Consumer morality in times of economic hardship: evidence from the European Social Survey

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Abstract
Crimes of everyday life, often referred to as unfair or unethical practices committed in the marketplace by those who see themselves and are seen as respectable citizens, have burgeoned as a result of the transformations in the European economy in the late 20th century, namely the transition to neo-liberal markets and the emergence of consumer society. A ‘cornucopia of new criminal opportunities’ has given rise to a new range of crimes such as ripping software, making false insurance claims or paying cash on hand to circumvent taxes. These shady behaviours (legal or not) are part of people’s experience, albeit they are collectively regarded as morally dubious. Taken collectively, crimes of everyday life are indicators of the moral stage of a particular society and therefore a valuable instrument for social and political analysis. This paper addresses the question of whether and under which conditions feelings of economic hardship trigger crimes of everyday life. A multilevel theoretical and empirical perspective that integrates theories stemming from political science, sociology, and social psychology is adopted. I start by exploring the embeddedness of economic morality in social institutions, followed by an elaboration of the concept of market anomie to account for deviant behaviour in the marketplace, to finally step down to the examination of the correspondence between social attitudes and consumer behaviour, as postulated by the Theory of Planned Behaviour. The empirical study relies on micro data from the European Social Survey (ESS) (Round 2) and attempts to model, for each country, a formative measure of crimes of everyday life based on socio-demographic variables and the current economic situation, as it is perceived by the individual (taken as a measure of relative deprivation). The resultant country-specific regression coefficients are mapped onto the broader economic and normative context of 23 European countries. The results reveal that crimes of everyday life are driven by feelings of economic hardship only in countries where normative factors dictate their deviance. In countries where fraudulent behaviour is more generalized, inner motivations to offend play a secondary role as the more privileged consumers are more likely to commit fraud as they interact more often with the market. In turn, normative aspects result from a dynamic interplay of cultural and economic factors. As the economy grows faster, the tendency to offend in the market becomes more visible, but only in countries whose gross domestic product (GDP) stands above the European average. In countries with low GDP, the normative landscape is shaped by cultural factors that seem to obfuscate the power of economic factors favourable to consumer fraud.

Introduction
The transformations in the European economy in the late 20th century, particularly the transition to neo-liberal markets and the emergence of consumer society, gave rise to a ‘cornucopia of new criminal opportunities’ (Shover et al., 2003, p. 490). A new range of crimes such as ripping software, making false insurance claims or paying cash on hand to circumvent taxes has burgeoned as a result. Albeit they are collectively regarded as morally dubious, these crimes of everyday life are part of people’s experience. They tend to be committed by citizens who see themselves and are seen as the ‘law-abiding majority’ (Karstedt and Farral, 2007).

The existing figures for everyday crimes are not exhaustive and suffer from methodological weaknesses. It was estimated, based on personal interviews with experts in the UK, that 4% of social security payments made in 2002 were based on false claims
Disembodiedness of the market with the surrounding cultural environment and social institutions. The positions that individuals hold in the social structure also impact the approval of fraudulent practices: individuals in disadvantaged positions, especially in anomic societies, are more likely to experience the deprivation feelings that are believed to fuel deviant behaviour. As such, economic context, institutional landscape and social structure are macro-level factors that either prevent or facilitate fraudulent behaviour in the marketplace. The behaviour materializes when attitudes and social norms towards it are favourable, when individuals perceive business as an unfair game, and when opportunity arises.

The empirical study relies on micro data from the ESS (Round 2) and attempts to model separately for 23 European countries a formative measure of crimes of everyday life based on socio-demographic variables and the current economic situation as it is perceived by the individual. The resultant country-specific regression coefficients are mapped onto the broader economic and cultural context of the relevant European countries. This procedure is mainly exploratory as it relies on graphical representation of data. Bowers and Drake (2005) suggested that complementary to multilevel regression, researchers should look at variations in slopes and intercepts for separate ordinary least squares regressions. The technique allows inferences about level two effects and cross-level interactions when level two sample is small (i.e. less than 30 units) and/or the sample is non-representative of the population. This seems to be the case with the current study as it uses samples from 23 European countries. The results reveal that crimes of everyday life are driven by feelings of economic hardship only in countries where normative factors dictate their deviance. In countries where fraudulent behaviour is more generalized, inner motivations to engage in everyday crimes play a secondary role: the more advantaged consumers are the more likely they are to commit fraud as they interact more often with the market. In turn, normative aspects result from a dynamic interplay of cultural and economic factors. As the economy grows faster, the tendency to commit fraud becomes more visible, but only in countries whose gross domestic product (GDP) stands above the European average. In countries whose GDP is low, the normative landscape is shaped by cultural factors that seem to obfuscate the power of economic factors that are favourable to consumer fraud.

