

ERASMUS UNIVERSITY ROTTERDAM

Erasmus School of Economics

MSc Economics and Business: Marketing
Master's Thesis

**The impact of unethical practices on purchase decision
in the fashion industry.
Is it worth compensating the misdeed?**

Name student: Irina Stetco
Student number: 414449

Supervisor: Drs. Daryna Kolesnyk
Second assessor: Dr. Michiel van Crombrugge

Date final version: 07/04/2019

The views stated in this thesis are those of the author and not necessarily those of Erasmus
School of Economics or Erasmus University Rotterdam

Abstract

Ethics in the fashion industry represents a controversial topic that has produced surprisingly cynical research results. However, over the past years, sustainability and ethical behaviour have begun to make a difference in the fashion world. Generation Z and millennials are the most socially and morally aware consumer segment yet, this implying that their fashion purchase behaviour would be adapted accordingly to their beliefs. The aim of this research is to identify the extent to what fashion companies' unethical performance affects consumer purchase intention given the new ethical paradigm of the young generation. In addition, we study the extent to what compensating unethical practices in the fashion industry impacts consumer's purchase intention.

This paper uses data gathered from a questionnaire, where respondents were asked to indicate the extent to which they agree with statements presented after each of two scenarios. The first scenario presented neutral information about the company, whereas the second scenario combined one type of unethical violation with one level of compensation. The answers were assessed with several parametric tests. We found that both unethical practices linked to environmental pollution and to child labour have a significant negative impact on purchase intention. In addition, child labour showed a larger negative effect than environmental pollution. Furthermore, it was identified that compensation has a significant impact on purchase intention for both of the unethical practices. Specifically, when the company compensates their violation, the purchase intention of the consumers increases compared to the case where there is no compensation.

For marketers and managers it is crucial to know that unethical violations do have a significant impact on consumers' purchase intention, therefore they should avoid engaging in these types of practices. Moreover, if a misdeed was already committed, marketers and PR managers should thoroughly and explicitly describe the actions that their company undertook in order to compensate its unethical violation.

Table of Contents

Abstract	2
1 Introduction	4
2 Theory	8
2.1 Related literature	8
<i>Defining ethics</i>	8
<i>Ethics in the fashion industry</i>	9
<i>Firm's actions and reputation</i>	11
2.2 Hypotheses	12
2.3 Conceptual model	14
3.1 Research design	16
3.2 Questionnaire design	16
3.3 Data collection and cleaning	17
3.4 Demographics	18
<i>Gender, Age, Nationality and Occupation</i>	18
<i>Scenarios</i>	19
3.5 Measurement scales	20
<i>Purchase intention</i>	20
3.7 Analysis	21
<i>Variable encoding</i>	21
<i>Reliability and consistency tests</i>	21
<i>Hypotheses testing</i>	22
4 Results	26
4.1 Violations	26
4.2 Compensation	27
4.3 Additional analysis	29
5 General discussion	32
5.1 Main findings	32
5.2 Academic implications	33
5.3 Managerial implications	34
5.4 Limitations and further research	35
Bibliography	37
Appendices	41

1 Introduction

Issues concerning corporate ethics have increasingly been in the spotlight in the past decades. Scandals in the retail, FMCG, oil and gas industries have brought attention to the social responsibility that companies tend to ignore on their way to boosting profits. This has led people to become progressively interested in the environmental, ethical and social effects of the products and services they consume, as well as in the corporate social responsibility of the businesses they buy from (Harrison, Newholm, & Shaw, 2005; Auger, Devinney, Burke, & Louviere, 2010).

It has been argued that fashion, more than any other industry, embodies obsolescence as a primary objective (Abrahamson, 2011). Therefore, addressing fashion in the framework of sustainability is challenging. In the twenty-first century, as consumerism has advanced in the developed world and fast fashion has become common on the high street, global brands such as Zara and H&M expand their desires of greater market shares. Technology has enabled “just in time” manufacturing and has allowed faster retail turnover. Moreover, clothes, styles and trends are being created with shorter lifespans than ever before (Clark, 2008). Cheap fabrics, low wages, worker exploitation and sweatshops continue to be both the input and output of the fashion industry, creating a viciously unsustainable cycle. For example, in 2010, twentyone workers died in a fire at an H&M supplier factory in Bangladesh, the building lacking critical safety aspects, including proper fire exits (Heugten, 2015). Another cause of concern is the animal cruelty still present in the apparel industry. According to the annual statistics publicly published by several countries, two minks are killed every second of every minute of every day of the year solely for the skins off their backs and three to five millions animals are trapped each year in the US for their fur (Respect for Animals, 2018). Brands like Louis Vuitton and Dior continue to use real fur for their collections. Yet, as the industry operates globally on a progressively extensive scale, its implications are huge and a growing cause for concern (Clark, 2008).

Despite these well-known practices in the industry, consumers seem to fail to recognize which fashion companies engage in unethical behaviour (Boulstridge & Carrigan, 2000; Auger, Burke, Devinney, & Louviere, 2003). This leads to the questions of whether consumers care about corporate social responsibility and whether corporate unethical behaviour affects their garment purchase behaviour. Past research has identified that consumers seem only willing to be selectively ethical and that a brand’s poor ethical performance has no effect on purchase intention (Shaw & Clarke, 1999; Carrigan & Attalla, 2001; Joergens, 2006).

In recent years, however, fashion consumers and the fashion industry have recognized its unsustainable cycle alongside its problems, and fashion ethics has come into focus (Haug & Busch, 2016). Customer demand for ethical apparel is reflected in a number of adjustments in corporate activities at an industry and brand level (Jegethesan, Sneddon, & Soutar, 2012). H&M has included a Conscious line in 2011, in addition to their existing collections, that uses only sustainable materials like organic linen and recycled polyester (H&M, 2018). Another example is Gucci, a luxury brand that announced in 2017 that it will stop producing furs from spring 2018, becoming part of the Fur Free Alliance (Porter, 2018).

Consumers' consumption patterns have changed as well. According to Financial Times, Generation Z, i.e. people born from the mid-1990s to mid-2000s, is the most environmentally and socially aware consumer market yet (Hancock, 2017). Furthermore, Masdar, a major international player in renewable energy, questioned 5000 people and found that today's youth believe that protecting the environment is more important than economic gain and see social awareness as key enabler to sustainable development (Al Wasmi, 2016). Thus, as the new generation's concern of ethics and sustainability keeps increasing and the paradigm of consumption is changing, their fashion purchase behaviour should adjust accordingly.

This paper aims to assess the impact of corporate unethical performance on consumer purchase behaviour given the new ethical pattern formed in the past decade. We limited our research to unethical practices that affect the environment and human rights. Environment pollution was chosen because the young generation views climate change and destruction of the nature as the most serious issue our world faces in the present (Hewko, 2018). In addition, a poll created by Microsoft, found that millennials are more focused on the environment than their parents' generation, 76 per cent to 24 per cent (Timm, 2014). Moreover, we will investigate how youngsters' environmental concern is manifested in their purchase decisions and shopping behaviour. Human rights violations were selected in order to verify whether they affect the young generation to the same extent as they affected the elder generation interviewed in past research. Child labour and sweatshops have been identified as the most important ethical features in purchase decisions (Shaw & Duff, 2002; Auger et al., 2003; Shaw & Tomolillo, 2004), this meaning that consumers, if concerned by ethics, cared mostly about other people than anything else.

Thus, in order to determine how a firm's unethical practices influence consumers' purchase behaviour the following research question will be investigated:

To what extent do unethical practices in the fashion industry influence the customer purchase decision?

Furthermore, after committing the misdeed and being publicly accused of misbehaviour, a company's image can become especially fragile (Vanhamme & Grobбен, 2007). Negative publicity can result in serious losses if not handled appropriately, thus damaging firm's reputation. As reputation is of great importance to all organizations (Watson, 2007), companies should act upon restoring their good names after performing unethical practices. It seems natural, thus, that one of the ways to do that is to compensate the society for their actions. However, some firms limit their reactions to communication statements that express concern and "investigate the matter". For example, Henri Lloyd, a British clothing brand, after being accused by the Centre for Research on Multinational Corporations (Somo) of using child labour in their Myanmar factories, did not react to the allegations, refusing to comment on the presented report (Chamberlain, 2017). Yet, it is unclear how consumers would react to firms compensating their unethical practices. If this influences the purchase decisions of the customers, then companies should consider carefully how to address their misdeeds. This leads us to our second research question:

To what extent does compensating unethical practices in the fashion industry affect consumer's purchase intention?

Even though marketing ethics is a sensible and trendy topic nowadays, there is little research on how a firm's compensation after acting unethically towards the affected party impacts consumers' purchase behaviour. Most of the prior literature focus on how philanthropic acts moderate the impact of corporate crimes on company's reputation. Our aim is to extend this type of research by focusing on compensation and purchase intention. Furthermore, the fashion industry has barely been studied in the context of ethics and marketing redresses of unethicality, despite the controversy behind it. Therefore, this thesis is scientifically relevant, as it covers a previously unexplored topic which might shed light on the volatility of customers' decisions. In addition, the present paper contributes to existing literature about ethics in the fashion industry by placing the

research in today's context. It addresses the matter of ethics and fashion consumption in a time where these two concepts are most sensible and discussed upon. Thus, as customers are ones of the, if not the most, important stakeholders of a company, understanding what impacts their purchase behavior and how vulnerable it is to different decisions may lead to relevant marketing implementations (Park, Jaworski, & MacInnis, 1986).

The rest of the paper will have the following structure. Chapter two summarizes the related literature, the conceptual model and the formulated hypotheses. Chapter three incorporates the data collection and the research methodology used. Chapter four presents the results of the analysis, and, lastly, chapter five discusses these results, suggests academic and managerial implications and underlines some limitations of the analysis, as well as recommendations for future ones.

