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FROM PREDATOR TO PREY: THE EDIFICATION OF STIGMA MANAGEMENT IN THE SMALL-DOLLAR LOAN INDUSTRY

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I am submitting herewith a dissertation written by Nick Mmbaga Mmbaga entitled "FROM PREDATOR TO PREY: THE EDIFICATION OF STIGMA MANAGEMENT IN THE SMALL-DOLLAR LOAN INDUSTRY." I have examined the final electronic copy of this dissertation for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Doctor of Philosophy, with a major in Business Administration.

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FROM PREDATOR TO PREY: THE EDIFICATION OF STIGMA MANAGEMENT IN THE SMALL-DOLLAR LOAN INDUSTRY

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DEDICATION

This dissertation is dedicated to my lord and savior, my wife and children, my mother and siblings, and all of my supportive friends. To my wife, Dr. Brandy Mmbaga, you have been my foundation and the source of energy that I draw upon to fulfill my mission in life. You are who I confide in, and I could not have done this without your unwavering support and sacrifice. Without your presence, my life is less meaningful. To the future doctors, Karina and Kingston, who are too young to fully understand the journey our family has taken these past four years, I want to thank you for being understanding, brilliant, happy, and loving children. For that, I will always be eternally grateful and a proud father. To my mother, Dr. Margaret Mmbaga, you are the most courageous person that I know, and I cherish the lessons you have taught me and the path you have set. To my siblings, Dr. Natu Mmbaga and Thomas Mmbaga Esq., you are my sources of inspiration. I have always aspired to follow in your footsteps, and this brings me one step closer to achieving that goal.

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ABSTRACT

This dissertation shifts the focus of stigma management research from actions that reduce categorical stigma—when an entire class of organizations is discredited—to activities that reinforce it. Using interviews, archival reports, and ethnographic participatory observations, where I adopt the role of a customer in a highly stigmatized industry – the Small-Dollar, or “Payday” Loan industry – I find that, in efforts to manage three sources of categorial stigma, small-dollar lenders enacted stigma on their employees and customers. Different forms of stigma enactment unfolded as lenders established procedures that employees undertook and stigmatized customers. The implications of my findings suggest a paradox and reveal that lenders’ efforts to avoid their stigma also activate forces that reinforce stigma for the entire category. This dissertation contributes to the emerging literature on categorical stigma management by highlighting the importance of cross-level dynamics in stigma management and its effects on a critical audience, customers. Further, it offers several theoretical implications for the literature on categorical stigma, categories, and entrepreneurship in highly contested and uncertain domains.

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CHAPTER ONE: INTRODUCTION AND OVERVIEW

In today's society, entrepreneurs are viewed positively – as visionaries, heroes, and role models. However, not all entrepreneurs fit this description. Some entrepreneurs engage in practices or launch businesses in industry categories that are unmistakably legal, but yet subject to stigmatization by the general public because of the products sold or customers served. For example, consider Larry Flynt, the founder of Hustler Magazine (i.e., pornographic magazine), or Dennis Hoff, who founded the Bunny Ranch (i.e., legal brothel service); or Margaret Sanger, who launched Planned Parenthood (i.e., abortion clinics) in 1916. These founders encountered considerable trials beyond that of a traditional business because of their extensive involvement in an industry that audiences sought to discredit and fought to control.

Nevertheless, the last four decades of research in entrepreneurship has focused on understanding entrepreneurs (e.g., founders, business owners) that enter industry categories that are openly accepted by society. For example, most studies in the entrepreneurship literature indicate that entrepreneurs are motivated to launch businesses in industries that society desires (Miller, Grimes, McMullen & Vogus, 2012) or deem legitimate (Zimmerman & Zeitz, 2002). Studies of entrepreneurial identity, for example, treat entrepreneurship as a path to satisfy a fundamental need to belong and connect to others to express definitions that are valued by audiences (Shepherd & Haynie, 2009; Dutton, Roberts, & Bednar, 2010; Fauchart & Gruber, 2011). Likewise, institutional entrepreneurship is premised on the idea that new industry categories emerge from a range of socially approved organizational templates (Navis & Glynn, 2011) that bridge a wide spectrum of constituents (Maguire, Hardy, & Lawrence, 2004).

Taken together, there is an established tradition in the prior literature that suggests that entrepreneurship can be understood by viewing it as a quest for approval (Tornikoski & Newbert, 2007) and collective industry acceptance (Navis & Glynn, 2011; Zimmerman & Zeitz, 2002) across a spectrum of different audiences (Fisher, Kuratko, Bloodgood, & Hornsby, 2017). Researchers have paid less attention to entrepreneurs that launch businesses in industry categories that are challenged by the general society and suffer from categorical stigma, where the practices, customers, or products in an industry are seen as devalued and linked to a negatively evaluated category that stakeholders collectively reject (Devers, Dewett, Mishina, & Belsito, 2009).

"Categorical stigma[1] is a vilifying label that contaminates a group of similar peers" (Vergne, 2012: 1028). The consequences of categorical stigma are severe and pose distinct challenges to entrepreneurs seeking to deliver value because they can produce negative outcomes that adversely affect business inception, growth, and survival (Piazza & Perretti, 2015). Launching a business in any industry is associated with uncertainty. However, under conditions of categorical stigma, uncertainty can amplify and challenge some of the fundamental activities required by entrepreneurs to sustain a business. For a moment, contemplate some adversities that come from operating in an industry that is subject to categorical stigma; laws are enacted to limit where, who, and how you sell your products; adversaries organize to identify and condemn major stakeholders in your industry, which might include you, the entrepreneur; promoting your business openly can incite chastisement from powerful opponents: customers are reticent to share

[1] I use the term categorical stigma and industry stigma interchangeably.

their positive experiences with your business because they fear social rejection; and rapid expansion and growth in your industry can fuel public outrage among many other things.

Considering the limitations and hostile circumstances associated with categorical stigma, research has begun to examine how organizational leaders and members manage negative occurrences that result from being stigmatized. Some findings suggest that categorical stigma can be managed or removed allowing legitimacy to unfold in its place. For example, Hampel and Tracey (2017) examining the Thomas Cook's travel agency in Victorian Britain demonstrate that stigma can be removed by a process of deflecting attention from the stigma and building bridges with adversaries to turn them into supporters. Further, Hudson and Okhuysen (2009) found that Male Gay Bathhouse operators manage stigma by hiding their customers through boundary management processes to eliminate transferring the stigma from the organization. In addition, Lashley and Pollock's (Forthcoming) study of cannabis entrepreneurs shows that removing stigma is a contested process that requires organizational actions which reframes immoral products into more morally accepted products. Lastly, research shows that decoupling from a category that is evaluated negatively (Piazza & Perretti, 2015; Barlow, Verhaal, & Hoskins, 2016), or straddling a more acceptable category, can result in less stigma (Vergne, 2012).

Despite substantial evidence that demonstrates several ill effects of categorical stigma (Adams, 2012; Helms & Patterson, 2014; Diestre & Rajagopalan, 2014), research has yet to unearth "*why entrepreneurs enter industries that are subject to categorical stigma?*" As pointed above, such conditions create hardships that can limit the promise of successfully launching a business. This is important considering the sacrifices that entrepreneurs must make to startup a business. Further, once an entrepreneur has entered and initiated their business, managing categorical stigma is paramount for survival (Hudson & Okhuysen, 2009). Actions taken to manage stigma, however, require effort from not only the entrepreneur but also other stakeholders that provide vital support for a business, such as employees and customers. When categorical stigma is present all actors associated with the category are effected, rendering actions from different members at varying levels (e.g., organization, founders, employees) essential. To date, research has provided little insights explaining "*how stigma is managed across groups at different levels?*"

Relatedly, the prior literature has yet to uncover how categorical stigma unfolds for a key audience, customers. Research illustrates that certain audiences can be leveraged and used to persuade more oppositional audiences to reconsider negative attributes that are codified and converted into stigmas (Helms & Patterson, 2014). Further, research has shown that actors in an industry can initiate actions to protect key audiences from being associated with a stigma (Hudson & Okhuysen, 2009). Nonetheless, prior literature has ignored that some audiences experience stigma tied to an industry and has not explained "*how a key audience, customers, experience stigma?"* To date, research has not advanced theoretical or empirical models that furnish a clear or complete understanding of these processes or explain the outcomes of industry stigma on audiences that generate resources and secure long-term industry sustainability.

In this dissertation, I seek to answer these questions and focus on why, how, and to what effect entrepreneurs in a stigmatized industry – the Small-dollar, or "Payday" Loan industry – responds to industry stigma and evaluate the extent to which the industry's stigma affects a key audience, customers. This dissertation is an inductive qualitative field study that uses ethnographic methodology along with interpretive interviews and analysis of archival records.

First, to assess why entrepreneurs decide to enter a stigmatized industry, I explore the configurations of influences that go into entrepreneurs' evaluation of the small-dollar loan industry before entry. Second, to examine how categorical stigma unfolds and is responded to by different industry actors, I explored the cross-level activities that entrepreneurs and other industry insiders used to manage stigma that was enacted through discriminatory laws. Finally, to investigate the effects of categorical stigma on a key audience, customers, I take on the role of a small-dollar loan borrower who also experiences the industry's stigma. I reflect on my experiences as a borrower of a stigmatized product—high interest, short-term loans—from different types of payday lenders who have to resort to offering these kinds of loans. Below, I elaborate on the expected contributions of the dissertation and outline each chapter in the dissertation.

Expected Contributions

This dissertation contributes both to the entrepreneurship and stigma literatures by offering nuanced perspectives concerning the process and outcomes of industry stigmatization. By considering the role of stigma management at the categorical level (i.e., industry), I consider the diversity of influences and strategies that entrepreneurs employ under conditions of high uncertainty because of a stigma tied to an industry.

This research broadly advances theory on stigma management by explicating the configuration of influences that industry members use to manage the outcomes of industries that suffer from stigmatization.

This research contributes to entrepreneurship and stigma literature by explicating the role of structural discrimination targeting an industry and the strategies entrepreneurs and industry members employ to manage such challenges. To date, most stigma research in entrepreneurship ignores the cross-level action that is required to effectively operate in an industry that is stigmatized. Most conceptualizations of stigma have explored single level of analysis (e.g., individual) cross-level, ignoring that actions at the organizational-level of analysis influence relationships at the individual-level. I contribute to the stigma management literature by elaborating on how policies imposed on the industry influenced entrepreneurial efforts to reduce industry stigma in markedly distinct ways. In doing so, I explain how in seemingly similar industry conditions, organizations and their employees can differ drastically in their tactics to manage stigma. As a result of these activities, I demonstrate divergence in the enactment of stigma across organizations and show how these manifests in the practices carried out my employees and the stigma felt by customers who also experience the industry's stigma. This is a departure from prior research which has largely focused on understanding how and why individuals do or do not disclose their stigmas (Ragins, 2008; Clair, Beatty, MacLean, 2005).

Overview of Dissertation Chapters

The chapters that follow discuss the gaps in our collective knowledge surrounding the origins and various perspective of stigma research in organizational and entrepreneurship research. Chapter Two explains what stigma is, how it is structured, how it functions, the main theoretical perspectives, and its relation to illegitimacy in the entrepreneurial context. The chapter concludes by drawing distinctions between the two research streams and explains the importance of stigma management and its cross-level nature.

Chapter Three presents my research settings and methods which center on shedding light on a highly stigmatized industry, the Small-Dollar Loan (Payday) Industry. I provide a historical review of the Small-Dollar Loan Industry and I explicate the actors (i.e., my sample) that took considerable effort to manage the stigma associated with the industry. Further, I discuss my methodology and methods which include ethnographic participatory observations, semi-structured interviews, and archival material used to develop my findings. Finally, in Chapter Three, I outline how my dissertation changed from that presented in this chapter (Chapter 1) to the findings which are presented in Chapter Four. I present my findings in Chapter Four and illustrates how group differences among industry insiders, such as industry representatives, small-dollar founders, employees, and customers, resulted in different enactments of stigma and practices used to remove the stigma attached to the industry. In taking this approach, I find that managing industry stigma can result in different paths of managing stigma across actors that have an effect on customers. Combining my literature review, methods, and findings, I ultimately unearth a cross-level model of stigma management.

Lastly, in Chapter Five, I discuss theoretical contributions and implications for practice. Further, I discuss several limitations of the dissertation and conclude by offering general areas for new research. Together, this dissertation advances the field toward a deeper understanding of the challenges of stigma removal and the cross-level dynamics that accompany the process.

CHAPTER TWO: AN OVERVIEW OF STIGMA IN ENTREPRENEURSHIP RESEARCH

The purpose of this dissertation is to further understand why individuals decide to enter stigmatized industries and, in particular, what influences trigger their evaluative judgements and subsequent decision to enter these contentious industries. It also concerns how individuals manage stigmas that are tied to their entrepreneurial activities and the cross-level dynamics that are associated with managing industry stigma and its influence on audiences. In the following sections, I will provide a thorough review the literature concerning stigma, legitimacy, and stigma management. Given that this dissertation centers on stigma processes, the breadth and depth of this chapter will focus on reviewing stigma research.

The first half of the chapter is designed to provide a foundation on the nature of stigma: it's origins, functionality, theoretical basis, and level of analysis. In this half of the chapter, I discuss in detail the literature on stigma from sociology, social-psychology, and organizational theory. I then discuss the literature on legitimacy and illegitimacy and draw connections to the literature on stigma. The second half of the chapter is designed to link stigma research to entrepreneurship by explaining why stigma research is relevant to entrepreneurship. In this half of the chapter, I discuss the literatures on entrepreneurial stigma and stigma management. I first begin with an overview of stigma.

Origins of Stigma

The generation of Erving Goffman's "Notes on the Management of a Spoiled Identity*"* in 1963 spawned the generation of research on stigma. The concept of stigma, however, has been around for over a millennium. Often described as a “mark of disgrace,” stigma more accurately describes a socially constructed label that is deeply discrediting in a context, in such a way that the actor or entity associated with the label tends to be denigrated and socially excluded (Jones, Farina, Hastorf, Markus, Miller, Scott, & French, 1984; Dijker & Koomen, 2007). It makes an actor distinct, in a negative sense, from others and reduces those associated with the stigma to a devalued status (Goffman, 1963). Although a variety of definitions of stigma exist, most generally indicate that a stigma describes a deviant condition that is devalued “in a particular social context”, and which can incite negative outcomes, such as discrimination (Crocker, Major, & Steele, 1998: 505; Link, Cullen, Struening, Shrout, Dohrenwend, 1989), loss in social status (Kurzban & Leary, 2001), stress (Siegel, Lune, Meyer, 1998), loss in self-esteem (Crocker & Major, 1989), and reputational damage (Sutton & Callahan, 1987) for those actors who are labeled. The negative outcomes are generally shared among members associated with the stigmatized social category (Vergne, 2012).

Since Goffman’s seminal work, stigma theory has evolved, and scholars have added more dimensions to the original concept. For instance, Jones and colleagues (1984) proposed that stigma has six dimensions: “concealability,” “course,” “origins,” “disruptiveness,” “aesthetic qualities, “and “peril.” Concealability relates to the visibility or invisibility of a stigma. Similar to a scarlet letter, some stigmas are placed on exhibition and symbolize a mark of aberration. The more visible a stigma, the more apparent its deviation from expectations and the greater its negative impact. Some stigmas, however, can be concealed. Concealment may negate outcomes that might arise through the process of stigmatization (King & Jones, 2014).

Course and origin relate to the degree to which a stigma can be changed or controlled. It has been conceived that "stigmatizing conditions that are perceived as preventable sometimes suffer more social censure" than those that are perceived as unavoidable (Kurzban & Leary, 2001: 190). This might explain why stigmatizing conditions that are seen by some as controllable, such as obesity, homosexuality, divorce, and HIV are often correlated with negative attitudes and behaviors (Crocker, Cornwell, & Major, 1993; Gerstel, 1987; Siegel, Lune, Meyer, 1998), while conditions such as physical impairment or intellectual disabilities are met with less reproach and more tempered attitudes (McLaughlin, Bell, & Stringer, 2004).

Disruptiveness refers to the properties of a stigma that strain interpersonal relations (Jones et al., 1984). Some individuals with language impairments, such as an excessive stutter or tremors in their speech, may have difficulty interacting with others and developing relationships. This type of disability disrupts the normal course of social interactions and can lead some to be systematically excluded from common areas in society. The extent to which a stigma is disruptive impacts the severity with which stigmatization occurs and impacts others' reactions to such conditions. Disruptiveness may also exist at the category-level. For example, policies introduced to discriminate a stigmatized industry can disrupt exchange relationships. Hudson and Okhuysen (2009) discovered that organizations that operate in a stigmatized industry spend substantial effort to shield their network from stigma because of its potential to disrupt exchange relations.

Lastly, the final two dimensions, aesthetic qualities and peril, reflect conditions that amplify or dilute the effects that might result through the process of stigmatization. Characteristics that are less aesthetically pleasing and represent increased levels of danger are more stigmatized (Kurzban & Leary, 2001). Physical aesthetics have been shown to influence people's attitudes, preferences and associations towards others (Landy & Sigall, 1974; Feingold, 1992). As such, features that break the norm of what's considered appealing are to be avoided. For example, industry that is associated with waste and sewage, such as the garbage collection industry or the waste and sewage disposal industry are stigmatized by the general society.

Physical characteristics that are seen as perilous are stigmatized because of social adaption needs (Kurzban & Leary, 2001). For instance, the prison industry is associated with bars and barricades that separate incarcerated criminals, who commit heinous crimes against others, from the general society. The remote locations of prison and their physical structures represent a symbolic form of peril or threat to survival. The decision to exclude the stigmatized, and industry that support them, from society is driven by a need to self-preserve and ensure safety. Altogether, a stigma is form of deviance that leads some to exclude others from social interactions. Actors may be considered unworthy interactants because of their visible physical appearances and the origins of their deviant qualities or acts which pose a perceived threat to others. Stigmas exist for a variety of reasons; however, they first function to target those that defy normative expectations and reduce contact with those deemed unfit or spoiled, or in other words, stigmatized.

The Functional Aspects of Stigma

Although the functional characteristics of stigmatization can vary considerably, recent reviews of the literature contend that stigmas generally function to exclude violators from normal social interactions through three primary processes: "negative discrimination," "stereotype threat," and "expectancy confirmation processes". Stigmas transmit information about a social actors' attributes or deeds, thereby allowing audiences to demarcate those who are typical (i.e., the stigmatizer) from those who are atypical (i.e., the stigmatized). This process is motivated by social dominance needs among groups which can incite ingroup favoritism, and outgroup antipathy, leading to group discrimination, stereotype threats, and expectancy processes.

Group discrimination can be described as the unjust treatment of different categories of actors based on some observable characteristic (Fiske, 1998). A stigma often reflects a label that is linked to an attribute or characteristic that is observed. Once a label is attached, those associated with the label are subject to uniform responses from others which can incite group discrimination and negative treatment. For instance, organizational leaders who are labeled as "failures" after an organizational bankruptcy are often professionally discriminated and compensated at a discount (Sutton & Callahan, 1987). Yet, other organizational leaders who do not receive those labels after an organizational bankruptcy are commonly not warranted to the same discriminatory sanctions and punitive damages (Wisenfeld, Wurthmann, & Hambrick, 2008). This need to discriminate the stigmatized is driven by social adaptation processes that have evolved over centuries (Kurzban & Leary, 2001) and ethnocentric motives to build in-group solidarity (Jost, Banaji, & Nosek, 2004).

Stigmatization also activates stereotype threats that create additional challenges for the stigmatized. In general, stereotype threat theory (STT) concerns how a social actor can be threatened by well-known negative stereotypes about their social category, even when they themselves may not necessarily believe in those stereotypes. A "stereotype threat refers to an actor being at risk of confirming a negative stereotype about one's social category" (Steele &

Aronson, 1995: 797). When social actors are faced with a stigma that produces a negative stereotype about their social category, their attention and cognitive efforts can be devoted to reducing the possibility of being judged negatively and the potential of carrying out a negative stereotype. The general idea is that when a stereotype threat arises, the risk is that the stigmatized begins to act in accordance with the stereotype.

For example, relative to Caucasians, African Americans (AA) have been found to internalize negative stereotypes regarding academic achievement at exceedingly higher levels, even when such stereotypes might be unwarranted or may be derived from racial prejudices (Steele, 1990). Research findings conclude that AA's are more apprehensive about self-validating racial stereotypes regarding intellectual ability which can interfere with their performance on academic diagnostic tests (Steele & Aronson, 1995). In this way, the mere fact of being associated with a disqualifying social category can incite negative appraisals of threat-inducing situations and ultimately reduce the stigmatized cognitive attention and information processing abilities.

These ideas have been examined in multiple contexts, including women in sciences (Spencer et al., 1999) and women in entrepreneurship (Gupta, Goktan, Gunay & 2014). Further, stigmatized actors need only be aware that a negative stereotype about a social category in which they reside exists for the threat and subsequent response to the threat (i.e., anxiety, low self-esteem, underperformance) to occur. In general, being linked to a stigmatized category can create misgivings about oneself through stereotypes. This stereotype threat, in turn, may interfere with an actor's actions (Jones, 2017), motivations (Vartanian & Shaprow, 2008), and self-characterization (Ashforth & Kreiner, 1999).

Lastly, stigmas arise from expectancy confirmation processes. These processes describe how an external actor (e.g., the stigmatizer) can impose an expectancy on an actor (e.g., the stigmatized) based on stereotypical views. This process drives external actors to treat the stigmatized in a way that confirms their expectancy (Merton, 1948; Darley & Fazio, 1980), even when such expectancies are inaccurate. For instance, when people hold stereotypes about the stigmatized they often search for information about the stigmatized that validates their expectations. As such, expectancy processes have been implicated in the role of teachers and the academic achievement of students (Darley & Fazio, 1980), in the maintenance of racial prejudice for AA's (Fiske, 2000), and in the perpetuation of gender stereotypes for women (Zanna & Pack, 1975).

Expectancies can also lead stigmatizers to target the stigmatized in ways that affect the stigmatized behaviors. For instance, treating an overweight acquaintance with hostility because of preconceived expectations about obesity can fundamentally change the way that an overweight acquaintance will act. The overweight acquaintance may be more recluse or act hostile because of the interaction. This might confirm stereotypes that overweight individuals lack confidence in their social interactions or have an inability to maintain control (Puhl & Heuer, 2010). In this way, stigmatizers can constrain targets to act in an expectancy-consistent manner (Neuberg, Smith, Hoffman, & Russell, 1994).

In all, research suggest that stigmas function to discriminate, activate stereotype threats, and confirm existing expectations about actors that deviate from social norms. Much of what has been developed, however, has stemmed from different theoretical perspectives which offer distinct explanations about the process of stigmatization. In the next sections, I discuss these perspectives.

Theoretical Perspective of Stigma

Stigma has been conceptualized in a variety of disciplines, each with their own perspective, including sociology (Jones et al., 1984; Goffman, 1963); social-psychology (Crocker et al., 1989; Operario & Fiske, 2001), evolutionary psychology (Kurzban & Leary, 2001), and organizational theory (Devers et al., 2009; Elsbach & Sutton, 1992) to name a few. To provide sufficient background on the concept of stigma, I focus on three theoretical perspectives that have garnered significant scholarly attention and closely relate to the main topic in my dissertation. The first perspective comes from the sociology literature and relates to how stigmas challenge those who are stigmatized. The second perspective comes from social psychology and examines the general cognitive experience of stigma in social contexts. The third perspective comes from organizational theory and relates to the effects of stigma in organizational settings across different levels. The three combined perspectives provide a wholistic picture of stigma, its influence in social interactions, and the increasing importance of cross-level theorization of stigma in organizational research.

Sociology and Stigma

Stigma first gained its scholarly recognition from sociological perspectives (Goffman, 1963). This perspective mostly focused on individuals or groups subjugated to discrimination and social exclusions. To date, a variety of definitions of stigma exists within sociology; however, the most commonly accepted definition comes by Jones and colleagues (1984). This definition describes “stigma as a relationship between an attribute and a stereotype which produces a mark that links a person to undesirable characteristics” (for a review of definitions see Link & Phelan, 2001: 365). Regardless of the many definitions of stigma that exist, for this dissertation, I use the Jones et al. (1984) definition because it reflects a concise yet comprehensive description that is well established and widely used by stigma scholars.

Conceptualizing stigma requires four related mechanisms to converge. The first mechanism centers on the fact that people distinguish external stimuli and label individual differences. Ascriptive features such as race and gender or an industry’s products, customers, or locations reflect prominent characteristics that are often deliberately and automatically distinguished. The second mechanism focuses on contextual considerations that link cultural beliefs to certain labels and stereotypes. For instance, being labeled a “murderer” can evoke a similar stereotype across a variety of contexts while being labeled a “soldier” may reflect a badge of honor in one context and stigma in another. For example, At the category level, difference in labeling cannabis (e.g., medical cannabis vs. recreational cannabis) can elicit distinct outcomes for an industry (Lashley & Pollock, Forthcoming; Hsu, Koçak, Kovács, 2018).

The third mechanism describes how a labeled person is placed in a distinct category to create a separation of “us” from “them” (Link & Phelan, p. 367). For instance, in the 1980s babies with AIDS were often labeled as “untouchable” because of their unique and fatal condition (Thomas, 1985). In addition, at the category-level, medical cannabis users are labeled “patients” while recreational cannabis users are labeled “potheads” to create similar distinctions between groups (Lashley & Pollock, Forthcoming). The fourth mechanism focuses on how labeled actors experience disapproval, social rejection, and discrimination that lead to adverse outcomes. For instance, small-dollar lenders that provide high-interest, short-term loans are commonly challenged with legislative restrictions and discriminatory regulations. In all, sociological perspectives allow one to deduce that the convergence of the four mechanisms described above allows stigma to occur.

With this brief explanation of stigma from sociology, the following section focuses on stigma from a social psychological perspective. Much of the research that has explained the far-ranging effects that stigma places on targets comes from the literature on social psychology (Major & O'Brien, 2005).

Social-Psychology and Stigma

Most stigma scholars regard stigma as a social construction (Major & O'Brien, 2005, p. 395). Accordingly, social psychological perspectives argue that people process information to make sense of other people and themselves to coordinate their social world (Fiske & Taylor, 2013). The importance of stigma from this domain is that it considers that people's knowledge of self mainly derives from one's interpretation of their social world. A person is stigmatized when others or the context permits such beliefs. In this sense, stigmas do not only accompany those who deviate from social expectation; rather they are socially constructed and reside in the labels that exist in that particular social context. Given this belief, stigmas vary by context, including time and cultures, and reflect social categories and shared values and preferences for certain groups in society.

Several related theoretical frameworks from social psychology have been used to provide support for the stigma concept. For instance, social identity theory (SIT), which argues that people view themselves and others as members of distinct group categorizations (Tajfel, Turner, Austin, & Worchel, 1979), provides a foundation to explain why groups are stigmatized based on social categories. SIT proposes that people categorize one another into groups based on ascriptive qualities or traits. A stigma represents a “spoiled social identity” because it reflects a category that is negatively stereotyped and blemished which is sufficient to produce biases, negative treatment, and discrimination.

Stigmas also reflect differences in socially constructed power systems. For instance, Link & Phelan (2006) suggest that stigmatization can only unfold when differences in power and social hierarchies exist. These systems can be race-based (Howarth, 2006), industry-based (Piazza & Perretti, 2015), organization-based (Hudson & Okhuysen, 2009) or class-oriented (Johnson & Richeson, & Finkel, 2011). Scholars have articulated that stigmas exist as a way to keep those in power, in power (Kurzban & Leary, 2001). Take as an example; a social dominance model, which argues that group hierarchies are universal (Sidanius & Pratto, 2001). This model has been used to explain how certain groups can dominate others by legitimizing myths, complex beliefs, and stereotypes that support the status quo. Social dominant ideologies produce social dominance orientation which in turn increase discrimination and social exclusion (Fiske & Taylor, 2013), which perpetuate stigmatization. Also, a system justification framework explains how stigmatized groups accept and uphold biases that influence their group negatively (Jost, Pelham, & Carvallo, 2002) producing outgroup favoritism and ingroup prejudice (Kreiner, Ashforth, & Sluss, 2007).

Following this abbreviated description of stigma from social psychology, in the next section, I focus on the concept of stigma from an organizational perspective. Although organizational perspectives on stigma partly draw from both sociological and social psychological perspectives, to date, all three bodies of literature are highly distinctive and have developed disjointedly. The purpose of this dissertation is to bridge ideas from the social psychology perspectives to explain the effects of stigma in organizational contexts. The following section details how stigma processes operate in an organizational context.

Organizational Research and Stigma

Stigma is a complex concept that can span many levels of analysis (from individuals, through organization and industries), and that has been associated with several organizational phenomena, including: industry emergence (Helms & Patterson, 2014), entrepreneurial activity (Lee, Peng, & Barney, 2007), venture exit (Singh, Corner, & Pavlovich, 2015), media evaluations (Cardon, Stevens, & Potter, 2011), and legitimacy (Hampel & Tracey, 2017; Tracey & Phillips, 2016). In an organizational context, conceptualizations of stigma have mostly considered the organizational, categorical, and occupational stigma.

Organizational Stigma

Arguably, organizational stigma research has received the most attention. Organizational stigma is "a label that evokes a collective stakeholder group-specific perception that an organization possesses a fundamental, deep-seated flaw that deindividuates and discredits the organization" (Devers et al., 2009: 157). Similar to stigmas at the individual level, a stigma that is attached to an organization is derived from a labeling process that links an organization to a negative stereotype that is perceived by audiences as taking on values that run counter to their own (Devers et al., 2009). Audiences evaluate stigmatized organizations by their categorical memberships rather than their distinctive qualities. For instance, Barlow et al. (2015) found that organizations that offer stigmatized products are subject to lower evaluations and higher penalties from audiences, regardless of the actual quality of their products. Furthermore, recent discoveries show that when a product is deemed illegitimate for trade, the results of such beliefs apply to an entire industry, not an individual organization (Anteby, 2010).

Organizational stigma has been directly linked to theories on labeling and deviance (Becker, 1973; Link et al., 1989). Labels evoke meaning once applied and when value incongruencies between organizations and specific audiences exist. One distinction between individual stigma and organizational stigma is its origins. Individual stigma develops from physical deviations and deviant behaviors, while organizational stigma primarily rises out of deviant organizational conduct. Organizational conduct is distinct because it can arise from several actors. The Enron, Inc. scandal is a great example of organizational conduct because it involved fraudulent accounting and activities from numerous individuals working at Enron.

Organizational theorists have also conceptualized stigma in two related but distinct ways (Hudson, 2008; Hudson & Okhuysen, 2009). The first conception, event-stigma, suggests that stigmas result from discrete and episodic events. Some adverse events include bankruptcy (Sutton & Callahan, 1987; Elsbach & Sutton, 1992); prominent scandals, (Graffin, Bundy, Porac, Wade, & Quinn, 2013), or organizational wrongdoing (Zavyalova, Pfarrer, Reger, & Shapiro, 2012). Stigmatizing events can generate high levels of media attention and result in public scrutiny for those deemed responsible. Audience disapproval, however, can be short-lived and defused when resources are mobilized in response to such events (Zavyalova et al., 2012).

