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EMPIRICAL STUDY OF CONSUMER ETHICS: A COMPARATIVE STUDY OF TWO FIRMS OF FAISALABAD, PAKISTAN

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ABSTRACT:

Ethics are very important factor in today business. We have conducted this study to identify consumer ethics and their buying behavior in Particular two Organizations of Faisalabad, to study the consumer ethics we used four different dimensions. The purpose of this paper to find the situation in which consumer behaves unethically in Pakistan. And the result compares with previous consumer ethics researches. It is an exploratory research for the purpose of seeing the consumer ethics. The study shows that different consumers behave differently in term of ethical point of view. Our study shows that customers similar in terms of Machiavellianism they display. Limitation in this paper is that the study was conducted only in Faisalabad. Another problem is that time; willingness and mood of the customers also affect the responses. This is an exploratory research and the results are not claimed to be generalized. So the further research should be made on social and political problems which affect the ethical behaviors and try to generalize the results.

Key words:

Ethics, unethical practices, Machiavellianism, willingness, and Pakistan

1. INTRODUCTION

Ethics is very important in today's business and people are more conscious about ethics than that of past. Since 1980 the officially two journals of business ethics started to publish articles on ethics. But there is a problem that every researcher focus on marketing ethics only and the situation is more worst because they only focus ethics from seller point of view [1]. As everyone knows consumer or buyer is also a major participant in business activities. In past there is only 20 researches focused ethics from consumer point of view but these researches only focused USA market only and the scope of these researches are very narrow and limited so there is a need to work on consumer ethics because it is necessary to understand the complete sense of business ethics by focusing on the ethics both ends of buyer and seller [2].

There is a no previous study which analyzes the end users ethical problems in foreign countries when we compare the world globe with USA there is only few studies conducted in USA

premises about consumer ethics so this is a burning issue to work on it [3]. This research also focus which marketing theories applicable universally and which only applicable to some specific geographical areas. The object of this paper to find the situations in which consumer behave unethically in Pakistan like for example some customers replace price tags of products in retail stores etc. And the result compares with previous consumer ethics researches.

Consumer ethics is the most important factor in the international business when a business either small or large focusing on international markets it is important for the company to know about ethical issues related to company [4]. Managerial implication is the base of ethical and unethical decision making. Mostly ethical issues arise in the consumer product. The consumer product includes the components of supply chain management. In the previous years a lot of studies conducted on consumer ethics. Consumer is the most important factor of the supply chain but after that customer also have some responsibilities on him. Consumer is the king of the market but consumer responsibility towards product is also an important factor. The whole activities of supply chain take place for the consumer.

Now there is a study of consumer culture, value system and the consumer ethics. It means culture is also important in consumer ethical issues that what he gains from his culture and what is its exposure the personal factors of consumer and the external factor of the consumer pay important role in the consumer ethical issues. Consumer ethics deals with how consumer gets a product and through which way, use it and dispose the good or service. It gives a lot of help to understand the issues related to consumer ethics for example fraud, theft etc. Consumer must avoid these factors [13].

In today's business where world become global village and every company face ethical issues when it is going to enter in international business. Mostly research conducted only on two countries with a limited sample size and focusing only their unethical behavior due to economic, political factors and most of the researches except someone neglecting the role of religion in the ethical behavior. Ethics are for both parties for the consumer as well as for the business [14].

2. LITERATURE REVIEW

As mentioned about the topic of consumer ethics has been neglected and a very few researchers has been written on consumer ethics so these researchers can be divided in to four portions.

1. Few Researchers has focused only on two topics that is shop lifting [5] and Ecology related to usage of any problem [6].
2. Another type of researchers through light on the normative instruments related to consumer ethics that support to understand and help why some consumer behave in non normative manners [7].
3. Some articles help to build conceptual grounds for understanding the consumer how consumer make ethical decision [8].

4. The last category focus the empirically struggle to understand how consumer make the decisions ethically so there is few research papers which through lights on the general ethical behavior of customer [9].

