The Discerning Customer and the Political Economy:

Why do firms keep surviving the corporate ethical crisis?

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ABSTRACT

The primary goal of this paper is to measure respondents’ perceived knowledge of the main principles of corporate ethical behaviour such as human resource management, the quality of products, labeling and social responsibility on a Purchaser intention survey. The outcome was cross-checked with the participant’s place of residence and family size. The secondary purpose was to uncover the disposition against monopolies in certain areas and to find out more about consumer experiences regarding ethical corporate conduct. Thirdly, the research aims to relate the survey’s outcome to the legal environment, Iceland’s recent economic status, and the financial crisis in 2008. The outcome of the survey indicated, that ethical awareness does not necessarily mean unification against unethical firms.

Keywords:
Purchaser behaviour
Political economy
Corporate ethical behaviour
Ethical leadership and management
Patten’s theory of abundance

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1. INTRODUCTION

The conclusions of this paper on Icelandic consumers’ intentions and corporate ethics are built around several main principles. The first research hypothesis is related to empirical aspects of the relationship between a firm’s morality and participant’s purchaser preferences. The aim is to find consistency between individual’s awareness of the initial corporate ethical values and their purchase intentions. The other goal of this thesis is to examine customer’s experience with firms in monopoly positions, and cross-check the findings with participant’s demographic location. The third assumption of this paper is theoretical, stating that companies keep surviving the ethical crises due to the complex interrelationship between underlying variables. Albeit corporate monopoly is among these variables, the main assumption is that customer’s interest is increasing in building new corporate value systems for themselves through venturing and entrepreneurship. This might as well lower purchaser’s interest in boycotting unethical firms. The conclusions of this paper on 200 Icelandic consumers’ intentions and corporate ethics are built around several main principles. The first research hypothesis is related to empirical aspects of the relationship between a firm’s morality and participant’s purchaser preferences. The aim was to find consistency between individual’s awareness of the initial corporate ethical values and their purchase intentions. The other goal of this thesis is to examine customer’s experience with firms in monopoly positions, and cross-check the findings with participant’s place of residence. The third assumption of this paper is theoretical, stating that companies are keep surviving the ethical crisis due to the complex interrelationship between underlying variables. Albeit firm monopoly is among these variables, the presumption is that customer’s interest creating a sustainable corporate value system might increase when they see opportunity in the initiation of their own enterprises. Iceland’s legal environment, per se, enable to run small businesses. In theory, new ventures could also lower purchaser’s interest in boycotting unethical firms. Interestingly, the questionnaire’s outcome demonstrated that considerably high number of respondents were familiar with the basic corporate ethical conducts. Furthermore, participants’ self-confidence scores regarding the correct definition of responsible corporate behaviour were also excessively high (see page 60, survey item number 5). However, discerned, or sophisticated knowledge on corporate values assume both the educational
background and practical experience. The 200 participants in this research could might as well share common interest in business and firm related practices. Likewise, in regard to corporate ethical awareness, the probability that Iceland’s economic history have refined participant’s judgement is rather high (Hart-Landsberg, 2013). In a hypothetical way, the crisis could increase individual’s comprehension concerning ethical management. Therefore, the focus of this section are the antecedents and the consequences of the recession, the educational system’s effect on society and the recent legal environment.

Iceland, the locale of this research, has a unique and a standard economic character simultaneously, due to its remote position in the middle of the North Atlantic Ocean. This means that Iceland’s governance is self-contained regarding the independence of its fisheries and farming industries. However, in 1994 the country became a legal member of the European Economic Area, and signed the Schengen Agreement (Bergmann, 2014) in 2001. In 2008, representatives of the public sector announced that Iceland performed above all expectations on the global market, due to the high rate of skilled employment and significant natural resources (“Economic Landscape,” 2008). An even more positive effect was noted in the annual summary – the synergy of Icelandic and European economies. For Iceland, during an extended period between 2000 and 2008, it was the age of “even distribution of income” with an “extensive welfare system” (“Economic Landscape,” 2008). However, by 2008, the country was only moments away from economic collapse.

The root of the crisis turned out to be long-term political corruption and corporate insider fraud. Apparently, when the European and the Icelandic markets merged the new investors, bankers, and the public sector were ready to grasp the opportunities. The foreign investment trickeries caused almost irreversible damage to Icelandic and British government relations, and the British prime minister at the time – Gordon Brown, placed the entire Icelandic nation on the list of global terrorist organisations (Hart-Landsberg, 2013).

Previous studies demonstrated that harsh and adverse changes in the economy, which occurred in Iceland, have a tremendous negative impact on a community’s attribution
towards corporations and the legal system (Thórisdóttir & Karólínudóttir, 2014). On a personal level, the members of a given society may even lose their national identity based on their country’s political and economic strategies (Abrams & Vasiljevic, 2014). However, group identity explained through scenarios such as recession, stagnation and growth is an indication of socioeconomic vulnerability (Abrams & Vasiljevic, 2014). Consumer behavioural patterns, for instance, can change permanently following an economic crisis (Abrams & Vasiljevic, 2014). Understandably, a larger rise in the unemployment rate, salary cuts, and loss of investments can discourage purchasers from buying products (Białowolski, 2014). Yet, a strong national identity might affect the way people react to recession, and cultural consensus may even increase purchasers’ ethical demands towards corporations. Recent studies examining the subjects of economic growth and recession, have revealed that culture and national identity have a strong influence on purchaser behaviour (Stăiculescu & Stan, 2012). This is impact carries certain psychological aspects as well. With respect to previous researches, it is known that recession causes group anxiety and feeling of loss regarding financial control (Saez-Rodriguez & Demin, 2012). The mass depression often prolongs the economic collapse and broadens the gap between the blue and white collar classes (Saez-Rodriguez & Demin, 2012). The deep psychological disappointment and the feeling of insecurity imprints into people’s memory, leaving a real “school of life” lesson behind (Arampatzi, Burger, & Veenhoven, 2015). It is particularly interesting to examine this “socioeconomic deprivation” among Icelandic consumers, as the country’s political leadership and the representors of the larger corporations allowed only a few negligible personnel changes since 2008. In the long term, this could even impact Iceland’s progress in the trusted commercial markets (Hallgrímsson & Brunet-Jailly, 2015). Naturally, Icelanders would like to forget about the past and take on new opportunities, but this time the economy demands investments that are both ethical and maintainable. While tourism and foreign investors were able to bring large-scale growth to Iceland’s global position, those who rely on the welfare system fear the possibility of another economic crisis (Gough, 2002). Possibly, the viewpoint of the average citizen is that growth cannot be sustainable unless it nurtures and supports different social groups within the same community (Spicker, 2008).
1.1. Correlation between Education, Gender Equality and Small Communities Comprehension of the Corporate Ethical Coding

Education, according to previous studies, minimise class division. However, the tension between the private and the public sector in Iceland is an indication that the country is going through neoliberal economic tendencies (Oddsson, 2016). One possible socioeconomic consequence of the neoliberal coping method is that the community become more and more divided into consumers and providers (Oddsson, 2016). Associating the problem with social segmentation, it is likely that the welfare system, including the public institutions, suffer future cuts and budget deficits (Gabe, Harley, & Calnan, 2015). Likewise, the neoliberal economic environment transform the characteristics of the middle class on the harsh capitalistic territory (Hart-Landsberg, 2013). Concerning this thesis, it is crucial to examine social groups belong to the middle or upper middle class in Iceland. They represent the “discerning customer,” a highly aware social class which view corporate ethic as a bidirectional process (Spakovica, Moskvins, & Moskvins, 2014). It means polarity, the presence of the environmental conscious purchaser and the leader who initiate sustainable ethical changes. Albeit, the transformation of the market demand is mainly explained through the economic environment, it is also the revelation of political, social, and cultural causes. Education perhaps is among the strongest qualities of the middle and the upper middle classes, and the gateway for those who intend to belong there (Blanchard & Willmann, 2016). Following the crisis and a left-wing political takeover, the Icelandic educational system rose from the ashes as the guardian of social ethical values. In 2009, the actions of Iceland’s Minister of Education, Science and Culture represented a paradigm shift during the overall ethical crisis and underlined the importance of value-oriented education. The educational committee compiled a six-point curriculum to support the birth of a system that could shoulder responsibility for the nation’s future, and planned to instate programmes in kindergartens, elementary schools, and high schools (Hannesdóttir, 2013). The teaching material presumed to focus on literacy, sustainability, democracy and human rights, equality, health and welfare, and creativity. The glance into the committee’s most important principles show how politics
can shape young manager’s views on leadership. Core values add meaning to economic ambitions in various ways, and business schools must build this solid knowledge into the everyday life of the campus (Sigurjonsson, Vaiman, & Arnardottir, 2014). Ultimately, the undergraduates should either become leaders who carry the burden of corporate ethical responsibility on their shoulders, or employees with a more generous attitude towards their customers.

Recent studies on the Icelandic managers’ view of ethics discovered that leaders see the role of business schools as being important in the formation of corporate ethical behaviour, by helping students to understand the complex economic and social impact of having morally strong leadership (Sigurjonsson, Vaiman, & Arnardottir, 2014). Sigurjonsson, Vaiman and Arnardottir argue, that high percentage of practising managers experienced significant transformational power after they enrolled in business faculties based on ethics, albeit, they felt that schools were not responsible for managers’ moral decisions. Another crucial principle, highlighted by the educational committee in 2009, was equality (Sigurjonsson, Vaiman, & Arnardottir, 2014). Equality in a social context may have several characteristics, such as the fair treatment of employees independently from race or religious beliefs, but most importantly it means equality between genders in a way that could be associated with society and economy. Equal rights issues are often related to performance-based wages, which appear to be an enduring problem regarding the difference in the salaries of Icelandic women and men (Drazin & Auster, 1987).

Although the feminist movement hasn’t yet succeeded to close the gender based pay gap, Icelandic women were never subjected to preconceptions about their role in society. Gender equality, however, somehow must be represented in the economy (Berger & Kuckertz, 2016). Moreover, feminism in its purest essence assumes relative financial freedom from others, which means that women within a feminist-friendly society should be able to shape part of the economy with fearless pursuit of their needs. Most importantly, strong women with creative ideas initiate their own businesses, or become excellent entrepreneurs (Berger & Kuckertz, 2016). In 2016, women seem to enhance economic cash flow via new enterprises, which they might originally initiated as value-seeking purchasers (Tanenbaum, 2016).
The Icelandic female consumer is in many ways a pioneer in her purchaser demands. It can safely be assumed that the economic crisis made female consumers think even more about value-based choices as well (Berger & Kuckertz, 2016). The cultural consensus, therefore, has an incredibly high impact on the Icelandic economy, where women, free from predetermined gender roles, can introduce their ideas into the corporate ethical system. With respect to the educational curriculum, it is necessary to relate moral teachings to the customers as well. Managers are frequently encouraged to follow up market demands, and ideally, these requirements will not be in any conflict with the managers’ ethical value system (Jensen, 2002). Nevertheless, informed and discerned customers are significantly more challenging for corporate leaders than the less conscious ones (F.-Y. Chen & Chen, 2014).

The demand of value-based purchases, however, varies according to the consumers’ geographic position, even if it only means a longer distance from the capital area (Lee, Levy, & Yap, 2015). Nonetheless, purchasers all over the world are required to take responsibility for their actions and recognise the impact of consumer decisions on future generations. However, educating or informing people alone is unlikely to change deep-rooted unsustainable purchase behaviour. A multilevel approach is necessary to make real, lasting change, for example through an upgraded curriculum, or with the promotion of corporate social responsibility. Most of all, communities that engage in environmental friendly consumption should be embraced (Spakovica et al., 2014). The Lee, Levy and Yap study intended to find out more about individuals who had grown close to their community due to geographical reasons. Those with a local mindset are more likely to engage in sustainable consumption. They assume, that residential inhabitants are more deeply connected to a place, therefore environmental awareness becomes increasingly important to them. After all, geography now proved to be an important principle concerning ethical consumption behaviour. In line with the structural equation model for the smaller communities such as New Zealand, place identity plays an undeniable role in the formation of sustainable consumer value systems (Lee et al., 2015). Locals who approach their community with a caring attitude appreciate living in a cleaner and more family-friendly neighborhood. Furthermore, these locals tend to purchase more consciously (Lee et al., 2015). Aside from
demographic variances, there is another issue related to purchase consciousness which requires attention. The significant rise in consumption levels is a challenge for both the rural and the urban population concerning the awareness of firms’ ethical activities. The key environmental factors are climate change, air or water pollution, land utilisation, and the issue of waste (Alavi, Rezaei, Valaei, & Wan Ismail, 2016). In this instance, consumers are encouraged to make sustainable or responsible choices to maintain balance in their immediate environment. Fortunately, people are starting to pay attention to their responsibilities concerning nature, and the realisation often culminates in tension between consumers and unethical firms (Baker & Johnson, 2016). The international society demands to act in consensus against unethical firms, and share information about global corporate activities. Individually, customers’ approach can be different, yet contribution in all forms can be important. According to the analysis of the European Commission reports, administered between 2008-2012 by the Eurostat and the EU Consumer Conditions Scoreboard, environmentally conscious purchasers have been found to be more empathic, but educated consumers between the age of 25-54 years possess better knowledge about consumer rights (Alavi et al., 2016).