The second conception, core-stigma, suggests that stigmas arise out of an organizations' core attributes, which reflect who an organization is, what it does, and whom it serves (Hudson, 2008: 253). Organizations stigmatized because of their controversial attributes or practices include nuclear power plants (Piazza & Perretti, 2015), male bathhouses (Hudson & Okhuysen, 2009), and firearms manufacturers (Vergne, 2012) to name a few. The extent to which its enduring characteristics stigmatize an organization influences the actions that they take to ease some of the constraints that arise from being labeled (Hsu et al., 2018). Once stigmatized, actors attempt to devise actions that can limit their social disapproval. These actions may require organizations to detach from activities that are the source of their stigmatization. However, core stigmas tie directly to an organizations' primary products, activities, or clientele. Thus, detaching from activities that are necessary to ensure survival and growth might present additional challenges for those organizations subject to core-stigma.

Categorical Stigma

"Categorical stigma is a vilifying label that contaminates a group of similar peers" (Vergne, 2012: 1028). This type of stigma comes from an idea that entire groups of organizations can be categorized similarly and become targets for negative evaluations because of their practices, customers, or products (Piazza & Perretti, 2015). Categorical stigma is a distinct concept from organizational stigma because it focuses on how entire groups of organizations that are members of a stigmatized category become targets of discrimination. In contrast, organizational stigma centers on how an individual organization can become marked and devalued by society because of their individual pejorative attributes.

Categorical stigma theory bridges three distinct bodies of research: “Categorization theory,” “labeling theory,” and “stigma theory.” First, categorization theory argues that individuals, groups, or collectives, cluster objects into groups to reduce cognitive processing. Audiences categorize groups of organizations that share common elements to delineate differences between entire groups of organizations to facilitate sensemaking of organizational actions and attributes. For example, a group of organizations that are deemed as deviant are viewed more similarly than organizations that are viewed positively. Once categorized, groups of organizations engaged in similar activities can become labeled as deviant because they defy social norms. Categories are cognitive structures that enable audience to make sense of organizations and industries (Piazza & Perretti, 2015) and labels are symbolic denotations associated with an industry that satisfies audiences’ needs to exert control over groups of organizations that violate social values. Lastly, the combination of categorization and a deviant label can generate discriminatory sanctions against an entire group of organizations which manifest in a stigma (Corrigan, 2004).

Categorial stigma makes working in an industry difficult because stigmas can incite punitive actions and be pervasive and difficult to remove (Jones et al., 1984). In fact, public aversion for certain kinds of business practice can engender stigma and ultimately stifle industry growth (Roth, 2007). Stigmas can incite adverse actions, such as boycotts, and legal sanctions, such as lawsuits. They can attract public scrutiny (Elsbach & Sutton, 1992) and raise doubts about an industry’s reason for existence (Vergne, 2012). Consequently, industries that are associated with a stigma attempt to reduce or remove their stigma to ensure long term survival (Hampel & Tracey, 2017). As research continues to further investigate groups of deviant organizations, this dissertation captures the importance of categorical stigma as a topic in entrepreneurial inquiries. Although industries represent an emerging topic related to stigma in organizational contexts, others have discussed the effects of another type of categorical stigma tied to workers occupations.

In the next section, I discuss research on occupational stigma which serves as an important interface between groups of working individuals and stigma.

Occupational Stigma

Occupational stigma, which is often termed "dirty work," describes occupations and tasks widely perceived as degrading, defiled, and repugnant to the individuals or groups performing them (Hughes, 1951; Ashforth & Kreiner, 1999; Kreiner, Ashforth, & Sluss, 2006). Occupational stigmas provide a macro-level view of how stigmas manifest in categorical memberships of occupational work. From a macro perspective, certain occupations designate a lower status because of the labels associated with them. Research on occupational stigma suggests that work tasks can be a source of physical, social, or moral stigma. For example, physically daunting occupations, such as butchers or coal miners are disparaged in society for their offensive work. Socially stigmatized jobs include work that is servile, such as butlers. Some occupations are immoral because they violate normative standards of morality, for instance, exotic dancers, adult film members, or pawnbrokers.

In some cases, stigma may be attached not only to the activities that embody the occupational work but also to the language and semantics that reflect the occupation itself. The term "butcher" is commonly used to communicate narratives about a person who mutilates an object, whether it be animals or even a person. For example, a well-known serial killer who dismembered his victims in the 1930s was called the "mad butcher" even though authorities did not link the individual to the butcher occupation (Badal, 2001). Butchers also operate in "slaughterhouses," a colloquial term for the abattoir, and a term that is perceived with a negative association and linked to animal cruelty (Croney & Reynnells, 2008). People that occupy stigmatized work roles face additional challenges because of objections connected to their work. However, stigmas are more pervasive in some occupations and diluted in others (Kreiner et al., 2006).

Scholars categorize occupational stigmas by their level of depth and breadth. For instance, embalmers, prison guards, and bill collectors are primarily socially defined by their stigmatized tasks or work environments which are highly stigmatized and pervasive (Kreiner et al., 2006). Breadth refers to the centrality of the stigma associated with occupation and depth describes the intensity and direct involvement in the stigmatized work. Many occupations impart activities that carry some negative association. Lawyers are commonly seen as opportunistic, doctors are noted to engage in gory physical work; and preachers are seen as having to balance moral contradictions (Ashforth & Lange, 2016). Ashforth and Kreiner (1999) note that at some point nearly all occupations are stigmatized. As such, occupational stigmas are incredibly relevant in the postindustrial world which emphasizes the importance of professional work.

Together, a large body of work has imparted more understanding on the role of stigma at both the organizational-level and the organizational-level. These forces influence organizations and work occupants through two paths—a direct path, in which a label imparts on an organization or occupation, and an indirect path, in which socially constructed stereotypes link to these labels. This, in turn, conveys information that those who are labeled deviant are not worthy of inclusion in social interactions. Given this influence, understanding the impact of other social forces that play in the formation of stigmas is essential to discuss as well. In the next section, I discuss the literature on legitimacy. I specifically focus on an absolved form of legitimacy, illegitimacy, to explain its relationship with stigma.

Legitimacy and Stigma

"Legitimacy is a generalized perception or assumptions that the actions of an entity are desirable, proper, or appropriate" (Suchman, 1995: 574). This literature, derived from a neo-institutional perspective, argues that social actors gain legitimacy by conforming to normative beliefs (DiMaggio & Powell, 1983). Legitimacy arrives via multiple paths—for instance—social actors can indirectly engage in symbolic activities that deflect controversies or objections from audiences (Devers et al., 2009; Elsbach & Sutton, 1992), through storytelling (Lounsbury & Glynn, 2001; Aldrich & Fiol, 1994), or through organizational ties (Zimmerman & Zietz, 2002).

Legitimacy is also gained, more directly, by matching different audiences' expectations (Fisher et al., 2017) and by taking distinctive actions (Suddaby & Greenwood, 2005) that convey information about characteristics which are central and enduring and convey identity (Navis & Glynn, 2010). Other work, more closely related to stigma, has concerned how social actors lose legitimacy when crises arise (Deephouse & Suchman, 2008) when discursive protest emerges (Maguire & Hardy, 2005) or following a wrongful action (Diestre & Rajagopalan, 2014). In all, these findings demonstrate that adhering to institutionalized structures garner audience support (Suchman, 1995; Bitektine, 2011) and is critical for survival (Ruef & Scott, 1998).

While these points are important to consider, if legitimacy is a fundamental imperative, why do some social actors engage in conduct that is morally questionable or make legitimacy difficult or even impossible to achieve? On the opposite end of the legitimacy spectrum is illegitimacy. The term illegitimacy has been used to mean the absence of legitimacy or lack of institution (Ashforth, 2017; Glynn & Marquis, 2004), but it also describes a negative evaluation or a negative form of moral legitimacy that conveys disapproval (Elsbach & Sutton, 1992; Hudson, 2008; Hampel & Tracey, 2017). Webb and colleagues (2009: 495) describe illegitimacy as “a violation of prescriptions for social acceptability based on the “informal” norms, values, and beliefs of large groups in society”. They believe that illegitimacy relates to both formal and informal institutions.

Further, others have suggested that illegitimacy is a type of moral evaluation that is negative (Hampel & Tracey, 2017). In all, scholars have struggled to specify what illegitimacy is; however, many have used the terms illegitimacy and stigma interchangeably because of their conceptual similarities. In the next section, I detail similarities and difference between illegitimacy and stigma.

Differentiating Legitimacy from Stigma

Though similar in nature, stigma and illegitimacy represent two different coins and not two sides of the same coin. Ideologically, they both reflect socially constructed judgments which are harmful and relate to an entity’s (e.g., individual’s or organization’s) acts of deviance. Their distinction, however, lies in their theoretical foundation, definitions, audiences, and outcomes. First, conceptualizations of stigma derive from the sociology of deviance (Erikson, 1962) and labeling (Becker, 1973), while theories of legitimacy arise from neo-institutional perspectives (DiMaggio & Powell, 1983). A central belief from the deviance literature is that deviant behavior is most likely to occur when social contradictions exist. That is, a deviation from societal norms is a "normal human response to abnormal social conditions" (Erikson, 1962: 307). Within society there is room for deviations; however, these deviations can be labeled and in turn transformed into stigmas which influence those associated with those labels.

Neo-institutional perspectives argue that institutions exert both formal and informal pressures that force conformance. Illegitimate actors move to conformity to eventually become legitimate to ensure survival (Webb, Tihanyi, Ireland, & Sirmet, 2009). These perspectives, however, cannot explain how stigmatized actors openly engage, leverage, and promote activities that defy existing institutions to ensure their survival (Helms & Patterson, 2014). Evidence also indicates that a social actor may choose to hide their deviant acts (Hudson & Okhuysen, 2011; Ragins, 2008) or find gaps in a society where deviance is accepted, rather than conform. For instance, exotic dance clubs or arms dealers are prevalent in some societies, but they reside in specific geographies where similar types of denounced organizations exist. What I am suggesting is that the theoretical basis for stigma and illegitimacy differ in their predictions and assumptions. Because of this, I argue the two concepts are similar on the surface, but distinct conceptually.

Differences between stigma and illegitimacy also exist in their definitions and audiences. A stigma is context dependent, meaning one audience may stigmatize an actor for a feature, while another audience may not. Illegitimacy is a socially constructed perception shared across audiences. Thus, it is more appropriately viewed as a universal perception of a target being "not right" (Suchman, 1995; Helms, Paterson, & Hudson, 2017; Ashforth, 2019). Although some scholars have started to conceptualize legitimacy as a function of different audiences (Fisher et al., 2017), in general, definitional issues might constrain such efforts (Ashforth, 2019). Another point of distinction is that stigmatized activities are often absorbed into society and derive support from the same audience which stabilizes other social norms. This idea might explain why specific audiences can stigmatize some individuals or entities (e.g., Catholic Church, Police Units, Donald Trump) but other audiences may view them as entirely legitimate (Helms, Paterson, & Hudson, In Press).

Altogether, the points presented above indicate that differences exist between stigma and illegitimacy. While both bodies of literature might converge in future research, in this discussion, I argue to delineate stigma from illegitimacy and legitimacy conceptually. With that said, this dissertation is focused on stigma at the category level and not illegitimacy or different forms of legitimacy. While this dissertation has discussed how organizations represent an increasingly vital context to examine stigma, there remains a missing link between the concept of stigma and the individuals who create organizations that reside in stigmatized industries. Stigmas exist in several industries (Hsu et al., 2018; Piazza & Perretti, 2015; Barlow et al., 2016), yet research in this area remains dearth.

The remainder of this chapter and in the following chapters, I direct my attention to stigmatization processes within entrepreneurship.

Stigma and Entrepreneurship

Organizations are motivated to attain approval and circumvent disapproval to ensure long term viability. As such, the entrepreneurs driving these organizations are encouraged to do the same. For decades, scholars have argued that achieving acceptance from a variety of environmental actors precedes high performance, venture growth, and survival (Aldrich & Fiol, 1994; Greenwood & Suddaby, 2006; Navis & Glynn, 2010; McGuire, Hardy, & Lawrence, 2004). For example, researchers have found that entrepreneurs take a variety of approaches to manage and even augment their audience support through narratives (Lounsbury & Glynn, 2001; Ibarra & Barlescue, 2010), distinctive identity claims (Navis & Glynn, 2011; Fisher, Kuratko, Bloodgood, & Hornsby, 2017), instrumental institutional ties (Aldrich & Fiol, 1994), symbolic category straddling (York, O'Neil, & Sarasvathy, 2016), and impression management tactics (Haynie & Shepherd, 2011; Parhankangas & Ehlirch, 2014).

Despite the importance of understanding how positive evaluations impact the creation, survival, and growth of new ventures and industries (Zimmerman & Zeitz, 2002; Lawrence, Suddaby, & Leca, 2009), our understanding of stigmatization in entrepreneurship remains at an early stage. To date, research has focused primarily on stigmatization processes within large public and fully established organizations (Zavyalova, Pfarrer, Reger, & Shapiro, 2010, Piazza & Perretti, 2015; Graffin, Bundy, Porac, Wade, & Quinn, 2009; Elsbach & Bhattacharya, 2001) and less is known about its effects in smaller and emerging organizations. Further, and by and large equally important, previous research has examined the effects of stigma at the firm level while mostly ignoring its impact at the individual level. This is problematic because (1) scholars have long sought to identify how negative social judgments influence entrepreneurial decision making

(Sutton & Callahan, 1987), (2) anecdotal evidence demonstrates that entrepreneurs are launching ventures that are in stigmatized categories at increasing rates (Goldstein, 2015; Huddleon, 2016), and (3) in general, research notes that stigmatization processes within the organizational context remain conceptually underspecified (Helms, Patterson, & Hudson, In press).

In this dissertation, I bring awareness to these limitations and suggest that exploring stigma processes within entrepreneurship can extend understanding of the entrepreneurial process in three general ways. First, research infers that stigmas are devaluing and can have downstream consequences for those associated with them. Adverse outcomes include a loss of self-esteem (Crocker & Major, 1989), financial and social loss (Sutton & Callahan, 1987), shame (Corrigan & Miller, 2004), and stress (Lewis, Derelega, Griffin, & Krowinski, 2003). Furthermore, researchers note that all stigma have moral undertones and the "act of stigmatizing is an act of moralizing" (Ashforth, 2019: 23; Goffman, 1963).

Hence, being stigmatized represents a moral hazard with severe implications for the entrepreneur's industry category, including negative media attention (Elsbach & Sutton, 1992), closure (Piazza & Perretti 2015), and legal action (Sutton & Callahan, 1987). Evidence suggests some stigmatized industries are thriving, for instance, the firearm industry or the debt collection industry (Ibis world, 2017). The number of new entrants to an industry partly determines the success of a stigmatized industry category. However, we know little about the founders who enter stigmatized industries and how they differ from those who enter traditional industries, even though research seems to suggest substantial variation between entrepreneurs (Gartner, 1988; Westhead & Wright, 1998). Because stigmas are devaluing and detrimental for those associated with them, this research provides a useful lens to explore entrepreneurial differences based on their consideration of industry differences.

Second, stigmas can reduce an actor's status, limiting one to a distinct negative identity. While scholars have explored how organizational actors cope with stigma processes through decoupling activities, much of this understanding predicates on actors who work inside their organizations and not actors who own their ventures. Founders have been noted to identify deeply with their ventures (Powell & Baker, 2014; Cardon, Zietsma, Saparito, Matherne, & Davis, 2005), hence the effects of stigmatization may be more pronounced or pervasive for entrepreneurs, and decoupling actions may be more challenging given the tight coupling between an entrepreneur's and their venture's identity. For example, Rouse (2016) found that detaching from a venture's identity can destabilize founder's personal identity. Examining entrepreneurs provides us more insight on how stigmatization can span multiple levels of analysis because it can arise at one level (e.g., industry) but have effects on another level (e.g., individual). For example, Larry Flynt, a well-known entrepreneur in the adult film industry is primarily defined and viewed by others because of his involvement in an industry that is lambasted by society.

Third, analyzing the origins of stigmatization processes early in an organization's life cycle can advance understanding of the learning process that occurs when entrepreneurs and their ventures become deviants. More development in this area can potentially help future entrepreneurs learn how to manage their stigmas throughout their venture's life. To date, extent organizational research has primarily emphasized a static view of stigma in organizations or viewed stigma as an outcome of an entrepreneurial event (e.g., failure) and not a venture's core activities in stigmatized category. As such, categorical stigmas reflect a nuanced view that can benefit from further theorizing.

Source of Stigma in Entrepreneurship

Stigma processes play out in all aspects of organizational life. They are central to organizations early formation processes and can produce negative outcomes early in an organization's lifecycle (Devers, Dewett, Mishina, Belsito, 2009). Theory developed to explain how stigma processes shape entrepreneurship has only recently begun to take form. The entrepreneurial context represents a unique setting to study stigma. For example, stigmas can emanate from the founder (e.g., Donald Trump), the products (e.g., exploitive loans), the industry (e.g., nuclear power industry) or events that emerge within an organization's history (e.g., bankruptcy, failure) which makes the entrepreneurial context important to examine.

However, stigma research within entrepreneurship has focused on event stigma that arises at the end of a venture's life cycle (e.g., exit, failure) (Shepherd & Haynie, 2011; Sing, Corner, & Pavlovich, 2015; Lee et al., 2007; Cardon, Stevens, & Potter, 2011). Less work attends to understanding the effects of "core-stigmas" which arise early in an organization's development, and which relate to group membership in a stigmatized category (Hudson, 2008).

These types of stigma are core to a social actor's practice (Hudson, 2008, p. 252), and those associated with them become targets of disapproval cast to a devalued category. For example, scholars have examined organizations that compete in "sin industries" such as the arms industry (Vergne, 2012), the tobacco industry (Durand & Vergne, 2015), and the nuclear energy industry (Piazza & Perretti, 2015) to examine the effects of stigma at the macro level. Stigmas in these industry categories are chronic, create additional barriers, and tied to an organizations' identity, practice, and clientele. That is, they reflect who those actors are, what they do, and whom they serve (Hudson, 2008). Categorical stigma describes how an entire group of organizations becomes categorized by their stigmatizing features (Piazza & Perretti, 2015; Vergne, 2012). Categorical stigmas are tied to an organization's chronic attributes and deindividuates those within a stigmatized social category. Thus, it is also a stigma that is core but at the macro-level.

While developments around categorical stigma have garnered new insights, surprisingly, little research has explored its impact at the individual level. Entrepreneurs that are developing businesses lack resources (Baker & Nelson, 2005), have less developed networks (Hoang & Antoncic, 2003), and focus on many other outcomes outside of performance (Shane, 2010). For instance, entrepreneurship is concerned with how individuals identify and exploit opportunities (Shane & Venkataraman, 2000) or why they form new businesses (Timmons & Spinelli, 1994). Examining categorical stigma within entrepreneurship is unique and departs from prior research which has mostly explored its effects in well-established and large organizations. A stigma that arise through an industry categorization are more difficult to repair (Piazza & Perretti, 2015) and can persist throughout a business' history. Hence, they are essential to entrepreneurs.

Given that much of the entrepreneurship literature has developed around pre-venture processes (Shane & Venkataraman, 2000; Dimov, 2010; Westhead & Wright, 1998) or activities early in organizational life (Cardon, Zietsma, Saparito, & Matherne, 2005), a critical avenue of exploration concerns how a stigma attached to specific industry categories affects an entrepreneur's assessment and management of an industry. As it stands, researchers predominately conceptualize entrepreneurs as a set of individuals in pursuit of favorable industries that create a need for a new product, services, or business (i.e., opportunities) (Shane & Venkatraman, 2000).

Entrepreneurs that launch ventures which participate in contentious industries, however, may incite unfavorable circumstances, such as boycotts, public protest, or political action if venture ideas or industry affiliation become public knowledge. Further, by subjugating themselves and their business to extensive negative evaluations, entrepreneurs risk personal harm, such as shame, stress, and isolation. Given these outcomes, entrepreneurs that create businesses that reside in stigmatized industries are characterized by more uncertainty and likely have additional barriers. Accordingly, how people come to evaluate contested industries represents new ground for theory development and empirical testing. In brief, examining stigma processes in an entrepreneurial context shifts our attention toward understanding a more nuanced and multifaceted perspective that relates to the interpretive processes that accompany industry categorization.

First, people remain psychologically and physically distanced from activities that defy moral order (Ashforth & Kreiner, 1999; Dijker & Koomen, 2007; Jones et al., 1984). Consequently, the role of social networks (Greve & Salaff, 2003) as potential sources of information. For instance, soliciting new customers can become problematic when individuals are circumscribed to a small group of people (Hefley, 2007) or a set of individuals who are stigmatized themselves. Furthermore, forging instrumental network ties may be improbable for entrepreneurs that operate in stigmatized industries because of the risk of spreading the stigma to network affiliates. For instance, Hudson and Okhuysen (2009) study of male bathhouses found that businesses often enacted strategies that emphasized discretion that concealed strategic affiliates. By studying entrepreneurs that operate in contested industries, scholars can examine how entrepreneurs build networks of similar others to navigate the entrepreneurial process.

Second, securing financing is a critical step in the entrepreneurial process, and it determines industry entry and industry exit (Kerr & Nanda, 2009). Scholars note that entrepreneurs that enter industries associated with certain stigmas may be precluded from transacting with formal institutions (Hsu et al., 2018). For instance, most state and federal banks prohibit transactional exchanges with organizations in the medical cannabis industry, despite legislative statutes affirming their legal status in over 29 states (Lashley & Pollock, Forthcoming). Further, not being endorsed by critical constituents (e.g., regulators, financiers) in the external environment can stall growth (Lichtenstein & Brush, 2001), and disrupt the formation of new activities and relationships with audiences (Delmar & Shane, 2004). For instance, venture capital investors note that compatibility between an entrepreneur's values or actions with an external actor's expectations is a critical criterion in investment decisions (Navis & Glynn, 2010; Murneiks, Haynie, Wiltlbank, & Harting, 2011).

Moreover, Zimmerman and Zeitz (2002) suggest that conforming to supporter's expectations is a resource that determines other resources. Overall, neo-institutional perspectives contend that entrepreneurs that defy normative practices and enter contested industries may lose legitimacy and ultimately invite rejection and avoidance from influential institutional players. Together, perhaps this suggests that examining stigmas in entrepreneurship can further advance our understanding of the strategies entrepreneurs employ to conceal their deviant actions to secure relationship with key institutional actors.

Third, to date, stigma research in entrepreneurship has predominantly focused on event stigmas such as entrepreneurial exit as a stigmatizing outcome (Simmons, Wiklund, & Levie, 2014; Cardon et al., 2011; Lee et al., 2007), however, it has generally ignored its influence as a precursor to entrepreneurial exit (DeTienne, 2010). Scholars have outlined several reasons explaining why entrepreneurs exit, including but not limited to desires to harvest and contribute to society (Mathias, Solomon, & Madison, 2017), need for liquidity (Wennberg, Wiklund, DeTienne, & Cardon, 2010), failure (DeTienne, 2010), or retirement (Wennberg & DeTienne, 2014). In general, stigma may represent an important but understudied reason for entrepreneurial exit. For instance, an emerging body of research is beginning to investigate stigma as a potential source of business closure or reduction in core activities (i.e., divestiture) (Piazza & Perretti, 2015). This body of research contends that disengaging from a stigmatized category can explain why some exit the industry. In general, industry exit is an extreme response to coping with stigmatization and results from the intensity of the stigma, the exposure of the stigma, and the extent of one 's membership in a stigmatized category (Piazza & Perretti, 2015). Together, research can begin to investigate entrepreneurial exit as an outcome of transformative actions geared toward addressing industry-related stigmas.

Taken together, individuals encounter stigmas at various levels and throughout the entrepreneurial process. However, different types of stigmas may have different effects during different stages of the entrepreneurial process. These differences are critical to explaining further how stigmatization challenges prior belief held about the entrepreneurial process. One important avenue of exploration concerns how a stigma attached to specific industry categories affects how entrepreneurs manage stigmas. Because managing stigma is important in these types of contexts, in the section below, I explore the literature on stigma management to draw a connection with the broader stigma research.

Stigma Management

The scholarly tradition regarding stigma management has a long history. Dating back to monographs by Everett Hughes and Erving Goffman, that identify work contexts as dirty, there is a substantial volume of work that recognizes the different strategies social actors employ to manage work contexts that are subject to stigma (Hughes, 1951; Goffman, 1963; Ashforth & Kreiner, 1999; Hudson & Okhuysen, 2009; Vergne, 2012). To date, stigma management is primarily viewed from the lens of micro-scholars, who are generally concerned with individual-level phenomena, and have mostly examined how stigmas are linked to individual-level outcomes and managed across a variety of individuals at work, including women (King et al., 2017), disabled workers (Johnson & Joshi, 2017), failed entrepreneurs (Cardon et al., 2011), or other occupational groups (Ashforth & Kreiner, 1999).

Alternatively, a growing body of work from macro-scholars, who are mostly concerned with organizational-level phenomena, have explored how organizations employ tactics to manage stigma which impact organization level outcomes, such as survival and audience support (Devers et al., 2009; Helms & Patterson, 2014). Furthermore, within macro research, some studies have investigated industry-level phenomena and uncovered how an industry responds to stigmatization by transforming stigmas and decoupling from stigmatized products to achieve legitimacy (Tracey & Phillips, 2016; Hsu et al., 2018; Barlow et al., 2016).

Despite advancements in the literature from both micro-perspectives and macro-perspectives, there remains little development around how stigma management occurs across levels. See Table 2.1. for review. Consequently, both streams of research, work independent of another and examining one level, while ignoring another, may furnish an inadequate theoretical understanding of stigma in organizational context which involves multiple levels. To unearth a cross-level process of stigma management, I first discuss micro-perspectives centered on stigma management and then move to discuss macro-perspectives in the literature.

Micro-Perspectives of Stigma Management

Micro-perspectives mainly focus on interpersonal activities associated with stigma. We all care to some extent about what others think of us. When we first meet someone, we select what we reveal about ourselves and what we conceal to manage impressions (Elsbach, 2003). Once a person is associated with a stigma the decision to disclose information about the self to others intensifies. Conceptually, micro-perspectives of stigma management concern how individuals regulate information about the self to others. A central question in this area of research is how do stigmatized individuals express identity? When information about the self is stigmatized, individuals work to manage this information to minimize the associated social risk (Cain, 1991). For example, pregnant women at work carefully select whom they tell or not, or when they tell others about their condition that can result in a work stigma placed on them (Jones, 2017). Some stigmas do not require disclosure because they reveal themselves upon initial interaction. For instance, an individual with a cleft lip or a visible tumor does not need to disclose his or her physical deformity because it is apparent. Some stigmas, however, can be hidden from plain sight (Goffman, 1963). For example, a gay man, an interracial couple, a cannabis user, or a biracial individual may conceal a stigmatized identity to be viewed, normal, in a social setting and avoid the cost that come with self-disclosing a stigma. Stigma management provides a framework that "explicates the factors impacting one's decision to reveal or hide a concealable stigma across situations" (Cain, 1991; Pachankis, 2007: 329). Researchers have developed several strategies that individuals use to manage stigma such as, reframing their ideologies, making social comparisons with those devalued less by society, or condemning those making judgments about one's stigmatized condition (Ashforth & Kreiner, 1999).

Despite this progress, most studies center on explaining factors that allow workers to change, hide, or accept an internalized stigmatized identity (Jones & King, 2014) or what some describe as "self-stigma" (Corrigan, 2004). Organizational research studying work stigma, with few exceptions (Hudson & Okhuysen, 2009), ignores the role of "public stigma" and multiple actors efforts to manage public stigma. Public stigma reflects "what a naïve public does to a stigmatized group when they endorse the prejudice about that group" (Corrigan, 2004: 616). They arise from the general society and manifest in policies and laws. For example, the Americans with Disabilities Act of 1990, which prohibits discrimination on the basis of disability by both public and private employers, was enacted to assist marginalized groups with mental or physical disabilities to achieve gainful employment and other civil liberties. Public stigma is more relevant to stigma management at the organizational-level and industry-level and differs from what most micro scholars studying work stigma have uncovered on self-stigma.

To make links between the two bodies of literature, below, I first discuss macro-

Table 2.1. Levels of Analysis and Stigma Management Structure

Theory	Stigma Perspective	Definition	Tactics	Examples	Exemplar Citation(s)
Micro-Perspectives of Stigma Management	Individual stigma (between-individual-level)	Focuses on the disclosure of a stigmatized identity.	Passing or counterfeiting (i.e. portraying a normal identity), avoiding (i.e., dodging or evading a non-visible stigma), Integration (i.e., exposing a stigmatized identity)	Autistic workers disclosure or non-disclosure of a concealable but stigmatized condition.	Goffman, 1963; Ragins, 2008; Johnson & Joshi, 2017
	Individual stigma (within-individual-level)	"Attends to how individuals manage a stigmatized identity overtime from one interaction to the next" (Jones & King, 2014: 1472)	Conceal (i.e. hiding a stigmatized identity in one situation but not another), Reveal (i.e., expose stigmatized identity), Signal (i.e., provide hints or clues about a stigmatized identity)	Temporal conditions that influence pregnant women or LGBT workers disclosure or non-disclosure of a stigma at work.	Jones et al., 2016; King et al., 2017
Macro-Perspectives of Stigma Management (Organizational Stigma Theory)	Organizational stigma (between-organization level)	Describes how organizations mitigate a label that evokes a perception that an organization possesses a deep-seated flaw.	Isolation (i.e., using discrete locations), integration (i.e., turning outsiders to insiders) impression management	Male bathhouses using discrete locations and shielding key stakeholders from being associated with a stigma.	Hudson & Okhuysen, 2009; Devers et al., 2009; Carryberry & King, 2012

Table 2.1. Continued

Theory	Stigma Perspective	Definition	Tactics	Examples	Exemplar Citation(s)
Macro-Perspectives of Stigma Management (Organizational Stigma Theory)	Organizational stigma (within-organization level)	Examines the different strategies an organization employs to shift perceptions of a stigma attached to its core activities.	Co-opting labels (i.e., leveraging a stigma), pacification (i.e., following rules), professionalizing practices	Mixed martial arts facilities leveraging negative labels used against them to gain attention from key stakeholders.	Helms & Patterson, 2014
Macro-Perspectives of Stigma Management (Categorical Stigma Theory)	Categorical stigma (between-industry level)	Describes strategies to limit negative evaluations held toward organizations engaged in contested practices.	Defensive adoption (i.e., divesture	Tattoo, cosmetic surgery, nuclear power generation, cannabis, travel agency	Adam, 2012; Piazza & Perretti, 2015; Lashley & Pollock, Forthcoming; Tracey & Phillips, 2016
	Categorical stigma (within-industry level)	Describes tactics to remove a negative label that affects a group that share a category	Category emergence, distinct identity claims, moralizing	Different types of cannabis dispensaries (i.e., recreational vs. medical)	Vergne, 2012 Hsu et al., 2018 Lashley & Pollock, Forthcoming
	Categorical stigma (within-occupational group)	"Occupations that are associated with task that are physically, socially, or morally tainted" (Ashforth & Kreiner 1999: 414).	Condemning condemners, selective social comparison, reframing, refocusing, recalibrating	Prisoners use of different discursive practices to manage stigmatized identity	Hughes, 1951 Ashforth & Kreiner, 1999 Ashforth et al., 2007; Toyoki & Brown, 2013

perspectives of stigma management and explain how examining both types of stigma offers a more complete understanding of stigma management in organizations.

