THE ROLE OF ETHICAL PROBLEMS RELATED TO A BRAND IN THE PURCHASING DECISION PROCESS: AN ANALYSIS OF THE MODERATING EFFECT OF COMPLEXITY OF PURCHASE AND MEDIATION OF PERCEIVED SOCIAL RISK

Abstract: The objective of this article is to identify the effect of the perception of a brand's ethical problems on consumer behavior. The research contemplates two experimental studies, in which different brands were used in different product categories. Based on the results of the experiments, we verified the moderating effect of the perceived purchase complexity and the mediating effect of perceived social risk in the relationship between the perception of ethical problems related to a brand and the declared purchase intention, both by university students and by real consumers. Through the analysis of means differences and conditional models analyzed with PROCESS (Hayes, 2012), we identified that the perception of ethical problems related to a brand affects consumer confidence and, in some cases, the perception of product quality. In addition, we find that for products with low purchasing complexity, the effect of ethical problems is mitigated both in relation to the purchase intention and in the formation of the perception of social risk linked to consumption.
Keywords: Consumer Behavior; Ethical issues; Social Risk; Complexity of purchase.

1. Introduction

The corporate image is an increasingly important aspect for managers because it serves as a competitive differential. However, it is increasingly common to see large corporations that should value their corporate image, engaged in unethical cases that place their names in newspaper headlines with the worst possible connotations.

Furthermore, consumer behavior is also becoming increasingly critical and well informed. In theory, as consumer awareness develops, ethical deviations on the part of companies will become more apparent and less accepted.

The present work aims to assess the perceptions of consumers in the face of ethical business problems. In addition to seeking to discuss the dangers of a bad reputation, it also seeks to contribute to a deeper reflection on these factors, in order to gather data to answer the following research questions: How is consumer behavior affected when a company is involved in a case of corruption? Can the complexity of the purchase influence the effect of perceived corruption? The general objective of this work is to identify the effect of ethical problems related to a brand on consumer behavior.

The present study is important given that, on the world scene, and especially in the current Brazilian context, corruption is made markedly apparent by the media. News about the involvement of large companies in cases of serious ethical problems are disclosed daily. By simple disclosure of these cases, it is believed that anticorruption actions are bringing results. For Cersosimo (2016), director at Ipsos Public Affairs, in an interview with BBC Brazil: "When people start to see what actions against corruption will work, they begin, almost as a moral obligation, to review their concepts." If the behavior of the population in relation to their moral values changes, a change in purchase behavior should also be noted. Companies and managers aware of these changes are more likely to thrive.

This study is also important from a theoretical perspective, because despite the advances in research on decision-making processes involving the ethical context, the complexity of possible relationships between variables not yet identified/studied, results in a challenge for other behavioral studies (Malhotra & Miller, 1998).

One of the theoretical contributions of this study is the identification of the effect of the complexity of the purchase as a moderator between the negative relation of the perception of ethical problems of a brand and the intention of purchase of the consumer. Another contribution of the research was the test and verification of the negative effect of the

perception of social risk as a mediating variable of the relation between ethical problems and the attitudinal responses of the consumer.

2. Theoretical Framework

In this section, we will present the main theoretical perspectives that guided this study.

2.1 Reputation

In order to reduce information asymmetries, many companies seek to transmit information, called signals, through a reliable source to stakeholders (Spence, 2002). Signals work as discretionary tools transmitting information capable of changing the concept and belief of other individuals (Dalmatians et al., 2013, Spence, 1973). The signaling process involves the flag and the receiver. During the process, the receiver, after interpreting the information, will provide feedback to the flag (Connelly, Certo, Ireland, & Reutzel, 2011).

A company's reputation is a representation of the perception of past attitudes in conjunction with future action perspectives, and these actions will determine the business attractiveness to its target audiences (Fombrun, 1996).

Corporate reputation can also be defined as the grouping of assessments made by stakeholder organizations, and therefore represents an organization's ability to meet the expectations of its partners (Chun, 2005; Riel & Fombrun, 2007).

In the case of a positive reputation, organizations gain in attracting new sources of capital, have greater attractiveness, and more easily gain and retain employees. Positive reputation is also related to other competitive benefits such as higher margins and prices, perceived value, sustainable performance, and positive reactions from investors (Walker, 2010).

The reputation of a company is the perception, good or bad, that a society or a particular social group has in reference to the organization (Keh & Xie, 2009). This reputation develops over time, being, according to Thomaz and Brito (2010, page 234), "the result of repeated interactions and accumulated experiences in relationships with the organization."

Stakeholders, through experience based on repeated exposure to organizational behaviors, define their expectations of the organizations reputation (favorable or unfavorable), and then tend to maintain these attitudes in the future. An organization's reputation is viewed by stakeholders as a cross-company comparison. In addition, the disclosure of information by corporations is a contributing factor to corporate reputation. Therefore, there is a clear relationship between disclosure (a subject that will be approached in a subsequent item) and organizational reputation (Saeidi, Sofian, Saeidi, Saeidi, & Saaeidi, 2015).