A paper topic bill of Rights describe the perception of consumer how negative they thing about certain products in certain situations. there are two pairs of behavior which occur when buyer and seller are going to contact with each other in this situation the un ethical behavior may be occur either seller misguide the buyer or vice versa [10]. An Other study which explain how wrong some certain activities which is related to perception although there are some frauds actions which was disapproved but some people seeing those activities as wrong according to their perception. Some activities which consumer thought these activities are acceptable or tolerable in which business activity was at fault rather than the final consumer [11].

[12] Another Research named Machiavellianism was tested in which some customer asked to rated the twenty different situations so the results vary according to demographical aspects. so there is a need to explore the consumer ethics studies because previous studies have no multicultural conducted only by limited sample size so the more understanding about the consumer ethics and certain behaviors their norms and needs a very sophisticated multicultural required although the death of different issues discussed in previous research but according to consumer ethics there is a need to discuss various issues in a single article so it can help to understand consumer ethical actions according to latest theories of business ethics it assumed different consumer having ethical contents and they applied ethical guideline and different moral consents [15].

These Guidelines are categories in two philosophies

1. Deontological

2. Theological

The moral philosophies defined the actions and behavior of the customer according to deontological it is a way of evaluating the generic goodness and badness of something with some alternatives that can be chosen. In this process individuals compare Different behavior with some norms and guidelines according to their ecology.

And in Theological Customer check possible course of action by considering the following

1. Perceived Results of every alternative

2. Chance of each result will occur to each stage holder.

Personal Characters:

Machiavellianism has been tested a hundred times but there is no past study which compare the Machiavellianism with the customer norms of the different culture some researcher explain Machiavellianism as dishonesty and deciding the others. Some Machiavellianism individual's show a cool behavior in which they are less emotional interacts facing to others. So this lack of interaction brings more Machiavellianism towards lower ethical interaction. This theory goes parallel to the theory of idealism and relatisivism in this consumer are not accepting the world wide moral rules when they examine the ethical judgments.

The author Foresights the four categories

Situationists: these are the people who reject the rule by saying that it is not best fit with the situation [16].

Absolutists: they believe their actions are good if the result gives positive consequences they believe the reception is not good if it may not match with their norms.

Subjectivists: these people are those who reject the social and moral rules. They only examine the person by their own feelings.

Exceptionists: they allow the bad things till they are safe to use as mentioned this theory depends two scales

- ❖ Idealism

- ❖ Relativism

In idealism it is overall accepted phenomenon which is universally accepted and relativism is denied of universally accepted phenomenon. So it is necessary to research individual's ethical ideology in this paper [17].

3. METHODOLOGY

Questionnaire has four dimensions.

First one is actively benefiting in which we check the customers perception towards illegal activities and mostly consumers said these activities are illegal which are mentioned in the first part. The second part of the questionnaire was passively benefiting in which consumer obtain benefits from the sellers mistakes and he/she is not involved directly in illegal activities. In this part mostly consumers get benefits and accepted them. In the third part the questionnaire contain the questions which check the consumer behavior towards those actions which are perceived by the peoples less illegal. The fourth and final part of the questionnaire contain those questions which check the consumer ethical behavior when their activities has no harmful effects and mostly people accept these actions as positive. Machiavellianism is checked by a scale which was developed by Charistie in 1970 in which 20 questions was developed. Ten questions developed in Machiavellian direction and the other ten was developing in opposite direction. These questionnaires have 5 point likert scale.

The ideology and perspective part of the questionnaire is checked by the questionnaire which was made by Forsyth in 1980 in which we also used 5 point likert scale. One part is made to check the customer's idealism and the other is made to measure relativism.

Reliability of Instrument

Cronbach's Alpha	N of Items
.818	66

By using Cronbach's Alpha Reliability the reliability of the instrument was checked that is .818, it means that the instrument is reliable.

