

PREDICTING CONSUMERS' ETHICAL BEHAVIORS THROUGH ATTITUDES TOWARD BEHAVIOR AND PRIOR BEHAVIOR

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ABSTRACT

While the concerns for ethical issues relating to consumers have dramatically increased over the last decade, research investigating predictors of these behaviors has been sparse. This paper addresses the attitudinal, personal and cultural factors that predict a large majority of unethical behavioral practices of consumers. An empirical survey was conducted of consumers. The results show that consumer beliefs/values concerning the specific behaviors and their own past behaviors large predict the future behaviors. Consumers' personal factors such as age, sex, nationality, individualism, etc. did not influence their ethical judgments and behaviors at all in this study of working adults.

Keywords: *Ethical Issues, Consumer Ethics, Cultural Differences in Ethical Attitudes and Behaviors, Nationality and Ethics*

INTRODUCTION

Since the beginning of 1980s the concern for the social responsibility and ethics in business has received considerable attention by practitioners and scholars alike. As a result, several business journals have devoted special issues to this topic. In addition, *Business & Professional Ethics Journal* and the *Journal of Business Ethics* came into existence in the early 1980s. Much of the debate has been focused on marketing and its related activities (Ferrell et al., 1989). Very few studies actually examined consumer ethics (for example, Murphy and Laczniak, 1981; Vitell and Muncy, 1992; Vitell, Nwachukwu and Barnes, 1993). And, these too have had a very narrow focus in that they relate to a specific behavior such as shoplifting. According to Bernstein (1985), due to the laxity in attitudes toward consumers, they are "out-doing big business and government at unethical behavior" (p.24). Most of the studies relating to business ethics have concentrated on the seller side (business side) of the exchange relationship. Using Hofstede's typology (Hofstede, 1979, 1980, 1983, 1984), Vitell and his associates (1993) propose a variety of factors that may influence unethical decision making. The main focus of the large majority of these factors appears to be cultural in nature.

Several researchers have examined consumers' ethical decision making within diverse cross-cultural contexts. For example, Al-Wugayan and Rao (2004) examined the consumer-marketer dyadic interaction's impact on the ethical behaviors and intentions of consumers in Kuwait. The study concluded that the level of consumer-marketer dyadic interaction impacts customers' ethical behavior. Seshadri and Broekemier (2009) showed that significant differences exist between Panamanians and U. S. nationals in how they intend to behave in various consumption- and marketing-related ethical scenarios. Seshadri and Broekemier (2009) make a significant contribution to marketing ethics knowledge by adding to the extant cross-country literature, while incorporating the effect sizes to complement the significant values, in the area of ethical decision making by consumers. However, Seshadri and Broekemier's (2009) study had two significant differences compared to this study: one, they used undergraduate students as subjects, and two, the total sample size was more than 1500 students. Therefore, in order to account for the significance in results for the sample size effects, they quite accurately reported effect sizes to complement the significant values. In addition, some of the vignettes they used were not directly related to consumption based situations even though they relate to ethically questionable behaviors. Uddin and Agacer (2010) compared the responses of undergraduate students from the US and Philippines, to 13 vignettes describing questionable ethical actions in business situations. The study suggests that cultural differences exist and the implications of these differences should be considered in today's global economy.

Al-Wugayan and Rao (2004) investigated ethics of Arab consumers within the context of individualism-collectivism.

Al-Wugayan and Rao have followed the typology by Hofstede (1979, 1980, 1983, 1984). Hofstede proposed that that culture can be studied with four dimensions: power distance, individualism/collectivism, femininity/masculinity, and uncertainty avoidance. It would be interesting to see the relationship between Hofstede's dimensions and ethics in consumer decision making especially with regard to Hofstede's individualism/collectivism dimension as it relates to the cultural background of consumers.

