

Consumers' Responses to Various Corporate Strategies aiming to cope with Ethical Failures in Companies

Bachelor Thesis for Obtaining the Degree Bachelor of Science in
International Management

Submitted to Gabriel Trettel Silva

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Affidavit

I hereby affirm that this bachelor's Thesis represents my own written work and that I have used no sources and aids other than those indicated. All passages quoted from publications or paraphrased from these sources are properly cited and attributed.

The thesis was not submitted in the same or in a substantially similar version, not even partially, to another examination board and was not published elsewhere.

Date, Place

Acknowledgements

Sincere appreciation goes out to the following people and institutions for helping me finish my bachelor's thesis:

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Abstract

Nowadays, social responsibility and business ethics are greatly debated themes in the business world, largely because of the escalating problems with this subject and the neglect of putting ethical practices into practice. However, firms are frequently in the news for acting irresponsibly and destructively, which negatively affects their reputation. Reputation has an impact on the company's workers in addition to the general public. This study tries to show how company reputation and ethics are related to the corporate system. This research will, in a number of ways, close the knowledge gap on the under-researched subject of how ethical failure affects business reputation. By addressing their reputation and assessing various business initiatives, this study will examine the impacts of ethical failure and companies' response on consumer perception.

Additionally, the research will focus on more profound insights into consumers' perceptions of companies' reputation. Therefore, qualitative approach with structured interviews, including 3 examples of companies was selected for this study. For this research, 10 students of Modul University in Vienna were chosen and interviewed to gather necessary data. The respondents varied in multiple characteristics such as age, gender, nationality, religion, etc. Thematic analysis along with interpretation of each interview was chosen as a simple and adaptable approach of analysing qualitative data of this research. This research effectively discusses the obstacles and offers suggestions for getting through them.

Finally, companies should avoid unethical behaviour and any association of a scandal or negative press releases, as it significantly ruins consumers perception and disrupts trust in the company. Additionally, the use of structured interviews and the examples used to conduct interviews can be limited in terms of information given and reliability of the information, which can present certain biases. Future research can assist several businesses with avoiding unethical mistakes or assisting them in responding to accusations.

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1 Introduction

Most organisations have learned the hard way that exemplary results and perfect corporate strategy are sometimes not enough (Murphy, 1988). Social responsibility and business ethics are widely discussed topics nowadays in business, primarily due to the rising issues related to this topic and the lack of attention in implementing ethical policies. However, when it comes to corporate reputation, it is still regarded as an understudied field and therefore requires more research in the future. It is mostly caused by reputations being only acknowledged once they are at risk (Barnett et al., 2006).

This research aims to demonstrate the relationship between the business reputation and ethics as they relate to the corporate system, defined by Mella & Gazzola (2015, p.2) "as a long- lasting organisation of individuals or institutions which produces outcomes for the external stakeholders ". According to past studies, a company's ethics will ultimately determine whether a company succeeds or fails. They significantly impact a company's reputation and aid in defining a business strategy that will withstand hardship or any adversity (Mella & Gazzola, 2015).

Ethical failure can often negatively affect the company's reputation, assuming it was caused by an internal mistake influencing consumers' perceptions (Berman, 2020). Since factors like unethical companies' culture, the need for money, unclear policies or poor management can significantly contribute to ethical failures as well as affect the firm's overall reputation (Kokemuller, 2020). Because consumers care about ethical practices and the firm's credibility, and when trust is broken and the company takes wrong actions, it develops a negative reputation (Berman, 2020). Consequently, based on recent research, four out of five respondents confirmed that they will not do business with a company with a negative public perception in the eyes of consumers (Campbell, 2022).

Reputation does not only affect the public but can also influence the workforce of the company. The employees have the benefit of the doubt when the company is

addressing a controversy or crisis since the company's management failed to provide ethical responsibility (Mella & Gazzola, 2015). On the other hand, positive perception in the eyes of employees attracts skilled force, enhances loyalty, and contributes to the firm's overall productivity and success (Buxton, 2021).

This study will fill the knowledge gap of the understudied topic of the effects of ethical failure on corporate reputation in various ways. Firstly, besides defining applicable terms for this research to give a comprehensive overview, this paper will also explore the relationship between these variables, including their causes, effects, and consequences, and suggests ideas for future improvement. Secondly, we define the strategy used by companies to cope with ethical failure and the importance of reputation management. Lastly, the research will focus on more profound insights into consumers' responses and perceptions. Moreover, to gain a better understanding of the research problem, multiple examples of companies that ethically failed will be used during interviews to acquire necessary data. The findings of this research will advance the understanding of the importance of ethical failure and its effects on companies, which will contribute to the existing literature in the future.

Finally, research showed that the emergence of unethical behaviour in recent years had been the single-largest risk to a company's reputation as well as the overall failure of the business (Sims, 2021). This research will explore the effects of companies' ethical failures on consumer perception by addressing their reputation and evaluating various corporate strategies that have been implemented. Therefore, this paper will aim to answer the given research question: How do ethical failure affects consumers perception of companies' reputation?

2 Literature review

2.1 Business Ethics

Goel and Ramanathan (2014, p.49) describe business ethics as "areas of moral principles and decision making, governance issues and codes of conduct for a business". Business ethics strengthen the law by defining acceptable conduct outside the purview of governmental regulation, which is a set of unwritten, but legally binding principles that are constantly changing. Businesses adopt business ethics to encourage honesty among staff members and win over important stakeholders like investors and customers (Schroeder, 2021). Business ethics violations result in pointless legal actions and high penalties. Even then, companies run the danger of incurring an additional expense: reputation damage. As a result, business ethics educates owners and employees about moral principles and the repercussions of breaking them (Vaidya, 2023).

Rather than being evaluated on efficiency or effectiveness, business decisions will be evaluated on whether they are "morally defensible". The idea of business ethics is evolving, altering in the context of new technology, new methods of mobilizing and utilizing resources, changing societal norms, and progressing toward an always-connected global corporate network, which calls for universal awareness (Goel & Ramanathan, 2014). If it is true that firms that behave responsibly and ethically provide higher profits for their owners than those that cut corners or behave badly, then the philosophical debate of whether organizations should behave well becomes obsolete. It is proved to be positive for sales if a company is connected with good behavior, using renewable resources, not employing child labor in its factories in developing nations, and giving decent training and development chances for its employees (Fisher & Lovell, 2006). The 2018 Global Business Ethics survey found that when a corporation explains the value of business ethics to its employees, they are more likely to use ethical reasoning. There is a strong correlation between business ethics and companies' success (Schroeder, 2021). Corporate responsibility, personal responsibility, social duty, loyalty, fairness, respect, dependability, and technology ethics are all included in this field. Moreover, it places a strong emphasis on brand loyalty, personnel retention, and sustainability (Vaidya, 2023).

2.1.1 Measures of Ethical Performance

Webley and Moore (2003) sought empirical evidence to answer the question of whether corporate ethics pays off. *Table 1* provides a graph that shows that the price/earnings ratio is more stable with code, than compared to without. This, however, is not confirmation of the business case for business ethics. A statistical correlation does not imply that ethical company practices are the source of financial improvement. It could be the outcome of a separate, previously unconsidered element, that proves that it is merely impossible to measure ethics in the terms of performance adequately. With however, it can be proven that organizations that perform well financially have money to spend on charitable causes and enhancing their social and environmental performance (Fisher & Lovell, 2006). Employees want to work for a company that makes them feel safe and secure. Moreover, understanding how they feel about their current work condition will give you a sense of how ethically your organization performs (Nieweler, 2021). *Table 1* shows if having an ethical code is consistent with a more stable Price/Earnings Ratio.

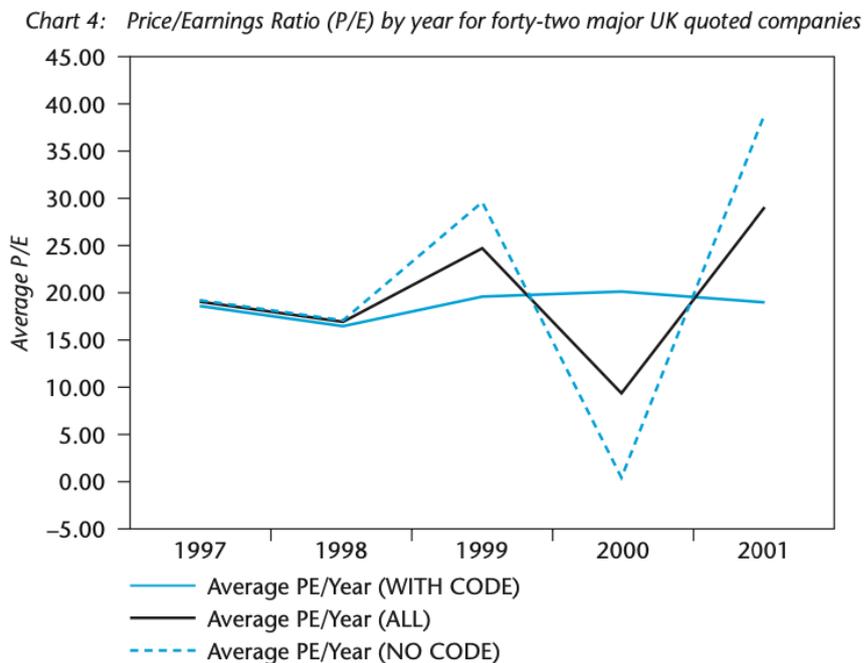


Table 1: Does business ethics pay: does it improve the P/E ratio?

Source: Webley and Moore (2003)

Moreover, another perspective is to obtain opinions on your workplace culture, which is regarded as one of the finest measures for measuring ethics in the workplace. It can be done through anonymous employee surveys and questionnaires, which are proved to be effective approach to accomplish this, as employees can express their worries about ethical morals of the company and offer suggestions for how to improve the organization (Nieweler, 2021). However, the acts of an employee (speaking the truth, preserving human dignity, keeping our word, etc.) are correlated with their adherence to ethical norms. The principles of how you operationalize your firm will ultimately determine whether you succeed or fail (Pistelak, 2022). Businesses must often choose between ethics and profits since engaging in moral activity to attain moral goals raises costs, and higher costs translate into fewer earnings for the company. For instance, compensating production workers more, offering a better working environment, lowering pollution levels by investing in the most recent technology, etc (Grzegorzek, 2021).

2.2 Corporate Social Responsibility

2.2.1 Corporate Social Responsibility

Corporate social responsibility is defined as the "company's commitment to minimizing or eliminating any harmful effects [caused by its business] and maximizing its long-run beneficial impact on society" (Valor et al., 2022, p.1219). CSR is essential for a company's reputation, appeal to clients, staff, and investors, as well as for retaining top personnel and achieving total business success (Reckmann, 2023). Corporations may establish themselves as trustworthy partners in society whom it is advantageous to do business with, often linked to "doing good". As a result, corporations should consider developing a responsible image (Lin-Hi & Müller, 2013).

Companies must create cohesive CSR strategies in order to maximize their beneficial effects on the social and environmental systems in which they operate. Every CEO and board should consider this a crucial component of their duties (Rangan et al., 2015). A corporation can embrace CSR in a variety of ways, such as being environmentally responsible and eco-aware, fostering equality, diversity, and inclusion in the workplace, treating employees with respect, giving back to the community, and making sure business decisions are moral are some ways that a firm can adopt CSR

(Reckmann, 2023). Moreover, Corporate Social Responsibility is regarded by businesses as strategic since it contributes to market value or financial performance of the company. However, these initiatives differ from profit-focused operations in that they are less essential to the company's main commercial objectives and establishes a bridge between company and volunteerism (Sharp & Zaidman, 2009).

2.2.2 Corporate Social Irresponsibility

Corporate social irresponsibility (CSI) is defined as "comprises corporate activities that negatively affect the long-term interests of a wide range of stakeholders" (Strike et al., 2006, p.851). The available research offers several definitions of corporate social irresponsibility. However, according to all definitions, CSI denotes a breach of a legal or moral standard (Valor et al., 2022). For instance, some claim that CSI happens when stakeholders suffer harm or when the company shows little or any regard for them. Others limit CSI to incidents involving violations of human rights, situations in which stakeholders intend to take legal action against the company, or deliberate, ongoing business practices that harm stakeholders and consumers (Valor et al., 2022). The public exposure of corporate social irresponsibility has several unfavorable effects on businesses. In addition to fines and compensation payments, these adverse effects could result in clientele losses, lower employee motivation, or reputational damage (Lin-Hi & Müller, 2013).

In general, the two types of CSI, intentional and non-intentional, can be distinguished from one another. Intentional CSI suggests that businesses take actions with the intent to damage or disadvantage people. Bribery, issuing excessive bills, illegally disposing of industrial waste, and tax evasion are examples of intentional corporate social irresponsibility. It serves as a tool for achieving particular goals because intentional CSI is typically motivated by the desire to maximize profits (Valor et al., 2022). For instance, bribery makes it easier to land profitable business deals, and illegal rubbish disposal can help to save money. On the other hand, unintentional CSI refers to destructive occurrences brought by external forces, like an earthquake or flooding (Lin-Hi & Müller, 2013).

Corporate social irresponsibility (CSI), despite the broad adoption of CSR, is still prevalent (Rotundo, 2021). Businesses should try to stay away from CSI. In contrast to

CSR, CSI focuses on how firms might be irresponsible by, for example, not giving back to the community, not conducting business in an ethical manner, or being ill-considered towards its employees or stakeholders (Jones, 2013). Examples include oil spills, false advertising of a product's environmental benefits, unsafe working conditions, sexual harassment, labour exploitation, unethical business practices, and accounting scandals. Even before engaging in any of these efforts, the firms had a reputation for CSR success (Rotundo, 2021). Studies suggest that some companies may be inspired to take part in CSR as a proactive measure to cover up, neutralize, offset or make up for past or present CSI practices (Rotundo, 2021).

2.2.3 Consumers' response to CSR/CSI

Today, it is generally acknowledged that CSR and CSI are not semantic rivals but instead distinct constructs (Valor et al., 2022). Jackson et al. (2014, p.161) defend that "CSR and CSI may coexist since organizations can engage in controversial activities and, simultaneously, adopt practices aimed at social responsibility". However, the simplistic labels 'good' and 'bad' will frequently represent gross oversimplifications of what may be complicated and dynamic concerns and situations. We are frequently faced with quandaries, with alternatives including both positive and negative features (Fisher & Lovell, 2006).

CSI's nature harms consumer impressions of sponsors. "Firm-induced occurrences that appear to impair social good" are referred to as "CSI" (Kang et al., 2016, p. 60). This is a phenomenon where reckless actions keep taking place all over again (Kang & Matsuoka, 2023). Studies have shown that consumers are more likely to engage in unethical behaviour when they perceive businesses as unethical, that perceptions of unethical corporate behaviour increase support for punitive government policies, or that perceptions of fraud in an industry influence household investment decisions (Valor et al., 2022).

On the other hand, a greater level of perceived firm-serving motivations for CSR initiatives is anticipated to result in a wrong perception of the sponsor. The discounting principle, which is defined by Sparkman, Jr. & Locander (1980, p.5), states that "the role of a given cause in producing a given effect is discounted if other plausible causes are also present". When firm-serving motives are assigned to

customers, the likelihood that customers have public-serving motives is discounted. Under these situations, consumers are compelled to view CSR initiatives as deliberate attempts to increase profits by enhancing socially responsible perceptions (Kang & Matsuoka, 2023). Studies by Yue et al. (2022) showed that when CSI followed CSR as opposed to vice versa, consumer reactions were more adverse to the company and were more likely to have negative behavioural intentions.

2.3 Ethical Failure

The definition of ethical failure from the leadership perspective can be described as “when leaders pay no heed to the fact that their behaviour is well within the scope of a requirement that applies to the rest of us” (Hartman, 2018, p. 5). Ethical failures are often interconnected with the decline in trust. It is crucial to understand how to deal with unethical behaviour to restore trust in companies. In circumstances of ethical failure, the risk is high because trust is a crucial element that affects organizational performance (De Cremer et al., 2010). Embezzlement, accounting fraud, tax evasion, over-billing, substance abuse, and sexual harassment are some examples of ethical failure in the business world (Daniel, 2013). Moreover, companies must take care to avoid alienating the public as consumers change their purchasing decisions more frequently based on ethical and also environmental considerations. Numerous businesses all around the world are harming both people and the environment as a result of their damaging business methods and practices. These businesses are leaving a path of devastation in their wake in their pursuit of profit, with little regard for either human rights or the environment (Davis, 2021).

Ethical failure might be caused by multiple types of problems, such as ignoring boundaries, no ethical leadership, lack of morale, no performance integration and many others (Thornton, 2016). Even the most successful business often struggle to maintain ethical practices and can end up on the wrong side of the ethical situation (Schminke et al., 2014). Schminke et al. (2014, p.3) described two understudied aspects of ethical research in their research: “(1) **the internal impact** on employees of witnessing ethical lapses in the organization and (2) **the effectiveness of organizational** attempts to recover from them”.

Companies' ethical failure can take many forms, varying from collective or individual, minor, or severe. In the organizational context, companies do not act or misbehave; the behavior and actions of employees represent the organization. Based on this claim, there is no term "organizational failure" but only a specific group or one individual that causes the failure within the organization (Schminke et al., 2014). There have been multiple organizational failures in the past decades, and after consideration, they may be the results of the company's negligence or company's unethical behavior or both. Companies' reactions are also an important aspect that can differ, some admitting their mistakes, others denying or accusing an external company of the alleged failure. The usual attempt of a company to fix mistakes that have been made is to offer monetary compensation or another type of repayment for the failure. However, failures proved to be very expensive from both the financial and consumers perspective (Raju et al., 2021). Ethical failures are strongly connected to the paradox of success, which explains that the most successful intelligent people tend to self-destruct and commit ethical violations at the peak of their careers (Daniel, 2013). A variety of situations can generate ethical dilemmas. Rushworth Kidder, the founder of the Institute for Global Ethics in the United States, recognizes four categories of ethical quandaries: short-term versus long-term, individual versus community, truth versus loyalty, and justice versus mercy. An organization can improve its ethical decision-making by better understanding these dilemmas. (Schoeman, 2013).

2.3.1 Consumers Response to Ethical Failure

Muncy & Vitell (1992, p. 298) defines *consumer ethics* as "the moral principles and standards that guide the behaviour of individuals as they obtain, use, and dispose of goods and services". A better understanding of consumers' ethics can help business to make strategies that will avoid unethical practices and promote ethical concerns in the future (Hassan et al., 2021). A business should comply with all ethical concerns or norms and avoid a strategy that damages a society's moral and ethical values to be perceived as ethical and socially responsible in the eyes of the public (Luthans, 2016). Consumers usually react strongly when they witness unethical corporate behaviour. Companies that aim to influence consumer indignation must therefore address customers' views of moral inequality. Individual consumer behaviour, especially

repurchasing decision, is linked to customer dissatisfaction (Lindenmeier et al., 2012). Advertising and other forms of marketing have a moderating effect on the connection between brand misconduct and advocacy intention. This could provide proof that marketing activities following brand wrongdoing are effective in preserving brand-customer connections. The bigger the brand awareness, the stronger the consumer trust (Hsiao et al., 2015). The public is constantly exposed to messy trials, government investigations, corporate audits and expensive compensations coming from the press, and they are no longer surprised by hearing about the reckless actions of some businesses (Daniel, 2013). Brand misbehaviour is defined as a company's activity or statement that disappoints consumers or the public's expectations of the brand or behaviour that consumers oppose (Hsiao et al., 2015). It is the result of violating consumers' desired value of ethical norms. Hsiao et al. (2015, p.862) states that it can be classified into the following categories "product quality that differs from customer expectations, lack of service, symbolic-psychological misconduct, and socially debatable actions". Although members of the public increasingly desire corporations to be socially responsible, they frequently think that highlighted efforts to that end are greenwashing. Constant business scandals contribute to this pessimistic mindset. Businesspeople are frequently in the headlines for breaking both ethical and legal rules (von Kriegstein & Scott, 2023).

Prior research has discovered that the firm's response (acceptance, denial, reticence) and the type of failure (competency, unethical behavior) are strongly influencing the post-recovery consumer perception. Competence refers to a company's capacity to create things or provide services in a competent manner, whereas ethics refers to the moral component of doing business. Accepting competence failures leads to more favorable consumer opinions than denying such failures. However, denying ethical failures results in much better perceptions than accepting such failures. Furthermore, reluctance or a "no response" technique frequently results in significantly worse perceptions than recognizing or rejecting any form of failure. As a result, the influence of response type is tempered by failure kind (Raju et al., 2021). Denial implies that the failure accusation is false and that the firm does not need to take any further action. Acceptance implies an admission of wrongdoing and is usually accompanied by some form of settlement (e.g., apology, monetary compensation, failure attribution).

Reticence or failure to respond is a noncommittal position of neither acknowledging nor denying the failure (Kim et al., 2004).

2.4 Characteristics of Reputation

2.4.1 Corporate Reputation and Image

Reputation is defined as "the beliefs or opinions that someone or something has a particular characteristic" (Helm et al., 2013 p. 3). Corporate reputation has drawn attention in recent years because of its impact on maintaining superior performance and creating a competitive advantage (Febra et al., 2023). It is formed by companies and public, based on knowledge and experience. A corporation aims to present the stakeholders, retailers, distributors, and other people associated with the business with an accurate and favourable picture. The willingness to provide or withhold support will be influenced by the company's reputation, in their view. Therefore, if the company or its products are perceived negatively by its customers, it is inevitable that sales and profits will suffer (Gray & Balmer, 1998). Despite reputation being intangible, it is also the most valuable possession protecting your brand, as it is essential for development and success. Consumer perceptions of a business are shaped by the company, therefore it is important to safeguard brand's reputation and image, otherwise it will be harder for a company to get it back and attract investors (Bocetta, 2023).

The corporate image is strongly connected to corporate reputation, which can be defined as "the immediate mental picture that audiences have of an organization" (Gray & Balmer, 1998, p.696). Corporate reputation and corporate image have a significant impact on how people see and interact with your business. While reputation covers people's perception of the company overall, the corporate image focuses more on how a brand makes people feel. These two concepts are often used interchangeably, influencing how an individual sees a business and how would they feel about doing business with the given company (Roth, 2022). Reputation plays an essential role in shaping a company's image; it also should be viewed as an individual factor influencing how the image is perceived, often controlled by the marketing department (Barnett et al., 2006). Increasing trends, such as globalization, mergers,

and privatization, has highlighted the need to strategically manage corporate image and reputation (Gray & Balmer, 1998).

It is extremely difficult to change the perception of a company in the context of customer perception. Although it can be modelled, it adjusts itself based on external influences. Many scholars have studied the fact that corporations physically fight for their reputations, because its effect can change consumer attitudes, decisions, and behaviour. A good reputation can boost client confidence in their purchase decision, reducing buying dissonance and increasing satisfaction and customer loyalty, which contributes to overall success of the business (Dorcak & Dorcakova, 2017).

