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**ETHICAL ASPECTS IN PURCHASE BEHAVIOR IN BRAND  
CLOTHING**

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## ABSTRACT

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<p>The purpose of the thesis was to investigate the effects of applied business ethics to consumer perception, as well as the identification of possible research relationships among business ethics brand equity and consumer willingness to buy. The topic was chosen because brand clothing business was considered interesting and because ethical issues are a current topic in the business world and can be a big advantage or disadvantage for business organization. Quantitative research method was chosen to get a larger picture of consumers' opinion. The research was conducted by electronic questionnaire as well as in paper version. The main objective was to be able to create a bigger picture of ethical consumerism and the current opinions of the topic.</p> <p>In the current market, customers face a wide variety of alternative products and brands options. On the good side, this can be considered useful, since the customers can choose the best according to their special desires. On the negative side, these multiple varieties can make their decision hard, in the concern to get the best value of their money, time and effort in the process of buying.</p> <p>The results of this survey indicate that business ethics do not affect consumer perceptions. However, a strong positive relationship is shown between consumer perceptions and actual willingness to buy. The result of study also showed that consumers would like to get more information easily on ethical brand clothing. With better marketing majority of the respondents would prefer business organizations with good ethical values and be willing to pay more for ethically produced clothing.</p>		

<b>Key words</b> Brand Equity, Business Ethics, Consumers Perception, and Willingness to Buy
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## 1 INTRODUCTIONS

Ethics as a study has been correlated and current in the business field for long period of time. Ethics is a concept that is difficult to be defined in the existing literature. Today, in the contemporary, competitive business world, due to the influence of both globalization and new technologies, ethics and ethical considerations are being increasingly important as the business world is experiencing a financial fluctuation which has both, social and ethical implications. (Schwartz 2017, 12.)

Business ethics is the application of ethical behaviour in a business context. Acting ethically in business means more than just obeying applicable laws and regulation: It also means being honest, doing no harms to others, competing fairly in market, and declining to put your own interests above those of your company, its owners and its workers. (Gavai 2009, 2.)

It is widely acceptable today, that business ethics affect both customers and manufacturers, the two key elements that are included in the definition of business itself according to Gavai (2009) who defines business as “an interaction between manufacturer and consumers”. However, economic/business ethics and social ethics are different in their prospective societies. Marketing is a separate part of economics, its constant development as an independent field and its focus on the consumer behaviour alone, has resulted in an overemphasis on individual desires at the certain cost of values. Final destination of this, is the adaptation of a brand policy, and reduces perceived customers’ risks. (Gavai 2009, 2.)

In the current market, customers face a wide variety of alternative products and brands options. On the positive side, this can be considered useful, since the customers can choose the best according to their special desires. On the negative side, these multiple varieties can make their decision hard, in the concern to get the best value of their money, time and effort in the process of buying. (Thomas, Mullerat & Florensa 2011, 22.)

This is an important issue in the production of branded clothing consumer goods sectors, where this thesis is focused on. Business organizations consume their time to offer the best alternative in the market, the product with the best attributes, but often even when they succeed with that, the competition may catch up to them and they have to come up with new one to stay in the competitive market. (Schwartz 2017, 134-135.) This is one of the important reasons why the “brand” has such an important role for the business organization in this modern competitive market. Business organizations are not just selling their

product, they are also aiming to sell their brand effectively in their customers' mind. (Hoffman, Frederick & Schwartz 2014, 157-158.)

Ethical brand clothing considers sustainability in the production, as well as in its lifecycle. Sustainability is a long-term goal for people and business organizations all around the world where economy should not cause any harm to social and environmental elements. To achieve sustainability and transparency in the brand clothing industry, not only business organizations involved in the brand clothing industry are responsible for the change for better, the consumers are also part of this change as well.

Business ethics and corporate social responsibility have gained more attention in recent years. However, the consumers' perspective on ethics is still a little researched area. In this thesis a consumer's purchasing behaviour when buying ethical clothing is explored with a quantitative research by conducting survey. This study reports a survey on the view of consumers about ethics in clothing trade. Consumers' willingness to promote business ethics, as well as the obstacles to ethical consumption, are investigated. The analysis is conducted using the concept of brand equity in relation with business ethics and the formation of consumer expectation or perceptions

## **2 BUSINESS ETHICS**

In recent years, a succession of corporate scandals has rocked the international business community. As a result, many business organizations have invested considerable time, money and effort on the development of ethics management programs. Thus, codes of conduct, ethics management programs and ethics offices are being created with breathless haste. Business organizations are investing more in ethical management to keep their organization out of trouble and market the organization labelling themselves as organization with “Good ethical behaviour”. (Thomas et al 2011, 73.)

Ethics in general, is considered a difficult term to be defined. Most of us can understand it spontaneously but it is rather difficult to be precisely defined in word (Schwartz 2017). The notion of ethics in general, refers to a set of moral norms, principles or values that guide people’s behaviour. Business ethics can be considered in the simple definition as ethics mainly deals with what is wrong or right and what moral duties and responsibilities are. This definition is quite general and ignores many important factors. Aware of the complexity of the issue, Abilene Christian University’s professor Philip V. Lewis has conducted investigation and research from 1961 to 1981 to find the business ethics core definition. After finding some common ground of the above concepts, he compiled and introduced the concept of “business ethics” as follows: Business ethics is all the rules, criteria and ethical standards or regulation to provide guidance on standards of behaviour and honesty in certain cases (Lewis 1985, 377-383).

### **2.1 Ethical issues**

Ethics is not a recent discovery. Over the centuries, philosophers in their struggle with human behaviour have developed different approaches to ethics, each leading to different conclusion (Paliwal 2006, 22). The first time in history that there was a direct concern for business ethics was recorded on the 1920s. Later on, in 1970s the study about business ethics increased quite impressively while, the further development of business ethics, occurred after 1985 (Ma 2009, 213). Specifically, about business ethics, it seems that there is no national or even international agreement on the definition of the subject. Business executives from all over the world themselves have not uniformly agreed on a specific definition of business ethics. However, in the Encyclopaedia of Philosophy, business ethics is defined as “a term that incorporates three different but related meanings, signifying first, a general pattern or way of life, second



a set of rules of conduct or moral code and finally, an inquiry about ways of life and rules of conduct. (Thomas et al 2011, 73.)

In contemporary business and society, it is only the law that can ensure responsible ethical behaviour. Those organization who subscribe to this line of reasoning therefore invariably turn to stick legislation, more compliance measures and the threat of imprisonment to keep business organization in line. Despite its widespread implementation, this legislation approach does not seem to be working smoothly. News of fresh business scandals continues to arrive to our doorsteps almost every day. (Thomas 2015, 36.)

Ethics in business revolves around relationships. These relationships exist between business and consumers on multiple social and economic levels. Consumer rights, as well as expectations, are receiving increased attention in society today. The development of the Internet, media and international business development has demanded the need for further development and structure of international business ethics in global business with different cultural background. (Thomas 2015, 36.)

However, not all the researchers, authors and business executives share the same opinion about business ethics. Firstly, between business and ethics there are always disagreements. On the one hand, society always wants the organization to create more high-paying jobs, but the other hand, the organization wants to reduce costs and improve labour productivity. Consumers want to purchase at the lowest prices, and organization would want the highest interest rate (Thomas et al 2011, 27). Society wants to reduce environmental pollution and organization want to reduce costs incurred when complying with regulations on environmental protection in their production activities. This fact lead conflict which in unavoidable in the concept of business ethics, owing to difference in the company's interests with the interests of workers and consumers and whole society (Painter-Morland 2008, 1-3).

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



FIGURE 1. Carroll's Corporate Social Responsibility (adapted from Collins 2008)

Carroll's Pyramid of corporate social responsibility is a simple framework that helps argue how and why business organization should meet their social responsibilities (Collins 2008, 44-45). The four responsibilities displayed on the pyramid are economic which includes the responsibility of business to be profitable and only way to survive and benefit society in long term. Legal is the responsibility to obey laws and regulations for example employment regulation, competition, health and safety. Ethical is the responsibility to act morally and ethically, with this responsibility business should go beyond narrow requirement of the law for example treatment of suppliers, environment responsibility and responsibility toward employees and finally philanthropic is the responsibility to give back to society for example charitable donation, staff time on projects and more. (Hoffman et al 2014, 157-158.)

### 2.1.1 Making ethical decisions

Making good ethical decisions requires a trained sensitivity to ethical issues and a practiced method for exploring the ethical aspects of decision and weighting the considerations that should impact our choice

of a course of action. The most essential part of making ethical decision is to have a method. When practices regularly, the method becomes so familiar that organization work through it automatically without consulting the specific steps. In contrast to the “right-versus right” problem posed by an ethical dilemma, an ethical decision entails a “right-versus-wrong” decision one in which there is right ethical choice and a wrong unethical choice. When business organization makes a decision that’s unethical or illegal, business organization has committed an ethical lapse. (Lefkowitz 2003, 3-4.)

Every successful business has made important and courageous decision. Everything in the business is about taking right decision in the right time in the right place. One of the most challenging aspects in decision making is to cooperate with the most reliable and accurate information in order to have the best insights of an issue and take the most suitable decision. Business organization that are taking into consideration, the ethical concerns of their stakeholders and have high-quality and reliable information involved into the organization’s strategic decision-making process, can recognize better business opportunities because of ethical concerns. In this concept, ethical considerations in making decision is the foundation of successful business since they are co-related with increase growth, enhanced profitability and improving the overall organization’s performance. (Collins 2008, 102-103.)

An ethical dilemma is a morally problematic situation: business organization has to pick between two or more acceptable but often opposing alternatives that are important to different organization. According to James Burke, there are five mental steps to confront with ethical dilemma. (Collins 2008, 48-49.)

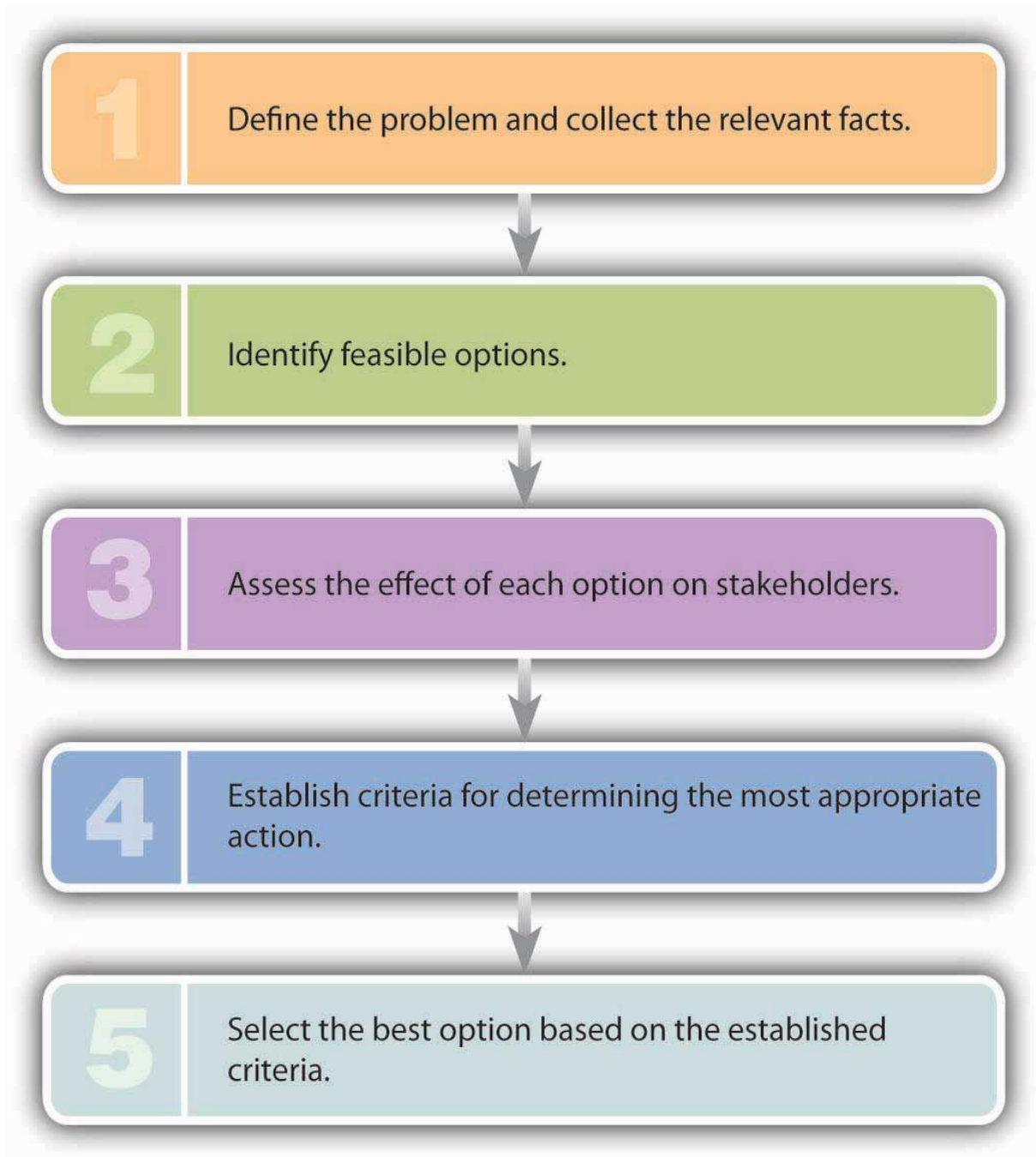


FIGURE 2. How to Face an Ethical Dilemma. (adapted from Exploring Business 2008)

Above figure provide the step by step process when the business organization confront with an ethical dilemma by James Burke. According to Burke, the first step is to define the problem, how to respond the case without destroying the reputation of the business organization. Identifying feasible option is the second process to systematically assess and evaluate of all possible alternative approaches available for achieving the project objectives to figure out which of the options appear to be most effective and providing the best solution for the project. To assess the effect of each option on stakeholders is next option to

inform all the stakeholders of an organization and to put the safety of the public above stakeholders' financial interests. The next step is to put the interests of customers above those of other stakeholders. Final step is to select the best option based on the established criteria for the business organization. (Collins 2008, 49-50.)

The research conducted by the Ethics Research Centre (ERC) shows that when the member of the top management personnel shows ethical behaviour, their employees are 50% less likely to act unethically (Ethics & compliance initiative 2019). Thus, ethics is positively associated with the working conditions of an organization, increase of effectiveness and better relationship among the employees and top management. Moreover, business organization should focus more on the consumer perspective of the ethical issue. It is very important to understand customers' perception and beliefs regarding ethical issues when one makes business decisions, as customers may have an ultimate impact on their final purchase decisions. (Collins 2008, 52.)

Decision making as a process is a very important phase and thus has to be studied from both, a consumer and the business organization perspective. From a consumer perspective the moral criterion is increasingly important since it affects his/her eventual choice. From the business organization perspective is the degree to which marketers perceive that a situation involves ethical issues has important consequences for the business organization's performance and development. (Collins 2008, 48-49.)

### **2.1.2 Social and corporate sustainability**

Business sustainability is the management and coordination of environmental, social and financial demands and concerns to ensure responsible, ethical and ongoing success. Corporate social responsibility deals with actions that affect a variety of parties in the organization's environment. Business sustainability is a precondition for future growth (Epstein, Buhovac, Elkington & Leonard 2014, 42-43). A growing number of organizations are integrating sustainability into their business organization's strategy realizing that organization can do well by doing good. According to the 2017 McKinsey survey, 70 percentage of respondents said their organization have a formal governance of sustainability in place, up from 56 percentage in 2014 (McKinsey & Company 2019).

Sustainability in business is generally divided into two main categories:

- The effect business has on the environment
- The effect business has on society

The goal of sustainable business strategy is to make a positive impact on both of those areas. When business organization fail to assume responsibility, the opposite can happen, leading to issue like inequality, social injustice and environment degradation. (Ziegenfuss 2002, 174.)

The above has led to the development of the Stakeholder theory, according to which a business organization must fulfil its responsibility and commitment to various external and internal stakeholders in the marketplace and society such as: customers, suppliers, society, employees and the environment (Mathur & Kenyon 1997.) Sustainable corporate model should be adopted in order to be able to satisfy most of their stakeholders. As a result, business organization can only gain sustainability if is performing ethically. Therefore, business ethics is a fundamental value for the modern business organization, which is necessary to incorporate in its overall corporate strategy. (Epstein et al 2014, 45.)

Beyond the global challenges, sustainability can drive business success. Global investors today use environment, social and governance metrics to analyse an organization's ethical impact and sustainability practices. Sustainability is equity over time. As a value, it refers to giving weight in business organization decisions to the future as well as the present. Sustainability define that it is the ability to make development sustainable to ensure that it meets the need of the presents without compromising the ability of future generations to meet their own needs. (Epstein et al 2014, 46.)

Christensen et al (2007) adds that a sustainable business is able to contribute to an equitable and environmentally sustainable economy. According to this concept, sustainable business must create products and services that can accomplish society's needs, contributing to the well-being of the environment too.

Ecological product and product recovery (recycling, remanufacturing, or re-use) are two of the possible ways that business organization should adapt in order to perform sustainably (Paulo Davim 2010, 4-5). Sustainability refers to a whole set of activities and considerations regarding the present and the future human and ecological generation. As the result, the final consideration is actually, ethical is nothing else than what can business organization contribute to the wellbeing of future generation and adaptation of an Environmentally Conscious Supply Chain Management (ECSCM) that contributes to ecologically friendly, ethically comprehensive enterprise that seeks sustainability. (Samson 2010, 83-84.)

