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Title Master Thesis: The effects of applied business ethics on consumers' perceptions in the fast moving consumers' goods (FMCG) sector.



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Abstract

The main objective of the present study is the investigation of the effects of applied business ethics to consumer perceptions, as well as the identification of possible research relationships among business ethics, brand equity and ultimately, consumer willingness to buy.

Having defined our principal research questions, various steps have been followed. First, a precise determination of the existing research gap proved the academic interest to investigate the subject. Then, the description of the detailed research questions and research hypotheses followed. The detailed review of the literature that required the above mentioned path, led us to the identification of the possible research items, which were considered as appropriate to explore the arising potential relationships among them (conceptual framework). This particular analysis enabled us to the most appropriate methodological approach (survey design), the necessary research instruments and the corresponding scales of measurement. At last, the final execution of the research followed, including the analysis of the results relying on SPSS 2.0. The descriptive statistics of the convenience sample used (from a total of 283 questionnaires 167 were used) were presented. The test of the various hypotheses was conducted by using an Exploratory Factor Analysis and four Regressions for the hypotheses under consideration. At the end of the research chain, we had the final results of the current study.

The results of this survey indicate that business ethics, finally, do not affect consumer perceptions, since they are formed by aggregating multiple cues (financial, competitors' offers, etc.) and eventually assessing a brand as a whole. However, a strong positive relationship is shown between business ethics and brand equity. Another positive relationship between consumer perceptions and actual willingness to buy.

Chapter One: Introduction

Profit is not the explanation, cause or rationale of business behavior and business decisions, but rather the test of their validity.

Peter Drucker, 1974.

1.1 The Problem Consideration

Ethics, it is a concept that is difficult to be defined in the existing literature. It is related to the subject of philosophy itself and has its roots approximately 2,500 years before, when Socrates, Plato and Aristotle started getting interested in issues of human conduct (Brickley, Smith, Zimmerman, 2002).

Today, in the contemporary, competitive business world, due to the influence of both globalization and new technologies, ethics and ethical considerations are being increasingly important (revisited) as the world is experiencing a financial crisis, approximately since 2008 (with the collapse of important global corporations such as Lehmann Brothers, Northern Rock, Bear Stearns, AIG, Freddie Mac, Fannie Mae, Merrill Lynch, Fortis, Woolworth, Chrysler, Ford, General Motors, Saab), which has both, social and ethical implications. Thus, it is important for the business world to understand, as thoroughly, as possible, the exact causes that have contributed to this crisis.

Business ethics is considered as a part of the general ethics and according to De George (1995) can be defined as “a movement within business or the movement to explicitly build ethics into the structures of corporations in the form of ethics codes, ethics officers, ethics committees and ethics training”.

It is widely acceptable today, that business ethics affect, both, producers and customers, the two key cornerstones that are included in the definition of business itself according to Ghosh (2011) that defines business as “an interaction between producers and consumers”. However, philosophical/social ethics and economics/business ethics appear to be parting their ways in affluent societies.

The separation of marketing from economics, its subsequent development as an independent field and its focus on the behavior alone, has resulted in an overemphasis on individual desires at the expense of values. End result of this, is the adaption of a brand policy, as the last reduces perceived customers' risks in a society characterized by many uncertainties.

Today, one faces a wide variety of alternative products/brands options, no matter the service or product category itself. On the positive side, this can be considered as something useful, since the customers can choose the best offer according to their special desires. On the negative side, this plethora of variety can make their decision making harder, in the worry to get the best value for money, time and effort invested in the process of buying.

This is a particularly important issue in the case of fast-moving consumer goods (FMCG) sector, where this thesis is focused on. Business executives spend their time struggling to offer the best alternative, the product with the best attributes, but most of the times, even when they succeed to that, the competition may catch them up and they will have to come up with something new to stay in the game. This is one of the reasons why the notion of the "brand" has such an importance for today's companies. Modern firms are not proposing (selling) just their products they are also aiming with their brands to position their offering effectively in the customers' mind (Ries and Trout, 1981). They are selling the firm itself "the brand is the company and brands become a synonym of the company's policy" (Goodyear 1996; de Chernatony and McDonald, 2003).

Consequently, one could conclude that in that way, the consumer is not only consuming a certain commodity alone, but at the same time, all the symbolic values and attributes that the brand incorporates as a systematic whole, in order to take a decision. This is the point where ethical behavior gets involved. Ying (2005) mentions that the brand is not only being evaluated by the economic or financial criteria but also by the moral ones. Thus, one could identify the moral, business ethics criterion that is one of the areas of research of this thesis.

Several business misdeeds have resulted to, a new kind of consumer who has been identified, by Roddick (2012) the one who is acting more like an ethical watchdog rather than a hungry consumer. Many corporate scandals such as: Enron, France Telecom, Nike, Gap, BP (Tsalikis, Beaton, 2006) have contributed to the creation of a consumer more skeptical and critical than ever, affecting its choices and perceptions. Every day, most of the people are being exposed to a variety of commercial and promotional messages, aiming at increasing a certain brand image. Brand image can be characterized as one of the most valuable assets for a company (Fan, 2005). It can be transformed either to a motive to buy from a specific brand or not. It is, actually, the current image that potential customers have for a brand. This is why many suppliers are trying to incorporate moral criteria, influencing consumer perceptions about a brand in their effort to gain competitive advantage (Mulki, Jaramillo, 2011).

According to Singh et al (2012) there is a vast part of bibliography (Story and Hess 2010), suggesting that behaving in an ethical way is in the best interest of brands since consumers in addition to the rest of brand stakeholders are becoming more demanding than ever, “expecting brands to reflect their ethical concerns”. This may be one of the reasons why the number of companies implementing the ethical dimension, as a key element to their corporate strategy defining and promoting their brands, is getting higher.

Based on the existing literature that underlines a whole interacting set of variables and on the limitations of the present study two basic components of marketing are going to be analyzed: Business ethics and consumers’ perceptions. A third concept that in the literature seems to emerge between the applied business ethics and the formation of consumer perceptions that of brand equity will be used as a mediating variable in the conceptual framework of this study, resulting to the actual willingness of the consumer to buy the product.

1.2 The Theoretical Framework

There has been an increasing body of academic literature on business ethics, according to which companies which are acting ethically can perform better, financially, even in periods of crisis (Ethics pay for GE, eBay 2011). Moreover, business ethics, as a part of Corporate Social Responsibility, could be considered as an investment for the majority of modern organizations, since it seems to affect positively the consumer in different kind of ways that can be shown in the existing literature. First, Brown and Dacin, (1997); Sen and Bhattacharya (2001) are arguing that business ethics, as a part of Corporate Social Responsibility, can benefit a firm by contributing favorably to consumers' brand evaluations, choice, and recommendations. In addition, Fan et al (2005) found that customers are not only buying a brand because of the product/service quality or price, but also according to the evaluation of how ethical the company is being perceived manufacturing products and services.

Moreover, Singhapakdi et al (1999) argue that through corporate ethics the organizations can gain reputation, which is constructed by the sum up of consumers' perceptions and others stakeholders. Fan (2005) and Paluszek (2006) are adding that business ethics, also, enhance a company's reputation. Business ethics are usually associated with the ethical perception of their different brands. Thus, if a brand is performing ethically this could result to strategic differentiation by providing the customers a whole set of interacting intangible values having to do with business integrity and social responsibility (Paluszek, 2006). Furthermore, Wartick (2002) is suggesting that since the company's reputation is a result of all stakeholders' perceptions it can profit by capitalizing aspect of ethical performance.

1.3 The Purpose and Explanation of the research

1.3.1 The problem statement and research questions

The central question of this research is:

What effects do business ethics have on consumer brand perceptions?

The analysis is going to be conducted, using as mediating variable the concept of brand equity that in the literature seems to emerge between the applied business ethics and the formation of consumer perceptions (Lai et al, 2010). The variable of brand equity will be divided to four parts: Brand Loyalty, Perceived Quality, Brand Awareness/Association and Brand Satisfaction, as Lai et al (2010) are defining the term, adapting and extending Aaker's (1996) model, which will be analyzed in a later section. Finally, the last variable that is going to be analyzed is the willingness of the consumer to buy a product/service of a company, according to his/her moral criteria.

The following sub-questions will contribute to the main research question:

- Is brand equity being affected in a positive way by applied business ethics?
- Do consumers evaluate companies based on moral criteria, except of economic and financial ones?
- Do these ethical evaluation criteria affect their perceptions about a brand?
- Will the consumers keep on buying if the brand of their choice will not fulfill their expectations in moral terms?

1.4 Definitions and Key Concepts

1.4.1 The notion of Business Ethics

Business ethics may seem a sensitive term for quite a lot of people in the business sector. Some may think it as an oxymoron, since in the pursuit of profit may be no place for morality issues (Barry, 1997). Others may believe that business and ethics are two complementary terms since business is all about taking the right decisions in a specific context, as is ethics (right and fair conduct or behavior, Carroll, 1991; Freeman and Gilbert, 1988).

Business ethics, in an important number of papers is associated or even identified with the notion of Corporate Social Responsibility (CSR). The conclusion of this academic stream of thought is to associate CSR with the social liabilities that the modern enterprise has to serve as a part of its overall social responsibility. Nevertheless, the term of business ethics has not been analyzed adequately, although it seems that the relationship between sustainable business practices and the need to act ethically are being positively related to each other (Svensson, Wood, and Callaghan, 2010). In this area, we identify a certain research gap.

Nowadays, there is an important theoretical background on business ethics following the work of: Krishna et al, 2011; Caccioppe et al, 2008; Fan et al, 2005; Ziaul Hoq M. et al, 2010; Svensson et al, 2010; Brickley et al, 2002; Mulki et al, 2011. However, most of the researchers seem to be interested in the ways of pursuing sustained competitive advantage through the use of business ethics or proposing guidelines on how to construct an ethical organization.

For the purpose of this research, the definition of business ethics that is going to be adopted is the one proposed by De George (1995) “a movement within business or the movement to explicitly build ethics into the structures of corporations in the form of ethics codes, ethics officers, ethics committees and ethics training”, as he is one of the leading authors in this particular area.

Furthermore, according to Carroll's pyramid (1991) of Corporate Social Responsibility, business ethics consist a part of it, together with social and environmental dimensions too (Diagram 1).

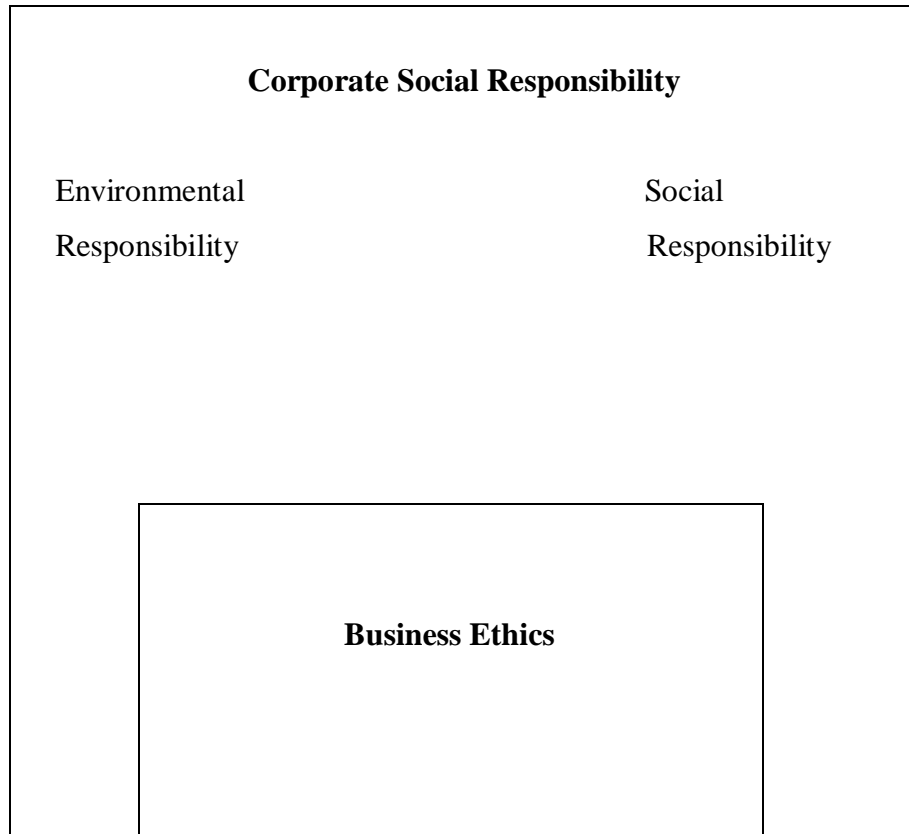


Diagram 1. Carrol's CSR pyramid (1991)

1.4.2 The notion of Brand Equity

Brand equity is another term frequently used in this thesis. It signifies the unique marketing effects imposed on the brand (Keller, 1998). It is defined as a set of assets and liabilities associated with a brand, including its name and symbol, which could impose beneficial or detrimental effects on the values arising from the products or services (Aaker, 1991). For the needs of this thesis, the term of brand equity will be approached divided in four different components (research items), the three of which derive from the work of Aaker (1996) and the fourth has been incorporated as according to Lai et al (2010) influences the incremental value of a brand:

- i) brand awareness/associations
- ii) brand loyalty
- iii) perceived quality
- iv) brand satisfaction.

