

A STUDY ON THE FACTORS INFLUENCING THE PERCEPTION OF ETHICAL BRANDING AMONG GENERATION Y CONSUMERS IN MALAYSIA

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ABSTRACT

As Malaysia strives to achieve the developed nation status in 2020, the society is naturally becoming more sophisticated. They have become more conscious and concerned about what they consume as well as social responsibility of companies. This may be more prevalent in Generation Y (individuals born between 1978 and 1995) who are generally more privileged and trendy than the generation before them. The study investigates the relationship between personal values, brand trust, concern about the environment, society and health with ethical branding. The study found that only concern for the environment and brand trust had a significant positive relationship with ethical branding. Ethical branding also appeals more to females rather than males. The findings of this study have implications on how ethical branding awareness can be promoted among young adults. It is suggested that companies that intend to explore ethical branding more closely align their brand values to consumers' personal values. Greater ethical awareness needs to be promoted to the young generation by engaging more with business schools and other universities on how best to embed the importance of business ethics in the curriculum.

INTRODUCTION

With greater media and exposure to the modern lifestyle, Generation Y has often been described as being technologically savvy, pragmatic and being conscious of social and environmental issues (Noble and Noble, 2000). Generation Y has been found to be brand embracing and to be more value rather than price oriented. This provides a new avenue for marketers to promote brands based on ethical values. Examples of multinational companies that have embraced ethical branding are such as The Body Shop, Marks & Spencers and Starbucks. However, their higher interest and involvement in social and environmental issues have also led them to be more wary of unrealistic claims and other contrary actions made by companies in the course of business (Yan, 2002). Ethical brands deliver a promise that the company's ethical values of sincerity, modesty and compassion are reflected in the products and/or services it offers (Van De Vern, 2008). Companies in Malaysia are also beginning to realize the importance of corporate social responsibilities in their public communications. These companies are embracing the notion that profits and ethical responsibility need to go hand in

hand in creating long term sustainability in organizational growth, as well as wellbeing of society, environment and future generations (Nasruddin and Bustami, 2007). Some companies in Malaysia such as Canon Malaysia (“Deep Green”), DiGi Malaysia, Hewlett-Packard Malaysia and Panasonic Malaysia have implemented ethical branding based on environmental issues. Companies such as YTL Malaysia have also been active in promoting environmental awareness, conservation and preservation as well as promotion of arts and culture. It appears that ethical concerns built on intrinsic values within the souls of companies may yet be a formidable distinguishing element in branding that is not easily replicated. However, studies on perceptions on ethical branding are scarce in Malaysia.

This study bridges the gap in knowledge on factors that influence perceptions of ethical branding among Generation Y. The findings of this study will have implications on future implementation of ethical branding among companies in Malaysia. Methodologically, this study develops valid and reliable scales for the constructs of this study namely personal value, concern for health, personal social responsibility dimensions, brand trust and perceptions on ethical branding based on the review of extant literature described in the following sections.

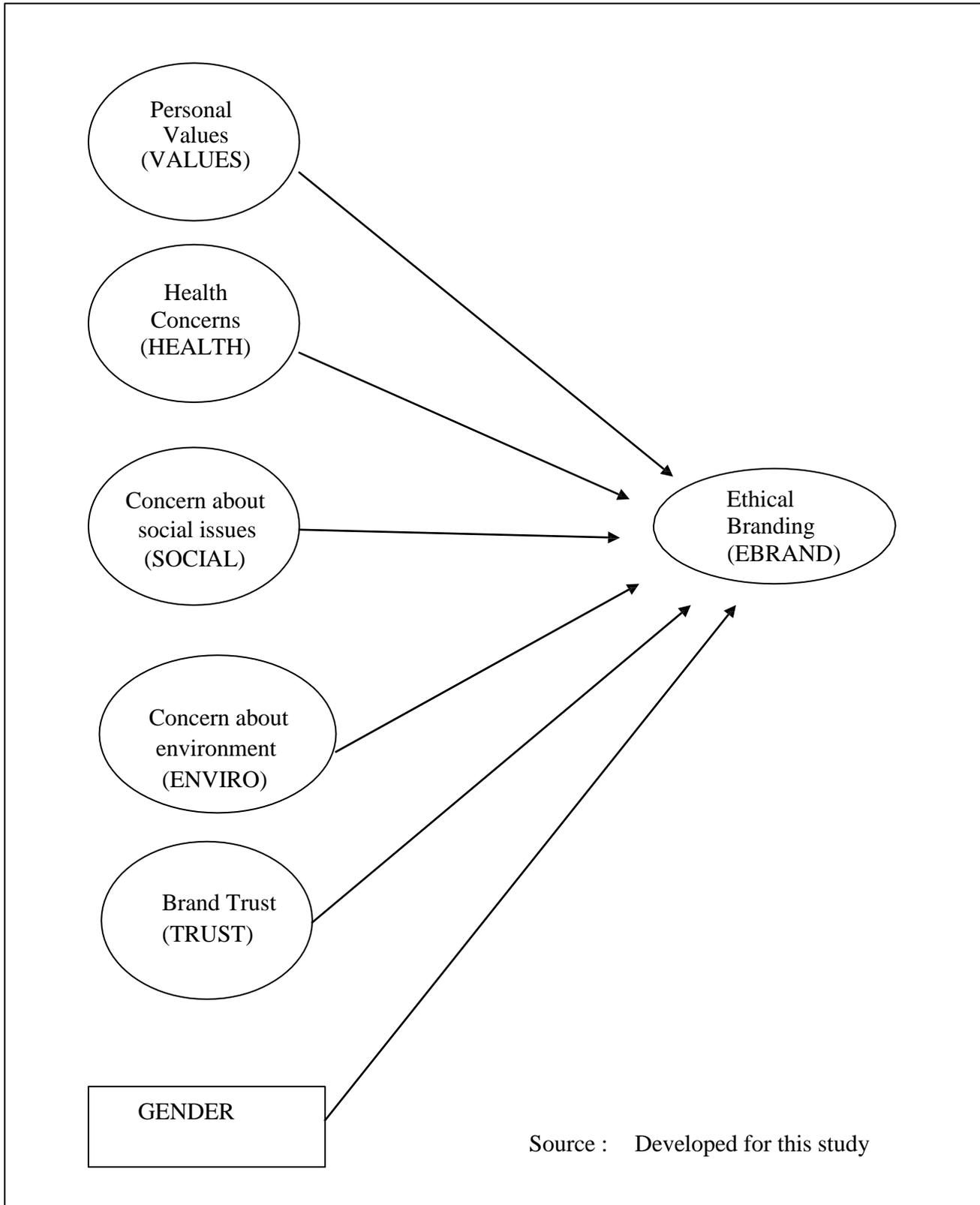
The conceptual framework for the study is as shown in Figure 1. The research questions for this study are as follows:

