



Contents lists available at ScienceDirect

## Australasian Marketing Journal

journal homepage: [www.elsevier.com/locate/amj](http://www.elsevier.com/locate/amj)

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

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### ARTICLE INFO

#### Article history:

Received 5 February 2014

Revised 25 March 2014

Accepted 3 April 2014

Available online xxxx

#### Keywords:

Consumer ethics

Consumer misbehaviour

Korea

Victim

Culture

International

### 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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### 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 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

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