

**Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

**Department of Humanities**



**Bachelor Thesis**

**Business ethics and consumer attitudes – cynicism and trust**

**Kivi Svetlana**

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### **Declaration**

I declare that I have worked on my bachelor thesis titled " Business ethics and consumer attitudes – cynicism and trust" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 14.03.2018

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# CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

## BACHELOR THESIS ASSIGNMENT

Svetlana Kivi

Business Administration

Thesis title

**Business ethics and consumer attitudes – cynicism and trust**

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### Objectives of thesis

The thesis will explore the concept of business ethics and its role in consumer behaviour and attitudes. Practical knowledge of business ethics is seen as necessary element of running a successful business, as it helps to build a company's brand and increase confidence of consumers. An important concept in this field is corporate social responsibility, which covers a range of measures in which corporations consider their broader responsibilities towards their workers and the communities in which they operate.

However, CSR and other ethical activities raise complex questions: On the one hand corporations receive multiple benefits from working for a broader and longer term than their short-term profits. On the other hand, CSR leads away from the fundamental economic role of business and may look to consumers like a cynical attempt to improve public image and divert public attention from other ethical concerns. As such activities become more common and ever present, this may lead to cynicism and confusion among consumers about the possibility of genuinely 'ethical' business.

### Methodology

Develop a literature review considering the concepts of ethical business and Corporate Social Responsibility, focusing especially on the questions of whether there is a contradiction between business and ethical practice.

Carry out a survey of consumers attitudes towards ethical business practices among two different population groups (Czechs and Russians) to consider:

- Whether consumers are more likely to support ethical businesses.
- Whether consumers believe businesses are sincere and honest about their ethical commitments.
- Whether there are significant differences in attitudes between different populations.

Analyse these results and develop conclusions and, if possible, recommendations for business practice.

**The proposed extent of the thesis**

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**Keywords**

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- CARROL, Archie B., and Kareem M. SHABANA, (2010), 'The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice', *International Journal of Management Reviews*
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# **Business ethics and consumer attitudes – cynicism and trust**

## **Abstract**

The following thesis is about business ethics and ethical consumerism. It contains information about the origins of these terms, factors affecting ethical consumption and production of goods. It also considers the creation of brands and the maintenance of a company's image in the era of new technologies, taking into account the influence of prosumers. It focuses on contradictions between business and ethical practice.

The practical part involves a socio-economic comparison of two countries in order to understand respondents background and a survey of people from two different cultures in order to investigate whether consumers are involved in reasonable consumption and likely to support ethical brands. The survey revealed that young people are likely to take care of the environment and their consumption practises. Not all of them are aware about ethical issues, but many are interested. The answers also showed that there is no complete trust to the companies and some of their practises cause cynicism from consumers.

**Keywords:** business ethics, ethical consumerism

# Obchodní etika a postoje spotřebitelů – cynismus a důvěra

## Abstrakt

Následující práce se zabývá obchodní etikou a etickým spotřebitelem. Obsahuje informace o původu těchto pojmů, faktorech ovlivňujících etickou spotřebu a výrobu zboží. Zvažuje také vytváření značek a udržování image společnosti v době nových technologií, s přihlédnutím na vliv zákazníků. Zaměřuje se na rozpor mezi obchodní a etickou praxí.

Praktická část zahrnuje sociálně-ekonomické srovnání dvou zemí s cílem porozumět zázemím respondentů, dále také průzkum lidí ze dvou různých kultur, aby se zjistilo, zda jsou spotřebitelé zapojeni do rozumné spotřeby a jestli podporují etické značky. Průzkum ukázal, že mladí lidé mají tendenci se starat o životní prostředí a své konzumní postupy. Ne ale všichni si jsou vědomi etických otázek, ale mnoho z nich ukazuje zájem. Odpovědi také ukázaly, že společnosti nemají úplnou důvěru a některé jejich postupy způsobují cynismus u spotřebitelů.

**Klíčová slova:** obchodní etika, etická spotřeba

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# 1 Introduction

The growing concern of the international community regarding a wide range of social and environmental challenges caused by human activities is reflected today at various levels - from supranational agreements to the way of life of individuals. One of the most striking manifestations of an individual active position is the growing world trend of responsible consumption, implying a conscious decision in favour of products and services that have less negative impact on the environment and society. Formation and development of the category of responsible consumers already today has a significant impact on the activities of companies around the world determining the level of income of companies, usually using boycotts as a tool to correct the behaviour of unscrupulous producers and - in some cases – how long brands are going to stay on the market.

Companies, in turn, apply business ethics techniques and implement Corporate Social Responsibility (CSR) practices to strengthen their brand. However, there is a question of whether this really works. Often companies claiming that they do a lot for the environment and care about the welfare of the society produce dangerous products for health, such as cigarettes, alcohol and harmful food.

The theoretical part describes the development of business ethics and responsible consumerism, as well as arguments for and against CSR practices. It mentions difficulties associated with doing business in the technological era. Also contains information about factors affecting ethical consumption and social ethical movements.

The practical part contains socio-economic comparison of two countries in order to understand respondents background and a survey to investigate whether consumers are involved in reasonable consumption and likely to support ethical brands.

## **2 Objectives and Methodology**

### **2.1 Objectives**

The thesis will explore the concept of business ethics and its role in consumer behaviour and attitudes. Practical knowledge of business ethics is seen as necessary element of running a successful business, as it helps to build a company's brand and increase confidence of consumers. An important concept in this field is corporate social responsibility, which covers a range of measures in which corporations consider their broader responsibilities towards their workers and the communities in which they operate.

However, CSR and other ethical activities raise complex questions: On the one hand corporations receive multiple benefits from working for a broader and longer term than their short-term profits. On the other hand, CSR leads away from the fundamental economic role of business and may look to consumers like a cynical attempt to improve public image and divert public attention from other ethical concerns. As such activities become more common and ever present, this may lead to cynicism and confusion among consumers about the possibility of genuinely 'ethical' business.

### **2.2 Methodology**

Develop a literature review considering the concepts of ethical business and Corporate Social Responsibility, focusing especially on the questions of whether there is a contradiction between business and ethical practice.

Carry out a survey of consumers attitudes towards ethical business practices among two different population groups (Czechs and Russians) to consider:

- Whether consumers are more likely to support ethical businesses.
- Whether consumers believe businesses are sincere and honest about their ethical commitments.
- Whether there are significant differences in attitudes between different populations.

Analyze these results and develop conclusions and, if possible, recommendations for business practice.

## **3 Literature Review**

### **3.1 Business ethics**

Ethics of business and business relations is a set of rules that are based on traditional human values and are shared by members of one organization and partners of the company. Traditionally, business ethics is based on respect of the company's employees', consumers and partners interests. It also extends to competitors and implies the non-use of prohibited or dishonest methods in a fight for a market.

#### **3.1.1 Journey to sustainability**

Back in the 19<sup>th</sup> century at the beginning of industrial revolution the journey to sustainability looked more like a war between industry and the environment. Mineral processing was not equipped with filters. Unconstrained by any environmental laws industry continued to release more air and water pollution every year. By the middle of the 20th century levels of pollution were extremely high. One confirmation of this is the serious air pollution, which occurred in London in December 1952. During the anticyclone which brought cold and windless weather contaminants (mostly coal) gathered over the city forming a thick layer of smog. This lasted from Friday 5 to Tuesday 9 December in 1952 after which the weather changed, and the fog broke up. The reaction of the population was calm because fogs are common in London. In the following weeks, however, the statistics collected by the city's medical services revealed the deadly nature of the disaster, the number of deaths reached 4,000 by December 8; more than 100 thousand people became ill. More recent studies have shown that the total number of deaths was significantly greater, about 12,000 people. The Great Smog is considered to be most important in terms of influencing environmental research, government action and public awareness of the relationship between air purity and human health. It led to some changes in the legislation, including the initiation of the "Clean Air Act" in 1956.

Meanwhile the United States experience similar smog events as well as uncontrolled water pollution of the Cuyahoga river in Ohio. And when the river caught fire for the thirteenth time in 1969 it finally drew attention to the condition of the rivers. Citizens demanded passing of environmental laws.

Since industries were forced to buy expensive equipment companies who failed to comply with the laws were shut down and a lot of them began to move their production overseas to China or other developing countries where environmental laws were less strictly enforced.

The rise of capitalism enhanced consumption. More and more cheaper products appeared on the market designed to last for a short time so more could be sold and production rapidly increased. The environmental impact became even worse.

The Bhopal catastrophe is the largest in terms of number of victims technogenic catastrophe in modern history, which occurred because of an accident at a chemical plant owned by the American chemical company Union Carbide and located in the Indian city Bhopal. In 1970 the Indian government used policies to attract foreign investment in local industry. Union Carbide Corporation received permission to build pesticides producing plant in Bhopal. Trying to compete on the market production was changed to become more complex and dangerous. Demand on plant's production was dropping due to bad harvest in 1980s. The factory was listed for sale but while they were looking for a buyer the plant continued to work on equipment that did not correspond with safety standards. On the 3rd of December in 1984 methyl isocyanate vapor was heated above the boiling point (39.5 ° C) which led to an increase in pressure and rupture of an emergency valve. About 42 tons of toxic fumes were thrown into the atmosphere and took almost 18000 people's lives.

Such cases made clear the importance of taking care of the environment and people. It was a disaster not only for a population but also for the company and its brand that was ruined forever. By choosing to do more for the environment as required by law businesses were taking their first cautious steps towards sustainability.

### **3.1.2 Corporate social responsibility**

Practical knowledge of business ethics is currently a necessary element of running a successful business, as it helps to build a strong brand of the company, increase confidence of consumers' and long-term capitalization of the company. Consequently, many subjects of the market economy are beginning to think about ethical purity of their business. This is done through the social and corporate responsibility of business.

Corporate social responsibility is a concept according to which organizations take into account the interests of society and take responsibility for the impact of their activities on

firms and other stakeholders in the public sphere. This obligation goes beyond the statutory obligation to comply with legislation and suggests that organizations voluntarily take additional measures to improve the quality of life of workers and their families, as well as the local community and society as a whole.

Kotler and Lee (2005) see CSR as “a commitment to improve community well-being through discretionary business practices and contribution of corporate resources”

Carroll’s (1991) definition of CSR identifies four categories of responsibilities:

- Legal
- Economic
- Ethical
- Philanthropic

Carroll also noted that legal and economic responsibilities are “required” the ethical responsibilities are “expected” and discretionary responsibilities are “desired”, the new responsibilities of corporations make the social contract between business and society much broader and complicated but possible outcomes such as long-term capitalisation and avoiding failure encourage businesses to conclude this contract. Risk management is the central point of many corporate strategies. A reputation that took decades to create can be destroyed in a few hours because of such incidents as corruption scandals or environmental disasters. These events can also attract the undesirable attention of courts, governments and the media. Creating your own culture of "proper behaviour" in a corporation can minimize these risks. To create these cultures, corporations usually appeal to ethics and moral norms. But what can be considered as unethical behavior? It can be defined as either illegal or morally unacceptable to a larger community. Corporate crimes include price fixing, false advertising, insider dealing, tax evasion, embezzlement, bribes and fraud. But not all cases of unethical behavior can be defined as crimes and be prosecuted. Individuals abuse or lie about sick days, cover up small incidents, lie to customers, discriminate against coworkers and so on. “The potential for individuals and organizations to behave unethically is limitless.” Ronald R. Sims

Building an international business or having production based abroad makes ethical questions more controversial. According to “Transparency international” New Zealand Denmark and Finland are top 3 least corrupt countries according to corruption perception

index 2017. What should a sales representative of Finland company do when faced with bribes and fraud in Central Asia which is one of the worst performing regions? Should he hire a woman in important positions in South Arabia? In many countries corruption and discrimination is a part of business and the price for entering this county's market is making unethical decisions and deals. However, increased international business creates opportunities for organizations to make changes in other counties giving an example of operating business in "right" ethical manner.

