# DO CORPORATE ETHICS AFFECT CONSUMER PURCHASE DECISIONS?

by

Remi Carl Joseph Trudel
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# APPROVAL

**Name:** Remi Carl Joseph Trudel

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**Examining Committee:**

**Dr. Gary Mauser**

Senior Supervisor
Professor in the Faculty of Business Administration

**Dr. Bert Schoner, *Emeritus***

Supervisor and Project Coordinator
Professor in the Faculty of Business Administration

**Date Approved:** July 26. 2004

# ABSTRACT

Research into corporate ethics and their affect on consumer purchase decisions is conflicting. This study attempts to build upon previous work of other academics and address some of the questions surrounding consumer purchase behaviour and the link to corporate ethics. An analysis of the relationship between corporate ethics and consumer purchase decisions is examined through the administration of a 32 item questionnaire to a sample of university students. The results indicate that corporate social responsibility and corporate ethics do influence consumer purchase decisions. It was found that consumers purchase decisions are affected by corporate ethics but the degree with which they are willing to reward ethical behaviour and punish unethical behaviour is limited to costs. It is also revealed that consumers perceive ethical actions of corporations as important factors in the decision of whether to purchase a firms product or not. In general, the results support the hypothesized relationships between reference points and choice put forth by prospect theory.

# DEDICATION

To my wife Sara, you give me strength, determination and make me a better person. There isn't a day that goes by where I am not thankful that you are my lover, my friend and my partner. I look forward to the many adventures that lay ahead.

# ACKNOWLEDGEMENTS

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# 1. INTRODUCTION

Corporate social responsibility (CSR) has garnered much attention recently in the media. CSR initiatives focus on environmental friendliness, commitment to diversity in hiring and promoting, community involvement, ethical business practices and corporate philanthropy. The importance of CSR as a strategy is evidenced by the increase in spending on the promotions designed to showcase firm responsibility and ethics. Although these strategies are aimed at improving consumer perceptions of the company, they offer consumers little or no information of the company's products and services. During 1993, firms spent over $1 billion on cause related marketing campaigns, an increase of 150% over 1990 (Brown and Dacin, 1997, pg70). Some companies have adopted rigorous approaches to CSR while others have not. Although there appears to be a trend towards CSR or at least in the promotion of ethical corporate behaviour, is it really that essential to the consumer? Do consumers' perceptions of corporate citizenship really matter and more importantly, do these perceptions ultimately influence their purchase decisions. Can behaving ethically provide a competitive advantage and differentiate a company in an era of intense competition and transparency of information? One likes to believe that an ethical firm would be rewarded through loyalty and that by operating in an ethical manner that this would attract consumers to its products. Furthermore it would also be idyllic to believe that consumers would shun those products and services produced by unethical firms. Unfortunately the issue is not that simple and in actuality there may even be very little commercial reward in terms of consumer purchasing to be gained from good corporate citizenship (Carrigan and Attalla, 2001).

The investigation into the role of corporate ethics in consumer purchase decisions has some valuable implications. Firstly, from an academic perspective, limited attention has been given to the actual role of corporate ethics in consumption decisions and much can be learned from both quantitative and qualitative research in this area of consumer behaviour. Most of the research has focused on the seller side of the relationship and on marketing and marketing related activities (Ferrell and Gresham, 1995; Hunt and Vitell, 1986, 1992; Smith 1995). Consumers are active participants in the business process and not considering consumers results in a substantial gap into the complete understanding of business ethics (Al-Khatib, Vitell and Rawwas, 1996). Secondly, it is common place to define a company's brand as an extension of its attitudes, qualities, beliefs and relationships. It is intuitive to believe that stakeholder trust is effectively built through how a company conducts business and how it behaves socially. From a managerial perspective, it is important to determine the role of corporate social responsibility in terms of building intangible corporate assets such as brand trust, brand loyalty and brand equity. The existence of ethical consumers has important managerial considerations. If indeed there is commercial reward in terms of consumer purchasing to be gained by behaving as ethical marketers, the strategic use of CSR for differentiation and competitive advantage becomes a very important option. Moreover, this would imply that corporations at least obtain consumer reference levels of what is socially acceptable and ethical or face potential decreases to their all important bottom lines. This reference level of what consumers deem as acceptable behaviour thus becomes more critical to understand for corporations. Understanding consumer expectations of corporate behaviour may in actuality provide opportunities for those corporations who can successful identify this reference point and base their strategies accordingly. Those corporations in the favourable position of understanding consumer expectations may be able to get consumers to support ethical behaviour as long as they are able to break thorough the clutter of information and provide consumers with the necessary ethical information about their products and their firm.

The results indicate that ethical corporate behaviour is an important consideration in the decision making process of consumers. Expectations of ethical behaviour are also found. Surprisingly though, so are expectations of unethical behaviour as consumers believe that all firms behave unethically at times. The results indicate that corporate ethics do affect consumer purchase decisions. However, the willingness to reward ethical behaviour and punish unethical behaviour only occur if there are no additional costs to the consumer in terms of price, quality and time. There was no evidence that consumers would pay more for products from ethical firms or travel substantial distances to patronize ethical shops.

The research project proceeds as follows. In the next section a review of the relevant literature is presented examining corporate social responsibility, consumer ethics, information asymmetries, organizational legitimacy and the ethical decision making process of consumers in an attempt to develop some insight into consumer purchase behaviour with regard to corporate social responsibility. In Section 3, the research study method, measures and sampling procedures are presented. The results of this study examining the purchase decisions of student consumers are presented in Section 4, followed by discussion and conclusions.

# 2. LITERATURE REVIEW

## 2.1 Corporate Social Responsibility

The World Council for Sustainable Development defines corporate social responsibility as "the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life." (Cramer, 2003, pg 59) This definition implies that corporations go beyond the narrow confines of financial measures and self interest to include such important social issues as increasing literacy, abolishing sweatshops, practicing environmental conservation, employing equality and diversity in hiring practices along with improving the communities within which they operate (Johnson, 2003).

The change of focus from financial to "sustainable" profits has become more important in recent years. Businesses in the post war production era were product oriented focusing primarily on the development and growth of markets. Producing whatever was easiest and trying to sell that product to whom ever would purchase it. Concern for stakeholders was minimal and as long as it was legal and produced profits, business proceeded as usual. Increased competition lead to the evolution and emphasis toward a marketing orientation where the focus was on the customer and customer needs rather than the product. More recently, widespread societal concern over ethics has forced companies to shift their standards and practices even further to include all stakeholders. This is evident from an academic perspective since both the *Journal of Business Ethics* and the *Business and Professional Ethics Journal* were conceived and began publication in the early 1980's. Further evidence of the importance of corporate ethics as perceived by consumers is found in private sector research conducted by firms such as MORI. Market & Opinion Research International (MORI) is the largest independently-owned market research company in Great Britain. A recent MORI study found that in the late 1970's, the public by two to one agreed that the profits of large companies benefited their customers: now the public by two to one disagrees (MORI, 2003, pg 2). Eighteen percent of Americans reported that they *mostly* to *always* purchase or use products and services that are environmentally friendly or promote social consciousness (Roberts 1996, pg82). The shifts in society's expectations of business practices have lead to many large corporations hiring ethics officers to manage their CSR initiatives.

## Benefits of CSR - Branding & Trust Building

The recent well publicized scandals of Enron and WorldCom has put consumer confidence and trust of corporate citizenship at an all time low. A MORI 2002 study on the public views of corporate responsibility found that the public has little trust in business. Only 25% would trust business leaders (MORI 2002, pg 1). Other than traditionally mistrusted politicians and journalists, business leaders are the professional group least expected to tell the truth.

While an increase in the transparency of corporate behaviour due to globalization and the information age has magnified the consequences of unethical corporate citizenship, it has also provided an opportunity for differentiation and increased the benefits of ethical corporate citizenship. For instance, companies participating in the NIDO (National Initiative for Sustainable Development) program considered CSR as a potential opportunity and an added value derived mainly from strengthening to company's reputation, both with internal and external stakeholders (Cramer, 2003). Jeffery Gartner of the Yale School of Management supports this view:

> "Big corporations have to behave differently if they want to build a reputation that enhances their brand and makes them attractive to not just to customers but to the best workers." (MORI 2003, pg1)

A company's brand is an extension of its attitudes, qualities, beliefs and the relationships it has with its customers. The benefits of a strong brand are well documented in literature. Brand equity provides such benefits as greater customer loyalty, increased marketing communication effectiveness, increased brand extension possibilities and less vulnerability to competitive marketing efforts (Keller, 2001). It is intuitive that building trust with all stakeholders would facilitate brand building efforts but as is the case with other efforts to build brand equity, there is a cost involved with being socially responsible. The implementation of corporate social responsibility initiatives requires an initial cost output in the initiation phases, especially if investments are necessary to improve the environmental performance or the damaged reputation of a company. Nevertheless, there is some evidence that suggests that the benefits of operating as a sustainable and responsible company out weigh the costs. A study of 602 firms carried out by Morgan Stanley Dean Witter, showed that shares in companies with good social responsibility records out perform those of less socially responsible competitors by 23.4%(Fittipaldi, 2004). In addition companies that are less exposed to social, environmental and ethical risks are highly valued by the market. Price/earnings rations are 17% higher for sectors that are more socially responsible (Collings, 2003, pg 164). Other studies show that even if socially responsible companies are preferred by investors, there is no financial benefit in terms of consumer purchasing to be made by behaving in a socially responsible way (Carrigan and Attalla, 2001). This discrepancy in findings merits exploration and the importance of corporate social responsibility should not be under scored in terms of its role in building intangible corporate assets such as brand trust, brand loyalty and brand equity. Supporting this view is brand guru Wally Olins. Olins was quoted in a 2001 *Economist* article as saying:

> "The next big thing in brands is corporate social responsibility...it will be clever to say there is nothing different about our product or price, but we do behave well." (Collings, 2003, pg161)

The next "big thing" in actuality is not that simple, it involves getting ethical goods into the mainstream of consumer products and more importantly, for corporations to not depict themselves as ethical and socially responsible when in actuality they are not.