This study looks at factors that may predict unethical/ethical behaviors of consumers. Behavioral intentions were used as the dependent variable to measure unethical/ethical decision-making by consumers. A variety of independent factors were used to investigate if they significantly influence intentions to behavior in an unethical manner. These factors can be classified into three distinct categories: (1) personal characteristics such as age, gender, education, nationality, length of stay in the U.S., (2) beliefs and attitudes toward unethical behaviors, and (3) prior behavior. This study investigates consumers' ethical beliefs and attitudes, prior behavior and personal characteristics across a wide cross-section of population and more specifically, the cultural dimension as captured using a variable identified as "Nationality" and ethical situations in order to determine if these factors influence or have the potential to influence ethical judgments/ behaviors.

The organization of the remaining paper is as follows. The next section presents the literature on consumer ethics and a theoretical model depicting relations among attitude toward the behavior, prior behavior, consumer's background and how it will impact their intentions to behave in the future. Literature on the consumer ethics is divided into four broad categories as outlined in the next section. Literature review is followed by details of methodology used in the paper. Questionnaire with 33 ethical content items used for the research is also provided for reference. Finally, analysis of the data was done using composite scores and ANOVA. Finally, results and limitations are presented.



LITERATURE ON CONSUMER ETHICS

Past research on consumer ethics has been quite extant. In general, research on consumer ethics can be placed into four categories: (1) empirical investigation of specific behavior, (2) prescription of normative guidelines, (3) understanding of ethical decision making, and (4) ethical judgment of final consumers. Some highlights of the past research follows.

One, some authors have empirically investigated very specific behaviors that have ethical implications such as shoplifting (for example, Kallis et. al., 1986; Moschis and Powell, 1986) and green products (Antil, 1984; Halderman et.al. 1987).

Two, some authors have engaged in prescribing normative guidelines for consumers and businesses to follow on ethically

related issues. For example, Shubert (1979) developed norms and strategies to combat consumer abuse, now classified as "deviant consumer behavior". On the other hand, Stampfl (1979) proposed a code of ethical conduct for consumers which businesses ought to promote and follow.

Three, some authors have focused on understanding ethical decision making by consumers and have tried to develop both conceptual and empirical models in their quest to specify normative basis for those decisions. For example, Grove et al. (1989) proposed a conceptual model that helps explain how some people may justify their non-normative consumer behavior. According to their model, consumers may justify their unethical behavior through denial of responsibility, denial of injury, denial of victim, appeal to higher loyalties and condemning the condemners. All of these techniques tend to neutralize the impact of unethical behavior or decision making by consumers.

Lastly, some authors have investigated the ethical judgments of the final consumer. These studies have either focused on consumer rights and responsibilities (for example, Davis, 1979) or have tried to identify factors that may influence consumer decision making relating to ethical issues (Hunt and Vitell, 1986; Vitell and Hunt, 1990; Vitell and Muncy, 1992; and Vitell et al. 1993). The stream of research done by Vitell and his colleagues primarily tends to look for cultural norms and factors that may explain why consumers behave in ethical/unethical ways. However, much of their work has been conceptual. No empirical study testing and confirming their models has been undertaken. As noted by Vitell and Muncy (1992), there is very little information on the attitudinal factors that may contribute to the ethical judgments made by consumers. Although their research did focus on the attitudinal factors, they measure largely global attitudes toward business and government. To the best of knowledge, no other researcher in the past has specifically looked at the attitude toward the specific behavior construct and past behavior as predictors of the target behavior. According to Fishbein and Ajzen's (1975) attitude toward the behavior model, both past behavior and attitude toward the specific behavior are major influencing factors that may explain consumer decision making. In the Fishbein and Ajzen model, consumer characteristics do play a role but only as antecedent factors shaping consumer attitudes.

Therefore, this study aims to bridge the gap between theory and empirical testing by specifically addressing the issue of consumer attitudes toward the specific ethical considerations in predicting their behavior. Since Vitell et al (1993) suggest a strong cultural element that may moderate consumer behavior in ethical judgments; this study addressed the cultural factor by looking at the nationality of the consumer and the length of time these consumers have stayed in the United States. In addition, for the purpose of the empirical testing, consumer's personal characteristics were specified as separate independent factors that may influence consumers'

intentions to behave in an ethical or unethical manner.