In conditions of practically free access to information and the global development of the Internet, a deviation from the expected norms of corporate behavior in one of the markets may lead to a loss of the share of consumers in others. The cost of the error related to the corporate social responsibility of the business and the conformity with the image of the company, the quality of products and the transparency of business processes has multiplied over the past twenty years. First of all, this affected the activities of large transnational corporations. "Nike" was one of the first companies that collided with such reaction of the public. In the 1990s it was publicly criticized for the harsh working conditions in factories and exploitation of workers in developing countries. Protests against such practices, which began in the US, covered more than ten countries, share prices fell by half, and subsequent investments in the restoration of reputation amounted to billions of dollars.

On the one hand corporations receive multiple benefits from working for a broader and longer term than their short-term profits. This is concerned with the effect which action taken in the present has upon the options available in the future. Utilization of resources today means they are no longer available for use in the future. Sustainability therefore implies that society must use no more of a resource than can be generated. (David Crowther & Guler Aras 2008) Thus for example the paper industry has a policy of replanting trees. The United Nations Conference on Environment and Development (UNCED) on the 14<sup>th</sup> of June in 1992 incorporated a definition of sustainable development which states that it is "development which meets the needs of the present without compromising the ability of future generations to meet their own needs".

On the other hand, CSR leads away from the fundamental economic role of business and may look like nothing but an embellishment of reality, for example Starbucks uses posters saying that their coffee is more expensive than others, but one percent goes to Guatemalan children one percent goes to the Rainforest and so on. They offered to include a payment for

your consumption in the price of the product. It costs a little more, but you can no longer worry, because the price of our solidarity with the poor, care for the environment has already been paid. (Slavoj Zizek 2012) It also could look like an attempt to replace the role of government with powerful multinational corporations as a controller. Friedman thought that management has only one obligation: to maximize the profits of its shareholders and owners, so social issues are not in the field of interest of businesses. Governments and legislation are obliged to do this job. If these duties transfer to corporations the existence of government remains questionable. Moreover, managers do not have the required social skills to make socially oriented decisions, enterprises are already loaded with power and there is no necessity to grant them with more. But why not give corporations a chance if others couldn't solve social problems? (Davis 1973) However, the state may not allow corporations to make great progress, since the services of the government institution will become less relevant and in demand. But businesses are more interested in solving social problems and establishing contacts with the population, because their profit depends on this while employees of the Parliament and state institutions receive fixed wages which often do not depend on the quality and quantity of work done.

Not everyone among scientists and entrepreneurs agree with the views of Friedman. In recent years, social responsibility in business has been directly called the "social advantage" of the company. This idea was first expressed by a professor of the Harvard Business School, the author of the theory of competitive advantages, Michael Porter in his article in the Harvard Business Review "Philanthropy's New Agenda: Creating Value" in 1999.

Porter points out that social programs are now used by companies primarily as a form of "public relations" or for advertising purposes. For example, the tobacco company Philip Morris (USA) spent \$ 75 million in 1999 on various donations, and then spent another \$ 100 million on their advertising campaign.

As the author writes, critics of the implementation of the principle of corporate social responsibility put forward two main arguments. First, the social and economic goals of the company are clearly different, so spending on social programs is a cost to achieving economic results. Second: companies that deal with social projects bring no more public benefit than individual donors. These statements are true if social corporate programs are fragmentary and unfocused, which is typical for many companies. However, there is another way of implementing socially responsible business: companies can strengthen their



competitive positions by improving the quality of the business environment in the places where they are operating. As noted by M.Porter, the use of philanthropy as a company's competitive advantage makes it possible to connect social and economic goals and improve the long-term prospects of its development.

The study of the practice of companies that implement their social projects in the context of competitiveness shows that both economic and social goals are achieved. In the long term, these goals do not contradict each other, but are closely interrelated. This does not mean that every investment of the company will bring social benefits or that every social project will improve its competitiveness. The greater part of investments has positive consequences only for business and various kinds of donations only for a society. However, there is an area where "convergence of interests" occurs. In this case, the company's social activities become truly strategic.

The problem of "strategic philanthropy," as Porter called it, dates back to the beginning of the nineteenth century in order to determine in which areas it is necessary to concentrate its social activities to enhance the company's competitiveness and ways to use it efficiently.

Unfortunately, it should be noted that management approaches of most modern corporations, including transnational corporations, haven't change much in accordance with new ideas.

One example of a social program implemented in the framework of old approaches might be a project of Avon Products (cosmetics). In 2002, 400 thousand people were involved in the "door-to-door" company (when representatives of the company go from house to house) to collect money for a program to prevent breast cancer. In total \$ 32 million were collected but despite of the social importance of this project it did not lead to an increase in the company's competitiveness, although it was directed to the main category of its consumers - women. Attempts to improve the health of all women and not just certain categories of consumers of Avon products seem to be attempts to solve a global problem although it would be better to narrow the field of activity and focus your social strategy.

As a positive example, it is possible to highlight IBM, whose social activities are certainly strategically oriented. In 1994 they implemented an educational program for retraining in the field of computer technologies intended for both teachers and students. Working closely with city schools, colleges and government departments IBM employees organize teacher training, as well as training and retraining of students for education in

different countries. An independent exam showed that the level of computer training for schoolchildren and students has increased significantly.

The same approach is applied by Johnson & Johnson. It is important to understand that its not easy to use new approaches of social responsibility in business on practice, they should not be considered as some short-term campaigns, they are designed for a long-term perspective and should be gradually expanded and developed. The closer social responsibility in business will be to the goals of achieving competitive advantage the more social benefits the company's stakeholders will receive. Thus, the new paradigm of business proposed by M.Porter, in my opinion, can become the basis of strategic management.

One of the reasons for implementing CSR programs could be diverting public attention from ethical issues related to the main activity of the company and gaining commercial advantages by increasing their reputation in the eyes of the public or governments.

### **3.1.3 Making business in the era of technologies**

If in the early 2000s the business had 2-3 sources of information about customers, then today the data is literally everywhere. Communication with the client became easier but client's decision-making cycle became more complicated. Customers protect themselves from information noise and require more qualitative contact with the brand. Hiding information becomes nearly impossible in the era of prosumers.

Prosumerism or prosumption is a term used to denote the interrelated process of consumption and production. For the first time the assumption that under the influence of computer technology the consumer will also perform the function of the producer was voiced by Marshall McLuhan and Barrington Nevitt in their mutual work "Take Today" (1972). The term Prosumer appears in the book "The Third Wave" (1980) by the American futurist Alvin Toffler where it is derived from the "producer + consumer". According to Toffler prosumerism in its pure form was present in the conditions of traditional society and natural manufacturing in the so-called "first wave". The industrial revolution of the 18th century which began the "second wave" of the development of society minimized this form of production and consumption since the subjects performing the corresponding functions were separated from each other. In the 1950s a new phase appeared - the "third wave". There was a reintegration of the functions of production and consumption, marked by a "new birth" or "resurrection" of the prosumer. There is an opinion that the reason for this was the influence

of the Second World War during which special habits of production and consumption emerged among the European working class for the sake of economy. After the war, such activities turned into a way of entertainment.

The development and dissemination of digital technologies have led to a situation where communication via the Internet has become an attribute of the everyday life of a large part of the population. Web 2.0 technologies have made the Internet the main space of prosumerism. There are many websites like YouTube and SoundCloud where users can download their own content. Wikipedia involves the processing and reorganization of content already available in other sources. So, downloading a DJ mix to SoundCloud or writing an article on Wikipedia refers to production and their corresponding listening and reading is to consumption. However, only those users who are actively involved in both processes can be considered as prosumers. Instead they consume similar content produced by members of the same online community and exchange views and recommendations in the comments.

In such society the role of citizen journalism increases when ordinary citizens who are not professional authors take an active part in the creation of news reports. The proliferation of portable digital devices has led to a situation where eyewitnesses of an event can immediately capture it without the participation of journalists. As a result, messages appear in the information field that allow to experience the event "from the first person" and often become more authoritative sources than journalistic materials. For example, during the explosions in the London Underground in 2005, reporters could not pass through the station and direct coverage of the incident was the task of those who were in the subway at that time. Since the early 70's, Toffler has noted the process of demassification of the mass media: they became more personalized the priority was being given to small-circulation publications with enhanced feedback capabilities.

A business based on the principles of capitalism would not have been it itself it had not tried to use the prosumers tendencies for its own purposes. Some sectors of the economy introduce "improvements" that allow them to save money and we, the consumers / prosumers, are loaded with additional work. There are bunch of examples in our everyday life. The appearance of ATMs has made operations and transactions more convenient to the customers, the same is true for internet banking. By shifting this work to the client banks can reduce the number of jobs and gain benefits. Pumping gasoline at the filling station, using

self-service checkout counter at the supermarket or cleaning the table in fast food restaurant transform you into prosumer.

There are a lot of demonstrations of prosumerism in all spheres of our everyday life. But I want to look closer at Web 2.0-main platform of prosumers. In particular YouTube which known as a video hosting company that provides video storage. Users can upload, view, rate, comment, add to favorites and share some videos. And besides the protection of copyright infringement law there is a policy of YouTube. Videos that contain content of a sexual nature, violent or repulsive scenes, child abuse, discrimination or insult are not permitted to be published on YouTube. This is the corporate social policy of YouTube. To some extent, it is forced by politics, because if there were no self-censorship, the platform would be filled with cruel and pornographic material. And since the company earns on advertising, it is very dependent on advertisers, and what kind of advertiser would want his ad to be shown on video where children are cruelly treated? Any company wants its brand to be associated and figured only in positive content and context. In 2017 YouTube redefined the policy for “videos for the whole family” which in fact could threaten children and dozens of channels with children's content were banned. Guided by the ethics YouTube considered that the video where children do some monkey tricks or where parents prank their children cannot be considered as children's content, but in fact it is at least controversial, but the position of YouTube raises questions. Instead of discussing and warning bloggers about changing policies and community rules, the company simply began to close channels with a million audience. At some point, the platform can decide that any other content does not fit to their CSR and policy of the site and block its creators, for example, “letsplayers”. At the same time, YouTube always positioned itself as a free platform and in many cases did not cooperate with governments of different countries, refusing to remove compromising content. How correct is the decision to ban channels denying the creator’s access to all of his work and depriving a multi-million audience of the opportunity to watch these videos? The company's management betray this for "dangerous content" and mentions its unethicity, but in reality, they simply lose advertisers and want to prevent it.

In the modern world consumers tend to give product "different meanings" - to use them for other purposes. However, if in some cases that is good for the manufacturer, since the consumer may come up with many other useful uses of the product. But that is not always the case. In 2017, the pizzeria “Papa Johns” faced a decline in sales due to a photo posted on

the Daily Stormer website. A photo of a pizza with pepperoni swastika with the caption "Papa John: official pizza of the alt-right?" appeared on the website Daily Stormer. A company took a beating on social media. After that post went live Peter Collins the PR director of the company declared that they condemn racism and do not want these individuals or groups to buy their pizza.

In December 2017 Tide Pods became the center of an internet meme. People started to upload videos of themselves chewing the laundry capsules. This strange trend was called "The Tide Pods Challenge". Tide Pods are a line of laundry detergent pod from Procter & Gamble's Tide brand and they claimed that there is no connection with these actions and their product is intended only for laundry. However, this already aroused public resonance and attracted too much attention and criticism of the brand. Representatives of Tide even created a special video which explains that the powder is intended only for washing not for consumption.

These are just few examples of how internet can affect a brand. Corporations can monitor and control the situation within the company by using business ethics and applying CSR practices but what they can't control is the internet and prosumers. It has become easier to get a response from the consumer, but they should be prepared for the fact that the feedback about their product might be bad and their brand can be destroyed by one tweet about dangerous chemicals in composition of the product or some "inside information" can be published and spread very quickly. So, in a social media age it is much harder to cultivate or protect a brand, which might become associated with racism/sexism etc, because people can quickly change or reuse it. Perhaps the desire of companies to create good working conditions to participate in charity and use non-hazardous components is to a some extent forced decision. After all, if only one message on Twitter can lead to a decline in sales, and it is obvious that Papa John's Pizza does not support fascism, it is better not to have problems at least inside the company.

## 3.2 Consumer

However, it is impossible to consider business ethics and ethics of brands without their interrelation with consumer behavior and consumer ethics.

