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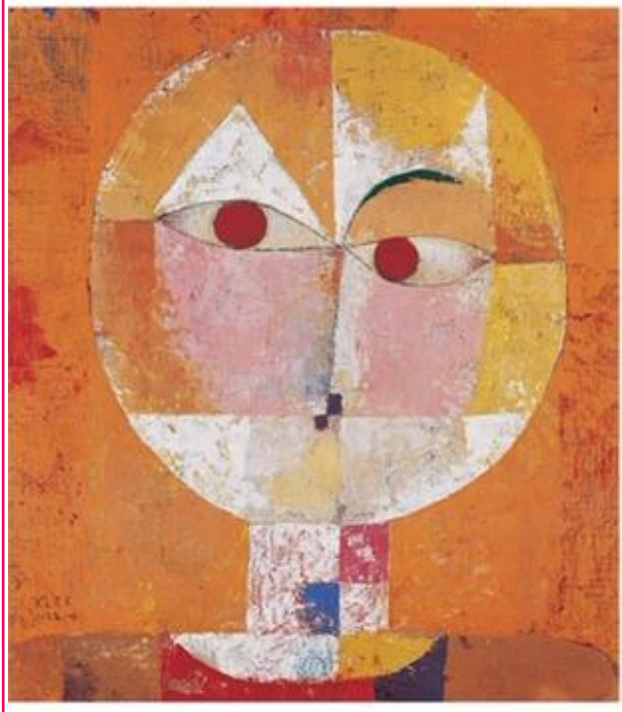
Revista de Antropología, Ciencias de la Comunicación y de la Información, Filosofía, Lingüística y Semiótica, Problemas del Desarrollo, la Ciencia y la Tecnología

Año 35, 2019, Especial N° 23
Revista de Ciencias Humanas y Sociales
ISSN 1012-1587/ ISSNe: 2477-9385
Depósito Legal pp 198402ZU45



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Opción, Año 35, Especial No.23 (2019): 29-43
ISSN 1012-1587/ISSNe: 2477-9385

The Infuences of moral judgment, social influence and attitude on non-deceptive behavior

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Abstract

This study examines the factors influencing consumers' non-deceptive purchase behavior of counterfeit products. A self-administered questionnaire was designed using established scales. This study utilized PLS-SEM to establish the validity and reliability of the measurement model and to test the hypotheses. The outcomes of this study show that non-deceptive purchase behavior of counterfeit products is positively been influenced by attitude and social influence, while moral judgment negatively influences non-deceptive purchase behavior of counterfeit products among consumers. In conclusion, different categories of counterfeit products may have a different effect on the purchase behavior of the consumers.

Keywords: Attitude, Social, Influence, Moral, Judgment.

Las influencias del juicio moral, la influencia social y la actitud en el comportamiento no engañoso

Recibido: 18-01-2019 •Aceptado: 21-05-2019

Resumen

Este estudio examina los factores que influyen en el comportamiento de compra no engañosa de los consumidores de productos falsificados. Se diseñó un cuestionario autoadministrado utilizando escalas establecidas. Este estudio utilizó PLS-SEM para establecer la validez y confiabilidad del modelo de medición y para probar las hipótesis. Los resultados de este estudio muestran que el comportamiento de compra no engañoso de productos falsificados ha sido influenciado positivamente por la actitud y la influencia social, mientras que el juicio moral influye negativamente en el comportamiento de compra no engañoso de productos falsificados entre los consumidores. En conclusión, las diferentes categorías de productos falsificados pueden tener un efecto diferente en el comportamiento de compra de los consumidores.

Palabras clave: Actitud, Social, Influencia, Moral, Juicio.

1. INTRODUCTION

The act of counterfeiting, according to historians is the world's second-oldest profession and the industry was claimed to be as old as money itself, with its origin being traceable all the way back to ancient times when money was first introduced. The global market for counterfeit goods is increased gradually and has expanded over 100 percent in the past two decades. Counterfeit is a world-wide phenomenon as the market for it is worldwide and maintains to expand as a fast going challenge for global marketers of genuine brands. Fakes, counterfeits, imitations, illicit goods, pirated goods, pirated software are among goods produced unethically as they are usually associated with the brand, famous and original goods and these products are being copied by the manufacturers without gaining the authorization from the original creator or owner of the intellectual

property (RASAEE ET AL, 2018).