RQ1 : What is the influence of personal values, concern for health, personal social responsibility, brand trust on the perceptions on ethical branding?

RQ2 : What is the influence of gender on perceptions of ethical branding?

The first section of this article will be a literature review which is designed to explain the elements of the conceptual framework of the study. The nature and theory surrounding the phenomenon of interest namely perception about ethical branding and the independent constructs of this study namely personal values, health concerns, concern about social issues, concern about the environment and brand trust will be discussed. This will lead to the development of the six (6) hypotheses of this study. This is followed by the research methodology used in selection of sample, measurement assessment and hypotheses testing. Finally, the results of this study and implications are deliberated on.

FIGURE 1: CONCEPTUAL FRAMEWORK OF THE STUDY



LITERATURE REVIEW

Ethical Branding

Branding conveys a desired perception about a company image as well as perceived quality of products it markets. Strong brands are usually built around distinctive cultures and values that a company holds rather than products they market as they are not easily replicated and may be a source of competitive advantage (Aaker, 1996).

Ethics refer to the moral conscience that guides responsible behaviour. Ethical brands are brands that promote corporate social responsibility and the public good (Yan, 2003). As a minimum the ethical brand should minimize the harm to society and the environment. Ethical brands deliver the promise of the company's commitment to assume responsibility beyond its core business context and engage with society to promote a sustainable future (Nasruddin and Bustami, 2007; Brady, 2003; Kitchen, 2003). It emphasizes companies willingness to change and adapt as well as embrace a sense of shared values with society (Kitchin, 2003). The ethical commitment needs to be exhibited in the relationships at all levels and stages of the value chain among the employees, suppliers and other salient stakeholders. Unlike other competencies, ethics cannot be outsourced and but instead captured in the essence of brand equity (Palazzo and Basu, 2007). The spirit of corporate social responsibility (CSR) in itself is pivoted on a culture of trust established by the firm's founders (Hillstad, Xie and Haugland, 2010). Trust of the consumer is essential in ethical branding (Story and Hess, 2010; Brady, 2003). In order to establish lasting trust, there needs to be congruence between the live values of the consumer and the brand values. By undertaking ethical branding, firms assume the extra responsibility and commitment towards ensuring that the customers' interests and rights are fulfilled (Story and Hess, 2010). Violation of trust in discharging the presumed ethics of care is likely to result in the deterioration in brand reputation. Ethical branding includes green branding, citizen brands as well as brands that promote good corporate citizenship (Ryder, 2003, Middlemiss, 2003).

Ethical branding provides a basis for functional and emotional appeal. Functional appeal includes calculated assessments about the quality of the product, health benefits, environmental impact as well as economic cost versus benefit evaluations (Szmin, Carrigan and O'Laughlin, 2007; Hall, 2007). Functional appeal is more susceptible to imitation (Hartman, Ibáñez and Sainz, 2005). Emotional appeal provides a means for self expression which includes the opportunity to empathize, make a statement about a social cause and exhibit his/her values in approval or disapproval about a certain ethical event/issue (Freestone and McGoldrick 2008; Hall, 2007; Hartman, Ibáñez and Sainz, 2005). Ethical branding has been described as "branding from the soul" and is essentially appealing towards "hearts share rather than market share" (Peters, 2003 as cited in Nasruddin and Bustami, 2007). Emotional appeal promotes a sense of personal bonding, good feel, imagination and purpose (Lafferty, 2001). As such, specific, real and meaningful information needs to be communicated to the consumer on a personal level (Ven, 2008; Davis, 1993). Consumers are ultimately the arbiter of brand meaning (Patterson and O'Malley, 2006). Both functional and emotional appeals have been found to significantly influence green branding (Hartman *et al.*, 2005).

