

## Ascertaining the Roles of Money and Religiosity in Unethical Consumer Situations

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**Abstract:** The escalating cost of living coupled with rapid changes in the market environment posed as a challenge to Malaysian consumers in addressing ethical issues of consumerism. The research aims to ascertain the influence of intrinsic religiosity, extrinsic religiosity and money ethics on consumer ethical beliefs. The result reveals that intrinsic religiosity is a significant contributor to three of the four consumers' ethical beliefs. Money ethics significantly explained consumer ethical beliefs for all the four dimensions. Extrinsic religiosity on the other hand did not show any significant relationship with all the four dimensions of consumer ethics.

**Key words:** Consumer ethics, intrinsic religiosity, extrinsic religiosity, money ethics, Malaysian consumers

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### INTRODUCTION

A recent survey conducted by Universiti Kebangsaan Malaysia (UKM) showed that 30.5% of Malaysian students interviewed were willing to accept bribes if they had the power and the opportunity. The research also found that 15% of the respondents would not mind offering bribes to facilitate business deals and 23.7% more would do likewise to prevent actions against them (TheStar, 2009). Furthermore, the study by Malaysian Anti-Corruption Commission (MACC), found that low salary scales and high cost of living are not the main factor for corruption among the support group in the civil service but rather corruption is caused by individuals' own weaknesses such as greed and having the desire to live in wealth and luxury despite not having the means to attain them (TheStar, 2010). Based on these recent studies, there seems to be a declining ethical standard among Malaysians in general.

With the escalating cost of living coupled with rapid changes in the market environment, how would Malaysian consumers' deal with ethical issues of consumerism? The current study will explore the influence of money ethics and religiosity in influencing consumers' ethical beliefs. A search through the literatures reveals that there are limited research conducted on the role of money and religiosity in determining consumer ethics among Malaysian consumers.

#### *Consumer Ethics:*

Muncy and Vitell (1992) define consumer ethics as 'the moral principles and standards that guide behavior of individuals or groups as they obtain, use and dispose of goods and services.' Consumer ethics have also been described as the 'rightness as opposed to the wrongness of certain actions on the part of the buyer or potential buyer in consumer situations' (Dodge, Edwards and Fullerton, 1996). Therefore in this instance, consumer ethics refers to the role of ethics in decision-making, including misconduct in the marketplace (e.g. shop lifting, failing to declare undercharging, buying counterfeit goods and downloading pirated digital products). The original consumer ethics scale by Muncy and Vitell (1992) consists of four distinct dimensions: (1) actively benefiting from illegal activities, (2) passively benefiting, (3) actively benefiting from deceptive but legal practices and (4) no harm activities. In 2005, the consumer ethics scale was modified and a new dimension that represents consumers' desire to recycle products and 'do the right thing' was added (Vitell and Muncy, 2005). The current research will adopt the Muncy and Vitell (1992) four dimensions of consumers' ethical beliefs.

#### *Religiosity:*

Geyer and Baumeister (2005) points out, 'Religion has strong ties to morality in that religions prescribe morality. Further, many religious persons believe that religion is the source of morality'. Allport and Ross

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(1967) proposed two distinct dimensions to religiosity, an extrinsic and an intrinsic dimension. The extrinsic dimension refers to motivations based upon the inherent goals of religious tradition itself. The extrinsic dimension of religious orientation might therefore lead one to religion for the objective of achieving mundane social or business goals such as to make friends or to promote one's business interest (how one's religion might serve oneself), whereas the intrinsic dimension would lead one to religion for its more inherent, spiritual objectives (how one might serve his or her religion or community). This characterization of the religious orientation dimensions is supported by the fact that the extrinsic dimension is a weaker predictor of positive life outcomes in comparison to the intrinsic dimension (Salsman *et al*, 2005). Moreover, the extrinsic dimension has sometimes even been associated with negative life outcomes (Smith, McCullough and Poll, 2003). Donahue (1985) argued that intrinsic religiosity correlated more highly than extrinsic religiosity with religious commitment.

