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Leonidou, LC, Leonidou, CN and Kvasova, O (2013) Cultural drivers and trust outcomes of consumer perceptions of organizational unethical marketing behavior. *European Journal of Marketing*, 47 (3/4). 525 - 556. ISSN 0309-0566

<https://doi.org/10.1108/03090561311297445>

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Cultural drivers and trust outcomes of consumer perceptions of organizational unethical marketing behavior

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Submitted on 10-10-2010; Revised 22-03-2011; Revised 27-05-2011; Revised 10-06-2011; Accepted 22-06-2011

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Acknowledgments

The authors would like to thank the Associate Editor, Dr. Amir Grinstein, and the anonymous reviewers of the Journal for their valuable insights and constructive comments on previous versions of the article. The authors would also like to thank Chrstallenni Paridi, Marina Vassiliou, and Simos Chari for their assistance in preparing the manuscript.

Cultural drivers and trust outcomes of consumer perceptions of organizational unethical marketing behavior

Abstract

Purpose – The article develops and tests a model that focuses on the cultural drivers and trust outcomes of consumer perceptions on issues pertaining to the unethical marketing behavior of firms. It specifically investigates: the role of cultural orientation in forming consumer ethical ideology; the link between the consumer's ethical ideology and his/her perceptions regarding the unethical marketing behavior of firms; the effect of perceived unethical marketing behavior on trust in firms; and the moderating role of gender, age, and education of the consumer.

Design/methodology/approach – The article is based on a quantitative survey conducted among 387 Cypriot consumers aged 18 and above, using stratified random sampling procedures. The items comprising the constructs used were derived from multiple literature sources and these were measured on a seven-point Likert scale. Data were gathered through personal, face-to-face interviews conducted at central locations in all major towns of Cyprus. To test the hypothesized relationships among the constructs of the model, structural equation modeling was employed.

Findings – The study confirmed that both power distance and uncertainty avoidance are important in forming idealistic attitudes, while both individualism and masculinity lead to an egoistic attitude. Idealism was observed to have a positive association with perceived marketing unethicality, while egoism was found to negatively affect consumer perceptions of unethical marketing behavior by firms. It was also revealed that perceived unethical marketing behavior decreases consumer trust. The study also revealed that the link between idealism and perceived *marketing unethicality is stronger among male and older individuals, while consumer's level of education had no moderating impact on this link*. Finally, none of the consumer demographics examined (i.e., gender, age, and education) moderated the association between egoism and perceived unethical marketing behavior.

Research limitations/implications – The findings of the study offer useful implications for business managers (e.g., adopting an ethical marketing spirit), public policymakers (e.g., establishing a broader set of ethical guidelines for marketers), and consumer pressure groups (e.g., making consumers act as *'watchdogs' of potential unethical marketing practices*). The findings of the study should be seen within the context of limitations pertaining mainly to the fieldwork country, the cross-sectional design, and the sampling unit used.

Originality/value – The originality of the study lies in the fact that: it puts together in a single model both antecedents and outcomes of the marketing unethicality of firms, as this is perceived by the individual consumer; concurrently examines the role of cultural orientation and ethical ideology of the consumer in forming ethical attitudes and responses; focuses on the instrumental role of cultural characteristics on consumer ethical perceptions from the perspective of the individual, rather than the society as a whole; places emphasis on unethical issues taking place across all elements of the marketing mix; and provides useful examination of the effects of unethical marketing practices on consumer trust.

Keywords – Marketing ethics; Ethical ideologies; Cultural orientation; Consumer trust.

Paper type – Empirical article

Cultural drivers and trust outcomes of consumer perceptions of organizational unethical marketing behavior

Introduction

Gaining the trust of consumers has long been considered one of the key issues of concern by marketers, since this legitimizes firms to take various risks (e.g., developing new products, introducing support services, and entering new markets) that can ultimately enhance their market and financial performance (Choi et al., 2007; Chow and Holden, 1997). However, recent evidence has clearly shown that consumer trust is partly rooted in ethical considerations pertaining to the firm's marketing activities (Creyer and Ross, 1997; Murphy et al., 2007; Román and Ruiz, 2005). This is because, compared to other enterprise functions, marketing is more exposed to external environmental forces and, as such, faces some of the biggest ethical challenges (Murphy et al., 2005). Undoubtedly, marketing is the most visible of the firm's actions for various stakeholders and this makes marketing scholars and practitioners particularly sensitive via-à-vis ethical issues (Ferrell, 2007).

This growing interest has given rise to the notion of ethical marketing, which refers to the extent to which the firm's marketing policies and practices are characterized by transparency, trustworthiness, and responsibility, thus creating a feeling of fairness and rightness among stakeholders in general and consumers in particular (Murphy et al., 2005). However, both official and anecdotal sources continually report cases of well-known organizations, which, in pursuit of financial goals, exhibit unethical marketing behavior (Harrison and Scorse, 2006). Some examples include: Nestlé Corporation, which marketed sophisticated powdered infant formula to illiterate consumers in Africa; Nike, which employed child labor in the production of athletic goods in Asia; and Bristol Myers Squibb, which set very high prices for its AIDS drugs for

patients in Africa (Post et al., 2002; Velasquez, 2006). This phenomenon has attracted the attention of a large number of researchers in the last two decades, who have produced a great deal of insightful knowledge on the subject of ethical marketing.

Most of these studies have focused primarily on the views of selling organizations, while the opinions of consumers on ethical marketing issues have received less empirical attention. However, understanding consumer views on the subject is critical for four major reasons: (a) consumers are key actors in the marketing exchange process and, therefore, an improved understanding of how they perceive and respond to ethical situations is crucial in formulating sound marketing programs (Vitell, 2003); (b) the recent shift in marketing thinking, from traditional transaction-based exchanges to relationship-building processes, has elevated the importance of ethics in initiating, developing, and sustaining relationships with customers (Sheth and Parvatiyar, 1995); (c) the growing concern of consumers about corporate social responsibility practices, especially in light of evidence that the latter seriously affect business performance, has been responsible for increasing managerial sensitivity to ethical issues (Creyer and Ross, 1997); and (d) negative consumer responses (e.g., consumer boycotts) to the unethical, or irresponsible, marketing behavior of firms may have a damaging effect on the firm's reputation and brand image (Carrigan and Attala, 2001).

In view of the above, this article aims to contribute to the marketing literature by developing and testing a comprehensive model that focuses on the drivers and outcomes of consumer perceptions of issues pertaining to the unethical marketing behavior of firms. Specifically, the research objectives are: (a) to investigate the role of consumer cultural orientation in forming ethical ideologies; (b) to examine the effect of the consumer's ethical ideology (i.e., idealism and egoism) on his/her perceptions of the unethical marketing behavior of firms with regard to product, price, distribution, and promotion; (c) to evaluate the effect of

perceived unethical marketing behavior on consumer trust; and (d) to explore the moderating role of key consumer demographic characteristics (i.e., gender, age, and education) on the association between ethical ideology and perceived marketing unethicality.

Although culture, defined as the collective programming of the mind that distinguishes the members of one category of people from those of another, has been inextricably linked with people's ethical values at the country level (Hofstede, 2002; Spain et al., 2002), prior research, with some exceptions (e.g., Swaidan et al., 2003; Yoo and Donthu, 2002), has placed moderate emphasis on the ethical implications of an individual's cultural orientation, particularly as regards marketing issues. Cultural orientation is operationalized using Hofstede's (1980) quadruple typology, namely power distance (i.e., the degree to which an individual accepts injustices in how power is exercised), uncertainty avoidance (i.e., the extent to which an individual can cope effectively with vague situations, as well as adopt rules that help him/her to clear such ambiguities), individualism (i.e., the degree to which an individual is concerned mainly with his/her own personal interests), and masculinity (i.e., the extent to which an individual emphasizes strength, competition, and performance as drivers of life).

Consumer ethical ideologies have mainly been examined from the perspective of idealism (i.e., following moral absolutes when making ethical judgments) and relativism (i.e., taking moral actions depending on the nature of a specific situation and the individuals involved), which respectively correspond to a deontological (i.e., evaluating whether an action is right or wrong by referring to norms or the law) or teleological (i.e., making moral judgments based on the desirable perceived consequences of an action) approach to ethics (Al-Khatib et al., 2005; Barnett et al., 2005; Hunt and Vitell, 1986; Murphy and Laczniak, 1981; Shanahan and Hyman, 2003). However, there are indications in the literature that egoism (i.e., pursuit of one's long-term self-interest) affords another potential (but neglected) ethical ideology that can provide useful insights

into consumer ethical perceptions, in the sense that egoists view an act as being ethical only when this promotes their best long-term interests (Tsalikis and Fritzsche, 1989).