According to the Commission’s analysis, women tend to be more attentive concerning the environmental factors of a product than men would (Oumlil & Erdem, 1997). Nevertheless, most consumers regardless of gender are willing to pay a slightly higher price for bioproducts if they believe these foods are healthier or safer for the environment. Unfortunately, a 33-40% price gap will probably deter most families from the purchase (Zaluksne, Kruzmetra, & Rivza, 2016). Looking at the greater picture within the European Economic Area, consumers in countries such as Latvia found themselves in a difficult place due to the expense of environmentally-friendly products (Zaluksne, Kruzmetra, & Rivza, 2016). Latvian consumers, however, share the same values as Icelandic purchasers concerning correct product labelling (Hilmarsson, 2014). Product labelling is an important regulation area in the EU and the EEA, to inform customers about the products’ ingredients or parts, its origin and whether it has been manufactured under environmentally-friendly conditions. Product labelling is also an effective way to communicate with customers about the firm’s approach to fair-trade and common health issues (Y.-J. Chen & Tang, 2015). The conscious consumer almost always read the label before purchase (Spakovica et al., 2014). In fact, this might
encourage firms labelling their products honestly and precisely, moreover to check up on their suppliers’ corporate ethical activities as well. In all, we could say that companies gain a sustainable competitive advantage during the market segmentation process by communicating with customers briefly and in a trustworthy manner through their product labelling (Husser, Gautier, André, & Lespinet-Najib, 2014). But what happens, for example, if consumers in Iceland find out that a company has printed misleading or incomplete labels on its products? Discoveries about false product labelling in Iceland could have severe consequences for the firms and for the institutions involved in product justification. The Icelandic consumer known as health-focused and environmentally-friendly purchaser, especially concerning the local products (“Global Money Management,” 2011). Even if the public sector shows negligence about a firm’s responsibilities concerning animal welfare and correct product labelling, when misconduct surfaces, the Icelandic purchaser have displayed willpower before to eliminate dishonest corporations by purchase withdrawals and boycotts. Referring to previous studies, we could associate this behaviour with the cultural consensus, but also with the consumers’ increasing transformational power on local corporations’ ethical strategies (Tulip, 2007). Perhaps the Icelandic purchaser does not care as much about having a broad product variety, but rather focus on the product quality and purity. On the other hand, this might create tolerance towards monopolistic firms. In fact, Iceland’s geographic position sets limits on the import of goods and products. The problem is especially pertinent in the countryside, as villages are not always easy to reach due to their distance from the distributor in the capital and the harsh weather conditions. Monopolies, however, are especially important for the locals because companies are often bilaterally merged working with only a few chosen suppliers (T. Campbell, 2007). In this case, the number of merchandisers are limited, and the rural representative has the possibility to distribute products from the local farmers’ market instead. In this example, the monopoly could be transformed into an economic, local-business-friendly enterprise. Naturally, these formulas often lose their popularity due to the high prices and the extremely limited product variety. Some of these stores also serve as tourist destinations during the summer, making the purchases even more costly to residents. Albeit, monopoly is more visible in the country, urban habitats in Iceland might feel isolated as well compared to larger European countries. The question is, would rural Icelanders utilize the possibility of venturing or even the
farmers’ market, or rather provide business opportunity to a monopsony? Possibly, the rural residents’ ability to communicate their demands as customer is somewhat inhibited.

1.2. THE CONNECTION BETWEEN LEADER’S COMMUNICATION SKILLS AND PEOPLE’S ATTRIBUTION TOWARDS CORPORATE ETHICAL BEHAVIOUR

Since Icelanders have witnessed both political and corporate scandals in the past ten years, it seems crucial to examine leader’s communication skills, and relate people’s experiences with the outcome of this research. Organisational ethics and ethical management, including the areas of leader’s communication style, have become more sophisticated with globalisation (Oddsson, 2016). The workers, managers and top executives must represent themselves in the same predetermined manner for a maintainable working environment and for the customers as well (Langbert & Friedman, 2002). It also means communication of values on a multifaceted level. Communication can happen non-verbally; body language, for example, is a tool to communicate ethics and manners with behaviour (Mayer, Aquino, Greenbaum, & Kuenzi, 2012). The act of breaking away from corporate scandals and illegal market activities can also represent a message to customers about the corporation’s integrity, again, non-verbally. Within an organisational system, managers and sub-leaders are responsible for a positive working atmosphere, which must be free from internal conflict, harassment and threats (Men, 2014). Maintaining the balance can be unpredictable when it comes to personal conflict, but it is more feasible when certain established, universal ethical conducts are represented. Referring to common guidelines, the leader’s expectations concerning employee behaviour has to be clearly communicated (Stead, Worrell, & Stead, 2001). If communications between the organisation and the consumer are built on integrity, and purchasers are satisfied with the products and services, why not create a similar system on the political platform? On the contrary, the government work with its own ethical value system. Relevant to corruption, it could be useful to find out which form of ethical coding is more advanced: the one in the private sector or the one politicians should be using in parliament (Banker, 1992). Interestingly some nations within the European Union report grave
concerns about corruption, while others do not. Logically, these countries supposed to operate according to the same standards (Banker, 1992). Disciplined communication skills are the fundamental pillars of order in the workplace; yet, if people take a step further towards the implication of these communication skills in a cross-cultural setting, they might lose their objectivity (Banker, 1992).

The effective sharing of information involves expressing oneself unambiguously, taking enough time to listen, and having appropriate body language; in these ways, one can control how a message is delivered and received by others (Gupta, 2013). It is, of course, a reciprocal process. Cultural gaps in communication between different cultural settings inhibit the understanding of the system, because customs and the subjective respect of these customs are both essentially determined by inheritance and other interrelated factors (Collyer, 2016). When the other participant does not share the same communication pillars, a breakdown of trust, or miscommunication, is likely to occur. Of course, there are several types of communication styles existing in international affairs, from face-to-face, to through the internet, or via a phone call, etc. Importantly, each of these must be based upon commonly agreed verbal and non-verbal regulations regarding timing, wording, and body language (Guido Lang, Subramanian, & Mavlanova, 2015). Hence, diplomacy is the primary key for functional globalisation and trade, we can never be sure when personal interests, problems in a politician’s private life, or even just the style of communication that characterises a less advanced person could affect these relations.

According to Webster’s Dictionary, ethical conduct is related to acceptance, such as “conforming to an accepted standard of good behaviour,” but the Oxford English Dictionary describes ethics as “a set of moral principles or code” (Solberg, 2016). When we speak of ethical communication in global trade and politics, we see that Western cultural principles and customs dictate the direction of the communication style (Guido Lang et al., 2015). Understandably, some nations find that offensive and unethical (Unwin, 1974). The empirical approach to these differences is distinguishing between the different areas regarding ethical communication. This has to be examined across cultures and countries.
The exact methods of information exchange associated with ethical communication are connected to Scandinavia, Western Europe, and the Anglo or Germanic groups (L. Wright, 2002). Diplomats from these areas will communicate explicitly, which means that almost all overall information exchange is considered direct and unambiguous. Vague and misleading communication is ruled out as much as possible, thus becoming a huge part of the discipline, morally. In Asian, Middle Eastern and Latin American countries, communication styles are considered much more implicit, and as such, they rely more on contextual information exchange. Relationships are more indirect, and to the clear communicator, they sound ambiguous and unclear (Savcı, 2016). The primary purpose of implicit diplomats is to avoid embarrassment; they will prefer politeness over a cover-up. In fact, truth for the meaning of the “authentic leader” is a liquid and ever-changing concept. Some Asian countries consider saying “no” to be an insult; they would rather offer a substitution, or speak in circles. So clearly, cultural differences represent a significant threat to diplomacy on the verbal and non-verbal levels; yet in the world of ethical communication, they are only the tip of the iceberg. It is almost impossible to ensure that we will never offend someone by being too rude, or the opposite, by being too ambiguous, or by responding badly to a vague response. Shouldn’t we all just convey our values and be aware of these diversities? By relying on that and skipping other preparations, a diplomatic event can turn out to be the beginning of a cold war. Behavioural researchers, on the other hand, address how standards and value-based intentions are obvious factors even during culturally distinct conversations. As all of the the dimensions of ethics and values have a multi-layered substructure, the methods that help nations and leaders express these ethics and values openly will also be multi-layered.

Non-verbal ways of expressing respect and representing values can be shown in several ways and could extended to facial expressions, gestures, body language, eye contact, speech volume and tone, or physical distance. Again, these signals have different meanings across cultures. Some representatives express a certain level of approval with silence. In Western societies, silence is related to being uncomfortable, the feeling of not having enough to discuss, or even the idea that someone is uninterested in the other party. The desire to fill the silence, on the other hand, can also be perceived as arrogant
in cultures where silence is interpreted as a sign of respect. The matter of eye contact is a burning issue for many people, who feel like a lack of it can show dishonesty of deception. Thus, an expression of the acknowledgment of the other is common in many parts of the African continent. In the global workplace then, it is best to observe and then modify non-verbal communication signals and reflect on the other party where possible.

This analysis of communication styles does not suggest becoming the mirror of another culture’s behavioural signals, but rather intends to highlight how discomfort in communication can have severe consequences; at the same time, these are mostly avoidable with small adjustments. Conclusively, diplomats and corporate leaders who operate on the international platform should be extra cautious and avoid making assumptions based on personal non-verbal communication styles (Louhiala-Salminen & Kankaanranta, 2012). Icelanders and the Icelandic diplomats belong to the group of communicators expressing themselves in line with the Western tradition.

Regarding the language of business and politics, the representatives of nations and organisations mainly use English during their communication, and Iceland is not an exception. The English thesaurus includes 200,000 commonly-used words, compared with the French, who commonly utilise only 100,000 (Louhiala-Salminen & Kankaanranta, 2012). English can therefore become a second language for those who consider themselves to be world citizens. Interestingly, researchers who focus on language comprehension have discovered that different cultural backgrounds can often derail an individual’s contextual understanding in English as a second language (Kubota, 2004). Negotiation techniques, in this case, are critical factors in the international representation of values and moral standards. Today’s politics, involving cold and instrumental war objectives, are strong examples of this complexity. Iceland is strongly dependent on other economic systems; therefore, its diplomats must show caution and integrity in their value-based communication.

The issue of information exchange has been particularly important for Iceland in the past ten years. One might wonder whether an early report of the mistakes could boost public trust towards corporations in 2008, or reduced it even further. Regardless to the answer, it is almost certain that organised communication, strengthened with
sophisticated ethical standards and represented by corporate and political leaders, could decrease the impact of the economic crisis on citizens. On the other hand, the missing warning signs made the whole nation believe that they became an outcast. That was particularly the case regarding Iceland’s international image, which had to be completely restructured after 2008 (Hart-Landsberg, 2013). At this point, diplomats had to learn how to communicate with foreign investors based on new ethical pillars, and conversations required had to reflect accuracy and convincement. Citizens at the same time learned new concepts they thought would never need to learn, such as corporate social responsibility, corporate liabilities, insider fraud, and corporate ethical conduct. The communication method between the public and the government faced a fundamental transformation, due to the increased public awareness (Collyer, 2016). The incredibly complex issue concerning global trade was, that those who represented the country had lost their value-related identity. Following the recent offshore scandals in 2016, which have led Iceland to another early election, we must say that the recovery has not been accomplished yet. The anticipation of differences, it seems, must begin from the inside out.

Speaking of fundamental transformations, when a larger group such as the Icelandic public observe and adapt to new personal representations may still retain old value and ethical systems (Lankoski, Smith, & Van Wassenhove, 2016). In fact, it is uncertain whether one could change these established systems, especially if the system was somehow justifiable. For example, the increase of tax liabilities can only be acceptable if also applies on the elected representatives, or doesn’t demand a budget cut in the healthcare system. Moreover, the communication of values parallel with sacrifice might increase the inherent tension in society when the elite is not part of the process. Conclusively, the problems with discredited representatives of social virtue clearly exist, but not only between the community and the government. Allegedly, dissension could be also apparent between social classes within the same country.

While the concept of ethical conduct turned out to be both straightforward and incredibly challenging for only one representative, it is particularly difficult for governments and organisations. The responsibility of communication without bias is weighted with legal obligations. Considering the law, mistakes might develop to misconducts and the deliberate deception of the public at first glance. This may effect
severely one’s future regarding reputation, and sometimes even lead to legal consequences. In an attempt to defend themselves, representatives often mix themselves up in further breaches of confidentiality. Such problems in the communication of ethics, and the desperation of trying to continue the work to appear reliable despite a scandal decreases communities’ ability to resist external threats. Criminal ramifications in this context are especially impactful ways to communicate value and fight corruption – unless the judge is just as guilty as the perpetrator. In corporate context, proper management has little impact if leaders aren’t acting as role models. In a corporate context, as a firm takes concrete steps towards having an honestly built organisational culture, the process call for discerning and insistent customers. Attribution requires action; without this, behavioural measures lose predictive value.

1.3. Measuring AttrIBUTIONS AND ACTIONS

Since the scope of this research has not been reduced to empirical outcomes only, and mainly intend to measure attribution, it was necessary to find the right method which decrease the possibility of poor reliability and biased results. Based on previous examinations on Purchaser intention and generally on Probability scales, it came to light that the effectiveness of direct measure on the most likely customer behaviour increased with Probability scales (M. Wright & MacRae, 2007). Probability levels proved useful as dependent variables in consumer behaviour studies, moreover, along with the Purchase intention scales, they are empirically unbiased. Probability level checks offer greater confidence though, as they display with greater precision in the examination of customer behaviour compared to the Purchase intention scale (Wright & MacRae, 2007). On the other hand, the purpose of this paper is not to distinguish buyers from non-buyers, but rather to classify the conditions which make people buy a service or a product from ethically questionable firms. Therefore, a mixed method questionnaire was administered to a random sample across the country. The dependent variables, particularly the gender, place of residence and number of children were measured with closed-end items, while the questions targeting the participants’ attribution were answered on a five-point Likert scale. The Likert scale items served as
secondary tools in measuring the participants’ awareness of original corporate ethical values. Among these values were five outstanding principles: the leaders’ ethical behaviour, human resource policy, social responsibility, product or service quality, and pricing (See Table I.). Further reliability concerns were raised related to the analysis of the outcomes due to the questionnaire’s complexity, such as the mixed method design measuring different conduct, including the five-point Likert scale. Therefore, the possibility of statistical analysis related to the mean, correlations and even the significance have been ruled out. Instead, statistics and proportion values were registered in tables and columns and charts (See Table II.). Another important factor is the generalizability of the survey results. Because of the sample size, we should be able to transfer the outcome of the results onto the whole population of Iceland. However, close relations between respondents out rule this possibility. The generalizability itself over the entire population, the number of participants, their demographic position in the country, and the variability between gender, age, and social status, would illuminate several different topics. It means that if the sample size would be raised, and respondents were approached through phone, the result would remain nearly the same.