Macro-Perspectives of Stigma Management

On the macro side, most studies consider how organizations and industries respond to stigma by removing its associative properties. Although conceptually similar to one another, managing organizational stigma mostly concerns organizational actions taken to regulate stigmatized attributes tied to individual organizations' activities or identity. In contrast, managing categorical stigma centers on removing stigma to achieve legitimacy for the entire category. Below, I first provide a brief overview of research on organizational-stigma management and then elaborate on categorical stigma management and its importance.

The process of managing organizational stigma concerns how organizations exist amid negative evaluations and discrimination that comes from being associated with a stigma (Hudson & Okhuysen, 2009). Although scholars have discovered several stigma management tactics, there is some evidence that organizations take considerable effort to conceal their stigmatized activities to minimize the transfer of stigma to their network partners (Hudson & Okhuysen, 2009). Findings indicate that organizations accomplish this task by managing boundaries by covertly operating their business to avoid stigmatizing audiences. For example, Male Bathhouses isolate their locations through nondescript architecture; making outsiders insiders; matching the needs of critical stakeholders through model compliance and allowing partners more flexibility to disassociate themselves from their business. Further, organizational responses to stigma are contingent on institutional environments that either tolerate, accept or condemn stigmatized practices taking place (Hudson & Okhuysen, 2009).

Macro-perspectives concerning categorical stigma focus on stigma that exists due to similarities with other devalued organizations. It reflects what Goffman referred to as “tribal-stigma”. Managing stigma at this level involve actions that protect industry actors as whole. Actions that help an individual firm are still important, but less relevant in this case. Rather it is the collective actions of groups of firms that ensure an industry avoids labels that are defamatory in order to gain wide acceptance (Adams, 2012). For example, researchers discovered that Mixed Martial Arts (MMA) gained acceptance through a process of co-option or when stigmatized labels are leveraged to lure and support key audiences that see themselves are different and embracing of labels that deviate from the norm (Helms & Patterson, 2014).

Further, studies of beer manufactures found that decoupling or creating distance from devalued product categories reduced categorical stigma with audiences (Barlow et al., 2016). Scholars also demonstrate that categorical stigma removal can result through identity work among organizational members (Tracey & Phillips, 2018) or category divestment (Piazza & Perretti, 2015). Additionally, categorical stigma can be removed when symbolic elements are added to a stigmatized product and used to create a new category of products that are more legitimate (Lashley & Pollock, Forthcoming). The creation of medical cannabis versus recreational cannabis and body art versus tattoos are anecdotal examples of such processes. Regardless of how categorical stigma is removed, in most cases, a major part of the process of managing stigma involves coordinated actions from a multitude of industry actors across levels, rendering a need for more theory to uncover cross-level dynamics in stigma management.

A Need for Cross-level Stigma Management

Combined, studies at the micro-level and macro-level provide plausible accounts of stigma management. However, more is required for an integrative cross-level model that captures the diverse tactics different industry actors employ to manage industry stigmatization. I suggest that examining categorical stigma allows cross-level management to naturally unfold because of its focus on industry, which includes organizations and individuals nested within an industry. Moreover, the effects of categorical stigma arise at varying levels of analysis which separately call for different stigma management strategies. For example, it can lower product evaluations of beer at the industry-level, which promotes decoupling as an industry strategy (Barlow et al., 2016). It can incite sanctions among firearms dealers at the organizational level, which forces organizations to diversify their offerings (Verne, 2012). Further, it can engender homophobic discrimination of customers and employees of male bathhouses at the individual level that shifts employees' behaviors, such as their disclosure activities (Hudson & Okhuysen, 2009; Jones & King, 2014).

Recent research on stigma management has made strides to uncover the activities that different actors independently employ to mitigate the unfortunate realities that come with being stigmatized. Yet it has ignored a critical piece that limits further conceptualization of the phenomenon. When an industry is subject to stigma, the benefits derived by a single actor and a single-level of analysis wane, and the strategic focus shifts from individual-level action to multi-level action to manage stigma effectively. Hence, the effects of categorical stigma trickle down to all actors that operate in an industry, including the employees and customers associated with those organizations and requires cross-level action across different groups, demonstrating the notion that it takes a village.

Further, extrapolating tactics from one level to another can result in theorizing that lacks precision and predictive validity promoting logical fallacy (Klein & Kozlowski, 2000). Remnants of this exist in the core-stigma literature, which has struggled to detangle industry-level stigma from organizational-level stigma (Lashley & Pollock, Forthcoming; Vergne, 2012). However, to provide a clear distinction from prior work, I focus less attention on where stigma management resides, but instead, I explicate the conditions under which specific stigma management strategies are invoked—suggesting that stigma management can occur across "individuals" and "organizations" and industry.

To uncover this process, I explore a useful context by examining the small-dollar loan industry through a qualitative field study. The small-dollar loan industry has been stigmatized and met with strong disapproval from the general society. Because I had limited knowledge about the industry, I immersed myself in the setting to develop more intricate knowledge of the industry. Using this method of inquiry, I gathered primary qualitative data through direct ethnographic observation and interviews with industry insiders and secondary qualitative data through archival records.

Ultimately, the combination of these data sources allowed me to build a cross-level theory of stigma management. In taking this approach, I advance two contributions to the literature. First, I demonstrate that responding to categorical stigma requires cross-level actions. I find that individuals and organizations experience different element of the industry stigma and that these different elements impact how stigmatized actors enact stigma which influences customers experiences. As a consequence, I show that understanding one level without consideration of the others makes our understanding of stigma management in organizational settings in complete. In the next chapter, I discuss the research setting and methods.

CHAPTER THREE: RESEARCH SETTING AND METHODS

In Chapter 3, I focus on the research setting, the methodology associated with my field study, and the analytic procedures used to answer my research questions. In the first section of the chapter, I discuss how emergent themes from my data analysis resulted in a subtle but also considerable shift in my research focus. I discuss the importance of this shift in my dissertation and its influence on my findings. Following this discussion, I provide a historical review of the small-dollar loan industry to build sufficient background of the industry's stigma and illustrate the appropriateness of the research setting.

I discuss how a stigma unfolded in the industry and discuss its implications for industry insiders. From there, I discuss my sampling strategy, which includes technique used to sample both site visits to small-dollar lending establishments and research informants in the small-dollar loan industry. I next explain my methodology, the various sources of data used in the dissertation and the analytic process employed to interpret my data. In particular, I provide detail about my ethnographic participatory observations as a small-dollar loan customer, my semi-structured interviews with founders and other industry insiders (e.g., employees, customer, trade-group), and my analysis of archival data. Further, I describe the analytical processes and steps used to ensure trustworthiness in my findings. In total, Chapter 3 provides an overview of all aspects related to data collection and analysis and leads directly to my findings in Chapter 4. Next, I discuss changes to my dissertation that occurred during data collection.

Changes in the Dissertation

To address my research questions: "*why do entrepreneurs enter industries that are subject to categorical stigma?*", "*how is stigma managed across groups at different levels?*", and "*how do customers experience stigma?*", I first identified a research setting that was germane to the research purpose. Leveraging a recent review of the categorical stigma literature (Pollock, Lashley, Rindova, & Han, 2019) and a special topics article on stigmatized contexts (Hudson & Okhuysen, 2014), I first targeted a stigmatized industry not previously investigated in organizational research. I determined that the Small Dollar, or "Payday" Loan industry represented a suitable setting due to a pervasive stigma attached to the industry and little knowledge about the industry in the organizational literatures. Pragmatically, this setting was ideal because there were several small-dollar operators in my region and archival records documenting the industry's stigma was readily available. Further, the research setting contrasted many other stigmatized industries examined in previous work, where categorical stigma was removed or reduced (Lashley & Pollock, Forthcoming; Tracey & Phillips, 2017; Helms & Patterson, 2014). Interestingly, the small-dollar loan industry remains stigmatized despite progressive efforts by industry insiders to reduce or eliminate a stigma tied to the industry.

While I initially intended to unearth "why" entrepreneurs decided to enter a stigmatized industry, the core findings that emerged from my field study, however, primarily demonstrate that managing categorical stigma was a more pertinent challenge than making the initial decision to enter the small-dollar loan industry. While understanding why entrepreneurs enter these sorts of industries is important, it constitutes a point that is worth discussing later on the dissertation, since there was not enough compelling evidence to develop new theory. To this end, I move any discussion related to why entrepreneurs enter the small-dollar loan industry to the discussion and future directions section of the dissertation.

On the other hand, managing industry stigma was a central focus for informants across multiple levels including the industry as a whole, individual lenders, and individuals, such as employees and customers. These actors were forced to cope with various sources of stigma including the products they offered, the locations of their operations, and the demographics of customers they served. As a result of this evidence, I added an additional question to my dissertation, "*what are the sources of categorical stigma?".* Ultimately, the themes that emerged reflects the inductive nature of my inquiry and centered on cross-level processes in stigma management which I then used to explain how the industry stigma unfolded and influenced a key audience, customers. By cross-level, I am referring to how actions at the industry and organization level influenced individual-level action. Hence, I propose a model that theorizes identity management as phenomenon that varies as a function of industry/organizational and individuals actions, which represent different units of analysis. In taking this approach, I advance two contributions to the literature.

First, I demonstrate that stigma management unfolds across levels. I find that stigma can be enacted (a form of management) by different groups, in distinct ways, that shapes customers experiences. As a consequence, I show that understanding one level without consideration of the others negates a more refined understanding of stigma management at the category-level. Second, I demonstrate that a stigma may be reinforced by the same actors who elicit great effort to eradicate industry stigma. Small-dollar operators can respond to being stigmatized by enacting discriminatory practices that stigmatize customers. Such practices influence how customers experience stigma which perpetuates instead of reduces the stigma tied to the industry. This finding contributes to the existing research which found that stigmatized operators attempt to shield their key customers from stigma to ensure support (Hudson & Okhuysen, 2009). I find that stigmatized actors may enact a stigma on customers, to externalize the stigma, and prevent internalizing it themselves.

In the next section, I provider a historical overview of the small-dollar loan industry and then follow with the process I used to gain access to a highly shielded small-dollar loan industry.

Charting the History of Small-Dollar Lending

> When money is lent on a contract to receive not only the principal sum again, but also an increase by way of compensation for the use, the increase is called interest by those who think it lawful, and usury by those who do not (Blackstone, 1765).

The practice of small-dollar lending has a well-documented and contentious history, dating back to prebiblical religious texts (Geisst, 2017). According to historians, small-dollar lending was first documented in Pre-Islamic Mecca, where it was called riba (Geisst, 2017). Riba, which can be crudely translated as usury, or unequitable gains realized through the charge of high interest was forbidden by Jewish, Christian, Buddhist, and Islamic law (Geisst, 2013; Saleh & Ajaj, 1992). Born out of these philosophies was the idea that the practice of making usurious monetary small-dollar loans that unjustly enrich the lender was sinful and immoral. Those who unfairly extracted benefits from others were subject to censure and avoidance, and were routinely stigmatized (Goffman, 1963). As a result, small-dollar lenders were barred as exchange partners through custom and legislation and were front and center in many moral and social debates on indebtedness and nefarious lending (Schaaf, 2001).

Despite centuries of systematic prohibition against small-dollar lenders, the practice of small-dollar lending and those who engage in it have persisted over time. As illustrated in the quote above, those who offer small-dollar loans see it as an acceptable form of credit and business, while those who oppose small-dollar loans because it is usurious, work to eradicate such lending practices. Nevertheless, the fact remains that small-dollar lenders fill a real credit need (Hodson, 1919), and throughout history, evidence shows these lenders were an important institution for economically deprived credit seekers with little access to traditional means of credit during 12th century Rome, Elizabethan England, and post-civil war America (Geisst, 2017). To provide a deeper understanding of small-dollar lending, I chart their history and evolution in the United States after the Civil War (1890-2017).

Small-Dollar Lending Post-Civil War

A small-dollar loan is a form of short-term credit extended to a borrower at a high rate of interest. They differ from traditional loans because they are an unsecured and a riskier form of credit with high annual interest rates and shorter terms, typically 30 days or less. Although records of small-dollar lending date back before the advent of paper or coin currency, the ramifications of small-dollar lending ascended in the United States in the late 1800's. According to Geisst's (2017) book "Loan Sharks", in the decades following the Civil War, the focus on small-dollar lenders and usury laws became a more prominent topic. Most notably, small-dollar lenders gained notoriety during the early 20th century, when a filmmaker, D. W. Griffith, directed a movie, "The Usurer," that brought attention to the moral issues of unscrupulous small-dollar lenders (Geisst, 2017). During this time, many small-dollar lenders were referred to by a more popular epithet, loan sharks, because their loans were usurious and their tactics to recover any impending losses were often viewed as aggressive and predatory. Further, clear national legislative rules to govern these lenders were absent, leaving the common person little means of redress, except to label and warn others about these types of lenders.

Over time, legislators and philanthropic consumer advocacy agencies, such as the Russell Sage Foundation, the American Association of Small Loan Brokers, and the Provident Loan Society worked collectively to regulate small-dollar lenders. Beginning with New Jersey in 1913, the first regulation at the state level established legal limits on small-dollar lenders by prohibiting the assignment of wages to secure a loan, except at a legal rate of interest (Bogert, 1944). This legislation provided important protection to small-dollar borrowers and set a precedent for future small-dollar lending regulations. Following several state initiatives in New York, Ohio, Massachusetts, Virginia, and Rhode Island, the Uniform Small Loans act (USL) was passed in 1916, restricting lenders to a maximum charge of 3.5% per month under the penalty of loan forfeiture or criminal punishment (The Uniform Small Loan Law, 1923; Bogert, 1944).

Despite laws restricting small-dollar lenders, many operated under the guise of legitimate lending establishments and devised covert methods to offer credit to borrowers in need. The terms for the borrower, however, were often illegal and usurious (Hodson, 1919). To evade regulatory enforcement of usury laws, many small-dollar lenders would claim they did not offer loans, but only a "discounted advance" (Geisst, 2017: 50). Take for example, the popular practice of salary buying/loaning, what is now tantamount to contemporary small-dollar lending through pay advances (Mayer, 2012). This model involves a lender paying a worker an advance on his or her weekly paycheck. Once the worker is paid by his or her employer, the lender would deduct their fee, leaving the worker with less than the full value of his or her pay.

The percentage charged for these loans normally amounted to 20% per pay period. At an annual basis, this can reach a 520% annualized percentage rate (APR) if pay is bi-weekly and over 1000% (APR) if pay is weekly. For example, a $300 loan at 20%, if pay is bi-weekly, could amount to a required payment of $1,560 if the loan is rolled over for an entire year. Numerous reports show that the average small-dollar loan is extended over a period of 8 to 10 months. These returns exceed many other products in the consumer loan industry, such as chattel lending (loans for small purchases), making it a proven revenue model for lenders (Ham, 1909). Among other things, many small-dollar lenders required borrowers to sign power of attorney when taking out a salary loan, which rendered earlier usury laws ineffective (Ham, 1909).

Irrespective of the rampant criticism and increasing regulations during the early 20th century aimed at governing small-dollar lenders, there was a legitimate demand for lenders who offered small-dollar loans. Estimates during the early 20th century showed that "25% of the population of every city" had an occasion to be a borrower or beneficiary of small-dollar loans (Hodson, 1919: 10). Further, many small banks could not provide such loans to a common wageworker, whose earnings were minimal and who lacked suitable collateral (Geisst, 2017). As increasing restrictions made it more difficult for small-dollar lenders to offer their products while demand for them increased, many proponents of the small-dollar loan industry began to surface in the second half of the century.

One prominent and early advocate of the small-dollar loan industry was Jackson R. Collins, Esq., the general counsel for the Beneficial Management Association, which at the time was one of the largest small-dollar lenders. Proponents such as Collins argued that small-dollar regulations were anticompetitive and should be “reduced or abolished” or left to industry forces of supply and demand (Bogert, 1944: 13; Chin, 2004). Small-dollar lenders took on considerable risk by offering credit to borrowers with poor credit or little means to secure their loans. Nor could small-dollar lenders recover losses by legal process as a rule of law (Hodson, 1919). As such, high interest rates and fees for small-dollar loans were justified as the fair cost of distributing high risk and unsecured loans, which routinely default at a higher rate than other forms of credit (Lawrence & Elliehausen, 2001; Chin, 2004). In fact, many small banks and credit unions refused to offer small-dollar loans because the operational cost and tightening regulations associated with such loans offered little profit and greater risk.

As the banking industry at large became deregulated in the late 1970’s, growth of contemporary small-dollar lenders followed. During this time, new checking accounts proliferated, and more subprime credit was extended to borrowers further down the income scale (Mayer, 2012). Additionally, the combination of new penalties from banks for overdrawing accounts, the absence of a robust and legitimate short-term credit industry, and growing income inequality fueled the demand for credit that was sold at a premium (Mayer, 2012). Following these trends, substantial growth of small-dollar lenders ensued in the 1990’s, raising the industry’s profile from a miniscule player in the consumer loan industry to an industry estimated to generate over $50 billion per year in revenue in the early 2000’s (Elliehausen & Lawrence, 2001; Schaaf, 2001). Small-dollar lenders currently extend credit to over 12 million Americans, proving to be an essential form of credit used by 3.5% of the United States population per year (Pew, 2012). Yet debates still remain over whether small-dollar lenders indeed cater to an unfulfilled demand for small, short-term loans by a sector of the population who otherwise would not have access to credit, or whether they offer a usurious and exploitive product (Elliehausen & Lawrence, 2001).

Small-Dollar Lending Post-Banking Deregulation

Today, the small-dollar loan industry is comprised of financial lenders that offer what is now called "deferred presentment products" (hereafter, small-dollar loans). These financial products, often referred to colloquially as: "payday loans", "cash advance loans", or "deferred check loans", are a type of single-payment transaction whereby a small amount of credit, customarily $300.00 or less, is extended by a lender for a specified period of time, typically less than 30 days. Similar to salary buying, they work by leveraging borrowers' future earnings as collateral for the loan. In particular, a lender secures the loan by holding the borrowers' future earnings, in the form of a post-dated check or an authorized debit from a borrower's checking account, for the full amount of the loan plus a fee; in exchange, the borrower receives a loan, in the form of cash. Upon maturity of the loan, the check is deposited at face value of the loan based on the negotiated terms or the presentment. Although the fees charged vary by lender and state, the average small-dollar loan has a 14-day term limit and an APR of 390%, which is the periodic rate of 15% multiplied by 26, the number of 14-day periods in a year.

One difference between modern small-dollar loans and the original salary buying model used decades prior is that salary buying was typically secured with a wage assignment that entitled the lender to collect payment from the payroll office where the borrower worked. Due to legislation, however, such actions now are illegal, and will result in forfeiture of the loan (Mayer, 2012). Regardless of their various names and types, small-dollar loans are widely used in the United States (Pew, 2012), but are also still among “the most contentious forms of credit” in the consumer financial industry (Edminston, 2011: 63). Small-dollar loans are currently described as fringe banking products or predatory, leading different audiences—including Congress, consumer advocacy groups, federal agencies, and religious organizations—to disapprove of the lenders that offer them to consumers (Negro, Visentin, & Swaminathan, 2014).

Today, lenders that provide small-dollar loans are highly controversial because of the high cost of their products and perceptions that their practices are aggressive and discriminatory (Li, Parrish, Ernst, & Davis, 2009; Associated Press, 2016). A leading explanation for the controversy is “the debt trap” hypothesis. This hypothesis suggests small-dollar lenders target high-risk borrowers who cannot afford high interest payments and trap borrowers into recurring high cost payments, described as rollovers (Parrish & King, 2009). As a result, the small-dollar loan industry is highly stigmatized, with recent reports showing that 3 in 4 Americans believe the small-dollar loans should be regulated more, and only 1 in 10 approving of small-dollar lenders (Pew, 2012).

In fact, 48 states have established legal limits on small-dollar lenders either by way of a cap on the amount lenders can loan or interest charged to a borrower (Glaeser & Scheinkman, 1998). Further, 16 states have banned them outright, despite evidence that suggests these restrictions provide little benefit or, actually, harm consumers (Edminston, 2011; Elliehausen & Lawrence, 2001). Others also argue that barring small-dollar lenders could incite growth in illegal markets and other predatory forms of credit and nefarious lenders (e.g., loan sharks) (Elliehausen & Lawrence, 2001; Morgan & Strain, 2008). Legal statutes against small-dollar lending have advanced as the Consumer Financial Protection Bureau (CFPB), a government regulatory agency, has increased industry regulations in recent years. See Table 3.1. and Appendix A for key regulatory restrictions in the industry.

The presence of strong social and institutional mechanisms—used to control this type of lending practice—suggests that the stigma associated with small-dollar lending still exists and makes working in the industry difficult or even impossible in some cases. As such, the small-dollar loan industry suffers from a categorical stigma (Vergne, 2012). In this particular industry, the stigma is most notably associated with the product category, for example, the small-dollar loan. However, the extent to which a group of lenders is exclusively known for offering these products makes those in the group (or category) stigmatized.

Categorical stigma can incite social sanctions, such as boycotts (Helms & Patterson, 2014), and legal sanctions, such as lawsuits or moratoriums (Piazza & Perretti, 2015), which can stifle industry growth (Roth, 2007). For example, during an industry conference I attended hosted by the leading trade association of the small-dollar loan industry, Consumer Financial Service of America (CFSA), advocates against the industry occupied and protested the conference (NPR, 2018), despite the fact that one of the conference's main purpose was to promote practices that increase transparency in lending and encourage consumer responsibility and industry compliance with state and federal laws. While many reports highlight benefits and detriments that result from small-dollar lending (King, Li, Davis, & Ernst, 2005),

Table 3.1. National Legislative Statues Against the Small-Dollar Loan Industry

Legislative Act	**Restriction on the industry**	**Agency**	**Current State**
Military Lending Act (2006).	This restriction allows Congress to add a 36% annual interest rate cap on small-dollar loans made to military service members. In 2015, the U.S. Department of Defense enhanced these protections to consumers (Office of the Comptroller of the Currency, 2019).	The Office of the Comptroller of the Currency's (OCC)	Active
Small-Dollar Rule (2019)	The small-dollar rule is an enactment of law that requires a lender to determine whether a consumer has the ability to repay a loan before making a loan. Lenders are required to notify consumers before withdrawing the amount owed on the loan from the consumer. Further, lenders are limited on the number of times that they can withdraw a payment from a consumer's account (Consumer Financial Protection Bureau, 2019)	Consumer Financial Protection Bureau (CFPB)	Suspended
Truth in Lending Act (TILA) (1968)	The Truth in Lending Act necessitates that lenders disclose all finance charges in all credit transactions. This includes disclosing annual percentage rates and any fees required before a loan is provided. (Board of Governors of the Federal Reserve, 2019).	The Office of the Comptroller of the Currency's (OCC)	Active
Uniform Small Loans Law (USLL) (1916)	The Uniform Small Loans Law founded by the Russell Sage Foundation was instituted to oversee lenders who provided credit for low income people in the United States. It required creditors who provided small-dollar loans, typically amounts $500.00 or less to be licensed and bonded (Bogert, 1944).	State regulations	Suspended

Note: This is an abridged chronology of regulations of the industry offered for illustrative purposes little research has investigated how entrepreneurs in the small-dollar loan industry manage categorical stigma that is enacted through regulations. These regulations are an outcome of the industry's stigma because of a breach in social beliefs about morality (Roth, 2007; Anteby 2010) that comes with lending of these sorts. Although rapid industry growth ensued during the 1990's and early 2000's, recent reports suggest the industry has stagnated in the last decade (IBIS, 2018). Decline in growth may be explained by increases in negative media attention (NPR, 2018) and stricter regulatory environments that cast the industry in a contentious light (Bourke et al., 2018).

However, such factors ignore a critical piece of the story. That is, increases in negative media attention as well as industry stagnation make it both an increasingly stigmatized and economically challenging industry, requiring industry actors to respond. Consequently, the responses that entrepreneurs and other industry insiders carry out play in increasingly important role in shaping how members and audiences operate in settings where risks are extreme because of the stigma. Operating any business carries risk, but it is how individuals perceive these risks that determines how they will respond and survive (Simon, Houghton, & Aquino, 2000). Traditionally, scholars have advanced that entrepreneurs primarily assess and respond to financial risk, limiting our understanding of risk that involve a person's social standing (Wu & Knott, 2006).

Under conditions of stigma, both financial risk and social risk are heightened. Consequently, the probability of losing potential business opportunities and one's social status increase (Sutton & Callahan, 1987). For example, an entrepreneur may be dismissed by business prospects because of reputational risk that may occur from associating with an industry that is widely disapproved. Further, friends or other close acquaintances may be reluctant to associate with a person who is discredited by the general society. Social risks refer to a person's probability of losing his or her social standing. It relates to risks that involve forfeiting support from friends or being rejected by peers (Hodges, Malone & Perry, 1997). In many ways it shares similarities with the outcomes of stigma, and I suggest that it can be viewed as the probabilistic beliefs of outcomes that can result from stigma. Entrepreneurs who face increased social risk may be consumed with saving "face", securing support from customers, and limiting affiliations with others who may discredit them. Increased social risk make both starting and operating a business a major obstacle.

The presence of social risks is ubiquitous in stigmatized settings and require responses from entrepreneurs and other industry members to ensure business growth, sustainability, and self-worth in the workplace. By investigating categorical stigma in the small-dollar loan industry, I shed light on this particular aspect of risk that has been understudied in the organizational literatures but is likely encountered while working in this type of industry. In light of this, I elaborate on a few aspects of social risk that can occur when a stigma is tied to an industry later in the dissertation.

In the next section, I describe the data and methods used to investigate the small-dollar loan industry.

Data Collection and Methods

The empirical context for this study was the regional small-dollar loan industry located in the southeastern part of the United States. The data came from three main sources: (1) ethnographic participatory observation; (2) primary interview data; and (3) archival data. Given that my primary interest initially concerned why founders in a stigmatized industry decided to enter their industry, my initial source of data relied heavily on interview data with founders. However, as changes in the dissertation emerged and my focus shifted to exploring how stigma is managed by industry insiders, the source of my data shifted to ethnographic participatory observations combined with interviews with employees and customers. The combined data sources allowed me to secure rich descriptions and narratives (Denzin & Lincoln, 2011) from those entrenched in the industry (Charmaz & Belgrave, 2012). Further, it offered methodological triangulation, more granularity in my analysis, and greater understanding of the industry from multiple perspectives. Below, I document the sampling strategy.

Sampling Strategy

I used two sampling techniques to gather data from research informants. First, I used snowball sampling to recruit research informants for my interviews. Snowball sampling was an appropriate sampling method given the sensitive nature of my inquiry and the additional challenges that come with recruiting informants in a stigmatized context (Biernacki & Waldorf, 1981; Suri, 2011; Hudson & Okhuysen, 2014). During this process, I found an online database of small-dollar lenders and contacted multiple lenders by either email or telephone to set up my interviews. After each interviews, I asked the research informants to recommend other members who were in the small-dollar loan industry. To ensure that I included a variety of informants, I recruited and asked informants to recommend different groups of research informants. In particular, informants were either a small-dollar industry founder, employee, or customer. All other members were excluded.

The benefit of recruiting different research informants for my interviews was two-fold. First, I was able to gather insights from different industry members with different perspectives about the industry's stigma. For example, some of my research informants had extensive experience in the industry (e.g., 15+ years) and could speak directly to the contributing factors that lead to the industry's stigma and the actions taken to manage the stigma overtime. Second, I was able to gain valuable information from those who had were multiple experiences in the industry and could reflect on their experience of both selling or buying products that were subject to heavy criticism. In all, I leveraged my relationships with each group of informants to further gain access to the industry.

To conduct my ethnographic participatory observations of small-dollar lenders, I used simple criterion sampling (LeComple, Preissle, & Tesch, 1993). This sampling technique focused on identifying cases that meet some criterion. For example, I set a criteria that all lenders required a store front and operated in my geographical region. To find the different store fronts, I used a state directory of all small-dollar lenders in my region. I then used this list to create a database and randomly select different lenders based on their size, locations, and products. Some lenders were large and had well over 1,000 storefront nationwide, while others were much smaller and local. Lenders in my sample also varied in terms of their products with some lenders providing an assortment of high-interests products (e.g., title loans, installment loans) and other services, such as check cashing, while others offered the small-dollar loan exclusively. I varied lenders based on their locations with some storefronts situated in high income areas with household income averages of over $100,000 but many others located in impoverished areas where the average household income in the area was less than $40,000.

I varied my visit along these dimensions to assess whether there was a difference in my experience as a small-dollar customer based on the location, product offerings and the size of the lender. Further, I used it to triangulate some of the discussion points in my research informants interviews by visiting different founders' and employee' companies. Table 3.2. lists the general description of my sample and my site visits. Because of the formidable challenge of finding willing informants in the industry, which are noted to be very private due to the ramifications of stigma, I discuss the steps I took to gain access to the research setting

Phase One: Gaining Access in the Small-Dollar Loan Industry

As noted by in existing research, gaining access to a stigmatized research setting is a challenging task and comes with many barriers (Hudson & Okhuysen, 2014). My initial steps to gain access to the setting focused on establishing trust with individuals with substantial influence in the small-dollar loan industry (Merriam, Johnson-Bailey, Lee, Kee, Ntseane, & Muhamad, 2001; Brewer, 2000). To accomplish this, I first established a relationship with the premier industry association. I did so by contacting a member of the executive team at the association which resulted in me attending an industry conference. Although, I attended the conference, I was not able to extract useable data from the event because my attendance at the conference was cut short when the association made a last-minute decision to restrict outsiders from attending

Table 3.2. Description of Research Informants

Participant Pseudonyms	Informant Gender	Position	Identifier	Small-Dollar Lending Establishment Pseudonyms	Small-Dollar Lending Type[2]
James	Male	CFO	(C27-J-F)	Fast Dollar	A/C
Barbara	Female	Founder	(C28-B-F)	American Advantage	A/C
Abel	Male	Founder	(C29-A-F)	Cash Me Inside	A/C
Angela	Female	Employee	(C30-A-E)	Cash Me Inside	A/C
Kourtney	Female	Founder	(C30-K-F)	Money, Money, Money	S
Matthew	Male	Founder	(C31-M-E)	Borrow More	S
Michael	Male	Employee	(C32-M-E)	Fast Dollar	I/C
O'Shea	Male	Customer	(C33-M-E)	Fast Dollar	A/I/C
Nikko	Male	Employee	(C34-N-E)	Cash for Title	I/C
Rickey	Male	Customer	(C35-R-C)	American Advantage	I/C
Christy	Female	Customer	(C36-C-C)	Express My Check	C
Mario	Male	Employee	(C37-M-E)	Cash for a Title	I/C
Tabitha	Female	Manager	(C38-T-E)	Cash My Check Now	I/S
Jamaal	Male	Customer	(C39-J-C)	Quick Cash Fast	I/C
Gene	Male	Customer	(C40-G-C)	Quick Cash Fast	I/C
Acquanetta	Female	Customer	(C41-A-C)	Fast Dollar	I/C
Michelle	Female	Customer	(C42-M-C)	Cash Me Inside	A/C
Mandy	Female	Customer	(C43-M-E)	Express My Check	I/C

Under the column Small-Dollar Lending Type, I use the term "A" for affluent geographical areas, "I" for impoverished geographical areas and "C" for a large corporate firms and "S" to indicate a small "mom and pop" business. If I did not visit the location, I just demarcate firms by their size

Table 3.2. Continued

Participant Pseudonyms	Informant Gender	Position	Identifier	Small-Dollar Lending Establishment Pseudonyms	Small-Dollar Lending Type
Shay	Female	Employee	(C44-S-E)	American Advantage	A/C
Gayle	Female	Employee	(C45-G-E)	Cash Me Inside	A/C
Wendy	Female	Employee	(C46-W-E)	Get Cash Fast	A/S
Misty	Female	Employee	(C47-J-E)	Get Cash Fast	A/S
Jim	Male	Customer	(C48-J-E)	Fast Dollar	A/C
Carine	Male	Manager	(C49-J-E)	Cash for a Title	I/C
Brittney	Female	Customer	(C50-J-E)	Express My Money	C
Jarmise	Female	Employee	(C51-J-E)	Cash Me Inside	I/C
Sonya	Female	Manager	(C52-J-E)	Check for Cash	I/S
Melissa	Female	Employee	(C53-J-E)	Cash Me Inside	I/C
Quanisha	Female	Employee	(C54-J-E)	American Advantage	A/C
Sharon	Female	Employee	(C55-J-E)	Cash Me Inside	I/C
Jessica	Female	Employee	(C56-J-E)	Cash Two	I/S
Jonathan	Male	Employee	(C57-G-E)	Cash Me Inside	A/C
Darius	Female	Employee	(C58-J-E)	Top Check Advance	A/S

the conference because of an ongoing litigation between the association and a federal agency (CFPB).

