

Article

Blood Diamonds and Ethical Consumerism: An Empirical Investigation

Meike Schulte ¹, Sreejith Balasubramanian ¹ and Cody Morris Paris ^{1,2,*}

¹ The Business School, Middlesex University Dubai, Dubai P.O. Box 111075, United Arab Emirates; mnschulte@hotmail.com (M.S.); S.Balasubramanian@mdx.ac.ae (S.B.)

² School of Tourism and Hospitality, University of Johannesburg, Johannesburg 2006, South Africa

* Correspondence: c.paris@mdx.ac.ae

Abstract: Although ethical consumerism has witnessed significant interest in recent years, most studies have focused on low-value, commoditized product categories such as food and beverage and apparel. Despite its significance, the research on ethical consumerism in luxury product segments such as diamonds is relatively scant. This formed the motivation of this study, which examined the ethical buying behavior of consumers and the moderating effects of their income levels in the diamond industry. Four hundred eighteen responses to a structured questionnaire were collected. The framework comprising of four constructs, namely ethically-minded consumer behavior, willingness to pay more, ethical concerns regarding country of origin of diamonds, and ethical buying behavior of diamonds was first validated, and then the hypothesized relationships between the constructs were assessed using structural equation modeling. Overall, ethically minded consumer behavior had a significant positive impact on willingness to pay more, ethical concerns regarding the country of origin of diamonds, and ethical buying of diamonds. Additionally, ethical concerns regarding country of origin positively influenced the ethical buying of diamonds, while the willingness to pay more had no significant impact on ethical diamond purchases. The multi-group moderation test results revealed that the income levels of buyers do affect the relationships between constructs. For instance, for the middle income group, generic ethically-minded consumer behavior did not translate into the ethical buying behavior of diamonds. The findings provide useful insights for practitioners and policy-makers regarding ethical consumerism in the diamond industry and help to highlight the issues facing the industry, such as its poor supply chain transparency, human rights abuses, child labor, money laundering, bribery and corruption, and environmental degradation from mining activities.

Keywords: ethical buying behavior; diamond industry; income; willingness to pay; consumer behavior



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1. Introduction

Consumers are increasingly concerned with the environmental and social impacts of their purchases [1]. Ethical consumerism is the consumption of goods based on moral and personal values [2] and social elements rather than exclusively on economic aspects [3,4]. Ethical consumerism has increased considerably in the last few decades as consumption preferences and practices are increasingly shaped by the consumers' awareness of ethical issues concerning particular products or firms [5]. This includes purchase decisions based on aspects such as a firm's ethical trade activities, labor standards (wage rates and working conditions), and environmental friendliness of the product [6]. For example, consumers' preference for locally grown, fairly traded, organically produced, and carbon-neutral food and beverages have increased [1]. Consumers are more aware that their consumption fosters organizational production, and therefore, are taking a more aggressive stance against unethical organizational practices through protests, boycotts, and non-consumption [7].

However, most studies on ethical consumerism have focused on low value, commoditized product categories such as food and beverage or apparel [3]. Research on ethical

consumerism in the luxury product segment is relatively scant [8]. Notably it is unclear whether consumers' ethical consumption patterns for luxury purchases are similar to that of commoditized low-value products.

The significance of ethical consumerism for the diamond industry is substantial, given the global campaigns and efforts to combat conflict blood diamonds. Diamond-funded conflicts have resulted in the deaths of millions of people [9,10]. Most of these diamonds are mined and sold from warzones to fund military campaigns and have resulted in the displacement of communities [3]. Ethical considerations facing the diamond industry include poor supply chain transparency, human rights abuses, child labor, money laundering, bribery and corruption, and environmental degradation from mining activities [8,11]. Even with United Nations sanctions on the trade of conflict diamonds [12,13] and the establishment of the Kimberley Process Certification Scheme [14], it is apparent that the trade of blood diamonds is still a key concern [11,15]. However, limited studies have examined ethical consumerism in the diamond industry [16]. Previous research has indicated that consumer decisions for purchasing luxury goods differ considerably from commodity style purchasing [17]. Therefore, to confront both the continued concerns regarding conflict diamonds in the market, it is essential to understand the consumer attitudes and behaviors toward ethical diamonds. Moreover, it is recognized that previous studies have found that consumers' ethical attitudes and behaviors may be moderated by income level. For example, Bohem et al. [1] found that high-income participants showed less interest in reducing greenhouse gas emissions than lower-income participants.

Policy-makers and industry practitioners can benefit from this understanding. They can use it to enact tailored strategies to improve the ethical buying behavior of consumers across different income levels, which in turn would change the unethical practices of the organizations involved in the various stages of the diamond supply chain.

The aim of this study was to examine ethical consumerism in the diamond industry. The specific objectives of this study are as follows:

1. Develop and validate a multi-dimensional framework to examine the ethical buying behavior of consumers in the diamond industry;
2. Assess the relationships between constructs to capture how the consumers' "generic" ethical attitude and buying behavior is translating into the ethical concerns regarding the country of origin of diamonds and their ethical buying behavior of diamonds; and
3. Examine the moderating effects of consumer income level on the intricate relationships between the constructs.

The remainder of the paper is structured as follows. In the next section, a review of the literature highlights the ethical issues in the diamond industry and explores the current body of literature regarding ethical consumerism in the luxury sector and, specifically, the diamond industry; relevant gaps in the literature are identified. The third section introduces the framework to assess ethical consumerism in the diamond industry and relevant hypotheses. The research methodology adopted in this study is discussed in Section 4, followed by our findings and discussion in Section 5. We conclude in Section 6 with practical and research implications along with limitations and suggestions for future research.

2. Literature Review

2.1. Ethical Issues in the Diamond Industry

The diamond industry has faced increased criticism from international governmental and non-governmental organizations on issues of unethical business practices and human rights abuses [8]. Recent studies have highlighted that issues such as slavery and child labor are systemic and are not isolated cases [3,8,11]. Diamond-funded conflicts have resulted in millions of deaths [9,10]. For example, civil wars in Angola, Liberia, Sierra Leone, and the Democratic Republic of Congo have been partially funded by the sale of diamonds, although the usefulness of extracting rough diamonds and other natural resources to fund rebel groups has been debated [18]. Furthermore, systemic human rights abuses surrounding the sourcing and extraction of rough diamonds have compounded the

cruelty of these conflicts. In one instance, reports have surfaced that 200 diamond miners were killed by the Zimbabwean military, followed by accounts of illegal trade, rampant human rights violations, corruption, and the discovery of a torture camp [14,15,19–22]. Similarly, the Angolan diamond industry is plagued by reports of widespread corruption and human rights abuses [23].