Different patterns of consumer behavior that reflected the needs of one or other social stratum emerged and developed in accordance with the consumer ethics. Consumer ethics of a traditional society was in general a very balanced system. Everything begins to change under the influence of several factors such as development of new technologies and science that have arisen in the new European history. The results of these transformations determined the current state of things in the sphere of consumption which became one of the dominant in modern society. E. Toffler in his theoretical work "The Shock of the Future" showed a new feature of consumption associated with the principle of fragility: people's attachments to things tend to disappear, and they must be constantly changed to new ones, that turns into an end in itself and closes all other aspects of human life.

The American sociologist J. Schor described the phenomenon of "new consumerism" associated with phenomenon of overconsumption in her book "The Overspent American" (1998). How ethical is drawing a person into an accelerating consumer battle? Purchase of one specific product designed to satisfy any need often means automatic forcible integration of the consumer into purchasing of other goods functionally and/or symbolically associated with an already acquired thing. For example, acquisition of a car automatically means that the buyer needs to resolve issues with storage, security, additional accessories and electronics.

Households are forced to live beyond their needs, take loans and mortgages. The disease of over-consumption and consumer egoism has spread to many countries, the modern world financial and economic crisis has been notably generated by the consumer selfishness in developed Western countries. Therefore, there is a problem of creating new consumer ethics that involves a greater social responsibility of the consumer to society and the environment, the rejection of overconsumption. Theoretical development, justification and practical approval of this ethics can greatly contribute to the solution of global economic and environmental problems.

Ethical consumption is a type of consumer behavior or consumer activism. This term covers all stages of the consumption life cycle from purchase to use and disposal of the

goods. The idea of “ethical shopping” is built on the principles of “dollar voting”. The fact of purchase is an expression of the consumer's approval of the seller's behavior.

Ethical consumption is a social phenomenon, a response to the growing concern of the population in developed countries about the environmental and social problems of the planet. Consumers evince increased interest to the origin and composition of the purchased products or services, the environmental and social conditions of production, the social responsibility of the manufacturer's company, the ways of recycling of goods and so on. That is a deliberate choice of goods and services that have been produced, processed and delivered in an ethical manner (with minimal harm to people that produce them, animals and the environment).

### **3.2.1 Origins of ethical consumption**

The mental environment for ethical consumerism began to form in the 1960s and 1970s. in the United States and Canada, where many American pacifists and deviators found shelter, not willing to participate Vietnam war. Hippie culture, environmentalists, including radical ones, fighters for the rights of African-Americans, feminists, recalcitrant journalists, Marxists and many others - all of them constituted a motley crowd of progressive people who were acutely responsive to the shortcomings of socioeconomic relations in society. A large part of nonconformists settled in the late 1960s in Vancouver.

In 1971, a small group of activists left Vancouver to witness the environmental consequences of testing a 1.2 megaton atomic bomb conducted by the United States. The vessel was intercepted by Canadian border guards at the very beginning of the journey. But this mission cannot be called unsuccessful, because it caused a huge public response. Thus, the organization called Greenpeace was born. Today Greenpeace is an international association that has an unquestionable authority in the protection of the environment. Its branches operate in 41 countries and exert great influence on politicians and corporations. Almost 3 million people constantly support the organization with their donations, and the exact number of supporters and people who share its ideology is difficult to calculate. (Michael Brown & John May: *The Greenpeace Story*; 1991)

In 1980, nine years after the emergence of Greenpeace, Ingrid Newkirk, director of the Department of Animal Crime of the Maryland Public Prosecutor's Office, USA, faced numerous facts of bullying and founded the “People for the Ethical Treatment of Animals”

(PETA). Initially, PETA dealt with special cases of ruthless treatment of domestic pets, but very soon it became clear that it happens on a much larger scale, cruelty towards animals manifests itself in the production of food, cosmetic, pharmacological and other products. Since then, PETA, the largest organization of its kind in the world, conducts intensive educational work and uncompromising fights for animals' rights. It has more than 6.5 million active members and supporters, who also participate in ongoing campaigns, support the organization financially and share its ideology. The ideology of PETA boils down to a simple principle: animals - whether domesticated, wild, or "companions" (cats, dogs) - are not the property of a person, which can be exploited in any form. In other words, animals are independent beings who have the right to lead life in accordance with the laws of nature. PETA started to put the screw on immoral companies through consumer actions - boycotting products and goods, the production of which requires testing on animals. PETA is actively fighting against the manufacture of fur products, conducts other campaigns. Many of them received wide coverage in the media, were successful and led to a change in legislation, research practices and public consciousness. ([www.peta.org](http://www.peta.org))

In 1989, in Canada an organization appeared with the interesting name Adbusters ("Those who arrest advertising"). At that time, timber companies in the province of British Columbia, attacked by radical nature advocates, organized a media campaign designed to improve the image of loggers. Noticing the obvious substitution of concepts and lies in their materials, several ecologists, creators of documentaries about nature, led by marketer and advertiser Kalle Lasnam created a counter-watch, but the TV companies refused to broadcast it. The incident received wide coverage in the press, and loggers were forced to withdraw their ads after thousands of people began to call TV channels and express their support to environmentalists.

Nowadays Adbusters describes itself as "a global network of artists, activists, writers, pranksters, students, educators and entrepreneurs who want to advance the new social activist movement of the information age." It publishes advertising-free magazine where they affect a wide range of problems of society: genetic research, environmental and economic balance, political repression, globalization, limiting the freedom of information corporations, pollution of the human mental environment and many others. Adbusters came up with a number of international campaigns, including "Buy Nothing Day", "TV Turnoff Week" and "Occupy Wall Street,". In 2009 the "TV Turnoff Week" was transformed into



“Digital Detox Week” encouraging citizens to spend seven days "unplugged" without any of electronic devices such as video-game systems and computers. ([www.adbusters.org](http://www.adbusters.org))

Greenpeace, PETA and Adbusters are not accidental examples. This is one of the largest and oldest structures among many similar funds and movements. They embody the "three whales" of ethical consumerism: careful attitude to the surrounding nature, respect for animal rights and respect for human rights and dignity. These and other organizations did not set themselves the task of forming a trend of ethical consumerism. Perhaps no one could guess that their civil and educational activities would cause such resonance among the population.

The formation of a whole social cluster of ethical consumers which entailed a massive trend is due to the phenomenal development of communication tools, primarily the Internet. Alternative media, search systems, personal information resources (blogs, websites, forums and groups) spread information that would never be made public by mass media.

In recent years, many corporations have considerable difficulties to hide the negative aspects of their activities. The Internet resources of various associations and associations of ethical consumers, such as [Ethicscore.net](http://Ethicscore.net), [EthicalConsumer.org](http://EthicalConsumer.org), [Ethical Media.org](http://EthicalMedia.org), [GetEthical.com](http://GetEthical.com) and others, are gaining more and more influence among consumers. PETA has a database of cruelty-free companies and those who use animal testing, they also have a list of corporations that are working for regulatory change. Since 2003, PETA awards various companies with Proggy Award in 36 nominations for the conformity of products and methods of work to the values of the ideology of protecting animal rights. Individual media projects, books, films, blogs, directly or indirectly promoting these ideas, are also encouraged. Companies that are approved by PETA allowed to use their logo on products. It increases customer confidence in brand.

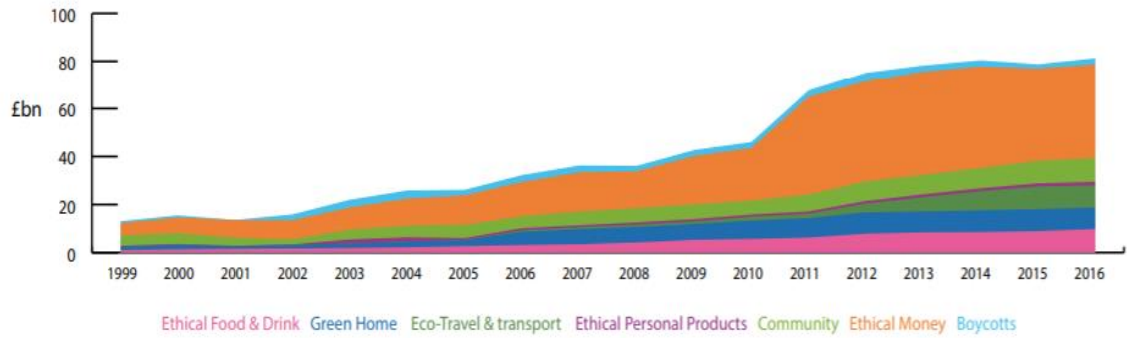
PETA's logo of cruelty-free companies:

*Figure 1: PETA's logo of cruelty-free companies*



## Ethical spending in the UK 1999-2016

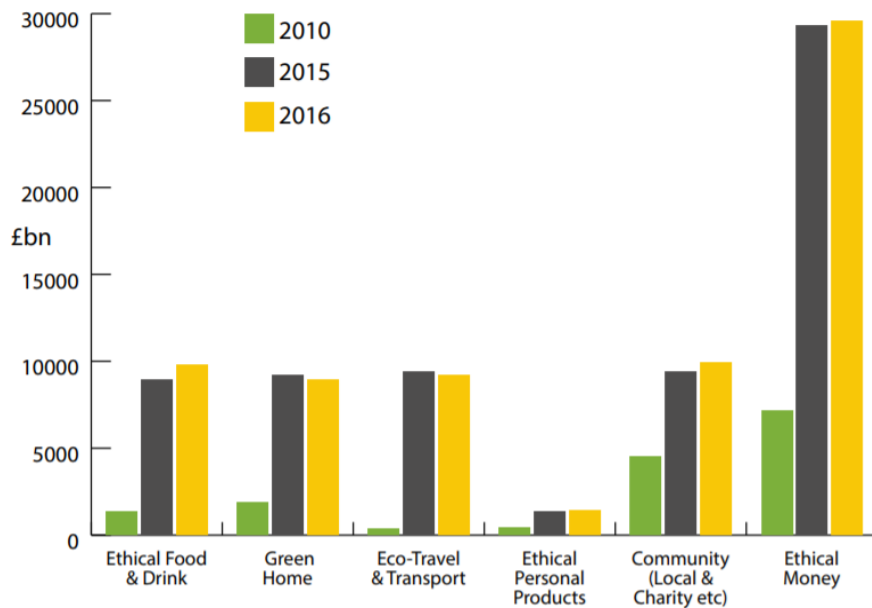
Table 1: Ethical spending in the UK 1999-2016



Source: Ethical Consumer market report 2017

## Ethical Spending in UK year by year

Table 2: Ethical Spending in UK year by year



Source: Ethical Consumer market report 2017

### **3.2.2 Factors affecting ecological, ethical and reasonable consumption**

About ten years ago already 96% of Europeans attach great importance to the environment (Special Eurobarometer 2007) 87% of Americans were seriously concerned about the state of the environment (Gfk Roper Consulting 2007). In Slovenia, according to the Eurobarometer in 2008, 62% of respondents sorted garbage, 50% reduced electricity consumption and 40% reduced water consumption over the past year. Almost 70% of the Slovenians surveyed believe that the sorting and subsequent processing of waste should become a priority daily activity of the population to protect the environment. Issues related to the environment attract attention of not only ordinary people, but also academic circles. The topic of consumer behavior that does not harm the environment is being investigated in different countries (Davies et al., 2002; Valle et al., 2005; Abdul-Muhmin, 2007; Tang et al., 2011; Momberg et al., 2012; Zabkar and Hosta, 2013).