The ethical theme in branding is often associated with corporate social responsibility, Fair Trade products (FTP), green products, gender equality and other social and environmental issues such as efforts against animal testing and environmental conservation. FTP are

distinguished by their ethical value augmentation within their brands (McMurtry, 2009). Fair Trade branding are attempts to demonstrate that economic, social and ethical objectives can blend well as a development agent supporting their respective causes and improving the quality of life of underdeveloped nations. As such, FTPs command a social price premium in order to support the guaranteed minimum price to the producers. In many cases, Fair Trade initiatives attempt to promote ethical consumption which aims at improving the working condition and redistributive justice in economic rents in impoverished and/or communities neglected by mainstream capitalism (Blowfield and Dolan, 2010; Nicholls, 2010). However, Fair Trade certification is not necessarily limited to Fair Trade producers (Blowfield and Dolan, 2010).

There are many controversies surrounding ethical branding. Crane and Desmond (2002) have elucidated the view that the profit motive and morality may be counterintuitive. They support the view that societal marketing which is the product of ethical branding is merely an extension of conventional marketing theory. They also argue that marketers may be ill-equipped to address issues of morality and public interest. Marketers exercise psychological egoism which involves exercising their rational self interest to entice consumers without necessarily addressing social welfare. Studies have also found that unsubstantiated claims made may create skepticism and distrust among consumers and ultimately deplete brand equity (Palazzo and Basu, 2007; Brady, 2003; Zinkhan and Carlson, 1995). In a similar vein, ethical branding needs to be reinforced by integrity in marketing practices. Marketers need to act as moral agents of corporations in communicating fairly the relevant product attributes and benefits (Thompson, 2009). Besides this, Crane (2001) suggests that there are no pure “ethical” products but only products that carry different degrees of ethical attributes.

Personal Values

Rokeach (1973 cited in Lan, Gowing, McMahon, Rieger and King, 2008) defines values as a set of ranked beliefs related to desired outcomes. Values guide decision making and transcends contexts. Perception of ethical branding is grounded within subjective meanings derived from in personal values. The concept of ethical egoism holds that individual decides what is in his/her best self interest and ethical based on his/her own moral values held (Crane and Desmond, 2002). Ethical attitudes of consumers have also been found to be influenced by their degree of moral development (Kavak, Gürel, Eryiğit and Tektas, 2009). Values have also been related to ethical decision making such as philanthropy, bribery and environmental concern (Lee, Soutar and Sneddon, 2010). Personal values pertaining to universalism, security, achievement and self-direction have been found to influence FTP purchase intentions (Doran, 2008). Idealism and social engagement were found to be a strong predictor of ethical consumption (Witkowski and Reddy, 2010). In terms of FTPs, ethical consumer values have been established to be a determinant of brand loyalty in USA and Korea (Kim, Lee and Park, 2010).

Moral beliefs often emerge from a personal self realization and conscience. Personal moral beliefs often dictate responsible consumption decisions. Kohlberg’s Theory of Cognitive Moral Development posits that there are levels of individual moral reasoning (Lan *et al.* 2008;

Fraedrich, Thorne and Ferrell, 1994). Firstly, at the pre- conventional level, moral judgment is focussed on self-interest, hedonism and on meeting physical needs. Moving on to the conventional level, the individual starts to go beyond self interest in incorporating group/social norms. Finally at the post- conventional which is the highest level, moral reasoning reverts to the authority of universal ethical principles. Universalism includes the responsibility to be honest, charitable and truthful at all times. Ethical decision making in consumption would be expected to emerge in the conventional level. It is also generally accepted that cognitive moral reasoning is an antecedent of ethical decision making in business (Fraedrich *et al.*1994). Personal values have been found to have an influence on moral reasoning (Lan *et al.* 2088). Responsible consumption has also been described as an expression of liberation, political statement and moral stance (Özçağlar- Toulouse, 2009).

It is acknowledged in Ajzen and Fishbein's (1980) Theory of Reasoned Action (TRA) that intentions mediate attitudes, subjective norms and perceived behavioral control in determining behaviours. Attitudes are the reflection of an individual's appraisal of the favourableness of a particular behaviour. Personal values and individual moral convictions often guide ethical intentions (Buchan, 2005). Subjective norms refer to the influence of significant others on an individual including peers, family, colleagues and societal norms. TRA deals with behaviours that are not in complete volitional control of an individual. The efficacy of ethical branding is a collective initiative and as such the TRA is applied in this instance.

Decision on consumption of ethical products such as FTPs involves personal choice and evokes values that extend beyond self interest (Nicholls, 2010). The identification of the customer with a company pursuing CSR is often based on shared personal values, characteristics and goals. Customer-company identification is found to moderate brand attractiveness and brand attitude in a socially responsible company (Curràs-Pèrez, Bigné-Alcañiz and Alvarado-Herrera, 2009). In terms of subjective norms, authentic brands foster shared values and meanings with consumers to construct a common social reality (Patterson and O'Malley, 2006) (Patterson and O'Malley, 2006). There is however lack of studies on how this theory applies to ethical branding and/or ethical consumption in Malaysia.