Still there are some business organizations who support the Friedman's position according to which the ultimate goal of a business organization is nothing else than profit maximization. The majority of business organizations argue that the actual objective is nothing else than organization survival in the competitive market: in this concept, profit is a precondition in order to keep focus on business ethics and achieve the strategic objective of sustainability. (Paulo Davim 2010, 55.)

### **2.1.3 Corporate leadership**

A business organization's corporate leadership is composed of the top executives who oversee its operations and plan its strategies for the present and the future. Corporate leadership is the top of a company's executive structure. Corporate leadership is another term that is often linked in with the notion of business ethics. For the manager of business organization, it is always critically important to define every time, what is ethically "appropriate", in a given situation presenting always the leadership advantage. A managerial leader might inspire the employees through establishing his ethical behaviour. This ethical behaviour has to be translated in everyday attitude and habits. There are two key responsibilities of management in relation to ethic: first is to ensure that ethical decisions are made and second, to develop an organization climate in which ethical conduct by employees is fostered. (Collins 2008, 55-60).

Another argument in ethical leadership is its potential conflict with corporate profitability. This conflict arises, in practice, whenever management does not recognize ethical corporate obligations, and the cost involved as an investment, which enhanced corporate reputation, sustainable business and corporate equity. As a result, a leader might be, confronted with matter such as dispose of the waste materials in proper way, reducing the company's cost, environment friendly and finding another solution to the problem. (Bakker 2007, 131.)

Corporate leaders demonstrate self-awareness through self-confidence. Corporate leaders must be confident risk-takers who is capable to manage business operation as well as the people that work for their business organization. Leaders are motivated to work diligently to achieve success, yet they show empathy in relationship building and influencing change in decisions and company's workforce (Collins 2008, 56). Leadership as a managerial task is a quite difficult one, to be applied in practice with success. However, leadership as a concept is positively related with improved corporate performance and reputation. Every successful business organization requires an ethical corporate culture and the ethical support of the CEO. (Collins 2008, 62.)

### 3 BRAND EQUITY

Brand equity refers to a value premium that a company generates from a product with a recognizable name when compared to generic equivalent. Business organization can create brand equity for their product by making them memorable, easily recognizable, and in quality and reliability. In today's competitive conditions of highly globalized market, which is characterized by an oversupply of product and services, the concept of brand is getting increased importance, as it considered as the most effective way to build and maintain strategic competitive advantages. The definition of brand equity varies across the literature, but ultimately the value of brand is being created through the brand's effect on consumers. Aaker (2011) defines it as a set of assets and liabilities linked to a brand, its name and symbol, that adds to or subtracts from the value provided by a product or service to a firm and/or to that firm's customers. (Aaker 2011, 47-49.)

A brand equity is an intangible asset for an organization. The concept of brand equity originated in order to measure the financial worth of this significant. Brand equity is the total value of the brand as a distinct asset. It can be delivered as the aggregate of assets and liabilities that are associated with the brand name and symbol which brings about relation customers tend to create with the brand. There are four principal components of brand equity and they are as follow: (a) brand awareness/ associations, (b) perceive quality, (c) brand loyalty and (d) brand satisfaction. (Aaker 2011, 47-49)

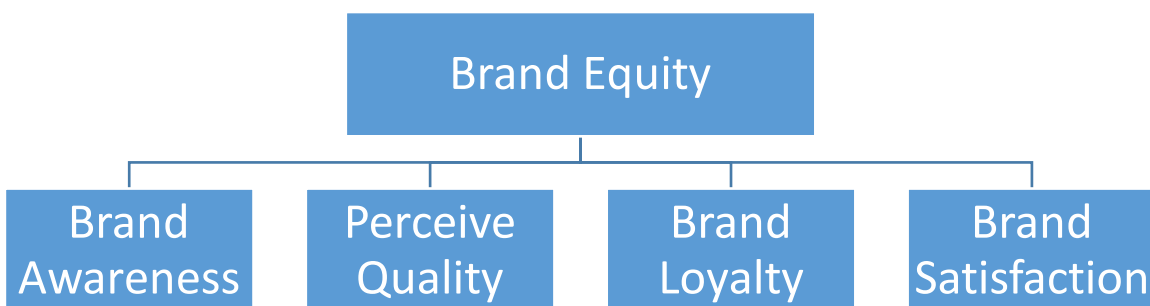


FIGURE 3. Brand Equity Dimensions (adapted from Aaker 2011)

These four components will be used in this study in order to assess brand equity relationship alone to corporate social responsibility and business ethics.



### **3.1 Brand awareness**

Awareness of the brand name among target customers is the first step in the brand equity process. Brand awareness means that customers know about the existence of the product/service and can also recall what category the brand is in. The lowest level of brand awareness is when the customer has to be reminded about the existence of the brand name and higher level of brand awareness is when customer can recognize the organization's brand from among a list of brands in the category. (Grönlund 2013, 34.)

According to Kotler brand awareness is defined as a "name, term, sign symbol (or a combination of these) that identifies the maker or seller of the product". It is considered as a vital component of brand equity but not the only one. In order to build brand awareness, two different preconditions are necessary. Firstly, the familiarity of a brand must be increased through repeated exposures and secondly, there must be strong associations with the appropriate product category. (Keller, Aperia & Georgson 2008, 55.)

Brand awareness is one of the key dimensions of brand equity and it includes a customer's ability to remember the product, name, advert, tagline, logo etc. Brand awareness leads to consumer's assessment of perceived risk and their determination to make a purchase decision, driven by the familiarity with the brand and its varied characteristics. Brand awareness is the capability of a customer to identify a particular brand. It is basically what customer remember about the company's offering. Brand awareness can be how a customer remembers various element about a brand like logo, slogan, brand name, product type, advertisement etc. (Grönlund 201, 34.)

### **3.2 Brand loyalty**

Brand loyalty is a way of consumer behaviour through which consumers tend to get committed to a brand or product and make repeat purchase over time. Business organization plan different marketing strategies such as reward and loyalty programs, incentives, trials and brand ambassadors to create brand loyalty. Loyal customers are willing to re-purchase from the same purchased brand. It is considered one of the most important components of brand equity, having a direct, positive relationship with it. (Grönlund 2013, 5-6.)

This purchasing decision can be either conscious or unconscious, however, it is based upon trust that the brand fulfils the consumers. Brand loyalty is based upon emotional attachment which is created between the brand and the consumer. It is perceived by the customer that the brand will fulfil with emotional want or physical need in a unique way. Brand loyalty is the emotionally charged decision of a customer to purchasing a particular brand again and again. The customer has the perception that particular brand has the qualities that will meet their expectation or desire. (Chunawalla 2008, 46-48.)

Brand loyalty helps in building a strong customer base which in turn serves as a tool to surplus competitors. Business organization having strong brand loyalty customers experience repeated purchases of its product and service regardless of the fact that there are competitors in the market. Loyal customers of the particular brand are less likely to get influenced by the competitors thereby, increase the possibility that these customers will continue using the product and services of a particular business organization. (Chunawalla 2008, 48.)

### **3.3 Perceived quality**

Perceived quality can be defined as the customer's perception of the overall quality or superiority of a product or service with relation to its intended purpose, relative to alternatives. Perceived can be characterized as a feeling towards the brand. Perceived quality is customer's view of the quality of a product or service both in terms of what customer expect and also in comparison with how customer perceive the quality of competing offering. (Grönlund 2013, 92-93.)

Perceived quality is intangible. It cannot be measured on quantitative grounds, because judgements about what is important to the customers varies widely across different personalities, preference and needs. Perceived quality can be analysed into two factors. First, is product quality and second is service quality. If it is a product, the customer considers the following seven features for evaluation: performance, features, conformity with specifications, reliability, durability, serviceability, fit and finish. Whereas if it is a service, customer decision is based on the following five features: tangibles, reliability, competence, responsiveness and empathy. Customer's knowledge about the brand and his past experience with it are important for decision making. (Chunawalla 2008, 48.)

### **3.4 Brand satisfaction**

The positive attitude a consumer develops as a result of evaluating his consumption experience with a certain product is called satisfaction. Customer satisfaction is the precursor of brand loyalty, it is created after a process. Brand satisfaction is the result of customers' evaluations regarding the brand or product/service and the key factor of their decision to repurchase. Trust is built up by believing in the honesty and reliability of one side to the other. Brand satisfaction is expressed as the belief of consumers that the brand will fulfil certain function. (Chunawalla 2008, 61-62.)

Satisfying customers is very difficult before gaining their trust. In this context, trust also effects brand satisfaction. In the literature many studies show trust as a predictor of loyalty and if consumer's trust is established, consumer will be satisfied. Trust is very important for brand satisfaction. A consumer who trusts in brand will be satisfied and more willing to commit to it. (Chunawalla 2008, 63.)

#### 4 ETHICAL CONSUMERISM

Ethical consumerism is purchasing product and services that are made ethically i.e. without harm to or exploitation of human, animals or the natural environment. Ethical consumerism generally entails favouring products and business that take account of the greater good in their operations. Ethical shopping and consumerism in general are about taking responsibility for your day-to-day impact upon the world. (Schwartz 2010, 8.)

Ethical consumption consists of a set of ethical principles and rules. Ethical consumerism refers to buying behaviour which also reflect a concern with the problems of poor countries, where manufactures are paid with low wages and work in poor conditions only to produce cheap product for western countries and profits of multinational companies. Ethical consumer purchase product produced in good working condition, by a people paid a fair salary and who actually share benefit from the profit. (Schwartz 2010, 334-335.)

In the recent years a greater shift of market power towards consumers is observed and consumers are referred to as “the new counterbalancing force to capitalism” (Schwartz 2010, 214). In this point, individuals may take consumer decisions evaluating different dimensions of the product or service offering, including its ethical features. This has led to the gradual consolidation of the ethical consumers that express ethical concerns about issues such as environmental degradation and sweatshops in poor countries through their consumer decisions. Ethical consumer behaviours are complex because they might encompass a wide diversity of ethical issues from animal welfare, fair trade, behaviour and more. (Sahota 2014, 1-2.)

Under the trend of globalization, there is a big emphasis led over individual responsibility of the consumer. The context of ethical consumerism is about environment and social results attained from global trade. Selection of ethics by consumer is also considered as characteristic related to lifestyle of consumers. In the current market, customers are allowed to make selection from a wider canvas of product or services. Due to globalization and global competitiveness, consumers are more inclined to prefer local manufacturers or those with traditional products as they can share safety and the element of familiarity. The ethical consumption and buying ethical products are not common practices. The basic purpose of this particular research is about the investigation of ethical norms of consumerism from consumers' perspectives. The green consumption concept has been established already in understanding consumer

behaviour. The concept to ethical consumption gets wider perspective by analysing moral and ethical aspects as noted in the production and further the delivery of respective goods for example child labour, environmental degradation, testing over animals and more. Practices related to ethical consumer target in the accomplishment of socially responsible trade. Ethical consumers are those individual consumers with very important participation by the daily mode of buying decisions, in terms of promoting the practices of corporate ethics. On the other hand, ethical trade stands for international trade that is about the prevention of injustices noted under global trade like child labour and low paid labour, environmental degradation, infringement related to human rights. (Schwartz 2010, 114-115.)

The ethical consumerism gets viewed as both individual and social goals of the consumer with their ideologies. Consumers are liable to gain positive benefits meeting collective goals. There are the instances of ethical consumption that remains as identical kind of consumption and so the consumers lead ethical identity and lifestyle with their social values.

#### **4.1 Ethical procurement**

Ethics play a major role in procurement and are considered more important as technology and consumer behaviour change. Being ethical means being in accordance with the rules or standards for right conduct or practice for example procurement is involved in evaluation, negotiation, supplier selection, contracts sign off and more. Procurement personnel should conduct their business practices in the most ethical manner. Failing to accept ethical practices can lead to immoral and illegal practices such as bribery, illegal sourcing, favouritism and etc. The instance reaction to the idea of unsatisfactory procurement ethics is that it will damage brand image, if those ethics become public knowledge. Business organization have to make sure that actions are taken to follow proper ethics as this can only contribute to the success of any business. (Schwartz 2017, 73.)

In the current market competition, there is a continuous stream of business organization announcing new efforts to become more sustainable and engage in ethical sourcing practices. Ethical sourcing is the process of assuring the product/service being sourced are received in a responsible and sustainable way, that the workers involved in making them are safe and treated fairly and that social and environmental impacts are taken into consideration during the sourcing process. According to the Chartered Institute of Purchasing & Supply (CIPS), ethical sourcing also means that procurement process respects international standards against criminal conduct and human right abuses and responds to these issues as soon

as possible. However, most likely only a few people would deny that labour conditions in poor countries are normally very low criticized by western standards. Some of the issues are received wages in sweatshop styled export factories, working hours, and farms in Asia, Latin America and Africa. The sweatshop problem may include wages deductions for making mistake, job security, health and safety aspects. In the clothing industry many are injured by machines or fires. Another problem in clothing factories are exposure to dust and toxic glues. (Charter Institute of Procurement & Supply 2018.)

Sweatshops often have poor working conditions, unfair wages, unreasonable hours, child labour and lack of benefits for workers. In development countries, an estimated 168 million children ages 5 to 14 are forced to work. A study showed that doubling the salary of sweatshop workers would only increase the consumer cost of an item by 1,8%, while consumers would be willing to pay 15% more to know a product did not come from a sweatshop (Sluiter & Liesbeth 2009). There are numerous reasons why clothing manufacturing organization is been liked with labour abuse. In the period of globalization, garment factory was one of the first to transfer to developing countries and the reason is simple, clothing industry is a big business with high labour production cost. (Ross 2004, 1-3.)

Generally, the bigger, more visible and stronger brand name the organization is, the more it is disliked by ethical consumers. In many cases big clothing brand and retailers do generally have more ethical policies than the one producing no-name goods. Reality is that these polices only go so far, and arguably the aggressive buying practices and political donation replace the good they have done with ethical characters. The problem is that consumers do not have the power to overhaul the brand cloth industry, or to change customer mentality of buying fast fashion. Bad choices are made so easy for customer for example when faced with the choice between 20 euro clothes from a chain store or buying an ethically produced cloth for 200 euro, there is a clear incentive to buy one over the other. Many consumers simply cannot afford to prioritise ethics over price. So, in many cases customer valuable knowledge about ethical brand clothes is difficult to put into practise. Brands with power and money should be using that power to make changes and lead the way. Instead, many business organizations are producing cheap fashion without considering the position of workers down the supply chain. (Ross 2004, 67-68.)

Many would argue that the free market will lead business organization towards ethical practices. In theory, if consumers do not like unethical brand clothes, they will stop buying it, so business organization will stop using unethical practices. But it is not that simple and that theory has not worked. Consumers are trapped into “bad” purchase because of drastic price differentials. Purchasing ethical clothes means purchasing one cloth for the price of five and that is not a choice that many people are able to afford. To

make matter, many business organization refuse to disclose information about their unethical practise that means consumers have to dig information by themselves. Sometime it is even more complicated. Supply chain can get so messy under pressure that the business organization themselves do not even know where or how the fabric is made. It is not up to the buyers of clothing to change the practise of profit-driven companies. Transparency and ethical standards within the clothes industry are needed. (Ross 2004, 68.)

## 4.2 Ethical clothing

The world of sustainable fashion can be really vague place. In order to be sure that the clothing is actually ethical and ecological, it is good to have a certificate given by the ethical organization. As the globization of clothing industries has grown, importance of certification has increased. As consumer cannot follow the production process, with the help of certification organization consumer are able to trust that the production really is ethical and ecological. (Paleczny 2000, 11.)

A more secure way to evaluate a brand's sustainable practice is through certifications, but like the sustainable clothes brand, there are new certification everyday. To simplify the process, here are listed some of the most common certificates to recongnize ethical product.

### 4.2.1 EcoCert

This certification evaluates organic argiculture product. EcoCert started in France and has since expalnded internationally. EcoCert provide agricultural training and help make plans to move farms to more organic practices. EcoCert also certifies textiles made with organic grown materias according to Organic Content Standards. The aim of this standard is to guarantee the integrity and traceability of the raw materials during all stages of manufacturing. (Group Ecocert 2018.)



PICTURE 1. Logo of EcoCert (copied from Group Ecocert 2018.)

Ecocart is a tool for online customer to make their orders carbon neutral. Customer could see the photos, stories and specific social and environmental impact of their contribution as well as receive regular project updates, making the experience personalized and transparent. (Group Ecocert 2018.)

#### 4.2.2 Global Organic Textile Standard

If the cotton is produced in India, the weaving done in Pakistan, the cutting done in Bangladesh, the assembly done in China, and the printing done in the Germany, it is really easy to get standards mixed up. But the Global Organic textile Standard unifies standards between countries and stages of production. It verifies the organic status of 70% of textiles, and can be found on clothing made from organic cotton, hemp, wool or linen. At present situation, Global Organic Textile Standard has 19 authorised certification bodies monitoring 1.4 million worker and 4,600 facilities operating under their conditions around the world. (Global standard 2016.)



PICTURE 2. Logo of Gobal Organic Textile Standard (copied from Global standard 2016. )

The aim of the Global organic textile standard is to define requirements to ensure organic status of production materials, from harvesting of the raw materials, through socially and environmentally responsible manufacturing up to labelling in order to provide a credible assurance to the end consumer. (Global standard 2016.)



### 4.2.3 Fairwear Foundation

Sewing is one of the most labor intensive phases of clothes production, and its also the phase where the most labor problem are, so the Fairwear Foundation focuses on practical changes for garment workers. Fairwear Foundation membership means a brand has followed set steps based on the U.N. Declaration on Human Right. Employment are chosen freely, child under 15 are not employed, equal opportunity are given to all the employees, worker's union, a living wage, a safe working environment, regular and reasonable working hours. The Fairwear Foundation is based in Europe and works with brands that use European production. (Fairwear Foundation 2017.)