2.4.2 Importance of Reputation

The value of companies' reputation is crucial for executives. This is because a firm with a positive reputation draws more qualified people that provide significant value, which significantly influences companies' performance (Eccles et al., 2014). Based on the research, on average, executives' credit 63% of their company's market value to their entire reputation (Shandwick, 2020). Any event, action or situation can adversely or positively affect the reputation (Gaultier-Gaillard et al., 2009). Eccles (2004, p.2) defines three factors to which a corporation is vulnerable to reputational risk: 'reputation-reality gap', "weak internal coordination", and "changing beliefs and expectations". A brand that is not tainted by a bad reputation is more likely to influence consumer purchasing decisions, but less likely to influence business customers, who prioritize a good deal over a feeling of social responsibility. Bad business behavior will only harm reputation, while good behavior will help it if it becomes known (Fisher & Lovell, 2006). Ethical behaviour protects your reputation and makes you a desirable candidate for prospective position. However, too often, businesses find themselves in the news for irresponsible and damaging behaviour (Nieweler, 2021). However, following unethical rules could result in unwelcome publicity for some businesses. Even while engaging in unethical business practices can boost immediate profits, doing so is bad for a company's reputation in the long run. Additionally, if a company has a poor reputation, its profitability is likely to suffer, endangering its capacity to continue operations. Finding the ideal balance between ethics and profit is crucial since doing the right thing now will benefit a company's reputation in the long run (Grzegorzec , 2021).

A survey revealed that more than 62% of companies consider reputational risk as one of the most challenging risks a company has to manage. Companies often underestimate the risk of reputational damage and are primarily concerned only with short-term profits; this can be avoided by systematically tracking employees' and stakeholders' perceptions and expectations of the firm by adding an ethics element (Gaultier-Gaillard et al., 2009). There are reasonable grounds to imply that corporate bad behavior is harmful for business. It would be fair to expect that a company that was considered to be behaving improperly would lose the trust and respect of its customers, resulting in a loss of sales and profits. A bad image would negate the vast sums spent by businesses on brand development (Fisher & Lovell, 2006). From the economic perspective, a reputation is an asset derived from firms' past actions, namely from their past financial performance indexes. It is considered the most valuable intangible asset difficult to imitate, contributing to a firm's profitability and attracting stakeholders (Febra et al., 2023). Companies use multiple instruments to measure reputation by distributing surveys or using focus groups and case studies. These instruments can be used to monitor changes in companies' corporate reputation over time (Caruana, 1997). Gaultier-Gaillard et al. (2009) suggest that reputation can be measured through an equation where expectations are distracted from the experience. Other effects, such as sales, profits and stock value, are also practical terms that help us to measure reputation in the short-term (Mitic, 2018).

2.4.3 Importance of Media in Shaping Reputation

According to past media studies, one of the keyways that the public learns about organizations, their activities, and their linkages to subjects of public interest is through the news media. Firms rely on the news media in particular to disseminate information that cannot be perceived directly through consumption or engagement, such as CSR practices, which lacks credibility when communicated by the firms themselves. The news media, on the other hand, rely on corporations for information that is of interest to their viewers, and they frequently rely on making money advertising (Einwiller et al., 2010). People believe that the media has superior access to information and skill in evaluating companies because of its reach and prominence, its role in certifying some companies as legitimate and important market players, with the power to judge organizations. As a result, what the media says has a considerable

impact on the fate of businesses. Over time, media coverage shapes what people believe about businesses and what parts of their character and performance should be utilized to judge them. These factors serve as the foundation for how the media portrays a company's reputation (Dowling & Weeks, 2008). Because customers may immediately and easily take to their accounts and share unfavourable experiences with worldwide audiences, social media has increased the risk to a company's reputation. Furthermore, breaking news sources can readily distribute content across a variety of media, meaning a company has to face multiple challenges such as speed, reach, and optics (Needle, 2022).

However, since media can promote the image of a company, it can also easily destroy one in the eyes of the public via false reporting. Oxford dictionary (2019) defines the term 'fake news' as: "information that is actually untrue, or it can be used as term, as propaganda, by people who don't agree with, and who want to discredit, the real facts". The consequences of bad and fake news for your company might be severe. Negative news has three times the impact on reputation as positive news, and if a negative piece appears on the first page of your search results, the ramifications can be significantly worse (Coleman, 2022). People blindly trust social networks without recognizing the source or authenticity of the information shared through these networks. Fake news is a more serious problem than other sorts of data. Furthermore, because fake news has recurring qualities, individuals continue to trust it, whether it supports their previous opinions or not (Kondamudi et al., 2023). Businesses that appear in search results with just one unfavourable article risk losing up to 22% of prospective clients. Based on research, businesses that have four or more unfavourable articles may lose up to 70% of their prospective clients (Hinckley, 2015).

However, reputation is not always available to the public or shared globally. While people may watch the actions of others, reputational information is frequently transferred in humans through gossips, through the propagation of unfavourable reputation and the fear of retaliation (Takács et al., 2021). Gossip is defined by Does Cruz et al., (2021, p.1) as "a sender communicating to a receiver about an absent third party that is unaware of the context, is hypothesized to impact reputation formation, partner selection, and cooperation". Gossip enables people to perpetuate cooperative behaviours. It can be used strategically to harm others' reputations by

disseminating incorrect information, which can be miscommunicated, limiting the companies to correct reputational information, and resulting in errors, which harms their image (Takács et al., 2021). Future partners and consumers may witness cooperative or deficient behaviour, or they may hear about it through gossip. As it is considered as another source of participant's knowledge, it can be used to determine whether one can trust the company, despite the risk of misleading information (Milinski, 2019).

2.4.4 Reputation Management

Hughes (2022, p.1) defines *reputational management* as "the strategic discipline of monitoring, generating, and responding to customer feedback across multiple review sites to improve and foster your brand's image". Managing reputation is one of the most significant assets of any organization. Therefore, managers and executives have to consider their decisions and strategies carefully. When an effective strategy for managing reputation is implemented, it differentiates the business and provides an opportunity to gain a competitive advantage in the market (Gaultier-Gaillard, 2009). A positive corporate reputation is increasingly recognized as a highly prized intangible asset that can grow in value over some time, once it is adequately protected and nourished (Rayner, 2003). Numerous small business owners seek assistance from the top internet reputation management firms, which can take time to keep an eye on company's internet reputation, manage bad reviews, and persuade satisfied consumers to leave favourable feedback. Reputation management includes actions such as engaging positively with the public, being transparent and authentic in all interactions and tackling negative reviews/comments (Bocetta, 2023).

Most ethical failures occur as a by-product of great success. To minimize risk, several strategies should be considered (Daniel, 2013, p.7-9):

- "Establishment of an ethical culture,
- Communication about integrity,
- Cooperation with trained employee assistance program professionals,
- Enforcement of work/family policies".

Since we cannot predict employees' actions or thinking, it is considered to be extremely difficult to coordinate ethical risk management. One of the most important ways to minimize potential ethical failure is to ensure that the leader's behaviour aligns with the organization's values, which employees are most likely to follow (Webb, 2020). However, an organization must be aware that other stakeholders, who may have a different interpretation of the circumstance, may not agree with its judgment when it comes to certain ethical dilemmas. This indicates that the business has to do a better job of communicating these options. It might not convince everyone of its point of view, but without its own justification, even fewer people might comprehend the decision. The organization's decision could be poor if it causes the organization discomfort to have its decision made public (Schoeman, 2013).

3 Methodology

This part of the thesis is divided into three different subcategories. Chapter 3.1 is an overview of research designs and the reasoning behind the chosen approach that fits the research the most. Continuing, subcategory 3.2 and 3.3 describes sample used for this research and profiles of the participants that were interviewed. Lastly, the subsection 3.4 provides insights into interview development and detailed description of the questions used.

Creswell (2014) states three different research designs that help researchers develop a plan or a proposal for a research study. These designs can be distinguished from acquiring primary data for conducting a study to a quantitative, qualitative, or mixed method. The quantitative method focuses on testing theories by exploring the relationship between measurable variables, which can be analyzed by statistical procedures (Creswell, 2014). An example of this approach would be conducting an experiment or survey. The qualitative research methods consist of asking emerging open-ended questions to seek an understanding of the meaning of individuals or groups assigned to a specific human or social problem. Data for this research is gathered through interviews, case studies, ethnographies, focus groups, narrative, and grounded theories (Creswell, 2014). The mixed method approach combines aspects of both quantitative and qualitative approaches to widen the findings from one to another and gain greater strength from the complex research (Creswell, 2014).

3.1 Study Design

The thesis aims to gain a deeper understanding of a research problem that can be understood by exploring a concept or a phenomenon. Therefore, the qualitative approach was selected for this study. There are multiple ways to collect primary data in a qualitative approach (Creswell, 2014). As the aim of this research is to gain a deeper understanding into consumers perception, ten in-depth interviews will be put into practice for this research. The focus is to gain information to answer the predesigned research question about how ethical failure affects consumers perception of companies' reputation. Because structured interviews use a set of pre-set questions, it is possible to make close comparisons between different interviews.

Furthermore, they provide insight into the values, beliefs, and decision-making processes of individuals that this research aims to discover.

3.2 Sample Description

In a research project, sampling is the selection of a subset of the population of interest. The sampling procedure entails selecting several representatives with the goal of obtaining useful information and successfully assigning extracted characteristics from the target sample to the entire population (Turner, 2020). For this research, a non-probability sampling was used, more specific the accidental sampling strategies, to select the respondents. Accidental sampling entails selecting a sample from a subset of the population that is near to hand, rather than being thoroughly determined and attained based on specific features. That is, a sample population chosen for its accessibility and convenience (Kumar, 2011).

For this research, 10 random students of Modul University in Vienna were chosen and interviewed to gather necessary data. The respondents varied in multiple characteristics such as age, gender, nationality, religion and so on. The age range of the participants was between 20-26 years old, mostly from Europe. There is equal number of males and females participating in this study, to avoid potential biases and gender stereotypes. Such a technique seemed to be the most useful and effective sampling process for this thesis. The reason for selecting business and management students of Modul University is that they had a base of skills in corporate social responsibility and ethics and can provide valuable information to this research based on their personal perception and knowledge. An advantage of choosing qualitative research design is that it does not require large number of participants, instead focuses on the richness and uniqueness of the data being collected since the responder can react in his or her own words. To sum up, the data was collected from both graduates and undergraduates using in-depth interviews.

3.3 Participant's Profiles

Participant:	Age, gender, nationality of a participant:
Participant 1	Male, 21, Slovenia
Participant 2	Female, 22, Slovakia
Participant 3	Male, 23, Greece
Participant 4	Female, 24, Austria
Participant 5	Female, 20, Germany
Participant 6	Male, 23, Albania
Participant 7	Male, 24, Iraq
Participant 8	Female, 20, Bulgaria
Participant 9	Female, 23, Austria
Participant 10	Female, 25, Italy

Table 2: Participant 's age, gender and nationality summed up in a table.

Source: The author of this research

3.4 Interview Question Development

Because the interview is an important element of the paper, the questions must be carefully chosen. Interviews were conducted in person and took around 60-70 minutes each, using mainly open-ended questions designed to study the research subject from diverse perspectives. Before the start of the interview respondents were introduced to the method and topic and where then asked to provide insights about their perceptions of ethical failures. In the introduction, respondents were encouraged to answer each question to the best of their ability, and to be honest and

authentic in their responses. Moreover, they are assured that responses will be kept completely confidential and will only be used for this research. Only at the beginning the respondents are kindly asked to introduce their gender, age, and nationality to give an overview of the participants. At the end, the researcher expressed gratitude and thank the respondents for participation and valuable contribution.

The objective of these interview questions was to analyse the consumers response to various ethical failures made by companies and its effects on company's reputation. The aim is to determine if their response changed if the company accepted, denied, or didn't respond to the event and how did it effect their opinion on the company. Moreover, the author wants to discover the relationship between the type of failure, industry of the company, and the severity of the issue. The goal is to investigate the effects of the company's response on consumers perception.

All interviews will be recorded, transcribed, and interpreted later in the study. The author transcribes all response by hand after reach interview. The time frame for conducting all ten interviews is 2 weeks and starts right after literature review is finished. The goal of I person interviews is to avoid biases and get justified answers from the respondents. There are 32 open-ended questions tailored to the purpose of this bachelor thesis, with the potential to be answered based on respondent personal knowledge/perception and experience without prior preparations. When developing the interview questions, the author considered main objectives set at the beginning of this research. Data explicitly collected from the interviews, altogether with the examples, will shape the conducted research.

To gain a deeper understanding of the researched problem, three additional cases were included in the interviews. These examples cover companies from various industries, which had ethically failed and each representing a different response of a company after being accused of an ethical misconduct. This part was added in order to get meaningful insights into the respondent's perception to better analyze their responses before and after a scandal. The interview is divided into 3 parts. The first part of the interview, served as a base to get an idea how consumer think about concepts such as reputation, CSR, ethical failures, trust, companies' strategy (what has been done), scandals and so on. It can give us a general idea about their opinions that will later be evaluated along with specific questions and examples. Since the

respondents are current Modul University students, they have knowledge about these topics, as it is part of the curriculum. Moreover, within this part the respondents are asked to answer questions about their past experiences with unethical behavior and scandals.

In the second section, respondent will be asked to read a newspaper article regarding companies' response (e.g., accept, deny, or reticence) to a particular scandal that impacted post-recovery consumer perceptions/response. The answers will be evaluated on the examples of BP, Volkswagen, and H&M, that were chosen based on the relevance to our research. Firstly, the respondents will be asked a general question about their personal opinion on the company at the beginning and after that, a link to a newspaper article will be provided. Respondents is kindly asked to read it. Each article should not take more than approximately 5 minutes of a reading time. The newspaper articles are from well-known publishers such as the BBC News, The Guardian, and Washington Post. Newspaper articles were picked randomly to avoid additional biases of fake or unclear news, compared if given by the author or a website. The author aimed to provide articles that described the event and proper facts, and evidence were given to support their claims. Secondly, the respondent will be kindly asked to answer questions relating that particular company. First question will focus on how their opinion changed after reading about the event, which will be later compared in the analysis section to their answers before reading. Moreover, the questions in each example are the same, only with one question different. This is to avoid additional biases and make it easier to analyze each response.

In the last part, the respondent is being asked about the difference between given examples and to conclude their opinions. This serves for thorough data analysis and as a safe check of respondent's attention and comprehension. By implementing sum-up questions at the end, the author can be assured that the interview was carried out in the appropriate way to find answers to the research question. Moreover, it helps the author to evaluate if the answers gained through interviews differed from the expected answers based on the literature review. In case a respondent does not know the answer or gives a short answer to a given question, a sub-questions and explanations were created to encourage the respondent throughout the interview. The interview guideline and questions are as follows:

Hello and welcome to this interview session. My name is Lucia Klepetková, and I am here to conduct this interview with you today for my bachelor thesis regarding consumers' perception of ethical of companies' unethical behaviour. I encourage you to answer each question to the best of your ability, and to be honest and authentic in your responses. Your responses will be kept completely confidential and will only be used for this research.

Once again, thank you for joining me today for this interview session. I look forward to learning more about you and your opinions. Thanks for your participation.

A. Part I: General questions

1. **Can you please introduce yourself briefly** in the terms of your gender, age and nationality?
2. How important is corporate social responsibility and the company's ethical behaviour for you and your purchasing decisions?
3. What scandals involving a company/brand/firm do you recall/remember?
4. How did you react to this episode?
5. Did it influence your relationship with that brand/company?
6. How did you find out about this scandal?
7. Would you purchase something/do a business with a company with a bad/negative reputation? Why yes/no?

B. Part II: Examples

a) **Volkswagen**

1. What is your opinion on this company? (Answered before reading)

Please read a following article: <https://www.bbc.com/news/business-34324772>

2. Were you aware of this happening? Did you hear about it before?
3. Did your opinion on this company changed after reading about this occurrence and their response to it?
4. Does that effect your perception that you will continue buying products/services from this company?
5. Do you believe that other car manufacturers may have also cheated on emissions tests?
6. What do you think about the behaviour itself?
7. Have you heard about any other scandals associated with this brand/company?
(If yes, what was your overall impression on this event?)
8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

b.) H&M

1. What is your opinion on this company? (Answered before reading)

Please read a following article: <https://www.washingtonpost.com/news/arts-and-entertainment/wp/2018/01/19/hm-faced-backlash-over-its-monkey-sweatshirt-ad-it-isnt-the-companys-only-controversy/>

2. Were you aware of this happening?
3. Did your opinion on this company changed after reading about this occurrence and their response to it?
4. Does that effect your perception that you will continue buying products/services from this company?
5. Do you believe that other clothes manufacturers also reproduce racist stereotypes and inequality in their marketing campaigns?
6. What do you think about the behaviour itself?

7. Have you heard about any other scandals associated with this brand/company?
(If yes, what was your overall impression on this event?)
8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

c.) **BP**

1. What is your opinion on this company? (Answered before reading)

Please read a following article:

<https://www.theguardian.com/environment/2014/sep/04/bp-reckless-conduct-oil-spill-judge-rules>

2. Were you aware of this happening?
3. Did your opinion on this company changed after reading about this occurrence and their response to it?
4. Does that effect your perception that you will continue buying products/services from this company?
5. Do you believe that other Oil companies have exposed people/animals to risks for the sake of cutting costs?
6. What do you think about the behaviour itself?
7. Have you heard about any other scandals associated with this brand/company?
(If yes, what was your overall impression on this event?)
8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

C. Part III. SUM- UP questions

- What differences do you see between these 3 ethical incidents?
- What differences do you see between their reactions in these 3 examples?

4 Results and Discussion

4.1 Analysis of Participants' Responses

This part is dedicated for the analysis of all ten responses gathered throughout the interview sessions. The author decided to analyse each response separately to gain better understanding of differences and similarities between each response to provide significant contribution to the research. Moreover, direct quotes of the respondents' answers are used for clarification thorough explanation of the implications. All transcribed responses from all ten interviews can be find the *Appendices* section of this study.

4.1.1 Respondent 1

After asking the general questions of part 1 in the interview, it can be claimed that the interviewee is quite interested in CSR and ethical behavior of the firm. He believes that:

“the company is trying to be responsible for their actions in the sense that they give back to the community in which they are situated in”.

He provided many examples of a company that was associated with scandal/unethical practices, which he mostly gathered from the news or general research. Some of the included sexual harassment, environmental issues, and harmful consequences on human body. He started to purchase products from the company way less, after he heard about some cases. He reported that he found it extremely unethical and terrifying that some companies were capable of doing so. However, he only started to purchase less from the companies that directly affected him. If it was an area/sector outside his interests, he didn't change his purchasing decisions anyhow, nor his opinion on the company, it just rose his general awareness. Moreover, the respondent claimed that he would not want to do a business with a brand with negative reputation.

In the second part, the aim was to examine the respondent's perception before and after a Volkswagen example is introduced. Also, to find out if people are aware of this

happening and what are their reactions. The respondent's opinion on this company was quite positive, he claimed:

"I like VW, they have nice cars, and they also own a lot of brands, so I have respect for the company purely because of its success and past".

He knew about the scandal and made a claim that:

"it goes to show that companies will do anything for money,"

and his opinion did not change on the company because he believed that there are worst things than the car industry that are harming the environment. When it comes to repurchasing, he would still continue since it doesn't directly affect him anyhow. He believes that other manufacturers don't (did not) do the same and if yes, they would have to be very secretive about it. However, he expressed his disagreement that since the company got caught cheating, the price will significantly increase due to compliance with new regulations. The solution suggested in this interview was to promote more recycling and compensate for the damage caused by production by planting trees or helping out communities that are affected the most by the CO2 emissions.

The example of H&M focused on different industry to gain insights into various points of view of the respondent to avoid potential biases. His general opinion on this company was:

" I don't mind the company but it's very clear that they are not in good relations with the environment, because it's a quick fashion store meaning that every week an old product will stop being produced and a new product will replace it and no one knows what happens to the old products."

This respondent recalls this happening but does not think it was intentionally racist or promoted inequality. It was just a proof of how this company would do anything to earn profit without being concerned about the consequences of their actions/operations, based on the interviewee response. Again, this case did not affect him personally, therefore his perception of the company did not change. Moreover,

he was not informed about other manufacturers doing the same. He argued that the company's response wasn't appropriate for and the least they could have done is to:

“support the backbone of their production and enable the workers to work in an environment that is safe and not as tight on output”.

The respondent was very concerned with the environmental effects of the company, due to production plants collapsing, fast fashion operation and ignoring the safety measures of their manufacturing buildings.

When it comes to the BP case, the respondent had similar responses as in the Volkswagen example. His opinion on BP is indifferent because he sees it as something that everyone needs. This inference is supported by the answer:

“Very little can be done in today's world without oil, and accidents like this will happen, however I do not support blatantly ignoring safety precautions when people's lives are at stake.”

This statement is additionally supported by the fact, that he believes that other oil companies have exposed people/animals to risks for the sake of cutting costs, however, acknowledges issues like these can happen and when it does, it's very unfortunate for the company, people and also the environment. He wasn't aware of this exact accident and his opinion afterwards didn't change; he would still use their service when it would be necessary but it's not his first choice. The interviewee reported that the behavior of BP was ignorant, and the fees paid cannot outweigh the losses caused by the accident. The respondent subsequently demonstrated by responses his caring for the environment, and that BP had not done enough to protect it or make up for the damage caused. Another proposed solution was to make the safety regulations stricter, properly compensate the families for the losses and support ways to make the environment around the plantation healthier and safer by investing into technologies that allow the company to have sustainable growth.

In conclusion, the respondent reported that in all three cases the companies were unbelievably careless, and profit driven. He reported:

“one was ignoring regulations to earn money, one was blatant racism that erupted because of lack of attention, and one was profit driven safety violation that ended horribly”.

This implies that the respondent found the difference in various unethical ways company failed their consumers and how they chose to compensate for their actions. The focus wasn't situated on the response to the behavior itself, more in the severity of the issue.

4.1.2 Respondent 2

The answers of this respondent differed from most of the participants. In the general part, she expressed that CSR is something that she finds the least important when deciding what to purchase. The respondent stated that:

“Because when I go to the store I don't care about what's happening behind the closed doors I just see the product and I want to buy it no matter the ethics behind it, If I would compare two stores and they offer like one of them treats companies really well and the other really badly I would still pick based on the product.”

As an example, she provided the Balenciaga brand and their recent controversial case. However, based on her reactions, she found it more as a marketing strategy of the company, which made her buy the product even more, since the negative reputation made it trendier and more popular. However, she implied on the fact that it should be limited, and some lines should have not been crossed by the brands/companies. The interviewee found out about it via social media since many celebrities expressed their opinions regarding this issue. Which indicates that social media play a crucial role while shaping companies' reputation. As well as the first respondent, she would also continue buying/doing business with a company with a negative reputation as long as it doesn't affect her directly. To support her answer, she added that:

“if I would know for example that some brand is faking their materials or something and their bad reputation raised from this issue I would consider not visiting the store. For example, if I would know that let's say McDonald's is selling horse meat instead of chicken, I would not go to McDonald's again

so I would consider purchasing from this brand with ruined or bad reputation.”

This can be an indication, that some industries are affected by negative reputation more than others.