The level of corporate sustainability has the potential to significantly affect a company's financial performance (Repetto & Austin, 2001). Sustainability operates in business performance, so as to help with the cost of capital, reduce the risk of exposure to lawsuits, increase market value, and other benefits (Hart & Ahuja, 1996).

The theories presented refer to the way in which reputation can affect financial performance, and there is a clear relationship between this and the corporate image transmitted to stakeholders. Without the impact of corporate reputation being observed by these partners, we can conclude that there would be none of the financial benefits cited. It is, therefore, of paramount importance that business reputation is perceived by stakeholders, and this process occurs through disclosure.

2.2 Disclosure

Disclosure is the sharing of information, quantitative or qualitative, of a company to the market, by formal or informal means. This disclosure can be carried out voluntarily, starting with the company, which is seeking to obtain benefits from past information. The propagation can also occur in a forced manner, through market regulations by the bodies that govern a particular area of activity, which may require that the information be disclosed. Companies with a good reputation may opt to release more information voluntarily and in this way

preserve or even improve their reputation. Corporate reputation is a guiding factor in the level of voluntary disclosure (Saeidi et al., 2015).

One of the different types of voluntary disclosure, in addition to the spread of financial information, is the disclosure of social information. The social information disclosed, according to Alvarado-Herrera, Bigne, Aldas-Manzano and Curras-Perez (2017), contributes to the formation of the corporate image. Sharing greater amounts of social information may maintain or increase the image of the company for some social groups.

2.3 Failures or problems related to reputation

The interactions between consumers and retailers will always be influenced by standards of ethics and morality. The word ethics is tied to moral principles and customs concerning social conduct. The ethical perspective, however, is guided by several different bases and principles, allowing a plurality of points of view as to what can be said to be ethical or unethical.

Marketing and the study of consumer behavior should always be conducted cautiously. Although all practices can be ethical, the expertise of professionals in some areas can be understood as a kind of strategy to obtain an unfair advantage, with consumers feeling exploited, vulnerable, and disrespected. Not infrequently are cases in which companies exhibit clearly unethical practices, such as misleading advertisements, poor products, abusive prices, disrespect for the environment, or even illegal practices and involvement in cases of corruption. Consumer awareness has been developing over the years and situations such as these could lead to a break in the relationship of individuals with the company. Consumers may even adopt more active positions, such as social mobilizations, boycotts, and public denunciations. The growth in the level of consumer awareness is also stimulating the growth of the third sector, bringing many consumers to social causes and to non-governmental organizations (Zaheer & Rashid, 2017).

The most important factor in forming opinions about companies is social responsibility in areas such as labor practices, business ethics, and environmental issues. Stakeholders have a better opinion of products produced by companies that they believe are behaving ethically (Walker, 2010).

When a consumer’s expectations are violated, reputation will be affected in such a way that the attitude of the affected consumer may be to discard the product, search for competitive products, or even search for alternative markets (Tugut, Arnold, & Carlson, 2015).

Research shows that 95% of customers who are dissatisfied with some business practice will not protest or complain, but will stop relating to the company. This behavior is termed as “outbound,” and is very detrimental because the organization may not know the reason for customer loss, so it is important to note any and all customer complaints. Through complaints, it is possible to circumvent the problems and keep the business reputation preserved. However, Tugut et al. (2000) found that the company's risk of losing its reputation was not enough for the causes of the problems to be remedied (Tugut, Arnold, & Carlson, 2015; Pang, Keh, Li, & Maheswaran, 2017).

An important factor in dissatisfaction is related to the cultural values of the consumer in relation to the complaint. Many consumers may avoid complaining because of a possible fear of creating conflicts because they also care about the reputation they may acquire for their attitude, a phenomenon that occurs mainly in cultures that devalue complaints and confrontations. Brazilian culture has developed a lot in the last few years, with many consumers becoming more politicized and aware, putting themselves in a more critical and active posture than in the past (Tugut, Arnold, & Carlson, 2015; Pang et al. 2017).

From the concepts of the represented authors, one can see the clear advantages that positive social marketing can bring to corporate reputation. It can be concluded from this

same line of thought that in cases where an organization is involved in some kind of negative social marketing, business reputation will be strongly affected. To circumvent existing problems or flaws in relation to reputation, it is important to establish close contact with customers and give full attention to complaints and feedback.

2.4 Corruption

The definition of corruption, according to the Brazilian Criminal Code, is supported by the classic definition of Nye (1967), which associates it with any illegal act to benefit a public or private body. Corruption occurs in a private instance with the obtaining of benefits through public or private norms, and in the public sphere, it comes from a public administrator (or group of administrators), who takes advantage of their political positions to gain benefits and income together with private agents (Abramo, 2004).

However, corruption can not be seen as a binary phenomenon. Each case can be seen in a variety of ways, from different points of view and, therefore, diverse opinions may exist regarding a particular occurrence. The social perception of corruption varies according to several individual factors. The main factors are: schooling, social class, region of residence, and political ideation of the individual (Peters & Welch, 1978; Gibbons, 1989).