PICTURE 3. Logo of Fairwear Foundation (copied from Fairwear Foundation 2017)

Fairwear foundation is an independent, non-profit organization that works to improve conditions for worker in garment factories. (Fairwear Foundation 2017.)

### 4.2.4 Oeko-Tex

The Oeko-Tex standard tells customer the textile they are wearing does not contain toxic chemicals. The system they use has four tiers and includes chemicals that are illegal to use and chemicals that are legal but harmful to health are not in the product. The Oeko-Tex Standard 100 can be used in the various

production phase. Often Customer will see Oeko-Tex certificate next to Global Organic Textile Standard. (Oeko-tex 2017.)



PICTURE 4. Logo of Oeko-Tex (copied from Oeko-Tex 2017.)

OeKo-Tex is worldwide certification system for environmentally friendly and socially responsible production facilities in the textile and clothing industry. (Oeko-tex 2017.)

#### 4.2.5 Cradle 2 Cradle

Everything that grows goes back to the ground eventually, and Cradle 2 Cradle is all about this lifecycle. The material is a product, like the rest of nature, should have a biological cycle – unless they are made from manmade chemicals that take centuries to biodegrade. Cradle 2 Cradle certification focuses on the organic health of a garment’s material, its renewable energy use, recyclability, water efficiency quality and the social responsibility behind its production. (Cradle to Cradle 2019.)



PICTURE 5. Logo of Cradle 2 Cradle (copied from Cradle to Cradle 2019)

Cradle to Cradle Certified is globally recognized measure of safer, more sustainable products made for the circular economy. Brand clothing designer, manufacturers and brands around the world rely on Cradle to Cradle Certified standard as a transformative pathway for designing and making products with positive impact on social and environment. (Cradle to Cradle 2019.)

#### 4.2.6 Ethical Trading Initiative

After the human rights abuses in the global fashion industry were exposed in the 1990s, the Ethical Trading Initiative was launched to oversee manufacturing centres. The founding mission is very straightforward – protecting worker’s rights in global supply chains. Member brands such as H&M still have a long way to go in making sure their supply chain is ethical and transparent. (Ethical Trading Initiative 2019.)



PICTURE 6. Logo of Ethical Trading Initiative (copied from Ethical Trading Initiative 2019.)

The Ethical Trading Initiative is an alliance of business organization, trade unions and voluntary organizations. It works globally to improve working conditions for people who produce raw materials or produce consumer goods. (Ethical Trading Initiative 2019.)

#### 4.2.7 Bluesign

The Bluesign standard shows a textile has the smallest ecological footprint possible. Bluesign assesses from the bottom up looking at resource productivity, water emission, air emissions, consumer safety and occupational health and safety. This certificate is granted for those looking at environment footprint above all else. (Bluesign 2019.)



PICTURE 7. Logo of Bluesign (copied from Bluesign 2019.)

Bluesign is a system that provides safer and more sustainable environments for workers and everyone to live in. Blue sign traces each textile's cycle along the manufacturing process, making improvements at every stage from factory floor to finished product. (Bluesign 2019.)

#### 4.2.8 Certified B Corporation

Corporations are often seen as the enemy of sustainable development, but Certified B Corporations are working to provide an environmentally friendly alternative. Certified B Corporations meet comprehensive social and environment performance standards and have a legal structure focuses on corporate accountability.



PICTURE 8. Logo of Certified B Corporation (copied from Certified B Corporation 2019.)

The principal behind becoming a Certified B Corporation is that a business has a responsibility to the community and the planet. It is a new model for transparent, positive business from clothing brands and consultancies to food growers and beyond. (Certified B Corporation 2019.)

#### 4.2.9 Fair Trade Certified

Fair Trade Certified means that people in the supply chain of a product have paid fairly for their work and products, often above current market rates, and work in safe conditions. The treatment of people is put first and helps develop communities in some of the poorest areas in the world. This certification started with food products like coffee and chocolate and has since expanded to include textiles. Brand like Patagonia and prAna are Fair Trade certified. (Fair Trade 2019.)



PICTURE 9. Logo Fair Trade Certified. (copied from Fair Trade 2019.)

Fairtrade serves as an alternative to conventional trade and is based on the partnership between producers and consumers with the goal of improving lives and reducing poverty through ethical trade practices. The Fairtrade certification system aim to assure consumer that their purchase would meet economic, social and environment standards. (Fair Trade 2019.)

## 5 CONSUMER BUYING BEHAVIOUR

Consumer buying behaviour is the sum total of a consumer's attitudes, intentions, decision and preferences regarding the consumer's behaviour in the marketplace when purchasing a product or services. Business organization that wants to be successful must consider consumer buying behaviour when developing the marketing mix. Consumer buying behaviour is the actions people take with regard to buying and using products or services. Marketers must study buyer behaviour, such as how lowering or raising a price will affect the buyer's perception of the product and therefore create fluctuation in sales, or how a specific review on social media can create an entirely new direction for marketing mixed based on the comments of the target market. (Kumra 2006, 1-4.)

Understanding the customer's buying process is essential for marketing and sales. The buyer decision process will enable to set a marketing plan that convinces them to purchase the product or service for fulfill the buyer's or consumer's problem. (Kumra 2006, 7-8.)

### 5.1 Buyer decision process

The buying decision process is the decision-making process used by consumers regarding market transactions before, during and after the purchase of a good or services. Understanding business organization's customer's buying process is not only very important for their salesperson, it will also enable organization to align their sales strategy accordingly. (Khan 2006, 7-8.)

The five stages framework remains a good way to understand the customer's buying process. John Dewey first introduced the following five stages in 1910.

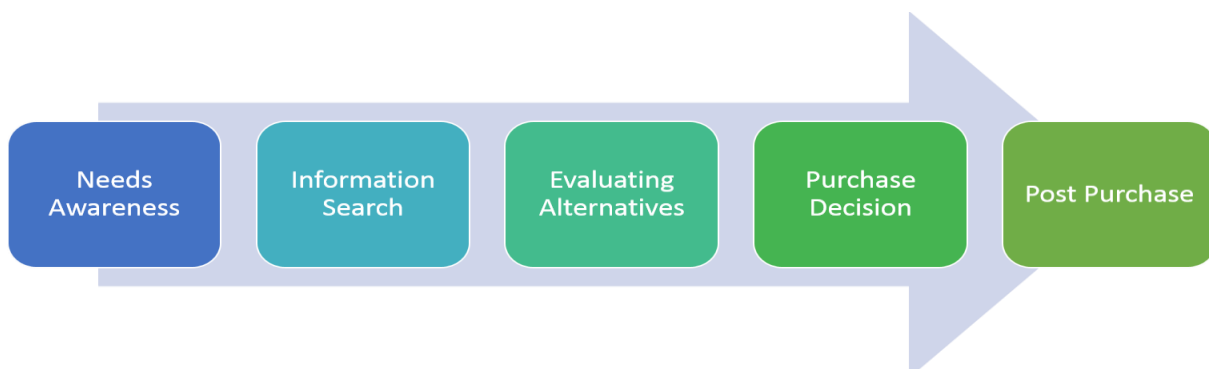


FIGURE 4: Consumer purchase decision Process (adapted from Consumer Behavior and Advertising Management 2006)

The consumer decision process helps markets to identify how consumers complete the journey from knowing about a product to making the purchase decision. Analyzing and understanding the consumer's purchasing process is essential for marketing and sales.

### 5.1.1 Need awareness

During need or problem awareness, the consumer recognize problem or need that could be satisfied by product or service in the market. Need awareness or recognition is the first stage of the buyer decision process. At this phase, the consumer recognizes a need or problem. The consumer feels a difference between his or her actual state and some desired state. This could be as simple as "I am hungry, I need food." The need may have arrived by internal stimuli such as hunger or thirst or external stimuli such as advertisement or word of mouth. The marketer must recognize the needs of the consumer as well as how these needs can be satisfied. (Kotler & Armstrong 2008, 65.)

### 5.1.2 Information Search

Once the customer or prospect recognized they have a problem or need, the next step is researching to find a solution. The second stage of the purchasing process is searching for information. The buyer may use Google search online, seek word-of-mouth recommendation and ask friends or family or read product or service reviews for their input. Customer search for information about the product or services they want. Consumers can get information about product and services from different sources. (Kumra 2006, 7-8.)

- Personal Sources: This includes friends, family, neighbours, acquaintance etc.
- Commercial source: This includes salesperson, advertisement, dealers, display, packaging etc.
- Public sources: This is mass media, consumer rating organization etc.
- Experimental sources: This includes examining, using, handling etc. Such information becomes confidential and decisive.

### **5.1.3 Evaluating alternatives**

With the information in hand, the consumer proceeds to alternative evaluation, during which the information is used to evaluate brands in the choice set. Evaluating alternatives is the third stage of buying process. Various point of information collected from different sources are used by customer in evaluating different alternatives and their attractiveness. Different consumers use different bases while evaluating goods and services. Generally, the consumers evaluate the alternative on the basis of price, attributes of product, belief in the brand, the degree on importance, satisfaction etc. to choose correctly. (Dunn 2008, 123-125.)

### **5.1.4 Purchase decision**

The fourth stage of the purchasing process is purchase decision. After the alternatives have been evaluated, consumers take the decision to purchase products and services. Consumer decide to buy the best brand, but their decision is influenced by other's attitude and situational factors. According to Philip Kotler, the final purchase decision may be "disrupted" by two factors: negative feedback from other customers and the level of motivation to accept the feedback. (Kotler 2012, 66.)

### **5.1.5 Post purchase**

In the final stage of the buying process, post purchase behaviour, the consumer takes action based on satisfaction or dissatisfaction. In this stage, the consumer determines if they are satisfied or dissatisfied with the purchasing outcome. This is critical for business organization because if a customer is satisfied this will result in brand loyalty, which will keep the customer coming back and spreading good reviews about what they have purchased. If the consumer is not satisfied in that case customer will be disappointed otherwise if customer is satisfied than they will be delighted. It is usually said that satisfy consumer tell about the product to 3 people and a dissatisfy consumer tell about the product to 11 people. Therefore, it is the duty of the marketer to satisfy the consumer. (Dunn 2008, 212-213.)

It is important that consumers feel they are in control of the buying decision-making process for them to follow through and make a purchase. Business organization need to develop design, sales and marketing



strategies that ensure their customers feel not only in control of the buying decision, but also that they have made the right choice. (Dunn 2008, 211.)

## **5.2 Influences on consumer decision-making**

Consumer behaviour can be classified as the decisions and actions that influence the purchasing behaviour of a consumer. What attracts consumers to choose a particular product with respect to others is a question which is often analysed and studied by marketers. It attempts to understand how the decision-making process goes and how it affects consumers' buying behaviour. Consumers seek product or service to satisfy their basic needs and desires. Consumer behaviour is much more than studying what consumers buy (Soloman, Bamossy, Askergaard & Hogg 2004, 68). Marketers study consumers buying patterns to monitor where consumer buy, what they buy and why they buy. However, why consumer buy a specific product or service is not easy to solve because the answer is locked with in consumers' mind. (Kotler & Armstrong 2008, 65.) Generally, consumers can be categorized to individual and organizational consumers. Individual consumers try to satisfy their own needs and wants by purchasing for themselves or satisfy the need of others by buying products or services for them. These individual consumers can come from different age, life stages and background. (Betsch & Haberstroh 2004, 120-122.)

A consumer's buying behaviour is influenced by cultural, social, personal and psychological factors. Consumers behaviour is a part of human nature and by studying previous buying behaviour, marketers can analyse how consumers might behave in the future when making purchasing decisions. (Kotler & Armstrong 2008, 67.)

### **5.2.1 Cultural factors**

Purchase role within the individual/family is influenced by culture. Culture is the set of attitudes, symbols, ideas and values created to shape human behaviour. Culture is the part of customs and traditions of group of people that is transformed into its clothing, food, art and language as well as other manifestations of specific group of related individuals. Culture is environmentally oriented for example, the nomads of Norway have developed a culture for Arctic survival similarly the natives of the Brazilian jungle have created a culture suitable for jungle living. (Betsch & Haberstroh 2004, 143-144.)

Culture definition is social in nature. Culture is human interaction that develops values and prescribes acceptable behaviour. Culture gives framework to society by creating common expectations. It is culture of an individual which decides the way he/she behaves. In the simple words, culture is nothing but values of an individual. What an individual learns from his parents, relatives and surrounding as a child becomes his culture. For example, in many South Asia countries, people still value joint family system and family ties as compared to Western countries where children are more independent and leave their parents once they start earning a living for themselves. Cultural factors have a significant effect on an individual's buying decision. (Kotler 2012, 71.)

### **5.2.2 Social factors**

Social factors affect consumer behaviour significantly. Every individual has someone around influencing their buying decisions. The important social factors are family, group, role and status. Every consumer is an individual, but still belong to a group. The group to which a consumer belongs is called membership group. The second group type is reference group. The reference group influence the self-image of consumers and consumer's behaviour. The reference group provides some sorts of comparison to consumer about their lifestyle, habit or behaviour. Usually there are many smaller reference groups formed by close friends, family, neighbors, or work group. (Dunn 2008, 43.)

Family members can influence individual consumer's buying behaviour. A family forms the environment for an individual to acquire values and develop personality. Family environment offers the possibility to develop attitudes and opinions towards several subjects such as social relations, politics and society. A family creates first perception about brand or product/service and consumer habits for example, the consumer who have created brand perceptions when they were young, can carry out same brand in adult life without realizing that their family influenced these selections. Social status reflects the position that the individuals have in social group based on such things as wealth, occupation or education. In many societies, status is important, and people want the admiration of others. Product and brand selection often reflect the social role and status. (Betsch & Haberstroh 2004, 76-77.)

### 5.2.3 Personal factors

An individual's decision is influenced by personal factors such as buyer's age, occupation, economic situation, personality, lifestyle and self-concept. Consumers' behaviour changes during life and buying of products alter depending on age and stage of life. Age related factors are such as taste in clothes, food, recreational activities and more. Moreover, values, hobbies, environment, lifestyle and consumer habits evolve during lifetime. Family lifestyle change purchasing behaviour and brand selection. Traditionally a family cycle includes only parents, young singles and married couples with children. Nowadays marketers are also focusing on alternative, non-traditional stage such as unmarried couple, same sex couple, and single parents. It can be assumed that consumer's taste can change during lifetime and has influence on brand clothes selection in different stages of life. (Soloman et al 2004, 212.)

A consumer's purchasing power and occupation influence purchasing decisions and buying behaviour. The income level affects what consumers can afford. Consumer, who share similar occupation tend to have similar taste in clothing brand and leisure activities. They usually socialize with each other and share the same kind of values and ideas. Consumer from lower income groups are probably more interested in buying product that are necessary for survival than spending on luxury brands or designer clothes. (Dunn 2008, 55.)

Each consumer has a unique personality. Personality is a broad concept that can be thought of as a way of organizing and grouping how an individual typically reacts to situations. Personality distinguishes one-person from another by individual character. These personal characters can be adaptability, sociability, self-confidence and dominance. Personality determines how we see ourselves and the world around us as well as how other people see us. Habits, attitudes, values and people around us from our personality. Personality changes during life when a person grows up and changes surrounding. (Dunn 2008, 55-56.)

### 5.2.4 Psychological factors

Consumer's choices are also influenced by four psychological factors for example motivation, learning, beliefs, motivation, attitudes and more. These factors are what consumers used to interact with their world. They are the tools consumers use to recognize their feelings. Gather and analyse information,

formulate thoughts and opinions and take action. Unlike the other three influences on consumer behaviour, psychological influences can be affected by person's environmental surrounding because they are applied on specific occasions. A need can be aroused to a sufficient level of intensity when it alters a motive. A motive is basically a need that pull a person to seek satisfaction. Abraham Maslow is one of the most known psychologists who has examined these human needs. He sought to explain why humans are driven by different needs at different times. (Kotler & Armstrong 2008, 108-109.)

There are many ways to classify consumer needs and much research with different methods has been done. The following Maslow's hierarchy of needs is just one example. Abraham Maslow developed a hierarchy of biological and psychological needs in which certain levels of motives are specified.



FIGURE 5. Maslow's Hierarchy of Needs (Principles of Management 2012.)

Above figure shows Maslow's hierarchy of needs from the most pressing at the bottom and the least pressing at the top. The basic rule is to satisfy first the basic need before proceeding up the next level. When that need has been fulfilled, it stops being a motivator and a person focuses on the next most important need. Maslow's needs are:

1. Physiological: basic need such as breathing, food, water, sleep.
2. Safety: need to feel secure, protected and healthy.
3. Love/belongingness: need to feel love and be accepted by others.
4. Esteem: to accomplish something and have status in a society
5. Self-actualization: to have enriching experience and feel self-fulfilment.

According to Abraham Maslow consumers are driven by particular needs at the particular times. Maslow defines that human needs are arranged in a hierarchy from the most pressing to the least pressing.

## **6 CONDUCTING RESEARCH**

This chapter focuses on the methodology followed in this study, presenting the various steps of the survey, as well as the measurement scales of the four variables under consideration that are: business ethics, brand equity, consumer perceptions and willingness to buy.

The research instrument is an online survey (questionnaire) which includes demographic questions about the participants and questions concerning the four research variables which are business ethics, brand equity, consumers perceptions and buying decision. Theoretical background that has been presented in report above which serves as the base for the questionnaire design for this research. This chapter begins with describing the research approach, continues with the process that the questionnaire has been designed, analysing and the scale measurements of each of the variables.

