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The Impact of Nationality, Gender, and Education on Students' Buying Attitudes Towards Ethical and Socially Responsible Products

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JOHNSON & WALES
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**THE IMPACT OF NATIONALITY, GENDER, AND EDUCATION ON
STUDENTS' BUYING ATTITUDES TOWARDS ETHICAL AND
SOCIALY RESPONSIBLE PRODUCTS**

A Research Project Submitted in Partial
Fulfillment of the Requirements for the MBA Degree
Course: Research & Analysis RSCH 5500
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Abstract

In today's corporate climate, a company's ethical and social responsible (ESR) involvement raises concern amongst consumers. Companies seek methods to demonstrate their high level of ESR in order to win customers' loyalty. Prior research has been performed examining different variables with regards to the purchase of ESR products. This study utilizes empirical evidence from a private university in Rhode Island, Johnson & Wales University to investigate the significance of demographic variables such as nationality, gender and educational level with regards to students' ESR buying attitude. Additionally considered and analyzed external factors are product price, advertisement and industry concern. Results indicate that demographic variables such as nationality, gender and education level have no significant influence on students' purchase decision of ESR products. However, the external factors such as price, product advertisement and industry concern do have an impact on the students' ESR buying attitude. Implications for companies and direction for further research are presented.

Key words:

Ethical, Socially responsible, Student's purchase decision, Internal factors, External factors

Problem Statement

Rapid increases in globalization and diversification have altered how companies pursue potential customers. In the current consumer conscious environment, it is becoming necessary for businesses to use socially responsible methods. Companies who use these methods are considered as being ethically and socially responsible (ESR). Increasing globalization and cultural diversification have an impact on all consumer markets. Surveys have indicated that consumers are more likely to buy an item that they know is from an ESR company. However, finding which consumers will purchase CSR products remains more illusive.

There has been a significant amount of research attempting to identify the various characteristics of consumers that would predict a strong correlation towards supporting CSR. However, the research has been found to be inconclusive with most of the quantifiable variables. It is reasonable to assume that one such variable that would predict the use of CSR goods would be that of educational level. Today's graduate and undergraduate students are more educated on social responsibility, ethics, fair trade, and philanthropy than generations past. This, perhaps, leads them to a higher standard for business.

Within a highly educated cohort, such as undergraduate and graduate students, further distinctions could be made which would aid in identifying those subgroups that would most likely support CSR and patronize CSR organizations. This includes both gender and nationality. It is reasonable to think that men and women of the same age and education level are being exposed to the same environmental messages in their undergraduate and graduate studies. However, it is possible that females will react more strongly to the message of ESR due to the widely held belief that women are more sensitive to these issues. Lastly, one could surmise that CSR could be interpreted differently based on one's local customs and beliefs, and

as such, it is possible that people from different nationalities would have different opinions in regards to CSR.

The goal of this research is to analyze the ethical and social responsible buying behavior of a demographically diverse group of students. This will help to expand upon prior research, as the previous work did not analyze the ethical and social responsible buying behavior of graduate and undergraduate students from a demographic standpoint.

Literature Review

Today's consumers articulate their ethical values and beliefs through purchases of products from companies whom share similar ethical values and beliefs. Doane (2001) characterized "ethical consumption" as the act a consumer engages in when choosing to purchase a product, of which keeps in mind a specific ethical concern. Research conducted on the socially conscious consumer suggested that more objective measures such as demographics and economical variables are not as reliable as personality features (De Pelsmacker, Driesen & Rayp, 2005).

There is a range of researchers who have focused their studies on ethical and socially responsible behavior. For instance, through the works of Anderson and Cunningham (1972), Berkowitz and Lutterman (1968), Kassarian, (1971), and Kinnear and James, (1973), Webster (1975) developed a "social involvement model" comprising of a number of variables. These consisted of dependent variables (recycling and the socially conscious consumer index); attitudinal variables (socially responsible index, perceived consumer effectiveness and perceived power of big business); personality variables (dominance, responsibility, socialization, tolerance); social activity variables (community activities and church going); socio-economic, and demographic variables (education, age, sex, marital status, occupation income, and number

and ages of cars owned) (Webster, 1975). This attempted to combine a number of different models into one index, however it was clear that further research would need to be performed (Webster, 1975).

Roberts (1993) created a 40-item scale and later a shorter (18-item) version of the scale to calculate “socially responsible consumer behavior” by evaluating the consumers concerns towards society and the impact on the environment. However, much has changed in the minds of the consumer since Roberts last research on corporate social responsibility. Researchers have caught on to the possibility that findings on consumer behavior may be inaccurate and flawed. In fact, respondents have been known to provide answers that they feel are in-line with the researcher’s approval and societal norms. King and Bruner (2000) accepted that overall attitudes of respondents are likely to be more positive than their true behavior. Thus, it is thought that people may give answers that they think the researcher wants to hear. Moreover, respondents may not want to demonstrate their attitudes accurately, especially concerning sensitive issues, which include the consumer’s ethical buying behavior, or lack thereof (De Pelsmacker, Driesen & Rayp, 2005).