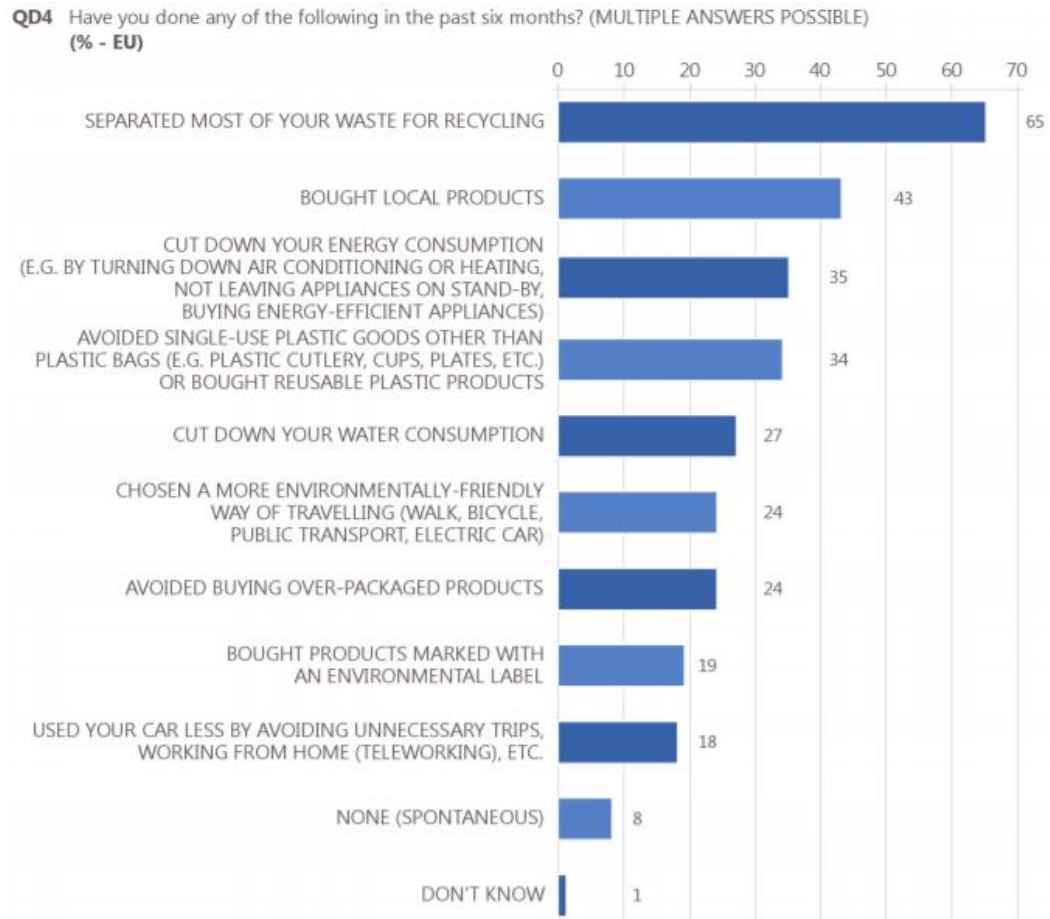
In many European countries, concern for the environment is no longer a marginal passion of enthusiasts, Greenpeace activists or "eco-freaks". Concern for the environment has become one of the main trends that attract the attention of the general public.

To the ecological consumer behavior Eurobarometer include: sorting of waste, reducing water and electricity consumption. Waste processing is consumer behavior after purchase, in which not only personal but also social values, perceptions and worldviews are taken into account (Culiberg, P. 90). The propensity to recycle waste is positively influenced by several factors: the collectivist outlook, the attitude to waste processing as a moral act, the high significance of moral obligations. The high importance of moral obligations falls in line with other factors influencing ethical behavior. Ethical behavior includes: paying taxes (Bobek and Hatfield, 2003), buying goods manufactured with standards of working conditions - fair trade (Shaw and Shiu, 2002), buying organic products (McEachern et al., 2007) and refusing to participate in electronic piracy (Cronan and Al-Rafee, 2008).

In order that people sort and process waste, the following conditions are necessary: (1) strengthening the positive attitude towards waste sorting at the level of households that are already partially involved in this activity and (2) changing household settings that are negatively related to waste sorting and now it is not practiced (Tonglet et al., 2004; Tang et al., 2011).

According to Eurobarometer 2017 “Around two-thirds of Europeans say they have separated most of their waste for recycling (65%), while at least one third have bought local products (43%), cut down their energy consumption (35%) and avoided single-use plastic goods other than plastic bags (34%),

Table 3: Eurobarometer survey



Researchers identify three groups of factors that affect people ecological behavior (Martnnez-Espiceira Roberto et al., 2014):

- economic and socio-demographic factors;
- values, attitudes and other psychological factors;
- public policy;

We will analyze each of these groups.

1) Economic and socio-demographic factors. The higher the level of education, the more likely that people will behave more environmentally friendly regarding transport, water, energy, waste and food (OECD, 2011). The higher the level of education the more likely that a person adapts new technologies for the effective use

of water (Martinez-Espiceira Roberto et al., 2014). However, if we are not talking about the adaptation of new technologies, but only about the economical usage of water then there is an opposite tendency: people with low incomes are more likely to save water and spend it efficiently (De Oliver, 1999, Sutterlin et al., 2011; Martinez-Espiceira and García-Valicas, 2013). However, there are also studies whose models have shown the opposite dependence: an increase in income contributes to a more careful attitude to water (Berk et al., 1993). The larger the household size, the greater the likelihood that water saving practices will be applied there (Berk et al., 1993). Women are more likely than men to apply environmentally friendly practices in household management, and the high proportion of men in the household reduces the likelihood of eco-friendly consumption. (Mainieri et al., 1997).

Households with many people over 65 are more likely to wash dishes, plugging the sink with a cork and closing the tap during lathering, while younger households prefer to wash dishes under the water. Households consisting only from elderly people very rarely invested in energy and water-saving appliances, although they try to consume water and electricity as economically as possible (Martinsson et al., 2011).

Large households more often fill the washing machine or dishwasher to the limit before using it. They are also inclined to invest money in energy and water saving appliances, as well as install double-glazed windows for retention of heat and save on heating (Martinez-Espiceira Roberto et al., 2014).

Such research results show that people act rationally: young families with children tend to comfortable living, but at the same time economical. Therefore, they invest in water- and energy-saving appliances, as they actively pay for themselves when used actively. Older people are not sure about the future and they have nowhere to hurry, so they refuse to invest in equipment and save their actions.

- 2) Psychological factors. A person who values nature will be more pleased to adopt environmental practices in consumption (Lubell, 2002). American sociologist R. Dunlap and colleagues developed a scale to measure the ecological outlook. The NEP (new ecological paradigm) scale consists of 12 statements about the relationship of a person with nature. The respondent should express agreement / disagreement on a five-point scale. The utterances have different weights. Depending on the score, the

respondent is assigned a pro-, anti- or neutral ecological worldview (Amburgey J., 2012). have shown that the individual's attitudes toward ecology account for more than 25% of the person's active behavior towards the environment (Olli et al., 2001). Environmental activists and people making donations to environmental projects are more inclined to use devices to efficiently consume water. Interest in the environment and participation in environmental organizations significantly increases the likelihood of ecological behavior in humans (OECD, 2011).

In addition to values, consciousness influences people's behavior (Shapovalenko A., 2008.) which also refers to psychological factors. Measuring the environmental consciousness of people can be divided into four main components: philosophical, emotional (irrational-sensual), cognitive and activity-oriented.

- 3) Public policy. Studies have shown that the most effective ways to encourage citizens to use effective water and electrical appliances are direct payments of compensation to a personal account of a citizen and reducing his tax burden (Jaffe and Stavins, 1995; Hassett and Metcalf, 1995). Information campaigns, such as informing about environmental issues, ways to reduce household waste, are considered a plus in pursuing an incentive policy for an environmentally friendly lifestyle, but are not self-sufficient (Abrahamse et al., 2005). They are most effective when accompanied by one particular campaign, for example, promotion of water meters (Steg, 2008), or when they report specific information, for example, energy saving methods, but not a lot of different information (Ek and Söderholm, 2010; Mills and Schleich, 2012).

### **3.2.3 The movement of self-restraint and an eco-friendly way of life**

Consumer preferences depend on the lifestyle of a person. In America, first in the 1980s and now with a new force began to form the movement for a simplified lifestyle. People voluntarily and consciously limit themselves refuse the consumer abundance and reject overconsumption promoted by advertising.

A study conducted by Leonard-Barton (1981) in the early 1980s on a sample of 812 households in California, using a questionnaire and interviews with some households, gave an idea of groups of people that are prone to a simplified lifestyle. Regression analysis showed that the desire of voluntary simplification of the lifestyle is most popular in middle-

income households whose members have a high level of education. The age of household members affects negatively. Young people are more likely to simplify their lifestyle due to several factors: it is economically advantageous for them, they have sufficient physical strength, and the simplified way of life does not undermine their status. Older families consider it necessary to back up their achievements with material things, to correspond to the accepted image of the held person in American culture.

American sociologist Juliet B. Shore in her book about overconsumption in America (Schor J. 1998) forms "portraits" of people who decided to limit their consumption and live a simplistic life. Many of described people were working for large companies earned big money and quickly spent them. They are united by the fact that they realized that overconsumption big money and lack of free time do not bring them happiness and decided to change the situation. They quit their jobs stopped buying things some started a vegetable garden where they were growing food. J. Shore identifies two cases of coming to a limited consumption: independent and forced. The people described above refer to the first case. But in America there are a lot of very poor people who refuse "joys of consumption" not on their own, but because they have no choice.

The new movement "TheMinimalists" is spreading rapidly in recent years. Joshua Fields Millburn & Ryan Nicodemus claim that they help over 20 million people to live meaningful lives with less through their website, books, podcast, and documentary. The idea of this movement is to get rid of the material possessions you don't need and start to control your consumer practices, make a choice more consciously, more deliberately.

Vegans reject consumption of all animal-based products (meat, fish, dairy and eggs) discard wearing leather and fur and using cosmetics that was not tested on animals.

## 4 Practical Part

### 4.1 Socio-economic analysis of Russia and Czech Republic

Economic and socio-demographic factors are among the most important affecting people's ecological behavior. Living standards and economic situation in the country affects buying behavior a lot. The more disposable or discretionary income the person has the more freedom he has in his choice. During a crisis population is inclined to save money and to make more rational choices.

Table 4: Economic indicators

<b>Economic indicators</b>	<b>Czech Republic</b>	<b>Reference</b>	<b>Russia</b>	<b>Reference</b>
<b>GDP per capita</b>	21707 USD	Dec/16	11099 USD	Dec/16
<b>GDP annual growth rate</b>	5,2%	Dec/17	1,8%	Sep/17
<b>Government dept to GDP</b>	36,8%	Dec/16	12,6%	Dec/17
<b>Corruption perception index</b>	Score – 57 Rank – 42	2017	Score – 29 Rank – 135	2017

I would like to draw attention to the level of corruption. It is worth noting that the difference is simply huge. As you know, corruption has nothing to do with ethical behavior. The higher the level of corruption, the less likely that business will be conducted in an ethical manner, the less likely that the consumer will become responsible and trust the manufacturer.

Consumer confidence index (CCI) is an indicator designed to measure consumer confidence, defined as the degree of optimism about the state of the economy that the population expresses through their consumption and saving.



Table 5: Czech Republic consumer confidence



Source: [tradingeconomics.com](http://tradingeconomics.com)

Table 6: Russia consumer confidence



Source: [tradingeconomics.com](http://tradingeconomics.com)

The Russian consumer is so much less confident and optimistic about optimism about the state of the economy.

Business confidence index (BCI) is calculated as the arithmetic average of the optimistic and pessimistic expectations of managers asked about actual demand and current inventories of finished products. An increase in this indicator indicates that there is an improvement in the economy and contributes to the growth of the currency price.

Table 7: Czech Republic business confidence



Source: tradingeconomics.com

Table 8: Russia business confidence



Source: tradingeconomics.com

The index shows the difference between the percentage share of companies that are optimistic and the percentage of that is pessimistic. Index values are then averaged together.

We can see that Czech companies are estimating performance of the economy and their organisation prospects in very positive way while Russian entrepreneurs are not so optimistic with the highest score of 7 in 2008 and the lowest score of -20.

Table 9: Czech Republic inflation rate



Source: tradingeconomics.com

Table 10: Russia inflation rate



Source: tradingeconomics.com

We can see that Russia in contrast to Czech Republic has a very unstable and high inflation rate. The highest inflation in the Czech Republic over the past 10 years was 8% during the 2008 global crisis. In the subsequent time it fluctuates within the limits of 0-4%, while in Russia it reaches 17%.

More than 20 million Russians have income below subsistence level and live below the poverty line. This is about 15% of the population. In Czech Republic 1.000.500 people

live below poverty line, 9,5% of population. According to economic indicators Russian businesses and consumers are in an unstable situation and do not feel confident about the future for the next 10 years whereas Czech citizens have suffered major difficulties only during the 2008 crisis. The timeframe was chosen as large as the survey participants lived and formed in this environment.

