

Understanding insurance customer dishonesty: Outline of a situational approach.

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Paper for presentation at the
EBEN Annual Conference
Bonn, Germany
September 2005

Presentation proposal
Oslo, March 2005
(for comments only, don't quote)

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Abstract

The paper takes a look at insurance customer dishonesty as a special case of consumer ethics, understood as a way of situation handling, as a moral choice *between right and wrong*, such as between *self-interest* versus *common-interest*, in other words, a “moral temptation”. After briefly raising the question if different schools of moral philosophy would conceptualize such moral temptations differently, the paper presents ‘moral psychology’ as a frame of reference, with a focus on cognitive moral development, moral attitude and moral neutralization. Conceptualization questions can’t be answered finally without thinking at the same time of empirical research design and instrument design decisions, e.g. choosing between experiment vs. questionnaire studies, designing suitable moral temptation situations as an experiment vs. questionnaires with scenario vignettes. The paper discusses then experiences from a 2004 pilot survey, with a main focus on a few insurance dishonesty scenarios with follow-up questions. The paper has an open end, i.e. outlines desirable future theoretical, empirical and practical work with insurance customer dishonesty.

Keywords

Consumer ethics, insurance customer ethics, moral temptation, moral psychology.

This paper takes a look at insurance customer dishonesty as a special case of consumer ethics.¹ The point of departure (or “background assumption”, Gouldner, 1979) of this paper is that consumer dishonesty can be understood as a way of situation handling. The question is how best to understand what consumers, in this case insurance customers, think, feel and do in situations with a choice between honesty and dishonesty. The basic elements in such situations seems to be an objective action *opportunity* which turns up, which is *subjectively* perceived as *attractive* and which represents a *test* of an individual’s (or perhaps a group’s) *morality*, or more specifically of one’s character, one’s principles or one’s will.

In a business and consumer ethics perspective one could almost say that morality and ethics are abstract and disobliging unless being *tested* in such a situation,² where one’s morality can either fail or pass the test, perhaps learn from it or not, turn out strengthened or weakened. In everyday language, such tests or moral choices *between right and wrong*, such as between pleasure or profit or *self-interest* versus what appears to be ideal or right or *common-interest* are normally labelled as “moral temptations” (obviously, with lots of cultural and not least religious connotations, where religious traditions would focus on prevention and avoidance of temptation³ while poets and novelists and movie-makers perhaps would recommend the opposite.)⁴ Popular moral philosopher R. Kidder has even suggested to use moral temptation as one of two key topics which business ethics is all about (Kidder, 1995, p. 17):

“...Right-versus-wrong choices are very different from right-versus-right ones. The latter reach inward to our most profound and central values, setting one against the other in ways that will never be resolved simply by pretending that one is “wrong”. Right-versus-wrong choices, by contrast, offer no such depth. The closer you get to them, the more they begin to smell. Two shorthand terms capture the differences: If we can call right-versus-right choices “ethical dilemmas,” we can reserve the phrase “moral temptations” for the right-versus-wrong ones...”

Conceptually it matters little if one prefers to talk of *choices* between honesty versus dishonesty, of morality *tests* or of *moral temptation* as a label. More interesting are different views from different schools of moral philosophy concerning such tests, temptations or right-versus-wrong choices, or perhaps even more interesting, if differences in how right-versus-wrong choices are described, discussed and handled can serve as a fruitful distinction criterion between the schools of moral philosophy such as the ones listed below:

- For ethical and/or psychological *egoism*, the pursuit of self-interest is acceptable and legitimate (and not questioned as such). Since one can be wrong about one's best self-interest it is in the actor's self interest to carry out some rational cost-benefit examination of the main variables and risks. The result of such an examination decides if a temptation could be or even should be followed.
- While egoism asks for a self-centred analysis of consequences, *utilitarianism* asks for a similar best possible analysis of consequences but holds that the self-interests of all relevant stakeholders must be taken into account, perhaps with oneself included as one of the stakeholders among many. Following a temptation can be acceptable if this does not hurt all the other stakeholders more than it benefits the actor himself or herself.
- *Deontology* would rather look at a temptation as a question of following one's inclinations instead of one's duties or respecting the rights of others. Temptation is mainly examined as a right-wrong choice between a good will and a not-good will or lack of will.⁵
- *Virtue ethics* would primarily look at the consequences of following a temptation for the given individual, but with a wider reference to ideal individual character properties⁶ and to ideals of a good life.
- *Relativism* and *postmodernism*⁷ would probably suggest a third position, beyond traditional egoism and traditional moral philosophies. From such a third position, idealism and cynicism respectively might be equally "wrong" or inadequate, as long as the rightness or wrongness of following a temptation *depends on the circumstances* and on the *reflections of the actors* about these circumstances.⁸

Moral psychology

When it comes to describing and understanding individual situation handling, the first choice of one single discipline⁹ would be psychology or, perhaps, 'moral psychology'. Among several theoretical and empirical approaches¹⁰ the ones focusing on cognitive moral development, moral attitude and moral neutralization seems most promising.¹¹

Cognitive moral development

Cognitive moral development (CMD) or more colloquially moral maturity makes the point that human growth and development has a moral dimension, perhaps even that maturity essentially is moral maturity. The CMD research tradition is usually identified with the contributions of J. Piaget, L. Kohlberg and J. Rest.¹² At least as a start, we prefer J. Rest's four-component focus to L. Kohlberg's more one-dimensional moral judgement focus. Not least the Rest concept of individual morality with four interacting indicators¹³ or components seems to be inspiring for understanding differences in how individuals handle *both* moral dilemmas and temptations (cf. as a first draft exhibit #1).