2.2. The Kimberley Process Certification Scheme (KPCS)

In response to the above concerns, the KPCS was established in 2003. KPCS is a joint government, civil society, and industry initiative to stem the flow of rough diamonds used to finance conflict [24]. The KPCS narrowly defines conflict diamonds as those used to finance wars against governments. Under the KPCS, all members meet annually to review the behavior of participants, address any problems that have arisen, and work to refine the system [25]. The tripartite structure has implemented safeguard controls and monitoring of rough diamond imports and exports to keep conflict diamonds out of the legitimate diamond supply chain. The Kimberley Process Certification Scheme certifies diamonds as conflict-free [15,19,21,26].

Those in favor of the KPCS argue that it has been a major public success and that the emphasis on the transparent extraction of diamonds provided a foundation ensuring ethical minerals in the marketplace. The KPCS has been credited with the increased level of legitimate diamonds traded in international markets, and reducing the entry of rough diamonds into the legitimate rough diamond supply chain [25]. Since 2003, the number of signatory countries to the KPCS has expanded from the original 35 to more than 80 with its member countries accounting for approximately 99.8% of the global production of rough diamonds [27]. It has played a key role in channeling funds accrued from diamond mining away from rebel groups, terrorist activities, and corrupt politicians, whilst simultaneously increasing the industry's contribution to taxes, investment, and development in exporting countries such as Sierra Leone and Congo [24]. The KPCS and other similar global initiatives like the Extractive Industries Transparency Initiative have contributed to better economic development and modernization in natural resource-rich developing countries by strengthening transparency, accountability, and engagement with civil society [28].

However, the KPCS mainly attempts to sanitize the industry within the marketplace by enhancing, suggesting through the certification of diamonds, an adherence to transparency in the process of diamond extraction, thus enabling consumers to 'buy diamonds with a clear conscience', and encouraging consumers to buy certified diamonds rather than conflict diamonds [29]. The underlying expectation is that with reduced consumer demand for conflict diamonds, the trade of conflict diamonds will reduce [24].

The narrow scope of the Kimberley Process excludes wider human rights abuses in the sourcing and trade of rough diamonds, which has been a subject of mounting criticism [11,14,19,30]. The central criticism of the initiative is that it is voluntary: that, as a 'soft law', it is 'founded upon a series of guarantees by government authorities' for which 'it is unclear what penalties, if any, will be applied to transgressors' [24]. Critics argue that the Kimberley Process is ineffective and outdated, providing false assurance to buyers that the diamonds they consume are clean [15,21,26]. Others have even stated that the Kimberley Process legitimizes blood diamonds [31,32]. Therefore, it is unclear from a consumer perspective whether the diamonds they come across are conflict-free or not [16], and even if they are conflict-free by KPCS's definition, there is no account of whether they are ethically sourced.

The failure of the KPCS to ensure provenance, enforce non-compliance, and fraud has led to further efforts by DeBeers, the world's leading diamond company, to create more rigorous programs such as the GemFair project to attract more socially conscious buyers [33,34]. The GemFair project diamonds come with an ID inscription that can be searched on a special website for consumers to ensure they have ethically sourced diamonds (such as no child labor or forced labor) [35,36]. It uses the latest technology, such as blockchain, to track the diamond through the supply chain [37] and has focused

on sourcing diamonds from small-scale miners, thus empowering them to access global markets. At this point, GemFair is a pilot project and needs to be scaled. We have not come across similar initiatives by industry leaders.

2.3. Ethical Consumerism in the Luxury and Diamond Industry

The role of ethical considerations in purchasing decisions among luxury consumers has been a subject of debate. On the one hand, some research suggests that luxury consumers value ethically produced or sourced goods as they represent high standards and can reaffirm their social status [38]. Additionally, luxury customers' quality expectations have expanded to include environmental and social dimensions [39]. Gibson and Seibold [40] proposed the classification "eco-luxury", referring to goods that enhance the emotional bond between luxury brands and consumers to achieve meaningful and motivational differentiation. Additionally, consumers may take more aggressive positions against unethical organizational practices through protests, boycotts, and non-consumption [7]. Recently, examples have illustrated similar activities among luxury consumers. For example, Gucci and Prada received consumer backlash for their racist designs [41].

On the other hand, research has also suggested that consumer propensity to consider ethics is significantly lower for luxury purchases when compared to low-value commoditized purchases [3,42]. For example, Davies et al. [3] found that ethical conditions of production are less of a concern for consumers purchasing a luxury product vis-à-vis purchasing a commodity. For luxury purchases, aspects such as quality, prestige, and self-image may have a greater influence on the consumer than ethical considerations. Similarly, Kapferer and Michaut-Denizeau [42] found that luxury consumers have somewhat ambivalent attitudes toward ethical considerations.

Furthermore, aspects such as the price, quality, and availability of ethical luxury goods could also influence the ethical buying behavior of consumers [3]. In the context of diamonds, a lack of information about the country of origin and skepticism toward corporate social responsibility claims and transparency can adversely influence ethical consumers [43] and drive consumers to search for ethical alternatives. Overall, it is unclear whether the consumers' positive attitudes toward ethical consumerism are maintained within the diamond context.

Diamonds are a luxury product that is discretionary, exclusive, and scarce [8]. Diamonds also have an important symbolic role for major life events (e.g., engagements, marriages, birthdays, and special occasions), love (e.g., the assertion of affectionate attachment to a special person), and luxury (e.g., social status, distinction) [8]. However, the relationship between ethical sourcing and the symbolic role of diamonds is not clear. In other words, when buying a diamond engagement ring, would (1) a consumer think/research the condition in which the diamond is mined, cut, polished, and sourced; (2) would the ethical considerations affect consumer decisions; and (3) what influence would the ethical consideration have on consumer decisions when price and income are taken into context. Consumers could have a considerable force in the emergence of a more responsible fine jewelry industry [44]. This study seeks to fill this gap in the literature.