**Economic morality and institutions**

Economic morality is a vital component of society that has been defined as a particular set of justice perceptions and the moral order of the economy (e.g. Bates and Curry, 1992; Booth, 1994; Arnold, 2001; Karstedt and Farrall, 2004). Economic morality should ideally be approached from different levels of analysis as it is shaped by economic contexts, constrained by cultural forces and expressed through individual behaviour. The idea of economic morality was first coined by Thompson (1963, 1971) in order to explain corn riots in 18th-century Britain conducted by peasants battling for surplus and fair prices of basic provisions. Food riots have been regarded as manifestations of grievance resulting from a clash in expectations framed in an embedded economy, submerged in social relations and reciprocity principles and the demands for a more autonomous and advanced market (Booth, 1994). This historical moment was recognized by some authors (e.g. Trentmann, 2004) as the first step towards the recognition of
consumer authority in economic and political realms. The moral indignation of pre-market people, when faced with a different economic order, was then expressed through opposition and conflict. Accordingly, crimes of everyday life imply resistance to comply with business norms and regulations whose importance is neglected or not fully understood (Karstedt and Farrall, 2004).

Public policies and institutions shape economic morality through a process of normative feedback that passes on to citizens the message of which rights and responsibilities are expected from them as members of a wider community (Svallfors, 2006). Given that a definite shift on citizens’ minds does not occur as a direct result of the implementation of new regulations, a certain degree of stability in beliefs in the economic fairness in a particular society can be assumed. A transformation presupposes an extensive and slow-moving mechanism of socio-cognitive adjustment to the new ideas in which psychological processes intervene, such as information’s diffusion and management, cognitive assimilation and accommodation, and feedback loops based on consumers’ experience and expectations. A gradual change of perceptions of the economy would emerge from the dialogue between the new inputs and existing collective attitudes, systems of beliefs, and values embedded in culture.

The distinction between slow-moving and fast-moving institutions proposed by Roland (2004) may shed some light on this matter. This author developed a framework for understanding institutional change, illustrating the limitations associated with the transplantation of best-practice institutions. North’s (1990, p. 3) broad definition of institutions is adopted, referring to ‘any form of constraint that human beings devise to shape human interaction’. Slow-moving institutions progress at a slow, incremental and continuous pace. An example of a slow-moving institution is culture, understood as a constellation of values, beliefs and social norms. Conversely, political institutions (e.g. regime type, electoral rules, degree of federalism) may change more quickly, even abruptly. They are classified as fast-moving institutions. This approach to institutions is macroscopic in a sense that institutions are interdependent and function in a complementary way. Along these lines, successful institutional change depends on the degree of congruence of new and existing institutions. Incremental changes in culture will gradually generate inconsistencies in fast-moving institutions, creating pressures towards change. By the same token, a reform in a fast-moving institution is condemned to failure if it does not respect the stage and specificities of slow-moving institutions. Therefore, the cultural milieu is a fundamental determinant of whether a new input will succeed or fail. It may be legitimately concluded that the more irreconcilable new and old ideas appear to be, the less receptive society members would be towards change regarded as unfair and inappropriate and the more non-compliance and grievance manifestations may be expected.

