Dishonesty is Contagious: Investigating the Domino Effect of Dysfunctional Customer Behaviors

Abstract: The interaction between dysfunctional customers and other customers can cause, among other consequences, the domino effect, understood as the dissemination of the dysfunctional behavior from one customer to another. The present research aims to verify if the interaction between customers can affect the occurrence of dysfunctional behaviors. Through four experimental studies we verify that the amount of damage influences the likelihood to replicate a dysfunctional behavior. Moreover, we found that this effect is explained by the acceptability of the dysfunctional behavior. We also identify that consumer's ethics level and the perception of risk to replicate the behavior act as boundary conditions of the amount of damage effect on the probability to replicate the dysfunctional behavior.

Keywords: domino effect, ethics, perception of risk.

Introduction

Why some people are honest and others find it extremely difficult to behave morally? Unfortunately, moral values do not always guide people in their choices, judgments, and behaviors (Eyal and Liberman, 2012). Morality and ethics in relationships are widely studied in Philosophy and Social Psychology, but in Marketing the number of researchers devoted to this subject is relatively small. When the focus is customer morality, that number is even lower. According to Ayal and Gino (2012, p.149), "cheating, fraud, racketeering, and other forms of dishonesty are among the greatest personal and societal challenges of our time". These situations, so common in marketplace, bring enormous losses to businesses and customers, but above all affect the harmony of society. The main objective of our paper is to deepen the understanding of one aspect of dishonest customer behavior: the occurrence of the contagion effect (here called the domino effect), where one person's behavior influences the subsequent behavior of another person.

The possibilities of interaction between customers can occur within the same physical or online environment, and even in the simple interactions of daily life. These exchanges in the physical environment may occur through conversations or observations (Libai et al., 2010). The interactions between customers can be positive for the companies as they can also offer damages, because there are customers who behave in a dysfunctional way in these situations (Wilkes, 1978; Fullerton & Punj, 1993; Daunt & Greer, 2015).

Dysfunctional Customer Behavior (hereafter, DCB), also called aberrant, unethical or dishonest behavior, is understood as "actions by customers who intentionally or unintentionally, overtly or covertly, act in a manner that, in some way, disrupts otherwise functional service encounters" (Harris and Reynolds, 2003, p. 145). In this case, customers act breaking the rules established by the company or the society, causing damages to companies, to employees, to themselves and to other customers. In general, the types of DCB commonly researched in marketing relate to behaviors such as shoplifting, purchase of counterfeit products, fraudulent return of merchandise, verbal or physical aggression, and vandalism (Fisk et al., 2010).

The interaction between dysfunctional customers and other customers can cause, among other consequences, the domino effect, understood as the dissemination of the dysfunctional behavior from one customer to another (Harris & Reynolds, 2003). Explanations for these imitative behaviors are studied in psychology, more specifically through social learning theory (Bandura, 1977), and in criminology, through broken windows theory (Schaefers, Wittkowski, Benoit, and Ferraro, 2016). In addition, marketing studies explore the mechanisms of observational learning, or how customers not only observe the behavior of others, but how they

learn this behavior, and how these imitative effects influence customer preferences and decisions (Libai et al., 2010).

In this way, the present research aims to verify if the interaction between customers can affect the occurrence of dysfunctional behavior. Specifically, it is assumed that a customer, having interacted with a dysfunctional customer, is more likely to repeat this behavior in the future. This domino effect may be a consequence of DCB acceptability, that is, the greater the acceptability of a DCB, the greater the likelihood of imitation of deviant behavior. In addition, we investigated two conditions limiting the domino effect: the level of customer ethics and the perceived risk.

Theoretical Background and Hypotheses

Bandura (1963) argues that when a model is provided, behavioral patterns are quickly achieved, i.e, unlike the longer instrumental training process, studies on imitation demonstrate that exposure to negative models (e.g., aggressive) implies an increase in subsequent responses. Imitation behavior refers to the commission of an act after observation of similar behavior by others (Akers and Sellers, 2004). Whether or not the behavior modeled by others will be imitated depends on the characteristics of the model, the behavior itself, and the observed consequences of the behavior (Akers and Sellers 2004).

Kowalski (1996) presents similar results on the domino effect in the context of complaints. He calls it "contagion of complaints" and concludes that, for different reasons, after an individual's complaint, the incidence of complaining people tends to increase. Akers and Sellers (2004, p. 92) state that results from the literature show a relationship between social learning variables and criminal behavior that is "typically strong to moderate, and there has been very little negative evidence reported". Wirtz and McColl-Kennedy (2008) point out the majority of customers may request modestly inflated claims which can still be justified by self-serving fairness perceptions to allow self-concept maintenance. However, a minority of customers may try to cheat for maximum benefit. Baker, Magnini, and Perdue (2012) studied the implications of customer opportunistic complaints, suggesting imitation as an influencer of this type of dysfunctional behavior.