This respondent had a neutral opinion about Volkswagen before introducing the article. She wasn't aware of this scandal and her perception did not change after reading it, since she was not impacted directly. However, based on her statement:

“They did not do the correct thing in the beginning, but they still try to make it right”,

the author can make claims that she focused on the company's response while evaluating the case from the beginning. The respondent also referred to the environmental impact of this issue, however stated that most of the diesel cars will be replaced by the electronic ones soon, so the company will get the chance to make up for their actions. The interviewee believes that other car manufacturers have also cheated, but were lucky enough to not get caught, since many of the companies in the automotive industry seeks profits over well-being of their surroundings. She perceived their response positively, states that:

“ I don't like the day first denied it and then accepted it but they admired that they still said it was true and made things right even though it took some time I think they were also the one of the only care manufacturers that admitted to it since I haven't heard any about any other scandals associated with this problem”.

This supports the idea, that consumers assign importance to companies' reaction on unethical behavior. The respondent also suggested that it would have been better if the company confirmed the allegations and tried to repair its damage (by investing in environmental organization, help air pollution) as soon as possible, to avoid negative reactions of the public.

The clothing industry of the second example was closer to the respondent as she follows the news and trends of the fashion brands. There was no prior negative

association of the company, before in introducing the scandal. The respondent was aware of the scandal as it was one of the topics discussed during her marketing class. Which supports the reasoning why the sample was drawn from Modul University students that has CSR as a part of their curriculum. She believed that the ad wasn't intentionally connected to racism and could have been perceived as a misunderstanding. The interviewee number 2 would still continue buying products from H&M, as she doesn't find the severity of this issue too significant. When it comes to other clothes manufacturers, as already mentioned before, she believes there were many of them, just the public didn't find out about it so it wasn't discussed topic in the media. She also claims that this kind of behavior is more common than one would have thought, by providing multiple other examples of clothing companies that were accused of unethical practices for the sake of cutting costs. She stated that her suggestion for the future would be:

"I would personally apologize and try to make it campaign or an ads that won't be disadvantaging any color or ethnicity. I would change the campaign and be careful in the future so this won't happen again".

The respondent also pointed out a fact, that the racism claims were never proved (as it is hard to prove a thing of this kind) so the company could have been easily misjudged by the media.

The respondent describes herself as a casual user of the BP gas station without any specific background knowledge of the company, that is being used based on convenience. She found it shocking and responded that:

"Yes, to be honest I was shocked when I was reading about this scandal and how they handled it I don't think it was appropriate to not acknowledge all the facts associated with this issue and they should definitely handle it differently."

This implies that by disclosing many facts about the case, makes it more suspicious and it's being perceived negatively by the public. In this case, the perception of respondent did not change after reading this but made her more aware of the brand itself. She believes that there are many other oil companies that have exposed animals

or people to risks for the sake of cutting costs, but their first reaction would be to hide it or buy off the press to not release anything that would damage their company. Based on her statement, she pointed out that not only public is aware of this issue but also multiple companies, which can serve them as a negative example how to not handle situations like these. The suggestions for the future of this respondent would be:

“I think they should have accepted the blame and do something different for the environment to not have such a bad reputation about this situation and also since this issue caused a risk to animals and also people it should be definitely take more seriously”.

To conclude, the respondent did not find the responses to the situations appropriate and each of the situation should have been handled differently. Based on her response:

“I think that Volkswagen accepted the blame the most and that means they had the most appropriate reaction whereas the worst one had the gas company since they also cost risk to human life and sea life as well as people died from the explosion that was caused because of their bad decisions also the way how they tried to make it up to the public was different in every three cases I have read about. Plus I also think that each of the firm was affected differently in a public eyes some more than the others which might harm more their image or reputation.”

I can be said that the company’s response to the scandal matters in the point of view of this respondent. It implies that the response can have a significant impact on companies reputation or image.

4.1.3 Respondent 3

Respondent number 3 had a similar reaction to the general questions as the respondents before. He perceives CSR very neutrally, and as long as it doesn’t affect him directly, the respondent is not concerned. This opinion was also mentioned by the previous interviews and supports the research done in literature review. However, the respondent argued that:

“if the company violated the rules of ethics in any way and I needed their product, I would still buy it. However, I would greatly reconsider my next interaction with a similar company in the future.”

Examples such as Volkswagen, Nike, and Facebook scandals, were mentioned by the respondent, concerning safety and privacy issues. Even though these episodes did not change the respondents' buying intentions, he is more aware of the brand and keeps it in mind by evaluating his alternatives. But again, it is all influenced by the severity of the issue. Moreover, he argued that he would still do a business/continue buying from a company with a negative reputation under the condition that he won't be able to find another replacement for that particular product/services.

The respondent mentioned example of Volkswagen already in his first responses, which can indicate that he is well aware of this scandal and its impacts. His perception of a company was positive, stated that:

“I see VW as a strong car company with a rich history. They have created several interesting models that have influenced the entire automotive world and also employ a huge number of people around the world.”

He claimed that the accident was expected since European Union pushed many car manufacturers to apply stricter emission standards, which they were not ready for, and were forced to cheat to adapt to the newest regulations. The respondent does not perceive the company differently after the scandal, due to the reasons introduced already. He is convinced that other car manufacturers in European market had cheated as well. Moreover, he also provided an example of another manufacturer (Renault) that he knew of, that paid off their emission scandals to cover up. He also claimed that:

“I know that (Volkswagen) company has also been accused of testing the effects of diesel fumes on animals”.

Overall impression of this scandal is that the company should have not denied the accusations, instead the company should have admitted to it right away. Supporting it, by the statement that:

“ Perhaps less attention would be paid to the whole affair, which would perhaps result in a lower penalty.”

The respondent is aware of H&M company, however it's not a frequent customer nowadays and does not follow recent news about their operations. He reported that he had heard about the accusations from media but was not informed about the details. The idea came from an individual who oversees the campaign, not the whole company, so it could have been easily overlooked and misunderstood based on respondents' belief. He states that:

“I think it was a one-time problem that did not reach such proportions that it would affect how I perceive this company and whether I will continue to buy their products. If the company continued to behave in a racist manner, I would probably have a problem with it.”

This implies again that the problem in the eyes of this respondent wasn't serious enough and did not occur multiple times to change his opinion or prove the accusation of unethical (racist) behaviour. Moreover, another respondent believes that more clothes manufacturers have done the same but it's not widely discussed topic. His impression of the accident is, that it's not ethical and people should take actions to eliminate racist comments or other stereotypes as much as possible. The interviewee also provided an example of H&M Chinese market where the company expressed concerns about the work and living conditions of workers (Uyghurs), which resulted in boycotts and protests. The respondent finds the company's reaction appropriate. Which he supported by the statement that:

“In my opinion, the company did the best it could. The company did not admit that the campaign had deliberately racist undertones, but instead engaged in awareness-raising activities. “

BP is perceived as economically strong company that provides high quality products with long tradition, stated by the respondent. Once again, he was aware of this occurrence but did not know exact information about it, as it was one of many oil spills that he encountered through media. However, the respondent expressed that his opinion/perception changed in a negative way, since he found out more details about

the damage done by the accident, but not to an extent that he would stop purchasing their products as he still believes they provide products with high quality that he finds personally beneficial. He believes that:

“The company must count on the fact that something like this can happen, but also on the fact that it must bear responsibility for it.”

This implies that the company failed to do so in the point of view of this respondent. As with most of the other respondents, he also agreed that the company was profit driven and many other companies have exposed people and animals to risk for the sake of cutting costs. Respondent also pointed out the low response time of the company to this accident and that many facts of the case were reticent. The company’s reaction was not adequate, and they should have faced this problem from the beginning to protect their image and reputation, reported the respondent.

To sum up, the respondent considered the biggest difference in the impact these scandals had on the environment. He believes that there isn’t an exemplary response to the accidents, but the company should always make sure to act responsibly towards its consumers and surroundings.

4.1.4 Respondent 4

This respondent provided the longest and insightful responses to each part of the interview. She is deeply engaged with corporate social responsibility and sustainability. The answers provided, significantly differed from other respondents in this research. The interviewee sees many issues in today’s business world, since business do what they want without (usually) any serious consequences, such as wasting water, use of child/cheap labor, harm the environment and so on. The respondent tries to purchase mostly sustainable, local, and seasonal products when it comes to food. She tries to avoid big corporation such as *Nestlé*, as she opposes their operations. When it comes to clothing, she attempts to buy secondhand clothes to minimize her clothing consumption, as she is well aware of the negative effects of its production. Many companies have done nothing to change their unethical practices and continue to lie to their customer, which the respondent supported by the statement that:

"I think it is a huge problem, because we know from many companies that they are not 100% ethical or socially responsible, but still nothing has changed. Another problem I was occurring is to find actual products who promise what they are saying. Many say " this product is sustainable, and reduce plastic and water waste" but then when you dig deeper and do some research you find the dirt they are hiding".

She believes that some countries have weak law regulations, which can be the reason why are they more likely to be accused of something unethical. However, this can be (or it is) also a problem in developed countries like Austria, where unethical behaviour keeps reoccurring. Since the respondent had done research in these fields, she mentioned many examples such as Nestlé's water pollution and use of child labour, fast fashion operations of H&M and New Yorker and racist advertisement of the Dove company, along with many other examples. Her reaction was that she had eliminated her consumption of these brands or reduced it to zero. She also mentioned feeling guilty that she was purchasing from them in the past. However, her attitude change with the age when she started to be overall more aware of these issues and start making her own purchasing decisions. Although, she stated that sometimes it is extremely difficult to find alternative for these brands (that she considers unethical) since most of the big corporations have huge portfolio of the products they offer. Sources of this respondents include social media (namely Instagram), friends and family. When it comes to the reputation, the respondent expressed herself that it would depend on the reason that caused the reputational damage. If the reason would be environmental issue or intentional harm (as it is very important aspect for the respondent) she would definitely not do business/purchase products of that company. However, if the company's intentions were pure when the accident happened or the allegations didn't prove to be true, she will make up her mind based on the context of the case and other related factors.

The example of Volkswagen is outside of the respondent's interests. She does not find the car industry interesting and finds the company neutral, however she is well aware of the harmful effects cars have on the environment. The interviewee knew about the accident through word of mouth. She also admits that the accident happened relatively long time to shape her perception. But after reminding her of the case, she

found it surprising that even after such a big incident, Volkswagen still managed to recover from it and stay on the market. When it comes to the purchasing decision after reading about it, she states:

“I would not buy cars from them. Since I do care a lot about especially CO2 emissions and their effects on the environment, I think I would not trust them anymore, no matter what actions they do to try and win my trust back”.

This implies that it might be difficult to regain trust of some (future) costumers after accidents like this. Also, as other respondents, she believes that there were multiple other manufacturers that at least attempted to do the same. The behaviour of the company was definitely unethical, states the respondent, however she understands why they did it from the business perspective (to cut costs and increase revenues). When it comes to the company’s reaction, she finds it appealing that they tried to correct their mistakes, but she also believes that they did not have any other option and did it not because they care but because they didn’t have any other choice. She also believes, that:

“they should have done more incentives to show they care about the environment, such as investing into R&D, donating money to environmental groups, maybe also cooperate with companies such as WWF to find ways on how to be more sustainable.”

The respondent was a frequent costumer of H&M as she was younger as it was very affordable, but as mentioned in the first part, she is more conscious about fast fashion and sustainability now, so she will not support this brand due to various reasons. She was aware of this incident as it was mentioned in the marketing course. This answers also support the idea (as seen in other interviews) why Modul University students were chosen for this research. Her perception did not change, just contributed to her disliking of the company. In her opinion, she doesn’t have sufficient knowledge to know if other manufacturers also reproduce racist stereotypes and inequality in their marketing campaigns, but believes that it has definitely occurred before. The respondent does not believe that H&M did not mean to make this addvertisement racist unintentionally and definitely finds it unethical. Moreover, she also heard about

other unethical practices H&M had done varying from water waste to low wages, to child labour. The response to the accident was not appropriate. But the respondent also reported that:

“I have to admit that they did do a lot of changes such as hiring diversity trainers and promote more into diversity, which was definitely appropriate. But I think they should have done more incentives, apologize to the family and child, find more ways on how to be inclusive and embrace diversity. Also connect with e.g. more companies owned by black people.”

This indicates that the post-recovery of a company in the terms of compensations and gaining trust back is important.

General opinion on the BP company of this respondents is very neutral. She is aware that it's a chain of gas stations also in Austria, but no special feelings come to her mind after seeing their logo. Again, this industry is not in her direct interests, but she expressed her general disagreement with the whole oil industry. The respondent heard about oil leakages but did not associate specific company with the accidents and believes that other oil companies have exposed people/animals for the sake of generating more revenue. She heard about this specific incident from news (as it was everywhere) and from CSR class. The respondent believes that the company should have been charged more fees for the accident (as they have a lot of profit) and the current “punishment” was not sufficient for the damage they have caused. She suggested that:

“ They should also cooperate with sea cleaning businesses and sea researchers. Maybe donate also some money to protect sea life. Or participate in actual events such as regular beach cleanings. I think especially showing you actually participate is important to let people know that you regret your actions and try to change.”

The differences found between these three ethical incidents by this respondent was their reaction and effort made after the incident occurred. While some changed and took actions, some did not put any effort into changing, states the respondent. She mentioned that she perceives companies that have admitted to what they did better,

than those who denied all accusations. This part of the response is important aspect of this research.

4.1.5 Respondent 5

The respondent finds PR appearances and companies image important. She does not feel comfortable to support companies that might be accused of child labour or anything like that. Examples provided in this interview included Balenciaga's recent scandal and Victoria's Secret accusation of racism. Her perception of these companies changed, after getting older and more aware of the issues, which reduced the amount of her purchases until the company did not change their behaviour. She heard about these scandals through news and YouTube, which is a common answer among many interviewees. The respondent would not like to be associated with a company with negative publicity, she would only take it under consideration after the business overcomes these issues and implements appropriate marketing strategy to fix the damage done.

The opinion of this respondent on Volkswagen is positive as her family owns the brand. She was aware of this happening and her opinion did not change regardless. The reason is, that the incident occurred long time ago (2015) and the respondent was too young back than to realize the severity of the incident. Moreover, she reported:

"Many companies must go through bad PR, and they are able to recover from these negative publicity things. Important is how they choose to do so.... because companies can recover from these things by taking measures."

This implies that even though companies ethically fail sometimes, the importance lies in the response and how they chose to correct their mistakes. She believes that other car manufacturers have also cheated due to strictness of the regulations imposed on them and that in some countries it might have been even easier to do so. The respondent finds it difficult for the companies to deal with negative PR but as long as the company tries to react to it and don't be ignorant towards the issue, it's good itself. Moreover, she also believes that Volkswagen was successful in repairing the damages and their reputation was recovered from the accident. She claimed that Volkswagen reaction was appropriate back in 2015 as environmental concerns weren't much discussed topic before and that they have handled the issue very well.

H&M is an average international clothing brand in the eyes of this respondent, which isn't her main preference. She was aware of this ad campaign and her opinion of this brand did not change as it was also an issue that happened long time ago. The respondent put the importance on how the company handles the issue. Other manufacturers also produce racist stereotypes and should be more attentive towards which marketing campaign will go out to the public as things can easily backlash due to misunderstanding, states the respondent. She provided examples of other companies how they attempt to fight inequality and stereotypes. Moreover, the H&M response to the scandal was not enough, simply deleting the post isn't sufficient nor appropriate and suggested that public statement and an excuse would help the cause. She also claims that companies should be more attentive towards racism issues as its prevailing concept nowadays.

Like the other responses, also this respondent has no special opinion on this international company- BP. She is aware that they have multiple gas stations in Austria, that she uses sometimes. The interviewee did not know about this issue as she was too young when the incident occurred. This implies that the age was an important factor in this interview since the examples provided aren't recent. Her opinion changed after reading the given article, she perceived it more positively. She stated that:

“ I'm actually slightly more impressed. Because I read the article, like what they tried to clean up their mess, kind of like, like to be cleaning projects and stuff like that to get the ocean clean. Because they tried to really their best to clean up the mess they made. I would say in other words, so I think they took the responsibility. I think companies should take responsibility for the wrongdoing. They shouldn't be blamed.”

She stated multiple times that their response was in her opinion appropriate, and they took incentive to fix the damage after the accident. This indicates that socially responsible actions of a company are perceived positively, which support the research done in the literature review. However, while making decisions regarding which gas station would the respondent pick, she would still choose the one with convenient

price as she is a car owner that depends on their products. She also believes that other oil companies have exposed people and animals to risks, such as OMV which had also been accused of multiple scandals. The respondent didn't perceive the loss of lives as a first priority by shaping her opinion on this company, on the other hand, she found it impressive that they tried to clean the environment and showed responsible behaviour. This answer differed from other respondents and was approached by the interviewee from another point of view.

The respondent sees the difference in the type of issues the companies dealt with. Moreover, she noticed the different responses to the incidents. The BP company was in her opinion, the most responsible and only one that tried to fix their wrongdoing. However, she states that all the companies mentioned, accepted their blame for the scandals. This response significantly differs from other responses and will be later evaluated in the discussion section. Also, the respondent reported that it depends all on the severity and size of the issue, and that some of the accidents are easier to be "excused" than others. The respondent support this with a statement:

"I think issue like that won't follow your company always. History and lifetime I would say because something like that is inexcusable. But if a company comes up with the right way to show their wrongdoings pleading guilty, cleaning up the environment."

This response also supports the idea that acceptance is perceived better in the public eyes compared to other types of the response, which shaped her perception.

4.1.6 Respondent 6

This respondent does not consider corporate social responsibility important aspect when it comes to the purchasing decisions. His decisions are based on the quality and price of the product or service. As other respondents, he also mentions the Balenciaga child advertisement example, which he feels like it was exaggerate by the media. His perception of the company did not change, nor his future purchasing decisions. He heard about this issue from the social media, namely Twitter and Instagram. The respondent states that:

“ Unfortunately, nowadays firms with bad reputation are being cancelled and people don’t buy products from them so that is another thing you have to worry about now when partnering up or making a purchase.”

This indicates that reputation is an important factor that can influence the overall success of the company.

The impression on Volkswagen of the respondent is positive, however not his first preference. They produce great cars and are owners of the best brands in automotive industry, states the respondent. He knew about the accident and informed himself about the details. The interviewee does not find the company behaviour unethical, just that they weren’t lucky enough and got caught. He believes that the company had a good idea, but it was executed wrongly. This also served as an example for other car manufacturers that also cheated but learned from Volkswagen and hid their cheating better, states the respondent. He also added:

“ I really don’t care for it since it had no impact on me as an individual”.

This indicates that as long as the consumer isn’t affected directly by the accident, his perception of the company does not change, as supported by previous responses of other interviewees. However, this respondent believes that denying all accusations until you can’t, is not a proper and ethical strategy, because it can have even worse consequences and it ruins the overall image and reputation of the company. The respondent suggests:

“ If you get caught admit it and take it on the chin”.

Another indicator that relates to the research done in the literature review, that acceptance of failure is perceived as a better strategy for consumers point of view.

The respondent does not have any opinion on H&M, he sees it solely as a store he barely notices by walking by, but if something interests him, he will go in and buy it. He was aware of the incident and his perception of the company does not change after the scandal is introduced, nor his purchasing decisions. He does not personally believe that other clothes manufacturers have done the same, he states that:

“We as people have gotten way too comfortable and are now looking for reasons to be mad and unhappy “.

As many respondents before, he also believes it was a misunderstanding rather than an intentional campaign producing racist stereotypes. That was blow out of proportions due to fake news and social media posts. The respondent has not heard about any other scandals associated with this brand. Moreover, he states that company’s response to the occurrence was right, since they removed it and said it wasn’t intentional.

BP is perceived neutrally, just as a place where the respondent goes to fuel his car. He was aware of this scandal through news and his perception did not change after reading/hearing about it and he would still consider buying from the company out of convenience. The respondent states that it is most likely that other oil companies have also exposed animals/people to risks for the sake of increasing profits but blames the government for low intervention. He personally does not have opinion about their behaviour and their response to the scandal. However, the respondent states that:

“A quicker response and acknowledgment of the entire facts of the scandal would have definitely benefited and perceived better by the public. “

This indicates that hiding the facts of the case can caused bad perception of the consumers.

The respondent was straightforward with his answers to the sum-up questions. He claimed that:

“Volkswagen did it on purpose. H&M made a honest mistake, while BP were just purely reckless.”

This indicates that the response and intentions of the companies were different in each case, as well as their attempts to fix the damages done. BP was perceived as the most serious accident by the respondent and therefore their compensations had also the biggest impact.

4.1.7 Respondent 7

In this part of the question, respondent expressed himself that his opinion on CSR and the company's ethical behavior depends on the product he is purchasing and if company has a bad reputation or negative CSR, he will try to avoid it. The respondent recalled a company that was also used as one of the examples in the interview - BP. He stopped using the gas station due to these reasons and also because they have high prices in his opinion. He tries to fuel his tank somewhere else when he gets the chance. Once again, the respondent found out about this scandal during the CSR class offered by Modul University, which was also encountered during many other interviews. To the question of reputation, the interviewee states that:

“depends on how bad the situation where I need the product and there are no other options, and also depends on the how much the reputation was damaged. For example, Balenciaga I would never purchase anything, since their bad reputation includes children”.

This implies that consumers care about the reason how was the reputation damaged, which influence their perception.

The respondent prefers other car brands than Volkswagen and expressed his likings of car industry. Before reading the article, he wasn't aware of this happening and his perception change negatively, as he feels like he cannot trust the company anymore. He would not purchase anything from the company, as he also believes that if they were capable to lie about emissions, there can be many other things that they are hiding from the public. He views Volkswagen's behavior as deceiving and consider it a breach of trust, which is crucial in the corporate world, supported by statement that:

“Regardless of what companies do against CSR, but if they break that trust which is very important. A company should be open and clear about all their movements and decisions. Cheating to look better among their competitors, is not a fair game. Therefore, it's a bad behavior in general”.

He also believes that there is a possibility that other car manufacturers have done the same but should not have been assumed without any proof. The respondent mentions not being aware of any other scandals associated with Volkswagen and appreciates

the company admitting its mistake and taking responsibility, which he found appropriate. He respects that they took actions, especially since they are well known corporation.

Based on respondent's research, he does not prefer fast fashion and expressed his disagreement with brands like H&M due to sustainability and social issues (such as child labor and low unfair wages) in their supply chains. Reading the article about the controversies surrounding of the H&M helped to remind the respondent about the scandal. He strongly expressed that he won't purchase from H&M ever again and his opinion on the brand worsen. He believes that other clothing manufacturers may also reproduce racist stereotypes in their marketing campaigns. However, adds that:

"Mistakes happen, and brands should think in a way that people see it differently. So, their reputation won't be harmed by it."

This indicates that consumers are aware of the consequences of bad reputation and brands should be more attentive towards it. Respondent number 7 criticizes H&M's behavior, as it is bad and unethical. Moreover, he is emphasizing the importance of addressing racism as it is a prevailing issue. The respondent mentioned others scandals he have heard of related to this brand, mostly regarding CSR and sustainability, which lead to his negative impression of the brand. While accepting H&M's retraction and apology, the respondent feels that severe repercussions, such as fines, should be imposed for such incidents in order to convince firms from engaging in such activity. He also mentioned that big corporations like this, always focus on profit and the chances to increase it.

