



Incorporation of victim size in an examination of consumer ethics in South Korea



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ABSTRACT

The concept of consumer misbehaviour has become a subject of significant inquiry in recent years. A sample of 239 adults in South Korea provided insight regarding their judgment about the appropriateness of 12 questionable actions undertaken by consumers. The survey used multiple versions that allowed for the manipulation of the scenarios to reflect either a large or a small organisation as the victim of the consumers' actions. The results indicate that South Korean consumers are open to some questionable behaviour, but opposed to others – thus reflecting the situational nature of ethics. The results also document the fact that the size of the victimized organisation is related to the perceived acceptability of the questionable act. The results in this regard were not as predictable as one might expect; however, plausible explanations for this apparent paradox are presented. Managerial implications and future research directions are provided.

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CHINESE ABSTRACT

透过对韩国消费者的伦理研究探讨其与 [消费者不当行为]受害者多寡的关系

消费者行为不当的概念近年已变成一项重大的疑问。从韩国的成年人当中抽出239人进行调查访问，征询其认为消费者所做的12项受质疑的行为是否恰当并做出判断。该调查访问使用了多个版本使操作的情形都能反映出多数或少数的消费者行为受害者。调查结果指出韩国的消费者对一些受质疑的行为持开放的态度，但对其它行为则反对，因此反映出消费者伦理的情境因素。该结果也说明一个事实，[消费者不良行为受害者的多寡]与对受质疑行为的可接受性认识有关。这个的结果并未如人们所预料的那样；然而这个明显的矛盾却出现看似合理的解释。本文提供了管理上的涵义及将来的研究方向。

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1. Introduction

Ethical behaviour is generally predicated upon an entity doing what is judged by an individual and society to be the *right thing*. In this regard, it is not necessarily about adhering to prevailing laws, rather it is a question of whether or not the action under scrutiny would be deemed to be appropriate by most observers. The vast majority of the early scrutiny on ethics in the business environment was directed towards business organisations, that is

to say the sellers. In this regard, academicians have expended considerable energy over the years in an ongoing effort to identify both the propensity of business entities to engage in questionable actions and to determine the public's judgment regarding an array of specific questionable tactics in these organisations' efforts to influence outcomes. Ethical breaches on the part of business organisations are routinely publicized and criticized by myriad watchdog groups. These watchdog groups include the media, politicians, government agencies, consumer advocacy groups, and consumer magazines. Each of these groups has been quick to condemn organisations such as WorldCom, Arthur Anderson and Enron for generally acknowledged abuses in the marketplace. And certainly, misconduct on the part of any organisation is likely to strain the relationship between that organisation and its customers. Consequently, the literature is replete with research on business ethics – a term that has even been questioned as to

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whether or not it is an oxymoron (Townley, 1992). But this scrutiny is not a new phenomenon. Books dating as far back as Upton Sinclair's (1906) *The Jungle* and Chase and Schlink's (1927) *Your Money's Worth* have long brought the abuses of consumers to the forefront of public consciousness. For these consumer advocates, the concept of *caveat emptor* – or let the buyer beware – was simply unacceptable. Consequently, business ethics has long represented an appropriate topic for these advocates as well as the media, the government, and academicians to scrutinize.

From the opposite perspective, it has been documented that consumers misbehave as well. As a matter of fact, consumer misbehaviours are pervasive and universal. The number of incidents involving undesirable buyer behaviours is growing at a rapid pace (Daspin, 2000) across many business sectors including supermarkets (Caruana et al., 2001; Tonglet, 2002), airlines (Bitner et al., 1994), entertainment (Harris and Reynolds, 2003; Hartline and Ferrell, 1996), and medical and legal services (Lee, 2008). The financial loss caused by consumer misbehaviours incurred on US retail alone was estimated to be over 30 billion dollars a year (Hollinger and Davis, 2002). That estimate might be just a fraction of the reality when one considers the fact that business managers tend to underreport or even deny the occurrences of such incidents (Johnson, 1987). Consumers misbehave in a number of ways – both legal and illegal. Examples include shoplifting, financial fraud, fraudulent returns, switching price tags, failure to observe business rules/customs, verbal abuse, physical abuse, vandalism, and using threats, just to name a few. To make matters worse, new variants are being added to the list as technology advances. From an academic perspective, we have witnessed a significant growth in the stream of research that has addressed questionable actions undertaken by consumers. Over 20 years ago, Hirschman (1991) brought to light the idea of the *dark side of consumer behaviour*. Carrying this torch, researchers have more extensively addressed the issue of *consumer misbehaviour*. Academics have formulated numerous terms to refer to those undesirable consumer behaviours: deviant consumer behaviour (Mills and Bonoma, 1979), problem customer's behaviour (Bitner et al., 1994), inappropriate behaviour (Strutton et al., 1994), consumer misbehaviour (Albers-Miller, 1999), dysfunctional behaviour (Harris and Reynolds, 2003), and customer badness behaviour (Yi and Gong, 2006). Those misbehaving customers were labeled as “jaycustomers” (Lovelock, 1994), or “customers from hell” (Zemke and Anderson, 1990).