The transparency of corporate activities in addition to information availability has given stakeholders the ability to see beyond company promotional campaigns depicting themselves as ethical and socially responsible when in actuality they are not. Different stakeholder groups have gone so far as to label such actions as *greenwash*, *bluewash* and *sweatwash*. Greenwash is a promotional effort by socially and environmentally destructive corporations attempting to preserve and expand their markets by posing as friends of the environment. Bluewash occurs when companies falsely promote themselves as champions of humanitarian causes such as poverty eradication, disaster relief, human rights and sustainable development. Sweatwash occurs when companies try to divert attention from their factory practices using promotion when they are notorious for the use of sweatshop labour (Brady 2003, pg 282). CSR cannot be a surface belief or promotional effort to pacify stakeholders. In order to benefit and differentiate oneself form the competition, corporations must be entirely committed to ethical and socially responsible practices because consumers seek this legitimacy at the organizational level.

## 2.2 Organizational Legitimacy

Legitimacy is difficult to capture with a definition. Legitimacy in the case of corporate behaviour and consumer perception is reflected in the behaviour of the corporations and the *shared* values and beliefs of consumers. Therefore for a firm to possess legitimacy in its ethical behaviour, its behaviour must be recognized, accepted and supported as congruent to consumer values and beliefs. A broad based definition of legitimacy for the purposes of this study can be incorporated.

> "Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman, 1995, pg574).

Additionally, socially constructed systems of norms, values and beliefs serve as implicit and flexible guidelines to which companies must comply in order to maintain a moral fit with stakeholders and obtain organizational legitimacy. Organizational legitimacy is valuable and important for firms to capture since it affects consumers behaviour and even consumers perceptions of the organization. Consumers perceive a legitimate organization not only as more worthy, but also as more meaningful, more predictable and more trustworthy (Suchman, 1995). Organizational legitimacy is therefore necessary for any strategic endeavour into CSR, to differentiate a company from its non compliant competitors, and in any effort aimed at building brand trust.

## Institutional theory

Institutional theory provides some key insights into organizational legitimacy through its acknowledgement of the institutional environment. Institutional theory expands the firm's environment to include the cultural systems, meanings, beliefs that define society in addition to the task environment of short term demands such as maximizing ROI, paying suppliers and providing customers with quality products at reasonable prices (Handelman and Arnold, 1999). The inclusion of the societal norms and beliefs to the organizational environment leads to a view of the organization as operating in a greater context that requires economic results while maintaining sociocultural expectations. Environment interaction with the corporation is evident and in this sense, a social contract exists between business and society in which it is recognized that corporations have an impact on the social welfare of society (Handelman and Arnold, 1999, pg. 34). Therefore, how well a firm conforms to the environmental norms; the cultural systems, meanings, beliefs and expectations of society ultimately determines the firm's performance and legitimacy as perceived by its stakeholders.

Suchman identifies three types of organizational legitimacy; pragmatic legitimacy, moral (normative) legitimacy, and cognitive legitimacy. All assume that organizational activities are recognized, accepted and supported within consumer values and beliefs. Pragmatic legitimacy involves the direct exchanges between the organization and its consumers in which the organizational action visibly affects the audience's (consumer) well-being (Shuman, 1995, pg 578). Unlike pragmatic legitimacy, moral legitimacy rests not on the judgments about whether the activity benefits the consumer, but instead on judgments of whether the activity promotes social welfare based on the consumers constructed systems of norms, values and beliefs (Shuman, 1995). Moral legitimacy refers to the ways consumers actively assess whether corporations truly benefit the community or society (Kates, 2004). Thus moral legitimacy is the objective of corporate social responsibility.

## Gaining Organizational Legitimacy

Gaining legitimacy as a socially responsible firm is a proactive venture involving principles, processes and results. The evaluation of the corporation is based on whether the corporation's actions are consistent with society's expectations and with the welfare of the community and society. What principles will guide organizational decisions on the environment, profits and society? What internal and external processes does the company need to implement? What concrete results and economic benefits does the company deliver for the company itself and for society at large (Cramer, 2003)? Communication to all stakeholders, internal and external, is an essential element of corporate social responsibility and for gaining organizational legitimacy. Internal support is paramount and the degree to which an organization can gain support within the organization itself will impact its success of gaining legitimacy with consumers. In this particular case, a company seeking moral legitimacy or legitimacy as a socially responsible entity will require the efforts of the company to conform to the dictates of the pre-existing audience (Suchman, 1995). The dictates of the pre-existing audience are the internally developed *shared* values, beliefs and expectations of consumers and society as a whole. Ultimately success in gaining legitimacy is built on transparency, communication and performance.

## 2.3 Ethics

Ethics is defined by Merriam Webster as the discipline dealing with what is good and bad and with moral duty and obligation. They are a set of moral principles or values that guide behaviour. The difficulty with understanding ethics is the context within which different individuals evaluate behaviours. What is deemed ethical or unethical often differs between individuals; this is often furthermore exaggerated when comparing ethics on an individual level with those on a business wide or firm level. There are 3 approaches commonly used to describe the ethicality of behaviour: 1. Utilitarian approach– where the behaviour is judged by the overall welfare of all those that are involved or affected by the decision. 2. Rights-based approach – behaviour is judged on how it affects the entitlements of individuals. 3. Justice-based approach – behaviour is judged in terms of whether it imposes a fair distribution of benefits and burdens (Creyer and Ross, 1997, pg 422). The subjectivity in determining ethical from unethical behaviour is further complicated in business with the majority of firms simply opting for a rights based approach and commonly accepted industry standards. Legality often defines ethicality and industry standards. For some consumers, this is consistent with their values and beliefs and consequently aligns the two value systems with little affect on overall firm perception.

## 2.4 Ethical Decision Making of Consumers

The majority of consumers expects more than simple legal compliance and believes that companies have a moral responsibility to society. When faced with an ethical decision, consumers apply internally developed ethical guidelines or values based on different moral philosophies and expectations. Consumer expectations play an important role in the decision making process as do corporate associations (Kahneman and Tversky, 1979 and Creyer and Ross, 1997). Corporate associations include perceptions, inferences and beliefs about the corporation and the environment within which it operates. Prior experiences and outside information influence the individual's evaluation of the firm and set individual expectations and beliefs. In the end, it is a consumer's expectations that determine satisfaction with the product and ultimately the firm.

Prior research into how consumers will respond to firm behaviour has focused on different models and theories; deontological and teleological moral philosophies (Murphy and Lacznaik, 1981 and Hunt and Vitell, 1986) and consumer sovereignty model (Smith, 1995). These concepts are more applicable to decision situations having ethical content or implications such as specific and limited situations like shoplifting or compulsive consumption. Prospect theory (Kahneman and Tversky, 1979 and Creyer and Ross, 1997) however, is the most appropriate model to assess consumer response to corporate ethics.

## Prospect Theory

Kahneman and Tversky (1979) developed a theory of individual choice under conditions of uncertainty known as prospect theory. Since then, the applicability of prospect theory to consumer choice decisions has been examined under different conditions and situations successfully by several academics in the fields of economics and consumer behaviour (Creyer and Ross, 1997; Row and Puto, 1987; Ross, 1991). Prospect theory proposes that decision makers evaluate their options on two non-linear dimensions: 1. A value function which maps out the value of the outcome and 2. A likelihood function that maps out the probability of the outcome occurring. For the purposes of evaluating consumer responses to corporate behaviour, the value function is of greater importance to us. The most important properties of the value function are:

- decision makers evaluate decision alternatives by expressing their outcomes as gains or losses compared to a specific point
- the value function indicates diminishing marginal returns with distance from the reference point
- the function is steeper in the loss domain than in the gain domain. (Creyer and Ross, 1997, pg 423-4)

The key determining factor is the decision maker's (consumer's) reference point as the alternatives are derived on a comparison basis of each outcome with its deviation from this reference point. The reference point serves as absolute zero and each alternative is seen as either a gain or a loss from this zero point. This evaluation stage ends with the consumer choosing the option that has the highest value. Since it is theorized that reference points play a similar role in consumer evaluations of firm behaviour and in the subsequent framing of consumers' judgments and purchase decisions, it is important to be aware of how consumers form reference points and how to identify consumer reference points.

The formation of a consumer's reference point begins with the learned values and moral standards developed early in life. Reference points are dynamic and ever changing depending largely on context. In the case of corporate ethics and reference point formation; the consumer first establishes his initial reference point (e.g. the consumer's values and moral beliefs on equal hiring practices) which is continuously modified by environmental factors such as the discovery of new information regarding the firm or its competitors. This continues up until the time in which the consumer must make a choice between the products of two or more firms. At the time of decision, the consumer evaluates the alternatives based on his or her current reference point and chooses the option that has the highest value or greatest gain from the final reference point.