Specifically, the current research extends the work of Vitell and Muncy (1992), Vitell et al. (1993), DePaulo (1987), and Davis (1979) in several ways. First, the research looks at the consumer attitude toward the specific behavior in question and their prior behavior as predictors of their intentions to behave. Second, the sample used in the current study comes from a cross-section of broad population including foreign-born nationals. The nationality issue is used as an indication of their varying culture. Third, this study combines the situations investigated by these previous studies, such as Vitell and Muncy (1992), Vitell et al. (1993), DePaulo (1987), and Davis (1979), as well as add a few more, in order to assess consumer judgments and behaviors across a wider cross-section of situations having ethical content. Fourth, this research utilizes the Fishbein and Ajzen's (1975) attitude toward the object model to specify attitudinal relationships and measure the attitude construct.

Figure 1 shows the causal relationships between attitude toward the target behavior (ATTB) of engaging in unethical consumer behaviors, past unethical behaviors (PBEH), cultural background of the consumers as measured by a variable identified as nationality (Nationality) and future intentions to engage in unethical behaviors (FINT).

The Model Depicting Relations between Attitude toward the Behavior, Prior Behavior, Consumer's Background (Nationality) and Future Intentions to Behave

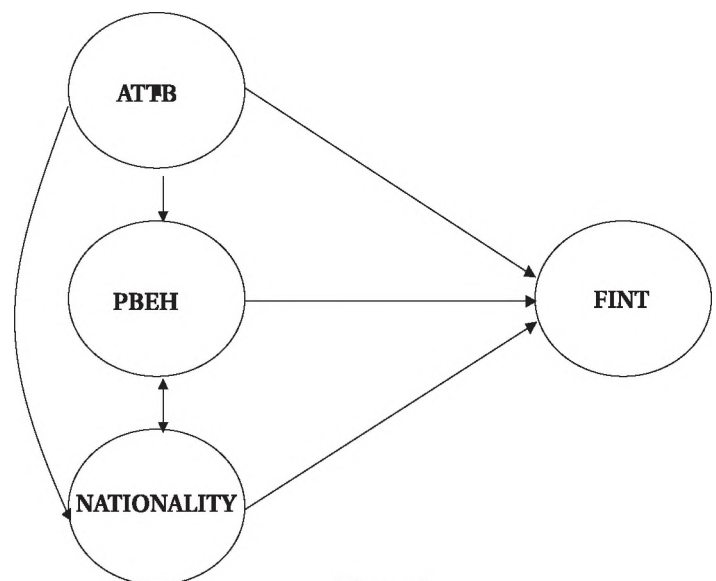


Figure 1



ETHODOLOGY

This study employed the following methodology to accomplish its goals. Methodology is explained systematically using

the categories to which it belongs.

The Questionnaire

A majority, but not all, of the situations involving ethical judgments examined in this study were used by Vitell and Muncy (1992). A total of 33 situations (including 27 used by Vitell and Muncy) were used as items concerning ethical

content where consumers are likely to show the propensity to behave in an unethical manner. The survey questionnaire was divided into four parts. The first part asked respondents personal characteristics/classification oriented questions about their age, gender, nationality, etc. Cross-cultural differences were being assessed without specifically targeting a specific foreign-born group. Comparison was limited to US versus foreign-born adults since ethical values are largely