H₁ : Personal values have a positive influence on perception of ethical branding.

Concern about health

There is evidence that the demands of modern consumers are changing with regards to health and quality of products. As such, health branding often take the form of functional and process claims as well as symbolic portrayals of desired lifestyle (Anker, Sandøe, Kamin and Kappel, 2011). Functional health concerns serve to allay fears or prevent a particular disease and/or problem for instance consumption of health supplements or keeping tabs on nutritional compositions. Fast food companies such as McDonalds and Kentucky Fried Chicken are beginning to realize the need to incorporate nutritional information as well as educate consumers on healthy eating alternatives as as part of their ethical branding

(Schöder and McEachern, 2005). Consumers are also increasingly aware and exercise judgement on the processes used in the production of food products for example organic food and/or whether the products are genetically modified. Health concerns on organic food have been found to influence purchase intention of organic foods among academicians in Malaysia (Salleh, Ali, Harun, Jalil and Shaharudin, 2010). Finally, consumption may also be influenced by symbolic expression usually via stereotyping of a desired self image or lifestyle represented by a product for instance, low-fat variants of dairy products and/or fitness centre services to a healthy lifestyle.

Branding based on health concerns faces many ethical challenges. Irresponsible parties have abused less informed consumers by making instilling remote fears, making irrational claims, capitalizing on certain health concerns and distorting common knowledge of healthy lifestyles (Anker *et. al* 2011). Health promotion needs to be guided by greater transparency guided by evidence, ethical principles and professional values (Carter *et al.*, 2011). Consequently, ethical branding has a role to play in engaging consumers in an enduring value proposition via adoption of healthy lifestyles (Anker *et. al*, 2011). As such, the consumer becomes both an agent and partner of change (Basu and Wang, 20096).

H₂: Concerns on health have a positive influence on perception of ethical branding

Concern about social issues

Social responsibility is accepted as being part of the “social contract” that legitimizes corporate responsibility. As such, consumers have certain expectations on ethical conduct in the processes in the supply chain. The pursuit of cheaper labour costs and raw material sources, firms have relocated beyond their own shores. However, in their pursuit of economic wealth social issues have often been sidelined. These social issues include operation of sweatshops, contravention of wages regulation, employment of child labour, lack of concern for social safety and welfare. Consumers often exercise their vote towards these atrocities through their shopping choice by their willingness to pay a social premium for products produced ethically for instance “No Sweatshop” labels (Rudell, 2006). CSR and cause related marketing have been found to exert positive influence on consumer attitudes (Sheikh and Beise-Zee, 2011).

Generation Y has been characterised as an Internet savvy cohort and social media is emerging as a new way of communicating. Social groupings and online communities are formed to voice concerns on social issues which are often based on kinship, emotional bonding and shared values (Handelman, 2006). This sense of belonging may be symbolic, as a means to voice concern with mainstream economic view of consumption. As such, an individual may hold membership in different social groupings and play different roles, adopt different perspectives and values even though they may seem contradictory. Boycotts and other forms of creative resistance are some actions that are self - expressions of disdain towards economic self-interest and antiestablishment campaigns. Generation Y has also been described as an anti-hype cohort (Nobel and Nobell, 2000). Fair Trade brands (such as Starbucks and The Body Shop) have managed to align themselves as brands that uphold

human rights in their production which augur well in being perceived to be socially responsible (Handelman, 2006).

H₃: Concerns on social issues have a positive influence on perception of ethical branding

Concern about environmental issues

Sustainable development is commonly described as current development that does not compromise on the inter-generation ability to secure their own needs (World Commission on Environment and Development, 1987). This concern is often extended to environmental development and ethical consumerism. In essence, environmental concern centers upon fears that indiscriminate current practice such as deforestation, pollution of air and rivers and other negative externalities could affect the sustainability of the desired quality of life. The higher affinity towards environmentally friendly products has been attributed to the collectivist culture and greater environmental literacy (Cheah and Phau, 2011).

Ecological branding (“Eco brands”) and green branding are extensions of ethical branding. Green brands stretch the definition of morality to embody fair play in production and trade of environmental products (Crane, 2011). Consumers are assumed to be able to create market impact by casting their “vote” through ethical consumption of green branding products (Rahbar and Abdul Wahid, 2011). Green branding attempts to engage and invite consumers to participate in a new lifestyle driven by a common concern for environmental protection and often commands a premium pricing structure. In line with this, previous research has also found that moral intensity and personal values have been found to influence attitudes towards the environment, green products and green purchase intentions (Chen and Chai, 2010; Chih and Chen, 2010). Concern for the environment forms a part of values that builds loyalty towards fair trade brands (Kim, et al. , 2010).