The reference point determines the positive or negative frame, which in turn determines the choice. Consumers' reference points are therefore extremely important for understanding whether or not corporate ethics affect consumer purchase decisions. If consumers' expectations of firms are that they behave ethically and in a socially responsible manner, then this is the consumers' reference point. Research, such as the MORI 2003 study previously mentioned, confirms that such an reference point does exist and that consumers do in actuality expect firms to behave ethically and in a socially responsible manner.

Since the consumer's reference point determines how they evaluate a firm's ethical or unethical behaviour, a reference point expecting firms to be socially responsible and ethical has important implications. Recall that the reference point forms the absolute zero and decisions are evaluated as gains or losses from this zero point. Ethical behaviour would not be highly valued by consumers since it is expected and consistent with the consumer's expected levels of corporate behaviour. Ethical behaviour would be seen as neither a gain nor a loss. As a consequence firms would need to exceed consumer expectations and reference points in order to be able to differentiate themselves amongst their competitors in terms of corporate citizenship and ethics. Conversely, unethical behaviour would result in poor consumer perceptions of the firm because firms do not achieve or maintain this reference point. This aspiration based reference point of what the consumer would like to have happen in the corporate environment is further expected to determine whether or not consumers will reward or punish corporations with the purchase of their products. It is expected that consumers will only reward firms that go beyond the expected level of social responsibility and whose actions are interpreted as gains with respect to the reference point. In the same way, it is expected that consumers will punish firms that operate at levels below the reference point.

## 2.5 Information Asymmetry

Vastly studied and proven in the field of consumer psychology is the belief that when formulating an opinion, people place greater emphasis on negative information than they do on positive information (Ahluwalia, Burnkrant and Unnava, 2000). It is therefore intuitive that immoral actions are more diagnostic of bad character because even bad people or firms do not consistently perform immoral actions. In contrast, moral acts are not as diagnostic of good character because bad people or firms sometimes act morally due to conformity pressures and ingratiation attempts (Folks and Kamins, 2000, pg 245). Thus, when a firm behaves in an unethical or socially irresponsible manner, consumers are able to come to the conclusion that the firm is socially irresponsible more confidently than consumers are able to come to the conclusion that a firm who performs a moral action is an ethical or responsible firm. This negativity effect is well accepted is consistent with our conceptualization using prospect theory and consumer reference points of corporate ethics. Accordingly, information about a firm's ethical or unethical behaviour is theorized to have an asymmetrical influence on consumer attitudes and purchase behaviour; unethical behaviour will more negatively impact consumer attitudes than positive behaviour positively impacts consumer attitudes. The result is an expectation that consumers punish unethical behaviour but not necessarily reward ethical behaviour unless it is significantly higher than the perceived reference point.

For consumer purchase behaviour to translate into ethical purchasing in the manner previously described, consumers need to be fully informed about the behaviour of corporations. This is not the case as consumers often have further information asymmetries to contend with. Even though one would conclude from the MORI study that consumers expect good corporate citizen ship and have socially responsible attitudes, only 20% of consumers have actually purchased something in the last year because the product was associated with a good cause or socially responsible company (Carrigan and Attala, 2001, pg 564) The explanations for such a low number within the interests and constraints of this study are twofold. Firstly, social responsibility may not be the most important criteria in consumers purchase decisions. Price and value may prevail. Secondly, consumers may lack information to make appropriate and efficient decisions. In a Dragon International study (1991) only 26% of respondents could actually name any socially responsible firms, and only 18% could name a "least socially responsible firm" (Carrigan and Attala, 2001, pg 565). In addition to information processing asymmetries, from this we can conclude that there is an information asymmetry in which consumers remain relatively uninformed. The increased amount of information consumers are inundated with each day has magnified this asymmetry by creating a state of information overload in addition to increasing noise and resistance to truly informative decision making. In this age of more abundant and accessible information, consumers may be overwhelmed rather than disinterested in ethical firm and product knowledge (Carrigan and Attala, 2001). For sophisticated consumers who have the discipline to search for information in order to make ethically discriminating decisions, the information is available, but for others this information is simply lost in the sea of information and communications aimed at consumers. Websites such as www.responsibleshopper.org inform consumers on the behaviour of the companies that produce the products that they purchase every day. Consumer advocacy groups and investigative reporting have provided consumers with information but there is still a discipline and effort requirement on the part of the consumer to search it out. For the majority of consumers who do not have the discipline but still have expectations of socially responsible firms, an information asymmetry exists. This underlies a need for ethics information about corporations to be communicated differently, in a manner which breaks through the clutter and noise to reach consumers without creating any inconvenience or requiring a disciplined effort.

# 3. STUDY

Is there a financial benefit to being a socially responsible company? Because there are discrepancies in study findings as to whether or not consumer purchase behaviour is affected by corporate ethics, further investigation is warranted. This study will attempt to build upon previous work of other academics and develop answers to the questions surrounding student consumer purchase behaviour and the link to corporate ethics.

This study employed a similar methodology used by Elizabeth H. Creyer and William T. Ross Jr. in their 1997 Journal of Consumer Marketing publication titled "The influence of firm behaviour on purchase intention: do consumers really care about business ethics." Creyer and Ross, 1997, collected data by a self-administered questionnaire completed by parents enrolled in a north-eastern, elementary public school. This study used many of the same questions obtained from Creyer and Ross' 1997 study to increase reliability of measures, increase validity and also to allow for comparison of results.

## 3.1 Method

A cross sectional sample survey of university students was employed to determine consumer attitudes and opinions toward corporate social responsibility and consumer purchase behaviour. This type of study was chosen for several reasons. Firstly, as previously mentioned this study will attempt to build upon the previous work of Creyer and Ross by expanding their methodology to include a different sample group; university students rather than parents of elementary school aged children. This study will allow for the possibility to describe the characteristics of a particular group of Simon Fraser University students and then compare it to the group identified and surveyed by Creyer and Ross. Although limited in this case by the chosen sample frame, gender and age differences may be revealed as descriptive characteristics of consumers that are more or less concerned of corporate ethics. Descriptive research will allow for the estimation of a proportion of the sample population's perceptions of corporate social responsibility. It will allow for a statistical analysis of consumer attitudes of CSR and how CSR influences consumer purchase decisions. Additionally, a cross-sectional study allows for an investigation into the perceptions of consumers at a single point in time. This is important since in 1991, a study conducted by Dragon International reported that although at that time the link between CSR and purchase behaviour was still in its early stages, this would likely develop in the future (Carrigan and Attala 2001, pg 567). By using a cross-sectional study, a comparison of attitudes can be done to determine if the link between CSR and purchase behaviour has now developed.

## 3.2 Sample

A non-probability random sample consisting of 100 university students has been chosen for the purposes of this study. Primary because of the convenience of sampling university students but also because university students represent an important consumer segment whose influence will be important for many years to come. If indeed there is a substantial trend starting of ethical consumer decisions based on corporate behaviour, it is very likely to have origins with students and people within this age demographic. It is acknowledged that a non-probability sample of university students is not representative of the entire population. Getting a truly representative sample was not a viable option in terms of time, logistics or cost and that without convenience samples of students a large proportion of studies would never be done. However, using a homogeneous sample increases criterion validity and allows for a better estimate within that particular group.

### Sampling Procedure Summary

**Target population:** University students

**Sampling frame:** Simon Fraser University Campus

**Sampling Procedure:** A convenience sample was employed. Permission was obtained from several professors to distribute a questionnaire after classes. Students ranged from first year to graduate level and from the faculty of business.

**Sample size:** 102 questionnaires were distributed to business students at SFU; valid responses totalled 98.

## 3.3 Measures

The measurement instrument was administered to Simon Fraser University students. Several (26) questions from Creyer and Ross 1997 have been used with their obtained permission to make up the 32 item questionnaire shown in Appendix 1. Some questions from the original research conducted by Creyer and Ross 1997 were omitted because they simply did not apply to the student sample frame employed. Other questions were added to obtain specific demographic information. A seven point Likert type scale anchored by strongly agree and strongly disagree was used to measure 4 constructs previously studied by Creyer and Ross 1997:

1. Importance of the ethicality of a firm's behaviour
2. Expectations regarding the ethicality of corporate behaviour in today's society
3. Willingness to reward ethical firms via purchasing behaviour
4. Willingness to punish unethical firms via purchasing behaviour

# 4. RESULTS

The descriptive data revealed some important information (All statistical findings for this study are reported in Appendix 2 – Data Analysis Results). The survey revealed the following:

- Given the choice between two firms, one ethical and the other not especially so, consumers more often would choose to purchase from the ethical firm. This variable received one of the highest means (M=1.4694, Sig. = 0.00) reflecting its importance to consumers. Negative means were however reported for other willingness to reward variables.
- Consumer expectations of ethical corporate behaviour varied. It is expected that firms be ethical in all of their dealing in the market place (M=1.58, Sig. = 0.00) and that firms have a responsibility to society (M=1.9286, Sig. =0.00). Conversely, it is expected that all firms be unethical sometimes; it is normal (M=0.8673, Sig.= 0.00)
- The greatest percentage of test units (48%) felt that firms should give equal attention to society and the environment as they give to financial performance. 33.7% believed that the most attention should be given to financial performance with some attention given to society and the environment.

Factor analysis was used to reduce the data and to determine interdependence among variables. Twenty – seven original variables were analyzed to identify the underlying constructs based on the variable interrelationships.

From the KMO and Bartlett's Test (see table 1), the Kaiser-Meyer-Olkin measure of sampling adequacy was 0.871 and indicated multicollinearity. Bartlett's test of Sphericity test whether the 27 variables are unrelated and therefore unsuitable for factor analysis. A significance value of .000 allows for the rejection of the null hypothesis at a predetermined alpha of 0.05. Thus interrelationships among variables exist and factor analysis can effectively be used fro data reduction.