Social influences on what may be classified as a corrupt practice led Heidenheimer (1970) to suggest three types of corruption: a) black corruption - when the majority of society classifies the acts as corrupt. These are cases in which the law and the social norm coincide; b) white corruption - when the case is the opposite of black corruption. The law reproves and punishes acts, but society does not see practice as something questionable, and; c) gray corruption - in this case there is a division in social understanding and perception.

The different ways of facing corruption were introduced in Heidenheimer's (1970) thesis and have been subsequently empirically supported. Peters and Welch (1978) reinforced this thesis and, through research, observed that 90% of those interviewed judged a legal case to be corrupt. Already an illegal case (corrupt before the law), in the same observation, only 25% of the social opinion agreed with the vision of the law. This same research was done later in other regions and supported the thesis of influence of culture, history, norms, and legal institutions from the social point of view.

With this, we propose the following hypothesis:

H1 - The perception of corruption in a company reduces the purchase intention of the consumers, as there will be both the reduction of perceived quality and the reduction of consumer confidence.

2.5 Complex vs. Non-Complex Purchases

A complex purchase decision is based on a higher level of consumer situational involvement (Muruganantham & Bhakat, 2013, Shankar, 2016) and occurs on specific occasions (Schmitz & Ganesan, 2014). This phenomenon is of a temporary nature, since it usually happens when the acquisition of a non-routine product is necessary (Schmitz, Lee, & Lilien, 2014; Shankar, 2016).

The complex purchase of products differs from product involvement because it is seen as a more permanent acquisition (Baumeister, Clark, Kim, & Lau, 2017). Thus, consumers generally show a high level of involvement with a few categories for a long time, while complex purchase is related to a large number of categories (Baumeister et al., 2017; Shah, Kumar, Kim, & Choi, 2017).

Previous studies have suggested that the emphasis of complex purchases lies in the product itself, in the satisfaction with its acquisition and its use (Erasmus, Donoghue, & Dobbelstein, 2014; Shankar, 2016). They also suggested that the major product categories that result in complex products are high-priced products (Marian, 2014), products associated with risk of use, such as medical and educational services (Shahan, Mcmaster, & Yadav, And

Newholm, 2016), high-tech products such as computers (Järvinen & Karjaluoto, 2015) and specialty products (Erasmus, Donoghue, & Dobbelstein, 2014 and Shankar, 2016).

On the other hand, non-complex purchases are usually characterized by the repetitive purchase behavior of a given product (Muruganantham & Bhakat, 2013). This is a concept of great importance to the business scenario, since this category of products, being of low involvement, is routinely acquired (Muruganantham & Bhakat, 2013; Martinelli, Belli, & Marchi, 2015).

The decision of non-complex purchases, characterized by inertia in the decision process (Muruganantham & Bhakat, 2013), often results in less planned purchases (Dhurup, 2014; Martinelli, Belli, & Marchi, 2015). This lack of planning may be a result of individual consumer characteristics (Nwankwo, Hamelin, & Khaled, 2014) and/or product characteristics. It is known that mass consumer products, such as hygiene and cleaning products or foods (Lee & Yun, 2015), products with low nominal value (Paul & Rana, 2012; Moser, 2015) and routine use, such as basic clothing Bhardwaj & Fairhurst, 2010), are recurrent in non-complex purchases.

During non-complex purchases, which are less elaborate and require less cognitive processing of individuals, the characteristics of suppliers may be less relevant in the decision process. Therefore:

H2 - The perception of corruption will affect more (versus less) the intent to purchase products in the context of high (versus low) complexity.

3. Study 1 - Analysis of the effect of perceived corruption on the purchase intention

In order to test the hypotheses proposed, we conducted, using a sample of university students, an experiment in 2x2 between-subjects factorial (2 suppliers = perceived corruption versus control and 2 types of products = complex versus non-complex purchase (Hernandez, Basso, & Brandão, 2014).

We used the presentation of advertisements as a way to stimulate the participants of the experiment.

3.1 Stimulus

A pre-test conducted previously indicated that the company Odebrecht was well suited to be used as a company with problems of corruption perceived by the population in general. Since Odebrecht's involvement with corruption in the public works sector was widely publicized in the media (see, for example, in Rossi, 2017), the authors concluded that the stimulus was appropriate. For the control group, no company brand was added to the stimulus.

In order to define the products that would be used, also based on a pre-test, we used clothing items as products of low complexity and a proposal of academic exchange as the service reflecting high complexity. Both categories are aligned with the literature (Bhardwaj & Fairhurst, 2010; Shaw, Mcmaster, & Newholm, 2016).

After selecting the stimuli, we produced four different advertisements. Two of them had an academic exchange service for Canada, in which various benefits and information were offered. In one of the advertisements there was an indication that the company that was offering the service belonged to the Odebrecht group (complex in a perceived high corruption company), while in the other piece there was no such indication (complex purchase in a company with low perceived corruption). Two other advertisements featured a young fashion retailer with women's and men's products. Also in this situation, in one of the advertisements, there was an indication that the store belonged to the Odebrecht group (a non-complex purchase in a perceived high-corruption company), while in the other advertisement there was no such indication corruption). The four advertisements are presented in the Appendix-A.