Gino, Gu, and Zhong (2009) investigated imitative effect and found that observing colleagues who acted in an unethical way, such as cheating in a test, increases the observer's level of unethical behavior. Schaefers et al. (2016) describe that a person's behavior can be contagious if it induces other people to act in the same way. Based on the broken windows theory derived from criminology, they studied the contagious effects of consumer dysfunctional behavior and found that anonymity encourages dysfunctional behaviors in access-based car services. The broken windows theory proposes that urban deterioration signals previous misconduct and generates criminal activities, predicting the contagion of dysfunctional behavior, that is, the occurrence of misbehavior does not necessarily depend on witnessing past misbehavior (Shaefers et al., 2016), but on realizing that it has succeeded.

In addition to the success of a behavior, the size of the damage may affect the occurrence of the domino effect. Specifically, behaviors that result in minor damage to businesses can be more easily accepted by people and therefore more easily imitated by other customers, thus increasing the likelihood of domino effect occurrence. Specifically, we predict the following:

H1: Exposure to a previous DCB by another customer increases the probability of subsequent DCB of the target customer according to the damage caused to the company, so the probability is higher (smaller) when the damage is small (large).

H2: The relationship between damage size and subsequent DCB is mediated by the acceptability of DCB.

Vitell (2003, p. 35) argues that customers could think that "as long as they do not start the action, it is not so wrong (unethical)". Fullerton and Punj (1993) describe the level of moral development as a psychological characteristic of the individual, and moral restraints as a way to check if behavior is right or wrong. The presence of these restrictions may play an important role in making each individual to perceive a dysfunctional act in a different way, moral or immoral.

Fullerton, Kerch, and Dodge (1996) indicate that the acceptance of an unethical behavior by an individual is due more to the context or situation than to his/her attitude. In other words, although individuals perceive behaviors as unethical, depending on the situation, tolerance in the ethical judgment of certain behaviors may vary.

Based on the above, we believe that customer ethics level plays an important role in the replication of dysfunctional behaviors. Specifically, for individuals with higher levels of ethics, the increase in company damage represents a lower DCB acceptability, i.e., a decrease in the intention to perform a subsequent DCB. Thus, we predict the following:

H3: The level of customer ethics moderates the domino effect, so for higher levels of ethics the effect of size of damage on DCB acceptability will be negative.

Even with important motivational variables that influence individuals to repeat dysfunctional behaviors, the fear of being uncovered may deter them. Albers-Miller (1999) points out that despite the financial advantages that dysfunctional behavior offers, criminal penalties can minimize these acts. That is, the lower the risk of detention, the greater the likelihood of the customer acting dysfunctionally. According to Rosenbaum, Billinger and Stieglitz (2014), people tend to be dishonest when the probability of being unmasked decrease.

Daunt and Greer (2015) found that the likelihood of a customer steals a product in a store is smaller when this store is under surveillance. According to Ferrel and Gresham (1985), opportunity is the result of a set of favorable conditions (without barriers) that offer rewards and do not present punishments. Thus, if the client perceives the opportunity, he will tend to be influenced to act dysfunctionally.

The motivating or inhibiting factor of perceived risk is also influenced by previous experiences of clients. Fisk et al. (2010) present the perception of risk as an inhibitor of dysfunctional behaviors. Daunt and Harris (2011) point out that behavior of successful deviant clients in the past are associated with performing these same acts in the future. In other words, when the customer realizes that he/she has a high chance of success after dysfunctional behavior (low perception of risk), he/she brings past and future behaviors together. Hence, we predict the following:

H4: Perceived risk moderates the domino effect, so that a higher perceived risk (vs perceived low risk) will decrease the occurrence of domino effect in high damage condition.

The consumer who engages in some type of DCB can be motivated by financial gain (Rosenbaum, Billinger and Stieglitz, 2014), revenge, dissatisfaction or just taking advantage of a company failure (Wirtz and Kum, 2004). Opportunistic customer behavior can take several forms, including inflated and fake insurance claims. Wirtz and McColl-Kennedy (2008) conducted a study exploring exaggeration in claims for fault compensation, and the results indicated that consumers tended to inflate claims when they complained about damage.

Gino, Ayal and Ariely (2009) found support for the idea that when the saliency of dishonesty increases, cheating decreases, and their findings suggest that peer influence is an important factor in unethical behavior. Mazar, Amir and Ariely (2008a) point out some

claimants may try to maximize the compensation they seek to obtain, but many opportunistic claims are likely to be less than the maximum amount possible in order for claimants to maintain their positive self-concept. The ambiguity associated with what constitutes a fair compensation enables a self-serving interpretation (Babcock and Loewenstein 1997), while allowing claimants to perceive themselves as not being dishonest (Mazar, Amir & Ariely, 2008b). Formally stated:

H5: Customers exposed to a success DCB with high damage (vs. low damage) will claim a higher value to the company.

To test our hypotheses, we conducted four experimental studies. Studies 1A tested the effect of the amount of damage in the likelihood to replicate a DCB and examined the mediator role of DCB acceptability and the ethics level moderation. In study 1B, we did the same, but using a different dependent variable measure. Study 2A replicated the domino effect and evaluated how perception of risk influences the relationship between the amount of damage and the likelihood to replicate a DCB. Once again, in study 2B, we used a different dependent variable measure. In studies 1A and 2A we tested the likelihood to replicate a DCB as dependent variable, and in studies 1B and 2B we tested the amount of money that the participant could request after exposed to a success DCB as dependent variable.

