

# Judgments of Market Ethics in a Pandemic

Yvetta Simonyan (University of Bath) and Craig Smith (INSEAD)

Zoom link for the poster session: <https://bath-ac-uk.zoom.us/j/97397015116?pwd=eFBKNW1yaUErdkRxZXQyQjZOMGxaZz09>

## INTRODUCTION

Drawing on the critique of Sandel (2012), we were exploring people's evaluations of controversial market offers (for example, the right to shoot an endangered black rhino for \$150,000 or paying drug-addicted women to be sterilized), when we noticed a difference between people's judgments of these offers before the pandemic (in 2019) and after the disease triggered the first lockdowns (April 2020). The controversial offers were perceived significantly less ethical before the pandemic ( $p < .0001$ ), which is consistent with prior literature on judgments affected by mortality salience (Ferraro, Shiv & Bettman, 2005; Goode & Iwasa-Madge, 2019) and those made under conditions of war and civil disruption (Rawwas, Patzer & Vitell, 1998). Moreover, the evaluations differed based depending on the respondents' individual circumstances.

Intrigued by our initial findings, we conducted a new larger study to examine the link between the circumstantial factors affecting respondents during lockdowns and their ethical evaluations of our controversial marketing scenarios. Prior research suggests that mortality salience may have a numbing effect in consumer settings (Goode & Iwasa-Madge, 2019). Furthermore, negative emotional states (e.g., depression) may result in less sensitivity to the environment and to the existence of an ethical dilemma (Gaudine & Thorne, 2001).

We hypothesize that the relationships between the ethical evaluations and individual circumstances are mediated by the perceived likelihood of experiencing financial difficulties and perceived vulnerability to the disease. We further propose that these concerns lead to increased levels of negative affect and that these individual differences in experience of what we call "pandemic severity" do indeed influence ethical evaluations.

## METHODS

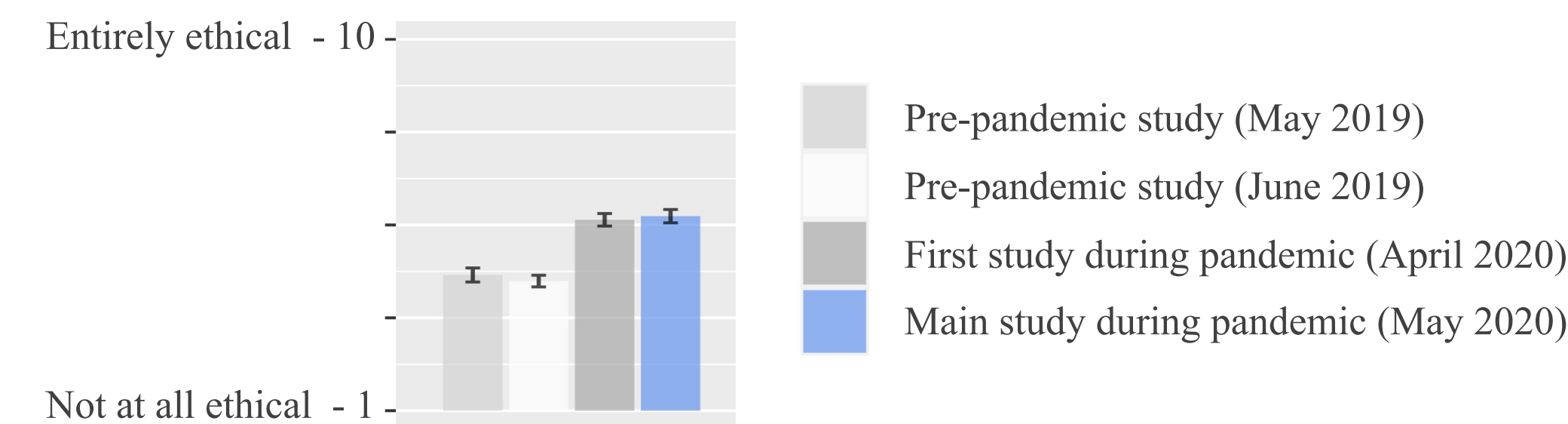
In May 2020, 334 MTurk, participants (118 females, 213 males, and three other-gender participants; the average age was 38 years old) evaluated four scenarios randomly selected from a pool of scenarios chosen from Sandel (2012) and scenarios specific to the pandemic. For example, the "tattoo" scenario read as follows:

*Space on a forehead to display commercial advertising: \$10,000. A single mother in Utah who needed money for her son's education was paid \$10,000 by an online casino to install a permanent tattoo of the casino's Web address on her forehead. Temporary tattoo ads earn less.*

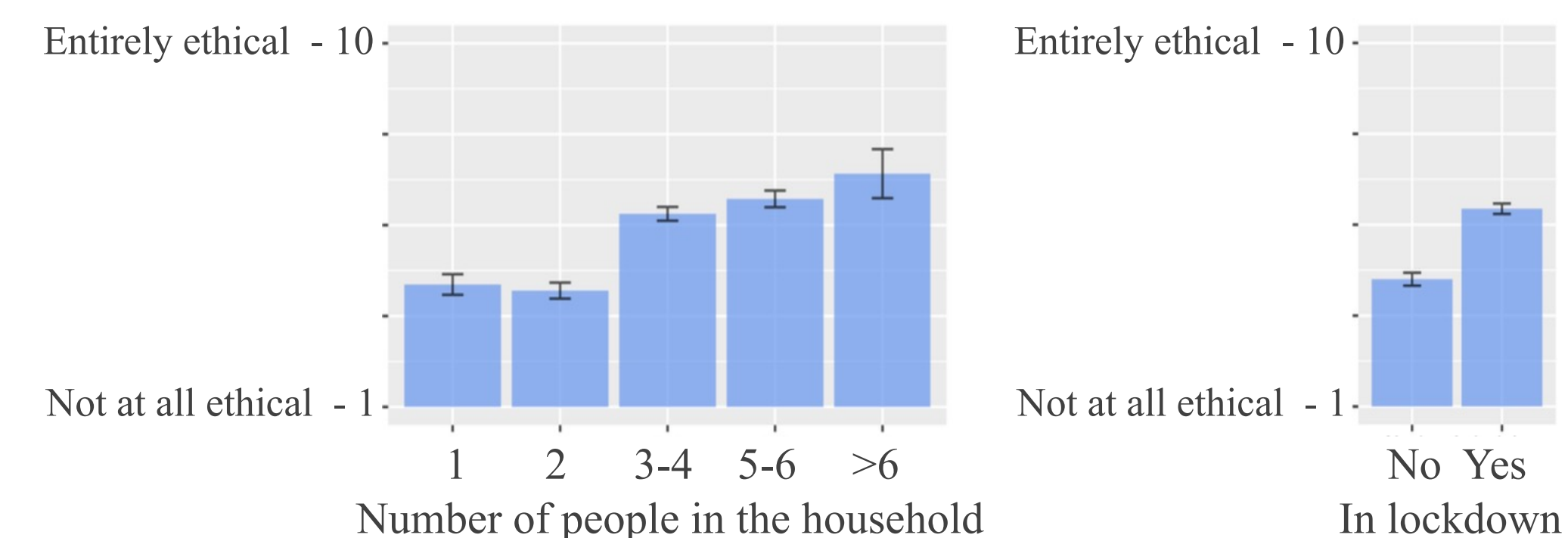
Participants also indicated whether or not their city/state was in lockdown due to the pandemic at the time they completed the survey, how many weeks they had been in lockdown, and how many people were in lockdown with them in the same household. Finally, we asked participants about their feelings and emotions, their perceived likelihood of experiencing financial difficulties and perceived vulnerability to COVID-19, their general well-being, behavioral changes due to the pandemic and demographics questions.