**Moral economy of class**

Taking a strict positional perspective, Svalfors (2006) elaborated on the notion of moral economy of class to refer to ideas held by different classes about the way market operates and the fairness of a certain distribution of resources. These ideas are anchored in common experiences, goals, attitudes, norms and interests of individuals sharing the same socio-structural position. Regarding this point, McFadden (2006, p. 6) observed that ‘it is no coincidence that support for market solutions is concentrated among the economically successful and opposition among the less successful’. There is a widespread belief in the literature that fraudulent consumers belong to the middle classes. For example, Wilkes (1978, p. 69), in one of the most cited studies on this topic, sought to assess consumer attitudes towards various fraud situations surveying only middle-class respondents. The author justified his choice by the ‘general community orientation and indications that certain fraudulent are most associated with middle-class consumers’. Intuitively, the idea that main offenders would be those at the centre of consumer societies seems appealing. Indeed, Karstedt and Farrall (2004) used the expression ‘moral maze of the middle class’ to refer to fraudulent behaviour in the marketplace. But if one considers that in most of the developed countries, 85–90% of the population falls into the middle class (Wright, 1997), this statement remains vague. Nevertheless, studies that examine this question directly are scarce. Certainly the sensitivity of the topic poses some difficulties in obtaining representative samples.

**Anomie and deviant behaviour**

Anomie theories offer a rationale for explaining the occurrence of different rates of deviant behaviour both among cultures and across socio-structural positions within the same culture. The central thesis is that anomie or normlessness is assumed to lead to deviant behaviour. Merton (1938) classified a social organization as strong if the social structure allowed individuals to achieve culturally approved goals through normative means. If this condition was not met, disjuncture between cultural and social components of society would be obtained, setting the stage for anomie. Thus, a strained social structure explains why some societies are more prone to deviant behaviour than others. It is worth noting that the social and cultural components of society combine in an interactive way to produce anomie: certain structural conditions (e.g. income inequality) under certain cultural conditions (e.g. egalitarian value orientations) seem to explain deviant behaviour (e.g. Chamlin and Cochran, 1995). Merton (1938) believed that within the same society, the groups more exposed to deviant behaviour are those that faced restrictions in their way to reach social goals such as economic success.

Institutional Anomie Theory (Messner and Rosenfeld, 1994, 2007) offers an extension of Merton’s anomie theory by specifying the characteristics of culture that originate a state of anomie. It maintains that anomie is driven by structural forces derived from the economic dominance in the institutional structure. Drawing on the Institutional Anomie framework, Karstedt and Farrall (2006) refer to a syndrome of ‘market anomie’ characterized by distrust, fear, and cynical attitudes towards law and business that increases the willingness of respectable citizens to engage in illegal and unfair practices in the marketplace. In a market society, it is assumed that the power of economic institutions surmounts the power of non-economic institutions (family, educational, religious and political institutions). This creates a cultural ethos where the competition and materialism values are overemphasized. As a result, the normal functioning of non-economic institutions is disrupted, especially in what refers to social control. The uneven distribution of opportunities in social structure encourages illegal ways to achieve success because the disembedded social institutions fail to provide the normative links to attain those ends.
(Bernburg, 2002). However, the mechanism underlying the motivation to behave against the rules is not clearly stated in anomie theories that offer a rather simplistic explanation based on feelings of deprivation and frustration. Messner (1988, p. 50) clearly recognized that ‘a more rigorous articulation of the linkages between Merton’s system-level processes and individual motivations and behaviours is required for the development of a truly comprehensive explanation of the phenomenon of deviance’.2

Relative deprivation and deviant behaviour

Merton’s anomie theory suggests that the relative deprivation is the motivational element that fosters deviant behaviour. Relative deprivation may be defined as a psychological state expressed by feelings of dissatisfaction or even anger that result from the perceived discrepancy between current and expected economic situations (Brown, 1996). Relative deprivation is recognized in social psychology literature as being at the core of psychological explanations of militant collective phenomena and civil protest (Gaskell, 1990). Ruciman (1966) distinguished between individual/egoistic relative deprivation and social/fraternalistic relative deprivation whether the comparison is directed to another person or to the outgroup respectively. Relative deprivation may be considered the motivational aspect of deviant behaviour that, under certain conditions, may materialize in actual behaviour. But the question of how relative deprivation translates into actual behaviour was not addressed within this framework.