2 Theory

2.1 Related literature

Defining ethics

Ethics is an analysis of the nature and grounds of morality, where the term morality conveys moral standards, judgments and rules of conduct (Taylor, 1975). Generally, most of the ethical theories in moral philosophy can be classified as either deontological or teleological (Murphy & Laczniak, 1981). Deontological ethics is a theory that states that the morality of an act should be subject to whether the act itself is right or wrong under a set of rules. Teleological ethics, on the other side, is a theory that asserts that the consequences of an act conclude whether the act is good or bad. So, the deontological theories concentrate on the specific actions or behaviour of an individual, whereas the teleological ones focus on the consequences of the actions or behaviour (Hunt & Vitell, 1986). In other words, the deontological theories put emphasis on the fundamental justness of an act, while the key point in the teleological approach is the extent of good and bad incorporated in the consequences of the act. Teleologists, thus, consider that a behaviour is ethical if it creates a better equilibrium between good and evil than any available alternative (Hunt & Vitell, 1986). Frankena (1963), moreover, argues that deontologists believe that “the principle of maximizing the balance of good over evil, not matter for whom, is either not a moral criterion or standard at all, or, at least, it is not the basic or ultimate one”. For deontologists, certain features of the act itself other than the benefit it brings make the action or rule ethically right (Frankena, 1963).

Each of these ethical theories, however, holds its own problems. The key issue of the deontological theory is the inability to establish the best set of rules to live by. This is caused by the fact that it seems impossible to create a complete system of rules that do not include an enormous number of exceptions or of conflicts among the principles themselves. In the teleological view it is unclear whose good it is that one must try to endorse. Another standard objection is that maximizing the total created good may not always generate the morally “correct” solution, because the total good may be dispersed in an unfair fashion (Hunt & Vitell, 1986).

Evaluations of the characteristics of both theories have led scholars to propose a mixed deontological-teleological ethics approach. Hunt and Vitell (1986) developed the “positive model”, which suggests that an individual’s ethical judgments is a function of both his

deontological and teleological evaluations of decision alternatives. These judgments, thus, yield the crucial cognitive input into the formation of behavioural intentions and, ultimately, behaviours (Sparks & Pan, 2010). Hence, in this paper, we assume that people's belief that a particular alternative is the most ethical one is determined by: the standards of behaviour they apply to each option and their evaluation of the good versus evil ratio each alternative presumably might generate.

Ethics in the fashion industry

Over the past decades, sustainability and ethical management have started to be of value in the fashion industry (Emberley, 1998; Moisander & Pesonen, 2002). A reason for that is the expanding consciousness among consumers on the environmental and social effect their own consumption in all the areas has (Doane, 2001). However, fashion cycles become more and more fast paced, some parts of the industry thus beginning to follow increasingly unsustainable production methods to maintain the demand (McNeill & Moore, 2015). Consumers, nevertheless, have had different consumption preferences and responses to these practices. To create a complete picture of consumers' fashion consumption, we firstly describe the drivers behind fashion choices and preferences and then – the choices themselves.

Consumption across many product categories is affected by the human aspiration to communicate meanings about oneself and to design an identity (Berger & Heath, 2007). Moreover, people use clothing as a way to express meanings about them to others and to augment meanings to themselves as well. Furthermore, consumers want to develop an individual identity through fashion that corresponds with the social norms (Thompson & Haytko, 1997; Murray, 2002). McNeill and Moore (2015) argue that drivers to be “fashionable” often prevail over the drivers to be ethical or sustainable, as, to many consumers, the identity construction is of greater importance. Moreover, for many individuals in the Western society, the role of clothing is not limited to functional requirements. Rather, it is implied that needs for acceptance and self-esteem drive individuals to seek fashionable clothing as a way of gaining approval from peers and as a demonstration of social status (Easey, 2002; Gabriel & Lang, 1995). Besides the cultural and psychological motives, factors most strongly affecting the purchase decision are price, value, brand

image, fashion trends and availability (Carrigan & Attalla, 2001; Shaw & Duff, 2002; Shaw & Tomolillo, 2004).

When it comes to ethical consumption, people have showed diverse judgments. Carrigan and Attalla (2001) found that a company's poor ethical record has no or selective effect on purchase intention. Their respondents only cared about specific kinds of social issues. Rainforest and working conditions were at the bottom of their list of ethical priorities, whereas animal rights did matter to them enough to alter their purchase behaviour. The reason behind respondents' ethical selectivity is the fact that the importance of brand image with products such as clothing outweighs ethical criteria. In other words, unless they can buy ethically and still maintain fashion status, consumers will not boycott unethical brand forerunners. However, most participants mentioned that if they would have the financial means to discriminate against unethical companies, then they would pay the premium for sustainable, qualitative products (Carrigan & Attalla, 2001). In addition, respondents stated that media exposure of unethical and irresponsible corporate behaviour would affect their purchase decision.

The findings of Joergens (2006) are in line with the ones above. The scholar suggests that there is little evidence that ethical concerns affect consumers' fashion buying behaviour. The respondents, likewise, care more about animal abuse than unethical work practices. As long as the chemicals in their clothes do not negatively affect their skin, they are indifferent to chemicals' impact on the health of workers and the environment (Joergens, 2006). Moreover, even though consumers are conscious about ethical issues, this information does not affect their purchase behaviour. The author argued that there are two reasons behind this. Firstly, consumers feel that they do not have real selection to pick from since the majority of garments in the industry are manufactured in the developing countries. Secondly, they do not consider themselves in a position to criticize unethical behaviour of manufacturing companies in developing countries. The respondents argued that Western norms and rules cannot be enforced on the culture of the manufacturing country (Joergens, 2006).

Jegethesan et al. (2012) analyzed in their paper young Australian consumers' preferences for fashion apparel attributes on the case of jeans, and found that product-based attributes were most important to the respondents. Nevertheless, they would consider ethical attributes as well only if the product-based ones would be satisfied. Moreover, the findings about the level of importance of ethical issues have been contradicting. The respondents from the focus groups

prioritised environmental issues over the labour ones, whereas the survey respondents valued the issues vice-versa.

Firm's actions and reputation

Reputation is crucial for corporate prosperity. In past literature, reputation has been associated with consumer satisfaction (Hennig-Thurau, Gwinner, & Gremler, 2002), product quality (Wang, Lo, & Hui, 2003), and investment security (Milgrom & Roberts, 1986). From the financial point of view, a positive image not only appeals to and interests investors, but also influences the perspective lending institutions have on the company, this, consequently, affecting its access to financial assets (Beatty & Ritter, 1986). In addition, a favourable reputation might increase the profits of the company by boosting the productivity and attitude of employees through their belief of working in a well-reputed firm. Also, a good image contributes to the fact that an easier, untroublesome contact can be created between the sales force and the customers (Garbett, 1988). Therefore, reputation communicates to the public how a company's products, operation, blueprint and prospects compare to those of rival firms (Fombrun & Shanley, 1990).

One of the factors that impacts corporate image, most applicable to our research, is the ethicality of the company's actions. Williams and Barrett (2000) found that there is a strong negative relationship between illegal activity and reputation. They argue that as long as unethical practices and intentional or accidental violations happen, firm's reputation will diminish to some extent. However, this effect can be lessened by philanthropic acts. Charitable donations appear to be an instrument with the help of which companies might restore their good image. Nonetheless, philanthropy does not "buy their way out of trouble", as it does not lead to a complete restoration of the reputation (Williams & Barrett, 2000). Creyer and Ross (1996) also state that unethical corporate behaviour is not likely to be ignored, even if it does not lead to boycotts. Likewise, the authors established that it is possible to overcome the negative impact of unethical practices, their respondents reacting favourably to positive actions undertaken by the firm after the violations.

2.2 Hypotheses

The objective of the hypotheses formulated below is to give insights in the researched questions and to help answering them from all of the appropriate perspectives. The main hypotheses are hereby presented:

H1: *Unethical practices of a fashion company regarding environmental pollution have a significant negative impact on customer purchase decision.*

The first hypothesis is formulated on the basis of two points discussed above: the increasing concern people express towards environment (Al Wasmi, 2016; Hancock, 2017; Timm, 2014; Hewko, 2018) and the rise of fashion ethics in the past years (Haug & Busch, 2016). As more and more people, especially youngsters, are becoming more aware of their actions and the consequences of them, mindful fashion consumption is turning into a top resolution. With the introduction of the “slow fashion” concept (Fletcher, 2007), which promotes fashion in the context of good quality, clean environment and justness for both consumers and producers, the awareness of the ethical aspect escalated considerably. With 73% of people being, to some degree, concerned about environmental issues (Office of Environment and Heritage, 2017), a big share of the population is becoming more informed about the strong link between apparel manufacturing and pollution. This leads to consumers not only being conscious about their own pattern of consumption, but also being more demanding towards the companies they buy from.

There are several studies investigating the influence of ethics, including unethical actions of a company towards environment, on purchase behaviour. Previous research has, however, identified little or even no effect of nature pollution caused by a fashion company on purchase intention. For example, Carrigan and Attalla (2001) found that almost all of the respondents do not care how sustainable companies act, deforestation of rainforests and environment in general being at the bottom of their ethical concerns. Likewise, another study found that, as long as the chemicals that pollute the nature do not affect themselves personally, people are indifferent to them contaminating the environment (Joergens, 2006). Therefore, this type of unethical action does not influence consumers’ purchase of clothes intention.

Taking into account the results of recent polls that contradict previous research, and the increasing awareness of fashion ethics, we assume that consumers have changed their ethical beliefs and negatively react to environmental pollution in the context of the fashion industry.

