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A STUDY ON ETHICS OF CONSUMERISM IN INDIA

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ABSTRACT

Consumerism is part of contemporary post of modern world. It has most commonly been examined in terms of its collective effects, positive or negative, on an economy and its constituents. Few perspectives have incorporated the negative effects of consumerism on an individual. Managing the negative effects of consumerism in terms of identity conflicts is a key issue that has not received much attention in existing literature. Consumerism is increased consumption of goods and services by people above the commonly established level of basic need good for the society and economy .ethics are needed not only for sustained growth of a business but also have overall well being of the economic structure which is again linked to the long term suitability of the business.

Key words: consumer behaviour, cultural, ethical beliefs and personal values

INTRODUCTION

Over the last ten or twenty years, more and more people around the world, primarily in industrialised countries, have become better informed and more aware of the origins of the goods they purchase on a day-to-day basis, the buying policies and practices of the shops they visit and the policies and principles of the services they buy. In a growing number of cases, this increased awareness and knowledge is affecting consumer practices and may be the difference between someone buying a particular product or service or not. There are a number of reasons for this development, which is commonly referred to as “ethical consumerism”, or also “ethical consumption”, “ethical purchasing”, “moral purchasing”, “ethical sourcing”, “ethical shopping” or “green consumerism”. Fundamentally, ethical consumerism is a form of consumer activism, in other words, consumers taking responsibility for their decisions in purchasing goods and services.

Two key elements that have contributed to this development and that are interrelated are the significant and rapid progress in Information and Communications Technologies, particularly internet-based, and the role of the media in exposing bad practices in global supply chains of goods and services. If consumers log on to the internet today and carry out a search on “ethical consumerism” or “ethical trade”, they will get thousands of hits of web sites with information on these issues or specialised retail goods and services advertised as either “ethical” or “fair trade”. In addition, there are articles nearly every day in many newspapers and magazines on life stories of exploited workers, sometimes children, who make products which are eventually sold in the west at many times the small amount of money they are paid in wages. All of which contributes to a very confusing picture for the average consumer, who is bombarded with messages of what to do or not to do. Trade unions, charities and other civil society organisations the world over run regular campaigns to inform consumers of how the products and services they buy are manufactured, farmed or otherwise provided and produced. The aim is to highlight the significant profits made by companies and others on the backs of workers in developing countries, pointing out that a very obvious way to tackle poverty and inequality around the world would be to ensure that everyone enjoys decent working conditions and benefits from a living wage, access to adequate public services, particularly education, health and social protection, and a fulfilled and meaningful life. In this way, the fundamental principles of ethical consumerism are directly linked to the need for companies to be socially responsible in all aspects of their business activities and for governments to apply and monitor the application of international conventions relating to human rights and appropriate labour, social and environmental standards.

In essence, therefore, “ethical consumerism” applies to the intentional purchase by a consumer of products and services that have been manufactured, processed or provided through ethical means, in other words, with minimal harm to or exploitation of humans, animals and/or the natural environment. Put simply, it is about buying products and services that are made and distributed under ethical conditions by companies that behave in an ethical and socially responsible manner. Ethical consumerism is practised through “positive buying” in that ethical products, for example, those branded “fair trade”, are favoured over others.

DECISION MODEL OF ETHICAL CONSUMERS

According to Rob Harrison, (founding director of the Ethical Consumer Research Association) there are four factors which are regarded to be most important when influencing the purchasing decisions of ethical consumers. (Harrison et al. 2005, 39-48) As shown in *Figure 1.1 Decision Model of Ethical Consumer* below, are the identified four factors:

- Governments: inform ethical consumers by certifying, creating legislation and publishing related information, and data of the relevant research to the public,
- campaign Groups: can provide useful tools for ethical consumers, such as labels to assist in identifying ethical products, while updating information and data necessary
- Private Sector: influences consumers by both alternative companies and mainstream companies. Alternative companies can provide identity to ethical consumers while the mainstream companies can create a fashion or trend to attract more consumers to the ethical market.

- Specialist Ethical Consumer Publications: informs ethical consumers according to three main sources which are campaign group publication, specialist ethical consumer organizations and mainstream consumer’s association.