Respondent states, regarding the BP case, that:

"I don't like BP, I feel oil companies have a huge contribution to the global warming, and what makes it worse is that some of them have disasters happening like oil spills and they try to cover it. I remember I watched a documentary, and it mentioned such a scandal about BP, and even issues about sustainability like low wages and environmental impacts"

, before reading the article provided. This implies that he is strongly concerned with environmental aspect of the scandals as seen in other responses. Mentioned before,

the respondent was aware of this happening. However, he feels suspicious of the company's promised adjustments. His perception was affected by this accident and does not think he would continue buying from this company. Respondent also argues that other oil firms have put people and animals in danger in order to save money as it usually their first priority. When it comes to the behavior itself, he emphasizes the necessity of responsibility and preparedness in such industries as it can have/has dreadful consequences. The respondent believes that BP should have not tried to avoid the issue (by not wanting to pay fines) and suggest that they should have created some protocols to anticipate such event to prevent them from happening, since the damages are vital to the environment and human.

To sum up, this respondent also sees the difference in size and severity of the issue, admitting the BP scandal was the most serious one. He expressed that not only companies' reaction differed but also government and people reacted in each case differently. The respondent distinguishes between physical and environmental damage (BP case) and emotional damage (done by H&M). Respondent sees H&M and Volkswagen as accepting responsibility, apologizing, and attempting to resolve the issues. On the other hand, he sees BP's approach as more corporate-focused, with the company appealing the judge's order and failing to do anything to avert the tragedy. This implies that in general, respondent number 7 values reputation, trust, and responsible behavior in his purchasing decisions and the importance of ethical issues that affect his perception of brands.

4.1.8 Respondent 8

Respondent values corporate social responsibility and ethical behavior, but she admits that she does not always consider them while making purchasing decisions. She uses Starbucks as an example of how she disregards ethical norms due to the company's reputation. This answer implies that as long as a consumer is not affected directly, it's outside their concerns, as noted by interviews before. She cannot recall any specific crises involving firms or brands, citing the fact that media coverage can be wide and sometimes untrustworthy. She states that:

“I haven't paid much attention to it because they usually cover it really well or there are so many fake news around this that its yeah that it's almost

impossible to keep track of it all and they do their best to cover all of the scandals that happen in the company in general because they don't want to cause harm to themselves in order for them to be in to order that or and ruin their brand image in front of the consumers."

This indicates that media and fake news play an important role in this interview, and that companies will do everything to cover up their scandals. When the respondent finds out about the controversy or unethical behavior of a brand, she attempts to empathize with the affect it had on employees and takes it into account when making future purchase decisions. The gravity of the situation has an impact on her overall perception of the organization. Her relationship with a brand or corporation is determined by the seriousness of the incident. If it is serious, to an extent that it harms people/animals she will reconsider purchasing from the brand. She frequently learns about scandals from Instagram or news articles published in fashion or business magazines. Moreover, she would not buy from a company with a negative reputation for ethical reasons, but she recognizes how difficult it is to always consider ethical aspects in a consumerist culture of today's world. However, if the company with a bad reputation would be the only one that offers the product/service of her need, she will still purchase the product regardless.

The responded does not have specific opinion about Volkswagen before introducing the article but heard about its poor image nowadays as a result of social media videos she had seen. If given the chance, she would consider purchasing another car. She was unaware of the exact details referenced in the article, but she believes such behavior is immoral and harmful to the environment and feels surprised that companies are capable of such a thing and lie to their consumers. However, her opinion of Volkswagen improved after reading the article owing to their admission of guilt and acceptance of the consequences, compared what she had heard about the company recently. The controversy has no impact on her decision to continue purchasing products and services from Volkswagen, it's still not her first preference. She believes that other automakers may have also cheated on pollution tests as well, as all companies are profit-driven in her opinion. Moreover, many car manufacturers have to adapt to the electric versions and won't be able to cheat and will be forced to care about the environment more, in the respondent's point of view. The respondent

considers Volkswagen's actions to be immoral/unethical and highlights the need of honesty and fairness towards their consumers. She believes Volkswagen's response was reasonable and appropriate, but she believes they should have avoided cheating from the beginning (even for the risk of losing money) as it is not ethical and should focused on finding ecologically beneficial alternatives.

The respondent views H&M as a convenient and reasonably priced brand, but not the greatest in terms of quality. She is not a regular consumer but is aware of their international reach. She was unaware of this particular scandal mentioned in the article and believes that many people might have not heard about it since they don't follow fashion industry news. She believes that it was intentional, and the company should be aware of the immorality of the ad they created. Her perspective of H&M shifted in the negative way after learning about the incident and the company's response to it, she reported that she would not continue buying from this brand. She emphasizes the need of avoiding stereotyping and insulting others in marketing campaigns and how companies should be more attentive towards it. She believes that other clothing manufacturers also reproduce racist stereotypes and inequity in their marketing operations but were successful in the covering it up. She provided examples of other companies that includes colored models in their advertisements to support inequality, and that H&M should take an example of these companies. The respondent states that:

“ I think they didn't react normally they at least could have apologized to the people or accepted that their advertisement is not ethical or even racist and they should have at least taken actions to make it up to the people they actually offended in some way and especially due to the fact that they had so many production facilities in these regions working for them”.

This answer emphasizes the importance of acknowledgment, apologies, and compensation of companies.

The respondent is a frequent user of BP gas stations and find their prices reasonable. She has heard about this incident before but did not know the details, nor the exact association with this particular company. However, after learning about the oil

disaster and BP's reaction, she changed her opinion to worse, also due to her environmental beliefs. She states that:

“Trying to cover up the whole situation that not taking the blame for it it's really mind blowing and again not ethical when it comes to the consumers”.

This statement does not support the argument that denial is perceived better compared to other responses. She finds it unethical from the firm to try to cover up the occurrence and avoid accountability. Nonetheless, the responder stated that she would continue to buy oil from BP (nor work for them) because the scandal occurred long time ago and it does not affect her to the extent it would influence her purchasing decisions. She believes the company had lot of time to change and make rectify the damage. She believes other clothes manufacturers have done the same in order to cut costs and earn higher revenue, which does not surprise her in today's world. Moreover, she believes that government or people isn't powerful enough to impact these big corporations. She supports it with a statement that:

“ All the corporation care is about their brand perception not that much about the influence they have over the planet or the sustainable environment which they might harm with their doings or actions.”

This indicates that businesses would do anything to protect their reputation or image. She suggests that BP should have compensated for the actions, such as clean the ocean or compensate the families, which would look better in the eyes of consumers if they would done some extra environmental work.

Overall, the respondent highlights the significance of businesses being ethical and accepting responsibility for their actions. She finds it hard to compare these three examples as they are completely different industries and each of them had different impact. She suggests that:

“Companies should try to continue making their efforts helping the planet and also they should try to work on their reputation and try to restore it to the normal and not cover up the damages they have done.”

She expects firms to apologize, take corrective action, and pay those who have been harmed by their crises. They believe that businesses should prioritize ethical behavior and environmental sustainability, despite the difficulties and money involved. She claims that company's confession and compensation efforts make her perception of the company better and helps the company's image.

4.1.9 Respondent 9

The respondent avoids businesses with unethical practices. She provided the examples of the Nestle (groundwater exploitation) and Wirecar (accounting fraud) scandals, which included jeopardizing lives and contributing to fraud. These incidents made the respondent more conscious about her future buying decisions and was shocked to learn about the scandals. She started to avoid nestle brands (water and cereals) and developed negative attitude towards the brands. She got aware of these incidents from TV and newspaper articles. To the question regarding reputation, she stated that:

"I do not support unethical behaviour. Before purchasing from or cooperation with a company that follows unethical business practices, I would rather buy the product from business with better reputation."

This supports the idea once again, that consumers try to avoid companies with bad/negative reputation, as they also oppose unethical activities.

The respondent shares their thoughts on Volkswagen before introducing the scandal, as one of the largest German automobile manufacturers offering high-class cars. Before reading, she was already well-aware of the Volkswagen emissions problem. After learning more about the incident and Volkswagen's response to it, her opinion of the company shifted, but she would still purchase their products despite the unexpected news. This respondent also perceives that the Volkswagen crisis serves as a warning to other companies that plan to use this strategy to cheat on emission test. While she acknowledged that Volkswagen's actions resulted in price reductions for the company, she still considers them unethical and that they are risking losing their customers' trust. The respondent is unaware of any additional Volkswagen-related scandals and believes that their reaction was inappropriate because the company initially denied the allegations rather than openly admitted them, which left a bad

impression on the company. This was repeatedly stated by other respondents and will be discussed further in the paper.

H&M is not a favorite brand of the respondent as she is aware of the company's controversies and unethical manufacturing procedures. She was also aware of the advertisement scandal mentioned in the article from a class and reading. However, even though her perception changed, it did not affect her purchasing decisions. The respondent believes that other clothing manufacturers' marketing tactics also reproduce racist stereotypes and injustice and states that:

“but I think since diversity becomes a greater topic in today's fashion world, brands are more aware of how important it is to bring in inclusiveness into their fashion campaigns.”

This implies the importance of raising awareness of such issues in today's world. She thinks that the behavior itself was unacceptable and wonder why the marketing manager and staff were not aware of it and did not point it out. The respondent stated that she is generally aware of H&M's prior incidents involving unethical manufacturing techniques, which confirms her decision not to shop at H&M. To conclude, she believes H&M's reaction was justified because the advertising was removed and a public apology was issued, and following advertisements and marketing campaigns focused on inclusiveness and diversity.

The respondent discusses her first impressions of BP, simply as an oil and gas company. She was aware of the incident and BP's response shaped her perception of the corporation. She reported that:

“ The incident did negatively influence my perception towards the company. However, I would still choose the gas station BP to refuel my car if it was on the way. In other words, the incident did not make me stop buying their products.”

She expressed her belief that other oil firms have put people and animals in danger in order to save money owing to the unfavorable impression of the oil and gas industry due to their negative contribution to the environment. Moreover, she also states that many companies try to cover up incidents like this and would do anything for the sake

of their reputation. The respondent claims that there is nothing the company can do to compensate for the damage done, as they also tried to pay as little as possible. As an appropriate reaction, she suggests that:

“BP should engage more in sustainable practices and allocate their efforts into cleaning up the oil spill as well as engage in sustainable projects”.

The respondent emphasizes the difference between the three ethical crises, such as the industries involved (fashion, oil, and car industry), severity of the issue (environmental, racism, and diversity), and the level of press coverage and discussion. She states that the BP incident was the most severe one out of them all. She also sees disparities in the three companies' reactions. H&M worked harder to clear their name (as she finds it easier for fashion industry), Volkswagen compensated customers, and BP concentrated on cleaning up the oil leakage. To retain their reputation and image, all three companies had to respond adequately, believes the respondent. This implies that the views on companies are influenced by scandals and how companies respond to them, and that proper actions and efforts should be taken to regain trust and address the issues to prevent them from reoccurring.

4.1.10 Respondent 10

The respondent emphasizes the significance of corporate social responsibility and ethical behavior but admits that accessibility and price can often make it difficult to prioritize these issues in her purchasing decisions, even though she keeps trying to take it into consideration each time. However, she prefers companies that she knows they behave respectfully and ethically. She recalls scandal involving large fast fashion retailers, such as H&M and Zara, which caused societal problems, but the firms later agreed to compensate to repair their image. She was shocked and kept following the news to see how the scandal developed and was dealt with. The example provided was unique and analyzed through different point of view, compared to other respondents. Her perception was not affected significantly by the accident; however, she reduced the number of purchases from those brands, admitting it could have been due to other reasons as well. The interviewee is an active participant in the debate over the sustainability of the fashion business, therefore they were made aware of

the issue almost immediately by news and social media posts from activists and international organizations. To the question of reputation, she stated that:

“I would try not to as I do believe that consumers play a role in pushing companies toward more sustainable behaviours. Yet for the above-mentioned reasons (accessibility and affordability), I could not say whether I will in the end.”

This indicates that other factors influence consumers perception by evaluating company with negative reputation.

The respondent has very general opinion on Volkswagen company and is aware (not in details) of the scandals associated with Volkswagen. It was mentioned in the newspaper as well as TV, states the respondent. Her direct interests aren't in the car industry, so this incident did not influence her opinion greatly. However, she admits that it left a negative impression on the company in her mind. Also, she claims it would be hard to judge since the accident happened long time ago. The respondent believes that other car manufacturers may have deceived on emissions tests as well, as it is the easy way out (also was for the company) rather than investing in a long-term solution. When it comes to the company's reaction, the respondent claims that an apology is a good starting step, calling it “a drop in the ocean”. But she would like to see future sustainable compliance initiatives and a transparent, strong, long-term change to prove their commitment.

Respondent number 10 sees H&M as a leading company in fast fashion industry, tightly connected to social and environmental issues caused by it. However, she recognizes the company's dedication to improve and is one of the most transparent brands in this market. She states that:

“Sustainable collection and suppliers standards are the most important commitments the company is employing, in my opinion.”

After reading the article, she recalled the H&M incident. The controversy of H&M had little effect on her perception of the company. She believes that some events are being taken out of context and are misunderstood, and that reactions may go beyond the campaign's creative and marketing goals. Her buying intentions did not change as

she finds the production process more important for her decisions. The respondent believes that other clothing manufacturers, using the Dolce & Gabbana campaign as an example, also reproduce racist stereotypes and inequality in their marketing strategies, as it is widespread issue in the fashion industry. She finds the behaviour inappropriate, and the company should make stricter approval procedures before going to the public with similar campaigns. She has heard about previous H&M controversies, such as the pandemic-related occurrence mentioned in the general part of the questions. As many other respondents, she also mentions profit as a factor. She states that:

“ I think that most companies only look at profits, and we cannot blame them as that it their purpose. Yet, there are different ways to achieve such goals, including ethical behaviours with the risk of sacrificing some money, still being on a positive financial balance. Most brands fail to take them into account, or sometimes they fail in some circumstances yet in the broader picture they are acting kind of good. Therefore, as a whole, my opinion about H&M is not that negative.”

This implies that companies often fail in their attempt to increase their profits, which can have negative consequences on their surroundings. The respondent believes that the company's response was appropriate but admits that other people can perceive H&M reaction as “insufficient” due to disappointment they caused their frequent consumers.

The responded does not find BP company familiar, therefore she has no opinion. She was not aware of the occurrence described in the article, but reported that it is relatively common, therefore she is not surprised. After reading about it, she had a negative impression of the company. Because the company does manufacture things that the respondent would buy at this moment and the accident happened long time ago, so her perception stays unaffected with the amount of information she has. She believes that other oil firms have put people and animals in danger in order to save money. The respondent believes the behaviour should not have occurred at the first place and that apologies and fines are not enough. Stronger preventive and cleaning actions are required, suggest the interviewee. She thinks that the company's response was insufficient, and states that:

“Paid for the costs is definitely a necessity, yet they have to undergo a deeper revision of their supplying and manufacturing processes”.

The differences between these 3 ethical incidents are the extend and the implications, as the respondent reported. She states that:

“ I think that they all aimed at reducing the immediate negative effects, apologising, and acting on the immediate consequences. I did not see evidence of more CSR related activities of companies in order to prevent such situations to occur again.”

This indicates that the respondent distinguishes these incidents based on their scope, compensation, and media coverage and that In terms of reactions, she did not notice any significant CSR-related activities from firms to prevent future occurrences. To sum up, she mentioned that company like BP will hardly recover due to the losses the accident caused. Moreover, she claimed that company’s image was heavily affected by this accident in the eyes of everyone.

4.2 Thematic Analysis

Themes provided in the thematic analyses are described by King et al. (2019, p.200) as “themes are recurrent and distinctive features of participants ‘accounts, characterising particular perception and/or experience, which the researcher sees as relevant to the research question “. Thematic analysis is a simple, adaptable, and growingly popular approach of analysing qualitative data. Learning how to do so gives the qualitative researcher a solid foundation in the fundamental abilities required to engage in different techniques of qualitative data analysis, which is used for this research (Braun & Clarke, 2012). This part of the research requires the author to make decisions regarding what to include, what to exclude and how to interpret the words of the research’ participants. This process included analysing what interviewees have in common and where they differ. The role of a researcher is to develop between 3 to 5 themes, which is the considered the norm (King et al., 2019). Following this, the research describes these themes:

4.2.1 Environmental Concerns with Unethical Behaviour

Majority of the respondent expressed their environmental concerns while evaluating company unethical behaviour. The effects a company has on the environment is often underrated. Nowadays, consumers are more concerned with the environmental aspects of a business, and it becomes widely discussed topic due many environmental issues. It is believed by the respondents that not only consumers, but also companies have the power to make a change in the world. There are many government regulations and new rules imposed on the companies, that sooner or later would not be able to avoid. Some respondents (namely 2) perceived that electric cars could make a change and reverse the negative impact of gas cars, and many companies would be forced to become sustainable. However, few argues about the negative impact of this change. Fast fashion and car industries are perceived negatively by the interviewees, as their impact on the environment are the most severe ones. Few of the interviewees feel passionate about sustainability in general, and they try to minimize their associations with environmentally unfriendly companies to minimum. They are well aware of unethical practices of the firm, concerning the environment and frequently follow research to assure the avoidance of such a company.

The perception of consumers on companies that somehow damages or harms the environment changes their perception and reflects negatively on the company. It can be assumed from the literature review as well as the collected responses, that consumers feel better about companies that are environmentally responsible, which also effects their purchasing decisions. Once an incident occurs, and company is being accused of environmental damage of some kind, it can result in consumers avoidance of the company. Moreover, their reputation and image worsen as companies failed to provide proper compensation to the environment. It is believed that companies should invest in research and development of new technologies that are sustainable and will allow them to have sustainable growth. The importance of compensation is not only crucial in terms of post-recovery after an accident, but also as a long-term idea that enhances the overall CSR practices of the firm in the future, which is insight gathered from the responses as well as the literature review. Hearing about scandals and reading about the environmental damage the company has done increases awareness of consumers, which makes them more attentive when they come across

the company in any future associations. Respondents have reported many examples of companies behaving unethically, some of the repeatedly reoccurring, which negatively affected their perception.

Looking at it from another perspective, workers and employees working in an unsafe or dangerous environment damages the perception on the company. In 21st century, it is believed based on the respondents' answers that people should deserve fair treatment and compliance with their rights. This idea was also supported and agreed with the literature review. According to Davis (2021), there are many companies all around the world whose practices are harmful to both people and the environment. In their greed for wealth, these corporations do not care for the well-being of their workers or the planet. Multiple respondents reported a need for companies' compliance with stricter working regulations and safety precautions. It would promote satisfaction of the employees, which would benefit the entire firm in the terms of profit and sales. Firms tend to ignore or disregard environmental concerns caused by their operations due to profit seeking reasons. The possible reason for such a behavior, is explained in the literature review, where Grzegorzek (2021) describes that moral behavior significantly increases expenses for the company. Compensations such as paying production workers more, providing a better working environment or reducing pollution levels by utilizing the most up-to-date technologies is additional expense that companies tend to avoid. However, they often forget, that it can have more serious consequences on their overall business, as for example damaged reputation. These findings also contribute to answering research question of this study, since environmental damage is considered as part of ethical failure of a company.

4.2.2 Inability of a Company to produce a Proper Response

Companies often do not realize the possible consequences of their actions, which often results in their inability to produce a proper response. The respondents perceived that companies did often 'not enough' or failed to respond adequately to the allegations. The data gathered from responses supports the literature review, that accepting failures leads to more favourable consumer perception than denying such failures. However, it opposes research done by Raju et al. (2021), that denying ethical

failures results in much better perceptions than accepting such failures. Majority of respondents expressed that denying allegations worsen their perceptions of the company. The right response is to accept the accusations and properly compensate for their behaviour. No response to a scandal or not acknowledging all the facts of the case, is perceived negatively by the respondents. As mentioned by the previous research, this form was proven to be the least favorable among respondents. It is often perceived by respondents as well as general consumers as a suspicious or ignorant behavior. The severity of the incidents influences how long will a consumer keep it in mind and how long will it take for the company to compensate for their actions. Denying is a good strategy, until a company gets caught, which damages their reputation even more. Respondents also believe that accepting a failure immediately can result in reduced fines and penalties, which would also result in less attention towards the company. Acceptance is perceived as responsible behaviour and first step of rectifying issues.

4.2.3 Profit as a Priority of a Company

Many companies consider profits over well-being of their consumer, as mentioned by many respondents, namely 8 out of 10. Profit-driven companies are reckless and would do anything for the success of the business. This includes harming the environment, endangering human life, and providing poor conditions for their employees. All of these aspects shape the perceptions of the public, often in a negative way. Some respondents acknowledge company's business point of view and understand their objectives to raise profits. However, it is not adequate, nor ethical, to not think about consequences of their actions. It is believed by the respondents and supported by the literature review that companies with positive CSR and business ethics are favourably perceived by the public, which can increase sales and overall popularity of the firm. The responses agree with the section of a literature review, in which Kang & Matsuoka (2023) states that customers are driven to perceive CSR efforts as apparent attempts to boost earnings by promoting socially responsible perceptions.

Many respondents believe that unethical practices occur more than its publicly known and that companies use money and their connections to bribe news/government or influential people to cover up these incidents. The companies are aware that negative

press releases would possibly harm their profits, which is the risk they are not willing to take, based on an insight gathered from previous research. It can also be supported by the collected responses as 7 out of 10 respondents would not do a business/purchase products or service from a company with negative reputation. However, people admitted that negative reputation made them more aware of the brand/company itself. Some can argue that there is a possibility of positive relationship between negative reputation and popularity of a company, which would although require further research.

4.2.4 Lack of Trust in Companies That lack Business Ethics

Business ethics are perceived as an important aspect of a company for some respondents. However, if the issue does not affect them directly, the likelihood of a change in their perception is low. Almost all of the respondents mentioned that as long as they are not directly impacted, they have no initiative to care or change something about it. Consumers perception and their buying intention changes, depending on the seriousness of the issue. Supported by the literature review, some respondents reported that even though they had no negative association with a given company, they would still prioritize good deal over a feeling of social responsibility. The literature review, specifically De Cremer et al. (2010) states that because trust is so important to organizational performance, it's at great risk whenever there's a violation of ethical standards, which was also proved by gathered responses. Consumers seek for fairness and equality in their companies. If a company fails to provide it, consumers loose trust in them. Once they do, it is difficult for firms to "win them over again". It can occur, that some companies may never recover from their ruined reputation and regain the consumers trust back. Companies should avoid unethical behaviour and any association of a scandal or negative press releases, as it significantly ruins consumers perception, increases expenses, and disrupts trust in the company, which was repeatedly stated by the interviewees and prior research. The respondents find trust as an important aspect in the corporate world.

As previously mentioned in the literature review, media plays a crucial role in shaping consumer's mind. The sources of respondents' knowledge were usually social media or news. It indicates that these sources can have positive or negative impact on consumers trust and loyalty towards the firm, as also indicated in the literature

review. Moreover, newspaper articles were chosen to be a part of interviews, which poses certain biases regarding validity and reliability of the cases introduced, which will be also discussed in the limitations section of this study. However, this kind of source was sufficient to get a general idea of consumers opinion. Few respondents reported that they had heard about these incidents from research, class, or world-of-mouth, which validated their response. Most of the cases were perceived negatively in the eyes of the public and their trust of the company decreased after reading about it, which also influenced their buying intentions and overall impression of the company.