## RESULTS

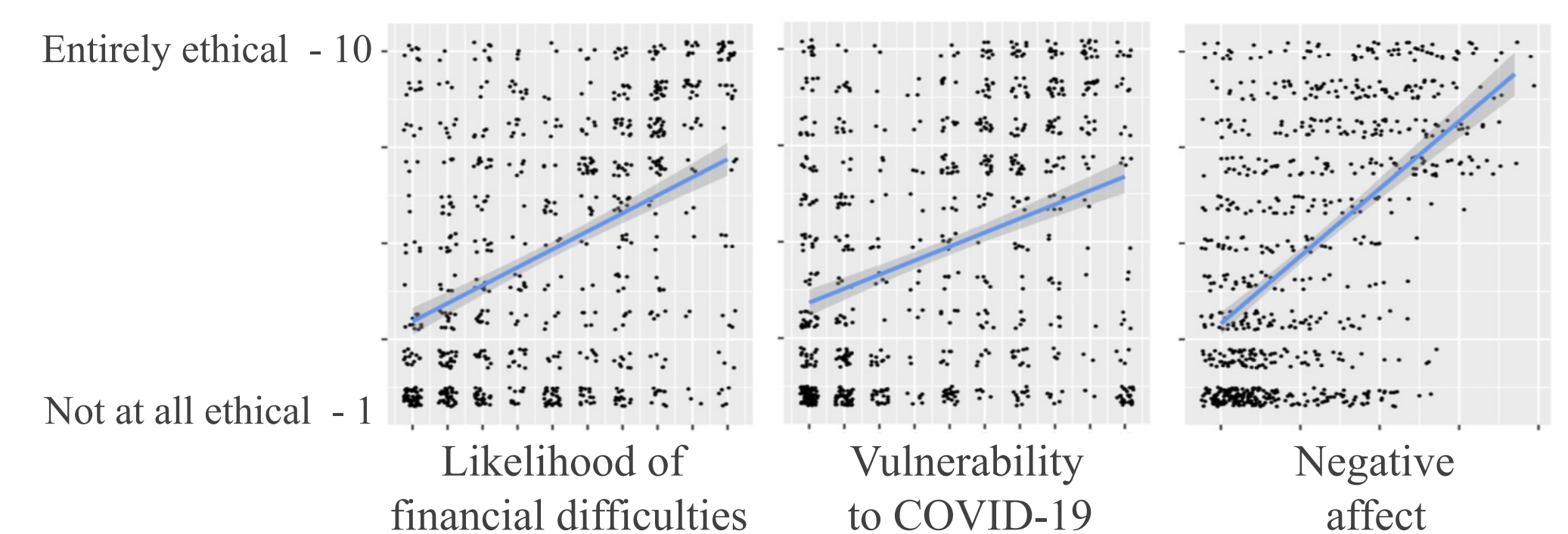
Consistent with the initial findings, respondents in the main study conducted during the pandemic evaluated the controversial scenarios as less unethical than the respondents in the studies conducted before the pandemic.



Furthermore, participants in households with three or more people evaluated the scenarios as less unethical than those in smaller households ( $M_{\text{small}} = 3.27$ ,  $SE_{\text{small}} = .175$ ,  $M_{\text{large}} = 5.52$ ,  $SE_{\text{large}} = .143$ ,  $t = -9.95$ ,  $p < .0001$ , Cohen's  $d = .73$ ), and participants who were in lockdown rated the scenarios as less unethical ( $M = 5.44$ ,  $SE = .14$ ) than those who were previously or never in lockdown ( $M = 3.50$ ,  $SE = .18$ ,  $t = 4.49$ ,  $p < .0001$ , Cohen's  $d = .62$ ).

