

Moral Philosophy, Materialism, and Consumer Ethics: An Exploratory Study in Indonesia

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ABSTRACT. Although the ethical judgment of consumers in the United States and other industrialized countries has received considerable attention, consumer ethics in Asian-market settings have seldom been explored. The purchase and making of counterfeit products are considered common, but disreputable, attributes of Southeast Asian consumers. According to the Association of South-East Asian Nations (ASEAN), Indonesia ranks third among the leading countries of counterfeit items in Asia. Retail revenue losses attributed to counterfeiting amounted to US \$183 million in 2004. Therefore, elucidating the ethical perspectives of Indonesian consumers is an effective means of clarifying an important cultural influence on consumer behavior. This exploratory study of 230 Indonesians has many meaningful findings. First, certain personal attitudes apparently affect the ethical judgments of Indonesian consumers. Second, Indonesian consumers who exhibited high ethical concern over actively benefiting from illegal actions had high levels of materialism and idealism, as well as low levels of relativism. Third, materialism, idealism, and relativism significantly influenced whether benefits were created from actively engaging in some questionable activities (DELEGAL). Analytical results indicated that Indonesians with high materialism and relativism were more likely to engage in actions that were questionable but legal. Finally, consumer ethics were compared by applying demographic variables such as gender, age, education, religion, and occupation, indicating that all variables significantly varied except for religion.

KEY WORDS: consumer ethics, ethical judgments, Indonesia, materialism, relativism, idealism, moral philosophies

Introduction

With a population of more than 200 million people, Indonesia is the fourth largest population worldwide,

and the largest Islamic country. In 2007, its gross domestic product was US \$4,616 billion with service (45.3%) and industry (40.7%) accounting for the largest sectors. Indonesia's foreign exchange reserves reached an unprecedented amount exceeding \$50 billion in 2006. Moreover, its stock market performance was among the leading three worldwide in 2006 and 2007, as global investors sought higher returns in emerging markets.

Indonesia is the only member of OPEC in Southeastern Asia. A spike in crude oil prices in the 1970s contributed to its sustained high economic growth rates. However, an economic crisis in 1997, and subsequent political crises over the next several years adversely impacted the local economy. In 2000, an estimated 27.1% of the population lived below the poverty line, and 55.3% of the population subsisted on less than US \$2 daily. However, political stability has revived the Indonesia economy.

According to A. C. Nielsen, in 2003, nearly half of Indonesia's urban families owned a VCD player, which is in marked contrast with just 25% two years earlier (Wagstaff, 2003). In addition, two-thirds of all the urban dwellers shopped at local supermarkets, whereas less than half had done 2 years earlier. While the above figures point toward increasing consumption trends, the prolonged global economic recession has increased the incidence of counterfeiting. Indonesian consumers are experiencing diminishing purchasing power and prefer to buy inexpensive counterfeited products, irrespective of the inferior quality. Some individuals engaging in the counterfeit trade claim that this is the only job they can find to support their families (Kusumadara, 2000).

In 2002, according to the Motion Picture Association of America, only 10% of all DVD sales were legal in Indonesia (Spark, 2003). Furthermore, the Association

of South-East Asian Nations (ASEAN) reported that “Indonesia, with an 87% piracy rate in 2004 – a 1% decrease from 88% in 2003 – is still among the world’s top five pirating countries below Vietnam, Ukraine, China, and Zimbabwe, while it remains at number three of the top pirating countries in Asia. The retail revenue losses in 2004 amounted to US \$183 million.” Consumers, however, encourage such activities. Loose ethical standards among consumers may be an important variable that leads to such unethical behaviors. Traphagan and Griffith (1998) demonstrated that differences in software piracy rates may be attributed partially to national wealth and culture. In addition, Kusumadara (2000) indicated that most Indonesians have a relatively low economic standard of living and, thus, do not have the economic means to purchase authorized but expensive products. Consequently, examining the ethical perspectives of Indonesian consumers is an effective means of understanding an important cultural influence on consumer behavior. Such an understanding can provide further insight into firm-level approaches designed to minimize the adverse impact of counterfeiting on company operations in Indonesia.

Business ethics research has focused heavily on marketing exchange and participants within this process (Chonko and Hunt, 1985; Ferrell and Gresham, 1985; Ferrell et al., 1989; Hunt and Vitell, 1986, 1992), because marketing exchange is the focal point of most ethical problems in business (Vitell and Festervand, 1987). Although the role of business ethics in the global economy has been thoroughly investigated (e.g., DeGeorge, 1993; Vogel, 1992), international consumer ethics has received growing attention. In business, consumers are also the major participants (Vitell and Muncy, 1992). The importance of consumer ethical decision making has received considerable interest (e.g., Fullerton et al., 1996; Muncy and Vitell, 1992; Rawwas, 2003; Vitell et al., 1991). However, consumer ethics in Asian countries have been addressed less frequently (Ang et al., 2001; Chan et al., 1998; Erffmeyer et al., 1999; Rawwas, 2001; Rawwas et al., 1998; Thong and Yap, 1998). There were a few ethical studies targeting Indonesian markets (Rawwas, 2001; Sawono and Armstrong, 2001; Wu, 2001). Sawono and Armstrong (2001) compared the micro-culture differences between ethical problems and value orien-

tations in Indonesia. Wu (2001) examined business ethics for Taiwanese enterprises in Indonesia. Rawwas (2001) compared the ethical judgments of consumers from eight countries, including Indonesia. According to Rawwas, the various cultural groups significantly differed in terms of their ethical beliefs, moral philosophies, and Machiavellianism.

In addition, although the ethical judgment of consumers in the United States and other industrialized countries has received considerable attention, consumer ethics in Asian-market settings have received less attention (e.g., Ang et al., 2001; Chan et al., 1998; Erffmeyer et al., 1999; Rawwas, 2001; Rawwas et al., 1998; Thong and Yap 1998). Vitell (2003) recommended additional cross-cultural studies. Further research is warranted to examine ethical beliefs with more detail and cultural depth to examine the universality of consumers, or lack thereof, with respect to ethical beliefs.