2.4. Willingness to Pay More for Ethical Luxury Goods and Diamonds

It is important to understand the willingness of consumers to pay more for ethical luxury goods, especially diamonds. This is because one way to improve the livelihoods and well-being of miners who work for low pay in hazardous and unsanitary conditions is to pay a better price for their product [45]. For instance, higher prices may provide a pathway to "greater economic and social stability" of impoverished miners', so their families will have better access to education and medical support [46]. Of course, this is assuming that fair trade sourcing policies bring this income to the miners. A host of studies have shown that a large share of consumers are now willing to pay slightly more for fair trade products [47]. For example, research has shown that consumers are willing to pay more for certified coffee [48]. Phau, Teah, and Chuah [49] found that luxury consumers

were willing to pay a premium for ethical products. However, it is not clear how much more they are willing to pay for ethical and fair-traded diamonds.

On the other hand, there have been calls for companies to take advantage of the growth in ethical consumption by offering ethical-luxury alternatives [3,16]. Driven by the growing capabilities of synthetic or lab diamond producers, the threat of substitutes is becoming more pronounced in the diamond sector. Therefore, for ethically minded consumers, it is a safe bet to buy synthetic or lab-produced diamonds vis-à-vis naturally mined diamonds [50]. Additionally, there has been a number of initiatives to promote recycled diamonds. This could also influence the ethical buying behavior of diamonds and their willingness to pay more. We seek to address this gap in the literature.

3. Conceptual Framework and Hypothesis Development

Theoretical frameworks provide a way to conceptualize the relationships between constructs.

As illustrated in Figure 1, a total of five hypotheses are proposed based on the framework. Each of these hypotheses is discussed in the following sections.

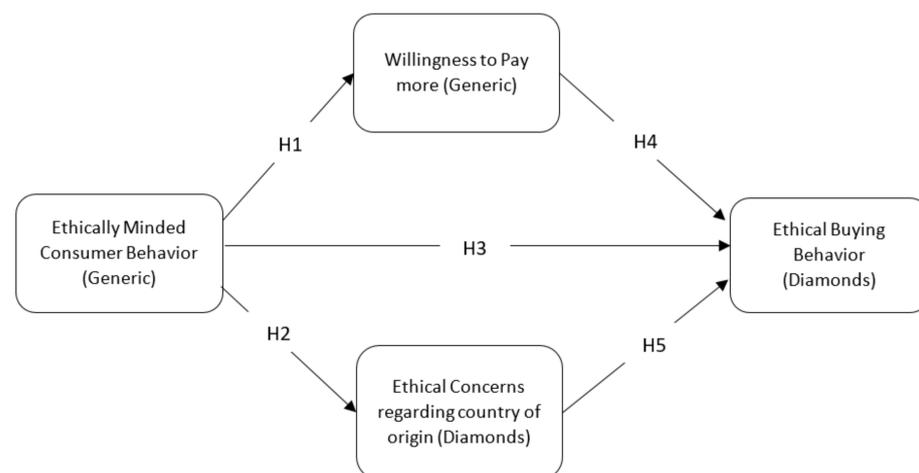


Figure 1. Proposed conceptual framework.

3.1. Ethically Minded Consumer Behavior (Generic) and Willingness to Pay More (Generic)

Previous studies have shown that ethically-minded consumers are willing to pay a premium for sustainable products. For example, a report by Nielsen [51] shows that 66% of consumers are willing to pay a premium for sustainable products. Additionally, research has shown that consumers are willing to pay more for products with eco-labels highlighting the sustainable and ethical product attributes [1]. In the food and beverage industry, consumers in Germany and South Korea are willing to pay more than 30% for ethically sourced [1]. Hence, we propose the following hypothesis:

Hypothesis 1 (H1). *Ethically minded consumer behavior (generic) will have a positive impact on willingness to pay more (generic).*

3.2. Ethically Minded Consumer Behavior (Generic) and Ethical Concerns Regarding Country of Origin (Diamonds)

In order to make ethical choices, consumers need information [52]. However, they often find it challenging to develop an accurate picture of the ethical conduct of the product/firm [52]. This hypothesis captures how ethically-minded consumer behavior will translate into ethical concerns regarding the country of origin of diamonds. As mentioned earlier, the diamond industry is opaque [53], and traceability mostly ends when diamonds are cut and polished [16,54]. Most consumers are likely to gain a passive awareness and

engagement with a company's fair trade and ethical sourcing practices through commonly used 'Fair Trade' certifications for everyday commodities and services. Thus, ethical consumption for regular everyday shopping takes little additional effort for consumers beyond routine decision-making. However, ethical consumers face a much larger challenge when purchasing diamonds for several reasons. First, diamond purchases are less frequent and often for special occasions such as for a wedding engagement. This greatly reduces the potential for consumers to develop a passive awareness of the ethical considerations for the diamond industry. While consumers may devote a significant amount of time searching for external information or evaluating the alternatives [52] leading up to a diamond purchase, much of this activity would normally focus on finding the best price and value. Therefore, it is crucial to examine whether the importance placed by consumers on ethical concerns regarding the country of origin of diamonds is positively driven by how ethically-minded they are in their more general consumptive practices. Hence, we propose the following hypothesis:

Hypothesis 2 (H2). *Ethically minded consumer behavior (generic) will have a positive impact on ethical concerns regarding country of origin (diamonds).*

3.3. Ethically Minded Consumer Behavior (Generic) and Ethical Buying Behavior (Diamonds)

Consumer decisions for purchasing luxury goods are likely to differ considerably from commodity style purchasing [17]. Evidence from the literature suggests that consumer propensity to consider ethics is significantly lower for luxury purchases vis-à-vis commodity purchases; however, logically, consumers who are more ethically minded will generally be more likely to prefer ethically sourced diamonds [3]. Hence, we propose the following hypothesis:

Hypothesis 3 (H3). *Ethically minded consumer behavior (generic) will have a positive impact on the ethical buying behavior of diamonds.*

3.4. Willingness to Pay More (Generic) and Ethical Buying Behavior (Diamonds)

Luxury consumers may be willing to pay a premium for ethically sourced or produced products [49]. Diamonds are expensive, and ethically sourced natural diamonds are likely to be even more expensive. As a result, willingness to pay is an important antecedent of the ethical buying behavior of diamonds. Based on this premise, it could be argued that willingness to pay more will positively impact the ethical buying behavior of diamonds. Therefore, we propose the following hypothesis:

Hypothesis 4 (H4). *Willingness to pay more (generic) will have a positive impact on the ethical buying behavior of diamonds.*

3.5. Ethical Concerns Regarding Country of Origin (Diamonds) and Ethical Buying Behavior (Diamonds)

This hypothesis captures how the ethical concerns regarding the country of origin of diamonds translate into the ethical buying behavior of diamonds. Studies have shown that, in general, consumers may find it challenging to consider several ethical concerns simultaneously and are more likely to focus on particular aspects that they can relate to their personal lives [52]. However, diamonds are a unique commodity due to the special symbolic and sentimental value placed upon them by individuals and wider public awareness driven by the influx of media coverage of conflict blood diamonds. Therefore, this relationship was hypothesized to be strong and positive, indicating that consumers with an understanding of the ethical concerns related to the country of origin such as corruption, environmental issues, human rights, conflicts, slavery, and child labor are more likely to buy ethical diamonds.