Study 1A

The goal of study 1A was to test the effect of the amount of damage (small vs. large) in the likelihood to replicate a dysfunctional behavior using insurance claim scenario. We theorizing that when customer report an inflated insurance claim, they should reply more the dysfunctional behavior when the amount of damage is small (vs large). In addiction, we examined the mediator role of dysfunctional behavior acceptability (Neale and Fullerton, 2010) and the moderator role of the ethical level (Muncy and Vittel, 2005). The aim is to test the hypotheses 1 and 2.

Method

Design and Participants. The study manipulated a between-subject factor (damage: low advantage versus high advantage) and used the continuous measure of probability of domino effect. Seventy-nine participants (M_{age} = 41.74 years old; *SD* = 13.38; 53.2% female) were recruited from Mechanical Turk in exchange for monetary compensation.

Procedures and stimulus. The participants read the scenario about dysfunctional behavior in insurance claim based on Miyazaki (2009). The stimulus was based on a third customer (Bill) who has reported a dysfunctional behavior claim to his friend (Sam).

Inside the scenario, two conditions were presented between subjects: the low damage vs. high damage. Then, subjects were presented to the following scenario: “On a recent trip Sam had his suitcase stolen. While completing the claim for the insurance company Sam remembered that the same case has happened to his friend Bill a couple weeks ago. Bill has told Sam that he has made his claim for $750 (vs. $3000) instead of the actual loss of about $500. Because of that, Bill felt comfortable in ‘padding’ the insurance claim as well. He believed it was all right to increase a claim for a small (vs. large) amount to make up for the deduction (vs. insurance premium) of $ 250. The insurance company had accepted Bill's claim and he has received $750 (vs. $3000)”.

Next, they were asked about the probability of domino effect, measured by a 7-points scale (1 = not at all likely to 7 = extremely likely) for two situations. The first, measured the likelihood of another person (Sam) to replicate a dysfunctional behavior, through “What is the likelihood that Sam would repeat Bill's behavior?”. The second item “How likely were you to

repeat Bill's behavior?" measured the probability of the subject to replicate Bill's dysfunctional behavior. These measures were based on Daunt and Greer (2015). In order to confirm the manipulation check it was asked "How much do you think Bill took advantage of the value of the lost items" (1= little to 7 = a lot), followed by the mediation variable "How acceptable you think his behavior was in the situation" (1 = completely unacceptable to 7 = completely acceptable) based on Neale and Fullerton (2010). After that, we applied the Consumer Ethics Scale (CES) of Muncy and Vittel (2005) to verify the moderating effect of individual ethical behavior, using a 7-point scale (1 = Strongly believe that it is wrong and 7 = strongly believe it is not wrong) (α = .916). At the end, participants answered a few demographic questions and were debriefed for suspicion.

Pretest. We have pretested our stimuli to ensure that the dysfunctional behaviors acceptability would have different perceptions with respect to the damage size. Participants read the scenario about dysfunctional behavior for insurance claim based on Miyazaki (2009). In this scenario, participants read a situation where one customer had his/her suitcase stolen. The manipulation check was the same as the main study. Participants indicated in a 7-point scale "How much do you think he took advantage of the value of the lost items" (1 = *little* to 7 = *a lot*) and "How acceptable you think his behavior was in the situation" (1 = *completely unacceptable* to 7 = *completely acceptable*) based on Neale and Fullerton (2010).

Seventy M-Turk subjects completed the pretest. Ten participants that did not have English as native language were excluded from the final sample. So, the final sample included 60 participants (M_{age} = 36.23; 50% male). An independent t-test indicated that mean for small advantage ($M_{small_advantage}$ = 5.93, SD = 1.484) were significantly smaller than larger advantage ($M_{large_advantage}$ = 6.80, SD = 0.487, $t(58) = 3.041$, $p = .004$), and high damage of DCB's acceptability (M_{high_damage} = 1.363; SD = 2.080) were significantly smaller than low damage (M_{low_damage} = 2.87; SD =1.73, $t(58) = 2.496$, $p = .015$). Thus, the pretest indicated that the scenarios about the insurance claim were perceived as different among the participants.

Results

Manipulation check. We verified that subjects in the large damage condition (or higher advantage) ($M = 6.59$) perceived that Bill took more advantage than subjects in the low damage condition (or lower advantage) condition ($M = 5.30$; $F(1, 77) = 16.880$; $p < .001$).

Domino Effect. Subjects exposed to the large damage condition ($M = 4.56$) have indicated lower probability that Sam would repeat Bill's behavior than subjects exposed to the low damage condition ($M = 5.45$; $F(1, 77) = 7.389$; $p < .01$). Additionally, the subjects in the large damage condition (M = 2.25) have also indicated a lower likelihood of themselves to replicate Sam's behavior than participants in the low damage condition ($M = 3.52$; $F(1, 77) = 7.858$; $p < .01$).