Although idealism and relativism are two different constructs, which can concurrently affect consumer ethical perceptions, most researchers (e.g., Al-Khatib et al., 1995; Singhapakdi et al., 1999) have treated them as diametrically antithetical in the sense that high levels of the one are accompanied by low levels of the other, and vice versa. Hence, to avoid duplication, this study focuses only on the idealism construct, because it is more theoretically connected with the power distance and uncertainty avoidance of the individual. It also examines the neglected construct of egoism, which is most closely associated with a person's degree of individualism and masculinity.

The remainder of this article is organized as follows: first, the extant literature on marketing ethics is reviewed and assessed (with particular focus on consumer perceptions), while certain gaps are identified; second, the conceptual model of the study is presented and the hypothesized associations between the constructs of the model are formulated; third, the methodology adopted to carry out the study is explained; fourth, the findings referring to each of the research hypotheses set are analyzed; fifth, a number of conclusions are derived from the study findings, and implications for managers, policymakers, and consumer pressure groups are extracted; and finally, the limitations of the study are presented, together with directions for further research.

Previous research

Research on ethical marketing first made its appearance in the late 1960s, with the pioneering work of Bartels (1967), who provided the first conceptualization of factors influencing marketing ethics decision-making. Since then, there has been a steady growth of contributions on the

subject, reflecting increasing public concern about unethical marketing practices, such as dangerous products, misleading prices, and deceptive advertising. However, it was not until the early 1980s that the important role of ethics in marketing became widely recognized by business practitioners, when, for the first time, many companies and professional associations began to adopt certain codes of ethics in conducting their operations. Reflecting this, academic interest has grown exponentially, with dozens of studies conducted on the subject (see, for example, reviews by Nill and Schibrowsky (2007), O'Fallon and Butterfield (2005), Schlegelmilch and Öberseder (2010), and Vitell (2003)). These can be categorized into five major streams, which are elaborated in the following.

The first stream of research focuses on ethical issues pertaining to the key functional areas of marketing strategy, namely: (a) the product, such as dangerous and malfunctioning products, package downsizing, brand imitations, and product information negligence (D'Astous and Gargouri, 2001; Tse, 1999); (b) the price, such as overcharging, inaccurate billing, price fixing, price discrimination, and price skimming (Gaski, 1999; Tsalikis and Seaton, 2008); (c) the distribution, such as charging full price for a sales item in retail stores, selling only products with high profit margins, and giving incorrect change to customers (Dubinsky et al., 1980; Sarma, 2007); and (d) the promotion, such as deception and unfairness in sales promotions, offensive advertising and stereotypes, and advertising of harmful products (Bakir and Vitell, 2010; Polonsky and Hyman, 2007). Of the four functional areas examined, ethical aspects of promotion attracted most attention, which is in line with trends in the general field of marketing (Nill and Schsbrowsky, 2007).

The second group of studies deals with specialized dimensions of marketing ethics, with particular focus on: ethics in marketing education, specifically dealing with its impact on ethical orientations, attitudes and behaviors of future business leaders (Gioia, 2002; Swanson and

Frederick, 2003); the impact of stakeholder social concerns on social responsibility issues and their effect on business performance (Ferrell, 2004; Modesto, 2006); the development of ethical codes and standards guiding marketing and advertising practice (Chonko and Hunt, 2000; Whysall, 2000); ethical aspects of international business transactions (Armstrong and Sweeny, 1994; Kolk and Van Tulder, 2004); and ethical issues arising from the use of internet marketing by business organizations (Bush et al., 2000).

The third research stream examines the way decision-making on ethical matters is conducted, with various models proposed on the subject, such as those by Ferrell et al. (1989), Ferrell et al. (2007), Ferrell and Gresham (1985), Hunt and Vitell (1986; 2006), Jones (1991), Trevino (1986), and Trevino et al. (1998). Such models explain how individuals make ethical decisions, thus enabling stakeholders to adjust their decision-making processes accordingly (e.g., Burnaz et al., 2009; Singhapakdi et al., 2010). These models mainly draw on ethical traditions in moral philosophy, and specifically build upon the framework originally developed by Rest (1986), which points to four basic components of ethical decision-making: (a) identifying the moral nature of an issue; (b) making a moral judgment; (c) establishing a moral intent; and (d) engaging in moral action (O'Fallon and Butterfield, 2005). However, scholars in this line of research point to the difficulties in providing a generalized model of ethical decision-making due to the existence of various situational factors (Bush and Bush, 1994).

The fourth stream includes studies that investigate consumers' perceptions and responses with regard to corporate marketing unethically. Research here has taken various directions, such as: the application of consumer ethical concepts in green retailing (Chan et al., 2008); the effects of perceived ethical sales behavior on customer satisfaction, trust, and commitment (Lagace et al., 1991; Román and Ruiz, 2005); consumer perceptions of ethical issues surrounding online shopping (Román, 2007); consumers' punishments or rewards resulting from what they perceive

as either a firm's ethical or unethical behavior (Babin et al., 2004; Creyer and Ross, 1997; Nebenzahl et al., 2001); the impact of consumers' commitment on their ethical judgment of the firm's marketing behavior and the outcomes of this judgment (Ingram et al., 2005); the formation of perceptions by consumers on company or brand ethicality (Brunk, 2010; Brunk and Blümelhuber 2011); and customer's perception of ethical behavior and its impact on value received and loyalty (Valenzuela et al., 2010).

The final (and largest) group of studies focuses specifically on consumers' perceptions of ethical/unethical consumption, and is divided into three sub-areas. The first sub-area sheds light on the unethical behavior of consumers, with some of the issues addressed here referring to: highlighting specific unethical consumer actions, such as shoplifting (Kallis et al., 1986), buying counterfeit or pirated goods (Ang et al., 2001), and purchasing contraband items (Albers-Miller, 1999); measuring ethical attitudes and intentions of the end-user consumer regarding potentially unethical consumer practices in different national settings (Al-Khatib et al., 1995; Al-Khatib et al., 2005; Chan et al., 1998; Erffmeyer et al., 1999; Muncy and Vitell, 1992; Rawwas et al., 1994; Rawwas, 1996; Vitell and Muncy, 2006); examining the effect of colonialism, war, terrorism, and civil unrest on ethical values (Rawwas et al., 1994; Rawwas et al., 1995; Rawwas et al., 1998); addressing the role of materialism in cultivating unethical consumer behavior (Muncy and Eastman, 1998); exploring the use of neutralization techniques by consumers (Strutton et al., 1994); investigating the impact of personality traits on ethical beliefs and concerns (Al-Khatib et al., 1997; Muncy and Eastman, 1998; Rallapalli et al., 1994); and understanding the ethical nuances of vulnerable and/or disadvantaged consumer groups (Kaufman-Scarborough, 1998).

The second sub-area placed particular emphasis on the role of Hofstede's (1980) cultural dimensions in influencing consumer's ethicality. Specifically, Vitell et al. (1993) established a link between these cultural factors and ethical elements of decision-making faced in business situations. Rawwas et al. (1998) compared ethical attitudes of consumers in countries sharing a similarity of ongoing war and terrorism, but differing significantly in terms of uncertainty avoidance and masculinity, and concluded that contrasting cultures result in different ethical standards. Singhapakdi et al. (1999) compared consumer ethical perceptions in countries with diametrically opposite levels of power distance and individualism, and reported some significant differences. Yoo and Donthu (2002) also revealed that collectivism and uncertainty avoidance are positively related to perceived marketing ethicality, while masculinity and power distance are negatively associated with it.

The third sub-area focused on how the formation of consumer ethical perceptions is affected by demographic factors, such as gender, age, educational level, marital status, and income group. For instance, Dawson (1995), Lane (1995), and Rawwas (1996) found that women tend to consider certain consumer practices as more unethical than do men. Studies conducted by Vitell et al. (1991) and Ramsey et al. (2007) also provided strong evidence that younger people hold lower ethical standards than their older counterparts. Swaidan et al.'s (2003) study indicated that older, more educated, and married consumers are less tolerant of questionable business activities than younger, less educated and single ones, while gender did not play any role in consumers' ethical orientation. The research of Ang et al. (2001) revealed that males and those from low income groups exhibit a more favorable attitude toward counterfeit goods, although age and educational level do not influence consumer ethical decision-making.

Finally, Erffmeyer et al. (1999) reported that males, younger, married, and more educated consumers are more likely to accept ethically questionable practices.