Counterfeit product buyers can be divided into two categories. As has been mentioned by Chiu, the first category is so-called deceptive counterfeit consumer. Deceptive counterfeit transactions occur when consumer cannot readily observe the quality of the goods or differentiate copies from the original during the purchasing process; they are victims. Deceptive counterfeit buyers are not aware that the product they are buying is a counterfeit, as is often the case in product categories such as automotive parts, electronics, and pharmaceuticals. The second category known as non-deceptive is when the consumer aware that they are buying illegal products and purchase the counterfeit version even knew that is illegal. Non-deceptive purchaser is particularly common in premium product market where consumers are often able to distinguish channels and the inferior quality of the product itself.

Since these consumers knowingly purchase the products that are not legitimate, the manufacturers and retailers cannot be accused of deceiving the consumers (ANG, CHENG, LIM & TAMBYAH, 2001). Researchers have generally concurred that in most cases, buyers are generally under the non-deceptive purchase behaviors. The non-deceptive purchase of counterfeits gives birth to the debate of consumer misbehavior in the marketplace, indicating the need to understand the reasons for this misbehavior.

2. METHODOLOGY

The study was conducted with the intention to obtain a good grasp of the consumer purchasing behavior of counterfeit products. A survey method was employed because this study strongly believes that survey research is best adopted to obtain personal and social facts, beliefs, and attitudes. The unit of analysis for this study was the individual consumer who went shopping in hot spot areas that sell counterfeit products. This study treats each consumer's response as an individual data source.

Data was collected using an intercept survey at three hot spot areas selling counterfeit products in Malaysia. Shoppers were approached to participate in a self-administered questionnaire. Following the method by Phau and Teah, every fifth individual that crossed a designated spot outside the main entrance of the area was approached to participate. Out of the number of shoppers intercepted, 74 percent of them agreed to take part in the survey.

The main variables in this study were measured using multiple items drawn from previous research except for the socio-demographic characteristics. A five-point Likert scale was used to measure all of the items for the main variables to minimize the confusion among respondents and to make sure of the equality among variables. Non-deceptive purchase behavior of counterfeit products measure for this study was based on a study of Wang.

It required respondents to rate their responses towards four items relating to counterfeit products purchase behavior in general. In line with definitions provided by Phau, this study operationalized attitude towards counterfeit products as consumer overall evaluation towards counterfeit products. The structured questions regarding consumer attitude towards counterfeit products are based on de Matos. Social influence is operationalized as a person's perceptions of social pressure in which buying the counterfeit products is approved/expected/supported by their important or significant others (BEARDEN, NETEMEYER & TEEL, 1989; AJZEN, 2002). Social influence was measured using the scale adapted from BEARDEN ET AL. (1989) which consisted of five items. Moral judgment is operationalized as an individual's internalized ethical rules, which reflect their personal beliefs about right and wrong. The measures used for this study are based on (ALBERS-MILLER, 1999).

3. RESULTS

With the total 392 responses, they were used for analysis and this represents response rate of 74 percent. The 392 usable questionnaires are more than required sample size based on rule of thumb which equivalent to ten times of number of variables in the study (ARVOLA, VASSALLO, DEAN, LAMPILA, SABA, LÄHTEENMÄKI & SHEPHERD, 2008). The application of PLS-SEM in the present study for analysis methodology requires a minimal

range of 30 to 100 responses only. Thus, a total of 392 respondents for this study are greatly adequate for analysis.

Table 1 presents profile of the respondents. 55.5% of the respondents are males and 44.5% are females. With regards to age of the respondents, majority of the respondents (48.7%) are at the ages of 26-30 and 31-35. Respondents below 20 years old constitute 14.6% followed by respondents of ages 21-25 (15.9%) and finally, respondents of ages 36 and above (19.8%). Regarding the marital status of the respondents, almost half of the respondents (47.6%) are married. Those who are single constitute 46.3% and a minimal 6.2% are divorced.

Table 1: Profile of the respondents

Variable	Categories	(%)
Gender	Male	55.5
	Female	44.5
Age	Below 20	14.6
	21-25	15.9
	26-30	21.1
	31-35	27.6
	36-and above	19.8
Marital status	Single	46.3
	Married	47.6
	Divorced	6.2

This study uses partial least square (PLS) as the statistical tool.