The components will be thoroughly analyzed further on.

1.4.3 The notion of Brand Perceptions

According to Brunk (2010) who has created a whole theory about consumer perceived ethicality (CPE) the ethical perceptions of the consumer can be identified as the “assessment of the corporate level of a brand as being honest, responsible, and accountable toward various stakeholders”. This is in line with the definition of the “ethical brand” as the one that does not harm the public good, but promotes it, is behaving honestly, with integrity, diversity, responsibility, quality, respect and accountability (Fan, 2005).

As the theory of CPE suggests, the ethical perceptions about a company results from the formation of an overall subjective impression of ethicality, which means the way a consumer is perceiving the “ moral disposition of a company/brand which by nature may not accurately reflect actual company behavior” (Brunk 2010; Cohn 2010; Shea 2010). Finally, from a philosophical point of view, a huge variety of scholars (Shanahan and Hyman 2003; Vitell et al 2001) suggest that an individual’s moral judgments is a combination of deontological (non-consequentialist) and teleological (consequentialist) considerations at the same time.

1.4.4 The notion of Willingness to Buy (WTB)

Nowadays, with the huge variety of alternatives being offered to the consumer, the willingness to buy a particular product can be either harder to be achieved or very weak due to over competition. The consumer’s willingness to buy can be determined by both hedonic and utilitarian purposes and is a result of variables such as: the price of the product, the income of the consumer, the situation he/she experiences, the symbolic value of the product in association with the brand image as a whole (Dodds, 1991). The ethical behavior of a company seems to become a quite significant cue for the consumer brand image formation.

1.5 The Conceptual Framework

The conceptual framework proposed in this study is shown on Diagram 2, aiming to answer the central question of the current thesis:

What effects do business ethics have on consumer brand perceptions?

In this figure, business ethics is the independent variable, consumers' perceptions the dependent and brand equity is the mediating one. The last variable is the one of consumer's willingness to buy (WTB).

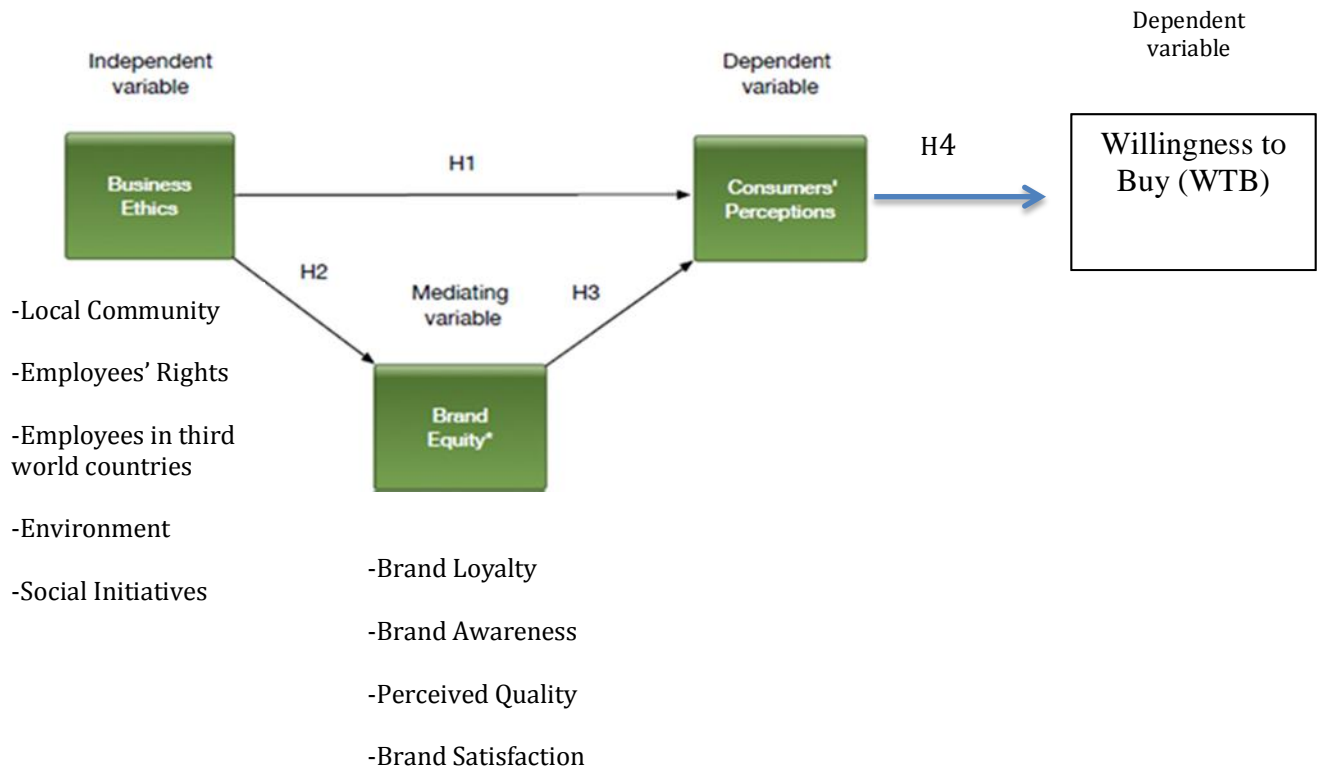


Diagram 2: The Conceptual Framework

1.6 Research Methodology

The methodology for this research is based on a three-step procedure:

First of all, we start with secondary research, which collects all available background information, concerning the topics that are examined (literature review).

Secondly, follows the primary research. The last, incorporates:

- a) A questionnaire that studies the relationship between business ethics and brand equity that has been designed by adopting and extending the survey by Lai et al (2010) and the measures that are being used in order to assess the terms business ethics (independent variable) and brand equity (mediating variable). The last consists of four items: i) brand awareness/association, ii) brand loyalty, iii) brand satisfaction, and iv) perceived quality (Lai et al, 2010).
- b) Finally, the consumer ethical perceptions (dependent variable) will be assessed using the Business Ethics Index by Tsalikis (2011) measuring the consumer perceived ethicality according to their personal past/future and their vicarious past/future experiences with companies. In the end, an experimentation method will be adapted followed by a questionnaire based on Dodds (1991) in order to measure, in what extent the customers will keep on buying from a company although there will be practiced misconducts. The respondents will be exposed to a commercial by Nike, a classic case of business ethics issues, and to a second video, of Nike emphasizing certain Nike misconducts in the world market. The two videos will be shown randomly to all of the respondents in order to secure the reliability and validity of the research.

According to the proposed methodology, we aim to investigate not only the effects of business ethics on customers' perceptions and their willingness to buy, but also the mediating variable that is brand equity.

1.7 Conclusion

Business ethics is considered a multidimensional phenomenon but it seems as an opportunity for companies to invest in it and gain insights in order to invoke positive brand images and consumer perceptions. While there is an important body of academic literature on business ethics there is limited research on the relationship between business ethics and consumer perceptions. Verifying, in that way, Brunk (2010) and Shea (2010) who emphasize that “current research remains inconclusive about how strongly ethical considerations feature in consumer’s purchase decisions and that the link between Consumer Perceived Ethicality and consumer behavior requires further investigation”. This study hopes to enlighten this particular research gap.

As far as the structure of the thesis is concerned the first chapter is an introductory one, consisting of the problem statement, justification of the research, background theory, methodology proposed, and the thesis outline.

Chapter two incorporates the literature review (secondary research) of past and present academic papers, in referred journals concerning the concepts (research items) that are: business ethics, brand equity and consumer perceptions.

Chapter three presents in analytical way, the methodology proposed, the sample and method of data collection used the method of statistical analysis, with the necessary findings.

Chapter four will be consisted of the final conclusions and the overall findings about the effects of applied business ethics on consumer perceptions.

Finally, this thesis will be ended by presenting the study limitations and areas for further research.

Chapter Two: Literature Review and Hypotheses

Each of us must learn to work not just for his or her own self, family or nation but for the benefit of all humankind. Universal responsibility is the real key to human survival.

Dalai Lama, 1999.

2.1 Introduction

This chapter incorporates a variety of topics about business ethics such as: brand equity and consumer perceptions, in order to identify the possible effects and associations of the former to the latter. First, the theoretical background of business ethics is introduced, including its various definitions from which one is selected that seems to apply the best for the purpose of this particular research. Furthermore, the various theoretical linkages of business ethics and sustainability are analyzed.

The next section refers to the process of decision making in an ethical context, as well as the notion of corporate leadership. A literature review follows in relation to the main topic of interest and especially for each one of the hypotheses under consideration. Moreover, the various linkages between business ethics and brand equity are scrutinized, focusing on each of the four principal components of it and on the possible mediating relationships. Finally, special reference is given to the existing academic literature, concerning the effects of brand equity to the formation of consumer attributions and perception, which eventually lead to the creation of a certain brand image and to a particular willingness to buy.

2.2 Business Ethics

“The Social Responsibility of Business is to Increase its Profits” mentioned Friedman in 1970, who believed that a businessman should not worry about reducing poverty or pollution, but should only be interested in maximizing the profits of the company as a whole, Hooker (2003). Contrary to Friedman’s position is John Elkington (1995) who in his book: “Cannibals with Forks: The Triple Bottom Line of 21st Century Business” emphasized that modern corporations should not only pay attention on the economic but also on the environmental and social value, concluding that “the three pillars” that the organizations should be focused on are nothing else than: people, planet, profit (Stormer, 2003).

During the last twenty years terms such as: corporate governance, corporate social responsibility, and theories such as: the triple bottom line have received increasing attention, but no one can contribute to long run business sustainability without “acting ethically”. These terms seem intertwined and inseparable (Svensson, 2009). Nonetheless, in most of the existing literature Corporate Social Responsibility and Corporate Ethics are being studied in association with the decision making process of the organization alone, ignoring the possible relationship between a company’s applied ethics and eventual consumer responses presenting an interesting research gap. Following the call of Brunk “The consumer side is still in need of in depth exploration” (Brunk, 2010).

Business ethics is considered to be a very important subject in today’s business world and can enhance the way a certain brand or corporation is being perceived by the consumer. Thus, contributing to a superior overall symbolic value, towards a more carrying and reliable image. Nowadays, there are many examples of what we consider negative corporate morality in firms such as: Gap, Nike, Nestlé, Shell Oil, Siemens etc. Brunk (2010) identified a positive association between negative corporate ethical actions and the eventual negative feelings and attitudes leading even to boycotting the brands involved.

2.2.1 Business Ethics definition

Ethics in general, is considered a term quite difficult to be defined. Most of us can understand it instinctively but, it is rather difficult to be precisely defined in words. Very often, in business practice, there is no distinction between general ethics and a specific business ethics issue (Tsalikis, 1989). The notion of ethics in general, refers to a set of moral norms, principles or values that guide people's behavior (Sherwin, 1983). More recently, is mentioned that ethics are being consisted by “principles guiding the behaviors of individuals and groups and determining the standards regarding what is “good” or “bad”, or “correct” or “wrong” when human behaviors are concerned” (Schermerhorn, 1996; Bayrak, 2001; Aydın, 2002). Shea and Nutall in 1997 are stating that ethics mainly “deals with what is wrong or right and what moral duties and responsibilities are”.

The first time in our modern history that there was a direct concern for business ethics seems to be on the 1920's. Later on, in 1970's the literature about business ethics increased quite impressively while, the further development of business ethics, occurred after 1985 (Ma, 2009). After that, the existing literature enriched with readings such as: "Adventures on the Borderlands of Ethics", "The Ancient Greeks and the Evolution of Standards in Business," and "Book of Business Standards." (Tsalikis, 1989).

More particularly about business ethics, it seems that there is no national or even international agreement on the definition of the subject. Confirming this point, Baumhart (1968) and Lewis (1985) are underlining that even the business executives themselves have not uniformly agreed on a specific definition of business ethics. The same path is followed by Steiner and Steiner (1980). However in the Encyclopedia of Philosophy Volume 3, business ethics is defined as “a term that incorporates three different but related meanings, signifying first, a general pattern or 'way of life,' second, a set of rules of conduct or 'moral code,' and finally, an inquiry about ways of life and rules of conduct.”

Lewis (1985) defines business ethics in five different ways:

- focus on social responsibility
- values that are in accord with common behavior or with one's religious beliefs philosophy of what is good and bad
- what ought to be, habit, logic, and/or principles of Aristotle.

The same author proposed a synthesized definition of business ethics, covering a broad field of management, according to which, the term business ethics, is described as: “moral rules, standards, codes, or principles which provide guidelines for right and truthful behavior in specific situations”.

Moreover, McHugh, 1992 and Vallance, 1995, pointed out that business ethics are focusing on “how good-bad, correct-wrong exist in human behavior within the framework of business approach”. Additionally to that, Hooker (2003) goes a step further getting to the conclusion that “Management is part of ethics. And business ethics is management carried out in the real world.” Finally, according to Oruc et al, 2011, the term of business ethics is the interacting whole of both ethical principles and standards that are guiding behaviors in the modern business world.