Temptation handling and dilemma handling represent different challenges, and Rest's components help with distinguishing the differences. In Rest's distinction (as in the Kohlberg tradition), dilemmas challenge mainly one's judgement competence, while sensitivity has to do with recognition of a moral issue as a precondition for evaluating it, and while motivation and character have to do with translating judgement into practice. If one tries tentatively to extend the four-component distinction to temptation situations, as suggested here, the relative importance of the components seems to be different. Even if moral sensitivity and moral judgement could stop or delay yielding to a temptation, the main focus is on willpower and character, which one could say are tested much more directly in temptation situations than in dilemma situations. While judgement competence is central in dilemma handling (with the other components as assistants), temptation handling or resistance is more a question of willpower and character. In temptation situations, judgment comes perhaps, if at all, rather afterwards as a feeling of uneasiness and triggers denial (as the opposite of sensitivity) and neutralization (as a biased moral judgment).¹⁴

Exhibit #1

The Rest definitions	Dilemma handling focus	Temptation handling focus
<i>moral sensitivity</i> : "... the awareness of how our actions affect other people. It involves being aware of different possible lines of action and how each line of action could <i>affect</i> (our italics) the parties concerned. It involves imaginatively constructing possible scenarios, and knowing cause-consequence chains of events in the real world; it involves empathy and role-taking skills" (Rest and Narváez, 1994, p. 23)	Unbiased empathy and consequence analysis for each of two right or wrong choices, normally involving two or more affected stakeholders	Not skipping empathy and consequence analysis when following a temptation, normally involving at least one victim or affected stakeholder
<i>moral judgement</i> : (i.e. the component which L. Kohlberg's moral maturity development research has focused on, judgement regarding "which line of action is more morally justifiable (which alternative is just, or right). Deficiency (in this component, added by authors) comes from overly simplistic ways of justifying choices of moral action..." (Rest and Narváez, 1994, p. 24)	Unbiased identification and application of best arguments for choosing the relatively better alternative	Since temptations often invite immediate and short term gratification (instead of deferring gratification), the focus is on deferred response and on critically considering relevant pro & con arguments, not least more complex and more long term consequences, moral ones included, of yielding to the temptation
<i>moral motivation</i> i.e. really <i>willing</i> to apply moral understanding in specific moral conflict situations, and not forgetting that the most interesting conflict can be between moral and <i>other</i> considerations. (ibid.)	Mainly a question of <i>willingness</i> to follow the theoretical analysis and judgement (see above) in practice	Equally applicable since temptations test willpower, not the least with reference to moral versus other considerations
<i>moral character</i> , involving "ego strength, perseverance, backbone, toughness, strength of conviction, and courage..." (ibid.).	Mainly a question of <i>courage</i> to follow the theoretical analysis and judgement (see above) in practice	Equally applicable since temptations test one's character (apart from the courage ingredient)

Moral attitude

Attitudes are individual but often shared evaluation and behavior tendencies towards objects, e.g. towards insurance fraud or towards the insurance industry. Attitudes like prejudices, for example, can be strong or weak, positive or negative, consistent or contradictory, more or less important, depending in the attitudes' closeness to the holder's self-conception and self-confidence. A fairly representative standard presentation reads as follows:¹⁵

"Attitudes are psychological tendencies to evaluate a particular object with some degree of favor or disfavor; hence attitudes have both a valence (positive vs. negative) and intensity (extreme vs. moderate) component. Internal *attitude structure* is composed not only of people's abstract evaluations of things in their interior or exterior environment (i.e., attitude itself), but also of any associated cognitions, emotions, or cognitions about behavior vis-à-vis the attitude object. Structure is important insofar as it may be used to diagnose the probable basis of a person's attitude ... (and)

fundamental to the concept of attitude strength... Strong, compared to weak, attitudes are especially predictive of outcomes such as attitude-congruent behavior, susceptibility to social influence, and selective processing of attitude-relevant information. *Attitude functionality* refers to the personal needs and goals of perceivers, and the extent to which a person's attitude toward an object serves one or more such needs/goals. A universal function of attitudes is that they enable people to 'size up' stimuli in their environment..., (other ones) value- expression, utilitarianism, ego-defense, and social adjustment...." (Chaiken, 'Attitude Formation: Function and Structure', IEES, 2002). "There are good theoretical reasons for predicting a relation between attitudes and behaviour... The location of the attitude-behavior relation in more general theoretical models... has advanced understanding by showing how the influence of attitudes combines with that of social norms and perceptions of control to shape intentions and behaviors...." (Manstead, 'Attitudes and Behavior', IEES, 2002)

In the context of this paper *moral* attitudes are of particular interest. One question is if and to what extent morality *is* an attitude *and/or* a behaviour, *and/or* something which is socially desirable to express. Or, coming from an attitude research interest, one could ask to what extent one could and should consider morality as one of the best illustration examples of how attitudes can serve basic human needs, of attitude functionality when it comes to digesting impressions, defining an identity, relating to others. As an example one could briefly refer to one publication which suggests using the concepts of attitude and virtue for potential bridge-building between ethics and moral psychology. Asheim's 300-page book in Norwegian (1997) examines how virtue ethics could be popularized, by using moral attitudes as a more everyday language-friendly label (p. 10), or more academically, if and how these different theory traditions could be summarized and how they could learn from one another and perhaps be combined in a fruitful way. In spite of (or because of) a somewhat unfinished style the book contains lots of ideas for how this obvious interdisciplinary overlap could be exploited and developed, not least for reading Aristotle's Nichomachean virtue ethics *as* a moral psychology (see e.g. Asheim, 1997, pp. 28-37) or E. H. Erikson's psychology *as* virtue ethics (*ibid.*, pp. 69-79).