Research has additionally sought to find the “socially responsible consumer” through certain demographic variables. Anderson and Cunningham (1972) revealed that young customers, compared to their older counterparts, were found to be more socially aware. In this study, earnings and level of education were not related to the degree of social awareness (Anderson & Cunningham, 1972). Dickson (2001) established that there is no correlation amongst age, earnings, and level of education and their level of social responsibility. Lastly, some studies suggested a lack of relationship between gender and degree of social responsibility (De Pelsmacker, Driesen & Rayp, 2005).

On the other hand, several studies have proposed that the ethically responsible consumer was a person with a relatively high income, education, and social status. Littrell and Dickson (1999) discovered that consumers who purchased fair trade products did display particular demographics traits. Specifically, they were highly educated, wealthy, middle age, Caucasian women. The occupation of consumers may contribute as many of these people worked in education, healthcare and social welfare (Littrell & Dickson, 1999). Several studies have indicated that it is women, rather than men, whom typically have the highest ethical standards (De Pelsmacker, Driesen & Rayp, 2005). This finding can be demonstrated throughout numerous countries (Peterson, Albaum, Merunka, Munuera & Smith, 2010).

Researchers have examined the issue of ethics in business students, which seems to have varying results. Differences in ethical behaviors were found between Masters of Business Administration Students (MBA) and undergraduate business students in one study (Al-Kahtani, 2008). MBA students, on average, scored higher on moral reasoning development than other undergraduate students (Al-Kahtani, 2008). Studies indicate that students are concerned about the state of business ethics and support the teaching of ethics, however, some doubt how much change will occur (Ghorpade, 1991). Crane (2004) found that although 80% of the students surveyed believed that it was possible to improve ethics in business, only 35% believed that business ethics would actually improve in the future. Peppas (2003) performed a study, which suggested that neither taking a course in ethics nor hearing reports of corporate misconduct lead students to begin implementing an ethics code. On the other hand, it has been suggested that formal education can have a strong correlation to the development of morality (Bruce & Edgington, 2008).

The following hypotheses were tested in this study in order to define the differences in attitudes to corporate social responsibility between MBA and undergraduate students, at the Johnson & Wales University (JWU) located in Providence, Rhode Island.

Hypothesis 1: North American students are more likely to make a purchase from an ethical and social responsible company than students who are not from North America.

Hypothesis 2: There is a significant difference between male and female students' willingness to purchase ESR products.

Hypothesis 3: Graduate students at JWU are more willing to buy ESR products than undergraduate students.

Methodology

We conducted a correlational study to investigate the attitudes of graduate and undergraduate students with regards to ESR. The purpose of the study was hypothesis testing. A questionnaire was created to test such hypotheses, as it was the most appropriate measure. We used the data collection method of a questionnaire.

The study population consisted of JWU graduate and undergraduate students. The population size was 10,974 students, and from this, 114 (N= 114) students were selected, representing the sample frame. Therefore, a sample error of $\pm 10\%$ can be concluded. This sample contained 60 graduate students, 50 undergraduate students, 4 non-graduate or undergraduate students consisting of 49 males and 65 females. The sample design consisted of non-probability convenience sampling. Data collection took place over one week in April 2011 and the time horizon of the study was cross sectional. There was a 93.4% response rate with the questionnaire.

Prior to administering the questionnaire, researchers were trained to select convenience samples, note response rates and clarify any confusion. Questionnaires were administered before and after class in person by trained researchers. At this time, the researcher approached each participant to inquire if they would be willing to participate in a study for graduate students. No incentive was provided to participants of this questionnaire. The extent to which there was researcher inference was minimal.

Each questionnaire contained an introduction with a notice of confidentiality regarding responses, the purpose of the study and a definition of corporate social responsibility. Additionally, responses remained anonymous and could not be traced back to respondents. The questionnaire consisted of a total of 18 questions and took approximately 5 to 7 minutes to complete. Respondents were not expected to have prior knowledge on this topic. Questions included the four types of scales: nominal, ordinal, interval and ratio. Ranking scaling techniques consisted of force choice while rating scales included balanced itemized, category, dichotomous, and Likert scales. Additionally, there was one open-ended question. Results were scored by numeric code with the exception of one opened ended question. Subgroups were identified a priori through demographic questions of sex, citizenship, age, educational status and the field of study.