Consumer ethics

Ethical concerns in business have been extensively studied since the early 1980s. In business, consumers are the major participants (Vitell and Muncy, 1992). Although consumer ethics research was conducted before 1990 (i.e., DePaulo, 1986; Moschis and Churchill, 1978; Moschis and Powell, 1986; Wilkes, 1978), the majority of such literature has appeared only since 1990 (Vitell, 2003).

Consumer attitudes toward unethical consumer practices have received considerable attention. For instance, Vitell addressed this issue with other scholars (e.g., Al-Khatib et al., 1997; Muncy and Vitell, 1992; Vitell and Muncy, 1992; Vitell et al., 1991; Rallapalli et al., 1994; Rawwas et al., 1994, 1998; Strutton et al., 1994). In addition, consumer perceptions of unethical consumer behavior have been examined (Chan et al., 1998; Fullerton et al., 1996; Higgs-Kleyn, 1998; Muncy and Eastman, 1998; Polonsky et al., 2001; Rawwas, 1996, 2001; Rawwas et al., 1995, 1996, 1998; Swaidan et al., 2003). Most related empirical studies have adopted the consumer ethics scale of Muncy and Vitell (1992).

The pioneering study of Vitell and Muncy (1992) examined ethical beliefs among consumers across a wide spectrum of the population to investigate consumer ethical judgments and possibly related

factors. This study by Vitell and Muncy developed a consumer ethics scale to determine the extent to which consumers believe that certain questionable behaviors are “wrong” or “not wrong” (i.e., ethical or unethical). Results from 1,900 household heads in the United States led to a four-factor solution:

1. benefits incurred from actively engaging in perceived illegal activities;
2. benefits incurred from passively engaging in questionable activities;
3. benefits incurred from actively engaging in questionable or deceptive activities that are perceived as legal; and
4. behaviors perceived as involving “no harm/no foul” activities.

According to these four consumer behaviors, Vitell (2003) found that consumers tended to believe that benefiting actively from an illegal activity was more unethical than benefiting passively. Consumers might reason that as long as they did not initiate the activity, then it was not wrong (unethical). However, deceptive practices were not perceived to be as unethical as benefiting passively, possibly leading to the assumption that consumers tended to equate “wrongness” more with something being illegal than with the passive active dichotomy. This is despite the fact that both perspectives were evident in the studies. Eventually, some activities were not perceived as unethical at all (no harm/no foul). Most of these cases tended to be activities that involved pirating intellectual property, such as software, tapes, or movies.

Selected contributing factors of consumer ethics and research hypotheses

Attitudinal attributes

According to Fishbein and Ajzen (1975), attitude directly impacts intention, subsequently influencing behavior. This indirect linkage between attitude and behavior has been validated and demonstrated many times over the past three decades. More recently, Vitell and Muncy (1992) examined how personal attitudes influence ethical decision making. According to their results, individuals with a more positive

attitude toward business and illegal acts are more likely to engage in questionable consumer practices. However, individual attitudes toward salespeople, the government, and all humans are not related to the ethical beliefs of consumers. Similarly, Chan et al. (1998) found significant correlations in the following three relations: attitude toward business and passively benefiting at the expense of others; attitude toward mankind and actively benefiting from a questionable action; and attitude toward illegal acts and actively benefiting from an illegal activity. Based on the empirical findings, we hypothesize the following:

- H1:* Attitudes among Indonesian consumers are significantly correlated with various questionable consumer practices.
- H1a:* Attitudes among Indonesian consumers toward business are significantly correlated with questionable consumer practices (i.e., active, passive, illegal, and no harm).
- H1b:* Attitudes among Indonesian consumers toward salespeople are significantly correlated with questionable consumer practices (i.e., active, passive, illegal, and no harm).
- H1c:* Attitudes among Indonesian consumers toward illegal acts are significantly correlated with questionable consumer practices (i.e., active, passive, illegal, and no harm).
- H1d:* Attitudes among Indonesian consumers toward government are significantly correlated with questionable consumer practices (i.e., active, passive, illegal, and no harm).
- H1e:* Attitudes among Indonesian consumers toward mankind are significantly correlated with questionable consumer practices (i.e., active, passive, illegal, and no harm).

With the pervasiveness of the Internet, some scholars have explored the Internet-related misbehaviors of consumers. For instance, Freestone and Mitchell (2004) examined attitudes toward e-ethics of generation Y, indicating that unethical consumer practices significantly reduce company profits. These misdemeanors include fraud, piracy, pornography, cyber stalking, online pharmacies, organ sales, and identity theft. Downloading music and movies, as well as sharing unauthorized software, are the two most pervasive misbehaviors in the current Internet

environment. Owing to the high DVD and software piracy rates in Indonesia, exactly how attitudes among Indonesian consumers toward the Internet and questionable practices are related must be examined empirically. We thus posit the following:

H1f: Attitudes among Indonesian consumers toward the Internet are significantly correlated with questionable consumer practices (i.e., active, passive, illegal, and no harm).

Materialism

Barrett (1992) indicated that certain unethical behaviors are associated with higher levels of materialism. Belk (1988) asserted that a higher level of materialism with an inevitable loss of a sense of community might make individuals less sensitive to behaviors that might affect others negatively. In collecting possessions (i.e., the major component for achieving happiness), more materialistic consumers might be willing to compromise ethical rules to gain possessions (Ferrell and Gresham, 1985; Richins and Dawson, 1992).

The material values scale (MVS) of Richins and Dawson (1992) has been adopted extensively in recent years to examine materialism as a facet of consumer behavior (Banerjee and McKeage, 1994; Muncy and Eastman, 1998; Pinto and Parente, 2000; Burroughs and Rindfleisch, 2002). The materialism concept has gained increasing interest in recent years among marketers and researchers (Muncy and Eastman, 1998). Marketers have largely encouraged materialism, giving rise to ethical and social implications from the perspectives of both purchasers and sellers (Muncy and Eastman, 1998).