Vitell and Paolillo (2003) specifically examined the impact of religiosity on consumers' ethical beliefs using a US national consumer sample. Measuring religiosity using a three item scale that included statements such as, 'I go to church regularly,' they found that religiosity was a significant determinant of both idealism (positive direction) and relativism (negative direction) and as such an indirect determinant of consumer ethical beliefs. Religiosity was directly significant in determining only the passively benefiting and no harm / no foul dimensions. In the research by Vitell, Paolillo and Singh (2005), intrinsic and extrinsic dimensions of religiosity were used in relation with consumer ethics research. The consumer ethics scale was used to measure the ethical beliefs of consumers. Intrinsic religiosity was a significant direct determinant of consumers' ethical beliefs except for the no harm / no foul dimension. Extrinsic religiosity was not a significant determinant of any of the dimensions of consumers' ethical beliefs. Thus, in short, if one internalizes one's religious beliefs in a spiritual sense this will impact ethical beliefs and if one tends to be religious for more mundane and selfish reasons, it will not. The insignificant results relating to the no harm / no foul dimension may be attributed to the fact that the majority of consumers perceive these actions as not being wrong.

Vitell, Paolillo and Singh (2006) extended this by using a nationwide U.S. sample of adult consumers. While extrinsic religiosity was not included in this study, intrinsic religiosity was again a significant determinant of consumer ethical beliefs. As before, the sole exception was the no harm / no foul dimension. A more recent study by Vitell, Singh and Paolillo (2007) did include the extrinsic dimension of religiosity. It also included a new dimension of the consumer ethics scale, namely a 'doing good / recycling' dimension. Intrinsic religiosity was not a significant determinant of this new dimension. Extrinsic religiosity however, was a significant determinant of the new dimension although it was not significant for the other four dimensions of consumer ethical beliefs. In line with the above discussion, the following hypotheses were formulated:

Hypothesis 1: There is a significant relationship between intrinsic religiosity and all the dimensions of consumer ethical beliefs.

Hypothesis 2: There is a significant relationship between extrinsic religiosity and all the dimensions of consumer ethical beliefs.

### ***Money Ethics:***

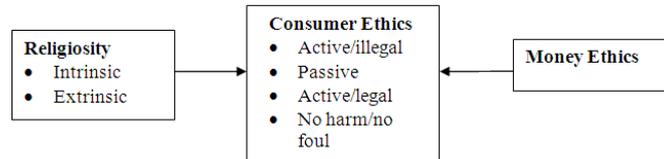
Krueger (1986) states that money at the individual level is the most meaningful object in modern – contemporary life and only food and sex are close competitors for conjuring strong, diverse and significant feelings. Tang [1992, 1993, 1995] developed a scale to measure the ethical meanings that people ascribe to money and has called it the money ethics scale (MES). Tang (2002) further reports that one's money ethic has a significant and direct impact on unethical behavior. Furthermore, he labelled the money ethic as the 'love of money' and unethical behavior as 'evil' stating that 'the love of money is the root of all evil.' Hence, it is reasonable to assume that people with a high money ethic (love of money) who place a high degree of importance on money would be less ethically sensitive than individuals with a low money ethic.

Mitchell and Mickel (1999) reported that money appears to be related to important individual personality and attitudinal variables. Recent research supports the notion that the love of money is the root of all kinds of evil (Tang and Chiu, 2003; Vitell, Paolillo and Singh, 2006; Vitell, Singh and Paolillo, 2007). However, there is a dearth of empirical research on the money ethics and unethical behavior as many have shown great reluctance to study these issues and consider the topic as taboo (Furnham, 1984; Tang and Chiu, 2003). Based on previously cited theoretical and empirical literatures, hypothesis three was proposed:

Hypothesis 3: There is a significant relationship between money ethics and all the dimensions of consumer ethical beliefs.