H₄: Concerns on environmental issues have a positive influence on perception of ethical branding

Brand Trust

Social exchange theory (SET) is a framework that attempts to explain human interdependence in interaction especially in establishing social norms, reciprocity, exchange terms as well as forming relationships (Cropanzano and Mitchell, 2005, Emerson, 1976). SET has been applied in fields of organisational behaviour, psychology, networks and economics. In terms of branding, brand personality describes the brand as a person (Aaker,1996). Ethical branding stretches the application of SET to brand personality (Patterson and O’Malley, 2006). Taking on the role of a person rather than an organization or product, it is possible to establish trust and to develop customer-brand relationships based on common social and environmental concerns. Consumers are increasingly drawn to ethical branding as a symbol and foundation of trust. Developing brand trust requires competence, sincerity, culture of accountability and transparency through reporting based on “triple bottom line” (Burnett and Hutton, 2007).

SET stipulates that relationships develop over time to engender trust, loyalty and mutually reinforcing bonds if there is a contingent value proposition (Cropanzano and Mitchell, 2005, Emerson, 1976). As mentioned above, ethical branding is based on a foundation of common shared values. This forms the foundation of trust towards the ethical brand by the consumer. As such, the founder's role in developing a socially responsible culture within the corporate brand is crucial as consumers will only reciprocate towards genuine and trustworthy ethical brands (Hillstead, Xie and Haugland, 2010).

Ethical aspects of product involvement in terms of interest, needs and values towards Fair Trade coffee have been found to have a stronger influence than product attributes in explaining consumer behaviour (Benzeçon and Blili, 2010). The trust towards the eco-brand and eco-labeling has also been found to influence consumer purchase behaviour (Rahbar and Abdul Wahid, 2011).

H₅: Brand Trust has a positive influence on perception of ethical branding.

Gender

Socialization theories posit that males and females have different ethical orientations. In general males ethical decision making are consequence based whereas females tend to be more rule-based (Bateman and Valentine, 2010). Females have often been found to be more ethical in their ethical purchasing and consumption decisions (Bateman and Valentine, 2010; Kavak, et al, 2009). However, many other studies found no differences in gender attitudes towards ethical attitudes and/or consumption of fair trade and green products (Tan and Lau, 2010; Witkowski and Reddy, 2010; Doran, 2008; Lan *et al.* 2007).

H₆: Gender has an influence on perception of ethical branding.

METHODOLOGY

Sample Design

The respondents of this study comprised 250 business and management undergraduates of a private higher institution of higher learning (PHEI) in Klang Valley, Malaysia. The study adopted the purposive sampling approach employing the mall intercept survey method to verify the theoretical generalizability of the conceptual framework (Sekaran and Bougie, 2009). Respondents were informed that participation was voluntary and anonymous.

Measurement Assessment

Reliability of the constructs of the independent constructs of the study namely personal values (VALUES), health concerns (HEALTH), concern for social issues (SOCIAL), concern for the environment (ENVIRO), trust in brand (TRUST), GENDER and the dependent construct ethical branding (EBRAND) are assessed using Cronbach's Alpha. The threshold Cronbach's Alpha is targeted (Nunnally 1978, cited in Peterson, 1994) even though a lower bound of 0.60 is acceptable (Hair *et al.* 2010).

Validity of the constructs of the study was determined using Exploratory Factor Analysis (EFA). The Principal Component Method is employed with the Direct Oblimin rotation method. The Kaiser Meyer Olkin Measure of Sample Adequacy and Bartlett's Test of Sphericity is used to assess the suitability of the data for EFA. Constructs are valid if they have Eigenvalues of above 1. Factor loading of 0.50 is used to identify valid items within each construct. The summated score comprising of all the valid items which are identified via the Pattern Matrix are then tabulated for hypotheses testing.

Social Desirability Bias

Social desirability bias (SDB) is a phenomenon whereby respondents attempt to give answers that they perceive reflect them in a socially acceptable manner which may not represent the actual situation (Malholtra, 2010). In other words, respondents may over-claim on self-report measures. This is common in marketing and social science research. To control for social desirability bias, this study develops a modified scale based on the Phillips and Clancy Over-claiming scale (cited in Randall and Fernandes, 1991) for the Malaysian context. The scale is based on 5 items requiring respondents to state their level of knowledge on certain brands based on a five point scale (1= Not Sure to 5 = Very Sure). The brands are in effect "non-existent" and we would expect the average of the five items that constitute the construct to be less than or equal to the midpoint which is 3 if the impact of social desirability bias is not significant

Hypotheses Testing

Hypotheses testing will be conducted using SPSS PASW Version 18.0. In order to address Research Question 1, *H1* to *H4* will be tested using one run of the Multiple Linear Regression (MLR) method. The purpose of the MLR is to verify the theoretical generalizability of the conceptual framework developed in Figure 1.

To test the influence of GENDER on ETHICAL in *H5*, the Independent Sample T-Test. The Levene's Test of Equality of Variances will be used as the test of assumption. Regression analysis will be performed for both males and females respectively to identify if there are any differences in the antecedents of ethical branding. Significance is established if the p-value associated with the t-statistic has a value of less than 0.05.

FINDINGS

Descriptive statistics

As stated above, the respondents of this study are undergraduates pursuing a business degree at a PHEI. As shown on Table 1, the majority of the respondents were Chinese (76.8%), female (62.4%) and in Semester 3 of study (47.6%). All students are between the ages of 15 to 32 as at 31 December 2010 and characterised as Generation Y (born between 1978 and 1995).

