

How Do Consumers Perceive the Morality of Retailers: Scale Development and Validation

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Abstract:

Acknowledging a gap in the literature, the current research aims at developing a psychographic scale to measure consumers' perceived morality of retailers, a central node in the company-customer relationship that includes both an exchange and a moral dimension. The new scale is tested and compared to an existing scale in three relevant and problematic retailing contexts, namely home delivery, opening hours and food waste. Data support the validity and reliability of the new scale and call for new research to shed further light on the way consumers perceive the morality of a retailer and behave accordingly.

Keywords: *moral perception, scale development, retailing*

Track: *Retailing & Omni-channel management*

1. Introduction and Theoretical Background

In many parts of Western society, companies are now “*expected to share responsibility with governments for tackling issues which, in the old-world economy, they would have ignored in their pursuit of profit*” (Ellis, 2010, p. 9). Research on the link between a company’s perceived morality and the response of its customers has grown significantly (Peattie & Crane, 2005; Brunk, 2010; Öberseder et al., 2014).

Since the crucial role of retailers in business as a “*central node*” of the relationship with consumers, studies in retailing have highlighted the importance of how consumers perceive retailers’ ethical behavior and behave accordingly (Ferguson, Ellen & Piscopo, 2011; Limbu, Wolf & Lunsford, 2012). Retailers, as service providers, are characterized by more direct interactions with customers that are embedded in the store experience that can affect consumers’ perceptions via a complex set of sensory stimulation (Grewal, Levy & Kumar, 2009). Furthermore, quality perceptions in the retail industry span a broad spectrum of activities from the relational side of the interaction with store employees to the availability of products on the shelves and the opening of the store at convenient times (Grewal et al. 2003; Mantrala et al. 2009). Nonetheless, to the best of the authors’ knowledge, a limited number of studies has attempted to measure consumers’ moral orientation toward retailers and to relate it to consumers’ attitudes and behavioral intentions toward the retailers. This research addresses the consumer perceived morality in the domain of retailing and proposes a scale aimed at explaining consumers’ attitudes and behavioral intentions toward retailers.

Moral judgments are “*evaluations resulting from psychological questions about the morality of minor or major infractions*” (Chen et al., 2018, page 2), which tend to be triggered by actions that affects not only the actor but others as well. Literature identifies four steps involved in ethical decision-making: awareness, judgment, intention, and behaviour (Rest, Thoma & Bebeau, 1999; Brunk, 2010). Completing one stage does not imply the success of subsequent stages. Thus, coherently with the attitude-behaviour gap perspective, an individual may possess moral intent but fail to behave ethically (Shu, Gino & Bazerman, 2011; Karande, 2000). Retail issues with the moral dimension have become increasingly prominent in both academic literatures and on media. The retail sector has a reputation as one of low pay and poor conditions of work (Craig & Wilkinson, 1985; Whysall, 2000).

While understanding consumers' perception of a retailer's morality appears to be crucial, extant literature does not provide a suitable measurement scale. In a recent attempt to measure consumers' perceptions of a company in the broader domain of Corporate Social Responsibility, Öberseder and colleagues (2014) developed a complex set of items and used their scale to explain the variance of total quality, identification and behavioral intentions toward a company. This scale appears the most credible and developed attempt to measuring consumers' perceptions of the adequacy of a company to do business responsibly. Even though, the aforementioned scale does not capture the consumers' evaluations of a company behavior from a moral perspective; it requires specific knowledge about a company's stakeholders that is not common in practice; and it is a multi-item evaluation of a generic company. Given these premises, we propose a scale focused on the morality perspective of a company's evaluation, that does not requires any specific knowledge, and that roots in the ground of the close relationship between consumers and retailers. In doing so, we rigorously follow the common and accepted methodology of scale development and validation in social sciences (Grohmann & Bodur, 2015; El Akremi et al., 2018) and we test its explanatory capability against the scale developed by Öberseder and colleagues (2014). In order to develop the initial pool of items, to pretest the scale and to finally assess its validity, we collect data in three empirical contexts:

- *Home Delivery*: The shift of consumer preferences and the rise of e-commerce as a new retailing channel can be problematic, especially in delivering services offered by retailers (Ndraha, Sung, & Hsiao, 2018). The success of this service is driven by different factors, such as the short time of delivery and the substitution for meals prepared at home (McKinsey, 2016). This type of service is in the spotlight not only for the success it is having, but also for some moral issues that particularly affect employees. As underlined by recent news, a combination of rate changes, increased internal competition and escalating workplace danger has landed companies such as Deliveroo on the precipice of a full-scale driver revolt (Forbes, 2017).
- *Opening Hours*: Supermarkets and fashion stores are increasingly extending their opening hours, forcing their employees to work even on Sundays and/or during the night or holidays. Some studies investigate the importance of accounting for opening hours of service delivery (Delafontaine, 2011), but literature has not yet addressed the issue in terms of moral perception.