H2: *Unethical practices of a fashion company regarding human rights have a significant negative impact on customer purchase decision.*

Violation of human rights is expected to negatively influence consumer purchase intention, this assumption being based on both past research and opinion surveys. As mentioned above, Generation Z, in most of the cases, values environmental issues higher than other violations companies perform. In their research, Jegethesan et al. (2012) have identified a contradicting result, some of their respondents being more concerned about labour issues above others, whereas other respondents placed unethical practices regarding humans on the last place, when tackling the fashion industry. However, past research has shown that the current older generation cared more about human rights violations above anything else. For example, a survey by Corporate Edge found that 57% of their respondents claimed that they would stop purchasing from a brand if they were aware that child labour had been employed (Rogers, 1998). In addition, Auger et al. (2003) identified that child labour was the most significant ethical feature when considering a purchase, being even more important than most of the functional features of the prospective acquisition.

Furthermore, this human rights concerned generation raised and educated Generation Z, so we can assume that the latter might also be sensitive to ethical violations towards workers. Moreover, youngsters now are becoming more and more aware of ethics, empathetic and concerned about morality. Therefore, in this research, we expect that unethical practices of a fashion company have a negative influence on purchase intention.

H3: *Environment violations have a greater negative effect on purchase decision than practices affecting human rights.*

As mentioned above, the main ethical misdeed people are worried about nowadays is environmental pollution (Hewko, 2018). Therefore, we test this claim by comparing the magnitude

of the effects of environmental violations and human rights negligence, by a specific company, on purchase intention.

H4: *Unethical practices of a fashion company regarding environmental pollution have a less significant impact on purchase decision when the firm compensated the misdeed.*

H5: *Unethical practices of a fashion company regarding human rights have a less significant impact on purchase decision when the firm compensated the misdeed.*

We assume that compensation has a significant effect on purchase intention based on the findings of prior research. It was found that philanthropic acts do have a meaningful recovering impact on reputation after the company committed unethical practices (Williams & Barrett, 2000; Creyer & Ross, 1996). Moreover, besides being a key aspect in maintaining a favourable reputation (Keh & Xie, 2009), corporate social responsibility is positively linked to consumers' opinions about the firm and its products (Brown & Dacin, 1997; Ellen, Mohr, & Webb, 2000). Therefore, as the relationship between people's opinions and the organization is defined by the act of consumption (Belk, 1988), purchase intention might also be significantly linked with corporation's ethic strategy.

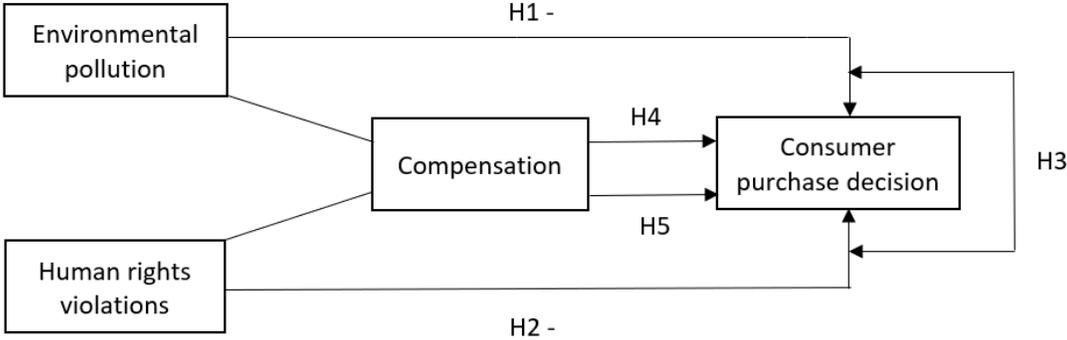
By linking consumer's opinion about the company with reputation, we want to test whether compensation has a statistically significant effect on purchase intention in each of the two violations cases.

2.3 Conceptual model

The conceptual framework from Figure 1 illustrates the relationship between the variables analyzed in this research. It is expected that unethical practices regarding environmental pollution will negatively impact the consumer purchase decision. Likewise, human rights violations will unfavorably affect the purchase intention. The third hypothesis suggests that the effect of pollution practices will be greater than the effect of human rights violations. This assumption is based on the increased interest towards environment in the past years (Hewko, 2018; Centraal Bureau voor de Statistiek, 2018), people becoming more and more aware of the human impact on nature.

Hypotheses four and five imply that compensating the misdeed concerning environmental pollution and human rights violations, respectively, will have a significant effect on consumer purchase decision.

Figure 1: The conceptual model



3 Methods

3.1 Research design

In order to properly assess and test the formulated hypotheses, a descriptive research will be carried out, as it aims to characterize the behaviour and characteristics of a population. Due to time and possibilities of collection constraints, a single cross-sectional design will be the most appropriate design for this research. Furthermore, from all of the data collection methods within the single cross-sectional design, the best suited method for this research is a survey.

This method is the most efficient in our circumstances, because it takes less time to conduct than other traditional research methods, and it is cheap, as spreading it online does not require any financial investments. In addition, it is both user and researcher friendly, the data being stored automatically, which makes the analysis easier and more straightforward. Another advantage of the survey method is the possibility of a large number of respondents, due to the shortness of the questionnaire and the anonymity of the answers they leave. This, in turn, leads to a higher reliability of the outcomes. The answers were based on the Likert scale, the most widely used approach to scaling responses in survey-based researches.

3.2 Questionnaire design

The questionnaire is held in English, in order to reach as many respondents as possible, English being the main language of study of international students. The whole survey is presented in Appendix A. The questionnaire starts with an introduction to give the respondents a brief overview of the survey's structure and an approximation of the time spent to complete all the questions. Besides that, in the introduction, the respondents are informed that there are no wrong or right answers, in order to encourage honest and truthful responses.

The proper questionnaire starts from a new page, the respondent being asked to imagine that there exists a company named "X" and that it is a popular fashion brand that sells basic pieces of attire, like black and white T-shirts. Afterwards, the respondent has to answer two questions about his frequency of wearing and purchasing this type of clothing. On the next page, Scenario 1 is presented. It states some general and neutral information about company X, like the type of attire it sells and its location. After the text, there are six 7-item Likert scale questions, four of which measure the variable purchase intention and two that test how carefully the respondent has read

the scenario. Hereafter, a randomizer has been put into the questionnaire, which ensures that each respondent will be randomly assigned one of the next four scenarios. In Scenario 2, to the information from the first scenario, it is added that company X had recently been criticized for spilling dye in the river close to the factory, thus polluting the environment. Also, it is mentioned that the company, after admitting the misdeed, did not offer any compensation to the locals. In Scenario 3, the same sequence of events is presented, however, after admitting the misdeed, company X did offer monetary compensation to the locals and assisted in cleaning the river from the dye. Scenario 4 adds to the information from the first scenario that the company was found culpable of child labour at their factories, but did not offer any compensation to the children or the community. The final Scenario 5 states that, after being criticized of using child labour, company X offered monetary compensation and sponsored the local anti-child labour non-governmental organization (Table 1). Each scenario is followed by six questions, the first four being the same as in Scenario 1, while the last two testing the attentiveness of reading the text of the respective scenario.

The survey ends with some general questions, like indication of gender, age, nationality and occupation, in order to capture the demographics of the respondents. Altogether, this questionnaire consists of eighteen questions: two questions to check the interest the respondent has in the type of attire sold by company X, four questions measuring purchase intention for the neutral Scenario 1 and another four - for the randomly assigned scenario, two questions checking the attentiveness of reading each of the two scenarios (1 and the assigned one), and four questions capturing respondent’s demographic characteristics.

	Neutral	Not-compensated	Compensated
Neutral	Scenario 1		
Environmental pollution		Scenario 2	Scenario 3
Child labour		Scenario 4	Scenario 5

Table 1: Overview of the scenarios presented in the survey and the situations they present

3.3 Data collection and cleaning

During a two weeks period, 149 respondents filled out the survey either through Facebook or through WhatsApp shares. From these 149, a large amount of responses was invalid: 29

respondents did not complete the survey until the end and 17 respondents have answered to at least three out of four questions for attentiveness check incorrectly, which means that they did not read the text carefully and their answers cannot be assumed accurate. Therefore, these 46 responses have been removed. To verify whether there are some extreme values among the rest of the responses, the dataset was screened again. As all answers were measured by the Likert scale, except the demographic ones, no responses with errors have been further identified. This leads to a total number of 103 respondents.

3.4 Demographics

Gender, Age, Nationality and Occupation

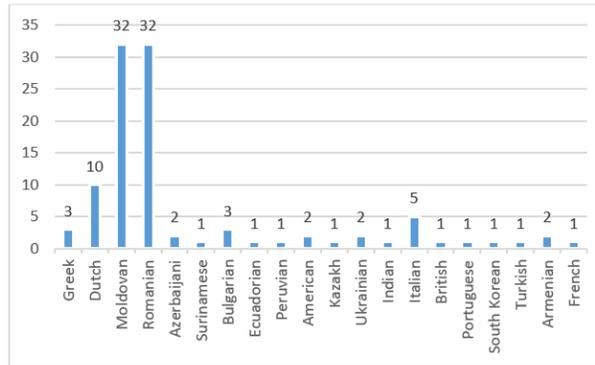
The last four questions of the survey were asked in order to capture the demographic characteristics of the respondents, these helping us to describe the nature of the sample drawn from the population.

The questionnaire was evenly distributed between males and females, the proportion being almost equal (Table 2). More than half of the respondents are aged between 18 and 24 years old (62.1%), 32.1% being between 25 and 30 years old, and only six respondents (5.8%) are above 30 years old (Appendix B). The distribution of the age variable can be explained by the fact that the questionnaire was distributed through my personal networks, most of the people in this network being younger than 40 years old. In addition, the aim of this paper is to investigate the purchase intention of the ethically oriented young people, therefore the age of the respondents coincide with the target population. Furthermore, the survey was completed by people with twenty different nationalities. This can be explained by the international environment I am part of. However, two nationalities have been predominant, Romanian and Moldovan, each being represented by thirty two respondents. A complete overview of the nationalities is presented in Figure 2. Lastly, forty nine respondents are students, this number being in line with the dominant age interval mentioned above. The rest are either employed, self-employed, or chose the “other” option (Table 3).