**Chart 2. The system of item distribution and process.**

![Chart 2](image-url)
1.4. THE AIMS OF THIS THESIS

The goals of this paper are fourfold. The first goal is to measure participants’ confidence in defining corporate ethical behaviour. The second hypothesis concerns the consumers’ perceived control regarding unethical corporate operations, with special attention given to their place of residence and family size.

Thirdly, this work seeks a revealing contradiction between the fixed variables (knowledge and circumstances) and the participant’s purchase behaviour, by combining the practical research outcome with theoretical reasoning. Finally, this paper examines how the global and local political economy interfere with ethical decision-making in a greater social context.

1.5. LEADING THEORIES

Corporate Ethical Behaviour as a business value guideline was narrowed down to five principles. The chosen subdivisions made the questionnaire more transparent and understandable for participants, and concerned human resource policy, pricing, corporate taxation, product or service quality, and ethical leadership. The Corporate Ethical Behaviour concept provided several items in the survey that investigated the participants’ perceived awareness of these primary corporate values (Bartels, Harrick, Martell, & Strickland, 1998).

For compliance with the norm, the broad meanings of divergent and convergent stakeholder theory are analysed through several economic types of research. As the survey aimed to scope out the purchasers’ attribution and knowledge it became necessary to examine how measures on behaviour provided unbiased outcomes in previous empirical papers. The related concepts found were the Purchaser Intention Scale and the Purchaser’s Process. This article also includes chapter sections on the analysis of ethical decision making, and leader’s responsibility.

Finally, Patten’s Prosperity Theory gave an alternative profile to this paper. The empirical outcomes are explained through Patten’s economic disposition towards
poverty, class division and his statements on how modern society can process these issues correctly.

1.6. MOTIVATIONS FOR CHOOSING THESE OBJECTIVES

This thesis provides the opportunity to shift the average Purchaser intention scale into a more authentic plenary research tool. There are already large number of questionnaires targeting purchaser attribution towards a firm’s behaviour, aim to predict selling outcomes. The recent work, on the other hand, follow the footsteps of economists such as Patten, Trevino, and Brown. Most modern scientists believe that a purchaser’s behaviour is the mixed result of several factors, such as family size, culture, place of residence, a firm’s monopoly in each country, furthermore, the culture of political economy, that enhance purchasers’ ability to build opinion on corporate values. According to the survey results in the work by Creyer and T. Ross (1997) “The influence of firm behaviour on purchase intention: do consumers care about business ethics?”, majority of people do feel a genuine “push” to shape the ethical strategy of companies with informed purchasing. The study, however, did not specify under what circumstances people make the decisions to punish or reward a company.

Furthermore, the Creyer and T. Ross questionnaire was administered to elementary school children’s parents for a small fee, indicating that participants may had concerns about tracing. The third weakness of the Creyer and T. Ross work is that corporate ethics remained undefined. For example, the establishment of ethical guidelines for any firm could mean human resource policy, taxation, the leaders’ role, customer service or product quality, or even firm involvement in charity activities (Murphy, 1989). In this new research the items were set out to determine what kind of ethical policy the participants were dealing with and how important it was for them to punish the firm for breaching the general ethical rules. Based on the Creyer and T. Ross summary, with a more differentiated purchaser’s intention scale than the one used in their previously mentioned work, it might be possible to specify the circumstances that trigger customers to lower their demands. The study’s core point, therefore, is the questionnaire, which is designed to reveal the conditions that push customers into purchase against their moral convictions. Personal views and definitions of corporate ethical behaviour is a particularly important factor in this thesis. In a similar way as a
matrix, the chosen ethical codings in this paper embrace a comprehensive structure involving the actions of leaders, sub-leaders, product quality and the human resource policy. (Stead et al., n.d.). According to a previous research, corporate ethical behaviour has up to 37 definitions, dependently from researcher’s interest (Dahlsrud, 2008). Could be that the ambiguity is one of the reasons why firms do keep surviving the ethical crises. The goal of this paper is to narrow the focus on fewer ethical codes, and find the hidden causes beyond the obvious ones.

1.7. Thesis Chapters

The proposal of the first chapter place Iceland’s past and present under the spotlight, and examines the probable effects of the economic crisis on people’s awareness concerning corporate ethical conduct. This thesis considers several theories, yet the main argument is that they are all interrelated, proposing that the cumulated variables cause a multiplied impact on a purchaser’s awareness. The first chapter, therefore, introduces these references, the four research hypotheses, the basis of the administered method, the main theories related to the survey items and the results, and finally a brief explication about the motivations of this thesis. The introduction chapter as a whole is an explicit summary of the variables found to be specifically applicable to Iceland and within this research. It was found to be especially important to examine women’s economic position and their purchaser relevance, the effect of the financial crisis on society, and the common aspects of the political economy. In fact, the survey items were created to reveal these effects.

The second chapter includes the academic literature, the collection of theories associated with the whole thesis. It takes a dualistic approach, representing an empirical and conceptual analysis. Firstly, the chosen subdivisions of the chapter are introduced within the corporate ethical behaviour concept. These were the human resource policy, the product quality and labelling, corporate taxation and purchasers’ attribution towards the environment, counted as part of the organisation’s social responsibility. The primary empirical focus on the use of the academic literature was to create a practical, understandable, yet theory-based questionnaire, and to create a frame around the arguments in the discussion chapter. Patten’s theory of prosperity and his theory of
abundance are also introduced in compliance with the empirical approach. The third chapter of this paper is the method section, including data about the participants and the research design, and moreover, a thorough description of how the responses were processed and displayed.

The fourth section of this thesis presents the empirical data and the respond rates. In the results chapter, there are no conclusions and explanations, only outcomes. The results are displayed in charts, diagrams, and tables. Finally, the fifth chapter provides a broader interpretation of the results, plus the chance to compare outcomes with the hypotheses and theories. The immediate opportunities concerning the Icelandic economy, as well as the potential for future studies, complete the research text, while the resource chapter and the appendix show the list of references and the survey items in Icelandic.
2. ACADEMIC LITERATURE

The empirical claims of this research were to identify the correlation between the participants’ awareness and their attribution concerning corporate ethical behaviour, furthermore, uncover purchaser behaviour pattern related to peoples’ residence. If we look at these variables from a business point of view, a purchase intention study is a purely practical instrument. On the other hand, the economic environment is evolving into the new age of the awakened customer, who demands products from the purest and most sustainable sources (Donna J. Wood & Raymond E. Jones, 1995). This does, however, increase the pressure on customers to keep focusing on fair-trade and to sustain their ethical standards.

Indeed, reporting on people’s needs and intentions for the purpose of selling them quality products is necessary for firms to survive, yet the long-term predictions about a company’s future are strongly built on the corporation’s values and future visions, or the so-called mission statements (L. S. Williams, 2008). A large number of theoretical study on purchaser intentions indicated that human attribution towards firm behaviour has outgrown the purchaser-seller rule, since it has inevitably placed customers and companies on opposite sides of the economic battlefield (Fournier & Avery, 2012). Therefore, this thesis is based on more than one concept, combining empirical and theoretical considerations.

The incorporated pillars were four main principles from the field of economic sciences. The first is the Corporate Ethical Behaviour, a broader business value guideline narrowed down to five smaller sub-principles. These divisions made the questionnaire more transparent and understandable to purchasers. The five sub-principles are: the human resource policy, product pricing, corporate taxation, product or service quality, and ethical leadership. As a result, the Corporate Ethical Behaviour concept provided several items in the survey targeting participants’ perceived awareness about the primary corporate values (Bartels, 1998). The first subdivision, however, focused on the attention the company paid to their employees (Collins, 2000). In general, firms’ human resource policies played a major role in sociological studies throughout the 21st
century. Consequently, “the employees as human resources” concept became more and more clearly specified (Harrison, 2004).

The second integrated concept in this study, Purchaser Intention-Behaviour, is mostly built on the economist Elizabeth H. Creyer’s work on people’s attribution towards corporate ethics. Creyer’s search for an honest answer about whether consumers feel interested at all in corporate ethics could have been more unequivocal, yet, while the author admit that ambiguity is one of the study’s weaknesses, she also opens the door for a more thorough proposal. These new proposals, however, would have to be built on further economic, sociological and even psychological establishments (Elizabeth H. Creyer, 1997). As a compliance, Patten’s theory of prosperity and theory of abundance represent this thesis’ holistic disposition towards the science of economy.

2.1. SUBDIVISIONS OF CORPORATE ETHICAL BEHAVIOUR

2.1.1. Transparency in human resource management

Modern industry, affected by migration and the free flow of the workforce through the European Union and within the Schengen area, has led to significant changes in how people work efficiently and in corporate attitude. These transformations were necessary for the enhancement of outstanding performances (Gagliardi, 2015). Agricultural and private enterprises sold out to bigger industrial organisations, and the changes affected individuals, professionals, families, communities, and most importantly the environment. The successes of business leaders began to show greater contrast to those who were left in poverty, and ethical debates began to arise among the public (Stricker, 2000). The nineteenth and early twentieth centuries were educational years for corporate leaders who had to understand that real success and long-term survival on the market is characterised with employees’ well-being (Stricker, 2000). The finding led to significant changes in CEOs’ approach towards workers. Innovations and growth was, and still is, unimaginable without the involvement of educated people who take pride in their professions. In fact, the conceptual gap between management and employees decreases by innovative consensus within the same corporation (Sachs, 1984).
Ethical management, therefore, is not only a cold strategic method, but also a chance to reduce class division, and prejudice (Byrnes & Kiger, 1992).

Communication with employees, and later the employees’ communication style with customers, is a reflection of a firm’s ethical value system (Mobarakhe & Ghorbani, 2015). In this context, less discrimination on basis of gender, race, religious views, or even age is related to the development of human resource strategies, as community performance became more and more necessary in the constantly transforming market (Mihailović, Cvijanović, & Simonović, 2015). This process, on the other hand, has observable structures, which define human resource management into stages with helpful guidelines about how to act. The developmental stage zero in human resource management, as a starting point, means a fundamentally selfish mode of control that holds information within the board of directors. There is no conscious human resource strategy and employees are thrown into projects without preparation. Following a corporate policy update, the board of directors can move up to the next level, whereby the need for a more organised employment policy is recognised, but training and education is still up to the employees. Therefore, communication between workers and supervisors is limited to wages. The second developmental stage is the turning point where the human resource department exists, but there is a lack of independence and practical strategies. Values and expectations are established, yet a more organised structure is required for better employment performance. A definite turn in the second stage is that the educational programs exist, even though the management distances itself from the workers.

The third developmental stage indicates an organised human resource structure, where the management shows interest in the future visions of its people (S. Williams & Turnbull, 2015). At this point, the board of directors learns to educate and motivate employees, which increases well-being at work, and the positive correlation between the company’s ethics and an employees’ job satisfaction are recognised. Finally, the most optimal level is the developmental stage four, which involves the good qualities of developmental stage three and more. At this point, excellence at the company depends on the integrated ideas of the board of directors, all the departments, and their employees. The individuals are resources, with the possibility of working their way up
to any employment role within the corporation. The individual’s safety, training, performance-related salary and hiring are at the forefront of all initiations.

An important note of this study is that employee’s well-being in the healthcare system faces a worldwide double risk. Since nurses and doctors take responsibility for patients, their job satisfaction is a key point in patient safety. Human resource management, therefore, might work as a safety intervention in hospitals and nursing homes (Buchan, 2004). Concerning the present thesis and the item analysis, it is especially important to examine the Icelandic purchasers’ awareness about the four, principled human resource developmental stages, as they represent values for both employees and consumers. The research scope, therefore, includes the firm’s provision of fair wages, a focus on performance instead of gender, religion or skin colour, and not least a safe environment where employees can practise their profession without risking physical safety (Trevino, 2001). Presumably, the maintenance of these pillars require a devoted management able to make sound decisions under pressure.

2.1.2. Ethical leadership and management

The third branch of the concept of Corporate Ethical Behaviour is related to a firm’s moral leadership and management. Previous studies in the field of economic sciences have shown that consumer’s growing awareness of the basic ethical corporate coding increases the pressure on both purchasers and suppliers (Wesley II & Ndofor, 2013). Conscious consuming demands purchase withdrawal in the case of unethical corporate actions; yet customers do not punish companies for all ethical breaches (Serhan & Boukrami, 2015). The sense of connectedness between a purchaser and the product does not involve the leader of the company or the management, but rather a subjective satisfaction with the product or the service (Yuen & Chan, 2010). If we look at this relationship as a value system, it explains why unethical leaders can keep running their companies after a corporate tax fraud scandal, for example. The customer consciously or unconsciously experiences the stolen value repurposed in the form of a quality product (Traylor, 1981).

The aftermath of the well-known, worldwide corporate scandals of recent decades has turned many researchers’ attention towards investigating and even doubting the
effectiveness of ethics management. As it stated by Trevino and Brown (2004), the numerous myths about corporate ethics must be untangled to understand the underlying reasons for a global ethical crisis. The Trevino and Brown study is grounded in theory, research, and business case studies (Trevino, 2001).

One myth is that being ethical is easy. If it is so easy to run a firm ethically, why does the process have to be managed? Answering the question, the definition of corporate ethical coding is very complex (Treviño & Brown, 2004). Moral decisions, even in our private lives could be extremely challenging, and particularly overwhelming in corporate setting (Lin, Jingjing Ma, & Johnson, 2016). The arguments over the best approach towards firms´ moral responsibilities are going on for decades. Students of business ethics are trained to consider various dilemmas as values conflict with each other within a normative framework (Martin, 2011). The two scales always represent the benefits and the harm to society concerning a given action. The ethical pillars apply to a situation are mainly the matter of justice and the rights of others (Treviño & Brown, 2004). Yet, what if the rights of a vulnerable group are at stake, parallel with other social values?