3.2 Collection measures and procedures

In addition to the advertisements, the data collection form used included some questions to check the efficiency of the manipulations: two items for the manipulation of perceived corruption, from Punch (2000), three items to verify the complexity of the purchase, adapted from Shankar (2016) and three adapted items of Lopes and Silva (2015), for estimation of the intention of use of the evaluators. Perceived quality was estimated using four items from the scale validated by Kallweit, Spreer, and Toporowski (2014), and the evaluator's confidence was measured using three items from the Cook and Wall (1980) adapted scale. In addition, we have included four questions to check the quality of advertising, based on Wang and Lee (2011), as this construct could be a possible covariant of the model and influence the relationship between the variables (Malhotra, Kim, & Agarwal, 2004). All questions were estimated using a Likert scale anchored in 1-totally disagree and 5-strongly agree.

The questionnaire was presented to the participants in printed form in the classroom. The data collection forms were randomly distributed to the participants, so that any of the four stimuli could be evaluated by any respondent (Malhotra, 2011). The distribution of the forms was performed by one of the authors of the study.

Initially, participants were asked to analyze the advertisement that would be presented - without any time pressure - while ensuring total secrecy and anonymity of identity. In the second sheet, one of the advertisements developed for this study was presented (see Appendix A). Then the items on the scales already commented on were presented.

3.4 Results

In this section, the results of the collected data will be presented.

The total sample of the study conducted was composed of 76 women (43.2%) and 100 men (56.8%). The majority (n = 102; 58%) were between 20 and 25 years old and declared to have incomplete higher education (n = 145; 82.4%).

The exposure to stimuli was balanced, since 88 participants (50%) evaluated the exchange service (high complexity of purchase), while another 88 evaluated the fashion store (low complexity of purchase). Likewise, the scenario marked by a group with ethical concerns was evaluated by 89 respondents (50.6%), while the other 87 individuals evaluated the control scenario.

Analysis of the results indicates that the manipulation of the stimuli was adequate. There was a significant difference in the level of perceived corruption (items: the company presented belongs to some group involved in cases of corruption, $M_{control} = 1.91$, $M_{Odebrecht} = 4.60$, $t_{(86)} = 15.390$, $p < .001$ and the company seems be ethical, $M_{control} = 4.07$, $M_{Odebrecht} = 2.10$, $t_{(85)} = 10.095$, $p < .001$).

The buying complexity manipulation check also indicated that the stimuli were adequate (buying this type of product requires a lot of attention, the purchase of this category of products may be risky, it is important to analyze all available information when the purchase of this product is being considered, $\alpha = .874$, $M_{low\ complexity} = 2.93$, $M_{high\ complexity} = 4.26$, $t_{(85)} = 6.427$, $p < .001$).

The analysis of the quality of the advertisement (I believe this ad is real, the quality of the images of this advertisement is very high, the wording of the text of this advertisement is objective and clear, the volume of information in this advertisement is quite adequate; $F_{(3,172)} = .352$, $p > .10$) indicated that there was no difference in the evaluation of the stimuli, allowing subsequent analyses to be performed.

We did not reject Hypothesis 1, because there was a significant difference between the intention of purchase declared by the participants (I would buy this product / service, if I could buy this product/service, if this product/service were offered, surely I would buy, $\alpha = .792$ $M_{control} = 4.20$, $M_{brand\ with\ ethical\ problems} = 2.93$; $t_{(173)} = 7.371$; $p < .01$).

Likewise, there was a significant difference in the perceived quality of the supplier (The quality of this product/service is very high, certainly the quality of this product/service is

competitive compared to brands, the quality of this product/service is higher than others (α = .701; $M_{control}$ = 3.49 and M_{brand} with ethical problems = 2.36; $t_{(174)}$ = 6.901; $p < .01$) and also in the confidence manifested by the evaluators (I trust in this product/service, the general population can rely on this product/service, I suspect this advertisement [item inverted], α = .853; $M_{control}$ = 4.13; $M_{brand\ with\ ethical\ problems}$ = 3.47; $t_{(172)}$ = 4.837; $p < .01$), allowing us not to reject the hypotheses H1a and H1b.

In order to verify H2, we conducted a GLM (General Linear Model) analysis, having as a dependent variable the intention to buy and as factors the level of complexity of purchase (high versus low) and the endorsing brand (brand with ethical problems versus control). The result of this analysis is presented in Table 1.