However, ethical issues have not been addressed sufficiently from a consumer perspective. Historically, ethics has been viewed from the seller's perspective (Rallapalli et al., 1994). Muncy and Eastman (1998) explored whether more materialistic consumers differed in ethical standards from those who were less materialistic. According to their results, materialism is negatively correlated with the ethical standards of consumers. Martin (2003) examined how materialism and ethics are related among

Generation X. Those results corresponded to the findings of Muncy and Eastman (1998), in which materialism and consumer ethics were negatively correlated with each other among Generation X. Moreover, recently industrialized countries such as China are apparently becoming more materialistic (Forden, 1993). In addition, some individuals attribute much of the crime in the former Eastern Bloc countries to the materialistic influences of the West (Barrett, 1992). Although higher levels of materialism may accompany greater economic prosperity, it can also produce greater societal problems (Muncy and Eastman, 1998). However, Vitell et al. (2001) explored how materialism and ethical judgments are related among consumers in the United States, indicating that materialism was not related to ethical judgment. Based on the above discussion, no consensus has been reached on how materialism and ethical judgments are related. As Vitell (2003) suggested, materialism is correlated with ethical beliefs and thus warrants further study. We thus posit the following:

H2: Indonesian consumers with a high level of materialism are more likely to engage in questionable consumer practices than those with a lower level.

Idealism and relativism

Modern theories on business ethics generally assume that various individuals, when faced with decision-making situations involving ethics, apply ethical guidelines or rules based on different moral philosophies (Ferrell et al., 1989; Ferrell and Gresham, 1985; Hunt and Scott 1986; Hunt et al. 1992). These philosophies are generally classified as either deontological or teleological (Murphy and Laczniak, 1981). Hunt and Scott (1986) defined deontological theories as focusing on the specific actions or behaviors of an individual, while teleological theories focus on the consequences of such actions or behaviors.

The deontological/teleological paradigm was parallel to idealism and relativism of the two-dimensional personal moral philosophies concept (EPQ) of Forsyth (1980). Moral relativism asserts

that all moral standards are related to the culture in which they occurred (Schlenker and Forsyth, 1977). Relativists weigh the circumstances rather than the ethical principles that are violated (Forsyth, 1992). This is a teleological perspective. Idealism refers to the extent that an individual focuses on the inherent rightness or wrongness of an action, regardless of the consequences of that action (Swaidan et al., 2003). Forsyth (1980) asserted that idealistic individuals adhere to moral absolutes when making moral decisions. This is a deontological perspective.

Smith and Quelch (1993) stressed the importance of idealism and relativism as sources of ethical discrepancies among individuals. In addition to exploring the ethics of various groups (e.g., Rawwas et al., 1994; Singhapakdi et al., 2001; Swaidan et al., 2003), several studies have adopted personal moral philosophies to compare the ethical beliefs of consumers from two or more countries, such as Egypt and the United States (Al-Khatib et al., 1997), Gulf Bay countries (Al-Khatib et al., 2005a), Korea and the United States (Lee and Sirgy, 1999), as well as Malaysia and the United States (Singhapakdi et al., 1999). In addition, several studies have adopted moral ideologies to explore the ethical beliefs of consumers in a country or a culture (e.g., Al-Khatib et al., 1995; Erffmeyer et al., 1999; Kenhove et al., 2001; Rawwas, 1996). The above studies demonstrated that idealism and relativism significantly influence consumer ethical decision making within those countries or cultures. Indonesian consumers are largely Muslims. Islam urges strict compliance with the moral dictates of the Quran: followers of this faith thus tend to be less rather than more relativistic (Abeng, 1997). Islamic culture tendencies suggest that individuals endorse moral philosophies that are more idealistic and less relativistic (Forsyth et al., 2008). According to Forsyth (1980), an individual's degree of idealism and relativism determines their ethical ideology, as well as identifies four distinct ethical positions, i.e., exceptionism, subjectivism, situationism, and absolutism. Indonesia tends to belong to the absolutist category, higher idealism and lower relativism (Forsyth et al., 2008).

Many of the above empirical studies demonstrated that idealism correlated with a higher level of ethicality, while relativism correlated with a lower level of ethicality (e.g., Erffmeyer et al., 1999; Kenhove et al., 2001; Rawwas et al., 1994; Singhapakdi et al.,

1995, 1999). A study in Japan (Erffmeyer et al., 1999) indicated that Japanese consumers who scored high on idealism were the least likely to engage in questionable consumer activities. Other studies reached a similar conclusion. For instance, Singhapakdi et al. (1995) contended that idealism positively influenced the marketers' perceptions with respect to the importance of ethics and societal responsibility. However, relativism negatively influenced marketers' perceptions with respect to the importance of ethics and societal responsibility. Based on the above findings, we thus posit the following:

H3a: Indonesian consumers who scored high on the idealism scale are more likely to reject questionable activities (i.e., active, passive, illegal, and no harm) than their counterparts who scored low on the same scale.

H3b: Indonesian consumers who scored high on the relativism scale are less likely to reject questionable activities (i.e., active, passive, illegal, and no harm) than their counterparts who scored low on the same scale.

Methodology

Measurement of constructs

The instrument consisted of four sections. The first section evaluated consumer ethics using the Muncy–Vitell scale (MVQ). The second section used 20 attitudinal statements to shed light on consumer attitudes toward business and general opinions. The third section assessed the moral philosophy (idealism versus relativism) of the respondents, using the Ethical Position Questionnaire (EPQ). Finally, the last section presented the demographics of the respondents.

Consumer ethics scale

The MVQ was developed by Muncy and Vitell (1992) in the United States and has been extensively adopted in countries such as Austria (Rawwas, 1996), Egypt (Al-Khatib et al., 1995, 1997; Rawwas et al., 1994), Hong Kong (Chan et al., 1998; Rawwas et al., 1995), Japan (Erffmeyer et al., 1999), Ireland (Rawwas et al., 1995, 1998), Lebanon

(Rawwas et al., 1994, 1998), and South Africa (Higgs-Kleyn, 1998). The MVQ was used to measure consumer beliefs regarding 25 statements that had potential ethical implications (Muncy and Vitell, 1992; Vitell and Muncy, 1992). This scale has displayed acceptable levels of reliability in many studies (e.g., Chan et al., 1998; Erffmeyer et al., 1999; Muncy and Vitell, 1992; Rallapalli et al., 1994; Rawwas, 1996; Rawwas et al., 1994; Swaidan et al., 2003). For instance, the Cronbach's α that determined reliability ranged from 0.70 to 0.87 (e.g., Al-Khatib et al., 2004; Muncy and Vitell, 1992; Vitell and Paolillo, 2003; Vitell et al., 1991), indicating high reliability of the scale. Respondents were instructed to rate whether they perceived these actions as ethically wrong (unethical) or not wrong (ethical) on a five-point scale.