5 Conclusion and Recommendations

5.1 Overall Conclusion

This part of the research serves to conclude findings and answer the question to what extend was the research question answered and goals/objectives were achieved. The study successfully answered the research questions, supported the by the literature review and provided valuable contribution to this understudied topic. The relationship between companies' responses and the effect on reputation is a research gap that this study aimed to fill by analysing consumers perception. Findings of this researched proved that ethical failures negatively affect consumers' perception of companies' reputation, which is considered as a risk that can affect the overall success of the company. The main aspects of the research question of this research were answered, and other areas not addressed will be discussed in the *limitation and future research* section of this study. During this study, author also encountered that other research questions and possible research gaps emerged, however some of them were beyond the scope. Due to multiple interview questions and insightful responses of the participants, new data was gathered, which shaped the research to another direction. This study also greatly discusses how does company reaction on an ethical failure effect consumer perception, which wasn't prior objective of this research, but can be considered as potential research question in the future. This proves, that qualitative research was implemented effectively and provided significantly results into different areas of consumers perception.

Nevertheless, previous research shows that there are already academic articles and sources that demonstrate a connection between ethical failure and company reputation. This paper argues that business ethics are a crucial part of every company, and therefore ethical failures should be carefully appraised as it affects consumers perception of overall company. The available research demonstrates that there are several strategies that companies can use to cope with ethical failure and the adverse effect of reputation on consumer perception. The interviews, on the other hand, demonstrated that consumers feel better about companies that are environmentally responsible, which affects their purchasing decisions. Moreover, the analysis shows that CSR (Corporate Social Responsibility) and also CSI (Corporate Social Irresponsibility) are important parts of a company's overall reputation and image. Once an incident occurs, it can lead to consumers avoidance of the company and their reputation and image worsen as companies failed to provide proper compensation. Moreover, companies should avoid denying any accusations, despite the risks associated with, as it harms their reputation. The research proved, by patterns observed from multiple interviews, that acceptance is the most preferable response, along with appropriate compensations. Moreover, to collect the evidence for this research, data gathered from interviews will be provided in the *appendices* section to support all claims, followed by thorough analysis.

Furthermore, this thesis aims to contribute to the existing literature by providing a deeper understanding of the ethical mistakes made by companies to eliminate risk and its effects in the future. As ethical concerns are raising in many industries, it can be expected, based on the insights gathered from this research, that companies can soon expect stricter regulations and policies when it comes to ethical practices, working conditions, environmental problems and so on. Many companies lack the initiatives to comply with CSR practices, therefore more authoritarian measures should be implemented in order to guarantee ethical commitment and avoid reputational damage and other negative effects. For instance, by penalizing unethical practices, companies would be less likely driven by profits over well-being and would consider their actions carefully to avoid fines. However, implementing these measures would be expensive and time-consuming process that would require help from the government or other institutions that would be dedicated to for this cause. This is one of many recommendations that can be made from the findings of this

research. However, further sources and research would be needed to provide thorough and precise suggestions.

5.2 Limitations

There are many reasons why academic research cannot be completely reliable and objective. Despite the author's best efforts, there were inevitable constraints that prevented a more complete representation of the topic from a variety of angles. Some of the author's research-related constraints are discussed in this section, despite the fact that the study has given correct results with a clear strong tendency.

To begin, the study's scope, both geographically and in terms of the characteristics of the interviewees, is a key drawback. The consumer behavior has only been analyzed from the students of Modul University. This indicates that the study's findings may be different if a different sample would be picked, also with diverse age groups. The size of the sample could have been limitation of this research, as more respondents would provide better insights into the researched topic. However, collecting data among Modul University students proved to be efficient, as they prior knowledge of CSR and ethics contributed to more perceptive responses. The results may have been skewed because the interviewees were not picked using a completely random procedure and the author knew the respondents before conducting the interviews. Furthermore, findings have been evaluated manually; hence, human error cannot be totally ruled out. Also, human perception is a factor of subjectivity and can be analyzed from multiple perspectives which can provide different results each time.

Another limitation of this research are the examples used to conduct interviews. Potential biases can be detected as the examples were introduced via newspaper articles. It can be limited in the information given by their point of view of the authors and reliability of the information. However, each article was picked from different publisher to avoid prioritizing one over the other. Author aimed to introduce the examples from this point of view, as one part of the research is dedicated to the role of news in terms of shaping perception of consumers. This serves as an opportunity for the reader to create his own opinion regarding the issue. It is also limited in terms of up to date literature, as most of the accidents used are older than 4 years. Which indicates that a lot of various things could have changed in the company until today.

Due to these prejudices, respondents may give responses that do not truly represent their views or actions.

Participants' self-reported information is what structured interviews rely on. Hence, the use of structured interviews can be also present certain biases. Because of difficulties with memory recall, peer pressure, or a desire to win the interviewer over, respondents may purposefully or accidentally give biased or misleading responses. Bias can be introduced by the order and wording of the questions. Maybe different approach and design would be more appropriate for the scope of this research.

5.3 Future Research

This part of a research explores potential directions for more investigation and growth about a studied topic. The author believe that more literature should be complete to fill gabs and advance the overall comprehension of the topic. As not many studies have been done about reputation and its effect on consumers perception. Future research can help multiple companies in a future to avoid ethical failures or guide them to appropriate response, which would reflect the effectiveness of this research. Data collected from consumers perspectives should serve as basis for company 's understanding. Another important factor author should consider for future study is the methods used to gather data. The suggestion for future would be to collect data from experts, that would prove or reject theories of this research. It can contribute to more insights into the researched topic from the internal perspective of a company. For future research, the author suggests exploring experts' perspective to provide more comprehensive analysis. To address above mentioned limitations, different examples should be considered, and more responses gathered to avoid any potential biases. Experiment is another method that would be complementary for this research, however since ethical failures are hard to predict, it will be practically impossible to collect data.

Moreover, there is a need to evaluate if quantitative research would not be complementary for this study's objective. Using surveys, more respondents can be reached, and different questions can be asked. However, there is a need to consider possible limitations of this methods since the author would not get valuable insights of consumers perception without using open- ended questions.

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Appendices

Appendix 1: Respondent 1

Part I: General questions

1. **Can you please introduce yourself briefly** in the terms of your gender, age and nationality?

Male. 21, Slovenia

2. **How important is corporate social responsibility and the company's ethical behaviour for you and your purchasing decisions?**

CSR for me is relatively important, as it shows that the company is trying to be responsible for their actions in the sense that they give back to the community in which they are situated in.

3. **What scandals involving a company/brand/firm do you recall/remember?**

Nike using a lot of sweatshops, mcdonalds causing fires in rainforests which was not really proven but then they buy the burnt land and put in place their plants that they use to make their food which essentially destroys the entire ecosystem in that region. I do also remember a lot of sexual harassment claims against mcdonalds managers in America because its something we had to do for our school projects. Also I can add the exploitation of young workers to mine raw materials in less developed parts of the world to be in mines all and dig out the shiny material for beauty products. I can also recall when the diabetes treatment was increased in price in the US and the CEO or someone in the top position had to go to jail or face a monetary penalty.

4. **How did you react to this episode?**

For McDonalds I was shocked and started eating their products way less, for Nike I started purchasing their products way less as well. For the beauty industry its different because I don't use any products so it doesn't affect me. For the diabetes treatment I was horrified and I thought that was extremely unethical.

5. Did it influence your relationship with that brand/company?

Yeah basically what I said before.

6. How did you find out about this scandal?

The news and general research

7. Would you purchase something/do a business with a company with a bad/negative reputation? Why yes/no?

If it was my brand I would not, however if I was a manager of a big conglomerate I would think twice before wanting to associate myself with a brand with negative reputation.

Part II: Examples

a) **Volkswagen**

1. What is your opinion on this company? (Answer before you start reading, please)

I like VW, they have nice cars and they also own a lot of brands so I have respect for the company purely because of its success and past.

Please read a following article: <https://www.bbc.com/news/business-34324772>

PLEASE, ANSWER FOLLOWING QUESTIONS:

1. Were you aware of this happening? Did you hear about it before?

Yeah I do remember this from a few years ago that it happened, but it goes to show that companies will do anything for money.

2. Did your opinion on this company changed after reading about this occurrence and their response to it?

No, because I think cars are not the worst thing that is hurting the environment.

3. Does that effect your perception that you will continue buying products/services from this company?

This will sound very selfish but if the scandal is in any way hurting me, I will be against it and I will not associate myself with that brand or if it goes against my morals I will not be buying from them anymore. So, in this case, I would still continue buying.

4. Do you believe that other car manufacturers may have also cheated on emissions tests?

I honestly don't know but I think if they do they will have to be really secretive about it.

5. What do you think about the behaviour itself?

I do not approve of cheating, because that hurts the brand and the overall price of the car will have to increase to comply with the regulations.

6. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

I do not recall any other scandals.

7. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

Just recalling the cars does not solve anything because you are now still just creating more trash in the world, what they could do is recycle the cars and make up for the damage to the ozone layer by planting lots of trees or helping out communities that are affected by the car's emissions.

b.) H&M

1. What is your opinion on this company? (Answer before you start reading, please)

I don't mind the company but it's very clear that they are not in good relations with the environment, because it's a quick fashion store meaning that every week an old product will stop being produced and a new product will replace it and no one knows what happens to the old products.

Please read a following article: <https://www.washingtonpost.com/news/arts-and-entertainment/wp/2018/01/19/hm-faced-backlash-over-its-monkey-sweatshirt-ad-it-isnt-the-companys-only-controversy/>

ANSWER FOLLOWING QUESTIONS:

1. Were you aware of this happening?

Yeah I do remember it happening

2. Did your opinion on this company changed after reading about this occurrence and their response to it?

Yes it did, but I think the ad was not intentionally racist it shows that they do not really think about what they do and it reflects in their operations, that they do not care about the people they just want to produce and earn money. Their response could have been better but it was in my opinion a mistake as their products change weekly so I think it was their inability to think about what they are doing that caused the accident.

3. Does that effect your perception that you will continue buying products/services from this company?

I do not buy from H&M so it does not affect me.

4. Do you believe that other clothes manufacturers also reproduce racist stereotypes and inequality in their marketing campaigns?

No I don't think so, because I'm not so well informed.

5. What do you think about the behaviour itself?

I think it is not appropriate for a company of that size.

6. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

Just their production plants collapsing because of them ignoring the safety of the buildings.

7. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

No, the least they could do is support the backbone of their production and enable the workers to work in an environment that is safe and not as tight on output.

c.) **BP**

1. What is your opinion on this company? (Answer before you start reading, please)

I am indifferent, because it's something that everyone needs.

Please read a following article:

<https://www.theguardian.com/environment/2014/sep/04/bp-reckless-conduct-oil-spill-judge-rules>

ANSWER FOLLOWING QUESTIONS:

1. Were you aware of this happening?

No I don't remember.

2. Did your opinion on this company changed after reading about this occurrence and their response to it?

It didn't change because very little can be done in today's world without oil, and accidents like this will happen, however I do not support blatantly ignoring safety precautions when people's lives are at stake.

3. Does that effect your perception that you will continue buying products/services from this company?

If I am driving my car and its the only one that is available on the way then I will be forced to refuel there but I wouldn't say its my first choice when it comes to refuelling my car.

4. Do you believe that other Oil companies have exposed people/animals to risks for the sake of cutting costs?

Yes, I do!

5. What do you think about the behaviour itself?

I think the behavior that BP showed in the accident is ignorant, and however much fees they have to pay it cannot amount for the lives lost in the accident. This was purely their decision, and they did not do enough to help the people and the environment that they affected.

6. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

No but I do know that there are oil floods sometimes and it does happen, and it is very unfortunate.

7. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

As I said before, there is no way to put a price tag on someones life and BP should have firstly help the families that were affected until they desire, secondly it should make their safety precautions worldwide more strict, third BP should invest in cleaner ways to extract the oil as well as make the environment around the plantation healthier and invest in technologies that are sustainable and will allow the company to have sustainable growth.

Part III. SUM- UP questions

• **What differences do you see between these 3 ethical incidents?**

I see companies being careless to an unbelievable extent, in each of their respective industries. All of the companies were profit driven, one was ignoring regulations to earn money, one was blatant racism that erupted because of lack of attention, and one was profit driven safety violation that ended horribly.

- **What differences do you see between their reactions in these 3 examples?**

I think in all cases more could have been done to fix their mistakes however I think out of all BP was the most vigilant on how to fix things, as the other two only recalled their products and H&M sought to educate their employees.

Appendix 2: Respondent 2

Part I: General questions

1. **Can you please introduce yourself briefly** in the terms of your gender, age and nationality?

Female. 22, Slovakia

2. **How important is corporate social responsibility and the company's ethical behaviour for you and your purchasing decisions?**

This is something I find the least important when deciding what to purchase. Because when I go to the store I don't care about what's happening behind the closed doors I just see the product and I want to buy it no matter the ethics behind it. So I personally don't have any specific opinion when it comes to social responsibility in the companies. But I mean it's nice when companies care about sustainability and ethics and that they treat their employees nicely and fairly. But it wouldn't personally affect my purchasing decisions. If I would compare two stores and they offer like one of them treats companies really well and the other really badly I would still pick based on the product.

3. **What scandals involving a company/brand/firm do you recall/remember?**

I remember the recent scandal that happened with the brand Balenciaga when they were cancelled because of the promo photos they uploaded or something like that. They posted pictures with teddy bear in sexual outfit and a cat in the photo was holding this bear. And it was really controversial and many people complained about it. There was also a trending hashtag on Twitter and TikTok - # cancel Balenciaga.

4. How did you react to this episode?

I was very shocked by what Balenciaga had posted but in my opinion I think it was all a marketing scam. And they and definitely more people are aware of the brand after this accident.

5. Did it influence your relationship with that brand/company?

But for me personally it didn't affect my purchasing decision and I would still continue buying from that brand because it's one of my favorite brands. But they definitely crossed a line with this picture. Because I don't think a child should be shown in this way and it's something that I consider unethical.

6. How did you find out about this scandal?

I saw the scandal on Instagram and TikTok and it was talked about everywhere. I saw many celebrities reacting to this issue on a social media as well. But i was surprised that some celebrities even supported Balenciaga regardless this scandal or they didn't comment (refused to).

7. Would you purchase something/do a business with a company with a bad/negative reputation? Why yes/no?

If I would not know the issue in detail I would still purchase from a company or do business with them but for example I know that the branch in was accused of some child labor practices and I would regardless of this issue I would still buy from them because it doesn't affect me personally and I still like their products. But if I would know for example that some brand is faking their materials or something and their bad reputation raised from this issue, I would consider not visiting the store. For example, if I would know that let's say McDonald's is selling horse meat instead of chicken I would not go to my Donald's again so I would consider purchasing from this brand with ruined or bad reputation.

Part II: Examples

a) Volkswagen

- 1. What is your opinion on this company? (Answer before you start reading, please)**

I do not have much opinion about this company all I know is that they make nice cars, and I would like to buy their cars.

Please read a following article: <https://www.bbc.com/news/business-34324772>

PLEASE, ANSWER FOLLOWING QUESTIONS:

- 2. Were you aware of this happening? Did you hear about it before?**

This is my first-time hearing of this scandal.

- 3. Did your opinion on this company changed after reading about this occurrence and their response to it?**

They did not do the correct thing in the beginning, but they still try to make it right.

- 4. Does that effect your perception that you will continue buying products/services from this company?**

My perception does not change, and I would still consider buying a car from that company. Since they didn't affect me directly, they just harm the environment but they still took it back and made it right so I took it as a good sign even though I agree that air pollution is bad. Since I also personally believe that all diesel cars will be change to electric ones soon, so this issue wasn't that impactful for me. With the new electric area, they can reverse the environmental impact for the future.

- 5. Do you believe that other car manufacturers may have also cheated on emissions tests?**

I think there is a high chance other car manufacturer also cheated but they were just lucky not to get caught because every company will consider profits over well-being since the automotive manufacturers is a big industry.

6. What do you think about the behaviour itself?

I don't like the day first denied it and then accepted it but they admired that they still said it was true and made things right even though it took some time I think they were also the one of the only car manufacturers that admitted to it since I haven't heard any about any other scandals associated with this problem.

7. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

No, I did not hear of any other scandals associated with this company.

8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

I think it would be better if they confirmed the allegations before to look better in public eyes and maybe try to or repair the damage, they caused the environment such as give some profits to the environmental organization that works to preserve the environment and help air pollution.

b.) H&M

1. What is your opinion on this company? (Answer before you start reading, please)

I think it's a nice clothing brand that they usually go to or where I personally have no negative association with this company.

Please read a following article: <https://www.washingtonpost.com/news/arts-and-entertainment/wp/2018/01/19/hm-faced-backlash-over-its-monkey-sweatshirt-ad-it-isnt-the-companys-only-controversy/>

ANSWER FOLLOWING QUESTIONS:

2. Were you aware of this happening?

At the time that this was happening I was not aware of it but I have heard of this the scandal before we discussed it in a marketing class.

3. Did your opinion on this company changed after reading about this occurrence and their response to it?

My opinion of the company did not change after reading this article. Since it could have been just a misunderstanding it doesn't have to be intentionally connected to racism and also since their parents think the ad was not offensive it takes off a little bit of the heat from my side.

4. Does that effect your perception that you will continue buying products/services from this company?

I think I will continue buying products from this company I don't find this scandal that big that I would consider changing my opinion about not buying from this brand again.

5. Do you believe that other clothes manufacturers also reproduce racist stereotypes and inequality in their marketing campaigns?

As I have mentioned in the beginning of my interview, I heard about Balenciaga scandal that was accused about something similar so I think there have been many cases about close manufacturers that were accused of some racist comments or inequality comments for sure there were also companies that did these things but were not accused publicly and the public didn't find out about their racism.

6. What do you think about the behaviour itself?

We have seen this behavior happening before so it's more common than you would say as another example Abercrombie and Fitch were only employing good looking people for example none of the colored or overweighted people were employed to work directly with the people and their stores. I think this behavior is not nice, but I understand that the company just wanted to keep up with their style and also keeps the profit coming and also their branding because their brand is for pretty, fit people. So, in comparison to this I don't think that h&m did anything bad in comparison with other companies that also do bad things or were accused of something similar. And we can never know that if H&M mean in the racist way or they were just it was just purely coincidental.

7. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

No I have not heard about any other scandals about this company but I heard of similar scandals from other companies as I mentioned before.

8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

I don't know if the company's reaction was appropriate because they never accepted the claims so it was never known if they were trying to be racist or not, we only have information from the media. But I would personally apologize and try to make it a campaign or an ad that won't be disadvantaging any color or ethnicity. I would change the campaign and be careful in the future so this won't happen again.

c.) **BP**

1. What is your opinion on this company? (Answer before you start reading, please)

I don't have a strong opinion about the company there is a gas station near my apartment and I usually stop there and fill my tank because they offer a good price for petrol.

Please read a following article:

<https://www.theguardian.com/environment/2014/sep/04/bp-reckless-conduct-oil-spill-judge-rules>

ANSWER FOLLOWING QUESTIONS:

2. Were you aware of this happening?

No I have not this is the first time I'm hearing about this situation.

3. Did your opinion on this company change after reading about this occurrence and their response to it?

Yes to be honest I was shocked when I was reading about this scandal and how they handled it I don't think it was appropriate to not acknowledge all the facts associated with this issue and they should definitely handle it differently. It made me feel like they are hiding something.

4. Does that effect your perception that you will continue buying products/services from this company?

Yes, my opinion changed they did not do the right thing but I still think this will not change my opinion at all use the gas station since it's more convenient for me to use it.

5. Do you believe that other Oil companies have exposed people/animals to risks for the sake of cutting costs?

Yes, I think that there are other companies that do the same thing when something happened, they did not take full responsibility. I can name any specific one, but I think many companies would try to hide such an issue to not cause a damage to their company image/reputation. But I also think it's such a big industry that they know how to handle and buy off the press.

6. What do you think about the behaviour itself?

As I mentioned before I don't think it was ethical from them to handle it this way. But since it was still an accident it could have happened to anyone mentioned that before, but their reaction should have been different but at least now the companies can learn from their mistakes.

7. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

No, I have not heard about any other scandals associated with this brand or company nor I haven't heard anything bad about this company.

8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

I think they should have accept the blame and do something different for the environment to not have such a bad reputation about this situation and also since this issue caused a risk to animals and also people it should be definitely take more seriously.

Part III. SUM- UP questions

- **What differences do you see between these 3 ethical incidents?**

Neither of the companies wanted to accept the blame or in my opinion they did not handle the situation very appropriately but also I noticed that everyone handled it differently and their initial response also differed.

- **What differences do you see between their reactions in these 3 examples?**

I think that Volkswagen accepted the blame the most and that means they had the most appropriate reaction whereas the worst one had the gas company since they also cost our risk to human life and sea life as well as people died from the explosion that was caused because of their bad decisions also the way how they tried to make it up to the public was different in every three cases I have read about plus I also think that each of the firm was affected differently in a public eyes some more than the others which might harm more their image or reputation.

Appendix 3: Respondent 3

Part I: General questions

1. **Can you please introduce yourself briefly** in the terms of your gender, age and nationality?

Male. 23, Greece

2. **How important is corporate social responsibility and the company's ethical behaviour for you and your purchasing decisions?**

I perceive the social responsibility of companies very neutrally, as long as it does not explicitly concern my daily life. This means that as long as I perceive the company as responsible and ethically correct, I have no problem with buying its product and I will gladly support it. However, if the company violated the rules of ethics in any way and I needed their product, I would still buy it. However, I would greatly reconsider my next interaction with a similar company in the future.

3. What scandals involving a company/brand/firm do you recall/remember?

Since I work part-time in the auto-moto environment, I perceive the emissions scandal of the Volkswagen company the most, which started a strong wave of criticism. Other scandals that I remember certainly include several scandals of the Facebook company, which were related, for example, to the violation of the privacy of its users. I also remember the scandal of the Nike company, which was accused of abusing human labour in developing countries.

4. How did you react to this episode?

As I said before, unless I am directly affected by company scandals, I react to them only marginally. In the case of more serious matters such as the abuse of human labor by Nike, I try to approach the company differently. I am more responsible when buying their products, I notice where they were made and if possible I try to choose an alternative manufacturer. As for the VW emissions scandal, I can understand why it had to happen. When I learned about it, I wasn't surprised—I rather expected it.

5. Did it influence your relationship with that brand/company?

Not in the case of Volkswagen. The company was only the first of many to which such fraud was proven. That is why she received the greatest attention. In reality, however, they also cheated other car companies that were forced, from my point of view, by absurdly strict emission standards.

6. How did you find out about this scandal?

Since it was one of the biggest scandals of the last decade, news about it literally jumped out at me from every corner.

7. Would you purchase something/do a business with a company with a bad/negative reputation? Why yes/no?

Yes, but only on the condition that I could not replace their product or services with alternative products/services. If there was a wider choice, I would probably try to look for other companies.

Part II: Examples

a.) Volkswagen

1. What is your opinion on this company? (Answer before you start reading, please)

I see VW as a strong car company with a rich history. They have created several interesting models that have influenced the entire automotive world and also employ a huge number of people around the world.

Please read a following article: <https://www.bbc.com/news/business-34324772>

ANSWER FOLLOWING QUESTIONS:

2. Were you aware of this happening? Did you hear about it before?

Yes, I knew about that. It was a much discussed topic.