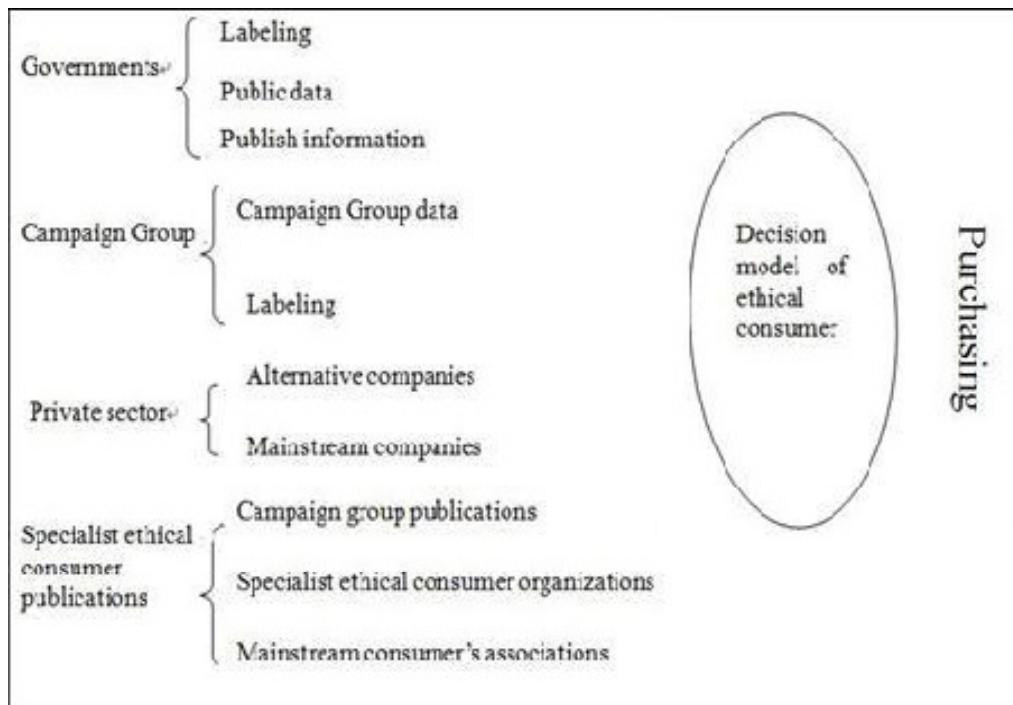


Figure 1: Decision Model of Ethical Consumer

Culture is often defined as “the essential character of a society that distinguishes it from another” (Lamb, Hair, & McDaniel, 2005, p. 123).

Trompenaars (1994) stated culture operates within a group, is learned (often through generations), influences the basic thinking process of groups of people, and describes common behaviours and values that groups of people may exhibit under certain conditions. Consequently, a fourth cultural dimension above the national culture can be identified, which represents the “supra” level. This highest level of culture comprises nationalities sharing political systems, ethnic roots, religious values, and economic standards. It distinguishes four levels of culture: on the “macro”-level is located national culture, “Supraculture” - shared by nations with similar economic systems and development, ethnicity, religion, “Mesoculture” shared by groups or communities, e.g., a professional group or industry, within a macro culture and on the “micro”-level the organizational culture is referenced. Consequently, a fourth cultural dimension that is above the national culture can be identified. This “supra”-level of culture comprises nations sharing economic standards, ethnic roots, religious values, etc. Therefore, national culture cannot be understood independently from the economic system, stage of economic development, religion, etc. While supra- and macro cultural factors represent the wider cultural environment, meso and micro cultural forces constitute the closer cultural environment. This distinction is significant because the two cultural environments differ in the way in which values are learned, as well as in value endurance and

their impact on behaviour (Hentze & Lindert, 1992). The various cultural levels, which cannot be seen isolated from each other but influence each other, are displayed in Figure 2.