Several gaps can be identified from the previous review of the marketing ethics studies: (a) the pertinent literature is very diverse, fragmented, and, sometimes, conflicting, with only a few efforts made to examine antecedents and outcomes of unethical marketing behavior, as this is perceived by consumers (Schlegelmilch and Öberseder, 2010); (b) the knowledge of firms about consumer attitudes toward unethical marketing practices is still limited, necessitating an in-depth understanding of both their sources of formation and behavioral responses (Brunk, 2010); (c) the simultaneous analysis of the cause-and-effect relationships between key constructs determining and/or resulting from consumer-perceived marketing unethicality is virtually absent (Crane, 2005); and (d) the role of certain demographic factors (e.g., gender, age, education) in shaping the ethical perceptions of consumers was not so clearly defined due to the existence of conflicting and/or non-significant results.

Conceptual model and hypotheses development

Figure 1 presents our model, which theorizes that two dimensions of an individual's cultural orientation, namely power distance and uncertainty avoidance, influence idealism, while another two cultural dimensions, that is, individualism, and masculinity, affect egoism. Both idealism and egoism are in turn assumed to have an effect on consumer perceptions about the unethical practices of firms, with regard to each of the elements of the marketing mix. This perceived marketing unethicality is expected to influence the level of consumer trust in selling organizations. Finally, the association between idealism and perceived unethical behavior, as well as between egoism and unethical behavior, is expected to be moderated by three key consumer demographic factors, namely gender, age, and education. Altogether, thirteen (seven

main and six moderating) hypothesized associations are proposed among the constructs of the model, which are explained in the following.

...insert Figure 1 about here...

Cultural orientation and ethical profile

Power distance is the first dimension of an individual's cultural orientation and refers to the extent to which less powerful people accept that power is distributed unequally (Hofstede, 1997). While inequity arises in every society, different individuals accept varying levels of injustice. People who score highly on this dimension place more emphasis on aspects of authority, such as family, religion, and legislation, and defer to those with power. They also tend to rely on systems and/or persons who provide protective standards (e.g., rules) that shield them against the anxieties of future events (Lu et al., 1999). As such, they are inclined to conform to societal norms and comply with the opinions of their superiors (Hofstede, 2002). They transfer their reliance on formal standards to guide appropriate ethical behavior in all aspects of life, including consumption situations, which is an attitude found in idealistic people (Vitell et al., 1993). In addition, because individuals characterized by high power distance blindly obey higher authority (Singhapakdi et al., 1999), they are also likely to blindly follow higher moral duty and norms, which are the essence of idealism (Forsyth, 1980). Consequently, we may hypothesize that:

H₁: The higher the level of power distance the person has, the higher the level of idealism s/he possesses.

Another cultural dimension refers to uncertainty avoidance, that is, the extent to which an individual can cope effectively with uncertain, unstructured, unclear, unpredictable, or unknown situations (Hofstede, 1997). Individuals characterized by a high degree of uncertainty avoidance are particularly concerned with security in life, prefer clear hierarchical structures, do not

appreciate deviations from standard practices, and are likely to show intolerance towards abnormal ideals and behavior. Hofstede (1983) found that individuals with high uncertainty avoidance also believe that established rules have to be followed at all times and cannot be broken. In fact, these individuals tend to adopt such rules and norms, so as to avoid uncertainty in their actions and clear any ambiguities (Schlegelmilch and Roberston, 1995; Vitell et al., 1993). For instance, individuals who strongly avoid uncertain situations tend to follow the established rules that guide them through their decision processes to a greater degree than those who only slightly avoid uncertainty (Rawwas et al., 1998; Vitell et al., 1993). This indicates an idealistic approach to various aspects of life, whether personal, social, or relating to consumption, since idealistic people adhere to predetermined guidelines in evaluating the rightness of an action. In their attempt to confront uncertainty surrounding ethical issues, individuals with high uncertainty avoidance tend to adopt a more idealistic stance, because they believe that desirable outcomes can only be obtained if the right algorithm of actions is followed (Forsyth, 1980). Thus, one would expect that:

H₂: The higher the level of uncertainty avoidance the person has, the higher the level of idealism s/he possesses.

Individualism is the third cultural orientation dimension, defined as the extent to which people act as individuals, as opposed to members of a group (Hofstede, 1997). In other words, it is the degree to which members of a culture are concerned with their own interests and the welfare of their immediate family (Singhapakdi et al., 1999). Individualistic people tend to view themselves as independent of social institutions and place greater emphasis on self-reliance and individual action. Moreover, individualists enter into society to further their own interests, without taking the interests of the wider society into consideration (Singhapakdi et al., 1999). Accordingly, they often question established ethical standards, are less susceptible to external

influences when facing an ethical dilemma, and tend to interpret the ethicality of decisions and actions from the position of self-promotion and self-importance (Singhapakdi et al., 1999). This self-centered approach points to the egoistical element in their attitudes and behavior, since egoists make ethical judgments based on what better serves their long-term interests (Tsalikis and Fritzsche, 1989). In fact, it was proved empirically that a strong desire to act individualistically is positively related to egoistic behavior (Hegarty and Sims, 1979). Based on the above argumentation and evidence, we may posit that:

H₃: The higher the level of individualism the person has, the higher the level of egoism s/he possesses.

The final component of cultural orientation is masculinity, that is, the extent to which an individual expects men to be more assertive, ambitious, and materially-oriented than women (Hofstede, 1997). As such, individuals characterized by masculinity tend to strive for material success and respect whatever is strong, big, and fast. They are also very competitive, act in a self-interested manner, and seek superior performance at any cost. High masculinity individuals value material success and assertiveness, are unlikely to be influenced by formal codes of ethics, and are not relationship-oriented. They are mainly driven by personal achievement and personal recognition and tend to place their own self-interest above the interests of others (Hofstede, 1997). For masculine people, performance and status are very important, usually accompanied by an ambitious striving for advancement at the expense of other individuals (Hofstede, 1997). All these characteristics indicate that an individual with a high degree of masculinity is likely to develop a high level of egoism, since egoists are characterized by a rational self-interest, self-centered, and self-actualization approach (Tsalikis and Fritzsche, 1989). It could be asserted therefore that:

H₄: The higher the level of masculinity the person has, the higher the level of

egoism s/he possesses.

Ethical ideology and perceived unethical marketing behavior

Idealism is defined as the degree to which individuals assume that desirable consequences can always be obtained, provided that the right actions are taken (Forsyth, 1980). Idealists believe that actions are not justified by the consequences associated with them and feel that harming other individuals can always be avoided (Forsyth, 1992). They usually adhere to moral attitudes and universal absolutes when making ethical judgments (Beauchamp and Bowie, 1983). According to idealists, the inherent goodness or badness of an action should allow one to determine the ethicality of this action (Rawwas, 2001). People with high levels of idealism were found to be more negative towards unethical overall business behavior (Rawwas et al., 1994), as well as more critical of specific dishonest marketing actions (e.g., mislabeled products, excessive mark-ups, fraudulent sales) (Nebenzahl et al., 2001). This is because idealists usually resolve ethical dilemmas by seeking only absolute right or wrong, regardless of the situation and consequences of their decision (Singhapakdi et al., 1999). More idealistic consumers are therefore expected to be less tolerant of marketing unethicality, while less idealistic consumers are likely to be more accepting of questionable marketing practices (Al-Khatib et al., 2005; Rawwas et al., 1994). Hence, the following hypothesis can be made:

H₅: The higher the level of idealism the person has, the higher the perceived level of firms' unethical marketing behavior.

Egoism refers to the extent to which an individual places his/her own well-being over that of others (Beauchamp and Bowie, 1983). Egoistic persons tend to stress self-promotion as their main goal in life, take no stand against blatant violations, and avoid resolving a conflict of interests (Hansen, 1992; Reidenbach and Robin, 1988). However, while some egoists are hedonistic, in the

sense that for them only pleasure is good, others consider rational self-interest and self-actualization as good (Tsalikis and Fritzsche, 1989). For an egoist, an action is ethical when it best promotes his/her long-term interests (Shaw, 1999). One's own long-term interest is viewed as the only determinant of whether an act is morally right or not. In fact, an egoist will consider that an act is ethical when this 'produces a greater ratio of good to evil for the individual in the long-run than any other alternative' (Tsalikis and Fritzsche, 1989). Egoists believe that altruistic efforts by others are acts of self-promotion, since an individual may need to help others to advance his/her own interests (Beekun et al., 2002; Shaw, 1999). Empirical studies have shown that egoistic individuals tend to be more indifferent to the firm's unethical marketing practices, as long as these do not put their own personal interests at risk (Al-Khatib et al., 2004; Gaski, 1999; Rawwas, 2001). This is because egoists possess a kind of emotional isolation that makes them less involved with others, as well as less caring about others in potentially blatant wrongs, such as unsafe products, price discrimination, and deceptive advertising (Tsalikis and Fritzsche, 1989). Hence, we may posit that:

H₆: The higher the level of egoism the person has, the lower the perceived level of firms' unethical marketing behavior.