Table 1 – Results of GLM analysis

Variable	Type III Sum of Squares	g.l.	Mean Square	F	sig.	η^2
Adjusted model	34.923	3	11.641	13.225	p<.01	.187
Intercept	3881,660	1	3881.660	4409.919	p<.01	.962
Purchase complexity	1.699	1	1.699	1.930	.167	.011
Endorsing brand	19.246	1	19.246	21.865	p<.01	.113
Complexity * Brand	13.498	1	13.498	15.335	p<.01	.082
Error	151.396	172	.880			
Total	4077.046	176				
Adjusted Total	186.319	175				

Dependent variable = purchase intention

We did not identify a main effect for the purchase complexity ($F_{(1,172)}$ = 1.930, η^2 = .011, $p > .10$), but, as expected, we identified a main effect for the endorsing brand ($F_{(1,172)}$ = 21.865; η^2 = .113, $p < .01$). Also as expected, we identified an interaction effect between the endorsing brand and the purchase complexity ($F_{(1,172)}$ = 15.335; η^2 = .082, $p < .01$). Figure 1 shows the means identified during data analysis.

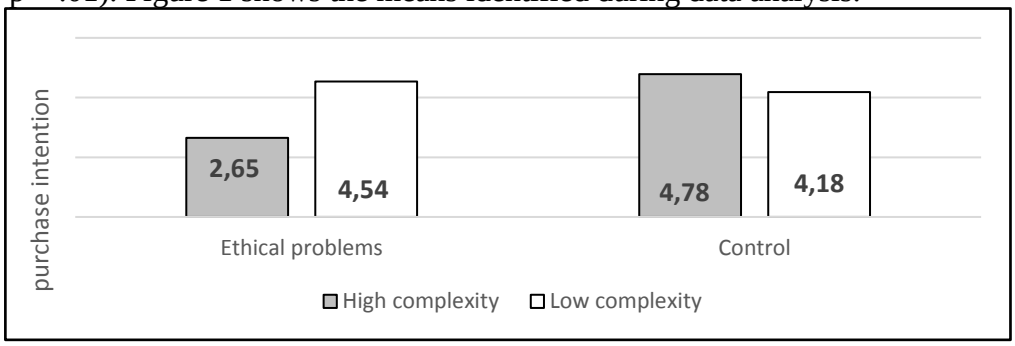


Figure 1 – Means of declared purchase intention

The intention to purchase high complexity products was significantly lower when the evaluator perceived problems of ethical conduct in the supplier, compared to the intention to purchase products of low complexity ($M_{high\ complexity\ in\ company\ with\ ethical\ problem}$ = 2.65; $M_{high\ complexity\ in\ brand\ without\ ethical\ problem}$ = 4.78, $t_{(86)}$ = 4.759, $p < .01$). However, there was no significant difference in the intention to buy products of low complexity between the scenarios analyzed ($M_{low\ complexity\ in\ brand\ with\ ethical\ problem}$ = 4.54; $M_{Low\ complexity\ in\ brand\ without\ ethical\ problem}$ = 4.18; $t_{(88)}$ = 1.08; $p > .10$), indicating that the perception of supplier corruption problems does not affect the individual's purchase intention for low complexity products.

3.5 Discussion of the results of Study 1

As we foresee in the first hypothesis of this study, both the perceived quality of the product and the trust in the supplier are significantly reduced when the consumer perceives problems of corruption in the company. Even though previous studies indicate that the perception of corruption may cause different results, depending on the individual's psycho-sociocultural profile (Gibbons, 1989), the results of this study indicate that the harmful effect of this perception is directly associated with the product (or service) that the company with ethical problems makes available to the market.

Another finding of this study is the difference between the effect of perceived corruption among evaluators of low and high complexity purchase products. Even if, in fact, individuals spend more time and resources on the evaluation of high-complexity shopping products (Muruganantham & Bhakat, 2013, Erasmus, Donoghue, & Dobbelstein, 2014; Martinelli, Belli, & Marchi), it is peculiar to realize that for low complexity products, there is no effect of vendor corruption.

This phenomenon must be seen - to some extent - as a social problem. Although it is evident and already known in the literature that information about low complexity products is simpler to process, it is surprising that consumers, in the context of lesser cognitive processing, ignore the perceived corruption of a brand and do not vary in the intention to buy in relation to this type of supplier.

Even if the hypotheses were tested and confirmed, some limits surrounded the study. First, there may have been an oddity among the evaluators in relation to the product categories and the brand used. As is well known, Odebrecht is a very large company, but it does not operate in the clothing and school exchange segment. With this, the evaluators may have been surprised by the stimulus, resulting in an evaluation bias.

Even though there is literature that points to university students as a suitable sample for consumer behavior research (see Peterson, 2000), it must be recognized that there is certain homogeneity in the responses of this audience (Dommeyer, Baum, & Hanna, 2001). In addition, another limitation of the study was the impossibility of examining the cognitive mechanism that results in the difference of the observed evaluations.

In order to mitigate these biases, we conducted a second study, described below.

4. Study 2 - Analysis of perceived social risk mediation in the relationship between perceived corruption and the intention to buy moderated by complexity.

The aim of Study 2 is to analyze the cognitive process that results in a reduction in the intention to purchase complex products when the supplier presents ethical problems. Based on the literature, a possible justification for this behavior is the level of social risk involved in the transaction.