Mediation-Moderated. In order to verify if the acceptability of the DCB explain why the domino effect happens, and how participants' ethics level influence this relationship, we have run a mediation-moderated analysis following Hayes (2013) recommendations, using Model 7 in the Process script. First of all, we dummy coded the amount of damage (0 = Low and 1 = High) for the independent variable. The mediator was the acceptability of the DCB, and the dependent variable was the likelihood that Bill would replicate Sam's behavior. We also use the subjects' ethics level as the moderator of the relationship between the amount of damage and the mediator (acceptability of the DCB).

There is a significant effect of the interaction between the amount of damage and ethics level on acceptability ($a = -.36$; $t = -2.45$; $p < .05$). This result indicates that the acceptability of the DCB depends on the amount of damage moderated by the ethics level. On the other side, the effect of the likelihood mediation that Sam would replicate Bill's dysfunctional behavior was positive ($b = .18$; $t = 2.03$; $p < .05$). The indirect effect is significant only in the high levels

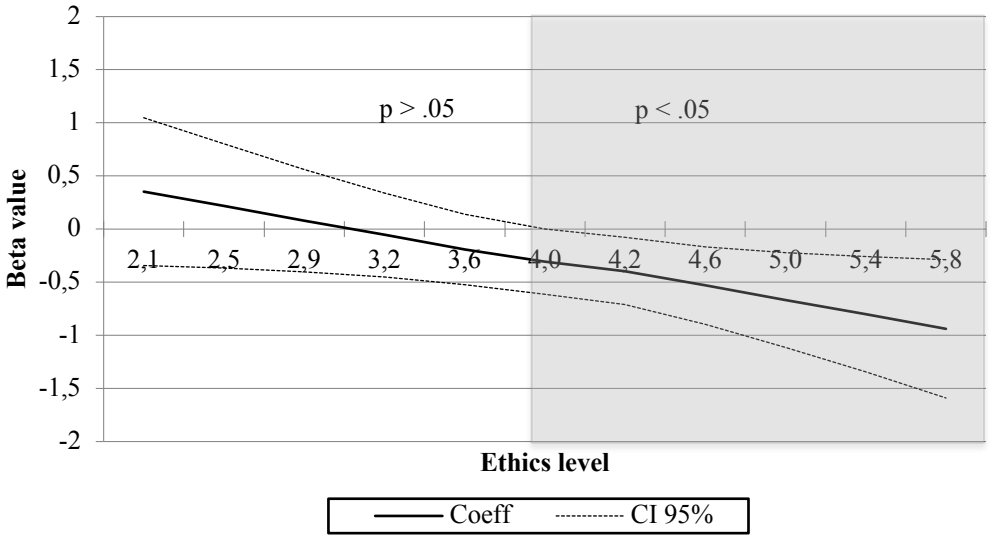
of ethics (one SD above the mean). In this condition, through a 5,000 resamples from bootstrapping, the indirect effect (*a x b* = -.11) was negative and significant, since the confidence interval (95%) did not present null effect (-.31 to -.01). The significance of the direct effect of the amount of damage on the likelihood of domino effect (*c'* = -.33; *t* = -1.98; *p* = .05) has indicated that there is a partial mediation.

In the same way, we have tested the mediation role of the acceptability in the relationship between the amount of damage and the likelihood of the subject to replicate Sam's behavior. As in the first test, we also considered the level of ethics as the moderator of the relationship between the amount of damage and the acceptability. For the mediation-moderated model, the effect of the interaction between the amount of damage and ethics level on acceptability (*a* = - .36; *t* = -2.45; *p* < .05) is similar to the one found in the first analysis. The effect of the mediator on the likelihood that a subject would replicate the Sam´s dysfunctional behavior was positive (*b* = .92; *t* = 11.65; *p* < .001). The indirect effect is also significant, but only in high levels of ethics (one SD above the mean). Specifically, through a 5,000 resamples from bootstrapping, the indirect effect (*a x b* = -.57) was negative and significant, since the confidence interval (95%) did not present null effect (-.96 to -.15). Differently from the first mediation-moderated model, the direct effect of the amount of damage on the likelihood of domino effect (*c'* = -.10; *t* = -.72; *p* = .47) was not significant, what indicates that the effect of amount of damage on the domino effect is fully explained by the acceptability of the consumer dysfunctional behavior.

To improve the understanding of the levels of ethics moderation in the relationship between amount of damage and acceptability of the customer dysfunctional behavior, we have performed a Johnson-Neyman test, in order to present the location of the effect amount of damage significance on the acceptability, considering the level of ethics as a moderator, as shown in Figure 01.

Based on Johnson-Neyman test, there is a significant and negative effect of the amount of damage on the acceptability of the dysfunctional customer behavior. Specifically, levels of ethics above 3.9 (7-point scale) indicate a negative and significant effect of the amount of damage on the acceptability. However, there is no relationship between the amount of damage and acceptability for ethics levels below 3.9.

Figure 01 – Ethics' floodlight analysis



Discussion

Our study, supporting H1, identified that the likelihood to replicate a DCB is higher in

condition of lower amount of damage to the company. Specifically, the intention to replicates a behavior of another customer is more pronounced when the subjects perceive that this behavior have less negative consequences to the company.