TABLE 1 : DESCRIPTIVE STATISTICS

	Frequency	Percent
ETNICITY Malay	21	8.4
Chines e	192	76.8
Indian	10	4.0
Others	26	10.4
	1	.4
Total	250	100.0
GENDER Male	92	36.8
Female	156	62.4
Not stated	2	.8
Total	250	100.0
SEMESTER 1	67	26.8
2	24	9.6
3	119	47.6
4	25	10.0
5	9	3.6
6	6	2.4
Total	250	100.0

Validity and Reliability

The results for reliability and validity testing for the constructs of the study are shown in Table 2. The Kaiser Meyer-Olkin (KMO) Measure of Sampling Adequacy is 0.735 and Bartlett's Test of Sphericity has a significant Chi-Squared of 1,997.35 with 351 degrees of freedom. This indicates that the data is suitable for the conduct of EFA. All the constructs of the study have Eigenvalues of above 1 indicating that they are valid factors. The cumulative variance explained is 55.4%. As for reliability, The Cronbach's Alpha for the constructs EBRAND, ENVIRO and TRUST are above 0.70 while for HEALTH, VALUE, SOCIETY between 0.60 to 0.70. This indicates that the constructs of the study have acceptable levels of reliability for the conduct of social research (Hair, Black, Babin and Anderson, 2010).

TABLE 2 : PATTERN MATRIX FOR THE CONSTRUCTS OF THE STUDY

	Constructs of the study					
	EBRAND	ENVIRO	TRUST	HEALTH	VALUE	SOCIETY
brand08- Ethical brands adds colours to our lives.	.763					
brand10- Ethical brands portray beautiful images.	.763					
brand12- I feel proud to use ethical brands.	.724					
brand09- Ethical brands reflect a lifestyle.	.721					
brand07- Ethical brands is an expression for love.	.709					
brand13- I feel ethical brands express my self-identity.	.688					
brand11- I feel good about using ethical brands	.542					
env07- I support tree replanting activities		.819				
env11- I believe more should be done to reduce pollution		.749				
env09- I switch off when I am not using them		.733				
env08- I support "The Earth Hour" campaign		.684				
env06- I am against animal testing		.609				
env10- I do not leave the tap water running when I brush my teeth		.541				
trust07- I believe that branded products are reliable.			.827			
trust01- I trust in the quality branded products			.807			
trust06- I believe that branded products are reliable.			.648			
trust02- I am loyal to the brands that I use			.635			
health02- I have a balanced diet daily				.753		
health04- I consume organic produce daily				.653		
health01- I exercise daily				.613		
health05- I often read articles on health				.556		
value02- I love my life					-.786	
value03- I look at the bright side of things					-.766	
value05- I respect people that are older than me					-.602	
value04- I respect my fellow human beings					-.601	
society02- I volunteer in community activities for social causes						-.819
society03- I have organized events to support social concerns						-.775
Eigenvalues	4.730	3.223	2.102	1.894	1.664	1.431
Percentage of variance explained	17.519	11.936	7.465	7.014	6.165	5.299
Cummulative percentage of variance explained	17.519	29.455	36.920	43.934	50.099	55.398
Cronbach's Alpha	0.849	0.771	0.722	0.606	0.686	0.602
Scale mean	24.230	24.340	14.220	10.630	16.480	9.530
Scale standard deviation	5.354	3.978	3.130	3.015	2.395	2.221
Kaiser Meyer Olkin's (KMO) Measure of Sample Adequacy	0.735					
Bartlett's Test of Sphericity						
- Chi Squared	1997.348					
- Degrees of freedom	351.000	p-value	0.000			

Results of Hypotheses testing

Influence of VALUE, HEALTH, ENVIRO, SOCIAL and TRUST on EBRAND

Exhibit 4 tabulates the results of the Multiple Linear Regression with the dependent variable (EBRAND) against the independent variables VALUE, HEALTH, ENVIRO, SOCIAL and TRUST. The relationship can be described as follows:

$$\text{EBRAND} = 6.324 + 0.177 \text{ VALUE} + 0.181 \text{ HEALTH} + 0.251 \text{ ENVIRO} + 0.253 \text{ SOCIAL} + 0.451 \text{ TRUST}$$

The Adjusted R-squared for the model is 0.129 indicating that the explanatory power is moderate to large (Cohen, 1992). The model has a F-Statistic of 7.906 with a p-value < 0.05.

Based on Table 3, the t-statistics for ENVIRO and TRUST have p-values < 0.05. This indicates that H₄ and H₅ are supported. As such, concern for the environment and trust towards the brand exert positive influences on the perception of ethical branding. The Standardized Coefficient, Beta value of 0.266 indicates that TRUST is the construct with the highest explanatory power. This is followed by ENVIRO (0.159), HEALTH (0.101), SOCIAL (0.087) and VALUE (0.079). On the other hand, Table 3 indicates that VALUE, HEALTH and SOCIAL have t-statistics with p > 0.05 signifying that H₁, H₂ and H₃ are not supported. Multicollinearity is within acceptable levels as indicated by Variance Inflation Factors (VIF) of below 10 (Hair *et al.* 2010).