Despite this mishap, I continued to dialogue with the executive member which lead me to submitting a proposed monograph focused on founders in the industry. Based on this dialogue, I was able to build meaningful connections, and I was discretely pointed to several influential small-dollar entrepreneurs. I then leveraged these relationships to build my snowball sample of founders in the small-dollar loan industry. Among the founders interviewed, some were instrumental in creating legislation for the industry, which was an effective response to stigma years ago, and one even had assets above $1 billion USD. In all, gaining access to the industry provided advantages in terms of understanding the industry and moving from an outsider to an industry insider. This helped me further immerse myself in the research setting and lead to my subsequent role as a small-dollar borrower.

Phase Two: Becoming an Insider in the Small-Dollar Loan Industry

After I gained access to the industry, the next phase of the research was to maintain my status as an insider. As scholars note, once a researcher has gained access, he or she must maintain a non-threatening identity to other insiders, or what some describe as becoming an "acceptable incompetent" (Fielding, 2001: 149). The primary role in this phase was to gain a deep understanding of informants' lived experiences in the small-dollar loan industry. However, I also maintained professional distance to ensure adequate observation and data collection (Brewer, 2000). To meet this delicate balance, I adopted the role of a small-dollar borrower, visiting several small-dollar lending establishments over an eight-month period.

Taking on this role was beneficial because I began to gain more familiarity with the industry vernacular, such as “rolling over loans”, borrowing “flex-loans versus a payday loan”, or “holding a check to reborrow”. During my visits, I would use this form of language to interact with small-dollar founders, employees, and other customers who experienced the stigma associated with the small-dollar loan industry to build deeper connections with informants and eventually request interviews. In all, I leveraged my experiences with many informants to reflect on my role as a small-dollar borrower. In doing so, I had more confidence in my evaluations of the experiences informants in the small-dollar loan industry encountered.

Justification of Research Design

Due to the inductive nature of my inquiry, a qualitative approach was warranted. Historically, scholars have taken a variety of methodological approaches to study categorical stigma. For example, some studies have employed quantitative methods with qualitative data. Piazza & Perretti’s (2015) study used content analysis to examine category divestment in the nuclear power industry and Hsu et al.’s (2018) study of cannabis dispensaries used a similar technique. Other researchers have used quantitative data (Barlow et al., 2016) or a combination of qualitative and quantitative methods (Vergne, 2012). Most of the exploratory research, however, has used qualitative data and methods exclusively to examine categorical stigma as a phenomenon (Helms & Patterson, 2014; Hudson & Okhuysen, 2009; Lashley & Pollock, Forthcoming).

My research more closely aligns with the second group of inquiries as it is more exploratory than confirmatory. Hence, I adopted a pure qualitative approach to examine categorical stigma and its influence on customers. One difference in my qualitative approach is that I utilized ethnographic participatory observations to examine the industry's stigma, as opposed to only interviews or archival analysis. Employing this approach was useful because it allowed me to enact the role of an insider who also experiences the industry's stigma. I reflected on these experiences in the field and combined them with other data sources to explicate new theory about the different strategies different stigmatized actors used—in the same industry—to address categorical stigma and its effects on customers. Below, I provide detail about the field study.

Field Study and Data Sources

As customary with inductive qualitative inquiry, I fully immersed myself in the research setting during my data collection and subsequent analysis process (Denzin, 1989). Between March 2018 and April 2019, I was active in the field, meeting and talking with various small-dollar industry members. The last two months in the field were the most intense, as I spent several hours each week applying for loans and paying them back and interviewing different small-dollar borrowers and employees. Before I began data collection, my intention was to conduct a study of entrepreneurs in the industry. After entering the field and discussing with different informants, however, it became clear that the stigma associated with the industry generated issues across an assortment of diverse actors in the industry. During this process, I observed a noticeable degree of tension that existed between lenders and customers, though both groups depended on each other. Intrigued by these initial observations, my focus shifted from studying entrepreneurs to examining interdependencies between macro-level (i.e., lenders) and micro-level (i.e., employees) processes that jointly effects small-dollar borrowers' experiences and the industry's stigma.

Ethnographic Participatory Observations

As part of my field work, I engaged in ethnographic participatory observations as a customer, borrowing and paying back loans from different small-dollar establishments. Ethnographic participatory observation offered an effective method for gathering information from an insider's perspective (Geertz, 1973). To accurately capture the lived experience of small-dollar borrowers, I acted as a complete participant, covertly functioning as a small-dollar customer, taking out loans that ranged from $50 to $300 from a mix of large corporate and small "mom and pop" lenders in impoverished and affluent locations. I completed over 30 site visits with several different types of establishments taking extensive notes after each visit. My time on a particular site would last anywhere from 5 minutes, if I was simply paying back a loan, to 2 hours, if I was applying for a loan or inquiring about the loan process. I conducted multiple transactions with different lenders at different storefronts to compare the experience within, as well as between different lenders. I dressed in casual attire to blend in and I did not vary my attire drastically across different lenders. All of my loans were paid in full within fourteen days of the loan date, limiting the fees incurred from borrowing money from each lender. My visits to different lenders spanned different cities in the same region to account for influences across local contexts.

My field notes served as a primary source of data as they provided detailed knowledge about my experience in the field. Field notes are the tangible products of ethnographic participatory observations and are primarily used to describe and interpret events (Van Maanen, 1982; Jorgensen, 1989; Jorgensen, 2015). Specifically, they are "gnomic, shorthand reconstructions of events, observations, and conversations that took place in the field" (Van Maanen, 1988, p. 123). I wrote my field notes to relive the scene of action in the field at a later date. Additionally, they served as a vivid portrait of my experiences and allowed me to accurately reconstruct dialogues, such as "how employees talked to me", as well as describe the physical settings and accounts of particular events that took place on a research site. After I left a field site, I took both handwritten notes and audio recordings.

Further, I collected promotional and lending material available at each site. I asked different workers at these establishments similar questions about their employers and the high-interest loans they offered customers. I was able to not just record what people said, but I recorded in my field notes their non-verbal behaviors and other reactions that shape the borrowing experience and provide insights into how stigma is affecting different lenders practices.

Using my field notes, I systematically collected data in a way that permitted me to be reflective in terms of how I felt, what I observed, what challenges I encountered, and what hunches were supported during my field observation. These notes were updated at the end of each site visit. I also kept an audio recorder with me at all times to record any impromptu thoughts. An example of my expanded field notes can be found in Appendix B, which includes raw excerpts that captured the moment-by-moment experiences in the field and Appendix C, which includes a condensed and refined set of notes (Jones, Holmes, Macrae, Maclure, 2010). All field notes were transcribed and analyzed.

Overall, adopting the role of a customer was an attractive choice because it unveiled the aura of the research setting, allowing me to evaluate more complex accounts of my interactions. Being a small-dollar customer provided me the opportunity to not only observe stigmatized lenders, employees, and customers but also experience the stigma myself. Case in point, my experience as a small-dollar customer was an "extremely valuable source of data", given the intangible, complex, and morally charged aspect of the phenomenon of stigma (Jorgensen, 1989). I gathered rich descriptions and explanations that were central to the strategies industry insiders used to alleviate discriminatory actions that came from being stigmatized. In all, using this method I developed an intimate and well-grounded understanding of the small-dollar contexts as experienced by those who had at least, in part, assisted considerably in stigmatizing the industry while being stigmatized themselves in the process.

Interviews

Another important source of data came from semi-structured interviews. I interviewed a variety of small-dollar founders, small-dollar employees, and small-dollar customers over an eight-month period from August 2018 to April 2018. In total, I conducted 33 interviews, with interviews ranging from 20 minutes to 1 hour and 30 minutes. The interviews followed a standard protocol that started out with open ended questions asking informants about their involvement in the small-dollar loan industry.

For example, interviews with employees each began with a broad question, such as "Can you tell me about your experience working in the small-dollar loan industry?" I used open ended questions to provide informants flexibility in their response. However, I used a list of different probing questions, such as “what do you like most about your work? to clarify informants’ responses and to keep the interview focused. These questions were more direct and often related to how individuals managed challenges that resulted from being in the industry (Roulston, 2010; Rubin & Rubin, 2011). Further, I did not ask questions specifically about stigma, but the idea of stigma or perceptions held about the industry emerged as a main concept in the data.

All of my interviews were audio-recorded, except on a few occasions where research informants requested otherwise. When informants requested to not be recorded, I took extensive notes (Hammersley, 2014). A majority of the interviews were professionally transcribed to ensure accuracy in the data. Several were transcribed, however, by the researcher to ensure familiarity with the data.. Throughout the entire process, I omitted any identifying information to protect research informants and maintain informant confidentiality.

Along with my formal interviews, I engaged in informal conversation with informants, as a small-dollar loan customer where I asked employees questions about their work history and employers. In some instances, I inquired about working at the lending establishment to gather individuals’ sincere feelings about their organization. These informal sessions were much shorter, but informants tended to be more candid in their responses. Further, they served as additional support for my formal interviews, allowing me to triangulate my methods. In presenting direct quotations, I used an identifier for the actor and their position in the industry[3].

[3] Interviewees were differentiated by a case number, pseudonym, and their position. Case numbers were represented by the letter “C”; pseudonyms were represented by the first letter in the pseudonym; and, their position was represented by three letters “F” for founders, “E” for employees, and “C” for customers. For example, C32-M-E, represents case 32 in the database, the pseudonym, Michael, and his position as an employee. Archival records were demarcated by CH for congressional hearings, NP for newspapers, and TW for the trade group website and did not include a pseudonym. For example, C3-CH represents Case three and congressional hearings. Field notes were demarcated with a case number and then the letters FN. For example, C103-FN.

Archival Records

To gather archival records, I searched for the term “payday loan” and “small-dollar loan” using the ProQuest Congressional database. The database is comprised of congressional hearings, bills, laws, regulations, and reports. The results of my search generated 135 “search hits” of which, I used 55 usable articles. I also gathered data from the small-dollar lending industry’s leading trade association’s (CFSA) website. I organized the data using different case numbers in the CADAQ. This data was used as a supplemental source and included in the analysis, providing important aspects of the stigma tied to the industry Each interview, archival record, and or participatory observation represented a unique case. For example, Case 32 represented an interview I conducted with a small-dollar employee and not a field observation or an archival record.

Data Analysis

Due to limited understanding of categorical stigma and its influence on customers, I used an inductive approach to elaborate theory on the cross-level effects of stigma management. In particular, my study is grounded in an epistemology and ontology of interpretivism (Denzin & Lincoln, 1994). By these standards, I developed theory from the “ground up”, and my focus centered on understanding research informants experiences in relation to the phenomenon. A consequence of this approach is that my analysis and findings are a co-construction between myself, the instrument, and my research informants, the source of the data (Taylor & Bogdan, 1984; Van Maanen, 1982; Kawulich, 2005). This fit my research purpose, where my analytical focus was to broadly unearth reoccurring patterns in the data related to stigma.

I applied analytical principles of inductive inquiry which included gathering, codifying, and assessing patterns of themes in the data (Braun & Clarke, 2006). To develop my interpretations of key themes and build an analytical frame in accordance with the data and emerging theory, I used a multi-phased coding process that provided both flexibility and precision during the analysis and write up of the study (Braun & Clarke, 2006). See Table 3.3. for details.

The first phase of my analysis centered on "becoming familiar with the data." This phase included four key activities: (1) assembling and arranging all data sources into a centralized location using computer aided qualitative data analysis software (CAQDAS); (2) actively listening to all audio recordings of interviews and field notes; (3) transcribing all data sources to prepare for analysis[4]; and (4) reading each transcript multiple times, memoing, and notating theoretical points of interest.

The next phase focused on "producing initial codes." I collated the various coded extracts searching for similarities and differences across the entire dataset. This resulted in a large inventory of extracted codes summarizing the different sources of stigma, lenders' responses to these sources, and the enactment of stigma on customers. In-vivo coding was applied at this stage, where the data was extracted based on the research informants' own language (Lindlof & Taylor, 2002; Charmaz, 2006). For example, an initial code "flex loan" related to language used by informants describing a new and less stigmatized high-interest loan offered by small-dollar

[4] I transcribed the first five interviews and then enlisted professional transcription services to make the process more efficient. I relistened to all interviews that were professionally transcribed, making corrections when necessary and making note of different tones and pitches in the informant's language.

Table 3.3. Phases of the Thematic Analysis of Enacting Stigma Through Products

Phase	Description of my process	Data Extract	Example Code
Becoming familiar with the data	Transcribing interviews, listening to transcripts, reading interview transcripts, active re-reading while memoing, jotting down exemplar quotes	I hope that my colleagues will join me in supporting the CFPB's efforts to ensure that these "products help-not harm-consumers." The payday lending and title loan industry must take steps to ensure that borrowers understand the loan terms and have the resources to pay them back. (C8-A-O)	Opponents urging for more helpful products
Producing initial codes	Coding for theoretical interest across different data sources. Searching for terms related to preliminary theme.	So, finding people to lend to us was tough and positioning the company, where we would be able to survive, if the rules came out was tough. So that's how we came up with the "flex loan." (C27-J-F)	Flex loan
Discovering preliminary themes	Combining all related codes into preliminary themes.	Well, the payday loan is what I was explaining first. You got to have your check to pay it back, the "flex loan is little different." It's just a lot of interest. They're both high interest but they may "give you more (money and time) to repay," but you're going to end up paying back more, if you don't pay back sooner. (C40-G-C)	Material differences in the new product
		It was a new thing they were doing (flex loan) but even if you explained it to the customer. "They are not even going to realize, how it works because it was so complicated" on the numbers. (C32-M-E)	Ambiguity relating to the new product

Table 3.3 Continued

Phase	Description of my process	Data Extract	Example Code
Reviewing themes	Cross validating themes with coded extracts across the entire data set and mapping the analysis.	See thematic map in Appendix E.	Example of one refined theme
Defining the themes	Refine the specifics of each theme and generating clear definitions and names for each theme.	According to the literature "category creation" occurs when the cognitive boundaries of a preexisting category system are rearranged, reinterpreted, and relabeled to generate new meanings. (Durand & Khaire, 2017: 95) (C113-R-RM)	Category creation
Reporting the analysis	Finding exemplars and compelling coded examples and relating it to the research purpose and literature	We knew it was more a "regulatory friendly product. It didn't have a lot of attributes that opponents of the industry didn't want." (C27-J-F)	Enacting Stigma Through Products

lenders. Terms such as "lines of credit", "borrowing more money", and "lower-interests" described different aspects of the new product category. Combing through the entire dataset, I linked codes across different data sources in relation to this new product, which lead to one of my preliminary themes.

In the third phase, I focused on "discovering preliminary themes." I selected and curated the most significant codes to filter through large portions of the data in this study and developed themes based on my early hunches. During this step, I continued to keep the codes close to the data, but I developed more contexts around the initial codes to provide a more polished set of preliminary themes. Codes were triangulated from different sources across the entire dataset and used to generate a thematic map (see Appendix E). For example, I combined three different initial codes: "flex loan", "new lines of credit", and "product makeup" from informant interviews, archival records, and field notes to create a preliminary theme "product positioning" which related to lenders' response to a stigma by offering different assortments of products to combat perceptions of their high-interest products (see Appendix E). This phase resulted in data reduction and identification of theoretical points of interests that were then used to form more refined themes (Miles & Huberman, 1994).

In the fourth phase, which involved "refining themes," I abstracted up, making linkages between preliminary themes and the emerging theory (Saldaña, 2015; Braun & Clarke, 2006). This involved a process of "bringing the data back together again in a coherent whole" (Charmaz, 2014: 60). Iterating between theory and data helped clarify my initial ideas of how lenders took similar actions to challenge the stigma held about their products. For example, themes during this stage highlighted the importance of informants' discussion of a new product that was created to respond directly to the stigma surrounding the industries primary product, the "payday loan" (see Appendix E). With this insight, I attended to language used by informants in subsequent data analysis of other refined themes in relation to the development of a new product category.

In the two final phases, "defining the themes" and "reporting the analysis," I demarcated the refined themes using definitions that tied directly to prior theory. For example, a final theme "enacting new labels through physical artifacts" described how some lenders responded to stigma by using artifacts to shift negative perceptions held about the industry's products and customers, while others did not. This strategy, in part, involved lenders rearranging, reinterpreting, and relabeling a formally stigmatized product, the "payday loan", to generate a new and less stigmatized product, the "flex loan", offered to a more general and less stigmatized group of customers (Durand & Khaire, 2017). In reporting the analysis, I used a quote that exemplified this particular theme, "So, finding people to lend to us was tough….so that's how we came up with the flex loan. We knew it was more a regulatory friendly product. It didn't have a lot of attributes that opponents of the industry didn't want." (C27-J-F).

After iterating through all the final themes, I made a "creative leap" to generate theory about lenders response to different sources of stigma through physical artifacts, its influences on employee enactment of stigma, and customers experiences (Langley, 1999). In addition, to the steps described above, I used several measures to ensure trustworthiness in my findings.

Establishing Trustworthiness

Another point of importance relates to establishing trustworthiness in the research process. To build more trust in the data analysis process, I used four common approaches to validate the interpretations and assertions of my findings. First, I employed member checking, where I provided the research participants with interview transcripts (Lincoln & Guba, 1985), to enhance accuracy of the data and to achieve more credibility in the description and meaning of my findings (Birt, Scott, Cavers, Campbell, & Walter, 2016). Member checking allowed me to ensure that the participants' own language and perspectives were represented in the write up of the study. I did so by returning transcribed verbatim transcripts to research participants which allowed them to check whether information was factual, needed clarification, or required redaction to ensure confidentiality (Carlson, 2010).

Second, as an additional means of enhancing trust, I triangulated across diverse data sources (Jick, 1979; Carter, Bryant-Lukosius, DiCenso, Blythe, & Neville, 2014). This added rigor, complexity, depth, and richness to my inquiry (Flick, 2008). I used three other sources of data to triangulate with the semi-structured interviews: (1) archival data in the form congressional hearings, company websites, and newspapers, (2) researcher memos from my ethnographic participatory observations, and (3) company pamphlets and presentations that were gathered through email and in the field.

Third, as part of establishing trust in the coding process, I used multiple coders and checked for the reliability of my codes and themes. Since my entire database was relatively large with 112 cases and over 1300 coded text extracts, I took a random sample of 15 cases (approximately 13%) and checked for interrater reliability, whereby two independent researchers matched coded text extracts with my themes. To test for interrater agreement, I used a well-established approach developed for nominal scaling (Cohen, 1960). The interrater agreement was over 85%, suggesting that our coding agreement was in an acceptable range, and providing me confidence in my codes and themes.

Fourth, I enlisted measures to limit the inherent biases of my findings by keeping an audit trail which was reviewed by external members who were experts in qualitative research and well-informed of the research purpose (Creswell & Miller, 2000). I used content experts, who had extensive experience studying a stigmatized industry (e.g., cannabis industry) to provide outside assessment of my data collection and analysis process. Additionally, methodological experts reviewed my coding process and analysis to provide an external review of my approach. By taking these steps, I addressed some of the limitations inherent in all qualitative research (Denzin & Lincoln, 2008). Combined, the three approaches helped me establish confidence in my analysis, findings, and subsequent write up.

Positionality

Additionally, I took measures to be reflexive in my interviews and ethnographic participatory observations. During this step, I was cognizant of my position and biases in the research process (Schwandt, 1994). Specifically, I approached this research from a standpoint of interpretivism which ultimately influenced my interpretations of events in the field. By being reflexive, I went into the research setting with a clear purpose of studying how categorical stigma influences entrepreneurial decision making. However, I ended up investigating the cross-level dynamics of stigma management. The consequence of my position with respect to the research setting shaped my thinking and research purpose as I became more acclimated to the field (Savin-Baden & Major, 2013).

These points also relate to my role as a small-dollar loan customer unbeknownst to the research informants during my site visits. This may bring up ethical concerns, given that some research informants were not aware of the "true" purpose of my visits, which was to gain more awareness of an industry that is stigmatized and to experience the industry as an insider, or a complete participant (Dickson-Swift, James, Kippen & Liamputtong, 2007). However, scholars note that becoming an insider is an "advantage rather than a deterrent" in qualitative research exploring stigma because it can lead to theoretical sensitivity and more understanding of the subtleties in the research topic (Hudson & Okhuysen, 2014: 248).

However, to ensure that my actions were ethical, I fully acknowledge my positionality and understand that it is an inextricable component of my findings (Peshkin, 1988). By being reflexive, I was forced to think about how my interpretations emerged as a co-created process between myself, the informants I interacted with, and the research setting that I observed (Schwandt, 1994; Lincoln, Lynham, & Guba, 2011). This exercise alone provided me clarity, as I found that in some capacities, this research gives a voice to a group who may not be heard. Overall, I was able to adopt a natural position about people who are understudied in organizational research. As such, the findings from my dissertation can contribute a more comprehensive understanding of the challenges of managing an industry that is viewed with wide skepticism. In the next chapter, I discuss my findings.

CHAPTER FOUR: FINDINGS FROM MY FIELD STUDY

My analysis revealed three main findings. First, I show that different sources of stigma influence how industry actors respond to categorical stigma. Second, I find that industry actors can respond to stigma by enacting the stigma on others and such dynamics occur across levels. Third, I demonstrate that an important audience, customers, can experience the industry's stigma in unique ways. As a consequence of these findings, my dissertation suggests three main points: (1) lenders play a substantive role in reinforcing the stigma held toward their industry despite eliciting great effort to eradicate such negative evaluations; (2) cross-level dynamics between lenders and employees play an increasingly important role in different responses to categorical stigma; and (3) different enactments of stigma on customers results in reinforcing categorical stigma, instead of reducing it. Below, I first discuss the various sources of stigma because they are linked to how and why industry actors respond to stigma, as different sources call different actions from industry members. Then, I discuss the different enactment of stigma, which lenders used to manage their own stigma, but which are directly tied to the different sources of stigma.

Sources of Stigma

To understand how and why certain industry actors respond to stigma in distinct ways, I must first direct attention to the different sources of stigma that contributed to these actions. I find that three sources of stigma persist in the industry. First, a product-related stigma resulting from the high-interest loans offered by lenders in the industry and sanctioned by powerful audiences. Second, a customer-related stigma resulting from negative moral connotations that link those in the industry with exploiting defenseless and often poor customers, who are the primary targets of small-dollar lenders and have limited access to other alternatives. Third, a location-related stigma unfolded as a negative label tied to the industry arose from poverty-stricken and ethnically diverse locations where the majority of lenders operated.

Integrating these elements, I contend that it is the combination of these sources that determines the overall magnitude of stigma, or stigma intensity experienced by industry members, influencing why some lenders respond a particular way, while others do not. Given that I have provided considerable evidence in Chapter 3 about product-related stigmas, I will spend less time discussing this source and focus more care on explaining the other two sources, customer-related stigma and location-related stigma, that contributed to the disparaging views of the industry. Table 4.1. provides an overview of my themes and coded extracts of the three sources of stigma in the industry.

Product-Related Stigma

My analysis of interviews and archival texts suggested that there was a stigma associated with the threat of financial harm and long-term adverse experiences from using small-dollar loans. This stigma elicited negative labels in relation to small-dollar products. As a result, harmful stereotypes and pejorative evaluations of lenders offering small-dollar products emerged, and the stigma they carried was a pretext for discriminatory acts exerted by authoritative control agents used to regulate lenders that offered these sorts of financial products. Small-dollar products were labeled and associated with “affective tags” that were negative (Ashforth & Humphrey, 1997: 48). These negative labels were especially prevalent in congressional hearings and interviews with customers.

Table 4.1. Three Sources of Stigma in the Small-Dollar Loan Industry

Theoretical Category: Sources of Stigma	Refined Themes	Preliminary Themes	Initial Codes:	Coded Extracts
Product-related stigma: Labels that elicit cues that small-dollar products contravene normative standards of safety and protection for customers.	Labels that elicit cues related to the long-term harm of small-dollar loans	Authorities perceptions that all small-dollar lenders trap borrowers	Lenders are responsible for the debt-trap	"My legislation responds to consumer group studies that reveal how the rapidly expanding payday loan industry seeks to trap thousands of consumers each year in hopeless cycles of perpetual debt." (C2-CH)
	Labels that elicit cues about unequitable gains realized by small-dollar lenders through charging high-interest	General beliefs held about small-dollar products as long-term devices	Most consumers borrow long term	"Financial Institutions audit revealed that, on average over a twelve-month period, consumers renewed their loans ten times; one consumer renewed sixty-six times." (C3-CH)
		Keeping customers in a cycle is essential	Customers can't get out of the debt cycle	"So, you are still keeping them (customers) in a loop, that they never thinking they're going to get out of a cycle that, unless they wake up, they are never going to get out of." (C32-M-E)

Table 4.1 Continued

Theoretical Category: Sources of Stigma	Refined Themes	Preliminary Themes	Initial Codes:	Coded Extracts
		Undeserved charge of high-interest rates	High fees aren’t necessary	“And I guess it's not their fault, it's mine but at the same time, I'm looking at it like, well if the interest wasn't as high as it was, maybe I could pay it and still have some money left.” (C41-A-C)
		High earnings from small-dollar fees	Lenders profit from high-interest loans	“These bank-issued deposit advance products often operated as debt traps, with borrowers refinancing their payday loans multiple times and accumulating thousands of dollars in associated fees.” (C1-CH)
Customer-related stigma: Negative labels that elicit stereotypes and discrimination based on small-dollar customers.	Labels that elicit contextual beliefs that small dollar-customers are impoverished and devalued because of their financial standing	General belief that small-dollar customers are poor	Small-dollar loans are created for the poor	“So, we find ourselves in a situation when many banks in fact closed in poor urban communities” (C16-CH)

Table 4.1 Continued

Theoretical Category: Sources of Stigma	Refined Themes	Preliminary Themes	Initial Codes:	Coded Extracts
	Labels that elicit cues that small-dollar customers lack education	Excluded from the conventional financial market	Borrowers have no other alternatives	"These (loans) were made for people that couldn't go to a regular bank and get a loan. These are for people who had a credit score of 480." (C32-M-E)
		Uneducated and unsophisticated borrower	Customers are not privy to how the loan works	"The essential problem is that consumers, too often unaware of fees, finance charges, automatic rollover provisions, and interest associated with payday loans, wind up paying back many times the principal amounts they have borrowed." (C32-M-E)

Table 4.1 Continued

Theoretical Category: Sources of Stigma	Refined Themes	Preliminary Themes	Initial Codes:	Coded Extracts
			Small-dollar loans are created for the poor	"So, we find ourselves in a situation when many banks in fact closed in poor urban communities, as well as in many rural communities. The result was that the poor had essentially nowhere to go." (C16-CH)
Location-related stigma: Negative labels that elicit stereotypes about a particular geographical location .	Labels that tie small dollar-customers to undervalued social groups	Specific social groups use small-dollar loans	Vulnerable people seem like the common small-dollar customer	"I walked in and noticed an older African America woman paying off a loan. She is wearing oversized scrubs and gave me a slight grin as she walked out of the store." (C101-FN)

Table 4.1 Continued

Theoretical Category: Sources of Stigma	Refined Themes	Preliminary Themes	Initial Codes:	Coded Extracts
	Labels that tie small-dollar lenders to impoverished communities	Aesthetics of location provides information about the stigma	The location of certain lenders feels poor	"There was still a repossessed old Nissan Quest van with a spare tire parked on the side of the building. There was a large green dumpster too and the area felt poor and economically deprived." (C102-FN)
	Labels that target small-dollar lenders to other stigmatized objects.		Lenders cluster in crime-ridden neighborhoods	"I observed large police surveillance camera in the middle of parking lot. Cash My Check Now was next to vape shop, CBD/hemp(cannabis) store, and a beer and tobacco store." (C103-FN) "It seems like every time I come here there is a police car in the parking lot or in the area." (C103-FN)

For example, a majority of congressional hearings used similar labels to describe small-dollar products, defining them as including: “high fees, short repayment periods….as a result, they pose significant safety and soundness and consumer protection risks” (C12-CH). These labels conveyed information about the potential harm individuals who have to resort to using these kinds of products likely encountered, indicating that small-dollar loans contravene normal lending standards created to protect consumers. Small-dollar customers also discussed their aversion to these products because of the high interest charged. Ricky, a routine small-dollar customer indicated during our interview “The biggest problems with these loans are the interest rates. The interest rate is crazy! I don't think it should be that much interest onto it. That's my only issue with it” (C35-R-C).

A consistent theme in my findings is that opponents believed that lenders profited from these high-interest loans, mainly when their use was prolonged. Accordingly, small-dollar lending products carried a stigma because they “kept customers in a cycle” (C32-M-E) of debt which caused substantial harm. Temporal considerations were important considering small-dollar loans were originally designed and marketed as a short-term emergency financial instrument. My interviews with founders supported this notion as almost all used terms, such as “next payday,” “short term needs,” “ help right then,” and “emergency” to describe the products they offered and the people who used them. However, in reality, many customers used small-dollar loans to support themselves over time. These loans became a permanent cost rather than a fleeting expense. Customer narratives detailing their extended use of small-dollar products stood in contrast with small-dollar founders’ claims that “truly they don't use the product very long” and “it's just you know maybe just that one payday and then they've helped establish their credit all over again" (C30-K-F). For example, when discussing with a small-dollar customer, O'Shea, he talked about his unintended prolonged routine of rolling over a small-dollar loan which lasted almost a year:

> That time (referring to his second time using a small-dollar loan) it kind of lingered on for a while, I think that was a couple of hundred that I borrowed that kind of grew after initially using them for insurance. When other important things came up I would bypass the option of paying the amount and I'm just extending it and extending it. So, I let it grow to a point where it was very excessive and became my number three bill after like rent, you know, food expense. So, it became a priority (C33-O-C).

Further, several of my interviewees described their experience of using small-dollar loans as a "trap" or a "rip-off", alluding to an initial belief that these products were built for temporary use but resulted in habitual use. In all, it was clear that small-dollar products were likely the most prominent source of the stigma placed on the industry.

However, it was not the products themselves that lead to stereotypes and discriminatory regulations initiated against the industry. It was an element of "who" the products were being sold too that materialized in a stigma that challenged the entire category. Small-dollar products were designed for a certain sector of consumers with little alternatives for their financial troubles. Those who opposed the industry knew this and used narratives of small-dollar customers to support their position against the industry.