4.1 The mediating effect of social risk

The literature on risk perception in marketing is abundant (Stone & Grønhaug, 1993; Zhang & Qian, 2017), and the construct is understood as the probability of occurrence of an adverse event. The perceived risk is related to the lack of predictability of the consequences of the acts of the consumer, when, even partially, the consequence may not be pleasant. The risk is also related to the intensity of the damages or losses resulting from it (Cano & Salzberger, 2017). Several studies have already identified the effect of time, financial, health, and social risk on consumer relations (Jacoby & Kaplan, 1972; Cano & Salzberger, 2017, Chiang & Chang, 2018). However, the effect of social risk on the consumption of products from companies with ethical problems has not yet been analyzed.

Social risk is related to the judgment of third parties, such as friends or relatives, who may consider that the consumer has not made a good choice, either in the decision to purchase a product itself (Holzmann & Jørgensen, 2001) or in the purchasing attitude (Cano & Salzberger, 2017) or a particular supplier (Pappas, 2016). As a negative result expected by the

consumer, the social group may disparage or even ridicule the consumer for such a decision (Cano & Salzberger, 2017, Chiang & Chang, 2018).

For some authors, social risk is a moderating variable in the relationship between consumer perception and the responses that may arise from this perception (Brack & Benkestein, 2014). On the other hand, Mitra et al. (1999) suggest that social risk should be studied as a mediating variable between consumer influences and the behavioral intentions that may follow. In this study, we understand that social risk should be the mechanism by which the perception of ethical problems affects the behavioral intention of individuals and, therefore, we elaborate the following hypothesis:

H3 - Social risk will negatively mediate the relationship between the supplier's perception of ethical problems and the consumer's intention to buy.

The results of Study 1 indicated that the complexity of the purchase results in different levels of purchase intention. With this, it is possible to admit that complexity is a moderator in the general mental process. Then, in line with what was seen in Study 1, we propose:

H4 - Purchasing complexity will moderate the relationship between perceived ethical problems and perceived social risk. Figure 2 presents the theoretical model tested.

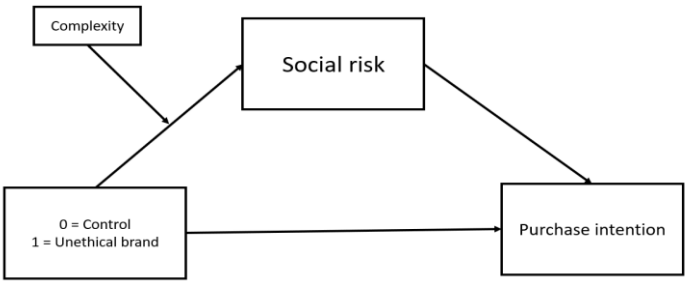


Figure 2 – Theoretical Model of Study 2

4.2 Stimulus

In order to mitigate the bias in the first study, we used, in Study 2, an invented brand (Powertech Electronics), which would be launching a smartphone for the local market. We use the smartphone because this category of products is understood as a complex purchase for a portion of the population and as low complexity for another parcel that is more familiar with its use (Gerogiannis, Papadopoulou, & Papageorgiou, 2012). In addition, the sample of this study was composed of real consumers coming from a research panel. All participants were responsible for their own purchase decisions and had bought a smartphone within the last 12 months.

We used two scenarios to simulate the launch of the new product. In both scenarios, the company was launching a smartphone with modern technical attributes and a very attractive configuration. However, one scenario described that the company had been involved in a case of bribery of local authorities because it was implicated in a slave labor case. The other scenario made no mention of this problem. The scenarios are presented below.

General Scenario

Suppose you are seriously considering buying a new smartphone for your use. Suppose further that you are looking for information on the best model and brand to decide which device to buy. As you are searching for information from many sources, you will find on the Internet information that a company - Powertech Eletronics - which is one of the world leaders in the manufacture of smartphones is starting its commercial operations in Brazil. As they also want to conquer the Brazilian market, they are offering a product with many features at a very good price. The device, which is available in various colors, has a screen of 5.8 inches, 64GB memory and 12GB RAM, 12MP rear camera and 8MP front camera, plus a

very fast and reliable processor and biometric reader and iris reader. Best of all, the Powertech Eletronics smartphone comes at a great price.

Scenario 1 – Control

As Powertech Eletronics, even though it is one of the world leaders in the segment, is new to Brazil, you search the web for evaluations about the product being offered. All ratings are positive. Based on this scenario, answer the questions presented below.

Scenario 2 – Stimulated ethical problem

As Powertech Eletronics, even though it is one of the world leaders in the segment, is new to Brazil, you search the web for evaluations about the product being offered. All the evaluations are positive, but you find a report from a prestigious newspaper claiming that Powertech Eletronics is being sued on account of alleged bribery given to a supervisory body that found workers in situations analogous to slavery. The report is quite emphatic and shows in detail how the bribe was paid to the prosecutors in exchange for not prosecuting the company. Based on this scenario, answer the questions presented below.