From a social psychological point of view, the Theory of Planned Behaviour (Beck and Ajzen, 1991) may contribute to clarify the antecedents of the behaviour based on concepts of attitude, subjective norm, perceived behavioural control and intention. The subjective norm is closely linked to social influence. It refers to the beliefs of what important others would think of projected behaviour. The subjective norm assumes a particular importance in the context of crimes of everyday life, as the belief that many others exposed to the same opportunities would behave in the same way contributes to normalize illegal behaviour and to inhibit the impact of social disapproval. As such, ‘everybody does it’ constitutes a strong justification when it comes to reducing possible cognitive dissonance associated with dishonest behaviour (Gabor, 1994). In turn, perceived behavioural control is related to the existence of psychological or physical barriers to engage in dishonest behaviour. It includes the avoidance of trouble and opportunity that facilitates fraudulent behaviour. Perceived unfairness is not considered in the original Theory of Planned Behaviour, but it was mentioned by Fukukawa (2002, p. 105) as an important determinant of ethically questionable behaviour. The author states that perceived unfairness refers to ‘the extent to which an actor is motivated to redress an imbalance between firms and customers that is perceived as unfair’. In these terms, the balance could be restored if the consumer behaves in ways that benefits him or her at the expense of the market.

To sum up, consumer deviant behaviour could be understood through different processes articulated at different levels. From a societal level, grievance manifestations may occur if market expansion does not take into account the surrounding cultural environment and the characteristics of other institutions. From a positional level, the characteristics of social structure and the placement of the individual within that structure also determines the extent to which individuals experience the deprivation feelings that energize fraudulent behaviour. Inter- and intrapersonal theories add that fraudulent consumer behaviour may be accounted for by positive attitudes and favourable social norms.

The theoretical articulation exposed so far demands clarification of the link between economic hardship and consumer fraud and the nuances that it assumes in different economic and cultural contexts. The next section offers an attempt to address empirically this issue guided by the following research questions, schematized in Fig. 1:

1. Are deprived consumers more likely to engage in fraudulent practices in the marketplace?
2. Is this relationship stable across different economic and social contexts?
3. Which are the normative orientations and economic conditions that sustain this relationship?

Method

The nature of this study is comparative in a way that ‘problems, questions and phenomena are studied in two or more cultures with the specific aim of comparing their manifestations in different contexts, using similar research tools’ (Hantrais and Mangen, 1996, p. 1). According to the typology of cross-national studies proposed by Van de Vijver and Leung (1997), this study can be classified as ‘structure oriented’ because it focuses on the relationship between variables and attempts to identify similarities and differences in these relationships across cultures.

A cross-national analysis of fraudulent practices was carried out using data from the ESS that focus on fraudulent practices and

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2The type of crimes Messner and Rosenfeld (1994, 2007) are trying to explain with the anomie framework was the criminal behaviour with an instrumental character, e.g. behaviour that offers monetary rewards (pp. 68, 85).

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Figure 1 Research problem considering a cross-level interaction to explain consumer fraud.
Consumer morality in times of economic hardship

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socio- economical variables. The ESS is an academically driven social survey designed to chart and explain the interaction between Europe’s changing institutions and attitudes, beliefs, and behaviour patterns of diverse populations (Jowell, 2003). The biennial survey was established in 2002 and currently covers 30 nations. The methodological excellence is one of the major distinguishing characteristics of this survey achieved by the adoption of uniform methodological standards in all stages of research. All national surveys are based on face-to-face interviews of citizens aged 15 or over and detailed rules are strictly followed by all national teams, such as study-wide targeted response rates of at least 70% and methodological standards in all stages of research. All national characteristics of this survey achieved by the adoption of uniform

Table 1 List of countries and respective sample sizes (ESS, Round 2)

<table>
<thead>
<tr>
<th>Country</th>
<th>N</th>
<th>Country</th>
<th>N</th>
<th>Country</th>
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<tbody>
<tr>
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<td>Iceland</td>
<td>579</td>
<td>Slovenia</td>
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<tr>
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<td>Ireland</td>
<td>2286</td>
<td>Spain</td>
<td>1663</td>
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<tr>
<td>Denmark</td>
<td>1487</td>
<td>Italy</td>
<td>1529</td>
<td>Sweden</td>
<td>1948</td>
</tr>
<tr>
<td>Estonia</td>
<td>1989</td>
<td>Luxembourg</td>
<td>1635</td>
<td>Switzerland</td>
<td>2141</td>
</tr>
<tr>
<td>Finland</td>
<td>2022</td>
<td>Netherlands</td>
<td>1881</td>
<td>Turkey</td>
<td>1856</td>
</tr>
<tr>
<td>Germany</td>
<td>2870</td>
<td>Norway</td>
<td>1760</td>
<td>United Kingdom</td>
<td>1897</td>
</tr>
<tr>
<td>Greece</td>
<td>2406</td>
<td>Poland</td>
<td>1716</td>
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<td>2141</td>
</tr>
<tr>
<td>Hungary</td>
<td>1498</td>
<td>Portugal</td>
<td>2052</td>
<td>Total</td>
<td>42203</td>
</tr>
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</table>