Moreover, given that diamonds are marketed and consumed due to their symbolic representation of love, happiness, and celebration during special occasions such as engagements and weddings, it is less likely that consumers would knowingly purchase conflict diamonds on special occasions and contribute to a cycle of violence, poverty, and human rights violations. Therefore, we propose the following hypothesis:

Hypothesis 5 (H5). *Ethical concerns regarding the country of origin (diamonds) will have a positive impact on the ethical buying behavior of diamonds.*

Assessing these interrelationships is essential to a better understanding of the scope of both the problems and the opportunities in promoting ethical consumerism in the diamond industry.

3.6. Moderating Effects of Buyers' Income Level on the Relationships

To date, the effect of income on ethical consumerism in the diamond industry has not been examined deeply in the literature. Even studies that have examined the effects of income on ethical considerations in luxury purchases are limited. Davies et al. [3] did not find any significant differences in ethical-luxury purchasing across different income groups. In the case of low-value commodities, the results were mixed. While some studies reported no significant difference in ethical buying behavior and income [55], Boehm et al. [1] found that high-income participants had less interest in reducing greenhouse gas emissions than low-income participants.

However, a study by Ang et al. [56] in Singapore showed that people from lower-income groups held more favorable ('unethical') attitudes toward the purchase of pirated CDs. Similarly, a study by Tan [57] in China reported that the intention to purchase pirated software was higher among low-income levels. A study by Alfadi et al. [58] compared participants from a high-income country (Qatar) and a low income country (Sudan). They found that ethical buying behavior was much greater in high-income countries. However, this study focused on the ethical evaluation of purchasing counterfeit drugs, which is a considerably different product than diamonds. Given the significant increase in the middle income groups, especially in China and India [59], it is important that our study makes a clear distinction between low-income, middle-income, and high-income levels. Therefore, going by the dominant position in the literature, we propose the following hypotheses:

Hypothesis 6a (H6a). *The strength of the relationship between ethically-minded consumer behavior (generic) and willingness to pay more (generic) will be higher for high-income, followed by middle-income and low-income consumers.*

Hypothesis 6b (H6b). *The strength of the relationship between ethically-minded consumer behavior (generic) and ethical concerns regarding country of origin (diamonds) will be higher for high-income, followed by middle-income and low-income consumers.*

Hypothesis 6c (H6c). *The strength of the relationship between ethically-minded consumer behavior (generic) and ethical buying behavior of diamonds will be higher for high-income, followed by middle-income and low-income consumers.*

Hypothesis 6d (H6d). *The strength of the relationship between willingness to pay more (generic) and ethical buying behavior of diamonds will be higher for high-income, followed by middle-income and low-income consumers.*

Hypothesis 6e (H6e). *The strength of the relationship between ethical concerns regarding the country of origin (diamonds) and the ethical buying behavior of diamonds will be higher for high-income, followed by middle-income and low-income consumers.*

4. Materials and Methods

The proposed conceptual framework of this study was comprised of four constructs: ‘ethically-minded consumer behavior’ [60]; ‘willingness to pay more’ [61]; ‘ethical concerns regarding country of origin of diamonds’; and ‘ethical buying behavior of diamonds.’ The constructs and underlying items considered in the study are included in Table 1. The study adopted a survey-based approach for collecting consumer survey data to test the hypothesized framework. A 5-point Likert scale was used to capture the participants’ responses for three of the constructs: ethically-minded consumer behavior [60]; willingness to pay more (adapted from [61]); and ethical buying behavior of diamonds. A 7-point Likert scale was used to capture the ethical concerns regarding the country of origin of diamonds. A pilot test was carried out prior to the administration of the main survey, and several minor amendments were made to improve clarity, structure, and flow of the survey.

Table 1. Ethical consumerism constructs and items.

Ethically-Minded Consumer Behavior (Generic) [EMCB]
When there is a choice, I always choose the product that contributes to the least amount of environmental or social damage (EMCB_1)
I have switched products for environmental or social reasons (EMCB_2)
If I understand the potential damage to the environment and communities that some products can cause, I do not purchase those products ((EMCB_3)
I do not buy household products that harm the environment or the communities where they were sourced from
Whenever possible, I buy products packaged in reusable or recyclable containers (EMCB_4)
Willingness to Pay more (Generic) [WPM]
I would be willing to pay much higher prices in order to protect the environment and social causes (WPM_1)
I would be willing to pay much higher taxes in order to protect the environment and social causes (WPM_2)
I do what is right for the environment and social issues whether it costs more money or takes more time (WPM_3)
Ethical Concerns regarding Country of Origin (Diamonds) [ECRCOO]
Corruption (ECRCOO_1)
Environmental Issues (ECRCOO_2)
Human Rights (ECRCOO_3)
Conflict (ECRCOO_4)
Modern Slavery (ECRCOO_5)
Child Labor (ECRCOO_6)
Ethical Buying Behavior (Diamonds) [EBB]
I would be loyal to a brand that sources their diamonds ethically (EBB_1)
Ethical sourcing is important when it comes down to buying diamond jewelry (EBB_2)

A randomized online survey was shared via online survey exchange platforms. Survey exchange platforms have been used in recent consumer studies [62,63]. Participants over the age of 18 that were current or potential diamond consumers were invited to complete the survey. After removing incomplete and invalid responses, a total of 418 usable responses were included in the analysis. The demographic details of the participants are provided in Table 2. The sample was comprised of a comparable number of individuals in low income (40.7%), middle income (30.6%), and high income (28.7%) bands, allowing for the comparative assessment of the moderating effects of income level on ethical consumerism.

The methods employed in this study were aligned with the study’s main aims. However, the study did have some limitations in scope. The proposed conceptual model in this study did not cover every facet of ethical consumerism such as the attitude–intention–behavior gap. The quantitative nature of the investigation implies that the study was

unable to explain the ‘why’ and ‘how’ aspects with regard to the findings. More in-depth qualitative investigation is required to gain a deeper understanding of ethical consumerism in the diamond industry and the wider luxury jewelry industry.