Gender	Frequency	Percentage (%)
Male	52	50.5%
Female	51	49.5%

Table 2: Frequency and percentage of respondents' gender

Figure 2: The number of respondents representing each of the nationalities



Occupation	Frequency	Percentage (%)
Student	49	47.6%
Employee	40	38.8%
Self-employed	10	9.7%
Other	4	3.9%

Table 3: Frequency and percentage of respondents' occupations

Scenarios

Because there is a randomizer in the survey, all respondents have read different scenarios. As described above in the questionnaire design, there are four combinations between the violations committed by the company, specifically environmental pollution and employment of child labour, and the level of compensation offered by the company, either they chose not to compensate, or they did. The fact that a randomizer was used and that the survey was stopped after two weeks, the scenarios were not distributed equally. Scenario 2 and 3 were, each, completed by twenty five respondents, while Scenario 4 was carried out by twenty six people and Scenario 5 – by twenty seven respondents. As the first scenario (Scenario 1) was not randomized and was seen by all respondents, it was completed by all the one hundred and three people.

3.5 Measurement scales

Purchase intention

From a theoretical point of view, Likert-type items are considered ordinal data, meaning that the values can be ordered and ranked. For this type of data, one cannot perform arithmetical operations, it being allowed to only present the median or mode. However, means and standard deviations give more insight into the data and are more appropriate to use when analyzing the data statistically. Therefore, many scientists have been using Likert scales in their researches assuming that interval properties can be used for the scales (Diener, Emmons, Larsen, & Griffin, 1985; Parasuraman, Zeithaml, & Berry, 1988; Watson, Clark, & Tellegen, 1988). By assuming that the Likert scale is interval data, one implies that the distances between each consecutive item of the scale are equal, the items being ordered. This allows to average data and calculate standard deviations.

Carifio & Perla (2008), Gaito (1980) and Norman (2010) are among many of the researchers that have argued that it is completely appropriate to summarise ratings from Likert scales using averages and deviations, as numerous studies have demonstrated that the Likert format generates empirically interval data at the scale level. Therefore, one cannot neglect the many studies of robustness where Likert scales were analyzed with parametric tests based on interval data assumptions. Furthermore, Burke (1953) have identified that the characteristics of a set of numbers as a measurement scale should have no impact on the judgement of which statistical technique to choose for representing and interpreting the numbers. Thus, in this paper, we treat the Likert scale as interval data.

In order to measure the purchase intention variable, four questions based on a 7-item Likert scale were included after each scenario. The respondent was asked to rate each question/statement on a scale of seven items, from strongly disagree to strongly agree. Each item from the scale was coded with a respective number, where 1 = strongly disagree, 2 = disagree, 3 = somewhat disagree and so on. The statements are presented below.

- This information makes me consider to buy the product.
- This information associates with a negative feeling against the company.
- This information would possibly convince me to buy the product.

- This information adds positive value in the purchase process.

The second statement from the four is a reverse statement in order to check whether the respondents read carefully and thoroughly the questions and did not fill in the answers at random. Therefore, it was coded by subtracting from 8 the respective response of the respondent, i.e. if the respondent answered “disagree”, the response would be coded as 6 instead of 2. This was done in order to keep the coding consistent throughout the data and to ensure reliable outcomes.

As mentioned above, the Likert scale is treated as interval data, as it allows us to calculate the mean of the coded responses that will measure the purchase intention of each respondent in the specific given scenario. Therefore, the variable *purchase intention* is created by taking the average of the four answers, thus estimating the purchase decision the respective customer would consider for the particular setting.

3.7 Analysis

Variable encoding

Variables *Environment*, *ChildLabour* and *Compensation* were created with the scope to capture how each type of unethical violation and each level of compensation influences the purchase intention of the respondents. *Environment* was coded as a dummy variable, where value 0 was assigned to the no violation setting and 1 was assigned to the environmental pollution situation. *ChildLabour* was coded similarly, 0 meaning no violation, whereas 1 – the child labour violation. The same action was applied to the *Compensation* variable, 0 referring to the non-compensated case and 1 – to the compensated one. The control variables, *Age* and *Gender*, are also coded as dummy variables: for *Gender*, value 0 is assigned to men and 1 – to females, for *Age*, value 1 refers to the 18-24 age interval and 0 otherwise.

Reliability and consistency tests

As purchase intention was assessed through four questions in the questionnaire, we have to make sure that all of these questions reliably measure this variable. In order to check the internal consistency estimate of reliability of the survey scores, we perform the Cronbach’s alpha test. As all scenarios are coded in the same manner, the alpha is calculated for all the scenarios together on

the sample of 103 responses. The result of the test is $\alpha = 0.764$, which is in line with the rule of thumb that a reliability of 0.70 or higher is desired. Thus, the four questions are consistent with each other, all of them measuring the same variable - purchase intention.

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.764	0.764	4

Table 4: Cronbach's alpha test results

Hypotheses testing

The scope of this paper is to analyze the influence of unethical practices and of compensation on customers' purchase intention in the fashion industry. A quantitative empirical research will be conducted in order to answer our research questions. We test our hypotheses through several parametric tests that allow us to determine whether two groups of data are statistically different from each other. This lets us identify if purchase intention significantly differs in distinct scenarios. The most important assumption of a parametric test is the normality of data. Specifically, for t-tests, the sampling distribution should be normal. A sampling distribution is the frequency distribution of sample means from the same population (Field, 2009). To tackle this premise, we refer to the central limit theorem. It establishes that the sampling distribution will tend to be normal regardless of the distribution of the population in samples consisting of more than thirty observations (Field, 2009). As all of our samples have more than thirty observations, we can confidently assume that all the sampling distributions are normal.

In order to test H1, we have to compare the mean of purchase intention in the No violation setting (S1) with the mean in the Environment scenarios (S2 and S3). This is feasible only for the respondents that have completed both the first scenario and one of the environmental violation scenarios. As purchase intention is measured twice for each person, pairs of observations are obtained. An appropriate test for this repeated measures design is a paired sample t-test. In a paired sample t-test, we test whether the means of the two groups are statistically different. To confirm that we can use this approach, we have to make sure that our data meets all of the test's assumptions. Most of a paired t-test's assumptions apply to the differences between the pairs of observations, but not to the observations themselves.

The first assumption states that the tested variable should be measured at a continuous level. Our tested variable, purchase intention, is determined by the Likert scale, which, as mentioned above, we treat as interval data, this allowing us to meet the assumption. The second assumption claims that there should be no significant outliers in the data. As the differences are being analyzed in this method, the no outliers assumption is applied to the differences themselves, not to the initial scores. We created a box plot with whiskers that shows how spread the data is (Appendix C). As there are no points beyond the whiskers, we conclude that there are no outliers in our data set.

For analyzing H2, the means of purchase intention in the No violation setting (S1) and the Child labour one (S4 and S5) have to be compared. Similarly to H1, this is done by performing a paired sample t-test. The suitability of the test for this data has to be checked the same way as above. The dependent variable, purchase intention, is measured on a continuous scale, as it quantifies a Likert scale that we treat as interval data. Next, we have to examine whether the differences between the purchase intention in the child labour setting and the purchase intention in the no violation scenario have outliers or not. No outliers are detected for the differences, no points being observed beyond the whiskers of the box plot (Appendix D).

In order to test the magnitude of the effects of environmental violations and human rights negligence on purchase intention, we compared the effect sizes of the first paired t-test and the second one. An effect size is a link between the treatment and outcome and can be examined across studies (Dunlap, Cortina, Vaslow, & Burke, 1996). Specifically, it shows the magnitude of the observed effect (Field, 2009). We use the effect size d for repeated measures formulated by Dunlap et al. (1996) to measure the effect size of each difference in purchase intention, regarding environmental violations and child labour practices respectively. The d is calculated as follows:

$$d = t_c \left(\frac{2(1-r)}{n} \right)^{1/2},$$

where t_c is the t-value for correlated measures, n is the sample size per group and r is the correlation between pairs of measure and is equal to

$$r = \frac{cov(x,y)}{s_x s_y} = \frac{\sum(x_i - \bar{x})(y_i - \bar{y})}{(N-1)s_x s_y}.$$

Here, x_i and y_i are individual sample points, \bar{x} and \bar{y} are sample means of the respective points, s_x and s_y are sample standard deviations of the respective points from the mean, and N is the sample size. Particularly, we will compare the effect sizes through a z-test. This will reveal whether the real effect sizes of the two scenarios statistically differ or not. We have to test whether the true

d values of the studies are equal or not, but only the effect sizes of the samples can be calculated. So, to test the null hypothesis that $\delta_1 = \delta_2$, where δ_1 and δ_2 represent the true d values of the environment scenario and the child labour one, respectively, we compute:

$$Z = \frac{d_1 - d_2}{\sqrt{\frac{v_1}{n_1} + \frac{v_2}{n_2}}},$$

which approximately follows a standard normal distribution under the null hypothesis. Here, d_1 and d_2 are the sample effect sizes of the environment scenario and the child labour one, respectively; n_1 and n_2 are the sample sizes of the first and second paired sample t-tests respectively; v_1 and v_2 are the sampling variances of the respective d . The sampling variance is calculated as follows (Dunlap et al., 1996):

$$v = \left[\frac{2(1-r)}{n} \right] + \left[\frac{d^2}{2n-2} \right].$$

The fourth hypothesis is tested through an independent sample t-test. We compare the mean of the non-compensated environment violation group with the mean of the compensated one. The data is sampled independently from two populations, respondents of the survey randomly receiving either a compensated or a non-compensated scenario. Also, there are no outliers, this being clearly illustrated by the box and whiskers plot (Appendix E). Furthermore, the assumption of homogeneity of variances is fulfilled, as we do not reject the null hypothesis of the Lavene's test stating equality of variances (p-value = 0.652).

