seeking financial resources as embodied in the deep-metaphor of movement, where financial resources “flow” or “run” at their request. Minority consumers, however, describe the availability of resources as a “slow drip” a “dribble,” or a faucet or spicket that is “locked” or unavailable to them.

We also contrast the relationships that minority and majority consumers describe having with actors in the lending service system (e.g., loan officers, loan sharks). Drawing upon historical ideologies minority consumers describe their relationships as fettered, shackled, and oppressed (Crockett and Wallendorf 2004). Majority consumers, however, describe their relationships as emancipated, free and balanced.

We draw conclusions from these and other themes and suggest that consumer researchers and public policy stakeholders consider transformative efforts to protect minority consumers from disparate treatment. We propose an agenda for future transformative service research by outlining specific intervention strategies to reduce discriminatory and disparate treatment in service systems.

REFERENCES


“From Patient to Agent: Collective Practices and Identity Work in an Emotional Community”

Susan Dunnett, University of Edinburgh, UK
Douglas Brownlie, University of Stirling, UK
Paul Hether, University of Strathclyde, UK

This study unpacks the technology—in short, the practices—through which consumers transform themselves in a market context. It focuses on a site where selfhood has fallen under intense pressure—a community framed by the condition of serious illness. In a service setting, that of healthcare, which has undergone (and is still undergoing) a significant process of “marketisation” (Lupton 1997) it investigates an under-researched aspect of communal consumption—the sharing of social support resources in order to realise agency in service interactions.

Lupton has noted (1997) that where the patient as consumer is examined, the privileged representation is that of ‘dispassionate, thinking, calculating subject’. She argues that this depiction draws heavily on models of consumer behaviour where consumers are seen as rational economic decision-makers who benefit from sovereignty of choice. The conceptualisation of the patient as consumer of a healthcare system remains contentious. It has met with resistance from researchers and medical professionals alike, largely due to its perceived role in eroding the traditional power balance of the service encounter and thus creating the often undesired burden of consumer choice (Henwood et al 2003; Shankar et al 2006). The archetypal counterpart to the consumerist patient is the passive or dependent patient, a model of unquestioning compliance (Lupton 1997). The study at hand would suggest that beyond both of these simple conceptualisations, substantial emotional and social turmoil conditions a complex disempowerment in the diagnosed.

Taking its cue from previous consumer research into at-risk groups living with serious illnesses (eg. Kates, 2002; Wong and King, 2007), this study explores the lived experience of people suffering from multiple myeloma. Its context is a support group community, presented here as a form of Maffesoli’s emotional community (1996). Through a phenomenological approach (Thompson et al 1989), attention is drawn to an under-explored phenomenon, that of collective enablement of self-identity. The personal movement revealed is from a position of passivity, fear and objectification to one of perceived control, understanding and skilled navigation of healthcare services.

Further, it seeks to assert that community can be a technology which enables the consumer to make most effective use of the marketplace. The support groups under study are discursively positioned as receptacles of first-hand market information, with much of the narrative exchange within the group being concerned with navigating the healthcare, pharmaceutical and health insurance industries. Crucially this culture of information-exchange fosters a sense of belonging. The group provides a safe space for members to ‘forge new meanings and incorporate these meanings into changing self-conceptions’ (Kates 2002: 636).

Carrying out this arduous business of identity work, informants make a journey from patient to agent that empowers them with a sense of self-confidence and a newly-found ability to negotiate and manipulate health care services.

The notion of patient as agent draws attention to the necessity of mediation of the marketplace. As the literature tells us, the consumption of goods and services is a transaction that offers
substantial opportunities for creative self-realisation (Arnould and Thompson 2005). However, to make the most effective use of marketplace services—this study shows—requires much of the consumer: initiative, knowledge-gathering, energy and stamina, entrepreneurship and wise judgment are among the qualities that enable exploitation of its opportunities, as informant Marie’s agentic narrative highlights:

Marie: So I met my oncologist, and he’s trying to give me this drug, and I says, well how many milligrams you gonna give me? He says, two hundred. I says well that’s too high. I said, I’m no way gonna take two hundred milligrams. So he dropped it down to a hundred.

The resources made available through support groups offer informants access to a new self-and in transforming into a skilled consumer, they are transforming the nature of the market itself. As such consumption communities can be conceptualised as a consumer-led solution to the dark side of empowerment—the burden of personal responsibility (eg. Lupton 1997; Shankar et al 2006). The extant literature has been slow to identify and explore helping behaviour in consumption communities. However, we answer Kozinets’ (2002) call for consumption communities to be characterised as an ‘ameliorative’ to the effects of the marketplace (ibid: 34) by highlighting the emotional texture of exchange within such groups. In addition, conclusions are drawn about the incremental, complex nature of identity work, and the collective practices that empower it. Transformation is manifested in the newly-diagnosed patient’s journey from dislocation and passivity to the empowered status of ‘skilled consumer’.

Perhaps, too, we may draw on Price & Arnould’s assertion (1999: 40) that ‘buyer-seller or service provider-client relationships often pit the goals of one against those of the other’ to conclude that the structural imperative of institutional medicine to make a profit (in the U.S.A. at least) inherently limits its ability to deliver the type of care desired by consumers. Nevertheless, this is still a market where the well-being of the consumer is the proclaimed mission of the service provider. Thus we can point to potential for improvement in the development of goods and services to fit better with the needs of the consumer. On this latter note, the study’s findings have implications for patient information services, doctor/patient relations and the wider culture of institutional medicine. The planning of effective healthcare services would take account of the current deficit in acknowledgement of the consumer’s involuntary renegotiation of self. As put by Frank (1995): ‘The scope of modernist medi-
cine—defined in practices ranging from medical school curricula to billing categories—does not include helping patients learn to think differently about their post-illness worlds and construct new relationships to those worlds.’ (ibid: 6). In practical terms, a deeper understanding of the processes of patienthood would seem to involve an acceptance that self-empowerment through narrative is key to the journey from passive suffering to agency.

Data collection and analysis are complete.

REFERENCES


This article conceptualises transformative service research and encourages service researchers to engage in research activities that promote human well-being. The authors advance a new research agenda that, unlike traditional service research, treats outcomes related to consumer well-being, including quality of life issues, as important, managerially relevant, and worthy of study. Similarly, ethnic small business owners may also be treated differently and given less access to needed funds from financial institutions (Bone, Williams, and Christensen 2010). Well-being in ways that positively influence the future of individuals and collectives. Bone, Sterling A., Glenn L. Christensen, and Jerome D. Williams (2010), “When Consumer Well-Being Meets Small Business Ownership: Transforming Financial Service Systems to Eradicate Disparate Treatment and Discrimination, North American Association of Consumer Research Conference, Jacksonville, Florida. Bone, Sterling A., Glenn L. Christensen, and Jerome D. Williams (2010), “When Consumer Well-Being Meets Small Business Ownership: Transforming Financial Service Systems to Eradicate Disparate Treatment and Discrimination, Proceedings of the 2010 Macromarketing Conference, Laramie, Wyoming.”