Marketing unethicality and consumer trust

Consumer behavior theory considers the firm's marketing activities as stimuli pushing consumers to take certain actions. In line with this, the firm's unethical marketing behavior is expected to provoke a number of responses. One critical response is trust, which is the belief that a party's word or promise is reliable and that s/he will fulfill any obligations in an exchange relationship (Dwyer et al., 1987). In fact, consumer trust in a company's activities is highly dependent on the extent to which s/he disapproves the firm's ethical practices relating to product, price, distribution, and promotion (Lagace et al., 1991; Robertson and Anderson, 1993). A positive association between the firm's marketing ethicality and consumer trust was confirmed by various

studies (e.g., Beatty et al., 1996; Bejou et al., 1998; Kennedy et al., 2001; Román and Ruiz, 2005). Conversely, consumers with more negative ethical perceptions of a firm's marketing activities were found to put less trust in a particular firm (Creyer and Ross, 1997; Hosmer, 1995; Nebenzahl et al., 2001). We may, therefore, hypothesize that:

H₇: *The more the firm's marketing practices are perceived by consumers as unethical, the lower the level of consumer trust in the firm.*

Consumer demographics as moderators

Gender has been one of the most commonly studied factors influencing ethical perceptions in the consumer ethics literature (Roxas and Stoneback, 2004). Several studies (e.g., Ang et al., 2001; Dawson, 1995; Goolsby and Hunt, 1992; Lane, 1995; Rawwas, 1996; Reiss and Mitra, 1998; Whipple and Swords, 1992; Whipple and Wolf, 1991) have found that males tend to be less sensitive than their female counterparts to ethical issues. This difference can be explained by the gender socialization theory, which suggests that males and females have different values, creating different moral orientations and resulting in different responses to the same set of ethical circumstances (Kohlberg, 1984). In particular, females associate moral questions with problems of care and compassion ('care orientation'), while males relate moral questions to problems of justice and rights ('justice orientation') (Gilligan, 1982). Unlike females who seek to pursue harmony and cooperation in their social and personal relationships, males are more competitive, contentious, aggressive, and likely to break rules (Rawwas et al., 1998; Roxas and Stoneback, 2004). Thus, one would expect the effect of idealism on perceived unethical marketing behavior to be more profound in the case of females, while the effect of egoism on perceived marketing unethicality is likely to be more evident among males. Based on the above, we may hypothesize that:

H_{8a}: *The effect of idealism on perceived marketing unethicality will be weaker*

among male than female consumers.
H_{8b}: The effect of egoism on perceived marketing unethicity will be stronger among male than female consumers.

Evidence indicates that consumer ethical perceptions and attitudes tend to change by age, with a number of studies (e.g., Erffmeyer et al., 1999; Fullerton et al., 1996; Kelley et al., 1990; Muncy and Vitell, 1992; Strutton et al., 1997;) stressing that older tend to be more ethical than younger individuals. This stricter interpretation of ethical standards by older people can be explained by the fact that: (a) they have been exposed longer to social norms, rules, customs and traditions (Mudrack, 1989; Serwinek, 1992); (b) they seek stability and tend to avoid any behavior (as in the case of unethical actions) that may violate the status quo of society (Serwinek, 1992); (c) they are more aware of the consequences of unethical behavior, since they have had more opportunity to see their detrimental effects (Lerner, 1980); and (d) they have a better understanding of what forms ethical behavior, and follow the rules of ethicality more easily (Kelly et al., 1990). Following this logic, in the case of old people, one would expect a stronger association between idealism and perceived unethical behavior, but a weaker association between egoism and marketing unethicity. Hence:

H_{9a}: The effect of idealism on perceived marketing unethicity will be stronger among older than younger consumers.

H_{9b}: The effect of egoism on perceived marketing unethicity will be weaker among older than younger consumers.

Prior research has also shown that there is an association between consumer's education and his/her ethical reasoning, beliefs, and attitudes (Rest and Thomas, 1985). Specifically, there is evidence (e.g., Goolsby and Hunt, 1992) suggesting that highly educated consumers tend to make more ethical decisions than those with lower education. This is in harmony with Kohlberg's (1984) assertion that there is a positive correlation between education and one's

ability to make moral judgments. This is because, while poorly educated people might be unable to analyze the complex relationships of the elements involved in a moral dilemma and thus recognize the possible consequences of a particular unethical action, higher-educated individuals better understand unethical behavior, more fully conceive its negative consequences, and are more sensitive to unethical practices (Goolsby and Hunt, 1992; Kolberg, 1984). Based on the above, with regard to higher-educated consumers, one would expect a stronger association between idealism and perceived marketing unethicality, but a weaker association between egoism and marketing unethicality. Therefore, we can posit that:

H_{10a}: The effect of idealism on perceived marketing unethicality will be stronger among highly educated than poorly educated consumers.

H_{10b}: The effect of egoism on perceived marketing unethicality will be weaker among highly educated than poorly educated consumers.

Study methodology

Our study took place in Cyprus, which provides fertile soil for ethical marketing research for a number of reasons: (a) it has recorded increasing incidents of unethical marketing practices in recent years, which, in many cases, violated consumer rights and interests; (b) it has recently joined the European Union, which introduced new rules and regulations governing the ethical practices of selling organizations; (c) it is characterized by well-educated and sophisticated consumers, who are increasingly concerned about marketing ethical matters, either individually or through consumer associations; and (d) it is relatively small geographically, which allows for more in-depth, face-to-face research among consumer buyers on sensitive issues such as those related to ethics.

A nationwide sample of 387 consumers, aged 18 and above, was selected, using stratified random sampling procedures. To secure a representative sample, (a) strata were defined based on the geographic regions of the country and its contribution to the total population; (b) within each

geographic region, quotas were set with regard to gender and age based on the most recent national demographic statistics; and (c) participants were randomly selected by contacting every fifth person passing from a predetermined central location. The final sample had the following structure: gender (male: 45.5%, female: 54.5%), age group (18-24 years: 15.1%, 25-34 years: 22.8%, 35-44 years: 19.0%, 45-54 years: 20.4%; 55-64 years: 11.4%, 65 years or more: 11.4%), area of residence (urban: 68.0%, rural: 32.0%), and geographic region (Nicosia: 43.4%, Limassol: 20.9%, Larnaca: 18.3%, Pafos: 11.6%, Famagusta: 5.8%). Although Cyprus is an attractive destination for foreigners (e.g., tourists, workers, business people), for the sake of homogeneity this study was confined to the indigenous Greek population.

The scales of the constructs used were derived from multiple literature sources (see **Appendix**). The constructs comprising cultural orientation (i.e., ‘power distance’, ‘uncertainty avoidance’, ‘individualism’, and ‘masculinity’) were operationalized with four items, each derived from Hofstede’s (1980) work. With regard to ethical ideology, the ‘idealism’ scale was jointly composed by items taken from Forsyth (1980) and Hansen (1992), while the scale of ‘egoism’ was developed using items extracted from Reidenbach and Robin (1990) and Hansen (1992). The 19-item scale for ‘perceived marketing unethicity’ was largely derived from the American Marketing Association and augmented with input from the studies of Vitell et al. (1993), Gaski (1999), Creyer and Ross (1997), Tsalikis and Seaton (2008), and Hyman (2008).¹ Finally, the scale of ‘trust’ consisted of four items extracted from Doney and Cannon (1997).

For the purpose of collecting the data, a structured questionnaire comprising five major parts was designed. In the first part, respondents were asked to provide information pertaining to their cultural orientation, while the second part included questions concerning consumers’ ethical ideology. The third part measured the marketing unethicity of firms as perceived by Cypriot consumers. The fourth contained questions about consumers’ response to unethical marketing

behavior. The final part explored the demographic profile of the respondents in terms of such parameters as gender, age, and education. The questions contained lists of pre-coded items, which were measured on a 7-point Likert scale (1=strongly disagree, 7=strongly agree). The questionnaire was written in English and then translated into Greek, while a back-translation procedure verified its accuracy and consistency. The questionnaire was pre-tested with ten individuals to ensure its workability in terms of structure, content, flow, and duration.

Data were gathered through personal, face-to-face interviews conducted at central locations (namely, shopping malls, supermarkets, and cafeterias) in all major towns of the country within a period of four weeks. Each interview lasted for approximately 15 minutes. Altogether, 746 persons were randomly approached to take part in the survey, of which only 503 accepted to participate (i.e., 67.4%). Of those who were interviewed, only 387 provided full answers to all the questions asked. Each of the fully completed questionnaires was carefully edited before data were entered for computer analysis.