#### **4.1.1 Constrains of responsible consumption in Russia**

To create a picture of our respondents' background let's describe some cultural features. First of all, the culture of responsible consumption is not typical for Russians. This means that it is not a generally accepted model of consumer behaviour, realized at a subconscious level. Culturally and historically Russia is perceived by the population as a country rich in natural resources. In this sense, the attitude towards energy saving is indicative. Residents of Russia are not inclined to save energy and take care of the rational use of energy resources. Only 28% of people regulate the installation of heating appliances and/or air-conditioners for energy saving and even this small percentage is due primarily to considerations of financial savings, rather than concern for the environment. There are almost no electricity consumers of renewable sources in Russia. WCIOM (Russian Public Opinion Research Center) research shows that more than  $\frac{3}{4}$  Russians are aware of need to save energy for future generations but in practice their consumption in the daily regime is monitored by less than half.

The absence of a "basic" propensity to a responsible type of consumption in Russia is exacerbated by three factors:

- the underdevelopment of legislative regulation regarding environmental responsibility of households and the culture of their consumption;
- deficit of the corresponding infrastructure, primarily for private consumers;
- low level of awareness of the population about sustainable practices, types of certification, the impact of products on the environment, and so on.

In addition, there is mistrust of the Russian consumer to eco-labelling. On the one hand, environmental labelling makes it possible to make an informed choice when buying. On the other hand, according to experts from the EcoBureau GREENS64, the consumer is often misinformed as a result of the incorrect placement on the package of information on the ecological compatibility of products (the so-called green washing phenomenon). In

Russia, the marking of goods with the signs "eco", "organic", etc., from a legal point of view is not illegal, even if there are not sufficient grounds for this.

For example, in the market of farm and organic products, up to 45% of non-certified Russian enterprises place icons or "bio" and "organic" marks on their products. In this regard, the consumer, tuned to a responsible purchase, often purchases goods with eco-labelling, which does not give any guarantees of compliance with environmental principles. Disappointed after such a purchase, the consumer begins to distrust any eco-label, even officially certified. Despite the desire to lead a more environmentally friendly way of life, a mistrust of the information claimed may further lead to a refusal to purchase responsible goods and services.

So according to this information we can say that in Russia, eco-friendly consumption (that which does minimal harm to the environment) in comparison with other countries is poorly developed. There is mostly no separate garbage collection at the state or municipal level. There is no state support and control of producers of environmentally friendly goods and environmentally friendly methods of production in the country. People are not well enough informed about environmental or ethical problems. Consequently, ethical business and CSR practices are also poorly developed.

## **4.2 Survey**

In order to find out consumer attitudes towards ethical business and corporate social responsibility, we decided to conduct a survey among the youth. The age group was selected specifically because one of the key processes that determined the context of the development of the phenomenon of responsible consumption is generational shifts, namely, a greater inclination of young people to take care of the environment, a healthy lifestyle, concerns about producers compliance with ethical standards, greater involvement into technological progress, after all the development of the Internet and digital technologies conduce:

- a) unlimited and instant access of the consumer to information about products and services around the world;
- b) the opportunity to purchase a product from almost any part of the world - the globalization of the consumer sector;
- c) the possibility of instant public expression of the attitude of consumers to goods, services and companies to producers;

Moreover, we decided to investigate whether there are significant differences in attitudes between different populations. In order to do this, we took two population groups: Russians and Czechs. It's worth noting that some Ukrainians and Kazakhs participated in survey. However, these cultures are very similar. The only question that may cause inaccuracy is "Do you hold any strong religious beliefs which may influence your ethical values or purchasing behaviour?". The Kazakhs, unlike Russians and Ukrainians are mostly Muslims.

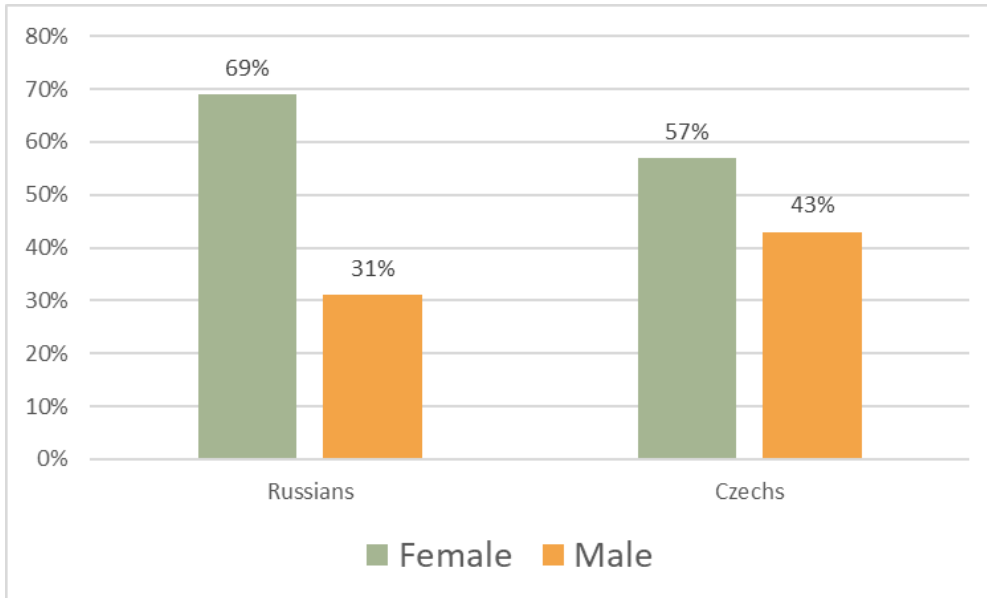
The sample size was 200 people. 100 of them were Russians (Russian speaking) and 100 Czechs. First, we created an online survey and got 89 responses from Russian speakers and 77 responses from Czechs. To make the data more accurate 34 people were asked to fill the paper survey. Worth mentioning that we were trying to get equal amount of male and female participants, but the online survey does not allow to control it. So, to do the paper survey were asked mostly males. But Russian speaking males were tending to reject the appeal more often than Czechs.

We also considered the context and the environment of the formation of individuals in two different countries. However, we assume that by changing their place of residence, Russians could change their buying habits as well.

## 4.2.1 Survey questions and collected data

### 1. What is your gender?

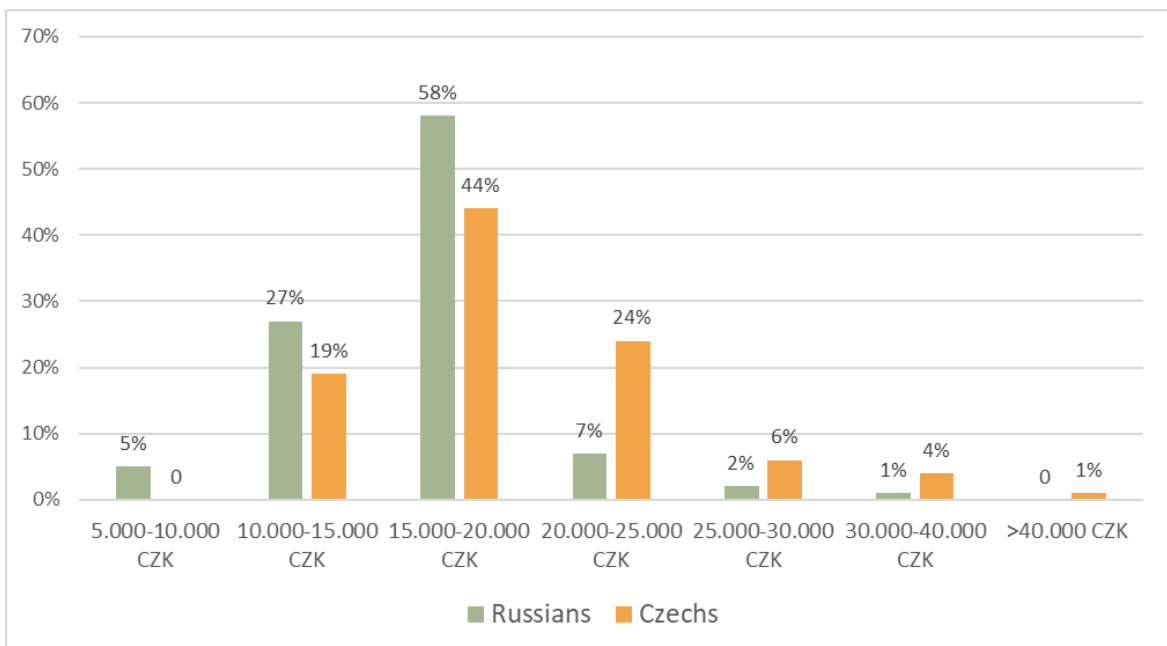
Table 11: Question 1



We can see that males and females are not equally distributed. To make the data more precise they should have been distributed 50/50 in both groups. This may affect the further results because women are more likely to be engaged in ethical practices than men.

### 2. What is your approximate average monthly income?

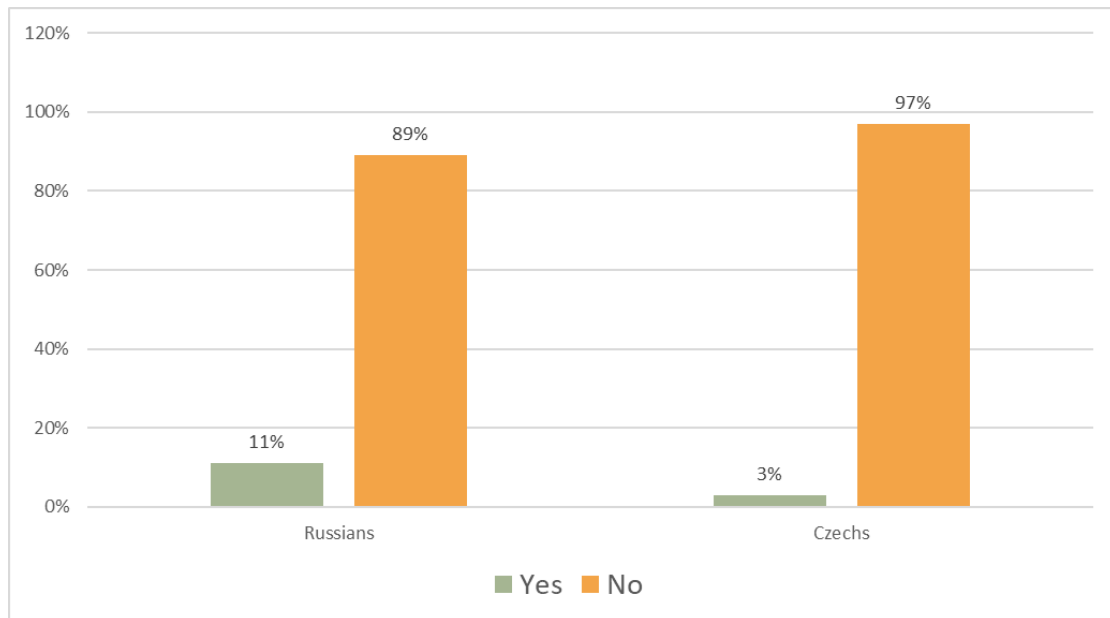
Table 12: Question 2



We can see that Czechs have higher income and if we take into consideration that almost every foreigner must rent a flat or a dormitory while Czechs may still live with their parents and don't spend money on accommodation, real numbers of discretionary income may look even worse. The income is very important criterion because the more money and resources has a person the more freedom of choice he has. On the other hand, if Czechs are still living with parents it can affect their choice freedom because older people are usually more authoritative in a family and make their own decisions.