3. Did your opinion on this company changed after reading about this occurrence and their response to it?

Not at all. I thought something like this would happen over time, as the EU pushed manufacturers to apply stricter and stricter emission standards, which they were not sufficiently prepared for.

4. Does that effect your perception that you will continue buying products/services from this company?

Not at all. In connection with this scandal, I see no reason to begin to perceive this company differently.

5. Do you believe that other car manufacturers may have also cheated on emissions tests?

I am convinced of that. Other European automakers also paid for the emissions scandal, including Renault, for example. They tried to cover up as much as possible.

6. What do you think about the behaviour itself?

I am convinced of that. Other European automakers also paid for the emissions scandal, including Renault, for example.

7. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?),

Yes, I know the company has also been accused of testing the effects of diesel fumes on animals. Again, my perception of the company stays the same.

8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

Initially denying the problem was probably not the best solution. The company should have admitted the problem from the beginning. Perhaps less attention would be paid to the whole affair, which would perhaps result in a lower penalty.

b.) H&M

1. What is your opinion on this company? (Answer before you start reading, please)

I know this company. I used to buy their products myself, but I don't follow them actively and I don't know what their activities are.

Please read a following article: <https://www.washingtonpost.com/news/arts-and-entertainment/wp/2018/01/19/hm-faced-backlash-over-its-monkey-sweatshirt-ad-it-isnt-the-companys-only-controversy/>

ANSWER FOLLOWING QUESTIONS:

2. Were you aware of this happening?

I remember it was reported in the media. However, the details of how it continued are new to me.

3. Did your opinion on this company changed after reading about this occurrence and their response to it?

Not. she didn't change. I see this scandal more as the result of the work of an individual or a small team of people, rather than the entire company as such. It is possible that this very model was simply overlooked by someone in charge and thus reached a wide audience, which caused a wave of criticism. But this does not mean that the entire company thinks like the author/author team of this campaign.

4. Does that effect your perception that you will continue buying products/services from this company?

I think it was a one-time problem that did not reach such proportions that it would affect how I perceive this company and whether I will continue to buy their products. If the company continued to behave in a racist manner, I would probably have a problem with it.

5. Do you believe that other clothes manufacturers also reproduce racist stereotypes and inequality in their marketing campaigns?

Yes, I think so, it's just that it's not talked about as much.

6. What do you think about the behaviour itself?

It is not right and should not have a place in modern society. I think it is important to know that racism exists and to take steps to eliminate it.

7. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

To be honest, I heard about this company's scandal in the Chinese market, where the company expressed concern about the work and living conditions of the Uyghurs, as a result of which it faced a boycott by the Chinese trading platform Tmall and the Chinese population itself.

8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

In my opinion, the company did the best it could. The company did not admit that the campaign had deliberately racist undertones, but instead engaged in awareness-raising activities.

c.) **BP**

1. What is your opinion on this company? (Answered before reading)

I see BP as an economically very strong company with a long tradition. I am inclined to believe that what they produce is of high quality and their processes are honest.

Please read a following article:

<https://www.theguardian.com/environment/2014/sep/04/bp-reckless-conduct-oil-spill-judge-rules>

ANSWER FOLLOWING QUESTIONS:

2. Were you aware of this happening?

Yes, I heard about it, but I don't remember exactly. There have been several oil spills over the last decade mentioned in the media, and all of them were very significant in terms of environmental impact.

3. Did your opinion on this company changed after reading about this occurrence and their response to it?

Yeah, I'd say it changed a bit. This is a great damage to the environment, which should not happen. The company must count on the fact that something like this can happen, but also on the fact that it must bear responsibility for it.

4. Does that effect your perception that you will continue buying products/services from this company?

I think not. I consider the products of this company to be of high quality even compared to the competition.

5. Do you believe that other Oil companies have exposed people/animals to risks for the sake of cutting costs?

Yes definitely. It's almost certain, and I'm glad it's being talked about more and more. Companies often see only one thing - profit. However, with such behavior they can threaten the whole world and change its shape.

6. What do you think about the behaviour itself?

It is definitely not right and I think the company should have acted much faster and exposed facts about this accident.

7. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

No, I don't know about other scandals.

8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

It is certainly not adequate. The company should have faced this problem immediately and alerted the world by showing that it doesn't care., which definitely damaged the company's image.

Part III. SUM- UP questions

• **What differences do you see between the 3 ethical incidents?**

I consider the biggest difference to be the impact these scandals had on the environment around the company.

• **What differences do you see between the 3 different reactions?**

It is probably not possible to find an unequivocal answer to what is and what is not in a given situation the correct procedure, but the company should always behave responsibly towards its surroundings and consumers.

Appendix 4: Respondent 4

Part I: General questions

- 1. Can you please introduce yourself briefly** in the terms of your gender, age and nationality?

Female. 24, Austria

- 2. How important is corporate social responsibility and the company's ethical behaviour for you and your purchasing decisions?**

Personally, I care a lot about corporate social responsibility of a company as well as their ethical behaviour. We have so many problems nowadays that companies can just do what they want (e.g. waste water, make use of cheap labour and/or child labour, damage the environment and overall they can get away with many things. Whenever I purchase something, I try to be as local and sustainable as possible. For instance, I purchase local and seasonal food and avoid buying certain food which I know is from "bad" companies such as Nestle (which by the way is really hard since they own SO many brands!). Same goes for buying clothes, I prefer buying second hand and minimize my clothing consumption. There are many scary information around (such as the micro plastic in clothes or clothing companies outsourcing their productions to other countries where working conditions are really bad). I think it is a huge problem, because we know from many companies that they are not 100% ethical or socially responsible, but still nothing has changed. Another problem I was occurring is to find actual products who promise what they are saying. Many say "ohh this product is sustainable, and reduce plastic and water waste" but then when you dig deeper and do some research you find the dirt they are hiding. Furthermore, many companies are lacking the ethical aspects. Especially when they outsource to other countries, where certain e.g. work laws do not really exist. Technically, you do not even have to go into other countries. Companies can also be unethical within Austria. I don't want to know how many companies are bribing certain influential people or governments...

3. What scandals involving a company/brand/firm do you recall/remember?

I remember scandals from Nestle when they were accused of draining all the water from another country causing droughts and that they make use of child labour. The same goes to fast fashion brands such as H&M and New Yorker (however, I can imagine that even more expensive brands might make use of child labour). There was another scandal, I think it was with the Dove soap, where they turned black women into white women. And I think they also had something where they made soap based on body shapes. Furthermore, the Balenciaga scandal where they showed children with BDSM gears and where there was a picture which showed a bag where in the background it had a court case regarding child pornography.

4. How did you react to this episode?

Well, I do not follow or buy things from Balenciaga, but I will definitely not do so in the future. They have many controversies and scandals going on in the past, and while they tried to find excuses, I find it hard to believe that nobody of people in the photoshoot did not consider mentioning that this might not be the best idea. Regarding H&M and New Yorker, I used to shop there a lot since it was the cheapest option (back when I was a teenager with only little pocket money). But I remember that I did feel guilty and reduced my consumption. As I grew older and earned my own money, I decided to try and not purchase any products in any fast fashion store anymore. I generally do not buy a lot of clothes due to sustainability reasons but if I need any I try to make use of second hand clothes. Of course sometimes you just travel somewhere and want to buy something, but I try to reduce it as much as I can. Regarding Nestle, I reduced my consumption to 0. I do not buy any of their products. I remember researching all the hundreds of brands they have and saw how many of the brands I normally use are actually from Nestle. I found alternatives for all of them though. The only problem is that sometimes you want to buy something, and you do not know its from Nestle. Like last time I wanted to try a vegan meat alternative from "garden gourmet" because their packaging and food looked interesting. BUT then I saw that they are actually produced by Nestle. It is crazy because it feels like you cannot avoid them. Not only food products, but they also have beauty products. Its actually quite annoying. The thing is, if you really do not think that they are doing a

good deed, then you really need to make sure that you 100% do not support them. But its hard to always look up whether things are owned by a certain company. However, now I do have my go-to products where I can assure its not produced by a “bad” company (or at least based on my research and hopes they are not).

5. Did it influence your relationship with that brand/company?

Yes it definitely did as I have mentioned before, in the previous question.

6. How did you find out about this scandal?

Balenciaga through Instagram, Nestle through friends and family and Fast fashion brands through friends.

7. Would you purchase something/do a business with a company with a bad/negative reputation? Why yes/no?

I think this is a rather difficult question. It really depends on why they have a bad reputation. If it's because of environmental reasons (e.g. the were greenwashing or putting toxins into the water or something) then I would definitely not support them. Sustainability is a quite important topic for me, so if they mess up then I do not believe them anymore that they could ever actually be able to change. However, let's say they get into an argument with another company and receive backlash from that, I would not necessarily see it as something bad. A very important aspect is the context. Was it something that accidentally occurred, and they did not know better? Then I might be more likely to forgive them. Was it something they planned and were hiding from us? I will probably not forgive them.

Part II: Examples

a.) Volkswagen

1. What is your opinion on this company? (Answered before reading)

I knew about them and I know how they look like, let's say I don't know how the cars look like but I know that it's a family car like and I also knew that the incident was happening based on news. But honestly I don't really have an opinion about them it's like any other car company for me I don't really differentiate between any of them

because for me it's all just car companies and and it's again not my my topic of interest. I just have a neutral opinion about them cause I mean I don't think cars obviously cars have their disadvantage with like CO2 emissions and so on. However, right now we don't have the best option available for example we do have electric cars but also electric cars are rather questionable for the environment and so for me it's like a neutral opinion obviously they have disadvantage but then again at the end of the day we would have to walk everywhere without them. The thing is I when I was thinking about Volkswagen before you explained the incident I wouldn't associate the incident with Volkswagen anymore just because it was so long ago that but they wouldn't like associated with their current status because it would be different let's say if it would have been four weeks ago that I've heard about the incident, it would definitely change my opinion about the car and I would probably think about going to another car competitor or something. But the thing is since I'm not someone who would purchase a car I would hear about the incident I would be like 'oh that's a shame' but then at a certain point of time I would completely forget that the incident occurred. I mean it's bad that it happened but since I'm not the type of customer of them I wouldn't really keep it in mind or at the one point that wouldn't associated with it anywhere but then if someone reminds me I would remember. To sum up, I'm going more against the industry and not the car itself especially since nobody in our family has even a Volkswagen and my interest is not in cars so it doesn't really concerns me.

Please read a following article: <https://www.bbc.com/news/business-34324772>

ANSWER FOLLOWING QUESTIONS:

2. Were you aware of this happening? Did you hear about it before?

I remember hearing about it and was aware that it happened. I think either my family or friends told me, so the first time hearing about it was through word of mouth.

3. Did your opinion on this company changed after reading about this occurrence and their response to it?

Well I already knew about it. But the article definitely highlighted the issue and brought it back into my mind. Thinking about it now years later, this was actually really

messed up.... Especially since they are still a big brand on the market (I think?? I am not really into cars sorry but I still see VWs on the street)

4. Does that effect your perception that you will continue buying products/services from this company?

Well I do not own a car nor am I ever going to own a car (since I do not have a licence – but also due to environmental reasons). I think if I would have a licence, I would not buy cars from them. Since I do care a lot about especially CO2 emissions and their effects on the environment, I think I would not trust them anymore, no matter what actions they do to “try and win my trust back”-

5. Do you believe that other car manufacturers may have also cheated on emissions tests?

100% sure. If there is a way how to do it, then there are definitely others who tried as well.

6. What do you think about the behaviour itself?

It was not a good idea from an ethical perspective. However, I do get it from their business perspective. It probably helped them to advertise it better and maybe to increase revenues and reduce costs. They probably did not expect it that it will be revealed what happened. Then again, we live in a world full of corruption...

7. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

Unfortunately no.

8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

Then I think while they did mess up a lot at least they tried to solve it. Generally, the one guy actually stepped down from their position and they also recalled a lot of their cars, which generally is a good statement for them to try and persuade their customers that they try to change. However, I would still consider them as only doing it because they did not have any other choice and not because they actually care. I think to a certain point it was appropriate (since they took the cars back) but I would

have done more incentives to show that I care for the environment. Such as investing more money into R&D, donating money to environmental groups, maybe also cooperate with companies such as WWF to find ways on how to be more sustainable.

b) H&M

1. What is your opinion on this company? (Answer before you start reading, please)

Basically when I was smaller I used to support them because I was like 'oh wow it's like cheap money' but as I grew older my consciousness grew as well, I was more conscious about these things and I decided not to support H&M anymore because of all allegations they have been accused such as the exploitation of children and undeveloped countries and stuff like that. So the initial indicator why I decided not to support them anymore was because of that. Which, when I am thinking back, is really interesting because a lot of companies are doing it. The thing is as I then again grew older not only this ethical part basically came into consideration but also the environmental part because you heard about all the ways they disadvantaged people or you heard about the microplastics in the clothes or how tons of clothes are just wasted because people don't buy it and stuff like that so that was kind of add on. As I child I was more or less okay with it (until like I would say like 12 or 13 or 14, then I have stopped purchasing from the H&M cause I got more aware. I started to think about the environmental aspects when I was like maybe 18/19 years old so it took really long but also it was kind of the time when environmental consciousness got more popular/discussed. I would say it got trendy/more people thought about it. I remember when I was younger nobody really cared about that or not cared enough like it wasn't really talked about it wasn't a topic of a discussion.

To sum up, I have a strong opinion about H&M and I just don't support them and I don't like them based on the various incidents and then their various choices they make and the just their overall company. I don't like it, I think that could be a better

way to do more sustainable clothes. Also, what I wanted to mention that I've always found really interesting that at one point they introduced these sustainable clothes right and I always actually I never researched it because I was already at the time where it didn't buy it anymore and just because they changed it. Apparently, now they offer 100% sustainable and organic clothes or like not for all the clothes but some of the clothes. Even though I heard about it but my opinion didn't change because I already had a bad opinion about. I have to do additional research if it's true that they have changed or it's just greenwashing.

Please read a following article: <https://www.washingtonpost.com/news/arts-and-entertainment/wp/2018/01/19/hm-faced-backlash-over-its-monkey-sweatshirt-ad-it-isnt-the-companys-only-controversy/>

ANSWER FOLLOWING QUESTIONS:

2. Were you aware of this happening?

Actually I wasn't aware of it until last semester where one person in our marketing course was doing a presentation on it.

3. Did your opinion on this company changed after reading about this occurrence and their response to it?

Well I already do not like H&M, I was definitely shocked when I heard of it. Maybe it just added to my existing believes that I do not like the company and do not want to interact with it.

4. Does that effect your perception that you will continue buying products/services from this company?

Probably not since I my perception was already bad before I heard of it. However, if I would not have known about it I would definitely be the type of person who would stop purchasing the products after something occurred like that.

5. Do you believe that other clothes manufacturers also reproduce racist stereotypes and inequality in their marketing campaigns?

Maybe. I do not follow any clothing brands or get a lot of industry news about them. But I can definitely imagine that it has occurred before in another company.

6. What do you think about the behaviour itself?

I am actually very confused about it. Because they definitely must have known that this is racist, right? Like was it done on purpose? Did they intend to have a scandal...? It was definitely not okay to do. And I think it is not possible that it accidentally happened. I also was very angry to read that they actually thought that it is not considered as the ad being racist. I know that I cannot really comment on this since this is coming from a white person and I feel like I should not be considered as feeling offended since I do not feel it is my place to comment on this matter. However, I know from childhood how people associated black people with dirty people from the jungle who do not know how to act. They referred to them as monkeys, which I thought sounds very hurtful if someone would say that to me.

7. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

Yes, I heard many. From water waste to low wages, to child labour. I guess this event is just another add on many overall problems the company has.

8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

They said it was an accident, but I think an accident like this is very unlikely to happen. Plus, there were at least a couple of people at the photoshoot right? At least one person must have noticed it. Otherwise, even if it was an accident, it would just proof how ignorant they are and how little they care. This part was definitely not appropriate.

However, while they did something bad, I have to admit that they did do a lot of changes such as hiring diversity trainers and promote more into diversity, which was definitely appropriate. But I think they should have done more incentives, apologize to the family and child, find more ways on how to be inclusive and embrace diversity. Also connect with e.g., more companies owned by black people.

c.) BP

1. What is your opinion on this company? (Answered before reading)

I mean I knew that this company existed I knew for example that they have gas stations, but I need to admit that I don't really care about them in a sense for example I wouldn't know about them that much or I don't follow what daily operations happened or how many gas stations they have around Austria or whatever like I don't care about it to be honest. And I think for example if I would drive, I wouldn't drive, but if my parents would drive in the streets and I would see a gas station I don't think I would think about a company I would just see it as a gas station. I mean I also remember that there's a couple incidents with like for example that there were like gas leakages, but I wouldn't know if it was this company or any other company if that makes sense. I don't really differentiate between these oil companies for me it's all just the same. For example with the larger gas leakage incident I would remember it happened but I wouldn't remember from which company it was just because it's not my industry at all my topic of interest. Coming up I don't really have an opinion about BP itself I would say I have a general opinion for the industry so that I say I don't like what they're doing but that's not going specifically against BP's just industry itself.

Please read a following article:

<https://www.theguardian.com/environment/2014/sep/04/bp-reckless-conduct-oil-spill-judge-rules>

ANSWER FOLLOWING QUESTIONS:

2. Were you aware of this happening?

Yes I am. I remember it being on the news everywhere and also mentioned during CSR class with Mr.Silva.

3. Did your opinion on this company changed after reading about this occurrence and their response to it?

Not really. I did not know them that well, but I already was concerned when the incident happened. They seem very sketchy though now after I read in depth about them.

4. Does that effect your perception that you will continue buying products/services from this company?

I would definitely never buy from them. I actually did not know the brand itself (since I do not normally think of oil and that we as consumers actually need it).

5. Do you believe that other Oil companies have exposed people/animals to risks for the sake of cutting costs?

Definitely. I think oil spills already occurred before, right? But I cannot really remember which companies.

6. What do you think about the behaviour itself?

Well they did pay their fee, but only because law forced them. I feel like they should have had more penalties... Losing money is just one fraction of the company. Who knows how much money they have...

7. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

I have never heard of any other scandals.

8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

I mean as far as I understood they only paid the money right? That seems not enough. They should spend more money into research maybe finding an alternative for oil. They should also cooperate with sea cleaning businesses and sea researchers. Maybe donate also some money to protect sea life. Or participate in actual events such as regular beach cleanings. I think especially showing you actually participate is important to let people know that you regret your actions and try to change.

Part III. SUM- UP questions

• **What differences do you see between these 3 ethical incidents?**

For instance H&M took a lot of steps into trying to change and be more openminded, same for VW who while they denied it first afterwards decided to take certain actions, whereas for BP for instance it did not seem like they put a lot into changing themselves.

- **What differences do you see between their reactions in these 3 examples?**

All of them were kind of denial and tried to find excuses. However, while H&M kept denying it at least VW at one point admitted that they actually did it, which I personally definitely perceive better. For BP it seems like it took them very long to realize what actually is happening.

Appendix 5: Respondent 5

Part I: General questions

1. **Can you please introduce yourself briefly** in the terms of your gender, age and nationality?

Female. 20, Germany

2. **How important is corporate social responsibility and the company's ethical behaviour for you and your purchasing decisions?**

So for me, it is important that a company has a good PR and image, and isn't related to anything bad like child labour like Balenciaga. So basically, when I purchase a product, I do not want to support companies who might be accused of child labour or anything like that. Because then at the same time, I'm thinking if I'm purchasing a product, I might be supporting somehow disbelief of a company and I do not want to be somehow related to that. And the company then and therefore, I would say for me, overall, it is really important the company has positive PR

3. **What scandals involving a company/brand/firm do you recall/remember?**

So I recall the Balenciaga case for instance, which was only recently or for instance with Victoria's Secret back then there was also a really a lot of scandals going on like that they only had only very skinny white models and stuff like that.

4. **How did you react to this episode?**

With Victoria's Secret I was really like a fan of Victoria's Secret shows and everything like that. But after I found out like about their scandal with regard to they only have white models for a very long period of time, I did not want to realise that things like

that were going on because it was still very young back then. But after I found out through various sources and internet that all these accusations are true, I did not want to associate myself with the brand anymore and therefore I did not continue to purchase stuff from there until kind of like they overcome the scandal by indicating they do not want only slim models, but also curvy models or models from different skin colour.

5. Did it influence your relationship with that brand/company?

Yes, for sure. It did. As already mentioned for a very long period of time I did not purchase anything from that brand. Yeah, so I would say for sure it influenced my relationship and

6. How did you find out about this scandal?

so I actually found out over I believe YouTube or internet I'm not sure anymore because it was already like a very long period of time ago. But I believe it was over the internet for sure. Probably through some news articles and then later on through YouTube

7. Would you purchase something/do a business with a company with a bad/negative reputation? Why yes/no?

I would say no as well for do business with a company. I would probably say after the overcome the bad publicity may be yes, but it's always a very bumpy road to overcome such bad publicity. And you really have to have a good marketing team to overcome such negative PR. But at the same time, I'd also say once a company has overcome this bad PR I would for sure, purchase something again like now I'm also approached repurchasing Victoria's Secret and stuff like that, once they overcome this bad PR but again, I would not want to be associated with a company if they are currently facing bad PR

Part II: Examples

a.) Volkswagen

1. What is your opinion on this company? (Answered before reading)

So I, myself drive a Volkswagen, and my dad as well. And for a very long period of time, not anymore, I was not aware of various issues associated with this company and the things going on within the company.

Please read a following article: <https://www.bbc.com/news/business-34324772>

ANSWER FOLLOWING QUESTIONS:

2. Were you aware of this happening? Did you hear about it before?

I was aware when this issue or event happened back then, because I heard it through the TV news in the evening, actually, on the day when it was released to publicity. So yeah, I was aware of this happening.

3. Did your opinion on this company changed after reading about this occurrence and their response to it?

No, it didn't, because first of all, it wasn't 2015, which means it was a very long period of time ago. And basically, back then I was a kid and wasn't realising the things which are going on. I mean, I heard, and I heard that they were cheating. But back then I would just think that cheating is not good. But I was not like, changing my perception of Volkswagen or anything like that. It was just like another news for me. Which I would say people have to deal with current events. But I wouldn't say that affected my perception, because I already said I was a kid back then, therefore, I was said, I didn't have an opinion about that, or not really, I had other problems and issues, I would say.

4. Does that effect your perception that you will continue buying products/services from this company?

No, it won't, because it wasn't 2015. It was a very long period of time ago. Many companies have to go through bad PR, and they are able to recover from these negative publicity things. Important is how they chose to do so. But as already mentioned, it wasn't 2015. So basically, why should I change my perception of an issue because of an issue, which was literally going on in 2015. And now it's like 2023. So I would say, This thing wasn't PR issue, which was going on a very long period of time, but shouldn't affect people nowadays, because companies can recover from these things by taking measures.

5. Do you believe that other car manufacturers may have also cheated on emissions tests?

To be honest, I believe they do. Volkswagen has their headquarter within Europe. This, for me at least indicates that there might be a lot stricter regulations for them than for other car companies. For instance, Asian car companies, I believe, have less strict regulations. So for sure, it will be way easier for them to cheat on tests like that.

6. What do you think about the behaviour itself?

I think in general is really hard to deal with negative PR. So I think in general, as long as a company is reacting to it, I think it's a good behaviour because ignoring it is the worst thing you could do. And I think as long as companies try to deal with this PR, it's good itself.

7. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

I don't know. To be honest, I do not know if I heard any other scandals with Volkswagen. I believe they have might have happened some but I am not aware of them now, at this moment. But my overall impression does not change. Every company has bad PR at some point of period. And they themselves have the choice to transform this negative PR into positive one, and I believe the company was able to recover from this issue.

8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

To be honest, it was back in 2015. So basically, I think it was a good reaction. I mean, for sure, like this emission scandal was a huge thing. I think such an issue would be nowadays even a worse scandal, because nowadays everyone is environmental aware and everything like that. And maybe at this point of time, things could have done differently. I mean, after a scandal is over for sure that people will say things could have been done differently. But back then it was good enough in my opinion because the whole whole universe or the whole world was even judging them. And just because they tried to develop a car, which was fitting the requirements within the US, so I believe overall, they did a good job with handling the issue, because as I already mentioned, it wasn't 2050 And things were done differently back then than they are done nowadays. So compared to the time, I would say if the issue would happen today, for sure they would have done things differently. But since it wasn't 2015 I think they handled the issue really well.

b.) H&M

1. What is your opinion on this company? (Answer before you start reading, please)

So my opinion about this company, I think it's an average clothing brand. They have a lot of basic things, they try to be as modern as Zara with coming up with modern collections, I think they have developed to do that. And can now compete, like with Zara. But in my opinion, H&M is an average clothing brand, which you can find in every city nearly or like it's very an international company.

Please read a following article: <https://www.washingtonpost.com/news/arts-and-entertainment/wp/2018/01/19/hm-faced-backlash-over-its-monkey-sweatshirt-ad-it-isnt-the-companys-only-controversy/>

ANSWER FOLLOWING QUESTIONS:

2. Were you aware of this happening?

I was aware, I do believe I was not informed or aware of the exact time when this was happening, maybe like it few days afterwards. But I was aware when this issue happened,

3. Did your opinion on this company changed after reading about this occurrence and their response to it?

So right now, my opinion did not change. Again, as we mentioned, things that happened a long time ago, you can't, in my opinion, change your complete view of the company. Because basically, it's just one occasion with bad PR. And I think it depends on how a company overall handles such an issue. Therefore, my opinion about the company did not change after reading it.

4. Does that effect your perception that you will continue buying products/services from this company?

Overall, I'm not the biggest fan of h&m to be honest. I mean, they have good basic things. But I'm not the biggest fan. Therefore, I would say it does not affect my perception if you if I will buy something again, because I do not often buy anything there. And it doesn't change anything because I will still continue to not often buy anything there. I prefer other brands to be honest.

5. Do you believe that other clothes manufacturers also reproduce racist stereotypes and inequality in their marketing campaigns?

So to be honest, I think also other clothing manufacturer produce racist stereotypes. Nowadays, I think companies are very critical analysing their marketing campaigns before public for making them public. Because, as I already mentioned, or as I believe, things could easily backlash. But again, this campaign, for instance, backlash because just simply the wrong hoodie was put on the wrong kid with the wrong skin colour. But I think in general, there are auto manufacturers, and clothing manufacturers who also produce racist stereotypes from other industries. I know about one company, that had one time a marketing campaign where the t-shirt was tailored to the skin colour of the person and it got lighter and lighter, the colour of the t shirt and the colour of the person. So over and this also campaigned backlash a lot. Therefore, I

think overall business to have to really be careful regarding any marketing campaign, which could eventually backlash because of racism or stuff like that. But with regard to clothing manufacturers, I mean, I'm not aware of anything with regard to any racist stereotypes, but I'm aware of other stereotypes with regard to sizing, for instance, for a very long period of time, Victoria's Secret only produced clothes for skinny people, I think until the size of extra-large. Well, and now many manufacturers are expanding their the size range to xxxL to avoid stereotypes.

6. What do you think about the behaviour itself?

Um, to be honest, deleting the post or itself is not enough. I mean, it's a marketing campaign, for sure, deleting it is not sufficient. Companies tried to erase the issue as well, but it's not that simple. Often a public statement would help, like indicating that it was not their purpose of the campaign. And yeah, so I think there would have been, they could have done way more than just deleting the post.

7. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

Ah, and to be honest, I don't recall any other scandal Um, I do believe they were. But at the moment, I do not know, I think this one was the biggest scandal h&m was involved with.

8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

I think it was not appropriate to be honest, there could have been way more things to company could have done, instead of just deleting the posts and hoping that the issue would resolve from itself. I think, if you are, if the company or if a company is associated with racism, they have to do way more than just deleting a post they have to make an public statement and excuse. I don't know what else but way much more because racism is one of the biggest issues people are facing nowadays. And many people thought this issue was already erased from the market. But this issue I think, will never like really resolved from itself. Because many people are still pre charged because of their skin colour which is not fair in my opinion. Therefore, I think h&m should really have tried to do much, much more to erase this issue than just deleting the post

c.) **BP**

1. What is your opinion on this company? (Answered before reading)

My opinion about the company is that I know it's an oil company. I know it has a lot of gas stations within Austria. So I would say it's a good gas station that I sometimes use. I mean, I know it's also a supplier of gas and stuff like that. So yeah, my opinion about is a good gas station, also known internationally.

Please read a following article:

<https://www.theguardian.com/environment/2014/sep/04/bp-reckless-conduct-oil-spill-judge-rules>

ANSWER FOLLOWING QUESTIONS:

2. Were you aware of this happening?

I was not, or I was, but I did not realise that. I don't know. As already mentioned, I was still little back then. I was eight years old, to be honest. So I don't think that something like that is a big issue for an eight year old child. So I was not aware of this happening, or at least I didn't realise it.

3. Did your opinion on this company changed after reading about this occurrence and their response to it?

I would say? No, not at all, I would say the opposite. I'm actually slightly more impressed. Because I read the article, like what they tried to clean up their mess, kind of like, like to cleaning projects and stuff like that to get the ocean clean. Because they tried to really their best to clean up the mess they made. I would say in other words, so I think they took the responsibility. I think companies should take responsibility for the wrongdoing. They shouldn't be blamed. Because I think a lot of other oil companies have issues like that as well

4. Does that effect your perception that you will continue buying products/services from this company?

No, it won't change anything. For me. I am as already mentioned, I have a car. So I depend on gas stations and gas companies, oil companies. So basically, it won't

change my perception. I think, overall, you purchase gas and oil from the station, which has the cheapest one, or compared to other cheap gas prices. So overall, I would say it won't change anything for me. It would actually make me not proud. But I would be happy to hear that a company takes responsibility for their wrongdoings or actions or incidents.

5. Do you believe that other Oil companies have exposed people/animals to risks for the sake of cutting costs?

I would say yes. I'm not sure which companies was but I believe I've heard a lot of things with oil companies. I mean, OMV is one of the world's biggest companies. And they had also issues already. So I believe there have been a lot of issues for oil companies because like, oil is a very rare material. And it's hard to get it. So I believe that companies have to put up a lot of risk of getting the supply for the customers. I mean, yeah, cost cutting us can be avoided, for sure. And for sure, the company took the blame and everything because they were aware that cost cutting what was probably not necessary, and many lives could have been saved by avoiding this issue. But I believe that other oil companies do the exact same thing as BP.

6. What do you think about the behaviour itself?

I think a company as I mentioned, which takes responsibility for the action is really good. Like for the h&m example, the deleting itself is not enough, you have to really take action. And BP really showed like that they were responsible for it. They also ended up good indicated that by pleading guilty, but it also took responsibility because they tried to clean up the ocean with very with a lot of incentives and stuff like that. So I believe the behaviour for them was good.

7. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

To be honest, I, again cannot recall because like there are a lot of issues going on. And unfortunately, I cannot remember all of them. But I think it were most of them or most of the issues regarding all companies were other brands and BP

8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

To be honest, I think pleading guilty and taking responsibility is very mature for a company because sometimes companies just want to say that there it wasn't their fault or stuff like that and try to blame others. But I think by them taking responsibility and coming up with incentives to to reverse their wrongdoing, like getting rid of the oil is very mature. And therefore, I think it's good. So overall, I think they really did compared to all these three examples. Now, I would say they did the most. And I would say also, therefore, overall, their action were the most appropriate one too bad PR. I mean, of course, their their issue was way bigger than the other ones because they harmed environment. But they came up, they first of all pleaded guilty, so therefore they they said sorry, to the public. I mean, you can't make up the lives which will last for to be honest. But they tried to at least clean environment. So yeah. So I believe overall, since this issue was the biggest one, I think BP really showed their responsibility in that case

Part III. SUM- UP questions

- **What differences do you see between these 3 ethical incidents?**

So overall, these all concern, different issues. The first and the third example concerned environment while h&m concerns racial prejudice or racial stereotypes. And you can also see the different how the company's reacted differently like basically the BP by saying that they're sorry, taking responsibility and then trying to clean up the environment, the mess they made, indicates that this company was the only one aware of the wrongdoing and tried to do something about it, but overall, I would say none of them really tried to find an excuse like all of them indicated and accepted that they did something wrong.

- **What differences do you see between their reactions in these 3 examples?**

Yeah, like already said, there were some companies reacted more than others. But I guess I would say that depends on the size of the issue. Like the issue of BP was way bigger than from Volkswagen or h&m I mean, of course, they were all concerning the whole world since they're global brands but at the end for BP, there were life lost and environment was harmed. And since Volkswagen didn't harm the environment yet, or like, or they did but just with a few of the cars, but it was not like a major thing. You know, it was just like a slightly too much emission, I would say. But again, like no one died or the nature wasn't harmed tremendously. And for H&M again, no one died, and the environment was also not harmed. I mean, they had a bad PR because basically people said they're racial. They have racial stereotypes and are prejudging and stuff like that. But again, these are all issues you I would say can be sorry for and can make up for by correcting the wrongdoings, but I think issue like that won't follow your company always. History and lifetime I would say because something like that is inexcusable. But if a company comes up with the right way to show their wrongdoings pleading guilty, cleaning up the environment, I would say that's like I would say very responsible therefore I would say all of them reacted and showed responsibility for their wrongdoings. But basically since they're all different since their PR issues were all in a different measure and sighs I would say of course the reaction was different.

Appendix 6: Respondent 6

Part I: General questions

1. **Can you please introduce yourself briefly** in the terms of your gender, age and nationality?

Male. 23, Albania

2. **How important is corporate social responsibility and the company's ethical behaviour for you and your purchasing decisions?**

Not at all, my decision is based on the quality and price.

3. What scandals involving a company/brand/firm do you recall/remember?

The Balenciaga child Advertisement

4. How did you react to this episode?

I didn't understand why everyone was so outraged about it. I didn't like the campaign but the reaction it got was way over the top for me. I think the media exaggerate this issue way too much.

5. Did it influence your relationship with that brand/company?

Not at all

6. How did you find out about this scandal?

Twitter and Instagram

7. Would you purchase something/do a business with a company with a bad/negative reputation? Why yes/no?

I personally don't care as long as the product or service is of good quality, unfortunately nowadays firms with bad reputation are being cancelled and people don't buy products from them so that is another thing you have to worry about now when partnering up or making a purchase.

Part II: Examples

a.) Volkswagen

1. What is your opinion on this company? (Answered before reading)

Good company, produce great cars and own most of the best brands in the automotive market.

Please read a following article: <https://www.bbc.com/news/business-34324772>

ANSWER FOLLOWING QUESTIONS:

1. Were you aware of this happening? Did you hear about it before?

I heard about it when it happened and informed myself on the subject.

2. Did your opinion on this company changed after reading about this occurrence and their response to it?

My only thought was that it was a good idea to avoid unnecessary regulations but badly executed. If you are going to cheat and lie make sure they cant figure it out. It was their own mistake that they got caught.

3. Does that effect your perception that you will continue buying products/services from this company?

Doesn't change my views on the company, but I have never been a customer and most likely will never be a customer because I prefer Mercedes or BMW.

4. Do you believe that other car manufacturers may have also cheated on emissions tests?

I am 100% sure that they have but they learned from Volkswagen mistakes and are hiding it better.

5. What do you think about the behaviour itself?

I really don't care for it since it had no impact on me as an individual

6. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

I have not

7. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

Deny until you can't anymore is not a good strategy since it dilutes your image and reputation even more. If you get caught admit it and take it on the chin.

b.) H&M

- 1. What is your opinion on this company? (Answer before you start reading, please)**

Don't have one. For me the company is like any other brand if I walk past a store and see something I like I might get it

Please read a following article: <https://www.washingtonpost.com/news/arts-and-entertainment/wp/2018/01/19/hm-faced-backlash-over-its-monkey-sweatshirt-ad-it-isnt-the-companys-only-controversy/>

ANSWER FOLLOWING QUESTIONS:

- 1. Were you aware of this happening?**

I saw when it happened and really didn't care for it

- 2. Did your opinion on this company changed after reading about this occurrence and their response to it?**

Not at all

- 3. Does that effect your perception that you will continue buying products/services from this company?**

It will not, if they have something I like I will get it

- 4. Do you believe that other clothes manufacturers also reproduce racist stereotypes and inequality in their marketing campaigns?**

No, I believe that we as people have gotten way too comfortable and are now looking for reasons to be mad and unhappy.

- 5. What do you think about the behaviour itself?**

I honestly believe it was a mistake that was overlooked and blow completely out of proportion because fake news and social media posts.

- 6. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)**

No, I have not.

- 7. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?**

They apologised and removed it immediately and stated it was not done on purpose. Everything they did was right.

c.) **BP**

- 1. What is your opinion on this company? (Answered before reading)**

I don't care for it, for me its just a gas station to refuel my car at.

Please read a following article:

<https://www.theguardian.com/environment/2014/sep/04/bp-reckless-conduct-oil-spill-judge-rules>

ANSWER FOLLOWING QUESTIONS:

- 2. Were you aware of this happening?**

I saw it on the news.

- 3. Did your opinion on this company changed after reading about this occurrence and their response to it?**

Not at all.

- 4. Does that effect your perception that you will continue buying products/services from this company?**

Not at all, if it would be on my way, I would still use it.

5. Do you believe that other Oil companies have exposed people/animals to risks for the sake of cutting costs?

Most likely but government allow that to happen, so they are the one to blame here because they failed to do something about it. There are definitely more cases like these.

6. What do you think about the behaviour itself?

I really don't have an opinion on it.

7. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

Nope, I have not but as mentioned in the previous question, there have been for sure some cases reported.

8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

A quicker response and acknowledgment of the entire facts of the scandal would have definitely benefited and perceived better by the public.

Part III. SUM- UP questions

- **What differences do you see between these 3 ethical incidents?**

Well Volkswagen did it on purpose. H&M made a honest mistake, while BP were just purely reckless.

- **What differences do you see between their reactions in these 3 examples?**

Volkswagen denied the actions until they could not anymore. H&M apologized and deleted the ad immediately. While BP lobbied and tried their best to minimise the damages to their own company, however their scandal was also the most serious one as it caused harm to people's life.

Appendix 7: Respondent 7

Part I: General questions

1. **Can you please introduce yourself briefly** in the terms of your gender, age and nationality?

Male. 24, Iraq

2. **How important is corporate social responsibility and the company's ethical behaviour for you and your purchasing decisions?**

For me depending on the product, but if a products company has bad reputation and bad CSR reputation, I would definitely avoid it.

3. **What scandals involving a company/brand/firm do you recall/remember?**

I remember a scandal about a big Oil company, I think it was BP.

4. **How did you react to this episode?**

Nothing, at that time I didn't have a licence, but now I don't like to tank my car there when, also due to the fact that they are most of the times more expensive than other gas stations.

5. **Did it influence your relationship with that brand/company?**

Slightly, now I prefer other gas stations to fuel my car, when there are options.

6. **How did you find out about this scandal?**

I remember it was in one of documentaries, I think it was called the corporation that we have watched in the CSR class.

7. Would you purchase something/do a business with a company with a bad/negative reputation? Why yes/no?

Yes, but depends on how bad the situation where I need the product and there are no other options, and also depends on the how much was the reputation damaged. For example, Balenciaga I would never purchase anything, since their bad reputation includes children.

Part II: Examples

a.) Volkswagen

1. What is your opinion on this company? (Answered before reading)

In general, I like cars, but Volkswagen is not one of my favourite car companies. I haven't heard anything bad about them, but I prefer other car brand.

Please read a following article: <https://www.bbc.com/news/business-34324772>

ANSWER FOLLOWING QUESTIONS:

2. Were you aware of this happening? Did you hear about it before?

No, not at all.

3. Did your opinion on this company changed after reading about this occurrence and their response to it?

Of course, it changed, I feel I can't trust the company anymore. If they lie about their emission, they might be lying about and hiding more things from people.

4. Does that effect your perception that you will continue buying products/services from this company?

Yes, especially that I didn't have lots of interest for the company, I would never purchase anything from them.

5. Do you believe that other car manufacturers may have also cheated on emissions tests?

Could be, but one shouldn't assume without any proof.

6. What do you think about the behaviour itself?

I think it's a deceiving behaviour, trust is very important in the corporate world. Regardless of what companies do against CSR, but if they break that trust which is very important. A company should be open and clear about all their movements and decisions. Cheating to look better among their competitors, is not a fair game. Therefore, it's a bad behaviour in general.

7. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

No, I did not.

8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

I feel they handled the situation well, admitting and realizing a mistake or a problem is the first step to solving and fixing that mistake. Volkswagen admitted their mistake and took responsibility, which is something they should be respected for. Since in corporations like that, problems arise since there are various departments and many employees and managers. One of the employees or departments could have been responsible for this issue, but in such situation with big companies, customers don't care and assume the whole company was responsible. So, I feel it is important to raise attention to that matter.

b.) H&M

1. What is your opinion on this company? (Answer before you start reading, please)

Overall, I don't really prefer fast fashion, having done a lot of research during my studies, I discovered all the bad things happening behind the supply chain of fast fashion in general. Brands like H&M have been accused of being unsustainable both environmentally and socially, including child labour and low unfair wages and producing a lot of Co2 and contributing to the global warming and pollution.

Please read a following article: <https://www.washingtonpost.com/news/arts-and-entertainment/wp/2018/01/19/hm-faced-backlash-over-its-monkey-sweatshirt-ad-it-isnt-the-companys-only-controversy/>

ANSWER FOLLOWING QUESTIONS:

2. Were you aware of this happening?

Yes, but it has been a while ago since I was aware of it. Reading the article made me remember the scandal.

3. Did your opinion on this company changed after reading about this occurrence and their response to it?

Yes, I already didn't like fast fashion, now I hate it , and would never buy from H&M ever again.

4. Does that effect your perception that you will continue buying products/services from this company?

Yes it does, I will not buy from the brand, or enter their stores.

5. Do you believe that other clothes manufacturers also reproduce racist stereotypes and inequality in their marketing campaigns?

Yes, some of them, mistakes happen and brands should think in a way that people see it differently. So their reputation won't be harmed by it.

6. What do you think about the behaviour itself?

It is a bad and unethical behaviour; racism is an issue that is still problematic and should be raised attention to and addressed .

7. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

Yes, regarding their CSR and sustainability, generally my impression about them is bad. And I do not prefer the brand.

8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

Retracting the ad campaign and giving a statement apologizing was good, however, racism shouldn't be ignored and should be investigated. Fast Fashion and big corporates in general all they see is profit, and most of the time they care about CSR is to increase their profit. Therefore, I feel there should be huge consequences such as fines to issues like that, so companies have more attention before posting such campaigns.

c.) **BP**

1. What is your opinion on this company? (Answered before reading)

In general, I don't like Bp, I feel oil companies have a huge contribution to the global warming, and what makes it worse is that some of them have disasters happening like oil spills and they try to cover it. I remember I watched a documentary and it mentioned such a scandal about BP, and even issues about sustainability like low wages and environmental impacts.

Please read a following article:

<https://www.theguardian.com/environment/2014/sep/04/bp-reckless-conduct-oil-spill-judge-rules>

ANSWER FOLLOWING QUESTIONS:

2. Were you aware of this happening?

Yes, but I don't remember the details.

3. Did your opinion on this company changed after reading about this occurrence and their response to it?

I think they tried to make it look like they changed, but I am not sure if they did.

4. Does that effect your perception that you will continue buying products/services from this company?

Yes it does, I dint think I will tank my car there.

5. Do you believe that other Oil companies have exposed people/animals to risks for the sake of cutting costs?

Yes definitely, companies care mostly about revenue and money and usually it is their first priority.

6. What do you think about the behaviour itself?

I think it was really bad, the situation was very complicated . I think companies working in such sectors have to be responsible and caution and prepared for situations like that. Because the implications of such diesters are too damaging and cost lives and the environment

7. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

No I haven't

8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

Bp imply that they have spent numerous money on solving the issue and cleaning up. It is also a shame that the company appealed the ruling of the judge and were trying to avoid paying the fines for their mistakes. They should have tried to avoid the issue from the first place , and maybe create some protocols to anticipate such event to prevent them from happening. Since the damages are vital to the environment and human.

Part III. SUM- UP questions

- **What differences do you see between these 3 ethical incidents?**

I see that these ethical incidents differ in size and damage done , also by how people and governments reacted to some differently . Some of them such as H&M scandal , is an event that creates emotional damage for people feeling racist and excluded. However, BP incident was more tragic and physical for a lot of people that were working there and for the environment and animals. Making it even worse, when comparing to other incidents. The Volkswagen incident is deceiving and scandals, they shouldn't manipulate data to pretend they are environmentally friendly.

- **What differences do you see between their reactions in these 3 examples?**

I see that H&M and Volkswagen tried to take responsibility and apologize, also redirecting their efforts to fixing such issue to avoid any backlash. However, Bp tried to contain the issue differently by appealing the judge rule, since the incident was much bigger and physically damaging, there were a lot of legal consequences making them take the matter at such a corporate way.

Appendix 8: Respondent 8

Part I: General questions

1. **Can you please introduce yourself briefly** in the terms of your gender, age and nationality?

Female, 20, Bulgaria

2. **How important is corporate social responsibility and the company's ethical behaviour for you and your purchasing decisions?**

I think corporate social responsibility is important but at the same times there are companies as Starbucks for example who I know they don't pay their the staff pretty well but at the same time it's a big name so I'm I don't take in mind the their ethical expectations into consideration when I'm buying coffee from that company I think that it's important to have a good ethical behavior within the company but i don't think about it that much that it will influence my purchasing decision in the future or currently.

3. What scandals involving a company/brand/firm do you recall/remember?

No I personally don't remember or cannot recall any specific scandal involving a company or a brand but I know there are so many of them in media but I haven't paid much attention to it because they usually cover it really well or there are so many fake news around this that its yeah that it's almost impossible to keep track of it all and they do their best to cover all of the scandals that happen in the company in general because they don't want to cause harm to themselves in order for them to be in to order that or and ruin their brand image in front of the consumers.

4. How did you react to this episode? How do you usually react to it?

I tried to put myself in the employees position and see how it would affect me personally and then when I think of buying a certain product from that company then I will have in mind what I've read or what I know what actually happened and how they misplaced their employees for example so it would definitely affect my buyer decision in general. But I will can say that I've been shocked depending on the the whole problem which happened and the seriousness of the matter yeah and if it's really serious like harming people or something like that it would definitely have much more impact on my overall oh impression of the company.