4.3 Measures and collection procedures

Besides the stimuli, the participants were presented with some affirmations. The purchase intention was estimated based on four items adapted from Lopes and Silva (2015) (I would buy this smartphone; I would buy this smartphone if I could; if this smartphone were offered I would certainly buy it; if I found this smartphone in a store, I certainly would buy it).

The perceived quality and confidence were estimated by three items each, originating from Kallweit, Spreer and Toporowski (2014) and Cook and Wall (1980) respectively: (Quality: The quality of this smartphone is very high, certainly the quality of this smartphone is trustworthy, the general population can rely on this smartphone, I am not sure of the advertising of this smartphone [item reversed]).

The complexity of purchase was estimated using the same three items, adapted from the Shankar scale (2016) and used in the first study.

Social risk was measured using four adapted statements from Weber's study, Blais and Betz (2002) (Using this smartphone will cause me to be negatively assessed by society, my friends will have a bad impression on me if I buy this new smartphone, society will associate the negative image of this company with my image, I run the risk of being poorly evaluated by society if I buy this new smartphone). We also used three items to check the manipulation, two to verify the effect of the stimulus of the ethical problem (The company presented is involved in cases of corruption, the company seems to be ethical) and one to check the possible effect of brand recognition (Certainly I know this brand of smartphones). We adopted this procedure, even though the brand used was invented.

Both scenarios and affirmations were randomly presented to the respondents through an electronic link (QuestionPro), and the latter were evaluated using a five-point Likert scale (1 = totally disagree and 5 = totally agree).

4.4 Results

Of the total number of individuals who accessed the search link, more than 250 were eliminated, since they had not purchased cellular phones in the last 12 months. The valid final sample consisted of 470 respondents, of which 50.6% were women (n = 238), aged between 18 and 67 years (66.6% between 18 and 30 years). Of the total, 85.3% (n = 396) claimed to receive between one and six minimum wages (1 MW = US$ 265.00).

Most participants endorsed making purchases one to three times a month (n = 227, 48.3%) or four to six times a month (n = 112, 23.8%). However, all participants are responsible for their purchasing decisions. Ultimately, 200 respondents (42.6%) analyzed the stimulus with the company involved in a corruption case, while another 270 (57.4%) were

exposed to the control stimulus. The manipulation check indicated that the stimuli were successful. There was a significant difference in the perception of corruption ($M_{brand\ with\ ethical\ problems}$ = 3.04, $M_{control}$ = 2.34, $t_{(456)}$ = 6.620, p < .01) and also on the ethics of the company analyzed ($M_{brand\ with\ ethical\ problems}$ = 2.94; $M_{control}$ = 3.52; $t_{(461)}$ = 5.258; p < .01).

The analysis of the internal consistency of the perceived quality scales (α = .873), purchase intention (α = .888), purchase complexity (α = .894), confidence (α = 0.904) and social risk (α=.805), allowed subsequent analyses to be driven by the average aggregate score of each of them.

There was no significant difference in perceived product quality ($M_{brand\ with\ ethical\ problems}$ = 3.73, $M_{control}$ = 3.86, $t_{(468)}$ = .455, p < .13 = ns), probably because of the extremely positive set of attributes used. However, there was a difference in declared confidence (Mbrand with ethical problems = 3.47, $M_{control}$ = 3.72, $t_{(465)}$ = 2.589, p < .05). As expected, there was no difference in perceived purchasing complexity in the two scenarios presented ($M_{brand\ with\ ethical\ problems}$ = 3.86, $M_{control}$ = 3.91, $t_{(468)}$ = .496, p < .62 = ns), indicating that the product was suitable for the test.

Also, as expected, there was a difference in the intention to buy ($M_{brand\ with\ ethical\ problems}$ = 3.47, $M_{control}$ = 3.99, $t_{(468)}$ = 4.833, p < .01) and in the perception of social risk, in relation to the scenarios ($M_{brand\ with\ ethical\ problems}$ = 2.49, $M_{control}$ = 1.96, $t_{(468)}$ = 4.824, p < .01).

Based on these results, we proceed to the analysis of the moderation of the purchase complexity and the social risk mediation proposed in the presented theoretical model. For this, we use model 7 of the PROCESS macro (Hayes, 2012). As an independent variable, we used a dummy variable (0 for the control scenario and 1 for the company scenario with ethical problems). The analysis of the regressive model indicated a direct and negative effect between the stimulus and the purchase intention (β = -.437, SE = .109, 95% CI [-.651, -.223], t = 4.018, p < .001), negative by means of perceived risk (β= -.154, SE = .044, 95% CI [-.241, -.067], t = 3.467, p < .01).

Although there were no direct effects between the complexity (β = -.037, SE = .075, 95% CI [-.184, +.110], t = .499, p > .618 = ns), the stimulus (β=-.406; SE = .473; IC95% [-1.335; +.522]; t=.860; p > .39 = n.s.) and the perception of social risk, we identified the existence of a positive moderation effect, through the interaction between the stimulus and the perceived complexity (β = .243, SE = .118, 95% CI [+.010, +.475], t = 2.052, p < .05).