TABLE 3 : RESULTS OF MULTIPLE LINEAR REGRESSION (MLR)

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	6.324	3.124		2.024	.044		
VALUE	.177	.144	.079	1.230	.220	.894	1.119
HEALTH	.181	.113	.101	1.597	.112	.940	1.064
ENVIRO	.251	.102	.159	2.468	.014	.898	1.114
SOCIAL	.253	.184	.087	1.373	.171	.932	1.072
TRUST	.451	.104	.266	4.324	.000	.981	1.019
Adjusted R-Square	0.129						
F-Statistic	7.906		p--value	0.000			

Influence of GENDER on EBRAND

Based on Table 4, The Levene's Test of Equality of Variances indicates that the equality of variance between the groups cannot be assumed (F-statistic = 6.89 p<0.05). The related t-statistic is -2.836 (df= 160.57) has an associated p-value which is less than 0.05. As such, H₆ is supported. Females perceived ethical branding higher (Mean = 24.97, Std Deviation = 4.92) than males (Mean = 22.89, Std Deviation = 5.86) as tabulated on Table 56.

TABLE 4 : INDEPENDENT SAMPLE T-TEST

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence	
									Lower	Upper
EBRAND	Equal variances assumed	6.890	.009	-2.974	244	.003	-2.07906	.69918	-3.45626	-.70186
	Equal variances not assumed			-2.836	160.569	.005	-2.07906	.73298	-3.52658	-.63154

TABLE 5 : SUMMARY OF MEANS OF MALES AND FEMALES

GENDER		N	Mean	Std. Deviation	Std. Error Mean
EBRAND	Male	90	22.8889	5.86639	.61837
	Female	156	24.9679	4.91531	.39354

Table 6 indicates that for males TRUST is significant at p<0.05 whereas HEALTH and ENVIRO are significant at p < 0.10. On the other hand for females, SOCIAL and TRUST are significant at p<0.05 and ENVIRO is significant at p < 0.10. In both genders, VALUES do not have a significant influence on EBRAND.

TABLE 6: MULTIPLE LINEAR REGRESSION : MALES VERSUS FEMALES

Independent Variable : EBRAND

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
MALE	(Constant)	2.845	5.604		.508	.613
	VALUE	.125	.235	.058	.535	.594
	HEALTH	.397	.210	.202	1.893	.062
	ENVIRO	.332	.197	.187	1.685	.096
	SOCIAL	-.255	.351	-.083	-.726	.470
	TRUST	.600	.192	.321	3.130	.002
Adjusted R-Square		0.124				
F-Statistic		3.384	p-value	0.008		
Female	(Constant)	7.793	3.881		2.008	.047
	VALUE	.246	.184	.110	1.338	.183
	HEALTH	.090	.134	.054	.671	.503
	ENVIRO	.199	.118	.138	1.694	.093
	SOCIAL	.466	.216	.170	2.160	.032
	TRUST	.363	.121	.237	2.999	.003
Adjusted R-Square		0.112				
F-Statistic		4.695	p-value	0.001		

Results for Social Desirability Bias (SDB)

Table 7 tabulates the descriptive statistics for the SDB scale. The means for the items are below 3 indicating that the extent of SDB is minimal in this study.

TABLE 7: DESCRIPTIVE STATISTICS - SOCIAL DESIRABILITY BIAS SCALE

	N	Minimum	Maximum	Mean	Std. Deviation
sdb01-The Tree	248	1	5	1.64	1.129
sdb02- Green Garden	247	1	5	1.55	1.034
sdb03- Iki Dori	247	1	5	1.51	1.008
sdb04- Nature's Origin	248	1	5	2.06	1.424
sdb05- OriGaMI	247	1	5	1.67	1.131
Valid N (listwise)	244				

DISCUSSION AND IMPLICATIONS

Brand authenticity

The findings of this study suggests that overall the Generation Y respondents place greater emphasis on brand trust and environmental concerns in evaluating ethical branding. This suggests that Generation Y consumers are looking for authenticity in claims made regarding ethical branding and they are not easily manipulated by corporate gimmicks. Brand trust reflects how well companies” walk the talk” in delivering on their brand promises of ethical performance. This implies that corporations need to uphold high ethical standards in order to secure brand loyalty of Generation Y (Mininni, 2005; Yan, 2003). As such, ethical branding needs to uphold the concerns of society as the core purpose of the company (Willmott, 2003).

Aligning personal values and ethical branding

This study found that personal values do not have an influence on the perception of ethical branding. A possible reason for this could be suspicions of “greenwashing” which is the misleading claims made by corporations on environmental performance (Delmas and Burbano, 2011). With prevalence of “greenwashing” which conflicts with ethical branding claims, the respondents may not be fully convinced with the brand promises made by some companies. As such, they fail to internalize the differences between ethical and conventional products. Generation Y consumers need to believe that their actions in switching to ethical brands which often cost more will lead to a meaningful change for the future (Mitchell and Ramey, 2011).