Table 2. Demographic details of participants.

	Responses	Percentage
Gender		
Male	160	38.3%
Female	258	61.7%
Total	418	100%
Income Level		
Low Income (<\$20,000)	170	40.7%
Middle Income (\$20,001–\$50,000)	128	30.6%
High Income (>\$50,000)	120	28.7%
Total	418	100%
Education Level		
High School/Diploma	74	17.7%
Bachelor’s Degree	137	32.8%
Postgraduate Degree	193	46.2%
PhD or Equivalent	14	3.3%
Total	418	100%
Age Group		
18–25	175	41.9%
26–35	132	31.6%
36–45	56	13.4%
46–55	33	7.9%
>55	22	5.2%
Total	383	100.0%

Before proceeding with the primary analysis, the survey data were evaluated to ensure it met the assumptions of normality to evaluate the validity and reliability of the constructs. One of the underlying assumptions for conducting a factor analysis and structural equation modeling (SEM) is that the data fit a normal distribution curve [64]. Each of the measures was tested for normality [65], and all the skewness and kurtosis values were between -3 and $+3$, indicating that assumptions of normality were not violated [66]. The convergent and discriminant validity of the constructs were examined for the four constructs in the conceptual framework. Both were assessed using a first-order measurement model using confirmatory factor analysis (CFA). Figure 2 is an illustration of the measurement model.

As illustrated in Figure 2, the results show that the confirmatory factor loadings of items on their corresponding constructs were well above the recommended threshold of 0.5, demonstrating that all constructs had strong convergent validity [22].

A discriminant validity test was conducted to ensure that the items representing different constructs were not overly interrelated. As seen in the figure, the results show that the pair-wise correlation between any pair of constructs was less than the suggested threshold of 0.85 [65], thereby demonstrating discriminant validity. Additionally, the average variance extracted (AVE) for all constructs (Table 3) was above 0.5 [67], further demonstrating convergent validity.

Finally, Cronbach’s alpha was calculated for each construct. Table 3 includes the reliability scores for the four constructs. All were well above the acceptable threshold of 0.7 [68], thereby demonstrating strong construct reliability (CR).

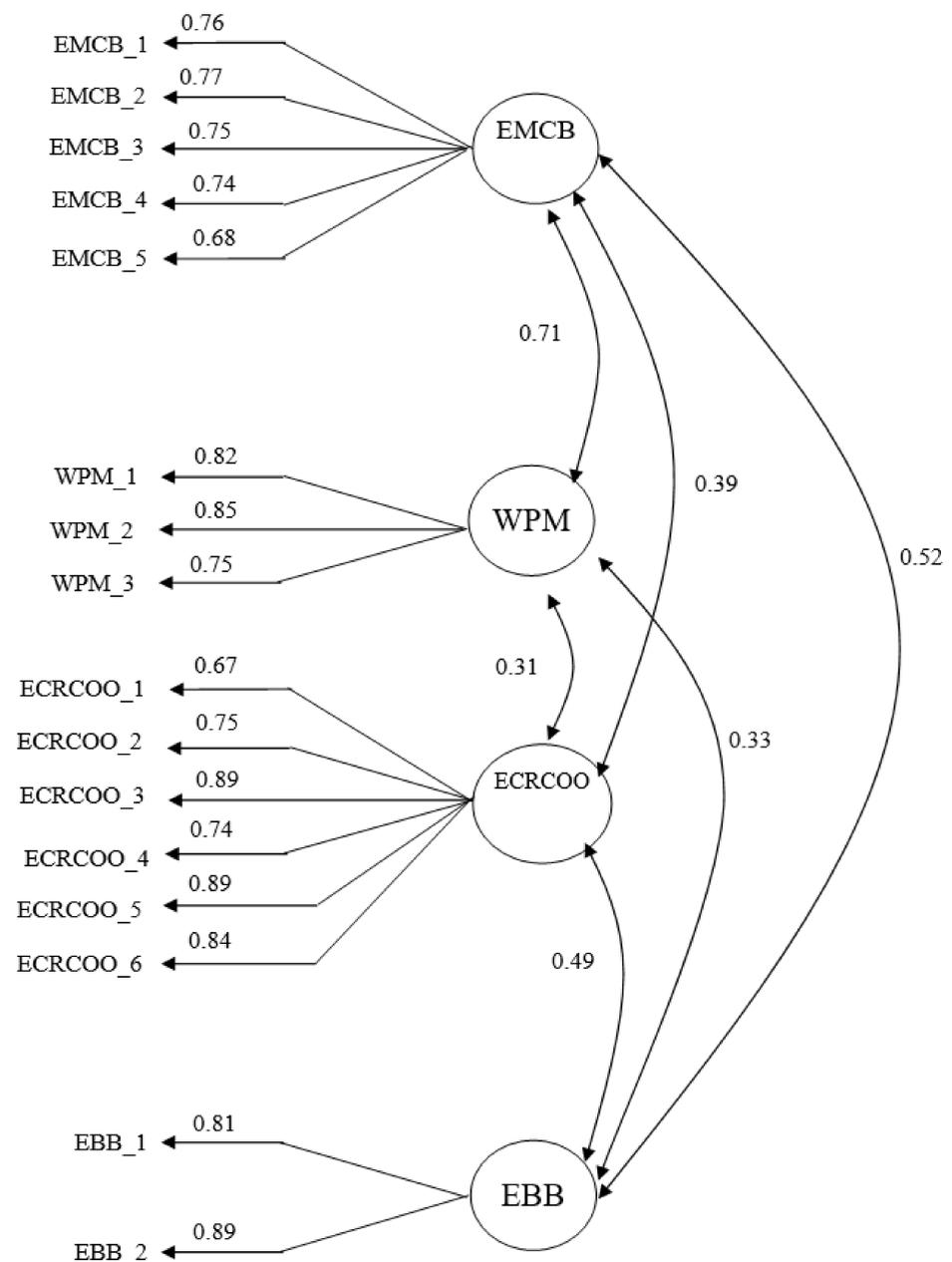


Figure 2. First-order measurement model. EMCB—Ethically-Minded Consumer Behavior (Generic), WPM—Willingness to Pay more (Generic), ECRCOO—Ethical Concerns regarding Country of Origin (Diamonds), EBB—Ethical Buying Behavior (Diamonds).