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

### **6.1 Research approach**

This segment describes the methodology that is used in order to collect the required data. Online questionnaire as well as paper questionnaire is used for the needs of this research. In order for core variables to be operationalized and measured, the questions of the survey are based on the theoretical background.

A quantitative approach is used since the research itself is associated with exploring connections between variables which is connections between business ethics and consumers' perceptions in this thesis. Quantitative research is the process of collecting and analysing numerical data. This research method can be used to find patterns and averages, make predictions, test causal relationships and generalize result to wider populations. In addition, quantitative research is selected due to character of the subject of this thesis; quantitative research helps to quantify attitudes, opinions and consumers' behaviour concerning the applied business ethics. (Kauda 2012, 95.)

Quantitative research helps to generalize the evidence found in the sample of given population in order to understand a certain phenomenon. It provides a wide range of different age groups, indicates the extensiveness of attitudes held by participants, and provides results which can be condensed to statistics. (Kauda 2012, 96.)

## **6.2 Scale measurement and operationalization**

The questionnaire formation describes the scale of measurement for the main variables of the research which are business equity, consumers' perceptions, business ethics and willingness to buy. The variables that construct the proposed conceptual framework were measured by using pre-existing scales from the literature. The questionnaire in order to receive the neutrality of the participants was not using any brand names as a reference, as the research objective was to capture consumers' sentiments and perceptions of business ethics in general way without using specific brand images that could influence the respondents in different ways. (Kauda 2012, 96.)

## **6.3 Questionnaire format**

The questionnaire of the online survey attempted to answer to the current research's hypotheses, started with the collection of the demographic characteristic of the respondents. Webropol electronic survey system was used to gather data to create the questionnaire for the research. Questionnaire is the most commonly used data collection technique because each respondent needs to answer the same set of questions. Thus, the questionnaire is an effective way to collect responses from large sample. The response rate, the reliability and validity of the data can be maximized by designing the questions carefully, creating clear layout of the questionnaire and simply explaining the purpose of questionnaire.

Questionnaire was made in English language and distributed to the consumers. The survey consisted of 15 questions: multiple choice questions and open question so respondents were able to give additional information and express opinion freely. Survey was relatively short so that it would be simple and quick to answer it in order to maximize the response rate. Webropol that was used to make the questionnaire created a direct link to questionnaire which were able to send to the respondents. After the pre-test of the questionnaire was finalized, the survey was put again online and was sent to more than two hundred

potential respondents through e-mail and social media (Facebook). The data was collected in the period of three weeks.

#### **6.4 Data preparation**

The collection of data starts with planning the questionnaire form and testing it. The planning of the questionnaire requires to have an aim for the research. There is different type of questions that can be used in a survey depending on the requirement of data. The questionnaires are self-administrated, which mean that the respondents complete the questionnaire by themselves on the internet or in the paper form. In this type of questionnaire, closed ended question have the most accurate data input. Therefore, most of the questions in the survey were chosen to be closed-ended.

Closed-ended questions are used together with one open-ended question, so that more in-depth answers can be obtained from the respondents. Open-ended question gives more particular answers, since the respondents can express freely their thoughts and opinions, and a more spontaneous response is obtained from the respondents. Multiple choice questions are structured and closed. This type of questions produces comparable data but compromise the accuracy because the respondent only has limited options to choose from.

An electronic survey form was chosen by using an internet application, Webropol as well as paper form was distributed so gather more respondents. The electronic survey application gives an easy platform for creating a survey, as well as collecting, reporting and analysing the data. 127 questionnaires were collected out of 200 respondents, that is 63,5% rate of return. After the process of collecting data was finalized, the data coding and preparation began by entering them into the Excel & Webropol data analyser software in order to be checked and analysed.

#### **6.5 Reliability and Validity**

The research was emphasised on reliability and validity in order to reduce the possibility of gathering the answer wrong. Reliability and validity are concepts used to evaluate the quality of research. Reliability and validity indicate how well a method, technique or test measures data. Reliability is about consistency of a measure and validity is about the accuracy of a measure. It is important to consider



reliability and validity while creating research design, planning methods and analysing results especially in quantitative research. (Vo.T.H, Czygan, Kumar & Raman 2017, 118.)

A questionnaire also has its disadvantage that might affect the reliability of the research results. Some of the respondents might not take the questionnaire seriously or there could be possibility for misunderstanding the question. The question should be well made so that there is no space to be misinterpreted easily, and the answer option broad enough for the respondent to answer correctly and truthfully. The questionnaire outline affects the reliability of the collected data. The researcher should try to maximize the validity, reliability and response rate. The researcher should design each question carefully, making the questionnaire layout clear, pilot testing the questions and planning carefully and executing the administration. (Vo.T.H et al 2017, 118.)

Ethical consideration was seriously considered by researcher during research. Every respondent was informed everything relevant with the particular research. Serious consideration was taken to protect the identities of the participants, ensuring that their answers are private and confidential. Deception is considered forbidden since it is unethical and finally the accuracy of the data has to be assured, as it is a basic principle in social science. (Jain & Surbhi 2019, 56.)

Finally, all the reliability and validity issues have been attended during the process of the research. All the respondents had the possibility to communicate with the researcher of this study any time (by e-mail), asking possible questions, indicating objections or any thoughts that may had. However, it was clearly mentioned in the beginning of questionnaire that all of the answers of the participants would be used only for the present research objectives and that would be kept confidential. In order to ensure unbiased results and honest responses to the questionnaire, the survey was extremely carefully structured, so that the respondents would be fully aware of the procedures applied. (Vo.T.H et al 2017, 118.)

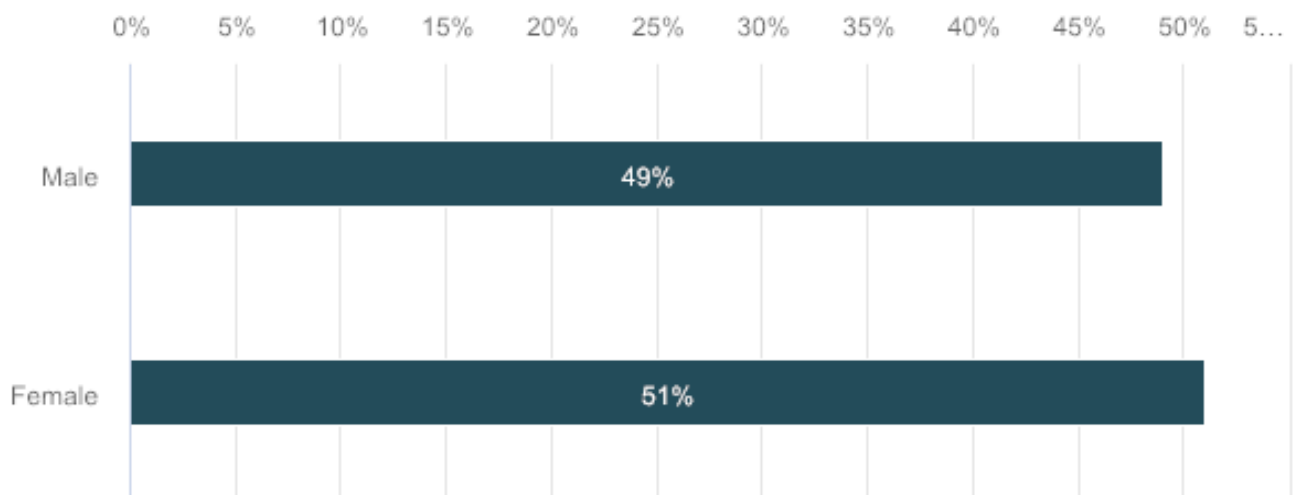
## 7 DATA ANALYSIS AND RESULTS

This chapter focuses on the data analysis of current research. First, the demographic characteristics of the respondents that participated in the survey are being presented. 200 questionnaires were sent out and 127 responses were received. The total response rate is calculated as follows,  $127/200 = 0,635 = 63.5\%$ .

### 7.1 Background

The questionnaire consisted of background questions, questions concerning business ethics values and consumer buying behaviour. The background question included respondent's gender, age and annual percentage of income spend in brand clothing.

TABLE 1. Gender

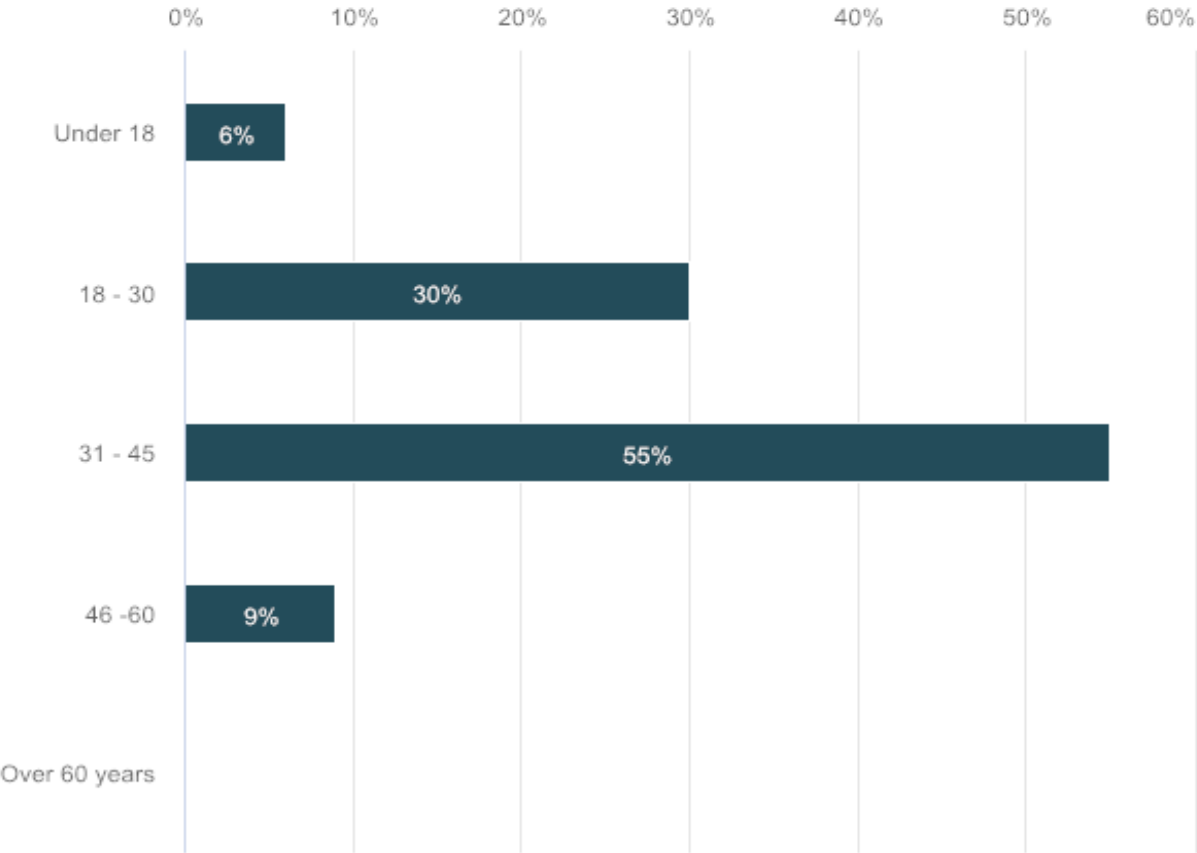


	n	Percent
Male	62	48.82%
Female	65	51.18%

The first question of the survey aimed to identify the demographic characteristics of the respondents. First, there was a question concerning their gender. According to table 1, out of 127 respondents, 62 (48.82%) of the sample were male and 65 (51.18%) of them female.

The second question of the survey was concerning the age of the respondents. The results are illustrated in table 2. As can be shown, 8 respondents (6.35%) belonged to age group of under 18, 38 respondents (30.16%) belonged to the range of 18-30 age group, 69 respondents (54.76%) belonged to range of 31-45 age group, 11 respondents (8,73%) belonged to the range of 46-60 age group and there were zero respondent in the range of over 60 years age group.

TABLE 2. Age

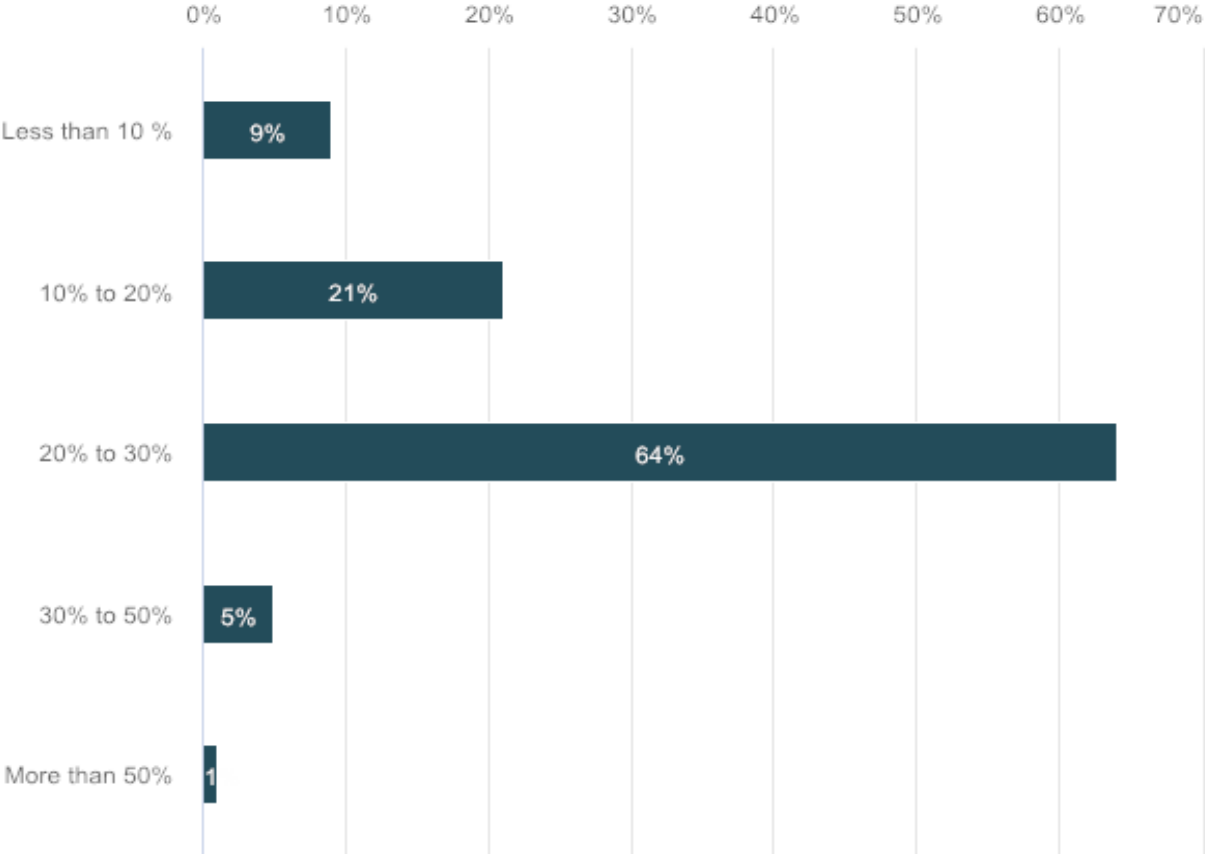


	n	Percent
Under 18	8	6.35%
18 - 30	38	30.16%
31 - 45	69	54.76%
46 -60	11	8.73%
Over 60 years	0	0%

Above mentioned table 2 shows that the age distribution was quite evenly spread, given the majority of respondents being in between 31-45 years who concluded as social and economically independent and there were null of the respondent over 60 years. The second largest group of respondents were 18-30 years.

The approximate percentage of income spent in brand clothing was asked in order to find out whether respondents annual expenses has any affect in the buying behaviour of ethical clothing. According to the report 12 respondents (9.45%) spend less than 10% in brand clothing, 27 respondents (21.26%) spend between 10% to 20% of their income in brand clothing, 81 respondents (63.78%) spend between 20% to 30% of their income in brand clothing, 6 respondents (4.72%) spend between 30% to 50% of their income in brand clothing and 1 respondent (0,79%) spend more than 50% of income in brand clothing.

TABLE 3. Percentage of income spent on brand clothing annually



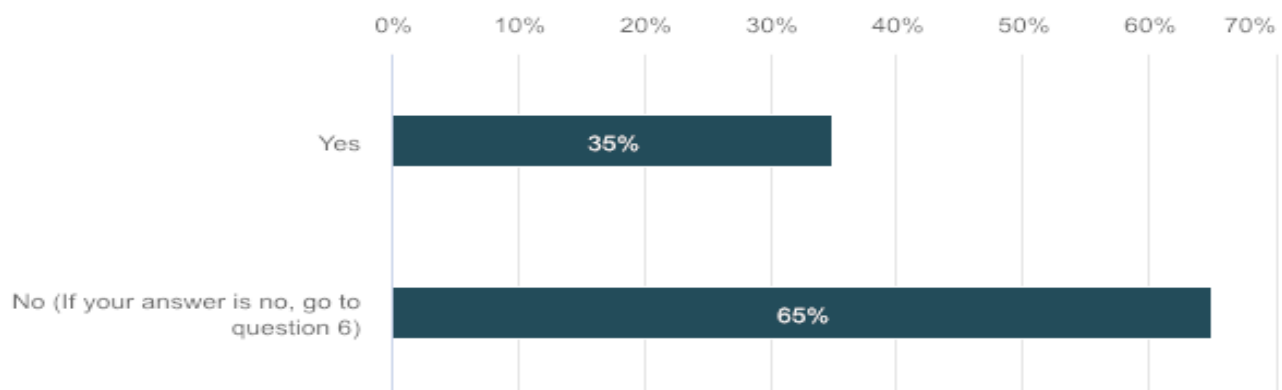
	n	Percent
Less than 10 %	12	9.45%
10% to 20%	27	21.26%
20% to 30%	81	63.78%
30% to 50%	6	4.72%
More than 50%	1	0.79%

The annual percentage of income spent to brand clothing was asked in order to find out respondent's purchasing behaviour on ethical brand clothing. According to table 3, it became clear that majority (64%) of respondents spent 20% to 30% of their annual income on brand clothing. This was expected because most of the respondents belonged into age group of 31-45: That's why it was expected to show on the expenditure levels as well.

