

# A Mechanism Underlying the Relationship between Vulnerabilities and Future Consumption Regulation

**Elif Karaosmanoglu**

Istanbul Technical University

**Mehmet Okan**

Artvin Coruh University

**Didem Isiksal**

Istanbul Technical University

**NESENUR ALTINIGNE**

ISTANBUL BILGI UNIVERSITY

**Elif İdemen**

Istanbul Technical University

**Ozge Demir**

Istanbul Technical University

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## **Abstract**

This study aims to understand the underlying psychological and social mechanism between economic and psychological vulnerabilities and future consumption regulation. It tests a structural equation model on a sample of 616 panel of respondents who are surveyed by CATI method at the second peak of the pandemic in Turkey. Findings show that when individuals feel less vulnerable economically, they have a better general psychological well-being and hence are more likely to show prosocial behaviour which leads to self-regulatory consumption. Moreover, psychological vulnerabilities are healed by prosocial behaviour as a coping mechanism. However, individuals who perceive higher social capital change tend not to regulate their consumption habits.

**Keywords:** economic vulnerability, psychological vulnerability, psychological well-being, self-regulatory consumption, pandemic

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## **1. Introduction**

The world experienced the same virus-based pandemic but not in the same way. Even though all countries were caught in Covid-19 unguarded, in the process, some countries differentiated from each other with their agile actions, social welfare policies, and primarily economic conditions. These differences and inequalities have been observed within the countries too. For example, when the zip codes are ordered from the poorest to the richest in the US, it reveals that negative Covid-19 test results increased 27% points (from 38% to 65%) (Schmitt-Grohé et al., 2020). Among many similar examples, this study exhibits just one of many indicators of inequalities in societies that makes some individuals more psychologically and economically vulnerable than others. This study mainly focuses on the underlying mechanisms of the relationship between psychological and economical vulnerability and consumers' consumption regulation intentions in order to have reflections on post-pandemic demand behaviour. It argues that psychological well-being, prosocial behaviour and social capital change are the key elements of the relationship between vulnerabilities and future consumption regulation.

## **2. Conceptual Background**

Consumer vulnerability has a rich and varied tradition in the well-being literature. It has emerged primarily as a theoretical lens for studying at-risk groups, social injustices, and dangerous situations (Baker and Mason, 2012). Baker et al. (2005) first defined vulnerability as a state of powerlessness. More recently, Hill and Sharma (2020) proposed a broader definition, stating that consumer vulnerability is a state in which consumers are exposed to harm because their access to and control over resources is limited in a way that significantly impairs their ability to function in the marketplace. Central to these key definitions is the degree of control and resources the consumer has. Less control, such as greater dependence on external factors (Baker et al., 2005) and more limited resources (individual, interpersonal, and structural) (Hill and Sharma, 2020), are associated with higher psychological and economic consumer vulnerability.

Along with the coronavirus pandemic, besides dealing with serious health problems, individuals experience lockdown and become socially isolated. Accordingly, they become more dependent on others and have limited access to resources. Every human being has been endowed with a certain degree of vulnerability that may lead to psychological problems when they experience stressful conditions (Zubin and Spring, 1977). Therefore, negative relationship between consumers' vulnerability and psychological well-being is amplified during the stressful conditions of Covid-19 pandemic (Sinclair and Wallston, 1999; Satıcı et al., 2016; Uysal, 2015).

Psychological well-being is the combination of feeling good and functioning effectively; generally speaking, it is all about life going well. Even though sustainable well-being does not require individuals to feel good all the time, when negative emotions are extreme or very long-lasting, that prevent individuals' ability to function in their daily life (Huppert, 2009). Since the Covid-19 pandemic lasted more than a year, individuals' psychological well-being continues to be threatened by the psychological and economic vulnerabilities they experienced.

On the other hand, this threat can be eliminated by serving the greater good and using the power of emotional contagion. Many researchers describe the relationship between well-being and prosocial behaviour as a positive loop, stating that people with greater well-being engage in more prosocial behaviours and that good deeds further enhance their ultimate well-being (e.g., Aknin et al., 2012). In literature, a broad category of actions is placed under prosocial behaviour. They all meet on a common ground that is being beneficial to others (i.e., helping, sharing, and comforting) (Penner et al., 2005; Eisenberg et al., 1997). Prosocial behaviours are generally other-oriented and driven mainly by empathy toward others (e.g., Batson et al., 1981).