To finalize, despite the overall difficulty to accept a universally agreed definition of the notion of business ethics, for the purpose of this thesis, the definition that we adapt, is the one given by De George 1995, who is defining business ethics as: “a movement within business or the movement to explicitly build ethics into the structures of corporations in the form of ethics codes, ethics officers, ethics committees and ethics training”, for this precise definition seems to be the most widely acceptable and referred (cited) in the academic bibliography up today.

There are various theories concerning Business Ethics. The most important are:

i) deontology ii) utilitarianism iii) egoism iv) relativism and v) justice. All these theories are being utilized in order to measure Business Ethics, in research instruments such as: the Ethics Position Questionnaire (EPQ), The Multidimensional Scale and the Refinement of The Multidimensional Scale which are being presented in details in Appendix 1 of this thesis.

2.2.2 Business Sustainability

Business sustainability has become recently an important concept of the business world. According to Hofstra (2008) is a precondition for future growth. In the bibliography it is often associated with ethical business practices in the sense that: “Ethical responsibility...involves more than leading a decent, honest, truthful life, as important as such lives certainly remain... Involves something much more than making wise choices when such choices suddenly, unexpectedly present themselves. Our moral obligations...must include a willingness to engage others in the difficult work of defining what the crucial choices are that confront technological society and how intelligently to confront them,” (Winner, 1990).

The above had led to the development of the Stakeholder theory, according to which, an organization must fulfill its responsibilities and commitments to various internal and external stakeholders in the marketplace and society such as: their employees, customers, suppliers, societies and the environment (Mathur & Kenyon, 1997). For, a company in order to be able to satisfy most of their stakeholders must have adopted a sustainable corporate model (Waddock, Bodwell, & Graves, 2002). As a result, one can only gain sustainability if is performing ethically (Svenson, 2010). Therefore, business ethics is a fundamental value for the modern organization, which is necessary to incorporate in its overall corporate strategy. This final point is underlined by Robin and Reidenbach (1987) according to whom “... morality should be considered a vital part of the strategic planning processes”.

In the bibliography, there are various definitions of the term sustainability. According to Gillman (2008) for example: "Sustainability is equity over time. As a value, it refers to giving equal weight in your decisions to the future as well as the present. You might think of it as extending the Golden Rule through time, so that you do unto future generations as you would have them do unto you". Moreover, Brundtland Commission's brief definition of sustainable development adds to the above definition that it is the “ability to make development sustainable—to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs”.

Christensen (2007) adds that a sustainable business is able to contribute to an equitable and environmental sustainable economy. In this concept, sustainable businesses must create products and services that can accomplish society's needs, contributing to the well-being of the whole earth's inhabitants. The last seems to repeat the Aristotelian economic ideal of creating wealth in such a way as to make every individual a better person and the world a better place to live rather than to act with no or little ethical sense.

Product recovery (recycling, remanufacturing, or re-use) and ecological product design (e.g., design for environment) are two of the possible ways that a company may adapt in order to perform sustainably. Sustainability refers to a whole set of considerations regarding the present and the future human generations. As a result, the final consideration of what is, actually, ethical is nothing else than what can contribute to the wellbeing of future generations. Finally, sustainability also requires the adaptation of an Environmentally Conscious Supply Chain Management (ECSCM) that contributes to a more ecological friendly, comprehensively ethical enterprise that seeks sustainability (Beamon, 2005).

Ablander (2011) is the one who associates his work with the classical Aristotelian elements of Ethos, Pathos and Logos, concluding that only through passionate ethical leadership that leads to business excellence, organizational sustainability can be achieved. He reinforces his position, arguing that only through passion for moral, stable business and sustainable corporate policies, one can contribute to a more effective and responsible management.

Still there is a minority of scholars who support the Friedman's position according to which the ultimate goal of a company is nothing else than profit maximization. However, the majority argues that the actual objective is nothing else but organization survival; in this concept, profit is just a precondition in order to keep our focus on business ethics and achieve the strategic objective of sustainability (Fassin, 2011). He adds that sustainability and business ethics were considered as very closely associated subjects, especially, in the minds of small-business owners. Eberhard-Harribey (2006) confirms that the real objective of Corporate Social Responsibility and business ethics, as complementary terms, is to provide a sustainable development of the organization.

Concluding, business ethics as they are defined by Lewis (1985): “moral rules, standards, codes, or principles which provide guidelines for right and truthful behavior in specific situations” are the foundations of modern business sustainability. For, what is considered as more ethical, truthful and rightful behavior can only be attained through a sustainable corporate process aiming to contribute to the well-being of the whole earth’s inhabitants (Christensen, 2007).

2.2.3 Ethical Decision Making

Peter Drucker states that “Whenever you see a successful business, someone once made a courageous decision.” Everything in business is about taking the right decisions in the right moment. One of the most challenging aspects in decision making is to incorporate the most reliable, accurate information in order to have the best insights of an issue and take the best and most suitable decision (Certo, Lester, Daily, & Dalton, 2006).

This position of Drucker is particularly valid in our turbulent times, in which it is more than necessary to rely on any business decision making process on, both, moral and financial criteria, instead of focusing only on mere financial. For, as the literature shows, companies that are taking into consideration, the ethical concerns of their stakeholders and have high-quality information involved into the company's strategic decision-making process, can recognize better economic opportunities because of the ethical concerns (Collins, 2007). In this concept, ethical considerations in decision making is the foundation of successful business since they are highly associated with increased growth and enhanced profitability, improving the overall company’s performance.

As far as the measurement of the ethicality of decision making is concerned, Michael Josephson (2003) in his book “Bell, book and candle” suggests a three-step procedure. In addition to this, Wallace and Pekel (2006) propose a ten-step test, while the Ethics Resource Center indicates a six-step procedure: the “PLUS decision-making model”.

Furthermore, West (2008) illustrates an alternative decision-making tool, which is a Sartrean perspective of ethical decision making, in which each individual before reaching to a decision has to be fully aware of his/her individual freedom and responsibility towards his/her self and the rest of humanity (theory of Existentialism) .

Moreover, Provis (2010) proposes a model which is based on the classical virtues of Aristotle and Confucius, concluding that instead of just selecting the most ‘appropriate’ decision (option) each time, it would be more effective to stick to the old values and principles of philosophy and use them as a reference, starting point and corner stone, rather than in hedonic, short-term outcomes (postmodernism philosophy).

Another interesting research that has been conducted by the Ethics Research Center (ERC) shows that when the members of the top management personnel show ethical behavior, their employees are 50% less likely to act unethically (Ethics Resource Center, 2005). Thus, ethics is positively associated with the working conditions, increase of effectiveness and better relationships among the employees (internal marketing-Gronroos, 1993).

In addition, O’Fallon (2005) mentions that during 1980s and early 1990s, various theoretical models concerning ethical decision making had been created (e.g., Jones, 1991; Rest, 1986; Trevino, 1986). According to his judgment, the most important ethical decision making model is that of Rest (1986) that incorporates a four-step procedure, as follows: i) identifying the moral nature of an issue ii) making a moral judgment iii) establishing moral intent and iv) engaging in moral action. Further research, has supported and validated his model (e.g. Bass et al., 1999; Cohen et al., 2001).

Loe’s (2000) reviews the various empirical studies regarding the above topic. In his research findings he eventually identifies the most important factors (variables) of ethical decision making. In a hierarchical order he mentions, first, the role of gender that has already received intense examination (twenty six studies). He concludes that in most of the studies either there was no significant difference between the two

genders, or they were female respondents who appear more ethically sensitive than males (in similar studies Loe (2000) discovered a positive correlation between age and ethical decision making).

Secondly, he identifies the variables of education and work experience. There were no significant differences of education and work experience on ethical decision making, in half of his studies. The rest of his studies indicated that higher education levels were associated with higher ethical sensitivity during the processes of decision making. Finally, he identifies a positive correlation between the variables of organizational culture and climate (eighteen studies), since it is shown that the effective management of a company's culture contributes positively to its organizational ethics.

Moreover, Singhapakdi (1999) is enriching the current background, focusing more on the consumer perspective of the ethical issue. As it is crucial to understand customers perceptions and beliefs regarding ethical issues when one makes business decisions, as they may have an ultimate impact on their final purchase decisions.

Further attention has been given on the fact that most of the times marketers and consumers have differences on matters of ethics. This may influence consumers' judgments about the acceptance or rejection of a company's products. What is important from a managerial point of view is that "Consumers over time will normally recognize the organizations that attempt to be responsive to various ethical and social factors in the marketplace." (Laczniak and Murphy, 1993).

As one would expect, research validates the fact that decision making, as a process, it is a very important one and thus has to be studied from both, a consumer and a company perspective. From a consumer perspective the moral criterion is increasingly crucial since it affects his/her eventual choice (customer orientation). Finally, from a company perspective, Hunt and Vittel (1986) illustrate that the degree to which marketers perceive that a situation involves ethical issues has important consequences and implications for the whole company's performance and welfare.

2.2.4 Corporate Leadership

Corporate leadership is another term that is often linked in the bibliography with the notion of business ethics. For managers it is of critical importance to define every time, what is ethically “appropriate”, in a given situation showing always the leadership advantage. In this case, a managerial leader may inspire the employees through his ethos established by the personality of his leadership. This ethos has to be translated into everyday attitudes and behavior. Hitt (1990) is considered as one of the firsts who mentioned two key responsibilities of management in relation to ethics: first is to ensure that ethical decisions are made; and second, to develop an organizational climate (corporate system of values) in which ethical conduct by staff is fostered.

Additional research articles have focused on two other issues: first, to clarify and make explicit the ethical dimensions of decisions; and second, to formulate and justify precise ethical principles. A key issue in the ethical leadership literature is the need of not only a responsible manager, but also responsible individuals within the organization (human centric organization). For, what should not be forgotten is that “ethics is everyone’s responsibility” (Minkes, 1999).

Another important issue in ethical leadership is its potential conflict with corporate profitability. This conflict arises, in practice, whenever management does not recognize ethical corporate obligations and the cost involved as an investment, which enhances corporate reputation, corporate equity and sustainable business. As a result, a leader may be, quite often, confronted with matters such as: deciding whether or not he is going to inappropriately dispose the waste materials, reducing the company’s costs or respecting more the environment and find another solution to the problem.

Reidenbach et al. (1991) described such an organization “as one in which an organizational leader sought to create a climate where there is a balance between profits and ethics to realize a desired ethical climate”.

Furthermore, another interesting contribution is that of Pinchot (1992), who emphasizes the need for leaders to start developing their own ethical skills, as much as they are cultivating their technical, marketing and financial ones. Later on, Badaracco (1995) reinforces this position with another study. Minkes (1999) is making another interesting proposition, suggesting continuous training sessions for the employees (learning organization), that should be demonstrated and supported by management's commitment to ethical leadership. He is arguing that the CEOs, in particular, should be very clear in emphasizing the importance of ethical behavior, in order to support an ethical corporate culture, which in fact is considered as the cornerstone of the organization. In order to reach this, it is important to support this position, both, through words and actions.

The above arguments can be further supported by other empirical studies, which emphasize the need to invest in the education of future ethical business leaders: Hoffman and Moore (1982), Arlow and Ulrich (1985), De George (1987), Grant and Broom (1988), and Singh (1989). This education need of managers to act as ethical leaders is also emphasized by Ciulla (1995), who states that in order to achieve superior leadership, the organization has to develop both, technical and moral capacities and capabilities. Otherwise, leadership would be insufficient for leaders to act effectively but on the same moment, unethically (Sendjaya, 2006).

One could conclude that leadership as a managerial task is a quite difficult one, to be applied in practice with success. However, leadership as a concept is positively associated with improved corporate performance and reputation. The last requires an ethical corporate culture and the ethical support of the CEO.

2.3 Brand Equity

In today's competitive conditions of our highly globalized market, which is characterized by an oversupply of product and services, the notion of brand is getting increased importance, as it is considered as the most effective way to build and maintain strategic competitive advantages. The definition of brand equity varies across the literature, but ultimately relies on the idea that the value of a brand is being created through the brand's effect on consumers (Erdem, 1999). Farquhar (1989) defines brand equity as "the added value to the firm, the trade, or the consumer with which a brand endows a product".

However, one of the first and most accepted definitions of brand equity is that proposed by Aaker (1991). The last, defines brand equity as a set of assets and liabilities adding more value to the firm and its customers. Two years later, Keller (1993) enhanced the theory adding to the former, the notion of customer-based brand equity giving greater focus on the effects of brand knowledge on consumer responses.

For the purpose of the current study, the definition that is going to be adopted is the one proposed by Lai (2010). Lai's definition is based on four principal components. Three of them are borrowed from the Aaker's definition and they are the following: (a) brand awareness/associations, (b) brand loyalty and (c) perceived quality. Lai adds a fourth component that of brand satisfaction, following the suggestion of Wang et al (2006). This definition has been chosen, as it is considered to offer an integrated picture that reflects effectively how consumers are evaluating a certain brand image in relation to its ethical practices and implications as well as the interaction of its variables. The addition of the fourth component contributes to the understanding of the ultimate customer's evaluation about a brand, for it is comparing buyer's expectations with buyer's perceptions themselves (Lai, 2010).

These four components will be used in this study in order to assess brand equity, adopting Lai's et al (2010) process of methodology going further the investigation from CSR alone to Business Ethics.