Research findings

To assess the validity and reliability of the constructs and scales used in the conceptual model, two measurement models were estimated. The first measurement model contained the first-order cultural orientation and ethical ideology constructs, while the second included the second-order factor of unethical marketing practices and the first-order factor of trust (see **Table I**).² The results of both models provided a good fit with the data, and the factors loaded highly on the designated constructs. Specifically, the fit statistics for the first model were $\chi^2_{(120)} = 291.34$ ($p < .001$), $\chi^2/df = 2.43$, NFI = .91, NNFI = .93, CFI = .94, GFI = .91, RMSEA = .06, and AOSR = .05, while for the second model these were $\chi^2_{(165)} = 482.51$ ($p < .001$), $\chi^2/df = 2.92$, NFI = .93, NNFI = .95; CFI = .95, GFI = .88, RMSEA = .07, and AOSR = .05.

...insert Table I about here...

Convergent validity was satisfactory, since the t-value for each item was significant and greater than 8.0, all standard errors of the estimated coefficients were low, and the average variance extracted for each construct was equal or above the threshold of .5 (Hair et al., 2006). Discriminant validity was also evident, due to the fact that the confidence interval (plus/minus two standard errors) around the correlation estimate for each pair of constructs examined never included 1.0 (Gerbing and Anderson, 1988) and because the squared correlation of every pair of constructs was below their individual average variance extracted (Fornell and Larcker, 1981) (see **Table II**). All factors had composite reliability and Cronbach's alpha values equal to or greater than .70, implying a reliable measurement of the theoretical construct as an element of the structural model (Bagozzi and Yi, 1988). The only exceptions were idealism, which had a composite reliability of .69, and price, which had a Cronbach's alpha of .68. To address common method bias, two tests were employed: (a) using Harman's single-factor test, we loaded all indicators of the constructs into an exploratory factor analysis using principal components analysis with varimax rotation. The results revealed twelve factors with eigen values greater than 1.0 and explaining 66% of the total variance extracted, while no single factor explained more than 18% of the total variance (Podsakoff and Organ, 1986); and (b) a confirmatory factor analysis was estimated, in which all indicators included in the structural model were restricted to load on a single factor (Podsakoff et al., 2003). The fit indices obtained indicated a very poor model fit (i.e., $\chi^2_{(665)} = 5069.75$, $p < .001$; $\chi^2/df = 9.19$; NFI = .55; NNFI = .56; CFI = .59; GFI = .57, RMSEA = .14). Overall, the results of the two tests indicate that common method bias does not appear to be a problem in this study.

...insert Table II about here...

Hypotheses testing

The hypothesized links between the constructs were tested by estimating the structural model using the elliptical re-weighted least squares (ERLS) technique, which was proven to provide unbiased parameter estimates for both multivariate normal and non-normal data (Sharma et al., 1989). The analysis revealed an acceptable model fit, as demonstrated by the ratio of Chi-square by the degrees of freedom ($\chi^2/df = 2.21$) and the results of the alternative fit indices (NFI = .89, NNFI = .92, CFI = .93, GFI = .89, RMSEA = .06). The R^2 for each major dependent construct was: 15% for idealism, 9% for egoism, 7% for unethicity of marketing practices, and 15% for trust. These figures point to a relatively good explanation of dependent variables by their hypothesized independent variables. In addition, to test the statistical power of the structural model, we followed the procedure suggested by MacCallum et al. (1996). The analysis of our model with 262 degrees of freedom and 387 observations indicated a very high statistical power ($\pi > .99$). This is much higher than the recommended cut-off point of .80, indicating that sufficient power was present to detect close model fit and avoid any model misspecification (Lawson et al., 2008). The standardized path coefficients, together with the corresponding t-values of the structural model, are presented in **Table III**.

...insert Table III about here...

The findings concerning the link between cultural orientation and ethical ideology of consumers strongly support the argument that power distance ($\beta = .39$, $t = 5.12$, $p < .01$) is a significant predictor of consumer idealistic attitudes, thus providing acceptance for H_1 . Uncertainty avoidance was also found to be a predictor of idealism ($\beta = -.15$, $t = -2.26$, $p < .05$). However, this association appeared to be in the opposite sign to that hypothesized in H_2 . With regard to the antecedents of egoism, a statistically significant relationship was found between individualism and egoism ($\beta = .17$, $t = 2.35$, $p < .05$), which is consistent with H_3 . A positive

association was similarly found between masculinity and egoism ($\beta=.19$, $t=2.70$, $p<.01$), providing support to H₄. In support of H₅, a positive and significant link between idealism and perceived unethical marketing behavior of firms was found ($\beta=.13$, $t=2.20$, $p<.05$). A significant negative relationship was revealed between egoism and perceived marketing unethicality ($\beta=-.23$, $t=-3.52$, $p<.01$), which supports H₆. As for the negative link between the perceived unethical marketing behavior of companies and consumer trust, the results of our study revealed significant results ($\beta=-.39$, $t=-5.67$, $p<.01$), thus providing support for H₇.

In order to test the moderation hypotheses, we applied a split-group approach in EQS, and out of every moderating construct, two groups were created. Specifically, gender was divided into male and female groups, age was broken down to younger age group (i.e., ≤ 45 years) and older age group (i.e., >45 years) based on the median level, and education was separated into a low-educated group (i.e., non-university) and high-educated group (i.e., university). A multi-group analysis then followed and for every moderation hypothesis two models were formed: (a) restricted, where the moderated path is fixed to unity; and (b) free, where all parameter estimates are freely estimated (see **Table IV**). A moderation effect is identified when a significant chi-square difference ($\Delta\chi^2_{(1)} > 3.84$ for $p<.05$ and $\Delta\chi^2_{(1)} > 2.71$ for $p<.10$) is produced.

...insert Table IV about here...

With regard to gender, the findings suggest that there is a moderating effect on the idealism→perceived marketing unethicality link ($\Delta\chi^2_{(1)} = 3.21$; $p<.10$). However, contrary to our initial hypothesis (H_{8a}), the findings revealed that males ($\beta=.21$, $t=2.15$, $p<.05$), rather than females ($\beta=.06$, $t=.68$, $p>.05$), had stronger perceptions of marketing unethicality. In the case of the egoism→perceived marketing unethicality link (H_{8b}), although both males and females exhibited significant results, no moderation was revealed ($\Delta\chi^2_{(1)} = .32$; $p>.10$). The results

pertaining to age reveal a significant moderation on the idealism→perceived marketing unethicity relationship ($\Delta\chi^2_{(1)} = 3.89$; $p < .05$). In support of our initial hypotheses (H_{9a}), the effect was stronger in the older age group ($\beta = .26$, $t = 2.45$, $p < .05$), rather than the younger age group ($\beta = .01$, $t = .15$, $p > .05$). However, the results regarding the moderating effect of age on the link between egoism and perceived marketing unethicity (H_{9b}) provide no significant support ($\Delta\chi^2_{(1)} = 1.01$; $p > .10$). Finally, our split-group tests for the moderating role of education revealed no significant findings for either the idealism→perceived marketing unethicity link ($\Delta\chi^2_{(1)} = .38$; $p > .05$) or the egoism→perceived marketing unethicity path ($\Delta\chi^2_{(1)} = 1.83$; $p > .05$), thus rejecting H_{10a} and H_{10b} respectively.

Conclusions, discussion, and implications

Our study contributes to the marketing literature in a number of ways: first, it puts together in a single model both antecedents and outcomes of the marketing unethicity of firms, as perceived by the individual consumer; second, it concurrently examines the role of cultural orientations and ethical ideologies in forming attitudes on unethical marketing practices and responses by consumers; third, it unveils the important role of egoism on shaping an individual's perceived marketing unethicity, and how this is influenced by his/her cultural orientation; fourth, as opposed to previous research, it puts emphasis on unethical practices taking place across all elements of the marketing mix (i.e., product, price, distribution, and promotion); fifth, it provides a detailed examination of the effects of unethical marketing practices on consumer trust; and, lastly, it considers consumer demographics as key moderators, rather than determinants of consumer perceptions of marketing unethicity.

A central conclusion that can be drawn from the study findings is that the cultural orientation of an individual is a major underpinning for his/her perceptions about the ethicality of a firm's marketing behavior, since it is conducive to shaping idealistic and egoistic ideologies. The fact that power distance had a positive effect on idealism is in harmony with the findings of other studies investigating the influence of culture on consumer ethical marketing decision-making in the USA (Vitell et al., 1993), China (Lu et al., 1999), and Malaysia (Singhapakdi et al., 1999). These studies indicated that individuals with a high level of power distance usually adhere to strict deontological norms, which provide the basis for an idealistic ethical ideology. Moreover, the fact that uncertainty avoidance also affected idealism, but not in a positive way as hypothesized, implies that uncertainty-averse individuals might sacrifice their idealistic values and codes, in an attempt to safeguard their own security, prosperity, and well-being. This unexpected result may also indicate that, under certain circumstances (e.g., adverse economic conditions, political turbulence, high market volatility), the idealistic philosophy of believing in absolute right or wrong may not hold true (see, for example, the conflicting results of Erffmeyer et al.'s (1999) study, according to which Japanese males are much more idealistic than Japanese females, but at the same time they exhibit a significantly higher receptivity to ethically inappropriate consumer actions).