ESS, European Social Survey.

true beliefs and opinions on health and care seeking'. The other rotative modules in this round are ‘family work and social survey designed to chart and explain the interaction between Europe’s changing institutions and attitudes, beliefs, and behaviour patterns of diverse populations (Jowell, 2003). The biennial survey was established in 2002 and currently covers 30 nations. The methodological excellence is one of the major distinguishing characteristics of this survey achieved by the adoption of uniform methodological standards in all stages of research. All national surveys are based on face-to-face interviews of citizens aged 15 or over and detailed rules are strictly followed by all national teams, such as study-wide targeted response rates of at least 70% and rigorous probability sampling. The questionnaire contains core modules repeated in every round and rotative modules, round specific. This study uses data from the economic morality module that is one of the rotative modules of the second round (2004/05). The other rotative modules in this round are ‘family work and well-being’ and ‘opinions on health and care seeking’.

The total sample for the second round (N = 42 203 units) comprises representative samples of 23 European countries (Table 1). Two countries considered in the second round of ESS were not included in this analysis because data for some of the variables were not available (France and Ukraine). It is also worth noting that in two other countries (Estonia and Italy) the non-response rate for at least one of the questions (outcome variables) is extremely high (i.e. over 40%), which demands caution in the interpretation of results for those particular countries.

This study involves variables considered at different levels of analysis. The response variable consists of an individual score of consumer fraud. This score was developed through factorial analysis based on the answers to items E24 to E30, which refer to different fraudulent practices committed by consumers in the marketplace. The behaviours targeted consist of ‘kept the change from a shop assistant knowing they had given you too much’ (E24), ‘paid cash with no receipt to avoid VAT or other taxes’ (E25), ‘sold something second-hand and concealed some or all of its faults’ (E26), ‘misused or altered a card or document to pretend you were eligible for something’ (E27), ‘falsely claimed a government benefit such as social security’ (E28), ‘made an exaggerated or false insurance claim’ (E29), and ‘offered a favour or bribe to a public official in return for their services’ (E30). The answer scale ranges from 1 (never) to 5 (four times or more). The additional answer categories ‘no experience’, ‘don’t know’ and ‘refuse’ are also considered.

Non-response rates vary noticeably among countries, which may be partially due to a differential country use of non-response categories. For example, in Czech Republic and in the UK the answer category ‘no experience’ was not available. Overall, item E25 contains a higher non-response rate (in average, 12.0%) and E27 a lower non-response rate (in average, 9.7%).

A factorial analysis based on the pooled country samples (weighted for national sample sizes) was performed and a bi-factorial solution (according to scree test criterion) was found. Taken altogether, the factors retained in the pooled solution explained 77.1% of the variability of items: 65.7 and 11.4% for the first and second factors respectively. The first dimension points to an overall score of consumer fraud, whereas the second directs to an active vs. passive dimension of consumer fraud, distinguishing situations where the individual has deliberately initiated the behaviour or merely took advantage of a situation he or she faced (Muncy and Vitell, 1992). Factor loadings and communalities are displayed in Table 2.

The first factor was considered a general score of consumer fraud and its equivalence across country samples was tested. To this aim, the pooled bi-factorial solution was compared with the specific bi-factorial solutions found in each country through an index of factorial similarity. For the first factor, Tucker’s Phi coefficient assumed values over 0.9 in all country samples, suggesting that factor loadings are equivalent across countries (Van de Vijver and Leung, 1997). Thus, it was concluded that this measure of consumer fraud exhibited metric equivalence (Fontaine, 2005.

The themes covered in the core modules are trust in institutions; political engagement; socio-political values; moral and social values; social capital; social exclusion; national, ethnic and religious identity; well-being, health and security; demographic composition; education and occupation; financial circumstances; and household circumstances.