2.3.1 Brand Awareness

The term brand awareness is defined by Keller (2008) as the “strength of a brand node or trace in memory, as reflected by consumers’ ability to identify the brand under different conditions”. It is considered as a vital component of brand equity but not the only one. In order to build brand awareness, two preconditions are necessary. First, the familiarity of a brand must be increased through repeated exposures with it (brand recognition). Second, there must be strong associations with the appropriate product category or other consumption cues (brand recall), (Keller et al, 2008).

According to Keller brand awareness is consumer’s ability to recognize and recall the brand during the process of identifying a brand. It is more than just to be able to know the brand name, it, also, involves the ability to link the name of the brand with its logo, symbol, and the whole “needs” that this brand is promising to satisfy (holistic approach).

Finally, the definition of Keller concerning brand awareness is, also, being supported by the one that Lai et al (2010) referring to it as: “measuring the degree to which the buyer recognized and recalled that the brand is a member of a certain product category”.

2.3.2 Brand Loyalty

Keller (1993) is the first who defines Brand loyalty as the consumer’s willingness to re-purchase from the same purchased brand. It is considered as one of the most important components of brand equity, having a direct, positive relationship with it (Atilgan et al., 2005). Lai et al (2010) define the term brand loyalty as “the degree of customer’s favorable attitude toward a brand that resulting in repurchasing behaviors”.

If the customer is identified as brand loyal that means that continues to buy the brand, regardless of the price that is being offered (Aaker, 1991). According to the marketing theory, the higher the loyalty of a customer, the less the vulnerability of his purchases. Repeated buying is considered as one of the most important indicators of brand loyalty (Keller, 1998). For the majority of companies today loyalty is the ultimate

objective of marketing adding to that of satisfaction. Brand loyalty is perceived as one of the most valuable assets of a company, for various reasons that are presented in the text that follows.

Firstly, it can contribute to reduce the marketing costs of doing business (Aaker, 1991). Secondly, if a customer is considered a loyal one, the possibilities of repurchasing are increasing. Additionally to that, it is widely accepted that is less costly to maintain an already existing customer than attracting new ones. Thirdly, brand loyalty could result to word of mouth communication from one consumer to another, increasing, in that way, company's revenues and returns. The last is being supported by (Marney, 1995; Silverman, 1997; Henricks, 1998; Bansal and Voyer, 2000) suggesting that word-of-mouth communication is one of the most powerful tools in the modern marketplace.

Finally, a company with a high ratio of loyal customers can even gain some time for reacting to competitors' threats with new, innovative or improved launches. In that way, a company can take advantage of the loyalty that their consumers are showing towards it and respond as quickly as possible to competitors' alternatives, without losing a big amount of customers (marketshare).

2.3.3 Perceived Quality

Another important component of brand equity is perceived quality. According to theory, it is defined as the "customer's perception of the overall quality or superiority of a product or service" (Aaker, 1991; Keller, 1998; Yasin, 2007). Perceived quality can be characterized as a feeling towards the brand. Depending on the perceived quality of a brand, value is being generated, by "providing a pivotal reason-to-buy, differentiating the position of a brand, charging premium price, motivating channel members to perform well and also introducing extensions into new brand categories" (Aaker, 1991).

Furthermore, perceived quality is, also considered to be an important factor determining brand loyalty as well as repeat purchase (DeLong et al., 2004). However, it is becoming more difficult to obtain satisfactory level of perceived quality, because of the fact that fast and continuous product advancement has already strengthened consumers' expectations on product quality (Sherman, 1992).

Perceived quality can be further analyzed into two factors. First, is product quality and second, is service quality. Product quality incorporates seven different dimensions which affect the consumers' perception: performance, features, conformance with specifications, reliability, durability, service ability and lastly, fit and finish. As far as the second component is concerned, service quality, is being divided into: reliability, competence, responsiveness and empathy (Aaker, 1991).

Other contributions concerning the identification of perceived quality is that by Khachaturian and Morganosky (1990) pointing out that the country-of-origin of a product is being positively related with its perceived quality. Moreover, Srikatanyoo and Gnoth (2002), enrich the theory, mentioning that consumers do develop stereotypical beliefs about the products in relation to particular countries. Finally, it is considered important to mention that, price is one of the most important cues to evaluate perceived quality (Aaker, 1991).

2.3.4 Brand Satisfaction

Brand satisfaction is being defined by Lai et al (2010) as: "the degree to which an overall evaluation was based on the total purchase and consumption experiences with a brand over time". Customer satisfaction has been widely accepted as an important issue in the already existing bibliography.

In most of the studies brand satisfaction, is referred as a marketing benchmark of a company's performance (Bennett & Rundle-Thiele, 2004). Moreover, it is a necessary precondition for loyal behavior - repeat purchase, word of mouth - (Taylor, 1998; Bennett & Rundle-Thiele, 2004; Schultz, 2005). Nevertheless, what is considered important to mention, in this point, is Taylor's comment (1998) who stated that

"companies began to notice that they often were losing customers despite high satisfaction".

Finally, there have been quite a few criticisms (Jones & Sasser, 1995; Reichheld, 1994) about relying on consumer satisfaction surveys alone, ignoring loyalty itself as a strategic business goal (Oliver, 1999). According to Oliver (1999) the shift from satisfaction to loyalty "appeared to be a worthwhile change in strategy for most firms because business understood the profit of having a loyal customer base". Thus, it has been proposed to keep on measuring brand satisfaction, but not to just stop there (Reichheld, 1994). The last is being supported by Taylor (1998) too, who mentions that the fundamental need to better understand loyalty is actually based on "a desire to better understand retention, a principal component of loyalty which has a direct link to a company's profit".

2.4 Consumer Perceptions

According to a European study concerning consumer attitudes toward applied business ethics, 70% of consumers mentioned that applied business ethics are important to them concerning their actual decision about buying a product/service. In addition to that, 37% of the respondents mentioned that they had bought a product labeled as ethical, the last few years (Slingh, 2012).

Many researchers have attempted to define the term "consumer perception". One of the first, is the definition by Fiske and Taylor (1991) referring to it as "impression formation". Moreover, according to the theory of social psychology, individuals can form impressions in two ways that are explained by the algebraic and the configural model. The first model corresponds to a "bottom-up approach by evaluating each individual element of information in isolation from each other and combining these evaluations into a general summary impression". The configural model, rooted in the Gestalt theory of psychology, suggests "a holistic top-down approach of impression formation, where the processes of information evaluation and integration are reversed." (Brunk, 2011).

In terms of ethical perceptions formation, the first model implies that consumers' evaluation about a company/brand is a result of a mathematical process integrating evaluative ratings of all ethical or unethical behavior practiced by a company. The configural model suggests that consumers evaluate new pieces of information about the ethicality of a company in relation to the already established perceptions of the company's level of applied business ethics.

Finally, according to the bibliography, consumers' ethical perceptions emerge as holistic ones, defining them as "a summary construct representing consumers' overall subjective impression of ethicality, meaning how the consumer perceives the moral disposition of a company/brand, which by nature may not accurately reflect actual company behavior." (Brunk, 2012)

2.5 Willingness to Buy (WTB)

As it is indicated in the literature, the term willingness to buy consists of many parts except the basic conceptualization of the price-product evaluation relationship (Dodds and Monroe 1985). It can be described as the aggregate consumer reaction to different variables such as: price, brand, store name, customer service, fashion, personality traits, reference groups, shopping situation etc. In most of the cases, the various definitions of the consumer willingness to buy give more emphasis to price judgments.

Nowadays, with the huge variety of alternatives being offered to the consumer, the willingness to buy a particular product can be either harder to be achieved or very weak due to over competition. The consumer's willingness to buy can be determined by both hedonic and utilitarian purposes and is a result of variables such as: the price of the product, the income of the consumer, the situation he/she experiences, the symbolic value of the product in association with the brand image as a whole (Dodds, 1991). The ethical behavior of a company seems to become a quite significant cue for the consumer brand image formation.

2.6 Study Hypotheses

2.6.1 Business Ethics and Brand Equity

This part derives hypotheses from the literature review and the research framework shown in Diagram 2. This thesis, argues that corporate ethics arouse customers' emotional responses about the firm and the brand(s) they deal with. Thus, developing brand equity and reinforcing the corporate overall image of the particular firm who supports this brand. Existing academic research defines corporate ethics as: “a movement within business or the movement to explicitly build ethics into the structures of corporations in the form of ethics codes, ethics officers, ethics committees and ethics training” (De George, 1995). Due to its increasingly importance in our globalized world that is characterized by a lot of uncertainties, most companies nowadays not only invest a lot of time and effort on business ethical issues but also actively involve corporate ethics, as an inseparable part of corporate system of values.

Brand equity which is associated with a company's reputation for socially ethical and responsible behavior, constitutes an important part of its brand capital (Brickley, 2002). In practice, this is a base for a continuous and sustainable competitive advantage in the business environment, where branding stands for “trust”. In reality, this process can be identified with cause-related marketing (Varadarajan and Menon, 1998).

In other words aims to improve corporate effectiveness, market share and profitability through effective brand differentiation and positioning, by creating and proposing, ethically responsible benefits associated with brands. As a consequence, this thesis supposes that the perceptions of corporate business ethics by customers, can positively affect its brand equity. Thus, the following hypothesis:

H1: Corporate business ethics as a system of moral values are positively associated with the brand equity.

2.6.2 Business Ethics and Consumers' Perceptions

Today, we are faced with the rise phenomenon of ethical consumer that is the customer who expresses his or her ethical, moral and ideological viewpoints, by selecting and avoiding products from companies that support his viewpoints. Thus, modern firms are increasingly coming to realize that ethical behavior and performance is also a “good business” in the long run, since trust, loyalty and word of mouth of customers, is translated into market share and profitability (Solomon et al, 2006).

Supporting the above view, a survey of US consumers (1999) identifies that twenty five percent of respondents admitted that they had either boycotted a company or urged others to do so in the previous year, due to their disapproval of its moral policies and ethical actions (Alsop, 1999). The last, supports an increasing international trend according to which, customers prefer to buy from ethical providers, rather than the ones which they consider to be ‘unethical’ in the way they function. This trend is intensified by the fact that more and more customers take their role as ethical “watchdogs” very seriously (Roddick, 2002).

In an age where the ultimate customer is increasingly considered by the business world, both, as judge and jury, applied business ethics becomes an important component for the success of their products and services. For, a growing number of consumers are increasingly demanding the participation of corporations in genuine ethical actions, that show with tangible evidences their real moral values and ethical principles. As a result, companies associated with philanthropic behavior and other ethical businesses practices are usually perceived by customers to be good corporate citizens, in their effort to differentiate themselves in a positive way, to increase their loyalty and trust (Cacioppe et al, 2007). Thus, we derive the following hypothesis:

H2: The customers' perceived business ethics are positively related to the consumers' perceptions about the brand.

2.6.3 Brand Equity and Consumers' Perceptions

A modern firm, in a business world that is characterized by over competition, that result in an endless brand warfare, realizes that the perceived differentiation in the consumer's mind is the best way to guarantee its survival and profitability. The financial face of this brand differentiation is brand equity, which has been analyzed in a subsequent section (Mudambi et al, 1997). Since brand equity is nothing else but the aggregating system of values proposed to customers, a successful branding cannot originate but from the total whole of brand value components and the moral, ethical variable is one of them.

Following the Aaker's model (1996) we adapt in our study the three components of brand equity (excluding brand name) that is: brand loyalty, brand awareness, and perceived quality, adding as a fourth component that of brand satisfaction as proposed by Wang et al (2006).

H3: Brand Equity is positively related to consumers' perceptions about a brand.

2.6.4 Consumers' Perceptions and Willingness to Buy (WTB)

According to theory, the price of the product is one of the most important factors of consumers' willingness to buy (Dodds, 1996). At the same time, price is also considered as an indicator "of the amount of sacrifice needed to purchase a product and an indicator of the level of quality". All of these indicators and many more (price, quality, brand attitude etc) can help a consumer form a perception about a brand (brand image) and according to that, to decide whether he/she is willing to buy the product.

As it has also been stated by Ying (2005) a brand is not only being evaluated by economic or financial criteria but also by moral ones. This is why consumer perceptions concerning a firm's applied business ethics can result to a certain willingness to buy a product. Finally, following Roddick's (2012) modern type of consumer, who is described as an "ethical watchdog", one can say that today more than ever, the ultimate perceptions of a consumer, concerning a company's applied business ethics can affect his/her willingness to buy.

H4: Consumers' perceptions about a brand are positively related to Consumer Willingness to Buy (WTB).

2.7 Conclusion

This chapter introduces the reader to the subject and the research variables on which this thesis is focusing.

After a short introduction, the reader is getting acquainted with the subject of business ethics and its various definitions. As one can see business ethics as a subject is considered to be a sensitive one. This can be seen from the difficulty of precisely defining it as a term, this is one of the reasons why so many attempts have been realized in order to give a detailed definition. One certain definition of business ethics is adapted which seems suitable for the purpose of this thesis, the one by De George (1995), since is the most complete, recognized and valued by the academics.

Furthermore, there are some linkages concerning business ethics, in relations to sustainability, ethical decision making and corporate leadership, in order to have a deeper insight of the independent variable of the research. In this point, the notion of business ethics is being examined in depth, attempting to give a concrete insight of this sensitive topic. Additionally, some measurements of business ethics are being presented (Appendix 1).