- *Food Waste*: Food waste is a major problem and carries considerable social, economic and environmental costs (Scholz, Eriksson & Strid, 2015). Apart from the unnecessary use of natural resources and loss of monetary value, this is also associated with moral issue of throwing away edible food items when people elsewhere are starving (Eriksson, Strid & Hansson, 2016). Recent research suggests that perhaps consumers do not waste food because they are careless, but because wasting food is an element of the routine social practices (Krzywoszynska, 2011).

2. The scale development process

The study has been organized in three stages.

In the first step, we administered a semi-open questionnaire aimed at identifying salient consumers' moral perceptions of retailers. In the questionnaire, we asked respondent to indicate at least one and at most three elements they use to formulate a moral judgement of a retailer. The pre-questionnaire started with a short briefing and a presentation of the analysis. In order to capture a more nuanced picture of the perceived morality of customers and to reduce method biases, the pre-questionnaire was recasted in two version, one asking for problematic aspects of a company's behaviour, the other one asking for positive or virtuous aspects. The two versions of the pre-questionnaire were randomly assigned to respondents. We collected 96 questionnaires with face-to-face interviews randomly selecting people in a big city of central Europe. Responses were independently categorized by five independent assistant researchers, previously instructed about the goal of the research and the method to follow. Responses scarcely evoked were discarded. Discrepancies in the categorizations were solved by majority voting. This procedure led to an initial pool of items, provisionally grouped into four domains: consumers, economic spill-over, socio-environmental impact, and employees.

In the second step of the research, we developed a questionnaire comprising a question for each item found in the previous stage of the analysis. In detail, each item of the initial pool has been casted in terms of a statement about a retailer. Then, a question about the respondent's agreement/disagreement on a Likert scale ranging from 1 (=Totally disagree) to 7(=Totally agree) has been added to the questionnaire. The resulting scale included 37 items – customers (15 items), economic spill-over (6 items), socio-environmental impact (6 items) and employees (10 items). We administered the questionnaire a sample of 180 people (random assignment, 60 respondents

for each context, namely: opening hours, home delivery and food waste). The survey was conducted nearby physical stores and restaurants covering different days and different time slots. 51% of respondents were female. A factor analysis with 5 factors resulted in explaining the 51.4% of variance of data. Confirmatory factor analysis displayed a good fit (NFI, NNFI, CFI, IFI = .9; RMSEA = .077; SRMR = .078; $\chi^2 = 700.82$, $df = 339$; GFI, AGFI = .8).

In the third stage of the analysis we validated the final scale and tested its superiority to explain a behavioral intention (intention to repurchase, 3 items), identification (2 items) and service evaluation (3 items), against the scale of Öberseder and colleagues (2014). In detail, we designed two competing questionnaires. The first questionnaire (hereafter: questionnaire A) included a short introduction, the scale developed by the authors and the set of dependent variables coming from Öberseder and colleagues (2014); the second questionnaire (hereafter: questionnaire B) included the same introduction of questionnaire A as well as all the independent and dependent items of Öberseder and colleagues (2014). Questionnaires A and B ended with socio demographics and a short debriefing. We then casted items in each of the three empirical contexts early chosen. In order to rule out a possible bias due to the food characterization of the contexts we also created a version of both questionnaire A and B for the fashion retail context. In total, we obtained 4 version for questionnaire A and 4 version for questionnaire B.

Copying the same experimental conditions of the second step of the present analysis, we collected around one thousand of usable questionnaires (140 A and 100 B questionnaires for home delivery; 149 A and 100 B questionnaires for opening hours; and 149 A and 100 B questionnaires for food waste; 147 A and 100 B questionnaires). 51% of the respondents of questionnaire A and 53% of the respondents of questionnaire B were females. An exploratory factor analysis on data for questionnaire A supported the 5-factor structure of the first questionnaire (variance explained: 58%) and was confirmed (NFI, NNFI, CFI, IFI = 1; RMSEA = .067; SRMR = .005; $\chi^2 = 216.98$, $df = 61$; GFI, AGFI > .9). Dependent constructs' reliability resulted high for both the data gathered for questionnaire A and B (all Cronbach's alphas above .7).