Customer-Related Stigma

My analysis of interviews, congressional hearings, and field notes revealed that a stigma placed on the industry was, in part, due to customers who are stigmatized. Customer-related stigmas are negative labels that elicit stereotypes and discrimination and target small-dollar customers. Across data sources, customers were described as “low-income,” “poor,” “credit-strapped,” or “desperate”, emphasizing their devalued status. These negative labels were particularly important for those advocating against the industry. For example, one congressman indicated that the industry created small-dollar loans for a specific type of consumer stating, "these loans are designed to keep the unsophisticated, low-income borrower in debt forever… and this type of lending practice is nothing more than loan sharking, making victims of the working poor." (C22-CH).

There is an awareness that poverty can be a stigma even among those who are serving the less fortunate (Phelan, Link, Moor, & Stueve, 1997). Because of this close association with a sector of deprived consumers left out of the conventional financial system, lenders were linked with negative labels. I discovered that these labels demarcated small-dollar customers from other more creditworthy consumers associated with more reputable financial institutions, such as banks and credit unions. This demarcation was most evident when opponents spoke on behalf of small-dollar customers during legislative meetings.

> For some time now, I have been concerned that we are seeing the development of a dual financial services structure in this country one for middle- and upper-income individuals that involves traditional regulated and insured financial institutions; a second for lower-

> income households and people with impaired credit that involves higher cost services from lesser-regulated entities check cashers, pawn shops and other quasi-financial entities. For these lower-income Americans, traditional banking and credit services either are not affordable or readily available. Other entities have stepped in to take their place. When these institutions act responsibly, they provide an important service that otherwise might not exist. But too often they are providing services at far higher cost, and at more onerous terms, than the services made available to higher income people (C2-CH).

Customers faced a poverty stigma (Reutter, Stewart, Love, Raphael, Makwarimba, 2009). Poverty stigmas arise from cultural and institutional labels and structural discrimination that unfavorably restrict options of the lower class (Waxman, 1977; Corrigan, 2004). In many ways, the lack of appropriate and favorable credit services offered to low-income or less creditworthy consumers reflect society's perceptions of the poor. Such negative perceptions can manifest in tangible forms of discrimination and prejudice (enacted stigma) that exclude certain groups in society.

These types of discriminatory acts can become institutionalized and inculcated in everyday practice adversely affecting those who deviate from the norm. Policies restricting consumer credit to the poor was intended to stigmatize. Most small-dollar customers were discriminated by virtue of their credit score and left out of parts of the existing financial system. James, an executive of Fast Dollar, who operates roughly 1,000 small-dollar store fronts, summed up this point succinctly stating, "I mean the people that deal with us, don't want to deal with banks, can't deal with banks!". This type of stigma relates to the distribution of wealth in the

U.S., where poor people have “long been stigmatized and blamed for their situation” (Phelan, Link, Moor, & Stueve, 1997: 323).

Interviews with small-dollar founders and small-dollar employees indicated that their customers mostly operated in the subprime market, another element demarcating small-dollar customers’ devalued and deviant status. Terms such as “unbanked” or “underbanked” were used to describe customers. Small-dollar borrowers were subjected to stigmatization and penalized for being subprime borrowers. As Kourtney, an owner of 15 small-dollar establishments, indicated customers use small-dollar products because “their credit is not the best” (C30-K-F). Recounting some of the restrictions that her customers confronted, she stated, “We essentially became a small bank front, if you will, of short-term lending because the banks at that time really couldn't, I guess fathom helping the consumer that only needed two hundred or even five hundred dollars.”

These points were evident as different informants discussed their troubles and frustrations with securing loans from banks and credit unions. One small-dollar customer explained how his credit union denied his application for a small cash loan, despite being a longtime customer of the establishment.

> I didn't mention the first time I used it (small-dollar loan), it wasn't a long-term thing. And actually, I only have a credit union, I don't have a banking account. I have a savings, a checking, through my credit union. It’s the accessibility of walking into the credit union and saying, "Hey, I would like to file for a loan," although they have the paperwork and all that back there and so forth. But I had used them before, with school, using them to

> pay for school. And I was late on a payment or two, and so when I actually tried to go back to them just for a cash loan, a small amount of cash loan they denied it (C33-O-C).

I also discovered that there were other subtle but noticeable labels that linked small-dollar customers to negative labels. Audiences generally believed that small-dollar customers were financially illiterate, lacked power, and required support to manage their financial obligations. Customers had to be "minded" or "taken care of" because they could not take care of themselves. This kind of stereotyping is linked to how whites treated minority groups as mentally deficient (Katz & Braly, 1933; Steele & Aronson, 1995). Negative labels describing customers as "uneducated," "unsophisticated," or requiring "protection" surfaced throughout interviews and archival text. Customer-related stigma, involved general beliefs, held by multiple audiences, including legislators, small-dollar founders and employees, about customers and used negative labels to talk about customers. These labels stigmatized customers for being fiscally inept and having little agency in these regards. This portrayal of small-dollar customers in opponents' narratives stood in contrast with many small-dollar founders' views of the people who used their products. For example, one founder suggested that it was "one of the misconceptions" of the industry, stating that to believe "the customers that we serve are not financial savvy… is absolutely not correct" (C30-K-F). Another founder of a well-established small-dollar establishment articulated a similar narrative by expressing strong disagreement with this characterization of small-dollar customers:

> In my experience, people who are living without the financial safety net that many of us enjoy are very resourceful about how they manage their resources — probably more

> resourceful than you or I. To imply that these folks are not smart enough to know what they are doing is not only wrong, it is patronizing and insulting (C11-NP).

Staunch opponents of the industry constructed opposite descriptions of small-dollar customers. They often used narratives that depicted customers as powerless and misguided. For example, in a newspaper report discussing new regulations that were initiated to protect small-dollar customers, a politician vying for more industry restrictions commented saying: “We expect someone who will stand up for the little guy, stand up for the person who’s going to be victimized, and not stand up for the businesses that are up there victimizing,” (C25-NP). Describing customers as “little” and “victims” disempowers them and strips them of any aspect of agency in their decision to borrow from these kinds of lenders. It also directed some attention to a general perception held about small-dollar customers and the need for industry opponents to work on their behalf. In all, these findings reflect a stigma associated with aptitude and ability, as being “unsophisticated” or needing an “educational program” implies customers lack a fundamental life skill in money management. In all, these labels demonstrated that a stigma tied to customers can manifest not only in discrimination and social exclusion but also care, help, and compassion for the stigmatized (Dijker & Koomen, 2007; Walter, Ford, Templeton, Valentine, Velleman, 2017).

Finally, during my recurring visits to several small-dollar lending establishments, I often noted that customers were either older adults (i.e., senior citizens) or African Americans. Historically, both groups have been stigmatized in the U.S. and discriminated against by lenders (Cloud & Galster, 1993). A stigma tied to a specific social class can act as a barrier in some circumstances and elicit negative stereotypes about the entire set of consumers that use these products. Research suggests that racial minorities experience a devalued identity because they have a visible stigma (e.g. skin color, racial features). Further statistics show that Black Americans use small-dollar loans at an increasingly higher proportions than White Americans, despite white females, under 40, being the largest demographic group to use these kinds of loans (Pew, 2012). Interestingly, during my 30 visits to different stores, I did not encounter a customer who looked under the age of 40, except on one occasion where I saw one black male paying back a loan.

During each site visit, two consistent observations occurred. Either I found the stores empty, or I saw an African American or a senior citizen, typically a woman, borrowing or paying back a loan. Evidence from Congressional hearings provides some additional support for my observations, as an agent on a Special Committee on Aging in the U.S. reported: “the CFPB found that 22 percent of consumers secure these loans (small-dollar loans) with public assistance or retirement income sources”. There were several references throughout these hearings related to seniors and “grandmothers” “with fixed incomes” and “protecting older consumers’ financial well-being”. Other archival documents reported that the industry disproportionately targeted African Americans by establishing their stores in predominately poorer and black neighborhoods, a point I discuss in the next section (Graves, 2003).

Combined, these findings indicated that the industry stigma emerged from customers who were themselves socially stigmatized. It also shows that a stigma can transfer directly from the customer to the industry. Prior research has identified customers as a point of stigmatization (Hudson & Okhuysen, 2009). However, little evidence has surfaced that shows that different actors in an industry can stigmatize and mistreat their own customers, as opposed to protecting or shielding them from the negative experiences of stigma. A customer-related stigma represents a crucial element in opponents narratives and actions used to add regulations in the industry. Audiences sought to challenge the industry because it served a population of devalued and vulnerable consumers who had few options but to use high-interest loans to gain access to credit. Although a customer-related stigma was important, a stigma linked to the industry was also determined by "where" the products were being sold. Many lenders operated in neighborhoods that were plagued with poverty and crime. This fact alone shaped perceptions held about the industry.

Location-Related Stigma

Analysis of my field notes and interviews suggested that there was a stigma associated with the neighborhoods where many lenders established storefronts. I call this source of industry stigma, a location-related stigma because the stigma emerged directly from negative labels tied to a specific neighborhood or territory. Lenders that resided in neighborhoods known for poverty, crime, and a high ethnic and racial concentration embodied the negative characteristics attributed to their community (Besbris, Faber, Rich, & Sharkey, 2015). As a consequence, they experienced the neighborhood's stigma and were met with suspicion and linked to other devalued categories, such as lawbreaking, danger, and exploitation.

During my ethnographic observations, I visited several storefronts in impoverished neighborhoods, where there were high foot traffic and clusters of other small-dollar lenders, both corporate and small privately held chains, in dilapidated shopping centers. According to

SimplyAnalytics[5], these lenders established stores in run-down districts, where economic development ceased, crime was rampant, and people were poor. On several occasions, I noticed pedestrians wearing tattered clothing walking on a high traffic street next to a storefront. There was also an increased presence of police and minorities at these locations and several other urban small-dollar storefronts that I visited in other cities. For example, during my visits to a privately owned small-dollar establishment, Cash My Check Now, I noted police cars in two out of my five visits, and there was a large police crime camera in the middle of the parking lot and different ethnic shops in the area (see Appendix G). This finding was not surprising, given that research has found that lenders disproportionately establish stores in neighborhoods that are poorer and black (Graves, 2003). I also observed an absence of banks, credit unions, and big-box retailers in these locations. Instead, I noticed several other less reputable organizations, such as vape shops, CBD/hemp retailers, and beer and tobacco outlets in the same vicinity.

I also observed that lenders in these neighborhoods were visually unpleasant and dirty, with beer bottles and trash within proximity of several small-dollar storefronts (see Appendix G). The inside of these stores often matched the outside. Their lobbies were dim and organized where customers could assemble one after another. In some cases, employees worked behind bulletproof glass or some barrier that completely separated the employees from customers. One particular store that I visited was quite shanty, disorganized and resembled a cluttered mom and pop small business office. There was an empty conference room with loose wiring and random pamphlets of discount insurance cards on an empty table. These observations showcase an element of the stigma tied to the location and lender because aesthetics have been found to

[5] Simply Analytics is a data aggregator that combines US Census Data with other data sources.

influence people’s evaluations (Landy & Sigall, 1974; Feingold, 1992; Helms & Patterson, 2014). Neighborhoods with lenders in buildings or office spaces that breach norms of cleanliness, safety, and aesthetics are likely to be avoided. However, these businesses survive in these neighborhoods because they have a large concentration of individuals, who are more likely to use small-dollar loans (Pew, 2012). Thus, these neighborhoods represent a popular destination for lenders to set up their operations because it helps them reach their target market.

Further, stigmas are latent judgments, and we often observe them through methods that work to uphold widely held social norms. For example, an increase in police presence in a particular neighborhood is meant to uphold norms of the law. It is also a means of controlling those who live and work in a particular location and it suggests there are things you need to be protected against. As researchers note, stigmas are used to exert social control and “enforce collectively held values and norms” (Devers et al., 2009: 155). In this case, lenders having to operate in a particular neighborhood illustrates their close association with negative categories that need controlling, like criminals, unruly residents, and poor borrowers. It also distinguishes small-dollar lenders from more conventional lenders, like banks, that are in better neighborhoods. Overall, these apparent signs of poverty, crime, and ethnic minorities, along with shortages of typical lenders (e.g., banks) and other resource providers, all reveal a stigma tied to the area.

My observations in the field matched informants interviews. For example, Gene, a small-dollar customer, suggested that he found most small-dollar lenders operated in impoverished neighborhoods for strategic purposes:

Gene: They are everywhere now, in certain areas, but they're only everywhere in certain areas.

The researcher: Okay. So, you mentioned this idea of areas. So, where are they located? Can you tell me about the surroundings?

Gene: Low-income areas. Areas where there's going to be students and families that are not well-off or definitely middle class and below, but right at the lower part of middle class. And cities where there's a college around, so they know that college students ... basically, anywhere where people are most likely to mismanage their money, which is kind of like either college areas or low-income areas. (42-G-C)

Another informant, Michael, who worked for a large small-dollar lender provided similar commentary, stating:

This was targeted towards the poor, a certain demographic. Where it got the, you know, the payday loan place right by the liquor store….Go up the street about 2 miles, no, yeah about 2 miles. You are not going to see no payday loan place. But, go up the street about five miles in a lower income area, they going to be on each corner. You can go on each corner….you are going to see within that circle because that's where the low-income people are… you're going to see at least 6 to 10 payday loan places. (C32-M-E)

These findings showcase a stigma tied to a lender’s location. Being associated with poverty and crime can elicit cues and labels that encourages audiences to view small-dollar lenders in a derogatory manner. Despite that fact that several lenders operated storefronts in various and more affluent neighborhoods, there was an overwhelming belief that lenders only set up operations in poor neighborhoods because of existing stereotypes held about the industry. The labels that tied to these neighborhoods to lenders were then used to create narratives that opposed the industry. As one news report summed this point up when discussing new city ordinances restricting lenders locations, "They (Small-Dollar Lenders) can contribute to higher crime rates. And they can also contribute to the economic delineation of very key areas of our city" (Garrison, 2014). The stigma associated with a location is an important to understand because it is tied to the overall intensity of the stigma placed on the industry, which I discuss below. However, later on this chapter, I show that lenders responded to this location-related stigma by operating in more affluent locations in attempt to reduce the intensity of the stigma they faced, as these actions challenged one of three different sources of stigma.

Stigma Intensity

My findings indicated that the industry stigma emerged from three sources: products, customers, and locations. I suggest that the three combined sources of stigma determined the overall intensity of stigma experienced by the small-dollar loan industry and the actors within it. Stigma intensity refers to the magnitude or strength of a stigma which can vary from high to low (Piazza & Perretti, 2015). Like others, I argue that different sources of stigma can be combined to determine its overall effect (Rao, Feldman, Fredericksen, Crane, Simoni, Kitahata, & Crane, 2012). For example, the waste management industry deals with one source of stigma, garbage (low intensity), whereas the cadaver industry deals with two sources of stigma, dead bodies and a questionable practice, trading/selling dead bodies (high intensity) which have different effects and require different responses (Anteby, 2010). Increases in stigma intensity have been shown to draw an assortment of responses from those experiencing the stigma (Kreiner, Ashforth, & Sluss, 2006; Piazza & Perretti, 2015).

As such, I found that lenders responded to the various sources of stigma in the small-dollar loan industry in distinct ways, as some elected to respond to one source while ignoring another, and some worked to manage all three sources of stigma. The organizational literature has identified several organizational-level and individual-level strategies used to respond to categorical stigma (Hudson & Okhuysen, 2009; Vergne, 2012; Lashley & Pollock, Forthcoming; Ashforth, Kreiner, Clarke, & Fugate, 2017), however little development has emerged to explain how stigmatized actors can enact stigma, as opposed to trying to hide their stigma, as a way to cope. Below, I show that lenders enacted stigma in different ways, for different reasons, and at different levels. My findings demonstrated that such actions can have adverse effects on customers. In taking this approach, I make three assumptions that (1) different sources of stigma can be combined, (2) the industry stigma is experienced by all members (i.e., lender, employees, customers) in a category in a similar way, and (3) responding to the stigma primarily affects that particular actor and not the entire category.

Enactment as a Strategy to Manage Stigma

> The researcher: How, how do you think your company views its customers?
>
> Michael: The company I worked for? As bait….As far as the company, the owners, we would see them every day. They were boujee (French word "bourgeoisie")….They would look at us (employees) like we were almost a customer! (face showing disgust). So, I didn't like that, I didn't like the environment at all. (C32-M-E).

As illustrated in the quote from a small-dollar employee, I discovered that lenders responded to categorical stigma by enacting the industry's stigma on others. By enactment, I refer to activities that set actions into motion (Weick, 1988). Colloquially, enactment can be described as "an instance of acting something out" (Oxford Dictionary, 2018). Hence, to enact a stigma is to carry out a stigma. It relates to how stigma can be performed and observed in action. Scholars have described the noun form of stigma enactment (enacted stigma) as the actual episode or instance of rejection, stereotype, or discrimination experienced by a stigmatized actor (Gray, 2002; Jacoby, 1994; Corrigan, 2004).

Adopting this definition, I define stigma enactment as "any act or practice that carries out a devalued condition or negative label that can lead to social rejection, stereotypes, loss of status, or discrimination." Stigma enactment can range from a simple act that conveys an awareness of a stigmatized actor's condition to actions that impose a stigma on a target. For example, a lender can enact a stigma by socially segregating themselves to a dangerous and poor neighborhood which plays into stereotypes held about them. This lender, in essence, is carrying out its stigma by setting up its operation in a location that is socially excluded and viewed negatively.

Moreover, a lender can also enact stigma on their employees by treating them unprofessionally or with little respect because of the power they hold over them and because employees regularly interact with the stigmatized customers and take on stigmatized actions. The owners facilitate and benefit from the stigmatized actions, but for the most part, are not engaging in them. In this instance, a stigma is passed from the lender to their employees as a way to shed the stigma or create distance with the stigmatized. I view both actions as stigma enactment because they represent performances of stigma; however, the targets of stigma differ.

To answer my first research question: “how is stigma managed across groups at different levels?” I found that lenders used stigma enactment as a tool to manage categorical stigma. In particular, lenders often imposed the industry’s stigma on their employees and customers which represented an important cross-level activity. First, I discovered that some lenders were enacting stigma in their (1) portrayal of different products offered in the industry, (2) practices carried out by employees which induced or reduced instances of stigmatization for customers, and (3) geographical locations of storefronts that upheld or shifted negative stereotypes held about the industry. The result of these performances affected how customers experienced categorical stigma in the small-dollar loan industry.

In addition, I discovered that not all industry members internalize the stigma, and this creates conflict in the industry because it creates two opposing forces trying to manage stigma in different ways, and stymies efforts to remove or obfuscate the industry’s stigma. Some lenders resisted the industry’s stigma while other acquiescently embraced it, which produced different experiences of stigma by a key audience, customers. This finding is crucial because it contrasts existing evidence that shows stigmatized industry members as a collective that responds to categorical stigma in a unified manner. Different industry member’s response to categorical stigma may help explain how one industry can remove stigma, while another cannot, despite devoting similar efforts and resources to do so.

Furthermore, I argue that examining stigma through its enactment provides two main advantages. First, it offers an opportunity to consider how stigmatized actors think about their condition. For example, if a lender only offers a highly stigmatized product, operates in a stigmatized neighborhood, and provides loans primarily to a stigmatized group of customers, it shows that they likely have internalized and accepted the stigma because they have openly carried out actions that are devalued by the general society. Second, it provides a convenient way to observe the outcomes and responses to stigma across levels which is often difficult.

Enactment Through Products

Analysis of interviews and field notes revealed that lenders enacted stigma in their portrayal of products. Two key ideas emerged from this process of enactment. First, I discovered that the industry was sharply divided between two groups of lenders. One group of lenders exclusively offered a new and more regulatory friendly high-interest loan, the flex loan[6], that differed materially from the small-dollar loan. This product was created to decrease criticisms targeted at the small-dollar lenders because it complied with an impending regulation, the Small-Dollar Rule. This group of lenders engaged in what I term "enacting stigma on an old and defunct product," which involved the creation of a new and less stigmatized flex loan and the rejection of a longstanding and presumably obsolete small-dollar loan.

Second, I discovered that another group of lenders offered the small-dollar loan exclusively. Many lenders and customers were accustomed to the small-dollar loan, but that particular loan did not comply with all provisions of the new rule. Lenders offering this product responded to the industry's stigma by engaging in what I term "enacting stigma on a new and deceptive product," which involved defacing the new product, the flex loan, as many lenders denounced this new product and refused to offer it to their customers because of its potential "danger". Given this sharp divide, a key finding of my study is that stigma enactment involved

[6] Lenders referred to the flex loan using different names including personal lines of credit, installment loans, personal loans, signature loans.

ongoing tension between two groups of lenders which influenced customers' experience and interpretation of different products offered by the industry. It also countered the industry's attempts to shape negative evaluations held about their industry through a uniformed message. See Table 4.2. for example quotes.

Ultimately, these strategies were used to manage a product-related stigma. Both groups of lenders used selective comparisons to demonstrate their product category as superior to the other. However, the results of these actions reinforced existing negative evaluations and labels tied to small-dollar products.

Enacting Stigma on an Old and Defunct Product

Interviews with founders and executives, and interpretations of events in the field showed that a group of lenders introduced a new product category, the flex loan, that was more regulatory friendly and less stigmatized. The flex loan emerged as the industry faced an impending regulation, the Small-Dollar Rule, that posed a substantial threat. As a trade group president and founder of six storefronts recounted, lenders were facing increasingly strict regulations.

> In 2013, I think I told you that the CFPB, within 2 weeks after Richard Cordray had been appointed, came to Baytown (redacted for confidentiality). That's when he announced the fact that they were going to start enforcing payday rules. They had a long list of things that they were going to do and none of them were happy for us. (C31-M-F)

Table 4.2. Enactment as a Strategy to Manage a Product-Related Stigma

Theoretical Category: Enacting Stigma Through Products	Refined Themes	Preliminary Themes	Initial Codes:	Coded Extracts
Enacting Stigma on an old and defunct product category: Lenders attaching positive labels and socially distancing their new products and customers from competitors old stigmatized products and customers.	Managing stigma through category creation of the flex loan	Relabeling the flex loan as unique and regulatory friendly product	Material differences in the new product	"So, finding people to lend to us was tough and positioning the company, where we would be able to survive, if the rules came out was tough. So that's how we came up with the flex loan. We knew it was more a regulatory friendly product. It didn't have a lot of attributes that opponents of the industry didn't want." (C27-J-F)
			Lower interest loan	"Payday loans versus flex loans (in contemplation). Flex loans, the interest is not as really high as the payday loans and they kind of work with you on that." (C35-R-C)
	Lenders socially distanced themselves from the small-dollar loan	Distinguishing a new customer base from small-dollar loan customers	Customers are completely different	"Adding installment loans for instance, for payday, plus a title, two instalment loans. A completely different product, completely different user of that product, completely different economics." (C27-J-E)
			Normalizing new customers	"Our customers are teachers, nurses, the people that make the economy move. The everyday person, that is who they are." (C27-J-E)
Enacting Stigma on a new and deceptive product: Lenders generating and attaching negative labels on competitors new and untested products.	Categorizing small-dollar loans as more credible than the flex loan	Flex loans comply with regulation but also harm customers	Vehement opposition to the flex loan	"Over here we call those the lifetime loan because you will be paying that loan back for the rest of your life; we don't offer flex loans" (C38-T-E).
				"You seem like a nice guy, whatever you do don't ever, ever, ever get yourself caught up in that flex loan." (C52-FN)

It was not only that “the CFPB…announced that they were going to make a small dollar rule.” (C27-J-E), but also that a subgroup of founders across the industry shared significant concern about this new rule and the existing business model tied to the prevailing industry product, the small-dollar loan. A founder of one of the largest lenders discussed compliance as an insurmountable task that the industry now faced with this new rule stating the following.

> Our greatest challenge is the consumer protection agency (CFPB, for clarity). The consumer protection agency wrote 1,300 pages of regulations under the Obama Administration for a $200 payday loan. Now I got 2 ladies up in Sigmund (redacted for confidentiality). Now can you imagine trying to teach them 1,300 pages of regulation. We can’t do it! Now the new director has come in under the Trump Administration and said this is absolutely crazy, we need to throw all of this out and start it again, but that has been our biggest threat. Once that came out, there was no way for us to survive. (C28-A-

Throughout interviews and archival reports, it was reported that the Small-Dollar rule, if implemented, would result in approximately “80%” of lenders going out of business. A group of founders believed that lenders that offered the small-dollar loan exclusively had “a year or two to live”, indicating that the new rule was “going to abolish” that product category (NP-113). The new impending regulations created uncertainty around the small-dollar product which faced increasing opposition since 2001 and was subject to be impacted the most. However, some lenders responded to this threat by lobbying and completely shifting their business model away from traditional small-dollar loans in favor of a new product category, the flex loan. As one executive described “Positioning the company, where we would be able to survive, if the rules came out was tough. So that's how we came up with the flex loan… We knew it was more a regulatory friendly product"(C27-J-F).

Category creation was a key response to stigmatization because it allowed lenders to invoke new connotations and values in their products and galvanize support from new customers. Category creation refers to actions that rearrange, reinterpret, and relabel existing components in a market to generate new meanings and associations (Durand & Khaire, 2017: 95). The flex loan encompassed four discernable qualities that differed materially from the small-dollar loan. (1) It involved a recurring payment not a single payment; (2) the terms of loan were longer; (3) the loan was an open-ended revolving line of credit; and (3) the underwriting process was more stringent and involved a credit check. Informants agreed that the flex loan allowed lenders to evade stigmatized labels such as "rollovers" and "debt traps", as James from Fast Dollar stated, "it didn't have a lot of attributes that opponents of the industry didn't want" (C27-J-F).

This relabeling process provided lenders with a mechanism to socially distance themselves from a tainted and presumably outdated small-dollar product and business model to appease opponents of the industry. In turn, these lenders enacted a stigma on competitors that primarily offered the small-dollar loan. Founders referred to that particular product as being "dead" pointing to the danger that lenders faced if they continued to offer the small-dollar loan. Negative connotations about the small-dollar loan seemed to also spillover to the customers that used small-dollar loans, as one informant suggested.

> It's all in the interest of economics you can only do what will support a financial outcome that is positive. If you're lending to more people then will pay you back, then you will be

> out of business right. So, it has shifted away from the single payment loan, almost exclusively. (C27-J-F)

Through category creation, lenders identified an alternative group of customers with higher income. Informants discussed this change and new customer base, declaring that “Our customers have moved from a middle $20k year income to a middle $40k a year income.” and it was “not poor people” borrowing these loans but it was “schoolteachers and firemen and police officers and housewives that would come in nice cars with Louie Vuitton bags” (C-28-F). Lenders worked to normalize their customers as another founder described this sector of consumers, “ Our customers were nurses, our customers were schoolteachers, factory workers, office personnel, people who that for whatever reason couldn't budget their money right.”

Informants used labels to reframe their customers as acceptable and credible, detaching from the stigma that tied customers to a usurious and harmful small-dollar loan. This opinion was shared by employees who also suggested that there was an “ideal customer that makes way too much money to need our services, but... um, you know, spends a little too much” (C38-T-E). However, while one group of lenders engaged in extensive effort to shift perceptions held about their products and customers, another group of lenders who were supportive of the small-dollar loan and continued to exclusively offer it to customers, who lived paycheck to paycheck, and challenged the claims made about the new flex loan product category.

Enacting Stigma on a New and Deceptive Product

In deciding whether or not to offer the flex loan, a second group of lenders considered the potential harm of providing this new and untested product. What was evident was that a negative portrayal of the loan was deeply tethered to customers who did not fully understand the dangers that could arise from using the flex loan. One informant discussed this as his company had cautiously rolled out the flex loan to comply with the new rule.

> Well, we are following the consumer protection agency's request and we are trying to roll out installment (flex) products, which is much more difficult, it is much more long term, it is a bigger amount. It very hard to teach our people (customers) that. Our bad debt has gone way up, you know. (C29-A-F)

During my visits to lenders that primarily offered the small-dollar loan, I noticed informants discussing their aversion to the new flex loan. They labeled these products as more “predatory” than the small-dollar loan. Employees and customers categorized small-dollar loans in an affirming manner as a way to make an obvious distinction between the small-dollar loan and the flex loan. They attached favorable labels to the small-dollar loan, such as “transparent,” “simple” and “straightforward,” and unfavorable labels to the flex loan such as “complicated” and “dangerous.” During my visit to Cash My Check Now, where I borrowed a $200 small-dollar loan and paid back $228 (the original loan amount plus $28) in two weeks, I spoke with Tabitha, a store manager, who suggested that the small-dollar loan was easier to understand:

> So, for myself personally, being in the business for so long, um, I do kind of see it on both sides of the spectrum. Because as a consumer I have gone to loan companies and taken out high-dollar interest loans. Um, but with the payday advances, the ones that we particularly offer, I do feel it is a very cut and dry situation. We tell you what you're

> paying, when you're paying it back, and it is a one-time fee as opposed to a daily interest or, um, you know, some of these installment (flex) loans.

When I asked her about her about the flex loan, she stated “over here we call those the lifetime loan because you will be paying that loan back for the rest of your life; we don’t offer flex loans” (C38-T-E). A key to espousing positive values on the small-dollar loan was attaching negative values to the flex loan using figurative language and practices. This tactic was apparent whenever I inquired about the flex loan but was told by employees to avoid this particular loan. For example, consider the following extract from my field notes after I visited Check for Cash and spoke to the branch manager, Sonya.

> She was very nice and very open. I asked her about payday loans, how they work. And I'll ask her some more questions tomorrow when I come back with my application and documents. I didn't ask about how payday loans work, but I asked about some of the things that I heard from my mom about them. She said, "Well, they serve a real need and it's the last place of resort.”, suggesting that it's where people go when they have no other choice. And she did vehemently say, “stay away from flex loans because you'll never get out of them.” What struck me as personally intriguing was that when I walked out the door she said “you seem like a nice guy, whatever you do don’t ever, ever, ever (I am pretty sure she said ever three times) get yourself caught up in that flex loan. When I asked her why? She said, “I have heard too many bad things about it. All you pay is interest and no principle. I have had a customer who has had flex loan for three years.” (C52-FN)

This practice of swaying customers away from the flex loan occurred not only among lenders who did not offer that particular product but even among those that did. For example, Mario, an employee who worked at a large lender, Cash for Title, suggested that I "stick to the small-dollar loan and not borrow the flex loan" whenever I asked which loan option he recommended. When talking about the flex loan, he stated that "I think it is going to put this company out of business because customer don't pay them (flex loans) back and they are defaulting at a high rate. At a rate that the company cannot absorb" (C37-ME).

Even in establishments that promoted the flex loan, I found employees would give me subtle hints to stay away from that specific loan. In one occurrence, I borrowed a $200 small-dollar loan from a lender, American Advantage. Whenever I asked about the flex loan, Shay, an African American employee of American Advantage shook her head back and forth horizontally, privately telling me "you don't want that". She reiterated that she sees many customers getting into trouble and having to pay that loan off for a long time. Customers also shared this similar narrative. For example, Acquanetta, who described the flex loan as troublesome because "they're charging interest by the day" compared her experience with the small-dollar loan stating "the check advance (small-dollar loan), it is what it is. With that, you walk in; you pay, you have to give them the full amount, so it's your choice to rewrite it." (C41-A-C). She suggested that she might use the small-dollar loan again but stated that she "would never do like the credit loan again because the interest is accruing so fast and so high."