Attitudinal attributes

General attitudes among the respondents toward business, humans, government, salespeople, and illegal acts were evaluated by 14 statements adopted from Vitell and Muncy (1992). Fewer than three statements evaluated each attitudinal attribute. In addition, no related study has examined the reliability value. Here, all statements were adopted directly from their study. Items for attitudes toward the Internet were derived from Vitell and Muncy (1992) to provide a satisfactory mixture and allow for exposure to diverse ethical issues. Respondents were requested to rate their agreement with these statements on a five-point scale from strongly agree to strongly disagree.

Materialism

Richins and Dawson (1992) developed a value-oriented materialism scale with three constructs, i.e., acquisition centrality (labeled as "centrality"), acquisition as the pursuit of happiness (labeled as "happiness"), and possession-defined success (labeled as "success"). Several studies have demonstrated further the validity of the materialism scale (e.g., Browne and Kaldenberg, 1997; Chang and Arkin, 2002; Sirgy, 1998). For instance, Chang et al. (2002) utilized the scale to evaluate the correlation between materialism and uncertainties in modern life. According to this study, some individuals become materialistic when they experience uncertainty within the self or

perceive uncertainty in relation to society. Consequently, a short form of materialism, including six items, was adopted to determine how consumer ethics and materialism are related. Respondents indicated their consensus with these six statements on a five-point scale ranging from strongly agree to strongly disagree.

Idealism and relativism

The EPQ developed by Forsyth (1980) consists of two scales, each containing 10 statements. The first scale evaluates idealism and the second assesses relativism. This scale (EPQ) has been adopted in many ethics studies (e.g., Al-Khatib et al., 2004; Erffmeyer et al., 1999; Rawwas et al., 1994, 1995, 1998; Swaidan et al., 2003; Vitell and Paolillo, 2003; Vitell et al. 1991). The Cronbach's α that evaluated reliability of these studies exceeded 0.7, indicating acceptable reliability. Respondents were instructed to indicate their agreement or disagreement with each item, based on the use of a five-point Likert scale. A high coded score indicates high idealism, while a low coded score indicates low idealism. Moral relativism refers to the extent to which individuals believe that moral rules are not derived from universal principles, but exist as a function of time, culture, and place (Forsyth, 1980). A higher score implies higher relativism.

Sample

Given the lack of a dependable postal service and the exploratory nature of the study, data were accumulated via convenience sampling from an industrial park in Java, Indonesia. About 280 questionnaires were hand-delivered to the factory workers and other participants, such as self-employed individuals. Interviewers were instructed to contact every N th consumer who passed by them, with " n " selected on a random basis by the interviewer. The interviewee was then assigned to a small table to complete the questionnaire. Once the interview was completed, counting on an " n " basis resumed. Convenience sampling may be used with exploratory designs with an emphasis on generating ideas and insights (Churchill and Iacobucci, 2005). Tuncalp (1988) indicated that convenience sampling is an appropriate

approach for exploratory research designed to more thoroughly understand the market and the consumer. Many cross-cultural studies on consumer ethics (e.g., Al-Khatib et al., 1997, 2005a, c; Rawwas, 1996; Rawwas et al., 1994, 1995, 1996, 1998) have used convenience samples. Of the 280 questionnaires delivered, 230 valid and useful questionnaires were collected, yielding a response rate of 82.14%. Most respondents were male (52.6%). In this survey, more than 90% of the interviewees were Islamic followers. Among them, 46.5% were blue-collar workers, 32.2% were office workers, and 87% were under 35 years old. Table I lists the detailed demographics of the respondents.

TABLE I
Characteristics of Indonesian respondents

	(n = 230) (%)
1. Gender	
Male	52.6
Female	47.7
2. Age	
Under 26	51.3
26–35	35.7
36–45	10.0
46–55	0.9
56–65	0.9
Above 65	1.2
3. Occupation	
Blue-collar workers	46.5
Professionals	0.9
Administrative position	0.8
Office workers	32.2
Self-employed	13.5
Others	6.1
4. Religion	
Islam	91.3
Christian	3.9
Catholic	2.4
Buddhist	0.9
Taoist	1.5
5. Education	
High school or less	42.1
College	37.4
University degree	5.0
Graduate degree or above	15.5

Data analysis

Reliability

Based on a principal components factor analysis with a Varimax rotation, seven items in the consumer ethics (MVQ) scale with a factor loading less than 0.4 were deleted from this measure (Muncy and Vitell, 1992). The original factor labels were retained since the four dimensions produced corresponded to previous studies (e.g., Chan et al., 1998; Erffmeyer et al., 1999; Muncy and Vitell, 1992; Rallapalli et al., 1994; Rawwas, 1996; Rawwas et al., 1994; Swaidan et al., 2003). Table II lists the Cronbach’s α s. Although only one Cronbach’s α (ACBEN) was greater than 0.7, the α values of the other factors (0.64, 0.60, and 0.68, respectively) were comparably accepted. For instance, the α values ranged from 0.406 to 0.761 in many studies using the same scales (e.g., Al-Khatib et al., 1997; Chan et al., 1998; Erffmeyer et al., 1999; Polonsky et al., 2001; Rawwas, 1996; Rawwas et al., 1994, 1995, 1998). In an exploratory investigation that adopted the MVQ scales, Rawwas et al. (1996) compared the ethical values of American and Australian consumers. The coefficient α s of “actively benefiting from questionable action” and “no harm/no foul” were 0.5547 and 0.6597 in the American sample. In addition, only one coefficient α (no harm/no foul) was greater than 0.7 in the Australian sample. Low coefficient α s of the scale were also found in the study of Al-Khatib et al. (1997). In their Egypt sample, the reliabilities for “no harm/no foul” and “passively benefiting” constructs were 0.473 and 0.696, respectively. Consequently, the scales in this study appear to be consistent with previous research.