**Conceptual Framework of the Study:**

This research explored the hypothesized effect of intrinsic religiosity, extrinsic religiosity and money ethics on the four dimensions of consumer ethical beliefs: (1) actively benefiting from illegal activities, (2) passively benefiting, (3) actively benefiting from deceptive but legal practices and (4) no harm / no foul activities. The conceptual framework for the study was presented in Figure 1.



**Fig. 1:** Conceptual Framework

**MATERIALS AND METHODS**

**Data Collection:**

Data collection was administered through convenience sampling method to staff and students at a large private university in Malaysia. A total of 432 respondents completed the self-administered questionnaire with 406 useable for the purpose of this study. The respondent includes 33.6% male and 66.4% female. A total of 90.8% were full time students and 9.3% were employed. Majority of the respondents were Chinese 96.8% followed by Indian 2%, Malay 0.7% and other races 0.5%.

**Instruments:**

The survey consisted of three sections. The first section included the intrinsic and extrinsic religiosity scales adopted from Allport and Ross (1967) and Tang (2002) money ethics scales. Respondents were asked to rate each item on a five point Likert scale with 1 indicating “strongly disagrees” to 5 “strongly agree.” The second section included the Muncy and Vitell (1992) consumer ethical beliefs scale, while the third section contained various demographic measures. Muncy and Vitell (1992) questionnaire presented the participants with a set of situations that entailed ethical content. Items were measure on a five-point scale with 1 indicating, “strongly believe that it is wrong” and 5 indicating, “strongly believe that it is not wrong.” A high score on the scale means that consumers find these actions as more acceptable and less unethical.

**RESULTS AND DISCUSSION**

**Factor Analysis:**

A varimax rotated principal component factor analysis was performed on Muncy and Vitell (1992) consumer ethics scale. The Kaiser-Meyer-Olkin test (index: 0.861) and Bartlett’s test of sphericity (Barlett’s = 2569.269, p<0.001) indicated that these data were deemed fit for factor analysis. The factor solution indicated that 42.439% of the total variance was explained by the four consumer ethics factors. The results of the factor analysis can be seen in Table 1. Overall, the findings of the factor analysis support the relatively consistent factor structure of the Muncy-Vitell scale for consumer ethics.

**Table 1:** Factor Analysis for Consumer Ethics Scale

Dimension and items	Factor Loading
<b>Actively benefiting from illegal activities (CE1)</b>	
• Returning damaged products when the damage is your own fault.	0.465
• Changing price tags on products in a retail store.	0.687
• Reporting a lost item as “stolen” to an insurance company in order to collect the money.	0.575
• Drinking a can of soft drink in a supermarket without paying for it.	0.541
• Giving misleading price information to a clerk for an item without a price tag.	0.513
<b>Passively benefiting at the expense of others (CE2)</b>	
• Saying nothing when the waitress miscalculates the bill in your favor.	0.689
• Getting too much change and not saying anything.	0.703
• Not informing the cashier about an un-scanned item placed in the grocery bag.	0.681
• Moving into a new place and using a pre-existing phone line that has not been cancelled.	0.498
• Lying about your age in order to get a discount.	0.409
<b>Actively benefiting from deceptive but legal practices (CE3)</b>	
• Stretching the truth on an income tax return.	0.493
• Not telling the truth when selling your old computer.	0.560

**Table 1:** Continue

No harm / no foul (CE4)		
•	Returning merchandise after trying it and not liking it.	0.447
•	Tasting grapes in a supermarket and not buying any.	0.485
•	Spending over an hour trying on different clothes and not purchasing any.	0.844
•	Returning a “money back guaranteed” product after trying and not liking it.	0.439
•	Spending over an hour trying on different shoes and not purchasing any.	0.794

**Reliability Coefficient:**

Reliability tests were conducted on the dependent variable consumer ethics that consists of four dimensions and the independent variables (intrinsic religiosity, extrinsic religiosity and money ethics). The reliability coefficient of the variables exceeded the minimum acceptable level of 0.6, which concurs with the suggestion made by Nunnally (1979). Thus, the instruments used in this study showed good level on terms of reliability. Table 2 indicated the reliability levels of all the variables.