The detailed structure of the scale is reported in Table 1 below. We also repeated the factor analyses within each context (including fashion) founding no differences in the factor structure. Reliabilities were also in line within contexts.

Table 1: the morality scale

Construct name	Item text	Factor Loading
Costumers $\alpha=.86$ min-max cor: .33-.67	The service provides products with high quality standards	0.567
	The service sets fair prices for products	0.530
	The service offers safe products to consumers	0.640
	Products are labelled clearly and in a comprehensible way	0.678
	The service adapts to different lifestyles of the customers	0.585
	The service implements fair sales practices	0.699
	Service provider communicates transparently and honestly with customers	0.748
Environmental Impact $\alpha=.91$; min-max cor: .56-.72	The service allows the purchase of products also for customers with less money	0.783
	The retailer's activity respects values and culture of the community	0.695
	The service brings a benefit to the community	0.670
	The service reduces wastes	0.785
	The retailer allows energy savings	0.791
	The service provider complies with environmental legislation	0.730
Economic Spill-Over $\alpha=.79$ cor: .66	The service contributes to the economic development of the territory	0.951
	The service contributes to the economic development of the territory	0.572
Employees $\alpha=.91$	The service allows a good balance between the working and private life of the employees	0.694

min-max cor: .56-.71	The service guarantees flexible working hours for employees	0.770
	The service offers adequate remuneration	0.773
	The service respects contractual rights of employees	0.785
	The service pays constant attention to improving the working conditions of employees	0.598
	The service respects human rights of employees	0.712
Negative Effects $\alpha=.73$ min-max cor: .30-.72	The service damages small local companies operating in the same industry	0.503
	The service involves higher costs for the company that cause an increase in the price of products	0.519
	The service causes stress to employees	0.799
	The service provider can easily replace its employees	0.693

Then, we estimated linear models within each group, to compare the capability of the scale developed by the author (i.e. questionnaire A) and the scale developed by Öberseder and colleagues (2014, i.e. questionnaire B). We used as dependent and independent variables the averaged ratings of the corresponding items. Synthetic performances of the two scales are reported in Table 2 below.

Table 2: Results of regressions

Context	Dependent Variable	R² - Questionnaire A	R² - Questionnaire B
Home delivery	Intention to buy	0.2222	0.09579
	Service evaluation	0.3264	0.138
	Identification	0.2424	0.1379
		R² - Questionnaire A	R² - Questionnaire B
Opening hour	Intention to buy	0.4685	0.3245
	Service evaluation	0.5448	0.1633
	Identification	0.3487	0.2139
		R² - Questionnaire A	R² - Questionnaire B
Food waste	Intention to buy	0.2481	0.0389

Service evaluation	0.3355	0.03879
Identification	0.2662	0.08656

Results showed that independent variables of questionnaires A and questionnaire B have different explanatory powers of the variance of the intention to purchase and of the variance of the evaluation of the service depending on the context. Moreover, the scale of questionnaire A, i.e. the questionnaire developed in this study, displayed superior ability to account for the variance of the dependent variables in two cases out of three.

We finally estimated linear models within the fashion retailing context finding results in line. Detailed results are reported in Table 3 below.

Table 3: Results of regressions (fashion context)

Context	Dependent Variable	R ² - Questionnaire A	R ² - Questionnaire B
Fashion Retail	Intention to buy	0.3655	0.06107
	Service evaluation	0.455	0.06418
	Identification	0.3575	0.05848

3. Discussion and conclusions

Results of the present preliminary study highlight that each retailing context is characterized by specific feature that are not fully captured by a generic measurement scale of consumers' perceptions of a retailing's morality. Moreover, the scale developed by the authors is superior in accounting for the variance of the intention to purchase and of the service evaluation than the generic morality scale developed by Öberseder et al. (2014). Our empirical evidences are promising and call for further research. Future research should incorporate a broader set of mediators that enable to better account for the complex set of evaluations that consumers undertake when choosing which retailer to patronize, such as geographical distance from the store, price perceptions, assortment levels, satisfaction with the store.

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