Later on, there is a detailed analysis of the mediating variable of brand equity and its components: brand awareness, brand loyalty, brand satisfaction and perceived quality. Mostly the theories by Aaker (1996) and Keller(1995) are being used in order to understand the notions and further identify possible relationships of business ethics and brand equity.

Following, the dependent variable of consumers' perceptions is being analyzed describing possible ways of its formation, since it is considered as a quite complicated process.

Finally, the hypotheses of the current thesis are being stated, using literature background.

Chapter Three: Methodology

The price of greatness is responsibility.

Winston Churchill (1874-1965).

3.1 Introduction

This chapter focuses on the methodology followed in this study, presenting the various steps of the survey, as well as the measurement scales of the four variables under consideration that are: Business Ethics, Brand Equity, Consumer Perceptions and Willingness to Buy.

The actual research instrument is an online survey (questionnaire) including demographic questions about the participants, questions concerning the four research variables and two small videos for the respondents to be exposed.

Background theory that has been presented in chapter two serves as the basis for the questionnaire design of this research. This chapter begins with describing the research approach. Continues with the process that the questionnaire has been designed, analyzing, at the end, the scale measurements of each of the variables.

The chapter also presents the questionnaire format and the pretesting process in order to confirm the ease to use for the respondents. It concludes, with a summary of the research design process, the ethical considerations of the selected quantitative method and finally, the conclusion.

3.2 Research Approach

This section describes the methodology that is used in order to collect the required data. For the needs of the current study an online questionnaire is used. In order for core variables to be operationalized and measured, the questions of the survey are based on the background theory as proposed by (Dodds 1991, Tsalikis 2009 and Lai 2010).

A quantitative approach is preferred since “is associated with exploring connections between variables” (Bryman & Bell, 2007, p.426), that applied in our case are the connections between business ethics and consumers’ perceptions. Even earlier than that, Creswell (1994) mentioned that through quantitative research, phenomena are being explained “by collecting numerical data that are analyzed using mathematically based methods (in particular statistics).” In addition, quantitative research is selected due to the character of the subject of the current thesis; quantitative research helps to quantify opinions, attitudes and behaviors concerning the applied business ethics and can show how the public feels about the research issues.

Quantitative research helps to generalize the evidence found in the sample of a given population in order to understand a certain phenomenon. It provides a wide range of different age groups, indicates the extensiveness of attitudes held by participants, and provides results which can be condensed to statistics (Sukamolson, 2010). Finally, it is considered the most suitable method to answer the kind of questions that have already been established by theory that can operationalize the main variables of this research.

3.3 Operationalization and Scale Measurement

The questionnaire design describes the scales of measurement for the main variables of the research: Business Ethics, Brand Equity, Consumers’ Perceptions, and Willingness to Buy. The variables that construct the proposed conceptual framework (model) were measured by using pre-existing scales from the literature. Finally, the questionnaire in order to achieve the neutrality of the participants was not using any

brand names as examples, as the research objective was to capture consumers' sentiments and perceptions of business ethics in a general way without using specific brand images that could influence the respondents in different ways. A complete list of the statements used in order to study the variables under investigation is demonstrated in the Appendix 2.

3.3.1 Business Ethics

According to the literature, the term Business Ethics is composed by different research items: rights of employees, rights of employees in third-world countries, local community, environment and social initiatives (Maignan 1999; Cacioppe 2007; Lai 2010; Brunk 2011, Singh 2012). Consequently, Business Ethics was measured using a five-item scale. In each question, the respondents were asked to rate in what level his/her perceptions are being affected in a positive way, when they are aware that a company/brand is considered ethical. A seven-point Likert scale (Totally Disagree-Totally Agree) was used to answer questions under each section of Business Ethics.

3.3.2 Brand Equity

Brand Equity was measured by using a four-item scale: Brand Loyalty, Brand Satisfaction, Brand Awareness/Associations, and Perceived Quality according to Lai et al (2010) adapting and extending the theories of Aaker (1996), Yoo and Donth (2001) and Washburn and Plank (2002). Each item was consisted of three or four questions in order to assess respondents' perceptions and attitudes of an ethical brand and their effects on the company's brand equity. In line with Tsalikis' (2006) research approach, the "ethical brand" was not specifically defined in the questionnaire but the respondents had to use their own personal criteria. The line in the instructions of the questionnaire was indicating "please keep in mind that even though ethical behavior can be defined in many ways, we are interested in your perceptions of ethical behavior".

3.3.3 Consumers' Perceptions

According to the existing literature, the most common measurement of consumers' ethical perceptions is a scale from "very unethical" to "very ethical". Various measurements were considered in order to choose the one that fits the best to the requirements of the present study. These measures were: the Reidenbach and Robin's (1998) Multidimensional Scale, the Attitude Towards Business Ethics Questionnaire (ATBEQ) proposed by Neumann and Reichel (1987), that is based on the earlier work of Stevens (1979) as well as the six-item Consumer Perceived Ethicality scale of Brunk (2010). None of the above measurements performed better for the purpose of this study than the Business Ethics Index by Tsalikis J. (2006) which eventually was preferred.

The Business Ethics Index (BEI) was created in 2004 in order to measure the sentiments consumers have towards the ethical behavior of business" (Tsalikis, 2006). The BEI is a combination of ethical measurements (personal/past, vicarious/past, personal/future, vicarious/future) divided into two dimensions: personal-vicarious and past-future dimension. In each question, the respondents had to assess in a seven-point Likert scale (Very Unethically- Very Ethically) their expectations (future) and their experiences (past) of the businesses.

3.3.4 Willingness to Buy (WTB)

In order to conceptualize consumers' Willingness to Buy (WTB) the work of Dodds (1991) was followed and adopted using a three-item 1-7 Likert measurement scale (Totally Disagree-Totally Agree).

3.4 Questionnaire format

The questionnaire of the online survey attempted to answer to the current research's hypotheses, started with the collection of the demographic characteristic of the respondents. Following there were the five-item scale of Business Ethics and the four-item scale of Brand Equity, including the sub-questions for each item. At the end, there was the four-item scale assessing the Consumer Ethical Perceptions concerning their past experiences and their future expectations.

Finally, two videos were shown to the respondents in a random way in order to secure the validity and credibility for an unbiased research. After that, a three-item scale followed assessing the willingness of the respondent/consumer to buy. The questions were answered with a seven-point Likert scale, (Strongly Disagree - Strongly Agree) except from the questions concerning Consumers' Perceptions that were being assessed too in a seven-point Likert scale but it was from Very Unethically to Very Ethically.

3.5 Pretesting the Questionnaire

After constructing the questionnaire, a pre-test was realized in order to check and ensure the required flow of the various statements and to eliminate respondents' confusion about answering the questions. The questionnaire was sent almost to twenty individuals, ranging in age from 20-60 years old both males and females. All of the respondents managed to answer the questionnaire in an understandable way without having any questions or misunderstandings. The most important thing about pretesting the questionnaire was to ensure that the two videos were shown randomly and in equal number of times, which was verified in the end of the procedure.

3.6 Data Collection

After the pretest of the questionnaire was finalized, the survey was put again on line and was sent to more than two hundred potential respondents through e-mail and social media (facebook). The data was collected in the period of one week (8/6/2013 to 14/6/2013).

3.7 Summary of Research Design

Below there is schematic summary of the research design process:

RESEARCH APPROACH :
IDENTITY OF THE RESEARCH

Step 1: Survey Research Design

- Survey Method
(On-line survey)

Step 2: Questionnaire Design

- Question items and Scale measurement
(26 questions, 7-point Likert scales)
 - Questionnaire Format
 - Pre-Tests

Step 3: Data Collection

8/6/2013 - 14/6/2013.

Diagram 3: Research Approach

3.8 Data Preparation

283 questionnaires were collected and only 167 of them were complete, that is 59% rate of return. After the process of collecting data was finalized, the data coding and preparation began by entering them into the SPSS software in order to be checked and analyzed.

3.9 Ethical Considerations

According to the literature, ethical considerations should be seriously considered by the researchers (Weber, 1949). As Weber mentions, the considerations can be divided into four categories: First of all, there is the right of every respondent to be informed for everything relevant with the particular research. Secondly, is that the researcher must protect the identities of the participants, ensuring that their answers are private and confidential. Third, is the fact that deception is considered forbidden since it is unethical and finally the “accuracy of the data has to be assured, as it is a basic principle in social science”.

On the one hand, although ethical considerations have been remarked as quite important from the Market Research Society (MRS) reassuring that respondents’ rights are being protected, on the other hand, according to Lovett (2001) a researcher’s ethical responsibilities should be concerned with those of his fellow researchers and the wider community. “The researcher has to be honest about the methods he used while collecting and analyzing his data and also about the limitations of the specific research” (McGivern, 2006).

Finally, all of the above ethical issues have been attended during the process of the current research. All respondents had the possibility to communicate with the author of this study any time (by e-mail), asking possible questions, indicating objections or any second thoughts that may had. Moreover, it was clearly mentioned in the beginning of the questionnaire that all of the answers of the participants would be used only for the present research objectives and that would be kept confidential. In addition, in order to ensure unbiased results and honest responses to the questionnaire, the survey was extremely carefully structured, so that the respondents would be fully

aware of the procedures been applied. Finally, the two videos were randomly being played for each participant of the survey (negative-positive, positive-negative), avoiding any possible “manipulation”.

3.10 Conclusion

To conclude, in this chapter there has been presented the research approach as well as the methods and scales and techniques used to collect the data. Moreover, all additional information is presented about the process of the questionnaire design, its pretesting and finally about any ethical considerations which may arise and that are useful to respect in order to ensure the validity and reliability of the data. In the next chapter the results of the data will be presented and analyzed.

Chapter Four: Data Analysis

The time is always right to do what is right.

Martin Luther King, 1929-1968.

4.1 Introduction

This chapter focuses on the data analysis of the current research. First, the demographic characteristics of the respondents that participated in the survey are being presented. Then, there is the description of the data information and preparation, as well as the descriptive characteristics of the sample and the scaling check. Interpretations of the required coefficients, needed for the hypothesis testing follow. Finally, there is a section concerning the results of four regressions analyses of the variables and a discussion of the findings, attempting to verify and answer to the central question of this research and its sub-questions, as analyzed and presented in the previous chapters.

4.2 Demographic Characteristics of the Sample

The first question of the survey aimed to identify the demographic characteristics of the respondents. First, there was a question concerning their gender. According to their answers 50% of the sample was male while 50% of them female (Table 1).

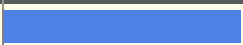
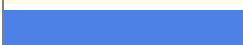
#	Answer		Response	%
1	Male		80	50%
2	Female		81	50%
	Total		161	100%

Table 1: Gender

The second question of the survey was concerning the age of the respondents. The results are illustrated in Table 2. As it can be shown, most of the individuals answering the questionnaire belong in the range of age: 18-24 (66% of the sample) while 29% of them are from 25 to 33 years old.

#	Answer	Response	%
1	18-24	108	66%
2	25-33	48	29%
3	34-44	5	3%
4	45 or older	3	2%
	Total	164	100%

Table 2: Age

Finally, there was a question concerning the education level of the respondents which is separated into four main categories. In the first category there were people who have finished the high school. In the second and third, are individuals who have obtained a Bachelor or a Master Degree respectively. In the fourth category there are those who own a Ph.D. Degree, while on the fifth there are those who work as Academics. Finally, in a last category there are all those individuals who do not belong in any of the above mentioned categories. As it can be shown on Table 3, most of the participants own a Master Degree (52% of the respondents) while 34% of them have a Bachelor Degree.