3 The themes covered in the core modules are trust in institutions; political engagement; socio-political values; moral and social values; social capital; social exclusion; national, ethnic and religious identity; well-being, health and security; demographic composition; education and occupation; financial circumstances; and household circumstances.

4 Vitell and Muncy proposed a scale to assess consumer moral judgements (Consumer Ethics Scale, 2005) that allowed to draw a typology of consumer ethical judgements grouped into four categories: actively benefiting from an illegal activity, passively benefiting at the expense of the seller, actively benefiting from a questionable action and no harm/no foul.

Table 2 Loadings in first two factors and communalities for fraud items (ESS, Round 2)

<table>
<thead>
<tr>
<th></th>
<th>Factor 1</th>
<th>Factor 2</th>
<th>h²</th>
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<tbody>
<tr>
<td>E24</td>
<td>0.604</td>
<td>0.596</td>
<td>0.720</td>
</tr>
<tr>
<td>E25</td>
<td>0.628</td>
<td>0.534</td>
<td>0.679</td>
</tr>
<tr>
<td>E26</td>
<td>0.822</td>
<td>0.007</td>
<td>0.676</td>
</tr>
<tr>
<td>E27</td>
<td>0.888</td>
<td>-0.162</td>
<td>0.814</td>
</tr>
<tr>
<td>E28</td>
<td>0.899</td>
<td>-0.188</td>
<td>0.843</td>
</tr>
<tr>
<td>E29</td>
<td>0.888</td>
<td>-0.220</td>
<td>0.836</td>
</tr>
<tr>
<td>E30</td>
<td>0.885</td>
<td>-0.219</td>
<td>0.831</td>
</tr>
</tbody>
</table>

ESS, European Social Survey.
2008), justifying comparisons of score patterns between countries. Factorial scores for the first factor were then saved and used in subsequent analysis.

The main individual-level explanatory variable is economic hardship, assessed by ‘feeling about household income’ (hincfel). The corresponding question is ‘Which of the descriptions comes closest to how you feel about your household’s income nowadays?’. The following responses were available: (1) ‘living comfortably on present income’; (2) ‘coping on present income’; (3) ‘living is difficult on present income’; and (4) ‘living is very difficult on present income’. Answers to this question may express a general state of (dis)satisfaction with the present economic circumstances and measure the distance between actual and desired financial situations.

It was assessed whether the measure of economic hardship evoked the same construct in different countries, by examining the web of associations between this item and available measures of other constructs in ESS data. The several within-countries analysis performed lead to the conclusion that in all countries, the ‘feeling about household income’ was moderately and inversely correlated with two relative income measures, specifically level of income within a country (hincnt) and level of income relative to social class (using Erikson-Goldthorpe-Portocarrero scheme), that grasp the distance between actual household income and social class median. Thus, functional equivalence (Fontaine, 2005, 2008) of the measure was assumed, legitimating the use of the label ‘economic hardship’ across countries. Other variables considered at individual level were age (age), gender (gndr), education (eduyrs), income (hincnt) and degree of religiosity (rlgdg).

The macro-level explanatory variables are the aggregate index of consumer fraud (explained in detail in the next section) and growth in GDP. GDP is a measure of the results of economic activity in purchasing power standards that permits comparisons between economies of different sizes (Guio, 2005). Growth in GDP was measured through the difference between GDP per capita between two points in time, 2005 and 2000, i.e. the time-period whose questions in the ESS refer to.

Results

The purpose of this study was to investigate the relationship between financial hardship and consumer fraud in 23 European countries and explain how this relationship is sustained by normative and economic contexts. In the first step, 23 separate OLS regressions were carried out within each country, and in the second step the association between the obtained estimates and macro-level variables (normative orientations, GDP and economic growth) were analysed.

Individual scores of consumer fraud were obtained through factorial analysis, combining items drawn from the scale of fraudulent behaviours (items E28 to E30 of ESS2). These scores were modelled separately for each country through the following regression equation:

\[ y_i = \beta_0 + \beta_1 x_{1i} + \beta_2 x_{2i} + \beta_3 x_{3i} + \beta_4 x_{4i} + \beta_5 x_{5i} + \beta_6 x_{6i} + \epsilon_i \]  

(1)

where \( y_i \) is the index of consumer fraud for the \( i \)th consumer in a particular country, \( x_{1i} \) is the corresponding financial hardship score, \( x_{2i} \) to \( x_{6i} \) are the scores for the \( i \)th consumer on the variables gender (dummy for male), age (in years), education (in years), equivalized income (12 levels) and degree of religiosity (0–10) respectively, and \( \beta_i \) is the country-specific intercept and \( \beta_1 \) to \( \beta_6 \) are the country-specific slopes for explanatory variables. The estimates were stored and used in subsequent analysis.