Additionally, as mentioned above, age might have a significant impact on the purchase intention in the environmental violation scenario. If that is the case, we need to control for the influence of this variable, called covariate, on the dependent variable, purchase intention. Therefore, we are interested to see what is the effect of compensation on purchase intention in the environmental scenario with the effect of age accounted for. This will be tested with an analysis of covariance (ANCOVA), where the independent variable is *Compensation*, the covariate is *Age* and the dependent variable is purchase intention in the environmental scenario. Generally, the covariate should be measured on a continuous scale, however it has been argued in recent research that categorical or ordinal variables, like *Gender* and *Age*, can be used as covariates as well (Howell, 2009; Baguley, 2012). The homogeneity of variances assumption of ANCOVA is fulfilled, as the p-value of Levene's test does not reject the null hypothesis of equality of variances (p-value = 0.799). Another assumption is that the residuals should be approximately normally

distributed. Through the Durbin-Watson test, we identified that the errors are not correlated (value of $DW = 1.771$), which implies that the residuals are independently distributed. By assuming that they are also identically distributed, the error can be considered a sum of many iid (independently and identically distributed) random errors. By applying the central limit theorem, we assume that the residuals are normally distributed (Wooldridge, 2015). Next, we check our data for homoskedasticity through the Koenker test. The p-value of the test is 0.894, thus we do not reject the null hypothesis of homoskedasticity. In addition, there needs to be homogeneity of regression slopes, which implies that there should be no interaction between the covariate and the independent variable. To test that, we include an interaction term between *Age* and *Compensation* in the ANCOVA analysis in order to check whether the interaction term has a significant p-value or not. The p-value equals to 0.088, which is larger than the critical value of 0.05 and, therefore, not significant. Consequently, we can assume homogeneity of regression slopes.

Hence, we first perform the independent sample t-test where we compare the means of the purchase intention of the non-compensated environmental violation group and of the purchase intention of the compensated group. Afterwards, we perform the ANCOVA in order to account for the effect of age on purchase intention and to establish the adjusted means of the two groups.

Finally, the fifth hypothesis is assessed by comparing the purchase intention of the non-compensated child labour group with the purchase intention of the compensated child labour one. When plotting the purchase intention for the groups combined, we identify several outliers (Appendix F), which we assume to be drawn from the same distribution. As this distribution can be approximated by a normal distribution, we perform an independent sample t-test on this data. Nevertheless, we cannot fulfill the homogeneity of variances assumption (the p-value of Laveine's test equals to 0.031), therefore we will analyze the output without assuming equal variances.

4 Results

4.1 Violations

In the first two hypotheses, we claim that unethical practices committed by the fashion company have a significant negative impact on purchase intention. In order to test this, we performed two paired sample t-tests. As seen in Table 5, the p-value of the first paired t-test is 0.000, which is less than the set critical value. This implies that we reject the null hypothesis of equality of the means of purchase intention of the respondents when the company causes environmental pollution and when there is no violation. The fact that the t-value is negative implies that the first group, Environment, has a smaller mean than the second one, No Violation. This suggests that the purchase intention decreases significantly when the company commits an environmental violation compared to the situation when there is no violation. Therefore, we can conclude that unethical practices of a fashion company regarding environmental pollution have a significant negative impact on customer purchase decision: $t(49) = -5.839$, $p < 0.05$. Likewise, the p-value of the second paired t-test is smaller than 0.05, rejecting the null hypothesis that the mean of the groups difference is equal to zero (Table 5). The value of the t-statistic is also negative, indicating that the average purchase intention when the firm employs child labour is significantly less than when it does not use child labour. This, in turn, implies that unethical practices of a fashion company regarding human rights have a significant negative impact on customer purchase intention: $t(52) = -12.148$, $p\text{-value} < 0.05$. Thus, both the first (H1) and the second (H2) hypotheses are supported.

			95% Confidence Interval					
	Mean	Std. Deviation	Std. Error Mean	Lower	Upper	t	df	Sig. (2- tailed)
<i>Environment – No violation</i>	-1.540	1.865	0.264	-2.070	-1.010	-5.839	49	0.000
<i>Child Labour – No violation</i>	-2.623	1.572	0.216	-3.056	-2.190	-12.148	52	0.000

Table 5: Output of the two paired sample t-tests

Furthermore, the third hypothesis states that environment violations have a greater negative effect on purchase decision than practices affecting human rights. We tested the magnitudes of the

impacts on purchase intention by measuring the effect size (d) of each violation and then compare them between themselves. First, the correlation coefficients of each pair of scenarios were calculated. The correlation coefficient (r) between the no violation group and the environment pollution one is equal to 0.078, whereas the r between the child labour group and the respective no violation one equals to 0.156. Furthermore, we introduced the respective r , n and t_c into the formula of d and calculated the effect sizes of the two violations. The effect size of environmental pollution on purchase intention equals to -1.121 and the effect size of child labour employment on purchase intention amounts to -2.168. Negative effect sizes suggest that the violation has a decreasing impact on purchase intention. Next, the sampling variances of the two effect sizes were calculated: v_1 equals to 0.050, whereas v_2 equals to 0.041. By inserting all the relevant values in the formula, we found that z amounts to 24.841. So, we reject the null hypothesis that the real effect sizes are equal, as $24.841 \geq 1.96$, the critical value of z at $\alpha = 0.05$. The positive z -value implies that the value of the effect size of environment scenario is larger than the one of the effect size of the child labour situation. However, as both of the effect size values are negative, it actually reveals that the magnitude of the effect size of the environment scenario is smaller than the magnitude of the effect size of the child labour scenario. Therefore, the comparison of the effect sizes shows that environment violations have a smaller negative effect on purchase decision than practices affecting human rights. Hence, the third hypothesis (H3) is not supported.

4.2 Compensation

In the fourth hypothesis, we claim that unethical practices of a fashion company regarding environmental pollution have a less significant impact on purchase decision when the firm compensated the misdeed. In order to test that, we perform an independent-samples t-test where we compare the average purchase intention of the group with the non-compensated environmental violation scenario to the average of the group with the compensated environmental violation scenario. The null hypothesis of the statistical test is that the means are equal, whereas the alternative hypothesis is that they are significantly different. Table 6 presents the results. The p -value of the t-test is 0.010, which is lower than 0.05. This implies that the null hypothesis is rejected, therefore we have enough evidence that the means of the groups are not equal. Moreover, purchase intention when a company commits an environmental violation significantly differs based on compensation level. Specifically, the negative t-statistic suggests that purchase intention

is lower when the company does not compensate compared to the situation where it compensates the misdeed. This, in turn, suggests that compensation reduces the impact of unethical practices regarding environment on customer's purchase decision.

Additionally, we performed an ANCOVA with *Age* as a covariate. In Table 7, the parameter estimates are presented. The p-value of *Age* is 0.041, therefore we can conclude that purchase intention in the environmental violation scenario is significantly influenced by the age of the consumer. The coefficient of *Age* implies that, other things being equal, the purchase intention of people aged between 18 and 24 years old is, on average, by 0.909 units lower than the purchase intention of the people older than 24 years old. Furthermore, the p-value of the *Compensation* is smaller than 0.05 (p-value = 0.004), so we conclude that the not-compensated group differs significantly from the compensated one in purchase intention. Specifically, when looking at the adjusted means of *Compensation*, it can be seen that the mean purchase intention when the environmental violation was compensated (3.535) is higher than the mean purchase intention when the violation was not compensated (2.305). Therefore, these results are in line with the t-test's ones, indicating that compensation has a significant impact on purchase intention in the environmental violation scenario. Hence, H4 is supported.

The fifth hypothesis states that unethical practices of a fashion company regarding human rights have a less significant impact on purchase decision when the firm compensated the misdeed. We test this assumption with another independent samples t-test, where we compare the means of the non-compensated group with the compensated one of the child labour violation setting. By rejecting the null hypothesis of the Levene's test, as its p-value = 0.031, we presume inequality of variances. Therefore, we analyze the output under this assumption. The p-value of the t-test under this assumption is 0.031 (Table 6), and, as it is smaller than 0.05, we reject the hypothesis that the means of the groups are equal. This suggests that there is enough proof to claim that the average purchase intentions are statistically different when the company compensates the misdeed and when it does not. Compensation does significantly influence the customer's purchase decision in a setting where the company makes use of child labour. Mainly, the negative t-statistic implies that the mean of the not-compensated group is lower than the one of the compensated group. Therefore, unethical practices concerning human rights have distinct effects on purchase intention conditional on whether the misdeed was compensated or not, H5 being supported.