Moral neutralization

As the term indicates, 'neutralization' refers to reducing contradictions between behaviors and moral attitudes, between factual deviance and moral norms forbidding it, between knowing what is right and doing what one knows is wrong. About such ex-post rationalization Sykes and Matza reason in an almost fifty year old article as follows:

“Disapproval flowing from internalized norms and conforming others in the social environment is neutralized, turned back or deflected in advance... and the individual is freed to engage in delinquency without serious damage to his self-image ... Thus the delinquent represents not a radical opposition to law-abiding society but something more like an apologetic failure... We call these justifications of deviant behavior techniques of neutralization...” (1957, pp. 666-667)

Five such neutralization technique types are distinguished: “Denial of responsibility, denial of injury, denial of the victim, condemnation of the condemner, appeal to higher loyalties” (ibid., pp. 667-669). Related to insurance fraud¹⁶ such a perspective is obviously thought-provoking,

- as a denial of responsibility one could e.g. blame an unprovoked accident both for the damage and for one’s cheating of the insurance company when it comes to compensation,
- as a denial of injury one could reason that small amounts of cheating do not show and/or are anticipated in the insurance premium already,
- as a denial of the victim one could reason that there is no specific individual victim (but rather or only a large organization and an anonymous statistical group of other customers, with many among them who are cheating, too),
- as a condemnation of the condemners one could use moral criticism of the insurance industry, as a defense which attacks the attacker, and finally
- as an appeal to higher loyalties one could e.g. claim that cheating is done to help others in need, at least for the benefit of others, i.e. *not* for one’s own self-interest.

Alternative empirical approaches

In the end, conceptualization questions can’t be answered finally without thinking at the same time of empirical research design and instrument design decisions. When it comes to evaluating alternatives for empirical temptation research, the two main alternatives seem to be experiment vs. questionnaire studies, situation vs. individual resistance focus (cf. Wright, 1971, pp. 59-62, 52-59). The ideal measurement of moral temptation handling is obviously designing suitable moral temptation situations as an experiment. A second best design is using questionnaires with scenario vignettes, where respondents are asked how they *would* act in moral temptation situations.¹⁷ The most typical measurement of attitudes, moral ones and others, is done by survey questionnaire

scales.¹⁸ As temptation handling ex post, neutralization techniques would ideally be mapped by experiment, too, or perhaps by some kind of qualitative design, with a scenario approach and follow-up questions as an acceptable compromise (for example used by Strutton et al., 1994).

Pilot research

Not least as a preparation for a future a qualitative study of customer rationalizations of undiscovered versus discovered insurance customer dishonesty, it seems fruitful to summarize and discuss experiences (rather than the results) from a pilot survey conducted during Spring and Summer 2004.¹⁹ In other words, references to this pilot study can both serve as an extension of the conceptualization suggested above and as a preparation of such future qualitative research.²⁰ Of main interest in our context are a few insurance dishonesty scenarios with follow-up questions regarding what the respondents would recommend others to do in such situations, as well as what they considered to be the most important decision criteria.²¹

#1 The vanished leather jacket

After a night out downtown Miller's leather jacket has vanished. Miller doesn't remember where or how it was left behind. The price of the jacket was € 800 (a designer label). Miller has a travel insurance policy, which covers the loss under certain conditions. Only robbery or theft reported to the police is covered by the insurance. Miller does not know what to do in such an ambiguous situation. You know Miller quite well and you're asked for your advice.

#2 The stolen digital camera

During a vacation with your partner your expensive digital camera (a top of the line brand) has been stolen from you. The camera was bought a year ago. The price at that time was €1000. The travel insurance can cover the loss under certain conditions. Only robbery or theft reported to the police is covered by the insurance. You can't find the receipt, but you remember how much you paid for the camera. The value reduction after one year is € 200 and the deductible is € 100. Which value would you claim?

#3 The cancellation insurance

Johnsen is a business student and books a packaged tour to the Mediterranean. The trip is charged to a credit card which covers any cancellation fees if the customer becomes ill. After the final party at the end of the term (and quite a painful night) Johnsen oversleeps on the very departure day. The plane leaves for the Mediterranean, but without Johnsen. Johnsen's cousin happens to be a doctor and without being asked he offers a confirmation that Johnsen has suffered from an acute stomach disease. By such a paper the cancellation insurance covers the damage. You are Johnsen's sweetheart and you are asked for your advice.

#4 Signing up for a life insurance

You have had a really bad headache for a while and consider seeing a physician. The night before your appointment with your physician you dream that you have become lethally ill of a brain cancer. The next morning you wonder if you should postpone your appointment until after signing up for a special € 25.000 life insurance available to you as a trade union member. The special advantage with this insurance is that no entry examination by a physician is required, only a signature by yourself which confirms that you don't know of any serious disease at the time of signing up. What would you do?

In the first scenario, the main person does not know “where or how” her/his expensive leather jacket has disappeared during a night out. But the main person does know that insurance coverage requires a report of the loss, as a theft. Is it ok to claim the benefit of doubt for oneself, at the expense of the insurance company, by adjusting the story from possible theft to claimed theft? This is where the respondent “as a good friend” is asked a less threatening question for advice, for sharing, for reducing or even for removing such doubt. Any doubts in the second scenario are not related to factual events, but to the size of the damage – if one should state the true paid price for the camera, or adjust the damage size in order to “to compensate” for deductibles and hence to get a new camera “for free”. In the third case, the temptation consists in accepting uninvited help from a relative by rephrasing oversleeping *after* being sick (even bad hangovers are not covered one would assume) as suffering from *being* too sick when the plane leaves (and perhaps also by omitting that the sickness is very much the victim’s own responsibility. The fourth scenario is designed as a temptation related to which information to share and which not when closing insurance contracts, where customers and agents, ideally, owe each other complete relevant information. To make the a case as ambiguous as possible, there is no information but suspicion, based on an understandable dream, and the question is if one should see the doctor for verification of one’s understandable fears or not, since one might know too much after such verification for signing this kind of life insurance (typically, the advantage of a life insurance is for someone else and perhaps a somewhat abstract scenario for most students).

Research questions

As indicated in the introductory remarks already, conceptualization and research question development should look at how temptation is *handled*, at criteria and at reasoning. With the theory fragments, methodology information and raw results presented above and with such considerations in mind one can ask a few preliminary research questions, using the pilot data in a search for preliminary answers and not least come up with ideas for future work.

As a start, one could translate temptation handling into a sentence such as: *How are insurance fraud temptation situations handled, i.e. which criteria do respondents claim they use and how are*

these criteria used? A main issue is how best to map the test persons' reflections around "how" temptations are handled and "why" they resist or yield to such experimental or scenario-question-format temptations. In a moral psychology perspective, such temptation-handling criteria or reasons are at least as interesting as the decision itself, as indicators of the respondents' moral reflectedness and as potential indicators of their CMD levels.