The original model included 25 reflective measurement indicators (MVs or items) for four variables or constructs. There is

only direct relationship measured in this study. Overall, there are three hypotheses were tested in this study. SmartPLS follows a two-steps approach: measurement model and structural model. The measurement model first validates the data gathered by examining the convergent validity and discriminant validity. First of all, factor loadings and average variance explained (AVE) are evaluated to validate the convergent validity while composite reliability is referred to as examine the reliability of the construct.

Following Hair, loadings less than 0.4 should be removed while above 0.7 are accepted, whereas the loadings between 0.4 and 0.7 can be considered for deletions if the deletion leads to an increase of composite reliability and AVE. AVE value demonstrates how much the construct explains the variance of its indicators or items. The suggested AVE value should be more than 0.5, indicating that the constructs explain more than half of the variance of its indicators. Last but not least is the composite reliability (CR) in the convergent validity. Composite reliability refers to the degree to which a set of items consistently indicates the latent construct (BREDAHL, 2001). A higher level of CR shows higher level of reliability of the construct. The suggested value for CR should be above 0.7. As shown in Table 2 below, the values for loadings, AVE and composite reliability (CR) are all higher than the threshold value. Therefore, the results confirm the convergent validity of the measurement model of this study.

In the present study, we use Fornell-Larcker’s criterion to evaluate the discriminant validity. Fornell-Larcker’s criterion is the

most conservative approach by comparing the square root of the AVE with the latent variable correlations (CHANG, 1998). As shown in table 3, the values in the diagonal are more than the other values in the same row and column.

The bootstrapping technique is used to obtain the standard error value in SmartPLS 2.0. To run bootstrapping, we used 5,000 samples with the 392 cases. The t-value accompanying each path coefficient was generated using bootstrapping as reported in Table 3. Standard error was used to determine the significance of coefficient. The coefficient is considered significant if the t-value is larger than the critical value in a certain error probability. For two-tails test, the critical value is 1.96 at the significance level of 0.05; while for significance level of 0.01, the critical value is 2.57 (AMINE & MAGNUSSON, 2007).

Out of the three hypotheses, all are supported. Results show that for the factors influencing is increased non-deceptive purchase behaviour of counterfeit products, attitude and social influence show positive relationships with non-deceptive purchase behaviour of counterfeit products, thus supports hypotheses 2 and 3. Moral judgment is negatively related to non-deceptive purchase behaviour of counterfeit products. Therefore, supports hypothesis 1. Last but not least, R^2 value is the most common measure used to evaluate the structure model. R^2 value is a measure of the model's predictive accuracy and shows the amount of the variance explained in the endogenous variable by all exogenous variables which are linked to

the endogenous variable (BUSH & HAIR, 1985). Based on the results of the path model, the R^2 for non-deceptive purchase behaviour is 0.67, indicates that 67% of the variance in non-deceptive purchase behaviour is explained by attitude, social influence and moral judgment.

Table 2: Convergent Validity Analysis

Construct	**Item**	**Loadings**	**AVE**	**CR**
Attitude	Att1	0.782	0.617	0.934
	Att2	0.821		
	Att3	0.762		
	Att4	0.857		
	Att5	0.802		
	Att6	0.853		
Moral Judgment	MJudge 1	0.750	0.625	0.925
	MJudge 2	0.710		
	MJudge 3	0.874		
	MJudge 4	0.886		
Purchase behavior	Purchase1	0.856	0.774	0.931
	Purchase2	0.843		
	Purchase3	0.897		
	Purchase4	0.860		
Social influence	SI 1	0.759	0.697	0.951
	SI 2	0.905		
	SI 3	0.882		
	SI 4	0.858		

*AVE = Average variance explained; CR = Composite reliability

Table 3: Discriminant Validity Analysis

	Att	MJudge	Purchase	SNorm
Att	0.817			
MJudge	-0.380	0.822		

Purchase	0.784	-0.385	0.864	
SInfluence	0.789	-0.289	0.731	0.853

Table 4: Path Coefficient and Hypotheses Testing

Relationship	**Std. Beta**	**Std. Error**	**t-value**	**Decision**	**Hypothesis**
MJudge > Purchase	-0.004	0.030	3.14**	Supported	H1
SInfluence > Purchase	0.220	0.049	4.54**	Supported	H2
Att -> Purchase	0.660	0.043	15.28**	Supported	H3