Table 3. Average variance extracted and construct reliability.

Constructs	No. of Items	AVE	CR
Ethically Minded Consumer Behavior (Generic)	5	0.55	0.856
Willingness to Pay more (Generic)	3	0.65	0.859
Ethical Concerns regarding Country of Origin (Diamonds)	6	0.64	0.912
Ethical Buying Behavior (Diamonds)	2	0.73	0.838

5. Findings

5.1. Model Fit of the Structural Model

Structural equation modeling (SEM) using IBM AMOS 25 statistical software was used in this study to test the hypothesized relationships. However, before proceeding with the

test of the hypothetical model and the individual hypothesized pathways, it was important to establish the model fit of the structural model. The overall model fit and goodness-of-fit indices are presented in Table 4, and all met the acceptable thresholds suggested by Bagozzi and Yi [69].

Table 4. Model fit indices.

Fit Index	Range	Result	Recommended Level
Chi-square/degrees of freedom (χ^2/df)	0 (ideal fit) to ∞ (low fit)	1.724	<2.00
Confirmatory Fit Index (CFI)	0 (no fit)–1 (perfect fit)	0.983	>0.90
Goodness of Fit (GFI)	0 (no fit)–1 (perfect fit)	0.952	>0.90
Adjusted Goodness of Fit (AGFI)	0 (no fit)–1 (perfect fit)	0.926	>0.90
Normed Fit Index (NFI)	0 (no fit)–1 (perfect fit)	0.960	>0.90
Tucker-Lewis Index (TLI)	0 (no fit)–1 (perfect fit)	0.976	>0.90
Root Mean Square Error of Approximation (RMSEA)	0 to 0.10	0.042	<0.05

5.2. Relationships between Ethical Consumerism Constructs (H1–H5)

Figure 3 presents the SEM output. The strength of the hypothesized relationships (i.e., standardized path coefficients) and their significance are also summarized in Table 5.

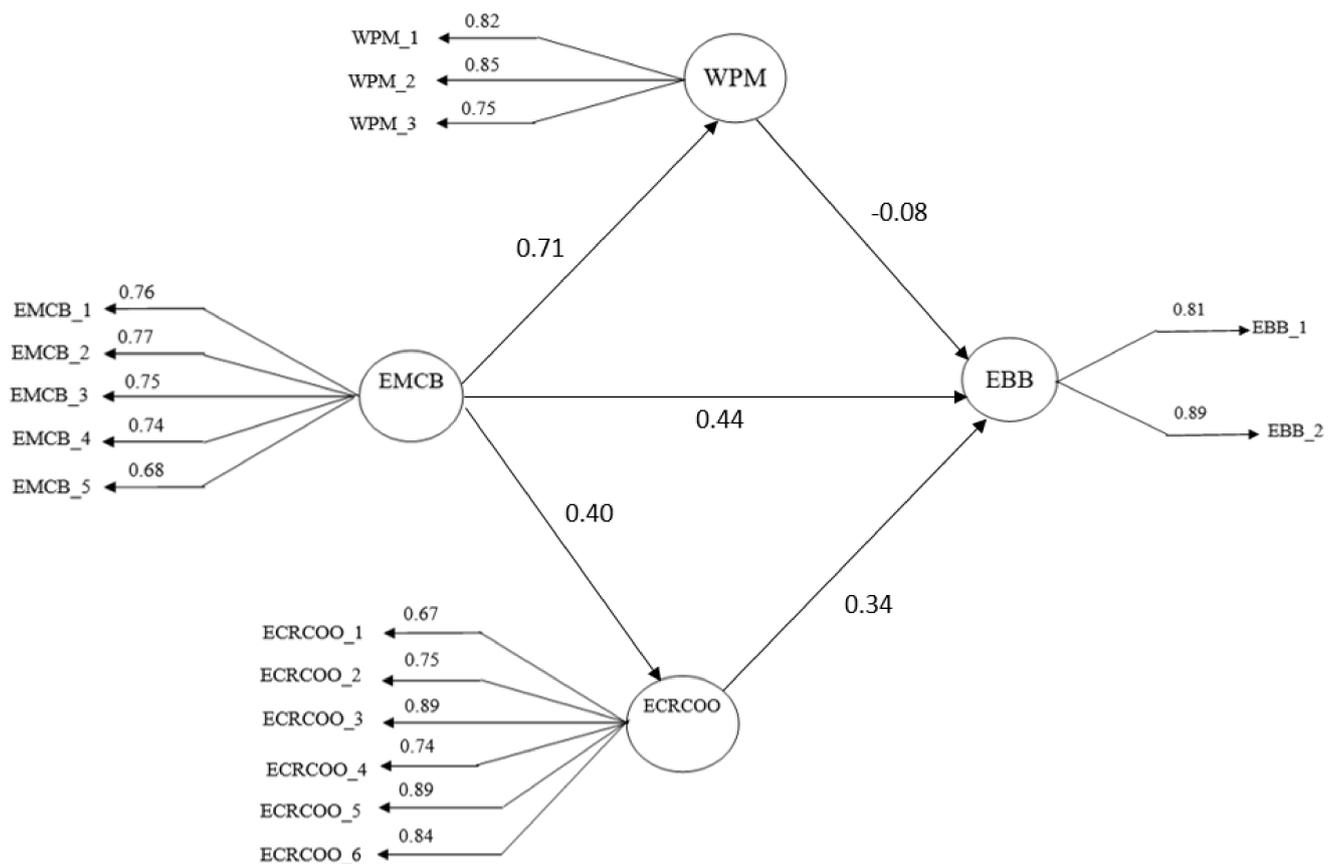


Figure 3. Structural equation modeling (SEM) test results. EMCB - Ethically-Minded Consumer Behavior (Generic), WPM - Willingness to Pay more (Generic), ECRCOO - Ethical Concerns regarding Country of Origin (Diamonds), EBB - Ethical Buying Behavior (Diamonds).

Table 5. Hypotheses test results.