## 7.2 Business ethics and values

Another question in the research part was to discover whether respondents search information on ethical principles applied by the producer before making the purchasing decision. The ethical issues are quite new subject so that researcher wanted to find out if the respondents understand what it really means and what effort they apply to understand business ethics. The total number of respondents was 126 of which 44 respondents (34.92%) searched information on ethical principle of brand before making the purchasing decision and 82 respondents (65.08%) did not bother to search information of ethical principles applied by the producer before making the purchasing decision.

TABLE 4. Number of respondents searching information on ethical principles



	<b>n</b>	<b>Percent</b>
Yes	44	34.92%
No (If your answer is no, go to question 6)	82	65.08%

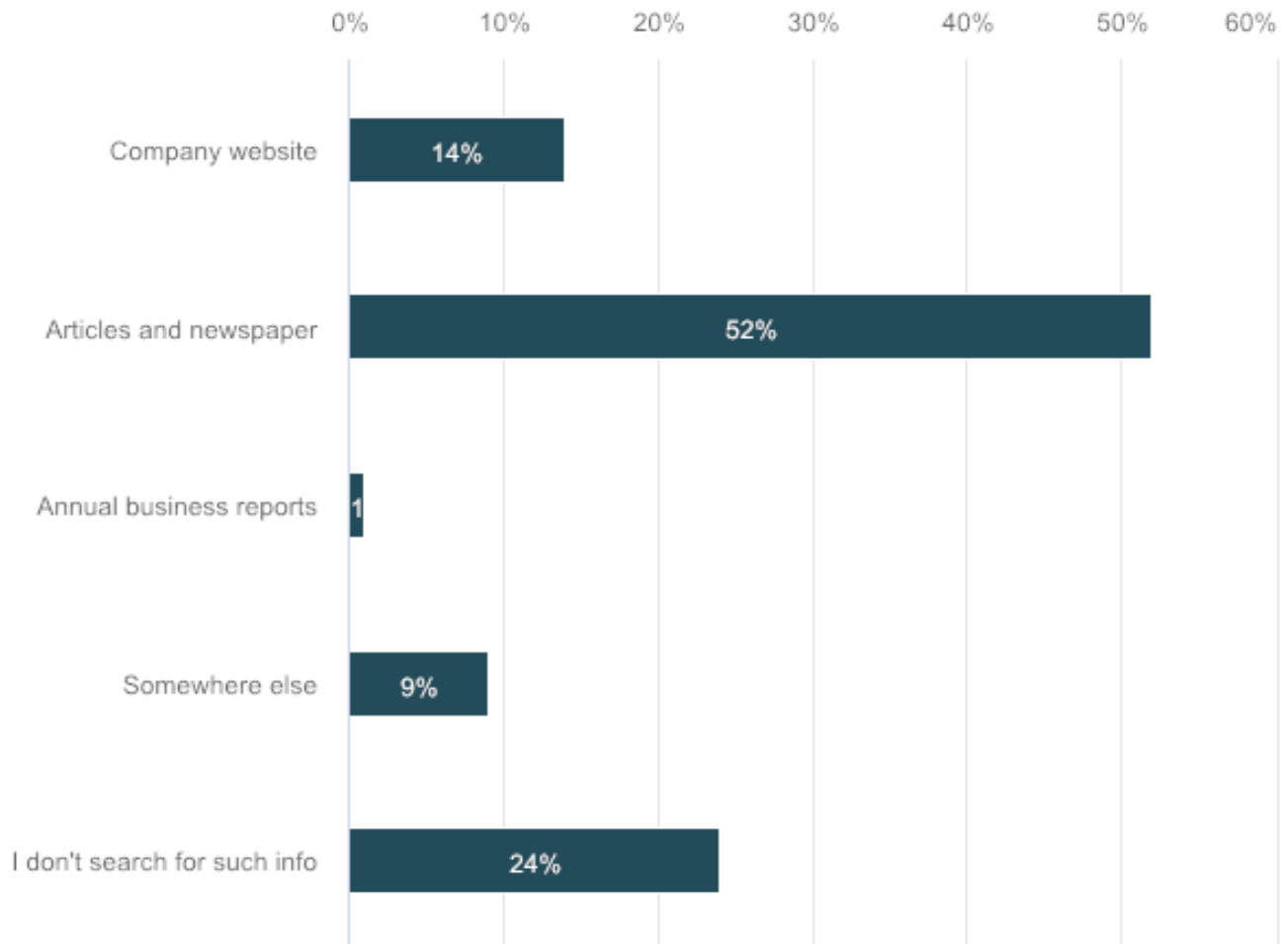
As mentioned in table 4, more than 65% of respondents were not interested to search information of ethical principles applied by the business organization before making purchasing decision. The reason behind this could be lack of ethical marketing by the business organization such as product, price, place and promotion using ethical views on the consumer-based relationship and perceived product quality in business to consumer transactions. A corporate marketing mix strategy with respect to ethical issues is crucial to generate a consumer-brand relationship and perceived product quality. In today's rapidly changing marketing environment, building strong relationships and brand loyalty with the consumer is becoming increasingly important for business organization. Thus, business organization should deliver their brand message and sell their products to consumers while considering social and environmental issues. Business organization also has responsibility to inform about ethical issues during marketing process to provide make more ethical consumers. Ethical marketing practices by a business organization affect the daily routine of consumer consumption activity. All the ethical marketing practices by a business organization are closely related to purchasing products, regardless of whether the company is aware of the strengths and weakness of the consumer purchasing power.

Consumers in current society continue to demand more high-quality products, and they would display a preference for brands that are socially reputable even at higher prices when evaluating similar products that are produced unethically. To improve the consumer-brand relationship and reinforce a business organization's moral aspect and ethical relationships with customers, it is necessary to consider factors that are unique to consumer-brand relationship quality. More attribution on ethical marketing by business organization would attract more interest in consumer to search information about ethical principles before making purchasing decision.

Another question in the ethical part was to discover from where respondents search information on ethical principles applied by the producers. There were total 66 respondents who answered this question. 9 respondents (13.64%) searched information on ethical principles of business organization through company website, 34 respondents (51.51%) searched information through article and newspaper about company's ethics, 1 respondent (1.52%) searched information on ethical principle of business organization through annual business reports, 6 respondents (9.09%) searched information on ethical principle of

brand through somewhere else and 16 respondents (24.24%) did not search any information on ethical principle of brand .

TABLE 5. Sources of information on ethical principles



	n	Percent
Company website	9	13.64%
Articles and newspaper	34	51.51%
Annual business reports	1	1.52%
Somewhere else	6	9.09%
I don't search for such info	16	24.24%

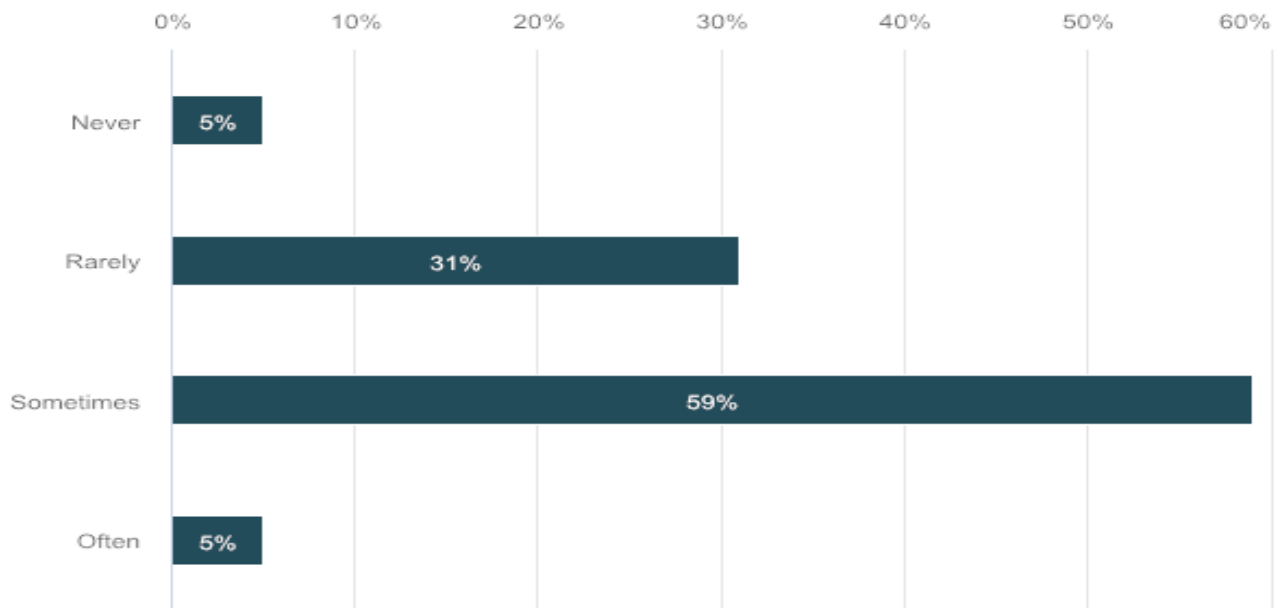
Sustainability is a central challenge of the fashion clothing industry. In the era where Internet and social networks allow information to spread faster, and ethical fashion clothing has negative impact in con-

sumer thoughts as many clothing brands do not publish their production procedure. Therefore, consumers interested in buying ethical brand clothing could have a hard time orienting themselves amongst the abundance of brands claiming to be ethical on the market. Consumers might make purchasing decisions based on their knowledge of a brand. According to table 5, more than 50% of respondents got the information about ethical principle of brands clothing through article and newspaper and annual business report is the least interest channel to receive information about ethical principle. 24% of respondents did not search any information on ethical principle of brand clothing. Lack of information on importance of ethical consumerism, consumer responsibility and lack of ethical production information from business organization could be the reason for not having interest to search information on ethical principle of clothing brands. One of the ways an ethical consumer could learn how aligned a brand is with the issues and/or values they care most would be by searching a company's website. 14% of respondents searched more information about ethical principle through company's website. The number of ethical consumers who view ethical fashion clothing gradually seems to be increasing, but it is difficult to work out how this attitude translates into purchasing behaviour, and especially whether consumers will spend more for an ethical product.

Question number six was about consumer buying behaviour and if the respondents' value ethically produced clothes or not. This question was all about purchasing behaviour of brand clothing that are described as environmentally or socially ethical by the respondents. The total number of 127 respondents answer this question. 7 respondents (5.51%) never bought clothing that are described as environmentally or socially ethical. 39 respondents (30.71%) rarely purchased brand clothing that are ethical, 75 respondents (59,06%) sometime bought clothing that were described as environmentally or socially ethical and 6 respondents (4.72%) often purchased clothing described as ethical.



TABLE 6. Purchasing behaviour on ethical clothing

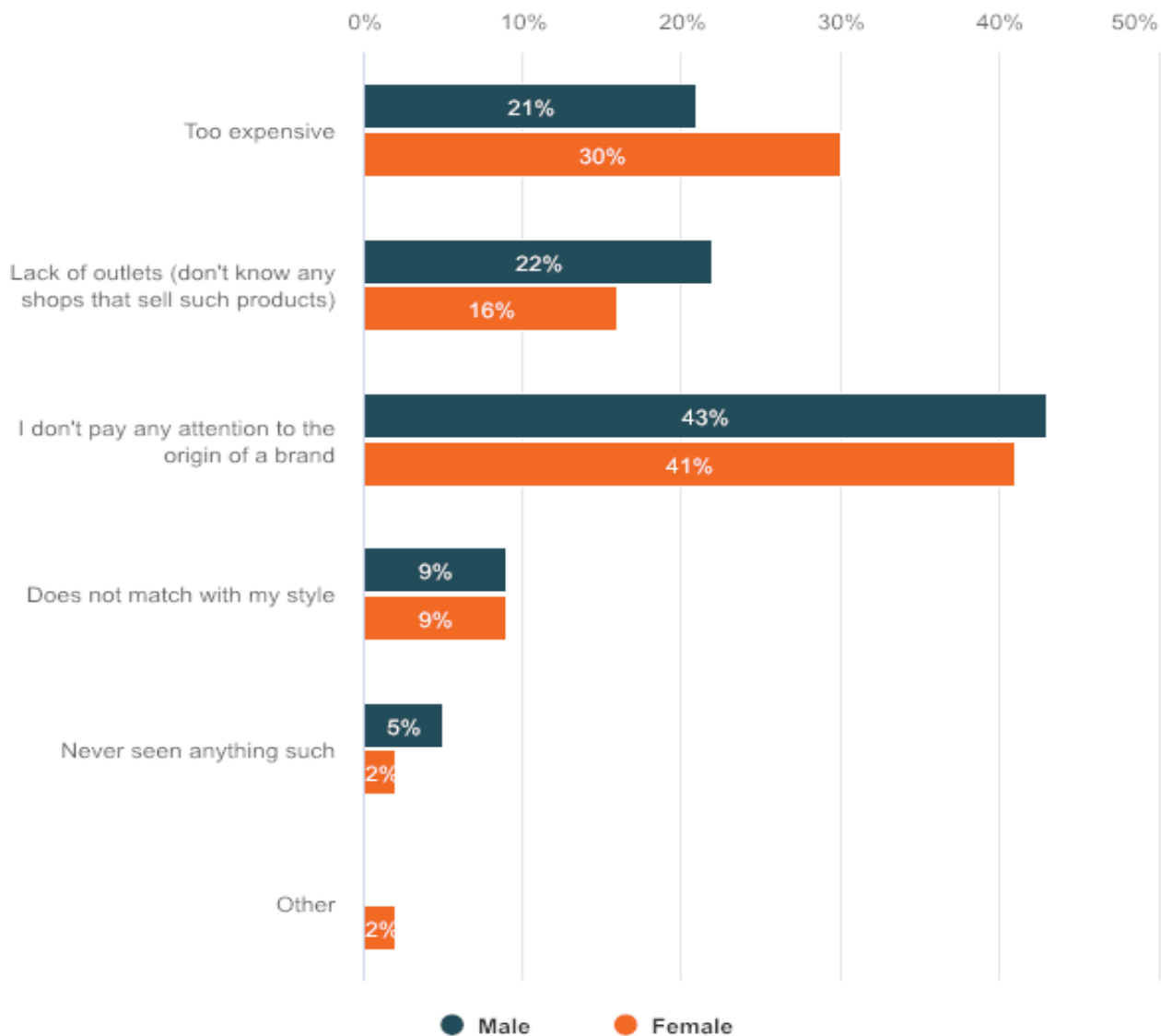


	n	Percent
Never	7	5.51%
Rarely	39	30.71%
Sometimes	75	59.06%
Often	6	4.72%

Ethical fashion is an alternative to fast fashion. With fast fashion the consumer has little or no visibility of how the clothes are made and what impact production has on workers and the environment. Fast fashion impacts are often devastating to those people making clothes, their communities and their local environment. Fast fashion also has a focus on consumers buying more and more clothes, with brands releasing more new ranges and trends, sometimes as often as daily or weekly, to encourage increased consumption. Whereas sustainable fashion has the potential of making a positive impact in the fight against climate change and the ecological crisis. Sustainable fashion is important in reducing the amount of water, chemicals, energy consumption and the excessive discarding of old clothes to landfill. According to table 6, 75 percent of the respondents purchased sometimes sustainable fashion clothing but only 5 percent purchase often. The reason behind this could be because ethical fashion is more expensive than mainstream fashion. The high price and quality hopefully mean that consumer will purchase fewer clothes which is one of the main things needed to make clothes shopping habits more sustainable.

Another question of the buying behaviour section was about factor influencing not to buy ethical brand clothing. The total number of 114 respondents answered this question. 29 respondents (25.44%) thought ethical products are too expensive in compare to another brand clothing. 22 respondents (19.3%) thought there were lack of outlets that sale brand clothing that are described as environmentally or socially ethical. 48 respondents (42.1%) did not pay any attention to the origin of a brand. 10 respondents (8.77%) thought ethically produced brand clothes did not match with their style. 4 respondents (3.51%) had never seen any brand cloths that are described as environmentally or socially ethical and 1 respondent (0.88%) had some other reason for not purchasing ethical brand clothing.