<i>Purchase intention</i>	t	df	Sig. (2-tailed)	Mean difference	Std. error difference	95% Confidence interval of the difference	
						Lower	Upper
<i>Environment</i>	-2.665	48	0.010	-1.120	0.420	-1.965	-0.275
<i>Child Labour</i>	-2.227	43.851	0.031	-0.789	0.354	-1.503	-0.075

Table 6: T-test for equality of means on the environmental violation setting and the child labour one

<i>Parameter</i>	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
<i>Intercept</i>	4.135	0.423	9.767	0.000	3.283	4.986	0.670
<i>Age</i>	-0.909	0.432	-2.105	0.041	-1.779	-0.040	0.086
<i>Compensation = 0</i>	-1.229	0.409	-3.003	0.004	-2.053	-0.406	0.161

Table 7: Parameter estimates for ANCOVA with purchase intention as dependent variable

4.3 Additional analysis

We identified that the variances of the not-compensated child labour group and the compensated one are not equal. This might be informative in itself, therefore we perform additional analysis in order to identify the reason behind it. We established that, in the not-compensated group there are 30.8% female respondents, whereas, in the compensated one females represent 55.6% of the respondents. We suspect that this difference in gender distribution among the two groups might have induced inequality in the variances. This has led us to check whether gender has a significant impact on the purchase intention in the child labour scenarios. Similarly to the analysis for the fourth hypothesis, we should have performed an ANCOVA with *Gender* as a covariate, *Compensation* as an independent variable and purchase intention in the child labour violation scenario as the dependent variable. However, the homogeneity of variance assumption was again not fulfilled. This was tested not only with the Levene's test, the null hypothesis of which was rejected (p-value = 0.006), but also with the Hartley's F_{max} test. The F_{max} ratio of the largest group variance to the smallest group variance was compared to the corresponding critical value from the Hartley's table of the sampling distribution of F_{max} (Hartley, 1950). The relevant critical value is

between 2.07 ($n = 30$) and 2.46 ($n = 20$), at $\alpha = 0.05$. Our F_{max} ratio equals to 2.563, which is larger than the critical value, therefore we cannot assume that the groups have similar variances. Hence, ANCOVA cannot be performed in this case. In order to avoid the restriction of homogeneity of variance, the appropriate test to analyze the effect of gender is a linear regression, where purchase intention is the dependent variable and the dummies *Compensation* and *Gender* are independent variables. First, we tested whether our data meets the applicable assumptions. Through the Durbin-Watson test, we identified that the errors are not correlated (value of DW = 2.47), which suggests that the residuals are independently distributed. Also, we assume that the residuals are identically distributed as well. Consequently, as the error can be considered as a sum of many iid random variables, then, by using the central limit theorem, we can imply that the errors are normally distributed (Wooldridge, 2015). Furthermore, there is no multicollinearity in our data, the variance inflation factor of the independent variables being equal to 1.067. This implies that we cannot express one independent variable as a linear combination of the other one. Lastly, we tested whether the variance of the residuals is constant across the observations, i.e. the homoskedasticity of the data, through the Koenker test. We received a p-value of 0.102, which is larger than 0.05, therefore we do not reject the null hypothesis of no heteroskedasticity. Thus, as our data meets the assumptions of regression, the test was implemented and we proceed with the analysis of the output.

As expected, *Compensation* has a significant impact on purchase intention, with a p-value equal to 0.008 and a coefficient equal to 0.987 (Table 8). This result implies that the purchase intention of the compensated child labour group is, on average, higher by 0.987 compared to the purchase intention of the not-compensated child labour group, everything else equal. This confirms the result of the t-test used to analyze the fifth hypothesis. *Gender* has a significant effect, as well, with a p-value of 0.030 and a coefficient of -0.800 (Table 8). The finding suggests that, in the child labour scenario, the purchase intention of women is, on average, lower by 0.8 than the purchase intention of men, everything else equal.

Therefore, it is highly likely that the significant effect of the gender on purchase intention and the different proportions of women and men in the two groups are the reasons behind the inequality of variances of the compensated and not-compensated groups.

	Unstandardized coefficients		Standardized coefficients		
	B	Std. Error	Beta	t	Sig.
<i>Constant</i>	1.938	0.269		7.197	0.000
<i>Gender</i>	-0.800	0.359	-0.297	-2.230	0.030
<i>Compensation</i>	0.987	0.356	0.370	2.777	0.008

Table 8: Output of the regression with purchase intention as a dependent variable

5 General discussion

In this chapter, we present the main findings of the statistical analyses performed and connect them to the research questions formulated in the beginning of the paper. Also, we compare our outcomes to the conclusions of previous research and offer practical implications to managers and marketers. Lastly, we discuss the limitations of our research and provide suggestions for future research.

5.1 Main findings

The aim of this thesis has been to analyze how unethical practices in the fashion industry and compensating them impact the purchase intention of the consumers. To observe any effect, a survey has been created and several parametric tests have been applied to the data gathered from the survey respondents.

The analysis shows that both environmental pollution and employment of child labour have a significant negative effect on purchase intention. Specifically, if a fashion company pollutes the environment while manufacturing clothes or employs children at its factories and the customers know this information, their purchase intention decreases compared to when the company does not commit unethical misdeeds. In addition, we identified that child labour has a higher impact on purchase intention than environment pollution. This is not in line with our hypothesis that environment violations have a greater negative effect on purchase decision than practices affecting human rights. One insight behind this result might be that people are still more sensible about alive human beings, as a result of them being educated by the generation that was mostly affected by violations concerning people. However, when comparing the scenarios where the company did not compensate the environmental violation and where the company compensated the same violation, it was revealed that the Generation Z consumers (people aged between 18 and 24 years old) have a significantly lower purchase intention, in the same setting, than consumers older than 24 years old. This is in line with the initially argued social awareness where youth claims that environmental pollution is what worries them the most. Another interesting insight is that women were more sensible to child labour violations, their purchase intention being significantly lower than men's purchase intention in the same situation.

Furthermore, we found that, when the company compensates their unethical practice, the purchase intention of the consumers increases compared to the case where there is no compensation. This was the case both for the unethical practices concerning environmental pollution and for the ones concerning child labour.

5.2 Academic implications

Our findings regarding the impact of unethical practices in the fashion industry on purchase intention are not in line with past research, as previous studies have found little evidence that ethical concerns affect consumers' fashion buying behaviour. Carrigan and Attalla (2001) concluded that unethical practices on environment are at the bottom of people's ethical priorities when considering an attire purchase. This is not the case in our research, consumers' purchase intention being significantly affected by the company's misdeeds in regard to the environment. Joergens (2006) suggests that child labour does not influence consumers' buying behaviour, with them arguing that they do not consider themselves in a position to criticize unethical behaviour of manufacturing companies in developing countries. Our findings contradict these claims, as child labour has a significantly negative effect on purchase intention, especially for female respondents. Moreover, Jegethesan et. al (2012) have identified that, even though ethical matters are not a priority for people when considering a clothing purchase, they still are more sensible to some unethical violations. Specifically, respondents from the focus groups prioritised environmental issues over the labour ones, whereas the survey respondents valued the issues vice-versa. The survey outcome is in line with our findings, as, for our respondents, child labour has a greater negative effect on purchase decision than environmental pollution.

Our assumptions about the effect of compensation on purchase intention have been formulated on the basis of past research. As the assumptions were supported by the statistical results, it is evident that our findings are in line with previous studies. It was found by several researchers that unethical practices have a significant impact on the company's reputation (Williams & Barrett, 2000; Creyer & Ross, 1996). Also, Creyer and Ross (1996) established that it is possible to overcome the negative impact of unethical practices, their respondents reacting favourably to positive actions undertaken by the firm after the violations. As we linked consumers' opinion about the company, which is exerted through buying behaviour, to its reputation, we can

claim that our findings concerning the effect of compensation on purchase intention are in line with the outcomes of companies' reputation analyses.

The theoretical aim of this paper was to address the matter of ethics and fashion consumption in a time where these two concepts are most sensible and discussed upon. Many surveys and informational studies have identified that the main ethical misdeed people are worried about nowadays is environmental pollution (Hewko, 2018; Centraal Bureau voor de Statistiek, 2018; Office of Environment and Heritage, 2017). Therefore, we checked this claim by contrasting environmental pollution with child labour and linked them to purchase intention. Hence, the present paper contributes to existing literature about ethics in the fashion industry by placing the research in today's context. We also extend this type of research by investigating the impact of compensation on purchase intention in the fashion industry, a topic which has barely been studied in the context of ethics, despite the controversy behind it.

5.3 Managerial implications

In this subchapter, we will suggest some practical implications of the theoretical conclusions presented above. As customers are ones of the, if not the most, important stakeholders of a company, understanding what impacts their purchase behavior and how vulnerable it is to different decisions may be the most important insights of a marketing researcher.

The finding that purchase intention significantly decreases when the company commits an environmental or human rights unethical violation suggests that consumers would easily switch to another fashion company if they find out about unethical practices committed by a firm they considered. This, therefore, results in loss of customers and serious damage of reputation (Williams & Barrett, 2000). Knowing that people, especially the young generation, are sensible to ethical matters, companies should ensure that they do not engage in unethical practices all across their supply chain. This research has brought light to the fact that the new wave of consumers is not as cynic as the ones before them and that firms should keep up the pace with the modern changes towards sustainability and ethics.

As corporate reputation is of significant matter for companies, managers and marketers should be aware of the actions that improve it, as well as the actions that boost the purchase intention of consumers. We identified that compensation significantly increases purchase intention, people being more likely to consider a purchase when the company compensated their

unethical practices compared to when it did not. Therefore, if the firm already committed a violation, it is best for managers to consider a well-thought compensation to the people or community involved in the unfavourable situation. For marketeers and PR managers, we suggest to thoroughly and explicitly state the actions that their company undertook in order to compensate its unethical practice and use that to convince customers about the good intentions of the compensation behaviour.

Another insight of our paper is that people are sensitive to ethical matters. Given the big number of fashion companies and the increasing competition in the industry, ethicality can be used as a brand positioning tool for brands that want to differentiate from all the other fashion companies.

5.4 Limitations and further research

One of the limitations of our research is the fact that all the measurements are based on a fictional brand. Even though this approach has important advantages, for example it minimizes the impact of past subjective associations with real companies, it also has downsides. As we invented a brand, we needed to present clear information about the ethicality and actions of the firm, this knowledge making the respondent completely aware of the company's behaviour. Per general, consumers are not well-informed about the ethical actions of fashion firms, therefore our setting does not fully represent real life situations. In addition, the lack of associations mentioned above also adds to the non-accurate simulation of reality.