3. Do you hold any strong religious beliefs which may influence your ethical values or purchasing behavior?

Table 13: Question 3

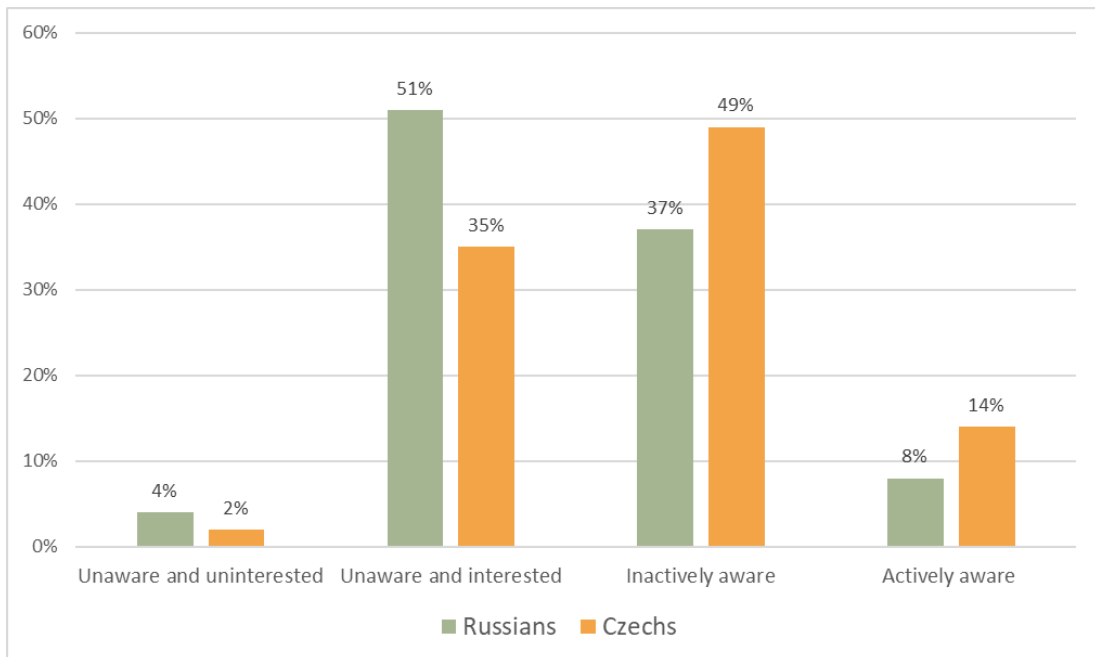


As it was said earlier, these responses may be not accurate because of different religions of Kazakhs and Russians. Although only 11 Russian speakers and 3 Czechs from our sample are religious, these beliefs may make a great impact. Food habits in relation to culture and religion are amongst the oldest and deeply rooted aspects of a society with many variations worldwide. For example, Muslims and Jews must not consume pork and blood. Buddhism preaches vegetarian diet while Christians should reduce or reject consumption of some products during lent. Both Buddhism and Christianity reject ideas of overconsumption and support simple lifestyle.



#### 4. In terms of awareness of ethical issues how would you categorize yourself?

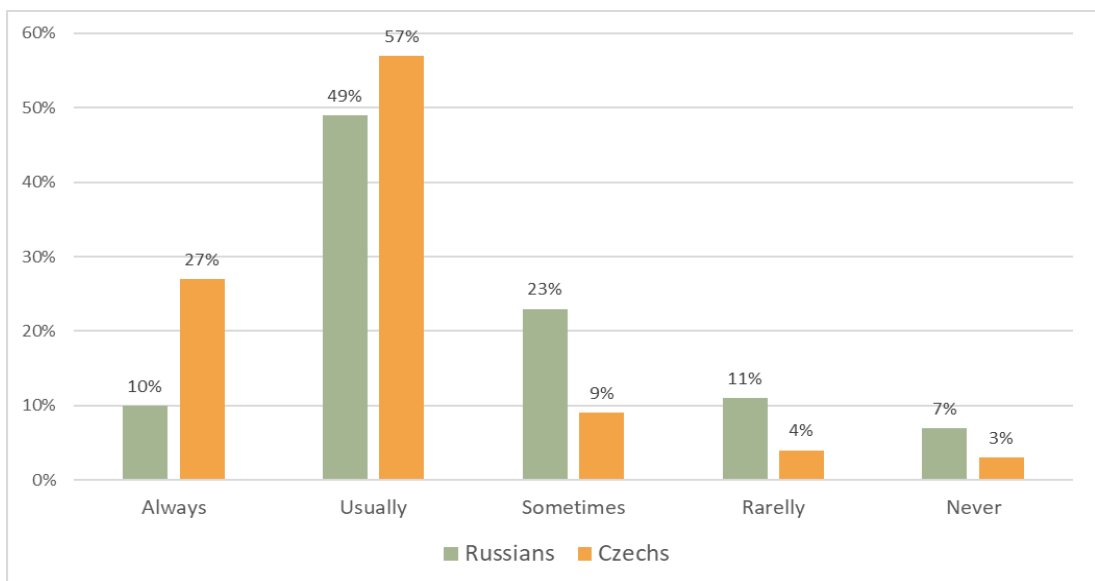
Table 14: Question 4



Less than 5% of respondents said that they are unaware and uninterested in terms of awareness of ethical issues which is quite low. More Czechs than Russians are inactively and actively aware but >50% of Russians say they are unaware but interested which makes them potential activists.

#### 5. Do you separate waste?

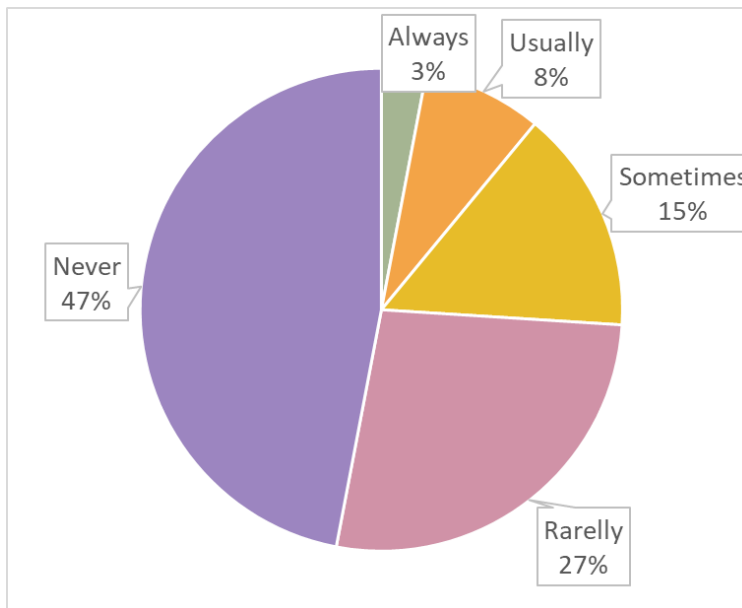
Table 15: Question 5



Czechs are more involved in constant separation of waste, almost 30% always do that and almost 60% do it usually. As a result, 84% of Czechs separate most of their waste. This question is highly connected with the second one. Question 5 and 6 were aimed to figure out whether there would be some change in these practices.

#### 6. Did you separate waste in your home country?

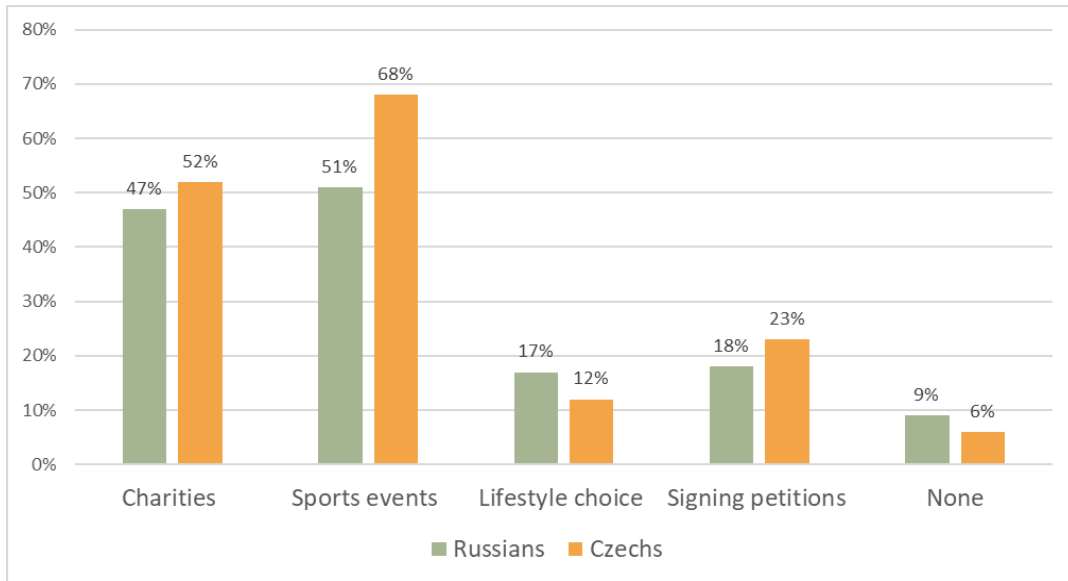
Table 16: Question 6



The survey shows that 47% of Russians have never separated waste while being in Russia, and now 59% of them are actively involved in this process, 23% so it sometimes and only 7% still do not do it at all. In Russia, there is no separate collection of garbage neither at the state nor on municipal level. Population of such cities as Moscow and Saint Petersburg are somehow involved in this process but state still can't provide the required infrastructure.

7. What kind of ethical activities you support? (multiple choice)

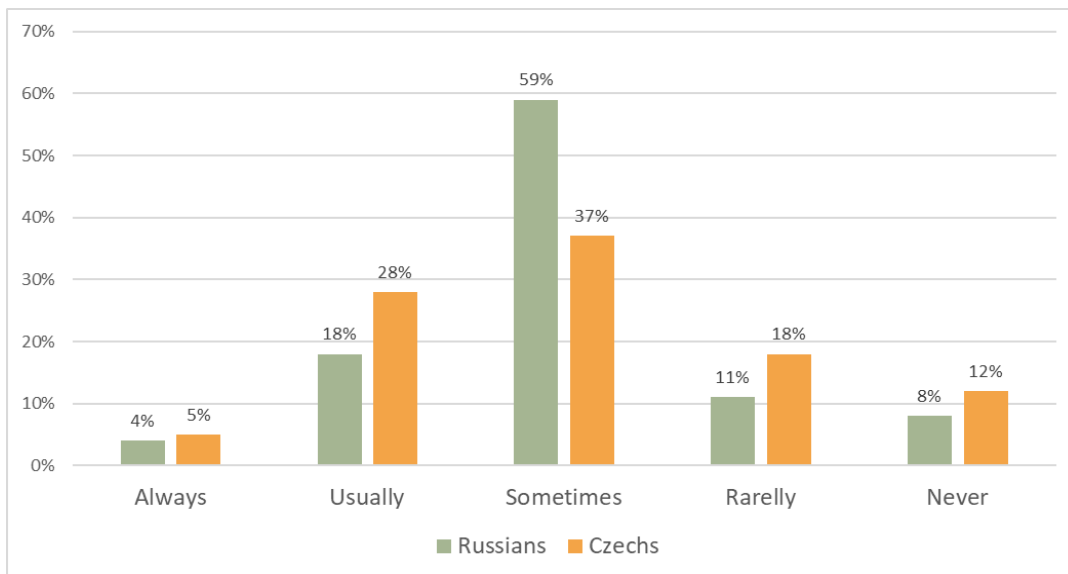
Table 17: Question 7



Almost 50% of both groups support charities despite the quite low level of income, more than 50% support sports events but there is 17% difference between the populations, which is high. We could refer this difference to the possible less awareness of Russians about Sports or other events, Czechs have more sources of information including television and friends (native speakers). Lifestyle choice was explained at the survey as vegetarian diet, minimalist lifestyle. The difference we would refer to gender distribution, women are more likely to choose vegetarian or vegan diet.