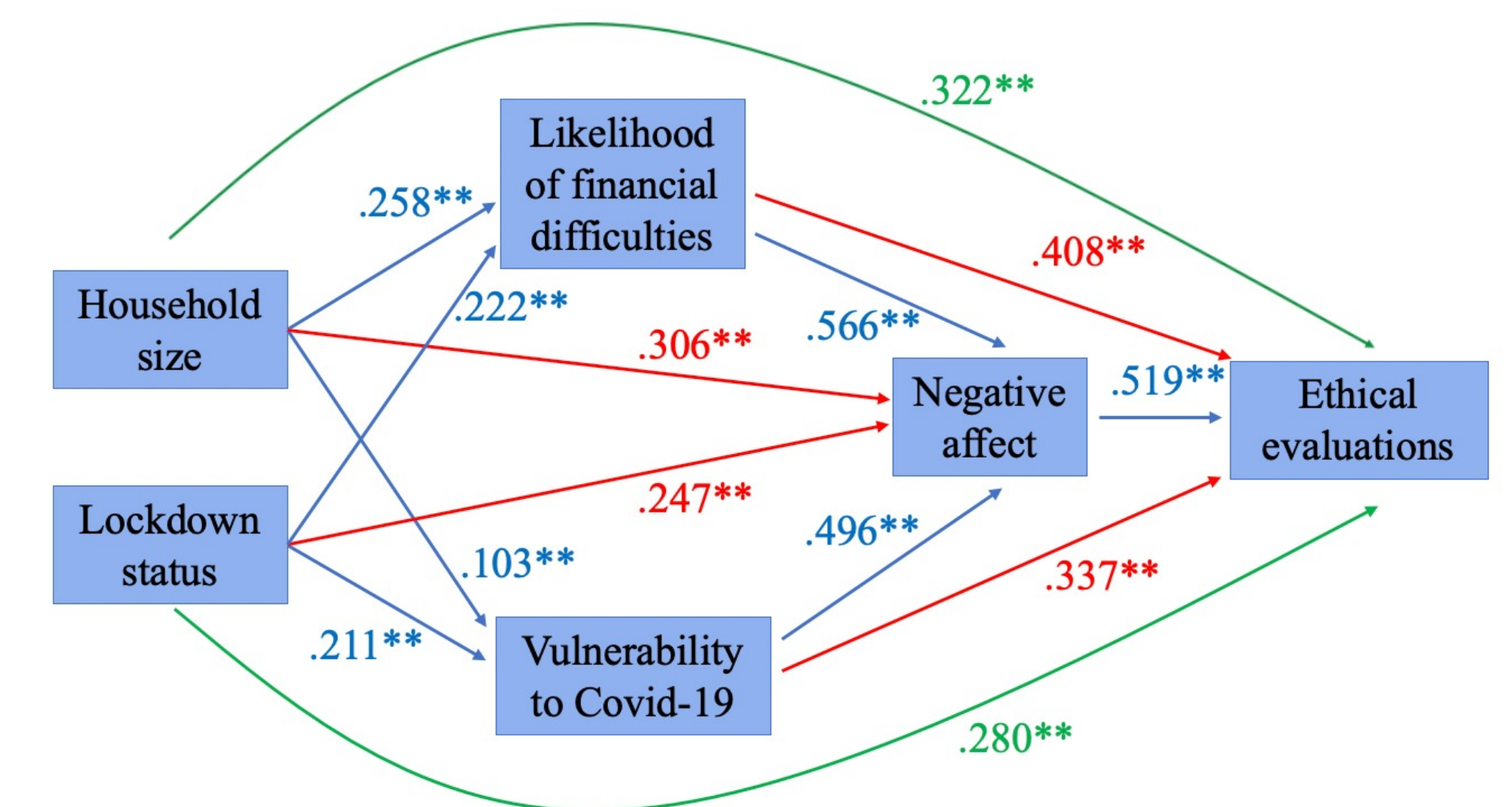


Participants' ethical evaluations were also correlated with the affect measures, perceived vulnerability to COVID-19 and the likelihood of experiencing financial difficulties due to the pandemic.



Furthermore, our mediation analyses confirmed the hypothesized parallel and serial mediation paths linking ethical evaluations and individual circumstances.

Negative affect mediates the relationship between ethical evaluations and other mediators (likelihood of financial difficulties and perceived vulnerability to COVID-19) that explain the role of household size and lockdown status in differences in ethical evaluations. These results remain statistically significant after including other plausible covariates or mediators (income, lockdown duration, or wellbeing).



## DISCUSSION

Research on ethical decision-making in the pandemic also has practical implications for both policymakers and marketing practitioners. For policymakers, it illustrates how the ethical judgments we might normally expect of consumers (and others) might change markedly in a pandemic and under lockdown. If ethical judgments of consumers are less effective as a constraint on producers, there might need to be a greater reliance on policymaker intervention. For marketing practitioners, there might also be a need for more deliberate self-regulation.

## REFERENCES

- Bandura, A. (1986). *Social foundations of thought and action*. Englewood Cliffs, NJ, 23-28.
- Gaudine, A., & Thorne, L. (2001). Emotion and ethical decision-making in organizations. *Journal of Business Ethics*, 31(2), 175-187.
- Goode, M. R., & Iwasa-Madge, D. (2019). The numbing effect of mortality salience in consumer settings. *Psychology & Marketing*, 36(6), 630-641.
- Goolsbee, A., & Syverson, C. (2020). *Fear, lockdown, and diversion: Comparing drivers of pandemic economic decline 2020* (No. w27432). National Bureau of Economic Research.
- Horsley, S. (2020). One for the History Books: 14.7% Unemployment, 20.5 Million Jobs Wiped Away, *NPR*, May 8.
- Sandel, M. J. (2012). *What Money Can't Buy: The Moral Limits of Markets*. New York: Farrar, Straus and Giroux.