4. DISCUSSION

Concerning the influences of attitude, social influence and moral judgment on non-deceptive purchase behavior of counterfeit products, the result shows that attitude and social influence appeared as positive significant predictors of consumer non-deceptive purchase behavior. As hypothesized, attitude has a positive significant influence on consumer's purchase behavior. Thus, this is consistent with Wu who discovered that attitude was significantly correlated with gambling intention among the Chinese respondents.

This relationship was also supported by the previous studies in the context of purchasing illegal products such as pirated music CDs, software and counterfeited fashion products (ANG ET AL., 2001). As illuminated by Yoo and Lee, consumers with favorable attitudes toward counterfeit products may not aware that purchasing these products can be a social concern and hence promote strong intention to

buy them. The result makes theoretical sense because the more favorable the perception in one's instrumental attitude toward counterfeit products, the greater likelihood that the person will purchase counterfeit products in the future. This finding is consistent with past studies using Ajzen's Theory of Planned Behaviour whereby the attitude variable has consistently produced strong effect on behavioral intention in a wide variety of contexts.

We discovered that the non-deceptive purchase behavior of counterfeit products is positively related to social influence. The finding indicates that when consumers perceive more external pressure/support to buy counterfeit products, the tendency to do the purchase is likely greater. This is consistent with findings by Fernandes that consumers are more likely to purchase counterfeit products under the influence of their peers. In a similar context, the finding is supported Fukukawa and Ennew who pointed out that consumers' intention to engage in ethically questionable behavior is influenced by their positive assessment of the social influence associated with performing the behavior. This is also in line with argument made by Phau and Teah that a consumer's consumption and purchase behavior is a reflection of his or her social class and the pressure from referent groups and consumers are more likely to purchase counterfeit products under the influence of their peers (SAREGAR ET AL, 2018: MOSES ET AL, 2018).

The results revealed that moral judgment is negatively related to non-deceptive purchase behavior of counterfeit products. One

explanation for this is that perhaps respondents think counterfeit purchasing is unethical. Logically, in the consumer ethics literature, researchers also posit moral judgment on an issue as an important input for individuals to derive their global perception towards this issue (BIAN & VELOUTSOU, 2007). Previous research has emphasized the moral dimension of counterfeited purchases. In particular, research suggests that consumers' willingness to buy counterfeit products depends on their moral principles involving lawfulness, as often counterfeiting is linked to child labor and other illegal activity.

Moral judgment is different from personal integrity, as consumers may value honesty and responsibility but not feel obligated to avoid ethically questionable behaviors such as buying counterfeit products or buy brands that result from child labor. On this basis, consumers who feel ethically obligated not to buy counterfeits are less likely to have positive attitudes and behavior towards counterfeit products (ANG ET AL., 2001). Thus, it is reasonable to expect that moral judgment would be negatively related to purchase behavior of counterfeit products.

5. CONCLUSIONS

This research contributes to the existing literature by extending and testing the key factors that influence the non-deceptive behavior of counterfeit purchases. As suggestions for future research, it has been

discussed that this research explored the consumers' behavior towards counterfeit products in general. Therefore, questions referring to all the constructs in this study referred to the general concept of counterfeit products without focusing on different counterfeit product categories. However, Phau and Teah argued that counterfeit products should be examined as different categories and not as one homogeneous group.

Therefore, for future research, the study should focus on specific counterfeit product categories with separate unique components such as luxury items, fashion, cosmetics, and spare parts. Consequently, different categories of counterfeit products may have a different effect on the purchase behavior of the consumers. While the present study using solely quantitative approach, further exploration using qualitative approaches to examine consumer purchase behavior of counterfeit products may provide deeper insights.

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opción

Revista de Ciencias Humanas y Sociales
Año 35, Especial No. 23 (2019)

Esta revista fue editada en formato digital por el personal de la Oficina de Publicaciones Científicas de la Facultad Experimental de Ciencias, Universidad del Zulia.
Maracaibo - Venezuela

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