Levels of Culture: A Marketing Perspective

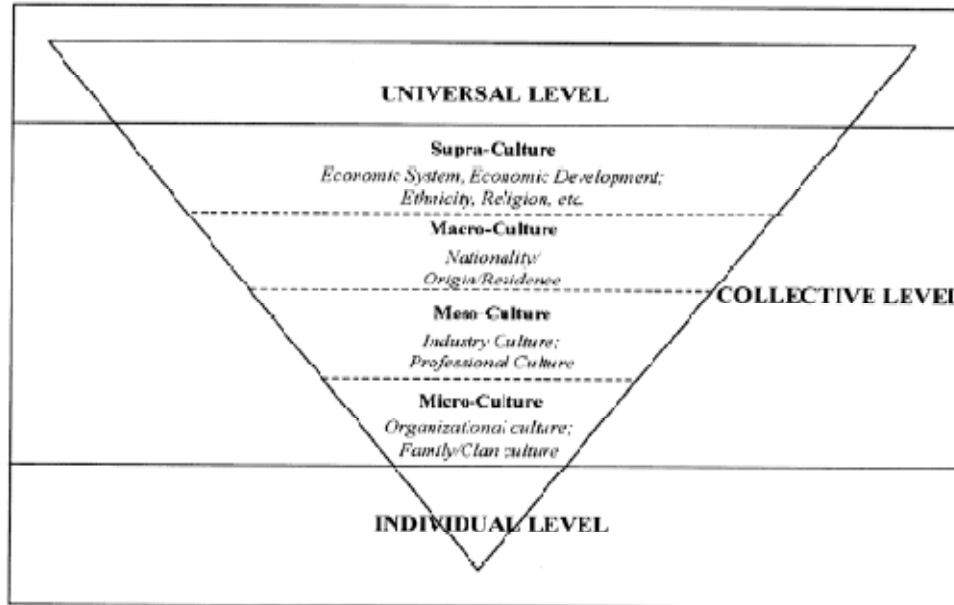


Figure 2

The modern conception of culture focuses directly on observable behaviour. It recognizes that culture not only predisposes the individual toward certain behaviour, but also eliminates other behaviour. Consequently, culture creates a repertoire of behavioural skills. Culture directly influences what people will do and what people can do. This interpretation of culture is more important for how managers should decide, less for what the decision should be. Culture affects implementation and execution of strategies more than their formulation (Johansson, 2000). In the case of the marketing department, culture and ethics have a direct influence in the implementation and execution of strategies. The marketers need to understand the culture of the foreign country in order to obtain success.

Personal values

The value of corporate social responsibility (CSR), particularly as it relates to the rise of "ethical consumers." These are shoppers who base purchasing decisions on whether a product's social and ethical positioning—for example, its environmental impact or the labor practices used to manufacture it—aligns with their values.

The average consumer is demanding so-called ethical products, such as fair trade-certified coffee and chocolate, fair labor-certified garments, cosmetics produced without animal testing, and products made through the use of sustainable technologies. Yet when companies offer such products, they are invariably met with indifference by all but a selected group of consumers.

Although many individuals bring their values and beliefs into purchasing decisions, when we examined actual consumer behavior, we found that the percentage of shopping choices made on a truly ethical basis proved far smaller than most observers believe.

Challenges for Ethical Consumerism

Many areas of consumer concern are characterized by a lack of effective labelling and availability of alternatives in the marketplace. The National Consumer Council (NCC) identified a large amount of willing environmental consumers who could find „neither the products nor the accurate information to guide their behaviour“ (NCC 1996). Consumers had insufficient information on company social and environmental behaviour to make an informed purchasing decision. In such situations would-be ethical consumers are forced to make choices based on imperfect information and the lack of an ideal alternative in keeping with their values. The notion of an ethical consumer effectively assisting in moving the society into sustainability is inherently brought into question, given that consumerism tends to lead to un sustainability. Furthermore often these tools may be misleading; by solving one problem within sustainability sometimes another problem can be created. The lack of a whole systems approach to sustainability by eco-labels can mislead consumers unbeknownst to them. An initial overview from a Strategic Sustainable Development perspective, yielded some strengths and weaknesses in current ethical consumerism patterns

CONCLUSION

Ethical consumers want plausible guarantees about ethical attributes. Suppliers must address the Quality challenges concerning certification and branding to promote their quality-assured products. Third-party accreditation and assurance systems may be a more efficient and effective mechanism to Formulate and communicate ethical attributes to consumers than through retailer labelling. Every consumer has to realize her multiple role(s) and the roles' salience in an integrated manner. While business firms value her as a consumer of their product, targeting her myopically by blindly appealing to her values to increase product appeal and brand-consumer relationship embeddedness will have a detrimental effect. Managing the negative effects of consumerism in terms of identity conflicts is a key issue that has not received much attention in existing literature. Firms as well as individuals need to make suitable adjustments to ensure that while the quest for improved living conditions

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