Western culture, for example, emphasises how international business relations must build on the essentially democratic values of foreign suppliers (Dine, 2008). In some instances, democratic countries apply financial restrictions to enforce these democratic processes – this was the case in the Israel-Palestine conflict, for example. Besides the fact that most of the world wants nothing but peace between the two nations, it seems reasonable to punish Israel with purchase withdrawal on the global market, and force the country to seek gun-free solutions with Palestine (Falah, 2016). However, Israel employs Palestinian citizens in the war zones. Therefore, the rejection of any product from these areas causes a significant increase in unemployment in Palestine (“Middle East Reporter,” 2011). Tragically, the ethical instrument designed to enhance democracy sometimes backfires. It must be noted that proper challenge recognition is difficult, as issues do not identify themselves straight away in moral terms or in terms of victimology (Treviño & Brown, 2004). When corporate morality is challenged, recognising the problem can take time, and the decision maker might be cognitively influenced by other factors. In 1970, when the Ford Motor Company encountered issues
with low-impact rear collision, the corporation had a recall department responsible for serious incidents. However, Dennis Gioia, the head of the department, did not look at the situation as an ethical issue (Bonamici, 2005). Without ethical management, training, or a pre-agreed consensus between departments, everything can be viewed as a practical problem – and perhaps even as an individual interpretation of the incoming information (Huhtala, Tolvanen, Mauno, & Feldt, 2015).

The literature, such as the Trevino and Brown (2004) work, views ethical decision-making as a multilevel process. Trevino states that not everybody possesses the high-level ability to recognise ethical issues correctly. Firstly, the moral motivation or the commitment to act on a decision must evolve into real characteristic behaviour, despite the challenges. Moral judgment, on the other hand, as the second stage of ethical decision-making, is the consequence of cognitive moral development. Kohlberg argued that the concept of moral decision-making should develop in individuals during their childhood in sequences (Baxter & Rarick, 1987). These are more like cognitive stages could be associated with ethical dilemmas. The process supposed to get increasingly sophisticated, but Kohlberg pointed out that this doesn’t happen all the time. During the growth process, caused by the interrelated effects of the environment, the individual’s personality and their inheritance, some people stagnate at a pre-conventional level for their whole lives. In ethically ambiguous situations, these people decide how to act relying on the concepts of punishment and avoidance. At their best, they might “exchange” relationships. On the other hand, most individuals generally act in accordance to complex cognitive systems. For instance, people could be motivated to conform to the demands of a significant Other, which results in the growth of perspective (Baxter & Rarick, 1987). The essence of ethical decision-making is to develop comprehension of the entire process and the realisation that one must act according to guiding principles, such as justice and mutual interest (Mayer et al., 2012). It is almost frightening that nowadays, leaders in the industrialised world are under constant pressure from society. Ethical decisions in such organisational context present certain challenges when leaders´ are required to make free and principle-based choices (Treviño & Brown, 2004).
Anyone who still thinks that ethical behaviour for a leader is easy must try to make their own choices concerning others without having any guidance. We know that the pressure of the working environment can inhibit a leader’s power to act in parallel with value-based convictions. Sadly, the world is full of leaders and managers who do not rely on any ethical pillars. The additional problem is that only 20% of the whole population are able to reach the above-described, ethically principled level (Treviño & Brown, 2004). To present the challenges of the corporate world, we can consider the following ethical dilemma. Bumping into someone’s car in the parking lot gives us two choices. We can leave a note and, in future, pay higher insurance with a clear conscience, or simply drive away and let the other car owner fix the damage. As an individual, responsible only for one’s own actions, it is obvious what the right course of action is. In contrast with the corporate manager, we do not have to give up our colleague to our boss if he makes a mistake. We do not have to explain the budgetary loss to shareholders, or walk away from millions of dollars instead of crossing a thin ethical line, and furthermore, we do not have to take responsibility for the future salaries of thousands of employees (Treviño & Brown, 2004).

The context of ethical decision making is crucial regarding the importance of social maintenance (Dahlsrud, 2008). According to the 2003 National Business Ethics Survey, almost one-third of the participants find it acceptable to use questionable ethical practices if the method is successful (Gragan, 2016). About 40 percent of the participants would not report misconduct for fear of losing their jobs. A further 30 percent would not report misconduct for fear of the opinion of co-workers. And could anyone think that these positions only apply to employees? By asking ourselves why retired CEOs never talk about their business partners after an ethical scandal, or why active senior executives stay silent when the truth comes out about ambiguous corporate activities, perhaps we already know the answer. People look for approval from their peers, and leaders are no different (Gragan, 2016).

Another myth about corporations and even about political parties is that ethical breaches are permanently solved with the removal of the faulty individual (Treviño & Brown, 2004). The truth is that the leader’s actions (or the employee’s actions) most likely have a business context such as common neglect, the direct reinforcement of a
third party, or a great “opportunity” which someone has pointed out to them. Therefore, the problem exists until the company re-evaluates the firm’s whole ethical management. First of all, it is almost impossible to fix unethical behaviour in the workplace if the administration places an illogically high emphasis on goal attainment (Cohen, 1993). Demands should be realistic, and stakeholders must agree on a common value-based vision. Robert Merton argues in his theory of corporate social structure that the working climate determines beforehand how disputes about ethical principles are resolved in a firm (Cohen, 1993). Leaders’ personalities also, of course, have a large impact on the working atmosphere, which eventually becomes visible to customers as well (Elizabeth H. Creyer, 1997).

Nonetheless, we must address a critique of Merton’s assumptions regarding the positive correlation between a good working atmosphere and ethical leadership. The contradiction can be seen in the times just ahead of the Icelandic economic crisis, when, for example, bankers and their employees engaged in regular holiday trips and worked together as friends. In this context, local people have rarely heard of any conflicting opinions between the leaders and sub-leaders. From this point of view, a leader could have represented any decision-making style during working hours, since uncomfortable questions were neutralised on generous after-parties. For example, we know that CEOs who belong to the participant style of leadership encourage and facilitate their subordinates in decision making (Harvey & Sims, 1978). However, nobody knows whether this is an ethically good or bad decision. Involvement in itself can make employees commit and approve of a particular cause (Hill & Bartol, 2016). The subordinate will more likely wish to take more responsibility in their work in such a motivating atmosphere. Experiencing the effect of power sharing is also an influential factor, even without sharing the underlying ethical principles (Low & Davenport, 2009).

Besides the participant leadership style, Hill and Bartol (2016) have made multiple comparisons in their research on a leader’s decision making, finding a significant positive correlation between the “telling leader” method and a spontaneous and intuitive decision-making model (Rajbhandari, 2015). The telling leadership style focuses on one job-related objective. It means that the decision maker defines a
problem, allocates solutions, and tells co-workers what to do, without reasoning. Apparently, in this case, ethical misconducts can go on for significantly longer time periods, since subordinates have much less of an insight into the corporate mechanism (Rajbhandari, 2015). The complexity of the behavioural and cognitive factors concerning ethical leadership and decision-making has been a focus of interest since the 1970s in the US, as the growing corporations began to employ managers and subleaders to keep up with market demands (Guvenen & Kuruscu, 2012). Although it is hard to establish which leadership style maintains the most decent working conditions for employees, the servant leadership style might be one of them.

“Servant leadership” gained increased attention due to the work of management researcher, Robert K. Greenleaf (Greenleaf, 1972). As came to light in a thoughtful book by Greenleaf and Spears, Greenleaf’s career began when he started to work for robust, major corporations such as the Telegraph and American Telephone (Greenleaf & Spears, 1998). In this memoir, Greenleaf describes how the concept of servant leadership evolved in front of him as he witnessed the debilitating effects of the traditional organisational and management style. Speaking from experience, Greenleaf stressed that while the world remained dominated by such large institutions, the new challenge should be to shelter small-scale communities and embrace high-spirited social transitions as they grow and develop. The firm intention of a servant leader, according to Greenleaf, is that no one will be hurt, and the leader stands on two cultural issues: power and competition (Greenleaf & Spears, 1998).

After Greenleaf, Dierendonck also argued for higher ethics and corporate social responsibility (van Dierendonck, 2011). He stated that these qualities do not only make a company functional, but sustainable and profitable. Income is clearly a key factor in the survival of every organisation. The sceptical critique on servant leadership, therefore, circles around the fact that this style means the leader is unable to comprehend a short-term or profit-centred disposition (Raj, 2014). The income in question is the fruit of a long process, and grows by reduced turnover (D. Jones, 2012). Additionally, increased job satisfaction will produce happier customers and high-quality service. Conclusively, the competitive advantage of a corporation is not always a tangible asset, but often its human resources, which should be cherished and
motivated in an ever-changing environment (van Dierendonck, 2011). One must realise also that the servant leadership concept has no professional or geographical limits; it is about a genuine interest in others, about pride as an employee’s personality evolves, and first and foremost, about a shared vision for the future. Service is constructive both for the purchaser and for the company, and it has positive effects on every society and profession on a global scale. This type of management style can be researched in the US, in Iran or Iceland, and could be applied successfully in the public sector as well, such as in nursing homes or hospitals (Sigrún Gunnarsdóttir, 2013).

The economic interest, however, is also focused on the ethical side of sales. Recent studies in this field describe this topic with words such as: “uncertainty” and “moral ambiguity” (Wotruba, 1990). Regarding the concept of servant leadership and corporate ethics, the question is how the concepts can turn out to be the extension of values to customers. The critical point is the practical organisational commitment of the organisation, how much its people fit the organisation, and the positive turnover of a sales role (Schwepker & Schultz, 2015). Previous researchers have showed that the servant leadership style enhances the sales manager’s value in improving attribution, as well as customer value creation. Perhaps then, this is the leadership style that could contribute to the real transformation of the political economy?

2.1.3. Corporate ethics and the legal environment

The hypothesis of this paper addresses the underlying effect of the political economy on corporate ethical behaviour. Part of this argument is that ethical decisions regarding the labour market causing people concern about whether these decisions serve their best interests, or more like a hindrance to the middle class. The growing gap between social groups is an international problem (Hernæs, Markussen, Piggott, & Rød, 2016).

Interestingly, the global market refer to class division as a recovery process from a depression which characterised the years between 2008 and 2010 (Oddsson, 2016). Reports on the world’s economic status have addressed that global trade and innovations are relating to the newest technologies and that is part of a growth process
(Andreeva, Simon, Karkh, & Glukhikh, 2016). Yet, over the past ten years, larger economies such as the United States have struggled to obtain social contentment. It seems that the government is unable to make an overall recovery from a situation caused by corporate greed – and perhaps there is a problem as well in sourcing the recovery. People in different countries complain about unfair pension benefits, and the dismantling of the welfare system (Hernæs, Markussen, Piggott, & Røed, 2016).

In a piece of work from the University of Gothenburg, written by Gissur Ó Erlingsson, Jonas Linde, and Richard Öhrvall, we might find an explanation for these tendencies, which also addresses how political forces can be associated with social conflicts. First of all, corruption is something that a nation can perceive. Secondly, this awareness is more apparent after economic downfalls, since people starting to recognise patterns and tendencies occur in their economic environment (Li, Tang, & Huhe, 2016).

Eva Joly, who investigated the background of the initial causes of the economic crisis in Iceland, has publicly complained that she experienced political resistance in the process of cleaning up the economy. Though the people involved in the misconduct were recognised, nobody was willing to bring them to justice (“Financial Secrecy – profits from the laundry,” 2007). Erlingsson, Linde, and Öhrvall (2013) discussed the diffusive level of the political elite and their roles, and explain why it is so difficult to find someone who takes personal and political responsibility for ethically ambiguous decisions. The definition of the political parties as “elite” is a reference to the characteristics of the community which converges on a group of people with similar economic characteristics (Hart-Landsberg, 2013). This social structure has underlying values, or so-called regime principles. The system performance is the practice, carried out by actual institutions and politicians (Masciandaro & Quintyn, 2008). Economists often raise the question of how an idealistic government should represent itself. Trevino and Brown argued, that public services are supposed to function in accordance with sophisticated ethical manners (Trevino & Brown, 1995). Impartiality and the fair treatment of the public are supposed to be the focus of principled governing, thus considered to be the secret of functional democracy (Spicker, 2008).

A democratic administration should also exclude elite-patronage, discrimination and legislation of rules that could compromise established ethical pillars (Li et al., 2016).
Corruption in its essence becomes more perceivable when fundamental human rights, such as access to the welfare system for those in need weakens. A government that strives for sustainability expected to focus on regulations and laws which contribute to the citizens’ successful operation in their immediate economic environment (Hernæs et al., 2016). Success could mean creative freedom, given by the country’s leaders to citizens through a fair taxation policy and a strong social system for the disabled and the elderly (Hernæs et al., 2016). Pension liabilities, then, are also a subject of Western economic arguments, as most people find the public institutions are returning lower pensions to employees after a lifetime of work than it would be reasonable. Concerning the elderly, their dignity is a constitutional right in Western societies, and growing old without worrying about how to finance housing, medication and food is an essential pillar of democracy (Steve Doughty, 2009). The welfare system, the safety net for the disabled and unemployed is another democratic component meant to ensure social balance. Importantly, the wealthy Scandinavian countries have undergone socially-related changes in the past 16 years concerning this subject. Denmark’s welfare system for example has experienced fundamental transformations: the universal state model is now more dualistic and depends both on the public sector and the firm participation (Steve Doughty, 2009). Denmark in the year of 2016 remains a successful representor of the of economic balance and fair share.

Economic performance on the other hand, does not always reflect in the social system, albeit budget cuts can be the consequence of an empty treasury. In this case, when public figures of the regime, corporate leaders, and bankers still get their (prosperous) share out of what is left, democracy becomes contaminated (Gūtmane, 2014). It tells us that legitimacy is not necessarily ethical, or built on any fair and democratic principles. Furthermore, uncover politics as a multidimensional concept, which must first of all must be examined from the position of the citizen, who strives or exists within the political matrix (Spicker, 2008). Conclusively, democracy is a multifaceted phenomenon, and the long-term unhappiness of different social groups is sign of a breached ethical system. Still, even a corrupt elite must be supported by its citizens (Spicker, 2008). According to the procedural fairness theory, legitimacy is perception-dependent; people are forming judgment about the right policies according to the
fairness they bring into the social system. Beliefs about what is the politically right procedure may even overrule the individual’s self-interest (Spicker, 2008).