**Table 1: Factor Analysis – KMO and Bartlett's test**

| | | |
|---|---|---|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .871 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 1622.014 |
| | df | 351 |
| | Sig. | .000 |

Factor analysis effectively reduced the 27 initial variables into 6 factors with Eigenvalues > 1 that explained 67.62% of the variability. Once established, internal consistency of the variables was examined using reliability analysis for each of the 6 new factors/variables (see table 2). For exploratory studies such as this one, reliabilities of 0.70 are required (Creyer and Ross, 1997, p425). Five of the six factors meet this criterion; the willingness to punish unethical behaviour measure has a coefficient alpha of 0.5668 and does not meet the reliability criteria. Factor scores and complete factor analysis results are available in Appendix-2. The six new variables effectively represent the four constructs previously identified in the 1997 study by Creyer and Ross. The difference in the number of resulting factors (6 vs. 4) is most likely attributed to differences in the number of questions and the specific questions included into the evoked set prior to the analysis. Since the reliabilities of both studies factors are well within a 95% confidence interval, the results are therefore suitable for comparison. The six new variables successfully represent the four constructs previously identified by Creyer and Ross:

1. Importance of the ethicality of a firm's behaviour – factor 1.
2. Expectations regarding the ethicality of corporate behaviour in today's society – factor 2 and factor 5.
3. Willingness to reward ethical firms via purchasing behaviour – factor 3 and factor 4.
4. Willingness to punish unethical firms via purchasing behaviour – factor

**Table 2 Factor analysis – Summary of Factors**

| Factor | Sample variable question | Number of variables | Coefficient alpha |
|---|---|---|---|
| 1. Importance of ethical behaviour | It is important to me that the firms I deal with have an ethical reputation. | 9 | 0.8442 |
| 2. Expectations of ethical behaviour | I expect firms that I deal with to act ethically at all times | 5 | 0.8077 |
| 3. Corporate ethics and market performance | Firms who are extra ethical should do well in the market place | 4 | 0.7931 |
| 4. Willingness to reward ethical behaviour through purchase | I would pay considerably more money for a product from a firm that I knew to be extremely ethical. | 3 | 0.7655 |
| 5.Expectations of unethical behaviour | All firms will be unethical sometimes; it is normal | 3 | 0.7563 |
| 6. Willingness to punish unethical behaviour | I would go several miles out of my way not to but from a store that I knew to be extremely unethical | 3 | 0.5668 |

T-tests were then employed to determine the mean importance of each construct identified through data reduction. Six new variables were created to represent the factors identified in the data reduction. The null hypothesis is that the variable mean is equal to zero (the midpoint of the 7-point scale employed ranging from -3 to 3). The significance value for each of the six new variables proved to be less than the predetermined alpha value of 0.05; therefore the null hypothesis of indifference is rejected for each construct. Consumer's expectations of ethical behaviour were shown to be most important with the highest mean of all the variables. Table 3 summarizes the one sample t-test results for each construct.

**Table 3: T-tests – One sample t-test summary**

| Variable | Mean | Standard Deviation | Sign. Value |
|---|---|---|---|
| Importance of ethical behaviour | .5986 | .99415 | .000 |
| Expectations of ethical behaviour | 1.3429 | 1.05322 | .000 |
| Corporate ethics and market performance | .8724 | 1.27942 | .000 |
| Willingness to reward ethical behaviour through purchase | .3401 | 1.46824 | .024 |
| Expectations of unethical behaviour | .5408 | 1.30688 | .000 |
| Willingness to punish unethical behaviour | .4116 | .85595 | .000 |

Ho: $\mu = 0$

Independent sample t-tests were also carried out to determine if consumer perceptions of the six constructs were the same across genders. The null hypothesis of Ho: $\mu_{male} = \mu_{Female}$ could not be rejected for any of the constructs tested at a predetermined alpha of 0.05. Thus equal variance is assumed between males and females in the test sample; student consumer perceptions of the six constructs are similar across genders.

Correlations between the variables were further tested to determine the relationship between the reward or punishment of corporate behaviour with consumer's expectations of corporate behaviour and also with the importance of corporate behaviour as perceived by consumers. Tables 4 - 7 summarize the results from the tests for correlation. Two of the four correlations tested had significance values < 0.05. The null hypothesis was rejected in these two cases revealing the following relationships: Firstly, the perceived importance of ethical corporate behaviour is associated with the willingness of consumers to reward ethical behaviour. Furthermore, consumer expectations of ethical corporate behaviour are associated with the willingness of consumers to reward ethical behaviour.

**Table 4: Correlations – Importance and willingness to reward**

| | | REWARD | IMPOR |
|---|---|---|---|
| REWARD | Pearson Correlation | 1 | .549** |
| | Sig. (2-tailed) | . | .000 |
| | N | 98 | 98 |
| IMPOR | Pearson Correlation | .549** | 1 |
| | Sig. (2-tailed) | .000 | . |
| | N | 98 | 98 |

Ho = the perceived importance of ethical corporate behaviour is not associated with the willingness of consumers to reward ethical behaviour. Ho rejected.

**Table 5: Correlations – Importance and willingness to punish**

| | | IMPOR | PUNISH |
|---|---|---|---|
| IMPOR | Pearson Correlation | 1 | .093 |
| | Sig. (2-tailed) | . | .363 |
| | N | 98 | 98 |
| PUNISH | Pearson Correlation | .093 | 1 |
| | Sig. (2-tailed) | .363 | . |
| | N | 98 | 98 |

Ho = the perceived importance of ethical corporate behaviour is not associated with the willingness of consumers to punish unethical behaviour. Fail to reject Ho.

**Table 6: Correlations – Expectations and willingness to reward**

| | | EXPECT | REWARD |
|---|---|---|---|
| EXPECT | Pearson Correlation | 1 | .299** |
| | Sig. (2-tailed) | . | .003 |
| | N | 98 | 98 |
| REWARD | Pearson Correlation | .299** | 1 |
| | Sig. (2-tailed) | .003 | . |
| | N | 98 | 98 |

Ho = consumer expectations of ethical corporate behaviour are not associated with the willingness of consumers to reward ethical behaviour. Reject Ho.

**Table 7: Correlations – Expectations and willingness to punish**

| | | PUNISH | EXPECT |
|---|---|---|---|
| PUNISH | Pearson Correlation | 1 | -.009 |
| | Sig. (2-tailed) | . | .932 |
| | N | 98 | 98 |
| EXPECT | Pearson Correlation | -.009 | 1 |
| | Sig. (2-tailed) | .932 | . |
| | N | 98 | 98 |

Ho = consumer expectations of ethical corporate behaviour are not associated with the willingness of consumers to punish unethical behaviour. Fail to reject Ho.

# 5. DISCUSSION

Research into corporate behaviour and consumer purchase decisions is an important and growing area of research in the marketing literature. There are those studies whose findings suggest that we live in an ethics era (Creyer and Ross, 1997; Smith 1995). An era characterized by the increased transparency of corporate actions and where consumer purchasing has become more socially responsible.

## *5.1 Findings*

The findings of this study raise some important inconsistencies in relation to past research studies conducted on CSR and consumer purchase decisions.

### Willingness to Reward Ethical Corporate Behaviour

The findings on the willingness to reward the ethical behaviour of firms were somewhat mixed. Although consumers reported that if given a choice between an ethical firm and another unethical firm that they more often would choose to purchase from the ethical firm. Moreover, the consumers believed that firms who are extra ethical should do well in the marketplace and earn greater profits. However, there are limitations to this. Consumers were not willing to travel large distances to purchase from the ethical firm nor were they willing to pay a higher price for the same good produced by an ethical firm. This contradicts the Creyer and Ross 1997 study findings where consumers (parents of school aged children) were willing to pay higher prices for an ethical firm's product. It would appear from the findings of this study that consumers will only reward ethical behaviour through purchase if there are no additional costs to the consumer in terms of price, quality and time. There was no statistically significant evidence that consumers would pay more for products from ethical firms or travel substantial distances to patronize ethical shops.

## Willingness to Punish Unethical Corporate Behaviour

Consumers felt that unethical firms should do poorly in the marketplace and earn less than normal profits. Consistent to the Creyer and Ross 1997 study, the results from this study also showed that consumers would still be willing to purchase products from unethical firms but that they would do so at a lower price. By choosing to pay a lower price, the consumers are punishing the unethical behaviour. Other punishment variables proved not to be statistically significant. There was no evidence that consumers would travel substantial distances not to patronize ethical shops. Also, the new variable created in the data reduction process to measure the willingness to punish construct failed to meet the required reliability criteria. This would suggest that further investigation is required to effectively determine consumer perceptions and opinions of this construct.

## Expectations of Ethical Corporate Behaviour

Consumer expectations of ethical corporate behaviour were somewhat contradictory. Consumers reported that they expected that firms should be ethical in all of their dealings and act ethically at all times. Daunting and significant, the survey also found that consumers believed that all firms are unethical at times and that this behaviour is common place. If this is indeed the case, this would be very discouraging from a socio-cultural perspective. Fortunately an explanation exists from such a pessimistic outlook. Firstly, information asymmetries exist in the processing of negative vs. positive information. Consumers place greater emphasis on negative information than positive. This results in more negative perceptions. Negative stories are more dramatic and thus receive substantially more media attention. With the focus clearly on widely publicized corporate scandal sand ethics offenders, the ethical actions of firms are lost in the clutter of information as are the expectations of ethical firm behaviour. These are important findings since prospect theory states that consumer's willingness to reward or punish corporate behaviour is influenced by an individual's expectations of ethical behaviour and the importance placed on the ethicality of a firm's behaviour.