The positive association between individualism and egoism provides a clear indication that the great concern of highly individualistic members of society in their personal interests and goals may result in egoistic attitudes. It also sheds light on the controversy around the individualism-egoism link raised by Beekun et al. (2002), who, in their examination of business ethics practices in Brazil and USA, revealed no connection between these two constructs. The fact that masculinity was also found to affect egoism indicates that highly masculine consumers, in constant pursuit of material things, such as money, power, success, and other personal

achievements, are likely to develop a hypertrophical self-centeredness and indifference toward others, which are the essence of egoism. This finding is in harmony with those of other studies (e.g., Beekun et al., 2002; Lu et al., 1999; Singhapakdi et al., 1999; Vitell et al., 1993), which concluded that more ambitious and highly competitive individuals, striving for material success, are more likely to demonstrate higher levels of egoism.

The strong positive association between idealism and sensitivity towards marketing unethicity implies that idealistic consumers are greatly concerned about unethical marketing practices. This is in line with the previous research which revealed that more idealistic consumers are less tolerant of marketing unethicity, since they assume the inherent rightness or wrongness of an action and do not take into consideration any specific circumstances when making moral judgments (Al-Khatib et al., 2005; Rawwas et al., 1994). Our findings also confirm that more egoistic people are less sensitive to firms' marketing unethicity, which is consistent with those of previous research on the subject (e.g., Al-Khabit et al., 2004; Rawwas, 2001). This is a worrying sign: if certain types of customers seem to show indifference toward firms' questionable practices, it becomes very difficult to prevent organizations from being unethical. Our findings also uncover a potential problem inherent in the current dominant social paradigm, whereby people, driven and occupied by the need to satisfy their personal desires and wants, are indifferent to other people's problems caused by the ethically questionable marketing behavior of firms.

The study also confirmed the prevailing view that firms acting in an unethical manner are very likely to lose consumer trust, which is in harmony with the results reported by previous researchers in this field (e.g., Nebenzahl et al., 2001). In other words, an ethical ideology of individuals impacts not only their ethical judgments of questionable marketing practices (directly), but also the outcomes of these judgments (indirectly). Hence, firms should capitalize

on the fact that marketing ethics can play an important role in building trust-based customer relationships, and that acting in an ethical manner can improve their performance in the market, especially in an era characterized by intensive competition, economic recession, and strict regulations. Conversely, firms should remember that if corporate actions are unethical, the company risks losing its most committed customers. Taking into consideration that more time and money is required to attract a new customer than retaining an existing one, pursuing unethical marketing practices may significantly damage financial performance.

With regard to moderating effects, the finding that idealistic tendencies of males had a greater effect on perceived marketing unethicity than those of females is surprising, since prior research (e.g., Dawson, 1995; Lane, 1995; Rawwas, 1996) has shown that males are generally less concerned with ethical issues than females. One possible explanation for this lies in the major transformations taking place in Cyprus society, with women increasingly becoming more liberal, autonomous, and independent and men undertaking many of the roles that were traditionally performed by women, which results in changes in how ethical perceptions are formed (Kouloumou, 2004; Martin, 1997).³ Moreover, the fact that our study confirmed that the link between idealism and marketing unethicity is stronger among older than younger consumers, makes credible the long-standing view that sensitivity to ethical issues grows with age (Erffmeyer et al., 1999; Fullerton et al., 1996; Muncy and Vitell, 1992; Strutton et al., 1994). Furthermore, the non-moderating effect of education on the relationship between idealism and perceived unethicity is consistent with the findings of some studies (e.g., Posner and Schmidt, 1984; Serwinek, 1992), where the educational level was not found to be a significant predictor of ethical attitudes. Finally, the fact that none of the consumer demographic parameters examined moderated the association between egoism and perceived unethical marketing behavior indicates

that the egoistic constituent of an individuals' nature influences ethical perceptions with the same intensity, irrespective of gender, age, and education.

A number of implications for business managers, public policymakers, and consumer pressure groups can be derived from the findings of this study. As regards business managers, before making decisions about their firm entering a market (whether domestically or abroad), it is critical for them to understand consumer ethical ideology, by considering Hofstede's (1997) cultural dimensions. As there are cultural variations between countries at the 'macro-country' level, it is also possible to have differences in consumer cultural profiles at the 'micro-individual' level. Thus, identifying these differences in individual cultural characteristics is vital to better understanding the ethical perceptions of various consumer segments. This will in turn assist in formulating more appropriate corporate social responsibility programs. For example, in the case of consumers with high levels of power distance and low uncertainty avoidance that tend to have high idealistic values, marketers should design marketing programs emphasizing the ethical image of the company.

In designing their marketing strategies, managers should also take into consideration the idiosyncratic approach of specific demographic segments of consumers to ethical issues. For instance, the fact that the effect of idealism on perceived marketing unethicality was found to be more evident among males and elderly people should urge managers to show greater sensitivity to these groups of consumers. This is because a poor ethical image of their firm's activities will reduce consumer trust in it, with all the negative consequences that this may entail for its performance. It is vital, therefore, to cultivate a spirit among people in their organizations favoring the adoption of an ethical marketing approach, which can strengthen competitive advantage and help to achieve business success. In contrast, firms should avoid a 'morally myopic' (i.e., distorting the firm's moral vision) and/or 'morally mute' (i.e., rarely talking about

ethical issues) attitude, because this will eventually lead to business failure (Creyer and Ross, 1997). The adoption of unethical marketing behavior is also likely to incur significant personal, organizational, and societal costs (Laczniak and Murphy, 1993).

The findings of this research could also encourage public policymakers, in both governmental (e.g., Ministry of Commerce) and parastatal (e.g., Chamber of Commerce) organizations, to engage in a more thorough investigation of the ethicality of firms in order to establish more appropriate ethical guidelines. Through successive campaigns, they need to convey the message to companies that consumers do form expectations about the ethicality of their marketing behavior, and they should therefore encourage ethicality, not only to protect their public image, but also to boost financial gain (Creyer and Ross, 1997). The adoption of relevant guidelines would be one of the means to control companies' ethical practices and ensure that firms act in an honest, transparent, and sensitive way. Public policymakers could also offer education programs aiming to improve ethical awareness and sensitivity among both firms and consumers.

Various consumer pressure groups, such as consumerist associations, could develop a 'watchdog' culture among consumers, monitoring potential unethical marketing practices. Such pressure groups would be able to urge companies and trade associations to develop strict codes of ethics, with more emphasis on the ethicality of aspects of marketing, where a regulatory framework is particularly essential. These measures would ensure that consumers' rights were promoted and their voice heard at all levels of society. On the other hand, consumer pressure groups should not place the entire responsibility for marketing unethicality on firms, but should also cultivate a moral consumer attitude that will reward ethical and penalize unethical firms.

Limitations and future research

The significance of our findings for various interested parties favors the replication of the study in other countries, which would verify the applicability of our model in different cultural, economic, and legal contexts. It would be especially interesting to draw comparisons on consumers' ethical attitudes (as well as their antecedents and consequences) between countries with a low versus high cultural context, with developed versus developing economies, and with tight versus loose regulatory frameworks. It would also be useful to examine differences in consumer perceptions on unethical marketing practices with regard to different industries, firms, products, or brands.

It would likewise be worthwhile to investigate the effect of other consumer demographics, such as family cycle, occupation, and income group, on the link between antecedent factors and perceptions of marketing ethicality. The incorporation of psychographic parameters, such as those pertaining to the lifestyle, risk-taking attitude, and personality of an individual, could also play a moderating role. Marketing ethical issues could also be examined from the perspective of industrial buyers, while more light should be shed on the marketing ethical practices of firms when crossing national boundaries.

The unexpected negative association observed in this study between uncertainty avoidance and idealism necessitates some further investigation, especially within the context of different economic, political, and regulatory environments, which are usually responsible for creating uncertainties at a broader level. Future research should also take into consideration long-term orientation (i.e., the fostering of virtues oriented toward future rewards, especially perseverance and thrift), which can be potentially linked to egoism since it emphasizes the long-term self-interest of the individual (Hofstede, 2002; Turnipseed, 2002).

Prior experience of consumers with unethical marketing behavior, expectations regarding this unethical behavior, future ethical intentions, and word-of-mouth effects on ethical judgments could also be examined in future research on the subject (Ingram et al., 2005). Equally, it would be interesting to examine other outcomes of perceived marketing unethicality, such as customer satisfaction, customer loyalty, and purchase intention. Another suggestion would be to research consumer ethical issues from the perspective of specialized topics, such as sustainable marketing (Garcia-Rosell and Moisander, 2008), covert marketing (Rotfeld, 2008), and cause marketing (Krishna and Rajan, 2009).