8. Do you purchase ethical products whether they be organic, bio, fair-trade, etc?

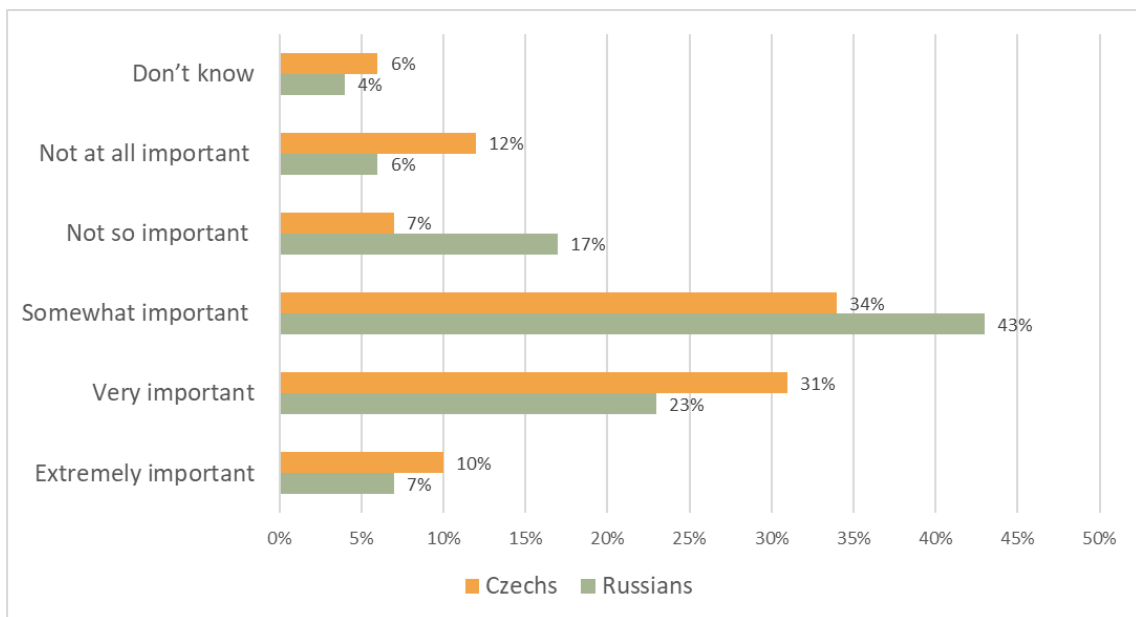
Table 18: Question 8



There is almost 20% difference between those who do that sometimes. We would refer these distinction to the gender distribution. Women are more likely to purchase organic production because of their need to take care about beauty and fashion. Which means they might purchase organic and bio products at least sometimes. Anyway 10% more Czechs do it usually.

9. Do you consider country manufacturer as an important criterion to purchase goods?

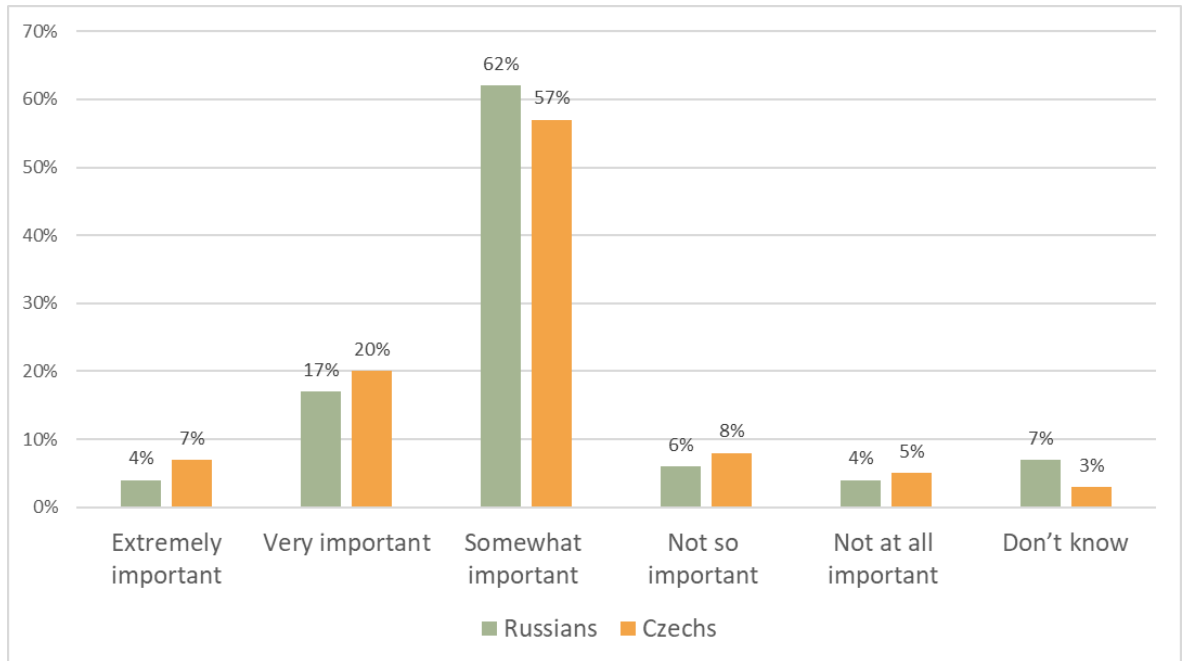
Table 19: Question 9



Only 10% of Russians and 13% of Czechs consider country manufacture to be an unimportant criterion, others somehow care about it.

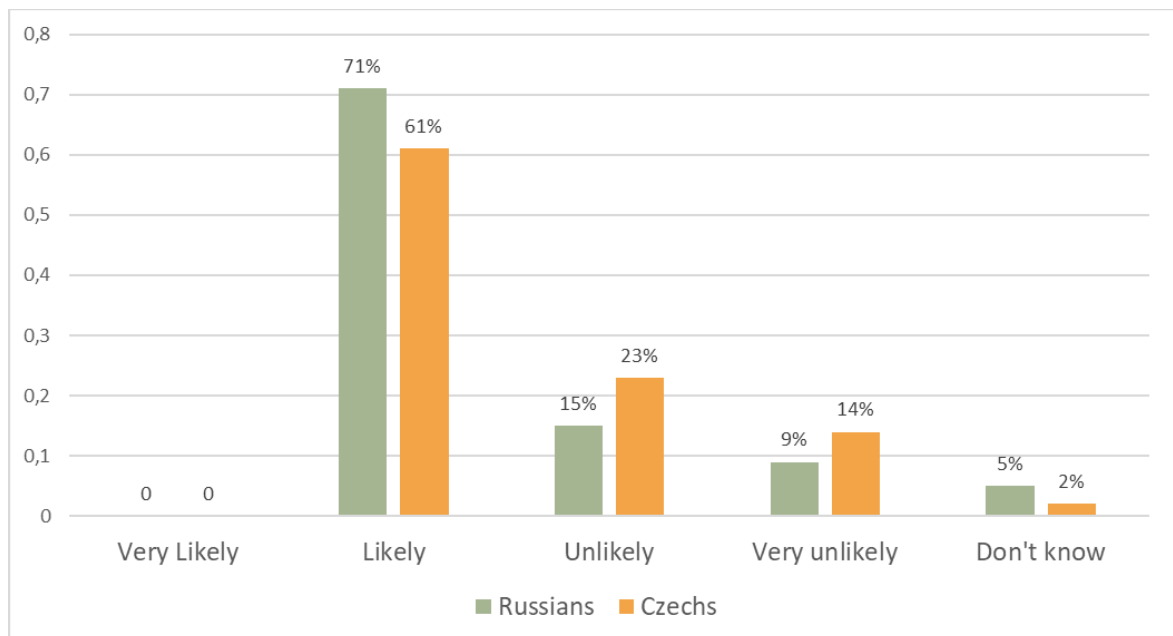
10. How important is company's impact on environment and society when purchasing it's products?

Table 20: Question 10



11. How likely are you to buy ethical products even though they are more expensive over mainstream products?

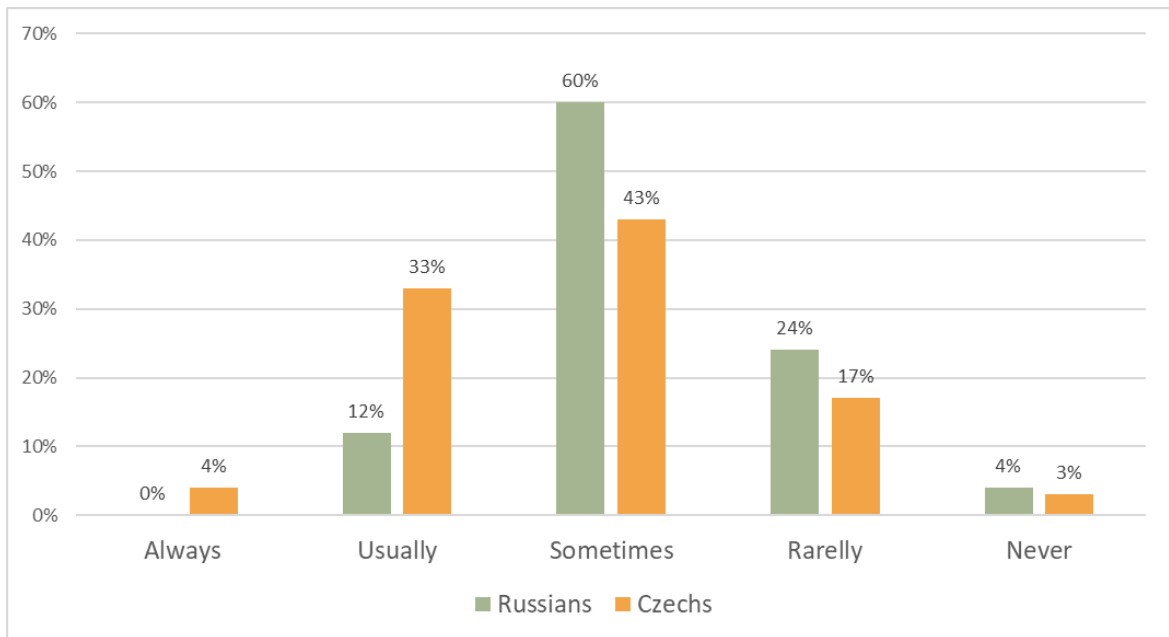
Table 21: Question 11



More than 60% in both groups are ready to spend more money on ethical products

## 12. How often do you read reviews before purchasing a product?

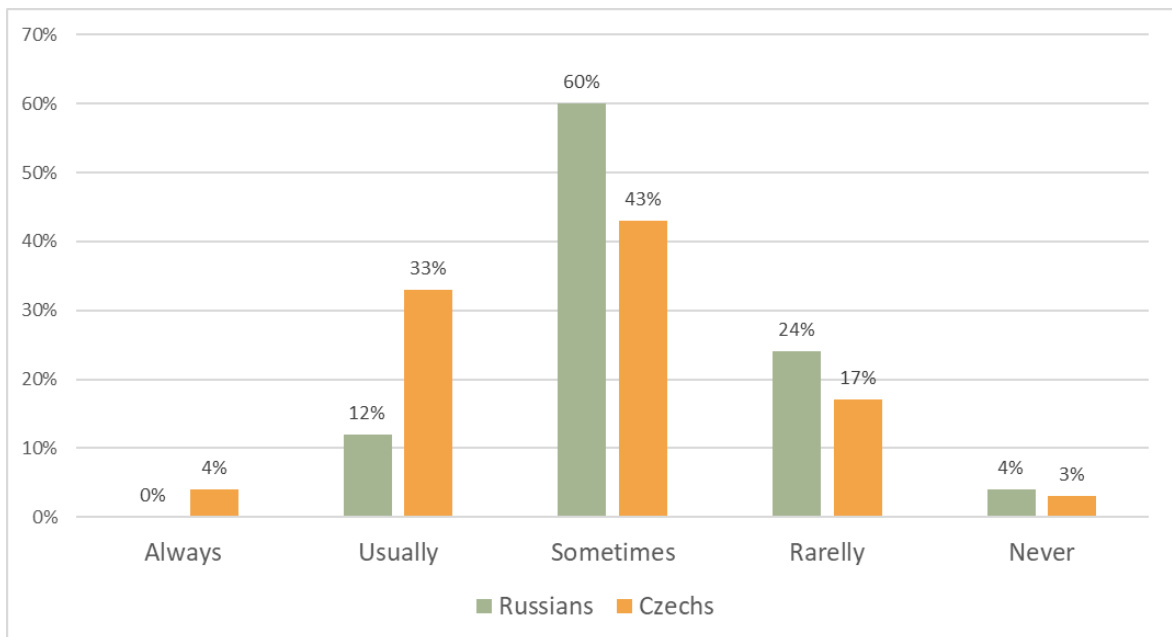
Table 22: Question 12



This question was asked to find out whether respondents are likely to trust a brand and advertising or they are more likely to trust other people and their experience. Only 28% of Russians and 20% of Czechs do it rarely or never and the rest do it more or less often.