As predicted by H2, we also evidence that the acceptability of the previous DCB mediated the effect of the amount of damage on the domino effect. The negative path between the amount of damage and the acceptability indicates that the larger the amount of damage to the company, less acceptable is this behavior, and consequently, the lower the probability that the customer has to replicate this behavior.

Besides acceptability mediates the effect of the amount of damage on the domino effect, the level of ethics modifies how the amount of damage influences the acceptability, supporting H3. Specifically, for subjects with higher levels of ethics, the effect of amount of damage on the acceptability of the DCB is negative, indicating that for these subjects the ethics reduce more the acceptability of the DCB than for subjects with lower levels of ethics.

Study 1B

Study 1B was designed to replicated the study 1A using a different dependent variable measure. We used a modification measured with a metrical scale from $500 to $3000. By using this measure, we can verify how much money customers claim when applying for their insurance. The aim was to test hypotheses H1 and H5.

Method

Design and Participants. In this study we manipulated one factor, in two different levels (damaged: low advantage versus high advantage) in a between-subject design measuring the amount of the claim (domino effect). Ninety-three participants were recruited from Mechanical Turk (M_{age} = 34.38 years old; *SD* = 9.90; 55.9% male) in exchange for monetary compensation.

Procedures and stimulus. The procedure was identical to Study 1A, with one important modification. Participants have answered only one dependent variable for domino effect. Damage manipulation participants answered the following question: "How about you? How much money would you ask to the insurance company in a similar situation?". This question was measured with a metrical scale from $500 to $3000. The acceptability of the DCB mediation and Consumer Ethics Scale (α = .942) moderation effects followed the same procedures as in study 1A. At the end, participants have answered a few demographic questions and were debriefed for suspicion.

Results

Manipulation check. Participants in the large damage condition (or higher advantage) (*M* = 5.63) have perceived that Bill took more advantage than subjects in the low damage condition (or lower advantage) condition (*M* = 4.67; *F*(1, 91) = 8.032; *p* < .01).

Domino Effect. The participants in the large damage condition (or higher advantage) (M = 1,457.10) indicated that they would ask for more money than participants in the low damage condition (or lower advantage) (M = 833.45; F(1, 91) = 16.634; p < .001).

Mediation-Moderated. In order to verify how the interaction between the amount of damage and ethics of the participant have influenced the acceptability of DCB and how this acceptability influences the domino effect, we have used a mediation-moderated model, as in the Study 1A. However, the dependent variable in this study was the amount of money asked by the participant to the insurance claim.

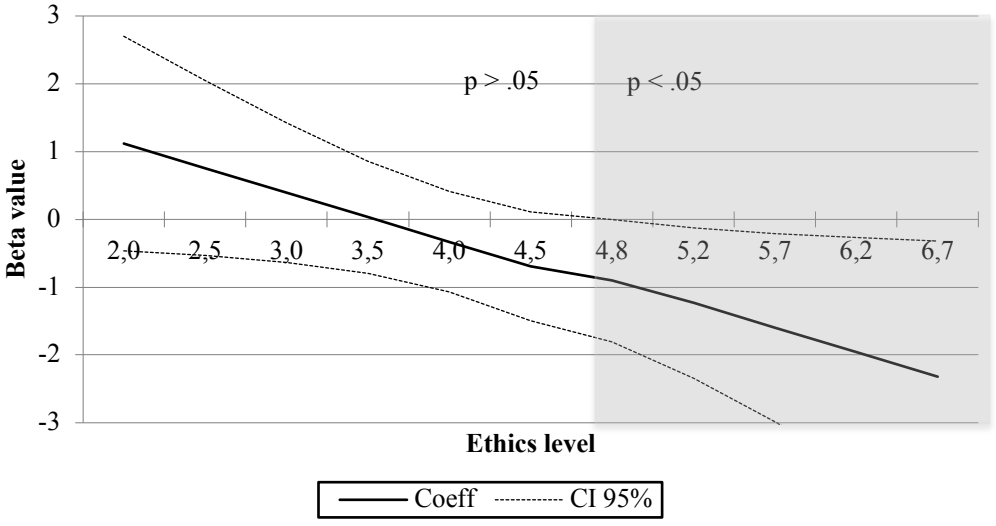
The path between the interaction and acceptability was significant (a = - .71; t = - 2.09; p < .05), indicating that the amount of damage and ethics interaction influences the acceptability of DCB. The acceptability positively influences the domino effect (b = 207.66; t

= 5.74; p < .001), indicating that an increase in the acceptability takes to higher amounts of money asked by the participant to the insurance company.

The indirect effect was only significant in the higher ethics levels (one SD above the mean). Through a 5,000 resamples from bootstrapping, this effect (*a x b* = - 237.68) was negative and significant, since the confidence interval (95%) did not present null effect (-508.21 to -43.43). The significance of the direct effect of amount of damage on the domino effect (*c'* = 699.62; *t* = 5.29; *p* < .001) has indicated that there is a partial mediation, i.e., the acceptability partially mediates the effect of the amount of damage on the domino effect, considering the level of ethics as a moderator, as shown in Figure 02.