In addition, it is crucial to monitor consumers' ethical perceptions over time, as a result of variations in antecedent factors caused by changes in their 'private' and/or 'public' environment. In this respect, it would be useful to embark on a longitudinal study among a panel of consumers, whose motivations, attitudes, and outcomes relating to marketing ethical issues would be evaluated at regular intervals. This would help to ensure the reliability and consistency of our findings, and help to better clarify the controversial and multifaceted concept of ethicality in marketing.

Finally, studying a phenomenon such as marketing ethicality has to do with very delicate and complex constituents of an individual's consciousness and sub-consciousness, and a strictly quantitative approach might not be able to capture the desirable scope of the research. Thus, a more thorough understanding of drivers and outcomes of consumers' ethical perceptions could be achieved through well-designed qualitative research, taking the form of in-depth interviews and/or focus group discussions (Brunk, 2010). This would subsequently help to augment our conceptual model by incorporating additional constructs that may have an antecedent or outcome role of marketing unethicality as perceived by consumers, especially in light of the fact that the R^2 for each of some constructs of our model was not very high.

Notes

1. In developing our scale on 'perceived marketing unethicity', we followed the procedures recommended by Churchill (1979) and Gerbing and Anderson (1988). We first defined the conceptual domain of the construct. Then, we reviewed the pertinent literature to identify appropriate variables that could serve as possible indicators of the construct. The list of items developed was subsequently discussed and refined in a series of personal interviews with marketing scholars and marketing managers.
2. The reason for treating 'perceived marketing unethicity' as a second order rather than a first order construct is justified by the fact that: (a) there are no indications (theoretical or empirical) in the pertinent literature that idealism and/or egoism affect specific dimensions of the marketing mix, nor that each of these dimensions has a different effect on trust; (b) exploratory regressions between these constructs did not reveal any differences in the results between the various elements of the marketing mix; and (c) using each of the elements of the marketing mix as first order constructs would increase the number of the main hypotheses, thus significantly increasing the complexity of the model.
3. Several factors have been responsible for these changes in gender roles in Cyprus society, such as: (a) the greater mixing of indigenous people with foreign cultures due to the large number of tourists visiting the country every year (especially from Western Europe); (b) the growing Westernization of local consumer behavior, due to greater exposure to Western life-styles through mass communication media and extensive traveling abroad; and (c) the increasing involvement of women in the economic, political, and legal life of the country, with a sizeable number of them seeking to be career-oriented (Stavrou, 1997).

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Figure 1.

The conceptual model

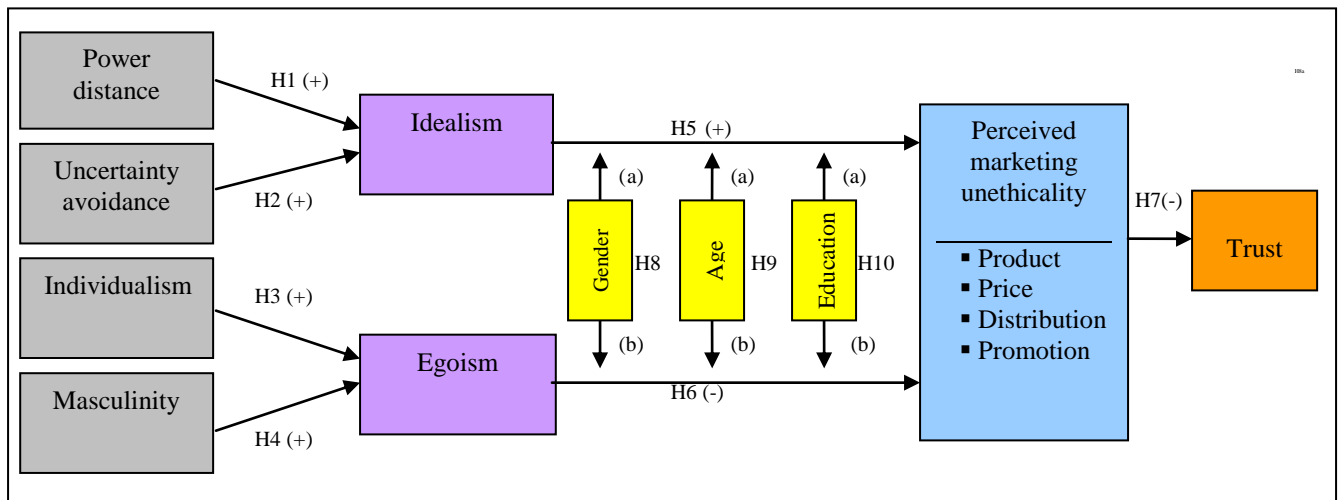


Table I.
Results of the measurement models

Model A		Model B	
Factor	Stand. Loadings ^a	Factor	Stand. Loadings ^a
First-order		First-order	
Power Distance (PDI)		Trust (TRU)	
PDI2	.94 ^b	TRU1	.69 ^b
PDI3	.96 (24.17)	TRU3	.80 (11.67)
PDI4	.56 (11.68)	TRU4	.82 (11.69)
Uncertainty Avoidance (UAV)		Product (PRD)	
UAV1	.67 ^b	PRD1	.64 ^b
UAV3	.85 (13.06)	PRD2	.67 (10.20)
UAV4	.89 (13.12)	PRD3	.72 (10.72)
Individualism (IND)		PRD4	.75 (11.04)
IND1	.50 ^b	PRD5	.78 (11.37)
IND3	.80 (8.15)	PRD6	.67 (10.20)
IND4	.86 (8.08)	Price (PRI)	
Masculinity (MAS)		PRI1	.62 ^b
MAS2	.52 ^b	PRI2	.62 (8.31)
MAS3	.71 (8.82)	PRI4	.53 (7.46)
MAS4	.97 (8.72)	Distribution (DIS)	
Idealism (IDE)		DIS1	.65 ^b
IDE1	.46 ^b	DIS2	.73 (10.83)
IDE2	.81 (7.23)	DIS3	.67 (10.08)
IDE4	.83 (7.21)	DIS4	.75 (10.99)
Egoism (EGO)		Promotion (PRO)	
EGO2	.80 ^b	PRO1	.71 ^b
EGO3	.81 (14.01)	PRO2	.77 (11.98)
EGO4	.77 (13.67)	PRO3	.63 (10.08)
		PRO4	.68 (10.82)
		Second-order	
		Perceived Marketing Unethicality (PMU)	
		PRD	.77 ^b
		PRI	.88 (7.58)
		DIS	.89 (8.02)
		PRO	.82 (8.12)
Goodness-of-Fit Statistics:		Goodness-of-Fit Statistics:	
$\chi^2_{(120)} = 291.34, p < .001; \chi^2/df = 2.43$		$\chi^2_{(165)} = 482.51, p < .001; \chi^2/df = 2.92$	
NFI = .91; NNFI = .93; CFI = .94; GFI = .91		NFI = 0.93; NNFI = .95; CFI = .95; GFI = .88	
RMSEA = .06; AOSR = .05		RMSEA = .07; AOSR = .05	

^a t-values from the unstandardised solution are in parentheses;

^b Item fixed to set the scale

Table II.
Correlation matrix

Variable	1.	2.	3.	4.	5.	6.	7.	8.
1. Power Distance	1							
2. Uncertainty Avoidance	.31	1						
3. Individualism	-.03	.04	1					
4. Masculinity	-.02	.25	.38	1				
5. Idealism	.30	-.07	.05	-.17	1			
6. Egoism	-.10	.12	.21	.23	-.14	1		
7. Perceived Marketing Unethicality	.04	-.06	.09	.07	.06	-.18	1	
8. Trust	.08	.06	-.03	-.03	-.05	-.11	-.32	1

Note: Correlations greater than $|\pm 0.13|$ are significant at the .01 level.

Correlations greater than $|\pm 0.10|$ are significant at the .05 level.

Table III.
Results of the structural model

Hypothesis	Hypothesized association	Expected sign	Standard Estimate	t-value	p-value
H ₁	Power Distance → Idealism	+	.39	5.12	<.01
H ₂	Uncertainty Avoidance → Idealism	+	-.15	-2.26	<.05
H ₃	Individualism → Egoism	+	.17	2.35	<.05
H ₄	Masculinity → Egoism	+	.19	2.70	<.01
H ₅	Idealism → Perceived Marketing Unethicality	+	.13	2.20	<.05
H ₆	Egoism → Perceived Marketing Unethicality	-	-.23	-3.52	<.01
H ₇	Perceived Marketing Unethicality → Trust	-	-.39	-5.67	<.01

Goodness-of-Fit Statistics: Chi-square (χ^2) = 579.23, p<.001; df =262; Normed Chi-square (χ^2/df)= 2.21; Normed Fit Index (NFI)= .89; Non-Normed Fit Index (NNFI)= .92; Comparative Fit Index (CFI)= .93; Goodness-of-Fit Index (GFI)= .89 Root Mean Squared Error of Approximation (RMSEA)= .06; Average Off-diagonal Standardized Residual (AOSR)= .05.