TABLE II
Reliability of the measures

Consumer ethics scale (MVQ)	
ACBEN	0.77
PASBEN	0.64
DELEGAL	0.60
NOHARM	0.68
Materialism	0.52
Idealism	0.80
Relativism	0.69

The Cronbach's α of materialism in this study was 0.52. This scale consisted of six items extracted from the dimensions of success, centrality, and happiness, as developed by Richins and Dawson (1992). The slightly low reliability for this scale may be attributed to the fact that each dimension consists of only two items. Similarly, when Martin and Nora (2003) used Richins and Dawson's scale to measure materialism, they reported reliabilities ranging from 0.303 to 0.686.

Cronbach's α statistics were 0.80 and 0.69 for the idealism scale and relativism scale, respectively. The α values of the EPQ scale in Rawwas (1996) that measured the moral philosophy of Austrian consumers were lower than 0.7 (i.e., 0.624 in idealism and 0.646 in relativism). According to Peterson (1994), reliability levels of α greater than 0.650 are adequate for exploratory research.

Correlation analysis

Hypotheses one (1a–1f) investigated personal attitudes toward ethical decision making. The hypothesis was examined by Pearson correlations, and the results are shown in Table III. Overall, 14 of the 24 correlation coefficients were significant at the 0.05 levels. Ethical judgments and attitudinal attributes appear to be related. Thus, H1 was partially supported.

First, in terms of business characteristics, the respondents' attitudes toward business were nega-

tively correlated with each other significantly while actively benefiting from illegal activities (ACBEN) and deceptive legal practice (DELEGAL). The significant results imply that respondents with a more negative attitude toward business tended to be tolerant of active benefiting behaviors, regardless of whether from illegal activities or questionable actions. A distinguishing characteristic of these actions is that the consumer, who is actively involved in the behavior, initiates all of them. Consequently, H1a was partially supported.

Second, in terms of the characteristics of salespersons, H1b were fully supported. All the four ethical judgment factors had a positive significant correlation with the respondents' attitude toward salespeople. This finding suggests that those with a more positive attitude toward salespeople would less likely engage in questionable consumer practices. Most of the respondents may feel that humans are basically good and that people generally deal with each other honestly. Apparently, an individual's attitudes toward salespeople influence one's ethical judgments.

Third, in terms of illegal characteristics, the respondents' attitudes toward illegal acts were not related to "no harm/no foul" practices. The significant negative relationships were observed between attitudes toward illegal acts and the other three ethical judgment factors. As is expected, consumers who believe that illegal acts are inherently unethical would be less tolerant of the examined consumer actions. Respondents who equate "illegal with

TABLE III
Results of Pearson correlation

	Attitude						EPQ		
	Business	Sales	Illegal	Government	Mankind	Internet	Materialism	Idealism	Relativism
ACBEN	-0.176**	0.303**	-0.263**	-0.176**	-0.073	0.012	0.307**	-0.131*	0.063
PASBEN	-0.151	0.310**	-0.382**	-0.285**	0.037	0.004	0.174**	-0.002	0.042
DELEGAL	-0.174**	0.370**	-0.235**	-0.357**	-0.158*	0.068	0.119	-0.165*	0.042
NOHARM	0.041	0.248**	-0.019	-0.123	-0.097	0.140*	0.131*	-0.180**	-0.023

ACBEN – actively benefiting from illegal activities.

PASBEN – passively benefiting from questionable activities.

DELEGAL – actively benefiting from deceptive legal activities.

NOHARM – behaviors that are involved in "no harm/no foul" activities.

*Significant at $p < 0.05$.

**Significant at $p < 0.01$.

unethical” were significantly less tolerant of the questionable consumer actions (ACBEN, PASBEN, and DELEGAL). Thus, H1c was partially supported. The acts described in “no harm/no foul” such as purchasing a counterfeit CD and recording a CD were considered as ethical by the respondents. This finding may explain the higher piracy rate in Indonesia owing to their attitudes toward illegal acts.

Fourth, similar to those in illegal characteristics, the respondents’ attitudes toward the government were not related to “no harm/no foul” practices. The significantly negative relationships were found between the attitudes toward government and the other three ethical judgment factors. Consequently, H1d was partially supported. However, although the government is responsible for enforcing certain societal norms, regarding “no harm/no foul” practices, the respondents likely do not consider the regulations of the Indonesian government in piracy applicable to their lives.

Fifth, a negatively significant relationship was only found between the attitudes toward humans and deceptive legal practices (DELEGAL). Some respondents felt that humans apply more lenient ethical standards toward the questionable actions. Consequently, H1e was partially supported.

Finally, with respect to characteristics of the Internet, the attitudes toward the Internet and the “no harm/no foul” (NOHARM) factor were

significantly related to each other. Their positive relationship indicated that those with a more positive attitude toward the Internet would be less likely to engage in “no harm/no foul” activities such as “using computer software or games that you did not buy.” Therefore, education of consumers on adequate Internet knowledge may reduce piracy in Indonesia.

With respect to materialism of the respondents, three of the four correlation coefficients were significant at the 0.05 level, as shown in Table III. According to this table, materialism was positively correlated with ethical judgments of consumers. This finding suggests that individuals with a high level of materialism were likely to engage in questionable consumer practices.

According to Table III, except for the “passively benefiting” factor (PASBEN), although idealism significantly impacted consumer ethical decision-making, relativism was not significantly correlated with ethical judgments of consumers. This finding suggests that idealism correlated with a greater level of ethicality.