A representative example of this cognitive process can be seen in the prosperous times in Iceland before the years of 2008 and 2009, when people felt that they were living in a relatively corruption-free society. This belief, however, decreased significantly after the economic collapse. Recent studies suggest that the high level of democracy in a given country is more likely to deepen the perception of corruptness (Li et al., 2016). In fact, the perception of corruptness crystallises public awareness concerning corporate ethical conduct, and affects purchase intention (Hart-Landsberg, 2013b).

2.1.4. Purchase intention versus behaviour

The observation of purchase behaviour from practical and theoretical perspectives induces a profound understanding about its impact on corporate ethics. As we look at the consumers’ place of residence and distance from the capital, moreover, their disposition towards local businesses, the differences are often rather apparent. According to Franklin Tillman’s Local Ethics Model theory, customers living in remote settlements have a better ability to distinguish ethical from non-ethical firms (Tillman, 2015). This could be particularly true about Icelandic rural districts, where consumers have long-term overall experience of both individual merchandisers, such as a farmer’s sales, as well as chain retail stores. Tillman stated that the purchaser’s expectation about local corporate values could be highly dependent on the strong personal relations which characterise smaller communities. However, the provincial consumer’s control regarding boycotts is in negative correlation with their demographic position: the further away they live from the primary product-distributor capital, the less possibility they have of choosing between ethical and non-ethical firms (Tjosvold, 1995). The problem is particularly conspicuous when the purchases are narrowed down to the inhabitants’ basic needs, such as products intended for children and infants, food ingredients, or hygiene goods. Understanding purchase intention and people’s awareness of corporate values, therefore, is quite difficult without examining the demographic context (Foryś, 2014).
The main argument here, though, is not about how nationality, culture, and the environment can influence purchase behaviour, but rather to understand how important it is to customers to influence unethical corporate misconduct with purchase withdrawal (Tillman, 2015). The myth is that consumers have shown increasing behavioural consensus regarding organised boycotting in the past ten years, but perhaps this is just something we can now read more frequently on the social media. According to the results of a research administered by Carrigan and Attalla in 2001 in Britain, consumers between the ages of 18 and 25 years old had little information about firms’ ethical activities in general. Moreover, most of them confessed that even if they would knew about an ethical breach regarding nature or customers, they would still keep on purchasing the product for the following reasons: the product was of good quality, a boycott would be unlike to change anything, the service or product was comfortably close to their residence. Besides this, the participants also said that they do not really bother themselves with thinking about corporate ethical behaviour (Carrigan & Attalla, 2001). Nevertheless, if nationality and demographic circumstances matter in the prediction of purchase behaviour in conscious consuming, it should also be examined according to the purchaser’s sophistication and their country of origin (Richardson Jr., 2012). The old status quo of classic literature on corporate ethics is that ethical behaviour is the sole responsibility of the firm, and consumers should passively trust in that (Morgan & Hunt, 1994). Other, more recent sociological studies argue that ethical decision-making is the responsibility of the customer as well, and demand increased consciousness about environmental and health-related issues. The sophisticated consumer is more likely to participate in an organised boycott as ethical decisions rely on solid principles (Miller & Washington, 2016).

Tillman’s remarks on the rural purchaser’s high awareness levels led to new theories. We know that the critical starting point in consumer decision-making is problem recognition (Punj & Srinivasan, 1992). As it stated, the possibility that lack of competition leads people into a broader information search to meet their needs increases, but it is also decreases the probability of a boycott. Possibly, information search induce better farmers’ market cooperation or even the establishment of smaller enterprises as a replacement strategy (Sulemana & James, 2014). Theoretically, if any of this true, economists must immediately review the standard punishment/reward
intention scales. Per the economic start up theory, purchaser behaviour is related to the company’s ethical conduct, and is also associated with the number of possibilities given to an individual to substitute. Therefore it may be assumed that entrepreneurship and venturing are among the replacement methods (Mack, 2015).

2.1.5. **Stakeholder theory, concepts, and practice**

The classical or even neoclassical meaning of stakeholder theory is that profit and economic gain are created when the price that purchasers pay for a service or a product is greater than the cost of providing it (Jensen, 2002). The cost of producing something to sell is the ultimate utility; all stakeholders seek to gain from the optimal use of the given resources (Jensen, 2002). The assumption is that it is almost impossible to optimise this profit if the competition pays less for the raw materials. The only resource is the market price capital; for example, the ownership of the company that sees profit as income is generated by the consumer and the producer. The surplus is the ratio between the highest price that purchasers would be willing to pay for a product; the producer’s surplus is the difference between the price and the production process costs (Jensen, 2002).

On the other hand, market conditions are rarely said to be optimal in practice. Assuming that some monopolies have market control, the competition becomes asymmetric and inhibited with other social consequences as well (Sundie, Gelb, & Bush, 2008). Also, if the profit cannot be maximised, the status quo of this model will be incoherent, and the firm’s management will appear insufficient. Nevertheless, there is always a possibility to cover the costs, particularly if the competitive agents have less product variability as a resource (T. M. Jones, 1995). Therefore, firms can never grow without taking a constant look at each other, and without focusing on value creation. Moreover, value is not something we can define by the independent and isolated conceptualisation of different factors, but by looking at them through a cross-examination of the interrelated parts of the whole economic system. The core point of value creation is therefore tangled up with issues related to ethics. The literature that examines stakeholder theory have already put forward numerous arguments about virtue-related issues that influence the overall firm performance (Buchholz & Rosenthal, 2004). In
order to avoid ambiguous situations and create a sustainable competitive advantage, the stakeholder’s process must begin with the creation of value for customers. It can be done with the improvement of quality or innovation, and often through specific services. In some instances, the practice encourages purchasers to contribute to value creation by asking them about their opinion and ideas over what value means to them. These so called “experience checks” can add significantly to consumer satisfaction (Kenett & Salini, 2011). Research on purchase behaviour has proved that such practices encourage purchasers to pay a higher price for a product or service. It is an optimal situation, at least between the consumer and the firm. The surplus created by the company returns to the customer. However, the stakeholder has the choice to follow options. However, these options are not maintainable, as they might require the misinformation of the consumer, false product labelling about ingredient ratios, the pollution of nature with cheaper cleaning systems during production, or unethical but cheap supplier sources (Child & Marcoux, 1999).

A more sensitive level of the stakeholder’s responsibility is the treatment of the human capital in the business. For instance, a stakeholder can ensure that there are several ways that employees can improve themselves in their profession. Some of these methods include training, family-friendly working hours, an emphasis on gender equality, fair wages, and the creation of a dignified working environment (Buchan, 2004). These practices have led to the realisation, that upgraded human resource policies induced productivity. Additionally, the primary holder of capital interest is able to redistribute value both into the immediate environment, and to the customers (Mobarakeh & Ghorbani, 2015).

In considering the human capital to be an intangible asset, we can assume that stakeholders appreciate their employees; anything else would be unethical and unsustainable. Competition, therefore, becomes more intrinsic for the stakeholders, as firms realise that the organisation’s engine is the satisfied employee. Referring to this paper’s main interest, the analysis of the sustainable value system in the corporate world and the political environment, we must examine stakeholder theory from the ethical point of view as well. The immediate need of an industrial society is not only profit maximisation but also the assurance that consumers can rely on the providers. From
this point of view, stakeholder value creation is a neglected topic, perhaps because the stakeholder’s reference state is sometimes more intuitive than deliberate. So far, the field of stakeholder theory is like a scene where different theories are crashing together, giving no concession to each other’s different truths. Economists like N. Craig Smith and Luk Van Wassenhove say that it does not have to be that way (Lankoski et al., 2016). Smith and Wassenhove discussed the possibility of a common platform within a concept they named as prospect theory (Lankoski, Smith, & Van Wassenhove, 2016).

Prospect theory focuses on the balance of stakeholder judgments which affects more than the owners. The argument about the stakeholder’s theory construct led to different alternative conceptualisations over the years, however, they are all inadequate and require completion by other methods. The biggest problem is that none of these perspectives has a basic ethical pillar, which can synchronise individual opinions. Trevino and Brown have also mentioned the necessity of a sophisticated decision-making process in the corporate world, in exchange for the pre-conventional morality stage (Trevino, 2001). In the end, success or failure will all come down to solid performance, through the practices of employees and consumers.

After thirty years of research and theorisation, the world is still wondering how to conceptualise the stakeholder theory by distinguishing between neoliberal and humanistic views. In short, ethical principles and their realisations are still in a fluid, changing state. Corporate decisions, on the other hand, have consequences, and the question is, how long we will choose to learn the hard way. Taking the example of larger firms, where CEOs hire sub-leaders and managers, the different value systems may have fatal consequences for the corporation regarding its image and reputation (Murphy, 1989). Without moral consensus and a vision for the future, participants drag the company in as many directions as there are decision makers. Nevertheless, the instrumental viewpoint enhances an understanding of this phenomenon and creates normative establishments. To gain control over stakeholder subjectivity, the prosperity theory represents a new psychological conceptualisation.

It means that stakeholders are required to focus on the different reference states, their perceptions about these issues, and an awareness of how they have been changing over
time. According to the prospect theory, stakeholders can establish a baseline reference point which significantly improves the judgment of long-term values. But does this theory have any empirical support? Well, empirical support for any concept is possible, but solely if it has a measurable construct. The statistical measures on psychological and social constructs can display significant differences and correlations between concepts and behaviour, making these interactions more understandable. The components of value, as a reference point in stakeholder theory, can be defined in several ways (Carroll, 1991). For example, a central construct can mean the components of value, such as the relative worth, the importance, or the utility of the product or service, or, for example, the intrinsic value or altruism which inspired the product, service or firm. Another identification can be made according to subjectivity and objectivity (Kaler, 2004). These terms recognise individuality within a normative framework. Therefore, researchers are able to specify new variables. Based on this, the Lakonski & Smith definition of stakeholder theory is “the subjective judgment of the Stakeholder” occurring at the individual level. Recent studies agree with this definition, and it is also close to the concepts and findings of this research. However, what non-monetary utility means in this context requires further specification. For example, what a stakeholder creates throughout decision-making can demolish or build a corporate image – this alone can represent a loss or a gain related to non-monetaryism. Wealth, in this frame of reference, is more holistic than empirical concept.

2.1.6. Patten’s prosperity theory and consumer substitution

The theory of wealth and abundance is a definition of Dynamic Economics, explained by Patten in 1902 (Patten, 1968). The argument was presented in The Theory of Social Forces and The Development of English Thought, and gained considerable attention. Patten’s reputation in the economic world rose quickly, as his attribution towards prosperity, wealth and the distribution of goods was profoundly different from other economists. Patten suggested that particular religious, cultural and political forces have the ability to change the public’s view on their own “economic worth” by relating the concept of virtue with hard labor and low wages. (“Patten’s Theory of Prosperity,” 1902). Patten stated, that society must be examined through people’s inherited cultural environment. He also argued, that the “race of men” is caused by pre-existing
conditions, and these conditions won’t change until people receive proper education. Although the focus of this thesis isn’t the hidden political, or even religious agendas, it seems to be important to discuss the belief systems that encourage people to rise from poverty, or rather stay in unpreferable circumstances. Education, related to belief systems, is a double-edged sword; it can be used to spread new dogma, teaching the next generation to conform and question little, and sometimes even to reward proper repetition of old paradigms (Eggertsson, 2008). Patten in his book clearly describes where to look for this cognitive fallaciousness. Firstly, he pointed out that income is systematically related to wages, but recipients no longer represent distinct classes from those who consume. This statement sounds remarkably pursuant to the 21th century’s Western economy, however, the level of the economic hit on society may determine the depth of the cognitive changes for the long term.

For instance, each and every study has reached some conclusions about the incidents of the Icelandic economic crisis, describe the events as “shocking discovery,” and a “loss of national identity,” accompanied by a “rising suicide rate,” “punishment” and “emotional breakdown” (Gudmundsdóttir et al., 2016). The day when the ex-prime minister Geir Haarde announced the severity of the country’s financial situation the streets became empty, people avoided stores and became anxious. The money exchange screens at the international airports displayed a blank space instead of the Icelandic króna, as if the country has never existed. This was, in fact, simply the psychological distress caused by a corrupt economic system. The same system, that only a few months earlier was so sound and trustworthy. The lesson had to be learned, and the possible options for the future are perhaps innovation and joy in the production process in a continuous circle rather than passive dependency on the system.Possibly the modern economist would call this “stable cash flow,” or a sustainable value system. Regarding labour, Patten states that though monopolistic policies can fix wages at a certain level, yet they are unable to raise prices over the "consumer’s power of substitution". Substitution in this case is the consequence of information search after cheaper, better or more available products. Patten foresaw that purchase intention will be a crucial project in the economic sciences of the future. Hence, monopoly advantage still accounts as the largest impact on a consumer’s power regarding boycotting and reward (Sundie et al., 2008). As previous studies shown, corporate ethical behaviour is in
negative correlation with the possibility of being caught. The more likely it is that the misconduct is discovered, the probability that the corporate unethical conduct decreases (T. Campbell, 2007). Nevertheless, this plight leaves unethical companies no other choice than to try to form a market which is characterised by an artificially built homogeny.

Patten’s other work, the *New Basis of Civilization*, was printed in 1907 when Patten attended as professor at the University of Pennsylvania, a position he held until his death (Patten, 1968). The issues he raised were rather provocative to those who wanted to see improvement in the American economy. The argument that goods and services should be available to absolutely everybody living within the same ecosystem were tenuous and revolutionary, yet believable. Together with Patten, Robert K. Galbraith also described the feeling of scarcity as an existential struggle, which must be replaced with the acceptance of affluence and abundance. Otherwise, he argued, an extreme level of consumption would take over parallel with the existence of poverty. Looking at today’s neoliberal tendencies in the Western societies, we must conclude that this turned out to be true, and describes impulsive purchase behaviour precisely (Carrigan & Attalla, 2001).