**The Importance of Ethical Corporate Behaviour**

Consumers stated that ethical corporate behaviour was an important consideration in their purchase decisions. A firm's reputation, more specifically the reputation for unethical behaviour, was an important decision making criteria for consumers. The greater importance placed on purchasing from a firm that does not have a reputation for unethical behaviour vs. purchasing from a firm with a reputation for ethical behaviour is once more potentially a result of the information processing asymmetries that exist.

## *5.2 Theoretical Implications*

It was expected that consumers employ an aspiration-based reference point; that it is expected that all firms behave ethically and responsibly when evaluating company behaviour. Such a reference point implies that consumers will not reward ethical behaviour since ethical behaviour is expected but will punish unethical behaviour by not purchasing the firms products or by some other means of signalling. The results of this study indicated that consumers use an aspiration based reference point and expect all firms to behave ethically. In contradiction, it was also found that it was expected that that all firms are unethical at times. Despite this contradiction it appears as though greater emphasis was placed on the aspiration based reference point as consumers were more willing to punish unethical corporate behaviour than reward firms for ethical behaviour.

### *5.3 Managerial Implications*

It would appear from the findings of this study that consumers will only reward ethical behaviour through purchase if there are no additional costs to the consumer in terms of price, quality and time. This does provide an opportunity for marketing managers. If consumers perceive little or no difference between competing products or brands it is possible for firms to gain a competitive advantage and differentiate their products on the basis of the ethicality of the company's actions. It further provides opportunities for differentiation through the building of intangible assets such as corporate trust and brand equity. Globalization is sure to continue to make the competition amongst firms fiercer and a firm's behaviour may be one of the few truly firm specific advantages that will allow it to differentiate itself from the competition.

Consumer advocacy groups, the media and the internet have made the actions of corporations more transparent. However, the amount of information and communication from all sources directed at consumers has also made it more difficult for consumers to find the necessary information to in turn make empowering purchase decisions with regard to corporate ethics. With the potential of consumers to reward ethical firms and punish ethical offenders, marketing managers need to recognize the need for information about a corporation's ethical behaviour to be communicated differently, in a manner which breaks through the clutter and noise to reach consumers.

### *5.3 Limitations*

The most serious difficulty in studies using prospect theory occurs in identifying the sample population's reference point. Identifying a single reference point for a sample is extremely difficult in low context, highly culturally diverse populations as is the case at Simon Fraser University. Furthermore students and younger consumers may have even more diverse and changing ethical perspectives than other population segments. Finally, many of those surveyed were quick to point out that they would discriminate more freely if they had the financial capabilities.

Ethicality is a multi dimensional concept. This study did not specifically identify or specify the ethical or unethical behaviour. Specifying the act may have received different responses as different acts may be perceived as more "ethical or unethical" than others. In failing to specify the act, interpretation differences may have resulted.

In studies involving ethical issues, socially desirable response (SDR) is always a limiting factor. A consumer's response may be entirely different from what they actually do to avoid answering in a socially unacceptable manner thus the answers to the questions can be unreliable. The study chose to use an anonymous questionnaire in order to limit the degree SDR.

The use of non-probability sampling techniques leads to some degree of sampling error. In choosing to use a convenience sample of university students it is acknowledged that the sample is not representative of the entire population. However, the sample is representative of this specific market segment even though it decreases the external validity of the findings when applied to other market segments.

# 6. CONCLUSION

This study set out to determine if corporate ethics affected consumer purchase decisions. It was found that consumers purchase decisions are affected by corporate ethics but the degree with which they are willing to reward ethical behaviour and punish unethical behaviour is limited to costs. Only if there are no additional costs to the consumer in terms of price, quality and time will purchase decisions be affected by ethics. The study did find consumers would be willing to still purchase from unethical firms but at a reduction in price. There was no evidence that consumers would pay more for products from ethical firms or travel substantial distances to patronize ethical shops.

The findings of this study raise additional questions and have significant implications. The importance and expectation of ethical behaviour is significant. Perhaps in time the expectation and the importance of ethical corporate behaviour will have more significant commercial ramifications. My objectives for undertaking this study were twofold. Firstly, I believe that corporate social responsibility is an important subject in marketing and brand strategy with substantial practical implications and deserves more attention. Morally and ethically it is essential that we as MBA graduates and future business leaders strive to be ethically and morally responsible in all our business activities. Secondly, as an ethical consumer, I have great interest in better understanding my role as a consumer and the effects my purchase behaviour has on corporations. I believe that consumers should be the focus of any successful venture and that if ethics become a central theme of consumer expectations, business will be forced to comply and the result is unquestionably an increase in societal welfare.

# APPENDIX 1 – QUESTIONNAIRE

1. I would go several miles out of my way to buy from a store that I knew to be extremely ethical.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

2. I would pay considerably more money for a product from a firm that I knew to be extremely ethical.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

3. Firms who are extra ethical should do well in the marketplace.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

4. Firms who are ethical should be allowed to earn greater profits than firms normally do.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| --3 | -2 | -1 | 0 | 1 | 2 | 3 |

5. Given a choice between two firms, one ethical and the other not especially so, I would always choose to buy from the ethical firm.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| --3 | -2 | -1 | 0 | 1 | 2 | 3 |

6. I would go several miles out of my way not to buy from a store that I knew to be extremely unethical.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

7. I would pay considerably less money for a product from a firm that I knew to be extremely unethical.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

**8.** Firms which are unethical should do poorly in the marketplace.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

**9.** Firms which are unethical should not be allowed to earn greater profits than firms normally do.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

**10.** Given a choice between two firms, one unethical and the other not especially so, I would never choose to buy from the unethical firm.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

**11.** It really bothers me to find out that a firm that I buy from has acted unethically.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

**12.** I really care about whether the stores I patronize have a reputation for ethical behaviour.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

**13.** Whether a firm is ethical is not important to me in making my decision what to buy.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

**14.** I really care whether the companies whose products I buy have a reputation for unethical behaviour.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

**15.** It is important to me that the firms I deal with do not have a reputation for unethical behaviour.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

**16.** It really pleases me to find out that a firm I buy from has acted ethically.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

**17.** I really care about whether the stores I patronize have a reputation for unethical behaviour.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

**18.** Whether a firm is unethical is not important to me making my decision what to buy.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

**19.** It is important to me that that the firms I deal with have an ethical reputation.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

**20.** Firms should be ethical in all of their dealings in the marketplace.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

**21.** I expect the firms that I deal with to act ethically at all times.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

**22.** All firms will be unethical sometimes; it is normal.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

**23.** It is no big deal if firms are sometimes unethical.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

**24.** Firms have the responsibility never to act unethically.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

**25.** All firms will not uphold the highest ethical standards sometimes; nobody is perfect.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

**26.** Firms have a responsibility to always act with the highest of ethical standards.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

**27.** Companies have a moral responsibility to society?

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

**28.** Companies don't really care about the long term environmental and social impact of their actions.

| Strongly Disagree | | | | | | Strongly Agree |
|---|---|---|---|---|---|---|
| -3 | -2 | -1 | 0 | 1 | 2 | 3 |

**29.** Which of these statements comes closest to your view? Companies should…

| | |
|---|---|
| Make a major contribution to society and environment, regardless of cost | _______ |
| Give most attention to society and environment but pay some attention to financial performance | _______ |
| Give equal attention to society and environment as they give to financial performance | _______ |
| Give the most attention to financial performance, with some attention to society and environment | _______ |
| Companies should maximize their financial performance, regardless of society and the environment | _______ |

**30.** What is your age?

17-21 ______
22-26 ______
27-31 ______
31+ ______

**31.** What is your gender?

Male ______
Female ______

**32.** What year of your university studies are you currently in?

1 ______
2 ______
3 ______
4 ______
Graduate/PhD level ______

# APPENDIX 2 – DATA ANALYSIS RESULTS

## 2.1 Factor Analysis and Reliability Analysis of Factors

**Component Matrix[a]**

| | Component | | | | | |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| VAR00019 | .856 | | | | | |
| VAR00017 | .855 | | | | | |
| VAR00014 | .836 | | | | | |
| VAR00012 | .815 | | | | | |
| VAR00015 | .805 | | | | | |
| VAR00011 | .716 | | | | -.418 | |
| VAR00018 | -.712 | | | | | |
| VAR00010 | .692 | | | | | |
| VAR00008 | .680 | | | -.523 | | |
| VAR00016 | .675 | | | | | |
| VAR00013 | -.673 | | | | | |
| VAR00021 | .670 | | | | | |
| VAR00020 | .669 | | | | | |
| VAR00023 | -.637 | | | | | |
| VAR00009 | .622 | | | -.456 | | |
| VAR00026 | .621 | | | | | |
| VAR00004 | .560 | | | -.412 | | |
| VAR00002 | .552 | | | | .411 | |
| VAR00005 | .487 | | | | | .459 |
| VAR00003 | .483 | | | -.464 | | |
| VAR00006 | .468 | | | | | |
| VAR00027 | .446 | | | | | |
| VAR00007 | | | | | | |
| VAR00001 | .497 | .532 | | | | |
| VAR00024 | .439 | -.510 | | | | |
| VAR00025 | | .474 | .664 | | | |
| VAR00022 | | .452 | .620 | | | |