Regression results

Hypotheses H2 and H3 (H3a and H3b) investigated how materialism, relativism, and idealism impact the ethical judgments of Indonesian consumers by performing regression analysis. According to Table IV,

TABLE IV
Determinants of Indonesian consumer ethics

Dependent	β coefficients			R^2	F value
	Materialism	EPQ			
		Idealism	Relativism		
ACBEN	0.192**	0.078	-0.019	0.037	2.908*
PASBEN	0.007	-0.190**	-0.031	0.040	3.170*
DELEGAL	0.218**	-0.334**	0.226**	0.198	18.642**
NOHARM	-0.099	-0.212**	0.077	0.045	3.564*

ACBEN – actively benefiting from illegal activities.

PASBEN – passively benefiting from questionable activities.

DELEGAL – actively benefiting from deceptive legal activities.

NOHARM – behaviors that are involved in “no harm/no foul” activities.

*Significant at $p < 0.05$.

**Significant at $p < 0.01$.

four regression models were developed to validate hypotheses H2 and H3. Based on the results (the F values were 2.908, 3.170, 18.642, and 3.564, respectively.), all four models were statistically significant.

The first model examined the activities that the consumer considers “actively benefiting from illegal action” (ACBEN). The three variables explained 3.7% of the variance in the dependent variable ($R^2 = 0.037$). The “materialism” construct was statistically significant in this model ($\beta = 0.192$, $p < 0.05$). As is anticipated, the direction of the beta sign indicated that the Indonesians with a high level of materialism are more likely to engage in actively benefiting from illegal action. Both idealism and relativism constructs, however, were insignificant predictors of ACBEN dimension.

In the second model, a consumer took advantage of a seller’s mistake and did not inform the seller or remedy the situation (PASBEN). The three independent variables explained 4% of the variance in response to the presented ethical situations ($R^2 = 0.040$). Individuals ascribing to the idealistic ideology were most prone to finding as unacceptable a situation when the consumer might benefit at the expense of others ($\beta = -0.190$, $p < 0.05$). Materialism was not statistically significant, but was in the anticipated direction (positive). In addition, relativism was not statistically significant and was not in the anticipated direction.

In the third model, the consumer actively benefits owing to an action that was questionable, but not illegal (DELEGAL). In this case, the three variables explained 19.8% ($R^2 = 0.198$) of the variance in the dependent variable (DELEGAL). All the three independent variables were significant predictors. Materialism heavily influenced the DELEGAL ($\beta = 0.218$, $p < 0.05$): idealism ($\beta = -0.334$, $p < 0.05$), and relativism ($\beta = 0.226$, $p < 0.05$). All directions of the beta signs were as expected. This finding suggests that the Indonesians with a high level of materialism and relativism are likely to engage in actions that are questionable, but not illegal. In addition, Indonesian consumers ascribing to an idealistic ethical ideology would be the least likely to initiate an illegal activity from which they would benefit.

The fourth equation investigated whether materialism, idealism, and relativism could accurately

predict the “no harm/no foul” activities. The independent variables explained 4.5% ($R^2 = 0.045$) of the variance in response to the presented ethical situations (NOHARM). In this case, “Idealism” was the only significant variable. Idealism negatively ($\beta = -0.212$, $p < 0.01$) influenced the perceptions of Indonesian consumers involving “no harm/no foul” activities. More than statistically insignificant, the materialism construct was also not in the predicted direction. In addition, relativism was not statistically significant, but was in the positively predicted direction.

In summary, analytical results indicated that Indonesian consumers with a high level of materialism were more likely to engage in ACBEN and DELEGAL practices. The above findings partially supported the H2 hypothesis. In addition, the findings suggested that Indonesian consumers who scored high on the idealism scale were more likely to reject PASBEN, DELEGAL, and NOHARM activities. This finding supported hypothesis H3a for three of the four constructs. Analytical results indicated that Indonesian consumers tended to follow idealism of the ethical judgments. In addition, according to those results, relativism and ACBEN, PASBEN, and NOHARM activities were not related. The Indonesian consumers who scored high on the relativism scale were more likely to engage in DELEGAL activities. This finding only partially supported H3b. In order to more accurately present the results, Table V displays a summary table of the hypotheses.

Various demographics appear to be related to ethical judgments (Vitell, 2003). For instance, age appears to be related to ethical judgments, with younger consumers less ethical (Erffmeyer et al., 1999; Fullerton et al., 1996). According to the suggestions of Vitell (2003), demographic variables, including gender and educational level, warrant further study. Therefore, this study also explored the relationship between demographics variables and ethical judgments by performing ANOVA.

ANOVA results

Based on ANOVA, this study compared consumer ethics across demographic categories such as gender, age, education, religion, and occupation (Table VI).

TABLE V
A summary table of the hypotheses and results

Hypotheses	Testing results
<i>H1</i> : Attitudes among Indonesian consumers are significantly correlated with various questionable consumer practices.	Partially supported
<i>H1a</i> : Attitudes among Indonesian consumers toward business are significantly correlated with questionable consumer practices (i.e., active, passive, illegal, and no harm).	Partially supported
<i>H1b</i> : Attitudes among Indonesian consumers toward salespeople are significantly correlated with questionable consumer practices (i.e., active, passive, illegal, and no harm).	Fully supported
<i>H1c</i> : Attitudes among Indonesian consumers toward illegal acts are significantly correlated with questionable consumer practices (i.e., active, passive, illegal, and no harm).	Partially Supported
<i>H1d</i> : Attitudes among Indonesian consumers toward government are significantly correlated with questionable consumer practices (i.e., active, passive, illegal, and no harm).	Partially supported
<i>H1e</i> : Attitudes among Indonesian consumers toward mankind are significantly correlated with questionable consumer practices (i.e., active, passive, illegal, and no harm).	Partially supported
<i>H1f</i> : Attitudes among Indonesian consumers toward the Internet are significantly correlated with questionable consumer practices (i.e., active, passive, illegal, and no harm).	Partially supported
<i>H2</i> : Indonesian consumers with a high level of materialism are more likely to engage in questionable consumer practices than those with a lower level.	Partially supported
<i>H3a</i> : Indonesian consumers who scored high on the idealism scale are more likely to reject questionable activities (i.e., active, passive, illegal, and no harm) than their counterparts who scored low on the same scale.	Partially supported
<i>H3b</i> : Indonesian consumers who scored high on the relativism scale are less likely to reject questionable activities (i.e., active, passive, illegal, and no harm) than their counterparts who scored low on the same scale.	Partially supported

In order to insure that these results were comparable with previous literature, demographic categories were adopted directly from Vitell and James Muncy (1992). Such comparisons indicated that the categories significantly varied from each other except for religion. This study did not find that Islam significantly differed from other religions in terms of ethical decision-making of the respondents. Although religion and consumer ethical decision-making were not significantly related to each other, the means of deceptive (DELEGAL) and no-harm (NOHARM) dimensions indicated that the Islam consumers scored higher than those from other religions.