Another limitation might be the attitude-behaviour gap. In the survey, we ask hypothetical questions in order to measure the intention of a respondent to buy from a specific brand. However, we do not observe an action of purchase per se. Therefore, as people's actions are not always in line with their statements, our findings on purchase intention might not capture what customers would actually do.

Furthermore, we considered scenarios with only two types of unethical practices: environmental pollution and employment of child labour. This limits the extent to which we examined ethicality and the immoral misdeeds a fashion company can commit. Therefore, for future research, we suggest to include more forms of unethical violations. For example, one insightful addition might be animal abuse, because, in past research, people have shown great sensibility around this topic (Carrigan & Attalla, 2001).

One more idea for future research is to also capture the purchase intention of people from older generations in order to contrast it with the purchase intention of Generation Z and millennials. This might show interesting insights on whether seniors have changed their opinions on ethicality in the fashion world and whether they are still more sensible in regards to child labour. By contrasting their results to the youth's results, new conclusions on the increased ethical awareness of today's world might be formed.

Another suggestion is to add different levels of compensation into the survey and measure how purchase intention varies when the company compensates its unethical violations in different ways. This might lead to more practical implications for marketers related to consumer redress.

Bibliography

- Abrahamson, E. (2011). The iron cage: Ugly, uncool, and unfashionable. *Organization studies*, 615-629.
- Al Wasmi, N. (2016, November 16). *Young people value environment over money, according to global survey*. Retrieved from The National: <https://www.thenational.ae/uae/young-people-value-environment-over-money-according-to-global-survey-1.190473>
- Auger, P., Burke, P., Devinney, T. F., & Louviere, J. J. (2003). What will consumers pay for social product features? *Journal of business ethics*, 281-304.
- Auger, P., Devinney, T. M., Burke, P. F., & Louviere, J. J. (2010). The importance of social product attributes in consumer purchasing decisions: A multi-country comparative study. *International Business Review*, 140-159.
- Beatty, R. P., & Ritter, J. R. (1986). Investment banking, reputation, and the underpricing of initial public offerings. *Journal of financial economics*, 213-232.
- Belk, R. W. (1988). Possessions and the extended self. *Journal of consumer research*, 139-168.
- Berger, J., & Heath, C. (2007). Where consumers diverge from other: Identity signaling and product domains. *Journal of consumer research*, 121-134.
- Boulstridge, E., & Carrigan, M. (2000). Do consumers really care about corporate responsibility? Highlighting the attitude—behaviour gap. *Journal of communication management*, 355-368.
- Brown, T. J., & Dacin, P. A. (1997). The company and the product: Corporate associations and consumer product responses. *Journal of marketing*, 68-84.
- Burke, C. J. (1953). Additive scales and statistics. *Psychological Review*, 73.
- Carifio, J., & Perla, R. (2008). Resolving the 50-year debate around using and misusing Likert scales. *Medical education*, 1150-1152.
- Carrigan, M., & Attalla, A. (2001). The myth of the ethical consumer - do ethics matter in purchase behaviour? *Journal of consumer marketing*, 560-578.
- Centraal Bureau voor de Statistiek. (2018, September 14). *More people find the environment highly polluted*. Retrieved from Centraal Bureau voor de Statistiek: <https://www.cbs.nl/en-gb/news/2018/37/more-people-find-the-environment-highly-polluted>
- Chamberlain, G. (2017, February 5). *How high street clothes were made by children in Myanmar for 13p an hour*. Retrieved from The Guardian: <https://www.theguardian.com/world/2017/feb/05/child-labour-myanmar-high-street-brands>
- Clark, H. (2008). SLOW + FASHION - an oxymoron - or a promise for the future ...? *Fashion theory*, 427-446.
- Creyer, E. H., & Ross, W. T. (1996). The impact of corporate behavior on perceived product value. *Marketing letters*, 173-185.
- Diener, E. D., Emmons, R. A., Larsen, R. J., & Griffin, S. (1985). The satisfaction with life scale. *Journal of personality assessment*, 71-75.
- Doane, D. (2001). Taking flight: the rapid growth of ethical consumerism. *New economics foundation*. London.
- Easey, M. (2002). *Fashion marketing*. Oxford: Blackwell science.
- Ellen, P. S., Mohr, L. A., & Webb, D. J. (2000). Charitable programs and the retailer: do they mix? *Journal of retailing*, 393-406.
- Emberley, J. V. (1998). *Venus and furs: the cultural politics of fur*. IB Tauris.

- Fletcher, K. (2007, June 1). *Slow fashion*. Retrieved from The Ecologist: <https://theecologist.org/2007/jun/01/slow-fashion>
- Fombrun, C., & Shanley, M. (1990). What's in a name? Reputation building and corporate strategy. *Academy of management Journal*, 233-258.
- Frankena, W. K. (1963). Recent conceptions of morality. *Morality and the language of conduct*, 1-24.
- Gabriel, Y., & Lang, T. (1995). The unmanageable consumer: Contemporary consumption and its fragmentations.
- Gaito, J. (1980). Measurement scales and statistics: Resurgence of an old misconception. 564.
- Garbett, T. F. (1988). *How to build a corporation's identity and project its image*. Lexington Books.
- H&M. (2018). *H&M Conscious Exclusive continues to show proof of sustainable fashion innovation*. Retrieved from H&M group | At a glance: <https://about.hm.com/en/media/news/general-news-2018/h-m-conscious-exclusive-continues-to-show-proof-of-sustainable-f.html>
- Hancock, A. (2017, December 23). *Younger consumers drive shift to ethical products*. Retrieved from Financial Times: <https://www-ft-com.eur.idm.oclc.org/content/8b08bf4c-e5a0-11e7-8b99-0191e45377ec>
- Harrison, R., Newholm, T., & Shaw, D. (2005). *The ethical consumer*. Sage.
- Haug, A., & Busch, J. (2016). Towards an ethical fashion framework. *Fashion theory*, 317-339.
- Hennig-Thurau, T., Gwinner, K. P., & Gremler, D. D. (2002). Understanding relationship marketing outcomes: an integration of relational benefits and relationship quality. *Journal of service research*.
- Heugten, M. v. (2015, October 1). *H&M fails to make fire and building safety repairs in Bangladesh*. Retrieved from Clean Clothes: <https://cleanclothes.org/news/2015/10/01/h-m-fails-to-make-fire-and-building-safety-repairs-in-bangladesh>
- Hewko, J. (2018, January 10). *This is what millennials want in 2018*. Retrieved from World Economic Forum: <https://www.weforum.org/agenda/2018/01/this-is-what-millennials-want-in-2018/>
- Hunt, S. D., & Vitell, S. (1986). A general theory of marketing ethics. *Journal of macromarketing*, 5-16.
- Jegethesan, K., Sneddon, J. N., & Soutar, G. N. (2012). Young Australian consumers' preferences for fashion apparel attributes. *Journal of Fashion Marketing and Management: An International Journal*, 275-289.
- Joergens, C. (2006). Ethical fashion: myth or future trend? *Journal of Fashion Marketing and Management: An International Journal*, 360-371.
- Keh, H. T., & Xie, Y. (2009). Corporate reputation and customer behavioral intentions: The roles of trust, identification and commitment. *Industrial marketing management*, 732-742.
- McNeill, L., & Moore, R. (2015). Sustainable fashion consumption and the fast fashion conundrum: fashionable consumers and attitudes to sustainability in clothing choice. *International journal of consumer studies*, 212-222.
- Milgrom, P., & Roberts, J. (1986). Price and advertising signals of product quality. *Journal of political economy*, 796-821.
- Moisander, J., & Pesonen, S. (2002). Narratives of sustainable ways of living: constructing the self and the other as a green consumer. *Management decision*, 329-342.

- Murphy, P., & Laczniak, G. R. (1981). Marketing Ethics: A review with implications for managers. *Review of marketing*, 251-266.
- Murray, J. B. (2002). The politics of consumption: A re-inquiry on Thompson and Haytko's (1997) "Speaking of Fashion". *Journal of consumer research*, 427-440.
- Norman, G. (2010). Likert scales, levels of measurement and the "laws" of statistics. *Advances in health sciences education*, 625-632.
- Office of Environment and Heritage. (2017). *Who cares about the environment?* Sydney: Office of Environment and Heritage.
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). Servqual: A multiple-item scale for measuring consumer perc. *Journal of retailing*, 12.
- Park, C. W., Jaworski, B. J., & MacInnis, D. J. (1986). Strategic brand concept-image management. *The journal of marketing*, 135-145.
- Pontefract, D. (2018, June 3). *Millennials and Gen Z have lost trust and loyalty with business*. Retrieved from Forbes: <https://www.forbes.com/sites/danpontefract/2018/06/03/millennials-and-gen-z-have-lost-trust-and-loyalty-with-business/#4a1fa3826145>
- Porter, C. (2018, March 9). *Faux v fur - fashion's hairiest debate*. Retrieved from Financial Times: <https://www-ft-com.eur.idm.oclc.org/content/ebf1a9c6-f096-11e7-bb7d-c3edfe974e9f>
- Respect for Animals. (2018, February 8). *Statistics*. Retrieved from Respect for Animals: <http://www.respectforanimals.org/statistics/>
- Rogers, D. (1998). Ethical tactics arouse public doubt. *Marketing*, 12-14.
- Shaw, D., & Clarke, I. (1999). Belief formation in ethical consumer groups: an exploratory study. *Marketing Intelligence & Planning*, 109-120.
- Shaw, D., & Duff, R. (2002). Ethics and social responsibility in fashion and clothing choice. *Proceedings of the EMAC Conference*. Braga.
- Shaw, D., & Tomolillo, D. (2004). Undressing the ethical issues in fashion: a consumer perspective. In M. Bruce, C. Moore, & G. Birtwistle, *International retail marketing: A case study approach* (pp. 141-152).
- Sparks, J. R., & Pan, Y. (2010). Ethical judgments in business ethics research: Definition, and research agenda. *Journal of business ethics*, 405-418.
- Taylor, P. W. (1975). *Principles of ethics: An introduction*.
- Thompson, C. J., & Haytko, D. L. (1997). Speaking of fashion: consumers' uses of fashion discourses and the appropriation of countervailing cultural meanings. *Journal of consumer research*, 15-42.
- Timm, J. C. (2014, March 22). *Millennials: We care more about the environment*. Retrieved from MSNBC: <http://www.msnbc.com/morning-joe/millennials-environment-climate-change>
- Vanhamme, J., & Grobbsen, B. (2007). The effectiveness of CSR history in countering negative publicity. *Journal of business ethics*.
- Wang, Y., Lo, H.-P., & Hui, Y. V. (2003). The antecedents of service quality and product quality and their influences on bank reputation: evidence from the banking industry in China. *Managing service quality: An international journal*, 72-83.
- Watson, D., Clark, A. L., & Tellegen, A. (1988). Development and validation of brief measures of positive and negative affect: the PANAS scales. *Journal of personality and social psychology*.