**Table 2:** Reliability Analysis

Construct	No. of Items	Alpha Coefficient	
Consumer Ethics			
• Active/illegal (CE1)	5	0.703	
• Passive (CE2)	5	0.817	
• Active legal (CE3)	2	0.649	
• No harm/ no foul (CE4)	5	0.754	
Religiosity			
• Intrinsic		7	0.720
• Extrinsic		6	0.738
• Money Ethics	17	0.928	

**Hypotheses Testing:**

The relationship between the four dimensions of consumer ethics with intrinsic, extrinsic religiosity and money ethics were determined through a stepwise regression analysis. The result shown in Table 3 indicated that there was a significant and negative relationship between intrinsic religiosity and three of the four dimensions of consumer ethical beliefs. Therefore, H1 proposed in this study was partially supported. As for H2, the results indicated that there were no significant relationship between extrinsic religiosity and all the dimensions of consumer ethics. Therefore, H2 was not supported ( $p > 0.05$ ). As for money ethics, the result indicated that there was significant positive relationship for all the dimensions of consumer ethical beliefs. The value of  $R^2$  indicated that 1.0%, 5.1%, 2.5% and 2.3% of the independent variables (intrinsic, extrinsic religiosity and money ethics) contributed to active/illegal (CE1), passive (CE2), active/legal (CE3) and no harm/no foul (CE4) respectively.

**Table 3:** Result of Stepwise Regression Analysis

Consumer Ethics	Independent Variables (Beta Coefficients)			$R^2$	Sig. F
	Intrinsic	Extrinsic	ME		
Active/illegal (CE1)	Not sig.	Not sig.	0.102*	0.010	4.138*
Passive (CE2)	-0.140*	Not sig.	0.159*	0.051	10.620*
Active/legal (CE3)	-0.110*	Not sig.	0.101*	0.025	5.106*
No harm/no foul (CE4)	-0.104*	Not sig.	0.099*	0.023	4.686*

\* Significant at  $p < 0.05$

**Discussion:**

The result from the research illustrates that an intrinsic religious orientation significantly explained consumer’s ethical beliefs for three of the four dimensions with the active/illegal dimension being the only exception. The stronger a respondent’s sense of intrinsic religiosity, the more likely they were to find the various questionable consumer activities as wrong or unethical. Intrinsic religiosity is also found to be the important predictor in active/legal and no harm/no foul dimensions. Extrinsic religiosity on the other hand did not show any significant relationship with all the four dimensions of consumer ethics. Apparently, extrinsic religiosity is not a factor in determining one’s attitudes towards questionable consumer practices. Money ethics significantly explained consumer ethical beliefs for all the four dimensions. The more that a respondent agreed that money was important, the more likely they were to find these questionable consumer activities as acceptable (or not wrong). Money ethics is also found to be the most important predictor in active/illegal and passive dimensions. The results from the current study seem to be partially supported with past studies by Vitell, Paolillo and Singh (2005, 2006) and Vitell, Singh and Paolillo (2007). Therefore the outcome is still far from being conclusive and requires further investigation.

**Limitations and Future Research:**

There are some limitations to this research that need to be considered. Firstly, the study is based on cross-sectional data that is only capable of revealing the net effect of predictor variable towards a particular criterion variable at a specific point in time. Longitudinal study, which can capture the temporal dynamics of perception change that affect the determinants of consumers' ethics, is proposed to be adopted in the future research in order to help researchers to identify the cause and effect relationships among the various constructs. Secondly, the result from the current study could not be generalized to the population of Malaysian consumers as the sampling method selected is based on non-probability sampling method. Future researcher should consider extending the study to include probability sampling method. Finally, consumer ethics is a delicate research topic, prone to social desirable answers. Some respondents may have provided the socially desirable response in order to appear ethical. In view of this future research might use cartoons or pictographs displaying a specific unethical consumer practice instead of written descriptions in order to enhance respondents' ability to imagine them in the situation and hence decrease social desirable answers.

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