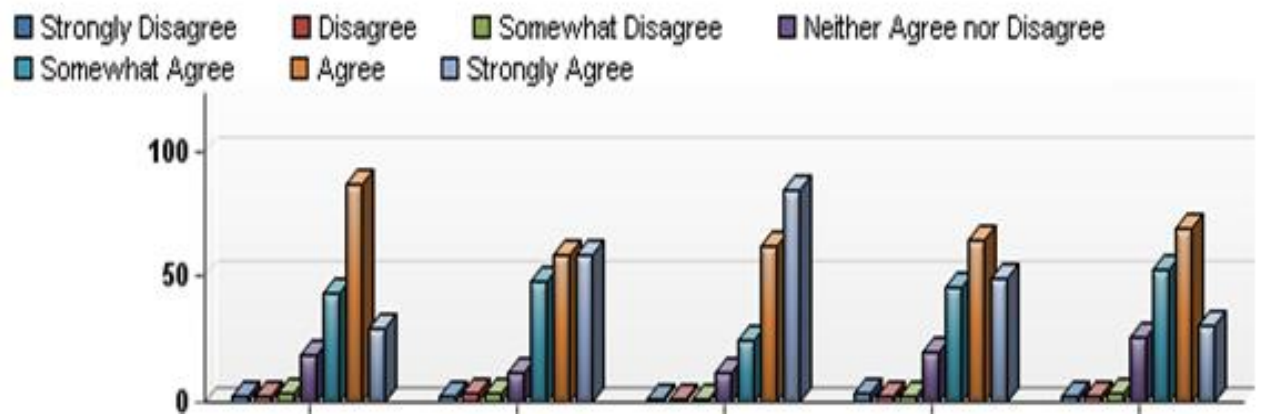
#	Answer	Response	%
1	High School	12	7%
2	Bachelor	55	34%
3	Master Degree	86	52%
4	Ph.D.	1	1%
5	Academics	4	2%
6	Other	6	4%
	Total	164	100%

Table 3: Education Level

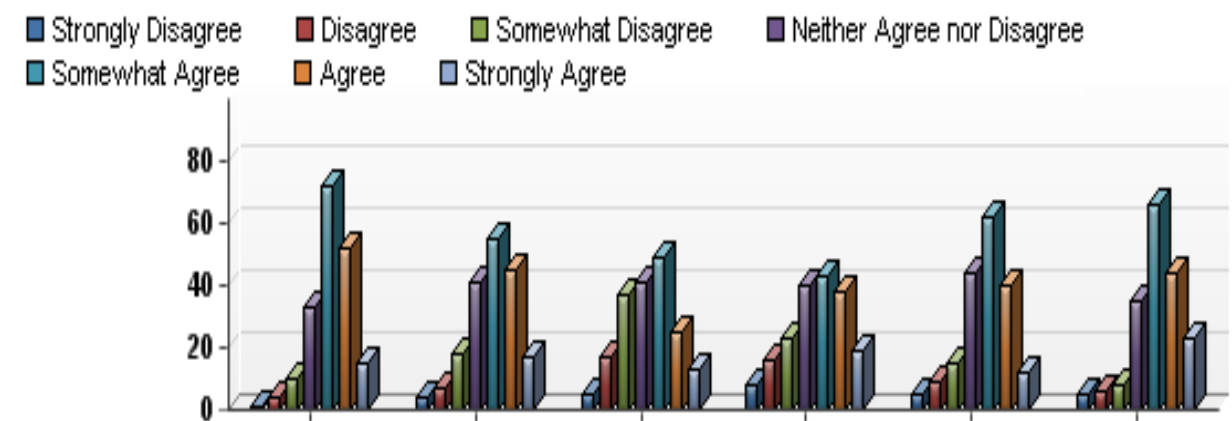
4.3 Data information and preparation

As it can be seen, there were 283 questionnaires that were circulated. Nevertheless, only 167 of them were completed in order to be taken into account for the purpose of the current thesis. Fortunately, out of the 167 questionnaires, no missing values were reported.

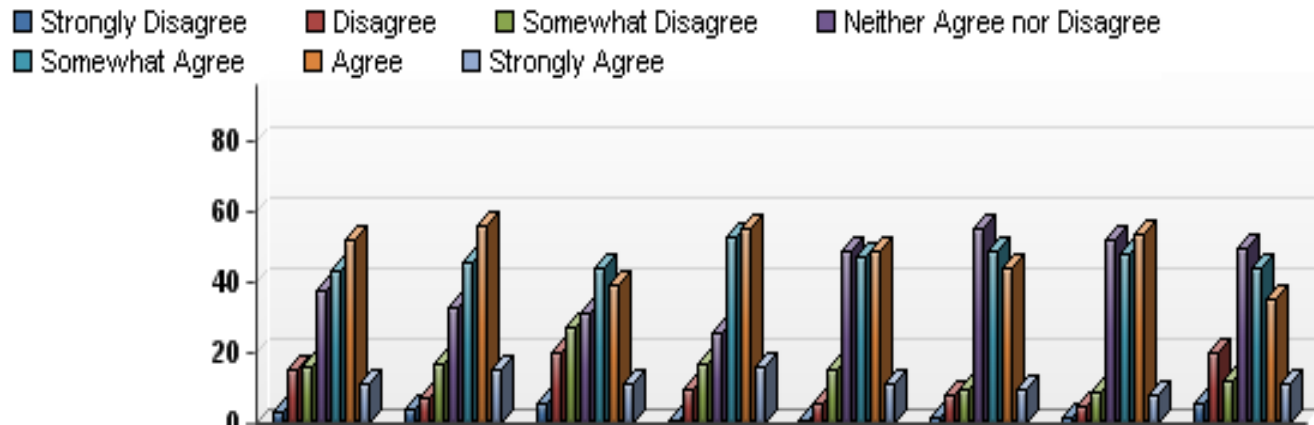
Responses concerning Business Ethics:



Responses concerning Brand Equity:

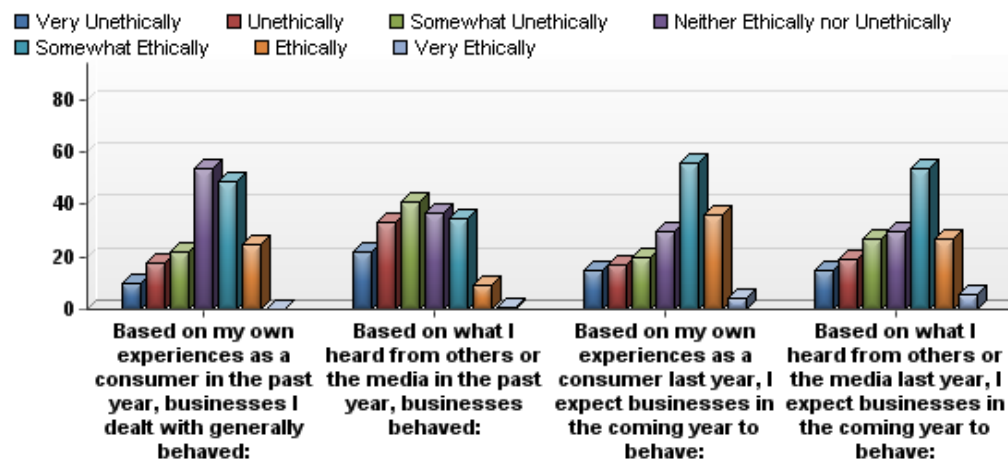


Brand Loyalty and Perceived Quality.

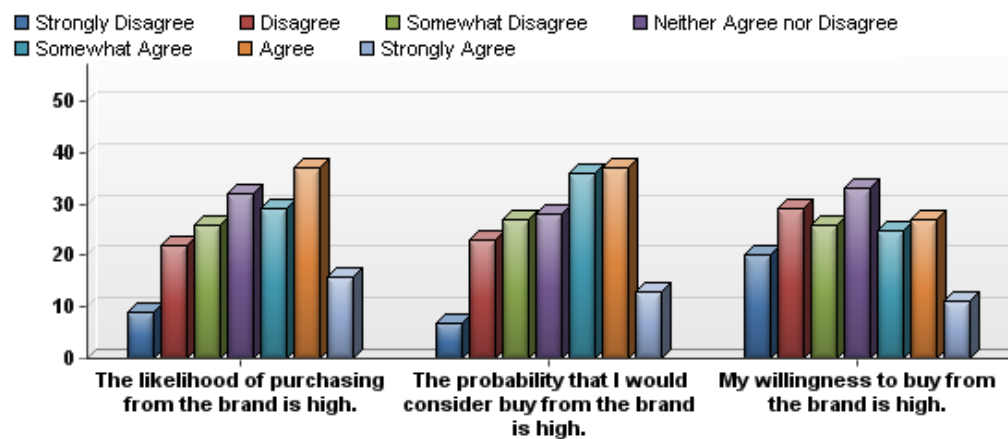


Brand Awareness/Association and Brand Satisfaction.

Responses concerning Consumer Perceptions:



Reponses concerning Willingness to Buy (WTB)



4.4 Scaling Check

Concerning the questions, none of them were negatively stated, consequently, none of the 7-point Likert scale should be inversed, since they already match with the others. Otherwise, the Cronbach's Alpha value would be negative.

4.5 Descriptive Statistics

In this section the descriptive statistics of the data including mean scores, kurtosis, skewness and standard deviations are demonstrated.

According to the theory, the mean of the data and standard deviation, or the average amount of variation from the mean (Bryman & Bell, p. 360), indicate the way participants have answered the questions. In the current research, the scale of measurement was a 7-point Likert scale for all of the four variables.

In the tables below they are presented the mean, Standard Deviation, skewness and kurtosis of the following variables: business ethics, consumer perceptions, brand equity and willingness to buy. Over the 26 items of the 4 components, the means ranged from 3.32 to 6.17. In addition, the standard deviation rates are between 0.948 and 1.790.

4.5.1 Business Ethics Descriptive Statistics

To begin with, the business ethics mean ranged from 5.47 to 6.17. On one hand, the highest mean rate belongs to the responsibility of a company towards its employees' rights. On the other hand, the lowest rate item is the responsibility of a company towards the social initiatives. In general, all of the mean rates are considered high, since they are more than 3.5 points in the Likert Scale, which indicates the general demand of the consumers for applied business ethics.

Descriptive Statistics									
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Please indicate the following-I perceive positively a company when it seems very concerned with the local community.	167	1	7	5,59	1,054	-1,231	,188	2,589	,374
Please indicate the following-I perceive positively a company when it seems very concerned with the environment protection.	167	1	7	5,80	1,158	-1,162	,188	1,920	,374
Please indicate the following-I perceive positively a company when it seems very concerned with the rights of their employees.	167	3	7	6,17	,948	-1,028	,188	,351	,374
Please indicate the following-I perceive positively a company when it seems very concerned with their employees in third world countries.	167	1	7	5,69	1,171	-1,123	,188	2,096	,374
Please indicate the following-I perceive positively a company when is actively participating in social initiatives.	167	1	7	5,47	1,113	-,781	,188	1,213	,374
Valid N (listwise)	167								

Table 4: Business Ethics Descriptive Statistics

4.5.2 Consumer Perceptions Descriptive Statistics

Additionally, the consumer perceptions items ranged in mean from 3.32 to 4.24. The item describing the consumers' experiences, concerning businesses' behavior based on what they heard from others or the media in the past year, had the lowest rate, while their expectations concerning businesses behavior in the coming year, had the highest rate.

Descriptive Statistics									
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Please indicate the following based on your own experiences:-Based on my own experiences as a consumer in the past year, businesses I dealt with generally behaved:	167	1	6	4,07	1,351	-,562	,188	-,291	,374
Please indicate the following based on your own experiences:-Based on what I heard from others or the media in the past year, businesses behaved:	167	1	7	3,32	1,411	,021	,188	-,796	,374
Please indicate the following based on your own experiences:-Based on my own experiences as a consumer last year, I expect businesses in the coming year to behave:	167	1	7	4,24	1,584	-,632	,188	-,561	,374
Please indicate the following based on your own experiences:-Based on what I heard from others or the media last year, I expect businesses in the coming year to behave:	167	1	7	4,12	1,578	-,386	,188	-,669	,374
Valid N (listwise)	167								

Table 5: Consumer Perceptions Descriptive Statistics

4.5.3 Brand Equity Descriptive Statistics

Brand equity items ranged from a mean of 4.28 to 5.07. The item that describes the willingness of a consumer to choose a considered ethical company even with many available choices of alternative brands had the lowest mean rate. In contrary, the lowest mean rate belongs to the willingness of a consumer to buy from a company that is acting ethically as a first choice.

Descriptive Statistics									
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Please indicate the following, keeping in mind that even though ethical behavior can be defined in m...-When a company is acting ethically its products and services are my first choice.	167	2	7	5,07	1,084	-,460	,188	,369	,374
Please indicate the following, keeping in mind that even though ethical behavior can be defined in m...-When a company is acting ethically I feel myself loyal to this brand.	167	1	7	4,84	1,350	-,549	,188	,117	,374
Please indicate the following, keeping in mind that even though ethical behavior can be defined in m...-When a company is acting ethically even with many choices I will not choose alternative brands.	167	1	7	4,28	1,455	,008	,188	-,636	,374
Please indicate the following, keeping in mind that even though ethical behavior can be defined in m...-When a company is considered ethical, I believe that the brand is associated with very good quality.	167	1	7	4,49	1,598	-,302	,188	-,549	,374
Please indicate the following, keeping in mind that even though ethical behavior can be defined in m...-When a company is considered ethical, I believe that the likelihood of this brand will function well is very high.	167	1	7	4,68	1,313	-,607	,188	,422	,374
Please indicate the following, keeping in mind that even though ethical behavior can be defined in m...-When a brand is considered ethical, I believe that the likelihood that this brand is reliable is very high.	167	1	7	4,97	1,342	-,732	,188	,781	,374
Please indicate the following, keeping in mind that even though ethical behavior can be defined in m...-A high ethical company is usually associated with the leader of its sector.	167	2	7	4,72	1,374	-,422	,188	-,642	,374
Please indicate the following, keeping in mind that even though ethical behavior can be defined in m...-A high ethical company is usually recognized among its competitors.	167	1	7	4,95	1,325	-,540	,188	-,269	,374
Please indicate the following, keeping in mind that even though ethical behavior can be defined in m...-I face no difficulties in imagining an ethical brand in my mind.	167	1	7	4,40	1,545	-,289	,188	-,747	,374
Please indicate the following, keeping in mind that even though ethical behavior can be defined in m...-I can easily recall some characteristics of an ethical company.	167	2	7	4,98	1,331	-,577	,188	-,314	,374
Please indicate the following, keeping in mind that even though ethical behavior can be defined in m...-An ethical company usually meets my expectations.	167	2	7	4,84	1,209	-,244	,188	-,438	,374
Please indicate the following, keeping in mind that even though ethical behavior can be defined in m...-Products and services of an ethical company are at the desirable level.	167	1	7	4,75	1,195	-,350	,188	,123	,374
Please indicate the following, keeping in mind that even though ethical behavior can be defined in m...-Overall I am very satisfied with products and services of an ethical company.	167	1	7	4,86	1,166	-,443	,188	,130	,374
Please indicate the following, keeping in mind that even though ethical behavior can be defined in m...-Products and services of an ethical company always bring happiness and delight to me.	167	1	7	4,41	1,490	-,371	,188	-,446	,374
Valid N (listwise)	167								

Table 6: Brand Equity Descriptive Statistics

4.5.4 Willingness to Buy (W.T.B.) Descriptive Statistics

The mean of the willingness to buy (W.T.B.) items ranged from 3.81 to 4.34. The item with the lowest mean rate is the willingness to buy from a brand, such as Nike for example. The item with the highest mean rate is the likelihood to purchase a brand.