According to the ANOVA results, the relationships between gender and the deceptive (DELE-

GAL) and no-harm (NOHARM) dimensions are statistically significant. A close examination of the means of the two significant dimensions revealed that male Indonesian consumers were more likely to accept deceptive and no harm questionable actions than female Indonesian consumers were.

Statistical analysis revealed that age and the actively benefiting (ACBEN) dimension were significantly related to each other. However, the age category did not significantly differ from the other three consumer ethical dimensions, i.e., passive, illegal, and no harm.

ANOVA results indicated that the relationship between education and the active dimension (ACBEN) was statistically significant. A close examination of the means of this dimension across

TABLE VI
ANOVA analysis for demographics

	ACBEN			PASBEN			DELEGAL			NOHARM		
	Mean	F value	Post-hoc	Mean	F value	Post-hoc	Mean	F value	Post-hoc	Mean	F value	Post-hoc
Gender		0.366			0.510			5.988*	M > F		4.611*	M > F
Female (F)	2.314			2.222			2.378			2.608		
Male (M)	2.279			2.269			2.536			2.768		
Age		6.667**	B26 > 26-35		0.973			0.258			2.152	
Below 26 (B26)	2.373			2.290			2.483			2.632		
26-35 (26-35)	2.159			2.183			2.444			2.796		
Over 35 (O35)	2.361			2.233			2.423			2.646		
Education		4.043*	U > H		0.079			0.202			0.623	
High school or less (H)	2.216			2.243			2.474			2.736		
College (C)	2.333			2.259			2.435			2.666		
University and above (U)	2.430			2.217			2.483			2.630		
Religious		0.242			0.682			1.980			1.929	
Islam (I)	2.291			2.237			2.477			2.711		
Others (O)	2.342			2.342			2.309			2.519		
Occupations		7.727**	OW > B		0.552			7.525**	OW > B		6.641**	OW > B
Blue-collar worker (B)	2.201			2.234			2.569			2.779		OW > S
Office worker (OW)	2.479			2.285			2.478			2.747		OW > S
Self-employed (S)	2.185			2.250			2.149			2.295		
Others (O)	2.238			2.089			2.231			2.608		

All Sig. differences are at $p < 0.05$ using the Scheffe *post-hoc* testing procedure.

*Significant at $p < 0.05$, **Significant at $p < 0.01$.

the education categories revealed that higher-educated Indonesian consumers were less likely to reject active questionable activities than lower-educated Indonesian consumers were.

Finally, comparing occupational categories revealed a significant relation to the active, deceptive, and no-harm activities. Office workers were generally found to be the group that would most likely to benefit actively, while blue-collar workers would most likely engage in deceptive and no-harm activities. Of the various occupation categories, self-employed workers were least willing to accept questionable behaviors.

Conclusions and limitations

This study attempted to explore the ethical beliefs of Indonesian consumers (i.e., ACBEN, PASBEN, DELEGAL, and NOHARM) and orientations based on attitudinal attributes: materialism and moral ideologies (i.e., idealism and relativism). In addition, this study examined Indonesian consumer ethics in relation to five demographic variables, i.e., gender, age, education, religion, and occupation.

The survey results of a sample of 230 Indonesians demonstrated the following. First, certain personal attitudes apparently affected the ethical judgments of Indonesian consumers. The relationship between Indonesian's attitudes toward salespeople and their consumer ethics indicates a positive direction. Second, Indonesian consumers who exhibit higher ethical concerns over actively benefiting from illegal actions exhibit higher levels of materialism, higher levels of idealism, and lower levels of relativism. Third, materialism, idealism and relativism heavily influenced benefiting from actively engaging in some questionable (DELEGAL) activities. Analytical results indicated that Indonesian consumers with a high level of materialism and relativism were likely to initiate an illegal activity from which they would benefit. In addition, consumer ethics were compared based on demographic categories. These comparisons indicated that all the categories significantly differed from each other except for the religion variable.

According to Vitell and Muncy (1992), personal attitudes significantly impacted ethical decision making of consumers. Fishbein and Ajzen's

model considered the role of attitudes and subjective norms in predicting intentions. Through intentions, individual performance of behavior can be determined. Our results indicated that certain personal attitudes appear to affect the ethical judgments of Indonesian consumers. For instance, there was a significantly positive relationship between the attitudes toward salespeople and ethical beliefs (ACBEN, PASBEN, DELEGAL, and NOHARM). Apparently, Indonesian consumers with more favorable attitudes toward salespeople were likely to accept questionable consumer acts. Salespeople are the point of contact at the consumer/entrepreneur interface. Consequently, by focusing on how and what salespeople communicate to consumers, entrepreneurs may serve as good role models. However, attitudes toward the Internet were only significantly correlated with NOHARM. The positive relationship indicated that Indonesian consumers with a more positive attitude toward the Internet were more likely to engage in no harm and no foul practices. A close examination of the questions related to "no harm/no foul" practices revealed three items to describe software-related questions. They were "taping a movie off the television," "using computer software or games which one did not buy," and "recording an album instead of purchasing it." The results may explain why the software piracy rate in Indonesia is extremely high. Therefore, training Indonesian consumers to recognize intellectual property rights and consumer ethics is an important strategy for international companies that target Indonesia as a potential market.