Since qualitative and more standardized designs have each their complementary strengths and weaknesses, the best solution is so-called triangulation, a combination of qualitative and quantitative designs, data and data analyses. In the context of this paper, the quantitative pilot survey data can be used to ask and answer a few preliminary research questions.

1 How "popular" are the considered scenario decision-making criteria? Is there any consistency of criteria usage across the scenarios?

In the questionnaire the respondents are asked to read each of the scenarios, to provide an answer, and then to evaluate the following nine criteria offered right after this scenario, by relative importance on a four-point scale:²²

- Not breaking any criminal law norms
- Not breaking any parts of the contract
- It's ok for all consumers to think primarily of one's self-interest
- Fairness regarding all parties affected
- How it feels emotionally
- Chance of getting caught
- Personal strength in temptation handling
- Being able to find and to defend good reasons
- Insurance companies get by and large the customers they deserve

A simple percentage table provides a first impression of the most frequently mentioned "most important one out of nine" criteria for each of the first four scenarios in the instrument (see exhibit #2).

Exhibit #2

The “most important” decision-making criteria: relative ranking in percent of all German responses, by scenario

The vanished leather jacket	The stolen digital camera	The cancellation insurance	Signing up for a life insurance	Across all four scenarios
Penal law 35	Penal law 32	Feel well 22	Feel well 27	Penal law 25
Feel well 16	Feel well 22	Self-interest 20	Self-interest 18	Feel well 22
Stakeholders 15	Stakeholders 14	Penal law 18	Penal law 16	Self-interest 13
Good reasons 13	Good reasons 10	Getting caught 16	Good reasons 15	Stakeholders 12

Exhibit #2 is typically read column by column, looking at the criteria by scenario and ranked by “votes” in the sample. A next question could be if the respondents judge with some internal consistency tendency, towards what would typically be “their” criterion?²³

2 Is it possible to group the scenario-related criteria under common headlines?

It is almost a routine to search for fewer and better variables by a factor analysis, i.e. looking for underlying common denominators across the single criteria. A standard procedure exploratory factor analysis of the criteria scenario by scenario resulted in three of four cases in three-factor solutions (and in a very similar four-factor solution in the fourth case). Therefore, as a next step an exploratory factor analysis for “all items for all scenarios” was carried out and resulted in a very convincing solution, a grouping of the remaining eight criteria as three factors, a legalistic, a moral-psychological and a self-interest factor (after removal of the item “insurance companies deserve their customers” item; cf. exhibit #3).

Exhibit #3: Pattern matrix of criteria factors

	Legalism factor	Moral-psychological factor	Self-interest factor
penal law respect	,945		
contract respect	,895		
feel well about it		,774	
character test		,684	
fairness towards all stakeholders		,527	
risk of being caught			,810
good reasons			,627
maximize consumer interest			,579

Extraction Method: Principal Component Analysis. Rotation Method: Promax with Kaiser Normalization. Total variance explained 60%

3 Do the reasons/criteria rather represent moral barriers or ex-post rationalizations (“neutralizations”)?

After summarizing the individual answers to the scenario choices and regarding the decision criteria independently from each other it is tempting to take an alternative position and to assume that there is a (“dialectic”) unity of choices made and reasons given. In particular when using a qualitative design it seems almost artificial to make such a distinction. One can assume that respondents consider choices as justifying themselves, implicitly, and therefore skip the answer to follow-up “why”-questions (cf. Brinkmann, 2002). Another interesting issue is if chosen responses in temptation-scenarios are consistent with or contradictory with the corresponding criteria answers. Exhibit #4 can serve as a first illustration here.

Exhibit #4 The issue of consistency between scenario choice and and choice criteria morality		
	“more moral” scenario choice	“less moral” scenario choice
(claimed) relative importance of moral criteria, e.g. penal and contract law respect and/or lower importance of other criteria	type 1 consistency (morality which walks the talk; e.g. morality as filter or blocker)	type 1 inconsistency (more moral talk then moral walk; e.g. “neutralization”) ²⁴
(claimed) relatively low importance of moral criteria and/or higher importance of other criteria	type 2 inconsistency (moral walk without moral reasons, e.g. rule-conformism out of self-interest and/or fear of punishment) ²⁵	type 2 consistency (no moral blockers - no moral blocking, e.g. opportunity makes cheaters)

Type 1 consistency (and perhaps also type 2 consistency) could illustrate Goul Andersen’s thesis of norms and morality as functioning “filters” against self-interested rational choice behavior (1998, pp. 64-66 and appendix exhibit A below). If there is no moral counter-force, opportunities trigger cost-benefit thinking and cheating (unless a cost-benefit calculation tells otherwise). The ex-post rationalization or “neutralization”-technique thesis (formulated by Sykes and Matza, 1957) which has been referred to above already can be used as an illustration of type 1 inconsistency, where high (attitudinal) law respect would go together with (behavioral) law-breaking.²⁶

4 Potential control variables when analyzing temptation handling responses

One of the advantages of a survey data set of some size compared to qualitative data are second and third variable control possibilities. For demonstration purposes a simple “scenario

morality” add-up index was developed which summarized all four scenario choices (for the German sample) and which then was recoded into an ordinal variables with assumed low, medium and high “temptation resistance” and then used as a dependent variable in equally simple percentage tables.²⁷

A first variable type which one would use for routine cross-tabulations are *attitudes* towards insurance fraud. The more tolerant one is of insurance fraud, the more likely it is that respondents will choose the less honest scenario answer alternatives and vice versa. Among the large number of attitude scale items in the questionnaire exhibit #5 shows examples of strong and medium correlations between the respondents’

- acceptance versus criticism of two specific and widespread insurance fraud alternatives;
- degree of moral cynicism, and
- assumed primary factors preventing and explaining the occurrence of insurance fraud²⁸