TABLE 7. Reason not to purchase ethical brand clothing

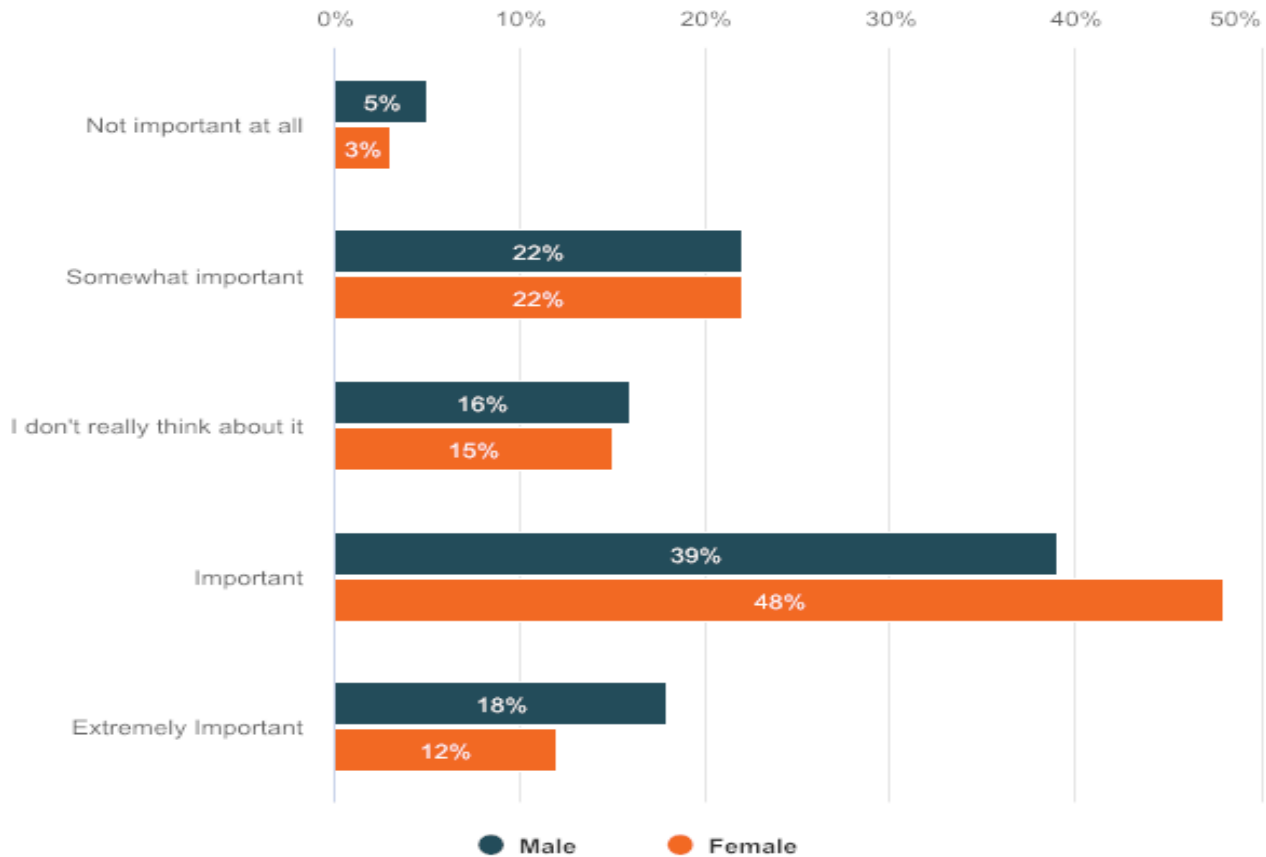


	n	Percent
Too expensive	29	25.44%
Lack of outlets (don't know any shops that sell such products)	22	19.3%
I don't pay any attention to the origin of a brand	48	42.1%
Does not match with my style	10	8.77%
Never seen anything such	4	3.51%
Other	1	0.88%

Consumers say they are becoming more concerned about the negative impact fashion brands have on the planet. However, there is a huge gap between what consumers are saying and how they behave. In the survey, 42% of respondent do not pay attention to the origin of the brand. Consumers say they want sustainable products, but they are purchasing mostly not so green products. Consumer wants be fashionable. Fashion is an emotional decision, not a rational one where aspects of sustainability and appearance are weighted consciously against each other, ethical aspect come usually last. An astonishing number of consumers are not interested in ethics into consideration when purchasing fashion brand clothing. Table 7 illustrates that 25 percent of respondents suggest ethical clothing are more expensive than fast fashion clothing. Money is also a deciding factor. Consumers are not willing to pay more for sustainable fashion and would rather pay more for style, quality and fashion which gives them value for money. 19 percent of respondents thinks there are lack of ethical clothing outlets (table 7). Lack of ethical outlet could be because there is less interest of ethical clothing by the consumers. This could be huge challenge to convince consumer to make sustainable choice. Brands need to tell better stories during the shopping experience to get consumers to make more ethical decisions. Sustainability information needs to be clear, visible and easily accessible, both online and store.

Another question was importance of ethics in fashion business to respondents. When asked about importance of ethics in fashion business 5 respondents (3.93%) did not agree importance of ethic in this business. 28 respondents (22.05%) thought somewhat important of ethics in fashion business. 20 respondents (15.75%) did not think about ethics during purchasing fashion product. 55 respondents (43.31%) thought ethic was important in fashion business and 19 respondents (14.96%) thought ethics was extremely important in fashion business.

TABLE 8. Ethics of fashion business to respondents.



	n	Percent
Not important at all	5	3.93%
Somewhat important	28	22.05%
I don't really think about it	20	15.75%
Important	55	43.31%
Extremely Important	19	14.96%

Ethical brand clothing emerges at the association of the worker rights' concern – implied in fair trade movements – with the energetic crisis and environmental that growingly intensified putting global scale socioeconomic systems under pressure and driving the growth in green product offerings. In the recent year the number of ethical values incorporated in fashion brand clothing proposals has progressively and sustainably increased. Thus, it is important that marketing communication advertise more the reason why it is essential to choose green products and change consumer understanding within a possible adverse perception of the inconvenience that this consumption may involve. According to table 8, 43 per-

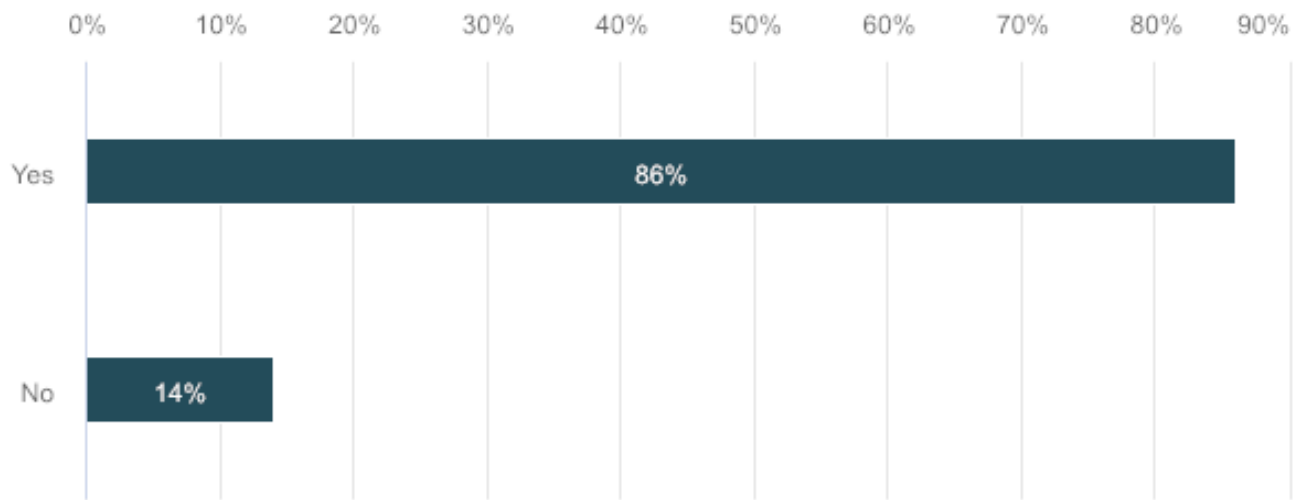
cent of respondents had positive attitude toward importance of ethics in fashion clothing brands. Consumers that regard environment issues as important have the tendency to refuse to buy unethically manufactured clothing brand product. Table 8 illustrates that 4 percent of respondent did not think there was importance of ethics in clothing brand. This could be because of disadvantage of the use of ethical products that may relate to higher prices and more ethnic style. Yet, the growing number of ethical clothing brands has been changing this situation and has come upon a significant range of style and preferences.

Differentiation within ethical clothing brand on the other hand, needs to be supported by effective communication that enables consumers to understand the raw materials used and their environmental impact during production, the manufacturing procedures involved and the supply and trade practices with products, and all the process that could contribute to strengthen consumer confidence in the value of the product or brand. Therefore the transparency of marketing communication is crucial to the sustainability of clothing brands, as well as their ability to apply influence on the consumer understanding of the benefits of reduction of environment impact in production, the benefit of fair trade, use of renewable, recycle or reuse resources, as well as of the importance of the corporate working responsibly in the society of which it is part.

### **7.3 Purchasing behaviour**

Another question was whether respondents buying behaviour would affect if they were aware of whether fashion product was ethical or not. More than third 109 respondents (85.83%) said it would affect their purchasing decision if they were aware of fashion product that were produce ethically or not. 18respondents (14.17%) said it did not affect in their purchasing behaviour even they were aware of fashion product that were produced ethically or not. Even though 39% of the respondents said in the beginning of the questionnaire that they did not care about the ethics of the purchased product, some of them would still favour a business organization to provide more information about their production process. This gives the impression that even though respondents did not choose ethical options right now, they might do so in the future, when information would be more easily available.

TABLE 9. Buying behaviour if respondents were aware of whether fashion product was ethical or not



	n	Percent
Yes	109	85.83%
No	18	14.17%

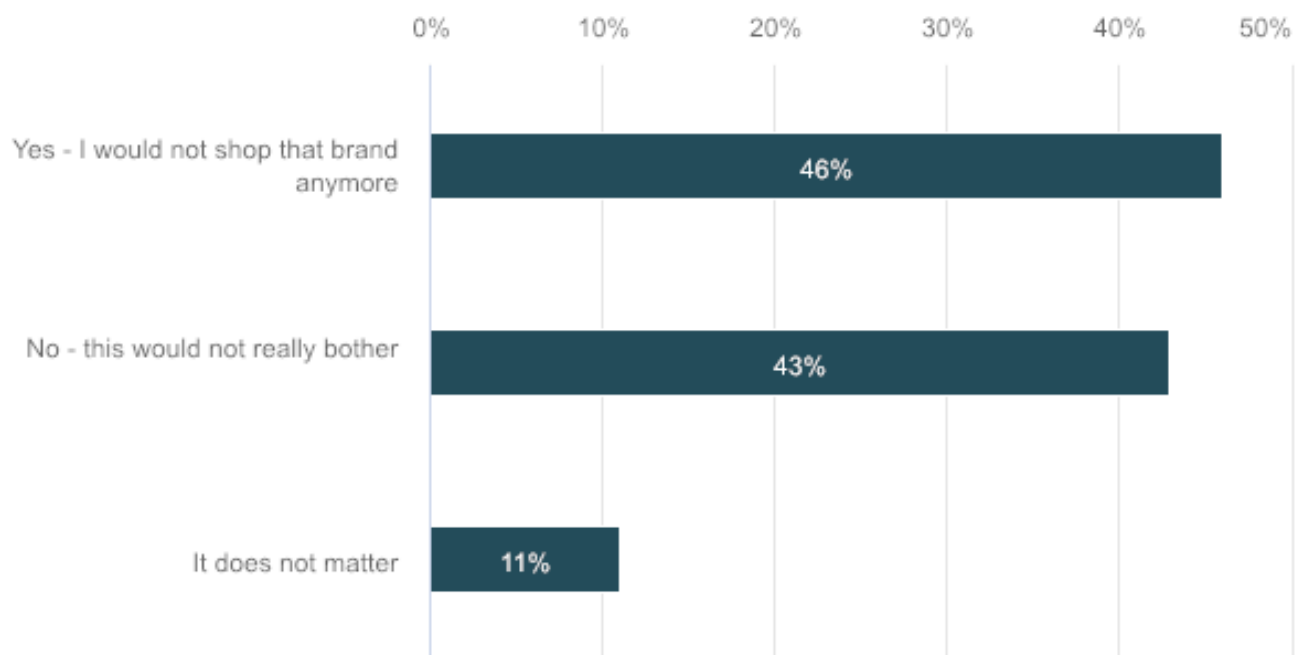
Ethical production has become increasingly important in the clothing brand industry due to the increase of consumer awareness and consumer demand of ethically produced clothing brand products. The clothing brand industry in general is not only becoming more conscious of these issues, but also becoming more aware of their responsibility to environment and society. Although few clothing brands may have a negative social and environmental impact, such as child labour, excessive use of harmful chemical, there are many brands dedicated to creating ethically produced fashion products that are not harmful to workers or the environment.

There is an increase in ethical consumption and consumers are willing to integrate ethics into their purchase decision. Table 9 shows that 85 percent of respondents agreed that they could change their purchasing behaviour if they would be aware of ethical behaviour of clothing brands. Ethical consumption is a form of symbolic consumption, and consumer would prefer to showcase their ethical beliefs through the products they wear. For the past few decades, more consumers are concerned with the social and environmental issues, and they have found to be more willing to pay a premium for ethically produced clothing brands. The rising importance of ethical responsibility is documented through different media outlets. Consumers are more aware of company's ethical behaviour through various information sources

such as social media, mass media, direct experience, and word of mouth. Consumer demand for more ethically produced clothing due to the growing awareness of the social and environmental influence of their own purchase behaviour. Consumer would be more cautious about purchase if they had more information about companies' ethical, social and environmental responsibility activities.

Another question was whether respondents would avoid shopping same clothing brand if they had discovered that a clothing brand was found to use unethical approach to their manufacture. 59 respondents (46.46%) would stop purchasing those clothing brand that were found to use unethical approach to their manufacture. 54 respondents (42.52%) did not bother with unethical manufacture and 14 respondents (11.02%) did not care about ethical manufacture of brand clothing.

TABLE 10. Purchasing decision on unethical product



	n	Percent
Yes - I would not shop that brand anymore	59	46.46%
No - this would not really bother me	54	42.52%
It does not matter	14	11.02%

Ethical practises have become increasingly important to a business organization's reputation at a time when consumer opinion can go viral in an instant. Table 10 reveals that 46 percent of respondents stop

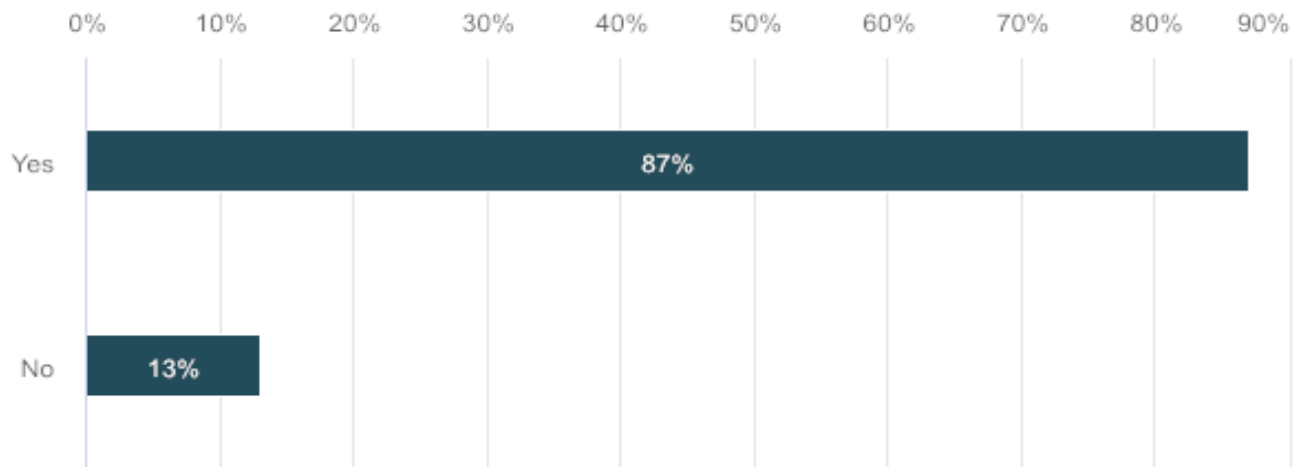
purchasing from companies they believe are unethical. Consumers are becoming more aware and educated about what they purchase and more importantly, the brand and business organization that they are purchasing from and being associated with. So, ethics and what clothing brand stands for is becoming much more important in the purchasing decision to the consumer. Consumer can express their concern about the ethical behaviour of business organization by means of ethical buying and consumer behaviour. In general, the ethical consumer feels responsible toward society and express these feelings with their purchasing behaviour. Consumer can translate their ethical concerns by purchasing brand clothing product for their positive ethical qualities or by boycotting brand clothing products for their negative ethical qualities.

Even though there is importance of ethical consumer, there is still gap between attitude – behaviour in consumer. According to table 10, 43 percent of respondents does not bother with unethical manufacture of the brand clothing. There are many factors to be taken into consideration for such response. A lot of purchasing behaviour could be based on multi-attribute decision making in which the ethical attribute may or may not be important. Another reason for the attitude – behaviour gap is the price factor. The measurement of purchasing behaviour has to take the willingness to buy into account. Finally, not all consumers are likely to purchase ethical brand clothing. Moreover, depending upon the characteristics and the preferences of individual consumers, different ethical dimensions may result in difference in wiliness to purchase products incorporating ethical values.

The next question was about whether respondents are willing to pay more for ethically produced clothing. There were 127 respondents for this question. 111 respondents (87.4%) would be willing to pay more for ethically produced clothing and only 16 respondents (11.02%) would not be willing to pay any extra for ethically produced clothing.