	Hypothesized Relationships		β	S.E	t-Value	Hypotheses Result	
H1	Ethically-Minded Consumer Behavior (Generic)	→	Willingness to Pay More (Generic)	0.708	0.072	10.59 ***	Supported
H2	Ethically-Minded Consumer Behavior (Generic)	→	Ethical Concerns regarding country of origin (Diamonds)	0.396	0.075	7.029 ***	Supported
H3	Ethically-Minded Consumer Behavior (Generic)	→	Ethical Buying Behavior (Diamonds)	0.441	0.090	5.114 ***	Supported
H4	Willingness to Pay more (Generic)	→	Ethical Buying Behavior (Diamonds)	−0.083	0.076	−1.058	Not Supported
H5	Ethical Concerns regarding country of origin (Diamonds)	→	Ethical Buying Behavior (Diamonds)	0.344	0.042	6.447 ***	Supported

β —standardized coefficients; S.E.—standard error; *** Significant at $p < 0.001$.

Hypotheses H1 to H5 examine the relationships between the ethical consumerism constructs for the overall sample. As indicated in Table 5, hypothesis H1 is supported (i.e., in general, ethically minded consumers are willing to pay a premium for products that consider social and environmental attributes). Importantly, the strength of the relationship is also strong ($\beta = 0.708$, $p < 0.001$). This is similar to previous literature that reported a high willingness to pay by ethical consumers [1,51]. Next, for hypothesis H2, a moderate but significant relationship ($\beta = 0.396$, $p < 0.001$) between ethically-minded consumer behavior and ethical concerns regarding the country of origin of diamonds. Hence, H2 is supported. The reason this relationship is only moderate could be because consumers may lack the necessary information on the country of origin or are unaware of the country of origin issues with diamonds [52]. Moreover, researching the country of origin issues of the diamonds and selecting the best alternative requires a lot of effort and time. As Davies et al. [3] pointed out, even ethically-minded consumers may find it too exhausting to comprehensively research each purchasing decision and therefore limit their ethical buying behavior to purchases where there are clear indicators of the ethical sourcing or production (i.e., Fair Trade labeling). However, the moderate strength of the relationship is promising, and it shows that, to some extent, ethically-minded behavior does translate into the diamond context. This suggests that consumers may be willing to make the effort to learn about the country of origin issues of diamonds. This is further supported by the pathway for hypothesis H3, a moderate and significant relationship ($\beta = 0.441$, $p < 0.001$), indicating that ethically-minded consumers are, to some extent, taking a similar ethically-minded approach when buying diamonds. However, the fact that this relationship is only moderate, to some extent, supports the notion that consumer decisions when purchasing luxury goods differs from commodity style purchasing decisions [17] as other aspects such as symbolism, prestige, beauty, and price may dilute their ethical-mindedness in the purchasing decisions [26].

Hypothesis 4 was not supported ($\beta = -0.083$, $p > 0.05$). This implies that the consumers' generic willingness to pay more for commodities and other goods did not directly influence their ethical buying behavior for diamonds. This could be due to the expensive nature of diamonds, with ethically sourced diamonds likely to be even more expensive. Furthermore, another explanation is the more recent growth of the synthetic diamond market, providing an ethical alternative at a lower comparative price to natural diamonds [16]. Finally, for H5, the moderate and significant relationship ($\beta = 0.344$, $p < 0.001$) indicates that ethical concerns regarding country of origin did influence the ethical buying behavior of diamonds. Given the popularization of blood and conflict diamonds in the media and movies, this result makes sense. However, the moderate influence could partially be explained due to

the overall opaqueness and lack of transparency in the diamond supply chain [11]. This can result in distrust or skepticism toward the retail information on country of origin issues or even lead consumers to give less weight to the country of origin in making buying decisions [43]. Overall, four of our five proposed hypotheses are supported.

Furthermore, ethically minded consumer behavior has an indirect impact of 0.078 on the ethical buying behavior of diamonds mediated through ethical concerns regarding the country of origin of diamonds (0.40×0.34) and willingness to pay more (0.71×-0.08). Therefore, the total effect (direct + indirect) of ethically-minded consumer behavior on the ethical buying behavior of diamonds is 0.518 ($0.440 + 0.078$).

5.3. Moderating Effects of Income on the Relationships between Ethical Consumerism Constructs (H6a–H6e)

To assess the effects of income on the hypothetical relationships (H6a–H6e), a multi-group moderation tests using structural equation modeling were performed. In this case, Z-scores were used to determine the differences in the relationships between any two income groups. Previous studies have shown that Z-tests are adequate for multi-group analysis [70,71]. The Z-scores were computed with the aid of the Stats Tools Package [72] using AMOS output of critical ratio of differences in parameters and the unstandardized regression coefficients of the two groups [71].

Table 6 presents the strength of the relationships (i.e., standardized path coefficients) between constructs for lower-, middle-, and higher-income groups. Z-score values were greater than 1.96 ($p < 0.05$), indicating a significant difference in the relationships between the two income groups [71].

As seen in the table, income was found to affect most of the relationships, though in most cases, not the way the study hypothesized. Overall, three out of the five proposed hypotheses were not supported. Two hypotheses, H6c and H6d, were partially supported. For hypothesis H6a, the assumption was that the strength of the relationship between ethically-minded consumer behavior and willingness to pay more would be greater for high-income groups, followed by middle- and lower-income. However, the results are contrary to our assumption; the relationship is greater for low-income groups ($\beta = 0.742$, $p < 0.001$).

Moreover, this difference in the strength was significant between low income and middle-income groups ($Z = -1.798$, $p < 0.05$). The result does echo the findings in the low-value commodity sector, where lower-income consumers are willing (and able) to pay a higher premium [1]. Next, for hypothesis H6b, the results again did not conform to our original hypothesis that the strength of the relationship between ethically-minded consumer behavior and ethical concerns regarding the country of origin of diamonds would be greater for high-income groups, followed by middle- and lower-income. Although the difference between income groups was not statistically significant, contrary to our assumption, the results indicated that the strength of the relationship was higher for lower- ($\beta = 0.463$, $p < 0.001$) and middle-income groups ($\beta = 0.470$, $p < 0.001$) than higher-income groups ($\beta = 0.226$, $p < 0.05$). This suggests that the high-income group was either less aware of the country of origin issues or did not have the impetus to spend time and effort finding information regarding country of origin issues. For H6c, the hypotheses were partially supported. The strength of the relationship between ethically-minded consumer behavior and the ethical buying behavior of diamonds was significantly greater for high-income groups as expected ($\beta = 0.738$, $p < 0.001$). However, contrary to our assumption, this relationship was found to be greater for lower-income group ($\beta = 0.392$, $p < 0.001$) vis-à-vis the middle-income group ($\beta = 0.091$, $p > 0.05$) and this difference was also significant ($Z = -1.88$, $p < 0.05$). Given the significant increase in the middle-income groups in Asia [59], it is a concern that ethical middle-income consumers are not taking a similarly positive stance (vis-à-vis low and high-income groups) while buying diamonds.