Exhibit #5
“Scenario choice” morality by two selected attitude items (German subsample only)

scenario morality index #1 (3 groups)	Misrepresent facts for obtaining insurance coverage, gamma: ,49			Deliberately exaggerate an insurance claim, gamma: ,433			Total
	Acceptable	Medium	Un- acceptable	Acceptable	Medium	Un- acceptable	
low	61%	29%	19%	47%	28%	24%	36%
medium	26%	37%	28%	37%	33%	24%	32%
high	13%	34%	53%	15%	39%	52%	32%
N=100%	46	86	32	78	36	50	164

Another natural control variable type could be *experience*, in our case experience with knowing someone personally “who has been dishonest towards an insurance company for the last two couple of years” and “claim filing” experience during the same time frame.²⁹ One assumption here could be that knowing personally of others who have cheated (and mostly without being discovered) decreases the barriers against cheating oneself. Another assumption could be that one’s experience with the last claim determines one’s likelihood of being more or less honest in temptation situations as the ones presented in the scenario. (Our problem is here of course that we don’t know if the respondent in this last claim case was honest or not and/or is satisfied or not with his/her insurance company).³⁰

Final remarks and suggestions for future work

The main objective of this article has been to come up with some specific suggestions and examples of how one could conceptualize moral temptation handling and how one could describe moral temptation handling empirically. In such a case, indicating possible next steps for future work or at least asking improved questions can serve as a legitimate open end.

Theory work

Obviously, first next steps could be a further elaboration of the somewhat short and superficial portraits of ethics approaches offered above, one or a few at a time, and further development of a moral psychology of temptation, in particular perhaps work with the neutralization technique approach. When it comes to more specific contributions to (or at least relating more closely to) theory development within the field(s) of business, marketing and consumer ethics one could use the widely quoted *Hunt-Vitell-model* (1993) as a first reference point. The most interesting question would be if such a decision-making process model is a good enough conceptualization of consumer dishonesty as temptation handling. Opportunities and temptations might trigger more spontaneous reactions, with ex-post moral reflections rather than ex-ante ones as assumed in the model. Or, perhaps, “it depends” on the very *tempting situation* if individuals start moral reflection, or rather go for an *amoral* (rather than *immoral*) cost-benefit self-interest model instead.³¹

Empirical work

Student samples are well suited and widely used for pilot studies with functions such as pre-testing and validating of instruments or hypothesis formulation. In a next step, ordinary and representative *customer samples* are needed, preferably recruited among the customers of one insurance company (or several ones) , in one or several countries, including additional specific questions about specific experience related to contact, claim handling, having been met with trust and mistrust, cheating without (and perhaps with) having been discovered. As mentioned above already, a combination or *triangulation* of “complementary” qualitative and quantitative strategies seems advisable, with reuse of the scenarios presented above, but using qualitative follow-up questions and/or a focus-

group design. If one should choose to emphasize an empirical moral psychology the subtopic of neutralization techniques seems most promising.³²

Practical work

Eventually, one's background assumptions and model choices can have practical implications as well. If one assumes customer dishonesty or egoism and tries to counter such assumed egoism by limiting the profitability of law breaking, by increasing the risk of being discovered and by going for tougher sanctions (cf. Goul Andersen, 1998, p. 64 and the appendix figure A below), moral customers might turn egoistic instead. Or if the insurance companies' honesty-campaigns emphasize moral arguments and contracts of mutual trusting, this is far less risky, but requires probably that the company has *moral credibility*. Such moralizing will probably work for most average honest customers, while the dishonest ones might read such communication as a sign of weakness and surrender and as an invitation to cheating. In other words, communication-wise, deliberate differential treatment of different customer segments seems wisest - with screening and avoiding dishonest customers (and dishonesty-triggering products) and with treating the above-average moral and honest customers with trust and respect. Obviously, there is a large intermediate group, consisting of individuals who respond that they are in doubt and who might choose cheating or honesty in different situations. This group is the most interesting, most promising and most difficult one to handle, since it for them *depends* on the situation, if an emerging insurance cheating opportunity is *subjectively* perceived as *attractive* and if the tempted individual's morality fails or passes the test, perhaps learns from it or not, turns out strengthened or weakened. The question if insurance companies get the customers they deserve and vice versa, if consumer and business ethics are interdependent is a good one – theoretically, empirically and not least practically.

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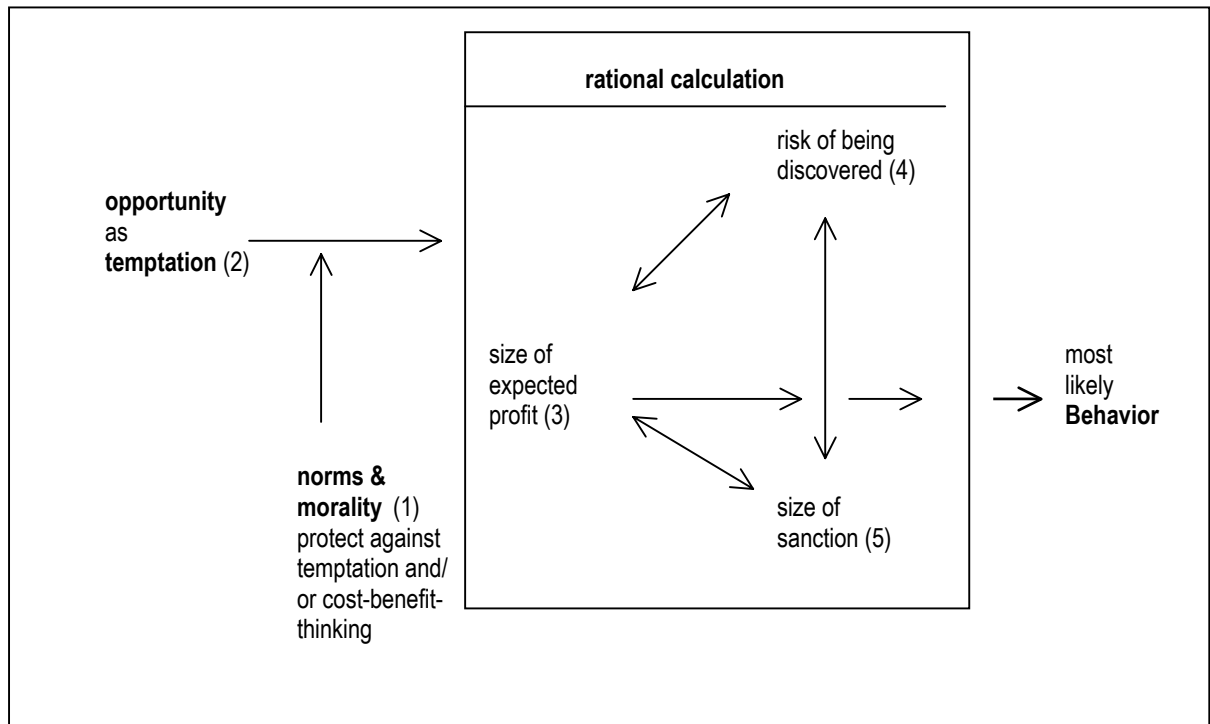
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Acknowledgements.