Fig. 2 shows the slopes of financial hardship on consumer fraud and corresponding 95% confidence intervals in the 23 countries. The overall picture indicates that the impact of financial hardship on consumer fraud is negligible in the vast majority of countries. In fact, 20 out of 23 regression coefficients are not significantly different from zero, which means that this effect is, loosely speaking, non-existent. However, the three countries that do not obey this general pattern (Germany, Italy and Portugal) are of most interest because they may contribute to improve the understanding of the conditions under which financial hardship matters on consumer fraud.

Based on the obtained estimates, individual scores of a hypothetical consumer were computed for each country, fixing values of socio-demographical variables at overall means and scale midpoints (male, aged 45, with 12 years of education, level 6 of income and level 5 of religiosity). The individual scores were converted into a scale of 0–100 (0 = lowest fraud and 100 = highest fraud) and taken as an approximate index of consumer fraud in each country.

Fig. 3 displays the scatterplot for the association between national indices of consumer fraud and effect of financial hardship on consumer fraud. Descriptive statistics for these estimates can be found in Table 3.

As previously noted, the overall effect of financial hardship on consumer fraud tends to be zero, but some variation in these slopes is noticeable not only in terms of strength (e.g. Germany and Italy) but also in terms of the sign (e.g. Portugal and Italy). For example, in Portugal (top left in Fig. 3), the slope is positive, which means that people who experience financial hardship are more likely to initiate fraudulent behaviour in the marketplace. Conversely, in Germany and Italy (bottom right in Fig. 3), the effect goes in the opposite direction, that is, people who feel that they live comfortably are more likely to commit crimes of everyday life.

Figure 3 depicts a negative trend between national indices and slopes \((r = -0.82, P < 0.001)\). This association is not dependent of values that socio-demographic variables were fixed, being present in all possible combinations of values for socio-demographic variables.

At first sight, it seems that financial hardship has an effect on consumer fraud only at extremely high and low country levels of consumer fraud. At middle levels, the relationship between financial hardship and consumer fraud tends to be trifling or even non-existent as the slopes converge around zero. Secondly, the relationship between financial hardship and consumer fraud holds an opposite sign whether the national indices of consumer fraud is high or low. This finding suggests that on the one hand, in countries where the tendency to commit fraud is more marked, people who consider living more comfortably are more likely to engage in fraudulent practices. On the other hand, in countries where the tendency to offend is less evident, those who find it very difficult to live on present income are more likely to engage in such practices. At middle levels of consumer fraud, other factors may foster...
or hamper the tendency to commit fraud. For example, a high degree of religiosity appears to inhibit fraud in some of these countries (Austria, Luxembourg, Ireland, the Netherlands, Poland, Switzerland, Turkey and the UK) while being young and male have a positive effect across all countries considered.6

Fig. 3 also distinguishes countries whose GDP (in 2005) is high (above 100) and low (below 100), and it becomes apparent that the relationship between level of fraud and effect of financial hardship on consumer fraud remains when controlled for GDP ($r = -0.83$, $P < 0.001$). For countries with a high GDP, this relationship is less evident ($r = -0.65$, $P < 0.01$), with Germany being the only instance where fraud is facilitated specially among the less deprived, while for countries with low GDP, the association is stronger ($r = -0.92$, $P < 0.01$), with Portugal and Italy stretching this relationship at the two opposite poles.

Finally, one question remains unanswered: what drives actually levels of fraud? The answer is not straightforward, as it combines cultural and economic factors. It can be said that in countries with

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6Education and level of income have a negligible positive effect only in a very few countries.
high GDP, economic growth does play a role. For countries that belong to this group (high GDP), the increase in GDP per capita between 2000 and 2005 is positively associated with a tendency to offend in the market (the relationship between GDP growth and level of consumer fraud is \( r = 0.75, P < 0.001 \), controlled for GDP in 2000). Iceland, Austria and Germany are examples of countries with a remarkable growth in GDP in the period between 2000 and 2005 and a high tendency to offend in the market. Conversely, Ireland and Luxembourg, whose GDP increased at a lower pace during that period, show a lower tendency towards consumer fraud.