Table 1: Showing the Sample and the Research Procedure

- | | |
|--|---|
| 1. To change price-tags on merchandise in a retail store. | restaurant. |
| 2. To drink a can of soda in a supermarket without paying for it. | 17. Using a coupon for merchandise you did not buy. |
| 3. To use a long distance telephone card that does not belong to you. | 18. Using an expired coupon for merchandise. |
| 4. To report "lost" items as "stolen" to an insurance company in order to collect money. | 19. Joining a music club (like Colombia House) just to get some free CDs or videos without any intention to fulfill obligatory agreement. |
| 5. To give misleading price information to a clerk for an unpriced item. | 20. Joining a music club using several different names in order to get just free CDs or videos. |
| 6. To return damaged merchandise when the damage is your own fault. | 21. Not telling the truth when negotiating the price of new automobile. |
| 7. To return merchandise to the store and get the money back after using it for a while. | 22. Moving into a new residence, finding that the cable TV is still hooked up and using it. |
| 8. Getting too much change and not saying anything. | 23. Split the cable connection into several TV inside the home. |
| 9. Observing someone shoplifting and ignoring it. | 24. Sharing the cable connection with different apartments by using splitters. |
| 10. Lying about a child's age in order to get a lower price. | 25. Copying text books instead of buying one. |
| 11. Not saying anything when the waitress miscalculates the bill in your favor. | 26. Using computer software or games that you did not buy. |
| 12. Removing the pollution control device from an automobile in order to get better mileage. | 27. Recording an album/movie instead of buying it. |
| 13. Breaking a bottle of salad dressing in a supermarket and doing nothing about it. | 28. Returning merchandise after trying it and not liking it. |
| 14. Stretching the truth on an income tax return. | 29. Spending over an hour trying on different dresses and not purchasing any. |
| 15. Returning merchandise to a store by claiming that it was a gift when it was not. | 30. Taping a movie off the television. |
| 16. Taking an astray or other 'souvenir' from a hotel or | 31. Using unlicensed computer software in your home PC. |
| | 32. Tasting grapes in a supermarket and not buying any. |
| | 33. Using Canadian quarters in the parking meter. |

associated with upbringing of people in a cultural context, that is, US versus foreign. Subjects were not asked to identify their specific nationality if they selected US versus foreign born and raised.

The second part of the questionnaire asked subjects on a 5-point Likert-type scale whether or not they believed it is wrong to engage in behaviors identified in each of the 33 potentially ethically questionable situations. The third part asked respondents whether or not they have engaged in ethically questionable behaviors in the past. And, finally, the fourth part of the questionnaire solicited their intentions to behave in the future in an ethical or unethical manner on a five-point Likert-type scale for each of the 33 ethical content situations. A Cronbach alpha was computed for the 33 items in the second (attitudes), third (past behavior) and fourth part (intended behavior) of the survey separately. The Cronbach alpha for second part was 0.79; third part was 0.82 and third part was 0.81. Table 1 shows the list of the 33 ethical content situations used in this study. All of these 33 ethical content situations have been used in prior studies and have been considered to have sufficient external validity.

The Sample and research Procedure

The actual sample consisted of 78 adults living and working in the surrounding area of a large eastern university in the United States. The subjects were approached and were asked to participate in the common area of the university cafeteria as well as malls near the university. An effort was made to assure that a sufficiently large section of foreign-born individuals are selected as subjects so that potential cultural differences could be addressed in assessing ethical judgments made by them. The subjects in the sample were working adults in and around the university area. The survey questionnaire was administered in the three-week period at the beginning of fall semester.

One of the important considerations of this research was to obtain a sample that included the diversity reflecting the U.S. population. A demographic summary of the subjects is as follows: on gender, the sample was 43% female, 57% male; on age, the sample was 44% between the age 20-35 group, and 49% 36-55 group, and the remaining 7% above 55 years; as for nationality, the sample was 61% Americans versus 39% foreign born. Thus, the goal of sample diversity seems to have been reasonably achieved. Even though the sample size of 78 doesn't appear to be large, it was considered appropriate for this study since the sample consisted of working adults.



ANALYSIS AND RESULTS

To address the objectives of this research, a composite score index of attitude toward the ethical behaviors (ATTB) was computed by getting an average on the 33 ethical questions each representing an ethical dilemma for the consumer. The question asked if they believe it is wrong (or not) to engage in

those behaviors. A second composite of prior behavior (PBEH) was computed by averaging the scaled ratings. Finally, a third composite score index was computed by averaging the behavior intentions for the future behavior (FINT). Thus, each of these composite indices represents an attitudinal construct (Fishbein and Ajzen, 1975).