Table 6. Comparison of the relationships between constructs across different income groups.

Structural Relationships between Constructs			Group 1 Low Income (<i>n</i> = 170)	Group 2 Middle Income (<i>n</i> = 128)	Group 3 High Income (<i>n</i> = 44)	(1 and 2)	(2 and 3)	(1 and 3)	Hypothesis Test Results	
Leads to			Estimate	Estimate	Estimate	z-Score	z-Score	z-Score		
H6a	Ethically-Minded Consumer Behavior (Generic)	→	Willingness to Pay More (Generic)	0.742 ***	0.685 ***	0.686 ***	−1.798 *	1.319	−0.196	Not Supported
H6b	Ethically-Minded Consumer Behavior (Generic)	→	Ethical Concerns regarding country of origin (Diamonds)	0.463 ***	0.470 ***	0.226 *	0.694	−1.219	−0.746	Not Supported
H6c	Ethically-Minded Consumer Behavior (Generic)	→	Ethical Buying Behavior (Diamonds)	0.392 ***	0.091	0.738 ***	−1.88 *	3.619 ***	2.108 **	Partially Supported
H6d	Willingness to Pay more (Generic)	→	Ethical Buying Behavior (Diamonds)	−0.088	0.355 *	−0.351 *	2.363 **	−3.433 ***	−1.570	Partially Supported
H6e	Ethical Concerns regarding country of origin (Diamonds)	→	Ethical Buying Behavior (Diamonds)	0.362 ***	0.409 ***	0.299 ***	−1.068	0.054	−0.939	Not Supported

* $p < 0.05$; ** $p < 0.01$, *** $p < 0.001$.

Next, for H6d, the results were unexpected and did not conform to our hypothesis. While the assumption was that the strength of the relationship between willingness to pay more and ethical buying behavior of diamonds would be positive and greater for high-income groups, followed by middle- and lower-income, the results showed that this relationship was negative, moderate, and significant for higher-income groups ($\beta = -0.351$, $p < 0.05$). The explanation of this behavior could be that the high-income consumers are not willing to pay more for ethical diamonds, but instead could be considering buying synthetic or lab-made diamonds, which are cheaper than natural diamonds, but are more ethical. On the other hand, lower-income groups, who have shown willingness to pay more for low value, commodity goods, have not translated into the ethical buying behavior of diamonds ($\beta = -0.088$, $p > 0.05$). This could be because natural diamonds are expensive and that lower-income groups may not be able to afford (even more) expensive ethically sourced diamonds. Alternatively, they would also be looking to buy synthetic or lab-made diamonds. However, the middle-income group is the only group that has demonstrated a moderate, but significant positive relationship between willingness to pay more and ethical purchase of diamonds ($\beta = 0.355$, $p < 0.001$). This could be because the growing middle-class is likely to spend more to purchase natural, ethical diamonds to improve their social status and are less likely to consider synthetic or lab-made diamonds. Finally, for H6e, the results did not conform to our original hypothesis that the relationship between ethical concerns regarding the country of origin of diamonds and ethical buying behavior of diamonds would be greater for high-income groups, followed by middle- and lower-income. Although the difference between income groups was not statistically significant, the results showed that the strength of the relationship was higher for middle-income groups ($\beta = 0.409$, $p < 0.001$), followed by low-income ($\beta = 0.362$, $p < 0.001$) and high-income ($\beta = 0.299$, $p < 0.001$).

6. Conclusions

Diamonds are emerging as a mass-market luxury, and the middle class is expected to spend 40% more than what they spend today. Therefore the study is timely for understanding the ethical consumerism in the diamond industry; an important area for research to help ensure that the growth in the diamond industry does not contribute to a cycle of violence, poverty, and human rights violations, among others.

The study has several practical and research implications. For practitioners and policy-makers, the findings could help to prioritize actions, create strategies, and develop policy interventions to strengthen the weak links among the ethical consumerism constructs across different income levels. This, in turn, would change the unethical practices of the stakeholders involved in the various stages of the diamond supply chain. For instance, the relationship between ethically-minded consumer behavior and ethical concerns regarding country of origin could be strengthened if the industry could create more awareness to consumers on the ethical concerns of conflict diamonds as well as make this information more accessible or mandatory to the public so that the consumers would not need to spend much time and effort to find this information. End-to-end supply chain transparency and traceability of diamonds from mine to market could inform ethical consumers about the source of a stone, what country it was exported to, where it was cut, who placed it in a particular piece of jewelry, and where it was finally sold. This transparency and traceability could be expected to strengthen the relationships proposed in this study. As illustrated by recent pilot projects by De Beers, the application of emerging technologies such as blockchain is expected to improve supply chain transparency and remove any skepticism that customers may have on the information provided to them [34]. By utilizing blockchain technology the information is gathered and managed without a central authority and stored in a tamper-resistant way, hence creating a high level of trust for consumers. Moreover, blockchain technologies can enhance and expedite access to this information for consumers [73].

Next, the findings show that practitioners should consider the effects of income level. For instance, for the middle-income group, the generic ethical-minded consumer behavior has not translated into the buying behavior of ethical diamonds. Given the growing middle-class population, addressing these specific concerns of the middle-class are important for improving the ethical consumerism of the diamond industry.

In terms of research implications, a comprehensive survey-based assessment of ethical consumerism in the diamond industry has not been previously attempted and constitutes the novelty of this work. Additionally, the operationalization of four ethical consumerism constructs and a conceptual framework in itself is a significant research and theoretical contribution. Given that construct development and validation are at the heart of theory building, this study contributes to the theoretical advancement of ethical consumerism in the luxury and diamond industry. Additionally, the study contributes to the body of knowledge on the effects of income levels on ethical consumerism. Overall, the findings of this study are expected to generate interest within the research community and among practitioners and policy-makers in promoting ethical consumerism in the diamond industry.

Future research should explore the influence of other demographic characteristics such as gender, age, and education level of consumers on their ethical behavior. Future studies could extend the proposed conceptual model to include more constructs and measures. Furthermore, while this paper approached the subject of ethical consumerism and diamonds from a business perspective, future research work can benefit from further engagement with relevant debates and emerging research from multiple disciplines examining ethical minerals, sustainable livelihoods, development, and industry supply chains.

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