Patten had an early experience of agricultural labour in his childhood, by being born into a pioneer family in Illinois in 1852. In 1876, he was accepted into the German University of Halle, where he studied until 1879. Patten became a wealthy man in Germany, and gained a sophisticated economic view with a strong will to enhance equality in society. In 1880, he returned to America with a group of men who shared common philosophical and practical knowledge of the world economy and social psychology. Among these men were Richard T. Ely, John Bates Clark, and Henry Carter Adams (Hunt, 1970). Soon, Patten had been invited to become a professor at the Wharton School of University of Pennsylvania, which was a position he held until he was removed by the trustees for his anti-war views. Before his retirement, he educated a whole generation of social workers, and his only female student, the journalist Francis Perkins, became the first woman to hold a seat in the American cabinet. Patten’s work is the core philosophy in this thesis. In 2010, when the World Economic Report released a rather depressing announcement about global markets, including the Icelandic
economy, Patten’s book the *Theory of Prosperity (reprinted by Harvard University)* came to the forefront again. The timing is particularly interesting since economists were at that time mostly focused on the downside of the crisis, instead of the opportunities that were hiding under the surface of scarcity. Scarcity, says Patten, is the strongest mind-controlling factor of our times. The iniquity in scarcity is not the misunderstanding of a universal mechanism, but rather that some would deliberately hold others in the delusion that they deserve less than other community members. In a greater nexus, the essence of positive political intervention should teach people the opposite. The elite could allow individual growth and create a legal environment that enhances social sustainability. With the arrival of globalisation, the paradigm shift about wealth distribution is even more perceivable. The academic debates now aim to discuss a variety of trading methods, and social media often functions as a marketing platform. Some people become excited by looking at these tendencies, but just as well confused (Oddsson, 2016).

Related to globalisation, the labour market went through a similarly deep synthesis; borders were opened with the creation of the European Union and the EEA, and the market demanded, or still demands, educated and trained employees (Brounen, Jong, Abe, & Koedijk, 2004). The perspectives, therefore, have changed about the concepts of blue and white collar classes. Western countries need more carpenters, construction workers, and trustworthy managers who can synchronise the work of larger groups (Guvenen & Kuruscu, 2012). The shadow of the industrial past, characterised by extremely low wages and dangerous working conditions supposed to be demolished in Western democracies. Concerning the Icelandic economic past and present, the significance of construction work is a reference point associated with the country’s market position. Before the financial crisis, Iceland’s main contractors hired workers from Eastern Europe to build houses and apartments, likely financed by large bank loans. In 2016, the industry blossom again, but this time the goal is to build more hotels and apartments to rent. The public therefore perceives multiple threats regarding the local economy. First, the effects of globalisation are more immediate for a small population like Iceland. It could mean that the market require foreign labourers, and human resource management, perhaps, less monitored sometimes. Presumably, this
might lead to wage-related disputes. Secondly, the growing construction industry is a reminder to the public of excessive and unethical corporate investments.

3. METHOD

An anonymous 27-item survey was administered via e-mail and on Facebook to two teachers’ committees in Hafnarfjörður and Reykjanesskæl, to the board of KFÍ in Ísafjörður, and among the university students at Bifröst. Participants and Facebook contacts were asked to spread the questionnaire on social media.

The participants' age were between 18 and 70 years old across the whole country.

3.1. EQUIPMENT

Any student or professional who would like to repeat this research by using the methodology of this study would require an anonymous mixed method questionnaire with 23 Likert-scale and four closed-end items. The constructs of the survey, such as the participants' attribution, knowledge, and willingness to punish or reward, could be administered anywhere in the world, as could the closed-ended questions regarding the participant’s age, family size and place of residence.

A similar survey administered somewhere else – say, in a different country – would require the modification of the roll-down response list.

3.2. RESEARCH DESIGN AND MEASURES

This research was conducted in line with a random sampling design. The questionnaire method is mixed and answered on a Likert-scale from 1-5: Strongly Agree, Agree, Neither Agree nor Disagree, Disagree, Strongly Disagree, and on a smaller number of closed-end questions inquiring after the participant’s age, demographic position in Iceland and family size. Considering the Cryer and Ross study’s example, and the guidelines of theories about corporate ethical behaviour and purchaser’s intention, the questions were analysed with the consideration of the following grouping principles, as shown below. Furthermore, a comparative
examination was administered to see the response diversity between country and town residents.

1. Items 1, 2, 3, and 4 aimed to find out about a participant’s circumstances, such as gender, age, family size, and place of residence.

2. Questions targeting a participant’s willingness to punish or reward were items number 9, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26 and 27.

3. Questions to reveal a participant’s perceived knowledge about corporate ethical behaviour were items number 5, 6, 7, 8, 10, 11, and 12.

4. Ambiguous outcomes and responses in need of further explanation related to the study’s hypotheses were marked with blue text, while items related to the participant’s place of residence and family size were marked with a star (*).

5. The emphasis of item number 5 targeted respondent’s self-confidence concerning corporate ethical conduct.

3.3. THE STUDY’S STRENGTHS AND WEAKNESSES

Considering that Iceland’s population barely rises over 300,000, providing a large sample size could be a challenging task. However, in this instance, the main threat to reliability was the environment where respondents most likely received business education. Moreover, participants may also share common interest in business ethics or known each other. Another issue is that people’s place of residence was also considerably simplified. Some of the students live around the University of Bifröst, and might have basic problems with product variety. Considering the sample sizes of previous researches, such as the Creyer and Ross study, we’re able to conclude that scientists trust on 300 reliable responses, and sometimes less than that. However, the proper participant approach would mean random phone calls. This, most likely, would eliminate the problem of close relations.
The idea of the ‘green purchase’ and environmental consciousness play a great role in consumer habits in today’s Western societies. However, none of the questions targeted animal welfare or nature pollution. This has been found to be one of the most insufficient parts of the questionnaire. The strength of the study, on the other hand, is the approach of purchaser behaviour and attribution from many different perspectives.

Furthermore, the hypothesis regarding entrepreneurship and how it relates to the survival of unethical companies is not academically supported and remains only an assumption. Finally, the question of language is a concern. The same questionnaire in English might be understood differently, or could call for different responses.

3.4. Administration and Collection of Responses

The thesis questionnaire was sent to participants through the central office of the University of Bifröst, via e-mail to the teaching committees, and to Facebook contacts. The responses of the survey were automatically collected by Survey Monkey. The responses were then converted into diagrams and charts.

3.5. Processing the Results

The results were processed through an examination of the charts and diagrams, and compared to Iceland’s historical, economic and educational background to find out whether there was tension between behaviour and attribution. The whole outcome also reflected a general and theorised conceptual purchaser disposition against the regime, as well as their attributions towards corporate ethical misconduct, and their willingness to participate in organised boycotting. There are also philosophical arguments, which were not derived from the survey, but are partially referred to in the conclusion chapter.

For the sake of simplification, the five-point Likert scale responses were reduced to three outcomes: the “agree or completely agree” and the “disagree or completely disagree” were interpreted together as one type of response option.
3.6. Ethical Considerations

The ethical risks in this thesis were threefold. The first is related to the empirical sections and the methodology. Creyer’s purchase intention scale as a basic model was administered to the participants, but it was completely modified to fulfill the purposes of this study. Respondents received the survey translated to Icelandic. Therefore, the questionnaire’s originality was sufficiently covered. The second issue was the protection of privacy. The survey, therefore, ignored respondent’s IP numbers and kept their anonymity.

Thirdly, due to the nature of sociological and psychological aspects of this work it could have been an unethical option to withhold the actual purposes of their survey. In this case, participants received a briefing that included all the information regarding the thesis subject, and the name and phone number of the author.
4. RESULTS

An anonymous 27-item survey was administered via e-mail and on Facebook to two teacher committees in Hafnarfjörður and Reykjanesbær, to the sports board of KFÍ in Ísafjörður, and among the students at the University of Bifröst. The participants’ ages were between 18 and 70 years old. A 100% response rate applied to 200 participants. The distribution of gender turned out to be rather unequal: 70% female and 30% male. The participants’ places of residence, on the other hand, showed a more even distribution: 52% of the participants lived in the capital, while 48% lived in the rural areas of Iceland. Chart IV shows the family size of the respondents: 36% said that they are living with two or more children aged under 18 in their household, 41% had no children, and 23% lived with one child.

This thesis has generated several hypotheses regarding purchaser intention and corporate ethics, yet the 27-item questionnaire needed support. Regarding the questions targeting people’s awareness of their sufficiency concerning a firm’s values, the fifth issue was outstandingly important. Question five reveals the participants’ position regarding their immediate economic environment. Altogether, there were seven items written to inquire into the purchaser’s awareness about corporate ethics, but measuring self-confidence is always worth a thorough analysis, independent from the overall outcome. As result, 80% of the respondents agreed or completely agreed that they were familiar with the characteristics of ethical business behaviour. There was no significant deviation between the provinces or the capital habitats, and the number of children under 18 years old in the same household made no difference either. This indicates that people have high self-confidence across Iceland, in that they know how an ethically reliable company should operate. Furthermore, six items were included to investigate whether participants do actually possess the knowledge that they thought they did, or if perhaps they became more hesitant at the more detailed questions. More than 88% of the participants said that ethical leadership was part of corporate management, 94% found it crucial to purchase from firms that pay fair wages to their employees, 97% agreed or completely agreed that proper product labelling is part of corporate ethical behaviour. Regarding purchaser demands, 78% thought that all firms could be unethical sometimes, and such behaviour is normal, while 89% expected companies to act always
according to the highest ethical values as part of corporate responsibility. Finally, 62% agreed or completely agreed that unethical corporate behaviour is related to fake products or poor service quality.

4.1. **CUMULATIVE DATA OF THE FIXED VARIABLES**

Chart III. Participant age distribution, accumulated data results.
Chart IV. Participants’ gender, cumulative data of the survey.

Chart VI. Participants’ place of residence across the country
4.1.1. **Results related to purchaser willingness to punish or reward**

Table I. Overall outcomes across the whole country. The items marked with a (*) concern place of residence. The blue coloured items are meaningful results that support the hypotheses of this study.

<table>
<thead>
<tr>
<th>Question</th>
<th>Agree/Completely agree</th>
<th>Neither agree/disagree</th>
<th>Disagree/completely disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Question 13. I would drive/travel longer to purchase from an ethical firm</em></td>
<td>70 % (140)</td>
<td>20 % (40)</td>
<td>10 % (20)</td>
</tr>
<tr>
<td>Question 14. I find it important to purchase from ethical firms</td>
<td>86 % (170)</td>
<td>13 % (26)</td>
<td>1 % (2)</td>
</tr>
<tr>
<td><em>Question 15. Because of the low pricing, I would not rule out purchase from an unethical firm</em></td>
<td>40 % (79)</td>
<td>35 % (70)</td>
<td>25 % (51)</td>
</tr>
</tbody>
</table>
**Question 16. I have never had to buy from an unethical firm because of the lack of competition**

<table>
<thead>
<tr>
<th></th>
<th>16% (33)</th>
<th>33% (67)</th>
<th>51% (101)</th>
</tr>
</thead>
</table>

**Question 17. If I could, I would only purchase from ethical stores**

<table>
<thead>
<tr>
<th></th>
<th>90% (180)</th>
<th>8% (17)</th>
<th>2% (3)</th>
</tr>
</thead>
</table>

**Question 18. I would pay a higher price for products and service from an ethical firm**

<table>
<thead>
<tr>
<th></th>
<th>55% (109)</th>
<th>28% (56)</th>
<th>17% (34)</th>
</tr>
</thead>
</table>

**Question 19. I find that unethical companies should lower their prices**

<table>
<thead>
<tr>
<th></th>
<th>28% (55)</th>
<th>55% (111)</th>
<th>17% (34)</th>
</tr>
</thead>
</table>

**Question 20. I find it acceptable to purchase from companies with an unscrupulous leader if the products and the service are of good quality**

<table>
<thead>
<tr>
<th></th>
<th>10% (20)</th>
<th>38% (75)</th>
<th>52% (105)</th>
</tr>
</thead>
</table>

**Question 21. I find it acceptable to purchase from firms that are marketing fake products if they are cheaper**

<table>
<thead>
<tr>
<th></th>
<th>4% (8)</th>
<th>17% (34)</th>
<th>79% (158)</th>
</tr>
</thead>
</table>

**Question 22. I find it acceptable to purchase from a firm that does not pay taxes if their products and service are good quality**

<table>
<thead>
<tr>
<th></th>
<th>2% (6)</th>
<th>11% (22)</th>
<th>87% (167)</th>
</tr>
</thead>
</table>

**Question 23. If someone asked me to participate in the punishment of an unethical firm by purchase withdrawal, I would participate**

<table>
<thead>
<tr>
<th></th>
<th>63% (124)</th>
<th>32% (63)</th>
<th>5% (12)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question</td>
<td>Answer</td>
<td>Percentage</td>
<td></td>
</tr>
<tr>
<td>----------</td>
<td>--------</td>
<td>------------</td>
<td></td>
</tr>
<tr>
<td>Question 24. I would be aware if a business discriminated against employees on basis of gender, religion, origin or otherwise, and would buy from someone else.</td>
<td>90 %</td>
<td>7 %</td>
<td>3 %</td>
</tr>
<tr>
<td></td>
<td>(178)</td>
<td>(14)</td>
<td>(6)</td>
</tr>
<tr>
<td>Question 25. If I heard that a firm had jeopardised employee safety, I would purchase from someone else.</td>
<td>92 %</td>
<td>6 %</td>
<td>2 %</td>
</tr>
<tr>
<td></td>
<td>(182)</td>
<td>(11)</td>
<td>(4)</td>
</tr>
<tr>
<td>Question 26. I believe, that choices as a purchaser have a positive effect on a firm’s ethical behaviour.</td>
<td>77 %</td>
<td>18 %</td>
<td>5 %</td>
</tr>
<tr>
<td></td>
<td>(153)</td>
<td>(37)</td>
<td>(9)</td>
</tr>
<tr>
<td>Question 27. A company that doesn’t take social responsibility should be fined.</td>
<td>61 %</td>
<td>33</td>
<td>6 %</td>
</tr>
<tr>
<td></td>
<td>(122)</td>
<td>(65)</td>
<td>(13)</td>
</tr>
</tbody>
</table>
4.1.2. Result differences and similarities between country and town residents.