As illustrated in the examples above, testimonies from founders, employees, and customers suggest that different actors worked to assign negative labels to the flex loan. This process involved categorizing the small-dollar loan in a positive light and the flex loan in a negative light. Categorization can arise when actors use language and labels to sort objects by their similar physical or material attributes (Durand & Khaire, 2017). When undesirable labels attach on to a category, pejorative evaluations can emerge along with a stigma. Employees and customers enacted a stigma on the new flex loan by associating it with attributes consistent with "long-term debt," "reoccurring interest", linking the product to adverse outcomes for customers. They developed language and used practices aimed at discrediting this new loan which was designed to reduce the industry's stigma through increased regulatory compliance.

On a few occurrences, informants described the flex loan as the more favorable option of the two loans. This is a point Ricky, a small-dollar customer, made clear in our interview, declaring that he favored the flex loan because "the interest rate is not as really high as the payday loans" (C35-R-C). However, this positive assessment of the flex loan was seldomly shared across different informants. On occasion, customers viewed the two products as uniquely problematic because they both were high interest loans. This type of rhetoric spanned across audiences as some newspaper articles noted that the mere thought of a high interest loan compounding daily regardless of types "dwarfs the type of interest credit card borrowers might have to pay" (NP-113).

Taken together, lenders attempted to defend themselves from a product-related stigma by imposing a stigma on their competitors' products. In some instances, these actions were overt and used to persuade customers to select a particular small-dollar product. In others, a stigma was enacted under the guise of "protecting" customers from "bad apples" but was likely influenced by competitive forces. Nevertheless, what matters most is that lenders themselves contributed to this labeling process, reinforcing the stigma already placed on their products. This element alone counters mainstream views of stigmatized actors as “powerless, passive, and uninvolved in the labeling process” (Anspach, 1979, p. 767). Even with this degree of tension among lenders, I found that it was the procedures that lenders constructed, and employees carried out on their behalf that shaped customer's experience of stigma and underpinned cross-level dynamics within the industry.

Enactment Through Procedure and Practice

Analysis of field notes and interviews showed that lenders enacted stigma through their procedures and practices. Two critical themes emerged from this process of enactment. First, I discovered that lenders imposed a stigma on their customers and employees. This stigma was enacted through three discrete forms of discriminatory practice: “customer stereotyping,” “invasive customer monitoring”, and “forced employee compliance.” Second, I discovered that this process occurred across levels. In particular, lenders initiated and enforced stigmatizing procedures that employees, in turn, implemented in practice. The outcome of this process shaped customers’ experiences of stigma. See Table 4.3. on page 134 for details and exemplary quotes.

Customer Stereotyping

Although lenders offered different services and products, many of their procedures, including the loan qualification process, were similar and shaped customers’ experiences of stigma. One objectionable practice that customers encountered was being stereotyped negatively by employees and founders. Stereotypes are knowledge structures learned about specific groups or a class of people (Augoustinos, Ahrens, & Innes, 1994; Esses, Haddock, & Zanna, 1994). When used appropriately, they are an “efficient means of categorizing information about groups”

Table 4.3. Enactment as a Strategy to Manage a Customer-Related Stigma

Theoretical Category: Enacting Stigma Through Procedures and Practices	Refined Themes	Preliminary Themes	Initial Codes:	Coded Extracts
Customer Stereotyping: Actions that conveyed sweeping beliefs about small-dollar customers as poor, untrustworthy, and suspicious group of people.	Lenders and employees stereotype customers negatively in different ways	Stereotypes tied to employees beliefs about customers	Poor customers	"Trailer park, low class poor people. Like some of the calls (customer calls) were middle class, but mostly low. This was targeted towards a certain, the poor, certain demographics." (C32-M-E)
			Burden on the system	"But then you have those like I said, that are living above their means, and then those who try to cheat the system and live below their means. (C34-N-E)
		Stereotypes tied to lenders' procedures	Procedure that were degrading	"I arrived at Check Two and I had to be buzzed into enter. Why are they buzzing people in? I felt like I was entering some shady club. Both the manager and the employee seemed really standoffish" (C59-FN)
Invasive customer monitoring: Procedures that require excessive disclosure of personal information and includes actions that aggressively target customers	Small-dollar customer must be closely monitored	Procedures show customers can't be trusted	Invading customers privacy	"In one instance, an employee asked to look in my phone to verify that the names and numbers of references on my application matched my phone" (C58-FN)
				"I had to verify my number with a text message sent from the lender" (C59-FN)
Forced procedural compliance: Organizational procedures that require employees to behave in a manner counter to their convictions	Employees lack autonomy in their work	Procedures shapes customers practices	Opposition to organizational practices	"I don't like getting on the phone and calling people asking for money that I know they don't have, but I have to do it because it is my job" (C37-M-E).
				"But I have to admit, one of the things that comes to mind when you're working at that type of environment is your morals. When you know that you're setting someone up for failure. That had plagued me quite often. (C34-N-E)

(Corrigan, 2004: 616). However, when stereotypes held about a particular group coincide with devaluing characterizations held toward that group, discrimination and ill-treatment of that particular class of people can occur (Corrigan, 2004).

For example, commonly held negative stereotypes about small-dollar loan customers include powerlessness (people who lack agency and are in dire life circumstances), untrustworthy (people who lack integrity and credibility), financial illiteracy (people incompetent in money management), and poverty and crime (people associated with poverty and potentially criminal behavior). Informant interviews showed that small-dollar employees viewed customers in a less than favorable manner and, at times, made scathing remarks about them. For example, one informant described his customers as “trailer park, low-class poor people” (M-32-E). Others remarks about customers insinuated that they “were just trying to cheat the system any way possible and they did payday advances. And then instead of trying to pay them back, they wanted to rob the system.” He mentioned, customers “just didn't have that edification to understand the financial stability part of life” (C34-N-E).

Others had similar negative portrayals. A small-dollar executive described his customers as myopic. He suggested, that “maybe they discount the future a little more than others, so they are not so much worried about the lasting effects of what they are doing. They have an immediate need and know they need to solve it.” (C27-J-E). Comments such as these demonstrate that employees were quite aware of the potential harm of small-dollar products. It also shows that they justified offering these kinds of loans by making unflattering and sweeping generalizations about customers who had little alternatives but to use these types of loans. The fact that lenders are charging excessively high interest reveals that they view their customers in a particular way and penalize them for it.

Lenders also reflected negative stereotypes in their procedures and artifacts. For example, on multiple occasions, I found that storefronts were inaccessible to outsiders and customers had to be buzzed in to enter. During a site visit to Check for Cash, I also observed a sign that said "smile you are on camera" which indicated to customers that they were under surveillance. At several storefronts, I found employees worked behind a thick glass wall that separated them from customers. In such stores, employees could not shake a customer's hand without exiting the barricade.

These procedures seemed odd and excessive, since small-dollar lenders, relative to banks or credit unions, did not carry significant amounts of cash and a majority of the times storefronts were empty. For example, during a time I borrowed $50 from a lender, the employee remarked: "I am glad that is all you asked for because I only have $150 left" (C58-FN). In all, these observations of derogatory descriptions of customers and demeaning procedures showcase an element of the stigma tied to the customer reflected through negative stereotypes. Although these procedures were designed to safeguard the organization from suspicious or potentially shady customers, they also demonstrate how lenders views their customers.

Invasive Customer Monitoring

I discovered that negative beliefs held about customers can be mirrored in lenders procedures. Employees enacted stigma by carrying out these procedures, which is a crucial cross-level link. By cross-level, I suggest that organizational actions, which represents one level are related to individuals (employees) actions, which represents another. For example, while borrowing loans, I experienced stigmatization in the form of invasive monitoring, which occurred at the micro (individual) level. However, this type of practice was driven by policies initiated by lenders at the macro (organizational) level. Figure 4.1. summarizes the proposed cross-level relationships, providing a visual representation of the cross-level interaction.

Invasive customer monitoring refers to procedures that require excessive disclosure of personal information and includes actions that aggressively target customers. For example, this could include scrolling through a customer's phone, clandestinely tapping into an employee's phone line to assess a conversation with a customer or asking customers to verify information in a domineering manner. The practice of invasive monitoring was not rampant, but it occurred on multiple occasions in different ways and exhibited an enactment of stigma. For example, at American Advantage, small-dollar applicants were required to verify their phone number through a text message to ensure that their phone number was "real," as one employee noted. When I questioned this practice, this employee stated that they had several customers provide a fake phone number, so they now required customers to validate their phone number before a loan could be approved. Other forms of invasive monitoring were more severe and humiliating. For example, consider the following excerpt from my field notes.

> It is Thursday, January 31st , and I had arrived at Cash for Title. My loan application took more than two hours to complete and involved several instances where I felt employees violated my privacy. In one instance, an employee asked to look in my phone to verify that the names and numbers of references on my application matched my phone.

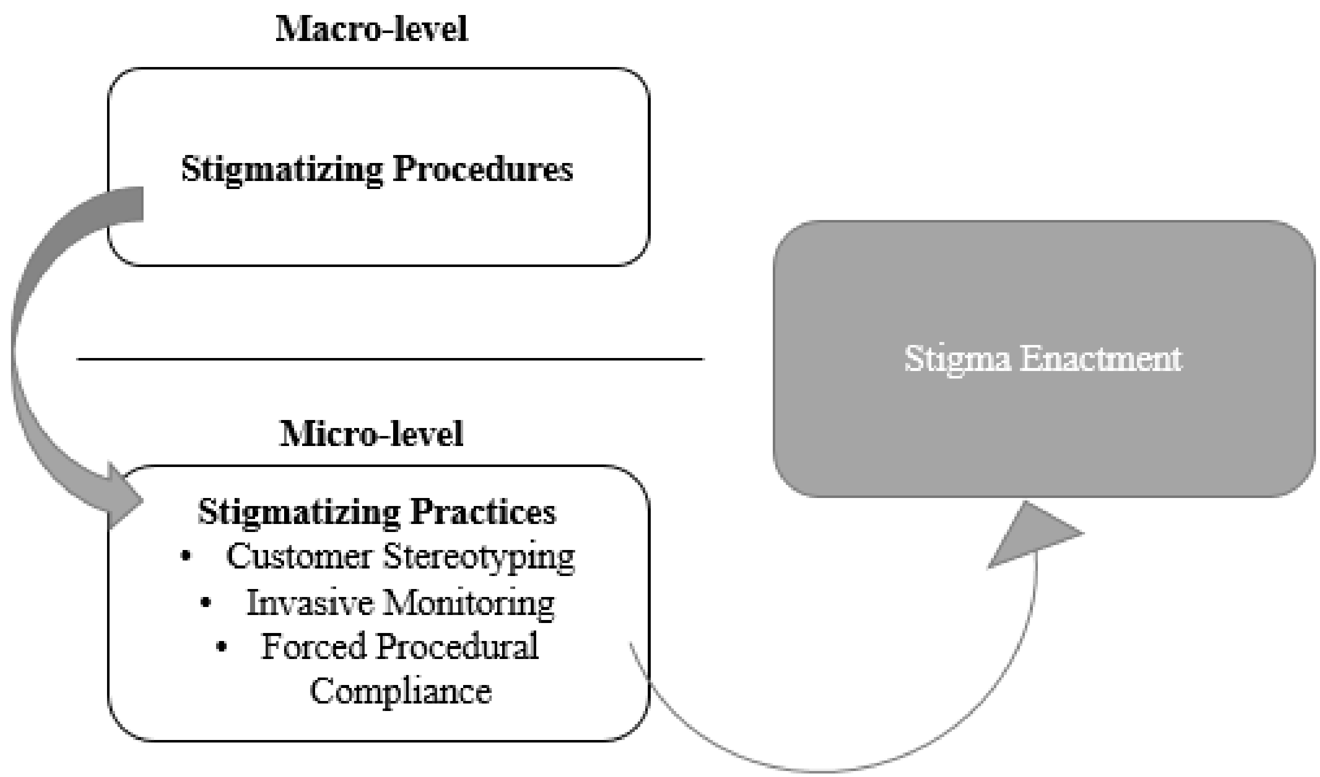

Figure 4.1. Cross-Level Figure of Stigma Enactment Through Procedures

He stated that if I did not comply with this request they would have to call all my references and looking through my phone was the most efficient method. Further to verify my employer's phone number, he searched my employer on google to confirm that the number I provided on my application was valid. He then called my employer in front of me and other visitors in the store to verify that I had worked there for the past 30 days. This practice would have been less degrading if I had not already provided them two months' of paystubs, two months of bank statements, my social security card, school id, driver's license, and a bill with my mailing address which most lenders required to process a loan. While I waited to get my application approved, this same employee remarked that several students from the university that I was attending, borrowed loans but did not pay them back. He asked if I was going to pay them back. I reassured him that I was indeed going to pay them back in five days. (C58-FN)

This episode left a lasting impression on me but reflected how this storefront thought about its customers. That is, lenders internalized the stigma held about their customers and developed procedures that were discriminatory. I found that different lenders used practices that discriminated all of their customers. Though variations of how these practices were carried out may exists, I found that certain obvious practice, like searching through customers' phones, verifying customers information in a distrustful and officious way occurred, as I saw customers asking lenders to "trust them" and the "give them chance" because they were "good for it".

In another case, a manager reviewed my bank statement which is another document that is required by all lenders. During this process, she went through each line item on my bank statement and noted that she did not see any rental expense. She then stated that I could not be approved for the loan because “my rent was not on my bank statement” and she required that information to approve the loan. However, when I continued to inquire about why she denied my application despite having all the required documents, she later on stated that my bank balance was the problem, pointing her finger to my current balance, which was $561 at the time, stating “you need to bring that down a bit”. She asked, “why do you need the loan with that much money?” and indicated that most of her customer's balance were either “almost zero or in the negative” (C58-FN).

The narrative I have provided depicts lenders in a stark way. However, in most cases, I found that lenders did not engage in invasive monitoring. Instead, they required three or four documents and processed loans professionally and quickly, typically 30 minutes or less. More often than not, lenders’ procedures were unintrusive and simple. Invasive monitoring is a type of aggressive practice that is often associated with all small-dollar lenders, despite that only a few lenders conduct such practices. Even founders in the industry noted that the actions of few had spoiled things for all lenders. A point founder Kourtney made clear: “I mean it's just like in any industry you're going to have bad actors and bad actors pull everybody down” (C30-K-F) and another founder, Barbara, discussed suggesting that to reduce industry stigma either a lender “conform” to best practices, or they will be “weeded out” (C28-B-F). Further, I found that employees reluctantly carried out these aggressive practices but felt obliged to comply with their organizations’ procedures and were punished for noncompliance.

Forced Procedural Compliance

> Okay, so whenever our district director would come in, we would have to give a different type of spiel whenever a customer came in. We would have to give them the “standard”, the old company “heho”, as we like to call it…They would want to monitor how we reacted or interacted with customers, and our district director noticed that we were speaking different when customers were coming in when they were there, then when customers were coming in when they weren't there. And they called us out on it, and they had like a secret shopper type of thing. (C-34-N-E)

As indicated by the dialogue above, small-dollar employees were incentivized to treat customers in a specific way. Forced procedural compliance refers to organizational procedures that push employees to behave in a manner counter to their convictions (Festinger, 1957). These actions could include employees making public statements that they do not believe or conducting practices that run counter to their personal beliefs but are influenced by external pressure exerted by their organization. For example, multiple informants commented that they were challenged by their employers whenever they tried to help customers. One noted:

> I'm a person that I want to help, and they would tell us to collect the money and forget trying to be Mr. Rogers in the neighborhood. It was just like that type of mentality, get the money or nothing. You know what I'm saying and I'm like dang, this is crazy! So, you be on the phone and knowing these people ain't got the money. (C32-M-E)

Another noted whenever I asked “Did corporate ever push you to educate your customers? He stated, “they shunned it!” and he was reprimanded for not using mandated organizational scripts to talk to customers. These quotes demonstrate that a stigma can be enacted in the form of compliance because it can work as a form of social control (Devers et al., 2009).

Throughout discussions with informants, employees felt that they were forced to mistreat customers since lenders monitored and directed their practices. One informant remarked "they would remote in our calls and come to our desk and be like (knocking on the chair and gesturing with a few fingers get the money with hands) or get off the phone or go home." Employees noted that these were not isolated incidences but rather embedded in the culture of their organizations. One informant noted he was "motivated to work" but as soon as he got on the floor "they were just like forget everything you learned in training this is what we gone do. This is how we are going to get this money. Don't tell a customer no for an answer. We loaned it, they borrowed it, they pay us". Another employee stated that she was reprimanded whenever she described a new small-dollar product as "a very high interest credit card that you could use at any time"(C42-MC).

Forced procedural compliance was a valuable organizational tool used to control employees without wielding a radical change in their opinions. However, it created tension between lenders and employees because lenders would often stigmatize employees who opposed these procedures. In some cases, employees mentioned that they felt ostracized by their employer, indicating "they were treating us, they were almost treating us like they were treating the customer," who in an earlier discussion commented were seen as "bait" and people with no alternatives by his employer. One informant discussed this point in detail. He stated that the owners "had the buddy-buddy system" and those who wholeheartedly embraced the company's views benefited. However, those that chose not to suffered. He acted out a narrative of the owners to make this point evident.

> "Did you get the money or not. We need money. Get that money. Don't get off the phone without getting no money. Ahh that is JoJo, he ain't getting no money, I ain't speaking to him." But the people who were getting that money, ahh they gone speak to you. "Keep getting that money, John. Bob, keep getting that money. Hey, nice job (gives a high five) that is it." If you ain't getting no money, there ain't nothing to talk about. That is how they were. (C32-M-E)

Employees detested this excessive degree of control and in turn, viewed their employers as cold and dispassionate, reinforcing negative beliefs held about these kinds of lenders. One employee described that engaging this kind of practice involved a particular "heartless mentality." Another informant provided an example of this reinforcement stating, "it countered my Christian values, and I don't like getting on the phone and calling people asking for money that I know they don't have, but I have to do it because it is my job" (C37-M-E).

On a few occasions, I spoke to employees that were fully aware of "the stigma that comes behind" their work but were provided autonomy to engage in practices that were oriented towards serving customers. This occurrence was often isolated, and only occurred when employees were provided the means to transgress from the cultural norms of their organization. I refer to this process as edifying procedural practices, which involves the improvement of organizational practices through moral deeds. This could include dissuading customers from small-dollar products or educating them with other alternatives. Employees discussed how they would assist customers by moralizing their work in effort to reduce internalizing the stigma.. For example, one employee stated that his manager gave him autonomy to help customers, despite backlash from his employer. She noted:

> I was given the authority to tell these people. Say, if I ran through someone's finances and they didn't look like they were going to even be able to even make the first loan, I can tell them that this is not something they need to do. I can move them towards a different solution. (C34-N-E)

Edifying practices is a form of deviant job crafting because it centers on making stigmatized work more worthy, but it also breaches existing organizational procedures. An employee stated that he “would always try to steer people” away from certain products by investigating their circumstances. I witnessed these actions firsthand when an employee instructed me to borrow a smaller amount of money or to stay away from a certain usurious product. My interactions with different employees demonstrated that this sort of flexibility occurred but was largely discouraged by “corporate”, as many of these actions were covertly done.

Taken together, I discovered that lenders enacted a stigma on their customers through their procedures and practices. Customers were stereotyped and treated unprofessionally. In addition, a stigma was enacted on employees that opposed organizational procedures that stigmatized customers. In either case, both lenders and employees, whether voluntarily or not, reinforced the stigma tied to their customers. In all, these strategies invoked an actionable response to stigmatization, allowing founders and employees to avoid internalizing a stigma from their practices by passing the stigma on to their customers. A point reflected clearly in one employee's interview, stating, "all we are going to do is offer it to them… if they take it, then it is on them. It is no longer on you." (C34-N-E).

A key consideration of these findings is that stigma enactment occurred across levels. The procedures lenders initiated provided employees official guidelines to conduct their work. These procedures were mandated, incentivized, and tied directly to the lenders' aims and goals (Zohar & Luria, 2005). As such, procedures represented organizational-level actions that triggered individual-level actions. Small-dollar employees implemented these procedures in their practice. On some occasions employees deviated from these procedures but many did not because of the fear of being stigmatized by their organization. Aggressive practices like customer stereotyping, invasive customer monitoring, and forced procedural compliance represented individual-level actions influenced by procedures at the organizational-level. These findings show that stigmatization arises through structural factors controlled and initiated by organizations. Stereotypes and discriminatory practices emerge from these procedures but represent social factors that individuals respond to. Tying this all together, lenders used procedures that imposed a stigma on customers. Employees executed these procedures on their behalf or faced their own internal (intra-firm) stigma for not complying with those procedures.

Enactment Through Locations

Drawing on my analysis, I discovered that two distinct groups of lenders responded to a location-related stigma in different ways. One group of lenders used structural boundaries to physically separate themselves from an element of stigma associated with the industry, poverty. These lenders assimilated into more affluent locations, differentiated themselves from other stigmatized competitors, and worked to redefine perceptions held about the industry. This group of lenders engaged in what I call “geographical assimilation”, which involved lenders using new affluent locations and physical structures to shift negative evaluations tied to a location-related stigma. (See Appendix F for different locations of storefronts).

On the other hand, another group of lenders used structural boundaries to isolate themselves and setup up storefronts in impoverished locations. This group of lenders engaged in what I call “geographical mirroring”, which involved lenders establishing storefronts in inconspicuous and impoverished locations to attract a certain group of customers. These lenders leveraged the stigma tied to a certain neighborhood electing to remain in the shadows. This strategy opposed some lender’s attempt to be visible and work in solidarity to remove the stigma associated with poverty. The consequences of both strategies are that the first group of lenders refused to enact a stigma based on their locations, while that latter reinforced the stigma tied to the industry.

Below, I chart how lenders used geography in distinct ways and how this enactment of stigma varied across organizations and shaped customers experiences.

Geographical Assimilation

My analysis revealed that a location-related stigma caused some lenders to become visible, observably promoting their business through the use of open locations and occupying more opulent retail spaces. Lenders established storefronts in upscale locations to fit into the greater community and to locate around a broader spectrum of customers. For example, I found that lenders would set up stores next to a Starbucks or a Target to shed some of the stigma tied to their locations. I describe this tactic as *geographical assimilation* which refers to strategies employed to accentuate a variety of physical organizational structures that resemble those of a dominant and more socially acceptable group. It is a specific type of normalization tactic, which aims at reframing widely held generalizations about a target by using physical artifacts, such as geography and structures (Rafaeli & Pratt, 2013; Rafaeli & Vilnai-Yevetz, 2004).

During my visits to several small-dollar lenders, I discovered that some lenders embraced assimilation as a strategy to integrate into the larger business community and to "pass" as a non-stigmatized business. For example, one particular small-dollar lending establishment located its office in a state-of-the-art industrial building with exposed brick and air ducts that provided a contemporary rustic appearance similar to what you might find at a new Apple store or Anthropologie retail location. The location and open layout provided a feel of transparency, creating an atmosphere of trust and ingenuity that could rival many traditional and upscale organizations. When I walked in, I was greeted by a receptionist who provided me a refreshment while I waited. This strategy worked to abate certain perceptions surrounding this particular organization as one c-suite executive recounted:

> We opened a store near the state capital, just for the purpose of bringing state legislators there to show our location. Show them that it is bright, well lit, nice people coming in there and that. Some of our competitors have chosen to hide and hope nobody notices, but that has not been our style. (C27-J-E)

Geographical assimilation was not universal to all lenders, but it was employed by several large and nationally established lenders, and occasionally used by smaller regional lenders. This strategy was primarily used by firms who resisted the industry's stigma. While common portrayal in the media and academic press of small-dollar lenders suggests that most small-dollar storefronts concentrate in less affluent neighborhoods (Li, Parrish, Ernst, & Davis, 2009), across many of my visits which ranged from metropolitan to more rural settings, I discovered that lenders often established locations in nice neighborhoods alongside large and well-known department stores, such as Walgreens. I found locations varied drastically from shanty and distressed spaces to more vibrant and socially acceptable areas.

Lenders did not use geographic assimilation as an exclusive strategy, rather, irrespective of their regional setting, most located in areas with high foot traffic because of their core customer base. This result may be a function of some lenders choosing to or not to use geographical assimilation as a strategy to promote distinction by emphasizing differences and deemphasizing similarities with other small-dollar lenders. Lenders used geographical assimilation to refocus a location-related stigma by making a deliberate effort to shift the focus from the stigmatized features of their organization to their non-stigmatized features (Ashforth & Kreiner, 1999: 423). In this way, geography was used as a form of lenders "coming out" by using physical structures to make broader elements of their organization observable and isomorphic to the surrounding environment.

Lenders also used geographical assimilation as an "educational tool" soliciting attention from audiences that opposed small-dollar lenders to demystify their organization; as one employee described "Our philosophy has always been to educate the people that don't want this." Part of this education process included using structural space and geography to build stronger communal bonds and to shift stereotypes portrayed in the media and held by audiences, such as regulators and customers. A founder of 15 small-dollar stores lamented on this point:

> It's always educating regulators every year as they change! Educating the public who may not know what the industry is, but maybe a little skeptical about them being in their neighborhood. We do a lot of community involvement, you know, just to kind of make the community, you know say, well, I know these people, and these are good people, and it's not about everything that they read in the media (C30-K-E).

This strategy permitted some lenders to change the discourse about them, thereby, diminishing prior designations as “predatory” or spearheading the “poverty inc.” movement because they were financially exploiting economically and socially impoverished citizens. Another executive heading a company that almost exclusively used geographical assimilation when establishing storefronts described it as a specific method used to deal with audiences who are critical of their operations:

> “That’s how we deal with the people that are opponent of us; we show them who we are. Walk them through this building, and they’re legislators and lobbyists, and preachers and everybody else coming through this building all the time. Because you know, it's easy to hate somebody that you don't know; it's harder not to like somebody that you do know. You may disagree with them, but you won't oppose it as much. So, that's been our philosophy.”

By occupying a variety of structural spaces, some lenders gained access to an assortment of customers across the income spectrum. Lenders gained additional opportunities to manage potential customers' impressions by highlighting different sets of customers that challenged existing undesirable narratives of small-dollar lenders as predatory and targeting impoverished and uneducated customers. This tactic helped move the point of emphasis away from an element of a stigma that fueled skepticism toward those lenders.

Combined, this strategy may be the impetus for the sheer number of small-dollar store fronts, as Jonathan Zinman, an economist at Dartmouth, noted that "small-dollar lending storefronts outnumbered McDonald's restaurants and Starbucks coffee shops combined" (McLean, 2016). Small-dollar lending establishment are "everywhere" as one congressman commented during a congressional hearing over the industry. Although common belief is that a stigma associated with a group of organizations often forces them to hide their locations, to use discrete signage, and to establish storefronts in remote locations, this is not always the case. In fact, the opposite can happen, as I discovered that some lenders work to normalize their presence by coming out of the shadows. See Table 4.4. for exemplary quotes.

Geographical Mirroring

While some lenders invested a considerable amount of resources to integrate into new and more acceptable areas, many lenders chose to remain in the shadows, establishing storefronts in impoverished and isolated areas. Establishing storefronts in poor neighborhoods can be viewed as an enactment of stigma because these lenders are carrying out the stigma through their locations. In essence, the location is a reflection of the stigma. The enactment of stigma in this

Table 4.4. Enactment as a Strategy to Manage a Location-Related Stigma

Theoretical Category: Enacting Stigma Through locations	Refined Themes	Preliminary Themes	Initial Codes:	Coded Extracts
Geographical Assimilation: Strategies employed to accentuate a variety of physical organizational structures that resemble those of a dominant and more socially acceptable group.	Lenders used new location to reshape negative labels and perceptions held about them	Setting up stores in affluent neighborhoods as a strategy to abate criticism	Lenders setup storefronts in nice locations	"That's how we deal with the people that are opponent of us; we show them who we are. Walk them through this building, and they're legislators and lobbyists, and preachers and everybody else coming through this building all the time." (C27-J-E) "As soon as I walked in I was pleasantly surprised the place looked like an apple store or an upscale business. It was in new gentrified part of town" (C60-FN) "When I walked into Cash Now, I was reminded about the comment my barber made that they just set a new location next to Starbucks. This place is pretty nice but empty as usual." (C63-FN)
Geographical Mirroring: Strategies employed to accentuate a variety of physical organizational structures that resemble an impoverished and stigmatized area.	Lenders used locations in poor neighborhoods to locate next to their customers	Setting up stores in affluent neighborhoods as a strategy to abate criticism	Lenders setting up storefronts in poor locations	"Cash for title was across the street from a closed small-dollar lender in neighborhood where the average household makes less than 40k a year" (C62-FN) "When you walk in, it looks shady, yeah. It looks shady. It don't look like they wanna welcome you in, it looks like, "Okay, we finna get you into debt." That's exactly what it looks like. It looks horrible!" (C35-R-C)

case emerged from physical imperfections and ailments of the community which were then mirrored in a lender's store.

This tactic was used to respond to stigma, as informants suggested "some have chosen to hide" as it allows them to avoid drawing attention to themselves by establishing storefronts in areas that are neglected and often forgotten. Hiding is a well-recognized strategy used by stigmatized organizations (Hudson, 2008). Geographical mirroring is a specific form of hiding that uses concealment through stigmatized territories to avoid hostile audiences but leverages particular stigmatized and concentrated areas to gain visibility with a key audience, customers. Many lenders I visited in poor neighborhoods were located in close proximity to a large portion of their customers, where there was substantial foot traffic. These insights were validated in an interview with a founder who stated that "a typical customer, it depends on where our stores are located but the racial mix up is going to be pretty much whatever that local community is."

More often than not, the internal makeup of storefronts in these types of neighborhoods mirrored that of the outside. As noted earlier, many of the locations were cluttered and unorganized. In one particular location, the lender was located in a small old brick building with no signage on the outside. The inside of this location was dark and empty. In some cases, this was a key strategy, as some informants suggested that their competitors have "chosen to hide and hope nobody notices." Lenders not only mirrored their locations in the community, but they mirrored their customers' identities, who were often poor and discriminated by the general society. One customer stated that "they actually give people a chance" and that she was philosophically opposed to mainstream banks. Ultimately, these actions proved vital for the survival of many lenders but reinforced the stigma in the industry. See Appendix F for data comparisons between Geographical Assimilation and Geographical Mirroring and Appendix G for visual images.

Response to Being a Stigmatized Customer

Applying for and using small-dollar products can be a stigmatizing event. Serving as a small-dollar customer allowed me to understand this more directly and reflect on how I felt during my time in the field interacting with different lenders. It also provided me an opportunity to discuss my experiences as a result of the lender's behaviors and the industry's stigma. To answer my second question, how do customers experience stigma?, I combined my experiences with customer interviews. I uncovered that customers experienced stigma in the form of feeling a sense of shame, avoiding disclosure to others, and experiencing unfair lender practices. The result of these forms of stigma shaped how informants talked about lenders. Informants condemned their actions and publicized the danger of using these types of loans. This type of negative rhetoric about small-dollar lenders and loans reinforced the stigma in the industry. See Table 4.5. for themes and exemplary quotes.