Descriptive Statistics									
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Please indicate the following after you have watched both of the above videos:-My willingness to buy from the brand is high.	167	1	7	3,81	1,790	,050	,188	-1,040	,374
Please indicate the following after you have watched both of the above videos:-The likelihood of purchasing from the brand is high.	167	1	7	4,34	1,714	-,217	,188	-,961	,374
Please indicate the following after you have watched both of the above videos:-The probability that I would consider buy from the brand is high.	167	1	7	4,33	1,655	-,232	,188	-,944	,374
Valid N (listwise)	167								

Table 7: Willingness to Buy (W.T.B.) Descriptive Statistics

4.6 Reliability Test

According to Hair et al. (2010) reliability tests are important in order to evaluate the consistency of items. In that way, we secure that although in the research there are separate variables, all of them together in aggregate, measure the same construct and are highly correlated (Hair et al., 2010). Consequently, the reliability of the separate variables is being tested (Bryman & Bell, 2010).

In the current research, reliability is measured by the Cronbach's Alpha reliability test. According to bibliography, when Cronbach's Alpha is of 0.7 and above (Hair et al., 2010) the reliability of the variables is considered as acceptable.

4.6.1 Business Ethics Reliability Test

To begin with, from the table below it can be shown that the reliability test of the variable business ethics equals to 0.846, which overpasses 0.7 that is considered as acceptable.

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,846	,848	5

Table 8: Business Ethics Reliability Test

4.6.2 Brand Equity Reliability Test

The Cronbach's Alpha of the variable Brand Equity equals to 0.900 overpassing 0.7, and is considered as reliable.

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,900	,903	14

Table 9: Brand Equity Reliability Test

4.6.3 Consumer Perceptions Reliability Test

In addition, the reliability test of the variable consumer perceptions equals to 0.861, which proves its reliability.

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,861	,861	4

Table 10: Consumer Perceptions Reliability Test

4.6.4 Willingness to Buy (W.T.B.) Reliability Test

Finally, the variable willingness to buy is considered reliable too, since its reliability value equals to 0.920 overpassing the required value of 0.7.

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,920	,921	3

Table 11: Willingness to Buy (W.T.B.) Reliability Test

4.7 Exploratory Factor Analysis (E.F.A.)

For the requirements of the current study, an exploratory factor analysis was used in order to determine “validity of the data and test that variables were loaded onto the right constructs” (Bryman & Bell, 2007). According to the theory, validity proves that the measurement of the variables for a concept accurately measure the specific concept.

The current factor analysis includes the Component Matrix, the KMO and Bartlett’s Test of Sphericity and the Total Variance Explained. The KMO test “measures appropriateness of factor analysis through degree of inter-correlations between variables” (Hair et al., 2010). According to Hair et al, in Bartlett’s Test of Sphericity, a significant correlation would be accepted at <0.05 , and a significant KOM MSA must exceed 0.5, although a value of over 0.8 is considered most favorable (Hair et al., 2010). The results of the exploratory factor analysis are presented in the text that follows.

4.7.1 Factor of Business Ethics

As far as the first factor of business ethics is concerned, it can be shown that it consists of only one component. The KMO of 0.814 and a Barlett's level of 0.000 shows that the factor is significant.

Factor 1: Business Ethics

Component Matrix ^a	
	Component
	1
Please indicate the following:-I perceive positively a company when it seems very concerned with the local community.	,753
Please indicate the following:-I perceive positively a company when it seems very concerned with the environment protection.	,808
Please indicate the following:-I perceive positively a company when it seems very concerned with the rights of their employees.	,790
Please indicate the following:-I perceive positively a company when it seems very concerned with their employees in third world countries.	,788
Please indicate the following:-I perceive positively a company when is actively participating in social initiatives.	,802

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,814
Bartlett's Test of Sphericity	Approx. Chi-Square	336,324
	Df	10
	Sig.	,000

Finally, as it can be shown from the table below, the first component of the factor explains the 62,181% of it (cumulative value %). The second one is explaining 76,614% of the factor and others follow as it is shown in the table below.

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3,109	62,181	62,181	3,109	62,181	62,181
2	,722	14,433	76,614			
3	,473	9,465	86,080			
4	,375	7,497	93,577			
5	,321	6,423	100,000			

4.7.2 Factor of Consumer Perceptions

The consumer perceptions variables are all loaded on one component with values over 0.8. The KMO and Bartlett's Test show that the variable is significant (0.000). In addition, from the Total Variance Explained Table the first component is explaining 70.653% of the variable.

Factor 2: Perceptions

Component Matrix ^a	
	Component
	1
Please indicate the following based on your own experiences:-Based on my own experiences as a consumer in the past year, businesses I dealt with generally behaved:	,810
Please indicate the following based on your own experiences:-Based on what I heard from others or the media in the past year, businesses behaved:	,804
Please indicate the following based on your own experiences:-Based on my own experiences as a consumer last year, I expect businesses in the coming year to behave:	,872
Please indicate the following based on your own experiences:-Based on what I heard from others or the media last year, I expect businesses in the coming year to behave:	,874

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,725
Bartlett's Test of Sphericity	Approx. Chi-Square	334,510
	Df	6
	Sig.	,000

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
	1	2,826	70,653	70,653	2,826	70,653
2	,537	13,426	84,079			
3	,444	11,111	95,189			
4	,192	4,811	100,000			

4.7.3 Factor of Brand Equity

Concerning the factor of brand equity, research results prove that it consists of five components. Four of them are loyalty, awareness/association, perceived quality and satisfaction plus, a fifth, which probably results from the fact that awareness and association are being considered by respondents as different components, (see corresponding table). This may result as a consequence of the fact that even in theory, the two terms are often very closely related to each other, since brand awareness is usually perceived as a result of the aggregate sum of all the brand associations (Aaker, 1991).

Factor 3: Brand Equity

Rotated Component Matrix ^a						
	Component					
	1	2	3	4	5	
When a company is acting ethically its products and services are my first choice.			,820			LOYALTY
When a company is acting ethically I feel myself loyal to this brand.			,766			LOYALTY
When a company is acting ethically even with many choices I will not choose alternative brands.			,764			LOYALTY
When a company is considered ethical, I believe that the brand is associated with very good quality.		,796				QUALITY
When a company is considered ethical, I believe that the likelihood of this brand will function well is very high.		,847				QUALITY
When a brand is considered ethical, I believe that the likelihood that this brand is reliable is very high.		,864				QUALITY
A high ethical company is usually associated with the leader of its sector.				,814		AWAR/ASSOC
A high ethical company is usually recognized among its competitors.				,816		AWAR/ASSOC
I face no difficulties in imagining an ethical brand in my mind.					,883	AWAR/ASSOC
I can easily recall some characteristics of an ethical company.					,782	AWAR/ASSOC
An ethical company usually meets my expectations.	,709					SATISFACTION
Products and services of an ethical company are at the desirable level.	,783					SATISFACTION
Overall I am very satisfied with products and services of an ethical company.	,765					SATISFACTION
Products and services of an ethical company always bring happiness and delight to me.	,730					SATISFACTION

Additionally, from the KMO and Bartlett's Test it can be shown that the variable of brand equity is significant since it equals with 0,000.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,872
Bartlett's Test of Sphericity	Approx. Chi-Square	1232,573
	df	91
	Sig.	,000

Finally, from the Total Variance Explained Table it is shown that the first component explains 45,078% of the factor; the second one explains 55,129% etc.

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6,311	45,078	45,078	6,311	45,078	45,078
2	1,407	10,051	55,129	1,407	10,051	55,129
3	1,258	8,988	64,117	1,258	8,988	64,117
4	,967	6,908	71,025	,967	6,908	71,025
5	,870	6,216	77,241	,870	6,216	77,241
6	,499	3,567	80,808			
7	,487	3,476	84,284			
8	,476	3,400	87,684			
9	,412	2,940	90,624			
10	,386	2,757	93,380			
11	,278	1,988	95,369			
12	,253	1,810	97,178			
13	,230	1,646	98,824			
14	,165	1,176	100,000			

4.7.4 Factor of Willingness to Buy (W.T.B.)

From the Component Matrix of the factor willingness to buy, one can see that there is only one component with loadings more than 0,8 in all of the questions, confirming the hypothesis. In addition, from the KMO and Bartlett's Test, it is shown that the variable is significant (0.000).

Factor 4: Willingness to Buy

Component Matrix ^a	
	Component
	1
Please indicate the following after you have watched both of the above videos:-The likelihood of purchasing from the brand is high.	,929
Please indicate the following after you have watched both of the above videos:-The probability that I would consider buy from the brand is high.	,947
Please indicate the following after you have watched both of the above videos:-My willingness to buy from the brand is high.	,911

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,746
Bartlett's Test of Sphericity	Approx. Chi-Square	376,565
	Df	3
	Sig.	,000

In the following table, it is demonstrated that the first component explains 86,363% of the variable while adding the rest two components the sum of 100% of the factor is being reached.

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2,591	86,363	86,363	2,591	86,363	86,363
2	,258	8,615	94,978			
3	,151	5,022	100,000			

4.8 Regressions

4.8.1 Business Ethics and Brand Equity

The first regression that was realized is the one testing the first hypothesis: *H1: Corporate business ethics as a system of moral values are positively associated with the brand equity*. As it is shown, the dependent variable of the relationship is brand equity and the independent one is business ethics. It is significant (0,000) confirming the hypothesis.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	2,110	,420		5,024	,000
bus_eth	,457	,072	,441	6,314	,000

a. Dependent Variable: br_eq

Table 12: Business Ethics and Brand Equity

4.8.2 Business Ethics and Consumer Perceptions

This regression is attempting to confirm the second hypothesis: *H2: The customers' perceived business ethics are positively related to the consumers' perceptions about the brand*. The hypothesis is being rejected since it is not significant (0,970).

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3,914	,656		5,963	,000
bus_eth	,004	,113	,003	,038	,970

a. Dependent Variable: perceptions

Table 13: Business Ethics and Consumer Perceptions

4.8.3 Brand Equity and Consumer Perceptions

This third regression is being realized in order to test the third hypothesis of the current research: *H3: Brand Equity is positively related to consumers' perceptions about a brand.* The hypothesis is also being rejected since it is not significant ($0,461 > 0,005$).

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	3,557	,525		6,778	,000
br_eq	,081	,109	,057	,739	,461

a. Dependent Variable: perceptions

Table 14: Brand Equity and Consumer Perceptions

4.8.4 Consumer Perceptions and Willingness to Buy (W.T.B.)

The final regression attempts to test the last hypothesis of this research: *H4: Consumers' perceptions about a brand are positively related to Consumer Willingness to Buy (WTB).* The hypothesis is being confirmed since it is significant ($0,000$).

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1,863	,367		5,082	,000
perceptions	,583	,089	,455	6,571	,000

a. Dependent Variable: willingness

Table 15: Consumer Perceptions and Willingness to Buy (W.T.B.)

4.9 Hypotheses Testing Summary

The main research objectives are to test the hypotheses derived from the literature review, presented in the conceptual framework of the study and eventually derive the corresponding conclusions and implications of the research findings. This section provides a summary of the hypotheses and whether they were confirmed or not.

H1	<i>Corporate business ethics as a system of moral values are positively associated with the brand equity</i>	Confirmed
H2	<i>The customers' perceived business ethics are positively related to the consumers' perceptions about the brand.</i>	Rejected
H3	<i>Brand Equity is positively related to consumers' perceptions about a brand.</i>	Rejected
H ₄	<i>Consumers' perceptions about a brand are positively related to Consumer Willingness to Buy (WTB).</i>	Confirmed

Table 16: Hypotheses summary

4.10 Conclusion

This chapter focused on the analysis of the data, the research methods employed and the final results of this study. First the demographic profiles of the research respondents are demonstrated, while the scaling and reliability test follow. The corresponding descriptive statistics are presented and a factor analysis is followed. The chapter ends with the results of all the regressions involved in testing the various hypotheses under consideration.

According to the reliability tests, all of the variables can be considered as reliable, since all of the components had a Cronbach Alpha above 7. Additionally, concerning the regressions, two of the hypotheses have been confirmed and two have been rejected, indicating that business ethics are being positively related with brand equity but not with consumers/ perceptions. Moreover, the results demonstrating that although brand equity is not positively related with consumers/ perceptions, the latter is positively related with consumers' willingness to buy. The implications of this study, both theoretical and managerial, as well as conclusions from the findings are discussed in the chapter that follows.