Even though consumers had to cope with countless unpleasant experiences in the Covid-19 pandemic, there are few good consequences, too: We all become more empathic to vulnerable communities by experiencing the different types of vulnerabilities first hand. Since emotions are one of the many important motivators that affect our future consumption (Bagozzi and Moore, 1994), sharing the feelings of vulnerable consumers may lead us to reconsider our choices and regulate our consumption patterns.

Self-regulation is the ability to modulate thoughts, feelings, and emotions (Posner and Rothbart, 2000). Even though self-regulation is positively associated with improved self-control (Duckworth, et al., 2011), self-control weakens in stressful situations (Baumeister, 2002). On the other hand, eliminating the Covid-19 based stressful situations by showing more empathy to vulnerable groups and behaving in a prosocial manner may increase self-control and eventually lead consumers to self-regulate their consumption behaviours in the future.

Since Covid-19 causes long-term psychological and economic distress on societies, consumers gain insights toward vulnerable lives. This study aims to understand “What have psychological and economic vulnerability experiences changed in our lives?”. It claims that psychological and social mechanisms may have an essential role in coping with our vulnerabilities. They can help eliminate the stress due to psychological and economic vulnerabilities and hence may lead to more awareness for self-regulated consumption choices.

### **3. Research Design**

The data of this study is obtained during the second wave of Covid-19 pandemic in Turkey by accessing a panel of consumers between November, 20 and December, 10 of 2020. 616 participants were surveyed by CATI method due to lockdown and pandemic conditions. The scales that are used to test the relationships in the model in Figure 1 are presented by their composite reliabilities as follows: economic and psychological vulnerability (Aysan, 1993;  $\rho_{eko}= 0.91$ ;  $\rho_{psi}= 0.80$ ), general psychological well-being (Hervás and Vázquez, 2013;  $\rho= 0.84$ ), prosocial behaviour (Baumsteiger and Siegel, 2018;  $\rho= 0.94$ ), social capital change (developed by researchers;  $\rho= 0.74$ ) and self-regulatory consumption (adapted from Baumeister, 2002;  $\rho=0.88$ ). The gender and marital status distributions of the sample mimics the figures in the main population (46.9 % female, 71.1% married with one and more children). 30% of the respondents are between 36-45 years old, 35.6% are between 18-35 and 30.7 are between 46-65. Approximately half of the respondents (43%) have an education level below high school degree.

### **4. Results and Discussion**

A structural equation model is run for testing the relationships in the model. SEM analysis demonstrates a good fitting model even though the  $\chi^2$  statistic is significant ( $\chi^2= 330.13$ ;  $df=$

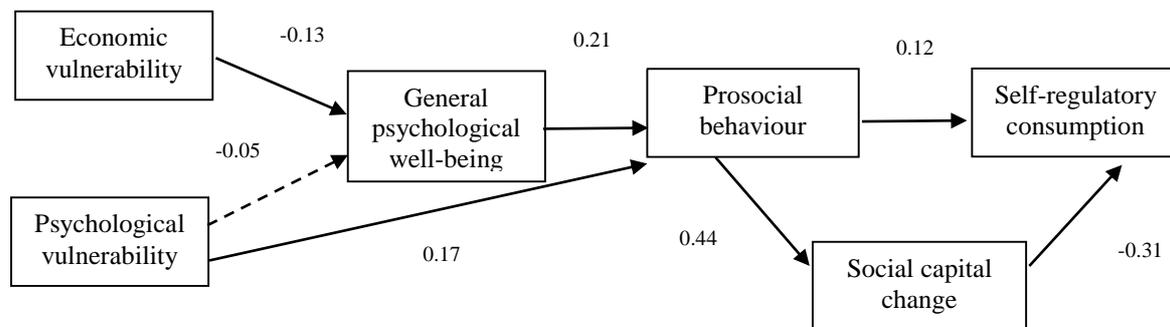
127;  $p = 0.000 < 0.05$ ). The incremental and comparative fit indices indicate good and acceptable levels. RMSEA being 0.045 is below 0.08 critical level (Garver and Mentzer, 1999; Hair et al., 1998). GFI and AGFI are 0.94 and 0.92 above the acceptable level of 0.90 respectively. NFI (0.95), NNFI (0.96) and CFI (0.97) are higher than the good-fit critical level of 0.95 (Diamantopoulos and Siguaw, 2000; Hair et al., 1998).