For countries with low GDP, economic growth is not associated with the tendency to offend \( (r = 0.067, P = 0.864) \). The results may suggest that within this group, cultural factors surmount economic factors. One prime example is Italy, which, despite the low growth in GDP – GDP is actually declining for that period – exhibits a high tendency to offend the market. A country with a comparable GDP growth is Portugal, but the tendency to offend is dramatically lower than that in Italy. Additionally, across the ex-communist countries considered, namely Hungary, Slovenia, Estonia, Slovakia and Poland, the tendency to offend is similar albeit the group differs considerably in terms of growth rate in GDP for that period (Slovakia is one of the countries with the greatest GDP growth in that period).

Discussion

These results may lead to several interpretations. The worst empirical scenario would be that the opportunity to perform fraudulent behaviour is confounding the relationship between financial hardship and consumer fraud. Logically, people who are said to be living more comfortably may interact more often with the market, facing more opportunities to cheat. As such, the frequency of fraudulent behaviours would be higher among them. This could explain the negative slopes encountered between financial hardship and consumer fraud (Germany and Italy). But it fails to explain why in some countries with particularly low levels of consumer fraud, people who are struggling with finances offend more (e.g. Portugal).

At the very best, this empirical pattern points to normative forces that guide the behaviour. In countries where fraudulent behaviour is more likely to occur, social norms favourable to consumer fraud (descriptive norms) drive the behaviour. The justification ‘everybody does it’ (Gabor, 1994) acquires here a great relevance as a rationale for fraudulent behaviour. Fraudulent behaviour becomes less dependent on idiosyncratic motivations and hence less informative about the actor. Thus, it can be assumed that opportunity plays a determinant role in facilitating fraudulent behaviour, especially in countries where this type of behaviour is more common.

By contrast, in countries where the overall frequency of consumer fraud is very low, fraudulent behaviour is not rooted in shared norms. Thus, fraudulent behaviour becomes closer to its deviant nature and the social forces that regulate it amount to general forces that compel individuals to disrespect social norms. In this particular context, deviant consumer behaviour may be explained through a syndrome of market anomie (Karstedt and Farrall, 2006). The motivational aspect that impels deviant behaviour is believed to be the perceived discrepancy of current and desired economic situation, captured in this study by the feeling about a household’s finances. Accordingly, respondents who said that they are living very difficulty on present income are more likely to engage in deviant consumer behaviour, but only in countries where the fraudulent behaviour is uncommon.

An additional result reveals that citizens of countries with a high GDP, growing at a slow pace, display a lower tendency to commit fraud, suggesting that sustained economic growth plays a crucial role in shaping morality in the market. This issue was only partially addressed in this study due to its cross-sectional nature, but longitudinal studies that analyse economic trajectories and associated changes in economic morality would provide better insights of crimes of everyday life as indicators of the interplay between economy and culture.

Summary

This study attempts to analyse cross-nationally the association between economic hardship and crimes of everyday life and examine the role that economic growth and cultural factors play in shaping this relationship. A cross-sectional analysis of consumers’ fraudulent practices was carried out using individual data from ESS (Round 2) that focuses on economic morality and socio-economic variables. A formative measure of crimes of everyday life was modelled separately for each country based on socio-demographical variables and the current economic situation, as it was perceived by the individual (taken as a measure of relative deprivation). The resultant country-specific regression coefficients are mapped onto the broader economic and normative context of 23 European countries. The results reveal that crimes of everyday life are driven by feelings of economic hardship only in countries where normative factors dictate their deviance. In countries where fraudulent behaviour is more generalized, inner motivations to offend play a secondary role as the more privileged consumers are more likely to commit fraud as they interact more often with the market. In turn, normative aspects result from a dynamic interplay of cultural and economic factors. As the economy grows faster, the tendency to offend the market becomes more visible, but only in countries whose GDP stands above the European average. In countries with low GDP, normative landscape is shaped by cultural factors that seem to obfuscate the power of economic factors favourable to consumer fraud.

References