Data collection: data was collected through personal visits in the Shopping Malls working in Faisalabad, named **AL-FATAH** and **HOME PLUS**.

4. FINDINGS

The mean of both firms and the mean difference is as follows:

VARIABLES	HOME PLUS MEAN	AL-FATAH MEAN	MEAN DIFFERENCE
ILLEGAL ACTIVITY	3.2333	3.7385	-0.50513
PASSIVELY BENEFITING	2.9792	3.4231	-0.44391
ACTIVELY BENEFITING	3.1875	3.4808	-0.29327
NO HARM/ NO FOUL	3.3333	2.9846	0.34872
MACHIAVELLIAN SCALE	3.0333	3.0462	-0.01282
IDEALISM SCALE	3.2917	3	0.29167
RELATIVISM SCALE	2.7667	2.6923	0.07436

Discussions

This table shows that the customer of AL Fatah and Home plus does not respond to the illegal activities. Mostly customers answers the first part of the questionnaire by strongly disagree it means they consider to the active illegal activities but the situation is more verse in the second part passively benefiting in which mostly consumers answers the questions by agree it means they are less conscious and no bother when others are on the wrong side. The third is actively benefiting in which mostly consumer answered disagree expect someone they considered unethical by getting direct benefits from unethical activities. The next one is no harm no foul in which mostly consumer agreed with questionnaire because they accept the wrong things which are not illegal and make no harmful effects the degree of Machiavellianism is higher in Pakistan and the idealism is also have a great influence in the customer of Pakistan.

The mean of the firm shows that the two variables actively benefiting from illegal activity and no harm no foul are significant impact and the other variables have insignificant impact.

This is basically a comparative study of two firms which shows the relationship between two different organizational consumers.

5. CONCLUSION AND LIMITATION

The study shows that different consumers behave differently in term of ethical point of view. Our study shows that customers similar in terms of Machiavellianism they display. These results are similar in both AL Fatah and Home plus because the customers are similar in the context of customer traits their beliefs, values. They are also similar in term of demographic, geographic economic and culture. So the findings are not surprising due to any differences in the customer's ethical beliefs, Economic hardworking, rigid culture values and the impact of religion mold the customer's ethical beliefs. Another limitation in our paper is that the study was conducted only in Faisalabad and focusing only one particular customers of home plus and AL Fatah. Another problem is that time; willingness and mood of the customers also affect the responses. Our study

was conducted only on a metropolitan area of Pakistan. So the demographic traits may affect the research. All of this does not mean that there is no significance of this paper. This is a explorers research and the generalization of the study does not made. So the further research should be made on social and political problems which affect the ethical behaviors and try to generalize the results. Another aspect of future study based on education, age, income, family background, and their effect on ethics. By conducting this someone help to understand explain and predicting how consumer behave in the term of ethic.

6. MANAGERIAL IMPLICATION

This study shows that it has very strong implications like for the managers and policy makers are clearer about objectionable consumer practices. It is also important for the customers to provide them education regarding the ethics. These programs should include the public so they provide funds for the ethical education to the general public. So the consumers behave more positively when they dissatisfied and when they searching and using product information. These actions is not only highlight the consumer awareness towards their rights but also important for the responsibilities and obligations of any customers. This research also help the managers to make strategies for the coping of unethical behaviors because by the reading of this paper they are more in the position of better understanding the Pakistani consumers and their ethical behaviors. Additionally the high level of idealism and greater acceptance of unethical actions shows those consumers of Pakistan generically less conscious about ethics and consumer behave unethically and not considering them unethical. May be this is the reason that market also do not treat the customers ethically so the customers emulate the ethics when they do shopping so there is a need of provide the right information to the customers about the products. Advertise honestly and tell the right features the right quality for the sake of gaining the customers trust and their virtue so they behave ethically and the large multinational firms deeply look about the background and customer perspective within those regions in which they are going to operate. They also train their employees so they conduct research about the customer's values in the host countries so that they make right strategies to the right peoples to the right place.

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