TABLE 11. Respondents willing to pay more for ethically produced clothing



	n	Percent
Yes	111	87.4%
No	16	12.6%

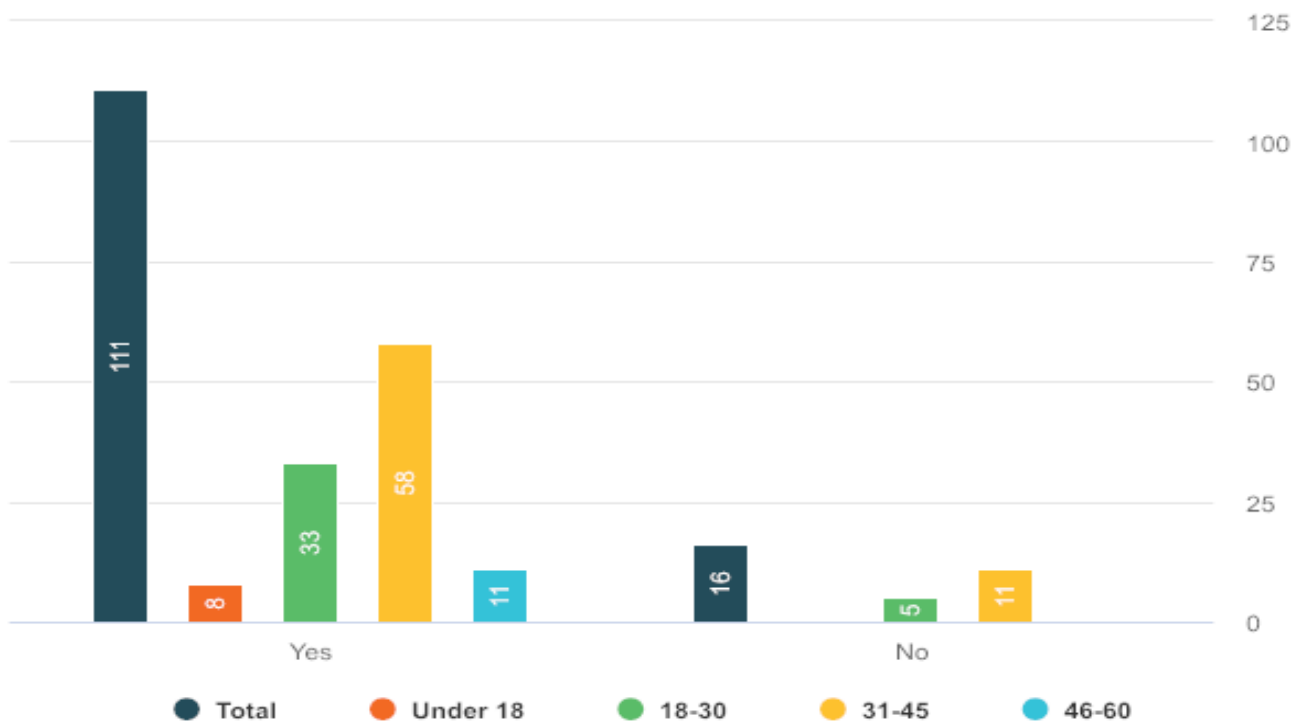
A good product is no longer enough to win a consumer's favour. Consumers want more than quality, often looking for clothing brands that align with their personal values. According to table 11, more than 87 percent of respondents consider sustainability when making a purchase and are willing to pay more for ethical clothing brand. Consumers are willing to pay more for goods that promise a reduced environmental impact. As sustainable or ethical clothing brand costs more sometime much more, consumers are being invited into a simple equation that is pay a premium and make a difference that will make consumer feel good. Ethical consumers definitely want to feel good about their purchase but making the leap to a more expensive product can be tough. That space between wanting to make a difference and actually buying is the biggest challenge facing in ethical clothing fashion.

Fast fashion brands have launched ethical clothing collections in response to these changing consumption patterns, targeting the generation of consumers that value ethical consumption. As social and environmental responsibilities have grown in importance in recent years, fast fashion brands are using various eco-friendly and recycled materials, developing various sustainable fashions through new product development, and conducting related sustainable marketing activities. In the new era, clothing brands will need to understand the importance of sustainable attitudes and the level of attention consumers are paying to how their product are sourced and the value they provide. The sustainability and transparency

of brand does appear to have growing value for consumers. Providing these qualities conveys a sense of trust and responsiveness to consumers.

It is also interesting to analyse whether the age of respondents would impact on willingness to pay extra for ethically produced clothing. In the figure below we could see that in every age group the willingness to pay extra for ethical clothing was quite different. The age group of 31-45 has the highest number of respondents of buying ethically produced clothing (TABLE 3). However, the same age group have highest number of respondents who did not want to pay more of ethically produced clothing. Also, the youngest age group, under 18 years, a total number of 8 would be willing to pay extra for ethical clothing brand.

TABLE 12. Comparison between age group & purchasing decision of ethical clothing

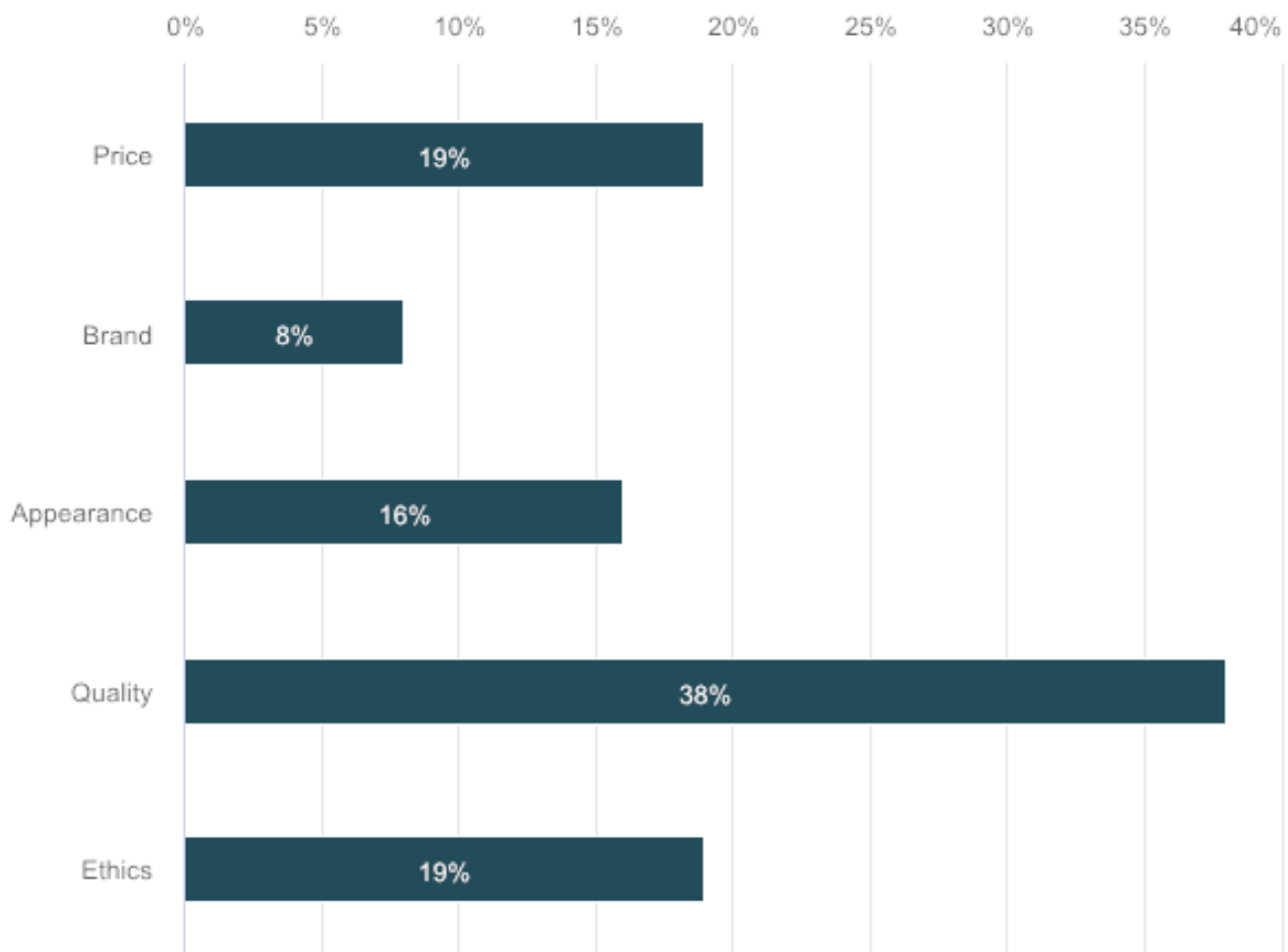


Age is one of the significant personal factors that affect customers' response while purchasing brand clothing. The above studies have tried to identify the ethical responsible consumer in terms of demographic characteristics. According to the result, consumers of age group of 31-45 were more ethically conscious (TABLE 12). This age group respondents could have relatively high income, education and social status as well as younger age group of 18 -30 has exhibit ethical friendly behaviours (TABLE 12).

Price is still a large factor in purchasing decision, especially for older generations who are least likely to be willing to pay more for ethical clothing brands whereas younger generations are nearly always the driving force for ethical production. Fashion clothing brands could do well to market their sustainable products to younger generation as well as to young age audiences as their purchasing power grows, and overall consumer ethical consciousness with it. However, given the publicity and social movements younger generations are involved in, this motivates more research on how to motivate the modern consumers to practically engage in ethical consumption on a regular basis.

Another question of the buying behaviour section was about factors influencing the purchasing decision of the respondents. In the questionnaire there were five different factors listed: ethics, price, quality, appearance and brand. In table 13, the most influential factor for purchasing brand clothes was quality and the least is brand. 19 % of respondents would have taken ethics into consideration while making purchasing decision for brand clothing.

TABLE 13. Factors influencing the purchasing decision

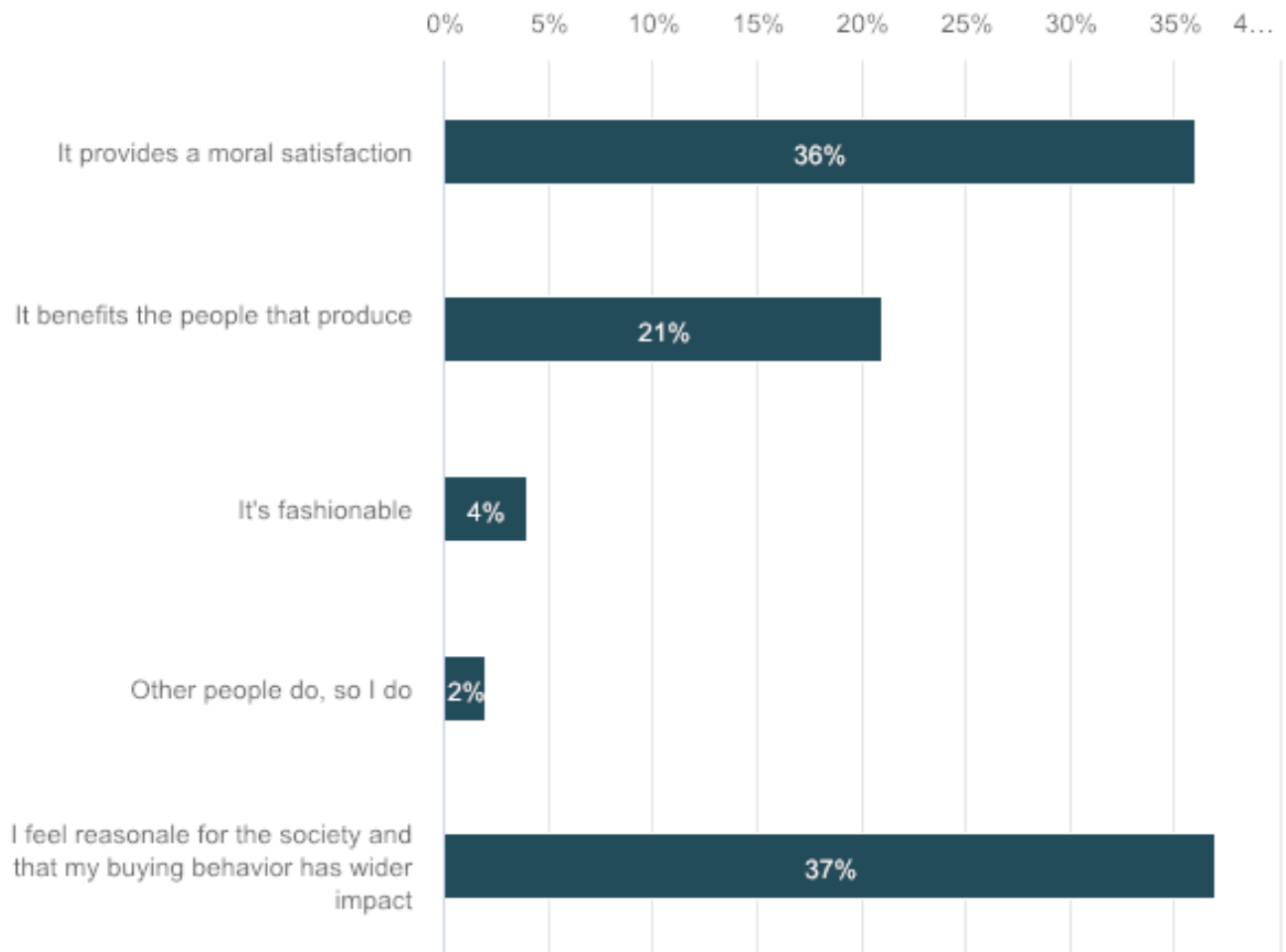


According to table 13, 38 percent of respondents would rather purchase quality clothing product than settle for quantity because quality could not obviously be compared with quantity. The awareness of the quality, familiarity with the product and buyer sentiment drives the purchasing choice of customers. Quality causes the business organization to make the responsiveness in their customers and fixings the expectation of desired clothing product that shapes the impression of the consumer either in the positive or in a negative manner.

Ethical fashion clothing is a niche market that has seen popularity in recent years, as more and more consumers think carefully about the impact that their shopping habits have on the planet. Ethical clothing costs more than fast fashion clothing that could be the reason for 19 percent of respondent thinks pricing another factor which is influencing their purchasing decision towards ethical brand clothing and 19 percent of respondent thinks ethic is another factor which is influencing their purchasing decision (TABLE 13). Consumers say they are becoming more concerned about social and environmental impact fashion brands. However, there is a huge gap between what consumers are saying and how they are behaving. Consumer surveys about fashion clothing and ethical brand are misleading because consumers answer to meet social desirability, they want to ethical consumer even if they mainly care about price. Money is also a deciding factor. Many customers are not willing to pay more for sustainable clothing brand and would rather pay more for quality, style and fashion that gives them value for money.

Another question was the reason for respondents to purchase a brand clothing product that was produced ethically over a similar item that was produced unethically. 37% of the respondents felt reasonable for the society and their purchasing behaviour has wider impact followed by 36% of the respondents felt for moral satisfaction. Only 4% of respondents thought ethically produced clothing brands are fashionable.

TABLE 14. Reason to purchase ethical produced clothing brand over unethical product



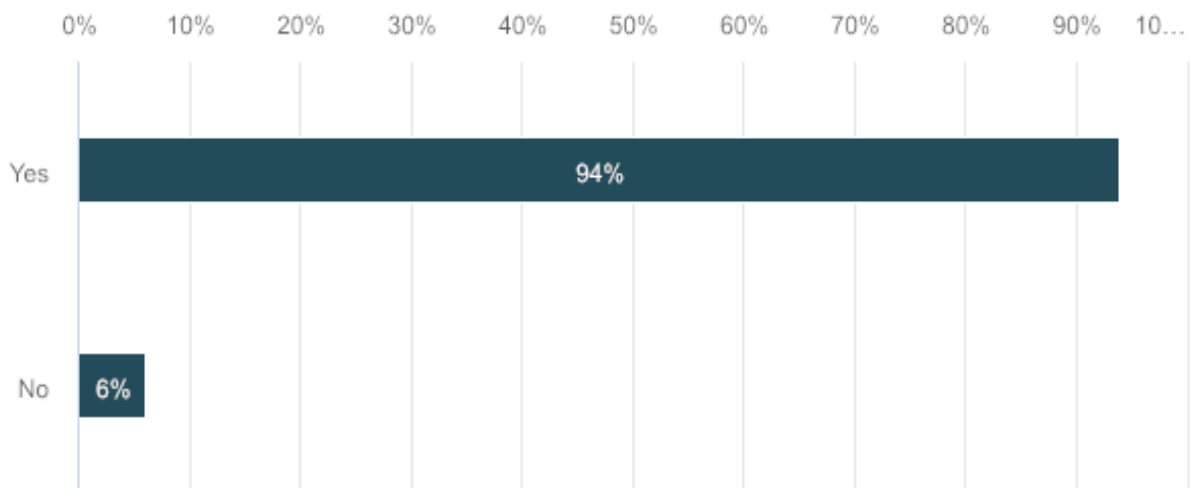
Many consumers use their clothing brand to demonstrate their social views. Ethical consumption continues to grow, and there are more factors influencing purchase intention than simply rewarding a firm's ethical production. According to table 14, 37 percent of respondents feel their ethical purchases are reasonable for society and have greater impact. Consumers may have purchased ethically produced clothing brand items as a way of expressing their ethical views through the fashion products they wear. Consumer who identifies with being an ethical consumer purchase more ethical clothing brand than those who do not.