A previous version of this paper was a protocol of briefing, supervision and close cooperation related to Janicke Mathisen's and Rebecca Wadud's master thesis project at our school, cf. in particular references in the moral psychology section.

Appendix exhibit A: Self-interested temptation handling
(Goul Andersen 1998, p. 64; model revised by present authors)



Appendix exhibit B (vertical %)

The vanished leather jacket: What advice would you give?	N	D
Report to the police, without any doubt.	37	38
Report to the police, with some doubt.	42	36
Not report to the police, with some doubt.	15	16
Not report to the police, without any doubt.	5	10
The stolen digital camera: Which value would you state?	N	D
State € 1000 (paid price).	81	76
State € 1100, to include the deductible.	6	11
State € 1200, to cover the value loss.	2	5
State € 1300, add value loss and deductible.	11	8
The cancellation insurance: What would you advise Johnsen to do? (Norwegian n: 124³³)	N	D
No doubt, accept the offer	52	35
With some doubt, accept the offer	25	46
With some doubt, refuse the offer	9	10
No doubt, refuse the offer	14	9
Signing up for a life insurance: What would you do?		D
Sign up no doubt		48
Sign up with some doubt		24
Won't sign up with some doubt		13
Won't sign up no doubt		14
N=100%	150	164

Endnotes

¹ For a presentation of this research specialty within marketing ethics cf. as a state-of-the-art paper Scott Vitell (2003), claiming that consumer ethics has one main “theoretical research” model, the *Hunt-Vitell model* (1993) and one main “empirical research” tradition, with the Muncy-Vitell *Consumer ethics scale* (1992) as a common denominator (cf. the Vitell, 2003 section headlines, pp. 34 and pp. 35. See still another paper of Vitell et al., 2001, with some bridge building between such theoretical and empirical research. For a discussion of the possible narrowness of the Consumer ethics scale (CES) research tradition see Brinkmann and Lentz, 2004.

² Cf. perhaps Mark Twain's *The Man that Corrupted Hadleyburg* where the inhabitants in the end have learned the important motto, *Lead us into Temptation*. J.B. Twitchell “recycles” the Mark Twain quotation and reasons as follows: “Temptation is, after all, the patron saint of the marketplace... Evil though it may be, the alternative boredom is far worse...” (1999, p. 15).

³ Temptation is a main and recurring topic in Christian bible history (and there is even a patron saint of temptation, St. Anthony – cf. with lots of links to Temptation of St Anthony paintings: <http://www.textweek.com/art/temptation.htm>, not least to the (probably most) famous painting of Hieronymus Bosch, see

http://www.kfki.hu/~arthp/html/b/bosch/painting/triptyc1/tempt_c.html). One of the leading theological dictionaries starts with listing different meanings of temptation and/or equal subtle translation possibilities from Hebrew and Greek respectively, such as "... trying and testing, reviewing and sorting, cleaning and melting, carrying out an experiment or researching, seducing..." (Lexikon..., 2001, cols. 737-739). Cf. also several quotation fragments, such as:

- The Old Testament "... understands by temptation in a more narrow meaning a fitness test carried out by God for testing the loyalty, the obedience, the trust or faith of a human being or a people... The origin of the temptation is not God but bad powers... According to the wisdom-books, temptation is even valued positive as a means of education and catharsis..."
- In the New Testament "... the word 'to tempt' (πειραζειν) means 'examine', 'test', 'put on trial'. It makes a big difference if the test is carried out with a good or with a bad intention..." While human beings tempt one another and tempt God with a bad intention, God tempts "with a good purpose and (this) is part of his personality. Such temptations are tests of fitness..., a distinction of the pious..." "... Temptation approaches human beings in diverse ways and tries to motivate them to follow the voice of egoism, anxiety, strive for power and profit, instead of listening to what is good according to one's conscience..."
- "All great founding fathers of religions (Jesus, Buddha, Zarathustra, Mohammed) talk about initial temptation experiences, as models of proof..."
- "Temptation occurs in a pre-stage of conscious and free human decision-making and has therefore an unclear ethical status. It can, however, acquire the status of a pre-decision which influences all the following decisions... At first sight, a temptation approaching humans is neither good or bad..."
- "A temptation can result in surrender and guilt in relation to God but also as *probatio* strengthen human faith and further a process of moral personality and conscience development..." (Lexikon..., 2001, cols. 737-739, authors' translation)