Results

Frequency Analysis

Of the 114 participants in the survey, 55% participants were female and 45% were male. 46% were undergraduate students, 51% graduate students, and 3.5% were either non-graduate or non-undergraduates. While there was variability in the ages of the respondents, the majority were in the 17-21 (39%) and 22-26 (42%) year old ranges. The remaining 19% were above 26

years old. Among the 114 respondents, 87% were from Asia and North America, while the remaining 13% were from Africa, Europe, and South America.

Among all participants, 92% agreed that they were more likely to choose a product from an ESR company, while 8% did not agree. The previously mentioned data demonstrated that customer's knowledge regarding a company's ethical and social responsibility policy might affect their purchasing decision. In fact, 63% of respondents would choose to stop purchasing their favorite product if they discovered it came from both an unethical and socially negligent company. Furthermore, 83% agreed that their satisfaction towards a product would increase having known that the product was from an ESR company.

A total of 84% of participants agreed that advertisement of a company's ESR activities would influence their purchasing decision positively. Further examination reveals that 84% of the male participants, and 82% of the female participants indicated positive responses. Interestingly, 88% of the undergraduate students, as opposed to 82% of the graduate students, gave positive feedback towards advertisement of ESR policies.

When analyzing the influence of price factor on students' willingness to purchase ESR products, 82% of respondents indicated that they are likely (or very likely) to pay higher prices for ESR products. In the same manner, 90% revealed that they prefer to buy more ESR products than an otherwise similar, yet less expensive alternative. Students were additionally asked to rate industries they felt were important to have an ESR policy. Lastly, 50% of the participants stated they were most concerned with the food industry having an ESR policy, followed by the automobile industry, with 17%.

Null hypothesis 1: North American students are not more likely to make a purchase from an ESR company than students who are not from North America. Attitude levels were coded as:

strongly agree 4, agree 3, disagree 2 and strongly disagree 1. By comparing the North American students ($M = 3.11$, $\sigma^2 = 0.35$) and those not from North America ($M = 3.24$, $\sigma^2 = 0.28$), we find that the difference is not statistically significant ($t(113) = -1.3$, $p = 0.142$). Therefore, we can accept that North American students are not more likely to make a purchase from an ESR company than students who are not from North America.

Null hypothesis 2: There is no significant difference between male and female students' willingness to purchase ESR products. By comparing the male students ($M = 3.12$) and female students, ($M = 3.23$), we find that the difference is not statistically significant ($t(113) = -0.1$, $p = 0.195$). The result indicates that there is no significant difference between male and female students' willingness to purchase ESR products.

Null hypothesis 3: Graduate students at JWU are not more willing to buy ESR products than undergraduate students. By comparing graduate students ($M = 3.1$) and undergraduate students ($M = 3.28$), we find that the difference is not statistically significant ($t(113) = -1.8$, $p = 0.084$). The result indicates that graduate students, at JWU, are not more willing to buy ESR products than undergraduate students.

Recommendations/Conclusion

The population size of JWU is 10,974 students. To achieve a desirable sample error of $\pm 5\%$, the sample size would need to include 384 questionnaire responses. However, only 114 responses were obtained. Therefore, a sample error of $\pm 10\%$ can be concluded. Subsequent research should have a sample size of at least 384 respondents in order for it to be more representative of the student population. Further research could focus on particular sections of the student population in order to answer questions, such as whether JWU culinary students value ESR products more than other students. If a high percentage of culinary students prefer

ESR products, it could be due to the nature of their field of study, which includes appreciation of organic food. It should be noted that respondents could have given socially desirable responses or ones that they thought surveyors wanted to hear. Including a definition of ESR at the beginning of each questionnaire could have inherently created this bias.

The data, however, is contradictory. A total of 82% participants indicated that they are likely (or very likely) to pay higher prices for ESR products. Similarly, 90% stated they prefer to buy more ESR products than an otherwise similar, yet less expensive alternative. However, when asked to rank the most important characteristics considered when purchasing a product, the most important factors described were quality, followed by price, but not ESR.

After analyzing the data collected, the impacts of nationality, gender and educational level on student attitudes towards ESR products was not significant. However, the external factors such as product price, advertisement, and industry concern do have an impact on the purchasing decision of students. We discovered that most students prefer, and are willing to buy, ESR products, this is good news for ESR companies. This data indicates that students' knowledge about a company's ESR policy can influence their purchase decision. This has a dual effect. When the companies reveal more information about their ESR activities, the participants' willingness to buy will increase. However, with increased exposure, when a company's unethical behavior is revealed to the public, the participants' willingness to buy will decrease. Further data analysis indicates that most female and male undergraduate and graduate students agreed that ESR policy advertisement would positively influence their purchase decision. Thus, this information is meaningful as it encourages companies to conduct more ESR activities and to advertise its social image in a positive manner to student customers.

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