

# Consumer Resilience in the Context of Consumer Over-Indebtedness

Tim Buchbauer, Peter Kenning,  
Ingo Klingenberg

Heinrich Heine University, Düsseldorf, Germany

### Abstract:

Over-indebtedness can have many negative consequences for consumers' lives, such as declines in mental health and consumer welfare. Consumer resilience might contribute to better dealing with this situation but research on consumer resilience is scarce, partly due to a lack of specific measures. Thus, we developed a multi-dimensional scale of consumer resilience in the context of over-indebtedness. We provide preliminary support for its positive impact on financial well-being and financial anxiety, demonstrating the nomological validity of the developed scale. Furthermore, our context-specific measure predicted financial well-being and financial anxiety better than a commonly used, more context-general resilience measure, the CD-RISC-10.

### Background

- Over-indebtedness among consumers** has become a phenomenon with a high social and economic impact on consumers and their families which also brings several concerns for practitioners, policymakers, and scientists (Leandro and Botelho 2022).
- The occurrence and perception of a situation of over-indebtedness regularly represents an existential **crisis in consumers' lives** (Richardson et al. 2013).
- In general, how individuals deal with a crisis is largely dependent on their psychological **resilience**. This refers to the **ability of individuals to bounce back** from pressure (e.g. stress) or to recover quickly from the effects of stress (Soucek et al. 2015).
- Dealing with stressful situations of **over-indebtedness** may also be influenced by individual **(consumer) resilience**.
- Empirical research on how consumer resilience **takes shape** and has an impact in situations of consumer over-indebtedness is scarce, in part due to a **lack of much needed specific measures**.

### Aim of this research:

Developing and validating a multi-dimensional scale for consumer resilience in the context of over-indebtedness