Table IV.
Results of individual moderating effects

Gender as a moderator				
Main effect	Hypothesized moderating effect	Male group (n ₁ =172)	Female group (n ₂ =206)	$\Delta\chi^2$ (Δ d.f. =1)
IDE → MAR	H _{8a} : Effect is weaker among males than females	$\beta = .21$ t = 2.15*	$\beta = .06$ t = .68	3.21 (p<.10)
EGO → MAR	H _{8b} : Effect is stronger among males than females	$\beta = -.29$ t = -3.09**	$\beta = -.16$ t = -1.88	.32 (p>.05)
Age as a moderator				
Main effect	Hypothesized moderating effect	Younger age group (n ₁ =215)	Older age group (n ₂ =163)	$\Delta\chi^2$ (Δ d.f. =1)
IDE → MAR	H _{9a} : Effect is stronger among older than younger consumers	$\beta = .01$ t = .15	$\beta = .26$ t = 2.45*	3.89 (p<.05)
EGO → MAR	H _{9b} : Effect is stronger among younger than older consumers	$\beta = -.20$ t = -2.72**	$\beta = -.26$ t = -2.73**	1.01 (p>.05)
Education as a moderator				
Main effect	Hypothesized moderating effect	Poorly educated group (n ₁ =205)	Highly educated group (n ₂ =173)	$\Delta\chi^2$ (Δ d.f. =1)
IDE → MAR	H _{10a} : Effect is stronger among highly educated than poorly educated consumers	$\beta = .16$ t = 1.75	$\beta = .09$ t = .94	.38 (p>.05)
EGO → MAR	H _{10b} : Effect is weaker among highly educated than poorly educated	$\beta = -.21$ t = -2.48*	$\beta = -.26$ t = -2.63**	1.83 (p>.05)

** p<.01; * p<.05

Appendix Descriptive statistics

	Constructs and scale items	Item mean* (s.d.)	Construct mean* (s.d.)
Cultural orientation	Power Distance (PDI) ($\alpha = .85$; $\rho = .80$; $AVE = .70$)		5.00 (1.77)
	PDI1 – Inequalities among people are both expected and desired	3.84 (2.72)	
	PDI2 – Less powerful people should be dependent on the more powerful	5.46 (2.10)	
	PDI3 – Inequalities among people should be minimized (R)	5.14 (2.01)	
	PDI4 – There should be, to some extent, interdependencies between less and more powerful people (R)	4.39 (1.94)	
	Uncertainty Avoidance (UAV) ($\alpha = .83$; $\rho = .77$; $AVE = .66$)		4.36 (1.88)
	UAV1 – High stress and subjective feeling of anxiety are frequent among people	4.48 (2.47)	
	UAV2 – Decisiveness is a necessity characteristic of success	5.56 (1.90)	
	UAV3 – Uncertainty is a normal feature of life and each day must be accepted as it comes (R)	4.29 (1.94)	
	UAV4 – Fear of ambiguous situations and of unfamiliar risks is normal (R)	4.30 (2.09)	
	Individualism (IND) ($\alpha = .74$; $\rho = .71$; $AVE = .54$)		4.47 (1.59)
	IND1 – Everyone grows up to look after him/herself and the immediate family	5.30 (1.82)	
	IND2 – People are identified independently of the groups they belong to	4.73 (1.83)	
	IND3 – An extended family member should be protected by other members in exchange for loyalty (R)	3.93 (2.10)	
	IND4 – People are identified by their position in the social networks to which they belong	4.17 (1.94)	
	Masculinity (MAS) ($\alpha = .76$; $\rho = .73$; $AVE = .57$)		4.19 (1.69)
MAS1 – Money and material things are important	4.82 (1.76)		
MAS2 – Men are supposed to be assertive, ambitious, and tough	4.61 (1.73)		
MAS3 – Dominant values in society are caring for others and preservation (R)	4.15 (1.89)		
MAS4 – Both men and women are allowed to be tender and concerned with relationships (R)	3.81 (2.50)		
Ethical profile	Idealism (IDE) ($\alpha = .73$; $\rho = .69$; $AVE = .52$)		4.36 (1.41)
	IDE1 – I adhere to universal principles and moral absolutes when making moral judgements	3.53 (1.57)	
	IDE2 – There are no universal principles or ethical rules that can be applied to every situation (R)	4.67 (1.70)	
	IDE3 – I criticize the ethicality based on situational factors, rather than objectively justifiable principles (R)	3.62 (1.75)	
	IDE4 – Risk to another should never be tolerated, irrespective of how small the risk might be	4.87 (1.98)	
	Egoism (EGO) ($\alpha = .84$; $\rho = .76$; $AVE = .63$)		2.98 (1.58)
	EGO1 – Individuals should focus solely on the consequences to themselves, when making evaluations	4.11 (1.93)	
	EGO2 – An action is right if it leads to the greatest good for the greatest number of people (R)	3.21 (1.92)	
	EGO3 – People should be concerned about maximizing social welfare, rather than personal interests (R)	3.16 (1.68)	
	EGO4 – People's activities should be followed by selfness	2.58 (1.85)	
Unethicality of marketing practices	Perceived Marketing Unethicality (PMU) ($\alpha = .82$; $\rho = .84$; $AVE = .71$)		4.80 (1.03)
	Product (PRD) ($\alpha = .85$)		4.88 (1.25)
	PRD1 – Firms sell expired, defective, harmful and dangerous products	4.38 (1.70)	
	PRD2 – Firms sell product imitations	5.09 (1.65)	
	PRD3 – Firms reduce the amount of their products, or sell products in a lower quality, to avoid price increase	5.05 (1.49)	
	PRD4 – Firms do not provide, or hide information, about ingredients, country of origin, and expiry date	4.69 (1.72)	
	PRD5 – Firms use labelling, that is not simplified, prominently visible, and easily understood	4.94 (1.62)	
	PRD6 – Firms use oversize packages that mislead consumers about how much of the product it contains	5.13 (1.67)	
	Price (PRI) ($\alpha = .68$)		4.77 (1.31)
	PRI1 – Firms use price, or other information about price (e.g., VAT) in a way that is not fully disclosed	4.81 (1.71)	
	PRI2 – Firms agree between them to sell their products to consumers at a higher price	5.34 (1.56)	
	PRI3 – Firms put price artificially high and then reduce it to make the buyer feel that he made a good deal	5.61 (1.39)	
	PRI4 – Firms quote different prices for different buyers (e.g., minorities), although products are the same	4.16 (1.99)	
	Distribution (DIS) ($\alpha = .79$)		5.08 (1.22)
	DIS1 – Firms exaggerate the benefits and characteristics of their offerings	5.18 (1.45)	
	DIS2 – Firms take advantage of less experienced consumers to make them purchase	5.34 (1.54)	
	DIS3 – Firms attempt to persuade consumers to buy things that they do not need	4.65 (1.77)	
	DIS4 – Firms deceive consumers about the availability of a product in order to sell slow-moving items	5.15 (1.46)	
	Promotion (PRO) ($\alpha = .79$)		4.46 (1.31)
PRO1 – Firms advertise goods that harm consumers' health and safety	4.67 (1.59)		
PRO2 – Firms exaggerate product characteristics and/or provide deceptive information in advertisements	4.94 (1.52)		
PRO3 – Firms advertise goods, using offensive messages and stereotypes on vulnerable groups	3.75 (1.93)		
PRO4 – Firms' sales representative use deceptive selling tactics and make undelivered promises	4.47 (1.61)		
PRO5 – Firms put old stock or defective products in sales	5.51 (1.46)		
Consumer response	Trust (TRU) ($\alpha = .81$; $\rho = .74$; $AVE = .60$)		3.50 (1.14)
	TRU1 – Consumers can rely on the firms' trustworthiness	3.76 (1.32)	
	TRU2 – I cannot trust or rely on firms keeping their promises (R)	3.19 (1.26)	
	TRU3 – I believe that firms are concerned about the well-being of consumers and society in general	3.39 (1.37)	
	TRU4 – I feel that I can trust firms completely	3.34 (1.33)	

*Based on a seven-point Likert scale, where 1 = strongly disagree to 7 = strongly agree.

Note: The sign (R) denotes a reverse scale.