Feeling Ashamed from Using Small-Dollar Loans

Although several stigmatizing events occurred, across informant interviews and my involvement in the practice of small-dollar borrowing, my analysis revealed that the primary stigma experienced by customers was a feeling of shame from having to use small-dollar products. Shame refers to a negative emotion elicited when a person experiences failure concerning personal, social, or moral standards and feels responsible for this failure

Table 4.5. Customers Experiencing Stigma

Theoretical Category: Customers Experiencing Stigma	Refined Themes	Preliminary Themes	Initial Codes:	Coded Extracts
Feelings of Shame: negative emotions experienced by small-dollar borrowers due to borrowing usurious loans	Deep feelings of shame can arise as a small-dollar customer	Small-dollar loan use leads to a devalued feeling of the self	Feeling embarrassed about using small-dollar loans	"Having to go in (Fast Dollar) was somewhat of an embarrassment." (C27-J-E)
Avoiding Disclosure to others: Strategies employed by small-dollar borrowers to make their stigmatized actions or condition invisible to others	To avoid violating cultural norms, keep personal finances private	Discussing personal finances with others breaches cultural norms	Discussing finances is a personal matter	I think because it's a financial situation. Most people are not as open about their financial situations. So, being that you're in need of money, you don't want to ask somebody else for money. It's kind of a personal matter. (C40-G-C) I mean, honestly, it's not something that I really talk to people about because who is really proud that they had to go borrow money from a payday loan? So, it's not something that I'm truly vocal about." (C41-A-C)
Experiencing discriminatory practices by lenders: the use of various deceptive, coercive, exploitive, or demeaning methods to obtain business from small-dollar customers.	Adverse outcomes are underserved and reflective of the lender and not the customers	Aggressive practices lead to adverse customer outcomes	Negative experiences from lender practices	"My worst outcome, my own self, messing up my bank account. You don't have the option. It made me change a whole entire bank."(C40-G-C) "Now here's the thing with payday advances, if your account is in the negative when they withdraw these funds, they're gonna hit your account three timed. Then on top of that, when you come back to write a new payday advance, there's a fee associated with writing that payday advance because your account bounced." (C34-N-E)

(Fortenberry, McFarlane, Bleakley, Bull, Fishbein, Grimley, & Stoner 2002). “People experience shame when they perceive that a character flaw is evident to others or ourselves” (Schmader & Lickel, 2005, p. 264). It is a type of felt stigma, which is distinct from enacted stigma because it relates to an intangible experience of stigma (Gray, 2002). Borrowing small-dollar loans generated feelings of shame because it made borrowers aware of their calamitous circumstance and their inability to resolve their own financial troubles, which brought about feelings of discomfort and dissonance.

This point was made clear when a small-dollar customer stated how he had felt about using small-dollar loans, commenting “For me, it was somewhat embarrassing, being an accountant — embarrassing that I wasn't able to manage my own money in a manner that I could present to the world. Having to go in (Fast Dollar) was somewhat of an embarrassment” (C33-O-C). Feeling ashamed can represent a loss of self-confidence that leads one to question their judgment or behaviors. For example, one informant stated that he had no issues with lenders that sold small-dollar loans. Instead, he thought it was the loans themselves and his use of these loans that were the problem. He stated that he had no malice “towards the lenders because that's just their job.” He noted that "the loans, I feel like now, as I look back on it, I feel like it's stupid in my eyes because I shouldn't have done it” (C35-O-C).

Multiple customers held similar beliefs. Informants discussed how they were to blame for their circumstances. As an illustration, one informant debated whether the term “predatory” was an appropriate expression to describe lenders. He maintained that term did not fit because “they're not preying on you. You're actually walking in; It's voluntarily; It's self-inflicted. So, I don't think it's predatory. I think people are self-inflicting. They're volunteering themselves to go into these places” (C40-G-C). Another customer provided similar commentary stating, “you kind of wanna blame the payday loan place, but it's not really their fault. They kind of tell you what's going on in the beginning like, "Hey, we'll give you this amount of money with this amount of interest" (C41-A-C). These examples showcase that customers took responsibility for their actions and therefore accepted the often-severe consequences that resulted from using these loans. It also suggested that customers experienced self-stigmatization, which represents a person’s acceptance of a stigma (Corrigan & Watson, 2002). Self-stigmatization relates to the belief that stigma was warranted.

By shifting the blame from lenders to themselves, customers countered mainstream views that small-dollar borrowers are exploited by lenders. In contrast, feelings of self-stigma lead customers to counter to such beliefs, and believe that they were at fault, buying into the stereotypes held about them. With this recognition and informants’ acceptance of responsibility, feelings of shame drove many customers to conceal their use of small-dollar loans and avoid seeking help from others.

Avoiding Disclosure to Others

Analysis of informant interviews suggested that a secondary experience of stigma was avoiding disclosure with others about their use of small-dollar products. This experience of stigma is often driven by felt stigma, which can prevent people from talking about their experiences of stigma and seeking help (Gray, 2002). It relates to the anticipation of rejection or fear of what is to come when a stigma is revealed. Throughout interviews informants discussed their reluctance to share their use of small-dollar loans with others. As one informant commented.

> I mean, honestly, it's not something that I really talk to people about because who is really proud that they had to go borrow money from a payday loan? So, it's not something that I'm truly vocal about. But if somebody brings it up that I know personally, it's like, "Ah, that's really not a good idea. I've been there before, it's not really good to do" but at the same time, it's like most people who are going to those have no other choice. So, they're just doing what they have to do. I know that's what it was for me. (C41-A-C)

Customers avoiding disclosure occurred for a number of reasons, but the most relevant related to cultural norms about finances. Several interviewees commented that they generally do not discuss this topic with others because of cultural norms of avoiding discussion about a personal “financial situation”.

An informant lamented on this point remarking that “most people are not as open about their financial situations and that discussing about money is “ kind of a personal matter.” When “you’re in need of money, you don't want to ask somebody else for money” (C40-F-C). Another informant shared similar views when asked if he told others about his use of small-dollar loans, he stated. “Not preferably. …Because that's like another bill, so you don't tell nobody your business when it comes down to your bills” (C35-R-C). This was a point a founder made about her customers describing them as a “prideful” group of “customers that didn’t want people to know that they came in”, which she obliged (C28-B-F). A substantial volume of research shows that avoiding disclosure to others is a common strategy to cope with a stigma (Clair, 2005; Jones & King, 2014).

By not telling others, customers can avoid certain experiences of stigma, such as ridicule from friends or rejection from others. However, avoiding disclosure can be disadvantageous because it can reduce customers' opportunities to seek and obtain help. In some circumstances disclosure offers a reasonable alternative to nondisclosure, as one informant accidentally discovered when his friend found out about his flex loan and helped him pay it off. He stated:

> They came across a bill in my car or something like that, they was like "Nah, you shouldn't be doing that," so they actually gave me a loan with no interest to pay it off, and so I ended up paying them $50 every paycheck and it would have been $80 that was still compiling interest…That's really what got me out of that cycle. (C33-O-C)

Experiencing Discriminatory Practices by Lenders

During my time in the field, I discovered that small-dollar customers experienced a number of stigmatizing events including feeling stereotyped and discriminated because of lenders' procedures and practices. Discriminatory practices refer to the use of various deceptive, coercive, exploitive, or demeaning methods to obtain business that target certain sectors of consumers (Byrne, 2000; Satz, 2010). This could include misrepresenting products or service by failing to appropriately disclose information about a loan as governed by regulations. It could also mean conducting practices that are aggressive and put customers in a considerably adverse position. These practices produced both experience of felt stigma and enacted stigma. Drawing on my analysis, I first discovered that customers experienced felt stigma in the form of feeling trapped by lenders, which represents an element of deception with their products. Informants equated borrowing small-dollar products to feelings of “entrapment”. As one informant discussed:

> So, you may have the money to ... whatever it is, the $50 to pay them, but depending on how your check goes, if you got stuff that comes out too, you might not have the whole check, at the moment, to rewrite. So, the whole half of the money to rewrite is what kind of makes you feel trapped, because you can't do anything once you receive your check until you go there first.

Another customer described lenders stating, “Honestly, I think they're a trap. They're no different than I guess loan sharks to me, honestly” (C41-A-C). Interviews with employees provided some support for this feeling as they described their product as having a “trick to them”. For example, one employee stated that “they (owners) already know by you needing the money that we provided for you, we gone keep you in a loop” (C32-M-E). Another employee described his work as immoral because he knew “that you're setting someone up for failure” (C34-N-E). These points corroborate a complaint an informant made, as she discussed how she borrowed $425 and had a $75 payment, stating that “$75 is only fees and interest. None of it goes towards what you borrowed” (C36-C-C).

Beyond that, I discovered that lenders used a number of deceptive practices such as having employees electronically sign documents for customers. On one instance, during a time I borrowed a $50 small-dollar loan from a lender, an employee asked if I agreed with the terms of the loan, which I verbally consented, and then he proceeded to sign all the documents of my loan. This was not a small gesture given the documents he had signed listed the APR of my loan which was 1284.80%. At this particular store, I was not told about the APR, nor were the APR listings in a clear and distinguishable place for customers to see, which is required by law. The listing was on a sheet of paper, by a hidden safe where customers received cash if their loans was approved but not where they applied for loans. Although I found most lenders were quite transparent with their interest rates, some hid these listings in plain sight. At Get Cash Fast, the listing was discreetly placed on a small laminated sheet of paper on a side of a teller window.

Beyond deceptive practices, customers experienced stigma in the way of aggressive collections. Informants described lenders as having “no leniency”. One customer stated that “heavens forbid you'd be in a car wreck, you know, they're, they don't lean at all I mean, the money's either there, or too bad” (C36-C-C). This point was shared by employees who discussed lenders’ aggressive tactics to collect money.

> Now here's the thing with payday advances, if your account is in the negative when they withdraw these funds, they're gonna hit your account three times. So, you're not going have that NSF fee once, you're going to have three times. Then on top of that, when you come back to write a new payday advance, there's a fee associated with writing that payday advance because your account bounced. Your check bounced. (C34-N-E).

Customer described that “if you don’t pay it, then they send your check through.. it doesn’t matter if the money’s there or not. This isn't from my experience. This is from my son's experience, this part here. If the money is not there in your bank and they get the check back, then they serve you with a warrant (C36-C-C)” Other customers discussed the residual effects they encountered because lenders directly debited their bank account which small-dollar lenders required before processing a loan. One informant noted that “my worst outcome, messing up my bank account. You don’t have the option. It made me change a whole entire bank. Eventually I got it taken care of” (C40-G-C).

In all, being a small-dollar customer has substantial effects on the way people felt about themselves, as well as how they were treated by others in their environment. In many cases, customers’ negative experiences of unfair practices culminated to feelings of shame and avoiding help from others. Small-dollar customers are a stigmatized group and they are marginalized by virtue of their credit and financial status and face restrictions in accessing credit and receiving institutional support. While this dissertation did not uncover an exhaustive list of strategies incorporated by lenders that helped reduce customers’ instance of stigma, it does provide a framework to explain how lenders stigmatized their own. The result of this mistreatment of customers reinforced the industry stigma, as customers remarked that lenders should be “banned”, “closed down” , urging potential customers “not to do it”. In particular, customers narratives substantiate and reinforce the stigma that already exists.

CHAPTER FIVE: DISCUSSION AND CONCLUSION

In my dissertation, I focused on understanding the different sources of categorical stigma, how stigmatized actors respond to these sources, how these dynamics unfold across levels, and the effects they have on a key audience, customers. In order to complete these objectives, I examined interviews, archival records, media reports, and adopted the role of a small-dollar customer, who also experienced the industry stigma, borrowing and paying back loans from a variety of different lenders. My findings, summarized in Figure 5.1., chart the sources of stigma, lenders' responses to stigma, and customers' experiences to these responses. In doing so, I clarify some key components and relationships in the categorical stigma literature that are not well understood but have substantial implications for theory and practice.

This dissertation departs from prior studies on categorical stigma by attempting to unpack the dynamics that *reinforce* a stigma within an industry, as opposed to those that *reduce* or *remove* the stigma. A key finding from this dissertation is that industry members respond to stigma in different ways, with some resisting it and others embracing it, and this creates tension in an industry and thwarts efforts to remove categorical stigma. This dissertation makes several contributions to research on categorical stigma management and categories research, each of which I unpack below.

Implications for the Categorical Stigma Management and Categories Literature

In the next section, I outline four major implications for theory and practice. I find that (1) three different sources of stigma underpin how industry members enact stigma to different

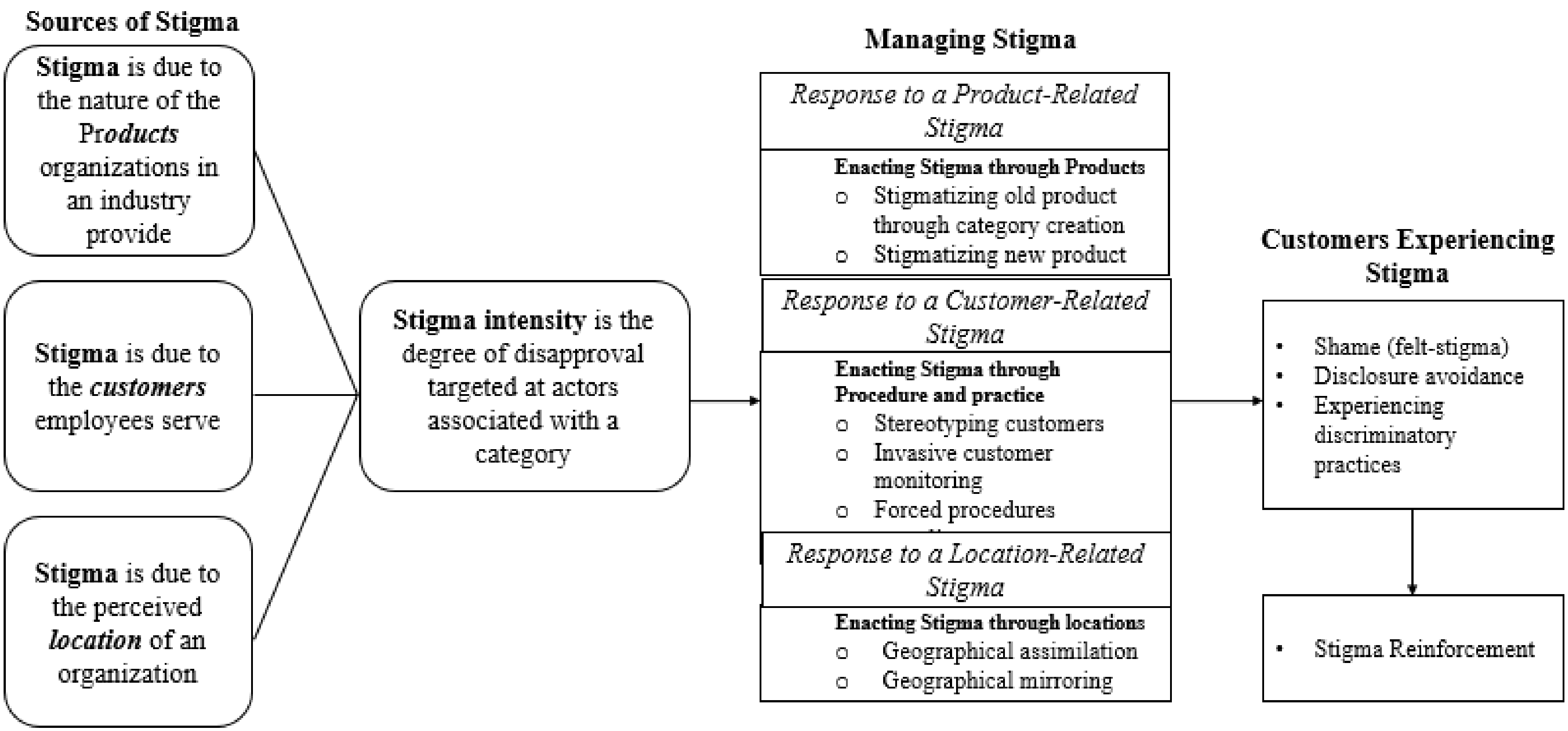

Figure 5.1. A Model of Categorical Stigma Management Influence on Customers

degrees; (2) stigma enactment is a critical response to stigma and occurs across levels and reinforces categorical stigma; (3) stigma enactment involves category creation (Durand & Khaire, 2017), where industry members form new categories to distance themselves from old and detested categories; and (4) competition among stigmatized members can hamper new categories causing them to fail to develop which stymies opportunities for industry members to initiate actions that reduce stigma for the entire category.

Stigma Intensity: Charting the Different Sources of Categorical Stigma

My dissertation contributes to the emerging literature on categorical stigma (Piazza & Perretti, 2015; Barlow et al., 2016; Lashley & Pollock, Forthcoming) by exploring the influence of different sources of stigma on different stigmatized actors. Stigma at the category-level occurs when an entire class of organizations becomes a target of disapproval and collective devaluation because of their core activities. However, much of prior research has treated categorical stigma as a "unidimensional" construct with studies investigating a single source of stigma, such as a product (e.g., cannabis, craft beer), or a contested practice (i.e., nuclear power) that leads to disapproval. My findings build upon recent work substantiating that stigma can vary in intensity at the category level (Piazza & Perretti, 2015). It suggests that while prior research has elucidated different sources of organizational stigma (Helms & Patterson, 2014), it has up till now ignored that different sources of stigma at the category level may exist and influence how different stigmatized members enact stigma in that particular category. I show that different enactments of stigma result from a degree of tension that exists between different stigmatized organizations.

Three sources of stigma. My findings reveal that there are various sources of categorical stigma, including a product-related, customer-related, and location-related stigma and each source has implications for how organizations and employees respond. This finding shifts the focus of prior categorical research by showcasing additional dimensions of stigma that can affect a whole category. The notion of additional dimensions is particularly relevant to categorical stigma research because it raises the question of how a particular source of stigma is not only activated, but also managed. My interpretation is that it is the combination of these sources of stigma that invites greater scrutiny from hostile, stigmatizing audiences, as opposed to a single source that is salient.

This interpretation is important because it challenges prior stigma management research that assumes that stigmatizing organizations see their stigma in similar ways. Different sources of stigma maybe salient for some but not for others and as a consequence be given priority and managed in a particular way or require more effort to manage. By showing that stigma can vary at the category level, this dissertation contributes to stigma research in management by differentiating the various sources of stigma faced by actors within a category.

Product-related stigma . Evidence from the dissertation shows that a product-related stigma involves conflict between two opposing forces that triggers industry hostility, encouraging some stigmatized actors to attach negative labels on one another's products. On the one hand, these actions seem quite normal since competitive forces can influence actors to insult one another and make negative claims about competitors' attributes or characteristics to sway audiences and gain competitive advantage (Sutton & Callahan, 1987). On the other hand, most acknowledge that a sinking tide lowers all boats, and by attaching devalued labels to one stigmatized actor in a category, all actors within that category may be viewed in a similar light by audiences and reap similar consequences (Diestre & Rajagopolan, 2014).

Whereas one group of lenders resisted the industry's stigma and formed a new category in response to new and discriminatory regulations against the industry, my findings demonstrate that another group acquiescently embraced the stigma, opposing the new product category in an attempt to transfer the stigma of an old product on to a new product. The outcomes of these actions are important because they help to perpetuate stigma, as opposed to reducing it. Recent research shows that it is not until stigmatized actors work in unison that stigma can be removed (Adams, 2012) and such actions are "messy" and take place in the "backstage" or away from audiences (Lashley & Pollock, Forthcoming). Further, prior studies have focused on the outcomes (Barlow et al., 2016) or the activities that help remove of a product-related stigma (Lashley & Pollock, Forthcoming) as opposed to activities that reinforce a product-related stigma.

Alternative arguments can be made that specific stigmatized organizations may be entrenched in their ways or attached to their products, and this can explain their response to a new product category. In my view, these explanations seem less plausible because of the ramifications that organizations face by not complying with any impending regulations. Instead, evidence suggests they have embraced the stigma and use it to their advantage to compete for business from similar customers by enacting the stigma on organizations that offer the new and less known product. In this way, this dissertation suggests that stigma enactment may be a competitive response to rivals and not just a response to stigmatizing audiences. Future research should investigate what triggers some organizations to engage in such deleterious actions and others not and whether these differences relate to variations in the removal or reduction of stigma.

Customer-related stigma. My findings also suggest that stigmatized actors vary in their response to a customer-related stigma and these responses influence how customers experience stigma. To date, little research has discussed stigmas tied to customers, and the existing stigma research focused on customers explains how organizations can hide or shield customers from stigmatizing audiences (Hudson & Okhuysen, 2009). My findings challenge characterizations of stigmatized organizations as protectors, safeguarding their customers from the public. I found that, at least in some cases, stigmatized organizations internalize negative stereotypes held about customers and stigmatize their “own” through their procedures and practices or take actions to find new and less stigmatized customers. Meaning, stigmatized organizations may see themselves as “normal” or less stigmatized than their customers and attempt to shield themselves from their customers’ stigma.

This finding is important because prior work suggests that industry actors manage boundaries to prevent transferring their stigma on to their customers or business partners (Hudson & Okhuysen, 2009). My findings suggest the opposite, that industry actors manage stigma through procedures and practices to prevent inheriting the stigma from their customers. This finding suggests that the causal direction of stigma transfer between customers and organizations may go both ways (Hudson & Okhuysen, 2009), expanding existing views that customers primarily suffer from their association with a stigmatized organization. My work demonstrates a less obvious, but no less important distinction from prior work, recognizing that organizations that affiliate with certain customers may invite greater opposition from stigmatizing audiences. As a result, organizations must strike a balance between protecting their customers and themselves which may require choosing between shielding an essential resource provider and appeasing hostile audiences. Managing the transfer of stigma from their customers is also a vital aim for organizations that suffer categorical stigma.

Advancements from this work in combination with prior research provide a more robust explanation of stigma transfer in the organizational literature. Future research should explore the linkages in the theory that are not well understood or test missing links (i.e., moderators) that may explain differences across studies. Questions may arise whether contextual differences exist between different industries (i.e., male bathhouses and small-dollar lenders). Evidence from my dissertation suggests that the two industries differ in ways that could affect members response to stigma. Comparing different industries may allow more precise theorizing and parsimonious models that take into account a variety of factors.

Exploring customer-related stigma in more depth has improved our understanding of stigma management in organizational settings. However, how customers' experience stigma and respond to it remains underdeveloped. My findings demonstrate that customers experience various forms of stigma, such as felt stigma, disclosure problems, and discrimination. Although these findings compliment what scholars have discovered about stigmatized groups (Hammond & Kingston, 2014; Major & O'Brian, 2005; Corrigan & Watson, 2002), most existing studies reside outside the organizational literature or focus on the experiences of stigmatized employees (Johnson & Joshi, 2017; King, Rogelberg, Hebl, Braddy, Shanock, Doerer, & McDowell-Larsen, 2016; Ashforth, Kreiner, Clark, & Fugate, 2017) and not customers.

Customers are a critical audience group that not only ensure the survival of an industry, but they also play a critical role in reinforcing categorical stigma. I discovered that powerful audiences use customers' narratives to stigmatize the industry. This finding advances existing work which assumes that stigmatization is a top-down process, where influential and reputable audiences unilaterally take action against deviant groups. Instead, I show that it can involve less influential audiences (e.g., customers) that oppose a deviant group emerging from a bottom-up process, suggesting that it may be the combination of both top-down and bottom-up processes that leads to the existence and persistence of categorical stigma.

Location-related stigma. Lastly, I found that a location-related stigma influences how organizations respond to labels held about their industry. This finding is important because less work in the organizational literature has focused on how stigmas can arise through geography. It also advances an existing body of research on territorial stigmas (Wacquant, 2008; Castañeda, 2018). Territorial stigmas arise when negative labels are attached to certain neighborhoods publicly recognized as poor, populated by marginalized groups, and equated with material scarcity and crime (Wacquant, 1993). My findings demonstrate that organizations can enact stigma or escape this type of stigmatization through their locations by operating in neighborhoods that are highly impoverished, reflecting a state of destitution, or by establishing storefronts in areas that are more affluent, reflecting a state of abundance or privilege. This is important because geography sheds light on whether an organization has internalized and accepted a stigma or rejected it to some capacity, which is difficult to capture and bears consequences for how they are seen by audiences.

Also, stigmatized organizations can mirror or deflect a stigma in their aesthetics, images, and materials. One interpretation of my results is that categorical stigma may be rooted in a philosophical opposition to organizational space (Tyler & Cohen, 2010; Beyes & Steyaert, 2012) that holds different degrees of threat for organizational actors. This finding is important because it "spotlights space as a distinctive anchor of social discredit" that can affect organizations (Wacquant, Slater, & Pereria, 2014:1272). To date, much of the theorizing in stigma management at the category level has neglected space and its influence on how organizations operate, and customers experience a product or service. Findings from my dissertation provide an early link connecting these two disparate bodies of research. Future research can uncover the effects of geography and space on key outcomes for stigmatized actors, such as their level of disapproval, employee retention, or performance.

Stigma Intensity. Combined, my findings suggest that stigma intensity can vary based on different sources of stigma that industry actors encounter. I also show that the intensity of stigma industry actors experience influences how they enact stigma. These findings are important because they tie directly to methods for investigating different degrees of categorical stigma and the challenges the come with measuring it. By examining different sources of categorical stigma, my dissertation opens up new avenues to measure stigma intensity and make comparisons across industries.

A recent review of the social evaluations literature suggests that one problem with measuring stigma intensity is that stigma is a binary or categorical construct and not a continuous construct "because—either you are stigmatized, or you are not" (Pollock et al., Forthcoming: 35). My findings demonstrate that there may be classes of stigma that can be quantified and compared across industries, allowing for deeper contrasts of the effects of stigma using a range of categorical measures. By assessing the sources of stigma (e.g., A vs. B vs. C) both within-industry and cross-industry comparisons can be made about the overall intensity of stigma industry actors encounter.

Taking the approach from my dissertation by capturing different sources or classes of stigma may provide more robust explanations about the different outcomes of stigma, or competitive actions, resources, or institutions that lead to stigma removal or stigma reinforcement because such factors can vary across groups and within, such as within this industry group.

Cross-Level Dynamics in Categorical Stigma Management

My study also contributes to the stigma management literature more broadly. Recent research has devoted considerable interest in exploring organizational actors' response to stigma and its effects on organizational and industry outcomes (e.g., Helms & Patterson, 2014; Tracey & Phillips, 2016; Hampel & Tracey, 2017; Hsu et al., 2017; Lashley & Pollock, Forthcoming). Scholars have attended less, however, to cross-level dynamics that take place and their influence on an actor's response to stigmatization and a customer's experience of stigma. A recent call for papers suggests that multilevel and cross-level effects of stigma are generally less understood and underdeveloped (Hudson, Elsbach, Helms, Patterson, & Roulet, 2019). My dissertation takes a critical first step in establishing a foundation for cross-level dynamics of stigma management that results from a categorical stigma, where all actors in an industry are, in effect, stigmatized. My dissertation highlights two fundamental mechanisms, organizational procedures and employee practices that reside at two levels of analysis, with the former at the firm level and the latter at the individual level.

My findings provide important implications for theory because they suggest that cross-level dynamics of stigma may be rooted in stigma enactment, where discriminatory actions are passed from employers to employees, as opposed to from employees to employers (Jones & King, 2014). In particular, my findings suggest that cross-level dynamics emerge as organizations initiate and enact organizational procedures that are carried out by employees that often stigmatize customers. I show that organizational procedures directly influence stigmatizing practices, such as customer stereotyping and invasive monitoring because they provide tactical guidelines for employees to meet their employer's goals (Zohar & Luria, 2005). However, I demonstrate that they also reinforce stigma within an industry, which differs from existing research.

Additionally, I find that employees have little control over their practices and face harsh consequences, such as “internal stigma” from deviating from these procedures. This is theoretically important because it suggests two things that underpin stigma management at the firm level that are seldom discussed in the literature that (1) employees are central figures in cross-level dynamics of stigma management, given that they facilitate or obstruct stigma through their practices; and (2) employee practices tie directly to customers’ experiences of stigma which can result in the reinforcement of categorical stigma, instead of its reduction.

Hence, employees represent a critical mediator in theoretical models of stigma management at the firm level and firm policies and procedures represent a key factor for employee responses to stigma at the individual level. Stigma management studies at the firm level have largely ignored the role employees play, and similar studies at the individual level have mostly neglected the role of organizational policies or procedures. However, scholars note that these processes are inextricably linked (Chan, 1998; Klein & Kozlowski, 2000), and research that neglects to take this into account may furnish an incomplete portrayal of stigma management. Findings from my dissertation suggest varying enactments of stigma at the individual-level result from different organizational procedures at the firm level influencing customers' experiences of stigma.

My findings further demonstrate that stigma management is often complicated and involves a degree of tension between employers and employees. For example, I show that enacting stigma (e.g., employers) from one level to another (e.g., employees) can involve conflict, where employees refuse to oblige or follow organizational procedures. Instead, it can involve employees edifying practices and adding moral elements to their role contrary to their employers' demands or priorities. Future research can explore these dynamics in detail to provide a more wholistic understanding of stigma enactment and variations that may exist at both levels of analysis.

My study also highlights the importance of cross-level dynamics on customers' experience of stigma. As discussed earlier, little work has studied the outcomes of customers who operate and at times entrench themselves in a stigmatized industry. Unlike prior studies that showcase how customers may be protected by stigmatized organizations (Hudson & Okhuysen, 2009) or gain a sense of distinction because of their close affiliation with a stigmatized category (Helms & Patterson, 2014), my findings suggest that more harsh experiences may emerge when an organization subscribes to negative stereotypes held about customers. Prior work suggests that encountering a stigmatized person will lead others to have adverse reactions like withdrawal and negative attitudes (Jones et al., 1984), or can result in what some call "sent stigmas" (Sutton & Callahan, 1987). My findings suggest that these processes are a function of organizational procedures and employee practices that lead to different enactments and feelings of stigmatization for customers that can result in reinforcing stigma.

Category Creation as a Form of Stigma Reinforcement

My dissertation also contributes to the literature on categories and the categorization of new products, more broadly. The last decade of research has focused on examining how categories successfully evolve or change (Navis & Glynn, 2010; Khaire & Wadhwani, 2010), how industries adopt new categorical identities (Carroll & Swaminathan, 2000; Rao, Monin, & Durand, 2003), through a process of spanning or blending categories (Hsu, 2006; Durand & Paolella, 2013; Lo & Kennedy, 2014; Paolella & Durand, 2016), category emergence (Lashley & Pollock, Forthcoming) or category creation (Durand & Khaire, 2017). Less work has attended to investigating why new categories might fail to emerge and take primacy in an industry despite efforts made by variety of actors to do so (Wry, Lounsbury, & Glynn, 2011; Navis, Fisher, Rafaelli, Glynn, Watkiss, 2012).

In particular, my findings show that stigma enactment and industry tension may play a key role in reducing audiences' acceptance of a newly created product category that is less stigmatized. Durand and Khaire, (2017: 96) articulate that category creation is not about "overturning or replacing existing hierarchies, category creation may not lead to complete upheaval of the industry but to a reorientation of meaning systems and a reconfiguration of value scales". However, my findings suggest that under conditions of categorical stigma, the opposite may occur because what is at stake for industry actors may require a complete rehaul of the existing meaning system around a stigmatized product to ensure industry survival. I find that enacting a stigma on a new product category is a response to this "takeover" threat and can inhibit the new category from taking primacy within an industry, despite to some degree its necessity to ensure an industry's long-term standing. I show that a variety of actors including lenders, employees, and customers take a part in challenging the claims or discourse of a newly created product. As a consequence, my findings demonstrate that industry actors' efforts to sanitize an industry through category creation, also activates forces that stigmatize the new category and stymie its formation as a new meaning system for the entire industry.