Another possible reason is the opinion that many brands have lost touch with their purpose to engage and deliver value to their consumers and society (Willmott, 2003). To overcome this, firms need to reflect and embrace on their core values and why they are in business in the first place rather than just the processes (how) and the variety of products they produce (Sinek, 2009; Willmott, 2003). At the heart of it, ethical branding needs to blend personal values and trust with purpose to foster a relationship and loyalty to the brand (Gobé, 2001). In effect, ethical branding acts a mark of trust between the company and the consumer (Burnett and Hutton, 2007). This trust commands accountability, transparency and evidence of authenticity by the company.

Ethical branding needs to appeal to the emotions or hearts of consumers rather than just the functional, tangible aspects. Emotional benefits blend with the customer personal attributes and values (Kartajaya and Md. Sidin, 2011). Emotional branding has been found to be more effective in appealing to Generation Y (Mininni, 2005).

Gender and ethical branding

This study suggests that overall ethical branding appeals more towards females. For males the perception on ethical branding is influenced by health and environmental concerns whereas females are influenced by environmental and social concerns. This corroborates the findings that females are more supportive of social concerns such as cause-related marketing efforts (Cui, Trent, Sullivan and Matiru, 2003). While companies may seek to maximise return on investment by investing in ethical branding in the area of environmental issues, there may be opportunities yet to be explored in social and health concerns. In line with this, there is evidence that men and women are becoming more similar especially in their emotional quotient and aspirations (Kartayaja and Md. Sidin, 2011).

Creating ethical awareness through business education

Ethical branding is based on a foundation of sustainable practices in business. Sustainability in business hinges on the ability to secure long-term profitability, meeting the needs of society and avoid harming the environment in providing the opportunity for all individuals to fulfill their aspirations to have a better quality of life. In short, sustainability in business questions why a business exists and how the profits are derived. Increasingly, companies are pressured to demonstrate sustainability in their practices. To this extent, business schools play an important role in developing the sustainability mindset in students who will be the leaders of tomorrow. Strong brands are built upon the associations, identity and authenticity of purpose of the company (Aaker, 1996). As such, ethical branding cannot be relegated to the responsibility of marketing function alone. Instead, ethical branding strategies need to be a reflection of the value system and culture of the organisation if it is to be sustainable (Noble and Noble, 2000).

Business schools can play a role in developing the desired values and reinforce the importance of business ethics in their curriculum. Case studies on successful ethical brands could be used to promote the relevance and practical understanding to undergraduates. Students need to be able to decipher the linkages between ethical branding in the Marketing function with other business disciplines such as issues of transparency and sustainability in Corporate Reporting, Corporate Social Responsibility and Business Ethics. Extra-curricular activities should also endeavour to promote greater engagement with Non-Governmental Organizations (NPO) and other Non-Profit Organizations (NPO) in order to widen the horizons of the students. These efforts can also promote reflection and provoke thoughts and ideas on how for-profit businesses can better engage with society in developing citizen brands (Ryder, 2003)

FURTHER RESEARCH

This study can further be extended to compare different cohorts of individuals and working adults. Other independent variables that could be investigated include ethnicity, urban

versus non-urban, religiosity and different business majors. This study is an initial investigation on the factors impacting ethical branding. The study did not consider the interacting effects on the variables of the study. Future studies could consider the interaction effect as well as the possible moderating and the mediating effect of the independent variables on ethical branding (Baron and Kenny, 1986). Similarly, it would also be beneficial for future studies to delve into the possible mediating influence of ethical branding on actual consumption decisions.

CONCLUSION

As Malaysia progresses and strives to be a developed nation by United Nations Standards and as targeted by Vision 2020, society can be expected to be more sophisticated in their concern for social equity and environmental sustainability. Increasingly, corporations are called to be socially responsible and chastened in some cases for their lack thereof. Ethical branding presents an opportunity for companies to both demonstrate their commitment towards social responsibility as well as leverage new market opportunities among Generation Y. However, ethical branding may be an Achilles Heel for organizations that do not live up to their professed moral commitment and/or understand the needs of the new generation.

Overall, this study found that environmental concern and brand trust exert significant influence on the perception of ethical branding. There were also significant differences in perception of ethical branding between genders. In addition to the overall findings, it was found that males valued health concerns whereas females attached greater importance to social concerns in their perception of ethical branding. Methodologically, the scales of this study were developed and verified to be statistically valid and reliable via Factor Analysis and Cronbach's Alpha. Social desirability bias is found to be minimal.

The findings of this study have implications on how ethical branding awareness can be promoted among young adults. Ethical branding is built on the foundation of professed values and ethical conduct of responsible firms. This calls for an integrated approach in the establishment of an ethical culture within firms. The finding of this study is disheartening as it indicates that personal values did not have a significant influence on perception of ethical branding. In order to remedy this situation; business schools can play a role in stressing the importance of business ethics and social responsibility within all subjects. The concerted efforts to embed these topics throughout all modules offered would send a resounding message to students that in the long run business and ethics are inseparable. Thus, it pays for students to do their bit to support ethical practices. Besides this, it could also be reinforced that they can exercise their role as responsible consumers in supporting ethical businesses by purchasing ethical brands. Business schools need to also promote more engagement between future business leaders with society and community to instill relevance to the business curriculum.

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