To specify how the level of ethics of the participants modifies their acceptability of a customer dysfunctional behavior, we have used the Johnson-Neyman test. In the region of significance of the effect of amount of damage on the acceptability, considering the level of ethics as a moderator, the levels of ethics above 4.77 (7-point scale) have indicated a negative and significant effect of amount of damage on the acceptability. However, there is no relationship between the amount of damage and acceptability for levels of ethics below 4.77.

Figure 02 - Ethics' floodlight analysis



Discussion

The findings of study 2B support H5. Specifically, subjects exposed to a DCB where Bill asked a high value to the company adjust their value and asked a higher value than subjects that were exposed to the condition where Bill asked a lower value. This finding supports the logical that customers anchorage and adjust their future behavior according previous behavior from another customer.

Moreover, we reply the findings from the Study 1A, showing that the acceptability of the previous CDB is the mechanism that explains how the previous CDC influences the domino effect. We also support the role of the customer ethics, which moderates the relationship between the previous behavior and the likelihood of the domino effect.

Study 2A

The goal of Study 2A was replicated the domino effect and evaluated how perception of risk (low vs. high) influence the relationship between the amount of damage and the likelihood to imitate a dysfunctional customer behavior. We predicted that when the subject perceives a high risk (there is a higher probability that the behavior can be discovered and

punished by the company), they reduced the intention to replicate a dysfunctional customer behavior in the high amount of damage condition. The aim was to test H4.

Method

Design and Participants. The study was a 2 (damaged: low advantage vs. high advantage) × 2 (risk perception: low vs. high) between-subjects design. One hundred and twenty-one participants were recruited from Mechanical Turk (M_{age} = 38.78; *SD* = 12.20; 58.7% female) in exchange for monetary compensation.

Procedures and stimulus. This study had the same procedures as the study 1A, with the risk perception as the stimulus between scenarios. In the low damage scenario (vs. high), the low risk perception was manipulated. The participants received the following sentence: "there is a clause in their contracts that not allows the insurance company to use airports' x-ray videos for examining the application of the customer. The insurance company had accepted Bill's claim, and he received $750 (vs. $3000)". In the high damage scenario (vs. low) the high risk perception was manipulated as follow: "there is a clause in their contracts that allows the insurance company to use airports' x-ray videos for examining the application of the customer. In case a cheat is detected the insurance company is not obligated to indemnify the customer. The insurance company had accepted Bill's claim, and he received $3000 (vs. $750)". The manipulation check about the amount of advantage was measured in a 7-point scale "How much do you think he took advantage of the value of the lost items" (1 = little to 7 = a lot). Risk perception was measured through two items from Blais and Weber (2006), using a 7-point scale. At the end, participants answered a few demographic questions and were debriefed for suspicion.

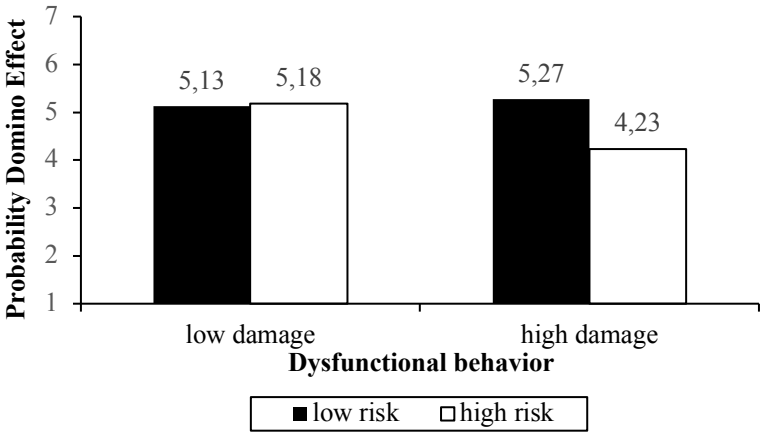
Results

Manipulation check. We have verified that participants in the large damage condition (or higher advantage) (*M* = 5.89) perceived that Bill took more advantage than subjects in the low damage condition (or lower advantage) (*M* = 5.38; $F(1, 119) = 4.122$; $p < .05$). We also verified that subjects exposed to the lower risk condition (*M* = 3.76) perceived that the risk of Sam following Bill's behavior is lower than subjects exposed to the higher risk condition (*M* = 4.21; $F(1, 119) = 4.282$; $p < .05$).

Perceived risk moderation. We found a significant effect in the interaction between the amount of damage/advantage and perceived risk in relation to the probability of Sam repeating Bill's behavior ($F(1, 117) = 4.329$; $p < .05$). Specifically, there is no difference in the domino effect along the low damage condition (M_{lower_risk}= 5.13; M_{higher_risk} = 5.18; $F(1, 117) = .022$; $p = .883$), while there is a difference in the domino effect along the high damage condition ($F(1, 117) = 7.638$; $p < .01$). Thereby, subjects exposed to the higher risk mentioned lower probability (*M* = 4.23) of Sam replicating Bill's behavior than subjects exposed to the lower risk condition (*M* = 5.27).