In addition, my findings also highlight the importance of consumers and their influence on the failed reorientation of newly created product category. Research on category creation suggests that "discursive attempts at category creation are liable to be discounted and viewed with suspicion by other constituents, especially consumers" (Durand and Khaire, 2017: 96). However, much of the discussion focuses on the role of media and infomediaries' influence on this process, shaping consumers evaluations of newly created products (Vergne & Wry, 2014; Granqvist & Ritvala, 2016). My findings showcase a messier course, where consumers' evaluations are driven by competitive actions and opposing forces among stigmatized organizations in an industry competing for similar customers.

I show that when a new product category is created from an existing stigmatized category, other industry incumbents play a central role in defacing the new product as a way to shape consumers knowledge and evaluations about the product. As a consequence, category creation emerges from a contested process, involving interactions between multiple industry incumbents fighting to maintain a foothold within an industry.

My dissertation demonstrates that stigma enactment offers a foundation to understand how stigmatized actors fail to redefine and generate new meaning and associations about their stigmatized products. It also shows that competition among stigmatized members can hamper new categories causing them to fail to evolve, reducing opportunities for industry members to reduce stigma. I show that consumers play a key role in this process, suggesting that the attachment of a new and less stigmatized labels may require less influence from infomediaries who report about different organizations and products and more influence from the consumers who use and provide symbolic accounts of these types of products. This advances the small body of work that examines category emergence failure, by examining category creation which is different from category emergence, which was studied by Navis and colleagues (2012). Further, prior work focus on identity processes, paying less attention to competitive forces. Table 5.1. provides a summary of my dissertation compared to other studies on categorical stigma to show how it differs from prior work.

Implications for Practice and Industry Insiders

My study has several implications for practitioners, strategic entrepreneurship, and organizational policy. My findings suggest that practitioners should attend to different sources of industry stigma that may be problematic. For example, organizations operating in a stigmatized industry may not benefit by attempting to reduce one source of stigma if they are ignoring

Table 5.1. Comparison of Prior Categorical Stigma Management Research

Approach	Shielding	Straddling	Co-opting	Stigma Removal	Stigma Enactment
Empirical Examples	Hudson & Okhuysen, 2009	Vergne, 2012	Helms & Patterson, 2014	Lashley & Pollock, 2019	This dissertation
How stigma is managed	Managing boundaries to shield key audiences	Obscuring categories to reduce stigma	Leveraging stigma to gain attention from supportive audiences	Infusing medical and moral labels through category emergence	Performing stigmatizing acts on others to displace the stigma
Research Contexts	Male bathhouse Industry	Arms Industry	Mixed Martial Arts Industry	Cannabis Industry	Small-dollar Loan Industry
Primary stigmatizing audience	Policymakers	News Media	Policymakers	Policymakers	Customers
Consequences of response	Category survival	Less social disapproval	Stigmatized acceptance from supportive audiences	Category emergence and stigma removal	Reinforcement of stigma
Changes in Stigma	Little change, continues with same strength	Little change, continues with same strength	Substantive change, diminishes overtime	Substantive change, removed overtime	Little change, continues with same strength

Adapted from Hampel & Tracey, 2016

another source that is harmful. For example, in the U.S., Islamic mosques are stigmatized because of their religious practices, but they also face stigma because of general beliefs held about the people who attend mosque. To manage stigma effectively, actors in that category have to respond to both their practice, such as educating the public about what Islam teaches and respond to general beliefs held about groups that practice Islam, such as showing that white, black, brown and various types of ethnic groups practice Islam.

This point also suggests that different sources of stigma call for different responses. However, using a single strategy to respond to multiple sources of stigma may provide a more parsimonious way and require less resources. For instance, Hugh Hefner used symbols and materialism as a way to provide an alternative standard for a stigma tied to moral beliefs about sexuality and a stigma tied to Playboy customers who were viewed as “perverted” for buying Playboy magazines (Woo, 2017). Actions that work to reshape different sources of stigma simultaneously may be most effective.

Further, my study has several implications for strategic entrepreneurship. Research in this area has considered the importance of financial risk, but it has not generally considered the importance of social risk. Starting a firm comes with considerable challenges. Some studies even suggest that almost half of startups fail within the first five years (Mata & Portugal, 1994; The U.S. Small Business Administration, 2018). Business failure poses significant risk for one’s social standing or how they are perceived in the business community. Former employees may look at a founder with less respect because he or she failed to deliver or caused them to be out of work. Family and friends may view founders that fail in a similar light because they may have jeopardized their house, borrowed money, or sacrificed future college funds or savings.

Although, failure occurs more frequently in entrepreneurial settings, substantial research suggest it can lead to stigmatization (Cardon et al., 2011; Shepherd & Haynie, 2011).

This study highlights the importance of social risks that are often neglected in entrepreneurship theory and practice. The risk of being stigmatized by operating a legal but contested business sheds light on the importance of risk beyond financial loss. Instead, by examining stigma, more advancements can be made about the potential loss of friends, and community support, pointing to important audiences that might not be connected to the business or industry, such as financiers and suppliers. My findings show that entrepreneurs can enact stigma as a way of dealing with adverse outcomes that reduces one's social standing. This finding has implications for entrepreneurs that struggle to gain community support for their business because of a stigma associate with it. Stigma enactment may allow founders to ignore or look past their devalued position in a community, allowing them to find more supportive groups. For instance, an entrepreneur may attach negative labels to a critical community members and positive labels to supportive members to prevent internalizing the stigma.

Lastly, scholarship in the area of organizational policy has primarily considered the outcomes and processes of socially acceptable firms, paying less attention to those that are viewed with disdain. Given that stigma represents a socially constructed label that creates significant barriers for organizations, a major implication for practitioners is that they should initiate policies that attempt to counter stigma through their practices. Policies are the sets of rule, values, and missions that direct the decisions of an organization. As such, they act as a basis for guiding practices that are often central to managing stigma.

Several researchers have noted that policies that decrease stigma can shape evaluations held about groups that are stigmatized (Corrigan, 2004). One approach that may be useful for organizations is to develop policies that shift the burden of responsibility for their stigmatized condition. Often, stigmatized organizations serve groups that are stigmatized. For example, abortion clinics offer services to women who face discredit for deciding to abort an unborn child. Cigarette companies offer products to groups who have developed "bad habits" that are unhealthy, affecting the health of others. Policies that help educate stigmatizing audiences about the adverse harm or deprivation that stigmatized groups face may engender rejection rather than help and support.

Instead, to reduce negative occurrences of stigma, policies might benefit by shifting the burden of responsibility for the stigmatized groups that organizations serve. For example, an abortion clinic might use narratives that point to the fact that maternal and fetal health is one of the primary reasons for abortion (Bankole, Akinrinola, Singh, & Haas, 1998). As such, a woman may abort a child because of health concerns for the unborn child or themselves and clinics that facilitate this process ensure that women are safe. Stigma is seen as a function of perceived controllability (Jones et al., 1984). When the general public believes an organization or group is responsible for the characteristics that define a stigma (e.g., small-dollar lenders "exploit the poor"), negative reactions toward those organizations ensue. Organizations, by shift responsibility of the stigma through policies and practices may, in turn, change the narrative held about them.

This point also suggests that an organization may benefit by implementing policies that challenge negative stereotypes held about them. Influential audiences may have the loudest voice, but organizations may be able to combat these narratives by getting “in front” of the message and changing the conversation. For example, organizations may develop narratives that show that a majority of their customers enjoy certain products or services that are widely stigmatized. This challenges the nature of the stigma. I found that my initial stereotypes held about small-dollar lenders shifted as I read many reviews from customers that enjoyed the services small-dollar lenders provided them. Further, several times, I felt satisfied after borrowing and paying back a loan. Policies that focus on providing customers valuable service may go a long way to eradicate widely held beliefs about stigmatized organizations.

Organizations or industries challenged with a stigma must consider the role they play in reinforcing a stigma. As my study notes, industry actors can stigmatize one another as a way to shed the stigma from themselves. However, such actions likely perpetuate stigma rather than reduce it, indicating that organizations may be racing to the bottom, rather than racing to the top, where stigma is less evident. This study highlights how organizations sometimes initiate policies that magnify customers' experiences of stigma. Applying excessive control is a form of stigmatizing and these actions can have harsh consequences. Policies that focus on helping rather than harming customers are likely more beneficial for organizations that are subjected to stigmatization.

Study Limitations and Future Research Directions

Although my dissertation offers several important implications for theory and practice, it is not without limitations. First, my empirical setting offers an extreme case of stigmatization but is limited by my sample of informants, especially founders in the industry. Given the amount of negative press about the industry, several founders elected not to participate in the study, limiting my perspectives about the industry. As a result, my dissertation changed dramatically, as I was unable to adequately address my initial research question: "why do entrepreneurs enter stigmatized industries?" Although this did not constitute a problem for my findings or dissertation per se, it limits the scope of my findings, therefore confining the range of my findings for theory and practice. Future research may focus on understanding entrepreneurs that enter stigmatized industries. For example, some entrepreneurs are more responsive to avoiding threats versus pursuing opportunities. Questions that extend prior theorizing in entrepreneurship may be (1) What individual characteristics or contextual factors predict entrepreneurs' entry to industries that are stigmatized? Alternatively, (2) what are the configuration of factors that lead entrepreneurs to view opportunities in these types of industry as attractive? Such work could extend entrepreneurship research by uncovering and testing theoretical linkages between stigma and opportunity research given that scholars have called to research to examine the nature of opportunities (Grégoire & Shepherd, 2012) and recent research suggesting opportunity evaluations as multidimensional (Scheaf, Loignon, Webb, Heggestad, Wood, Forthcoming)

Findings from my dissertation also suggest that moral elements and social risk are vital factors in stigmatized industries and future research may examine these factors in more detail or test them quantitatively with a broader assortment of entrepreneurs. Examining more moral aspects of opportunities may broaden the scope of prior opportunity research in entrepreneurship.

Another limitation of my dissertation is that I restricted my investigation to a single market, the small-dollar loan industry. As a consequence, a concern from my dissertation is that some implications from my findings may not extend beyond the small-dollar industry. The research setting had several unique features, such as an impending regulation that represented an existential threat to members in the industry invoking a level of desperation and extreme opposition toward outsiders. Participating as small-dollar borrower allowed me to reduce specific barriers and provided me an opportunity to get up and close to the industry's stigma. Although I discovered that stigma enactment could occur across levels and influences customers experiences of stigma, my findings were limited to informant interviews and observations. Nevertheless, I suggest that stigma enactment reflects both a firm level and individual-level response to the industry's stigma that is rooted in organizational procedures and employee practices. As a result, my findings may not generalize to other industries that face considerable challenges, such as a stigma.

Concluding my dissertation, I aimed to examine why entrepreneurs enter stigmatized industries and how they manage stigma once they have entered. My findings reflect the inductive nature of my inquiry as I uncovered the sources of categorical stigma in the small-dollar loan industry, the cross-level dynamics that unfolded and different enactments stigma that reinforced the industry's stigma. Although research has uncovered how stigma is managed at the category level, my dissertation advances the boundaries of prior knowledge, moving this stream of research forward. I hope my findings encourage others to study organizational actors that face considerable challenges.

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APPENDICES

Appendix A. Legal Status of Payday Lending by State

State	Payday Lending Legal Status	State	Payday Lending Legal Status	State	Payday Lending Legal Status	State	Payday Lending Legal Status	State	Payday Lending Legal Status
Alabama	Legal	Connecticut	Prohibited	Illinois	Legal	Maine	Permitted for supervised lenders only	Missouri	Legal
Alaska	Legal	Delaware	Legal	Indiana	Legal	Maryland	Prohibited	Montana	Legal (at a low cost)
Arizona	Prohibited	Florida	Legal	Iowa	Legal	Massachusetts	Prohibited	Nebraska	Legal
Arkansas	Prohibited	Georgia	Prohibited	Kansas	Legal	Michigan	Legal	Nevada	Legal
California	Legal	Hawaii	Legal (Applies to check cashers only)	Kentucky	Legal (Applies to check cashers only)	Minnesota	Legal	New Hampshire	Legal (at a low cost)
Colorado	Legal	Idaho	Legal	Louisiana	Legal	Mississippi	Legal	New Jersey	Prohibited

State	Payday Lending Legal Status	State	Payday Lending Legal Status	State	Payday Lending Legal Status	State	Payday Lending Legal Status
New Mexico	Legal	Oregon	Legal	Texas	Legal	Wisconsin	Legal
New York	Prohibited	Pennsylvania	Prohibited	Utah	Legal (Applies to check cashers only)	Wyoming	Legal
North Carolina	Prohibited	Rhode Island	Legal	Vermont	Prohibited	Washington, DC	Legal
North Dakota	Legal	South Carolina	Legal	Virginia	Legal		
Ohio	Legal (at a low cost)	South Dakota	Legal	Washington	Legal		
Oklahoma	Legal	Tennessee	Legal	West Virginia	Prohibited		

Appendix B. Raw Field Notes

Participant Observation

Cash Me Inside Field Notes

November 13, 2018

Location: Kings Road Time: 4:00- 4:55 (55 minutes)

Focus: The customer experience of stigma as enacted by the employees

Number of informants: 2

Key question: How do employees enact stigma and how does this influence customers experiences?

The researcher: Okay today is October 31; I just left the payday loan office (name redacted for protection). I took out a $200 loan, I have to payback a fee of $235.29. I spoke to Gayle, who was the customer service person. She was actually very warm and welcoming, and she explained everything in detail to me regarding the loan. She even recommended that I take up the amount that I need something that she states that she recommends to all her customers. She said that there were two products being offered, not actually three products: Payday advances, flex Loans and title loans. Payday loan is just a payday advance where I take out a certain amount of cash and then I am charged a fee automatically debited from my account or that I pay back before the due date. I pay the principal with the fee.

As a customer you have the option of having the total amount of the payday advance taken directly from your bank account. It was a fairly seamless process where I walk in and walked out with cash. I was asked about my personal information and they run a credit check to make sure that you know you can actually qualify for the loan. They check your credit before issuing the loan. I had this piece of paper, so I'll look through it and then they'll let you know how much you're actually approved for. Some of the information is based on the amount of income that you earn. So, I provided them information about P&T Management services which was about four hundred $88.00

every two weeks. This loan is only for two weeks. So, I had to return it; I have to return the $200.00 plus the $35.00 IN two weeks. They also had to disclose that the annual percentage rate which was around four hundred thirty five percent. If I renew my loans back to back to back every two weeks over twenty-six-month time period or twenty-six pay periods which is a full year. The manager was less forthcoming, in terms of information I asked about getting copies of certain fees and he said I don't know if I can give that information. Gayle, the actual worker was really forthcoming. I asked for a copy of my application and she said yeah, I don't think that is an issue. I can give you a copy. I stated that I really wanted this information just for my knowledge for my own self. They gave me a pamphlet and business cards. They gave me cash on hand, so that $200.00 in cash, they asked whether I wanted the cash in big faces (i.e., $100.00) or $20.00 increments.

They asked, how did I hear their company. She went over all the fees and stated: *so, the way that it works is that payday loans range from $50.00 as a minimum to $325.00. You can get increments of $25.00 so you can go from $50.00 to $75.00, $225.00 all the way up to $425.00.* Once you pass $425.00 you enter into what they call a flex loan. Flex loans offer customer to borrow $325.00 to $2500.00, but they have installment payments where you pay interest. I'll come back and I'll going to flex loan once I get this fully paid off. This is my plan for my next observation. Overall the environment was good. I saw two customers in the store. I also noticed a manager make about 15 phone calls within the hour trying to reach different customers. With each attempt, he was not able to reach one customer. He would not only call the main customers, but it sounded like he was also calling their references too. As a note, they made sure that they had my reference information on my application.

They checked to make sure that all the information was good. They also said that they were hiring. That hiring store managers assistant managers and customer service reps, for the area. I had this form here a pamphlet for this form maybe, so I need to consider in particular getting a job. They also refer a friend get up to 50 dollars promotion. Again, when I asked for certain forms and making copies the manager was less forthcoming. But Gabriel also checked with them. What it suggests to me is that. They have a vary authoritative stance in terms of what information can be given. It's not the first time this happened. When I walk in a store, the typical customer service representative was a woman. When I would ask questions about the loans or ask for information that I could take with me, they often noted that they would have to ask someone. In essence, many do not have the autonomy of providing customers actual documentation, however they can tell you about it. So, she was forthcoming in terms of telling me about this information. But she wanted to check in with their managers that may be normal practice. But I thought that was very interesting as well.

Also, when you walk in the store. I can look, and you have a bullet proof glass. And the reason why that is bulletproof glass because they have cash they're in the store. So, you take out the cash and they give you, so that they can cash on hand. So, this makes sense to prevent any sort of robberies. Also, there's pamphlets all over. There is signage that gives you information and a picture of the signage. Notate, the managers made a comment that I'm not sure if you can actually take a picture. I took a picture anyway and also took a picture of another form that was in agreement form and it

stated that payday loans have been seen as predatory. But I will look at that information once I print this document out. Any other information. Overall they explained the product to me fairly clearly.

I borrow money and I have to pay back in return with a fee and that's due back in two weeks. If I don't pay the fee they're going to automatically debit my account. I asked, well what happens if there's not enough money in my account. What she stated was that they don't report you to creditors, however you get a negative remark within their system. And if you have too many of those or you never pay back it you know it will end up going to collections, so try to make sure you pay it back. Are you sure that's not going to be an issue that I was I was just asking? Worst case scenario situations they gave me cash and I'm good to go.

This was a very simple process. I started at 4:00pm in the day and ended around 4:53pm. I believe that was around the time I ended the whole process and that is with me asking a bunch of questions. I assumed that the entire process will take around 30 minutes to get a loan without a ton of questions. I did not ask how much I am approved for in terms of the flex loan, but that's something that I would do in the future. I'll go back and ask for a flex loan as well. And this was my first participation observation. Is there any other information that I'm missing? I walked in the door. It's very much set up like a bank, they have lines that have different tellers. Behind the glass wall I would see photos.

There wasn't a vault. The cashier, the customer service rep reached right into her drawer and got the cash out. I did have to sign a lot of documentation. This includes my application including information on my job references and my information. The customer service representative was also pretty diligent in making sure my information was accurate she found discrepancies in terms of my number and my brothers cell phone number. I did not put my work phone number and she indicated that: *hey you forgot your work number*. She wasn't hostile at all, but she was very open and very friendly and very inviting during the process. The manager was more hostile, but even then he was still, he was still open and flexible and said hey you can call me if you have any questions.

So, I think I'm going to take him up on that offer and I'll call him and ask him about you know how to flex loans works and maybe I'll come up there and make sure I have a transaction with him to see how that experiences is, transacting with a manager versus the customer service rep, and do those differences exist at the manager level. Or is it just specific to this individual person. We don't know, I would have to have to go several payday advanced places checking into cash place to see if I see the same issues over and over again. Overall my experience was very good. They were very transparent and any questions that I asked, they provide information about. I found the business establishment to be very transparent and what I find is that potentially the customers who use the services are potentially the people who are taking advantage of the fact that it doesn't take much to borrow money. So, if they are.... in terms of I make this. I have determined this thought or at least in my thinking is coming from the fact that I saw the manager make numerous phone calls and no one was picking up and people did not respond. They couldn’t reach the customers they were trying to reach. In terms of customer that I did see a 40 to 50-year-old Caucasian female who was coming to make a payment. She was happy, delighted, and they knew her by name. She made a payment and left happy. For the most part, I left a happy customer as well. The customer service was really exceptional at this place and I can truly understand why they have good ratings on Yelp. Their customers are actually satisfied with their product. So, what I'll do is I'll deposit this money in my account and after this money is deposited in my account.

I'll make sure that it's debited on that particular day which is November 13th and I'll see how the transaction works. The idea is that once the money is paid, my contract is up with the payday advance place. There's nothing more to do I can go back and get another or try to issue out another loan or I can uh you know just cease the actual product. Overall the product makes sense. If you're in a crunch the people were very. transparent and quite transparent in the actual process and how it works.

So, these are my thoughts I'll come back and jot more information. But so far this is what I found. My participatory interview again this is participatory interview. I'm sorry. Participatory observation Number one it's October 31. And I finish looking at 5:08 pm and I arrive at check into cash at four o'clock. Finish 4:55. Alright, I am out.

Appendix C. Condensed Field Notes

Participant Observation

Cash for Title (CFL) Field Notes

February 4, 2019

Location: Grand Rapids Hwy Time: 2:16- 2:56 (10 minutes)

Focus: The customer experience of stigma as enacted by the employees

Number of informants: 2

How do employees enact stigma and how does this influence customers experiences?

Walking into the store, I met a familiar face Mario (Pseudonym). He was the employee who serviced my loan the following Thursday, January 31st, 2019. This time around Mario was very friendly and met me with a smile and referred to me by my first name. I spoke to Mario two hours earlier, so this maybe the reason he remembered my name. As customary with TTL, customers are contacted the day before their loans are due and I told Mario that I was coming to pay the loan off. The phone call lasted less than a minute and just reminded me of the total $58.80 that was due on February 5th, 2019. When I was in the store, I still felt uneasy, but I felt more comfortable than my initial visit last Thursday.

During this visit I noticed Mario's manager was also a little friendlier. Overall nothing about the physical features of the store had changed. There was still a repossessed old Nissan Quest van with a spare tire parked on the side of the building. There was a large green dumpster too and the area felt poor and economically deprived. There was trash on the floor and the customers in the store seemed poor to be frank. When I walked in Mario called me over and said that he could take care of any services that I needed. I told him that “I was just here to pay the payday loan off”. Mario said it would be just a couple minutes because he was working on something on the computer. I could not tell what he was working on, but he had on a headset while he typed on a desktop computer. Mario’s manager was sitting at her desk on the right-side just as she was the other times I had visited and talked to her. Once Mario completed his work, he said “follow me”.

He then took me to the very front of the office to pay off the loan. I was wondering where they actually kept the money because different lenders have different places where they store their money. They had an automated lock desk at the very front of the office which was very inconspicuous. You would not be able to tell there was a locked safe by simply looking at the desk. I paid my SDL off, I had 60 dollars and I was given back the change ($1.20). Mario asked me if “I wanted to renew my loan”, and I told him that I was okay, and I would comeback if I needed another loan. He also said the process would be a lot faster this time around because I was in the system now. Walking out I felt accomplished because I had paid off my loan, which provided a sense of relief. I also felt accomplished because I built some rapport and trust with Mario and his manager.

I felt that I was now welcomed at the store. I was one of their customers, almost an in-group member. This is direct contrast to how I felt when I first entered the store a week earlier. During that time, I felt like an outsider/out group member even though I was a customer. I felt devalued because of the process of getting the loan felt as though I was passing a litmus test. They had to verify my employment before I received the loan despite the fact that I brought a recent work pay stub. The entire verification process (work, references, income, etc) felt exhaustive and over the top when compared to other lenders. This time when I visited to pay back the loan it was different and in a good way. Although I felt that I was stereotyped before and even the second time around, I felt like I had been accepted now and given more trust. I felt this way because Mario said that the process would be much easier, and my status would be good for 6 months. That means, I don't have to bring all the qualifying information that is required before. Also, I had been to the store multiple times, so I was kind of used to it now. The poverty that I saw outside the store felt more familiar. The employees that I interacted with at CFL seemed pretty normal and less hostile too.

They seemed like ordinary people trying to make a living, but they seemed to not like this type of work. This was exemplified when I talked to Mario, who was candid about his dislike for calling people to repay loans who didn't have the money. I didn't feel like they were taking advantage of me, rather they were actually giving me a shot and giving me a loan. It is like the sour patch kids commercial, first they are sour (standoffish and almost judgmental) and then they are nice, once I had paid them and proved that I was a good customer. I was definitely stereotyped and treated as an outgroup member but once I was approved and given the loan, I was now an ingroup member or at least in good standing with them. That felt good. I know at CFL, I can get a loan as long as I have the few documents that they require, and I am willing to be go through an embarrassing and stringent process. If I could sum up the experience into three words it would be: embarrassed, annoyed, and relived (after I paid them back)

Appendix D. Founder Interview Protocol

1. **Tell me how you got started in this business?**
    a. What led you to this industry? Whose Idea was it to launch the business?
    b. Why this industry and not others?
    c. When were you first introduced to personal loans (personally, as a loan consumer or professionally as a loan provider)?
    d. What are your greatest challenges you face?
    e. What are your biggest disappointments regarding the industry?
    f. What has surprised you, good or bad, about this industry?
    g. What did you do for work before you launched your business?
    h. Did you work in this industry before you started your business?
    i. What were your expectations when you first started your business?
        i. Can you elaborate on whether those expectations have been fulfilled or unfulfilled?
    j. What do you like most about your business?
    k. What do you like least about it?
    l. What has changed about the industry since you first entered?
        i. How have these changes changed your business from when you first entered?
2. **Who are your customers?**
    a. What are their needs?
        i. How do you support their needs?
    b. What do they consider important or valuable?

i. What do they look for in a loan provider?

c. How has your customer base changed overtime?

d. How has your relationships with customers changed since you first started?

3. How do you think other people view your industry?

a. How are you acknowledged in your business community?

i. How is your industry viewed in the community?

b. Do you think your industry is misunderstood? If so, why do you think it is misunderstood?

c. How do others react when you tell them about your business?

i. Customers?

ii. Family and Close Friends?

iii. Personal Acquaintances?

iv. Business Acquaintances?

d. Are there times when you have been criticized for what you do?

i. How were criticized? And Who criticized you?

ii. Do you think your industry is criticized unjustly or more than many other industries that may provide similar services? If so, why do you think this is the case?

e. Are there times when you have been acknowledged for what you do?

4. Who do you talk to when you need support for your business?

a. Could you tell me about a time when you were more or less comfortable talking about your business?

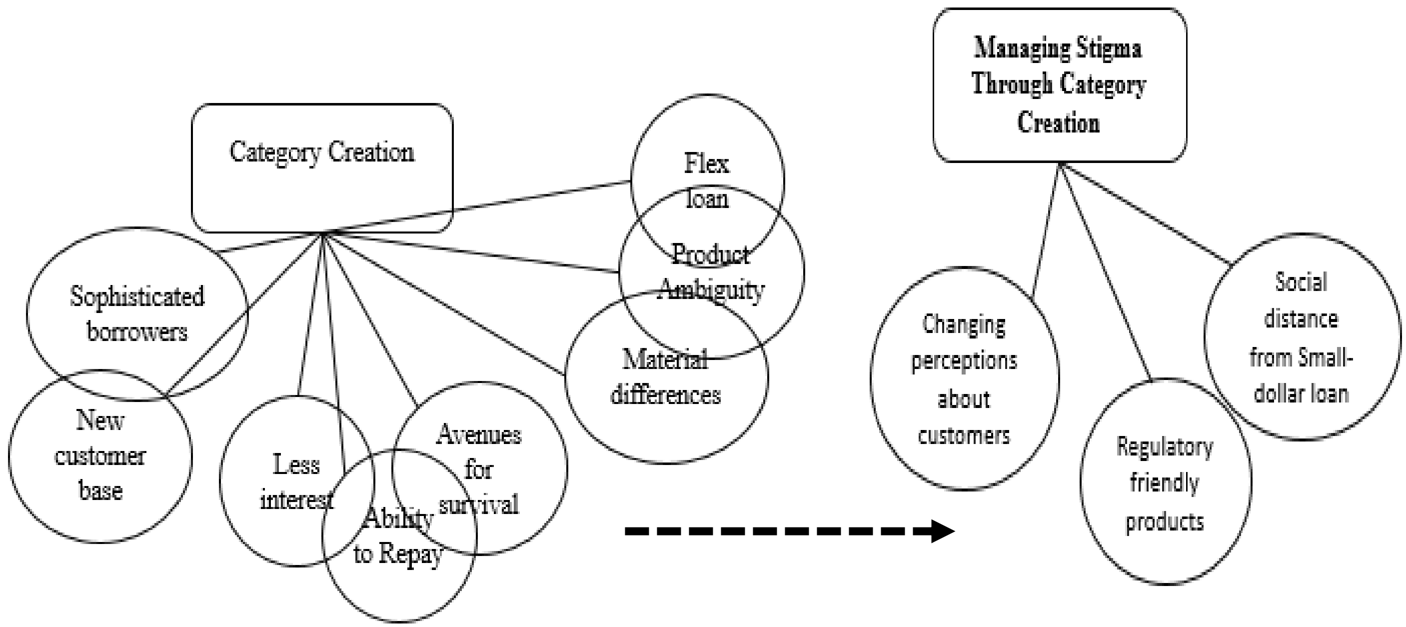
b. Can you give me a step-by-step example of how you talk about what you do or describe your job to others?
    i. Customers?
c. How do you characterize your job when you're in different social settings or circles?
    i. Family and Close Friends?
    ii. Personal Acquaintances?
    iii. Business Acquaintances?
    iv. Social gatherings where you don't know people or are meeting them for the first time?
d. Have you gained additional friendships/relationship because of your work?
    i. If so, tell me about that experience?
e. Have you lost any friendships or relationship because of your work?
    i. If so, tell me about that experience?
f. What makes you talk about your business to others?
g. What prevents you from talking about your business to others?
    i. When do talk about your business to others? (When you first meet, after some time, etc.)

What would you recommend to an entrepreneur who plans to enter this industry?

h. If a close friend or family member asked whether they should enter your industry, what advice would you give them?

5. **Is there a question I have not asked, that you think I should ask?**
6. **Do know someone you recommend that could tell me about the industry?**

Appendix E. Thematic Map of Coding for a Sub-Theme of a Theoretical Category



Appendix F. Geographical Assimilation and Geographical Mirroring Cross Comparison

Company			Cash for Title	Check First Cash
Attributes			High Visibility & Impoverished Location	Low Visibility & Affluent Location
Locations	Slauson, Southeast	USA	Percy Hwy	Richard Drive
			Geographical Mirroring	**Geographical Assimilation**
Geographic Unit	City	USA	BG0024001	BG0058031
Median Household Income, 2018	$46,565.00	$70,573.00	$30,701.00	$84,853.00
% Education, < High School, 2018	11.92%	13.25%	13.17%	2.14%
% Population in Poverty, Total, 2018	23.27%	15.56%	41.97%	10.79%
# Population in Poverty, Total, 2018	44,521	50,848,957	742	307
Population Density (per sq. mile), 2018	1,942	93	2,087	982

Appendix G. Geographical Assimilation and Geographical Images

*Stigma embaraced through internalization (*Geographical Mirroring)

Impoverished Location

*Stigma resisted through integration (*Geographical Assimilation)

Affluent Location

VITA

Nick Mmbaga was born in Dar es Salaam, Tanzania to the parents of Margaret Mmbaga and Alfeo Nikundiwe. He is the youngest son of Margaret and has two older siblings, Natu and Thomas, that he grew up with, but he has other siblings from his father side. Nick has lived in Tanzania, the United States (U.S.) and Syria, but his school education was primarily U.S. based. He graduated from Oakland High School in 2003 and completed his Bachelor of Science in finance at Middle Tennessee State University in 2008. Nick earned his Master of Business Administration (MBA) from Belmont University in 2010 in Nashville, Tennessee. He started his first entrepreneurial venture at age 19 and founded two other ventures. Nick is a father of two, Karina and Kingston Mmbaga. Currently, Nick studies entrepreneurs in highly contested contexts and is a published author.