Diagram I. In the table below item 13 reveals the willingness to travel further for purchase from an ethical store. Only the choices “agree/completely agree” and “disagree/completely disagree” are displayed.

Q13: "Proportion of participants willing to travel further to purchase from a store with good ethical reputation"

<table>
<thead>
<tr>
<th></th>
<th>Agree</th>
<th>Neither agree nor Disagree</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country residents</td>
<td>62%</td>
<td>20%</td>
<td>13%</td>
</tr>
<tr>
<td>Town residents</td>
<td>72%</td>
<td>19%</td>
<td>8%</td>
</tr>
</tbody>
</table>
Diagram II. Response results of item 15. The table below shows the differences between the proportion of answers on agreeableness given by country and town residents.

<table>
<thead>
<tr>
<th>Q15: &quot;Due to lower price I do not rule out purchasing from stores with low ethical reputation&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Agree</td>
</tr>
<tr>
<td>Neither agree or Disagree</td>
</tr>
<tr>
<td>Disagree</td>
</tr>
</tbody>
</table>

Diagram III. Q16. Item 16 investigated monopolies across the country associated with residents from country and town areas, and their awareness of competitor variety.

<table>
<thead>
<tr>
<th>Q16: &quot;I never had to purchase from unethical firm due to the lack of competition&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Agree</td>
</tr>
<tr>
<td>Neither agree or Disagree</td>
</tr>
<tr>
<td>Disagree</td>
</tr>
</tbody>
</table>
Diagram IV. Item number 18 of the questionnaire targeted the participant’s approach to more expensive products originating from ethical firms.

Q18: "I would pay more for products from companies with a good ethical reputation"

Diagram V. Diversity of responses between female and male respondents for question 23.

Q23: "If someone asked me to participate in boycotting an immoral firm, I would."
4.1.3. **Participants’ perceived familiarity with corporate ethical behaviour**

This section shows the overall results for items number 5, 6, 7, 8, 10, 11, and 12 in the questionnaire. These questions targeted a participant’s knowledge about a firm’s moral actions.

Table II. The table displays the cumulative data for all participants. The results show the perceived awareness of corporate ethical behaviour. Items marked with a blue colour have an enhanced meaning concerning the grouping principles of corporate ethical behaviour.

<table>
<thead>
<tr>
<th>Agree/Completely agree –</th>
<th>Neither agree/disagree</th>
<th>Disagree/ completely disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Percentage of the whole sample size and number of participants</strong></td>
<td><strong>Percentage of the entire sample size and number of participants</strong></td>
<td><strong>Percentage of the whole sample size and number of participants</strong></td>
</tr>
</tbody>
</table>

**Question 5. I know the characteristics of ethical business behaviour**

|  | 81 % | 13 % | 6 % |
|  | (163) | (25) | (12) |

**Question 6. I view ethical leadership as a part of the corporate management**

|  | 88 % | 6 % | 6 % |
|  | (175) | (12) | (11) |
**Question 7.** I find it important to purchase from firms that pay fair wages to their employees

<table>
<thead>
<tr>
<th></th>
<th>94%</th>
<th>5%</th>
<th>1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
<td>(188)</td>
<td>(11)</td>
<td>(1)</td>
</tr>
</tbody>
</table>

**Question 8.** I find that proper product labelling is part of corporate ethical behaviour

<table>
<thead>
<tr>
<th></th>
<th>97%</th>
<th>2%</th>
<th>1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
<td>(195)</td>
<td>(3)</td>
<td>(2)</td>
</tr>
</tbody>
</table>

**Question 10.** All firms can be unethical sometimes; it is normal

<table>
<thead>
<tr>
<th></th>
<th>6%</th>
<th>16%</th>
<th>78%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
<td>(13)</td>
<td>(43)</td>
<td>(156)</td>
</tr>
</tbody>
</table>

**Question 11.** A firm’s responsibility is to act according to the highest ethical values at all times

<table>
<thead>
<tr>
<th></th>
<th>89%</th>
<th>9%</th>
<th>2%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
<td>(178)</td>
<td>(18)</td>
<td>(4)</td>
</tr>
</tbody>
</table>

**Question 12.** Unethical corporate behaviour is related to fake products or poor service quality

<table>
<thead>
<tr>
<th></th>
<th>62%</th>
<th>31%</th>
<th>7%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
<td>(123)</td>
<td>(61)</td>
<td>(17)</td>
</tr>
</tbody>
</table>
5. DISCUSSION

This thesis set several goals at the outset, concerning a purchasers’ attribution towards corporate ethics, and asked for self-reports from respondents regarding their knowledge concerning the characteristics of a firm’s ethical coding. We do know that Iceland has gone through an eye-opening transition since the economic crisis in 2008, and the country’s left-wing political party intended to introduce corporate ethical education to undergraduates. The role of this proposal is perhaps uncertain, but respondents were confident that they could describe business values – perhaps because some of them were undergraduate students at the business faculty in the University of Bifröst. However, the results show an extremely high attribution consensus among students and random participants, but we can only assume that that is due to the small variability among the final answers. This paper, however, also aimed to look at the unknown reasons why corporations survive moral crises, and whether this has something to do with the political environment or only with people’s permissive nature.

The analysis of the survey led to the discovery of two significant response inconsistencies in the case of items 16 and 23 (See Table V, pages 21 and 22), and a remarkably high moral resistance against fake products in item number 21. The outcomes indicate that participants experience a link between their actions and their ethical convictions in relation to monopolised firms and with the behavioural consensus on boycotting. Item 16 concerned those respondents who felt that they had been compelled to purchase from stores and companies in a monopoly position in their place of residence. Only 16% agreed or completely agreed that they never had to buy from a company due to the lack of competition, 33% neither agreed nor disagreed, and a little over half, or 51%, of the respondents found that they had to do so. Item 21 focused on people’s attribution towards fake products. Interestingly, 79% would turn away from a company producing fake products. In contrast, Icelanders prefer to order from China, so there is no explanation why people condemn these kinds of products (MBL.is, 2015.). The thesis assumption was that rural residents were more vulnerable to monopolies, especially those who have children under the age of 18 in their household.
This proved to be true. One undergraduate student from Bifröst, who had distributed the survey among students, sent the following letter to the campus’ central office:

“This message should send to XX (the author’s name).
I found it difficult at times to answer these questions since we who are living in rural areas often have little choice about where to shop, especially in the smaller towns. I know tiny villages in the northern area where everything in the store is more expensive than in Akureyri or around the metropolitan area. In these places, the stores are in a monopoly position, and people just shop there regardless how ethical or unethical they are. Regards, XY”

The issue of living with children under 18 did not show any distinct differences: 56% of the participants from rural areas agreed or completely agreed upon the existence of forced purchase, 25% were unsure, and 18% disagreed (See Diagram VIII). In comparison, 47% of people living in the capital area said that forced purchase had happened to them due to the lack of competition, while 39% were unsure, and 14% disagreed or completely disagreed. The results suggest that a large percentage of the urban residents feel that there is market homogeneity, but many people do not find that this conflicts with their needs. Previous studies discussed in the literature review chapter support this outcome, arguing that a monopoly in some cases can exist diplomatically within minor economies.

Iceland’s geographical characteristics are the reason why lot of goods and products must be shipped to the country. For this reason, Iceland is significantly receptive to a monopolised market, but it also means that local products receive particular attention. This may be especially pertinent to the provinces, which are not easy to reach due to the distance from the distributor capital, or because of the harsh weather conditions. Monopolies concerning local products may become the largest source of income in the future, with goods distributed by the same merchandiser (T. Campbell, 2007). Rural representatives, of course, would do much better than any investor from the capital area. The possibility of product distribution by a larger form of farmers’ market could be an exciting option for smaller communities, where isolation raises the prices on products of immediate need.
The second controversial outcome, provided by the cumulative response of survey item 23, targeted behavioural consensus among participants regarding the boycott of unethical firms. In this case, 63% of the respondents agreed or completely agreed on the collective punishment of an unscrupulous company, but 31% neither agreed nor disagreed. There was no significant difference between the answer ratios of the rural and the urban populations, which indicates that the complete boycott of an unethical firm is rare, and escalates particularly around a certain type of corporate scandal. Men, however, responded more neutrally regarding organised purchase withdrawal at 39%, while only 29% of women were in the neither agree nor disagree camp. For women, 64% are likely to participate in a movement, while only 58% men. Although the differences are small, this shows that women are more conscious of and dedicated to boycott against unethical firms.

A closer examination of boycott movements in Iceland between the years of 2008 and 2016 reveals that they were all connected to the food industry. The first case in 2010 was caused by religious differences, when Christian associations refused to eat animals that were slaughtered with Islamic halal methods. The boycott affected Iceland’s largest meat-packing company so substantially that they had to return to traditional slaughtering methods. Later, an unnamed source representing the firm informed the media that the biggest problem was rooted in the Islamic religious ceremony followed the halal slaughtering, called “Tabitha”, and not the cruelty to animals (“Viðskiptablaðið,” 2010). In contradiction with Iceland’s approach, though, the method was condemned worldwide for one key reason: that it significantly lengthens animals’ suffering (Fuseini, Knowles, Hadley, & Wotton, 2016).

The second major purchaser punishment incident was related to false product labelling, and seller misconduct towards consumers. In 2013, when the research laboratories of Icelandic Food and Veterinary Authorities (MAST) analysed 16 meat products and their meat content ratio, it came to light that none of them matched the values that stood on the labels. One company went so far that they did not actually put any meat at all into the beef pie. The MAST, however, lost a lawsuit against the company when they accused the organisation of using damaged measuring equipment. The judge’s
reasoning was that having zero meat content in the dish was very unlikely (Vísir.is, 2014).

The third occasion when Icelandic consumers across the country stopped buying products from a firm was associated with animal welfare and false pricing. The misconduct continued for a longer period, from 2005 until 2016, since the MAST (Icelandic Food and Veterinary Authorities) decided to keep veterinarian reports about the harsh conditions for poultry secret. An additional problem here was that the company involved in the animal maltreatment sold the eggs for 40% more than their rivals, and labelled them as environmentally-friendly products. However, what public institutions could not prohibit, the market did. The day after the scandal erupted, both purchasers and distributors decided to turn away from the company.

Also, the Icelandic customer contributed to one of the shortest boycotts in history. In the summer of 2016, the largest milk distributing corporation in the country was sued by the Icelandic Competition Authority for the pricing of the raw milk it sold to smaller factories. The abiding problem with the pricing is that the distributor produces dairy products too, as well as selling raw milk to minor enterprises. Since the acquisition of the raw milk is kept artificially high by the big distributor, the competition never got a chance to overgrow the size of the distributor. However, the nation decided to stand up for the small factories, and boycotted the distributor’s dairy products. The behavioural consensus about the purchase withdrawal did not last long. Some consumers missed the taste of the dairy products made by the large distributor, and others simply gave up on finding something else.

We can conclude that the high variability ratio of responses in survey item 23 show consistency with the customers’ attribution, at least in Iceland. It means that purchasers are not able to decide upon boycott agreements by relying on established ethical principles. The act is more likely to be circumstantial and depends on how close the corporate breach touches them personally. As Trevino and Brown (1995) concluded, ethical behaviour is not easy, and most of us represent a pre-conventional moral value structure rather than a sophisticated system. Trevino and Brown also point out that removing one “bad apple” from the corporate matrix is less likely to solve long-term
ethical problems. Everyone, especially those who live in smaller communities, acts in the context of their closest environment. A structural change, on the other hand, requires a behavioural and attribution-based consensus on which all parties must agree. One can assume that leaders who represent the role of the sophisticated decision maker can enhance such revolutions. Nonetheless, purchasers may still feel powerless in the face of the legal environment that allow unethical corporate conduct to remain in the system.

One considerable scope of this paper, as was discussed in the literature review, is the importance of ethical leadership. The respondents who answered the survey items number 6 and 20, found moral leadership to be essential as well. Question 6 asked participants whether they viewed ethical leadership as part of corporate management, and 88% of respondents voted yes to that question. In contrast, only 52% disagreed or completely disagreed that it is acceptable to purchase products from a company that is unethically-led if the product quality for consumers remained, and 38% voted neither agree nor disagree. Even though in most studies a 52% vote for a construct would be an excellent ratio, in this survey is not. The results showed 36% disparity between those people who found ethical leadership to be an essential part of the corporate management, and those who would change their behaviour if they did not see it. However, this is not unexpected: we know from previous researchers and through Iceland’s economic history, that a leader’s behaviour is not an immediate reason for boycotting something, especially when a valued product is still represented.