To complete the model, we have run a pairwise comparison of the amount of damage effect along the risk perception conditions. The participants exposed to the lower risk condition did not present a significant difference in the perception in relation to Sam following Bill's behavior (e.g., domino effect) (M_{high_damage} = 5.27; M_{low_damage} = 5.13; $F(1, 117) = .143$; $p = .706$). However, participants exposed to the higher risk condition presented different judgments about Sam's behavior ($F(1, 117) = 6.718$; $p < .01$). In the high damage condition, respondents have indicated a lower probability of Sam replicating Bill's behavior (*M* = 4.23) than in the low damage condition (*M* = 5.18). These findings are presented in the Figure 03.

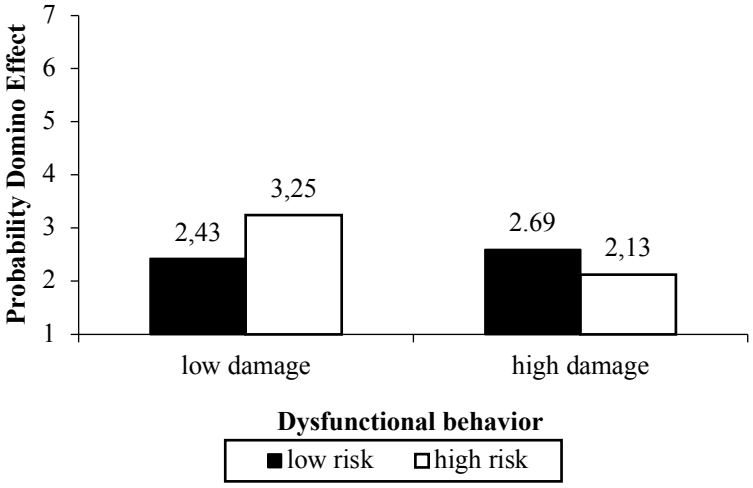
Figure 03 – Sam's domino effect



We also have verified how the amount of damage and the perception of risk influence the behavioral intention of the respondent. There is a significant effect of the interaction on the probability of the respondent to replicate Bill's behavior ($F(1, 117) = 4.640$; $p < .05$). Specifically, there is a marginal difference in the likelihood of the respondent to repeat Bill's behavior in the low amount of damage condition ($F(1, 117) = 3.365$; $p = .06$), since subjects in higher risk condition indicate a higher probability ($M = 3.25$) of repeating Bill's behavior than subjects exposed to lower risk condition ($M = 2.43$). There is no difference in the probability along the high amount of damage condition ($F(1, 117) = 1.487$; $p = .22$).

In risk perception conditions, there is a significant difference in the probability to repeat Bill's behavior in the higher risk condition ($F(1, 117) = 6.292$; $p < .05$). In this condition, subjects exposed to low amount of damage have presented higher probability (M = 3.25) to domino effect than subjects in the high amount of damage ($M = 2.13$). It is important to note that there is no difference along the lower risk condition ($F(1, 117) = .316$; $p = .57$). Figure 04 presents these findings.

Figure 04 – Participants' domino effect



Discussion

There is evidence that the level of perceived risk influences the relationship between amount of damage and domino effect. This finding supports H4. High risk means that there is

higher probability that the behavior can be discovered and punished by the company. In this case, the customer reduces the intention to replicate a DCB in the high amount of damage condition. However, it is interesting to note that the perceived risk did not influence the domino effect in the low amount of damage condition. This finding can be explored in future studies, since it is possible that in the low amount of damage the domino effect can be easily justifiable if compared to the high amount of damage, where the advantage taken by the customer is more pronounced.

Study 2B

Study 2B was designed to replicated study 2A, using a dependent variable measure from study 1B. Once again, we used a metrical scale from $500 to $3000. We replicated the same mechanism evaluated on studies 1A and 1B.

Method

Design and Participants. This study has presented a 2 (damaged: low advantage versus high advantage) × 2 (risk perception: low versus high) between-subjects design. One hundred eighty-one participants were recruited from Mechanical Turk (M_{age} = 33.72; *SD* = 10.06; 61.9% male) in exchange for monetary compensation.

Procedures and stimulus. The procedure was identical of Study 2A, but participants answered the same dependent variable from study 1B. The manipulation check and acceptability of the customer dysfunctional behavior mediation were the same as study 1B and 2A. At the end, participants answered a few demographic questions and were debriefed for suspicion.