A series of ANOVA models were specified and tested. The first ANOVA model tested to see if age, gender, nationality and the length of stay in the U.S. had any impact on the attitude toward ethical behaviors, prior behavior or future behavioral intentions. The overall ANOVA model was not significant and a further analysis of the results showed that none of these variables, except for nationality, were significant and accounted for only negligible variance. Therefore, the results of this ANOVA were largely as expected. The nationality factor was significant only at 0.06 level. Attitudes of foreign born individuals were found to be more pro-ethical behaviors compared to their U.S. born counterparts.

To determine the effect of past behavior, attitude toward the ethical behavior and nationality on future intentions to engage in those behaviors, a simple factorial ANOVA model was used. Table 2 shows the results of the ANOVA model. The overall ANOVA model was found to be significant at 0.0 level. The simple main effects for past behavior, attitude toward the ethical behavior, and nationality were all significant at less than 0.02 level.

A further analysis of the results revealed that the past behavior and the attitude toward the ethical behaviors had significant correlation of 0.57, thus, indicating the presence of a multicollinearity problem in testing of the model. Therefore, partial correlations were computed to assess the individual effects of prior behavior and attitudes on future intentions to behave. Partial correlations between prior behavior and future intentions were 0.698 and attitudes and intentions was 0.436 both of which were significant at 0.05 level. Partial correlation between nationality and future intentions was significant at 0.06 level. Therefore, the above results clearly indicate a strong possibility that prior behavior, attitude toward the ethical behaviors and nationality or consumer's cultural orientation are significant predictors of whether consumers would likely engage in an unethical or ethical behavior.

Table 2: Showing the Results of ANOVA Model

| Source of Variation | Sum of Squares | DF | Mean Square | F | Significance levels of F Value |
|---------------------|----------------|----|-------------|--------|--------------------------------|
| Main Effects | 22.536 | 5 | 4.507 | 12.372 | 0.000 |
| ATTB | 18.047 | 3 | 6.016 | 16.513 | 0.000 |
| PBEH | 1.356 | 1 | 1.356 | 3.722 | 0.058 |
| NATIONALITY | 1.933 | 1 | 1.933 | 5.307 | 0.024 |
| Explained | 22.536 | 5 | 4.507 | 12.372 | 0.000 |
| Residual | 24.408 | 67 | .364 | | |
| Total | 46.944 | 72 | .652 | | |



CONCLUSIONS AND IMPLICATIONS

The present study did show that consumer's prior behavior, their attitude toward the ethical behavior and their nationality does play an important role in whether or not they form the intentions to behave in an ethical or unethical manner. Personal characteristics of the consumers did not have any significant impact on the future intentions to behave. While Seshadri and Broekemier (2009) found significant differences, both practical and statistical, between Panamanians and Americans in a variety of consumption related ethical situations, our study dispels the notion that there are any differences as far as consumer ethics are concerned based on cultural background of consumers. While the U.S. and foreign-born subjects did differ in their belief patterns, prior behaviors and intentions, a careful look of the means suggested that foreign born subjects were more likely to behave in an ethical rather than unethical manner. Perhaps they were not exposed to many of the common behaviors which are considered acceptable in the U.S. but are considered objectionable elsewhere. This study unfortunately found no differences in cultural background

factors of consumers intending to engage in unethical consumer behaviors and provided no support to the Hofstede typology that differentiates consumers from different countries based on individualism vs. collectivism dimension. The differences could be due to differences in sample participants, sample size, measurement scales, or even the context of ethical behavior. This study only differentiated whether the participant was a US citizen or foreign national.

The results have considerable implications for marketing practitioners in that the marketers would have to focus on consumer education and a sustained campaign in order to bring about change in consumer beliefs about common unethical situations that are considered acceptable by consumers. In doing so, however, marketers would have to be extremely careful not to offend the sensitivities of the consumers. Marketers would have to be utterly careful not to alienate and target consumers directly because otherwise they will lose those consumers forever. There is a fine line between what is unethical and illegal and marketers must focus on illegal behaviors first and then, try to bring about change in unethical behaviors through consumer education.

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