## 13. Do you believe it when companies say they care about ethical issues?

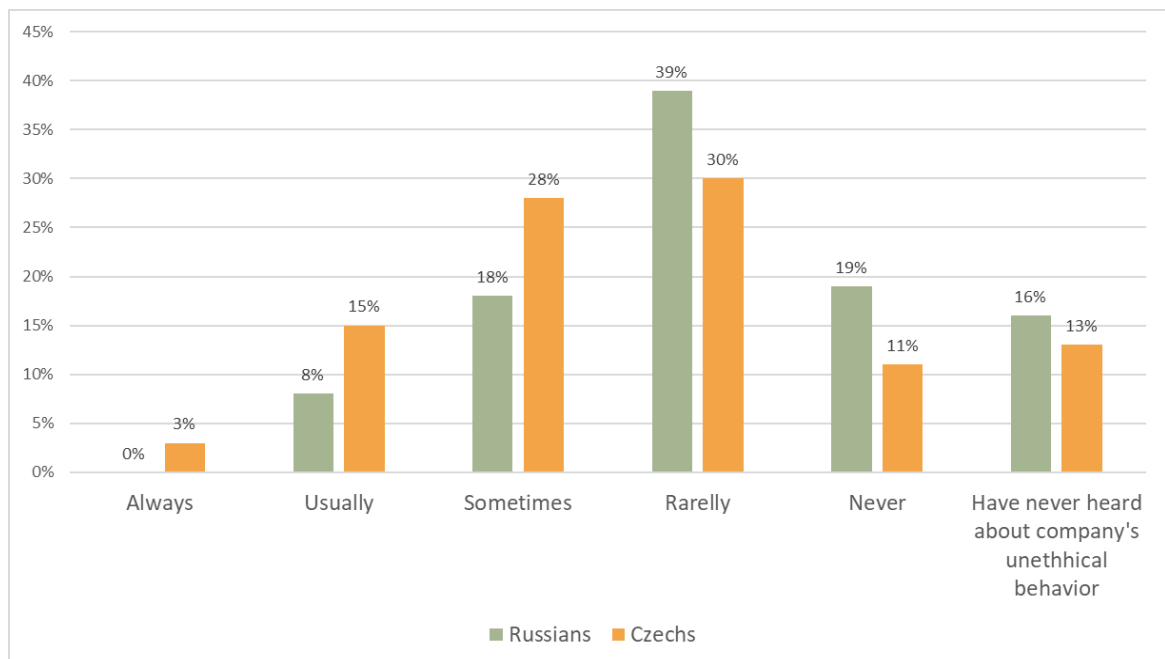
Table 23: Question 13



Most of the respondents say they sometimes believe which is very neutral attitude and shows that they are not confident in what companies saying. Anyway 21% more Czechs tend to believe when companies say they care about ethical issues. We would refer it to greater awareness of Czech population about companies' practices.

14. Do you use boycott (stop buying company's products) as a form of a protest after knowing about company's unethical behaviour (usage of children labour, corruption, high environmental pollution, etc.)?

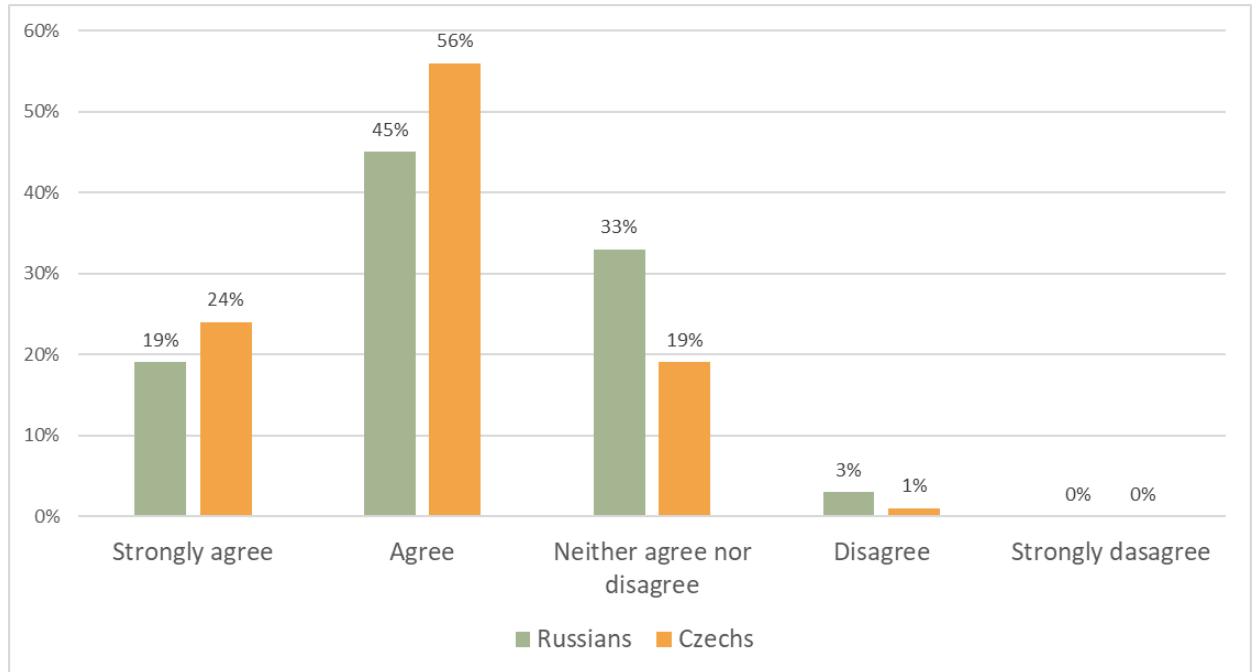
Table 24: Question 14



29 respondents say they have never heard about company's unethical behaviour. And only 30 have never used boycotts. 70% are more or less involved in this practice.

15. Do you agree that a company that uses energy saving equipment and renewable resources, recycles waste and makes charity donations can be considered as ethical and socially oriented?

Table 25: Question 15

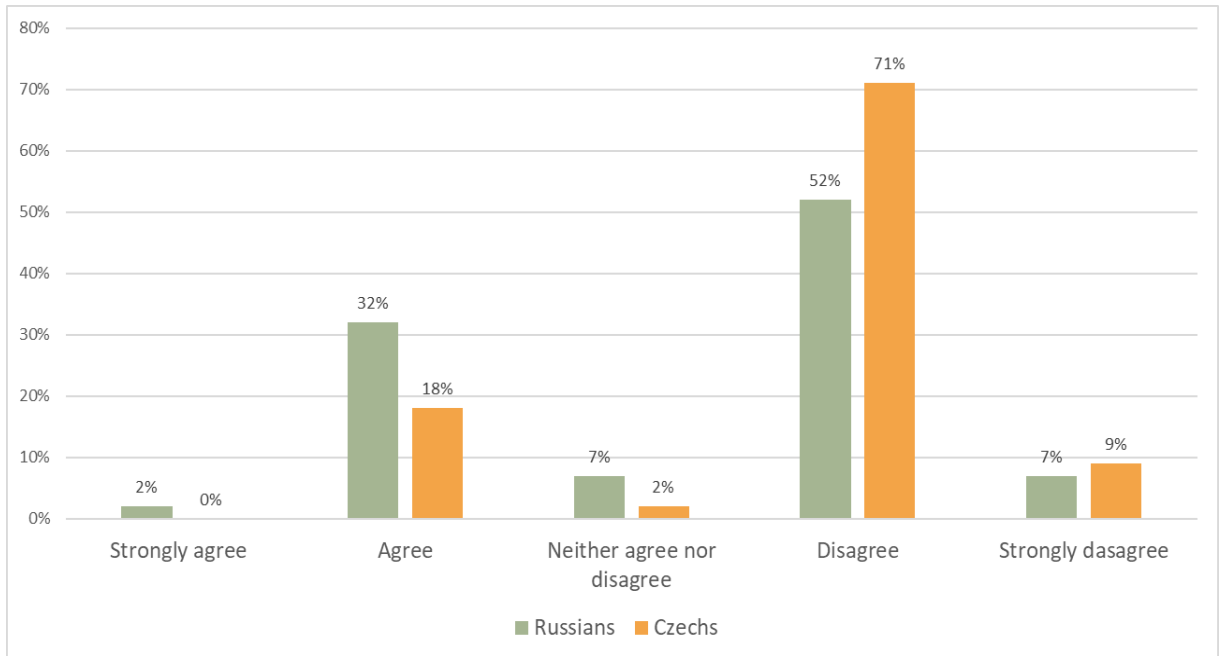


The questions 15 and 16 are also closely related to each other. The 15<sup>th</sup> question was based on McDonald’s CSR program. They claim they use low energy LED bulbs, energy saving equipment and waterless urinals, recycle used cooking oil into biodiesel, recycle their boxes and work with environmental charities. Respondents were asked if such business can be considered as ethical and socially oriented without mentioning the name of the business in order not to cause any associations and 80% of Czechs 64% of Russians agreed with the statement. 33% of Russians 19% of Czechs choose the answer “neither agree nor disagree”, we would refer such answer whether to unawareness about what is ethical and what’s the difference between renewable and nonrenewable resources, or to cynicism towards companies ethical practices.



## 16. Do you agree that McDonald's is an ethical business?

Table 26: Question 16



This question mentions the name of corporation and we can see the rapid decrease in a neutral answer. 80% of Czechs and 59% of Russians disagreed and 34% of Russians while only 18 of Czechs agreed. The responses show that the attempt of diverting public attention from ethical issues related to the main activity of the company is rather unsuccessful.

## 5 Conclusion

The results of our survey show that most respondents tend to buy ethical products and monitor the company's impact on the environment and read reviews. However, the responses show that the attempt at diverting public attention from ethical issues related to the main activity of the company is rather unsuccessful. The survey showed that most people agree that companies caring about the environment and those participating in charity can be considered as ethical, but when they were asked whether McDonald's (that sells not healthy and not ethically produced food) is an ethical business most disagreed with this. It is necessary to take into account the fact that some may not know that McDonald's applies CSR practices, but usually the companies using them do not hide this fact. On the contrary, they distribute this information quite willingly. McDonald's for example write on trash cans that we should not worry about separation of waste because they will do it for us. They also mention that they have "opened kitchens" because they have nothing to hide. They are doing a lot of other tricks to gain trust of the customers, but the survey results show that despite company does a lot of good and ethical things and try to embellish the reality, customers are still aware about the not ethical parts of their business.

There are no huge differences between Czechs and Russians, but we can see that the Russian population grew up in environment with underdeveloped legislative regulation regarding environmental responsibility of households and the culture of their consumption, deficit of the corresponding infrastructure, primarily for private consumers. The low level of awareness of the Russian population about sustainable practices, types of certification, the impact of products on the environment causes more "neutral answers". But what we also could see is that 47% of Russians have never separated waste while being in Russia, and now 59% of them are actively involved in this process. That's a significant change in attitude and we assume that ratio of other ethical choices changed also in a suitable environment.

Reputational risks in connection with responsible consumption arise both for companies focused on responsible consumers, and for players that do not take this trend into account. The higher the level of awareness of consumers on the market about responsible practices, the higher requirements will be imposed on the company and products, including their activities in other markets. The complexity of working with responsible consumers is due to their active and even proactive position. On the one hand, it can make such consumers the best partners to help attract new customers, on the other hand, in case of disappointment,

lead to brand boycotting, attracting the attention of other consumers and the general public through social networks and other communication channel and we convinced that the technologies have a huge impact on the development of the brand. Focusing on the audience of responsible consumers, business should have a consistent strategy for implementing sustainable practices and an appropriate communication strategy for the product and business as a whole. Important aspects include the management of social and environmental reputational crises and the willingness to take into account consumer opinion. But even if the business don't want to focus on responsible consumers they should take into account the fact thae are a lot of those who interested in these issues but may not have enough information yet. But even now they are potential activists and deserve attention.

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