Finally, a thesis question was raised about why corporations survive the ethical crisis in general. If any of the enterprises involved in insider fraud and hazardous investments in Iceland between 2000 and 2008 would intend to keep operating in the country, it would be entirely possible. Iceland’s legal environment allow CEOs to establish new businesses after bankruptcy, and apparently, most CEOs have convinced their banks to cut down their loans. The involvement of the political elite is undeniable, yet the elections in 2016 failed to provide a breakthrough, and as of now, none of the political parties can provide a consecutive overall majority. Hence, people want change and an ethically sustainable government something is holding them back from putting their full trust in the new opposition parties. As we examine this situation carefully, and associate it with respondents’ answers to survey item number 22, we find that 86% of
participants feel uncomfortable about purchasing products or services from a firm that does not pay corporate taxes. The former government had a mild taxation policy for larger corporations, such as the fisheries and the two aluminum factories operating in Iceland, Alcoa and Norðurál. Alcoa and Norðurál have paid no taxes for the past ten years. Another tax-related concern is that the former political parties voted for an 80% cut in the work-related income limit for pensioners, and the same time, the low limit for work-based salaries for those who live with disabilities has stagnated since 2009. Hence, the left-wing parties seem to be having a hard time accessing the power they need to modify corporate and private duties in 2016. The whistle-blow is, that people are concerned that tax rises would affect the economy even more significantly than the recent misconduct – especially the vulnerable tourism business, which provides a significant amount of work for many Icelanders. An economic philosopher like Patten, perhaps, would think that people are shifting their paradigms from the “punishment and scarcity” state of mind over to a more prosperous cognitive dimension. In this context, educated individuals are focusing on opportunities and starting to substitute the old system with something entirely new and original. According to Patten´s philosophy the cognitive connection between virtue and pain start to diminish, the need for a government that condemns or inhibit creative economic growth might decline. In theory, nations with such controversial social tendencies as Iceland require sophisticated ethical education, or at least some kind of guidance, which would help new enterprises to handle extreme wealth and power sufficiently.

5.1. CONCLUSION

The environmental context of the consumers’ behaviour and the leaders’ ethical progression in the corporate matrix has been discussed before in this thesis. The observation of the Icelandic political economy shows signs of market homogeneity, which means that most products are either provided by larger local corporations, such as the firm which distributed raw milk and produced dairy products as well, or by a few importers. So far, if these products are environmentally-friendly, value-based, and in the most optimal case also budget-friendly, the company will most likely remain in a monopoly position. We also know from the questionnaire and from one respondent’s letter sent to the campus’s office, that living long distance from the capital inhibits a
resident’s power concerning ethical decisions. The resistance towards monopolistic manifestations is evident both in the capital area and all around the country.

Looking at survey item number 27, respondents believe that their choices as a purchaser have a positive effect on a firm’s ethical behaviour – despite that the statistical data on corruption and banking scandals between the year of 2008 and 2016 do not reveal any significant ethical business transformation. The survey outcome shows that the 200 respondents most likely possess significant knowledge about the correct human resource principles, and perhaps they also know how important it is to run a company by embracing evergreen values, such as gender equality.

The attribution towards firms with an unsophisticated human resource policy indicates a high level of social empathy and minimal perception of class divisions between consumers and producers (Patten, 1902). This behaviour is also seen in other Western democracies, where poverty and labour abuse are less frequent. Regarding worker safety, however, we must note that in recent years, employees have encountered accidents and suffered corporate misconducts in the construction industry. The results of item 25 show, that 92% of the participants would avoid purchasing from companies which jeopardise their employees’ safety. However, people might have limited control over this, and limited insight into those working places where this unfair treatment occurs.

In 2015 and 2016, construction work has been the most in-demand industry in the Icelandic market. The foreign labour force, mainly from the European Union, is significant, and includes subcontractors from Poland and Lithuania. The newest form of employment is temporary labour rent, which means a fixed cost for the construction firm, and a decrease in its pension and insurance liabilities. The high demands of the market could inhibit qualified human resource management and reduce the efficiency of safety controls; plus, wages can be withheld without any particular consequences to the primary constructor. Caution, therefore, is needed in this field.

Social responsibility is related to all those underlying factors the survey items have covered. However, socially-related duties are also mean that a corporation should
contribute to society above its legitimate responsibilities, such as donations, programmes, and other charity activities. Previous researchers showed that most corporations experience difficulties regarding such performance, since it can interfere with the regulations of the public sector (J. L. Campbell, 2007). Besides that, if the company has no marketing-related gain through charity, it might be complicated to book the costs for the long term. 62 % of the respondents in the survey thought that a firm that does not display social responsibility should get fined, while 32 % stayed neutral concerning this question. The interpretation of this could be that the question was not specific enough. Nevertheless, there was a 10 % difference between country and town residents regarding longer purchase trips to find a more ethical firm (See Table VI). This might indicate, that information search and purchase substitution play an important role among Icelandic customers, and they are willing to make efforts.

Question number 15 had two points of economic relevance; the first is that a country habitant’s income might be lower compared to those who live in the capital. Secondly, regardless of income, price makes a solid difference for both groups when it comes to purchasing according to their ethical demands (See Table VI). In total, 31% of the respondents from rural areas were more willing to make an exception for unethical firms if the prices were low, compare to those living in the capital area. The contrast ratio is 16 %. This result was supported by one of the respondent’s letters complaining about the high prices (see above). The prices of the country stores and people’s concern about being dependent on them despite their unethical conduct is a matter of social and economic concern. However, those students who are renting apartment at Campus may change their opinion when they moving out.

5.2. THEORETICAL CORRELATIONS WITH THE RESULTS

The first aim of this paper was to find out more about purchaser awareness regarding Corporate Ethical Behaviour. As was discussed in the literature review chapter, this required respondents to comprehend corporate ethical conduct on multiple levels. The results support the hypothesis that value-focused education and experience of an economic and moral social crisis are solid predictors of high corporate ethical awareness. The second hypothesis was related to the theory of monopoly and purchasers’ ethical decision making. Since the other aim of this thesis was to measure
country inhabitants’ vulnerability to monopolies, assuming the customer control theory and the local consumer’s theory proved to be applicable, but family size remained a less significant fixed factor throughout the whole study.

The third goal of this research was to find any discrepancy between attribution and behaviour regarding organised boycotts of unethical firms, and it came to light that respondents are not particularly willing to act in a consensus to force firms to change – however, the local food industry is an exception. However, animal welfare and accurate product labelling are imperative to the Icelandic customer and this behaviour is a contribution to their sophisticated decision-making style. The stakeholder theory, associated with customer democracy, is the feeling of control, which is experienced when they make a choice over what to buy. Control, however, brings increasing responsibility as well, taking consumers into the conscious purchaser concept and challenging the status quo of the stakeholder theory.

5.2.1. Immediate opportunities relating to gender equality

The contribution of women to economic growth and a value-based society is addressed in this study. Despite the feminist movement, there are still issues waiting to be solved. For instance, gender-based wage diversity still exists, with a strong relationship to corporate ethical misconduct. Yet, the fact that there are more women are now in the Icelandic parliament, maybe will make a change in 2017. Separately, a potential new market for women is open through the internet, including social media. The digital platform has two main advantages compared to the traditional market. Firstly, both women and man can achieve the same performance-based income, as long they have a competitive product or service to sell. Secondly, customers are now able to choose between products, based on price and quality and share their experiences with other purchasers. This phenomenon does not pertain only to women and men in Iceland, but all over the world. Future studies could involve an analysis on the presence of women among entrepreneurs and corporate leaders, and relate this ratio to the level of organisational ethics or perceived corruption within a firm.
Finally, referring to Kohlberg and Trevino, critics addressed the structural quality of the ethical value system generally. Iceland perhaps, will never recover from the social consequences of the economic crisis, or able to remove the “bad apples” from the political and corporate elite, until unethical conduct is an issue involving the public interest. Patten argued, that social problems cannot be solved through punishment. Instead, rewards as reinforcement for moral behaviour should administered (Elizabeth H. Creyer, 1997). One effective way to apply the method of rewards is to include it in moral business education. Theoretically, it would induce the transformation of pre-conventional moral views to more sophisticated standpoints. Any future research aiming to analyse this field could lead to exciting discoveries. The participants of this study represent a group of highly aware purchaser with solid knowledge about basic corporate ethical conducts. This indicates that venturing and entrepreneurship could represent an excellent opportunity to build an ethically reliable value system in Iceland.

Moreover, the perceived side effects of monopolisation could be reduced with smaller farmers’ markets in the country. However, due to the country’s demographic position, a milder monopoly effect does not have to be unethical. Since the survey outcomes show that Icelanders have a sophisticated decision-making attribution and high awareness of corporate ethics, they have gained more options with the arrival of digital trade. Entrepreneurship can be risky, but individuals nowadays can establish low-cost websites and communicate with customers on social media. Another intriguing possibility is to provide environment-friendly products from the countryside to the global market, and discover other nation’s trading performance outside of the OECD, such as Singapore.

The innovative power of the country places Iceland in the top ten of the global economic list, but innovation also characterises the “locally-driven” micro economy. Again, the legal environment can either enhance this course or decelerate it, depending on the actual political forces. As it seems, Iceland could utilise advancements from the public sector, especially if politicians would take steps towards broadening of individuals’ venturing options. One way to do that is with a close study of the non-OECD or other growing economies, with an open mind to cooperative opportunities. The second possibility is the re-evaluation of tax regulations, and perhaps making them more
suitable for smaller enterprises. Predictably, the welfare system would also benefit from entrepreneurship and employment, especially if people with disabilities could work more for a dignified life without facing significant budget cut.

5.2.2. Future studies

In this thesis, the literature review and the results were associated with theoretical approaches. The empirical dimensions, including the survey measures, have the potential to include more sophisticated method systems, for example a correlational study or the cross-examination of attributions with statistical significance. In this case, it would be preferable to enlarge the sample size. However, Likert-scale type surveys have little variability, so it might be difficult to interpret them. Another empirical approach is possible by changing the construct (the subject of interest). The recent study estimated corporate ethical principles and attribution with a mixed methodology, but these topics are easily modifiable. Thirdly, this thesis has a social psychological side to it, which highlights the interrelated nature of a purchaser’s behaviour with other influential factors. These factors are the country of origin, the culture, the industrial past, the individuals’ decision-making style and their upbringing, and even the level of business education in a given country. It is possible to relate various other constructs to purchase behaviour according to the researcher’s aims and interest. The fourth interesting dimension of this thesis is political economy, and the critique concerning a pre-conditioned system. The perceived corruption and actual misconduct levels, for example, are worthy of examination, perhaps with a larger sample size. Recent studies on stakeholder theory highlight the necessity of a dualistic research approach, meaning the analysis of both empirical/practical and sociological/psychological influences on the economy. Patten’s revolutionary concepts concerning abundance are gateways to new arguments in regard of the distribution of wealth and the correctness of the political system. The weaknesses of this study, however, call for a proper approach of participants, such as random phone calls and a larger sample size.
RESOURCES


80


https://doi.org/10.1017/beq.2016.28


https://doi.org/10.1017/beq.2016.28


https://doi.org/10.1111/ijcs.12231


https://doi.org/10.1080/13510347.2015.1039995


Patten’s Theory of Prosperity. (1902). *Nation, 75*(1934), 74.


https://doi.org/10.1177/0149206310380462


https://doi.org/10.5840/beq201323328


APPENDIX

Purchaser’s intention scale

1. Hvað ertu gamall/gömul?
2. Kyn
3. Í hvaða landshluta býrð þú?

4. Fjöldi barna (undir 18 ára) sem búa á heimilinu þínu?
5. Hve sammála eða ósammála ertu eftirfarandi staðhæfungu: Ég veit hvað felst í siðferðilegri hegðun fyrirtækja.
7. Mér finnst mikilvægt að búðir sem ég eiga viðkiði við sem kaupandi borga sanngjörn laun til starfsmanna sína.
8. Mér finnst rétt vörulýsing vera mikilvægur hluti af siðferðislega hegðun fyrirtækja.
9. Ég útiloka EKKI að versla við fyrirtæki sem sýnir ósiðferðileg hegðun í viðkið, ef vöurnar eru góðar.
10. Það er eðlilegt að öll fyrirtæki stundi einhverntíman ósiðferðisleg viðkiði.
11. Fyrirtæki þurfa að ábyrgjast að stunda siðferðislega hegðun í öllum kringumstæðum.
12. Ósiðferðisleg hegðun stjórnenda tengist vörufólsun eða slæmri þjónustu.
13. Ég myndi ferðast lengri leiðir til að versla við búð sem hefur gott siðferðislegt orðspor.
14. Mér finnst mikilvægt að versla við búðir sem eru með gott siðferðislegt orðspor.
15. Vegna lægra verðs útiloka ég EKKI að versla við fyrirtæki sem hafa slæmt siðferðislegt orðspor.
16. Ég hef aldrei þurft að versla við ósiðferðisleg fyrirtækja vegna samkeppnisskorts.

17. Ef ég gæti valið myndi ég eingöngu versla við fyrirtæki sem eru með gott siðferðislegt orðspor.

18. Ég myndi borga hærra verð fyrir vörur sem eru framleidd af fyrirtækjum sem eru með gott siðferðislegt orðspor.

19. Mér finnst að fyrirtæki með ósiðferðilegt orðspor ættu að lækka veröð á vörum og á þjónustu sem þau bjóða uppá.

20. Mér finnst allt í lagi að versla við fyrirtæki undir stjórn leiðtoga með lélegt siðferðislegt orðspor, ef það býður upp á gæðavörur og góða þjónustu.

21. Mér finnst allt í lagi að versla við fyrirtæki sem hafa verið bendluð við vörumerkja fólksun ef þau lækka veröð.

22. Mér finnst allt í lagi að versla við fyrirtæki sem ekki greiða opinber gjöld ef þau bjóða upp á gæðahjónustu og vörur.

23. Ef einhver bæði mig að refsa fyrirtæki sem sýnir af sér ósiðferðislega hegðun með minni verslun við það myndi ég taka þátt.

24. Ef ég frétti að fyrirtæki úti í bæ mismuni starfsfólki sínu eftir kyni, kynþætti, trúarbrögðum eða óðru myndi ég kjósa að versla við annað fyrirtæki.

25. Ef ég frétti að fyrirtæki úti í bæ setji öryggi starfsmanna sinna í hættu myndi ég kjósa að versla við annað fyrirtæki.

26. Ég trúi því að þeir valkostir sem ég hef til að versla við aðra geti haft jákvæð áhrif á siðferðislega hegðun fyrirtækja.

27. Fyrirtæki sem standa sig ekki félagslegri ábyrgð ber að refsa.