5. Did it influence your relationship with that brand/company?

As I said it depends on the seriousness of the matter but most of the times especially if it's yeah serious then for sure it would have then I would definitely consider repurchasing yeah a certain product from their brand.

6. How did you find out about this scandal?

I usually find out from Instagram or the news posted and there are many for example fashion or business magazines which post about this stuff as long as the company doesn't do their best to cover it before.

7. Would you purchase something/do a business with a company with a bad/negative reputation? Why yes/no?

I would say again it depends on the seriousness but for sure. Because I think ethically every company should be correct and precise to their consumers because every person has a right and they shouldn't not take it for granted. For example, the person who works for them should know keep values and rights in mind but for example if this is some type of product that you really need and only that's the one company that can sell it would you still purchase it. We live in such a consumerism world that we are so used to getting all of our desires satisfied and it's really hard to take the ethical part of the business and the whole situation in mind.

Part II: Examples

a.) Volkswagen

1. What is your opinion on this company? (Answered before reading)

I personally haven't experienced driving a Volkswagen. I haven't seen any news about Volkswagen but in general nowadays in social media there are so many videos which are like an engine braking or a car getting stuck, and it says that it's about Volkswagen at the end so overall they're brand image at the moment it's definitely not as good as it used to be for sure. If I could have the opportunity of buying another car, then I would not buy a Volkswagen.

Please read a following article: <https://www.bbc.com/news/business-34324772>

2. Were you aware of this happening? Did you hear about it before?

No I've actually never came across that article and I had no idea that the companies are doing it in general which is not ethical thing to do especially when you're lying to your consumers and trying to cover up the whole truth that damages the environment.

3. Did your opinion on this company changed after reading about this occurrence and their response to it?

Yeah I think it's changed a bit to better because they had the courage to come out to the public and don't lie to them and accept it's all the charges and face the consequences of their attitude so that is a really nice action. I would definitely say I have a better image of Volkswagen after reading this article especially when they're in recent news about this company.

4. Does that effect your perception that you will continue buying products/services from this company?

No, my perception still wouldn't change because it's up to personal likings and it does not affect the overall purchasing decision in my opinion. It wouldn't be my first choice anyway.

5. Do you believe that other car manufacturers may have also cheated on emissions tests?

I wouldn't be surprised because company nowadays are trying to get as much profit as they could without actually care about the environment or their consumers all they care about these profits so I wouldn't be surprised if they did overall. Especially nowadays when electric cars are getting more and more famous people are starting to actually care about the environment and the impact we have on it so companies which try to cheat with how bad their cars are for the environment that would also affect the buyers decision at the end.

6. What do you think about the behaviour itself?

I don't think it's ethical at all because every company should be fair and honest about their works and the products they produce but overall it's not good to lie your consumers. But it's still nice they try to come up with the truth at the end and came out to their consumers yeah and also paid the compensation for it.

7. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

I've haven't been that informed about situations like this but overall I would still not it still wouldn't influence my buying decision for Volkswagen because in general it's not a brand that I like.

8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

From the beginning they could have started with saying that they've cheated or even not done it in the first place because that's their mission is to care about the rules which are being placed and not try to find another way to skip the whole process or tried to cheat the system by adding additional support and then even though they confessed it's still not ethical to do it. I think they could have actually tried to find a way to not make the cars with that many emissions because they have the ability, they have the people or they have to do is accept that it would be it would cost much more money for the production but at the end they would earn more and avoid this scandal in general. That's the thing I would do if I would be in charge of Volkswagen's decisions.

b.) H&M

1. What is your opinion on this company? (Answer before you start reading, please)

In general I think that H&M is an it's a low quality brand company which you can get fast fashion and overall it's not the best brand you can buy but as long as you need something fast and convenient it's good and the quality of their clothes are not that bad for the price they offer so I know how international they are and they're almost in every different country. I usually am not a regular consumer for H&M but I have certain T-shirts or clothes I've bought from them and for the price the quality they offer is decent.

Please read a following article: <https://www.washingtonpost.com/news/arts-and-entertainment/wp/2018/01/19/hm-faced-backlash-over-its-monkey-sweatshirt-ad-it-isnt-the-companys-only-controversy/>

ANSWER FOLLOWING QUESTIONS:

2. Were you aware of this happening?

No I haven't I've never heard about this scandal and it's really interesting how they of obviously try to cover the up so I don't think it's if you are not into this type of industry that you would actually know because it hasn't been that informs to the overall population or the consumers in general. And I was shocked how it racist they were in the whole ad especially when you see the advertisements and the price also which is for sure not ethical and it's not normal for them to think that it's OK to put black people in that situation of being stereotyped or when you are being compared to an animal.

3. Did your opinion on this company changed after reading about this occurrence and their response to it?

Yeah definitely changed because no company should put other people in the this position and making these type of people even more disadvantaged and not giving them the right of being different without being judged so I would definitely think about buying something from them again especially knowing how or what consequences this type of behavior could have caused these people. And as I mentioned before since they're really international company they should really pay attention to this advertisement.

4. Does that effect your perception that you will continue buying products/services from this company?

Yeah it will definitely affect the my buying decision and I would have that in mind if I really need to buy something from them.

5. Do you believe that other clothes manufacturers also reproduce racist stereotypes and inequality in their marketing campaigns?

I'm sure that they have done so or tried but as I said before they tried to cover it up as best as they could even though companies as like Zara and somewhat Massimo Dutty use the colored people on their advertisements and tried to show that they are not racist they can still try to I wouldn't be surprised if they still also try to do unethical advertisement for their brand for marketing purposes.

6. What do you think about the behaviour itself?

I don't think it's appropriate and they should be aware of it in the future and also the fact that they denied it and couldn't ever even accept the truth yeah and come up with saying that they actually made a mistake even if they didn't do it on purpose, it's really hurting the brand image.

7. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

No I have not.

8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

I think they didn't react normally they at least could have apologized to the people or accepted that their advertisement is not ethical or even racist and they should have at least taken actions to make it up to the people they actually offended in some way and especially due to the fact that they had so many production facilities in these regions working for them.

c.) **BP**

1. What is your opinion on this company? (Answered before reading)

From my personal opinion I personally use it because I find the prices of the gas they are cheap and compared to OMV for example and I would say that there are nice gas station which I use and I'm a regular customer of.

Please read a following article:

<https://www.theguardian.com/environment/2014/sep/04/bp-reckless-conduct-oil-spill-judge-rules>

ANSWER FOLLOWING QUESTIONS:

2. Were you aware of this happening?

No I've actually never heard of this situation but I've only heard that the amount of oil was spilled into the ocean and affected a huge area but I had no idea I didn't associate it with this company.

3. Did your opinion on this company changed after reading about this occurrence and their response to it?

It definitely changed because especially since we know how bad the whole situation in the oceans is with all the plastic and the marine life is really endangered so trying to cover up the whole situation that not taking the blame for it it's really mind blowing and again not ethical when it comes to the consumers. My overall perception of the brand is now different when I discovered about what happened.

4. Does that effect your perception that you will continue buying products/services from this company?

I would even though I know what happened now I would still continue purchasing oil from them because overall a lot of time passed and I hope that they've taken care and taken the whole situation in mind and when something like this happens they do their best so it wouldn't happen again and I'm sure they have come up with a solution to this problem but I would personally not like to work for BP.

5. Do you believe that other Oil companies have exposed people/animals to risks for the sake of cutting costs?

As I said before I definitely think that companies no matter if it's oil or clothes or anything try to get as much profit as possible and they don't care about the lives of animals or people all they care about is the earnings from their whole operation and business so I wouldn't be surprised if other companies also do so which is not ethical for sure but it's the world we live in and they're so huge as of manufacturers or

producers that no one can really have any impact on their overall behavior not even the government or the people.

6. What do you think about the behaviour itself?

As we know there are many issues in every company, and they don't care as much of the consumers and the behavior. All the corporation care is about their brand perception not that much about the influence they have over the planet or the sustainable environment which they might harm with their doings or actions.

7. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

No I have not.

8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

I would definitely wouldn't consider cutting up that many people because it always has actions especially since they are needed for the whole process I also would try to compensate for the actions that were done try to figure out a way to clean the ocean or compensate the families which lost their family members also and try to restore the marine life in the region and i think that the company would look better in the eyes of consumers if they would done some extra environmental work even not only on the marine lives they have caused harm.

Part III. SUM- UP questions

• **What differences do you see between these 3 ethical incidents?**

I can say that they're completely different industries so they cannot be compared but they definitely impact really important aspects like H&M the racist type of point of view then the gas station with the environmental and also Volkswagen with the environmental because they are really all of these topics are really important and a huge part take a huge part of our everyday lives and it's not that it can be just forgotten about and they should try to continue making their efforts helping the planet and also they should try to work on their reputation and try to restore it to the normal for sure not cover up the damages they have done.

- **What differences do you see between their reactions in these 3 examples?**

That's the difference I see that only one of the companies actually came up and confessed about it which for sure makes it better than the others in my eyes because having the courage to actually accept what you've done and make up for it has better image than trying to cover it up or not even confess about doing it so it will definitely have a better picture in my eyes if since it did they did so I also think that when you try to cover something up it looks to even badly on you than if you would come up with the truth right away and try to make up for it.

Appendix 9: Respondent 9

Part I: General questions

1. **Can you please introduce yourself briefly** in the terms of your gender, age and nationality?

Female, 23, Austria

2. **How important is corporate social responsibility and the company's ethical behaviour for you and your purchasing decisions?**

Rather important, as I intend to avoid purchasing products from unethical companies.

3. **What scandals involving a company/brand/firm do you recall/remember?**

Nestle reported multiple scandals, such as the exploitation of ground water in countries where water is a scarce resource, making enormous profit while jeopardizing the live of affected people. A recent scandal I recall is the Wirecard scandal. One of the big four accounting firms, namely EY which was Wirecard's responsible auditor, failed to accurately report missing bank statements, contributing to fraud.

4. **How did you react to this episode?**

I was shocked and became more conscious about buying products.

5. Did it influence your relationship with that brand/company?

Knowing about Nestle's unethical behaviour, I avoid buying Nestle products, especially water and cereals. Hearing about the Wirecard scandal including EY, I developed a rather negative attitude towards the company, both actually.

6. How did you find out about this scandal?

Through newspaper articles, and TV news.

7. Would you purchase something/do a business with a company with a bad/negative reputation? Why yes/no?

No, as I do not support unethical behaviour. Before purchasing from or cooperation with a company that follows unethical business practices, I would rather buy the product from business with better reputation.

Part II: Examples

a.) Volkswagen

1. What is your opinion on this company? (Answered before reading)

Volkswagen is one of the biggest German cars manufacturing firm, offering high-class as well as conventional cars.

Please read a following article: <https://www.bbc.com/news/business-34324772>

PLEASE, ANSWER FOLLOWING QUESTIONS:

2. Were you aware of this happening? Did you hear about it before?

Yes, I was. I have heard a lot about it actually.

3. Did your opinion on this company changed after reading about this occurrence and their response to it?

Yes.

4. Does that effect your perception that you will continue buying products/services from this company?

Of course, the news was surprising, however, I like the brand. That's why I would still purchase their products.

5. Do you believe that other car manufacturers may have also cheated on emissions tests?

I can imagine that this strategy is executed by other car brands as well. However, I think that the Volkswagen scandal acts as a warning to other firms.

6. What do you think about the behaviour itself?

From Volkswagen's perspective, they were able to drastically reduce prices. However, it is unethical behaviour, fooling its customers and risking losing their customers' trust into the company.

7. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

No, I have not.

8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

Appropriate was that Volkswagen quickly implemented measures and compensated affected customers. Nevertheless, Volkswagen denied the charges instead to admit it openly, leaving a bad impression.

b.) H&M

1. What is your opinion on this company? (Answer before you start reading, please)

H&M is personally not my favourite brand, as I am aware of some scandals and its unethical manufacturing practices.

Please read a following article: <https://www.washingtonpost.com/news/arts-and-entertainment/wp/2018/01/19/hm-faced-backlash-over-its-monkey-sweatshirt-ad-it-isnt-the-companys-only-controversy/>

ANSWER FOLLOWING QUESTIONS:

2. Were you aware of this happening?

Yes, I was. I read about it, and it was also discussed in one of my classes.

3. Did your opinion on this company changed after reading about this occurrence and their response to it?

Yes, it did.

4. Does that effect your perception that you will continue buying products/services from this company?

No, that did not change.

5. Do you believe that other clothes manufacturers also reproduce racist stereotypes and inequality in their marketing campaigns?

Yes, but I think since diversity becomes a greater topic in today's fashion world, brands are more aware of how important it is to bring in inclusiveness into their fashion campaigns.

6. What do you think about the behaviour itself?

I don't understand why it was not obvious to neither the marketing manager nor the employees that the advertisement is very inappropriate.

7. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

I am generally aware that H&M is known for unethical production practices. Due to that as well as bad quality, in my opinion, I don't shop at H&M.

8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

I think it was appropriate, as they immediately deleted the advertisement and publicly apologized for the incident. Furthermore, following marketing campaigns were more focused on inclusion and diversity.

c. BP

1. What is your opinion on this company? (Answer before you start reading, please)

I know that the company is an oil and gas company, and BP stands for British Petroleum.

Please read a following article:

<https://www.theguardian.com/environment/2014/sep/04/bp-reckless-conduct-oil-spill-judge-rules>

ANSWER FOLLOWING QUESTIONS:

2. Were you aware of this happening?

Yes.

3. Did your opinion on this company changed after reading about this occurrence and their response to it?

Yes it did.

4. Does that effect your perception that you will continue buying products/services from this company?

The incident did negatively influence my perception towards the company. However, I would still choose the gas station BP to refuel my car if it was on the way. In other words, the incident did not make me stop buying their products.

5. Do you believe that other Oil companies have exposed people/animals to risks for the sake of cutting costs?

Definitely. I think the oil and gas sector is generally an industry which is not really liked since they massively contribute to a bad environment. That's why I think such companies would do a lot to cover up pitfalls to protect their reputation.

6. What do you think about the behaviour itself?

I don't think a company can compensate for a disaster like this, since a lot of damage had been done. One can notice that all parties are troubled and it is clear that BP has to pay an enormous amount. It is a conflicting situation because affected parties want BP to pay a very high fine while BP tries to pay as little as possible.

7. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

No, I did not.

8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

I think this is a very hard topic to discuss considering how destructive and huge the incident was and how many parties were affected. In my opinion, BP should engage more in sustainable practices and allocate their efforts into cleaning up the oil spill as well as engage in sustainable projects.

Part III. SUM- UP questions

• **What differences do you see between these 3 ethical incidents?**

Each incident happens in a different industry. Additionally, number one and three are more environment oriented while number two includes racism and diversity. I also think that the Volkswagen and BP scandal were much more tragic than the H&M scandal. All in all, each scandal was in the news and heavily discussed on the internet. If I would rank the severity of the incidents, the BP scandal would be number one, Volkswagen number two, and H&M number three.

- **What differences do you see between their reactions in these 3 examples?**

I feel H&M put more effort into clearing the company's name than the other two. Also, I think it was easier for the clothing brand to gain back trust. Another difference is that H&M put more effort into marketing while Volkswagen put a lot of effort in compensating its customers. BP, on the other hand, major issue was clearing up the oil spill as fast as possible. Nevertheless, all three companies had to act appropriately in order to maintain the company's image.

Appendix 10: Respondent 10

Part I: General questions

1. **Can you please introduce yourself briefly** in the terms of your gender, age and nationality?

Female, 25, Italy

2. **How important is corporate social responsibility and the company's ethical behavior for you and your purchasing decisions?**

I do believe that CSR and ethical behaviour are really important aspects that companies should consider in their strategies. I try my best to take them into account when buying, yet I have to admit that sometimes I fail to consider it, due to different reasons (accessibility and affordability mostly). Overall, I tend to go for companies that I know how they behave in this respect and ethically correct, rather than companies I don't know/I don't know their attitudes in this respect.

3. **What scandals involving a company/brand/firm do you recall/remember?**

The most recent I could think of traces back to the beginning of the pandemic. Some major fast fashion brands, including H&M and Zara, cancelled orders made to factories in Eastern countries as they know stores would be closed in Europe so they would have incurred in losses from not selling such products. On the other hand, this caused big problems in those locations, which did not get payed for items that were

ready and therefore couldn't pay wages etc, causing social issues in the dependent communities. A few days later, the companies committed to pay the price of such goods to cover for the damage for their image caused by the scandal.

4. How did you react to this episode?

I was shocked, yet I was already aware of the poor working conditions of those companies. I kept following the news to see the evolution of the scandal and how it was carried on by organisations and companies involved.

5. Did it influence your relationship with that brand/company?

Not really; probably, I have reduced the amount I purchase from those brands, yet this is probably due to also other factor than this mere event.

6. How did you find out about this scandal?

I actively follow the debate over the sustainability of the fashion industry, therefore I got informed almost right away from news and social posts of activists and international organisations.

7. Would you purchase something/do a business with a company with a bad/negative reputation? Why yes/no?

I would try not to as I do believe that consumers play a role in pushing companies toward more sustainable behaviours. Yet for the above-mentioned reasons (accessibility and affordability), I could not say whether I will in the end.

Part II: Examples

a.) Volkswagen

- 1. What is your opinion on this company? (Answer before you start reading, please)**

I know it as a German car manufacturer, don't know a lot about their products and economic performances. I know they got involved in a scandal that saw them faking the emission tests of some of their new products to comply with market standards. On the other hand, I know they are slowly transitioning to hybrid and electric motors, for both old and new models.

Please read a following article: <https://www.bbc.com/news/business-34324772>

PLEASE, ANSWER FOLLOWING QUESTIONS:

- 2. Were you aware of this happening? Did you hear about it before?**

Yes, I was; for what I can remember, it was quite an important news in Italian newspapers and TV news channels. Although, I admit I did not remember the scandal in details.

- 3. Did your opinion on this company changed after reading about this occurrence and their response to it?**

I genuinely am not that invested into car companies and related market, therefore I did not have a real opinion on the company before; after that occurrence, my opinion was definitely negative yet it is nothing solid in my mind.

- 4. Does that effect your perception that you will continue buying products/services from this company?**

The company does not manufacture products I would purchase at the moment, therefore it does not affect that much. Also, the event happened some time ago so I would first see where they stand now before making a final decision.

5. Do you believe that other car manufacturers may have also cheated on emissions tests?

At this point, I would not be surprised so I think yes; it easier (and cheaper probably) to cheat than to make a serious transition.

6. What do you think about the behaviour itself?

I do think it is an easy way out. I explain, sustainable transitions are expensive processes that will produce their positive benefit (for both the company and the planet) only in the long run. If strategies are short-time sighted, cheating on emissions costs less and it's more immediate.

7. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

Not that I can think of right now.

8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

Apologising is just a starting point, good but a drop in the oceans. I would have liked to see what their future strategies for complying with standards and a solid sustainable transition, publicly stated and with transparent updates to prove the commitment.

b.) H&M

1. What is your opinion on this company? (Answer before you start reading, please)

H&M is a leading company in the fast fashion industry, therefore they are tightly connected with environmental and social issues caused by this market. Among those, the pollution of countryside in Eastern countries and the exploration of local communities (Rana Plaza tragedy in Bangladesh). The company is yet committing to

improving their behaviours in multiple aspects in this respect, and it is among the most transparent brands in the market. Sustainable collection and suppliers standards are the most important commitments the company is employing, in my opinion.

Please read a following article: <https://www.washingtonpost.com/news/arts-and-entertainment/wp/2018/01/19/hm-faced-backlash-over-its-monkey-sweatshirt-ad-it-isnt-the-companys-only-controversy/>

ANSWER FOLLOWING QUESTIONS:

2. Were you aware of this happening?

After reading that, a few memories come back to my mind.

3. Did your opinion on this company changed after reading about this occurrence and their response to it?

Not really, I tend to not look at marketing campaigns that much and I do think that sometimes these events are taken out of context and reactions fall beyond the mere artistic and marketing purpose of the campaign.

4. Does that effect your perception that you will continue buying products/services from this company?

No, I prefer looking at the commitment in the manufacturing process.

5. Do you believe that other clothes manufacturers also reproduce racist stereotypes and inequality in their marketing campaigns?

Yes absolutely. I can think about the Dolce & Gabbana campaign featuring a Chinese model eating spaghetti with chopsticks. It is a widespread issue in the fashion market.

6. What do you think about the behaviour itself?

I think it was not appropriate and the company should consider a much more stricter process that consider different aspects before approving marketing campaign, or even some controversial products.

7. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

Yes, for instance the one mentioned before at the beginning of the interview during the pandemic. I think that most companies only look at profits, and we cannot blame them as that it their purpose. Yet, there are different ways to achieve such goals, including ethical behaviours with the risk of sacrificing some money, still being on a positive financial balance. Most brands fail to take them into account, or sometimes they fail in some circumstances yet in the broader picture they are acting kind of good. Therefore, as a whole, my opinion about H&M is not that negative.

8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

I do think it was a suitable reaction. I have to admit that I think that the disappointment in people's mind would have had everyone say that any action was not enough.

c. BP

1. What is your opinion on this company? (Answer before you start reading, please)

Honestly, I don't know this company.

Please read a following article:

<https://www.theguardian.com/environment/2014/sep/04/bp-reckless-conduct-oil-spill-judge-rules>

ANSWER FOLLOWING QUESTIONS:

2. Were you aware of this happening?

Unfortunately, events like this one are kind of common so I am not surprised this happened, yet I do not remember this specific event in details.

3. Did your opinion on this company changed after reading about this occurrence and their response to it?

I did not know the company before so there was no opinion to be changed, yet my perception now is definitely not that positive.

4. Does that effect your perception that you will continue buying products/services from this company?

As for Volkswagen, the company does not manufacture products I would purchase at the moment, therefore it does not affect that much. Also, the event happened some time ago so I would first see where they stand now before making a final decision.

5. Do you believe that other Oil companies have exposed people/animals to risks for the sake of cutting costs?

Yes absolutely, they constantly do and as said, other events like that occurred and occur more or less frequently.

6. What do you think about the behaviour itself?

It should have not happened in the first place, the company played with fire and they knew it. Apologies and fines are not enough to cover for the negative consequences, more substantial preventive and cleaning measures were/are needed.

7. Have you heard about any other scandals associated with this brand/company? (If yes, what was your overall impression on this event?)

No, I did not know the company before.

8. Do you think that company's reaction was appropriate on the issue? What could have been done more, differently?

No. As said, there is need for more substantial action than apologies. Paid for the costs is definitely a necessity, yet they have to undergo a deeper revision of their supplying and manufacturing processes.

Part III. SUM- UP questions

• **What differences do you see between these 3 ethical incidents?**

The extend and the implications of the incident. The H&M was a more media scandal, whose actual harm lies in the eye of the reader. Volkswagen could have had more substantial environmental issues, yet it caused a deeper investigation in the industry and the company's image was heavily affected, to the eyes of everyone. The same holds for BP: the spillover and deaths are objectively bad and the company will hardly recover, considering also the business of the company.

• **What differences do you see between their reactions in these 3 examples?**

I think that they all aimed at reducing the immediate negative effects, apologising and acting on the immediate consequences. I did not see evidences of more CSR related activities of companies in order to prevent such situations to occur again.