### Definition

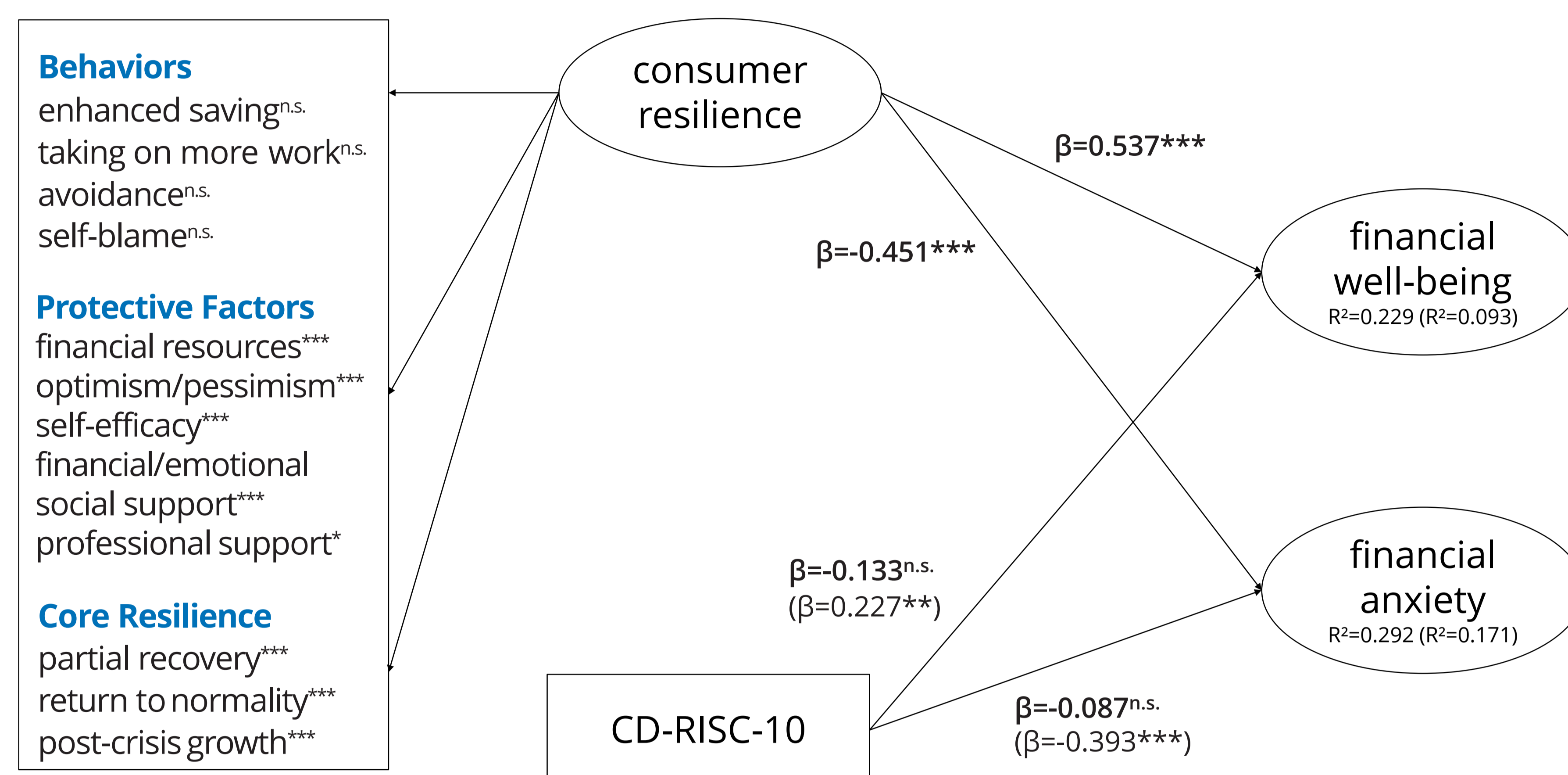
The concept of **consumer resilience** can be described as the **ability to adapt to crises affecting consumers** in a sustainable and needs-based manner (Bermes 2021). Consumer resilience in the **context of consumer over-indebtedness** can thus be defined as the **ability of consumers to functionally adapt their behavior in financial crises** and develop resilient (consumer) behavior. Similar to psychological resilience (Soucek et al. 2015), we assume that functional problem-oriented and emotion-oriented coping strategies represent resilient consumer behavior (Lazarus 2012).

### Method

- Semi-structured interviews with consumers** who were either over-indebted or at risk of becoming over-indebted (n=8) a **focus group with non-profit consumer debt counselors** (n=6) for item generation => 64 items, hypothesized to depict 14 factors representing adaptive behaviors, protective factors and core resilience.
- Cognitive pretests** (Lenzner et al. 2016) with debt counseling experts (n=2) and consumers (n=2) to ensure face validity (Rossiter 2002).
- Quantitative pilot study** (n=293) with consumers who were struggling to keep up with their credit commitments, as identified by a self-report measure of financial problems (Gathergood 2012).
- First-order CFA** and further expert review indicated the elimination of 12 items.
- Scale validation:** We conceptualized consumer resilience in the context of over-indebtedness as a second-order construct including the 14 identified factors. We then compared its nomological validity to that of a more general resilience measure, the CD-RISC-10 (Campbell-Sills & Stein, 2007) using a stepwise SEM approach.

Correspondence to:

### Model



Step 1: Only CD-RISC-10 as predictor (results in brackets)  
Step 2: Consumer resilience as additional predictor

n.s. not significant  
\* p<0.05; \*\* p<0.01; \*\*\* p<0.001

### Discussion & Conclusion

- The preliminary conceptualization of **context-specific consumer resilience** in this study gives a first overview of the **possible positive impact** of consumer resilience in the context of over-indebtedness.
- In **future studies** our scale should be challenged, e.g. by using another data set or further investigating our second-order factor structure to improve model fit.
- Future research should also examine the effects of consumer resilience on over-indebtedness in **longitudinal studies**.

### Selected References

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