⁴ Cf. the quotation catch from a quick internet-search: "I can resist everything except temptation.... The only way to get rid of a temptation is to yield to it" (Oscar Wilde); "The last temptation is the greatest treason: To do the right deed for the wrong reason" (T.S. Elliot); "Lead us not into temptation and evil for our sake.'/They will come all right, don't worry; probably in a form/ That we do not expect, and certainly with a force/ More dreadful than we can imagine." (W.H. Auden) or, simply, "We can all be good when we have no temptation ... to the contrary." (S. Richardson) – search for temptation quotations under <http://www.bartleby.com/quotations/>. One could consider the central scene in the *Indecent proposal* movie as a point of departure, where a married couple, David and Diana, are in serious family budget trouble. They decide going to Las Vegas for trying to balance the budget by gambling, but without success. After some pilot observation of good-looking Diana, John Gage, a multi-billionaire who has guessed the couple's difficulties designs an experiment, to test the cliché of "there are things money can't buy". He offers David one million USD "for one night with your wife Diana". The question is: should the couple follow or resist the temptation of making a lot of money so "easily"? What are good enough moral reasons or criteria to judge by? What could be good procedures? I have discussed the essential 10 minute-scene of the movie with several generations of course participants. Most students tend to follow the movie title and put the blame on John Gage (Robert Redford) rather than Diana (Demi Moore), *for inventing and offering rather than yielding to a temptation*. When it comes to giving and justifying advice for how to handle such a tempting indecent proposal, most students seem less reluctant with accepting the indecent proposal themselves than with recommending the couple to go for it. (some might say that *Indecent Proposal* has elaborated the G. B. Shaw example, asking a women dinner guest at a party if she would "sleep" with a stranger for one million Pounds. She hesitated, but said yes. Then GB asked her would she do it for ten Pounds. She indignantly replied, "What do you think I am?" He said, "I have already determined that. I am only trying to find out to what degree..." Or cf., even more in line with 2004 mass media society, the reality TV program *Temptation Island*, cf. www.temptationonfox.com

⁵ See in addition Brewer, 2002

⁶ Cf. e.g. the simple definition of a virtue as a "disposition, habit, quality, or trait of the person or soul, which an individual either has or seeks to have" (Frankena, 1973, p. 64). By the way, the British philosopher S. Blackburn refers in his book *Lust. The Seven Deadly Sins*, Oxford University Press 2004, pp. 9-10 to the medieval legend of Aristotle and Phyllis, made up of Henri d'Andeli, who in his poem *Lai d'Aristotle* shows how the classical virtue ethicist teaches Alexander the Great the necessity of temptation management by advising him to drop his courtesan who then, as a revenge, is successful in her temptation of Aristotle, who then "warns" Alexander "that if lust can overcome wisdom itself, a not-so-wise young man like Alexander must be doubly vigilant against it..." (p. 10)

⁷ See e.g. Gustafson, 2000, opting for postmodern business ethics as "being good at asking questions", holism, "plasticity without adopting a mere relativism" (p. 654), as well as Goul Andersen, 1998

⁸ E.g., giving-in to temptations is not acceptable in a puritan cultural context (but perhaps otherwise), may be acceptable as part of marital duty performance (but not otherwise), may be acceptable when participating in research such as an indecent proposal experiment (but not otherwise), may be if giving-in to temptations if they are produced by marketers (e.g. as long as you pay for the product or service but not otherwise).

⁹ Cf Brinkmann and Lentz, 2004, presenting a complementary sociology/ social science perspective

¹⁰ One could follow a suggestion made by Wright (1971, p. 23) and distinguish four basic approaches: a social-group (or rather: social recognition?) approach, psychoanalysis, learning theory and a cognitive-developmental approach. The social group or social recognition approach overlaps with what one could call a moral sociology approach (see Goul Andersen, 1998, Brinkmann and Lentz, 2004) and in part with attitude theory, see below.

¹¹ Treating CMD, attitudes and neutralization in dedicated paragraphs does not mean to deny the existence of interdependencies between these concepts. In a way, an analytical conceptual distinction makes an understanding of empirical interdependencies easier. One could obviously use attitudes as indicators of CMD or moral maturity, measure

neutralization tendencies (like attitudes) instead of neutralization techniques, treat neutralization tendencies as an indicator of lower CMD (and a total lack of neutralization as an indicator of higher, almost post-conventional moral maturity). Another interdependency is implied by the very focus of this paper, understanding a given person's yielding versus resisting to a temptation in a given situation, and the claim that moral-psychological, intra-individual and individual level explanations are useful, either using the three approaches distinguished here, one-by-one or, even better, jointly.

¹² See as original sources e.g. Kohlberg 1985, Rest and Narvaez 1994 or as one of the better business ethics textbook chapter presentations Trevino and Nelson, 1999, pp. 100-124

¹³ The Hunt-Vitell model referred to above and below operates with a similar distinction by including character strength, cognitive moral development and ethical sensitivity as 3 out of 6 sub-components in a 'personal characteristics' model component (1993, pp. 776, 780-781)

¹⁴ Cf. the similar distinction between high-involvement and low-involvement decision making with different effect hierarchies (i.e. attitude-behavior sequences) in standard consumer behaviour textbooks, such as Assael, 2004, ch. 4 or Hoyer and MacInnis, 2001, chs. 10 and 11, esp. pp. 249-253

¹⁵ Cf. otherwise as a fairly recent textbook Bohner and Wänke, 2002

¹⁶ For a discussion and demonstration of the more general relevance of this source for marketing and consumer ethics research see two co-authored articles by Vitell (Vitell and Grove, 1987, Strutton et al., 1994).

¹⁷ See perhaps the literature references provided in Brinkmann, 2002 and Brinkmann and Ims, 2004 (to Bain, 1994; Chonko, 1995; Peck et al., 1994; Weber, 1992).

¹⁸ Sometimes it seems difficult to decide if attitude measurement really is an empirical following-up of a theoretical understanding or if attitudes are the best examples of operationalism, i.e. claiming that an attitude is anything that a Likert-scale (or similar instruments) measures.

¹⁹ Both instrument development and pilot data collection was done in close cooperation between students and supervisor.

²⁰ Some qualitative data regarding individual moral temptation handling are available already as well. As part of the same pilot project one individual who had been caught when trying to "cheat" his insurance company was interviewed about his version and his reflections about his story, as well as eight individuals (who had *not* been caught) about their reflections related to own insurance fraud experiences (for commented summaries of these interviews in Norwegian see the pilot project report). A similar invitation to describe a personal insurance fraud case was part of the German web-based questionnaire (and resulted in 43 rather short and 20 longer vignette format stories (in German). These stories will perhaps be analyzed later in the context of a Norwegian student paper).