**Communalities**

| | Extraction |
|---|---|
| VAR00001 | .772 |
| VAR00002 | .796 |
| VAR00003 | .681 |
| VAR00004 | .659 |
| VAR00005 | .697 |
| VAR00006 | .655 |
| VAR00007 | .505 |
| VAR00008 | .745 |
| VAR00009 | .673 |
| VAR00010 | .607 |
| VAR00011 | .758 |
| VAR00012 | .703 |
| VAR00013 | .581 |
| VAR00014 | .739 |
| VAR00015 | .701 |
| VAR00016 | .566 |
| VAR00017 | .847 |
| VAR00018 | .599 |
| VAR00019 | .798 |
| VAR00020 | .563 |
| VAR00021 | .565 |
| VAR00022 | .737 |
| VAR00023 | .681 |
| VAR00024 | .581 |
| VAR00025 | .728 |
| VAR00026 | .708 |
| VAR00027 | .614 |

**Total Variance Explained**

| | Extraction Sums of Squared Loadings | | | Rotation Sums of Squared Loadings | | |
|---|---|---|---|---|---|---|
| Component | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 10.719 | 39.701 | 39.701 | 5.921 | 21.930 | 21.930 |
| 2 | 2.145 | 7.944 | 47.645 | 3.111 | 11.521 | 33.451 |
| 3 | 1.671 | 6.190 | 53.836 | 2.594 | 9.608 | 43.060 |
| 4 | 1.398 | 5.177 | 59.012 | 2.273 | 8.418 | 51.478 |
| 5 | 1.243 | 4.602 | 63.614 | 2.250 | 8.334 | 59.812 |
| 6 | 1.083 | 4.013 | 67.627 | 2.110 | 7.815 | 67.627 |

Extraction Method: Principal Component Analysis.

**Rotated Component Matrix[a]**

| | Component | | | | | |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| VAR00011 | .835 | | | | | |
| VAR00017 | .790 | | | | | |
| VAR00014 | .716 | | | | | |
| VAR00019 | .715 | | | | | |
| VAR00016 | .704 | | | | | |
| VAR00012 | .665 | | | | | |
| VAR00015 | .590 | .425 | | | | |
| VAR00010 | .550 | | | | | |
| VAR00018 | -.525 | -.404 | | | | |
| VAR00027 | | .764 | | | | |
| VAR00026 | | .756 | | | | |
| VAR00024 | | .598 | | | | |
| VAR00021 | | .552 | | | | |
| VAR00020 | .477 | .511 | | | | |
| VAR00003 | | | .767 | | | |
| VAR00004 | | | .731 | | | |
| VAR00008 | | | .662 | | | |
| VAR00009 | .458 | | .521 | | | |
| VAR00001 | | | | .782 | | |
| VAR00002 | | | | .741 | | |
| VAR00005 | .414 | | | .627 | | |
| VAR00025 | | | | | .844 | |
| VAR00022 | | | | | .831 | |
| VAR00023 | -.520 | | | | .579 | |
| VAR00006 | | | | | | .701 |
| VAR00007 | | | | | | .606 |
| VAR00013 | -.487 | | | | | -.502 |

Extraction Method: Principal Component Analysis.

## Reliability Factor 1 - Importance of Ethical Behaviour

****** Method 2 (covariance matrix) will be used for this analysis ******

R E L I A B I L I T Y   A N A L Y S I S   -   S C A L E   (A L P H A)

| | | Mean | Std Dev | Cases |
|---|---|---|---|---|
| 1. | VAR00010 | .5102 | 1.7005 | 98.0 |
| 2. | VAR00012 | .3878 | 1.4547 | 98.0 |
| 3. | VAR00011 | .8367 | 1.6788 | 98.0 |
| 4. | VAR00014 | .3163 | 1.5505 | 98.0 |
| 5. | VAR00016 | 1.6735 | 1.0627 | 98.0 |
| 6. | VAR00017 | .6020 | 1.5246 | 98.0 |
| 7. | VAR00015 | .5816 | 1.5593 | 98.0 |
| 8. | VAR00018 | -.1531 | 1.6951 | 98.0 |
| 9. | VAR00019 | .6327 | 1.4741 | 98.0 |

Correlation Matrix

| | VAR00010 | VAR00012 | VAR00011 | VAR00014 | VAR00016 |
|---|---|---|---|---|---|
| VAR00010 | 1.0000 | | | | |
| VAR00012 | .5693 | 1.0000 | | | |
| VAR00011 | .4989 | .6087 | 1.0000 | | |
| VAR00014 | .5559 | .7815 | .6458 | 1.0000 | |
| VAR00016 | .4183 | .4762 | .6690 | .4950 | 1.0000 |
| VAR00017 | .5801 | .7629 | .6671 | .8475 | .5934 |
| VAR00015 | .4935 | .6722 | .5053 | .7461 | .4393 |
| VAR00018 | -.4233 | -.4690 | -.5450 | -.5345 | -.5202 |
| VAR00019 | .5773 | .7161 | .6171 | .8091 | .5544 |

| | VAR00017 | VAR00015 | VAR00018 | VAR00019 |
|---|---|---|---|---|
| VAR00017 | 1.0000 | | | |
| VAR00015 | .7662 | 1.0000 | | |
| VAR00018 | -.6182 | -.5276 | 1.0000 | |
| VAR00019 | .8288 | .8070 | -.5385 | 1.0000 |

N of Cases = 98.0

| Statistics for | Mean | Variance | Std Dev | N of Variables |
|---|---|---|---|---|
| Scale | 5.3878 | 80.0543 | 8.9473 | 9 |

R E L I A B I L I T Y   A N A L Y S I S   -   S C A L E   (A L P H A)

Item-total Statistics

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Alpha if Item Deleted |
|---|---|---|---|---|---|
| VAR00010 | 4.8776 | 60.9745 | .6096 | .4053 | .8004 |
| VAR00012 | 5.0000 | 59.9588 | .7981 | .6718 | .7798 |
| VAR00011 | 4.5510 | 59.6520 | .6781 | .6079 | .7914 |
| VAR00014 | 5.0714 | 57.6959 | .8472 | .7930 | .7713 |
| VAR00016 | 3.7143 | 68.6804 | .5816 | .5182 | .8095 |
| VAR00017 | 4.7857 | 57.8196 | .8587 | .8218 | .7705 |
| VAR00015 | 4.8061 | 59.6837 | .7446 | .7016 | .7842 |
| VAR00018 | 5.5408 | 98.3952 | -.6308 | .4438 | .9304 |
| VAR00019 | 4.7551 | 58.6817 | .8501 | .7887 | .7730 |

Analysis of Variance

| Source of Variation | Sum of Sq. | DF | Mean Square | F | Prob. |
|---|---|---|---|---|---|
| Between People | 862.8073 | 97 | 8.8949 | | |
| Within People | 1377.1111 | 784 | 1.7565 | | |
| Between Measures | 187.2245 | 8 | 23.4031 | 15.2626 | .0000 |
| Residual | 1189.8866 | 776 | 1.5334 | | |
| Total | 2239.9184 | 881 | 2.5425 | | |
| Grand Mean | .5986 | | | | |

Reliability Coefficients 9 items

Alpha = .8276 Standardized item alpha = .8442

# Reliability Factor 2 - Consumer Expectations of Corporate Ethics

****** Method 2 (covariance matrix) will be used for this analysis ******

R E L I A B I L I T Y   A N A L Y S I S   -   S C A L E   (A L P H A)

| | | Mean | Std Dev | Cases |
|---|---|---|---|---|
| 1. | VAR00020 | 1.5816 | 1.1747 | 98.0 |
| 2. | VAR00021 | .8776 | 1.6135 | 98.0 |
| 3. | VAR00024 | .9184 | 1.5969 | 98.0 |
| 4. | VAR00026 | 1.4082 | 1.4490 | 98.0 |
| 5. | VAR00027 | 1.9286 | 1.1599 | 98.0 |

Correlation Matrix

| | VAR00020 | VAR00021 | VAR00024 | VAR00026 | VAR00027 |
|---|---|---|---|---|---|
| VAR00020 | 1.0000 | | | | |
| VAR00021 | .4949 | 1.0000 | | | |
| VAR00024 | .4817 | .3602 | 1.0000 | | |
| VAR00026 | .5738 | .4978 | .5046 | 1.0000 | |
| VAR00027 | .3713 | .4745 | .2863 | .5205 | 1.0000 |

N of Cases = 98.0

| Statistics for | Mean | Variance | Std Dev | N of Variables |
|---|---|---|---|---|
| Scale | 6.7143 | 27.7320 | 5.2661 | 5 |

Item-total Statistics

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Alpha if Item Deleted |
|---|---|---|---|---|---|
| VAR00020 | 5.1327 | 19.7039 | .6375 | .4236 | .7515 |
| VAR00021 | 5.8367 | 17.2927 | .5839 | .3680 | .7647 |
| VAR00024 | 5.7959 | 18.1229 | .5192 | .3134 | .7868 |
| VAR00026 | 5.3061 | 17.2661 | .6947 | .4988 | .7249 |
| VAR00027 | 4.7857 | 20.7887 | .5293 | .3330 | .7796 |

R E L I A B I L I T Y   A N A L Y S I S   -   S C A L E   (A L P H A)

Analysis of Variance

| Source of Variation | Sum of Sq. | DF | Mean Square | F | Prob. |
|---|---|---|---|---|---|
| Between People | 538.0000 | 97 | 5.5464 | | |
| Within People | 508.4000 | 392 | 1.2969 | | |
| Between Measures | 78.5020 | 4 | 19.6255 | 17.7128 | .0000 |
| Residual | 429.8980 | 388 | 1.1080 | | |
| Total | 1046.4000 | 489 | 2.1399 | | |
| Grand Mean | 1.3429 | | | | |