A post hoc analysis indicated that, for low levels of complexity of purchase (Johnson-Neyman = 2.941), there is no difference in perceived social risk (11.7% of the sample). However, when the purchasing complexity is greater (88.3% of the sample), the brand with ethical problems influences a higher level of perceived social risk. This effect is shown in Figure 3.

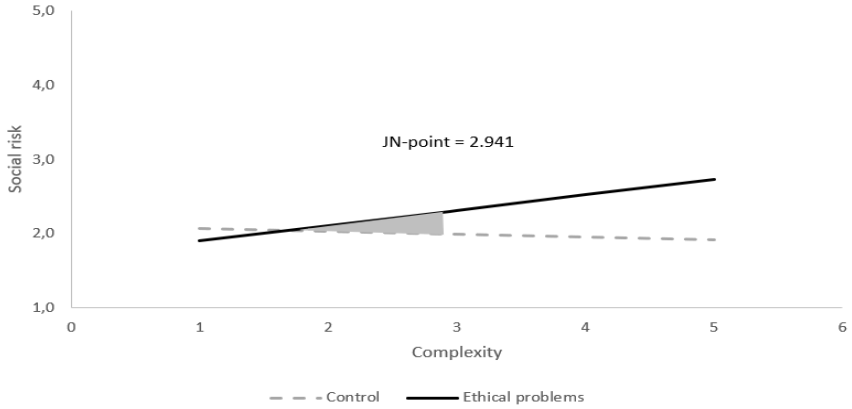


Figure 3 - Effect of moderation of purchase complexity on social risk

4.5 Discussion of results of Study 2

The main finding of Study 2 was the identification of social risk mediation between the perception of ethical problems of a brand and the purchase intention. Even if the direct effect could also be observed, social risk increases the perceived ethical problems of the brand. This finding explains, in part, the effect that a brand with ethical problems has on consumers' intention to buy.

Corroborating the findings of Study 1, we identified the moderating effect of the purchase complexity. In this study, we analyzed the moderation of complexity in the relationship between the presented scenarios and the perception of social risk. We observe that, for low levels of complexity of purchase, it is independent if the brand presents ethical problems or not. This is due to the low perception of social risk that the context of low complexity stimulates. Strangely, it does not matter to the consumer whether the brand has (or does not) have ethical problems when the complexity of buying is low.

On the other hand, when the perception of the complexity of purchase is high, the intention to buy is less, when there is an ethical problem related to the brand.

5. Aggregate analysis of studies conducted

The main objective of this research was to identify the effect of ethical problems related to a brand on consumer behavior. Therefore, we conducted two experiments, in which different types of brand (real vs. invented) were applied to different product categories, in order to estimate the effect of ethical problems on the intention to buy in different contexts of perceived purchasing complexity.

The results indicated that a perceived ethical problem can compromise the quality of the analyzed product in situations in which the set of attributes is not extensive or extremely positive. However, we also identify that perceived corruption always affects consumer confidence in relation to the brand. Probably, perceived quality is a construct that can be manipulated more easily, whereas trust is a perspective constructed with greater effort and time (Kallweit, Spreer, & Toporowski, 2014).

Apparently, the complexity of buying affects the relationship between perceived ethical issues in a brand and the intent of consumer buying. For products with a low complexity of purchase, the effect of corruption was not perceived, whereas, in highly complex contexts, consumers are more affected by the perception of ethical problems in a brand. While on the one hand this may be a (theoretical) advantage for companies that sell products with low complexity of purchase, one has to consider the great detrimental effect that an ethical problem associated with the brand will cause for products of high complexity. In addition, the perceived buying complexity can be changeable and situational.

We believe that a contribution of this study was the identification of the moderating effect of purchasing complexity on the perception of social risk. Again, for low levels of complexity, there was no effect on social risk between brands with (or without) ethical conduct problems.

Another contribution of this study was the identification of the effect of social risk mediation on the relationship between the perception of ethical problems and the consumer's intention to buy. Even if it is a modest contribution, the mediating effect of social risk had not yet been directly observed in the relationship between the variables. As social risk is closely linked to the question of how the individual thinks he or she will be evaluated by others (Holzmann & Jørgensen, 2001, Cano & Salzberger, 2017, Chiang & Chang, 2018), this argument can be used in campaigns that encourage consumption products from ethical suppliers.

Even though we have attempted to eliminate methodological biases by varying products, brand types, using ethical issues of both measured and manipulated brands, varying

the sample types, still a few boundaries surrounded the study. One of them was that the perceived buying complexity was not manipulated, measuring only the complexity manifested by the respondents. The manipulation of perceived complexity could be accomplished in a future study.

In addition, a next study could analyze other mediators of the relationship between the perception of ethical problems and the intention to buy, since in our study, social risk mediated only partially the relation of the variables.

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Appendix A – Stimuli used in Study 1