The research has confirmed that moral philosophy is strongly related to ethical judgement and behaviour. 36 percent of respondents feel moral satisfaction when they purchase ethically produced clothing brand (TABLE 14). Moral ideology, as determinant of ethical behaviour may become a critical subject in the global clothing brand industry. Regarding harmful chemical waste, child labour in the textile industries, many consumers might find such practices unacceptable. Consumer expectations regarding behaviour

on the part of business organization are escalating, resulting in a general intolerance of irresponsible social and environmental behaviour. Consumer expectations as desires are based on what they feel a company should do rather than what it will do. Consumer awareness, expectations and values are changing, continually shifting their perceptions of what makes a responsible business organization. Consumers increasingly expect brands to behave in an ethical clothing production, and ethical behaviour increasingly forms a reference point for consumers.

Another question was whether respondents would be interested to know the lifecycle of their brands i.e. where the material was sourced, its global distribution and to understand how sustainable their brand was. 94% of respondents were interested to be informed about lifecycle of their brand and 6% of respondents did not care much about the lifecycle of their brand.

TABLE 15. Interest to know the lifecycle of brand



The fashion clothing industry has been increasingly under the spotlight as a significant contribution to global social and environment issues. Life-cycle assessment is a standard tool to investigate the environmental impacts of all stages of brand clothing product's life that could be reason that 94 percent of respondents were interested to know the lifecycle of their brands i.e. where the material was sourced and its global distribution, to understand how sustainable the product was (TABLE 15). The emergence of fast fashion business model has increased the introduction of trends leading to premature product replacement and also has major negative social and environmental impacts. Delocalised production in developing nations has become a primary choice because of the low-cost labour and less standards and regulations surrounding social and environmental issues. There are significant issues with apparel waste as the majority of textile waste ends up in landfills as opposed to being reused or recycled.

The first issue is the consequence of the current brand clothing production need to be communicated to relevant consumers. Media can play an important role in informing consumers about potentially unethical practices. Furthermore, even if ethical consumers decide to pursue more socially responsible fashion consumption, it may be difficult for them to do so because of lack of transparency with regard to the production processes for fashion items. Thus, governments and other regulators have the responsibility to make it more transparent as to which brand clothing products are produced ethically and which are not, primarily through demands for labelling.

Finally, there was an open question where respondents could answer freely about what should be done to promote ethical fashion. There were many interesting views and opinions from the respondents which are eco-brands and green clothing are becoming a common thing and are found in many mainstream fashions. While consumer awareness regarding sustainable clothing brand has grown considerably but many of respondents in the survey have suggested there should be more awareness about ethical clothing brand through social media, outlets web pages and more. There are many respondents who want information regarding the brand clothing they purchase. Hence, it is important to bring transparency and traceability into sustainable clothing, which will enable consumers to gather information about the products they purchase and compare the sustainability of different brands. There was also suggestion to put rating in the clothing brands like there is energy rating. It would provide simple, clear and traceable information about sustainable clothing to the customers. Consumer awareness will play an important role in the growth of sustainable clothing in future. The real meaning of sustainability is to change the way of doing things in right order to become more social and environmentally friendly.

The brand clothing industries have arguably grown into one of the world's most needlessly polluting, energy-intensive, wasteful and inefficient industries. The brands clothing supply chains are so fragmented, vast and distant that many retailers and consumers are unaware of how their fabrics are made, and who runs the factories that supply them. This could be the reason that many respondents would prefer to understand more about supply chain of ethical brand clothing. The clothing brand industries are changing, but customers also need to take responsibility for their consumption choice. Supply chains are complex but incredibly important in the quest for a more sustainable and ethical fashion industry.

Sustainable clothing refers to clothes that have been manufactured in the most sustainable way possible, taking into account socio-economic and environmental concerns, as well as diversity, traceability, transparency and inclusion. Ethical clothing is marketed in a way that encourages consumers to adopt more sustainable purchasing habits. There are many reasons ethically made clothing is more expensive than

fast fashion for example paying workers a fair wage, sourcing eco-friendly fabrics, sustainable supply chain and more. Some respondents stated that ethical clothing is expensive and suggested that it should meet the price range with other fast fashion clothing so that it would be convenient for more consumer. Ethical clothing might be sustainably made but it is not sustainable if most people cannot afford it.

## **7.4 Descriptive Statistics**

In this section the descriptive statistics of the data including standard deviation, mean scores, skewness and kurtosis are demonstrated. According to the theory, the mean of the data and standard deviation indicate the way participants have answered the question. Skewness of the data represents whether the main part of the responses is given in the centre of the distribution or if the value distribution is accumulated towards either side of the scale whereas kurtosis of data represents whether the distribution of a variable is peaked or flat. In the tables below presentation of the mean, standard deviation, skewness and kurtosis of the following variables are presented: business ethics, brand equity, consumer perception and willingness to buy.

### **7.4.1 Business Ethics Descriptive Statistics**

The business ethics mean ranged from 1.1417 to 2.8189. On the other hand, the highest mean rate belongs to purchasing an ethical item in compare to unethically product clothing brand. In general, all the mean rates are considered high which indicates the general demand of the consumers for applied business ethics. (Leandre & Duane 2012.)



TABLE 16. Business Ethics Descriptive statistic

	N	Mean	Standard deviation	Skewness	Kurtosis
Do you feel that if you were aware of whether fashion product was ethical or not, it would affect your buying behaviour?	127	1.1417	0.3502	2.9791	2.3594
If you discovered that a brand was found to use unethical approach to their manufacturing would this prevent you from shopping, there again?	127	1.6457	0.6729	0.5636	-0.71
If you were to purchase an item that was produced ethically over a similar item that was produced unethically, what would be your reason for doing so	127	2.8189	1.7747	0.2876	-1.7443

As mentioned above in table 16, all the mean rates are considered high which indicates the general demand of the consumers for applied business ethics. (Leandre & Duane 2012.)

### 7.4.2 Consumer Perception Descriptive Statistics

Additionally, the consumer perception items ranged in mean from 1.65 to 2.78. The respondent's behaviour of searching information on ethical principle applied by the producer before making the purchasing decision had the lowest rate and the place where respondent searched for information on ethical principle applied by the producers had the highest rate. (Leandre & Duane 2012, 54.)

TABLE 17. Consumer perception descriptive statistics

	N	Mean	Standard deviation	Skewness	Kurtosis
Before making the purchasing decision, do you search information on ethical principles applied by the producer?	126	1.6508	0.4786	-0.6403	0.2157
Where do you search information on ethical principles applied by the producers?	66	2.7879	1.4519	-1.241	0.295
How often do you buy brand clothing that can be described as environmentally or socially ethical?	127	2.6299	0.6643	0.2647	0.2148
If not, why?	114	2.4825	1.1228	-0.0782	0.2265

As mentioned in table 17, perceived product quality should satisfy consumer wants and needs, as product safety, quality and environment. Business organization that establishes a reputation for marketing its products or services in a morally responsible manner receives respect and trust from customers, employees, stakeholder and suppliers because the business organization strikes the right balance between the rights of interested parties and its own interests when implementing plans or making decisions. The data analysis showed that an increase or decreased level of brand equity perceived by a consumer does not affect positively or negatively his/her expectations of applied business ethics.

### 7.4.3 Brand Equity Descriptive Statistics

Brand equity items ranged from a mean of 1.05 to 3.43. The item where respondents are interested to know the life cycle of some brand clothing i.e. where the material were sourced, and its global distribution had the lowest mean. In contrary, the importance of the ethics in fashion business has highest mean value. (Leandre & Duane 2012, 55.)

TABLE 18. Brand equity descriptive statistics

	N	Mean	Standard deviation	Skewness	Kurtosis
How important is the ethics of a fashion business to you?	127	3.4331	1.1098	-0.4302	-0.7996
Do you feel that if you were aware of whether fashion product was ethical or not, it would affect you buying behaviour?	127	1.1417	0.3502	2.0791	2.3594
Would you be interested to know the lifecycle of some of your brands i.e. where the material was sourced and its global distribution, to see how sustainable the product was?	126	1.0556	0.23	3.9275	0.2157

As mentioned in table 18, ethical business practices, along with the expectations of beneficiaries, affect the consumer's behaviours as well as creating a good image, value and reputation of the business in the minds of customers. Brand personality has a major role in strengthening the consumers attitudes and intention for purchasing. Business organizations require many efforts for creating image, value and good reputation in the minds of customers in order to create a good image, thus they will be able to create more value for the customers and ultimately for business. In other words, business ethics do affect brand equity in a positive way, which means that a consumer's loyalty, brand satisfaction, brand awareness and perceived quality are increasing when business organization is acting ethically.

#### 7.4.4 Willingness to Buy Descriptive Statistics

The mean of the willingness to buy items ranged from 1.126 to 3.2913. The willingness to pay more for an item that was produced ethically had the lowest mean rate and the factor influencing the purchasing decision for ethical clothing had the highest mean value. (Leandre & Duane 2012, 56.)

TABLE 19. Willingness to buy descriptive statistics

	N	Mean	Standard deviation	Skewness	Kurtosis
What percentage of your income do you spend on brand clothes annually (approximately)?	127	2.6614	0.7477	-0.6273	0.8378
Are you willing to pay more for an item that was produced ethically?	127	1.126	0.3331	2.2813	3.2553
Which factor influence the purchasing decision where buying clothes?	127	3.2913	1.3808	-0.9913	-0.9913

As mentioned in table 19, consumers' purchasing decisions are affected by business organization's ethics but the degree with which they are willing to reward ethical behaviour and punish unethical behaviour is limited to costs. Only if there are no additional costs to the consumer in terms of price and quality will purchase decisions be affected by ethics. There was evidence that consumers would pay more for product from ethical clothing brands. This hypothesis examines the relationship between consumer perceptions and willingness to buy. It indicates that if consumer is evaluating as ethical his/her expectations and experiences of a business organization's behaviour, leads to a potentially positive willingness to buy.

## 8 CONCLUSIONS AND DISCUSSION

The research problem in the thesis was how the ethical issues of a brand clothing business organization affect the purchasing behaviour of the consumer. This study explored consumer attitude toward ethically produced clothing brands, while also researching, willingness to buy of ethically produced clothing brands. The findings of this study may prove to add to the gap in literature and create a foundation for future researcher to investigate more in this topic. The findings of this research may also assist retailers and marketers in understanding the ethical attitudes of consumers, as well as their motivation. The objective of the present study was the investigation of the effects of business ethics to consumer perception, as well as the understanding of the relationships among business ethics, brand equity and consumer willingness to buy. The research was conducted by qualitative research method. The research included multiple choice questions and one open question. Research was sent to 200 persons through use of online media such as Facebook as well as in paper version with a cover letter. Research received 127 responses, a total of 63.5 percent.

After analysing the data, it can be concluded that more and more attention has been paid to the issues of social and environmental sustainability by consumers, brand clothing business organization and government. The brand clothing sector has been the subject of heavy criticism connected to its environmental impacts and human health arising from residues of substances on products and production processes associated with it. According to the analyses carried out, positive trend clearly emerged for the future, the answers provided by respondents represent hope for an increase in the ethical approaches to brand clothing business organization and in the adaptation of sustainable strategies and practices in the fashion industry.

Even though brand clothing business organizations are moving toward responsible production, but consumers are less interested to engage in responsible consumption due to higher prices, lack of available ethical clothing, and misleading information about products. According to above data, 65 percent of respondents do not search for ethical principle applied by the producers. Ethical fashion consumers who assess the social and environmental aspects of clothing product before purchasing them are relatively rare because ethical fashion consumption is complex activity and tends to occur under conditions that tend to discourage ethical consideration. Standard criteria for evaluating safe product or ethically produced or ecologically sound is lacking. Sustainable clothing brand which involves a commitment to protecting the environment in which brand clothing is produced requires ethical consumers. However,

ethical consumption of brand clothing products is not increasing in the significant way. Ethical brand clothing consumption refers to a consumer who actively assesses social and environmental aspects of products rather than passively accepts fast fashion (Lott 2011). As social media and the internet have made consumers more aware of the brand clothing they support, consumers could look for more sustainable and ethical businesses to get behind. Buying from an ethical fashion brand could make consumers feel good about their purchases, adding another layer of satisfaction and joy of brand clothes shopping. By offering guilt-free consumerism and high-quality products, ethical fashion business organization could offer customers something that has not been available in the past. (Saucier 2008, 112.)

Brand clothing need to tell better stories during the shopping experience to get consumers to make more ethical decisions. This question is not properly answered by the marketing department of fashion clothing brands, at both small and global companies. The majority of 94 percent of respondents are interested in wanting to understand the brand's supply chain. The more data is given, the more the consumer is overwhelmed. According to the survey, 56 percent of respondents actually take the time to visit a brand's sustainability articles and reports, but 24 percent of respondents does not search any information of ethical issues about the brand before making purchasing decision. Sustainability information needs to be visible, clear, easily understandable and accessible, both on-line and in outlets. Ethical production is in place, but sustainable clothing still remains a paradox until new marketing model are in place, which would convince consumers to buy less and choose better quality item that are made as ethically as possible. In the survey also 38 percent of respondents chose quality of brand clothing which represent that respondents would rather buy less and choose better quality product. The best way to be more sustainable consumer is to buy less and less cheap items and to purchase more items of quality and things that are timeless and made for longevity. (Jain & Surbhi 2019, 73.)

The lack of product information leaves consumers without the ability to show support to ethics through purchase votes. If the consumer had more product information, not only the assumed country of origin tag, they would be able to make purchasing decisions based on their personal opinions. Consumers are aware of the negative impact of unethical production on the environment; therefore, retailer does not prefer to be more transparent and clearly communicate their ethical endeavours. Consumers also need to be able to easily compare ethical behaviour of different supply chain if their ethical values influence their purchasing intention (Maddux & Maddux 2010, 112). This may include eco-labelling to convey ethical brand clothing production efforts. The increase in environmental awareness leads to an increase of environmental concern. Brand clothing business organization could also use this information to create more awareness for the ethically produced fashion products they have created. Ethical clothing brand

could advertise their products on ethical websites that consumer would be reading in order to gain environmental awareness. (Jain & Surbhi 2019, 45.)

Based on the study, consumers are not satisfied with the current situation in clothing industry and demand more outlet selling ethically produced clothing brands available. According to the survey above, 87 percent of respondents are willing to pay more for ethically produced clothing brands. So clearly there is demand for ethical clothing and business organization should notice this opportunity as a market and take advantage of it. Ethical self-identity was found to influence self-expressive benefit. Ethical consumers that express their ethical self-identity may receive the benefits from the self-expression. Self-expressive benefit was also found to influence purchase intention of ethically produced brand clothing brands products. Ethically produced clothing brands may be a means of expression and consumer may purchase an ethical product in hopes to fulfil an emotional need. For many consumers, clothing is not just a basic need, but also is a means of gaining acceptance and demonstrates social standing. (Thomas 2015, 77.)

As a conclusion, based on the study results, consumers prefer purchasing ethical clothing rather than unethical clothing whenever possible. Consumer would prefer to receive more information about ethical clothing and that the operations of business organization would be more transparent. Furthermore, consumer would prefer information provided by the business organization would be reliable and truthful. The ethicality of the clothing brands should be communicated better for example with eco-labelling or certificates so the consumers could identify easily. Price is still a major attribute when making purchasing decision. The most important factor for consumers is the quality – price ration.

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## ETHICAL ASPECTS IN PURCHASE BEHAVIOR IN BRAND CLOTHING

The purpose of this survey is to determine whether ethical or unethical produce in the brand clothing industry effects consumers' buying behavior. By answering this survey, valuable information will be gathered, and your answers are greatly appreciated. It only takes 5-10 minutes to fill in this survey. The results will be used for academic purpose only and respondents remains anonymous.

This survey is a part of a research for a master's thesis.

### 1. Gender\*

Male  
Female

### 2. Age\*

Under 18  
18-30  
31-45  
46-60  
Over 60 years

### 3. What percentage of your income do you spend on brand clothes annually (approximately)?

Less than 10%                      10% to 20%                      20% to 30%                      30% to 50%  
More than 50%

### 4. Before making the purchasing decision, do you search information on ethical principles applied by the producer?

Yes  
No. (If your answer is no, go to question 6)

### 5. Where do you search information on ethical principles applied by the producers?

Company Website  
Articles and newspapers  
Annual business reports  
Somewhere else, where?  
I don't search for such info

6. How often do you buy brand clothing that can be described as environmentally or socially ethical?

Never  
Rarely  
Sometimes  
Often

7. If not, why?

Too expensive  
Lack of outlets (don't know any shops that sell such products)  
I don't pay any attention to the origin of a brand  
Does not match with my style  
Never seen anything such  
Other

8. How important is the ethics of a fashion business to you?

Not important at all  
Somewhat important  
I don't really think about it  
Important  
Extremely important

9. Do you feel that if you were aware of whether fashion product was ethical or not, it would affect your buying behavior?

Yes  
No

10. If you discovered that a brand was found to use unethical approach to their manufacturing would this prevent you from shopping there again?

Yes- I wouldn't shop that brand anymore  
No- this wouldn't really bother me  
It doesn't matter

11. Are you willing to pay more for an item that was produced ethically?

Yes  
No

12. Which factors influence the purchasing decision when buying clothes?

Price  
Brand  
Appearance  
Quality  
Ethic

13. If you were to purchase an item that was produced ethically over a similar item that was produced unethically, what would be your reasons for doing so?

It provides a moral satisfaction

It benefits the people that produce it

It's fashionable

Other people do, so I do

I feel reasonable for the society and that my buying behavior has wider impact

14. Would you be interested to know the lifecycle of some of your brands i.e. where the materials were sourced and its global distribution, to see how sustainable the product was?

Yes

No

15. What do you think should be done to promote ethical fashion?

.....

Thank you