Reliability Coefficients 5 items

Alpha = .8002 Standardized item alpha = .8077

# Reliability Factor 3 - Markets Should Reward Ethical Behaviour

****** Method 2 (covariance matrix) will be used for this analysis ******

□

R E L I A B I L I T Y   A N A L Y S I S   -   S C A L E   (A L P H A)

| | | Mean | Std Dev | Cases |
|---|---|---|---|---|
| 1. | VAR00003 | .8144 | 1.6287 | 97.0 |
| 2. | VAR00004 | .9794 | 1.5876 | 97.0 |
| 3. | VAR00008 | .7423 | 1.6348 | 97.0 |
| 4. | VAR00009 | 1.0309 | 1.6231 | 97.0 |

Correlation Matrix

| | VAR00003 | VAR00004 | VAR00008 | VAR00009 |
|---|---|---|---|---|
| VAR00003 | 1.0000 | | | |
| VAR00004 | .4900 | 1.0000 | | |
| VAR00008 | .5413 | .4796 | 1.0000 | |
| VAR00009 | .3292 | .4530 | .6429 | 1.0000 |

N of Cases = 97.0

| Statistics for | Mean | Variance | Std Dev | N of Variables |
|---|---|---|---|---|
| Scale | 3.5670 | 25.8731 | 5.0866 | 4 |

Item-total Statistics

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Alpha if Item Deleted |
|---|---|---|---|---|---|
| VAR00003 | 2.7526 | 16.0631 | .5482 | .3688 | .7691 |
| VAR00004 | 2.5876 | 15.9948 | .5794 | .3439 | .7535 |
| VAR00008 | 2.8247 | 14.4169 | .7075 | .5411 | .6877 |
| VAR00009 | 2.5361 | 15.7513 | .5812 | .4466 | .7529 |

R E L I A B I L I T Y   A N A L Y S I S   -   S C A L E   (A L P H A)

Analysis of Variance

| Source of Variation | Sum of Sq. | DF | Mean Square | F | Prob. |
|---|---|---|---|---|---|
| Between People | 620.9536 | 96 | 6.4683 | | |
| Within People | 390.5000 | 291 | 1.3419 | | |
| Between Measures | 5.3711 | 3 | 1.7904 | 1.3388 | .2619 |
| Residual | 385.1289 | 288 | 1.3373 | | |
| Total | 1011.4536 | 387 | 2.6136 | | |
| Grand Mean | .8918 | | | | |

Reliability Coefficients 4 items

Alpha = .7933 Standardized item alpha = .7931

## Reliability Factor 4 - Willingness to Reward Ethical Behaviour

****** Method 2 (covariance matrix) will be used for this analysis ******

□

R E L I A B I L I T Y   A N A L Y S I S   -   S C A L E   (A L P H A)

| | | Mean | Std Dev | Cases |
|---|---|---|---|---|
| 1. | VAR00001 | -.1531 | 1.9443 | 98.0 |
| 2. | VAR00002 | -.2959 | 1.8400 | 98.0 |
| 3. | VAR00005 | 1.4694 | 1.5278 | 98.0 |

Correlation Matrix

| | VAR00001 | VAR00002 | VAR00005 |
|---|---|---|---|
| VAR00001 | 1.0000 | | |
| VAR00002 | .7249 | 1.0000 | |
| VAR00005 | .4409 | .3726 | 1.0000 |

N of Cases = 98.0

| Statistics for | Mean | Variance | Std Dev | N of Variables |
|---|---|---|---|---|
| Scale | 1.0204 | 19.4016 | 4.4047 | 3 |

Item-total Statistics

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Alpha if Item Deleted |
|---|---|---|---|---|---|
| VAR00001 | 1.1735 | 7.8150 | .7181 | .5593 | .5362 |
| VAR00002 | 1.3163 | 8.7340 | .6695 | .5290 | .5998 |
| VAR00005 | -.4490 | 12.3530 | .4390 | .2003 | .8398 |

Analysis of Variance

| Source of Variation | Sum of Sq. | DF | Mean Square | F | Prob. |
|---|---|---|---|---|---|
| Between People | 627.3197 | 97 | 6.4672 | | |
| Within People | 482.6667 | 196 | 2.4626 | | |
| Between Measures | 188.4558 | 2 | 94.2279 | 62.1330 | .0000 |
| Residual | 294.2109 | 194 | 1.5166 | | |
| Total | 1109.9864 | 293 | 3.7883 | | |
| Grand Mean | .3401 | | | | |

R E L I A B I L I T Y   A N A L Y S I S   -   S C A L E   (A L P H A)

Reliability Coefficients     3 items

Alpha =    .7655            Standardized item alpha =    .7595

## Reliability Factor 5 - Expectations of Unethical Behaviour

****** Method 2 (covariance matrix) will be used for this analysis ******

R E L I A B I L I T Y   A N A L Y S I S   -   S C A L E   (A L P H A)

| | | Mean | Std Dev | Cases |
|---|---|---|---|---|
| 1. | VAR00022 | .8673 | 1.5902 | 98.0 |
| 2. | VAR00023 | -.4082 | 1.6550 | 98.0 |
| 3. | VAR00025 | 1.1633 | 1.5378 | 98.0 |

Correlation Matrix

| | VAR00022 | VAR00023 | VAR00025 |
|---|---|---|---|
| VAR00022 | 1.0000 | | |
| VAR00023 | .5472 | 1.0000 | |
| VAR00025 | .6034 | .3748 | 1.0000 |

N of Cases =        98.0

Analysis of Variance

| Source of Variation | Sum of Sq. | DF | Mean Square | F | Prob. |
|---|---|---|---|---|---|
| Between People | 497.0102 | 97 | 5.1238 | | |
| Within People | 380.0000 | 196 | 1.9388 | | |
| Between Measures | 136.6735 | 2 | 68.3367 | 54.4837 | .0000 |
| Residual | 243.3265 | 194 | 1.2543 | | |
| Total | 877.0102 | 293 | 2.9932 | | |
| Grand Mean | .5408 | | | | |

R E L I A B I L I T Y   A N A L Y S I S   -   S C A L E   (A L P H A)

Reliability Coefficients     3 items

Alpha = .7552     Standardized item alpha = .7563

## Reliability Factor 6 - Willingness To Punish Unethical Behaviour

****** Method 2 (covariance matrix) will be used for this analysis ******

R E L I A B I L I T Y   A N A L Y S I S   -   S C A L E   (A L P H A)

| | | Mean | Std Dev | Cases |
|---|---|---|---|---|
| 1. | VAR00006 | .2784 | 1.7305 | 97.0 |
| 2. | VAR00007 | .8041 | 1.5721 | 97.0 |
| 3. | VAR00013 | .1649 | 1.6751 | 97.0 |

Correlation Matrix

| | VAR00006 | VAR00007 | VAR00013 |
|---|---|---|---|
| VAR00006 | 1.0000 | | |
| VAR00007 | .3955 | 1.0000 | |
| VAR00013 | -.3897 | -.2882 | 1.0000 |

N of Cases = 97.0

| Statistics for | Mean | Variance | Std Dev | N of Variables |
|---|---|---|---|---|
| Scale | 1.2474 | 6.6465 | 2.5781 | 3 |

Item-total Statistics

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Alpha if Item Deleted |
|---|---|---|---|---|---|
| VAR00006 | .9691 | 3.7595 | -.0160 | .2393 | -.8076 |
| VAR00007 | .4433 | 3.5410 | .1071 | .1776 | -1.2762 |
| VAR00013 | 1.0825 | 7.6181 | -.4085 | .1732 | .5649 |

Analysis of Variance

| Source of Variation | Sum of Sq. | DF | Mean Square | F | Prob. |
|---|---|---|---|---|---|
| Between People | 212.6873 | 96 | 2.2155 | | |
| Within People | 604.0000 | 194 | 3.1134 | | |
| Between Measures | 22.5636 | 2 | 11.2818 | 3.7254 | .0259 |
| Residual | 581.4364 | 192 | 3.0283 | | |
| Total | 816.6873 | 290 | 2.8162 | | |
| Grand Mean | .4158 | | | | |

□

R E L I A B I L I T Y   A N A L Y S I S   -   S C A L E   (A L P H A)

Reliability Coefficients     3 items

Alpha =   -.3669          Standardized item alpha =  -.3480

## 2.2 T- Tests

# T-Test

**One-Sample Statistics**

| | N | Mean | Std. Deviation | Std. Error Mean |
|---|---|---|---|---|
| REWARD | 98 | .3401 | 1.46824 | .14831 |

**One-Sample Test**

| | Test Value = 0 | | | | | |
|---|---|---|---|---|---|---|
| | t | df | Sig. (2-tailed) | Mean Difference | 95% Confidence Interval of the Difference Lower | Upper |
| REWARD | 2.293 | 97 | .024 | .3401 | .0458 | .6345 |

# T-Test

**One-Sample Statistics**

| | N | Mean | Std. Deviation | Std. Error Mean |
|---|---|---|---|---|
| MARKET | 98 | .8724 | 1.27942 | .12924 |

**One-Sample Test**

| | Test Value = 0 | | | | | |
|---|---|---|---|---|---|---|
| | t | df | Sig. (2-tailed) | Mean Difference | 95% Confidence Interval of the Difference Lower | Upper |
| MARKET | 6.751 | 97 | .000 | .8724 | .6159 | 1.1290 |