In comparison to the body of literature on the business side of the buyer-seller dyad, there has been considerably less research examining the consumer side of that relationship (Vitell, 2003). Consequently, while the ethics regarding business practices are widely documented, the nature of ethical consumption (Witkowski and Reddy, 2010) has been explored less. There are many ethical issues yet to be studied on the consumer side of the buyer-seller dyad. Although a consumer's ethical judgment has been reported to be influenced by many situational factors, there is a surprising paucity in the literature dealing with the intricacies between those situational variables and consumers' judgment on consumption ethics. When on the verge of making a judgment call regarding an ethically questionable behaviour, consumers may overtly evaluate the rightness or wrongness of that behaviour. Or, they may evaluate it by considering a set of situational factors, including legality, social mores, significance of the consequences caused by that behaviour, and so on. The mechanism underlying the relationship between the ethical judgment and these situational factors has seldom been reported. Further clouding the issue is the measurement of opinions regarding specific actions and the propensity to engage in that same behaviour. For instance, one may have a negative opinion yet still engage in a questionable behaviour if there is little chance of being caught or if the consequences associated with being caught are deemed to

be insignificant. Our understanding on the subject matter is even more impaired when cultural factors are added into the equation. While culture is known to affect consumers' ethical judgment, there are a number of cultures whose ethical inclinations have seldom been reported. As the Australasian market has grown in stature in many respects, research on consumers in an emerging economic stalwart is urgently needed. A thorough understanding of the ethical inclinations of a culture's consumers would reduce the level of risk associated with doing business in that culture.

This study attempts to address these issues by exploring the ethical predisposition of South Koreans in regard to an array of potentially questionable consumer actions. Beyond assessing the South Korean market, it also explores the influences of *the size of the victimized organisation* on consumer acceptance or unacceptance of ethically questionable shopping behaviours. While assessing the general sentiment of the South Korean public regarding the acceptability of several questionable consumer actions, it also adds a dimension that has seldom been put forth in the consumer ethics literature: Does the size of the victimized organisation influence an individual's mindset as to how acceptable a particular action is? Alternatively posed, the question is one of whether the size of the aggrieved organisation that incurs a loss as a result of a questionable consumer action impacts the level of acceptance – or *unacceptance* – of that action in the eyes of the typical South Korean consumer.

This study has two main objectives; they are: (1) to determine the sentiment of South Korean consumers as it relates to a series of twelve questionable consumer actions, and (2) to examine whether the size of the victimized organisation impacts the level of acceptance (or unacceptance) of these questionable actions.

2. Literature review

This literature review comprises three distinct sections. First is a representative delineation of the research within the broader realm of consumer ethics. Next is a look at the shallow stream of literature that addresses the impact that the size of the victimized organisation has on the consumers' assessment as to the appropriateness or inappropriateness of some questionable actions undertaken by a consumer. It concludes with an overview of the research on consumer ethics that has scrutinized the country of South Korea in either a typical single-country cross-sectional study or from a multi-country comparative perspective. As a segue into the literature review, consider the following quote from a recent study: “as individuals refuse to follow the idealized patterns represented by ‘ethical consumerism’ in purchasing, so too do they fail to conform to simple rules around general social, economic, and political preferences” (Devinney, 2010, p. 190). The implication is that breaches of consumer ethics represent potential problems beyond the confines of the buyer/seller dyad. Thus consumer misbehaviour has the potential to impact us all.

2.1. Consumer ethics literature

What can be inferred from the preceding dialogue is an acknowledgement that any business transaction and the corresponding establishment of a mutually beneficial long-term relationship are dependent upon ethical conduct by both parties in the buyer-seller dyad. This has become increasingly apparent as consumers have begun to assume a more active role within the retail transaction process. For instance, the growth in the use of self-service checkout counters at local supermarkets is based upon a foundation of trust (Fullerton and Neale, 2012). That is to say that both parties need to have faith that the other party will not attempt to take advantage of the other in light of the absence of

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