Results

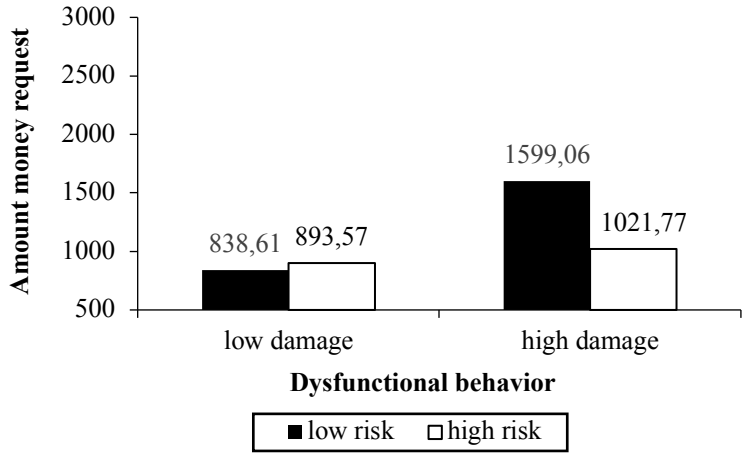
Manipulation check. We verified that subjects in the large damage condition (or higher advantage) (*M* = 5.78) have perceived that Bill took more advantage than subjects in the low damage condition (or lower advantage) (*M* = 5.12; F(1, 179) = 11.003; p < .05). We also have verified that subjects exposed to the lower risk condition (*M* = 3.76) perceived that the risk of Sam following Bill's behavior was lower than subjects exposed to the higher risk condition (*M* = 4.21; *F*(1, 119) = 4.282; *p* < .05).

Perceived risk moderation. We have verified how the amount of damage and the perception of risk influence the amount of money requested by respondents. There is a significant effect of the interaction between the amount of damage and perception of risk on the amount of money (*F*(1, 177) = 8.838; *p* < .01).

Along pairwise comparisons, subjects in the low damage condition did not present differences in the risk perceptions conditions (*F*(1, 177) = .145; *p* = .70). However, in the high amount of damage condition, subjects exposed to lower risk condition (*M* = 1,559.06) have indicated a higher value than subjects exposed to the higher risk condition (*M* = 1,021.77; *F*(1, 177) = 15,324; *p* < .001).

In the risk perception conditions, there is a significant difference in the amount of money requested by respondent in the lower risk perception (*F*(1, 177) = 25.407; *p* < .001). In this condition, subjects exposed to low damage would ask a lower value (*M* = 838.61) than subjects exposed to the high damage condition (M = 1,559.06). There is no difference along the high risk condition (*F*(1, 177) = .853; *p* = .35). Figure 05 presents these findings.

Figure 05 – Participants' domino effect



Moderation-Mediated. As the acceptability of DCB was tested as the underline mechanism in the first study, in this study we also include this variable in the relationship between the interaction among damage and risk and the amount of money that the participant could request.

The path between the interaction and acceptability was significant (a = - 1.21; t = -2.05; p < .05), indicating that the amount of damage and risk perception interaction influences the acceptability of the dysfunctional customer behavior. The acceptability positively influences the domino effect (b = 171.05; t = 7.61; p < .001).

The indirect effect was only significant in the higher levels of risk perception. Through a 5,000 resamples from bootstrapping, this effect (a x b = - 231.39) was negative and significant, since the confidence interval (95%) did not present null effect (- 410.01 to - 88.22). The significance of the direct effect of amount of damage on the domino effect (c' = 549,58; t = 6.00; p < .001) indicates a partial mediation.

Discussion

This study provides additional support to H2, H3, H4 and H4. Specifically, the evidences of the Study 2B indicate that the acceptability of the DCB mediates the effect of the amount of damage on the domino effect (measured by the value claimed to the company); the level of ethics and the perception of risk acts as boundary conditions of the occurrence of the domino effect.

General Discussion

In this research, the objective was to verify that unethical behavior of other individuals can influence observers' behavior. Specifically, it is assumed that a customer, having interacted with a dysfunctional customer, is more likely to repeat this behavior in the future. This domino effect may be a consequence of DCB acceptability, that is, the greater the acceptability of a DCB, the greater the likelihood of imitation of deviant behavior. In addition, we investigated two conditions limiting the domino effect: the level of customer ethics and the perceived risk. We performed four experimental studies under two different dependent variable measures. These studies confirm our hypotheses, and our findings suggest that relatively minor acts of dishonesty by others can have a large influence on the extent of dishonesty behavior. The previous literature suggests that others' presence does always help to increase ethicality, because the others' needs and behavior may be used to justify our dishonesty.

Supporting H1, our studies identify that the likelihood to replicate a DCB is higher in

condition that this DCB results in lower amount of damage to the company. Specifically, the intention to replicate a behavior of another customer is more pronounced when the subjects perceive that this behavior have less negative consequences to the company.

As predicted by H2, we also found that the acceptability of the previous DCB mediated the effect of the amount of damage on the domino effect. The negative path between the amount of damage and the acceptability indicates that the larger the amount of damage to the company, less acceptable is the behavior, and consequently the lower the probability of replication.

Besides acceptability mediates the effect of the amount of damage on the domino effect, the level of ethics modifies how the amount of damage influences the acceptability, supporting H3. Specifically, for subjects with higher levels of ethics, the effect of amount of damage on the acceptability of the DCB is negative, indicating that for these subjects the ethics reduces more the acceptability of the DCB.

Finally, we also evidence that the level of perceived risk influences the relationship between amount of damage and domino effect. This finding supports H4. When the subject perceives a high risk, or when there is more probability that the behavior can be discovered and punished by the company, the customer reduces the intention to replicate a DCB in the high amount of damage condition. However, it is interesting that the perceived risk does not influence the domino effect in the low amount of damage condition.

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