# T-Test

**One-Sample Statistics**

| | N | Mean | Std. Deviation | Std. Error Mean |
|---|---|---|---|---|
| PUNISH | 98 | .4116 | .85595 | .08646 |

**One-Sample Test**

| | Test Value = 0 | | | | | |
|---|---|---|---|---|---|---|
| | | | | | 95% Confidence Interval of the Difference | |
| | t | df | Sig. (2-tailed) | Mean Difference | Lower | Upper |
| PUNISH | 4.760 | 97 | .000 | .4116 | .2400 | .5832 |

# T-Test

**One-Sample Statistics**

| | N | Mean | Std. Deviation | Std. Error Mean |
|---|---|---|---|---|
| IMPOR | 98 | .5986 | .99415 | .10042 |

**One-Sample Test**

| | Test Value = 0 | | | | | |
|---|---|---|---|---|---|---|
| | | | | | 95% Confidence Interval of the Difference | |
| | t | df | Sig. (2-tailed) | Mean Difference | Lower | Upper |
| IMPOR | 5.961 | 97 | .000 | .5986 | .3993 | .7980 |

# T-Test

**One-Sample Statistics**

| | N | Mean | Std. Deviation | Std. Error Mean |
|---|---|---|---|---|
| EXPECT | 98 | 1.3429 | 1.05322 | .10639 |

**One-Sample Test**

| | Test Value = 0 | | | | | |
|---|---|---|---|---|---|---|
| | | | | | 95% Confidence Interval of the Difference | |
| | t | df | Sig. (2-tailed) | Mean Difference | Lower | Upper |
| EXPECT | 12.622 | 97 | .000 | 1.3429 | 1.1317 | 1.5540 |

# T-Test

**One-Sample Statistics**

| | N | Mean | Std. Deviation | Std. Error Mean |
|---|---|---|---|---|
| PESSIMIS | 98 | .5408 | 1.30688 | .13201 |

**One-Sample Test**

| | Test Value = 0 | | | | | |
|---|---|---|---|---|---|---|
| | | | | | 95% Confidence Interval of the Difference | |
| | t | df | Sig. (2-tailed) | Mean Difference | Lower | Upper |
| PESSIMIS | 4.097 | 97 | .000 | .5408 | .2788 | .8028 |

## T-Test

**Paired Samples Statistics**

| | | Mean | N | Std. Deviation | Std. Error Mean |
|---|---|---|---|---|---|
| Pair 1 | REWARD | .3401 | 98 | 1.46824 | .14831 |
| | PUNISH | .4116 | 98 | .85595 | .08646 |
| Pair 2 | PUNISH | .4116 | 98 | .85595 | .08646 |
| | IMPOR | .5986 | 98 | .99415 | .10042 |
| Pair 3 | REWARD | .3401 | 98 | 1.46824 | .14831 |
| | IMPOR | .5986 | 98 | .99415 | .10042 |
| Pair 4 | REWARD | .3401 | 98 | 1.46824 | .14831 |
| | EXPECT | 1.3429 | 98 | 1.05322 | .10639 |
| Pair 5 | PUNISH | .4116 | 98 | .85595 | .08646 |
| | EXPECT | 1.3429 | 98 | 1.05322 | .10639 |

**Paired Samples Correlations**

| | | N | Correlation | Sig. |
|---|---|---|---|---|
| Pair 1 | REWARD & PUNISH | 98 | .178 | .079 |
| Pair 2 | PUNISH & IMPOR | 98 | .093 | .363 |
| Pair 3 | REWARD & IMPOR | 98 | .549 | .000 |
| Pair 4 | REWARD & EXPECT | 98 | .299 | .003 |
| Pair 5 | PUNISH & EXPECT | 98 | -.009 | .932 |

**Paired Samples Test**

| | | Paired Differences | | | | | t | df | Sig. (2-tailed) |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | 95% Confidence Interval of the Difference | | | | |
| | | Mean | Std. Deviation | Std. Error Mean | Lower | Upper | | | |
| Pair 1 | REWARD - PUNISH | -.0714 | 1.56219 | .15780 | -.3846 | .2418 | -.453 | 97 | .652 |
| Pair 2 | PUNISH - IMPOR | -.1871 | 1.25013 | .12628 | -.4377 | .0636 | -1.481 | 97 | .142 |
| Pair 3 | REWARD - IMPOR | -.2585 | 1.24106 | .12537 | -.5073 | -.0097 | -2.062 | 97 | .042 |
| Pair 4 | REWARD - EXPECT | -1.0027 | 1.52988 | .15454 | -1.3094 | -.6960 | -6.488 | 97 | .000 |
| Pair 5 | PUNISH - EXPECT | -.9313 | 1.36295 | .13768 | -1.2045 | -.6580 | -6.764 | 97 | .000 |

### 2.3 Correlations

# Correlations

**Descriptive Statistics**

| | Mean | Std. Deviation | N |
|---|---|---|---|
| REWARD | .3401 | 1.46824 | 98 |
| IMPOR | .5986 | .99415 | 98 |

**Correlations**

| | | REWARD | IMPOR |
|---|---|---|---|
| REWARD | Pearson Correlation | 1 | .549** |
| | Sig. (2-tailed) | . | .000 |
| | N | 98 | 98 |
| IMPOR | Pearson Correlation | .549** | 1 |
| | Sig. (2-tailed) | .000 | . |
| | N | 98 | 98 |

**. Correlation is significant at the 0.01 level (2-tailed).

# Correlations

**Descriptive Statistics**

| | Mean | Std. Deviation | N |
|---|---|---|---|
| IMPOR | .5986 | .99415 | 98 |
| PUNISH | .4116 | .85595 | 98 |

**Correlations**

| | | IMPOR | PUNISH |
|---|---|---|---|
| IMPOR | Pearson Correlation | 1 | .093 |
| | Sig. (2-tailed) | . | .363 |
| | N | 98 | 98 |
| PUNISH | Pearson Correlation | .093 | 1 |
| | Sig. (2-tailed) | .363 | . |
| | N | 98 | 98 |

# Correlations

**Descriptive Statistics**

| | Mean | Std. Deviation | N |
|---|---|---|---|
| PUNISH | .4116 | .85595 | 98 |
| EXPECT | 1.3429 | 1.05322 | 98 |

**Correlations**

| | | PUNISH | EXPECT |
|---|---|---|---|
| PUNISH | Pearson Correlation | 1 | -.009 |
| | Sig. (2-tailed) | . | .932 |
| | N | 98 | 98 |
| EXPECT | Pearson Correlation | -.009 | 1 |
| | Sig. (2-tailed) | .932 | . |
| | N | 98 | 98 |

# Correlations

**Descriptive Statistics**

| | Mean | Std. Deviation | N |
|---|---|---|---|
| EXPECT | 1.3429 | 1.05322 | 98 |
| REWARD | .3401 | 1.46824 | 98 |

**Correlations**

| | | EXPECT | REWARD |
|---|---|---|---|
| EXPECT | Pearson Correlation | 1 | .299** |
| | Sig. (2-tailed) | . | .003 |
| | N | 98 | 98 |
| REWARD | Pearson Correlation | .299** | 1 |
| | Sig. (2-tailed) | .003 | . |
| | N | 98 | 98 |

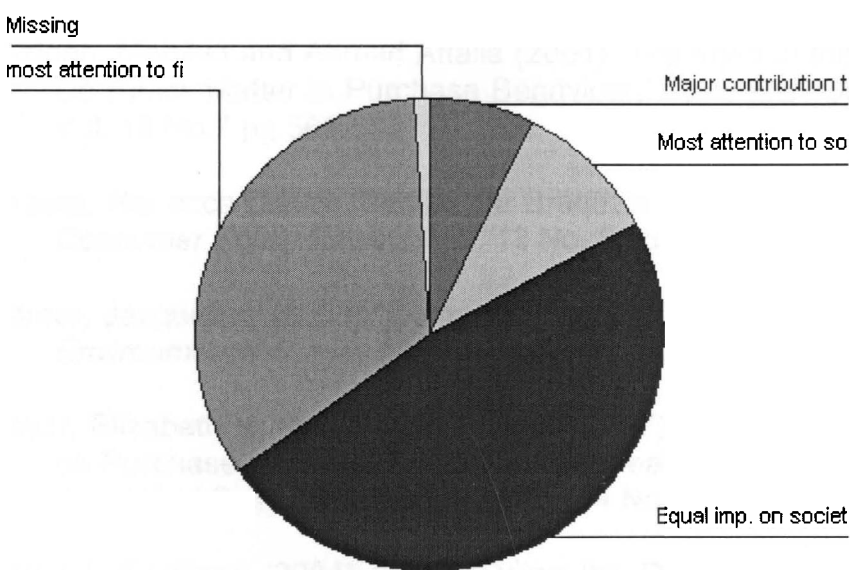
**. Correlation is significant at the 0.01 level (2-tailed).

## 2.4 Frequency Statistics for Consumer Perceptions

**Consumer perceptions- firms should...**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Major contribution to society and environ. | 7 | 7.1 | 7.2 | 7.2 |
| | Most attention to society and environ but some to financial | 10 | 10.2 | 10.3 | 17.5 |
| | Equal imp. on society, environment, and finance | 47 | 48.0 | 48.5 | 66.0 |
| | most attention to finance-some to society and environ. | 33 | 33.7 | 34.0 | 100.0 |
| | Total | 97 | 99.0 | 100.0 | |
| Missing | System | 1 | 1.0 | | |
| Total | | 98 | 100.0 | | |

## Consumer perceptions- firms should...



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