- Watson, T. (2007). Reputation and ethical behaviour in a crisis: predicting survival. *Journal of Communication Management*, 371-384.
- Williams, R. J., & Barrett, J. D. (2000). Corporate philanthropy, criminal activity, and firm reputation: Is there a link? *Journal of business ethics*, 341-350.
- Wooldridge, J. M. (2015). *Introductory econometrics: A modern approach*. Nelson Education.

Appendices

Appendix A

Survey

Dear respondent,

Thank you in advance for helping me out with my thesis by filling out this questionnaire. It consists of several hypothetical scenarios and a couple of questions after each of them. The survey will not take you more than 7 minutes.

There are no right or wrong answers, so choose what is more true to you.

Enjoy!

Next page

Imagine that company X is a popular fashion brand that sells basic pieces of attire, like black and white T-shirts.

Black/white t-shirts are part of my wardrobe.

Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I often buy black/white t-shirts.

Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Next page

Scenario 1: Company X offers a wide variety of basic t-shirts both for men and women, being present in every department store of the Netherlands. Its corporate headquarters is located in Amsterdam, and it employs a large number of people. A significant share of their total revenue is spent on product improvement.

This information makes me consider to buy the product.

Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

This information associates with a negative feeling against the company.

Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

This information would possibly convince me to buy the product.

Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

This information adds positive value in the purchase process.

Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Company X offers a wide variety of basic T-shirts only for men.

Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

A significant share of their total revenue is spent on product development.

Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Next page

Randomizer: One of the following four scenarios will be randomly assigned with six questions below.

Scenario 2: Company X offers a wide variety of basic t-shirts both for men and women, being present in every department store of the Netherlands. Its corporate headquarters is located in Amsterdam, and it employs a large number of people. A significant share of their total revenue is spent on product improvement. This company was recently criticized for spilling dye in the river close to its factory, thus polluting the water and causing damage to the surrounding habitat. After this case, the company officially admitted their guilt, but did not offer any compensation to the locals.

This information makes me consider to buy the product.

Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

This information associates with a negative feeling against the company.

Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

This information would possibly convince me to buy the product.

Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

This information adds positive value in the purchase process.

Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

The company was recently accused of polluting water.



The company offered compensation to the local community.



Scenario 3: Company X offers a wide variety of basic t-shirts both for men and women, being present in every department store of the Netherlands. Its corporate headquarters is located in Amsterdam, and it employs a large number of people. A significant share of their total revenue is spent on product improvement. This company was recently criticized for spilling dye in the river close to its factory, thus polluting the water and causing damage to the surrounding habitat. After officially apologizing for the incident, the company offered monetary compensation to the locals and assisted the government into cleaning the water from the spill.

This information makes me consider to buy the product.



This information associates with a negative feeling against the company.



This information would possibly convince me to buy the product.



This information adds positive value in the purchase process.



Company X was recently criticized for killing all the animals close to its factory.



The company compensated its misdeed.



Scenario 4: Company X offers a wide variety of basic t-shirts both for men and women, being present in every department store of the Netherlands. Its corporate headquarters is located in Amsterdam, and it

employs a large number of people. A significant share of their total revenue is spent on product improvement. This company was recently criticized for child labour at their factories, i.e. employment of children in work that deprives them of their childhood, interferes with their ability to attend regular school, and that is mentally, physically, socially or morally dangerous and harmful. After media put this case in the spotlight, the company officially admitted their guilt, but did not offer any compensation to the children or the community.

This information makes me consider to buy the product.



This information associates with a negative feeling against the company.



This information would possibly convince me to buy the product.



This information adds positive value in the purchase process.



Company X is a law-abiding company regarding employment of workers.



This company compensated the community next to their factory.



Scenario 5: Company X offers a wide variety of basic t-shirts both for men and women, being present in every department store of the Netherlands. Its corporate headquarters is located in Amsterdam, and it employs a large number of people. A significant share of their total revenue is spent on product improvement. This company was recently criticized for child labour at their factories, i.e. employment of children in work that deprives them of their childhood, interferes with their ability to attend regular school, and that is mentally, physically, socially or morally dangerous and harmful. After media put this case in the spotlight, the company officially apologized and offered monetary compensation to the local government and sponsored the local anti-child labour NGO.

This information makes me consider to buy the product.



This information associates with a negative feeling against the company.

Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

This information would possibly convince me to buy the product.

Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

This information adds positive value in the purchase process.

Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Company X was recently criticized for polluting the environment.

Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

This company compensated its misdeed.

Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Next page

Indicate your gender.

- Male
- Female

Indicate your age.

- 18-24
- 25-30
- Above 30

Indicate your nationality.

What is your occupation?

- Student
- Employee
- Self-employed
- Other

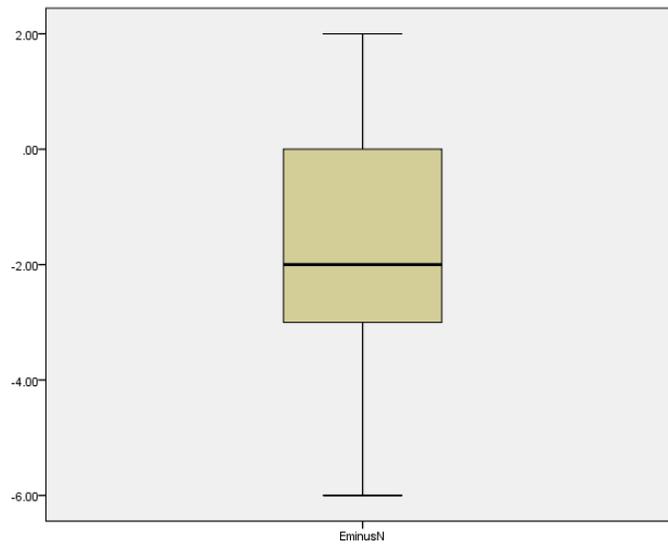
Appendix B

Frequency and percentage of age intervals of the respondents

Age	Frequency	Percentage (%)
18-24 years old	64	62.1%
25-30 years old	33	32.1%
Above 30 years old	6	5.8%

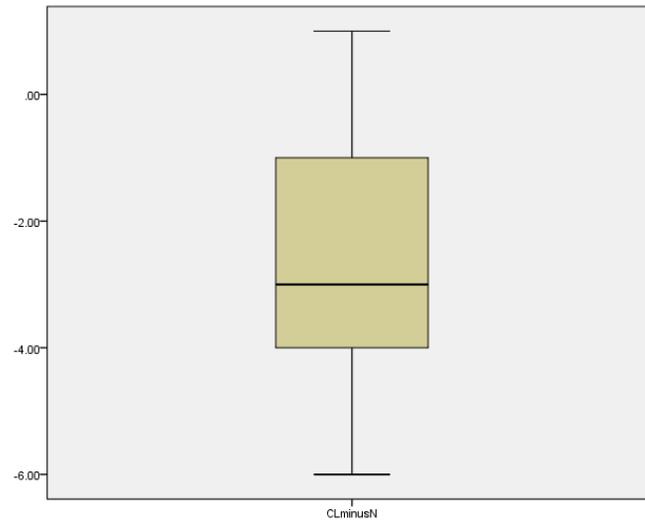
Appendix C

Boxplot with whiskers for the differences between the observations under the environment violation scenario and under the no violation one



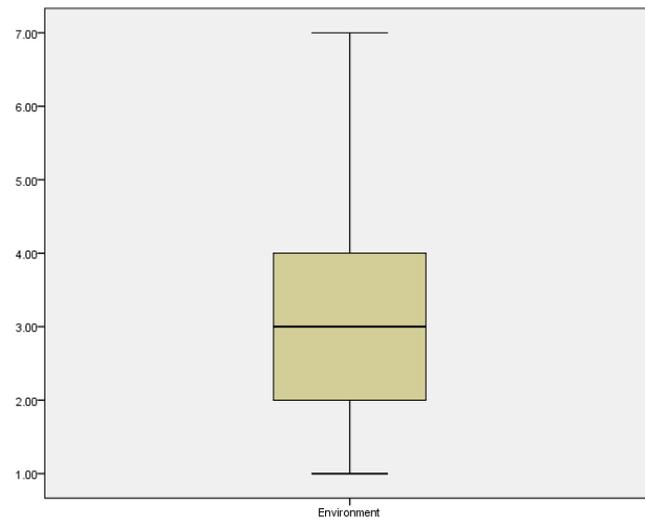
Appendix D

Boxplot with whiskers for the differences between the observations under the child labour violation scenario and under the no violation one



Appendix E

Boxplot with whiskers for the purchase intention of the environmental violations



Appendix F

Boxplot with whiskers for the purchase intention of the child labour violations

