

Nov 9th, 12:00 AM

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Jung, Kwangho; Lee, Seung-Hee; Workman, Jane; and Eun, Jong-Hwan, "Ethical Attitudes toward Buying and Selling Counterfeits: Beneficial Lies, Belief in Fairness, and Non-monetary Values" (2016). *International Textile and Apparel Association (ITAA) Annual Conference Proceedings*. 66.

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Ethical Attitudes toward Buying and Selling Counterfeits:
Beneficial Lies, Belief in Fairness, and Non-monetary Values

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Keywords: Counterfeits, dishonest behavior, fairness, non-monetary values

Conceptual Framework: Purchase and sale of counterfeits (esp. fashion products) is a global phenomenon (Ariely, 2012). Dishonest behaviors, fairness beliefs, and non-monetary values may influence buying or selling counterfeits (Bazerman & Gino, 2012). Economic incentives and social status are reasons why people buy counterfeits (Ariely, 2012), but scant research has tested how ethical beliefs and values are related to attitudes toward buying and selling counterfeits. The *theory of consumption values* (Sheth et al., 1991), which posits that consumer values affect purchase decisions, was used as a framework for this study. **The purpose of the study** is to examine how values, explicitly (1) tolerance of beneficial lies, (2) belief in fairness, and (3) belief in non-monetary values, are related to attitudes toward buying and selling counterfeits.

First, individuals who engage in unethical behaviors are likely to judge that buying and selling counterfeits are not unethical. Even seemingly trivial dishonest behaviors may lead to serious immoral behaviors and corruption (Gino et al., 2009; 2010). Tolerance of beneficial lies may be linked to lenient attitudes toward buying and selling counterfeits. Second, a strong belief in fairness may be linked to a belief that buying and selling counterfeits is immoral (Houser et al., 2012). Also, a significant interaction between a strong belief in fairness and a strong tolerance for beneficial lies may ameliorate moral attitudes toward buying and selling counterfeits. Third, a strong belief in non-monetary values may lead to disapproval of buying and selling counterfeits (Mazar et al., 2008). One main reason for buying and selling counterfeits is the high price of genuine products. Monetary incentives may generate unethical counterfeit market activities. Fourth, an interaction between fairness beliefs and tolerance of appropriate lies or an interaction between fairness beliefs and strong non-monetary values may result in negative views of counterfeit market activities. Based on the literature review, *hypotheses* were proposed:
H1: The more tolerance people have for appropriate lies, the less likely they are to judge that purchasing and selling counterfeits are immoral and unethical.
H2: The more strongly people believe in fairness, the more likely they are to judge that purchasing and selling counterfeits are immoral and unethical.
H3: The more strongly people believe in non-monetary values, the more likely they are to judge that purchasing and selling counterfeits are immoral and unethical.
H4-1: A strong belief in fairness among those with a strong tolerance for beneficial lies is likely to intensify the moral criteria on attitudes toward buying and selling counterfeits.
H4-2: A strong belief in non-monetary values with a strong intolerance for beneficial lies is likely to strengthen the moral criteria on attitudes toward buying and selling counterfeits.

Method: Data were collected from a national survey with 5000 South Korean respondents, aged 20 to 64 years old. An on-line survey was conducted during November 11–25, 2016. The sample was proportionally representative of the whole population in terms of gender, age, and 17 metropolitan cities and provinces (sampling error was ± 1.38 percentage points with a 95% confidence interval). Dependent variables (DV) were attitudes toward (1) purchasing counterfeits and (2) selling counterfeits. Three independent variables were tolerance for beneficial lies, fairness beliefs, and belief in non-monetary values. Participants indicated degree of agreement with each item on a 5-point strongly agree/strongly disagree scale. The questionnaire controlled for demographic variables of gender, household income, education, and age (Gylfason, 2013). Two ordered Logistic regression analyses were used to test hypotheses.

Results & Implications: The ordered logistic model with five ordered levels of moral attitudes toward buying counterfeits as DV (Model 1) showed that 64.2% of the association of predicted probabilities and observed responses was correctly predicted and a global null hypothesis (all predictors are simultaneously equal to zero) was rejected (likelihood ratio=584, $df=9$, $p<.0001$); the ordered logistic model with five levels of moral attitude toward selling counterfeits (Model 2) shows 66.4% correctly predicted and the global null hypothesis is rejected (likelihood ratio=697, $df=9$, $p<.0001$). All five coefficients for five hypotheses in two ordered logit regressions were significant at $p<.05$. All five hypotheses were significant at $p<.05$. Results suggest that even seemingly trivial dishonest behaviors are related to lenient attitudes toward counterfeits and lead to involvement in counterfeit market activities. Both a strong belief in fairness and in non-monetary values offset the link between tolerance of beneficial lies and a tolerant attitude toward counterfeit market activities. In addition, our empirical results imply that those with a strong belief in non-monetary values are averse to counterfeit market activities. Further study might examine collectivism/individualism as cultural values affecting attitudes toward counterfeits.

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