Chapter Five: Conclusion

To see what is right and not to do it is cowardice.

Confucius, 551 BC-479 BC.

5.1 Overview of the study – Conclusions

Research motives of the present study:

The major research motives that led us to the pursuit of the present study are the following:

- Today, in our contemporary and highly competitive business world, ethics and ethical considerations are being increasingly important (revisited) due to the influence of globalization, new technologies, consumerism and the different type of crisis that we experience (financial, ecological, political, system of values).
- The marketing discipline has reached maturity, so it is about time it re-examined itself and its ethical function.
- Consumers appear to be becoming increasingly more hostile to marketing, as marketing professionals' disregard for the ethical effects of their actions.
- Several business misconducts and corporate scandals have resulted to a new kind of consumer who is more skeptical and critical than ever, affecting individual choices, perceptions and system of values.
- Close to a century ago, Hess (1935) called for marketing to create “wholesome demand”, but was obviously not heeded as Manrai & Manrai (2007) had to echo the call for the replacement of a “popular marketing mix” with an “ethical-rightful marketing mix”.
- Socially-Responsible Marketing (SRM), includes morally-just marketing alongside socially-responsible and ecologically-friendly marketing but it is far from common practice in the marketing and businesses community (Manrai & Manrai, 2007), as empirical research results consistently fail to link its various forms, such as corporate citizenship, to measurable financial outcomes (Kusku

& Zarkada-Fraser, 2004; Maignan & Ferrell, 2000). What marketing practice fails to do, consumers attain through their choices, changed behaviors and perceived ethicality.

- Despite the fact that business ethics is considered as a multidimensional and complex phenomenon, it seems as an opportunity for companies to invest in it and gain insights, to invoke positive brand images and consumer perceptions. Moreover, while there is an important body of academic literature on business ethics there has been limited research on the relationship between business ethics and consumer perceptions. The last, verifies the position of different researchers that current academic research remains inconclusive about how strongly ethical considerations feature in consumer's purchase decisions and the link between consumer perceived ethicality and ultimate consumer behavior, calling for further investigation.

5.2 Aim of the study

The main objective of the present study is the investigation of the effects of applied business ethics to consumer perceptions, as well as the identification of possible research relationships among business ethics, brand equity and ultimately, consumer willingness to buy. The following sub-questions contributed to the formulation of our main principal question:

- Is brand equity being affected in a positive way by applied business ethics?
- Do consumers evaluate companies based on moral criteria, except of economic and financial ones?
- Do these ethical evaluation criteria affect their perceptions about a brand?
- Will the consumers keep on buying if the brand of their choice will not fulfill their expectations in moral terms?

5.3 Conceptual Framework – Research Methodology

Having defined our principal research questions, various steps have been followed. First, a precise determination of the existing research gap proved the academic interest to investigate the subject. Then, the description of the detailed research questions and research hypotheses followed. The detailed review of the literature that required the above mentioned path, led us to the identification of the possible research items, which were considered as appropriate to explore the arising potential relationships among them (conceptual framework). This particular analysis enabled us to the most appropriate methodological approach (survey design), the necessary research instruments and the corresponding scales of measurement. At last, the final execution of the research followed, including the analysis of the results relying on SPSS 2.0. The descriptive statistics of the convenience sample used (from a total of 283 questionnaires 167 were used) were presented. The test of the various hypotheses was conducted by using an Exploratory Factor Analysis and four Regressions for the hypotheses under consideration. At the end of the research chain, we had the final results of the current study.

More particularly, in order to approach the principal research question that relates to the possible effects of business ethics on consumer brand perceptions, it was, first, necessary to adopt, as a mediating variable the concept of brand equity, which in the literature seems to emerge between the applied business ethics and the formation of consumer perceptions. More specifically, the study of the variable of brand equity was facilitated by identifying four different parts (constituent variables) that are the following: Brand Loyalty, Perceived Quality, Brand Awareness/Association and Brand Satisfaction, following the advice of Lai et al (2010) who have extended the classical model of Aaker (1996). One additional variable that we have added to this model, and we have incorporated in our final conceptual framework is the willingness of the consumer to buy a product/service of a company, reacting to his/her moral criteria

5.4 Hypotheses Tested

Four research hypotheses were formulated summarizing the primary and secondary research questions. These are as follows:

1. The first of the hypotheses was confirmed. In other words, business ethics do affect brand equity in a positive way, which means that a consumer's loyalty, perceived quality, brand satisfaction and brand awareness are increasing when a company is acting ethically.
2. The second hypothesis of investigation is whether business ethics affect consumers' perceptions. The particular hypothesis has been rejected.
3. The third hypothesis, investigates the relationship between brand equity and consumer perceptions. This hypothesis has, also, been rejected. The data analysis showed that an increased or decreased level of brand equity perceived by a consumer does not affect positively or negatively his/her experiences/expectations of applied business ethics.
4. Finally, the fourth hypothesis examines the relationship between consumer perceptions and willingness to buy. This hypothesis was confirmed. The last indicates that if a consumer is evaluating as ethical his/her experiences and expectations of a company's behavior, leads to a potentially positive willingness to buy.

5.5 Limitations of the Study

It is important to outline the limitations of this study as the validity and the credibility of the research outcomes are directly linked to them. These limitations are as follows:

- The study is based on a small sample (167 questionnaires used out of 283). Moreover, a larger sample could possibly best identify relationships between research items that have smaller significance or produce different final components to represent business ethics.
- A convenience sample is employed due to the research constraints.
- Qualitative research in the form of focus groups, depth interviewing and observation were not used, either, before the design of the questions of the questionnaire used nor, in order to explain further the research findings.
- Most of the respondents are Greek nationals.
- Another limitation has to do with the questionnaire that is in English and this may be a barrier for a perfect understanding from individuals who do not speak English fluently.
- The majority of the respondents belong in the age group 18-34 (66% of respondents).
- The study variables (brand image, consumer perception, willingness to buy remain up today) remains an unsolved measurement questions of marketing research as even the most advance measurement techniques are not able yet to overcome. This is explained mainly by the complex of autocorrelation and multicollinearity problems faced with the measurement problem of the various variables involved.

5.6 Further research

There are various topics that could be suggested for further research. First, a clearer picture could be given to the way a consumer is forming his/her image about a brand (brand image) as a whole. More specifically, more focus could be given on the individual components that eventually construct the way consumer perceive ethicality. This is particularly important for the various items that compose business ethics, which are: the rights of the employees, the environment, the social initiatives, the rights of employees in third-world countries and the community as a whole, in an effort to revisit, reevaluate and extend the current knowledge not only of the individual components but of the aggregate interaction of all of them.

A larger, a more representative sample could possibly offer better insights regarding the issues involved. An interesting subject of investigation remains the issue of measurement of customers' perceptions (attitudes, preferences, predispositions, personality traits etc.) and the one of the willingness to buy since there are various implications for marketing, consumer behavior, psychology and social psychology.

Another point for further research is the relationship between company misconducts and the measurement of the differences on consumer perceptions. This would may, also, lead to interesting consumer reactions, even to new ones that have not been practiced yet, but the consumer is always adapting to the existed environment and expresses his/her dissatisfaction concerning "false" behavior performed by the companies.

Finally, in economic terms, it would be interesting for future researchers to attempt to compare the effectiveness of traditional advertising as an investment in comparisons to obtain higher/increased reputation and recognition through the investment on applied business ethics (word of mouth-perception management).

5.7 Final remarks

As a final conclusion we propose that consummation does not come from the pursue of satisfaction through materialism and profit maximization alone but also through ethical behavior and good judgment, so to see our role as to seek what is good and ethical for people, not just their bellies; *hominimum bonum quaero, non ventris* (Seneca, 50 BCE / 2004). In this concept, reforms in the way we see marketing and consumption are necessary in order to reduce and diversify the Schumpeterian (1947) creative destructive effects of evolutionary forms of the present economic system, while fulfilling the Aristotelian economic ideal of creating wealth, in such a way, as to make every individual a better person and the world a better place to live, rather than just to consume.

Appendix 1:

1. Measurements of Business Ethics

As it has been already stated, business ethics is a hard to define subject. However, what is also important is to define tools and measurement scales measuring how the ethical behavior of an individual, a manager or of a group of people can be assessed. Many academic articles have focused on this question; the results of these are presented in the text that follows.

1.1 Ethics Positions Questionnaire (EPQ)

One of the first ways of measuring ethical ideology of individuals is the Ethics Position Questionnaire (EPQ) which has been designed by Forsyth (1980). This questionnaire focuses on two dimensions: the first is relativism (“extent to which one rejects moral rules”) and the second is idealism (“the extent to one optimistically assumes that desirable consequences will follow from appropriate actions”). This is a 20-item instrument in order to assess individual differences in relativism and idealism (Davis, 2001).

1.2 The Multidimensional Scale

The Multidimensional Scale of business ethics (Reidenbach and Robin, 1988, 1990) is the most widely acceptable measurement tool which aims to assess the various ethical decision-making philosophies (ethical approaches) adapted by managers. Before the Multidimensional Scale of Reidenbach and Robin researchers were carrying their studies by adapting a two dimensional model, consisted by two axes: deontology and utilitarianism. The Multidimensional Scale added to the previous research three more dimensions: relativism, egoism and justice. All these five dimensions are defined and presented in the text that follows.

1.2.1 Deontology

This dimension focuses on the universal standards of what is right and what is wrong. According to this philosophy the individual is acting taking into consideration only the motives that will lead him/her to an action rather than the consequences that may follow.

1.2.2 Utilitarianism

In this case the individual during the decision making process is more concerned with the consequences of the action. The individual believes that the best decision is the one that will lead him to the greatest good, or to the best balance of bad consequences.

1.2.3 Egoism

When an individual is taking a decision according to this philosophy of ethical decision making, is acting in order to gain the best long-term own interest. The individual believes that the best alternative is the one that offers the higher ratio between good and bad consequences.

1.2.4 Relativism

According to relativism, the individual believes very much to what his/her culture dictates as ethical and this is why there can be no universal laws for every individual from different cultures.

1.2.5 Justice

Finally, according to this theory, the equals must be treated in an equal way whereas the unequal in an unequal one. Here, the focus is given on fairness, including distributive and procedural justice.

1.3 The Multidimensional Scale Refinement

At first, Reidenbach and Robin (1988, 1990) tried to analyze each one of the five theories (dimensions), but in their second study they came up with the idea of the Multidimensional Scale, combining them all together. In that way, they created a 29 steps survey, with a bipolar 7-point scale being used. They concluded from their research that the individuals are not taking into consideration just a single moral philosophy, as a criterion in order to evaluate an alternative (Hansen, 1999). After that, during their second study they concluded to an 8 item scale, eliminating four scale items. In that way, they resulted to three dimensions of decision making: a broad-based ethical judgment dimension, a relativistic dimension and a contractual dimension, which in the end, they do not really correspond to all of the five normative moral theories (Hansen, 1999).

Appendix 2:

Operationalization and Scale Measurement

3.3.1 Business Ethics

The statements that have been chosen to represent Business Ethics are:

- a) I have positive brand perceptions about a company when it seems very concerned with local community.
- b) I have positive brand perceptions about a company when it seems very concerned with environment protection.
- c) I have positive brand perceptions about a company when it seems very concerned with the rights of their employees.
- d) I have positive brand perceptions about a company when it seems very concerned with their employees in third world countries.
- e) I have positive brand perceptions about a company when is actively participating in social initiatives.

3.3.2 Brand Equity

The statements representing the variable Brand Equity are:

Brand Loyalty

- a) When a company is acting ethically its products and services are my first choice.
- b) When a company is acting ethically I feel myself loyalty to this brand.
- c) When a company is acting ethically even with many choices I will not choose alternative brands.

Perceived Quality

- a) When a company is considered ethical, I believe that the brand is of very good quality.
- b) When a company is considered ethical, I believe that the likelihood of this brand will function well is very high.
- c) When a brand is considered ethical, I believe that the likelihood that this brand is reliable is very high.

Brand Awareness/Association

- a) A high ethical provider is usually associated with the leader of its sector.
- b) A high ethical provider is usually recognized among its competitive brands.
- c) I face no difficulties in imagining an ethical brand in my mind.
- d) I can easily recall some characteristics of an ethical brand.

Brand Satisfaction

- a) An ethical brand usually meets my expectations.
- b) Products and services of an ethical brand provider are at the desirable level.
- c) Overall I am very satisfied with products and services of an ethical brand provider.
- d) Products and services of an ethical company always bring happiness and delight to me.

3.3.3 Consumers' Perceptions

The statements concerning Consumers' perceptions are:

- a) Based on my own experiences as a consumer in the past year, businesses I dealt with generally behaved:
- b) Based on what I heard from others or the media in the past year, businesses behaved:
- c) Based on my own experiences as a consumer last year, do I expect businesses in the coming year to behave:
- d) Based on what I heard from others or the media last year, I expect businesses in the coming year to behave:

3.3.4. Willingness to Buy (WTB)

The statements concerning Willingness to Buy are:

- a) The likelihood of purchasing from the brand is high.
- b) The probability that I would consider buying from the brand is high.
- c) My willingness to buy from the brand is high.

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