**Table 1.** Alternative SEM Model Fit Statistics

Model Fit Indices*	$\chi^2$	df	RMSEA	GFI	NFI	NNFI	CFI	AGFI
	330.13	127	0.051	0.94	0.95	0.96	0.97	0.92

**Model fit:** RMSEA < 0.08; NFI, NNFI and CFI => 0.95 good fit; GFI and AGFI => 0.90 acceptable fit.

\*  $\chi^2$  – Chi-Square; df – degrees of freedom; RMSEA – Root mean square error of approximation; GFI – goodness-of-fit index; NFI – normated-fit index; NNFI – non-normated-fit index; CFI – comparative-fit index; AGFI – adjusted goodness-of-fit index



**Figure 1.** Alternative Model.

Note: ----- indicated a non-significant relationship at 0.05 significance level.  
 $\beta$  values are presented on the paths.

All hypotheses are supported except the direct relationship between psychological vulnerability and general psychological well-being. An alternative path is suggested between psychological vulnerability and prosocial behaviour (See Figure 1 for significant and non-significant paths and their corresponding  $\beta$  values are presented on Figure 1). These results suggest that economic vulnerabilities negatively influence general psychological well-being of individuals, but psychological vulnerabilities induce people to engage in more prosocial behaviours. When individuals have less loss in their economic welfare during the pandemic, their general well-being is influenced less negatively. Therefore, they show more prosocial behaviour, in other words when they feel better in general they feel more likely to help others in the public, and hence be more aware of their consumption patterns. Consequently, they become more likely to plan their consumptions and take responsible attitude towards assessing their necessities and wants. Interestingly, psychological vulnerability is not related to general psychological well-being but rather to prosocial behaviour. It could be concluded that individuals are trying to cope with their psychologically weak states by helping others. Such act may help them feel that they are not alone, there are people who are similarly deprived of social interactions and face high stress as they are. So that they feel some psychological solidarity through showing prosocial behaviour. Engaging in activities that help others also make individuals to perceive a positive change in their social capital, however interestingly individuals who sense improvement in the latter, they become less likely to self-regulate their consumption. This may be related to the

notion that if one believes that my bonds are much stronger and closer with my immediate community (social capital change) since the pandemic started, the society at large is also doing better. This feeling may bring an illusion that all is well, so that consumers may think they can get back to their consumption routines before the pandemic.

## **5. Conclusion**

Since the coronavirus have spread across the world and become a pandemic, in Turkey similar to other parts of the world some precautions such as closing schools, lockdowns, travel bans have been taken which have deepened physical and social distances. New pandemic conditions have forced individuals to make dramatic daily practice changes. Such alterations in life have influenced people's mental health and also led to consumption pattern changes (Usher et al., 2020). Building upon this observation, this study has focused on understanding economic, psychological and social states of individuals that may have a say on their consumption habits of the future. It is imperative to have a healthy demand structure during pandemic and post-pandemic times that organizations can respond better to a more regulated consumer purchase behaviour and hence design their operations well.

In this study, it is shown that even though pandemic may lead to economic and psychological vulnerabilities, policies that help to support the general well-being of the society by providing opportunities to demonstrate prosocial behaviour may help individuals to cope with their weaknesses and disadvantages. The findings further suggest that individuals who have chances of expressing themselves with community serving activities tend not to fall into the trap of panic buying but rather tend to behave responsibly in their future consumptions. Therefore, local governance, NGOs and ministries should cooperate and launch community support programmes and donation campaigns in order to support the publics economically and psychologically. A good example is the Istanbul Municipality's "Bill at the Hanger" (Askıda Fatura) initiative. This is an initiative that is inspired by a hundreds of years old tradition of the local residents in rural areas of Turkey to support their less advantaged members. Mostly villagers leave a plate of dish or a loaf of bread at one of the off-sight corner of their gardens for the ones who cannot bring food in their houses. Similarly, since the beginning of the pandemic, millions of utility bills hanged on a website on which a person in need can open a call for his/her bills and the one who have better financial resources respond and pay them anonymously.

Governments should also run regular awareness campaigns on main stream TV channels which portray daily life of the people who work at the essential sectors such as health services, pharmaceutical manufacturing and distribution, food manufacturing and retailing. They should highlight the fact that irregular patterns of consumption (e.g. panic buying) make those employees face higher risks everyday who also have their own families to support. Therefore, some social capital improvements in people's closer social environment should not lead to an illusion of all is solved for all.

Although due to pandemic conditions this study could not reach to individuals face to face and use probabilistic sampling techniques to collect data, its results still yield the importance of social and psychological mechanisms and their role for self-regulatory consumption.

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