As is anticipated, this study demonstrated that Indonesian consumers with a high level of materialism were more likely to benefit from both actively and passively engaging in questionable activities. Materialism may lower ethical standards. A materialistic individual may be less likely to take an ethically high ground; doing so means sacrificing the possession of the material things he or she so deeply desires (Muncy and Eastman, 1998). In addition, the relationship between materialism and ethics may be significant in macromarketing (Muncy and Eastman, 1998). Governments in developing countries may encourage materialism, with the intention of spurring economic growth (McGregor, 1992). These

results help explain the extremely high rate of PC software piracy in Indonesia.

Our findings further revealed that Indonesian consumers who scored high on the idealism scale were more likely to reject active benefiting, passive but legal, and no harm questionable activities. Moreover, this study revealed that relativism and consumer ethical beliefs were not related. These findings revealed that Indonesian consumers generally assigned a higher weight to idealism than relativism when making an ethical decision. The results resemble those of Rawwas (2001), which revealed that Indonesian consumers tended to follow idealism. Interestingly, it might be a common phenomenon for consumers to rely on more idealism than relativism in an ethical situation. This phenomenon is revealed in the study of Forsyth et al. (2008), which was based on 139 independent samples from 81 studies conducted with residents of 29 nations totaling 30,230 participants. Thus, applying both idealism and relativism may provide more and meaningful information when explaining an individual's ethical behavior. According to Forsyth et al. (2008), Islamic individuals (e.g., most Indonesian consumers) are absolutists, with a high level of idealism and a low level of relativism. Absolutists acted in ways that comply with moral rules. Acting in such a way, they usually yield the optimum consequences for all concerned. When a culture stresses the welfare and materialistic possessions of the individuals above the communities, high achieving individuals may be more relativistic and less idealistic. Powerful social norms that govern interactions within an Islamic society are based on the service value provided to and the concern for their community. Therefore, Indonesian consumers who are Islamic are mostly antithetical to individual-centered consumers. They are affected by an Islamic culture that stresses traditional religious values that conform to codes of ethics and moral rights.

Regression results clearly indicated that materialism, idealism, and relativism significantly explained ethical beliefs among consumers in the DELEGAL dimension; in addition, the signs of the respective beta weights were in the expected direction. This finding suggests that Indonesian consumers exhibit high ethical concerns over deceptive but legal activities. Interestingly, three predictors, i.e., materialism, idealism, and relativism, explained only a

negligible amount of the variance in the other three dimensions (3.7% for ACBEN, 4% for PASBEN, and 4.5% for NOHARM). This may be because consumers generally did not perceive these activities as wrong. In sum, since ethics was not perceived as an issue in these instances, then an individual's ethical perspective (materialistic, idealistic, or relativistic) was only of minor importance. For instance, many of the activities perceived as ethical (no harm) tended to be those that involved the pirating of intellectual property such as software, CDs, or DVDs/VCDs.

The study indicated that ethical concerns and certain demographic descriptors were closely related. Gender was significant in determining beliefs for consumer practices described as DELEGAL and NOHARM. Female Indonesians tended to be somewhat more ethical than Indonesian males. This result was consistent with previous findings. For instance, Erffmeyer et al. (1999) found that females were significantly less willing to accept actively benefiting from both illegal and questionable actions in Japan. While examining the ethics of African American consumers, Swaidan et al. (2003) indicated males were significantly more willing to accept "no harm/no foul" activities. Nevertheless, this finding is meaningful for firms that select target markets segmented by gender in Indonesia. In this case, males might be more likely to take advantage of deceptive actions and "no harm/no foul" practices.

With respect to the religion category, Vitell et al. (2005) indicated that intrinsic religiosity was a significant determinant of consumer ethical beliefs; however, this study did not find that Islamic respondents significantly differed from others in terms of ethical beliefs. The smaller sample size of the other religions in this study may incur a bias. As 90% of the Indonesian population is Islamic, finding an adequate number of samples of Indonesians from other religions for comparison purposes was difficult. Therefore, Islamic respondents must be with other religions in terms of determining consumer ethics by expanding the sample size of other religions in Indonesia or across cultures for future study.

Furthermore, limitation is inevitable in any convenient sampling study of cross-cultural ethics. The sample size of this study limited the generalizability of the findings. For instance, according to the sampling results, the age group over 46 years old was only

3.1%. Compared with the other three sampled age groups, the smaller proportion of the population may incur a statistical bias. However, expansion of the current boundaries of knowledge requires taking these risks. Future studies should attempt to obtain data from larger random samples in Indonesia. Finally, social desirability bias may have been a factor in response to some of the questions. Some respondents may have provided a socially desirable response to appear ethical (Al-Khatib et al., 2005a, c). The likelihood of such a possibility has been cited in other cross-cultural researchers in ethical issues (Akaah, 1990; Al-Khatib et al., 1997, 2004, 2005a, b, c). In order to control such a bias, future studies should examine the inclusion of social desirability measures.

Future research also should investigate how consumer ethics vary across cultures based on the ethical problems faced, e.g., “actively benefiting” versus “passively benefiting” from illegal actions. Future research studies should also compare the consumer ethics of Indonesia with other countries, such as for other Islamic or developing countries. Thus, results of this study can be inferred and generalized.

Although this study only explored a single country, the findings should benefit marketers and policy makers in understanding the beliefs of Indonesian consumers. The failure to implement intellectual property laws in Indonesia might be owing to the fact that the law does not benefit Indonesia, largely because the country has not yet reached a higher stage of development (Kusumadara, 2000). Most Indonesians have a relatively low economic standard of living and, thus, lack the economic capability to purchase authorized but expensive products. Moreover, patent law is often disregarded as it is perceived to be contrary to Indonesia’s communal, political, and social culture, which has historically emphasized protection of the public interest rather than individual private interests. Consequently, cultural, economic, and technological developments in Indonesia may have exacerbated the disregard for intellectual property laws. However, Indonesians must receive education on how to enforce intellectual property rights. Importantly, results of this study significantly contribute to efforts of marketers to formulate better strategies, customize products, and packages, and develop messages that comply with the desires and demands of Indonesian consumers.

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