²¹ Such a question design is both similar to and different from the Rest's DIT-score instruments, with a dilemma scenario and follow-up criteria (cf. the moral psychology section above; the main difference between using dilemmas and temptations as trigger situations). The decision-making criteria in the Norwegian version of the questionnaire were merely used (and usable) in a first stage of instrument development and/or replaced criteria. By placing such scenarios in the beginning of the questionnaire the respondents were reached in a fresh and spontaneous state, perhaps even inspire and motivate them for their role as respondents in this field study. The rest of the questionnaire was developed from a large number of attitude instruments, reused from a Danish study about morality and law-breaking, from a US study about insurance fraud and from parts of the CE-scale referred to briefly above (Goul Andersen, 1998; Coalition..., 1997; Fukukawa, 2002). After some pre-testing, a self-completed paper and pencil questionnaire was distributed in classroom situations during April 2004 among business students at two campuses of the same private Norwegian business school (Norwegian questionnaire version). A slightly revised web-based German version of the same questionnaire was distributed between the end of July and the beginning of August 2004 at two German business schools. The whole material consists of 156 Norwegian and on 164 German filled-in questionnaires. While the Norwegian response rate can be estimated to approximately 70% of the (non-mandatory) consumer behavior classes, the German rate is 48% for the Dortmund University sub-sample and 18% for the International School of Management (ISM) sub-sample. In particular the average German response rate is somewhat low but acceptable, given the considerable length of the questionnaire and, in the German case, given that the university sample data collection started right before the university summer vacation (university sample) and took place during the summer vacation respectively (ISM sample).

²² As a follow-up question the respondents are asked then to pick the one most important criterion among the nine mentioned before.

²³ If this is so, one can look at the consistency of criteria use across the scenarios, e.g. by using a reliability measure such as Cronbach's alpha (the value for "all" criteria choices across in exhibit #6 is 0,78). In a later stage of research one could even consider constructing a scale of consistent (100% or at least 75%) legalism, self-interest or perhaps even consistent "inconsistency", as a sort of situation ethics or casuistry or developing a similar score in a similar way as in Rest's "P-score".

²⁴ In the material one finds the following percentages for combining references to high respect for the law with fraudulent scenario choices (grand total % of all respondents, without/with doubt - in the leather jacket (9/23 %), cancellation insurance (6/24%), life insurance case respectively

²⁵ In the stolen digital camera case, 21% of the respondents choose the "honesty" answer alternative without a combination with important moral /legal reasons

²⁶ In addition, the questionnaire contains a scale (reused from the US four-faces study instrument and which one could call "apology"-scale, see Coalition..., 1997) which asks for a ranking of typical neutralization formulations, however, without a reference to one specific situation study. An exploratory cross-tabulation of the digital camera scenario responses against the mentioned apology-scale shows weak but consistent percentage differences and a gamma value of -,253). Still another possibility could be to check any correlations with the SDR-scale (which claims that respondents tend

to confess politically correct values and attitudes, which might or might not infect their answers to threatening behavior questions)

²⁷ If one wanted to include the Norwegian respondents as well who were offered only the two first scenarios one needs to compute a similar index which is based on 2 instead of 4 scenario answers. A trivariate cross-tabulation against country and gender shows strikingly small percentage differences by country and minor gender differences in the German subsample (females being slightly overrepresented in the “lowest” category).

²⁸ The operationalizations for fraud acceptance are: “Misrepresenting the nature of an incident to obtain insurance payment for a loss not covered by the policy” and “Deliberately exaggerating the value of a lost item when making an insurance claim”; for moral cynicism a 5-item-question about assumed degrees of acceptance of insurance fraud in one’s country and for popular fraud “theories” two simple nominal-variable-questions

²⁹ Equally many, 47%, in both the Norwegian and the German sample, resp. 25% and 50% of the Norwegian and German respondents respectively have such experience.

³⁰ A fifth research question could have been: “Is it possible to use scenario responses such as in the present material for developing insurance customer typologies?”. This research question has been answered implicitly already in the previous section. When summarizing the pilot data a rather simple “scenario morality index #1” was developed and then recoded into a three-category ordinal variable of low, medium and high across- “scenario morality”. Two similar tentative typologies were based on recoding the scenario responses into one of three categories: dishonest ones, responses on the brink between honesty and dishonesty (“doubting” ones) and honest ones and on a cluster analysis of the same responses, with a first cluster of rather clearly *egoistic* respondents and a second group or *mixed* cluster which is somewhat similar to the first group, but shows a different attitude in (and mainly in) the stolen camera scenario. A third cluster clearly differs from the two first ones. In all four scenarios, respondents show at least some conscience problems related to behaving unethically, or answer “more” ethically than respondents in clusters 1 and 2. Such respondents were labeled *moralistic* customers.

³¹ Models could be defined here as second-order theoretical-empirical concepts, as simplified pictures of more complex empirical realities. They consist of interrelated concepts with a heuristic value, i.e. are rather useful than true. Such an alternative model of rationally-calculating, self-interested consumer-as-citizen behavior, with a practical focus on how the model parameters could be influenced is described by Goul Andersen himself as follows: “... there are five handles to turn if one wants to reduce law breaking: (1) strengthen norms and morality, (2) limit the opportunities of law breaking, (3) limit the profitability of law breaking, (4) increase the risk of being discovered and (5) go for tougher sanctions...” (1998, p. pp. 63-67, 64; free translation from Danish by present author, cf. appendix figure A). As a third and medium position one could also consider a situation- or single-case-focused model (cf. Brinkmann and Ims, 2004).

³² A quick examination of a few available pilot in-depth interview transcripts (which have not been presented in this article) indicates a wide variety of neutralization techniques. Regarding temptation resistance as a function of CMD one could consider the design of a similar “temptation resistance score” as in Rest’s DIT-design for computing P-scores.

³³ Of the 124 questionnaires (collected in another setting at our school autumn 2003) 61 contain coded, self-formulated answers while 63 questionnaires contain answers to half-open questions.